

## SETTLEMENT AGREEMENT

### 1. INTRODUCTION

#### 1.1 Russell Brimer and Respondent

This Settlement Agreement is entered into by and between Russell Brimer (“Brimer”) and respondent PCE Industry, Inc. (“PCE” or “Respondent”) with Brimer and Respondent referred to as the “parties.”

#### 1.2 Brimer

Brimer is an individual residing in Alameda County in the State of California who seeks to promote awareness of exposure to toxic chemicals and improve human health by reducing or eliminating hazardous substances contained in consumer products.

#### 1.3 Respondent

Respondent employs ten or more persons and is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code §§ 25249.5 *et seq.* (Proposition 65). PCE is directly involved in the manufacturing and distribution of the desktop motherboards described in Section 1.5 below.

#### 1.4 General Allegations

Brimer alleges that Respondent has manufactured, distributed, and/or sold motherboards with solder containing lead in the State of California without the requisite health hazard warnings. Lead is a substance known to cause birth defects and other reproductive harm and is listed pursuant to Proposition 65. Lead shall be referred to hereinafter as the “listed chemical.”

#### 1.5 Product Description

The products that are covered by this Settlement Agreement are defined as follows: desktop motherboards with lead-containing solder, such as the *Foxconn 915 Series Motherboard, Model No. 915A03-P-8EKRS*, and components utilized with desktop motherboards that contain lead solder. Examples of forms of solder include, but are not limited to, solder, solder balls, solder spheres, solder paste, wave solder, solder joints, die bumps, and flip-chip bumps. All such desktop motherboards with lead-containing solder, and components utilized with such

motherboards that contain lead solder, shall be referred to hereinafter as “products” and include but are not limited to the product names and numbers listed on Exhibit A hereto. Products that are integrated into a desktop computer system as a component thereof, prior to the sale or acquisition of the computer system, shall be referred to hereinafter as “integrated products.” Products that are sold individually and not as a component integrated into a computer system shall be referred to hereinafter as “non-integrated products.”

#### **1.6 European Union RoHS Directive**

In 2005, Respondent commenced the reformulation of its desktop motherboards pursuant to the European Union’s Restriction on Hazardous Substances (RoHS) Directive. Some models were reformulated in 2005 and the reformulation of all models of desktop motherboards to RoHS standards was completed by July, 2006. The RoHS Directive, however, does not apply to desktop motherboards sold to consumers in the State of California. Respondent’s commitment to sell only reformulated products in California pursuant to Section 2 below, where it was not otherwise obligated to do so, was a material factor considered by Brimer in reaching this settlement.

#### **1.7 Notices of Violation**

On October 13, 2006, Brimer served Respondent and various public enforcement agencies with a document entitled “60-Day Notice of Violation” (Notice) that provided Respondent and such public enforcers with notice that alleged that Respondent was in violation of California Health & Safety Code §25249.6 for failing to warn consumers, workers and others that the products that Respondent sold exposed users in California to the listed chemical.

#### **1.8 No Admission**

Respondent denies the material factual and legal allegations contained in Brimer’s Notice and Complaint and maintains that all products that it has sold and distributed in California have been and are in compliance with all laws. Nothing in this Settlement Agreement shall be construed as an admission by Respondent 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 Respondent of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by Respondent. However, this Section shall not diminish or otherwise affect Respondent's obligations, responsibilities, and duties under this Settlement Agreement.

**1.9 Effective Date**

For purposes of this Settlement Agreement, the term "effective date" shall mean May 28, 2007.

**2. WARNINGS AND REFORMULATION**

**2.1 Product Warnings**

After the effective date, Respondent shall not sell, ship, or offer to be shipped for sale in California products containing the listed chemical unless such products are sold or shipped with the clear and reasonable warning set out in this Section 2.1, comply with the reformulation standards set forth in Section 2.3 or are otherwise exempt pursuant to Section 2.2.

Any warning issued for products pursuant to this Section 2.1 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 or used in the workplace, before use. Any warning issued pursuant to this Section 2.1 shall be provided in a manner such that the consumer or user understands to which *specific* product the warning applies, so as to minimize if not eliminate the chance that an overwarning situation will arise.

