

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is entered into by and between Michael DiPirro, a California citizen and Barnes Group Inc., a Delaware corporation (“Barnes”) together with its division Curtis Industries, Inc. (“Curtis”). The effective date of this Agreement shall be July 3, 2000 (the “Effective Date”). The parties agree to the following terms and conditions:

WHEREAS:

- A. Michael DiPirro is an individual residing in San Francisco, California, who seeks to promote awareness of exposures to toxic chemicals and improve human health by reducing or eliminating hazardous substances contained in (or produced by) consumer and industrial products; and
- B. Barnes is a company that, among other things, manufactures, distributes and/or sells certain solder products and machine screw anchors in the State of California that allegedly contain, or whose customary use and application are allegedly likely to produce fumes or gases which contain, chemicals listed pursuant to Proposition 65 (California Health & Safety Code §25249.5 et seq.), including lead and formaldehyde (the “Listed Chemicals”); and
- C. The certain products that allegedly contain, or whose customary use and application are allegedly likely to produce fumes or gases which contain, one or more of the Listed Chemicals and which are covered by this Agreement are set forth in Exhibit A (the “Products”). The Products have been manufactured, distributed and/or sold by Barnes and/or Curtis for use in California since at least March 10, 1996; and
- D. On March 10, 2000, Michael DiPirro first served the appropriate parties with a document entitled “60-Day Notice of Violation” which provided notice of alleged violations of Health & Safety Code §25249.6 for failing to warn purchasers that certain products sold in California expose users to Proposition 65-listed chemicals; and
- E. On December 13, 1999, Michael DiPirro filed a complaint entitled Michael DiPirro v. Curtis Industries, Inc. in the Alameda County Superior Court (Case No. H210768-8). On June 21, 2000, Michael DiPirro filed a second complaint entitled Michael DiPirro v. Curtis Industries, Inc., in the Alameda County Superior Court (Case No. H214054-0). These two complaints allege violations of Business & Professions Code §17200 and Health & Safety Code §25249.6 on behalf of individuals in California who allegedly have been exposed to Listed Chemicals contained in certain Curtis products, or whose customary use and application are likely to have produced fumes or gases which contain such chemicals; and
- F. Nothing in this Agreement shall be construed as an admission by Barnes and/or Curtis of any fact, finding, issue of law, or violation of law, nor shall compliance with this Agreement constitute or be construed as an admission by Barnes and/or Curtis 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 Barnes and/or Curtis under this Agreement.

NOW THEREFORE, MICHAEL DIPIRRO AND CURTIS AGREE AS FOLLOWS:

1. Product Warnings. Beginning immediately, Curtis shall initiate efforts to revise its current product or packaging labels for the Products consistent with this Agreement (“Revised Labels”). Curtis agrees to use reasonable efforts to ensure that all Products in its possession intended for distribution or sale in California are packaged or sold using Revised Labels as soon as commercially reasonable. Curtis agrees that as of July 3, 2000, it shall not distribute or sell (or cause to be distributed or sold on its behalf) any of the Products for sale or use in the State of California unless each such Product is accompanied by a Revised Label on or affixed to the Product or its packaging with the following statement:

For all solder Products, such Products shall bear the following warning statement on the Product label:

“WARNING! This product contains lead, which is a chemical known to the State of California to cause cancer and birth defects or other reproductive harm. Lead may be harmful to your health. ...”;

For all other Products containing lead (or lead compounds), such Products shall bear the following warning statement on the Product label:

“WARNING: This product contains lead, a chemical known to the State of California to cause cancer and birth defects (or other reproductive harm)”;

or

“WARNING: This product contains a chemical known to the State of California to cause cancer and birth defects (or other reproductive harm)”;

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 understood by an ordinary individual. For the purposes of complying with this Paragraph, the above warning may be communicated by the placement of adhesive stickers onto the current Product packaging.

