

SETTLEMENT AGREEMENT

This Settlement Agreement is made and entered into this 25th day of April, 1995, by and between the State of New York ("New York") by Dennis C. Vacco, Attorney General, and Reebok International Ltd. (hereinafter referred to as "Reebok"), and The Rockport Company (hereinafter referred to as "Rockport"). Reebok is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Massachusetts, with its principal place of business located at 100 Technology Center Drive, Stoughton, Massachusetts 02072. Rockport is a wholly-owned subsidiary of Reebok, with its principal place of business at 220 Donald Lynch Boulevard, Marlboro, Massachusetts 01752. The terms of this Agreement shall be available to all States, the District of Columbia and Puerto Rico as provided under the terms of Section IX herein. Any State electing to join in the terms of the Settlement Agreement shall do so by executing a signature page which shall be annexed to this Agreement prior to filing with the Court.

WHEREAS, New York will file a Complaint against Reebok and Rockport for damages and injunctive relief, on its own behalf, as parens patriae on behalf of natural person citizens of New York State who purchased Reebok Products during the period January 1, 1990 through December 31, 1994 and on behalf of any State which joins in this Settlement Agreement pursuant to Section IX, alleging an unlawful agreement to fix, maintain or stabilize resale prices

of Reebok Products, as defined in Section I below, during the period January 1, 1990 - December 31, 1994, in violation of federal and state antitrust laws;

WHEREAS, Reebok and Rockport deny the allegations set forth in New York's Complaint;

WHEREAS, Reebok and Rockport have reinstated any Dealer of Reebok and Rockport Products who currently meets their distribution needs and would qualify to be a Reebok and Rockport Dealer that was terminated by Reebok or Rockport on or subsequent to October 1, 1992 due to such Dealer's failure to adhere to the terms of Reebok or Rockport's pricing policies;

WHEREAS, the parties have determined it to be in their best interests to resolve this dispute and enter into this Settlement Agreement:

NOW, THEREFORE, WITNESSETH:

I. DEFINITIONS

As used herein:

A. "Administration Account" means an interest-bearing account established by the State of New York as Lead Counsel and Defendant, and administered by a Trustee appointed pursuant to Section V(C) of this Agreement, for the purpose of paying administrative costs. The principal of the Administration Account shall be funded as described in Section V(A) below;

B. "Affected Reebok Product" means Reebok Prestige Product subject to the Centennial Policy and Rockport Product subject to Rockport's suggested Retail Pricing Policy that was introduced in

October, 1992 and Rockport's subsequent Marathon Policy, both of which categories of product were offered for sale by Reebok and Rockport respectively to their Dealers during the Relevant Period;

C. "Dealer" means any person, corporation or firm not owned by Reebok that in the course of its business sells any Reebok Products in or into the United States of America;

D. "Defendant" or "Reebok" means Reebok International Ltd. and its affiliates, parents, subsidiaries, divisions and other organizational units of any kind, including The Rockport Company, that sold Reebok and Rockport Products as defined herein, their successors and assigns, and their present and former officers, directors, employees, agents, representatives and other persons acting on their behalf;

E. "Lead Counsel" means the Attorney General of the State of New York;

F. "Plaintiffs" or "Plaintiff States" means the State of New York and any other States, the District of Columbia and Puerto Rico which opt to enter into the terms of this Agreement as provided in Section IX hereof in their sovereign capacity and as parens patriae on behalf of all natural person citizens of such States who have purchased Reebok Products during the Relevant Period;

G. "Reebok Pricing Policies" means the pricing policy announced by Reebok in November, 1992 and which became effective as the Centennial Plan on January 1, 1993 and the pricing policy introduced by Rockport in October, 1992, subsequently modified as the Marathon Program in July, 1993. These pricing policies set

forth minimum retail prices for Affected Reebok Product;

H. "Reebok Products" means all Reebok and Rockport brand footwear products offered for sale to consumers located in the United States of America and Puerto Rico or to Dealers;

I. "Relevant Period" means the period between January 1, 1990 to and including December 31, 1994;

J. "Resale Price" means any price, price floor, price ceiling, price range, or any mark-up formula, or margin of profit used by any Dealer for pricing any Reebok Products. Such term includes, but is not limited to, any suggested, established or customary resale price, as well as the retail price advertised, promoted or offered for sale by any Dealer;

K. "Settlement Account" means an interest-bearing escrow account established by Plaintiffs and Defendant and administered by a Trustee appointed pursuant to Section VI(C) for the purpose of implementing this Settlement Agreement. The principal of the Settlement Account shall be funded as described in Section IV.

L. "State Administration Costs" means those costs to be paid from the Administration Account in connection with the administration of this Settlement, including notice by publication, all administrative tasks listed in Section V(A) of this Agreement, attorney's and expert witness fees and investigative costs.

II. AGREEMENT

Subject to the approval of the Court, the parties agree to compromise, settle and resolve fully and finally on the terms set forth herein, any and all claims, actions and causes of action

arising under any federal or state antitrust or unfair acts, practices or competition laws, or other similar law or regulation, including without limitation the statutes listed in Attachment A hereto of New York and any State that opts into this Agreement, with respect to Reebok Products sold during the Relevant Period, which Plaintiffs had, now have or may have against Defendant as of the date of this Agreement.

III. INJUNCTION

A. Reebok agrees that, for a period of five (5) years from the date the Final Judgment and Consent Decree is entered in this matter, it will not enter into any contract, combination, conspiracy, agreement or arrangement with any Dealer to fix, lower, raise, peg, maintain or stabilize the Retail Prices at which Reebok Products are advertised and sold to end-user consumers.

B. Reebok agrees that, for a period of five (5) years from the date the Final Judgment and Consent Decree is entered herein (the "Final Judgement"), it will not terminate, suspend or fail to fill orders of any Dealer of Reebok Products or reduce the supply of or discriminate in delivery, credit or other terms provided to any Dealer of Reebok Products in order to secure or attempt to secure any commitment or assurance from any Dealer, or to coerce said Dealer, to adhere to any of Reebok's suggested retail pricing policies for Reebok Products. Notwithstanding the foregoing, Reebok retains the right to terminate unilaterally any Dealer for lawful business reasons that are not inconsistent with this or any other paragraph of this Agreement.

C. Within thirty (30) days after the Final Judgment and Consent Decree is entered, Reebok agrees to send the letter affixed as Attachment B hereto to all of its then current Dealers of Reebok Products.

