

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

Clifford A. Chanler, State Bar No. 135534  
Pia A. Angelikis, State Bar No. 171196  
CHANLER LAW GROUP  
1700 Montgomery Street, Suite 110  
San Francisco, CA 94111  
Tel: (415) 391-1122  
Fax: (415) 391-1157

**FILED**  
ALAMEDA COUNTY

JUL 1 - 1996

RONALD G. OVERHOLT, Exec. Off./Clerk  
By Kay Peck

Attorneys for Plaintiff  
AS YOU SOW

SUPERIOR COURT OF CALIFORNIA  
IN AND FOR THE COUNTY OF ALAMEDA

MICROFILMED  
JUL 02 1996

AS YOU SOW, a non-profit )  
corporation, )  
 )  
Plaintiff )  
 )  
v. )  
 )  
SUNBELT COATINGS, INC. a )  
corporation, VALSPAR )  
CORPORATION, and DOES 2 through )  
1000, )  
Defendants. )  
\_\_\_\_\_ )

Case No. 752261-1

STIPULATION FOR ENTRY OF  
JUDGMENT AND JUDGMENT ON  
STIPULATION

JUL 03 1996



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

IT IS HEREBY STIPULATED, by and between plaintiff As You Sow and defendant Sunbelt Coatings, Inc., a subsidiary of Valspar Corporation, and The Valspar Corporation, through their respective representatives, that judgment in the above-entitled action be entered in accordance with the terms of the settlement agreement between the parties, which is attached hereto as Exhibit A.

Dated: June 27, 1996 by: Pia Angelikis  
Pia A. Angelikis  
Attorneys for Plaintiff  
As You Sow

Dated: June 27, 1996 by: Ronda Bayer  
Ronda Bayer  
Attorneys for Defendant  
Sunbelt Coatings, Inc., Valspar Corporation

IT IS HEREBY ORDERED that judgment be entered in accordance with the terms of the stipulation between the parties.

Dated: July 1, 1996 Jacqueline Taber  
Judge of the Superior Court  
JACQUELINE TABER

**SETTLEMENT AGREEMENT**

This Settlement Agreement (this "Agreement") is entered into by and between As You Sow, a California nonprofit corporation ("AYS") and The Valspar Corporation, a Delaware corporation ("VALSPAR"), as of June 26, 1996 (the "Effective Date").

**WHEREAS:**

AYS is a not-for-profit public interest foundation dedicated to promoting consumer and employee awareness, protecting the environment and improving human health;

VALSPAR is a corporation headquartered in Minnesota that manufactures and distributes, on its own and through its subsidiaries, paints and coatings in the State of California that contain Proposition 65-listed chemicals;

A list of the categories of products that contain toluene, benzene, crystalline silica, lead, and other Proposition 65-listed chemicals and which are covered by this Agreement is provided in Exhibit A (the "Products");

Some of the Products have been distributed and sold by VALSPAR for use in California since February 27, 1988;

On August 25, 1994, AYS first served Sunbelt Coatings, Inc., a subsidiary of VALSPAR, and the appropriate public enforcement agencies with a document entitled "60-Day Notice" which provided Sunbelt Coatings, Inc. with notice that it 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 listed carcinogens and reproductive toxins such as toluene; and

On August 10, 1995, AYS served VALSPAR and the appropriate public enforcement agencies with a second "60-Day Notice" which provided VALSPAR with notice that it was allegedly in violation of Health & Safety Code §25249.6 for failing to warn purchasers that certain other products it sells in California expose users to toluene, benzene, crystalline silica and lead.

**NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:**

1. **Labeling.** VALSPAR agrees that as of June 1, 1997, it shall not ship (or cause to be shipped) any of the Products for sale or use in the State of California unless each such

Product contains the following appropriate warning statement on its label as required below.

For Products (other than Sunbelt Coatings, Inc. Products) containing a Proposition 65 chemical listed by the State of California as known to cause birth defects or other reproductive harm in amounts exceeding the "no observable effect" level as such term is defined in Health & Safety Code § 25249.10(c):

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

For Products (other than Sunbelt Coatings, Inc. Products) containing two or more Proposition 65 chemicals listed by the State of California as known to cause birth defects or other reproductive harm in amounts exceeding the "no observable effect" level as such term is defined in Health and Safety Code § 25249.10(c):

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

For Products (other than Sunbelt Coatings, Inc. Products) containing a Proposition 65 chemical listed by the State of California as known to cause cancer in amounts exceeding the "no significant risk" level as such term is defined in Health & Safety Code § 25249.10(c):

