

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is entered into by and between Michael DiPirro, a California citizen, and OK International, Inc., a Delaware corporation ("OK"), as of August 27, 1999 (the "Effective Date"). The parties 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. OK is a company that, through its Metcal Division, manufactures and distributes soldering equipment (*e.g.*, soldering, desoldering and rework stations, soldering and desoldering tips, and soldering-related accessories). 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), and formaldehyde, a substance known to the State of California to cause cancer. OK disputes this allegation;

C. A list of the products covered by this Agreement is provided in Exhibits A and B (the "Products"). The Products have been manufactured, distributed or sold by OK (or by Metcal, prior to its acquisition by OK) for use in California since at least September 15, 1994;

D. On February 22, 1999, DiPirro first served OK 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. OK Industries, Inc. (No. H207174-7) in the Alameda Superior Court, naming OK 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 allegedly have been exposed to lead and formaldehyde from the use of OK's products without adequate warnings; and

F. OK 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;

G. The Parties now wish to settle the dispute.

NOW THEREFORE, DIPIRRO AND OK AGREE AS FOLLOWS:

1. **Product Warnings.** OK shall begin to revise its health hazard warnings for its Products to provide the language set forth in sections 1.1, 1.2 and 1.3 below. OK agrees that it

will not knowingly ship (or cause to be shipped) any Product to California customers unless said Product complies with sections 1.1, 1.2 and 1.3 below:

1.1 The soldering, desoldering and rework stations listed in Exhibit A shall bear the following warning statement on the product or product label within 90 days of the Effective Date:

“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 formaldehyde or 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.

1.2 For all smaller plastic-packaged Products identified in Exhibit B attached, OK shall provide the Warning and Instruction Slip described below with the shipment of these products within 60 days of the Effective Date:

“WARNING: This shipment includes soldering tips, desoldering tips, and sponges.

Normal use of these products 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 formaldehyde or other Proposition 65 listed chemicals.

To minimize the risk of breathing or otherwise ingesting a hazardous material, the workstation area should be kept clean of solder and chemical residues and adequately ventilated. Additionally, fume suppression equipment can be purchased to reduce exposure to fumes potentially generated during soldering or desoldering. Work clothing should be routinely washed. Operators also should wash their hands prior to eating.”

1.3 As an alternative to steps outlined in section 1.2 above, OK may at its option, utilize the following warning affixed to or included with its Products identified in Exhibit B attached within 60 days of the Effective Date:

“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 formaldehyde or other Proposition 65 listed chemicals.”

2. **Payment Pursuant to Health & Safety Code Section 25249.7(b).** Pursuant to Health & Safety Code section 25249.7(b), OK shall pay the sum of \$12,000 in two installments.

The first payment of \$4,000 shall be paid within ten (10) calendar days after the Effective Date of the Agreement and be made payable to "Chanler Law Group, in Trust for Michael A. DiPirro." The second payment of \$8,000 shall be made on September 1, 2000. However, such second payment shall be waived if OK agrees, among other things, to promote in its catalog the use of fume extraction systems that would reduce exposure to fumes likely to result from the use of OK's products. Specifically, this promotion shall consist of devoting the entire inside back cover page of OK's soldering products catalogue to the promotion of OK's fume extraction products, which promotion shall include reference to the benefits of reducing employee exposure to substances likely to be released in the soldering or desoldering process. This promotion shall begin appearing in any such catalogue distributed by OK beginning six months after the Effective Date. OK's compliance with this condition for the \$8,000.00 payment reduction shall be considered fully satisfied by the mailing to Chanler Law Group of a copy of the catalogue (or catalogues) including the fume-extraction promotion described above, accompanied by a certification by a responsible OK official that the catalogue transmitted is representative of all the soldering equipment catalogues which OK has distributed beginning six months after the effective date. The payments shall be apportioned by DiPirro in accordance with Health & Safety Code section 25192, with 75% of these funds remitted to the State of California Department of Toxic Substances.

3. Reimbursement of Fees and Costs. Within ten (10) calendar days of the Effective Date of the Agreement, OK shall reimburse DiPirro for his investigation, expert and attorneys' fees and costs incurred as a result of investigating, bringing this matter to OK's attention, litigating and negotiating a settlement in the public interest. OK shall pay: \$9,000 for pre-notice investigation fees; \$900 for expert, investigation and litigation costs; and \$4,700 in attorneys' and post-notice investigation fees. Payment should be made payable to "Chanler Law Group."

