

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is entered into by and between Michael DiPirro, a California citizen, and Hillman Group, Inc., an Ohio corporation, and Sun Source, Inc., a Pennsylvania corporation (collectively "Hillman"), as of April 14, 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 consumer and industrial products;

B. Hillman is a company that currently manufactures and/or distributes certain anchoring products as set forth in Exhibit A that contain lead (or lead compounds), a substance known to the State of California to cause cancer and birth defects (or other reproductive harm);

C. A list of the products which contain lead (or lead compounds) (the "Listed Chemical") and which are covered by this Agreement is provided in Exhibit A (the "Products"). The Products have been manufactured, distributed and sold by Hillman for use in California since at least September 27, 1995; and

D. On September 27, 1999, Michael DiPirro first served Hillman and other public enforcement agencies with a document entitled "60-Day Notice of Violation" which provided Hillman and such public enforcers with notice that Hillman was allegedly in violation of Health & Safety Code §25249.6 for failing to warn purchasers that certain products it sells in California expose users to Proposition 65-listed chemicals; and

E. On December 16, 1999, Michael DiPirro filed a complaint entitled Michael DiPirro v. Hillman Group, Inc., et al. in the Alameda County Superior Court, naming Hillman as a defendant and alleging violations of Business & Professions Code §17200 and Health & Safety Code §25249.6 on behalf of individuals in California who allegedly have been exposed to chemicals listed pursuant to Proposition 65 contained in certain Hillman products.

F. Nothing in this Agreement shall be construed as an admission by Hillman 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 Hillman 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 Hillman under this Agreement.

NOW THEREFORE, MICHAEL DIPIRRO AND HILLMAN AGREE AS FOLLOWS:

1. Product Warnings. Hillman shall begin to initiate revisions to its health hazard warnings for its Products to provide the language set forth in the section 1.1 below. Beginning thirty (30) days from the Effective Date of this Agreement, Hillman agrees that it will not knowingly ship (or cause to be shipped) any Products containing the Listed Chemical for sale in the State of California unless such Products comply with section 1.1 below. In addition, Hillman agrees to properly label all products that are already in the State of California pursuant to section 1.1 below:

1.1 For all Products containing lead, such Products shall bear the following warning statement:

"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 prominently placed upon the Product's label with such conspicuousness, as compared with other words, statements, designs or devices on the label as to render it likely to be read and understood by an ordinary individual under customary conditions of purchase or use.

2. Payment Pursuant To Health & Safety Code §25249.7(b). Pursuant to Health & Safety Code §25249.7(b), Hillman shall pay a civil penalty of \$50,000 in two installments. The first payment of \$16,000 shall be paid within five (5) calendar days after the Effective Date of this Agreement. The second payment of \$34,000 shall be made on or before August 15, 2000. However, the second payment shall be waived if Hillman reformulates its Products to remove lead, or offers a substantially similar Products without the use of lead or if Hillman is unable to obtain a reasonable alternative, discontinue sales of Products containing lead for sale in California by July 15, 2000, such that no user of the Products will be exposed to lead. Certification of the reformulation or introduction of the non-lead alternative must be provided by Hillman to DiPirro by August 1, 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. Hillman 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.

Hillman shall reimburse DiPirro for his fees and costs, incurred as a result of investigating, bringing this matter to Hillman's attention, litigating and negotiating a settlement in the public interest. Hillman shall pay the total sum of \$21,800 for investigation fees, attorneys' fees and litigation costs. Hillman agrees to pay \$21,800 within five (5) days of the Effective Date of the Agreement. Payment should be made payable to the "Chanler Law Group".

4. Michael DiPirro's Release Of Hillman. 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 Hillman and its distributors, retailers, customers, directors, officers, employees, affiliates, successors and assigns, whether under Proposition 65 or the Business & Profession Code §17200 et seq. based on Hillman's failure to warn about exposure to the Listed Chemical contained in any of the Products.

5. Hillman's Release Of Michael DiPirro. Hillman, 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 or Business & Profession Code §17200 against Hillman.

6. Waiver of the Provisions of the California Civil Code, Section 1542. DiPirro, on behalf of himself, his agents, representatives, attorneys, successors and assigns, and *not* in his representative capacity on behalf of citizens of the State of California, and Hillman, hereby waive the provision of the California Civil Code, Section 1542, which provides as follows: "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which is known by him, must have materially affected his settlement with the debtor."

