

# SETTLEMENT AGREEMENT

## **1. INTRODUCTION**

### **1.1 Anthony E. Held, Ph.D., P.E. and Neogen Corporation**

This Settlement Agreement (Settlement Agreement) is entered into by and between Anthony E. Held, Ph.D., P.E. (Dr. Held) and Neogen Corporation (Neogen) with Dr. Held and Neogen collectively referred to as the “Parties.” Dr. Held is an individual residing in California who seeks to promote awareness of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous substances contained in consumer products. Neogen employs ten or more persons and is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code §§ 25249.5 *et seq.* (Proposition 65).

### **1.2 General Allegations**

Dr. Held alleges that Neogen manufactures, imports, sells and/or distributes for sale in California, stethoscopes with vinyl tubing that contain di(2-ethylhexyl)phthalate (DEHP), and that it does so without providing the health hazard warning that Dr. Held alleges is required by Proposition 65. DEHP is listed pursuant to Proposition 65 as a chemical known to the State of California to cause birth defects and other reproductive harm.

### **1.3 Product Description**

The products that are covered by this Settlement Agreement are stethoscopes with vinyl tubing containing DEHP including, but not limited to, the *Ideal Instruments Stethoscope, Single Head, #8820C, UPC #7 26087 08820 4* that are manufactured, imported, distributed, sold and/or offered for sale by Neogen in the State of California, hereinafter the “Products.”

### **1.4 Notice of Violation**

On or about June 27, 2018, Dr. Held served Neogen and certain requisite public enforcement agencies with a 60-Day Notice of Violation (Notice), alleging that Neogen violated Proposition 65 when it failed to warn its customers and consumers in California that the Products

expose users to DEHP. To the best of the Parties' knowledge, no public enforcer has commenced and is diligently prosecuting the allegations set forth in the Notice.

**1.5 No Admission**

Neogen denies the material, factual and legal allegations contained in the Notice and maintains that all products that it has sold and distributed in California, including the Products, have been and are in compliance with all laws. Nothing in this Settlement Agreement shall be construed as an admission by Neogen of any fact, finding, issue of law or violation of law; nor shall compliance with this Settlement Agreement constitute or be construed as an admission by Neogen of any fact, finding, conclusion, issue of law or violation of law. This section shall not, however, diminish or otherwise affect the obligations, responsibilities and duties under this Settlement Agreement.

**1.6 Effective Date**

For purposes of this Settlement Agreement, the term "Effective Date" shall mean December 20, 2018.

**2. INJUNCTIVE RELIEF: REFORMULATION OR WARNINGS**

**2.1 Injunctive Relief**

Commencing on the Effective Date and continuing thereafter, Neogen shall only manufacture for sale, import for sale, and purchase for resale in California Products that are Reformulated Products as defined by Section 2.2. Neogen may also comply with this Section 2.1 by clearly indicating on the Product label that the Products should not be offered for sale or use in California. Any Products, that are not Reformulated Products, which Neogen distributes for sale or sells to customers or consumers in California, or to customers with nationwide distribution, after the Effective Date, shall be labeled with a clear and reasonable warning as set forth in Section 2.3, or be labeled "not for sale or use in California". If, after the Effective Date, Neogen sells Products that are not Reformulated Products via mail order catalog and/or the internet to customers located in California, Neogen shall also provide warnings for such Products by identifying the specific Product to which the warning applies as specified in Sections 2.4

through 2.6 or advise all websites known to Neogen that said product is not for sale or use in California.

## **2.2 Reformulation Standards**

“Reformulated Products” are Products containing DEHP in concentrations of less than 0.1 percent (1,000 parts per million) in each accessible component when analyzed by a laboratory accredited by the State of California, a federal agency, or a nationally recognized accrediting organization. For purposes of compliance with this reformulation standard, testing samples shall be prepared and extracted using Consumer Product Safety Commission (CPSC) methodology CPSC-CH-C1001.09.3 and analyzed using U.S. Environmental Protection Agency (EPA) methodology 8270D, or other methodologies utilized by federal or state government agencies to determine phthalate content in a solid substance.


## **2.3 Clear and Reasonable Warnings**

Commencing on or before the Effective Date, Neogen shall provide clear and reasonable warnings for all Products provided for sale to customers in California in accordance with this Section and/or Title 27 California Code of Regulations § 25600, *et seq.*, as amended from time to time. Each warning shall be prominently placed with such conspicuousness as compared with other words, statements, designs, or devices as to render it likely to be read and understood by an ordinary individual under customary conditions before purchase or use and shall be provided in a manner such that it is clearly associated with the specific Product to which the warning applies. Where a consumer product sign, label or shelf tag used to provide a warning includes consumer information in a language other than English, the warning must also be provided in that language in addition to English.

(a) **Warning.** The warning shall consist of the following statement (Warning):

**⚠ WARNING:** This product can expose you to DEHP, which is known to the State of California to cause birth defects or other reproductive harm. For more information go to [www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov).