1.1 Warning Labels for Products “In Commerce”. The parties agree and acknowledge that an unknown volume of Products was introduced into the “stream of commerce” before the Effective Date of this Agreement. In an effort to reasonably ensure that persons who might use or be exposed to the Listed Chemicals in or from these “in commerce” Products, Curtis shall, within thirty (30) days from the Effective Date, provide Interim Warning Materials to its customers whom Curtis knows or has reason to believe currently distribute or sell Products in California. Such “Interim Warning Materials” shall include the following: (a) a reasonably sufficient number of warning stickers (considering the potential volume of Products

that the recipient distributes or sells in California); (b) a letter of instruction for the application of such warning stickers; and (c) a Notice and Acknowledgment form to be signed by the customer and returned to Curtis.

2. Payment Pursuant To Health & Safety Code §25249.7(b). Pursuant to Health & Safety Code §425249.7(b), Curtis shall pay a civil penalty of \$5,000 in two installments. The first payment of \$1,000 shall be paid within fifteen (15) calendar days after the Effective Date of this Agreement. The second payment of \$4,000 shall be made on or before November 15, 2000. However, the second payment shall be waived if Curtis offers a lead-free solder for sale in California by October 15, 2000. In order to obtain the waiver, written certification of its formulation must be provided by Curtis to DiPirro by October 31, 2000. The penalty payments are to be made payable to “Chanler Law Group In Trust For Michael DiPirro”. 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’s Department of Toxic Substances Control.

3. Reimbursement Of Fees And Costs. The parties acknowledge that DiPirro offered to resolve the dispute without reaching terms on the amount of fees and costs to be reimbursed, thereby leaving this open issue to be resolved after the material terms of the agreement had been reached, and the matter settled. Barnes and Curtis then expressed a desire to resolve the fee and cost issue concurrently with other settlement terms, so the parties tried to reach an accord on the compensation due to DiPirro and his counsel under the private attorney general doctrine codified at C.C.P. §1021.5.

Barnes and Curtis shall reimburse DiPirro for his fees and costs, incurred as a result of investigating, bringing this matter to their attention, litigating and negotiating a settlement in the public interest. Curtis shall pay the total sum of \$16,000 for investigation fees, attorneys’ fees and litigation costs. Curtis agrees to pay \$16,000 within fifteen (15) days of the Effective Date of the Agreement. Payment should be made payable to the “Chanler Law Group”.

4. Michael DiPirro’s Release Of Curtis. Michael DiPirro, by this Agreement, on behalf of himself, his agents, representatives, attorneys, assigns and the citizens of the State of California, waives all rights to institute or participate in, directly or indirectly, any form of legal action, and releases all claims, liabilities, obligations, losses, costs, expenses, fines and damages, against Curtis and Barnes and each of their distributors, retailers, customers, directors, officers, employees, affiliates, successors and assigns, whether under Proposition 65 or the Business & Profession Code §17200 et seq. based on Curtis’ failure to warn about exposure to the Listed Chemicals contained in (or produced by) any of the Products and with respect to any other issue presented in the aforesaid complaints.

5. Curtis’ Release Of Michael DiPirro. Curtis and Barnes, by this Agreement, waive 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 or Business & Professions Code § 17200 against Curtis.

6. Stipulated Judgment. Concurrently with the execution of this Agreement, Michael DiPirro and Curtis shall execute and file stipulated judgments to be approved pursuant to C.C.P. §664.6 by the Alameda County Superior Court in accordance with the terms of this Agreement. If, for any reason, the stipulated judgment is not approved by the Court, this Agreement shall be deemed null and void.

7. Curtis Sales Data. Curtis understands that the sales data provided to counsel for DiPirro by Curtis was a material factor upon which DiPirro has relied to determine the amount of payments made pursuant to Health & Safety Code §25249.7(b) in this Agreement. To the best of Curtis' knowledge, the sales data provided is true and accurate. In the event that DiPirro discovers facts which demonstrate to a reasonable degree of certainty that the sales data is materially inaccurate, the parties shall meet in a good faith attempt to resolve the matter within ten (10) days of Curtis' receipt of notice from DiPirro of his intent to challenge the accuracy of the sales data. If this good faith attempt fails to resolve DiPirro's concerns, DiPirro shall have the right to rescind the Agreement and re-institute an enforcement action against Curtis, provided that all sums paid by Curtis pursuant to paragraphs 2 and 3 are returned to Curtis within ten (10) days from the date on which DiPirro notifies Curtis of his intent to rescind this Agreement. In such case, all applicable statutes of limitation shall be deemed tolled for the period between the date DiPirro filed the instant action and the date DiPirro notifies Curtis that he is rescinding this Agreement pursuant to this Paragraph.

