

SETTLEMENT AND RELEASE AGREEMENT

This Settlement and Release Agreement ("Agreement") is entered into between Michael DiPirro, a California citizen acting on behalf of the People of the State of California, and Assembly Technologies International, Inc., a Delaware corporation, as of August 17, 1999 (the "Effective Date").

WHEREAS:

A. Michael DiPirro ("DiPirro") is an individual residing in San Francisco who seeks to promote awareness of exposure to toxic chemicals and improve human health by reducing or eliminating hazardous substances contained in consumer or industrial products.

B. Assembly Technologies International, Inc., a Delaware corporation, ("Assembly Technologies"), distributes and sells in the State of California, through distributors certain products whose customary use may produce fumes or gases which contain chemicals listed pursuant to the provisions of Proposition 65 ("Listed Chemicals").

C. The products whose customary use may produce fumes or gases which contain one or more Listed Chemicals which are covered by this Agreement are soldering equipment and tools such as solder pots and other soldering heat sources (the "Products").

D. By a notice dated September 29, 1998, DiPirro first served Assembly Technologies and all the requisite public enforcement agencies' documents entitled "60-Day Notice of Violation" which provided Assembly Technologies and such public agencies with notice that Assembly Technologies was allegedly in violation of Health & Safety Code §25249.6 for failing to warn purchasers that certain products it manufactures, distributes and/or sells in California expose users to the chemicals identified above;

E. On February 03, 1999, DiPirro filed a complaint entitled *Michael DiPirro v. Assembly Technologies International, Inc.* (No.301012) in the San Francisco County Superior Court, naming Assembly Technologies as a Defendant and alleging violations of Business & Professions Code §17200 *et seq.* and Health & Safety Code §25249.5 *et seq.* on behalf of individuals in California who may have been exposed to the Listed Chemicals by the use of the Products; and

F. Assembly Technologies denies the material factual and legal allegations contained in the 60-day Notice, and the Complaint filed by DiPirro for alleged violations of Proposition 65 and Business & Professions Code §17200 *et seq.* and maintains that all Products distributed and/or sold by Assembly Technologies in California are in compliance with all laws. Nothing in this Agreement shall constitute or be construed as an admission by Assembly Technologies of any fact, finding, conclusion, issue of law, or violation of law, nor shall compliance with this Agreement constitute or be construed as an admission by Assembly

Technologies of any fact, finding, conclusion, issue of law or violation of law. However, this Paragraph shall not diminish or otherwise affect the obligations, responsibilities, and duties of Assembly Technologies under this Agreement.

NOW, THEREFORE, in consideration of the promises, covenants and agreements herein contained and for other consideration, the sufficiency and adequacy of which is hereby confirmed by the parties who intend to be legally bound hereby, it is agreed as follows:

1. **Product Warnings.** Assembly Technologies shall begin to initiate revisions to its current product or packaging labels for Covered Products consistent with this Agreement ("Revised Labels"). For purposes of this Agreement, "Covered Products" includes all products listed in Paragraph C and any other substantially similar products which may be distributed and/or sold by Assembly Technologies in California after the Effective Date whose use now or in the future may produce fumes or gases that contain Listed Chemicals. Assembly Technologies shall use reasonable efforts to ensure that all Covered Products in its possession intended for distribution or sale in California are packaged or sold using Revised Labels as soon as commercially reasonable; however, Assembly Technologies agrees that as of ninety (90) days after the Effective Date of this agreement, Assembly Technologies shall not ship to California for sale or distribution any Covered Products unless each such Covered Product is accompanied by a Revised Label on or within the Covered Product package or affixed to Covered Products as follows:

"WARNING: Normal use of this product is likely to expose the user to solders containing lead which is known to the State of California to cause cancer and birth defects (or other reproductive harm) or other Proposition 65 listed chemicals."

The warning statement shall be prominent and displayed with such conspicuousness, as compared with other words, statements, or designs, as to render it likely to be read and reasonably understood by an ordinary individual under customary conditions of purchase or use. Stickers containing the warning statements which are affixed to product packaging may be used to communicate said warnings.

2. **Deemed Compliance.** Any New Products (as defined in this Paragraph 2) distributed and/or sold by Assembly Technologies after the Revised Label compliance date shall be deemed to comply with the provisions of this Agreement and the requirements of Proposition 65 with respect to product warnings if they are accompanied by Revised Labels as required in Paragraph 1 of this Agreement. For purposes of this Agreement, "New Products" shall include any Products that are substantially similar to those referred to in Paragraph C above whose customary use may produce fumes or gases that contain a Listed Chemical and which were not manufactured, distributed and/or sold by Assembly Technologies into California on or before the Effective Date.

