

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Jamie T'eo and Trudeau Corporation (America) Inc.

This Settlement Agreement is entered into by and between Jamie T'eo (hereinafter "T'eo") and Trudeau Corporation (America) Inc., (hereafter "Trudeau"), with T'eo and Trudeau collectively referred to as the "Parties." T'eo 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. Trudeau is a Canadian company that employs ten or more persons and, for purposes of this Settlement Agreement only, is subject to Proposition 65.

1.2 General Allegations

T'eo alleges that Trudeau has manufactured, distributed and/or sold in the State of California certain Glassware with Colored Artwork or Designs (containing lead) on the Exterior. Lead 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. Lead 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: Glassware with Colored Artwork or Designs (containing lead) on the Exterior including, but not limited to:

products identified in Exhibit A to this Settlement Agreement. All such Glassware with Colored Artwork or Designs (containing lead) on the Exterior shall be referred to herein as the "Products."

1.4 Notices of Violation

On or about August 30, 2007, T'eo served Trudeau and various public enforcement agencies with a document entitled "60-Day Notice of Violation" (the "Notice") that provided Trudeau and such public enforcers with notice that alleged that Trudeau was in violation of California Health & Safety Code §25249.6 for failing to warn consumers and customers that the Products that Trudeau sold exposed users in California to the Listed Chemical.

1.5 No Admission

Trudeau denies the material factual and legal allegations contained in the Notice and maintains that all 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 Trudeau 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 Trudeau of any fact, finding, conclusion, issue of law or violation of law, such being specifically denied by Trudeau. However, this Section shall not diminish or otherwise affect the obligations, responsibilities and duties of Trudeau under this Settlement Agreement.

1.6 Effective Date

For purposes of this Settlement Agreement, the term "Effective Date" shall mean February 15, 2008.

2. INJUNCTIVE RELIEF: WARNINGS AND REFORMULATION

2.1 After the Effective Date, Trudeau shall not sell, ship or offer to be shipped for sale in California Products containing the Listed Chemical unless such Products are sold or shipped with the clear and reasonable warnings set out in Section 2.2 or comply with the Reformulation Standards set forth in Section 2.3.

Any warning issued for Products pursuant to this Section 2.2 below shall be prominently placed with such conspicuousness as compared with other words, statements, designs, or devices as to render it likely to be read and understood by an ordinary individual under customary conditions before purchase or, for Products shipped directly to an individual in California, before use.

2.2 Product Warnings

2.2.1 Clear and Reasonable Warnings. This Section describes Trudeau's options for satisfying the warning obligations required by Section 2.1, depending, in part, on the manner of sale:

(a) Retail Store Sales

(i) Product Labeling. From the Effective Date, a warning will be affixed to the packaging, labeling or directly on the Product by Trudeau or its agent, that states:

WARNING: The materials used as colored decorations on the exterior of this product contain lead, a chemical known to the State of California to cause birth defects and other reproductive harm.

(ii) Point-of-Sale Warnings. Trudeau may perform its warning obligations by ensuring to the greatest extent possible that signs are posted at retail outlets in the State of California where the Products are sold. Trudeau must receive a written commitment from each retailer to whom Trudeau sells Products directly that it will post the warning signs. Point-of-sale warnings shall be provided through one or more signs posted in close proximity to the point of display of the Products that state:

WARNING: The materials used as colored decorations on the exterior of this product contain lead, a chemical known to the State of California to cause birth defects and other reproductive harm.

A point-of-sale warning shall be provided in a manner such that the consumer understands to which specific Products the warning applies.

(b) Mail Order Catalog and Internet Sales. Trudeau shall satisfy its warning obligations for Products that are sold by mail order catalog or from the Internet to California residents, by ensuring to the greatest extent possible that internet and mail order retailers provide warnings, as follows: (a) in the mail order catalog and/or on the website; or (b) with the Product when it is shipped to an address in California. Trudeau must receive a written commitment from each such retailer to whom Trudeau sells Products that it will provide these warnings. Warnings given in the mail order catalog or on the website shall identify the specific Product to which the warning applies as further specified in Exhibit B.

