

SETTLEMENT AGREEMENT

This Consent Judgment ("Agreement" or "Consent Judgment") is entered into by and between Michael DiPirro, a California resident acting in the interest of the general public, and RadioShack Corporation, a Delaware corporation ("RadioShack") as of December 31, 2001 (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. RadioShack is a company that currently sells certain brass hammers/screwdriver sets, brass hammers and other brass products as set forth in Exhibit A that contain substances listed pursuant to California Proposition 65, i.e. lead (or lead compounds);

C. A list of the products which contain lead (or lead compounds)(the "Listed Chemicals") and which are covered by this Agreement is provided in Exhibit A (the "Products"). The Products have been sold by RadioShack to California residents since November 1, 1999; and

D. By notice dated April 23, 2001, Michael DiPirro first served RadioShack and public enforcement agencies with a document entitled "60-Day Notice of Violation" which provided RadioShack and such public enforcers with notice that RadioShack was allegedly in violation of Health & Safety Code §25249.6 for allegedly

failing to warn purchasers that certain products it sells to California residents expose users to one or more Proposition 65-listed chemicals; and

E. On July 9, 2001, Michael DiPirro filed a complaint entitled Michael DiPirro v. RadioShack Corporation, et al (H221312-3) in the Alameda County Superior Court, naming RadioShack 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 one or more chemicals listed pursuant to Proposition 65 contained in certain brass products that RadioShack allegedly sells.

F. RadioShack denies the factual and legal allegations contained in DiPirro's 60-day Notice and Complaint and maintains that all Products it distributes or sells in California comply with all laws. Nothing in this Agreement shall be construed as an admission by RadioShack 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 RadioShack of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by RadioShack. However, this paragraph shall not diminish or otherwise affect the obligations, responsibilities, and duties of RadioShack under this Agreement.

**NOW THEREFORE, IN CONSIDERATION OF THE PROMISES, COVENANTS
AND AGREEMENTS HEREIN CONTAINED AND FOR OTHER
CONSIDERATION, THE SUFFICIENCY AND ADEQUACY OF WHICH IS
HEREBY CONFIRMED BY THE PARTIES WHO INTEND TO BE LEGALLY**

**BOUND HEREBY, MICHAEL DIPIRRO AND RADIOSHACK AGREE AS
FOLLOWS:**

1. Product Warnings. RadioShack has taken steps in its sale of the Products to provide the language set forth in section 1.1 below. RadioShack agrees that it will not knowingly sell any Products containing the Listed Chemicals in the State of California unless such Products comply with section 1.1 below:

1.1 For all Products containing the Listed Chemicals, such Products shall be accompanied by the following warning:

"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).";

or

**"Proposition 65 Warning:
CALIFORNIA RESIDENTS – WARNING: This product contains a chemical known to the State of California to cause cancer, birth defects, or other reproductive harm. Wash hands after handling."**

The warning shall be prominently placed on or near the Products with such conspicuousness, as compared with other words, statements, or designs, as to render it likely to be read and reasonably understood by an ordinary individual under customary conditions of purchase or use. Placing the warning on RadioShack's website

(www.radioshack.com) on the same page as the product description satisfies this provision.

2. Payment Pursuant To Health & Safety Code §25249.7(b).

Pursuant to Health & Safety Code §25249.7(b), RadioShack shall pay the sum of \$5,000.00, which sum shall include civil penalties (\$500 (five hundred dollars)), attorneys' fees and costs, investigation fees and costs, and any and all other damages (\$4,500 (four thousand five hundred dollars)). The payment of \$5,000.00 shall be paid within fifteen (15) calendar days of the Effective Date. It is specifically understood and agreed that DiPirro shall bear all responsibility for apportioning and paying to the State of California the appropriate civil penalties paid in accordance with this paragraph. The penalty payment is to be made payable to "Chanler Law Group In Trust For Michael DiPirro". DiPirro shall apportion penalty monies 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. Michael DiPirro's Release Of RadioShack. In further consideration of the promises and agreements herein contained, and for the payments to be made by RadioShack, Michael DiPirro, by this Agreement, on behalf of himself, his agents, representatives, attorneys, assigns and in the interest of the general public, 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, causes of action, in law or in equity, suits, liabilities, demands, fines, damages, losses, costs or expenses (including attorney's fees and other costs) of any nature whatsoever, whether known or unknown, fixed or contingent, (collectively, "Claims"), against RadioShack and its affiliated companies, divisions, subdivisions, subsidiaries (and the predecessors, successors and assigns of any of them), dealer/franchises and their respective officers,

directors, attorneys, representatives, agents, and employees and distributors, customers, (collectively, "RadioShack Releasees"). This waiver and release shall specifically involve Claims arising under Proposition 65 or Business & Professions Code §§17200 *et seq.*, related to RadioShack's alleged failure to warn about exposures on or before the Effective Date of the Listed Chemicals contained in any of the Products. The parties intended that RadioShack's compliance with the terms of this Agreement resolves all issues and liability, now and in the future, concerning the RadioShack Releasees' past compliance with the requirements of Proposition 65, Business and Professions Code §§ 17200 *et seq.*, or any other Claims arising from RadioShack's alleged failure to comply with Proposition 65 in connection with the Products.