Sections 2.1(a)-(c) describe Respondent's options for satisfying its warning obligations depending, in part, on the manner of sale. The warning requirement of Section 2.1(d) shall apply regardless of the manner of sale. The following warnings will be applicable when the product is sold either to consumers or in a business-to-business transaction:

**(a) Retail Store Sales of Non-Integrated Products**

**(i) Product Labeling.** From the effective date, a warning will be affixed to packaging, labeling, or directly on each non-integrated product sold in retail outlets by Respondent or its agents, that states:

**WARNING:** The materials used in this product contain lead, a chemical known to the State of California to cause birth defects and other reproductive harm.

Please wash hands after handling and avoid inhalation of fumes if heating the solder on the product.

**(ii) Point-of-Sale Warnings.** Respondent may perform its warning obligations by ensuring that signs are posted at retail outlets in the State of California where the non-integrated products are sold. In order to avail itself of the point-of-sale option, Respondent shall provide a written notice (via certified mail in the first quarter of each calendar year) to each retailer or distributor to whom Respondent sells or transfers the non-integrated products directly, which informs such retailers or distributors that point-of-sale warnings are required at each retail location in the State of California. Respondent shall include a copy of the warning signs and posting instructions with such notice. Further, Respondent must receive and make available for Brimer's inspection, upon request, a written commitment: (a) from each retailer to whom Respondent sells non-integrated products directly that said retailer will post the warning signs; and (b) from each distributor to whom Respondent sells non-integrated products directly that the distributor will transmit the point-of-sale warning notice and instructions to their direct customers. Point-of-sale warnings shall be provided through one or more signs posted in close proximity to the point of display of the non-integrated products that states:

**WARNING:** The materials used in this product contain lead, a chemical known to the State of California to cause birth defects and other reproductive harm.

Please wash hands after handling and avoid inhalation of fumes if heating the solder on the product.

**(b) Mail Order Catalog and Internet Sales of Non-Integrated Products.**

Respondent shall satisfy its warning obligations for non-integrated products that are sold by mail order catalog or from the Internet to California residents by providing a warning: (i) in the mail order catalog; (ii) on the website; and/or (iii) with the product when it is shipped to an address in California. 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 Sections 2.1(b)(i), (ii), and/or (iii) as applicable:

**(i) Mail Order Catalog Warning.** Any warning provided in a mail order catalog must be in the same type size or larger as the non-integrated product description text within the catalog. The following warning shall be provided on the same page and in the same location as the display and/or description of the non-integrated product:

**WARNING:** The materials used in this product contain lead, a chemical known to the State of California to cause birth defects and other reproductive harm.

Please wash hands after handling and avoid inhalation of fumes if heating the solder on the product.

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

**WARNING:** The materials used in certain products identified with this symbol ▼ and offered for sale in this catalog contain lead, a chemical known to the State of California to cause birth defects and other reproductive harm.

Please wash hands after handling and avoid inhalation of fumes if heating the solder on the product.

The designated symbol must appear on the same page and in close proximity to the display and/or description of the non-integrated product. On each page where the designated

symbol appears, Respondent must provide a header or footer directing the consumer to the warning language and definition of the designated symbol.

If Respondent elects to provide warnings in the mail order catalog, then the warnings must be included in all catalogs offering to sell one or more non-integrated products printed after May 28, 2007.

**(ii) Internet Website Warning.** A warning may be given in conjunction with the sale of the non-integrated product via the Internet, provided it appears either: (a) on the same web page on which the non-integrated product is displayed; (b) on the same web page as the order form for the non-integrated product; (c) on the same page as the price for any non-integrated 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 non-integrated product for which it is given in the same type size or larger as the product description text:

**WARNING:** The materials used in this product contain lead, a chemical known to the State of California to cause birth defects and other reproductive harm.

Please wash hands after handling and avoid inhalation of fumes if heating the solder on the product.

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

**WARNING:** Products identified on this page with the following symbol use materials that contain lead, a chemical known to the State of California to cause birth defects and other reproductive harm: ▼

Please wash hands after handling and avoid inhalation of fumes if heating the solder on the product.