3. **Civil Penalty.** Assembly Technologies shall, pursuant to Health & Safety Code §25249.7(b), pay a civil penalty of \$1,000.00 (One Thousand). Penalty monies shall be apportioned by DiPirro in accordance with Health & Safety Code § 25192, with 75% of these funds remitted to the State of California. It is specifically understood and agreed that DiPirro shall bear all responsibility for apportioning and paying to the State of California the appropriate civil penalties paid in accordance with this paragraph. This sum shall be due and payable to "Law Offices of David Bush in Trust for Michael DiPirro" within ten days after the date on which the court approves this Agreement as provided in Paragraph 7 below.

4. **Reimbursement of Fees and Costs.** Within ten calendar days after the approval of this agreement by the court pursuant to Paragraph 7 below, Assembly Technologies shall pay to DiPirro the sum of \$9,000 (Nine Thousand) for his pre-notice investigation costs and experts, \$600 (Six Hundred) for his expert and litigation costs, and \$4,400 (Four Thousand Four Hundred) for his attorney's fees incurred in this matter. Payment shall be made payable to "Law Offices of David Bush"

5. **Release.**

(a) DiPirro, in consideration of the promises and agreements herein contained, and for the payments to be made pursuant to Paragraphs 3 and 4, by this Agreement on behalf of himself, his agents, and/or assignees and the People of the State of California on whose behalf this action was brought, waives all rights to institute any form of legal action and releases all claims, including, without limitation, all actions, causes of action, in law or in equity, in suits, liabilities, demands, damages, losses, costs or expenses (including attorneys' fees and other costs) of any nature whatsoever, whether known or unknown, fixed or contingent, (collectively, "Claims") against Assembly Technologies, Inc., its parents, subsidiaries, affiliates, predecessors, successors, assigns of any of them, their officers, directors, employees, agents, representatives and attorneys.

(b) DiPirro, in consideration of the promises and agreements herein contained, and for the payments to be made pursuant to Paragraphs 3 and 4, by this Agreement on behalf of himself, his agents, and/or assignees and the People of the State of California on whose behalf this action was brought, further waives all rights to institute any form of legal action and releases all Claims against each distributor, wholesaler, retailer, dealer, owner, operator, lessor, lessee or user of the Covered Products, or any of their respective parent and affiliated companies, divisions, subdivisions, subsidiaries (and the predecessors, successors and assigns of any of them) and their respective officers, directors, attorneys, representatives, agents and employees.

(c) This waiver and release shall specifically include Claims arising under Proposition 65 and Business & Professions Code § 17200 *et seq.* related to the released parties' alleged failure to warn about exposures on or before the Effective Date to Listed Chemicals which may be produced in the fumes or gases resulting from the customary use the Covered

Products. It is specifically understood and agreed that Assembly Technologies' compliance with the terms of this Agreement resolves all issues and liability, now and in the future, concerning the released parties' past compliance with the requirements of Proposition 65 and Business and Professions Code §§17200 *et seq.* or any other claims arising from the released parties' alleged failure to comply with Proposition 65 in connection with the Covered Products occurring on or before the Effective Date.

(d) Assembly Technologies, by this Agreement, waives all rights to institute any form of legal action against Michael DiPirro and his attorneys or representatives, for all actions or statements made by Michael DiPirro, and his attorneys or representatives, in the course of seeking enforcement of Proposition 65 and Business and Professions Code §§17200 *et seq.*

6. **Product Characterization.** In the event that Assembly Technologies obtains analytical, risk assessment or other data ("Exposure Data") that shows that any exposure to any or all Covered Products poses "no significant risk" or will have "no observable effect," as each such standard is applicable and as each is defined under Health & Safety Code §26249.10(c), Assembly Technologies shall provide DiPirro within 90 days prior written notice of its intent to limit or eliminate the warning provisions under this Agreement based on the Exposure Data and shall provide DiPirro with all such supporting Exposure Data. Within thirty (30) days of receipt of Assembly Technologies' Exposure Data, DiPirro shall provide Assembly Technologies with written notice of his intent to challenge the Exposure Data (in the event that he chooses to make such a challenge). If DiPirro fails to provide Assembly Technologies with written notice of his intent to challenge the Exposure Data within thirty (30) days of receipt of Assembly Technologies' notice and the Exposure Data, DiPirro shall waive all rights to challenge the Exposure Data, and Assembly Technologies shall be entitled to limit or eliminate the warning provisions required under this Agreement with respect to those Covered Product(s) to which the Exposure Data applies.