**"WARNING: This product contains a chemical known to the State of California to cause cancer."**

For Products (other than Sunbelt Coatings, Inc. Products) containing two or more Proposition 65 chemicals listed by the State of California as known to cause cancer in amounts exceeding the "no significant risk" level as such term is defined in Health & Safety Code § 25249.10(c):

**"WARNING: This product contains chemicals known to the State of California to cause cancer."**

For Products (other than Sunbelt Coatings, Inc. Products) containing both a Proposition 65 chemical listed by the State of California as known to cause cancer and a Proposition 65 chemical listed by the State of California as known to cause birth defects or other reproductive harm in amounts exceeding the "no significant risk" and "no

observable effect" level as each such term is applicable and as each is defined in Health & Safety Code § 25249.10(c):

**"WARNING: This product contains chemicals known to the State of California to cause cancer and birth defects or other reproductive harm."**

For Sunbelt Coatings, Inc. Products containing one or more Proposition 65 chemicals listed by the State of California as known to cause birth defects or other reproductive harm in amounts exceeding the "no observable effect" level as such term is defined in Health and Safety Code § 25249.10(c):

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

For Sunbelt Coatings, Inc. Products containing one or more Proposition 65 chemicals listed by the State of California as known to cause cancer in amounts exceeding the "no significant risk" level as such term is defined in Health & Safety Code § 25249.10(c) the product labels shall contain the following warning:

**"WARNING: This product contains a chemical(s) known to the State of California to cause cancer."**

For Sunbelt Coatings, Inc. Products containing both a Proposition 65 chemical listed by the State of California as known to cause cancer and a Proposition 65 chemical listed by the State of California as known to cause birth defects or other reproductive harm in amounts exceeding the "no significant risk" and "no observable effect" level as each such term is applicable and as each is defined in Health & Safety Code § 25249.10(c) the product labels shall contain both of the following warnings:

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

**"WARNING: This product contains a chemical(s) known to the State of California to cause cancer."**

This 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. The parties agree that the sample label attached hereto as Exhibit B satisfies this requirement.

**2. Warnings For Products in Commerce.** VALSPAR agrees that on or before September 1, 1996, it shall provide warning materials by certified mail to the customers that VALSPAR knows or has reason to believe sell, distribute or use the Products in California in an effort to ensure that users receive Proposition 65 warnings for Products that have not been labelled in accordance with Section 1 hereof. Such warning materials shall include a reasonably sufficient number of warning stickers reflecting the appropriate warning statement as set forth in Section 1 hereof (considering the size of each particular customer and the amount of Products each customer has purchased), and a letter of instruction for the placement of the stickers. A sample of these materials is attached hereto as Exhibit C.

**3. Restitution and Costs.** VALSPAR agrees to pay \$85,000 to AYS upon execution of this Agreement. The restitutionary component of this payment is \$40,250 and shall be made pursuant to Business & Professions Code §17203, and shall be forwarded by AYS to the Environmental Law and Justice Clinic ("ELJC"), Sierra Club Legal Defense Fund ("SCLDF"), Earth Day Network ("EDN"), and Pacific Environment & Resources Center ("PERC"). ELJC seeks assistance in litigation over toxic discharges into the San Francisco Bay. SCLDF is a litigation group specializing in enforcement of environmental laws. EDN operates a national Earth Day Education Program and strives to distribute environmental materials in schools throughout the nation. PERC works to empower citizen efforts to protect the environment. The cost component of this payment is \$44,750, and will be used by AYS to help defray its investigation fees and costs, expert fees, reasonable attorneys' fees, and any other costs incurred as a result of investigating, bringing this matter to VALSPAR's attention, litigating and negotiating a settlement in the public interest.

**4. Penalty.** Pursuant to Health & Safety Code §25249.7(b), VALSPAR shall pay a civil penalty of \$190,000. Such payment will be due on June 1, 1997. Penalty monies shall be apportioned by AYS in accordance with Health & Safety Code §25192. This civil penalty may be reduced by one dollar for every two dollars that VALSPAR expends during the period May 15, 1996 through May 15, 1997, in research and development to eliminate (or significantly reduce) the amount of solvents listed pursuant to Proposition 65 in the products manufactured by VALSPAR and sold into the State of California. Therefore, if during such period VALSPAR expends \$380,000 for such research and development, the entire civil penalty shall be waived. Valpar shall provide AYS with an internal accounting of research and development expenditures made pursuant to this Section by June 1,



1997. VALSPAR warrants that prior to this Agreement it had not allocated any funds for the period May 15, 1996 through May 15, 1997, for research and development to eliminate (or significantly reduce) the amount of solvents listed pursuant to Proposition 65 in the products manufactured by Valspar and sold into the State of California.

