

**SETTLEMENT AGREEMENT BETWEEN  
RUSSELL BRIMER AND IKEA US HOLDING, INC./IKEA NORTH AMERICA  
SERVICES, LLC**

This Settlement Agreement ("Agreement") confirms and documents the settlement of a dispute between Russell Brimer ("Brimer") and IKEA US Holding, Inc., and IKEA North America Services, LLC (collectively referred to herein as "IKEA"). Brimer and IKEA are collectively referred to as the "Parties" and each of them as a "Party" regarding IKEA's compliance with the Amended Judgment and Order Approving Proposition 65 Settlement Agreement ("Consent Judgment") that was entered by the Court on August 18, 2005 in the action entitled *Brimer v. The Boelter Companies, et al.*, San Francisco Superior Court Case No. CGC-05-440811 (the "Action"), and opted into by IKEA U.S. Holding, Inc. on December 21, 2005, as follows:

**1. INTRODUCTION**

1.1 Brimer 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 and industrial products.

1.2 IKEA is a company that manufactures and/or distributes decorated glassware products.

1.3 On April 28, 2005, in the interest of the general public in California, Brimer filed a complaint in the Action, naming IKEA as a "Doe" defendant and alleging violations of Health & Safety Code Section 25249.6 for its alleged failure to provide clear and reasonable warnings about the risks of reproductive harm and cancer that the State of California associates with exposure to the Listed Chemical contained in certain products that IKEA sells.

1.4 On or about December 31, 2005, the Parties executed a Stipulation for Entry of Judgment in the Action, binding IKEA to the terms of the Amended Consent Judgment (the "Consent Judgment"). The Consent Judgment set lead limits (the "lead limits") for, *inter alia*, "Glassware Food/Beverage Products" (the "Covered Products") and specified that IKEA would either sell the Covered Products with clear and reasonable warnings, or sell reformulated Covered Products that met the lead limits set forth in the Consent Judgment. The Parties dispute, among other things, whether IKEA complied with the Consent Judgment in terms of whether IKEA adhered to the lead limits provided under Section 2.3.1 of the Consent Judgment. A substantial amount of investigation, testing and analysis by the Parties was undertaken to determine whether IKEA's "Godis Mix" products complied with the terms of the Consent Judgment. The Parties also engaged in legal analysis and numerous conferences over the past several months to evaluate the basis of any claims of civil contempt and breach of contract.

1.5 On August 5, 2010, Brimer served IKEA and public enforcement agencies with a document entitled "60-Day Notice of Violation" ("Notice") which provided IKEA and such public enforcers with notice that IKEA was in violation of California Health & Safety Code Section 25249.6. The Notice alleged that IKEA manufactured glassware with colored artwork or designs that contained lead, a substance known to the State of California to cause birth defects

and other reproductive harm (referred to herein as the "Listed Chemical"), and that IKEA failed to warn purchasers that the Covered Products expose users to the Listed Chemical.

1.6 Nothing in this Agreement shall be construed as an admission by any Party of any fact, finding, issue of law, assertion, allegation or violation of law, nor shall compliance with this Agreement constitute or be construed as an admission by any Party of any fact, finding, conclusion, issue of law, or violation of law. However, this paragraph shall not diminish or otherwise affect the obligations, responsibilities, and duties of the Parties under this Agreement.

1.7 The Parties enter into this Agreement to memorialize their resolution of the controversy described above in order to avoid prolonged and costly litigation between them.

1.8 The Effective Date of this Agreement is the date on which it is signed by both Parties and delivered by each Party to the other Party.