**(iii) Package Insert or Label Warning.** For all products sold by catalog or via the Internet, a warning may be provided with the non-integrated product when it is shipped directly to an individual in California by either: (a) affixing the following warning language to the packaging, labeling, or directly to a specific non-integrated product; (b) inserting a warning card measuring at least 4" x 6" in the shipping carton which contains the following warning language; or (c) placing the following warning statement on the packing slip or customer invoice on the line directly below the description of the non-integrated product on the packing slip or customer invoice:

**WARNING:** The materials used in this product contain lead, a chemical known to the State of California to cause birth defects and other reproductive harm.

Please wash hands after handling and avoid inhalation of fumes if heating the solder on the product.

Alternatively, Respondent may place the following language on the packing slip or invoice and specifically identify the non-integrated product in lettering of the same size or larger as the description of the product:

**WARNING:** The materials used in the following product(s) contain lead, a chemical known to the State of California to cause birth defects or other reproductive harm.

Please wash hands after handling and avoid inhalation of fumes if heating the solder on the product.

*[list products for which warning is given].*

Respondent shall, in any of these instances, in conjunction with providing the warning, also inform the consumer, in a conspicuous manner, that he or she may return the non-integrated product for a full refund (including shipping costs for both the receipt and the return of the product) within thirty (30) days of his or her receipt of the product.

**(c) Sales to Known Integrators**

Where Respondent sells products to individuals or entities they know to be in the business of integrating their products into computer systems for resale ("integrator(s)"),

Respondent shall provide the integrator with written instructions (via certified mail in the first quarter of each calendar year) which instructs such integrators to attach sticker warnings, as specified in this Section, to any item which contains a product as an integrated component, prior to the resale of the integrated product. Respondent must receive and make available for Brimer's inspection, upon request, a written commitment from each integrator to whom Respondent sells products directly that said integrator will post the warning stickers consistent with the requirements of Proposition 65. Respondent shall provide the integrators with stickers printed with the following warning to be attached to each item containing an integrated product:

**WARNING:** The materials used in the motherboard utilized in this computer system contain lead, a chemical known to the State of California to cause birth defects and other reproductive harm.

Please wash hands after handling this motherboard and avoid inhalation of fumes if heating the solder on the motherboard.

**(d) Manual Warnings**

On or before May 28, 2007, Respondent shall include the following warning in twelve point font or greater on the inside front cover of its product user manuals shipped with any non-reformulated product and available for viewing on its website, if so provided, and where Respondent otherwise warns or informs its customers of the content of its products:

**WARNING:** The materials used in this product contain lead, a chemical known to the State of California to cause birth defects and other reproductive harm.

Please wash hands after handling and avoid inhalation of fumes if heating the solder on the product.



## **2.2 Exceptions To Warning Requirements**

The warning requirements set forth in Section 2.1 shall not apply to:

- (i) Any products received in Inventory<sup>1</sup> before the effective date, subject to Section 2.5;
- (ii) Reformulated products (as defined in Section 2.3 below); or
- (iii) Any product in which the only possible point of exposure to the listed chemical is embedded in a manner that a consumer or worker would not come into contact with the listed chemical under any reasonably anticipated use.

## **2.3 Reformulation Standards**

Reformulated products are defined as follows: any product containing less than or equal to one-tenth of one percent (0.1%) lead by weight in each solder material, including all forms of solder as identified in Section 1.5, unless that material is embedded in a manner that a consumer or worker ordinarily would not come into contact with the lead under any reasonably anticipated use.<sup>2</sup> The warnings required pursuant to Section 2.1 above shall not be required for reformulated products.

## **2.4 Reformulation Commitment**

Respondent hereby commits that all desktop products that it offers for sale in California after May 28, 2007, shall qualify as reformulated products or be exempt from the warning requirements of Section 2.1. Further, Respondent commits to use commercially reasonable

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<sup>1</sup> "Received in inventory" means products that have come off the production line, been packaged in boxes or cartons, have been shipped to and received by a warehouse (in California or elsewhere) before the effective date, and are being held as part of the inventory of products available for sale to distributors or other customers. For example, Respondent's motherboards manufactured overseas, packaged in boxes and shipped to and received by warehouses in California prior to the effective date, and held as part of the inventory of products available for sale to distributors or other customers, are products "received in inventory" within the meaning of this section, and are therefore not subject to the warning requirements of Section 2.1.