2.2.2 Exceptions

The warning requirements set forth in Section 2.2.1 shall not apply to:

- (i) Any Products shipped to a third party before the Effective Date; or
- (ii) Reformulated Products (as defined in Section 2.3 below).

2.3 Reformulation Standards

The following Products shall be deemed "Reformulated Products" and to comply with Proposition 65 and be exempt from any Proposition 65 warning requirements under Sections 2.2: The products must: (a) achieve a result of 0.99 parts per million for lead when tested under the modified ASTM protocol as attached in Exhibit C; or (b) only utilize decorating materials that contain six one-hundredths of one percent (0.06%) or less of lead by weight and there must be no detectable lead in the lip-and-rim area.¹

2.4 Reformulation Commitment

Trudeau will use its best efforts to ensure that all Products that it offers for sale in California after February 15, 2008, shall qualify as Reformulated Products.

3. MONETARY PAYMENTS

3.1 Penalties Pursuant to Health & Safety Code §25249.7(b)

Pursuant to Health & Safety Code §25249.7(b), Trudeau shall pay \$1,000.00 in civil penalties, with the penalty payment on or before February 25, 2008. Said payments shall be made payable to the "HIRST & CHANLER LLP in Trust For Jamie T'eo" and shall be delivered to plaintiff's counsel at the following address:

HIRST & CHANLER LLP
Attn: Proposition 65 Controller

¹ "Lip and Rim Area" is defined as the exterior top 20 millimeters of a hollowware food or beverage Product.

2560 Ninth Street
Parker Plaza, Suite 214
Berkeley, CA 94710-2565

3.2 Apportionment of Penalties Received

All penalty monies received shall be apportioned by T'eo in accordance with Health & Safety Code §25192, with 75% of these funds remitted by T'eo to the State of California's Office of Environmental Health Hazard Assessment and the remaining 25% of these penalty monies retained by T'eo as provided by Health & Safety Code §25249.12(d). T'eo shall bear all responsibility for apportioning and paying to the State of California the appropriate civil penalties paid in accordance with this Section.

4. REIMBURSEMENT OF FEES AND COSTS

Under the private attorney general doctrine, Trudeau shall reimburse T'eo and his counsel for fees and costs incurred as a result of investigating, bringing this matter to Trudeau's attention, and negotiating a settlement in the public interest. Trudeau shall pay T'eo and his counsel \$19,250.00 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 on or before February 25, 2008 at the following address:

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

5. RELEASE OF ALL CLAIMS

5.1 Release of Trudeau and Downstream Customers

In further consideration of the promises and agreements herein contained, and for the payments to be made pursuant to Sections 3 and 4, Teo, on behalf of himself, his past and current agents, representatives, attorneys, successors and/or assignees, and on behalf of the general public, hereby waives all rights to institute or participate in, directly or indirectly, any claim or form of legal action seeking any form of relief (whether injunctive, compensatory, punitive or otherwise) 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 Trudeau and each of its downstream distributors, wholesalers, licensors, licensees, auctioneers, retailers, franchisees, dealers, customers, owners, purchasers, users, parent companies, corporate affiliates, subsidiaries, predecessors, successors, assigns, divisions and their respective officers, directors, attorneys, insurers, representatives, shareholders, agents, and employees, and sister and parent entities and assigns of such persons or entities (collectively "Releasees") for the alleged failure to warn about exposures to, or identification of, the Listed Chemical contained in the Products, within the meaning of Proposition 65, or based upon any other legal claim or theory supported by the facts alleged in the Notice.

It is specifically understood and agreed that compliance with the terms of this Settlement

Agreement resolves any issue now, in the past, and in the future (so long as Trudeau complies with the terms of this Settlement Agreement) concerning compliance by Trudeau and the Releasees with the requirements of Proposition 65, as to the Listed Chemicals in the Products.

The Parties further understand and agree that this release shall not extend upstream to any entities that manufactured the Products or any component parts thereof, or any distributors or suppliers who sold the Products or any component parts thereof to Trudeau.

