

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Parties

This Settlement Agreement is entered into by and between Peter Englander (“Englander”) and Ducati North America, Incorporated (“Ducati”), with Englander and Ducati each individually referred to as a “Party” and collectively as the “Parties.” Englander is an individual residing in the State of California who seeks to promote awareness of exposures to toxic chemicals and to improve human health by reducing or eliminating hazardous substances used in consumer products. Ducati employs ten or more persons and is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code section 25249.6 *et seq.* (“Proposition 65”).

1.2 General Allegations

Englander alleges that Ducati sells and distributes for sale in California, Vinyl/PVC Keychains (“Keychains”) containing the phthalate chemical Di(2-ethylhexyl)phthalate (“DEHP”). DEHP is listed pursuant to Proposition 65 as a chemical known to cause birth defects or other reproductive harm. Englander alleges that Ducati failed to provide the health hazard warning required by Proposition 65 for exposures to DEHP from the Keychains.

1.3 Product Description

The products covered by this Settlement Agreement are Keychains containing DEHP that are manufactured, sold or distributed for sale in California by Ducati, including, but not limited to, the Keychains offered in connection with the *Ducati Scrambler Key Ring, #98769180, Ducati 80S Key Ring Bottle Opener, #987686848 and Ducati Corse '14 Key Chain, #987685910* (“Products”).

1.4 Notice of Violation

On October 14, 2016, Englander served Ducati and the requisite public enforcement agencies with a 60-Day Notice of Violation (“Notice”), alleging that Ducati violated Proposition 65 when it failed to warn its customers and consumers in California of the health hazards associated with exposures to DEHP from its Products. To the best of the Parties’ knowledge, no public enforcer has commenced and is diligently prosecuting the allegations set forth in the Notice.

1.5 No Admission

Ducati denies the material, factual, and legal allegations contained in the Notice and maintains that all of the products that it has sold and 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 Ducati of any fact, finding, conclusion, issue of law, or violation of law, nor shall compliance with this Settlement Agreement constitute or be construed as an admission by Ducati of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by Ducati. This Section shall not, however, diminish or otherwise affect Ducati’s obligations, responsibilities, and duties under this Settlement Agreement.

1.6 Effective Date

For purposes of this Settlement Agreement, the term “Effective Date” shall mean April 14, 2017.

2. INJUNCTIVE RELIEF: REFORMULATION STANDARD

For purposes of this Settlement Agreement, “Reformulated Products” shall mean Products containing less than or equal to 1,000 parts per million (0.1%) DEHP in each component when analyzed pursuant to Environmental Protection Agency testing methodologies 3580A and 8270C or equivalent methodologies utilized by federal or state agencies for the purpose of determining DEHP content in a solid substance. Ducati

agrees that it will only manufacture for sale or purchase Products for sale into California that meet the definition of “Reformulated Products.”

3. MONETARY SETTLEMENT TERMS

3.1 Civil Penalty Payment

Pursuant to Health and Safety Code section 25249.7(b)(2), and in settlement of all claims alleged in the Notice or referred to in this Settlement Agreement, Ducati agrees to pay \$2,500.00 in civil penalties. Within ten business days of signing this agreement, Ducati shall pay the civil penalty in the amount of \$2,500.00. The penalty payment will be allocated in accordance with California Health and Safety Code section 25249.12(c)(1) & (d), with 75% of the penalty amount remitted to the California Office of Environmental Health Hazard Assessment (“OEHHA”) and the remaining 25% of the penalty amount paid to Englander, and delivered to the address in Section 3.3 herein. Ducati will provide its payment in two checks for the following amounts made payable to: (a) “OEHHA” in the amount of \$1875.00 and (b) “Peter Englander, Client Trust Account” in the amount of \$625.00. Englander’s counsel will deliver OEHHA’s portion of the penalty paid under this Settlement Agreement.

3.2 Attorneys’ Fees and Costs

The Parties acknowledge that Englander and his counsel offered to resolve this dispute without reaching terms on the amount of fees and costs to be reimbursed to them, thereby leaving the issue to be resolved after the material terms of the agreement had been settled. Shortly after the other settlement terms had been reached, Ducati expressed a desire to resolve Englander’s fees and costs. The Parties reached an accord on the compensation due to Englander and his counsel under general contract principles and the private attorney general doctrine codified at Code of Civil Procedure section 1021.5 for all work performed in this matter. Under these legal principles, within ten business days of signing this agreement, Ducati agrees to pay \$22,500.00 in the form of a check made payable to “The Chanler Group” for all fees and costs incurred investigating, bringing

this matter to the attention of Ducati's management, and negotiating a settlement in the public interest.