## **2. INJUNCTIVE RELIEF: PRODUCT REFORMULATION**

2.1 As of the Effective Date, IKEA shall only manufacture, or cause to be manufactured, Covered Products consisting of glassware with decorative material consisting of colored artwork or designs to be offered for sale or sold in California that are "Reformulated". "Reformulated" as used herein is defined as decorated glassware items as to which (a) the decorative material must, in all areas other than the exterior top 20 millimeters (i.e., the "lip rim area"), contain no more than 90 ppm of lead or less than 0.0009% of lead by weight or less as measured either before or after the material is fired onto (or otherwise affixed to) the item, using EPA Test Method 3050B and (b) any decorative material used within the lip and rim area must utilize only organic or thermoplastic print colors and cannot employ additives consisting of inorganic pigments or any other materials to which lead or cadmium are added. If the decorative material is tested after it is affixed to the Covered Product, the percentage of lead by weight must relate only to the decorative material and must not include any quantity attributable to non-decorative material such as the glass substrate. The Parties agree that the Reformulation commitment contained herein with respect to the type of Covered Products identified herein supersedes the Reformulation commitment in the Consent Judgment in the Action with respect to IKEA.

## **3. RELEASE OF ALL CLAIMS**

3.1 **Full, Final and Binding Resolution of Proposition 65 Allegations.** This Settlement is a full, final and binding resolution between Brimer on behalf of himself and the public interest and IKEA of any violation of Proposition 65 that was asserted by Brimer against IKEA, its parents, subsidiaries, affiliated entities that are under common ownership, directors, officers, employees, attorneys, and each entity to whom IKEA directly sells or indirectly distributes Covered Products, including but not limited to downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members, licensors, and licensees ("Releasees"), based on their failure to warn about alleged exposures to the Listed Chemical contained in the Covered Products that were sold by IKEA.

3.2 **Brimer's Public Release of Proposition 65 Claims.** In further consideration of the promises and agreements herein contained, 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, excluding fees on appeal) of any nature whatsoever, fixed or contingent, limited to and arising under Proposition 65 with respect to the Listed Chemical in the Covered Products sold by IKEA (collectively "claims"), against IKEA, IKEA Releasees, and Downstream Defendant Releasees.

**3.3 Brimer's Individual Release of Claims.** Brimer also, in his individual capacity only and *not* in his representative capacity, provides a release herein which shall be effective as a full and final accord and satisfaction, as a bar to all actions, causes of action, obligations, costs, expenses, attorneys' fees, damages, losses, claims, liabilities and demands of Brimer of any nature, character or kind, whether known or unknown, suspected or unsuspected, limited to and arising out of alleged or actual exposures to the Listed Chemical in the Covered Products manufactured, distributed or sold by IKEA.

**3.4 IKEA's Release of Brimer.** IKEA on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives any and all 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 to enforce Proposition 65 against it in this matter with respect to the Covered Products.

**4. PENALTIES PURSUANT TO HEALTH & SAFETY CODE § 25249.7(b)**

In settlement of all the claims referred to in this Agreement against it, IKEA shall pay \$10,000 in civil penalties to be apportioned in accordance with California Health & Safety Code Section 25249.12(c)(1)(d), with 75% of these funds remitted to the State of California's Office of Environmental Health Hazard Assessment ("OEHHA") and the remaining 25% of these penalty monies remitted to Brimer as provided by Health & Safety Code Section 25249.12(d). IKEA shall issue two separate checks for the penalty payment: (a) one check made payable to The Chanler Group in Trust for OEHHA ("The Chanler Group in Trust for OEHHA") in the amount of \$7500, representing 75% of the total penalty and (b) one check to "The Chanler Group in Trust for Russell Brimer" in the amount of \$2500, representing 25% of the total penalty. Two separate Forms 1099 shall be issued for the above payments: the first to the Office of Environmental Health Hazard Assessment, P.O. Box 4010, Sacramento, CA 95814 (EIN: 68-0284486) in the amount of \$7500; the second Form 1099 to Brimer in the amount of \$2500, whose address and tax identification number shall be furnished, upon request. The payments shall be delivered on or before May 31, 2011, at the following address:

THE CHANLER GROUP  
Attn: Proposition 65 Controller  
2560 Ninth Street, Suite 214  
Berkeley, CA 94710-2565

