

SETTLEMENT AGREEMENT

This Settlement Agreement (this "Agreement") is entered into effective as of September 12, 2013 (the "Effective Date") by and between 3M Company, a Delaware corporation having its principal place of business at Maplewood, Minnesota ("3M"), Specialized Pavement Marking, Inc., an Oregon corporation having its principal place of business at Tualatin, Oregon ("SPM"), and the State of Oregon, acting by and through its Attorney General (the "State").

RECITALS

A. 3M manufactures and sells reflective pavement marking tapes ("380 Tapes") that meet certain specifications issued from time to time by the Oregon Department of Transportation ("ODOT") for installation on Oregon highway projects.

B. SPM provides tape installation services for 3M tapes on certain Oregon highway projects.

C. In July 2011, 3M and SPM received civil investigative demands ("CIDs") from the Oregon Department of Justice ("DOJ") notifying the parties that DOJ was investigating "possible contracts, combinations or conspiracies in restraint of trade in the road striping and marker industry."

D. In response to the CIDs, 3M and SPM produced responsive documents and made certain personnel available to DOJ for investigative interviews.

E. The State contends that 3M and SPM have engaged in conduct that violates Oregon and federal antitrust laws. 3M and SPM deny that they have violated any laws.

F. The parties wish to settle and compromise the claims asserted by the State on the terms set forth in this Agreement.

AGREEMENT

In consideration of the promises below, the parties agree as follows:

1. 3M Certification of Non-Collusion. Commencing on the Effective Date and continuing through September 12, 2016 (the "Agreement Term"), 3M will provide DOJ with a Certificate of Non-Collusion in the form attached as Exhibit A each time 3M submits a quotation or bid for installed 380 tape (a "Bid") with respect to a public procurement project in Oregon; provided, however, that no such certificate shall be required for the sale by 3M of 380 tape to other installers. 3M shall provide the Certificate of Non-Collusion contemporaneously with the submission of each Bid. The Certificate to be provided under this Section 1 shall be personally delivered or delivered by mail, postage prepaid, as follows:

To DOJ: Oregon Department of Justice
DOJ Civil Enforcement Financial Fraud

1162 Court St NE
Salem OR 97301
Attn: Tim D. Nord

2. SPM Certification of Non-Collusion. During the Agreement Term, SPM will provide DOJ with a Certificate of Non-Collusion in the form attached as Exhibit A for Bids SPM submits for installed 380 tape with respect to public procurement projects in Oregon. SPM shall provide the Certificate of Non-Collusion within ten (10) days following the end of each calendar quarter for any Bid submitted during the prior calendar quarter. The Certificate to be provided under this Section 2 shall be delivered in the same manner provided in Section 1.

3. Covenant of Non-Collusion.

3.1 During the Agreement Term, subject to the provisions of Section 3.2, each of 3M and SPM shall comply with the following in connection with any Bid for a public improvement project in Oregon:

- (a) The price(s) and amount of the Bid will be arrived at independently;
- (b) Neither the price(s) nor the amount of the Bid, and neither the approximate price(s) nor approximate amount of the Bid, will be disclosed to any other firm or person who is a bidder or potential bidder, and they will not be disclosed before the opening of bids;
- (c) No attempt will be made to induce any firm or person to refrain from bidding on this contract, to submit a Bid higher than its Bid, or to submit any intentionally high or noncompetitive Bid or other form of complementary Bid.
- (d) The Bid will be made in good faith and not pursuant to any agreement or discussion with, or inducement from, any firm or person to submit a complementary or other noncompetitive Bid.

3.2 For avoidance of doubt, notwithstanding the provisions of Section 3.1, where one party is an actual or prospective purchaser of products or services from the other, it shall not be a violation of this Section 3 for a party to do any of the following: (a) to inquire about whether a party intends to quote or bid a project as long as no agreement is reached that a party will not quote or bid; (b) to state that it does not intend to quote or bid a project so long as no agreement is reached that the party will not bid; (c) to request a Bid from the other party; or (d) to issue a Bid to the other party. For further avoidance of doubt, notwithstanding the provisions of Section 3.1, (a) where either party is submitting a Bid as a subcontractor to one or more potential prime contractors, it shall not be a violation of this Section 3 for the party to disclose its Bid, including its price, to the prime contractors; and (b) intra-company communications (involving only employees of a single firm) shall not be a violation of this Section 3.