D. For a period of five (5) years from the date the Final Judgment and Consent Decree is entered, Reebok shall notify its Dealers of Reebok Products that it is their right to determine independently the prices at which they will advertise and sell Reebok Products to end-user consumers. Reebok shall provide this notice by affixing a notice of disclosure (the "Disclosure") to every list of suggested retail prices and minimum advertised prices for any Reebok Products printed subsequent to the date of Final Judgment and provided to Dealers. The Disclosure shall clearly and conspicuously state the following on any list, advertising, book catalogue or promotional material for Reebok Products where Defendant has suggested any Resale Price to any Dealer:

ALTHOUGH [REEBOK INTERNATIONAL LTD.] or [THE ROCKPORT COMPANY] MAY SUGGEST RESALE PRICES FOR PRODUCTS, RETAILERS ARE FREE TO DETERMINE ON THEIR OWN THE PRICES AT WHICH THEY WILL ADVERTISE AND SELL [REEBOK] OR [ROCKPORT] PRODUCTS.

E. Reebok consents to an injunction issued by the Court requiring it to comply with the provisions of this Agreement.

F. This Agreement shall not be construed in any way to limit the right of Reebok to preannounce or suggest to its Dealers or distributors retail prices for Reebok Products and to unilaterally refuse to deal with those who fail to comply or to engage in any

other behavior that is otherwise permitted by federal and state antitrust laws. Accordingly, if a cooperative advertising program established and maintained by Reebok does not violate federal or state antitrust laws, it shall not constitute a violation of the injunctive provisions herein.

IV. MONETARY PAYMENT

A. Reebok agrees to pay to the Plaintiff States the total sum of \$9.5 million in full and final settlement of Plaintiffs' claims as set forth in Section II above and in the Release attached as Exhibit E hereto. This sum includes \$1.5 million to be used by the Plaintiff States to cover the costs of administering this Settlement, as set forth in Section V below. The remaining \$8 million will be distributed as described in Section VI below.

B. The \$8 million paid by Reebok shall be reduced proportionately by the percentage of the national population, based on the most recent available population figures from the United States Census Bureau, attributable to: (i) the States the District of Columbia and Puerto Rico that do not exercise their option to enter into this Agreement under the procedures set forth in Section IX; or (ii) the States and/or the District of Columbia with regards to which Defendant voids the agreement pursuant to Section XI below.

C. Defendant is making all payments described in this Agreement solely as compensatory damages. Plaintiffs have not sought the imposition of criminal or civil fines or penalties (or payments in lieu thereof) as part of this Settlement. Payments

hereunder do not constitute, nor shall they be construed as or treated as, payments in lieu of treble damages, fines, penalties, punitive recoveries or forfeitures.

V. ADMINISTRATION ACCOUNT

A. Reebok shall pay the \$1.5 million for payment of the State Administration Costs as follows:

1. Within ten (10) business days after execution of this Agreement, Reebok shall deposit \$125,000 into the Administration Account for the purpose of enabling the Lead Counsel to pay for miscellaneous start-up expenses of the State Administration Costs;

2. On April 17, 1995 or within seven (7) business days after the Court orders preliminary approval of this Agreement, whichever date comes later, Reebok shall pay into the Administration Account the sum of \$1.375 million which will be used for the purpose of enabling the Lead Counsel to pay the State Administration Costs, investigative costs and attorney's fees. Such sum shall be used for certain administrative tasks, including but not limited to:

a. Payment of the costs of providing fair and adequate notice by publication to consumers who are members of the parens patriae group as well as the costs of any notice by mail provided pursuant to Section VII of the Agreement. The terms of the notice, subject to Court approval, are provided in Section VII of this Agreement.

b. Payment of expert witness fees incurred in

connection with seeking final approval of this Settlement Agreement;

c. Coordination by the Lead Counsel of the papers necessary for participating States to opt into this Settlement Agreement and the filing of Lead Counsel of all motion papers in the Southern District of New York on behalf of itself and all Plaintiff States;

d. Payment of the costs and fees of the Trustee appointed pursuant to Section V(C) of this Agreement; and

e. Payment of costs incurred in administering the distributions in lieu of consumer restitution pursuant to Section VI.

3. If the residual, if any, remaining in the Administration Account after the payment of all administrative expenses shall be less than \$50,000, then that residual shall be deposited into the NAAG Antitrust Litigation Fund. If the residual remaining in the Administration Account after the payment of all administrative expenses shall be more than \$50,000, then that residual shall be distributed among the Plaintiff States, pro rata, based upon the ratios set forth in paragraph VI(D) below.

B. Each Plaintiff State which opts into this settlement shall be entitled to reimbursement to two thousand dollars (\$2,000) out of the Administration Account for its costs and attorney's fees; except that the Lead Counsel State of New York shall be entitled to from \$200, 000 to \$250,000 in investigative costs, attorney's fees and costs of coordinating this action; and eight

(8) other States who have assisted in the investigation shall be entitled to reimbursement for their investigative expenses and attorney's fees if they enter into the terms of the Agreement, in a sum not to exceed \$20,000 per state. These States are California, Florida, Michigan, Missouri, North Carolina, Pennsylvania, Tennessee and Texas. The payments described in this paragraph shall only be made if and when the Court grants final approval of this Agreement.

C. The Administration Account shall be managed by a Trustee appointed by the Lead Counsel. The Trustee shall be responsible for investing, maintaining, administering and distributing the monies of the Administration Account, pursuant to the terms of this Agreement and any additional instructions made in writing by the Lead Counsel. The Trustee shall invest the Administration Account in obligations of, or guaranteed by, the United States of America or any of its departments or agencies, to obtain the highest available return on investment. Subject to the approval of the Lead Counsel, the Trustee may make other investments offering a higher return with similar security. The Trustee shall not act in a manner contrary to the terms of this Agreement.

VI. DISTRIBUTION IN LIEU OF DIRECT CONSUMER RESTITUTION

A. Due to the impracticability of identifying particular purchasers of Affected Reebok Product during the Relevant Period, and the high costs of administering a check refund program relative to the average award to individual consumers, the \$8 million dollar payment by Reebok will be used for distribution in lieu of consumer

restitution (hereinafter "the Distribution").

B. The \$8 million payment by Reebok to be used for the Distribution shall be payable as follows:

1. The portion of the \$8 million payment which the Plaintiff States elect to receive in monetary form shall be paid into the Settlement Account within ten (10) business days after the Court grants final approval of this Agreement.

2. The portion of the \$8 million payment which the Plaintiff States elect to receive in product pursuant to VI(F) below shall be delivered to a location or locations, at a time or times, which are mutually convenient to Defendant and the particular Plaintiff State receiving the product.

C. The Settlement Account shall be managed by the Trustee appointed pursuant to Section V(C) above. The Trustee shall be responsible for investing, maintaining and distributing the monies of the Settlement Account, pursuant to the terms of this Agreement and any additional instructions made in writing by Plaintiff States. The Trustee shall invest the Settlement Agreement in accordance with the terms set forth in Section V(C) above.

D. Because of the difficulty in identifying particular purchasers of Affected Reebok Product during the Relevant Period, and the high cost of administering a check refund program relative to the average award to individual consumers, the \$8 million paid by Reebok shall be disbursed pursuant to an alternative distribution procedure approved by the Court. Each participating State's share of the Distribution will be allocated by its

percentage of the U.S. population.

