

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This Settlement Agreement and Mutual Release ("Agreement") confirms and memorializes the agreement by and among **DR. RICHARD SOWINSKI** (hereinafter referred to as "**SOWINSKI**"), **GRAHAM & MARTIN, LLP** (hereinafter referred to as "**G&M**") and **Canon USA Inc., Lexmark International Inc., Xerox Corporation and Ricoh Americas Corporation** (hereinafter referred to as the "**COMPANIES**"), with respect to the application of California's Safe Drinking Water and Toxic Enforcement Act of 1986 ("Proposition 65") to certain products manufactured, distributed or sold by the **COMPANIES**. **SOWINSKI, G&M,** and the **COMPANIES** are sometimes collectively referred to herein as the **PARTIES**.

RECITALS

A. SOWINSKI, an individual residing in California and currently represented by the law firm of **G&M**, has served on the **COMPANIES** Notices of Intent to Sue ("Notices"), attached hereto as Exhibit A, indicating **SOWINSKI**'s intention to bring a civil action against the **COMPANIES** under Proposition 65. Such notices, if they meet specified legal requirements, are a prerequisite to the filing of a private enforcement action under Proposition 65.

B. G&M is a law firm formed under the laws of the State of California, located in Costa Mesa, California. **G&M** currently represents **SOWINSKI**. **G&M** previously represented another entity asserting similar Proposition 65 claims against the **COMPANIES**; the parties to that dispute reached a settlement that resulted in the withdrawal of those notices of intent to sue and an agreement that **G&M**'s client would forbear from filing suit against the **COMPANIES**.

C. The Notices allege that the use of certain products, including but not limited to inkjet and laserjet photocopiers, as identified in the Notices, that are or were manufactured, distributed or sold by the **COMPANIES** results in exposure to certain chemicals identified in the Notices without prior warning as required under Proposition 65. The **COMPANIES** deny all such allegations and further believe that the Notices are legally inadequate and assert unfounded claims of violations of law.

D. The COMPANIES, through their counsel, have met with **SOWINSKI** and **G&M** and discussed **SOWINSKI**'s claims and the **COMPANIES**' defenses to and concerns with those claims.

E. Based on the PARTIES' discussions, **G&M** and **SOWINSKI** have concluded that the public interest would be served by resolving the **PARTIES'** dispute on the terms set forth herein.

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F. The COMPANIES and SOWINSKI desire to memorialize their amicable resolution of the controversy described above.

THEREFORE, in consideration of the Recitals above and the mutual promises below, the PARTIES agree to the following:

AGREEMENT

1. *Withdrawal of Notices.* As a condition precedent to this Agreement, SOWINSKI shall (a) withdraw the Notices against the COMPANIES in their entirety; (b) refrain from serving any other Notice of Intent to Sue under Proposition 65 upon any person or persons or entity or entities, including any manufacturers, retail sellers, wholesalers, resellers and customers alleging a violation of Proposition 65 in connection with the manufacture, distribution, marketing sale or use of the Products (as that term is defined in Paragraph 5 of this Agreement) manufactured, distributed or sold by the COMPANIES; and (c) if such other Notices of Intent to Sue already have been served on such persons or entities, withdraw them in their entirety.

2. *Forbearance from Suit.* SOWINSKI shall refrain from bringing suit or otherwise prosecuting any Claims (as that term is defined in Paragraph 5 of this Agreement) now and for all time, against (a) the COMPANIES on the basis of the allegations in the Notices attached hereto and (b) any other person or entity on the basis of any Notice of Intent to Sue alleging unlawful exposures to the chemicals identified in the Notices from the use of the Products (as that term is defined in Paragraph 5 of this Agreement) manufactured, distributed or sold by the COMPANIES.