**5. REIMBURSEMENT OF FEES AND COSTS**

The parties reached an accord on the compensation due to Brimer and his counsel under the private attorney general doctrine and principles of contract law. Under these legal principles, IKEA shall reimburse Brimer's counsel for fees and costs, incurred as a result of investigating, bringing this matter to IKEA's attention, and negotiating a settlement in the public interest. IKEA shall pay Brimer and his counsel \$50,000 for all attorneys' fees, expert and investigation fees, and related costs. The payment shall be issued in a third separate check made payable to "The Chanler Group" and shall be delivered on or before May 31, 2011, at the following address:

THE CHANLER GROUP  
Attn: Proposition 65 Controller  
2560 Ninth Street, Suite 214  
Berkeley, CA 94710-2565

IKEA shall issue a separate Form 1099 for fees and cost paid in the amount of \$50,000 to The Chanler Group, 2560 Ninth Street, Suite 214, Berkeley, CA 94710-2565 (EIN: 94-3171522).

**6. AUTHORITY TO ENTER INTO AGREEMENT**

6.1 Brimer represents that the signatory to this Agreement has the authority to enter into this Agreement on behalf of Brimer and to bind Brimer legally. IKEA represents that the signatory to this Agreement has the authority to enter into this Agreement on behalf of IKEA and to bind IKEA legally.

**7. EXECUTION IN COUNTERPARTS AND FACSIMILE**

7.1 This Agreement may be executed in counterparts, which taken together shall be deemed to constitute the same document. A facsimile or pdf signature shall be as valid as the original.

**8. ENFORCEMENT**

8.1 If any dispute arises regarding compliance with this Agreement, the Parties shall meet and confer in good faith in an effort to resolve such dispute. If the Parties are unable to resolve the dispute, any Party may thereafter seek judicial intervention. The Parties stipulate that this Agreement may be enforced pursuant to California Code of Civil Procedure Section 664.6. The prevailing party in any such proceeding shall be entitled to recover its reasonable costs and attorney fees.

**9. MODIFICATION OF AGREEMENT**

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

**10. APPLICATION OF AGREEMENT**

10.1 This Agreement shall apply to, be binding upon, and inure to the benefit of, the Parties and their respective successors and assigns.

**11. SEVERABILITY**

11.1 In the event that a court of competent jurisdiction finds unenforceable any of the provision of this Agreement, such finding shall not affect adversely the validity of the enforceable provisions.

**12. GOVERNING LAW**

12.1 The laws of the State of California shall govern the terms of this Agreement.

**13. NOTIFICATION REQUIREMENTS**

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

For Brimer:

Proposition 65 Coordinator  
The Chanler Group  
2560 Ninth Street  
Parker Plaza, Suite 214  
Berkeley, CA 94710-2565  
Fax: (510) 848-8880

For IKEA:

John J. Allen, Esq.  
Allens Matkins Leck Gamble Mallory &  
Natsis LLP  
515 S. Figueroa Street, 9<sup>th</sup> Floor  
Los Angeles, CA, 90071-3398  
Fax: (213) 620-8816

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

AGREED TO:

Dated: 5-26-11

By:   
RUSSELL BRIMER

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
IKEA HOLDING US, INC. and  
IKEA NORTH AMERICA SERVICES, LLC

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Proposition 65 Coordinator  
The Chanler Group  
2560 Ninth Street  
Parker Plaza, Suite 214  
Berkeley, CA 94710-2565  
Fax: (510) 848-8880

For IKEA:

John J. Allen, Esq.  
Allens Matkins Leck Gamble Mallory &  
Natsis LLP  
515 S. Figueroa Street, 9<sup>th</sup> Floor  
Los Angeles, CA, 90071-3398  
Fax: (213) 620-8816

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AGREED TO:

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
RUSSELL BRIMER

Dated: May 26, 2011

By:   
IKEA HOLDING US, INC. and  
IKEA NORTH AMERICA SERVICES, LLC