E. Because the Affected Reebok Product sold was primarily athletic footwear, each participating State shall direct that its pro rata share of the Distribution fund be distributed to the State, a political subdivision thereof, a not-for-profit corporation and/or a charitable organization, with express conditions ensuring that the funds be utilized to improve, refurbish, renovate and/or provide athletic facilities, equipment or services. These facilities include, but are not limited to, basketball courts, tennis courts, volleyball courts, and running/walking tracks. Each State shall direct that its share of the Distribution funds shall only be utilized to fund activities which have not been funded and which, but for the receipt of money from the Distribution fund, would not be fully funded. If a State uses its Distribution to fund an activity which has previously been partially funded, it will direct that the distributed funds do not supplant existing funding and are only used to fund shortfalls in existing funding. For example, if a particular group or facility had previously received sufficient funds to refurbish a basketball court, money from the Distribution fund may not be used to supplant that existing funding or to refurbish that basketball court. Each participating State shall further direct that its share of the Distribution fund be deposited into an account specifically earmarked for the foregoing purposes and that quarterly accountings be rendered to the Plaintiff States indicating how the monies have been expended. The States shall promptly forward a copy of said

accountings to Defendant. Within ninety (90) days of preliminary approval, each participating State shall submit its proposed Distribution plan to New York. Such Distribution plan is to include the proposed recipients of any Distribution, the amount of such Distribution and the purposes for which such Distribution will be used. Copies of all such Distribution plans shall be promptly provided to Defendant. New York shall move for Court approval of its proposed Distribution plan and, as local counsel, for Court approval of the Distribution plans of the other Plaintiff States and no State shall disburse any portion of its share of the Distribution fund until such approval has been received.

F. Each State may elect to receive some or all of its share of the Distribution in Reebok Products in lieu of as a monetary payment. If a State elects to receive its share of the Distribution in Reebok Products, it shall receive an amount of Product having a suggested retail price of two times the amount the State would otherwise receive in the Distribution as a monetary payment. A State, for example, entitled to a Distribution of \$100,000 may elect to receive a monetary payment of \$100,000 or Reebok Products with a suggested retail value of \$200,000. Defendant and any State electing to receive all or some of its share of the Distribution in Reebok Products shall jointly select the Reebok Products to be presented to the State pursuant to this paragraph and such product shall be delivered to a location or locations which are mutually convenient to the State and Defendant. Each State must utilize any Reebok Products received pursuant to

this paragraph for the purposes set forth in paragraph (E) above.

G. Each State, the District of Columbia and Puerto Rico shall elect to receive its Distribution as a monetary payment or in product within 90 days of preliminary approval. Up until December 31, 1995, or until the Settlement Account is distributed, (whichever occurs first), a State which initially elected to receive its Distribution in a monetary form may change that election and choose to receive some or all of its Distribution in Reebok Products. If such a change in election is made, the monetary payment paid by Defendant into the Settlement Account as payment of the relevant State's Distribution shall be returned to Defendant, with interest. Interest shall be paid at the rate earned by the Settlement Account during the period the monetary payment was held in said account. Similarly, up until December 31, 1995, or until the Settlement Account is distributed (whichever occurs first) a State which initially elected to receive its Distribution in product (but has not yet received said product) may change that election and choose to receive some or all of its Distribution (the dollar value of which shall be the dollar amount said State would originally have been entitled to receive pursuant to Section VI(D) hereof) in monetary form.

H. The Trustee shall provide Plaintiff States, upon request, with written notice of all entities referred to in Section VI(E) who have received distributions from the Settlement Account pursuant to the Agreement and the amount received by each such entity. Plaintiffs will promptly provide this notice to Defendant.

I. New York, as lead counsel, shall move for Court approval of the proposed Distribution plan.

VII. NOTICE

A. Within the time period described below, Plaintiffs will give notice by publication of this Settlement, in a form agreed to by the parties in Attachment C hereto and approved by the Court.

B. Subject to Court approval, the Notice Period shall commence within forty-five (45) days after preliminary Court approval of the settlement and shall extend for forty-five (45) days. During this period, notice of this Settlement shall be made by the publication of notices in newspapers circulated in each Plaintiff State. The size of the newspaper notices shall be no larger than 1/4 of a page of display advertising. The notice shall appear once in the Sunday edition of each newspaper selected by the Plaintiff States. Where no Sunday edition is published, the notice shall appear in a weekday edition or, at the option of the Plaintiff State, in a Saturday edition.

C. The dates on which notices will be published shall be within the discretion of each Plaintiff State, but in any event shall be published within forty-five (45) days of preliminary approval by the Court.

D. Notice of this Settlement shall be published in newspapers in each Plaintiff State which the Attorney General, in his or her exclusive discretion, concludes are sufficient to provide adequate notice.

E. Subject to Court approval, the publication notice shall

be in the language of Attachment C hereto. The published notice shall summarize the terms of this Agreement and shall also inform consumers of their right to opt out of the Settlement Agreement by writing to a separate address listed. Consumers who request information shall be sent, by first class mail, a legal notice describing their rights to object to this Agreement and/or opt out of the parens patriae group.

VIII. COOPERATION AND IMPLEMENTATION

A. The parties shall apply to the Court for preliminary and final approval of this Settlement Agreement as soon as practicable after the execution of this Agreement.

B. The parties agree to cooperate fully to implement the terms and conditions of this Agreement.

C. Defendant agrees not to oppose any petition by any Plaintiff State for costs and attorney's fees in the amounts stated in Section V(B) above for each Plaintiff State, which Plaintiff States may use for any purposes. Such attorney's fees and costs shall be considered as Administration Costs to be paid out of the Administration Account and any interest accrued thereon.

D. The parties agree that a Final Judgment and Consent Decree, in a form substantially similar to that attached hereto as Attachment D, may be entered by the Court following final approval of this Settlement in accordance with 15 U.S.C. §15c.

E. If a Plaintiff State determines that Reebok is not in compliance with the terms of the Settlement Agreement, it shall give Reebok written notice of such non-compliance and Reebok shall

have fifteen (15) working days to respond in writing. If Plaintiff State is not satisfied with Reebok's response, it shall notify Reebok in writing and Reebok shall have fifteen (15) working days to cure such non-compliance. If after such time Plaintiff State deems that Reebok remains in non-compliance, Plaintiff State may seek the civil remedies available to it under the terms of the Final Judgment and Consent Decree.

F. Upon final approval of this Settlement and entry of the Final Judgment and Consent Decree by the Court, the Plaintiff States will dismiss their claims against Defendant Reebok and the John Doe defendants with prejudice. With regard to that conduct alleged in the Complaint, Plaintiff States will not sue any Reebok Dealer not named as a defendant, under any federal or state antitrust laws, with respect to Reebok Products sold during the Relevant Period.