3. *Reimbursement of Attorneys' Fees and Other Expenses.* In recognition of the amicable resolution of the controversy described above and the efforts of SOWINSKI in that regard, each of the COMPANIES agrees to reimburse SOWINSKI in the amount of seventeen thousand, five hundred dollars (\$17,500.00) per company for attorneys' fees and other expenses that SOWINSKI has incurred in activities related to the Notices, which include, but may not be limited to, the following: investigating the claims identified in the Notices, preparing and serving the Notices, and meeting and conferring with, analyzing information presented by, and negotiating with attorneys for the COMPANIES. In agreeing to make this payment, each of the COMPANIES recognizes that the amount of fees and expenses incurred by attorneys for SOWINSKI and the amount from such payment that SOWINSKI shall pay to his attorneys is a matter to be determined between SOWINSKI and his attorneys, and that SOWINSKI may retain any portion of such payments not paid to his attorneys.

4. *Individual Obligations.* The obligations of each of the COMPANIES under this Agreement are individual to each of the COMPANIES identified herein, and are in no way collective or joint. None of the COMPANIES may

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be held responsible under this Agreement for the failure of any other of the **COMPANIES** to comply. Nor may **SOWINSKI** initiate a lawsuit, as otherwise prohibited under this Agreement, against any of the **COMPANIES** on the basis of an allegation of the failure of any other of the **COMPANIES** to comply.

5. *Release by SOWINSKI and G&M of Claims against the COMPANIES and Others in the Chain of Commerce.* This Agreement is a final and binding resolution of any and all Claims (as defined below) that **SOWINSKI** and **G&M**, collectively or individually, and each of their respective agents, principals, partners, employees and attorneys (hereinafter collectively "**RELEASORS**") have or hereafter may have against the **COMPANIES** that arise or may arise from actions or omissions committed by the **COMPANIES** or by any other person or entity within their chain of distribution, including but not limited to manufacturers, retail sellers, wholesalers, resellers and customers in the manufacture, sale, distribution, use or maintenance of the Products. For purposes of this Agreement, the term "Claims" shall include any and all rights of action, including but not limited to any causes of action or right to institute any proceedings in law or in equity, administrative actions or petitions, whether on behalf of **RELEASORS** in their own right or on behalf of the general public or the public interest, under Proposition 65 or any other statute or regulation or at common law. The **RELEASORS** hereby waive and release any and all Claims that they have, may have or hereafter may have against the **COMPANIES**, any parent companies, subsidiaries, affiliates, divisions or subdivisions of such **COMPANIES**, and their respective directors, officers, employees, agents and attorneys, and any manufacturers, customers, distributors, wholesalers, retail sellers, resellers or any other person who may or did manufacture, sell, resell, distribute, use or maintain the Products, and the successors in interest of each of them, such that the payments made and actions taken in satisfaction of this agreement shall be the sole relief that **RELEASORS** may take from the **COMPANIES** or such other persons for any of the Claims, whether asserted on behalf of **RELEASORS** in their own right or as private attorneys general in the public interest. Without limitation of the foregoing, this release expressly includes all Claims against any and all manufacturers, customers, distributors, wholesalers, retail sellers, and resellers, including any other person who may or did manufacture, sell, resell, distribute, use or maintain the Products in the course of providing commercial, retail, or "walk-up" copying or printing services, and the successors in interest of each of them, and all of these companies or persons are intended to be third-party beneficiaries of this release. For purposes of this paragraph and the release it prescribes, the term "Products" refers to: (a) any copier, printer, item of printing or imaging equipment or supplies addressed by the Notices; (b) any copier, printer, item of printing or imaging equipment or supplies that might be identified more generally as similar to and/or derived from the copier, printer, or item of printing or imaging equipment and supplies identified in the Notices, whether new, used, remanufactured, reconditioned, or refurbished; and (c) any copier, printer, item of printing or imaging equipment or supplies that any of the **COMPANIES**

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may manufacture, distribute or sell in the future that employs inkjet, laserjet or other imaging technology that is the same or similar to that described in the Notices, whether or not such Products are identified in the Notices, and whether or not such Products exist at the time of execution of this Agreement.

6. *Unknown Claims.* The **RELEASORS** hereby respectively waive and release any and all unknown Claims against the **COMPANIES**, and acknowledge that they have read and hereby waive the provisions of California Civil Code § 1542, as recited below:

"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."