3.3 Payment Address

All payments under this Settlement Agreement shall be delivered to the following address:

The Chanler Group
Attn: Proposition 65 Controller
2560 Ninth Street
Parker Plaza, Suite 214
Berkeley, CA 94710

4. CLAIMS COVERED AND RELEASED

4.1 Englander's Release of Ducati

This Settlement Agreement is a full, final, and binding resolution between Englander in his individual capacity, not on behalf of the general public and Ducati, of any violation of Proposition 65 that was or could have been asserted by Englander, on his own behalf or on behalf of his past and current agents, representatives, attorneys, successors, and assignees, against Ducati, its parents, subsidiaries, affiliated entities under common ownership, directors, officers, employees, attorneys, and each entity to whom Ducati directly or indirectly distributes or sells Products, including its downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members, licensors, and licensees ("Releasees"), based on the alleged or actual failure to warn about exposures to DEHP from Products sold or distributed for sale by Ducati in California before the Effective Date.

In further consideration of the promises and agreements herein, Englander on his own behalf and on behalf of his past and current agents, representatives, attorneys, successors, and assignees, not on behalf of the general public hereby waives any right to institute or participate in, directly or indirectly, any form of legal action and releases all claims that he may have, including, without limitation, all actions and causes of action in law and in equity, all suits, liabilities, demands, obligations, damages, costs, fines,

penalties, losses, or expenses, investigation fees, expert fees, and attorneys' fees arising under Proposition 65 with respect to exposures to DEHP from Products manufactured, distributed, sold and/or offered for sale by Ducati before the Effective Date.

The releases provided by Englander under this Settlement Agreement are provided solely on Englander's own behalf and not on behalf of the public in California.

4.2 Ducati's Release of Englander

Ducati, on its own behalf, and on behalf of its past and current agents, representatives, attorneys, successors, and assignees, hereby waives any and all claims against Englander and his attorneys and other representatives, for any and all actions taken or statements made by Englander and his attorneys and other representatives, whether in the course of investigating claims, seeking to enforce Proposition 65 against it in this matter, or with respect to the Products.

4.3 Mutual Waiver of California Civil Code Section 1542

The parties each acknowledge he/it is familiar with Section 1542 of 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 OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

The parties on his/its own behalf, and on behalf of his/its past and current agents, representatives, attorneys, successors and/or assignees expressly waive and relinquish any and all rights and benefits which they may have under or which may be conferred on him by the provisions of Civil Code section 1542 as well as under any other state or federal statute or common law principal of similar effect, to the fullest extent that it may lawfully waive such rights or benefits pertaining to the released matters, as specifically defined in Sections 4.1 and 4.2, above.

5. SEVERABILITY

If, subsequent to the execution of this Settlement Agreement, any provision of this Settlement Agreement is deemed by a court to be unenforceable, the validity of the remaining provisions 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 Ducati may provide written notice to Englander of any asserted change in the law, and shall have no further injunctive obligations pursuant to this Settlement Agreement with respect to, and to the extent that, the Products are so affected.

7. NOTICE

Unless specified herein, all correspondence and notice required to be provided pursuant to this Settlement Agreement shall be in writing and sent by: (a) personal delivery; (b) first-class, registered or certified mail, return receipt requested; or (c) a recognized overnight courier on any Party by the other at the following addresses:

For Ducati:

Jason Chinnock, Chief Executive Officer
Ducati North America, Incorporated
10443 Bandlely Drive
Cupertino, CA 95014

For Englander:

Proposition 65 Coordinator
The Chanler Group
2560 Ninth Street
Parker Plaza, Suite 214
Berkeley, CA 94710-2565

Any Party may, from time to time, specify in writing to the other a change of address to which all notices and other communications shall be sent.

8. COUNTERPARTS; FACSIMILE SIGNATURES

This Settlement Agreement may be executed in counterparts and by facsimile or portable document format (PDF) signature, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

9. **COMPLIANCE WITH HEALTH & SAFETY CODE § 25249.7(f)**

Englander and his attorneys agree to comply with the reporting form requirements referenced in California Health and Safety Code section 25249.7(f).

10. **MODIFICATION**

This Settlement Agreement may be modified only by written agreement of the Parties.

11. **AUTHORIZATION**

The undersigned are authorized to execute this Settlement Agreement on behalf of their respective Parties and have read, understand, and agreed to all of the terms and conditions of this Settlement Agreement.

AGREED TO:

AGREED TO:

Date: 4/5/2017

Date: _____

By: 
PETER ENGLANDER

By: _____
JASON CHINNOCK, CEO
DUCATI NORTH AMERICA, INC.

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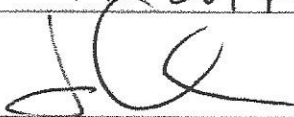
AGREED TO:

Date: _____

By: _____
PETER ENGLANDER

AGREED TO:

Date: 4.14.2017

By: 
JASON CHINNOCK, CEO
DUCATI NORTH AMERICA, INC.