5.2 Trudeau Release of T'eo

Trudeau waives any and all claims against T'eo, his attorneys and other representatives, for any and all actions taken or statements made or undertaken by T'eo 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, with respect to the Products.

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, after the execution of this settlement agreement: (1) a dispute arises with respect to any provision of this Settlement Agreement; or (2) T'eo takes reasonable and necessary steps to enforce the terms of this Settlement Agreement, the successful party shall be entitled to his reasonable attorneys' fees and costs pursuant to Cal. Code of Civil Procedure §1021.5.

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 Trudeau shall provide written notice to T'eo 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) 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 Trudeau:

Mr. Charles Harari
Trudean Corporation
1600 Eiffel
Boucherville (Montreal)
Quebec, CANADA J4B 5Y1

With a copy to:

Kurt Weissmuller, Esq.
WESTON BENSHOOF ROCHEFORT RUBALCAVA & MACCUISH LLP
333 South Hope Street, 16th Floor
Los Angeles, CA 90071

To T'eo:

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.

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)

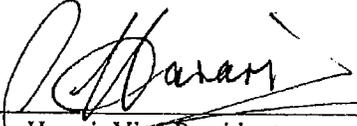
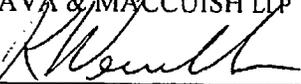
Theo agrees to comply with the reporting form requirements referenced in Health & Safety Code §25249.7(f).

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.

<p style="text-align: center;">AGREED TO:</p> <p>Date: _____</p> <p>By: _____ Jamie T'eo, Plaintiff</p>	<p style="text-align: center;">AGREED TO:</p> <p>Date: February 15, 2008</p> <p>By:  Charles Harari, Vice President Trudeau Corporation</p>
<p style="text-align: center;">APPROVED AS TO FORM:</p> <p>Date: _____</p> <p>HIRST & CHANLER LLP</p> <p>By: _____ David R. Bush, Esq. Attorneys for Jamie T'eo</p>	<p style="text-align: center;">APPROVED AS TO FORM:</p> <p>Date: February 15, 2008</p> <p>WESTON BENSHOOF ROCHEFORT RUBALCAVA & MACCUISH LLP</p> <p>By:  Kurt Weissmuller, Esq. Attorneys for Trudeau Corp. (America), Inc.</p>

AGREED TO:
 Date: 2-15-08
 By: Jamie Te'o
 Jamie Te'o, Plaintiff

AGREED TO:
 Date: February 15, 2008
 By: _____
 Charles Harari, Vice President
 Trudeau Corporation

APPROVED AS TO FORM:
 Date: 2/15/08
 HIRST & CHANLER llp
 By: [Signature]
 David R. Bush, Esq.
 Attorneys for Jamie Te'o

APPROVED AS TO FORM:
 Date: February 15, 2008
 WESTON BENSHOOF ROCHEFORT
 RUBALCAVA & MACCUISH llp
 By: _____
 Kurt Weissmuller, Esq.
 Attorneys for Trudeau Corp. (America), Inc.

EXHIBIT A

The Products covered by this Settlement Agreement are Glassware with Colored Artwork or Designs (containing lead) on the Exterior including, but not limited to:

1. Trudeau 11 pcs. Shooter Set (#0 63562 45207 6).

EXHIBIT B

(i) **Mail Order Catalog.** Any warning provided in a mail order catalog must be in the same type size or larger as the product description text within the catalog. The following warning shall be provided on the same page and in the same location as the display and/or description of the Product:

WARNING: The materials used as colored decorations on the exterior of this product contain lead, a chemical known to the State of California to cause birth defects and other reproductive harm.

Where it is impracticable to provide the warning on the same page and in the same location as the display and/or description of the Product, a designated symbol may be utilized to cross reference the applicable warning ("Designated Symbol") and the term Designated Symbol shall be defined with the following language on the inside of the front cover of the catalog or on the same page as any order form for the Product(s):

WARNING: The materials used as colored decorations on the exterior of certain products identified with this symbol ∇ and offered for sale in this catalog contain lead, a chemical known to the State of California to cause birth defects and other reproductive harm.