**5. AYS Release.** AYS and its attorneys, employees, successors, and assigns, by this Agreement, waive all rights to institute action against VALSPAR and its distributors, retailers, users, and customers of Products, as well as each of their respective successors, subsidiaries, assigns, attorneys, officers, directors, employees, predecessors, agents, and stockholders, under Proposition 65 or Business & Profession Code §§17200 et seq., as it relates to Proposition 65, based on VALSPAR's failure to warn about exposure to toluene, benzene, crystalline silica, lead, and other Proposition 65-listed chemicals contained in any of the Products listed on Exhibit A of this Agreement. AYS acknowledges that compliance with the terms of this Agreement with respect to the Products shall constitute compliance with Proposition 65 by VALSPAR.

**6. VALSPAR Release.** VALSPAR, by this Agreement, waives all rights to institute action against AYS, its members, officers, directors, attorneys and representatives (the "AYS Releasees") based on any statute or provision of common law and for all actions or statements made by the AYS Releasees in the course of seeking enforcement of Proposition 65 or Business & Profession Code §§17200 et seq. as it relates to Proposition 65 against VALSPAR with respect to the Products.

**7. MSDS Revisions.** VALSPAR shall ensure that the Material Safety Data Sheets ("MSDS") for each of the Products contains a warning in the Health Hazard section identical in wording with the on-label warning language required by Section 1 hereof. Final MSDSs incorporating the revised warning language will begin to be distributed in the normal course of business on or before June 1, 1997.

**8. 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 warnings agreed to under Section 1 of this Agreement unnecessary or inappropriate to comply with applicable laws, VALSPAR, at its option, may cease placing the warnings required under Section 1 on its labels and MSDSs; provided, however, that VALSPAR shall continue to provide any warnings that continue to be required under other applicable laws, rules and regulations. For a period of two (2) years from the date of this Agreement, VALSPAR shall provide AYS thirty (30) days prior written notice of its intent to so limit the warning provisions under Section 1 of this Agreement and shall provide AYS with a



written explanation for the basis of its contention that any new or revised law, rule, regulation or final decision limits or otherwise renders inapplicable the warning provisions of Proposition 65. Notwithstanding the terms of this Section, AYS shall not be required under any circumstances to refund or return any amount paid pursuant to Sections 3 and 4 of this Agreement.

**9. Stipulated Judgment.** The parties shall 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.

**10. 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.

**11. Attorneys' 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.

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

**13. Notices.** All correspondence to AYS shall be mailed to:

Clifford Chanler, Esq.  
Chanler Law Group  
1700 Montgomery Street  
Suite 110  
San Francisco, CA 94111

All correspondence to VALSPAR shall be mailed to:

Ronda Bayer  
Senior Counsel  
The Valspar Corporation  
P.O. Box 1461  
Minneapolis, MN 55440

**14. No Admissions.** Nothing in this Agreement shall be construed as an admission by VALSPAR 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 VALSPAR of any fact, finding, conclusion, issue of law, or violation of law. However, this Section shall not diminish or otherwise affect the obligation, responsibilities, and duties of VALSPAR under this Agreement.

15. **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.

16. **Counterparts.** This Agreement may be signed in counterparts and each such signed copy shall be deemed an original.

**AGREED TO:**

**AS YOU SOW**

---

Printed Name

Title

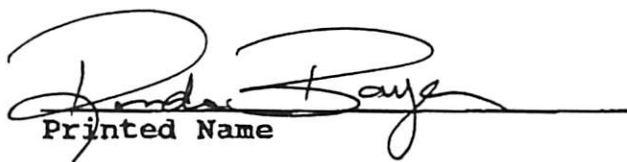
**AGREED TO:**

**THE VALSPAR CORPORATION**

---

Printed Name

Title



A handwritten signature in cursive script, appearing to read "Gordon R. Sage", written over a horizontal line.




A handwritten signature in cursive script, appearing to read "Sr. Counsel - Litigation", written over a horizontal line.

15. 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.