G. Within thirty (30) days after entry of the Final Judgment and Consent Decree by the Court, the Plaintiff States shall execute Releases of all claims against Reebok in the form attached hereto as Attachment E. If on appeal the Final Judgment and Consent Decree Order is reversed, the Releases shall become null and void. If this Agreement is then subsequently approved, the Plaintiff States shall then re-execute Releases of all claims against Reebok in the form attached as Attachment E.

H. This Settlement Agreement shall not be used or construed by any person as an admission of liability by the Defendant to any party or person, or be deemed evidence of any violation of any

statute or law or admission of any liability or wrongdoing by Defendant or of the truth of any of the claims or allegations contained in the Complaint.

I. If for any reason this Settlement Agreement is not approved by the Court, the principal in the Administration Account, and any interest accrued thereon, shall be refunded to Defendant, reduced by the amount of out-of-pocket costs and expenses incurred in the administration of this Settlement to the date of Court disapproval. In addition, any monies paid into the Settlement Account pursuant to Section IV of this Agreement and any interest accrued thereon shall be refunded to Defendant if this Agreement does not receive full and final approval. In such event, Plaintiff States shall retain full rights to assert any and all causes of action against Reebok and all Dealers of Reebok Products. Defendant shall retain any and all defenses thereto.

IX. BENEFIT AND BINDING EFFECT

A. The terms of this Agreement shall be binding on, and shall inure to the benefit of, the parties and their successors. The parties expressly disclaim any intention to create rights under this Agreement which may be enforced by any other person under any circumstances whatsoever, except as specified by Section IX(B) herein.

B. The terms of this Agreement may be entered into by the Attorney General of any State, including the Corporation Counsel of the District of Columbia and the Attorney General of Puerto Rico, who takes the following actions within 30 days of the filing

of the Complaint (the "Settling Attorneys General"):

1. Signs an opt-in agreement and signature page which will be appended onto the body of the Settlement Agreement which will be filed with the Court;

2. Designates the Attorney General of the State of New York to represent such State and agrees to be named as a plaintiff in the Complaint filed by The State of New York in the United States District Court for the Southern District of New York alleging an unlawful agreement to fix, maintain or stabilize resale prices of Reebok Products during the Relevant Period in violation of federal and state antitrust laws.

X. TERM

This Agreement shall become effective as of the day and year first written above, and shall terminate five (5) years after entry of the Final Judgment and Consent Decree in this matter.

XI. AGREEMENT VOIDABLE

A. This Agreement shall only be voidable pursuant to this Section XI.

B. This Agreement is voidable at the option of either Plaintiff State of New York or Defendant if, within 30 days of the filing of the Complaint the Attorneys General of a number of states accounting for seventy-five per cent (75%) of the national population based on the most recent available population statistics from the U.S. Census Bureau, have not adopted the terms herein by following the procedures of Section IX(B) above. However, any other State which has not adopted the terms of this Agreement

pursuant to Section IX (B) may still opt into this Agreement within two weeks of preliminary approval, provided Defendant has not exercised its option to void this Agreement pursuant to Section XI(C) and (D) below.

C. Plaintiff or Defendant must exercise their option to void this Agreement pursuant to paragraph XI(B) above by notifying the other in writing within 35 days of filing the Complaint. This Agreement shall not be voidable pursuant to paragraph XI(B) above after that date.

D. In the event that, prior to the date on which the Settlement Fund is fully funded and the first Distributions have been made, a plaintiff class consisting of purchasers of Reebok Products during some or all of the Relevant Period is certified alleging causes of action against Reebok under any state antitrust or unfair acts, practices or competition law or other similar statute, law or regulation, then, Defendant may void this agreement with regards to any state(s) whose citizens are members of said class(es). Defendant may also void this Agreement if more than 250,000 consumers individually opt-out of the Settlement. Defendant must exercise its option to void this Agreement pursuant to this paragraph by so notifying Lead Counsel in writing within fourteen days of the date by which the Settlement Fund is fully funded and the first Distributions have been made.

XII. MISCELLANEOUS

This Settlement Agreement and the Attachments contain the entire agreement and understanding of the parties. There are no

additional promises or terms of the Agreement other than those contained herein. This Agreement shall not be modified except in writing signed by Lead Counsel and Reebok or by their authorized representatives.

AGREED AND CONSENTED TO:

DATED:
Stoughton, Massachusetts
April 25, 1995

REEBOK INTERNATIONAL, LTD.

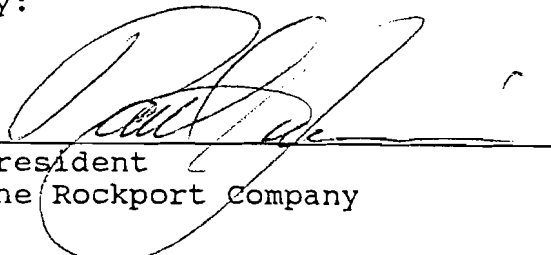
By:



President
Reebok International, Ltd.

THE ROCKPORT COMPANY

By:



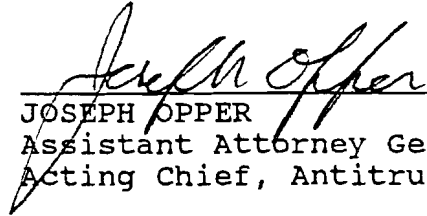
President
The Rockport Company

DATED:
New York, New York
April 14, 1995

DENNIS C. VACCO
Attorney General
of the State of New York

JOHN H. CARLEY
Deputy Attorney General
Public Advocacy

By:



JOSEPH OPPEN
Assistant Attorney General
Acting Chief, Antitrust Bureau

SO ORDERED: _____
(Preliminary Approval)

SO ORDERED: _____
(Final Approval)