4. DiPirro's Release. DiPirro, by this agreement, on behalf of himself, his agents, representatives, attorneys, assigns and the California general public, waives all rights to institute and participate in, directly or indirectly, any form of legal action, covenants not to sue and releases all claims, liabilities, obligations, losses, costs, expenses, fines and damages, against OK and its distributors, retailers, customers, directors, officers, employees, agents, attorneys, affiliates, successors and assigns, whether under Health & Safety Code 25249.5 et seq. or the Business & Professions Code section 17200 et seq. based on failure to warn about exposure to lead and other listed Proposition 65 chemicals arising from the normal and foreseeable use of the Products.

5. OK's Release. OK, 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 Health & Safety Code 25249.5 et seq. or Business & Professions Code section 17200 against OK.

6. Stipulated Judgment. Concurrently with the execution of this Agreement, DiPirro and OK 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. Waiver of Penalties. DiPirro agrees that, in consideration of the mutual covenants and agreements contained herein including the payments set forth in Sections 2 and 3, no penalties or other sanction will be sought or imposed upon OK for its prior distribution or sale of the Products without a Proposition 65 warning.

8. OK Sales Data. OK understands that the sales data provided to counsel for DiPirro by OK was a material factor upon which DiPirro has relied to determine the amount of payments in this Agreement. To the best of OK'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 OK's receipt of notice from DiPirro of his intent to challenge the accuracy of the sales data.

9. 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 sections 1.1, 1.2 and/or 1.3 unnecessary to comply with applicable laws, OK, 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.

10. Product Characterization. OK acknowledges that the customary use or application of the Products listed in Exhibits A and B may produce fumes or gases that contain one or more substances known to the State of California to cause cancer or birth defects or other reproductive harm. In the event OK obtains analytical, risk assessment or other data ("Exposure Data") that show that an exposure to any or all Products poses "no significant risk" or will have "no observable effect," as such standard is applicable and as each is defined under Health & Safety Code §25249.10(c), OK 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 thirty (30) days of receipt of OK's Exposure Data, DiPirro shall provide OK 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 OK notice and the Exposure Data, DiPirro shall waive all rights to challenge under this Agreement with respect to those Product(s) to which the Exposure Data applies. If DiPirro timely notifies OK of his intent to challenge the Exposure Data, DiPirro and OK shall negotiate in good faith to attempt to reach a settlement. In the event that no settlement is reached within thirty (3) days of mailing by DiPirro of such notice of challenge, DiPirro and OK agree to submit such challenge to the Court for determination, pursuant to the Court's continuing jurisdiction of this matter under California Code of Civil Procedures §664.6 and this Agreement. The prevailing party shall be entitled to reasonable attorney's fees and costs associated with such a determination. If DiPirro does not challenge OK's notice or the Court

determines that no warning is required for particular Products, OK shall no longer be required to provide the warnings described in this Agreement for those Products.

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

12. 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.

13. 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.

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

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

Clifford A. Chanler, Esq.
CHANLER LAW GROUP
Magnolia Lane (off Huckleberry Hill)
New Canaan, Connecticut 06840-3801

All correspondence to OK shall be mailed to:

Bruce H. Jackson, Esq.
BAKER & MCKENZIE
Two Embarcadero Center
Suite 2400
San Francisco, California 94111-3909

with a copy to:

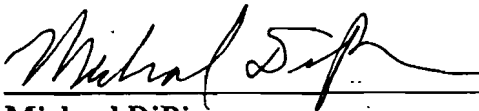
Edwin M. Oh
Vice President, and General Manager, Metcal Division
OK International, Inc.
1530 O'Brien Drive
Menlo Park, CA 94025

16. **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.

17. **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: 9/11/99



Michael DiPirro

AGREED TO:

DATE: _____

OK International, Inc.

16. **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.

17. **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: August 27, 1999

Michael DiPirro

Edw. M. O'H
OK International, Inc.

EDWIN M. O'H
GENERAL MANAGER, METAL +
CORPORATE VICE-PRESIDENT, MARKETING

Exhibit A

EXHIBIT A

Products Requiring A Warning Statement Per Section 1.1

**MX500 Series Solder, Desolder, and Rework Stations
SP200 Solder Stations
SP440 Desolder Stations
QX Series Rework Stations
And any other comparable products**

Exhibit B

EXHIBIT B

Smaller Packaged Products Requiring a Warning Slip or Statement Per Sections 1.2 or 1.3

STTC Soldering Tip Cartridges
STDC Desoldering Tip Cartridges
SMTC Rework Tip Cartridges
SSC Soldering Tip Cartridges
SDC Desoldering Tip Cartridges
YS Series Sponges
And any other comparable products