16. Counterparts. This Agreement may be signed in counterparts and each such signed copy shall be deemed an original.

AGREED TO:

AS YOU SEE



AGREED TO:

THE VALSPAR CORPORATION

LISA S. WIGGINS

Printed Name

Printed Name

GENERAL COUNSEL

Title

Title

SETLMNT.006

EXHIBIT A  
[Product List]

ULTRA PREMIUM-20YR FLAT WALL - READY MIXED COLORS  
 ULTRA PREMIUM-20YR FLAT WALL - TINTING BASES  
 ULTRA PREMIUM-20YR SEMI-GLOSS WALL - RM COLORS  
 ULTRA PREMIUM-20YR SEMI-GLOSS WALL - BASES  
 ULTRA PREMIUM-20YR FLAT ENAMEL - RM COLORS  
 ULTRA PREMIUM-20YR FLAT ENAMEL - BASES  
 ULTRA PREMIUM-20YR CEILING PAINT  
 ULTRA PREMIUM-20YR LATEX GLOSS WALL - RM COLORS  
 ULTRA PREMIUM-20YR LATEX GLOSS WALL - BASES  
 ULTRA PREMIUM 20 YR EGGSHELL - READY MIX COLORS  
 ULTRA PREMIUM 20 YR EGGSHELL - BASES  
 PREMIUM-15YR FLAT WALL - READY MIXED COLORS  
 PREMIUM-15YR FLAT WALL - TINTING BASES  
 PREMIUM-15YR SEMI-GLOSS WALL - RM COLORS  
 PREMIUM-15YR SEMI-GLOSS WALL - BASES  
 PREMIUM-15YR FLAT ENAMEL - RM COLORS  
 PREMIUM-15YR FLAT ENAMEL - BASES  
 PREMIUM-15YR CEILING PAINT  
 PREMIUM 15YR LATEX GLOSS WALL - RM COLORS  
 PREMIUM-15YR LATEX GLOSS WALL - BASES  
 PREMIUM 15YR LATEX KITCHEN & BATH - RM COLORS  
 PREMIUM 15YR LATEX KITCHEN & BATH - BASES  
 PREMIUM 15YR PURE WHITES - ALL SHEENS  
 PREMIUM 15YR LATEX KID SATIN - RM COLORS  
 PREMIUM 15YR LATEX KID SATIN - BASES  
 PREMIUM 15YR LATEX KID SEMIGLOSS - RM COLORS  
 PREMIUM 15YR LATEX KID SEMIGLOSS - BASES  
 BEST-10/12YR FLAT WALL - COLORS  
 BEST-10/12YR FLAT WALL - BASES  
 BEST-10/12YR S/G WALL - COLORS  
 BEST-10/12YR S/G WALL - BASES  
 BEST-10/12YR FLAT ENAMEL - COLORS  
 BEST-10/12YR FLAT ENAMEL - BASES  
 BEST-10/12YR CEILING PAINTS  
 BEST - 10/12YR LATEX GLOSS WALL & TRIM - RM COLORS  
 BEST - 10/12 YR LATEX GLOSS WALL & TRIM - BASES  
 BETTER-8/5YR FLAT WALL - COLORS  
 BETTER-8/5YR FLAT WALL - BASES  
 BETTER-8/5YR S/G WALL - COLORS  
 BETTER-8/5YR S/G WALL - BASES  
 BETTER-8/5YR CEILING PAINT  
 GOOD FLAT WALL - COLORS  
 GOOD S/G WALL - COLORS  
 GENERIC FLAT WALL - COLORS  
 GENERIC S/G WALL - COLORS  
 ULTRA PREM-20YR FLAT HOUSE PAINT - COLORS  
 ULTRA PREM-20YR FLAT HOUSE PAINT - BASES  
 ULTRA PREM-20YR SEMIGLOSS HOUSE PAINT - COLORS  
 ULTRA PREM-20YR SEMIGLOSS HOUSE PAINT - BASES  
 ULTRA PREM-20YR SATIN/LOW LUSTRE HOUSE PT-COLORS  
 ULTRA PREM-20YR SATIN/LOW LUSTRE HOUSE PT-BASES  
 ULTRA PREMIUM - 20 YR GLOSS HOUSE PAINT - COLORS  
 ULTRA PREMIUM - 20YR GLOSS HOUSE PAINT - BASES  
 ULTRA PREMIUM 20 YR EGGSHELL - READY MIXED COLORS  
 ULTRA PREMIUM 20 YR EGGSHELL - BASES  
 PREMIUM (15YR) FLAT HOUSE PAINT - COLORS  
 PREMIUM (15YR) FLAT HOUSE PAINT - TINT BASES  
 PREMIUM (15YR) SEMIGLOSS HOUSE PAINT - COLORS  
 PREMIUM (15YR) SEMIGLOSS HOUSE PAINT - TINT BASES  
 PREM (15YR) SATIN/LOW LUSTRE HOUSE PAINT - COLORS  
 PREM (15YR) SATIN/LOW LUSTRE HOUSE PT - TINT BASES

