

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Anthony Held and Conair Corporation

This Settlement Agreement is entered into by and between Anthony E. Held, Ph.D., P.E (hereinafter “Held”) and Conair Corporation (hereinafter “Conair”), with Held and Conair collectively referred to as the “Parties.” Held is an individual residing in California who seeks to promote awareness of exposures to toxic chemicals and improve human health by reducing or eliminating hazardous substances contained in consumer products. Conair employs ten or more persons and is a person in the course of doing business for purposes of Proposition 65.

1.2 General Allegations

Held alleges that Conair has manufactured, distributed and/or sold in the State of California vinyl bags containing di(2-ethylhexyl)phthalate (“DEHP”). DEHP is listed pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code §§25249.5 *et seq.* (“Proposition 65”), as a chemical known to the State of California to cause birth defects and other reproductive harm. DEHP is referred to herein as the “Listed Chemical.” Conair contends that there is no accepted science that supports a connection between any particular level of DEHP in consumer products and a potential health hazard effect in adults.

1.3 Product Description

The products that are covered by this Settlement Agreement are defined as follows: vinyl bags containing the Listed Chemical including, but not limited to, *Basics Bag*, *Basketball*, *Pattern*

#39125LDTG (#0 79642 32180 4) (“Basketball Bag”) sold by Conair. All such items shall be referred to herein as the “Products.”

1.4 Notice of Violation

On or about March 5, 2009, Held served Conair and various public enforcement agencies with a document entitled “60-Day Notice of Violation” (the “Notice”) that provided Conair and such public enforcers with notice that alleged that Conair was in violation of California Health & Safety Code §25249.6 for failing to warn consumers and customers that the Products exposed users in California to the Listed Chemical. No public enforcer has diligently prosecuted the allegations set forth in the Notice.

1.5 No Admission

Conair denies the material factual and legal allegations contained in Held’s Notice and maintains that all products that it has sold and distributed in California, including the Products, have been and are in compliance with all laws. Nothing in this Settlement Agreement shall be construed as an admission by Conair of any fact, finding, issue of law, or violation of law; nor shall compliance with this Settlement Agreement constitute or be construed as an admission by Conair of any fact, finding, conclusion, issue of law or violation of law, such being specifically denied by Conair. However, this section shall not diminish or otherwise affect the obligations, responsibilities and duties of Conair under this Settlement Agreement.

1.6 Effective Date

For purposes of this Settlement Agreement, the term “Effective Date” shall mean: July 13, 2009 for the *Basics Bag, Basketball, Pattern* #39125LDTG (#0 79642 32180 4); November 15,

2009 for Products manufactured for ultimate sale by Conair's subsidiary, Allegro Manufacturing Inc. ("Allegro"); and December 31, 2009 for Products manufactured for ultimate sale by all other divisions or subsidiaries of Conair. Conair shall act promptly to identify all suppliers of the Products and use commercially reasonable efforts to comply with Section 2 (Injunctive Relief: Warnings or Reformulation) prior to the applicable Effective Date.

2. INJUNCTIVE RELIEF: WARNINGS OR REFORMULATION

2.1 Reformulation Commitment by Allegro

As of the Effective Date, Conair shall ensure that (a) the Basketball Bag and (b) at least 50% (fifty percent) of the Products manufactured (or cause to be manufactured) for ultimate sale by its Allegro subsidiary which it reasonably believes will be sold in California, are Phthalate Free. For purposes of this Settlement Agreement, "Phthalate Free" Products shall mean Products containing less than or equal to 1,000 parts per million ("ppm") of the Listed Chemical, when analyzed pursuant to Environmental Protection Agency ("EPA") testing methodologies 3580A and 8270C or any other method allowed by a federal or state agency to assess the content of DEHP in a consumer product.

2.2 Product Warnings for Conair and Allegro

After the Effective Date, Conair shall not manufacture (or caused to be manufactured), Products which it reasonably believes will be for sale in California, unless such Products are shipped with the clear and reasonable warnings set out in Sections 2.3 and 2.4 or meet the definition of Phthalate Free Products set out in Section 2.1 (i.e., 1,000 ppm).

Any warning issued for Products pursuant to Sections 2.3 and 2.4, below, shall be

prominently placed with such conspicuousness as compared with other words, statements, designs or devices as to render it likely to be read and understood by an ordinary individual under customary conditions before purchase or, for Products shipped directly to an individual in California, before use.

2.3 Warnings For Retail Store Sales

(a) Product Labeling. Conair may perform its warning obligation by affixing a warning to the packaging of, labeling to, or, if no label exists, directly on each Product sold in retail outlets in California by Conair or its agents, that states:

WARNING: This product contains DEHP, a phthalate chemical known to the State of California to cause birth defects and other reproductive harm.

