

**STIPULATED SETTLEMENT AGREEMENT AND RELEASE  
BETWEEN OREGON DEPARTMENT OF JUSTICE, THE OREGON DEPARTMENT  
OF VETERANS' AFFAIRS  
AND FRED MEYER STORES, INC.**

**RECITALS**

1. The Oregon Department of Justice (DOJ) received complaints filed by military veterans that alleged that Fred Meyer Stores, Inc. (hereinafter referred to as "Fred Meyer") may not have correctly adjusted employees' step increases and pension benefits during the period of deployment for military service. On behalf of the Oregon Department of Veterans' Affairs, the DOJ raised concerns of possible violation of the federal Uniformed Services Employment and Reemployment Rights Act, ("USERRA"), and state law. Once made aware of these concerns, Fred Meyer negotiated in good faith and has agreed to adjust pay and to make pension trust contributions for certain qualifying veterans, as detailed in this Settlement Agreement. No matters are currently pending with any court in the State of Oregon.

**AGREEMENT**

1. The parties have agreed to settle this matter, the terms of which are set forth in this Settlement and Release Agreement (hereinafter "Agreement"), as follows:

a. Fred Meyer believed in good faith that it was correctly applying rules applicable to returning veterans with respect to pay step adjustments. The DOJ took a different view. Rather than litigate this issue, and given Fred Meyer's historical and current progressive support of veterans, Fred Meyer and the DOJ worked cooperatively to arrive at a resolution. The settlement achieved does not reflect an admission of liability; the resolution is a settlement of disputed claims in order to put the matter behind Fred Meyer and so the matter can be resolved in a positive manner for the company and for the veterans affected.

2. As consideration for this agreement:

a. Fred Meyer agrees to identify all Oregon residents who took military leave from Fred Meyer employment on or after January 1, 2004, who returned to work within 90 days of discharge, and who were subject to a pay structure providing for pay step increases based on experience gained from hours worked on the job;

b. Fred Meyer will calculate a pay adjustment in those situations where there is a difference between what the veteran would have received as a pay rate upon return from leave if the veteran had not been on leave (and continued working the average hours the individual worked before the leave), and what the veteran actually was paid, less normal statutory withholdings;

c. for those veterans who remain employed by Fred Meyer, Fred Meyer will continue the adjusted pay rate going forward. Fred Meyer also agrees to apply the practice agreed to in this settlement to military leave taken in the future where pay increases are earned by experience on the job via hours worked. Fred Meyer reserves the right to modify this practice if in the future it revises its pay structure or if current law changes;

d. for those veterans who are also eligible for benefits under the Western Conference of Teamsters Pension Plan, Fred Meyer will pay retroactive payments to the Trust on behalf of each such participant as if they had not gone out on military leave pursuant to the approach described above as to pay adjustments, and will apply this approach in the future, unless the relevant Plan provisions are modified or current law changes;

e. Fred Meyer will send a settlement notification letter to veterans to advise them of this settlement. In the event that the veteran no longer resides at the last known address, Fred Meyer will contact the veteran at the last known phone number to seek a correct address for mailing of the notification, and if obtained, will follow up with a mailing to the new address.

3. As express consideration for this agreement, ODVA and DOJ do hereby release, acquit and forever discharge Fred Meyer, and all those in interest with them, including their heirs, successors, trustees, administrators, assigns, officers, current and former employees, attorneys, insurers, agents and all other persons, firms, or corporations, liable or who might be claimed to be liable, none of whom admits liability, but each of whom expressly denies liability (hereafter Released Parties), of and from any and all claims, demands, actions, causes of action or suits related to veterans' reemployment rights, including but not limited to, those damages alleged or which could have been alleged by ODVA or DOJ in a civil proceeding based on issues referenced in paragraph 1 of the Recitals, including attorney fees and costs, through the date of this Agreement.

4. In further consideration of Fred Meyer's desire and good faith efforts to resolve claims pertaining to its veteran employees, ODVA and DOJ waive, release, and forever discharge Released Parties from any obligations for any claim, known or unknown, arising out of or related to military leave rights or benefits through the date of this Agreement, including but not limited to any and all claims the ODVA or DOJ asserted or could have asserted in the draft complaint presented to Fred Meyer on behalf of Oregon veterans, though the date of this Agreement.

5. ODVA and DOJ, by their signature below, acknowledge that they understand this settlement may impact, limit or preclude ODVA's or DOJ's right to advocate for veterans' military leave rights for those whose claims accrued up to the date of settlement but for who did not consent and elect to participate in the settlement during the opt-in period, and nevertheless wish to proceed with the settlement.

6. Veterans will be provided a calculation based on Fred Meyer's ability to confirm key information through employment records. If there is a disagreement by a veteran about that calculation or any pay adjustment or pension payment, Fred Meyer will afford the veteran the opportunity to submit documentation for consideration.