PREMIUM 15YR EXT GLOSS HOUSE - TINT BASES  
 PREMIUM 15YR EXT ALUMINUM SIDING SATIN - RM COLORS  
 PREMIUM 15YR EXT ALUMINUM SIDING SATIN - BASES  
 PREM (15YR) EXT FLAT MASONRY  
 BEST (10/12YR) FLAT HOUSE PAINT - COLORS  
 BEST (10/12YR) FLAT HOUSE PAINT - BASES  
 BEST (10/12YR) SEMIGLOSS HOUSE PAINT - COLORS  
 BEST (10/12YR) SEMIGLOSS HOUSE PAINT - BASES  
 BEST (10/12YR) SATIN/LOW LUSTRE HOUSE PT - COLORS  
 BEST (10/12YR) SATIN/LOW LUSTRE HOUSE PT - BASES  
 BEST - 10/12YR LTX GLOSS HOUSE & TRIM - RM COLORS  
 BEST - 10/12YR LATEX GLOSS HOUSE & TRIM - BASES  
 BEST 10/12YR EXT MASONRY PAINT  
 BETTER (8/5 YR) FLAT HOUSE PAINT - COLORS  
 BETTER (8/5 YR) FLAT HOUSE PAINT - BASES  
 BETTER (8/5 YR) SEMIGLOSS HOUSE PAINT - COLORS  
 BETTER (8/5 YR) SEMIGLOSS HOUSE PAINT - BASES  
 GOOD (5YR) FLAT HOUSE PAINT - COLORS  
 GOOD (5YR) SEMIGLOSS HOUSE PAINT - COLORS  
 GENERIC FLAT HOUSE PAINT - COLORS  
 GENERIC SEMIGLOSS HOUSE PAINT - COLORS  
 PREMIUM (15YR) INT OIL FLAT - COLORS & BASES  
 PREMIUM (15YR) INT OIL SEMIGLOSS - COLORS & BASES  
 PREMIUM (15YR) EXT OIL FLAT - COLORS & BASES  
 PREMIUM (15YR) EXT OIL SEMIGLOSS - COLORS & BASES  
 PREMIUM (15YR) EXT OIL GLOSS - COLORS & BASES  
 BEST (10YR) INT OIL FLAT  
 BEST (10YR) INT OIL SEMIGLOSS  
 BEST (10YR) INT OIL EGGSHELL  
 BEST (10YR) INT OIL GLOSS  
 BEST (10YR) EXT OIL FLAT  
 BEST (10YR) EXT OIL SEMIGLOSS  
 BEST (10YR) EXT OIL GLOSS  
 BEST (10YR) EXT OIL LOW LUSTRE  
 BETTER (5YR) INT OIL FLAT  
 BETTER (5YR) INT OIL SEMIGLOSS  
 GENERIC / UTILITY INTERIOR  
 GENERIC / UTILITY - EXTERIOR  
 PREMIUM (20 YR TYPE) INT LATEX PRIMER/UNDERCOATER  
 EXTERIOR OIL PRIMER - VOC  
 BEST INTERIOR LATEX PRIMER  
 BEST INTERIOR OIL PRIMER  
 BEST EXTERIOR LATEX PRIMER  
 BEST EXTERIOR OIL PRIMER  
 BEST STAIN BLOCKING PRIMER  
 BETTER INTERIOR LATEX PRIMER  
 GENERIC INTERIOR LATEX  
 VOC/VOS SOLIDTONE OIL STAIN - COLORS  
 VOC/VOS SOLIDTONE OIL STAIN - BASES  
 VOC/VOS SEMI-TRANS STAIN - COLORS  
 VOC/VOS SEMI-TRANS OIL STAIN - BASES  
 BEST SOLIDTONE OIL STAIN - COLORS  
 BEST SOLIDTONE OIL STAIN - BASES  
 BEST SEMI-TRANS OIL STAIN - COLORS  
 BEST SEMI-TRANS OIL STAIN - BASES  
 BEST EXT OIL TONER STAINS - COLORS & BASES  
 BEST CLEAR WOOD FINISH  
 BEST SOLIDTONE LATEX STAIN - COLORS  
 BEST SOLIDTONE LATEX STAIN - BASES  
 BEST SEMI-TRANS LATEX STAIN - COLORS  
 BEST SEMI-TRANS LATEX STAIN - BASES  
 BEST REDWOOD OIL STAIN