2.4 Warnings For Conair's Mail Order Catalog and Conair's Internet Sales.

Conair shall satisfy its warning obligations for Products Conair itself sells via mail order catalog or the Internet to California residents by providing a warning: (i) in the mail order catalog; or (ii) on the Conair website. Warnings given in the mail order catalog or on the website shall identify the specific Product to which the warning applies as further specified in subsections (a) and (b) below.

(a) Conair's Mail Order Catalog Warning. Any warning provided in a Conair mail order catalog must be in the same type size or larger than the Product description text within the catalog. The following warning shall be provided on the same page and in the same location as each display of the Product:

WARNING: This product contains DEHP, a phthalate

chemical known to the State of California to cause birth defects and other reproductive harm.

Where it is impracticable to provide the warning on the same page and in the same location as the display of the Product, Conair may utilize a designated symbol (▲) to cross reference the applicable warning and shall define the term “designated symbol” with the following language on the inside of the front cover of the catalog and on the same page as any order form for the Product(s):

WARNING: Certain products identified with this symbol ▲ and offered for sale in this catalog contain DEHP, a phthalate chemical known to the State of California to cause birth defects and other reproductive harm.

The designated symbol must appear on the same page and in close proximity to the display or description of the Product on such page. On each page where the designated symbol appears, Conair must provide a reference directing the consumer to the warning language and definition of the designated symbol.

If Conair elects to sell one or more Products to consumers via mail order catalog after the Effective Date, then the warnings must be included in all Conair catalogs containing the Products which are distributed in California as of the Effective Date.

(b) Internet Website Warning for Conair’s Owned or Operated Websites.

A warning may be given in conjunction with the sale by Conair of the Product to a California consumer via the Internet, provided it appears either: (a) on the same web page on which the Product is displayed; (b) on the same web page as the order form for the Product; (c) on the same page as the price for any Product; or (d) on one or more web pages displayed to a purchaser

during the checkout process. The following warning statement shall be used and shall appear in any of the above instances adjacent to or immediately following the display, description, or price of the Product for which it is given in the same type size or larger than the Product description text:

WARNING: This product contains DEHP, a phthalate chemical known to the State of California to cause birth defects and other reproductive harm.

Alternatively, the designated symbol may appear adjacent to or immediately following the display, description, or price of the Product for which a warning is being given, provided that the following warning statement also appears elsewhere on the same web page, as follows:

WARNING: Products identified on this page with the following symbol ▲ contain DEHP, a phthalate chemical known to the State of California to cause birth defects and other reproductive harm.

2.5 Exceptions To Warning Requirements

The warning requirements set forth in Sections 2.1 through 2.4 shall not apply to:

- (i) Any Product manufactured by Allegro or Conair prior to the applicable Effective Date with the exception of the Basketball Bag; or
- (ii) Phthalate Free Products (as defined in Section 2.1).

3. PENALTIES PURSUANT TO HEALTH & SAFETY CODE §25249.7(b)

In settlement of all the claims referred to in this Settlement Agreement against it, Conair shall pay \$6,000 in civil penalties to be apportioned in accordance with California Health & Safety Code §25192, with 75% of these funds remitted to the State of

California's Office of Environmental Health Hazard Assessment and the remaining 25% of these penalty monies remitted to Held as provided by California Health & Safety Code §25249.12(d). Conair shall issue two separate checks for the penalty payment: (a) one check made payable to Hirst & Chanler LLP in Trust for the State of California's Office of Environmental Health Hazard Assessment ("Hirst & Chanler LLP in Trust for OEHHA") in the amount of \$4,500, representing 75% of the total penalty and (b) one check to "Hirst & Chanler LLP in Trust for A. Held" in the amount of \$1,500, representing 25% of the total penalty. Two separate 1099s shall be issued for the above payments: The first 1099 shall be issued to OEHHA, P.O. Box 4010, Sacramento, CA 95814 (EIN: 68-0284486) in the amount of \$4,500. The second 1099 shall be issued to Held in the amount of \$1,500, whose address and tax identification number shall be furnished, upon request, at least five calendar days before payment is due. The payments shall be delivered on or before July 27, 2009, at the following address:

Hirst & Chanler LLP
Attn: Proposition 65 Controller
2560 Ninth Street
Parker Plaza, Suite 214
Berkeley, CA 94710

4. REIMBURSEMENT OF FEES AND COSTS

The parties reached an accord on the compensation due to Held and his counsel under the private attorney general doctrine and principles of contract law. Under these legal principles, Conair shall reimburse Held's counsel for fees and costs incurred as a result of investigating, bringing this matter to Conair's attention, and negotiating a settlement in the public interest. Conair shall pay Held and his counsel \$29,700 for all attorneys' fees, expert and investigation

fees, and related costs. The payment shall be issued in a third separate check made payable to “Hirst & Chanler LLP” and shall be delivered on or before July 27, 2009, at the following address:

Hirst & Chanler LLP
Attn: Proposition 65 Controller
2560 Ninth Street
Parker Plaza, Suite 214
Berkeley, CA 94710

Conair shall issue a separate 1099 for fees and cost paid in the amount of \$29,700 to Hirst & Chanler LLP, 2560 Ninth Street, Parker Plaza, Suite 214, Berkeley, CA 94710 (EIN: 20-3929984).