(b) **Short-Form Warning.** Neogen may, but is not required to, use the following short-form warning as set forth in this subsection 2.3(b) (Short-Form Warning), and subject to the additional requirements in Sections 2.5 and 2.6, as follows:

 **WARNING:** Reproductive Harm – [www.P65Warnings.ca.gov](http://www.P65Warnings.ca.gov)

#### **2.4 Product Warnings**

Neogen shall affix a warning to the Product label or otherwise directly on each Product provided for sale in retail outlets in California or sold via mail order catalog and/or the internet to customers located in California. For the purpose of this agreement, “Product label” means a display of written, printed or graphic material that is printed on or affixed to a Product or its immediate container or wrapper. The entire warning shall appear in a type size of at least 6-point type and no smaller than the largest type size used for other consumer information on the product. The warning shall consist of either the Warning, or the Short-Form Warning described in subsection 2.3(a) or (b), respectively.

#### **2.5 Mail Order Catalog Warnings**

In the event that, after the Effective Date, Neogen prints new catalogs and sells Products via mail order through such catalogs to customers located in California, Neogen shall provide a notification that the Product is not for sale or use in California or provide a warning for each Product both on the Product label in accordance with Section 2.4, and in the catalog in a manner that clearly associates the warning with the *specific* Product being purchased. Any warning provided in a mail order catalog shall be in the same type size or larger than other consumer information provided for the Product within the catalog and shall be provided on the same page and in the same location as the display and/or description of the Product. The catalog warning may use the Short-Form Warning content described in Section 2.3(b) if the warning provided on the Product label also uses the Short-Form Warning content.

## **2.6 Internet Warnings**

If, after the Effective Date, Neogen sells Products via the internet to customers located in California, Neogen shall provide a notification that the Product is not for sale or use in California or provide warnings for each Product both on the Product label in accordance with Section 2.4, and by prominently displaying the warning to the customer prior to completing the purchase or during the purchase of the Products without requiring customers to seek out the warning.

Warnings given in conjunction with the sale of the Products via the internet shall appear either: (a) on the same web page on which the Product is displayed; (b) on the same web page as the order form for the Product; or (c) on one or more web pages displayed to a purchaser during the checkout process. The warning shall appear in any of the above instances adjacent to or immediately following the display or description of the Product for which it is given in the same type size or larger than the Product description text. The internet warning may use the Short-Form Warning content described in Section 2.3(b) if the warning provided on the Product label also uses the Short-Form Warning content. Neogen may also comply with this Section by providing the warning using a clearly marked hyperlink that includes the word “**WARNING**” on the same web page and in the same location as the display and/or description of the Product.

## **3. MONETARY SETTLEMENT TERMS**

### **3.1 Civil Penalty Payments**

Pursuant to Health and Safety Code § 25249.7(b), and in settlement of all claims alleged in the Notice or referred to in this Settlement Agreement, Neogen agrees to pay a total of \$1,000 in civil penalties. The penalty payment will be allocated in accordance with California Health and Safety Code § 25249.12(c)(1) and (d), with 75% of the penalty amount paid to the California Office of Environmental Health Hazard Assessment (OEHHA) and the remaining 25% of the penalty amount retained by Dr. Held.

Neogen will deliver its payment on or before December 30, 2018, in two checks made payable to: (a) “OEHHA” in the amount of \$750; and (b) “Anthony E. Held, Ph.D., P.E., Client

Trust Account” in the amount of \$250. Dr. Held’s counsel shall be responsible for delivering OEHHA’s portion of the penalties paid under this Settlement Agreement.

**3.2 Reimbursement of Attorneys’ Fees and Costs**

The Parties acknowledge that Dr. Held and his counsel offered to resolve this dispute without reaching terms on the amount of fees and costs to be reimbursed to them, thereby leaving the issue to be resolved after the material terms of the agreement had been settled. Shortly after the other settlement terms had been finalized, Neogen expressed a desire to resolve Dr. Held’s fees and costs. The Parties then negotiated a resolution of the compensation due to Dr. Held and his counsel under general contract principles and the private attorney general doctrine codified at California Code of Civil Procedure § 1021.5. For all work performed through the mutual execution of this agreement, Neogen shall reimburse Dr. Held and his counsel \$7,800.00. Neogen’s payment shall be delivered to the address in Section 3.3, on or before December 30, 2018, in the form of a check payable to “The Chanler Group.” The reimbursement shall cover all fees and costs incurred by Dr. Held investigating, bringing this matter to Neogen’s attention and negotiating a settlement of the matter.