GENERIC/PROMO REDWOOD OIL STAIN  
 GENERIC/PROMO REDWOOD LATEX STAIN  
 SEMI-TRANSPARENT DECK STAIN  
 BEST EXT OIL SOLID-TONE PRES STAIN - COLORS  
 BEST EXT OIL SOLID-TONE PRES STAIN - BASES  
 BEST EXT OIL SEMI-TRANS PRES STAIN - COLORS  
 BEST EXT OIL SEMI-TRANS PRES STAIN - BASES  
 BEST OIL CLEAR WOOD PRESERVATIVE  
 BEST LATEX CLBAR WOOD PRESERVATIVE  
 BEST OTHER PRESERVATIVES (STAINS)  
 BETTER OIL CLEAR WOOD PRESERVATIVE  
 PREMIUM OIL FLOOR PT - COLORS  
 PREMIUM OIL FLOOR PT - BASES  
 PREMIUM LATEX FLOOR PT - COLORS  
 PREMIUM LATEX FLOOR PT - BASES  
 BEST OIL FLOOR PT - COLORS  
 BEST OIL FLOOR PT - BASES  
 LATEX CONCRETE STAIN - COLORS  
 LATEX CONCRETE STAINS - BASES  
 BEST LATEX FLOOR PAINT - COLORS  
 BEST LATEX FLOOR PT - BASES  
 SOLVENT BASED CONCRETE STAINS  
 BETTER OIL FLOOR PAINT - COLORS  
 VOC OIL/ALKYD GLOSS ENAMELS - COLORS  
 VOC OIL/ALKYD GLOSS ENAMELS - BASES  
 VOC SATIN ENAMELS  
 PREMIUM LATEX GLOSS ENAMELS - COLORS  
 PREMIUM LATEX GLOSS ENAMELS - BASES  
 VOC TRACTOR & IMPLEMENT ENAMEL  
 VOC INDUSTRIAL ENAMELS  
 ALKYD GLOSS ENAMEL - COLORS  
 ALKYD GLOSS ENAMEL - BASES  
 BEST SATIN ENAMEL  
 LATEX GLOSS ENAMEL - COLORS  
 LATEX GLOSS ENAMELS - BASES  
 TRACTOR & IMPLEMENT ENAMEL  
 BEST INDUSTRIAL ENAMEL  
 EPOXY COATINGS & KITS  
 BETTER OIL/ALKYD GLOSS ENAMEL  
 BETTER OIL/ALKYD GLOSS ENAMEL - BASES  
 VOC OIL WOOD STAIN - COLORS  
 VOC OIL WOOD STAIN - BASES  
 VOC LATEX WOOD STAIN - COLORS  
 VOC LATEX WOOD STAIN BASE  
 VOC MISC. PENS (STAINS)  
 VOC VARNISH STN GLOSS - COLORS GROUND  
 VOC VARNISH STN GLOSS - TINTING BASE  
 VOC VARNISH STN SATIN - COLORS  
 VOC VARNISH STN SATIN - TINTING BASE  
 WATERBASED VARNISH STAIN - GLOSS COLORS  
 WATERBASED VARNISH STAIN - SATIN COLORS  
 INT. OIL WOOD STAIN - COLORS  
 INT. OIL WOOD STAIN - BASES  
 INT. LATEX WOOD STAIN - COLORS  
 INT. LATEX WOOD STAIN - BASES  
 GLOSS VARNISH STAIN - COLORS  
 GLOSS VARNISH STAIN - TINTING BASES  
 SATIN VARNISH STAIN - COLORS  
 SATIN VARNISH STAIN - TINT BASES  
 VOS OIL WOOD STAIN - COLORS  
 VOS OIL WOOD STAIN - BASES  
 VOS LATEX WOOD STAIN - COLORS

