

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Anthony Held and SUI International, Ltd.

This Settlement Agreement is entered into by and between Anthony E. Held, Ph.D., P.E. (hereinafter "Dr. Held") and SUI International, Ltd. (hereinafter "SUI") with Dr. Held and SUI individually referred to as a "Party" and collectively referred to as the "Parties." Dr. Held is an individual residing in California who seeks to promote awareness of exposures to toxic chemicals and improve human health by reducing or eliminating hazardous substances contained in consumer products. SUI employs ten or more persons and is a person in the course of doing business for purposes of Proposition 65.

1.2 General Allegations

Dr. Held alleges that SUI has manufactured, distributed and/or sold in the State of California vinyl magnets containing di(2-ethylhexyl)phthalate ("DEHP") including, but not limited to, the *Curious George Free D Magnet, Item #001211980 (#4 00012 11980 4)*. DEHP is listed pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code §§ 25249.5 *et seq.* ("Proposition 65"), as a chemical known to the State of California to cause birth defects and other reproductive harm. DEHP shall be referred to herein as the "Listed Chemical."

1.3 Product Description

The products that are covered by this Settlement Agreement are defined as follows: vinyl magnets containing DEHP including, but not limited to, the *Curious George Free D Magnet, Item #001211980 (#4 00012 11980 4)*. All such items shall be referred to herein as the "Products."

1.4 Notice of Violation

On February 24, 2009, Dr. Held served SUI and various public enforcement agencies with a document entitled "60-Day Notice of Violation" ("Notice") that provided SUI and such

public enforcers with notice that alleged that SUI was in violation of California Health & Safety Code § 25249.6 for failing to warn consumers that the Products manufactured sold and/or distributed by SUI exposed users in California to the Listed Chemical.

1.5 No Admission

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

1.6 Effective Date

For purposes of this Settlement Agreement, the term “Effective Date” shall mean May 22, 2009.

2. INJUNCTIVE RELIEF: REFORMULATION

Beginning on the Effective Date, SUI shall not sell, ship, or offer to be shipped, any Products for sale in California containing DEHP unless such Products contain less than 1,000 (one thousand) parts per million (“ppm”) of DEHP when analyzed pursuant to: Environmental Protection Agency (“EPA”) testing methodologies 3580A and 8270C, or other comparable methodologies recognized and accepted by one or more federal and/or state agencies, including the Consumer Product Safety Commission.

Any Products that have been distributed, shipped, or sold, or that are otherwise in the stream of commerce, prior to the Effective Date, shall be released from any claims that were brought or that could be brought by Dr. Held in the Complaint, as though they were Claims

within the meaning of Section 4.1, below. As a result, the obligations of this Section 2 do not apply to such Products.

3. MONETARY PAYMENTS

In full and final settlement of Dr. Held's claims referenced in Section 4 of this Settlement Agreement, SUI shall pay a total of \$26,400 (Twenty-Six Thousand Four Hundred Dollars) within fifteen (15) days of the Effective Date, as set forth below:

3.1 PENALTIES PURSUANT TO HEALTH & SAFETY CODE 425249.7(B)

SUI shall pay a total of \$4,500 (Four Thousand Five Hundred Dollars) in civil penalties to be apportioned in accordance with California Health & Safety Code § 25192, with 75% of these funds remitted to the State of California's Office of Environmental Health Hazard Assessment and the remaining 25% of these penalty monies remitted to Dr. Held as provided by California Health & Safety Code § 25249.12(d). SUI shall issue two separate checks for the penalty payment to be sent to the address referenced in § 3.2 below: (a) one check made payable to Hirst & Chanler LLP in Trust for the State of California's Office of Environmental Health Hazard Assessment (OEHHA) in the amount of \$3,375 (Three Thousand Three Hundred Seventy-Five Dollars), representing 75% of the total penalty and (b) one check to Hirst & Chanler LLP in Trust for Dr. Held in the amount of \$1,125 (One Thousand One Hundred Twenty-Five Dollars) representing 25% of the total penalty. Two separate 1099s shall be issued for the above payments: The first 1099 shall be issued to OEHHA, P.O. Box 4010, Sacramento, CA 95814 (EIN: 68-0284486) in the amount of \$3,375 (Three Thousand Three Hundred Seventy-Five Dollars). The second 1099 shall be issued to Dr. Held in the amount of \$1,125 (One Thousand One Hundred Twenty-Five Dollars) whose address and tax identification number shall be furnished to counsel for SUI five calendar days before payment is due. The payments in Section 3.1 shall be delivered to the following address:

HIRST & CHANLER LLP
Attn: Proposition 65 Coordinator
2560 Ninth Street

Parker Plaza, Suite 214
Berkeley, CA 94710-2565

3.2 REIMBURSEMENT OF FEES AND COSTS

The Parties reached an accord on the compensation due to Dr. Held and his counsel under the private attorney general doctrine and principles of contract law. Under these legal principles SUI shall reimburse Dr. Held's counsel for fees and costs, incurred as a result of investigating, bringing this matter to the attention of SUI, and negotiating a settlement in the public interest. SUI shall pay Dr. Held and his counsel \$21,900 (Twenty-One Thousand Nine Hundred Dollars) for all attorneys' fees, expert and investigation fees, and related costs. The payment shall be made payable to Hirst & Chanler, LLP and shall be delivered to the following address:

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

4. RELEASE OF ALL CLAIMS

4.1 Dr. Held's Release of SUI

In further consideration of the promises and agreements herein contained, and for the payments to be made pursuant to Sections 3 above, Dr. Held, 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 SUI and its parents, subsidiaries, affiliates, divisions, officers, directors, representatives, agents, employees, shareholders, owners, licensors, licensees, franchisees, dealers, auctioneers, wholesalers, customers (specifically including, but not limited to, Universal Studios, Inc. and Universal Studios Hollywood), retailers, distributors, and each of

their respective parents, subsidiaries, affiliates, divisions, officers, directors, representatives, agents, employees, shareholders, owners, licensors, licensees, franchisees, dealers, auctioneers, wholesalers, customers, retailers and distributors (collectively "Defendant Releasees"). This release is limited to, but is intended to be a full, final, and binding resolution of, those Claims as to SUI and the Defendant Releasees that arise from or relate to facts alleged in the Notice concerning any alleged failure to warn about exposures to or identification of the Listed Chemical contained in the Products.

Dr. Held also, on behalf of himself, his past and current agents, representatives, attorneys, successors, and/or assignees, and in his individual capacity only, provides a general release herein which shall be effective as a full and final accord and satisfaction, as a bar to all Claims of Dr. Held against SUI and Defendant Releasees of any nature, character or kind, known or unknown, suspected or unsuspected, arising under Proposition 65 or an alleged failure to provide warnings for exposures to any Proposition 65-listed chemical from any products manufactured, distributed or sold by SUI, including but not limited to, the following products identified in Dr. Held's related Proposition 65 60-Day Notice of Violation to Universal Studios, Inc. and Universal Studios Hollywood, dated January 26, 2009: vinyl keychains (including, but not limited to, the *Homer Flamey PVC Keychain, Item No. 001212981 (#4 00012 12891 2)*). Dr. Held acknowledges that he is familiar with Section 1542 of the California Civil Code, which provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Dr. Held, in his individual capacity only, expressly waives and relinquishes any and all rights and benefits which he may have under, or which may be conferred on him by the provisions of Section 1542 of the California Civil Code as well as under any other state or federal statute or common law principle of similar effect, to the fullest extent that he may lawfully waive such rights or benefits pertaining to the released matters. In furtherance of such

intention, the release hereby given shall be and remain in effect as a full and complete release notwithstanding the discovery or existence of any such additional or different claims or facts arising out of the released matters.

Notwithstanding the foregoing, this release shall not limit or affect Dr. Held's right to enforce the terms of this Settlement Agreement.

4.2 SUI's Release of Dr. Held

SUI waives any and all Claims against Dr. Held, his attorneys, and other representatives for any and all actions taken or statements made (or those that could have been taken or made) by Dr. Held and his attorneys and other representatives, whether in the course of investigating claims or otherwise seeking enforcement of Proposition 65 against them in this matter, and/or with respect to the Products. SUI provides a general release herein which shall be effective as a full and final accord and satisfaction, as a bar to all released Claims described herein that it may have against Dr. Held, of any nature, character or kind, known or unknown, and suspected or unsuspected. SUI acknowledges that it is familiar with Section 1542 of the California Civil Code, which provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

SUI expressly waives and relinquishes any and all rights and benefits which it may have under, or which may be conferred on it by the provisions of Section 1542 of the California Civil Code as well as under any other state or federal statute or common law principle of similar effect, to the fullest extent that it may lawfully waive such rights or benefits pertaining to the released matters. In furtherance of such intention, the release hereby given shall be and remain in effect as a full and complete release notwithstanding the discovery or existence of any such additional or different claims or facts arising out of the released matters.

Notwithstanding the foregoing, this release shall not limit or affect SUI's right to enforce the terms of this Settlement Agreement.

5. 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.

6. 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 SUI shall provide written notice to Dr. Held 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.

7. 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 SUI:

Trenton H. Norris
ARNOLD & PORTER LLP
275 Battery Street
Suite 2700
San Francisco, CA 94111

To Dr. Held:

Proposition 65 Controller
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.

8. POST-EXECUTION ACTIVITIES

Dr. Held shall comply with any applicable reporting requirements under Proposition 65 and its regulations after this Settlement Agreement is fully executed.

9. ENTIRE AGREEMENT

This Settlement Agreement contains the sole and entire agreement and understanding of the Parties with respect to the entire subject matter hereof, and all related prior discussions, negotiations, commitments, and understandings. No other agreements, oral or otherwise, exist to bind any of the Parties.

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)

Dr. Held 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 a 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. APPLICATION OF SETTLEMENT AGREEMENT

This Agreement shall apply to, be binding upon, and inure to the benefit of, the Parties and their respective successors and assigns.

AGREED TO:

AGREED TO:

APPROVED

Date: By Anthony E Held at 10:17 am, 5/27/09

Date: 5/21/09

By: Anthony E Held
ANTHONY E. HELD, Ph.D., P.E.

By: [Signature]
SUI INTERNATIONAL, LTD.