If DiPirro timely notifies Assembly Technologies of his intent to challenge the Exposure Data, DiPirro and Assembly Technologies agree to submit such challenge to the Court for determination, pursuant to the Court's continuing jurisdiction of this matter under California Code of Civil Procedure §664.6 and this Agreement. The prevailing party shall be entitled to reasonable attorneys' fees and costs associated with such a determination. If DiPirro does not challenge Assembly Technologies' notice or the Court determines that no warning is required for particular Covered Products, Assembly Technologies shall no longer be required to provide the warnings described in this Agreement for those Covered Products.

7. **Stipulated Judgment and Order.** The parties shall file a Stipulated Judgment to be approved pursuant to California Code of Civil Procedure §664.6 by the San Francisco County Superior Court in accordance with the terms of this Agreement. It is expressly understood and agreed by the parties hereto that the rights and obligations contained in this Agreement are expressly conditioned upon the issuance by the Court of an Order approving the

Stipulated Judgment.

8. Warranties and Representations.

Sales Data: Assembly Technologies hereby acknowledges that any sales data provided to counsel for Michael DiPirro by Assembly Technologies was a material factor in negotiating this agreement. To the best of Assembly Technologies' knowledge, the sales data provided was true and accurate subject to any limitations inherent in its calculation method. DiPirro hereby represents that any sales data provided by Assembly Technologies in the course of this matter is to remain strictly confidential.

9. Severability. In the event that any of the provisions of this Agreement are held by a court to be unenforceable, the validity of the enforceable provisions remaining shall not be adversely affected thereby.

10. Attorney's Fees. In the event that a dispute arises with respect to any provision(s) of this Agreement, the prevailing party shall be entitled to recover costs and reasonable attorneys' fees.

11. Governing Law. The terms of this Agreement shall be governed by the laws of the State of California. In the event that Proposition 65 is repealed or is otherwise rendered inapplicable by reason of law generally, or as to the Covered Products specifically, Assembly Technologies shall have no further obligations pursuant to this Settlement Agreement with respect to, and to the extent that, those Covered Products are so affected.

12. Notices. All correspondence and notices required to be provided pursuant to this Agreement shall be in writing and shall be personally delivered or sent by first-class, registered, certified mail, overnight courier, and/or via facsimile transmission (with presentation of facsimile transmission confirmation) addressed as follows:

If to DiPirro:

David Bush
LAW OFFICES OF DAVID BUSH
2241 Polk Street
San Francisco, CA 94109
(Fax) 415/771-6211

If to the Released Parties:

Stephen Ronk
Gordon & Rees LLP
333 South Grand Ave., 35th Floor
Los Angeles, CA 90071
(Fax) 213/680-4470

SR

Either party, from time to time, may specify a change of address or facsimile number to which all notices and other communications shall be sent.

13. **No Admissions.** Nothing in this Agreement shall constitute or be construed as an admission by Assembly Technologies of any fact, finding, conclusion, issue of law, or violation of law, nor shall compliance with this Agreement constitute or be construed as an admission by Assembly Technologies of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by Assembly Technologies. Assembly Technologies reserves all of its rights and defenses with regard to any claim by any party under Proposition 65 or otherwise. However, this Paragraph shall not diminish or otherwise affect the obligations, responsibilities, and duties of Assembly Technologies under this Agreement.

14. **Entire Agreement; Modification.** This Agreement, together with the exhibits hereto which are specifically incorporated herein by this reference, constitutes the entire agreement between the parties relating to the rights and obligations herein granted and assumed, and supersedes all prior agreements and understandings between the parties. This Agreement may be modified only upon the written agreement of the parties. To the extent any such modification is made to this Agreement that also requires modification of the Stipulated Judgment provided for herein, the parties shall cooperate in modifying the Stipulated Judgment submitted to the Court.

15. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

16. **Authorization.** The undersigned are authorized to execute this Agreement on behalf of their respective parties and have read, understood and agree to all of the terms and conditions of this Agreement.

AGREED TO:

Date: _____

Michael DiPirro

AGREED TO:

Date: 8/17/99

Assembly Technologies International, Inc.,
a Delaware corporation

By: Robert W. Kuhn
Robert W. Kuhn, CEO

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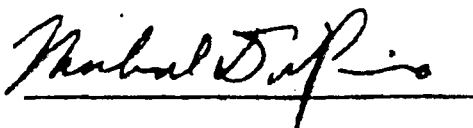
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16. **Authorization.** The undersigned are authorized to execute this Agreement on behalf of their respective parties and have read, understood and agree to all of the terms and conditions of this Agreement.

AGREED TO:

Date: 8/18/99

Michael DiPirro



AGREED TO:

Date: _____

Assembly Technologies International, Inc.,
a Delaware corporation

By: _____
Robert W. Kuhn, CEO