SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF SAN DIEGO

THE PEOPLE OF THE STATE OF CALIFORNIA, Plaintiff, v. RALPHS GROCERY COMPANY, an Ohio corporation by operation of and as successor by merger with RALPHS GROCERY COMPANY, a Delaware corporation, Defendant.	CASE NO. FINAL JUDGMENT AND PERMANENT INJUNCTION

Plaintiff, the People of the State of California ("People" or "Plaintiff"), through its attorney, Attorney General Bill Lockyer, by Acting Senior Assistant Attorney General Albert Norman Shelden and Deputy Attorney General Michele R. Van Gelderen, on the one hand, and Defendant Ralphs Grocery Company, an Ohio corporation by operation of and as successor by merger with Ralphs Grocery Company, a Delaware corporation ("Ralphs" or "Defendant"), by Kay Garbizo, its Vice President of Advertising, and through its counsel, Pillsbury Winthrop, LLP, by Richard S. Ruben, on the other hand, having stipulated that this Final Judgment and Permanent Injunction (hereafter "Judgment") may be entered pursuant to their Stipulation for Entry of Final Judgment and Permanent Injunction (the "Stipulation"), filed with the Court, with each party waiving their right to an adjudicative trial and the taking of evidence on any issue of fact or law, and without this Judgment constituting any type of express or implied admission of liability or wrongdoing by Defendant, and without the entry of this Judgment limiting any right, claim, remedy or defense by Defendant in any action or proceeding involving a non-party to this action;

Now, therefore, based upon the Stipulation, which is acknowledged and accepted by the Court,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

JURISDICTION

1. For purposes of this Judgment only, the parties have stipulated that this Court has jurisdiction over the allegations and subject matter of the People's Complaint filed in this action, and the parties thereto, that venue is proper in this County, and that this Court has jurisdiction to enter this Judgment.

DEFINITIONS

2. For the purposes of this Judgment, the following definitions apply:

A. "Travel Promotion" means an offer to consumers of an award of free or discounted transportation and/or lodging with a third party ("Travel") in exchange for purchasing qualifying items and/or spending a qualifying amount of money at Defendant's Ralphs Supermarkets, Cala Foods and/or Bell Markets stores in the State of California ("Stores").

"Travel Promotion" does not include any vendor-sponsored promotions offered by Defendant at any of the Stores in which: (1) one or more of Defendant's vendors offer and/or supply Travel to consumers; (2) the ability of a consumer to participate is not based upon making or accumulating a certain dollar amount of qualifying purchases at the Stores, even if a consumer can participate by purchasing such vendors' product(s) as specified by the vendor(s); (3) the recipient(s) of the Travel are selected randomly from among promotion entrants; and (4) the promotion complies with all applicable sweepstakes and promotions laws.

B. "The Great Escape Promotion" means the Defendant's promotion that was announced in or about the spring of 2003 for which consumers of the Stores were offered the opportunity to claim one "Certificate" (as defined in this Judgment) that could be redeemed for one free two-night hotel stay in specified cities at certain types of hotels (the "Award Travel"), subject to the terms and conditions of the promotion, each time they accumulated $400 in qualifying purchases at the Stores between June 4, 2003, and July 15, 2003 (the "Promotion Period").

C. "Certificate" means a Reservation Redemption Certificate earned and claimed by consumers in connection with The Great Escape Promotion, which could be redeemed for the Award Travel, subject to the terms and conditions of The Great Escape Promotion as described in advertising for The Great Escape Promotion, in materials related to The Great Escape Promotion available to consumers at the Stores during the Promotion Period, on the Certificate and/or in the Certificate packet.

D. "Eligible Certificate" means a Certificate (i) earned and claimed by a consumer during the Promotion Period, (ii) which was timely submitted by the consumer for redemption for the Award Travel, and (iii) for which the consumer did not receive a confirmed reservation date and Award Travel under The Great Escape Promotion.

E. "Restitution Award" means a Marriott Flex Award good for a three-day, two-night hotel stay, in a form and with terms and conditions substantially similar to those attached hereto as Exhibit "A," at the Marriott owned or operated hotel properties on the lists attached hereto as Exhibit "B," with an expiration date of six (6) months after the Administrator

(as defined in this Judgment) distributes it to an Eligible Customer (as defined in this Judgment), or later in Defendant's sole and absolute discretion.

F. "Settlement Offers" means Defendant's offers of $50 and $100 Marriott Bonus Bucks coupons (the "Settlement Awards") to certain individuals who participated in The Great Escape Promotion in exchange for a release of their claims related to The Great Escape Promotion.

G. "Settling Customers" means those individuals identified on the list attached hereto as Exhibit "C" who accepted the Settlement Offers.