- VOS MISC. PENS (STAINS)
- VOS VARNISH STN GLOSS - COLORS GROUND
- VOS VARNISH STN GLOSS - TINTING BASE
- VOS VARNISH STN SATIN - COLORS
- VOS VARNISH STN SATIN - TINTING BASE
- VOC ALKYD VARNISHES GLOSS/SATIN/ET
- VOC POLYURETHANE GLOSS/SATIN/ETC
- VOC SPAR VARNISHES GLOSS/SATIN/ETC
- VOC GYM SEALERS
- VOC TUNG PHENOLICS
- BEST ALKYD VARNISH CLEARS
- BEST POLYURETHANE CLEARS
- BEST SPAR VARNISHES
- BEST GYM SEALERS
- BEST TUNG PHENOLICS
- BETTER ALKYD VARNISH CLEARS
- BETTER POLYURETHANE CLEARS
- VOS ALKYD VARNISHES GLOSS/SATIN/ETC
- VOS POLYURETHANE GLOSS/SATIN/ETC
- VOS SPAR VARNISHES GLOSS/SATIN
- VOS GYM SEALERS
- VOS TUNG PHENOLICS
- BEST ACRYLIC WATER BASED GLOSS/SATIN
- BEST POLYURETHANE H2O GLOSS/SATIN
- BEST AEROSOL ENAMEL COLORS
- BEST AEROSOL TRACTOR/IMPLEMENT ENAMELS
- BEST AEROSOL CLEARS
- BETTER AEROSOL ENAMEL COLORS
- BETTER AEROSOL CLEARS
- GOOD AEROSOL ENAMEL COLORS
- PREMIUM OIL BARN PAINT
- PREMIUM LATEX BARN PAINT
- BEST OIL BARN PAINT
- BEST LATEX BARN PAINT
- BETTER OIL BARN PAINT
- BETTER LATEX BARN PAINT
- MERCHANDISING AIDS
- VOC MARINE PRODUCTS
- BEST MARINE TOPSIDE COLORS
- BEST MARINE ANTIFOULING PAINT
- BEST MARINE VARNISHES
- BEST MARINE PRIMERS/SEALERS
- BEST INTERIOR LTX PRIMER - PAINTER LINE
- BEST INT LTX FLAT - PAINTER LINE
- BEST INT LTX SEMIGLOSS - PAINTER LINE
- BEST INT LTX SATIN / OTHER - PAINTER LINE
- BEST INT OIL FLAT - PAINTER LINE
- BEST INT OIL EGGHELL/SATIN - PAINTER LINE
- BEST INT OIL SEMIGLOSS - PAINTER LINE
- BEST INTERIOR LATEX HIGH BUILD
- BETTER INT LTX PRIMER - PAINTER LINE
- BETTER INT LTX FLAT - PAINTER LINE
- BETTER INT LTX SEMIGLOSS - PAINTER LINE
- BETTER INT LTX SATIN / OTHER - PAINTER LINE
- BETTER INT OIL FLAT & SEMIGLOSS - PAINTER LINE
- APARTMENT/MAINTENANCE PAINT - FLAT
- APARTMENT/MAINTENANCE PAINT - SEMIGLOSS
- APARTMENT/MAINTENANCE PAINT - SATIN
- ECONOMY (GENERIC) PAINTER LINE PRODUCTS
- BEST EXT PRIMERS (ALL) - PAINTER LINE
- BEST EXT LATEX FLAT - PAINTER LINE
- BEST EXT LTX SEMIGLOSS - PAINTER LINE

BEST EXT OIL ALL GLOSS LEVELS - PAINTER LINE  
BETTER EXT PRIMERS (ALL) - PAINTER LINE  
BETTER EXT LATEX FLAT - PAINTER LINE  
BETTER EXT LATEX SEMIGLOSS - PAINTER LINE  
BETTER EXT LTX (OTHER GLOSS LEVELS) - PAINTER LINE  
BETTER EXT OIL FLAT & SEMIGLOSS - PAINTER LINE  
PAINTER LINE SEALERS - MISC. QUALITY  
PAINTER LINE VARNISHES - MISC QUALITY  
PAINTER LINE FLOOR PAINTS - MISC QUALITY  
PAINTER LINE BLOCK FILLERS  
TEXTURE PAINTS  
BASEMENT WATERPROOFING PRODUCTS  
SWIMMING POOL PAINTS  
TRAFFIC ZONING PAINTS  
WATER REPELLENT SEALERS  
SANDING / STAINING SEALERS  
THINNERS / PAINT REMOVERS  
METALLIC FINISHES (ALUMINUMS  
BLOCK FILLERS  
UNIVERSAL MACHINE COLORANTS  
TUBE COLORANTS  
POWDER COLORANT  
PROFESSIONAL TINTING COLORANTS  
SOLVENT BASED MACHINE COLORANTS  
WALLPAPER SUNDRIES  
CRACK FILLER  
CLEANERS AND DECK WASHES  
ZINC DUST PRIMER  
PASTE WOOD FILLER  
LOG FINISH  
CONCRETE SEALERS  
ROOF COATINGS  
GALVANIZED METAL PRIMER  
LATEX ACOUSTIC PAINTS  
ANIT-SLIP COMPOUND  
REPAIR - ACRYLIC AEROSOL  
REPAIR - ALKYD AEROSOL  
REPAIR - PRIMER AEROSOL  
REPAIR - SPECIALTY AEROSOL  
REPAIR - ACRYLIC FAST DRY ENAMEL  
REPAIR - FAST DRY ENAMEL  
REPAIR - SLOW DRY ENAMEL  
REPAIR - ENAMEL PRIMER  
REPAIR - THINNERS  
REPAIR - ACRYLIC FAST DRY DRUMS  
REPAIR - FAST DRY ENAMEL DRUMS  
REPAIR - SLOW DRY ENAMEL DRUMS  
REPAIR - PRIMER DRUMS  
REPAIR - VOC COMPLIANT - AEROSOLS  
REPAIR - VOC COMPLIANT - QT & GAL & FIVE  
REPAIR - VOC COMPLIANT - DRUMS  
..... END REPORT .....

