

SETTLEMENT AGREEMENT

This Settlement Agreement (this "Agreement") is entered into between Michael DiPirro, a California citizen, and Inland Craft Products Company (a Michigan corporation), as of October 1, 1999, (the "Effective Date").

WHEREAS:

Michael DiPirro is an individual residing in San Francisco 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;

Inland Craft Products Company ("Inland Craft") manufactures and/or distributes products in the State of California which may be used in a way that produces an exposure to chemicals listed under Proposition 65 ("Listed Chemicals").

The products which are covered by this Agreement are set forth in Exhibit A (the "Products");

The Products have been distributed and sold by Inland Craft for use in California since March 12, 1995;

On March 12, 1999, Michael DiPirro first served Inland Craft and all of the requisite public enforcement agencies with a document entitled "60-Day Notice" which provided Inland Craft and such public enforcers with notice that Inland Craft was allegedly in violation of Health & Safety Code Section 25249.6 for failing to warn purchasers that certain products it sells in California expose users to Proposition 65-listed chemicals.

On May 26, 1999, Michael DiPirro filed a complaint entitled Michael DiPirro v. Inland Craft Products Company, et al. (No. 303792) in the San Francisco Superior Court, naming Inland Craft as defendant and alleging violations of Business & Professions Code Section 17200 and Health & Safety Code Section 25249.6 on behalf of individuals in California who may have been exposed to chemicals listed pursuant to Proposition 65 contained in certain Inland Craft products.

THEREFORE, THE PARTIES AGREE AS FOLLOWS:

Product Labeling. Beginning immediately, Inland Craft shall initiate revisions consistent with this Agreement to its current labels for the Products ("Revised Labels"). Inland Craft shall use reasonable efforts to ensure that all Products in its possession intended for shipment into California are packaged using Revised Labels as quickly as possible; however, Inland Craft agrees that as of January 1, 2000, it shall not ship (or cause to be shipped on its behalf) any of the Products for sale or use in the State of California unless each such Product contains the appropriate warning statement on its label as follows:

For Products, such as soldering irons and similar products:

"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 to 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 understood by an ordinary individual.

Interim Warnings. Within the next thirty (30) days following the Effective Date, Inland Craft agrees to inform its California customers by affixing a warning label, as described above, to any Inland Craft product entering California which does not already contain such a warning on its package. The warning label will be provided to Inland Craft's customers by Inland Craft.

Civil Penalty. Pursuant to Health & Safety Code Section 25249.7(b), Inland Craft shall pay a civil penalty of \$1,500 (fifteen hundred dollars) shall be paid within ten (10) calendar days of the Effective Date of the Agreement. Penalty monies shall be apportioned by Michael DiPirro in accordance with Health & Safety Code Section 25192, with 75% of these funds remitted to the State of California. This payment shall be made payable to "Law Offices of David Bush, in trust for Michael DiPirro."

Reimbursement of Fees and Costs. Inland Craft shall pay to Michael DiPirro \$9,000 (nine thousand dollars) for his pre-notice investigation fees, \$200 (two hundred dollars) for his expert and litigation costs, and \$1,000 (one thousand dollars) for his

reasonable attorneys' fees incurred in this matter. Payment shall be made in twelve (12) consecutive monthly installments of \$850 (eight hundred fifty dollars), the first payment due within ten (10) calendar days of the Effective Date, and each subsequent payment due no later than the fifth day of the month. Payments shall be made payable to "Law Offices of David Bush."

Michael DiPirro Release. Michael DiPirro, by this Agreement, on behalf of himself, his agents, and/or assignees, and on behalf of any person who would be deemed legally to have been represented by Michael DiPirro as a proper citizen enforcer of Proposition 65, waives all rights to institute any form of legal action (and releases all claims) against Inland Craft, and all customers of Inland Craft, whether under Proposition 65 or Business & Profession Code Section 17200 et seq., related to Inland Craft's failure to warn about exposure to Listed Chemicals contained in any of the Products.

Inland Craft Release. Inland Craft, 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 Section 17200 et seq. against Inland Craft.

Warranties and Representations. The parties make the following representations and warranties:

Inland Craft represents and warrants as follows:

Each of the Products listed in Exhibit "A" produces fumes that contain one or more substances known to the State of California to cause cancer or birth defects or other reproductive toxicity, and that Inland Craft has no knowledge that Inland Craft has any analytical, risk assessment, or other data indicating that an exposure to fumes resulting from use of any or all Products listed in Exhibit "A" 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 Section 25249.10(c).