8. Product Characterization. Each of the Products listed in Exhibit A allegedly contains, or in the customary use or application of the Products may expose users to, Listed Chemicals, substances known to the State of California to cause cancer and/or birth defects (or other reproductive harm). In the event that Curtis obtains analytical, risk assessment or other data ("Exposure Data") that shows an exposure to any or all 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 §25249.10(c), Curtis shall provide DiPirro with ninety (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 ninety (90) days of receipt of Curtis' Exposure Data, DiPirro shall provide Curtis 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 Curtis written notice of his intent to challenge the Exposure Data within ninety (90) days of receipt of Curtis' notice and the Exposure Data, DiPirro shall waive all rights to challenge the Exposure Data, and Curtis shall be entitled to limit or eliminate the warning provisions required under this Agreement with respect to those Product(s) to which the Exposure Data applies. If DiPirro timely notifies Curtis of his intent to challenge the Exposure Data DiPirro and Curtis shall negotiate in good faith for a period not to exceed thirty (30) days following receipt of Curtis' notice to attempt to reach a settlement of this issue. If a settlement is not reached, DiPirro and Curtis agree to submit such challenge to the superior court for determination, pursuant to the court's continuing jurisdiction of this matter under C.C.P. §664.6 and this Agreement. The prevailing party shall be entitled to reasonable attorneys' fees and costs associated with bringing a motion brought under this paragraph to the court for determination.

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 shall not be adversely affected.

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.

12. Notices. All correspondence to Michael DiPirro shall be mailed to:

Hudson Bair, Esq.
Kapsack & Bair, LLP
1440 Broadway, Suite 610
Oakland, CA 94612
(510) 645-0027

or

Clifford A. Chanler, Esq.
Chanler Law Group
Magnolia Lane (off Huckleberry Hill)
New Canaan, CT 06940-3801
(203) 966-9911

All correspondence to Barnes and/or Curtis shall be mailed to:

James A. Bruen, Esq.
Farella Braun & Martel LLP
235 Montgomery Street
San Francisco, CA 94104
(415) 954-4400

or

Jeffrey C. Hummel, Esq.
General Attorney
Corporate Compliance Officer
Barnes Group, Inc.
PO Box 489
123 Main Street
Bristol, CT 05011-0489
(860) 973-2128

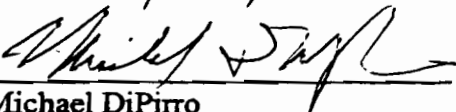
13. Compliance With Reporting Requirements. The parties agree to comply with the reporting form requirements referenced in Health & Safety Code §25249.7(f). As of the Effective Date, the California Attorney General's reporting forms are not available. Barnes and Curtis represent, however, that its counsel will send a copy of this Agreement to the California Attorney General's Office prior to or concurrently with the presentation of the Stipulated Judgment to the Alameda County Superior Court. To the extent there are any other requirements imposed, counsel for plaintiff will comply with those requirements.

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

15. 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: 7/03/00



Michael DiPirro
PLAINTIFF

AGREED TO:

DATE: _____

Barnes Group Inc. and Curtis Industries,
its Division
DEFENDANT(S)

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AGREED TO:

DATE: _____

Michael DiPirro
PLAINTIFF

AGREED TO:

DATE: July 9, 2000

Robert H. Wally, VP
Barnes Group Inc. and Curtis Industries,
its Division
DEFENDANT(S)

Exhibit A

EXHIBIT A

1. Machine Screw Anchor, Part #35529
2. Low Melt Rosin Core Solder, Part #84674
3. Solder Part #34291
4. Solder Part #34294
5. Solder Part #84675
6. Solder Part #84676