4. **RadioShack's Release Of Michael DiPirro.** RadioShack, 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 on or before the Effective Date by Michael DiPirro, and his attorneys or representatives, in the course of seeking enforcement of Proposition 65 or Business & Profession Code §17200 against RadioShack regarding the Products.

5. **Dismissal of Action.** In consideration of the covenants contained in this Agreement, DiPirro agrees to dismiss this action with prejudice against all named defendants within five (5) business days of the Effective Date.

6. **RadioShack Sales Data.** RadioShack understands that the sales data provided to counsel for DiPirro by RadioShack 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 RadioShack's knowledge, the sales data provided is true and accurate. In the event that DiPirro discovers, within four years of the Effective Date, 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 RadioShack's receipt of notice from DiPirro of his intent to challenge the accuracy of the sales data. If a settlement is not reached, DiPirro and RadioShack agree to submit such challenge to the superior court for determination. 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.

7. **Product Characterization.** RadioShack acknowledges that each of the Products listed in Exhibit A contains lead (or lead compounds) and Plaintiff alleges that the customary use or application of the Products is likely to expose users to Listed Chemicals such as lead (or lead compounds), substances known to the State of California to cause cancer and/or birth defects (or other reproductive harm). In the event that RadioShack 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 RadioShack seeks to eliminate the warnings, then RadioShack shall provide DiPirro with thirty (30) 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 RadioShack's Exposure Data, DiPirro shall provide RadioShack 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 RadioShack written notice of his intent to challenge the Exposure Data within thirty (30) days of receipt of

RadioShack's notice and the Exposure Data, DiPirro shall waive all rights to challenge the Exposure Data, and RadioShack 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 RadioShack of his intent to challenge the Exposure Data, (a) RadioShack may stop its efforts to eliminate the warnings upon notice to DiPirro with no further liability or obligations or (b) DiPirro and RadioShack shall negotiate in good faith to attempt to reach a settlement of this issue. If a settlement is not reached, DiPirro and RadioShack agree to submit such challenge to the superior court for determination. 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.

8. 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.

9. 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.

10. Governing Law. The terms of this Agreement shall be governed by the laws of the State of California. In the event that Proposition 65 is repealed or otherwise rendered inapplicable by reason of law generally, or as to the Products specifically, RadioShack shall have no further obligations pursuant to this agreement with respect to, and to the extent that, those Products are so affected.

11. Notices. All correspondence to Michael DiPirro shall be mailed or transmitted to:

Jennifer Henry or David Bush
Bush & Henry
4400 Keller Ave., Suite 200
Oakland, CA 94605
(510) 577-0747
Fax: (510) 577-0787

All correspondence to RadioShack shall be mailed or transmitted to:

Don W. Joe, Esq.
Legal Department
RadioShack Corporation
100 Throckmorton St., Suite 1700
Fort Worth, TX 76102
(817) 415-3743
fax: (817) 415-6593


12. Compliance With Reporting Requirements (Health & Safety Code §25249.7(f)). The parties acknowledge that the reporting provisions of Health & Safety Code § 25249.7(f) apply to this Consent Judgment. Counsel for DiPirro shall comply with that section by submitting the required reporting form to, and serving a copy of this Settlement Agreement and the dismissal on the California Attorney General's Office within two business days after the parties execute this Settlement Agreement.

13. Counterparts and Facsimile. This Agreement may be executed in counterparts and transmitted via facsimile, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

14. 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: December 26, 2001



Michael DiPirro
PLAINTIFF

APPROVED AS TO FORM:

DATE: _____

David Bush
Attorneys for Plaintiff
MICHAEL DIPIRRO

AGREED TO:

DATE: _____

Printed name:
RadioShack Corporation
DEFENDANT

APPROVED AS TO FORM:

DATE: _____

Eugene Brown, Jr.
Attorneys for Defendant
RADIOSHACK CORPORATION

14. **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
PLAINTIFF

AGREED TO:

DATE: 12-27-01

Printed name: Don W. Joe
RadioShack Corporation
DEFENDANT

APPROVED AS TO FORM:

DATE: _____

David Bush
Attorneys for Plaintiff
MICHAEL DIPIRRO

APPROVED AS TO FORM:

DATE: 12/28/01

Eugene Brown, Jr.
Attorneys for Defendant
RADIOSHACK CORPORATION

14. 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
PLAINTIFF

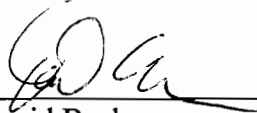
AGREED TO:

DATE: _____

Printed name:
RadioShack Corporation
DEFENDANT

APPROVED AS TO FORM:

DATE: 12/26/01



David Bush
Attorneys for Plaintiff
MICHAEL DIPIRRO

APPROVED AS TO FORM:

DATE: _____

Eugene Brown, Jr.
Attorneys for Defendant
RADIOSHACK CORPORATION

EXHIBIT A

- 1) cat. 910-4393. 2 oz. Brass Ball Pein Hammer;
- 2) cat. 910-5243. 5-piece Brass Hammer/Screwdriver Set; and
- 3) Any other Brass Hammer/Screwdriver Sets, Brass Hammers and other Brass Products (such as Michigan Industrial Tools' 5-Pc. Brass Hammer/Screwdriver Set) which contain lead.