

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is entered into by and between Michael DiPirro, a California citizen, and Hexacon Electric Company, a New Jersey corporation ("Hexacon"), as of October 22, 1999, agree to the following terms and conditions:

WHEREAS:

A. DiPirro is an individual residing in California who seeks to promote awareness of exposures of toxic chemicals and improve human health by reducing or eliminating hazardous substances contained in consumer and industrial products;

B. Hexacon is a company that manufactures and distributes solder pots, solder irons, soldering tips and solder stations. DiPirro alleges that these products, when used in a reasonable and foreseeable manner, expose users to lead, a substance known to the State of California to cause cancer and birth defects (or other reproductive harm). Hexacon disputes this allegation;

C. A list of the products covered by this Agreement is provided in Exhibit A (the "Products"). The Products have been manufactured, distributed or sold by Hexacon since at least 1987 and certain products are alleged to have been sold for use in California;

D. On February 22, 1999, DiPirro first served Hexacon and all of the requisite public enforcement agencies with a document entitled "60-Day Notice" which provided such public enforcers with notice that the companies were allegedly in violation of Health & Safety Code section 25249.6 for failing to warn purchasers that certain products it sells in California, when used in a reasonable and foreseeable manner, expose users to Proposition 65-listed chemicals;

E. On May 7, 1999, Michael DiPirro filed a complaint entitled Michael DiPirro v. Hexacon Electric Company; and Does 1-1000, Alameda Superior Court Case No. H207173-8, naming Hexacon as defendant and alleging violations of Business & Professions Code section 17200 and Health & Safety Code section 25249.6 on behalf of the people in the State of California including individuals in California who allegedly have been exposed to lead from the use of Hexacon's products without adequate warnings;

F. Hexacon at all times has denied the material factual and legal allegations contained in the 60-Day Notice and the Complaint and disputes that it is in violation of Health & Safety Code section 25249.6 or Business and Professions Code section 17200, however,

this recital shall not diminish or otherwise affect the obligations, responsibilities and duties of Hexacon under this Agreement; and

G. The Parties now wish to settle the dispute.

NOW THEREFORE, DIPIRRO AND HEXACON AGREE AS FOLLOWS:

1. **Product Warnings.** Hexacon shall begin to initiate revisions to its health hazard warnings for its Products to provide the language set forth in section 1. 1 below. Hexacon agrees that it will not knowingly ship (or cause to be shipped) any Products containing lead, or that through the normal foreseeable use produce fumes that contain lead, for sale in the State of California unless such Products comply with sections 1. 1 through 1.3 below:

1.1. The solder pots, solder irons, solder tips and solder stations shall bear the following warning statement on package inserts which are to be placed on the inside of each package containing one or more of the Products upon the Effective Date of this Agreement:

"WARNING: This product, when used for soldering and similar applications, produces chemicals known to the State of California to cause cancer and birth defects (or other reproductive harm.)"

The warning statement on the package insert shall be conspicuous, as compared with other words, statements, or designs as to render it likely to be read and understood by an ordinary individual, and shall conform to the size and lettering of Exhibit B hereto.

1.2 In the event Products are sold in bulk, so that a distributor could repackage a bulk shipment into two or more packages containing products, Hexacon shall accompany the warning insert with clear instructions to its distributors to transfer the Proposition 65 warning to their downstream customers of the Products.

1.3 Hexacon also agrees to send a letter to each of its customers before December 30, 1999 that instructs Hexacon's distributors to transfer the appropriate Proposition 65 warnings to their customers. This letter shall also be sent to all new customers (i.e., those companies that will become Hexacon distributors after the Effective Date of this Agreement).

2. **Payment Pursuant to Health & Safety Code Section 25249.7(b).** Pursuant to Health & Safety Code section 25249.7(b), Hexacon shall pay a civil penalty of \$1,000 within five (5) calendar days after the Effective Date of the Agreement and be made

payable to "Chanler Law Group." A second payment of \$5,000 shall be made on April 1, 2000. However, such second payment shall be waived if Hexacon agrees, among other things, to continue to promote the use of fume extraction systems that would reduce exposure to toxic fumes that likely result from the use of soldering products. The parties agree to work in good faith over the next ninety (90) days following the Effective Date to finalize the specifics of this promotion. Penalty monies shall be apportioned by DiPirro in accordance with Health & Safety Code Section 25192, with 75% of those funds remitted to the State California Department of Toxic Substances Control.

Among other things, the fume extraction system promotion will include the use of Hexacon's internet website and will direct customers to fume extraction products that are compatible with Hexacon products. The website may include a link to the website of the fume extraction system manufacturer in an effort to further promote these products and familiarize Hexacon's customers with those extraction systems that are most compatible with Hexacon's soldering products.

3. **Reimbursement Of Fees and Costs.** Hexacon shall reimburse DiPirro for his investigation, expert and attorneys' fees and costs incurred as a result of investigating, bringing this matter to Hexacon's attention, litigating and negotiating a settlement in the public interest. Hexacon shall pay: \$9,000 for pre-notice investigation fees; \$340 for expert, investigation and litigation costs; and \$200 in attorneys' and post-notice investigation fees. Payment should be made payable to "Chanler Law Group." Hexacon shall pay \$5,000 within five (5) calendar days of the Effective Date of the Agreement and the remaining \$4,540 within 120 calendar days of the Effective Date of the Agreement.