RELEASORS understand and acknowledge the significance of this waiver of Section 1542 of the Civil Code is that even if they discover additional claims or causes of action, they will not be able to enforce or prosecute those claims or causes of action. Furthermore, **RELEASORS** acknowledge that they intend these consequences even as to claims or causes of action that may exist as of the date of this release but which they do not know exist, and which, if known, would materially affect their decision to execute this release, regardless of whether their lack of knowledge is a result of ignorance, oversight, error, negligence, or any other cause.

7. *Release by the COMPANIES of Claims against SOWINSKI and against G&M.* This Agreement is a final and binding resolution of any and all Claims (as defined above) that the **COMPANIES** and their respective agents and attorneys have or hereafter may have against **SOWINSKI** or **G&M** that arise from the investigation, preparation and service of the Notices, or from pursuit of the Claims therein.

8. *Disputes.* Any disputes regarding the validity, construction, performance or enforcement of this Agreement shall be governed by, construed, adjudicated and determined in accordance with the laws of California in effect at the time of execution of this Agreement, without regard to principles of choice of law. Any action to interpret or enforce the terms of this Agreement shall be brought in the Superior Court for the County of San Francisco, California. In any such dispute, the prevailing party shall be entitled to collect from the opposing party its reasonable attorneys' fees and costs.

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9. **Counterpart Signatures.** This Agreement may be executed in counterparts, and/or by facsimile, which taken together shall be deemed to constitute the Agreement as a single document.

10. **No Admissions.** As a compromise of disputed claims, the terms of this settlement, the execution of this Agreement and the payment of any consideration under this Agreement do not constitute, are not intended as and shall not be construed in any way as an admission of liability, violation of law or wrongdoing whatsoever on the part of any of the **COMPANIES**. The **COMPANIES** specifically disclaim any violation of law as alleged in the Notices and any liability to, or wrongdoing of any nature whatsoever against, **SOWINSKI** or any other person.

11. **Reporting.** After execution of this Agreement by the **PARTIES**, **SOWINSKI** shall submit to the Attorney General a Report of Settlement Form, as may be required pursuant to California Civil Code § 25249.7(f)(1).

12. **Relief in the Event of Suit by Attorney General.** The **PARTIES** recognize and hereby expressly acknowledge that the Attorney General of California has authority to enforce Proposition 65, including the authority to initiate a civil action against the **COMPANIES** and other persons, whether in response to the Notices served by **SOWINSKI** on the **COMPANIES**, even after they are withdrawn, or independently of such Notices based upon the Attorney General's own investigation or other information that may come to the attention of the Attorney General. Therefore, notwithstanding the releases extended by the **RELEASORS** to the **COMPANIES** in paragraphs 5 and 6 above, the **PARTIES** agree that if the Attorney General should initiate a civil action under Proposition 65 within one (1) year of the execution of this Agreement that results in a final, non-appealable judgment against one or more of the **COMPANIES** arising from the claims stated in the Notices as they relate to products identified therein as to such **COMPANY** or **COMPANIES**, then, in addition to any monetary or injunctive relief that the Attorney General may obtain, the **COMPANY** or **COMPANIES** that are subject to that judgment shall pay to **SOWINSKI** the amount of ten thousand dollars (\$10,000) per **COMPANY**, provided that such payment by the **COMPANY** or **COMPANIES** shall constitute the sole and exclusive relief to which **SOWINSKI** shall be entitled as a result of such suit.

13. **Entire Agreement.** This Agreement is the sole and entire agreement and includes all of the understandings of the **PARTIES** with respect to the entire subject matter hereof, and any and all prior discussions, negotiations, understandings and commitments related thereto. Modifications, if any, may be made only in a writing executed by all **PARTIES**.

