

SETTLEMENT AGREEMENT

BETWEEN

CONSUMER ADVOCACY GROUP, INC.

AND

BELL AUTOMOTIVE PRODUCTS, INC.

Consumer Advocacy Group, Inc., on behalf of itself and suing in the public interest pursuant to Health and Safety Code section 25249.7, subdivision (d) ("CAG") and Bell Automotive Products, Inc. ("BELL") (collectively, the "Parties") enter into this agreement ("Settlement Agreement") to settle the case entitled *Consumer Advocacy Group, Inc. v. Bell Automotive Products, Inc.*, filed on March 5, 2009, and pending in the Superior Court of California for the County of Los Angeles, Case No. BC 409019 (the "Lawsuit"), as follows:

1.0 Introduction

1.1 CAG is a California-based non-profit entity that seeks to promote awareness of exposures to toxic chemicals and improve human health by reducing or eliminating hazardous substances contained in consumer and industrial products.

1.2 BELL is the manufacturer or distributor of certain consumer products. The consumer products in question are BELL manufactured or distributed lead-containing battery terminals, such as Victor® Heavy Duty Lead Battery Terminal Side Posts, designed for use as electrical connections on automobile batteries (referred to throughout as the "Covered Product").

1.3 CAG alleges that the Covered Product contains lead and brought this action under the California Safe Drinking Water and Toxic Enforcement Act (*Cal. Health & Safety Code* § 25249.5, *et seq.* ("Proposition 65")). On February 27, 1987, the Governor of California added lead to the list of chemicals known to the State to cause reproductive toxicity, developmental, female, male *Cal. Code Regs.* tit. 27, § 27001(c)); and on October 1, 1992, the Governor added lead and lead compounds to the list of chemicals known to the State to cause cancer (*Cal. Code Regs.* tit. 27, § 27001(b)). Twenty (20) months after its inclusion in these lists, lead became subject fully to the discharge prohibitions and warning requirements of Proposition 65.

1.4 On August 11, 2008, CAG served BELL and various public enforcement agencies with the a document entitled "Sixty-Day Notice Of Intent To Sue For

COPY

Violations Of The Safe Drinking Water And Toxic Enforcement Act of 1986” (“Notice”). The Notice alleged that BELL violated Proposition 65 by failing to warn consumers in California that use of the Covered Product exposes persons to lead.

1.5 On March 5, 2009, CAG filed the Lawsuit alleging BELL violated Proposition 65 by exposing persons to the lead found in the Covered Product without first providing “clear and reasonable” warnings. The alleged exposures constitute “[c]onsumer product exposure[s]” as defined under California Code of Regulations, title 27, section 25602.

1.6 The Parties enter into this Settlement Agreement to settle disputed claims between the Parties as set forth below, including but not limited to the existence and sufficiency of any purportedly Proposition 65-compliant warnings on the Covered Product.

1.7 By execution of this Settlement Agreement, the Parties do not admit any facts or conclusions of law, including, but not limited to, any facts or conclusions of law regarding any violation of Proposition 65, or any other statutory, regulatory, common law, or equitable doctrine. Nothing in this Settlement Agreement shall be construed as an admission by the Parties of any fact, conclusion of law, issue of law, or violation of law. Nothing in this Settlement Agreement, nor compliance with its terms, shall constitute or be construed, considered, offered, or admitted as evidence of an admission or evidence of fault, wrongdoing, or liability by BELL, its officers, directors, employees, or parent, subsidiary or affiliated corporations, in any administrative or judicial proceeding or litigation in any court, agency, or forum. Except for the cause of action and allegations settled and compromised, nothing in this Settlement Agreement shall prejudice, waive, or impair any right, remedy, argument, or defense that CAG and BELL may have against one another in any other pending legal proceeding as to allegations unrelated to those alleged in the Lawsuit.

