

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is entered into by and between Michael DiPirro, a California citizen, and Plato Products, Inc., a California corporation ("Plato"), as of April 7, 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. Plato is a company that manufactures and distributes solder pots and other soldering equipment (e.g., desoldering stations, soldering and desoldering tips and other 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). Plato 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 Plato for use in California since at least September 15, 1994;

D. On September 15, 1998, DiPirro first served Plato 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 January 6, 1999, Michael DiPirro filed a complaint entitled Michael DiPirro v. Plato Products, Inc. (No. 300349) in the San Francisco Superior Court, naming Plato 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 from the use of Plato's products without adequate warnings; and

F. Plato 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 PLATO AGREE AS FOLLOWS:

1. **Product Warnings.** Plato 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. Plato 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 solder pots and desoldering stations shall bear the following warning statement on the product or product label within 180 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 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 C attached, Plato shall provide the Warning and Instruction Slip described below with the shipment of these products.

“WARNING: This shipment includes soldering tips, desoldering tips, desoldering equipment, solder removal material (wick), sponges, solder pots, tip abrasive bars, and/or soldering or desoldering tip cleaners.

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 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, Plato may at its option, utilize the following warning affixed to or included with its Products identified in Exhibit C attached:

“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.”

2. Interim Warnings. Within the next thirty days following the Effective Date of this Agreement, Plato agrees to alert each of its California customers of their duty to transfer the requisite toxic warnings to downstream users of the Products located in California. A copy of this notice is attached as Exhibit B. Plato agrees that it will send an appropriate number of stickers containing the warning language set forth in section 1.1 above, so that the customer can affix the warning sticker to solder pots and desoldering stations sold by Plato. Plato also agrees that it will send a sufficient number of Warning and Instruction Slips that contain the language set forth in section 1.2 above, so that the customers can provide the warning with the plastic-packaged Products identified in Exhibit C already in the stream of commerce.

3. Payment Pursuant to Health & Safety Code Section 25249.7(b). Pursuant to Health & Safety Code section 25249.7(b), Plato shall pay a civil penalty of \$14,000 in two installments. The first payment of \$5,000 shall be paid within ten (10) calendar days after the Effective Date of the Agreement and be made payable to "Kapsack & Bair, LLP In Trust For Michael DiPirro." The second payment of \$9,000 shall be made on April 1, 2000. However, such payment shall be waived if Plato agrees, among other things, to promote in its catalog the use of fume extraction systems that would reduce exposure to toxic fumes likely to result in the use of Plato's products. The Parties agree to work in good faith over the next sixty (60) 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 these funds remitted to the State of California Department of Toxic Substances.

4. Reimbursement Of Fees and Costs. Within ten (10) calendar days of the Effective Date of the Agreement, Plato shall reimburse DiPirro for his investigation, expert and attorneys' fees and costs incurred as a result of investigating, bringing this matter to Plato's attention, litigating and negotiating a settlement in the public interest. Plato shall pay: \$9,000 for pre-notice investigation fees; \$1,400 for expert, investigation and litigation costs; and \$18,000 in attorneys' and post-notice investigation fees. Payment should be made payable to "Kapsack & Bair, LLP."

5. 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 Plato 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 other listed Proposition 65 chemicals arising from the normal and foreseeable use of the Products.

6. Plato's Release. Plato, 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 Plato.

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

8. **Plato Sales Data.** Plato understands that the sales data provided to counsel for DiPirro by Plato was a material factor upon which DiPirro has relied to determine the amount of penalties in this Agreement. To the best of Plato'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 Plato'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, Plato, 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. **No Admissions.** Nothing in this agreement shall be construed as an admission by Plato of any fact, issue of law, or violation of law, nor shall compliance with this Agreement constitute or be construed as an admission by Plato 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 Plato under this Agreement.

11. **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.

12. **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.

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

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

Hudson T. Bair, Esq.
KAPSACK & BAIR, LLP
353 Sacramento Street
Suite 1800
San Francisco, California 94111

All correspondence to Plato shall be mailed to:

Gregory J. Patterson, Esq.
PROSKAUER ROSE LLP
2049 Century Park East
32nd Floor
Los Angeles, California 90067

with a copy to:

Gary Lachman
Plato Products, Inc.
18731 Railroad Street
Industry, California 91748

15. **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.

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.

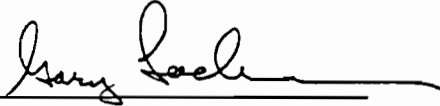
AGREED TO:

DATE: _____

Michael DiPirro

AGREED TO:

DATE: April 11, 1999



Plato Products, Inc.

All correspondence to Plato shall be mailed to:

Gregory J. Patterson, Esq.
PROSKAUER ROSE LLP
2049 Century Park East
32nd Floor
Los Angeles, California 90067

with a copy to:

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AGREED TO:

DATE: 4/7/99



Michael DiPirro

AGREED TO:

DATE: _____

Plato Products, Inc.

EXHIBIT A

Soldering Pots and Other Equipment Used To Process Solder Containing Lead

Soldering Machines and Other Soldering Equipment (e.g., solder removal and re-tinning products, soldering and desoldering tips)

EXHIBIT B

IMPORTANT NOTICE

This letter is to advise you that Plato Products, Inc. has begun to provide warnings with its products to ensure compliance with California's Safe Drinking Water and Toxic Enforcement Act of 1986 ("Proposition 65"). This warning is intended to provide a clear and reasonable warning that an operator using certain Plato products in their normal manner is likely to be exposed to solder containing lead or to other chemicals known to the State of California to cause cancer, birth defects (or other reproductive harm), or both.

Although Plato has begun the process of labeling or otherwise providing a warning with its products, you may have already in your possession certain products that were manufactured and distributed before the new labeling was implemented. Included with this letter are stickers and Warning and Instruction Slips. The stickers should be placed on Plato solder pots or desoldering stations. The slip should be included with the Plato products designated on the attached sheet which are sold by you to California customers.

Please contact Plato if you require additional stickers or Warning and Instruction Slips.

EXHIBIT C

Soldering tips

Desoldering tips

Wick

Sponges

Tip abrasive bars

Soldering and desoldering tip cleaner