4. **DiPirro's Release.** 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 and participate in, directly or indirectly, any form of legal action, and releases all claims, liabilities, obligations, losses, costs, expenses, fines and damages, against Hexacon and its distributors, retailers, customers, directors, officers, employees, affiliates, successors and assigns, whether under Proposition 65 or the Business & Professions Code section 17200 et seq. based on failure to warn about exposure to lead and formaldehyde arising from the normal and foreseeable use of the Products.

5. **Hexacon's Release.** Hexacon, by this Agreement, waives all rights to institute any form of legal action against DiPirro, and his attorneys or representatives, for all actions or statements made by DiPirro, and his attorneys or representatives, in the course of seeking enforcement of Proposition 65 or Business & Professions Code section 17200 against Hexacon.

6. **Stipulated Judgment.** Concurrently with the execution of this Agreement, DiPirro and Hexacon shall execute and file a stipulated judgment to be approved pursuant to C.C.P. section 664.6 by the Alameda Superior Court in accordance with the terms of this Agreement.

7. **Hexacon Sales Data.** Hexacon understands that the sales data provided to counsel for DiPirro by Hexacon was a material factor upon which DiPirro has relied to determine the amount of penalties in this Agreement. To the best of Hexacon's knowledge, the sales data provided is true and accurate. In the event 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 Hexacon's receipt of notice from DiPirro of his intent to challenge the accuracy of the sales data.

8. **Change in Law.** In the event that any law, rule, regulation, or final decision of any legislative, judicial, or executive body with jurisdiction becomes effective or is entered which renders the warning provisions described under section 1 unnecessary to comply with applicable laws, Hexacon, at its option, may cease providing such warnings on or with its Products, to the extent provided by such change in law, rule, regulation, or final decision, of any legislative, judicial, or executive body.

9. **No Admissions.** Nothing in this agreement shall be construed as an admission by Hexacon of any fact, issue of law, or violation of law, nor shall compliance with this Agreement constitute or be construed as an admission by Hexacon 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 Hexacon under this Agreement.

10. **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 effected.

11. **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.

12. **Governing Law.** The terms of this Agreement shall be governed by the laws of the State of California.

13. **Notices.** All correspondence to Michael DiPirro shall be mailed to:

Clifford A. Chanler, Esq.
Chanler Law Group
Magnolia Lane (off Huckleberry Hill Road)
New Cannan, CT 96840-3801

All correspondence to Hexacon shall be mailed to:

Kurt Weissmuller, Esq.
Weston, Benshoof, Rochefort, Rubalcava & MacCuish
444 South Flower Street, Suite 4300
Los Angeles, California 90071

with a copy to:

Kathi Johnson
Hexacon Electric Co.
161 W. Clay Avenue
Roselle Park, New Jersey 07204-1946

14. **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.

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:

AGREED TO:

DATE: 10/25/99

DATE: _____



Michael DiPirro

Hexacon Electric Company

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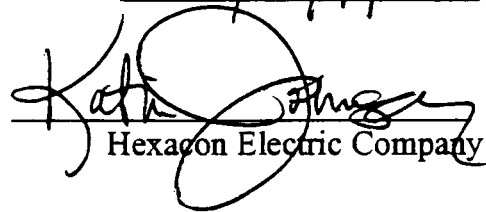
AGREED TO:

DATE: _____

Michael DiPirro

AGREED TO:

DATE: 10/22/99


Hexacon Electric Company



Hexacon Electric Company
161 W. Clay Avenue
Roselle Park, NJ 07204-1946
Phone 908-245-6200
Fax 908-245-6176
Website: www.HexaconElectric.com
e-mail: mail@HexaconElectric.com

Exhibit A
Product impacted by Warning label

Mini-Pots

P/N MP-945 through MP-950

Mini - Irons

SI 21A, SI-22A, SI-23A

Micro-Stedi Irons/Stations

MS-10, MV 15/16, MF 20/21

Super Steady Irons

SI-24 S, SI-25 S, SI-26 S

Pinpoint Irons

SI-P24, SI-P25, SI-P26

Powerhouse Irons

SI -30S/P30/30H, SI-P34/34H SI-P35/35H

Heavy Duty Plug Style Irons

SI-P70/70H, SI-P115/115H, SI-P151, SI-P152, SI-P155/155H,
SI-P200/200H, SI-P250, SI-P300/300H, SI-P550

Screw Tip Irons

SI-85, SI-120, SI-175, SI-225, SI-350, SI-500, SI-700, SI-800, SI-900

Phenix Variable Power Soldering Irons

PHC 600/700/800, PHU 600/700/800

HTC Soldering Stations

HTC-5520, HTC-5530, HTC-5623

TOT Stations

TOT-1002, TOT-1002 PBS, TOT-1006 A/B, TOT-2300

Soldering Tips

HT - all styles, J tips - all styles CT tips all styles
Z tips - selected tips

10/20/1999

/project/P65exhibitA.doc

| Soldering Stations | Pencil Irons | Heavy Duty Irons | Accessories | Long Life Soldering Tips

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FROM-Hexacon Electric Co

19082456176

WARNING

**This product, when
used for soldering
and similar
applications,
produces chemicals
known to the State of
California to cause
cancer and birth
defects or other
reproductive harm.**