2.0 Release

2.1 Upon court approval of the settlement between the Parties, and execution of the obligations under this Settlement Agreement, CAG fully releases and forever discharges BELL, its parents, subsidiaries or affiliates, officers, directors, employees, and all of their suppliers, customers, distributors, wholesalers, retailers, or any other person in the course of doing business, and the successors and assigns of any of them, who may use, maintain, distribute or sell the Covered Product (collectively, “Released Entities”) from all known and unknown rights, claims, causes of action, damages, suits, penalties, liabilities, injunctive relief, declaratory relief, and attorney fees, costs, and expenses related to or arising out of the facts and claims alleged in the Lawsuit. Without limiting the foregoing, the

Parties intend the scope of this release to cover all Claims Covered (as defined in Section 3 below) as to the Released Entities put in controversy by the Lawsuit.

2.2 CAG has full knowledge of the contents of Section 1542 of the Civil Code. CAG acknowledges that the claims released in section 2.1 above may include unknown claims and waives Section 1542 as to any such unknown claims. Section 1542 reads 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.

CAG acknowledges and understands the significance and consequences of this specific waiver of Civil Code Section 1542 is that even if CAG suffers future damages arising out of or resulting from, or related directly or indirectly to, in whole or in part, the Covered Product, including but not limited to any exposure to, or failure to warn with respect to exposure to, lead or lead compounds from the Covered Product, CAG will not be able to make any claim for those damages against BELL or the Released Entities. Furthermore, CAG acknowledges that it intends these consequences for any such claims as may exist as of the date of this release but which CAG does not know exist, and which, if known, would materially affect their decision to enter into this Settlement Agreement, regardless of whether their lack of knowledge is the result of ignorance, oversight, error, negligence, or any other cause.

2.3 CAG further agrees to execute and file with the court presiding over the Lawsuit a Consent Judgment approved by the Parties, an executed copy of which shall be provided by BELL to CAG with the execution of this Settlement Agreement.

3.0 Claims Covered

3.1 This Settlement Agreement is a final and binding resolution between CAG and the Released Entities of the following claims and causes of action:

All Proposition 65 claims and any and all other claims that were or could have been asserted in the Lawsuit arising from or related to allegations that the Released Entities exposed, knowingly and intentionally, users of the Covered Product and others in proximity to such use, to lead, a chemical designated by the State of California to cause cancer and reproductive toxicity, without first giving clear and reasonable warnings of such to persons exposed up to the effective date of this Settlement Agreement.

4.0 Defendant's Duties

4.1 BELL agrees, promises, and represents that upon execution of this Settlement Agreement, it will not sell or distribute the Covered Product in California in the future (*i.e.*, after the Consent Judgment is approved by the Court) unless it provides warnings that comply with Proposition 65, in that these warnings indicate that the Covered Product contains lead. These warnings shall be provided in such a conspicuous and prominent manner that will assure the message is made available and likely to be read, seen, or heard by the consumer prior to or at the time of the sale or purchase. The warning label shall read as follows:

WARNING: This product contains lead, an element known by the State of California to cause cancer, birth defects or other reproductive harm.

5.0 Payments

5.1 BELL shall pay a total of \$20,000 (the "Settlement Amount"), to be divided between CAG and CAG's counsel as set forth immediately below. BELL shall pay \$10,000 of the Settlement Amount within five (5) days of execution of the Settlement Agreement, and shall have three (3) weeks thereafter to pay the remaining balance of the Settlement Amount.

5.1a Payment in Lieu of Civil Penalties. BELL shall pay CAG, incorporated for the purpose of furthering environmental causes, \$5,000. Payment shall be made payable to "Consumer Advocacy Group, Inc." CAG will use the payment for such projects and purposes related to environmental protection, worker health and safety, or reduction of human exposure to hazardous substances (including administrative and litigation costs arising from such projects), as CAG may choose.

5.1b Payment to Yeroushalmi & Associates. BELL shall pay CAG \$15,000, for its attorney fees and costs incurred in this matter. The check shall be made payable to "Yeroushalmi & Associates."

6.0 Authority to Enter Into Settlement Agreement

6.1 CAG represents that its signatory to this Settlement Agreement has full authority to enter into this Settlement Agreement on behalf of CAG and to bind legally CAG. BELL represents that its signatory to this Settlement Agreement has full authority to enter into this Settlement Agreement on behalf of BELL and to bind legally BELL.

7.0 Attorney General Review

7.1 Consistent with section 3003, subdivision (a) of Title 11 of the California Code of Regulations, CAG shall submit this Settlement Agreement to the Attorney General's Office for review within five (5) days of the Parties' execution of this Settlement Agreement.