ATTACHMENT A

<u>STATE</u>	<u>STATUTE</u>
Alabama	Ala. Code 8-10-1 <u>et seq.</u>
Alaska	Alaska Stat. §45.50.471 <u>et seq.</u> , §45.50.562
Arkansas	ARK. Code Ann. §4-75-301 <u>et seq.</u> (Repl.1991); Ark. Stat. Ann. §70-301 <u>et</u> <u>seq.</u> ; §70-101, §70-120-122
Arizona	Arizona Uniform State Antitrust Act, Ariz. Rev. Stat. Ann. §44-1402 <u>et seq.</u>
California	California Business and Professions Code §16720 <u>et seq.</u> ; §17000-101; §17200-17208
Colorado	§ 6-4-101 <u>et seq.</u> of the Colorado Antitrust Act of 1992; §6-4-104, C.R.S. (1993 Supp.), of the Colorado Antitrust Act of 1992; §6-4-112, C.R.S. (1993 Supp.) of the Colorado Antitrust Act of 1992; Title VI, Art. II, §6-2-101 <u>et seq.</u>
Connecticut	Conn. Gen. Stat. §35-24 <u>et seq.</u> ; Conn. Gen. State. §42-110a <u>et seq.</u>
Delaware	Del. Code Ann. Tit. 6 §2101 <u>et seq.</u>
District of Columbia	D.C. Code §28-4501 <u>et seq.</u> (1981)
Florida	<u>Florida Statutes</u> §501.201 <u>et seq.</u> ; §542.18
Georgia	Off. Code Ga. Ann. §13-8-2
Hawaii	Hawaii Revised Statutes §480-1 <u>et seq.</u> , 481-1 <u>et seq.</u>
Idaho	Idaho Code §48-101 <u>et seq.</u> , §18-5 2 0 1 ; Idaho Code §48-401 <u>et seq.</u>
Illinois	Illinois Antitrust Act 740 ILCS 10/1 <u>et</u> <u>seq.</u> ; 38 Ill. Rev. Stat. §60-1 <u>et seq.</u> ; 121 1/2 Ill. Prev. Stat. §262
Indiana	Ind. Code §24-1-2-1

Iowa Iowa Competition Law, Iowa Code §553.1 et seq.

Kansas K.S.A. §50-101, §50-102, §50-112, §50-113 and §50-117

Kentucky K.R.S. 367.175; K.S.A. §355.020 et seq.

Louisiana La. R.S. 51:122 and La. R.S. 51:1401, et seq.

Maine 10 M.S.R.A. §1101; 5 Maine Rev. Stat. §206 et seq.

Maryland Md. Com. Law Code Ann. §11-204(a)(1)

Massachusetts 93 Mass. Gen. Laws §1 et seq.; 93A Mass. Gen. Laws §1 et seq.

Michigan Section 2 of the MARA, MCL 445.772; MSA 28.70(2); Michigan Compiled Laws §750-151

Minnesota Minn. Stat. §325D.49 et seq. (1992)

Mississippi Miss. Code Ann. §75-21-1 et seq.

Missouri Missouri Antitrust Law §416.011 et seq. RSMo 1978

Montana Mon. Rev. Code Ann. §30-14-101 et seq.; §30-14-201 et seq.; §27-19-202

Nebraska Neb. Rev. Stat. §59-801 et seq.; §59-1601 et seq. (1988)

Nevada NRS §598A.030 et seq., §598A.060(1)

New Hampshire N.H. Rev. Stat. Ann. §356.1 et seq.; §358-A:2

New Jersey N.J. Stat. Ann §56:9-1 et seq.

New Mexico Section 1 of the New Mexico Antitrust Act, §57-1-1 et seq. NMSA 1978 (1987 Repl.)

New York Donnelly Act, N.Y. Gen. Bus. Law §340 et seq.

North Carolina N.C. Gen. Stat. §§75-1, 75-1.1, 75-2 and 75-5

North Dakota	N.D.C.C. §51-08-0 <u>et seq.</u> ; §51-10-01 <u>et seq.</u>
Ohio	Ohio Rev. Code §§1331.01 <u>et seq.</u>
Oklahoma	79 Ok. Stat. Chap. 1 §1 <u>et seq.</u>
Oregon	ORS 646.705 <u>et seq.</u>
Pennsylvania	73 Penn. Stat. Ann. §201-1 <u>et seq.</u>
Rhode Island	R.I. Gen. Laws §6-36-1 <u>et seq.</u> ; §6-36-12; §6-13.1 and §6-36-4, 6; §6-34-4 and §6-13.1-1
South Carolina	S.C. Code Ann. §39-3-10, §39-3-130; §39-5-10 <u>et seq.</u>
South Dakota	S.D. Cod. Laws Ann. §37-1-3 <u>et seq.</u>
Tennessee	T.C.A. §47-25-101 and §47-18-104(a); including -104 and -106 and -108; §47-25-201 <u>et seq.</u>
Texas	Texas Free Enterprise and Antitrust Act of 1983, 2 Tex. Bus. & Com. Code §15.01 <u>et seq.</u>
Utah	Utah Code Ann. §76-10-911 <u>et seq.</u> (1990); §13-5-1- <u>et seq.</u>
Vermont	9 V.S.A. §2451 <u>et seq.</u>
Virginia	Virginia Antitrust Act, Va. Code §59.1-9.1 <u>et seq.</u>
Washington	Wash. Rev. Code 19.86.010 <u>et seq.</u>
West Virginia	West Virginia Code §47-18-1 <u>et seq.</u>
Wisconsin	Wis. Stat. Ann. §133.03(1), §137.01 <u>et seq.</u> ; §100-20 <u>et seq.</u>
Wyoming	Wy. Stat. §40-4-101 <u>et seq.</u>

ATTACHMENT B

Reebok LETTERHEAD

Dear Retailer:

The Name of State Attorney General's Office, along with the Offices of the Attorneys General in the other states, and the Federal Trade Commission have conducted investigations into Reebok's sales policies and in particular, Reebok's Centennial Plan that was announced in November 1992 and which has since been withdrawn. To expeditiously resolve the investigations and to avoid disruption to the conduct of its business, Reebok has agreed, without admitting any violation of the law, to the entry of Final Judgments and Consent Decrees by the State of [REDACTED], the other states and the Federal Trade Commission prohibiting certain practices relating to resale prices. Copies of the Final Judgments and Consent Decrees are attached. This letter and the accompanying documents have been sent to all of our dealers, sales personnel and representatives.

The Final Judgments and Consent Decrees spell out our obligations in greater detail, but we want you to know and understand the following. Under both orders you can advertise and sell our products at any price you choose. While we may send materials to you which may contain our suggested retail prices, you remain free to sell and advertise those products at any price you choose.

We look forward to continuing to do business with you in the future.

Sincerely yours,

President
Reebok International Ltd.

Rockport LETTERHEAD

Dear Retailer:

The Name of State Attorney General's Office, along with the Offices of the Attorneys General in the other states, and the Federal Trade Commission have conducted investigations into Rockport's sales policies and in particular, Rockport's Suggested Retail Pricing Policy that was announced in July 1992 and which, together with Rockport's subsequent "Marathon Policy," has since been withdrawn. To expeditiously resolve the investigations and to avoid disruption to the conduct of its business, Rockport has agreed, without admitting any violation of the law, to the entry of Final Judgments and Consent Decrees by the State of _____ and the Federal Trade Commission prohibiting certain practices relating to resale prices. Copies of the Final Judgments and Consent Decrees are attached. This letter and the accompanying documents have been sent to all of our dealers, sales personnel and representatives.

The Final Judgments and Consent Decrees spell out our obligations in greater detail, but we want you to know and understand the following. Under both orders you can advertise and sell our products at any price you choose. While we may send materials to you which may contain our suggested retail prices, you remain free to sell and advertise those products at any price you choose.