<sup>2</sup> For purposes of this Settlement Agreement, the lead by weight standard shall not apply to ingredient components of solder, such as glass and ceramic additives, but shall apply to the final solder materials used in the products.

efforts to reformulate all motherboard products in addition to those used for desktop computers (e.g., motherboards used for servers) to eliminate the presence of lead (i.e., meet the reformulation standard in Section 2.3), except for those instances outlined in Section 2.2(iii), on or before December 31, 2008.

## **2.5 Public Information Commitment**

In a good faith effort to inform the public about the risk of exposure to lead in Respondent's products sold before May 28, 2007, Respondent hereby commits to provide the following warning on its products main web page for a period of three years:

**WARNING:** Certain desktop motherboards sold in California prior to May 28, 2007, contain lead solder. Lead is a chemical known to the State of California to cause birth defects and other reproductive harm.

Please wash hands after handling those motherboards that utilize lead solder and avoid inhalation of fumes if heating the solder on the product.

Immediately following the above warning, Respondent shall provide a hyperlink entitled "List of Motherboards Containing Lead Solder" which will link to a web page that Respondent shall create and maintain for a period of three years. On that page, Respondent shall provide the following warning:

**WARNING:** The following desktop motherboards sold in California prior to May 28, 2007, contain lead solder. Lead is a chemical known to the State of California to cause birth defects and other reproductive harm.

Please wash hands after handling these motherboards that utilize lead solder and avoid inhalation of fumes if heating the solder on these products.

Immediately following that warning, Respondent shall list all products that contain lead solder which Respondent sold in California before May 28, 2007. Respondent shall identify each product by name and model number.

**3. MONETARY PAYMENTS**

**3.1 Payments Pursuant to Health & Safety Code §25249.7(b)**

Pursuant to Health & Safety Code §25249.7(b), the total payments assessed shall be \$40,000, which shall be apportioned as follows:

- (a) Respondent shall receive a credit of \$10,000 in light of its prompt cooperation with Brimer in resolving this matter and its commitment to sell only reformulated products in California;
- (b) Respondent shall pay \$8,000 on or before May 28, 2007;
- (c) Respondent shall pay \$10,000 on or before June 11, 2007. This payment will be waived provided that Respondent complies with the public information commitment on or before May 28, 2007, as set forth in Section 2.5 and submits a compliant web link to Brimer for his review; and
- (d) Respondent shall pay the remaining \$12,000 on or before January 30, 2008. This payment will be waived provided that Respondent submits a report to Brimer on or before December 15, 2007, which sets forth, in sufficient detail, its efforts to remove lead from its motherboards not intended for use in desktop computers.

All payments made pursuant to this Section 3.1 shall be payable to the "HIRST & CHANLER LLP in Trust For Russell Brimer" and shall be delivered to Brimer's counsel at the following address:

HIRST & CHANLER LLP  
Attn: Proposition 65 Controller  
2560 Ninth Street  
Parker Plaza, Suite 214  
Berkeley, CA 94710-2565

**3.2 Apportionment of Payments Received**

All payments received pursuant to Health & Safety Code §25249.7(b) shall be apportioned by Brimer in accordance with Health & Safety Code §25192, with 75% of these funds remitted by Brimer to the State of California's Office of Environmental Health Hazard Assessment and the remaining 25% of these payments retained by Brimer as provided by Health & Safety Code §25249.12(d). Brimer shall bear all responsibility for apportioning and paying to the State of California the appropriate payments in accordance with this Section.

**4. REIMBURSEMENT OF FEES AND COSTS**

The parties acknowledge that Brimer and his counsel offered to resolve this dispute without reaching terms on the amount of fees and costs to be reimbursed to them, thereby leaving this fee issue to be resolved after the material terms of the agreement had been settled. Respondent then expressed a desire to resolve the fee and cost issue shortly after the other settlement terms had been finalized. The parties then reached an accord on the compensation due to Brimer and his counsel under the private attorney general doctrine codified at California Code of Civil Procedure § 1021.5 for all work performed. Under the private attorney general doctrine, Respondent shall reimburse Brimer and his counsel for fees and costs incurred as a result of investigating, bringing this matter to Respondent's attention, litigating, and negotiating a settlement in the public interest. Respondent shall pay Brimer and his counsel \$24,000 for all attorneys' fees, expert and investigation fees, litigation, and related costs. The payment shall be made payable to HIRST & CHANLER LLP and shall be delivered on or before May 28, 2007, at

the following address:

