

Notice Letter to Vendors of Fashion Accessories on Saks Letterhead

June 30, 2010

RE: Notice to Vendors of Fashion Accessories Pursuant to CEH v Lulu NYC LLC, Alameda Superior Court Case No. RG09459448 (the "Action")

Dear Vendor:

We are writing to satisfy a duty imposed on Saks Incorporated and affiliates ("Saks") in a June 1, 2010 Consent Judgment which resolves certain claims raised in the above referenced Action. You are receiving this notice because you are a vendor of "fashion accessories" as defined in the Consent Judgment.

In 2009 plaintiff Center for Environmental Health ("CEH") began filing a series of lawsuits, all consolidated for pre-trial purposes on March 3, 2010 into the Action referenced above. CEH is a citizen enforcer pursuing claims under California's Proposition 65, the Safe Drinking Water and Toxic Enforcement Act of 1986 (California Health & Safety Code Sections 25249.5 *et seq.*) CEH alleges that certain "fashion accessories" contain lead in accessible components at levels high enough to trigger the duty to provide a consumer warning under Proposition 65.

Saks and affiliates are defendants and settling parties in the Action. The Consent Judgment resolving the Action sets limits on lead levels in components of fashion accessories. The Consent Judgment defines "*Fashion Accessories*" as "(i) wallets, handbags, purses, clutches and totes, (ii) belts; (iii) footwear." The limits on lead levels in Fashion Accessories are called the "*Lead Limits*." The Lead Limits in the Consent Judgment are as follows:

- Paint or other Surface Coatings¹: 90 ppm
- Metal: 300 ppm
- Leather (including composited leather) for Phase I Compliance: 600 ppm
- Leather (including composited leather) for Phase II Compliance: 300 ppm
- PVC for Phase I Compliance: 300 ppm
- PVC for Phase II Compliance: 200 ppm
- All Other Accessible Components: 300 ppm (this standard does not apply to cubic zirconia (also called cubic zirconium or CZ), crystal, glass or rhinestones).

The compliance date for you to achieve the Lead Limits for components in Fashion Accessories which are wallets, handbags, purses, clutches and totes shipped to Saks for retail sale is December 1, 2010. The Phase I Compliance dates noted above are December 1, 2010. The Phase II Compliance dates are December 1, 2011. Please note

¹ "Paint and Other Surface Coatings" is defined at 16 C.F.R. Section 1303.2(b).

that if you supply belts or footwear to Saks, then each of the compliance dates above is extended by one year for Fashion Accessories which are belts or footwear.

The Lead Limits compliance dates above are the dates by which you, as our vendor, must supply Fashion Accessories to Saks with components which do not exceed the Lead Limits. Also, Saks is required under Section 3.1 of the Consent Judgment to instruct you, as our vendor, of the following: "the vendor is instructed to use reasonable efforts to provide Fashion Accessories that comply with the Lead Limits on a nationwide basis." A copy of the Consent Judgment is enclosed for your information..

Saks encourages you to read the Consent Judgment with great attention. Saks further encourages you to seek legal counsel if you have questions about the Consent Judgment. In providing you with this notification of Lead Limits, Saks is not providing legal advice, nor counseling you on how to comply with the Consent Judgment, nor how or when to meet the Lead Limits for any specific Fashion Accessory. Saks expressly disclaims that this letter may be relied upon by you in interpreting the terms of the Consent Judgment. This letter is written to satisfy a notification duty imposed on Saks under the Consent Judgment, and no third party reliance or other use of this letter for any purpose is authorized.

Saks thanks you for your careful attention to the matters discussed herein.

Sincerely,

Cody Kondo
Saks Fifth Avenue
Group Senior Vice President

Enclosure