14. **Public Statements.** No **PARTY** to this Agreement shall issue any press release and/or make any other public statement, or statement to persons not party to

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this Agreement, regarding the fact or terms of the resolution of this matter, except (a) as may be necessary in connection with taxes, insurance, audits, reports to a parent or subsidiary corporation and governmental reporting requirements, provided that the **PARTIES** and their respective counsel use their best efforts to ensure that such third parties maintain the confidentiality of this information; (b) as required by law upon receipt of a final and binding court order, subpoena or other compulsory process, provided that notice of such court order, subpoena or other compulsory process is given to the other party promptly upon receipt, prior to disclosure, so that the other party may have an opportunity to take action with respect to preserving the confidentiality of the information sought to be disclosed; (c) as reasonably necessary to communicate with the California Attorney General's Office regarding the terms and scope of this Agreement; and (d) the **COMPANIES** shall reserve the right to correct any misstatement or misimpression made by **SOWINSKI** or **G&M**, anyone acting on their respective or joint behalf, or any third party regarding the terms of this settlement and to disclose to any third party who may raise similar claims and allegations against any of the **COMPANIES** in the future the fact that **SOWINSKI** previously raised similar claims and, after full investigation, refrained from filing suit against the Companies.

15. *Construction of Agreement.* The **PARTIES** acknowledge that the drafting of this Agreement was a joint effort of the **PARTIES**, and therefore, the language hereof shall not be construed in favor of or against any of the **PARTIES** by virtue of the identity of its preparer.

16. *Severability.* If, subsequent to the execution of this Agreement, any of the provisions herein are held by a court to be unenforceable, the validity of the enforceable provisions remaining shall not be adversely affected.

17. *Successors and Assigns.* This Agreement shall be binding on the successors and assigns of any of the **PARTIES**.

18. *Authorization.* Each person executing this Agreement below hereby warrants that he/she is authorized to do so and to bind the party on whose behalf he/she executes this Agreement to comply with its terms.

19. *Effective Date.* This Agreement shall become effective when executed by all of the **PARTIES** identified above.

Settlement Agreement and Mutual Release (cont'd)

IT IS SO AGREED.

Dated: Feb 3, 2010

Richard Sowinski
(Signature)

Richard Sowinski
(Name)

DR. RICHARD SOWINSKI

Dated: Feb 2, 2010

Anthony Graham
(Signature)

Anthony Graham
(Name)

Counsel
(Title)

GRAHAM & MARTIN, LLP

Dated: _____

(Signature)

(Name)

(Title)

CANON USA, INC.

Dated: _____

(Signature)

(Name)

(Title)

LEXMARK INTERNATIONAL, INC.

Settlement Agreement and Mutual Release (cont'd)

IT IS SO AGREED.

Dated: _____

(Signature)

(Name)

DR. RICHARD SOWINSKI

Dated: _____

(Signature)

(Name)

(Title)

GRAHAM & MARTIN, LLP

Dated: 2-8-10

[Handwritten Signature]

(Signature)

Seymour Liebman

(Name)

EVP

(Title)

CANON USA, INC.



Settlement Agreement and Mutual Release (cont'd)

Dated: 2/4/2010

Charles S. Kratzer
(Signature)

Charles S. Kratzer
(Name)

Associate General Counsel
(Title)

LEXMARK INTERNATIONAL, INC.

Dated: _____

(Signature)

(Name)

(Title)

XEROX CORPORATION

Dated: _____

(Signature)

(Name)

(Title)

RICOH AMERICAS CORPORATION

SF:27409006.2

Settlement Agreement and Mutual Release (cont'd)

Dated: _____

(Signature)

(Name)

(Title)

LEXMARK INTERNATIONAL, INC.

Dated: February 4, 2010

Patricia A. Calkins
(Signature)

Patricia A. Calkins
(Name)

Vice President
Environment, Health - Safety
(Title)

XEROX CORPORATION

Dated: _____

(Signature)

(Name)

(Title)

RICOH AMERICAS CORPORATION

SF:27409006.2

Settlement Agreement and Mutual Release (cont'd)

Dated: _____

(Signature)

(Name)

(Title)

LEXMARK INTERNATIONAL, INC.

Dated: _____

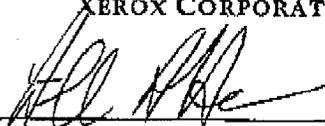
(Signature)

(Name)

(Title)

XEROX CORPORATION

Dated: 2/3/10



(Signature)

ALLAN A. HARRIS

(Name)

SVP / General Counsel

(Title)

RICOH AMERICAS CORPORATION

SF:27409006.2