We look forward to continuing to do business with you in the future.

Sincerely yours,

President
The Rockport Company

ATTACHMENT C

ATTENTION REEBOK AND ROCKPORT PURCHASERS

If you have purchased Reebok or Rockport footwear during the period from January 1, 1990 - December 31, 1994, please read this notice carefully.

STATE NAME Attorney General AG Name, and the Attorneys General of 49 other States and Puerto Rico and the Corporation Counsel of the District of Columbia have brought resale price maintenance lawsuits against Reebok International Ltd. and The Rockport Company claiming that in some instances consumers were overcharged for certain Reebok products at retail stores, during the period from January 1, 1990 - December 31, 1994. The products which are the subject of the lawsuits include all Reebok brand athletic or casual footwear and any Rockport footwear offered for sale or sold to Dealers or consumers located in the United States of America.

No trial has been held on the merits of the States' allegations and Reebok and Rockport deny them. After extensive negotiations, the parties to the lawsuits agreed to a proposed settlement agreement to avoid long and costly litigation.

Under the proposed voluntary settlements of the States' case, Reebok and Rockport (a Reebok subsidiary) have agreed to pay the Plaintiff States the total sum of \$9.5 million after final Court approval.

Reebok and Rockport have also agreed to an injunction prohibiting future violations of the antitrust laws and will notify their dealers that they are free to price Reebok and Rockport

products independently at whatever level they choose.

In view of the difficulty in identifying the millions of purchasers of the Reebok and Rockport products involved in the settlement and the relatively small alleged overcharge per pair of shoes purchased, the States have proposed utilizing the \$9.5 million settlement amount in the following manner.

\$1.5 million of the settlement will be used to administer the settlement. The State shall direct that its share of the remaining \$8 million be distributed to the State, a political subdivision thereof, a not-for-profit corporation and/or a charitable organization for the purpose of improving, refurbishing, renovating and/or providing athletic facilities, equipment or services which would not otherwise receive funding. These facilities include, but are not limited to, refurbishing of basketball courts, tennis courts, volleyball courts and running/walking tracks. In this manner the class of purchasers covered by the lawsuits (persons who bought Reebok or Rockport athletic and casual footwear) would benefit from the settlement funds.

Reebok and Rockport have agreed to settle but without admitting any wrongdoing or liability. The proposed settlement must be finally approved by the Court, which has preliminarily approved the settlement. This notice does not express any opinion of the Court as to the merits of the claims or the defenses asserted by either side on the lawsuits.

The legal rights of all buyers of Reebok and Rockport products between January 1, 1990 and December 31, 1994 will be resolved and

foreclosed by this settlement. If you bought any Reebok or Rockport products within this period and you do not want to be bound by or to have your rights fully resolved by the settlement, you must expressly opt out or exclude yourself from the settlement. To opt out of this settlement or for more information, write to Reebok Settlement Trustee. (Address)

By Order of Judge _____ U.S. Dist. Ct., S.D.N.Y.

ATTACHMENT D

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

_____)	
STATE OF NEW YORK, ex. rel.)	
Attorney General DENNIS C. VACCO)	Civil Action No.
Other States)	
Plaintiffs)	
v.)	
REEBOK INTERNATIONAL LTD.)	
THE ROCKPORT COMPANY, JOHN DOE 1-500)	
Defendants.)	
_____)	

FINAL JUDGMENT AND CONSENT DECREE

The State of New York, the other 49 States, the District of Columbia and Puerto Rico ("Plaintiff States") have filed a Complaint for damages and injunctive relief on their own behalf and as parens patriae on behalf of natural person citizens residing in the Plaintiff States who purchased Reebok Products, as defined in the Complaint herein, during the period of the alleged conspiracy, against the Defendant Reebok International Ltd. and The Rockport Company (collectively "Defendant") alleging violations of federal and state antitrust laws. Defendant denies the allegations stated therein.

Plaintiffs and Defendant desire to resolve any and all disputes arising from the Complaint. These parties have entered into a Settlement Agreement which has been filed with the Court and is incorporated by reference herein. In full and final settlement of the claims set forth in the Complaint, Defendant has agreed to

pay compensatory damages and administration costs as set forth in the Settlement Agreement executed on _____ (the "Settlement Agreement"). Defendant has also agreed to entry of this Final Judgment and Consent Decree. Plaintiffs have agreed to execute Releases of their claims against Defendant and to release the claims of natural persons residing in the States who have not excluded their claims, in accordance with the terms of the Settlement Agreement.

Notice of the Settlement was given pursuant to Court order in accordance with 15 U.S.C. §15c and the requirements of due process. The Notice was the best notice practicable under the circumstances.

An opportunity to be heard was given to all persons requesting to be heard in accordance with this Court's orders. The Court reviewed the terms of the Settlement, the submissions of the parties in support of it, and the comments received in response to the notice. After a hearing held on _____, the Court approved the Settlement Agreement on _____, and determined it to be in all respects fair, reasonable and adequate. Said Order was entered on _____, 1995.

NOW, THEREFORE, without trial or adjudication of any issue of law or fact, before the taking of any testimony at trial, without the admission of liability or wrongdoing by Defendant and upon the consent of the parties hereto,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

I

JURISDICTION

The Court has jurisdiction over the subject matter of this action and the parties hereto. The Complaint raises claims against Defendant under Section 1 of the Sherman Act (15 U.S.C. §1), Section 4 of the Clayton Act (15 U.S.C. §15), Section 4C of the Clayton Act (15 U.S.C. §15c), and Section 16 of the Clayton Act (15 U.S.C. §26). Jurisdiction lies in this Court pursuant to 28 U.S.C. § 15. The Complaint also raises pendent state claims for equitable and other relief.

II

DEFINITIONS

As used in this Final Judgment and Consent Decree:

a. "Dealer" means any person, corporation or firm not owned by Reebok that in the course of its business sells Reebok Products in or into the United States of America;

b. "Defendant" or "Reebok" means Reebok International Ltd. and its affiliates, parents, subsidiaries, divisions and other organizational units of any kind, including The Rockport Company, that sold Reebok and Rockport Products as defined herein, their successors and assigns and their present and former officers, directors, employees, agents, representatives and other persons acting on their behalf;

c. "Reebok Products" means all Reebok and Rockport brand footwear products offered for sale to consumers located in the United States of America or to Dealers.

e. "Plaintiffs" or "Plaintiff States" means the State of New York and any other states and the District of Columbia and Puerto Rico which opt to enter into the Settlement Agreement as provided in Section IX thereof, in their sovereign capacity and as parens patriae on behalf of all natural person citizens of such states who have purchased Reebok Products during the period of the alleged conspiracy (January 1, 1990 to and including December 31, 1994);

f. "Resale Price" means any price, price floor, price ceiling, price range, or any mark-up formula, or margin of profit used by any Dealer for pricing any Reebok Products. Such term includes, but is not limited to, any suggested, established or customary resale price, as well as the retail price advertised, promoted or offered for sale by any Dealer.