HIRST & CHANLER LLP  
Attn: Proposition 65 Controller  
2560 Ninth Street  
Parker Plaza, Suite 214  
Berkeley, CA 94710-2565

**5. RELEASE OF ALL CLAIMS**

**5.1 Release of Respondent and Downstream Customers**

In further consideration of the promises and agreements herein contained, and for the payments to be made pursuant to Section 3, Brimer, 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 Respondent and each of its downstream: wholesalers, licensors, licensees, auctioneers, retailers, franchisees, dealers, customers, owners, purchasers, users, parent companies, corporate affiliates, subsidiaries, and their (i.e. the Respondent's and the downstream entities') respective officers, directors, attorneys, representatives, shareholders, agents, and employees, sister and parent entities, and original equipment manufacturers and distributors, including but not limited to those named on Exhibit B hereto (collectively "releasees"). This release is limited to those claims that arise under Proposition 65 or any other statutory or common law claims that relate to Respondent's alleged failure to warn about exposures to the listed chemical contained in the products.

The parties further understand and agree that this release shall not extend upstream to any entities that manufactured the products or any component parts thereof, or any distributors or suppliers who sold the products or any component parts thereof to Respondent. This settlement does not release any downstream party (including integrators and retailers) that either caused

exposure to lead from components not supplied by Respondent or, as to the future, alters the product purchased from Respondent in such a way as to cause it to violate the reformulation standards or fails to transmit the requisite warnings provided by Respondent in paragraph 2.1 set forth in this Settlement Agreement.

On December 18, 2006, Brimer, who is acting in the interest of the general public in California, filed a complaint (Complaint or Action) in the Superior Court in and for the County of Alameda against Hon Hai Precision Industry Co., Ltd. ("Hon Hai") and Foxconn Electronics, Inc. ("Foxconn"), and Does 1 through 150, in an action entitled *Brimer v. Foxconn Electronics Inc.; Hon Hai Precision Industry Co., Ltd.; and DOES 1 through 150, inclusive, Alameda Superior Court Case No. RG-06-302803*, alleging violations of Health & Safety Code § 25249.6, based on the alleged exposures to the listed chemical contained in the products Respondent sold.

Hon Hai and Foxconn are each a releasee under this Settlement Agreement between PCE and Brimer. Therefore, within three business days of this Settlement Agreement being executed, Brimer shall dismiss, without prejudice, Alameda Superior Court Case No. RG-06-302803. Further, as releasees under this Settlement Agreement, the terms of this Release shall apply to Hon Hai and Foxconn and their downstream wholesalers, licensors, licensees, auctioneers, etc., as set forth above in the first two paragraphs of this Section 5.1.

## **5.2 Respondent's Release of Brimer**

Respondent waives any and all claims against Brimer, his attorneys, and other representatives for any and all actions taken or statements made (or those that could have been taken or made) by Brimer 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. **ATTORNEYS' FEES**

In the event that a dispute arises with respect to any provision of this Settlement Agreement, the prevailing party shall, except as otherwise provided herein, be entitled to recover reasonable costs and attorneys' fees incurred in connection with such dispute.

8. **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 is repealed or is otherwise rendered inapplicable by reason of law generally, or as to the products, then Respondent shall provide written notice to Brimer 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.

9. **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:

To Respondent:

W. Toliver Besson  
Paul, Hastings, Janofsky & Walker LLP  
515 South Flower Street  
Twenty-Fifth Floor  
Los Angeles, CA 90071

To Brimer:

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.

**10. 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.

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

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

**12. MODIFICATION**

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

**13. 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.

**14. DISPUTE RESOLUTION**

**14.1** In the event of any controversy, claim or dispute arising out of or relating to this Settlement Agreement or the breach, enforcement, interpretation or validity thereof, the parties hereto shall use their best efforts to resolve their differences and agree that prior to filing any legal action the parties will mediate the controversy, claim or dispute.

**14.2** In the event of a controversy, claim or dispute, the party contending that such exists will send the other party written notice setting forth in detail the nature of the controversy, claim or dispute.