4. Applicability of Covenant of Non-Collusion. The covenants set forth in Section 3 apply only to claims for breach of this Agreement, and do not reflect any party's views about what conduct is or is not permissible under the antitrust laws or any other laws. The State reserves the right to pursue claims based on any conduct occurring after the Effective Date that is in violation of the antitrust laws or any other laws.

5. 3M Notice of Restrictive Agreement. In the event 3M enters into a 3M Restrictive Agreement during the Agreement Term, 3M shall provide written notice to ODOT within ten (10) business days following the date of such Restrictive Agreement. For purposes of this Section 5, a "3M Restrictive Agreement" shall mean: (a) an agreement between 3M and an installer of road marking products in Oregon that restricts 3M's ability to enter into an agreement with another installer of road marking products in Oregon; or (b) an agreement between 3M and an installer of road marking products that restricts 3M's ability to sell any road marking product in Oregon that is listed in ODOT's Qualified Product List for use on an ODOT project. Notice to be given under this Section 5 shall be personally delivered or delivered by mail, postage prepaid, as follows:

To ODOT: Oregon Department of Transportation
Office of Maintenance and Operation
800 Airport Road S.E.
Salem, Oregon 97301-4798
Attn: Joel Fry and Jeffrey Gower

6. SPM Notice of Restrictive Agreement. In the event SPM enters into an SPM Restrictive Agreement during the Agreement Term, SPM shall provide written notice to ODOT within ten (10) business days following the date of such Restrictive Agreement. For purposes of this Section 6, an "SPM Restrictive Agreement" shall mean an agreement to which SPM is a party that restricts SPM's ability to sell any road marking product in Oregon that is listed in ODOT's Qualified Product List for use on an ODOT project. Notice to be given under this Section 6 shall be delivered in the same manner provided in Section 5.

7. Payment and Credit.

7.1 On or before December 31, 2013, 3M and SPM shall pay or cause to be paid to the State of Oregon the sum of \$750,000, such payment to be made to an account designated by DOJ. 3M and SPM shall be jointly and severally liable for this payment.

7.2 During the Agreement Term, 3M shall provide ODOT with a credit of \$750,000 against amounts payable by ODOT to 3M for direct purchases of 3M Highway Safety Products by ODOT from 3M, such credit to be applicable against standard U.S. Catalog pricing or the pricing applicable under any ODOT/3M supply contract then in effect. For purposes of this Section 7.2, "3M Highway Safety Products" shall consist of pavement marking and reflective sheeting products.

7.3 DOJ and ODOT acknowledge and agree that the payment and credit set forth in this Section 7 constitute consideration for release of a disputed claim and shall not be considered payment of a penalty by 3M or SPM.

8. Release.

8.1 For good and valuable consideration as set forth herein, the State does hereby release, acquit, and forever discharge 3M, its current and former officers, directors, agents, employees, representatives, successors and assigns (the "3M Parties") and SPM, its current and former officers, directors, agents, employees, representatives, successors and assigns (the "SPM Parties") of and from any and all claims, actions, causes of action, demands, damages, and costs which the State now has or which may hereafter accrue (except claims to enforce or interpret this Agreement) based upon the "Relevant Conduct" as defined in Section 8.2.

8.2 The Relevant Conduct consists of all conduct on the part of 3M or SPM prior to September 12, 2013 that was investigated by the State pursuant to the CID, including without limitation all conduct claimed by the State to have violated any federal antitrust statutes, state antitrust statutes, including state anti-price discrimination laws, state unfair or unlawful trade practice statutes, state competitive bidding (public contracting) statutes and rules, state false claims statutes, as well as conduct claimed by the State to constitute a breach of contract, unjust enrichment, common law fraud or other common law claims. The foregoing release shall be binding upon the State, its agencies, and any person or entity claiming through the State or its agencies, including without limitation DOJ and ODOT.

8.3 The foregoing release shall not apply to any claim against 3M or SPM for breach of product, installation, or service warranty with respect to striping or pavement marking products in Oregon, any claim against 3M or SPM for breach of contract or in tort arising from the installation of striping or pavement marking products in Oregon (as opposed to claims based on anticompetitive conduct), or any claim against 3M or SPM with respect to any personal injury or property damage.