III

APPLICABILITY

This Final Judgment and Consent Decree shall apply to the parties to this lawsuit.

IV

INJUNCTION

A. For a period of five (5) years from the date this Final Judgment and Consent Decree is entered, Reebok will not enter into any contract, combination, conspiracy, agreement or arrangement with any Dealer to fix, lower, raise, peg, maintain or stabilize the Retail Prices at which Reebok Products are advertised and sold to end-user consumers.

B. For a period of five (5) years from the date this Final

Judgment and Consent Decree is entered, Reebok will not terminate, suspend or fail to fill orders of any Dealer of Reebok Products or reduce the supply of or discriminate in delivery, credit or other terms provided to any Dealer of Reebok Products in order to secure or attempt to secure any commitment or assurance from any Dealer, or to coerce said Dealer, to adhere to any of Reebok's suggested retail pricing policies for Reebok Products. Notwithstanding the foregoing, Reebok retains the right to terminate unilaterally any Dealer for lawful business reasons that are not inconsistent with this or any other paragraph of this Final Judgment and Consent Decree.

C. Within thirty (30) days after the date the Final Judgment and Consent Decree is entered, Reebok will send the letter affixed as Attachment B to the Settlement Agreement to all of its then current Dealers of Reebok Products.

D. For a period of five (5) years from the date this Judgment is entered, Reebok shall notify its Dealers of Reebok Products that it is their right to determine independently the prices at which they will advertise and sell Reebok Products to end-user consumers. Reebok shall provide this notice by affixing a notice of disclosure (the "Disclosure") to every list of suggested retail prices and minimum advertised prices for any Reebok Products printed subsequent to the date of entry of this Judgment and provided to Dealers. The Disclosure shall clearly and conspicuously state the following on any list, advertising, book catalogue or promotional material for Reebok Products where Defendant has suggested any

Resale Price to any Dealer:

ALTHOUGH [REEBOK INTERNATIONAL LTD.] or [THE ROCKPORT COMPANY] MAY SUGGEST RESALE PRICES FOR PRODUCTS, RETAILERS ARE FREE TO DETERMINE ON THEIR OWN THE PRICES AT WHICH THEY WILL ADVERTISE AND SELL [REEBOK] OR [ROCKPORT] PRODUCTS.

E. This Final Judgment and Consent Decree shall not be construed in any way to limit the right of Reebok to preannounce or suggest to its Dealers or distributors retail prices for Reebok Products and to unilaterally refuse to deal with those who fail to comply or to engage in any other behavior that is otherwise permitted by federal and state antitrust laws. Accordingly, if a cooperative advertising program established and maintained by Reebok does not violate federal or state antitrust laws, it will not constitute a violation of the injunctive provisions herein.

F. The Plaintiff States, and all natural person citizens residing in those States who purchased Reebok Products during the period January 1, 1990 - December 31, 1994 (except citizens who have timely and properly requested exclusion) are permanently barred and enjoined from prosecuting against Reebok, Rockport, their affiliates, parents, subsidiaries, divisions and other organizational units of any kind, and their present and former directors, officers, employees, agents, representatives and other persons acting on their behalf, successors and assigns, any of the claims released in accordance with the Settlement Agreement.

COMPLIANCE

For purposes of determining and securing compliance with this Final Judgment and Consent Decree, duly authorized representatives of the Plaintiff States shall be permitted upon thirty (30) days prior written notice:

a. Reasonable access during normal office hours to any and all relevant and non-privileged records and documents in the possession, custody, or control of Defendant which relate to any of the matters contained herein or in the Settlement Agreement.

b. Subject to the reasonable convenience of Defendant to conduct interviews of any of the directors, officers, employees, agents, and any other persons acting on their behalf, each of whom may have counsel present, relating to any non-privileged matter contained herein or in the Settlement Agreement.

c. Defendant retains the right to object to any request under paragraphs (a) or (b) above within ten (10) days after its receipt on the grounds that the request is not reasonable, or not relevant to the matters contained herein or in the Settlement Agreement, or otherwise is not in accordance with law. Any such objection shall be directed to this Court for a ruling, with service by mail of the objection upon the State of New York.

d. The violation of any of the terms of Paragraph IV(A) of this Final Judgment and Consent Decree shall constitute a violation of federal and state antitrust laws for which civil remedies may be sought by the New York State Attorney General or the Attorney

General of the State in which the violation occurred pursuant to 15 U.S.C. §§1, 15, 15c and 26 and relevant state antitrust law upon application to this Court.

e. If the Attorney General of any Plaintiff State determines that Defendant has violated the terms of Section IV of this Final Judgment and Consent Decree, he shall give Defendant written notice of the violation and Defendant shall have fifteen (15) working days to respond in writing. If the State is not satisfied with Defendant's response, it shall notify Defendant in writing and Defendant shall have fifteen (15) working days to cure such non-compliance. If after such time Defendant has not cured the violation to the State's satisfaction, the State may seek penalties for contempt for violation of any paragraph of this Final Judgment and Consent Decree and with respect to alleged violations of Section IV (A) may seek the civil remedies referred to in Section V (d).

VI

JURISDICTION RETAINED

Without affecting the finality of this Final Judgment, jurisdiction shall be retained by this Court for the purpose of enabling any party hereto to apply for such further orders and directions as may be necessary or appropriate for the construction or enforcement of this Final Judgment and Consent Decree, the ruling upon any objection made pursuant to Section V, the modification of any of the provisions hereto to the extent such modification is permitted, and the remedy of a violation of any of

the provisions contained herein. This Court shall have the authority to specifically enforce the provisions of this Final Judgment and Consent Decree.

VII

On the fifth anniversary date of this Final Judgment and Consent Decree, said Final Judgment and Consent Decree shall automatically terminate without any action by either party or the Court.

So ordered this _____ day of _____, 1995.

UNITED STATES DISTRICT COURT

ATTACHMENT E

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

STATE OF NEW YORK, ex. rel.
Attorney General DENNIS C. VACCO

Plaintiff

v.

REEBOK INTERNATIONAL, LTD.
THE ROCKPORT COMPANY, JOHN DOE 1-500

Defendant.

Civil Action No.