**14.3** If the parties do not reach a resolution of the controversy, claim or dispute within forty-five (45) days after receipt of the written notice referenced in Paragraph 14.2, the controversy, claim or dispute shall be submitted to non-binding mediation before a JAMS private judge.

**14.4** The parties will agree upon a mediator.



14.5 The mediation shall be held at a location selected by mutual agreement.

**AGREED TO:**

Date: \_\_\_\_\_

By: \_\_\_\_\_  
RUSSELL BRIMER

**AGREED TO:**

Date: MAY 10, 2007

By: \_\_\_\_\_  
Respondent PCE INDUSTRY, INC.  
TAMMY Lee, President

**APPROVED AS TO FORM:**

Date: \_\_\_\_\_  
HIRST & CHANLER LLP

By: \_\_\_\_\_  
Christopher M. Martin  
Attorneys for RUSSELL BRIMER

**APPROVED AS TO FORM:**

Date: May 21, 2007  
PAUL HASTINGS ET AL. LLP

By: W Toliver Besson  
W. Toliver Besson  
Attorneys for Respondent  
PCE INDUSTRY, INC.

14.5 The mediation shall be held at a location selected by mutual agreement.

**AGREED TO:**

**AGREED TO:**

Date: 5-8-07

Date: \_\_\_\_\_

By:   
RUSSELL BRIMER

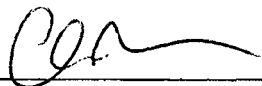
By: \_\_\_\_\_  
Respondent PCE INDUSTRY, INC.

**APPROVED AS TO FORM:**

**APPROVED AS TO FORM:**

Date: 5-11-07  
HIRST & CHANLER LLP

Date: \_\_\_\_\_  
PAUL HASTINGS ET AL. LLP

By:   
Christopher M. Martin  
Attorneys for RUSSELL BRIMER

By: \_\_\_\_\_  
W. Toliver Besson  
Attorneys for Respondent  
PCE INDUSTRY, INC.

### Exhibit A

The products that are covered by this Settlement Agreement are desktop motherboards with lead-containing solder, including but not limited to the following motherboards as designated by their model numbers:

650M02-G-6L	848P7MB-S	NF3UK8MA-RS	945G7MA-8KS2
655M01-FX-6LRS	915A03-P-8KS	748K7AA	760GXX8MC-RS
655A01-FX-6ELRS	915M07-G-8ELS	865PE7AF-S	NF4K8AC-RS-1.0
875A02-6EKRS	865G7MC-S	865PE7AF-8EKS	NF4SK8AA-8KRS
655A01-FX-6LRS	865GV7MC-S	915G7MC-S	865PE7MC_2.0-S
661M03-G-6L	865PE7MC-S	915GV7MC-S	915GL7MH-S
650M02-G-6L	760GXX8MB-ERS	865M06-GV-6LS	915G7MH-S
865M01-PE-6LS	915M07-G-8EKS	NF4K8MC-RS	661MXPRO
400M01-G-6L	915M07-G-8LS	NF4K8MC-ERS	661M04S5-GX-6L
755A01-6ELRS	915A03-G-8KS	NF3250K8AA-RS	915GV7MH-S
651M02-G-6L	915A01-P-8KS2	945G7MA-8KS2	6100K8MA-RS
648M03-6EL	915A03-G-8EKRS	NF4K8AC-8EKRS	865M01-G-6ELS
865M06-G-6EKS	915M03-G-8LS2	760GXX8MC	865A01-G-6EKRS
648M03-6L	915P7AC-8EKRS	760GXX8MC-ERS	6100K8MA-RS
400M01-G-6L	748K7AA-ERS	NF3250K8AA-ERS	6150K8MA-8EKRS
760M01-G-6LRS	915G7AC-8EKRS	661FX7MF-ERS	6100K8MA-RS
915A03-P-8EKRS	915P7AC-8RS	661FX7MF-RS	6150K8MA-8EKRS
915A01-P-8EKRS2	K8S755M-6LRS	915P7AD-8KS	760GXX8MC-S
925A01-8EKRS2	865M06-G-6LS	NF4K8AB-8EKRS	915GL7MC-8KS
915M03-G-8EKRS2	755FXK8AA-ERS	NF4K8AB-RS	661FX7MI-S
915M07-G-8EKRS	755FXK8AA-8EKRS	NF4K8AB-RS+6200TC	661GX7MI-S
845M05TF-GV-6L	915P7AC-8KS	NF4K8AB-RS+6200TD	6100K8MB-RS
K8S760MG-6LRS	925XE7AA-8EKRS	661S03-6ELS	P4M800P7MA-RS2
K8S760MG-6ELRS	648C7MF	915PL7AE-8S	NF4SLI7AA-8KRS2
K8S755A-6ELRS	661FX7MF-S	915PL7AE-8EKRS	761GXX8MC-S
845GV4MR-ES	661FX7MF-ES	661M03CJ1-G-6L	C51PVM06N2-6KRS
651M03-G-6L	648FX7MF-S	661MX-I3	761GXX8MB-RS
6514MR-ES	CK804K8MA-KS	661MX	761GXX8MB-KRS
648FX4MR-ES	661FXME	NFPIK8AA-8EKRS	761GXX8MC-RS
K7S741MG-6L	661FXME-E	661MXPRO	945P7AC-8KRS2
661FX4MR-ES	IGPSK7MA-ERS	945G7MA-8EKRS2	661FX7MI-RS
915A03-P-8LRS	915G7MC-ES	955X7AA-8EKRS2	RC4107MA-8KRS2
915M07-G-8LRS	IGPSK7MA-RS	6617MX-S	RC4107MA-RS2
661FXME-ES	NF4UK8AA-8EKRS	945P7AA-8EKRS2	6150BK8MC-KRSHN2
K7S741GXMG-6L	NF4U8AA-8EKRS	NF4K8MC-EKRS	6150BK8MC-KRSH
865G7MC-ES	845GVME	945P7AA-8KS2	P4M800P7MA-RS2H