The Designated Symbol must appear on the same page and in close proximity to the display and/or description of the Product. On each page where the Designated Symbol appears, header or footer directing the consumer to the warning language and definition of the Designated

Symbol must be provided.

If a mail order retailer elects to provide warnings in the mail order catalog, then the warnings must be included in all catalogs offering to sell one or more Products printed after March 15, 2008.

(ii) **Internet Web Sites and Pages.** A warning may be given in conjunction with the sale of the Product via the Internet, provided it appears either: (a) on the same web page on which the Product is displayed; (b) on the same web page as the order form for the Product; (c) on the same page as the price for any Product; or (d) on one or more web pages displayed to a purchaser during the checkout process. The following warning statement shall be used and shall appear in any of the above instances adjacent to or immediately following the display, description, or price of the Product for which it is given in the same type size or larger as the product description text:

WARNING: The materials used as colored decorations on the exterior of this product contain lead, a chemical known to the State of California to cause birth defects and other reproductive harm.

Alternatively, the Designated Symbol may appear adjacent to or immediately following the display, description or price of the Product for which a warning is being given, provided that the following warning statement also appears elsewhere on the same web page:

WARNING: Products identified on this page with the following symbol use materials that contain lead as colored decorations on their exterior, a chemical known to the State of California to cause birth defects and other reproductive harm: ▽

(iii) Package Insert or Label. For all Products sold by catalog or via the Internet, a warning may be provided with the Product when it is shipped directly to an individual in California, by either: (a) affixing the following warning language to the packaging, labeling or directly to a specific Product; (b) inserting a warning card measuring at least 4" x 6" in the shipping carton which contains the following warning language; or (c) by placing the following warning statement on the packing slip or customer invoice on the line directly below the description of the Product on the packing slip or customer invoice:

WARNING: The materials used on this product as exterior decorations contain lead, a chemical known to the State of California to cause birth defects and other reproductive harm. ▽

Alternatively, the following language may be placed on the packing slip or invoice and specifically identifying the Product in lettering of the same size or larger as the description of the Product:

WARNING: The materials used as colored decorations on the exterior of the following product(s) contain lead, a chemical known to the State of California to cause birth defects or other reproductive harm: *[list products for which warning is given]*.

Trudeau shall ensure, to the greatest extent possible, that internet and mail order retailers shall, in any of these instances, in conjunction with providing the warning, also inform the consumer, in a conspicuous manner, that he or she may return the Product for a full refund (including shipping costs for both the receipt and the return of the Product) within thirty (30) days of his or her receipt of the Product.

EXHIBIT C

TEST PROTOCOL FOR LEAD RELEASE

Externally Decorated Glassware Externally Decorated Ceramic Mugs

Decorated Glassware:

1. Wash glass and dry.
2. Totally immerse glass in beaker of acetic acid for 24 hours.
3. Measure ppm lead in acid, compare to internal volume of glass.
4. This procedure is attached.

Ceramic Mugs: Use the ASTM C 738-81 test modified for total immersion and comparison to internal volume.

Lip and Rim Testing: Not done as such. Since all drinking vessels are totally immersed, the lip and rim area is tested as a part of the whole.

Samples:

Six samples of each article, i.e., six randomly selected samples of each type decorated sample article. If a manufacturer wishes to distribute multiple different designs, six sample articles of each design should be submitted for testing. Six sample articles of each type design will be subjected to total immersion in acetic acid only.

Reagents:

1. Deionized or distilled deionized water.
2. Acetic acid 4% solution by volume; 1 volume of glacial acetic acid to 24 volumes of distilled deionized water.

Sample Preparation:

Thoroughly cleanse each sample to be tested by immersing in a detergent rinse of a suitable household alkaline detergent. Rinse several times with deionized water followed by several rinses with distilled deionized water. Place the sample articles in a clean aluminum basket, (covered with clean paper towels), or suitable clean rack and allow to air dry. Reduce contamination to a Minimum at all times.