9. Covenant Not to Sue or Pursue Debarment.

9.1 The State of Oregon, acting by and through the Attorney General, agrees that it shall forever refrain from directly or indirectly instituting, prosecuting, requesting, or maintaining any claim, action, suit or proceeding, whether civil or criminal or administrative, including without limitation any proceeding for debarment of 3M or SPM, based on any claim that the State of Oregon, acting by and through the Attorney General has released hereunder.

9.2 DOJ has been authorized by ODOT to provide on behalf of ODOT the covenant not to sue or pursue debarment provided in Section 9.1.

10. No Admission of Liability. It is understood that this Agreement represents a compromise of disputed claims, and is not to be construed as an admission or acknowledgment of liability or responsibility on the part of any person or entity released under this Agreement.

11. Publicity. DOJ will provide 3M and SPM with notice prior to issuance of a press release or other public announcement concerning this settlement by DOJ, by ODOT, or otherwise on behalf of the State of Oregon, no less than one (1) full business day before it is released to the public. DOJ will provide 3M and SPM with a substantially complete copy of the press release or other public announcement no less than one (1) hour before it is released to the public—keeping in mind that the Attorney General reserves the right to alter press releases and other public announcements before they are released to the public. The notice and copy shall be provided in each case no later than 2 pm Pacific Time on a day that DOJ is open for business and shall be sent in each case by email to the following email addresses:

To 3M: dlffleming@mmm.com
 capeterson1@mmm.com
 wvanvalkenburg@stoel.com

To SPM: mark@spmnw.com
 jvermilyea@schwabe.com

12. General Terms.

12.1 The parties intend the provisions of this Agreement to be severable as permitted by applicable law. If any part of the Agreement is found to be unenforceable and is also found to be an immaterial part of the Agreement, the other parts shall remain fully valid and enforceable. If any part of the Agreement is found to be unenforceable and another part of the Agreement is found to be the quid pro quo for the part of the Agreement found unenforceable, the other parts of the Agreement will remain fully valid and enforceable, *i.e.*, the part of the Agreement found to be unenforceable and the quid pro quo will be unenforceable.

12.2 This Agreement contains the entire understanding and agreement between the parties hereto with respect to the subject matter hereof. No other representations, covenants, undertakings, or other prior or contemporaneous agreements respecting such matters which are not specifically incorporated herein, whether oral or written, shall bind any of the parties hereto.

12.3 This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties. For purposes of Sections 1 through 10 of this Agreement, 3M includes any subsidiaries of 3M, and SPM includes any entities owned entirely or partially by Mark Price that are in the road striping or marker industry, and any subsidiaries of SPM.

12.4 This Agreement shall be governed by the laws of the State of Oregon, exclusive of choice of law rules.

12.5 This Agreement may not be modified or amended except by a written agreement executed by all parties who are to be bound by the modification or amendment.

12.6 Each party shall bear its own costs, expenses, and attorneys' fees incurred in connection with negotiation and preparation of this Agreement.

12.7 This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which together shall constitute one agreement.

12.8 All parties acknowledge that they have been represented by counsel of their own choice in the negotiation and preparation of this Agreement and that they are entering this Agreement upon advice of their counsel. No clause shall be construed against a party on the basis that such party drafted the clause in question.

12.9 Except as otherwise specified in Sections 1, 2, 5, 6 and 11, any communications related to this Agreement shall be delivered either personally, by certified mail, postage prepaid, or by overnight courier, to the following addresses (or to such other address as a party may have specified by notice given to the other parties pursuant to this provision):

To 3M: 3M Company
 Traffic Safety and Security Division
 Mailstop: 225-4N-14
 PO Box 33428
 St. Paul, MN 55133
 Attn: Vice President and General Manager

With cc to: 3M Company
 Traffic Safety and Security Division
 P.O. Box 33428
 St. Paul, MN 55133-3428
 Attn: Division General Counsel

To SPM: Specialized Pavement Marking, Inc.
 11095 SW Industrial Way, Suite A
 Tualatin OR 97062
 Attn: Mark Price

With cc to: Schwabe, Williamson & Wyatt
 1211 SW 5th Ave., Ste. 1900
 Portland, Or 97204
 Attn: Jeremy T. Vermilyea

To the State: Oregon Department of Justice
 DOJ Civil Enforcement Financial Fraud
 1162 Court St NE
 Salem OR 97301
 Attn: Tim D. Nord

12.10 Each person signing this Agreement on behalf of each entity represents and warrants to the other parties that that person has full power and authority to act on behalf of such entity.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth above.