=====

INDUSTRIAL MAINTENANCE COATINGS

MARINE COATINGS

INDUSTRIAL METAL COATINGS

INDUSTRIAL POWDER COATINGS

INDUSTRIAL PACKAGING COATINGS INTERIOR AND EXTERIOR

INDUSTRIAL INKS

COMMERCIAL AND INDUSTRIAL FLOOR COATINGS

COMMERCIAL AND INDUSTRIAL CLEANING COMPOUNDS

COMMERCIAL AND INDUSTRIAL WASHING COMPOUNDS OR SOAPS

COMMERCIAL AND INDUSTRIAL BUFFING OR POLISHING COMPOUNDS

RESINS

INDUSTRIAL WOOD AND HARDBOARD COATINGS

INDUSTRIAL FURNITURE COATINGS

ULTRAVIOLET AND ELECTRON BEAM CUREABLE COATINGS

AUTO REFINISH COATINGS

INDUSTRIAL COLORANTS

Factory Colorants, aqueous & solvent

..... END REPORT .....

*Ronda,  
Brian Hawk  
dropped this off -  
he's made a  
correction mist.  
E*

EXHIBIT B  
[Exemplary Label]

EXHIBIT C

[Valspar Letterhead]

IMPORTANT LEGAL NOTICE

Date:

Attention: Customers of The Valspar Corporation

Subject: California Proposition 65 Warnings

\*\*\*\*\*

This letter is to advise you that the Valspar Corporation ("Valspar") products listed in Attachment A to this letter expose users of those products to chemicals known to the State of California to cause cancer and/or birth defects or other reproductive harm. Pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986 ("Proposition 65"), the purchasers and/or users of the products listed on Attachment A must be given clear and reasonable warning that a particular product contains a carcinogen, a reproductive toxin, or both.

Although Valspar has begun labeling the listed products with proper warnings, you may have in your possession certain products that were manufactured and distributed before the new labeling was implemented. Until those products have been sold or used, you must take certain actions to ensure that purchasers of the products receive Proposition 65 warnings.

You will be in compliance with Proposition 65 for the products listed on Attachment A if you affix the enclosed warning stickers to the products in the manner described below. The following materials will enable you to provide warnings in compliance with the law:

- (1) One hundred (100) Warning Stickers; and
- (2) A return postcard indicating that you have received the enclosed materials and will comply with the warning requirements of Proposition 65 for the listed products.

You should affix a warning sticker to the container, cap, label or package of each listed product which does not have a Proposition 65 warning on its label. The sticker must be affixed so that it is conspicuous and likely to be read and understood by an ordinary individual under customary conditions of use.

SETLMNT.006



Failure to provide a Proposition 65 warning for the listed products may subject you to legal action by the California Attorney General or various environmental groups, wherein monetary penalties of up to \$2,500 per violation could be sought.

You should return the enclosed postcard affirming your compliance with Proposition 65's warning requirements for the listed products.

Should you have any questions or concerns about this matter, please do not hesitate to contact \_\_\_\_\_ at 1-800-\_\_\_\_-\_\_\_\_ by phone, or by mail at the above address. In addition, we will be glad to supply additional warning stickers if requested.

Sincerely,

\_\_\_\_\_  
Title