Procedure for Leaching Lead. (4% Acetic Acid Solution):

Once all the samples have been properly immersed in a suitable household alkaline detergent, subjected to proper rinses and air dried, place each sample individually into an appropriately sized acid cleaned, (lead free), glass beaker or clean Nalgene plastic beaker. Using prenumbered labels, label the outside of each beaker containing a sample and record this number on the worksheet. Add 4% acetic acid to each beaker containing a sample, filling the sample and the space between the sample and the beaker while covering the rim of the sample with the acetic acid solution. Record the volume of leaching solution used in milliliters next to the sample number on the worksheet. (Cover each beaker completely with aluminum foil to shield the contents from light.) Record the time and allow the beakers to remain undisturbed for a period of 24 hours at 20 to 24° C (68 to 75° F). At the end of the 24 hour period mix the contents of each beaker well. To avoid contamination, wear disposable gloves and working with

one beaker at a time, lift up the sample and pour the contents of the sample into the respective beaker. Using a clean disposable plastic pipet, swirl the contents of the beaker to properly mix the contents, drain the pipet into the solution and draw off an aliquot of sample and place it into corresponding specifically numbered clean plastic snap cap test tube. The number on the outside of the beaker and the number on the test tube should correspond. Once the aliquot of sample has been drawn off, rinse the sample under running water, dry the bottom of the sample with a paper towel and transfer the prenumbered label from the outside of the respective beaker to the bottom of the sample.

Testing:

Perform testing for lead using atomic absorption spectrophotometry as prescribed in ASTM methodology C 738-81 or C 927-80. Run each sample in duplicate along with appropriate standards as well as aliquots of 4% acetic acid solution and distilled deionized water in plastic test tubes. Correct for the blank if necessary. If a sample of unknown goes off scale make necessary dilutions using 4% acetic acid from the same batch prepared for leaching. Record results in ppm using the following calculations:

$\text{ug/dl} \times \text{dilution} = \text{ug/dl} \div 100 = \text{ug/ml Pb} \times \text{volume of leaching solution used (ml)} =$

$\text{Total ug/Pb} \div \text{internal volume of the article to 7 mm(ml)} = \text{ppm leachable lead}$

relative to the internal volume.

See attached laboratory report forms.

To Determine The Internal Volume:

Mark each unit 7 mm (1/4") below the rim on the outside of the sample. Fill each unit from a graduated cylinder to approximately 1/4" (6 to 7 mm) of overflowing. Measure and record the internal volume of each unit in milliliters.

When Reporting Final Results Include The Following:

1. The amount of leachable lead in ppm relative to the internal volume of the sample, average of six if possible.
2. The distance of decoration below the rim in mm.

Materials Used In Testing Procedure:

Beakers - Nalgene, polypropylene, graduated 2000 ml.

Test tubes - Polystyrene with friction fit snap cap, sterile, 17x100m

Pipets - Kimble, serological, polystyrene, sterile, 10 ml.x 1/10.

Carboys - Nalgene, 20 liter, for mixing acetic acid solution.

Aluminum Baskets

Utility bath - 18-8 stainless steel, deep drawn, seamless construction with cover, holds 31 quarts. Overall dimensions length 21 3/4", width 13 3/4", depth 8".

Utility bath - same as above, holds 20 quarts.

Gloves - vinyl, disposable.

Hot plate - VWR Scientific, Thermolyne, Type 2200, length 24", width 12"

Aluminum foil - to cover samples during the 24 hour period.

References:

1982 Annual Book Of ASTM Standards, Part 17, Refractories, Glass, Ceramic Materials, Carbon and Graphite Products:

pg. 757-759 ASTM Designation: C 738-81

pg. 999-1002 ASTM Designation: C 927-80

pg. 682 ASTM Designation: C 676-74 (reapproved 1980)

Lead and Cadmium in Decorated Glass Tumblers - Interagency Task Force Report, November 13, 1978.