5. RELEASE OF ALL CLAIMS

5.1 Release of Conair and Downstream Customers

In further consideration of the promises and agreements herein contained, and for the payments to be made pursuant to Sections 3 and 4 above, Held, on behalf of himself, his past and current agents, representatives, attorneys, successors and/or assignees, and in the interest of the general public, hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims, including, without limitation, all actions, and causes of action, in law or in equity, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses or expenses (including, but not limited to, investigation fees, expert fees and attorneys’ fees) of any nature whatsoever, whether known or unknown, fixed or contingent (collectively “Claims”), against Conair and each of its downstream distributors, wholesalers, licensors, licensees, auctioneers, retailers, franchisees, dealers, customers, owners, purchasers,

users, suppliers (limited solely to the Products the suppliers sold to either Allegro Manufacturing Inc. or Conair) parent companies, corporate affiliates, subsidiaries, and their respective officers, directors, attorneys, representatives, shareholders, agents, and employees, and sister and parent entities (collectively "Releasees"). This release is limited to those claims that arise under Proposition 65, as such claims relate to Conair's alleged failure to warn about exposures to or identification of DEHP contained in the Products.

In addition to the foregoing, Held, on behalf of himself, his past and current agents, representatives, attorneys, and successors and/or assignees, and not in his representative capacity hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action and releases all Claims against Conair (and each of its Releasees for the sale of Conair products). This additional release, which Held is providing in his individual capacity, relates to Conair's alleged failure to warn about exposures to or identification of any chemicals contained in any of Conair's products.

5.2 Conair's Release of Held

Conair waives any and all claims against Held, his attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Held and his attorneys and other representatives, whether in the course of investigating claims or otherwise seeking enforcement of Proposition 65 against it in this matter, and/or with respect to the Products.

6. SEVERABILITY

If, subsequent to the execution of this Settlement Agreement, any of the provisions of this Settlement Agreement are held by a court to be unenforceable, the validity of the enforceable provisions remaining shall not be adversely affected.

7. GOVERNING LAW

The terms of this Settlement Agreement shall be governed by the laws of the State of California and apply within the State of California. In the event that Proposition 65 (and/or the listing of DEHP) is repealed or is otherwise rendered inapplicable by reason of law generally, or as to the Products, then Conair shall provide written notice to Held of any asserted change in the law, and shall have no further obligations pursuant to this Settlement Agreement with respect to, and to the extent that, the Products are so affected. If a jury or court of competent jurisdiction renders a decision that is subject to a final judgment (“ruling in other similar case”) and create a warning standard different from the 1,000 ppm level set forth in Section 2.1 above, Conair may use such a warning standard for the specific Product(s) specified in the ruling in the other similar case, if it so chooses.

8. NOTICES

Unless specified herein, all correspondence and notices required to be provided pursuant to this Settlement Agreement shall be in writing and personally delivered or sent by: (i) first-class, (registered or certified mail) return receipt requested; or (ii) overnight courier on any party by the other party at the following addresses:

For Conair:

Richard Margulies
General Counsel
Conair Corporation
One Cummings Point Road
Stamford, Ct. 06902

For Held:

Proposition 65 Coordinator
Hirst & Chanler, LLP
2560 Ninth Street
Parker Plaza, Suite 214
Berkeley, CA 94710-2565

Any party, from time to time, may specify in writing to the other party a change of address to which all notices and other communications shall be sent.

9. COUNTERPARTS; FACSIMILE SIGNATURES

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

10. COMPLIANCE WITH HEALTH & SAFETY CODE § 25249.7(f)

Held agrees to comply with the reporting form requirements referenced in Health & Safety Code §25249.7(f).

11. MODIFICATION

This Settlement Agreement may be modified only by a written agreement of the Parties.

12. **AUTHORIZATION**

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

AGREED TO:	AGREED TO:
Date: _____	Date: <u>7/13/09</u>
By: _____ Anthony Held	By: <u>Richard Margulies</u> Richard Margulies Conair Corporation