**3.3 Payment Address**

All payments required by this Settlement Agreement shall be delivered to the following address:

The Chanler Group  
Attn: Proposition 65 Controller  
2560 Ninth Street  
Parker Plaza, Suite 214  
Berkeley, CA 94710

**4. CLAIMS COVERED AND RELEASED**

**4.1 Dr. Held’s Release of Neogen**

This Settlement Agreement is a full, final and binding resolution between Dr. Held, as an individual and *not* on behalf of the public, and Neogen, of any violation of Proposition 65 that was or could have been asserted by Dr. Held on behalf of himself, his past and current agents,

representatives, attorneys, successors, and/or assignees, against Neogen, its parents, subsidiaries, affiliated entities under common ownership, directors, officers, employees, attorneys, and each entity to whom Neogen directly or indirectly distributes or sells Products, including, but not limited, to downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees (collectively, Releasees), based on their failure to warn about alleged exposures to DEHP contained in the Products that were manufactured, distributed, sold and/or offered for sale by Neogen in California before the Effective Date, as alleged in the Notice.

In further consideration of the promises and agreements herein contained, Dr. Held as an individual and *not* on behalf of the public, on behalf of himself, his past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives all of Dr. Held's rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims that Dr. Held may have, including, without limitation, all actions, and causes of action, in law or in equity, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses, or expenses including, but not exclusively, investigation fees, expert fees, and attorneys' fees arising under Proposition 65 with respect to DEHP in the Products, as alleged in the Notice, manufactured, distributed, sold and/or offered for sale by Neogen, before the Effective Date (collectively, Claims), against Neogen and Releasees.

The Parties further understand and agree that this Section 4.1 release shall not extend upstream to any entities that manufactured the Products or any component parts thereof, or any distributors or suppliers who sold the Products or any component parts thereof to Neogen. Nothing in this Section affects Dr. Held's right to commence or prosecute an action under Proposition 65 against a Releasee that does not involve Neogen's Products.

#### **4.2 Neogen's Release of Dr. Held**

Neogen, on behalf of itself, its past and current agents, representatives, attorneys, successors, and assignees, hereby waives any and all claims against Dr. Held and his attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Dr. Held and his attorneys and other representatives, whether in the

course of investigating claims or otherwise seeking to enforce Proposition 65 against it in this matter with respect to the Products.

**5. SEVERABILITY**

If, subsequent to the execution of this Settlement Agreement, any of the provisions of this Settlement Agreement are deemed by a court to be unenforceable, the validity of the enforceable provisions remaining shall not be adversely affected.

**6. GOVERNING LAW**

The terms of this Settlement Agreement shall be governed by the laws of the State of California and apply within the State of California. In the event that Proposition 65 is repealed or is otherwise rendered inapplicable by reason of law generally, or if any of the provisions of this Settlement Agreement are rendered inapplicable or no longer required as a result of any such repeal or preemption or rendered inapplicable by reason of law generally as to the Products, then Neogen shall provide written notice to Dr. Held of any asserted change in the law and shall have no further injunctive obligations pursuant to this Settlement Agreement with respect to, and to the extent that, the Products are so affected. Nothing in this Settlement Agreement shall be interpreted to relieve Neogen from any obligation to comply with any pertinent state or federal toxics control law.

**7. NOTICE**

Unless specified herein, all correspondence and notices required to be provided pursuant to this Settlement Agreement shall be in writing and: (a) personally delivered; (b) sent by first-class (registered or certified mail) return receipt requested; or (c) sent by overnight courier, to one party by the other party at the following addresses:

For Neogen:

James Herbert, Chairman and CEO  
Neogen Corporation  
620 Leshar Place  
Lansing, MI 48912

With a Copy to:



Ann M. Grottveit, Esq.  
Kahn, Soares & Conway, LLP  
1415 L Street, Suite 400  
Sacramento, CA 95814

For Dr. Held:

Proposition 65 Coordinator  
The Chanler Group  
2560 Ninth Street  
Parker Plaza, Suite 214  
Berkeley, CA 94710-2565

Any party, from time to time, may specify in writing to the other party a change of address to which all notices and other communications shall be sent.

**8. COUNTERPARTS; FACSIMILE AND SIGNATURES**

This Settlement Agreement may be executed in counterparts and by facsimile or pdf signature, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

**9. COMPLIANCE WITH HEALTH & SAFETY CODE § 25249.7(f)**

Dr. Held agrees to comply with the reporting requirements referenced in Health & Safety Code § 25249.7(f).

**10. MODIFICATION**

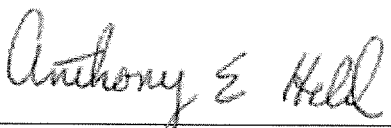
This Settlement Agreement may be modified only by a written agreement of the Parties.

**11. AUTHORIZATION**

The undersigned are authorized to execute this Settlement Agreement and have read, understood and agree to all of the terms and conditions contained herein.


**AGREED TO:**

Date: 12/20/18

By:   
Anthony E. Held, Ph.D., P.E.

**AGREED TO:**

Date: 12-21-18

By:   
James Herbert, Chairman and CEO  
Neogen Corporation

*AH*