

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Russell Brimer and Intel Corporation

This Settlement Agreement is entered into by and between Russell Brimer (Brimer) and Intel Corporation (Intel), with Brimer and Intel collectively referred to as the “parties.”

1.2 Brimer

Brimer is an individual residing in Alameda County in the State of California who seeks to promote awareness of exposure to toxic chemicals and improve human health by reducing or eliminating hazardous substances contained in consumer products.

1.3 Intel

Intel 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 & Safety Code §§ 25249.6 *et seq.*, (Proposition 65).

1.4 General Allegations

Brimer alleges that Intel has manufactured, distributed, and/or sold motherboards with solder containing lead in the State of California without the requisite health hazard warnings. Lead is a substance known to cause birth defects and other reproductive harm and is listed pursuant to Proposition 65. Lead shall be referred to hereinafter as the “listed chemical.”

1.5 Product Description

The products that are covered by this Settlement Agreement are defined as follows: desktop motherboards with lead-containing solder, such as the *Intel Desktop Board D915PGN (#7 35858 16627 0)*, and components utilized with desktop motherboards that contain lead solder. Examples of forms of solder include, but are not limited to, solder, solder balls, solder spheres, solder paste, wave solder, solder joints, die bumps, and flip-chip bumps. All such desktop motherboards with lead-containing solder, and components utilized with such motherboards that contain lead solder, shall be referred to hereinafter as “products” and include but are not limited to the product names and numbers listed on Exhibit A hereto. Products that

are integrated into a desktop computer system as a component thereof, prior to the sale or acquisition of the computer system, shall be referred to hereinafter as “integrated products.” Products that are sold individually and not as a component integrated into a computer system shall be referred to hereinafter as “non-integrated products.”

1.6 Notices of Violation

On July 14, 2006, Brimer served Intel and various public enforcement agencies with a document entitled “60-Day Notice of Violation” (Notice) that provided Intel and such public enforcers with notice that alleged that Intel was in violation of California Health & Safety Code §25249.6 for failing to warn consumers, workers and others that the products that Intel sold exposed users in California to the listed chemical.

1.7 No Admission

Intel denies the material factual and legal allegations contained in Brimer’s Notice and maintains that all products that it has sold and distributed in California have been and are in compliance with all laws. Intel further maintains that it has an affirmative defense to the factual and legal allegations in Brimer’s Notice under California Health & Safety Code §25249.10(c). Brimer disagrees with Intel’s position and maintains that Intel has no affirmative defense under California Health & Safety Code §25249.10(c). Accordingly, nothing in this Settlement Agreement shall be construed as an admission by Intel 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 Intel of any fact, finding, conclusion, issue of law, or violation of law, such being specifically denied by Intel. However, this Section shall not diminish or otherwise affect Intel’s obligations, responsibilities, and duties under this Settlement Agreement.

1.8 Effective Date

For purposes of this Settlement Agreement, the term “effective date” shall mean December 8, 2006.

2. PRODUCT REFORMULATION

Intel hereby commits that all desktop products, as defined in Section 1.5 above, that Intel sells or ships to customers in California after January 1, 2007, shall qualify as reformulated products. For the purposes of this Settlement Agreement, reformulated products are defined as follows: any product containing less than or equal to one-tenth of one percent (0.1%) lead by weight in each material that is of uniform composition throughout, including all forms of solder as identified in Section 1.5, unless that material is embedded in a manner that a consumer or worker ordinarily would not come into contact with the lead under any reasonably anticipated use.

3. REIMBURSEMENT OF FEES AND COSTS

The parties acknowledge that Brimer 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 this fee issue to be resolved after the material terms of the agreement had been settled. Intel then expressed a desire to resolve the fee and cost issue shortly after the other settlement terms had been finalized. The parties then reached an accord on the compensation due to Brimer and his counsel under the private attorney general doctrine codified at California Code of Civil Procedure §1021.5 for all work performed through the effective date. Under the private attorney general doctrine, Intel shall reimburse Brimer and his counsel for fees and costs incurred as a result of investigating, bringing this matter to Intel's attention and negotiating a settlement in the public interest. Intel shall pay Brimer and his counsel \$60,000 for all attorneys' fees, expert and investigation fees, litigation, and related costs. The payment shall be made payable to HIRST & CHANLER LLP and shall be delivered on or before December 18, 2006, at 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 Release of Intel and Downstream Customers

In further consideration of the promises and agreements herein contained, and for the payments to be made pursuant to Section 3, Brimer, 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 Intel and each of its downstream wholesalers, licensors, licensees, suppliers, retailers, franchisees, dealers, customers, owners, purchasers, users, parent companies, corporate affiliates, subsidiaries, contract manufacturers, original equipment manufacturers, distributors, integrators and their respective officers, directors, attorneys, representatives, shareholders, agents, and employees, sister and parent entities (collectively "releasees"). This release is limited to those claims that arise under Proposition 65, as such claims relate to Intel's alleged failure to warn about exposures to the listed chemical contained in the products.

This settlement does not release any downstream party (including integrators and retailers) that either caused exposure to lead from components not supplied by Intel or, as to the future, alters the product purchased from Intel in such a way as to cause it to violate the reformulation standards set forth in this Settlement Agreement.

4.2 Intel's Release of Brimer

Intel waives any and all past or present claims against Brimer, his attorneys, and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Brimer and his attorneys and other representatives, whether in the course of

investigating claims or otherwise seeking enforcement of Proposition 65 against it in this matter, and/or with respect to the products.