865GV7MC-ES	760GXK8MB-RS	NF4SK8AA-8EKRS	945G7MA-8EKRS2H
865PE7MC-ES	NF3UK8MA-EKRS	NF4SLI7AA-8EKRS2	975X7AA-8EKRS2H
975X7AA-8EKRS2H	G9657MA-8KS2H	748K7AA	
C51GU01G1-2.0-6ELR	945G7MD-8KS2H	C51XEA01-2.0-8EKRS	
6150K8MD-8EKRS2H	946GZ7MA-KRS2H	946GZ7MA-8KS2H	
6100K8MB-RSH	945GZ7MC-RS2H	945G7MD-8EKRS2H	
P4M800P7MB-RS2H	P9657AA-8EKRS2H	6627MA-RS2H	
945G7MA-8KS2	P9657AA-8KS2H	6627MA-RS2H-BOX	
760GXK8MC-RSH	P4M800P7MA-RS2H	C51XEA01-2.0-8EKRS	
661GX7MJ-RSH	661FX7MJD4-RSH	651M03	
661FX7MJ-RSH	661M09D4-FX-6LRSH	661M04	
P4M8907MA-RS2H	G9657MA-8EKRS2H	915A03-P-EKRS	
P4M8907MA-KRS2H	661FX7MJ-RSH D4		
6100K8MA-RSH	Q9657MC-8KS2H		
945G7MA-8KS2H	P4M800P7MAS8-RS2		
945G7MA-8KS2H	661FX7MJ-S D4		
C51XEM2AA-8EKRS2H	946GZ7MA-1.1-8KS2H		
865G7MF-SH	661FX7MJ-S D4		
N570SM2AA-8EKRS2H	P4M800P7MA-RS2H N4		
N570SM2AA -8EKRS2H	945GZ7MC-RS2HV		
975X7AB-8EKRS2H	865G7MF-SH D4		
6100M2MA-RS2H	P4M800P7MA-RS2		
865A01-PE-6EKRS	945G7MC-KS2HV		
865A01-PE-6ELS	Q9657MC-8KRS2H		
865A01-G-6ELS	6100M2MA-RS2H		
661M03-G-6EL	C51GU01G1-6ELRSH		
865A01-PE-6LS	K8M890M2MA-RS2H		
865A01-G-6KRS	N570SM2AA-8EKRS2H		
865M01-G-6LS	C51XEM2AA-8EKRS2H		
848M01-6ELS	760GXK8MC-RS D4		
600A01-6LRS	MCP61VM2MA-RS2HV		
600A01-6L	C51+FV-N79		
651M03-G-6L	865M01-G		
865G7MF-SH	661FXME-ES		
P4M9007MB-8RS2H	K7S741GXMG-6L		

**Exhibit B**

List of Releasees which is called for in Section 5.1 of the Settlement Agreement.