H. "Non-Settling Customers" means those individuals who (i) are not Settling Customers and (ii) submitted one or more Eligible Certificates in connection with The Great Escape Promotion, who will be identified on a list to be deemed attached hereto as Exhibit "E" pursuant to this Judgment.

I. "Great Escape Small Claims Actions" means any and all Small Claims Court actions filed against Defendant by any individuals who participated in The Great Escape Promotion.

J. "Great Escape Class Actions" means any and all styled class actions or representative actions, other than this action, filed against Defendant by or on behalf any individuals who participated in The Great Escape Promotion or on behalf of the general public.

INJUNCTION

3. Pursuant to Business and Professions Code sections 17203 and 17535, Defendant, its successors, and all persons acting in concert or in participation with any of them who have actual knowledge or constructive knowledge (as defined by California law) of this Judgment, are hereby permanently enjoined and restrained from, directly or indirectly, engaging in the following acts or practices in connection with a Travel Promotion in the State of California:

A. In all advertisements for a Travel Promotion, failing to disclose, in a clear and conspicuous manner, the requirements to earn the award and that significant restrictions apply to a consumer's ability to redeem the award, if such restrictions apply. As used in this Judgment:

i. a written statement is "clear and conspicuous" if it is readily understandable and presented in such size, color, contrast and location, compared to the other matter with which it is presented, so as to be readily noticed and understood. If such statement modifies, explains, or clarifies other information with which it is presented, it must be presented in close proximity to the information that it modifies and in a manner so as to be readily noticed and understood.

ii. an oral statement is "clear and conspicuous" if it is readily understandable and presented in such volume and at such speed, compared to the other matter with which it is presented, so as to be readily heard and understood. If such statement modifies, explains, or clarifies other information with which it is presented, it must be presented immediately after the information it modifies and in a manner so as to be readily heard and understood.

B. Failing to provide the advertised Travel to each consumer who fully complies with all of the terms and conditions of the Travel Promotion;

C. Requiring a consumer who has fully complied with all of the terms and conditions of the Travel Promotion to discharge, waive or release any right or remedy without providing to the consumer, at a minimum, the Travel to which he or she is entitled under the Travel Promotion, equivalent substitute travel, or a cash payment equal to the approximate or advertised retail value of such Travel, provided, however, that if such discharge, waiver or release is the result of a court order, it shall not be considered a violation of this provision;

D. Advertising a Travel Promotion to consumers without first conducting an investigation, which is reasonable under the circumstances, into the ability of any third party that Defendant hires, with whom Defendant contracts or partners, or to whom Defendant delegates, to perform or the performance of any of Defendant's obligations under the terms and conditions of that Travel Promotion; and

E. Disclaiming liability for any failure to provide the advertised Travel to each consumer who fully complies with all of the terms and conditions of the Travel Promotion, regardless of whether the failure results, in whole or in part, from the acts or omissions of a third

party that Defendant hires, with whom Defendant contracts or partners, or to whom Defendant delegates, to perform or the performance of any of Defendant's obligations under the terms and conditions of that Travel Promotion.

RESTITUTION

4. Pursuant to Business and Professions Code sections 17203 and 17535, Defendant shall make restitution to all eligible Settling Customers and Non-Settling Customers pursuant to the restitution program set forth in this Judgment.

A. Settling Customers: Each of the Settling Customers shall be offered and entitled to timely claim one Restitution Award pursuant to this Judgment in lieu of each Settlement Award to which they are entitled pursuant to his or her acceptance of the Settlement Offers. Any Settling Customer who timely claims a Restitution Award pursuant to this Judgment will not be entitled to the Settlement Award, and his or her claim of the Restitution Award in lieu thereof will constitute a binding and enforceable modification of Defendant's obligations to them pursuant to their acceptance of the Settlement Offers. Any Settling Customer who does not timely claim a Restitution Award pursuant to this Judgment shall be provided the Settlement Award previously accepted by him or her pursuant to the Settlement Offers. All Settling Customers who have, subsequent to his or her acceptance of the Settlement Offers and prior to the Notice Deadline, brought Great Escape Small Claims Actions against Defendant and resolved the same by entering into settlement and release agreements with Defendant are not entitled to any restitution under this Judgment. Nothing in this Judgment affects the parties' rights and obligations under the terms of such settlement and release agreements (a list of such customers identifiable as of the time the Stipulation was executed is attached hereto as Exhibit "D" and may be updated by Defendant with the approval of the Administrator by filing an updated exhibit with the Court, at which time it will be deemed to be Exhibit "D" attached to this Judgment).

B. Non-Settling Customers: Each of the Non-Settling Customers shall be offered and entitled to timely claim and receive one Restitution Award for each of their Eligible Certificates pursuant to this Judgment. All Non-Settling Customers who have, prior to the Notice Deadline, brought Great Escape Small Claims Actions against Defendant and resolved the

same by entering into settlement and release agreements with Defendant are not entitled to any restitution under this Judgment. Nothing in this Judgment affects the parties' rights and obligations under the terms of such settlement and release agreements (a list of such customers identifiable as of the time the Stipulation was executed is attached hereto as Exhibit "D" and may be updated by Defendant with the approval of the Administrator by filing an updated exhibit with the Court, at which time it will be deemed to be Exhibit "D" attached to this Judgment).

5. The restitution program pursuant to this Judgment shall be administered by a third party claims administrator ("Administrator") selected and retained by Defendant at its sole expense subject to the approval of Plaintiff, which approval shall not be unreasonably withheld.

6. The notice and claims procedure shall be designed by the Administrator and Defendant and subject to the approval of the Plaintiff, which approval shall not be unreasonably withheld.

7. Within 90 days after the entry of this Judgment, and to the extent they have not already done so, the Administrator and Defendant shall develop a database of Settling Customers and Non-Settling Customers eligible to claim a Restitution Award pursuant to this Judgment ("Eligible Customers"). A list of eligible Non-Settling Customers shall be provided by the Administrator to Defendant and Plaintiff, and Defendant shall file the same with this Court at which time it will be deemed to be Exhibit "E" attached to this Judgment.

8. Within 90 days after the entry of this Judgment (the "Notice Deadline"), the Administrator shall notify each of the Eligible Customers of their right to claim a Restitution Award pursuant to the restitution program established by this Judgment and include in such notice a claim form to be returned to the Administrator to claim a Restitution Award. Such notice shall be made by mail. If an Eligible Customer has previously identified an e-mail address in connection with The Great Escape Promotion, such notice may instead be made by e-mail to that previously identified e-mail address. Such e-mail notice is only effective, however, if the Administrator confirms that the notice has been transferred from the sender's e-mail system to the Internet for delivery. The Administrator shall maintain records confirming such transfer for a period of 12 months after the Claim Deadline. Customers shall have, and the notice shall so

specify, a period of 45 days from the date of mailing or e-mailing of the notice to claim their Restitution Award (the "Claim Deadline"). The notice to eligible Settling Customers shall notify them of their option pursuant to this Judgment to receive either the Settlement Awards previously accepted by them or to timely claim a Restitution Award in lieu thereof. Eligible Customers who do not receive such notice may contact the Administrator to claim a Restitution Award at any time during the administration of the Restitution Program.

9. The Administrator shall review each consumer's claim for a Restitution Award to determine whether the consumer is an Eligible Customer covered by this Judgment who has timely claimed a Restitution Award. In making such determinations, the Administrator may use any criteria established by the Administrator and the Defendant subject to the approval of the Plaintiff, which approval shall not be unreasonably withheld. Within 90 days after the Claim Deadline, the Administrator shall distribute the Restitution Award or the Settlement Award to all such Eligible Customers (the "Distribution Deadline").

10. The Administrator shall respond to any questions by Eligible Customers about the claim procedure under this Judgment and shall establish a toll-free telephone number, a fax number and an e-mail address to receive such questions.

11. Defendant shall reasonably cooperate in making available whatever records are reasonably required by the Administrator in administering the restitution program under this Judgment. The Administrator shall hold in confidence and not disclose the business and consumer records provided to or by it, except as is necessary to carry out the Administrator's responsibilities under this Judgment.

12. The Administrator's fees and expenses shall be delivered to the Administrator by Defendant in accordance with Defendant's agreement with the Administrator. The Restitution Awards and Settlement Awards that the Administrator is to distribute to Eligible Customers shall be delivered to the Administrator by Defendant within 14 days of the Administrator's notice to Defendants of the quantity needed of each for distribution pursuant to this Judgment.

13. If a notice or distribution of a Restitution Award or Settlement Award to an Eligible Customer is returned as undeliverable, the Administrator shall take, or cause to be taken,

reasonable steps, including, but not limited to, skip-tracing, to attempt to locate the Eligible Customer and to deliver the notice or distribution if that Eligible Customer is located.

CIVIL PENALTIES AND COSTS

14. Pursuant to California Business and Professions Code sections 17206 and 17536, Defendant shall pay to Plaintiff the combined total sum of ONE HUNDRED TWENTY-FIVE THOUSAND DOLLARS ($125,000.00), as and for civil penalties, within sixty (60) days after the Administrator distributes all of the Restitution Awards and Settlement Awards to the Eligible Customers pursuant to the restitution program under this Judgment, but in no event shall this payment be made later than one (1) year after the entry of this Judgment.