7. As to those veterans who are no longer employed by Fred Meyer, it is agreed that Fred Meyer is only obligated to send each such individual, at their last-known address, a letter notifying them of the settlement and advising such individual that they are required to submit a Settlement Agreement and Release form within thirty days of the mailing date of the letter or they will not be entitled to participate in the settlement. If any mailing is returned undeliverable, Fred Meyer will call the veteran at his or her last known phone number. If a new mailing address is obtained, the consent and election to participate form will be re-mailed to the new address, and the veteran will have thirty days of the mailing date of that notice to return the form or he or she will not be entitled to participate in the settlement. Only those former veterans who return a timely and executed release of claims will be entitled to receive a settlement payment under this Agreement.

8. As evidenced by its signature below, ODVA and DOJ hereby declare that they have read this release and that it is fully understood and voluntarily accepted by ODVA and DOJ for the purpose of making a full, final and complete settlement, adjustment and compromise of any and all claims, including those arising out of the incidents described above, in whatever legal form or theory it might assert the same, whether disputed or otherwise, and in particular including, but not limited by, those matters asserted, or which might have been asserted, in the draft civil suit identified in paragraph 6 above, or matters related to the issues referred in paragraph 1 of the Recitals.

9. The parties to this Agreement agree that no party warrants or represents how the United States Internal Revenue Service ("IRS"), the Oregon Department of Revenue, or other governmental authority will treat the payment described in paragraph (3) for tax purposes, and agree that no further payment of money from Released Parties will be due in the event that the payments or the release of the claims embodied in this Agreement or any portion thereof is found by the IRS, the Oregon Department of Revenue, or other governmental authority to be, or result in, taxable income to any party. *ODVA, as part of its reporting requirements, may have to communicate with the IRS including submitting IRS form 1099. ODVA reserves the right to*

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*respond to inquiries by said authorities and to make any additional disclosures requested by the governmental authority or as required by law.*

10. As evidenced by its signature below, ODVA represents that it has relied on its own judgment and advice of its own attorneys in making this settlement. Oregon Department of Justice (DOJ) is legal counsel to the Oregon Department of Veterans' Affairs. DOJ is not a party to this settlement. The parties understand that DOJ has not asserted independent USERRA or state law claims against Fred Meyer and will not pursue claims that are released by ODVA in this Agreement.

11. The parties understand and agree that this Agreement represents a full, complete and final compromise, satisfaction and resolution of all of ODVA's and DOJ's disputed claims up to the date of the signing of this Agreement, and ODVA and DOJ acknowledge that they relinquishes their claims voluntarily and knowledgeably.

12. As evidenced by their signatures below, ODVA and DOJ understand and agree that this settlement is not to be construed as an admission or proof of any liability or fault whatsoever on the part of the Released Parties, and ODVA and DOJ expressly agree that they will not characterize it otherwise to any third party at any time, under any circumstances.

13. As evidenced by their signatures below, ODVA and DOJ acknowledge that this Agreement is intended to include and does include all claims against any Released Party not only for all known injuries, losses, and damages, but any further injuries, losses, and damages not now known or anticipated but which may later develop or be discovered, including all effects and consequences thereof. ODVA and DOJ further acknowledge, by their signatures below, that the Agreement shall be an effective as a full and final settlement of each and every claim which it may hereafter have against the Released Parties that arise out of, or relate to the civil claims alleged on the draft complaint identified in paragraph 6 above, or the issues referred in paragraph 1 of the Recitals, or that could have been asserted as part of such matters.

14. As evidenced by their signatures below, ODVA and DOJ further acknowledge if they hereafter discover facts different from or in addition to the facts which they now know or

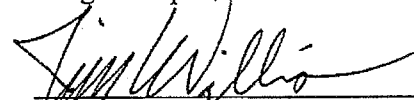
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believe to be true with respect to the subject matter of this Agreement, it is nevertheless their intention to hereby settle finally any and all claims which now exist or which hereafter may exist between ODVA and DOJ and the Released Parties arising out of or relating to the allegations in the draft complaint identified in paragraph 6 above or the issues referred in paragraph 1 of the Recitals. In furtherance of such intention, the release herein shall be and will remain in effect as a release, notwithstanding the discovery of any such different or additional facts.

15. The parties agree that facsimile/PDF transmitted signatures, to include those transmitted on separate photocopied pages of this document, are to be treated as original signatures for purposes of consummating this Agreement.

DATED this 14<sup>th</sup> day of March, 2011.

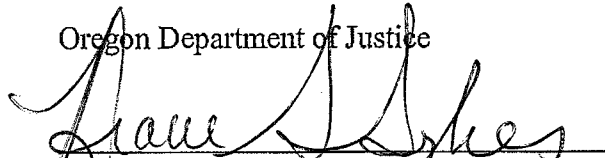
Oregon Department of Veterans' Affairs



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Jim Willis  
Director

Oregon Department of Justice



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By/Diane Schwartz Sykes  
Senior Assistant Attorney General

Fred Meyer Stores, Inc.

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By: \_\_\_\_\_

Title: \_\_\_\_\_