ABS COMPUTER TECHNOLOGIES, INC.	DYNAPOWER U.S.A
ACTION COMPUTER, INC.	ENHANCE ELECTRONICS
ADVANTECH CORPORATION	EQUUS COMPUTER SYSTEMS- CA
ALORICA INC. PRIORITY ONE SUPPORT	ESYS DISTRIBUTION, INC.(eSys USA)
AMAX ENGINEERING CORP.	EUROCOM LA,INC.
AMERICAN DIGICOM CORP.	EZONY COMPUTER
AMERICAN ELECTRONIC RESOURCE	FOXCONN ELECTRONICS INC.
AMERICAN FUTURE / IBUYPOWER	HIRO INC.
AMPTRON INC.	HON HAI PRECISION INDUSTRY CO., LTD.
ARES MICRO, INC.	I.C. COMPUTER INC.
ARIMA GROUP, NORTH AMERICA	INGRAM MICRO INC.
ARK TECHNOLOGY, INC.	iXsystems, Inc.
AROMA TECHNOLOGIES, INC.	LASERTECH COMPUTER DISTRIBUTOR
ARSYS INNOTECH CORP.	LEADMAN ELECTRONICS (CA) USA
ASI CORP. - FREMONT	LEVEL UP COMPUTERS
AVATAR TECHNOLOGY, INC.	MA LABORATORIES
AVUS LLC	MAX GROUP CORPORATION
AZZA (USA) TECHNOLGY, INC.	MGE COMPANY
BCM TECHNOLOGY, INC.	MICRO TECHNOLOGY CONCEPTS, INC.
BEST LOGIC LLC	MICROTEL COMPUTER SYSTEMS, INC.
CAL MICRO	MTA MOVING TECH. IN AMERICA INC.
CALCOM INTERNATIONAL,INC.	MTC WORLDWIDE CORP.
CASEEDGE INC.	NEO DIGITAL INC.
ciDESIGN COMM.& INDUST. DESIGN	NORTHGATE INNOVATIONS/LAN-PLUS
Cinch (USA), Inc.	OMNIPRO SYSTEMS INC.
CLT COMPUTERS INC./ MWAVE.COM	PACIFIC MAGTRON
COMPUTER SPIRIT,INC.	PANACER INT'L, INC.
COMPUTER WAREHOUSE OF CALIF	PC CLUB
COMPUTERS USA	PC MICRO CENTER (PCMCIS INC.)
CONNECT COMPUTERS, A dba of	PCE INDUSTRY, INC.
CSS LABORTORIES, INC.	PHOEBE MICRO, INC.
CTRL-ALT-DELETE	POLYWELL COMPUTERS, INC.
CWC GROUPS/ ON 2 TECH	POWERTECH SYSTEM
CYBERPOWER	PREMIO, INC.
DIRECT ACCESS TECHNOLOGY	PRIME ARRAY TECHNOLOGY INC.
DRAGON FREIGHT (PTY) LTD.	PRIVATE LABEL PC, INC.
	PROTECH SYSTEMS USA

REAL WORLD TECHNOLOGY INC.
REKEN COMPANY
RICAVISION INTL INC.
RJD COMPUTERS, INC.
SYSTEMS, INC
SYNNEX
TEMERARIOUS.NET
TEMPEST MICROSYSTEMS
TJXM INTERNATIONAL CO.
TOPOWER COMPUTER (USA), INC.
UTRONICS INTERNATIONAL INC
VICIOUS PC
WINTEC INDUSTRIES
XP CASES CO. INC.
ZIPZOOMFLY (XTRAPLUS CORPORATION)
ZOMAYA GROUP, INC.

**Exhibit C**

The Designated Symbol [Yellow Triangle] that Respondent will use to identify Products containing the Listed Chemical as specified in Section 2 above:

