

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is entered into by and between Michael DiPirro, a California citizen, and TACC International Corporation ("TACC"), a Massachusetts corporation, as of April 22, 1999 (the "Effective Date"). The parties agree to the following terms and conditions:

WHEREAS:

A. Michael DiPirro is an individual residing in San Francisco 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. TACC is a company that manufactures and distributes adhesive products that contain toluene, a substance known to the State of California to cause reproductive toxicity;

C. A list of the products which contain toluene and which are covered by this Agreement is provided in Exhibit A (the "Products"). The Products have been manufactured, distributed and/or sold by TACC for use in California since at least October 15, 1994; and

D. On October 15, 1998, Michael DiPirro first served TACC and all of the requisite public enforcement agencies with a document entitled "60-Day Notice" which provided TACC and such public enforcers with notice that TACC was allegedly in violation of Health & Safety Code §25249.6 for failing to warn purchasers that certain products it sells in California expose users to Proposition 65-listed chemicals; and

E. On March 8, 1999, Michael DiPirro filed a complaint entitled Michael DiPirro v. TACC International Corporation, et al. (No. H206111-9) in the Alameda Superior Court, naming TACC 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 chemicals listed pursuant to Proposition 65 contained in certain TACC products.

F. TACC at all times denied and denies the material factual and legal allegations contained in the 60-Day Notice and the Complaint. Nothing in this Agreement shall be construed as an admission by TACC 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 TACC 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 TACC under this Agreement.

NOW THEREFORE, MICHAEL DiPIRRO AND TACC AGREE AS FOLLOWS:

1. Product Warnings. TACC agrees to initiate revisions to its health hazard warnings for its Products to provide the language set forth in the section 1.1 below immediately. Beginning on May 30, 1999, TACC agrees that it will not knowingly ship (or cause to be shipped) any of the Products for sale in the State of California unless such Products comply with section 1.1 below:

1.1 For each of the Products containing toluene, such Product shall bear the following warning statement on its label:

"WARNING: This product contains toluene, a chemical known to the State of California to cause birth defects or other reproductive harm.";

or

"WARNING: This product contains a chemical known to the State of California to cause birth defects or other reproductive harm."

The warning statement shall be prominent and displayed at the point of sale 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.

2. Warning Labels for Products "In Commerce". The parties agree and acknowledge that an unknown volume of Products were introduced into the "stream of commerce" before the Effective Date of this Agreement. In an effort to reasonably ensure that persons who might use or be exposed to the listed chemicals in or from these "in commerce" Products, TACC shall, within thirty (30) days from the Effective Date, provide Interim Warning Materials to its customers whom TACC knows or has reason to believe currently distribute or sell Products in California. Such "Interim Warning Materials" shall include the following: (a) a reasonably sufficient number of warning stickers (considering the potential volume of Products that the recipient distributes or sells in California); (b) a letter of instruction for the application of such warning stickers; and (c) a Notice and Acknowledgement form to be signed by the customer and returned to TACC.

3. Payment Pursuant To Health & Safety Code §25249.7(b). Pursuant to Health & Safety Code §25249.7(b), TACC shall pay, within five (5) days of the Effective Date of the Agreement, a civil penalty of \$13,000. Payment of the penalties shall be made payable to the "Chanler Law Group In Trust For Michael DiPirro". Penalty monies shall be apportioned by DiPirro in accordance with Health & Safety Code §25192, with 75% of these funds remitted to the State of California's Department of Toxic Substances Control.

4. Reimbursement Of Fees And Costs. Within five (5) days of the Effective Date of the Agreement, TACC shall reimburse DiPirro for his investigation fees and costs, expert fees, attorneys' fees and costs, and any other costs incurred as a result of investigating, bringing this matter to TACC's attention, litigating and negotiating a settlement in the public interest. TACC shall pay: \$9,000 for pre-notice investigation fees; \$1,550 for expert, investigation and litigation costs; and \$19,450 in attorneys' and post-notice investigation fees. Payment should be made payable to the "Chanler Law Group".

5. DiPirro's Release Of TACC. DiPirro, by this Agreement, on behalf of himself, his agents, and/or assignees, waives all rights to institute any form of legal action (and releases all claims) against TACC and its distributors, downstream customers, agents and retailers, whether under Proposition 65 or Business & Profession Code §§17200, related to TACC's alleged failure to warn about exposure to toluene contained in any of the Products.

6. TACC's Release Of Michael DiPirro. TACC, 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 Michael DiPirro, and his attorneys or representatives, in the course of seeking enforcement of Proposition 65 or Business & Profession Code §§1720 against TACC.

7. Stipulated Judgment. Concurrently with the execution of this Agreement, DiPirro and TACC shall execute and file a stipulated judgment to be approved pursuant to CCP §664.6 by the Alameda Superior Court in accordance with the terms of this Agreement. If, for any reason, the stipulated judgment is not approved by the Court, this Agreement shall be deemed null and void.

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. **Attorneys' Fees In The Event Of A Dispute.** 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.

11. **Notices.** All correspondence to DiPirro shall be mailed to:

Clifford A. Chanler
Chanler Law Group
Magnolia Lane
(off Huckleberry Hill)
New Canaan, CT 06840-3801

All correspondence to TACC shall be mailed to:

Peter Hsiao
Morrison & Foerster, LLP
555 W. Fifth Street, Suite 3500
Los Angeles, CA 90013-1024

12. **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.

13. **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: 4/7/99

DATE: _____



Michael DiPirro
PLAINTIFF

TACC International Corporation
DEFENDANT

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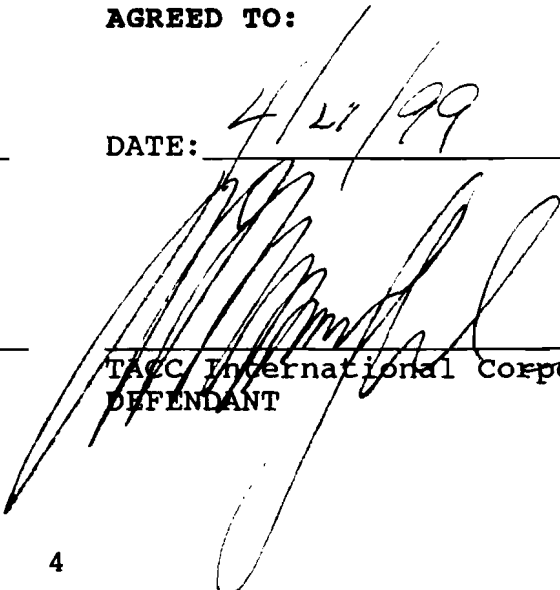
AGREED TO:

AGREED TO:

DATE: _____

DATE: 4/21/99 _____

Michael DiPirro
PLAINTIFF



TACC International Corporation
DEFENDANT

Exhibit A

EXHIBIT A

Adhesives, sealants, and other bonding compounds including adhesives designed for HVAC and General Construction Applications (such as duct liner adhesives, insulation bonding products, and heating and air conditioning sealants)