In the event that Inland Craft obtains analytical, risk assessment, or other data that shows that an exposure to listed chemicals from use of any or all Products listed in Exhibit "A" 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 Section 25249.10(c), Inland Craft shall provide Michael DiPirro with 90 days prior written notice of its intent to limit or eliminate the warning provisions under this Agreement based on this information pursuant to this paragraph

and shall provide Michael DiPirro with all such supporting data.

Within thirty (30) days of receipt of Inland Craft's exposure data, Michael DiPirro shall provide Inland Craft with written notice of his desire to challenge the data (in the event that he chooses to make such a challenge), and Michael DiPirro and Inland Craft shall negotiate in good faith to attempt to reach a settlement. In the event that no settlement is reached within thirty (30) days of mailing by Michael DiPirro of such notice of challenge, Michael DiPirro and Inland Craft agree to submit such challenge to the Court for determination, pursuant to the Court's continuing jurisdiction of this matter under C.C.P. Section 664.6 and this Agreement. The prevailing party shall be entitled to reasonable attorneys' fees and costs associated with such a determination. If Michael DiPirro does not challenge Inland Craft's notice or the Court determines that no warning is required for a particular Product or Products, Inland Craft shall no longer be required to provide the warnings described in this Agreement for those Products.

Sales Data. Inland Craft understands that the sales data provided to counsel for Michael DiPirro by Inland Craft was a material factor upon which Michael DiPirro has relied to determine the amount of penalties and restitution in this Agreement. To the best of Inland Craft's knowledge, the sales data provided is true and accurate. Inland Craft acknowledges that, in the event Michael DiPirro finds that the sales data is materially inaccurate, all other parts of this Agreement notwithstanding, Michael DiPirro will have the right to rescind this Agreement and re-institute an enforcement action against Inland Craft. In such a case, all applicable statutes of limitation shall be deemed tolled for the period between the date Michael DiPirro filed the instant action and the date Michael DiPirro learns of the alleged inaccuracy. All Inland Craft sales data shall be kept confidential and shall not be shared with any party other than his attorneys. Neither DiPirro nor his attorneys shall divulge said sales data to anyone. Violation of this confidentiality agreement shall entitle Inland Craft to damages as well as costs and attorneys fees.

Stipulated Judgment. The parties shall file a stipulated judgment to be approved pursuant to CCP Section 664.6 by the San Francisco Superior Court in accordance with the terms of this agreement.

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.

Attorneys' 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.

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

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

David Bush
Law Offices of David Bush
2214 Polk Street
San Francisco, CA 94109

All correspondence to Inland Craft shall be mailed to:

Mark Baumkel, Esq.
Provizer & Phillips
6785 Telegraph Road, Suite 400
Bloomfield Hills, MI 48301

No Admissions. Nothing in this Agreement shall constitute or be construed as an admission by Inland Craft 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 Inland Craft of any fact, finding, conclusion, issue of law, or violation of law. Inland Craft reserves all of its rights and defenses with regard to any future claim by any party under Proposition 65 or otherwise. However, this section shall not diminish or otherwise affect the obligation, responsibilities, and duties of Inland Craft under this Agreement.

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.

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:

10/3/99

DATE:

9/28/99


Michael DiPirro
PLAINTIFF


Inland Craft Products Company
DEFENDANT

Exhibit A

	Soldering Iron
#60105	Studio Professional (100W) Iron
#60110	1/8" Deluxe Tip (w/collar)
#60111	3/16" Deluxe Tip (w/collar)
#60112	1/4" Deluxe Tip (w/collar)
#60113	3/8" Deluxe Tip (w/collar)
#60108	Nut and Sleeve (for InstaHeat)
#60121	InstaHeat Ceramic Iron
#60126	InstaHeat 1/8" Tip
#60128	InstaHeat 1/4" Tip
#60129	InstaHeat Ceramic Element
#60131	AutoFeed Ceramic Iron
#60136	1/8" AutoFeed Tip
#60138	1/4" AutoFeed Tip

Stock #	Description
#60008	Inland 100 (100W Maroon & White)
#60015	Economy (100W Black & Grey)
#60018	Premium 1/8" Decorative Tip
#60007	Premium 3/16" Decorative Tip
#60017	Premium Replacement Tip (1/4")
#60035	Premium Replacement Tip (5/16")
#60006	FumeTrap Repl Filters (3 pack)
#60513	Lead Nippers

Exhibit "A"