7. Stipulated Judgment. Concurrently with the execution of this Agreement, Michael DiPirro and Hillman shall execute and file a stipulated judgment 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.

8. Hillman Sales Data. Hillman understands that the sales data provided to counsel for DiPirro by Hillman 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 Hillman's 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 Hillman's 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 Hillman, provided that all sums paid by Hillman pursuant to paragraphs 2 and 3 are returned to Hillman within ten (10) days from the date on which DiPirro notifies Hillman 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 Hillman that he is rescinding this Agreement pursuant to this Paragraph.

9. Product Characterization. Hillman acknowledges that each of the Products listed in Exhibit A contains lead and Plaintiff alleges that the customary use or application of the Products is likely to expose users to lead, a substance known to the State of California to cause cancer and birth defects (or other reproductive harm). In the event that Hillman 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) and Hillman seeks to eliminate the warnings, then Hillman 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 Hillman Exposure Data, DiPirro shall provide Hillman 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 Hillman written notice of his intent to challenge the Exposure Data within ninety (90) days of receipt of Hillman's notice and the Exposure Data, DiPirro shall waive all rights to challenge the Exposure Data, and Hillman 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 Hillman of his intent to challenge the Exposure Data, DiPirro and Hillman (a) may stop its efforts to eliminate the warnings upon notice to DiPirro with no further liability or obligations or (b) shall negotiate in good faith for a period not to exceed thirty (30) days following receipt of Hillman's notice to attempt to reach a settlement of this issue. If a settlement is not reached, DiPirro and Hillman 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. Notwithstanding the foregoing, in the event that Hillman is no longer required to provide the warnings provided for herein under applicable law, regulation or court order, then Hillman may discontinue the warnings with no further liability or obligations to the extent that new law, regulation or court order provides.

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 affected.

11. Attorney's Fees. In the event that a dispute arises with respect to any provision(s) of this Agreement, and that dispute results in litigation, 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:

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 06840-3801
(203) 966-9911

All correspondence to Hillman shall be mailed to:

David J. Schmitt, Esq.
Cors & Bassett
537 East Pete Rose Way, Suite 400
Cincinnati, OH 45202-3502
(513) 852-8200

14. 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. Hillman represents, 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.

15. 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.

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:

AGREED TO:

DATE: _____

DATE: 4/25/00

Michael DiPietro
PLAINTIFF

Jan P. Water
Hillman Group, Inc.
DEPENDANT

Joseph A. Corning
Sun Source, Inc.
DEPENDANT

AGREED TO:

DATE: 4/28/00

Michael DiPirro
Michael DiPirro
PLAINTIFF

AGREED TO:

DATE: _____

Hillman Group, Inc.
DEFENDANT

Sun Source, Inc.
DEFENDANT

Exhibit A

Hillman Group, Inc.
Lead Anchor Products

Exhibit A

<u>Item Number</u>	<u>Description</u>
370237	LEAD WS ANCH 6-8X3/4
370240	LEAD WS ANCH 6-8X1
370243	LEAD WS ANCH 6-8X1 1/2
370245	LEAD WS ANCH 10-14X3/4
370246	LEAD WS ANCH 10-14X1
370249	LEAD WS ANCH 10-14X1 1/2
370252	LEAD WS ANCH 16-18X1
370255	LEAD WS ANCH 16-18X1 1/2
370132	LEAD MS ANCH 6-32
370135	LEAD MS ANCH 8-32
370138	LEAD MS ANCH 10-24
370139	LEAD MS ANCH 10-25
370141	LEAD MS ANCH 1/4-20
370144	LEAD MS ANCH 5/16-18
370147	LEAD MS ANCH 3/8-16
370150	LEAD MS ANCH 1/2-13
370153	LEAD MS ANCH 5/8-11
370156	LEAD MS ANCH 3/4-10
370159	MS ANC SETTING TOOL NO 6
370162	MS ANC SETTING TOOL NO 8
370165	MS ANC SETTING TOOL #10
370168	MS ANC SETTING TOOL 1/4
370171	MS ANC SETTING TOOL 5/16
370174	MS ANC SETTING TOOL 3/8
370177	MS ANC SETTING TOOL 1/2
370180	MS ANC SETTING TOOL 5/8
370183	MS ANC SETTING TOOL 3/4