7.2 Following submittal to the Attorney General, the Parties shall proceed as set forth in this Settlement Agreement.

8.0 Execution in Counterparts and Facsimile

8.1 This Settlement Agreement may be executed in counterparts, which taken together shall be deemed to constitute the same document. A facsimile or portable document format (pdf) signature shall be as valid as the original.

9.0 Entry of Judgment Pursuant to Settlement Agreement Required

9.1 CAG shall submit this Settlement Agreement to the Court for consideration as required by Health and Safety Code section 25249.7, subdivision (f)(4). CAG will provide the Court with the necessary information to allow the Court to make the findings required by Health and Safety Code section 25249.7, subdivision (f)(4)(A)-(C).

10.0 Entire Agreement

10.1 This Settlement Agreement and the accompanying executed Consent Judgment contain the sole and entire agreement and understanding of the Parties with respect to the entire subject matter hereof, and all related prior discussions, negotiations, commitments, and understandings. No other agreements, oral or otherwise, exist to bind any of the Parties.

11.0 Modification of Settlement Agreement

11.1 Any modification to this Settlement Agreement shall be in writing by the Parties.

12.0 Application of Settlement Agreement

12.1 This Settlement Agreement shall apply to, be binding upon, and inure to the benefit of, CAG and the Released Entities identified in Section 2.1 above.

///

///

As to form only:

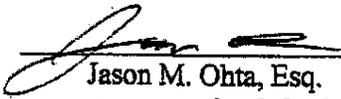
YEROUSHALMI & ASSOCIATES

Dated: 12/3/09

By: _____
Reuben Yeroushalmi
Attorneys for plaintiff,
Consumer Advocacy Group, Inc.

LATHAM & WATKINS LLP

Dated: 12/3/09

By:  _____
Jason M. Ohta, Esq.
Attorneys for defendant,
Bell Automotive Products, Inc.

13.0 Notification Requirements

13.1 Any notice required or permitted hereunder shall be effective only if in writing and delivered in person or sent by telecopy, certified or registered mail return receipt requested, or traceable overnight delivery service, to the following designees:

For CAG:

Reuben Yeroushalmi
YERUSHALMI & ASSOCIATES
3700 Wilshire Blvd., Suite 480
Los Angeles, California 90010
Fax: (213) 382-3430

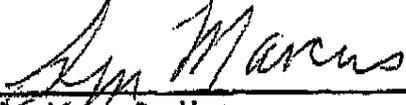
For BELL:

Jason M. Ohta, Esq.
LATHAM & WATKINS LLP
600 West Broadway, Suite 1800
San Diego, California 92101
Fax: (619) 696-7419

Any party may change its designee(s) for purposes of notification by providing notice of such change pursuant to this section.

CONSUMER ADVOCACY GROUP, INC.

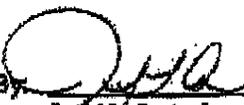
Dated: 12/9/09

By: 

Lyn Marcus, President

BELL AUTOMOTIVE PRODUCTS, INC.

Dated: 12/2/09

By: 

Jennifer L. Andrew, COO/CFO

///

///

///

///

///

13.0 Notification Requirements

13.1 Any notice required or permitted hereunder shall be effective only if in writing and delivered in person or sent by telecopy, certified or registered mail return receipt requested, or traceable overnight delivery service, to the following designees:

For CAG:

Reuben Yeroushalmi
YEROUSHALMI & ASSOCIATES
3700 Wilshire Blvd., Suite 480
Los Angeles, California 90010
Fax: (213) 382-3430

For BELL:

Jason M. Ohta, Esq.
LATHAM & WATKINS LLP
600 West Broadway, Suite 1800
San Diego, California 92101
Fax: (619) 696-7419

Any party may change its designee(s) for purposes of notification by providing notice of such change pursuant to this section.

CONSUMER ADVOCACY GROUP, INC.

Dated: _____

By: _____
Lyn Marcus, President

BELL AUTOMOTIVE PRODUCTS, INC.

Dated: 12/2/2009

By: 
Jennifer L. Andrew, COO/CFO

///

///

///

///

///