3M COMPANY

BY: John R. Haulo

SPECIALIZED PAVEMENT MARKING, INC.

BY: _____

STATE OF OREGON, ACTING BY AND THROUGH
ITS ATTORNEY GENERAL

BY: _____

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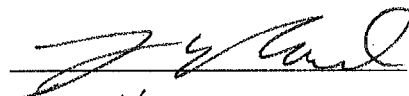
3M COMPANY

BY: _____

SPECIALIZED PAVEMENT MARKING, INC.

BY: _____

STATE OF OREGON, ACTING BY AND THROUGH
ITS ATTORNEY GENERAL

BY: 
Tim Nord
Senior Assistant Attorney General

12.10 Each person signing this Agreement on behalf of each entity represents and warrants to the other parties that that person has full power and authority to act on behalf of such entity.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth above.

3M COMPANY

BY: _____

SPECIALIZED PAVEMENT MARKING, INC.

BY:  _____

STATE OF OREGON, ACTING BY AND THROUGH
ITS ATTORNEY GENERAL

BY: _____

Exhibit A
Form of Certificate of Non-Collusion

CERTIFICATE OF NON-COLLUSION

[Insert: 3M Company or Specialized Pavement Marking, Inc.] certifies, subject to the terms set forth herein, that:

1. The price(s) and amount of the quotation, quotations, bid or bids for installed 380 Tape ("Bid") submitted or issued to the Oregon Department of Transportation ("ODOT"), the other contracting agency, or the contractor with respect to the public procurement project(s) specified on Exhibit 1 attached have been arrived at independently.
2. Neither the price(s) nor the amount of the Bid, and neither the approximate price(s) nor approximate amount of the Bid has been disclosed to any other firm or person who is a bidder or potential bidder, and they will not be disclosed before the opening of bids.
3. No attempt has been made or will be made to induce any firm or person to refrain from bidding on the contract, to submit a Bid higher than its Bid, or to submit any intentionally high or noncompetitive Bid or other form of complementary Bid.
4. The Bid is made in good faith and not pursuant to any agreement or discussion with, or inducement from, any firm or person to submit a complementary or other noncompetitive Bid.
5. The bidder, its affiliates, subsidiaries, officers, director's, and employees are not currently under investigation by any governmental agency and have not in the last four years been convicted of or found liable for any act, prohibited by State or Federal law in any jurisdiction involving conspiracy or collusion with respect to bidding on any public contract except as described on a separately attached statement submitted along with the Bid.
6. The bidder understands and acknowledges that the above representations are material and important and will be relied on by ODOT, the other contracting agency, or the contractor in awarding the contract(s) for which the Bid is submitted. The bidder understands that any misstatement in this certification is and shall be treated as fraudulent concealment from ODOT, the other contracting agency, or the contractor of the true facts relating to the submission of Bids for the contract.
7. For avoidance of doubt, notwithstanding the foregoing, where one party is an actual or prospective purchaser of products or services from the other, it shall not be a violation of this certification for the undersigned to have done any of the following: (a) to inquire about whether a party intends to quote or bid a project as long as no agreement is reached that a party will not quote or bid; (b) to state that it does not intend to quote or bid a project so long as no agreement is reached that the party will not bid; (c) to request a Bid from the other party; or (d) to issue a Bid to the other party. For further avoidance of doubt, notwithstanding the foregoing, (a) where the undersigned is submitting a Bid as a subcontractor to one or more potential prime contractors, it shall not be a violation of this certification for the undersigned to disclose its Bid,

including its price, to the prime contractors; and (b) intra-company communications (involving only employees of a single firm) shall not be a violation of this certification.

[Name of Quoter/Bidder]

By: _____

Name: _____

Title: _____

Date: _____

[Bids or Quotations to be identified by Date and Project on Exhibit 1]