RELEASE

KNOW ALL MEN BY THESE PRESENT that Plaintiff, the State of _____, in its sovereign capacity and as parens patriae on behalf of natural person citizens of _____ State who purchased Reebok Products ("Reebok Products"), as defined in the Settlement Agreement between Plaintiff, Reebok International Ltd. ("Reebok") and The Rockport Company ("Rockport") (the "Settlement Agreement") in this case, during the period January 1, 1990 - December 31, 1994, for and in consideration of the promises and covenants set forth in the Settlement Agreement, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, do hereby release, acquit, exonerate and forever discharge Reebok, Rockport, their affiliates, parents, subsidiaries, divisions and other organizational units of any kind, and their present and former directors, officers, employees, agents, representatives and other persons acting on their behalf,

successors and assigns, of and from any and all claims, actions or causes of action arising under any federal or state antitrust or unfair acts, practices or competition law or other similar statute, law or regulation, (including without limitation, [list statutes from Attachment A for each state]) with respect to the period January 1, 1990 - December 31, 1994 including, but not limited to, all claims which are alleged in the Complaint in this case pending in the United States District Court for the Southern District of New York, which it had, now has, or may have against any of them as of the date of the Settlement Agreement.

If on appeal the Final Judgment and Consent Decree Order entered in this case is reversed, this Release shall become null and void.

In witness whereof, _____ on behalf of the office of the Attorney General of the State of _____, has hereunto set his hand this ____ day of _____, 1995.

WITNESS:

STATE OF _____:

CITY OF _____: to wit:

I HEREBY CERTIFY that on this ____ day of _____, 1994, before me, a subscriber, a Notary Public of the State of _____, in and for the City of _____, personally appeared _____, who made an oath in due form of law that he executed this Release as his free act and deed, and that the matters set forth therein are true and correct.

AS WITNESS by hand and Notarial Seal.

NOTARY PUBLIC
MY COMMISSION EXPIRES:

ma\ilona\SettAgmt.RBK

903 F. Supp. 532, *; 1995 U.S. Dist. LEXIS 15783, **

THE STATE OF NEW YORK, by ATTORNEY GENERAL DENNIS C. VACCO, et al., Plaintiff,
-against- **REEBOK INTERNATIONAL LTD.**, et al., Defendants.

95 Civ. 3143 (JGK)

UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK

903 F. Supp. 532; 1995 U.S. Dist. LEXIS 15783

October 20, 1995, Dated
October 30, 1995, FILED

CASE SUMMARY

PROCEDURAL POSTURE: Plaintiffs, fifty states, brought a class action to obtain monetary and equitable relief under federal and state antitrust laws against defendant shoe manufacturer for conspiracy to fix retail prices of its products. The court gave preliminary approval to a settlement. Before the court is a joint motion of all the parties for final approval of the settlement under 15 U.S.C.S. § 15c(c).

OVERVIEW: Shoe manufacturer had solicited agreements with dealers to set the minimum sale prices for certain products. The states had contended that this was a conspiracy to fix, raise, maintain, or stabilize the retail prices of the shoe manufacturer's products sold to the public. The court gave final approval to the settlement finding that the settlement was the result of a good faith bargaining at arms-length by experienced counsel. There was no hint of collusion in reaching the early settlement. The shoe manufacturer denied any liability and that the law would not permit recovery for its actions. If the litigation went forward it would require lengthy and expensive discovery and trial. The court found that the settlement amount was in excess of the actual damage estimates by the states' expert economist. The distribution of the settlement was pragmatic and sensible and satisfied 15 U.S.C.S. § 15e. The potential overcharge was so small as to undercut the incentive of individual consumers to attempt to obtain a refund and dramatically increase the cost of administration. The lack of opposition to the settlement also supported its approval.

OUTCOME: The court entered an order that gave final approval to the settlement.

CORE TERMS: settlement, notice, consumer, dealers, retail, refund, pricing, manufacturer, collusion, approving, newspaper, parens patriae, monetary, footwear, arms-length, negotiations, realistic, discovery, warranty, adhere, cards, antitrust laws, conspiracy, non-profit, economist, brand, pair, experienced, bargaining, adherence

LexisNexis(TM) HEADNOTES - Core Concepts - Hide Concepts

Antitrust & Trade Law > State Trade Regulation

Civil Procedure > Class Actions > Judicial Discretion

15 U.S.C.S. § 15c(c) requires court approval of the settlement of a parens patriae antitrust suit, but it does not specify the standards required for approval. Courts generally look to the standards used in approving class action settlements under Fed. R. Civ. P. 23(e) of the. A settlement will be approved if it is fair, reasonable, and adequate.

Civil Procedure > Settlements > Settlement Agreements

In assessing the fairness of a settlement, courts consider whether the settlement was the result of good-faith bargaining at arms-length by experienced counsel, and whether there is any evidence of collusion.

Civil Procedure > Settlements > Settlement Agreements

To determine whether a settlement is reasonable and adequate, a court must consider the following factors: (1) the relative strength of the plaintiffs' case on the merits; (2) the existence of any difficulties of proof or strong defenses the plaintiffs are likely to encounter if the case goes to trial; (3) the anticipated duration and expense of additional litigation; (4) the solvency of the defendants and the likelihood of recovery on a litigated judgement; and (5) the degree of opposition to the settlement.

Antitrust & Trade Law > State Trade Regulation

Civil Procedure > Settlements > Settlement Agreements

See U.S.C.S. § 15e.

COUNSEL: [1]** APPEARANCES: For the State of New York and local counsel for plaintiff states: PAMELA JONES HARBOUR, JOSEPH OPPER, LINDA J. GARGIULO, Assistant Attorneys General, N.Y.S. Department of Law, New York, NY.

For Reebok International Ltd. et al.: DAVID A. MARTLAND, Hutchins, Wheeler & Dittmar, Boston, MA.

JUDGES: John G. Koeltl, United States District Judge

OPINIONBY: JOHN G. KOELTL

OPINION: [*532]

OPINION AND ORDER

JOHN G. KOELTL, District Judge:

Fifty States, the District of Columbia, the Commonwealth of Puerto Rico, and The Virgin Islands (the "States") have brought this action on their own behalf and as parens patriae on behalf of their residents to obtain **[*533]** monetary and equitable relief under federal and state antitrust laws. The defendants in this action are Reebok International LTD. ("Reebok"), a Massachusetts corporation, and its wholly-owned subsidiary, The Rockport Company ("Rockport"). These companies manufacture and distribute Reebok and Rockport brand footwear to dealers located throughout the United States, Puerto Rico, and the Virgin Islands.

The States have entered into a settlement with the defendants pursuant to a Settlement Agreement which is **[**2]** subject to court approval under 15 U.S.C. § 15c(c). The Court preliminarily approved the Settlement on June 5, 1995.

Following preliminary approval, notice of the Settlement was given to affected consumers by nationwide publication during the period from July 9-14, 1995. Consumers were advised of the existence and terms of the proposed Settlement and were given the opportunity to request further detailed information relating to the terms and disposition of the Settlement. Affected consumers were apprised of their right to either exclude their claims ("opt out" provision) or to object to the terms of the Settlement by September 8, 1995. n1 Presently before the Court is the joint motion of all parties for final approval of the Settlement.

-----Footnotes-----