5. EUROPEAN UNION ROHS DIRECTIVE

Intel undertook a reformulation of its desktop motherboards in the middle of 2005 pursuant to the European Union's Restriction on Hazardous Substances (RoHS) Directive. The RoHS Directive, however, does not apply to desktop motherboards sold to consumers in the State of California. Intel's commitment to sell only reformulated products in California pursuant to Section 2, where it was not otherwise obligated to do so, was a material factor considered by Brimer in reaching this settlement.

6. 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.

7. ATTORNEYS' FEES

In the event that a dispute arises with respect to any provision of this Settlement Agreement, the prevailing party shall, except as otherwise provided herein, be entitled to recover reasonable costs and attorneys' fees incurred in connection with such dispute.

8. 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 Intel shall provide written notice to Brimer 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.

9. 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)

registered or certified mail return receipt requested; or (ii) overnight courier on any party by the other party at the following addresses:

To Intel:

Norman C. Hile, Esq.
ORRICK, HERRINGTON & SUTCLIFFE LLP
400 Capitol Mall, Suite 3000
Sacramento, CA 95817-4497

General Counsel
Legal and Government Affairs
Intel Corporation
2200 Mission College Blvd., SC4-202
Santa Clara, CA 95052-5175

To Brimer:

Proposition 65 Coordinator
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.

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

Brimer 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 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. DISPUTE RESOLUTION

14.1 In the event of any controversy, claim or dispute arising out of or relating to this Settlement Agreement or the breach, enforcement, interpretation or validity thereof, the parties hereto shall use their best efforts to resolve their differences and agree that prior to filing any legal action the parties will mediate the controversy, claim or dispute.

14.2 In the event of a controversy, claim or dispute, the party contending that such exists will send the other party written notice setting forth in detail the nature of the controversy, claim or dispute.

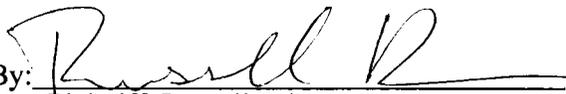
14.3 If the parties do not reach a resolution of the controversy, claim or dispute within forty-five (45) days after receipt of the written notice referenced in Paragraph 14.2, the controversy, claim or dispute shall be submitted to non-binding mediation before a JAMS private judge.

14.4 The parties will agree upon a mediator.

14.5 The mediation shall take place in San Francisco, California, or at any other place selected by mutual agreement.

AGREED TO:

Date: 11-7-06

By: 
Plaintiff, Russell Brimer

AGREED TO:

Date: _____

By: _____
Defendant, Intel Corporation

APPROVED AS TO FORM:

Date: DECEMBER 7, 2006
HIRST & CHANLER LLP

By: 
Clifford Chanler, Esq.
Attorneys for Plaintiff
RUSSELL BRIMER

APPROVED AS TO FORM:

Date: _____
ORRICK, HERRINGTON &
SUTCLIFFE LLP

By: _____
Norman C. Hile, Esq.
Attorneys for Defendant
INTEL CORPORATION

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AGREED TO:

Date: 11/7/06

By: [Signature]
Plaintiff, Russell Brimer

AGREED TO:

Date: December 11, 2006

By: [Signature]
Defendant, Intel Corporation

APPROVED AS TO FORM:

Date: 12/8/06
HIRST & CHANLER LLP

By: [Signature]
Clifford Chanler, Esq.
Attorneys for Plaintiff
RUSSELL BRIMER

APPROVED AS TO FORM:

Date: 12/8/06
ORRICK, HERRINGTON &
SUTCLIFFE LLP

By: [Signature]
Norman C. Hile, Esq.
Attorneys for Defendant
INTEL CORPORATION

EXHIBIT A

The products that are covered by this Agreement are desktop motherboards with lead-containing solder and components utilized with such motherboards that contain lead solder including, but not limited to:

Product Codes

D915PGN
D945GBIG1
D945GCZLR
D945GCZL
D945GCZLKR
D945GCZCS
D945GCZLK
D945GCLG1
D945GCLG2
DQ965COEKR
DQ965COKR
DQ965COKMX2
DQ965COKRMX1
D915GVDFD1F5
D946GZISSL
D946GZISL
DP965LTCK
DG965LVG1
DP965LVG2
DQ965MTG1
D945GPMLKR
D945GPBG1
D865GSAL
DG965SVD1F5
DG965SVD1F6
D915GVSE3G4X
D946GZTSSL
D975XBX2KR
D975XBX2LKR
D975XBG1
D945GCFG1
D915GVDFD1M5
DQ965GFEKR
DQ965GFKR
DQ965GFKRA1
D975XLAG1
DG965MSCK
DG965MQMKR
D945PLNML

D945PLRNL
DP965SBD1M5
DP965SBD1M6
DG965SSCK
D945GNTL
D945GNTLR
DG965OTMKR
DG965OTKR
DG965OTG1
D945GTPLKR
D945GTPLR
D945GTPL
D945GTPLK
D945GTPLF1
D945GTPT1
DG965WHMKR
D946GZABL
D945GCCRL
D945GCLL
D945GCLG1
D945GCLG2
DQ963FXCK
DQ963GSK
D101GGCL
D102GGC2L
D102GGC2G1
D946GZISSL
DG965MZD1A5
DG965MZD1A6
D945PPRS1
DG965RYCK
D945GNTL
D945GNTLKR
D945GNTLKRDB
D946GZABL
D946GZISL
D945PLNML
DG965PZMKR
D945GTPL
DQ965WCEKR