15. Defendant shall also pay to Plaintiff the sum of ONE HUNDRED THOUSAND DOLLARS ($100,000.00), as and for attorney fees and costs related to Plaintiff's investigation of The Great Escape Promotion and the prosecution of this matter, within sixty (60) days after the Administrator distributes all of the Restitution Awards and Settlement Awards to the Eligible Customers pursuant to the restitution program under this Judgment, but in no event shall this payment be made later than one (1) year after the entry of this Judgment.

16. The sums described in the preceding two paragraphs shall be paid by check made payable to the California Attorney General's Office and delivered to Plaintiff at the following address: California Attorney General's Office, 300 South Spring Street, Los Angeles California 90013, Attn: Deputy Attorney General Michele R. Van Gelderen.

17. The payments required pursuant to paragraphs 14 and 15 of this Judgment are not dischargeable in bankruptcy.

PROVISION OF NOTICE

18. When any party is entitled to receive any notice or report under this Judgment, the notice or report shall be sent by overnight courier service to the person and address set forth below, unless this Judgment specifically provides for service by facsimile or mail, in which case those methods shall be used in addition to service by overnight courier service. Any party may modify the person and address to whom notice is sent by sending each other party notice by certified mail, return receipt requested. Said change shall take effect for any notice mailed on the

fifth day after the date the return receipt is signed by the party receiving the change. Notices shall be sent to the following:

For Plaintiff:

Michele R. Van Gelderen
Deputy Attorney General
Office of the Attorney General
Department of Justice
State of California
300 South Spring Street, Suite 5000
Los Angeles, CA 90013

For Defendant:

Matthew C. Kane, Esq.
Senior Attorney
Legal Department
Ralphs Grocery Company
1100 West Artesia Boulevard
Compton, CA 90220

With a copy to:

Richard S. Ruben, Esq.
Pillsbury Winthrop LLP
650 Town Center Drive
Seventh Floor
Costa Mesa, CA 92626

MONITORING BY ATTORNEY GENERAL

19. Defendant shall provide information reasonably requested by Plaintiff for the purpose of enabling Plaintiff to determine compliance with the provisions of this Judgment. Nothing in this Judgment limits the right of the Attorney General to request or to obtain information from Defendant as otherwise provided by law.

DUTIES AND OBLIGATIONS LIMITED TO CALIFORNIA

20. This Judgment shall have no effect on Defendant's operations or activities at its Stores outside the State of California.

RETENTION OF JURISDICTION

21. The Court retains jurisdiction as the ends of justice may require for the purpose of enabling either party to this action, and only such parties, to apply to the Court at any time for such further orders and directions as may be necessary or appropriate (a) for the construction or carrying out of this Judgment; (b) for resolution of a dispute over the terms and conditions contained in this Judgment; (c) for enforcement of any provision of this Judgment; (d) for modification of the injunctive provisions of this Judgment, provided, however, that Defendant may not at any time prior to five (5) years from the date of entry of this Judgment apply for dissolution of any of the injunctive provisions of this Judgment; and (e) for punishment of any violations of this Judgment.

AUTHORITY, EFFECTIVE DATE, SCOPE AND APPLICATION OF JUDGMENT

22. This Judgment is a fair, full, equitable and final resolution and disposition of all those matters pleaded in the Complaint on file herein against Defendant. This Judgment shall have a res judicata effect barring Plaintiff from bringing any civil action against Defendant or any other entity bound by the Judgment or covered by the Stipulation based upon the acts alleged in the Complaint in actual or alleged violation of California Business and Professions Code sections 17200 et seq. and 17500 et seq. Nothing in this Judgment or in the Stipulation limits any other defenses available to Defendant or any other entity bound by this Judgment or covered by the Stipulation in any other action. The Complaint, the Stipulation, this Judgment, the parties' entry into the Stipulation and the entry of this Judgment, any negotiations or proceedings related thereto, and any action or conduct taken to carry out their provisions, terms and conditions shall not be deemed, considered or construed as any type of admission or concession by Defendant or any other entity covered by the Stipulation of any fault, omission or wrongdoing, and shall not be offered in evidence for such purposes in any action or proceeding by any party not covered by the Stipulation in any court, administrative agency or other tribunal.

23. The Clerk shall enter this Judgment forthwith.

24. This Judgment shall be effective and apply to and be binding upon Plaintiff and Defendant when entered by the Court.

IT IS SO ORDERED, ADJUDGED AND DECREED.

DATE: July 21, 2004

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Judge of the Superior Court