

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Parties

This Settlement Agreement is entered into by and between Dr. Whitney R. Leeman (“Leeman”) and Lisle Corporation (“Lisle”), with Leeman and Lisle collectively referred to as the “Parties.” Leeman is an individual residing in the State of 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. Lisle 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”).

1.2 General Allegations

Leeman alleges that Lisle manufactures, imports, distributes, sells, and/or offers for sale vinyl/PVC mats, cushions and headrests containing di(2-ethylhexyl)phthalate (“DEHP”) in the State of California without the requisite Proposition 65 health hazard warning. DEHP is listed pursuant to Proposition 65 as a chemical known to the State of California to cause birth defects and other reproductive harm.

1.3 Product Description

The products that are covered by this Settlement Agreement are defined as vinyl/PVC mats containing DEHP including, but not limited to, the *Lisle Jeepers Creeper Mat, #95002, UPC #0 83045 95002 8*, which were manufactured, imported, distributed, sold and/or offered for sale in the State of California by Lisle, hereinafter referred to as the “Noticed Products.”

In addition to the Noticed Products listed above, this Settlement Agreement also covers those products specifically identified on Exhibit “A” hereto and by this reference incorporated herein, which were manufactured, imported, distributed, sold and/or offered for sale in the State of California by Lisle, hereinafter referred to collectively as the “Additional Products.” The Noticed Products and the Additional Products are hereinafter referred to collectively as the “Products.”

1.4 Notice of Violation

On or about August 28, 2014, Leeman served Lisle and various public enforcement agencies with a document entitled “Supplemental 60-Day Notice of Violation” (“Notice”), alleging that Lisle was in violation of Proposition 65 for failing to warn its customers and consumers in the State of California that the Noticed Products exposed users to DEHP. To the best of the Parties’ knowledge, no public enforcer has commenced and is diligently prosecuting the allegations set forth in the Notice.

1.5 No Admission

Lisle denies the material, factual, and legal allegations contained in the Notice and maintains that all of the products it has manufactured, imported, distributed, sold and/or offered for sale in the State of 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 Lisle of any fact, finding, conclusion of law, issue of law, or violation of law; nor shall compliance with this Settlement Agreement constitute or be construed as an admission by Lisle of any fact, finding, conclusion of law, issue of law, or violation of law, such being specifically denied by Lisle. This Section shall not, however, diminish or otherwise affect Lisle’s obligations, responsibilities, and duties under this Settlement Agreement.

1.6 Effective Date

For purposes of this Settlement Agreement, the term “Effective Date” shall mean November 15, 2014.

2. INJUNCTIVE RELIEF: REFORMULATION AND WARNINGS

2.1 Reformulation Commitment

Commencing on the Effective Date, Lisle shall only manufacture, import, distribute, sell and/or offer for sale in the State of California Products that are Reformulated Products or Products that are affixed with appropriate warning labels, pursuant to Section 2.2 below. For purposes of this Settlement Agreement, “Reformulated Products” shall mean Products containing

less than or equal to 1,000 parts per million (0.1%) DEHP in each Accessible Component when analyzed pursuant to EPA testing methodologies 3580A and 8270C or any equivalent methodologies utilized by state or federal agencies for purposes of determining DEHP content in a solid material. For purposes of this Settlement Agreement, "Accessible Component" shall mean a component of a Product that can be touched by a person during normal, intended and foreseeable use of the Product.

2.2 Product Warnings

2.2.1 Product Labeling

Any warning provided under Section 2.1 above shall be affixed to the packaging, labeling, or directly on each Product. Each warning 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. Each warning shall be provided in a manner such that the consumer or user understands to which specific Product the warning applies, so as to minimize the risk of consumer confusion. A warning provided pursuant to this Settlement Agreement shall state:

WARNING: This product contains DEHP, a chemical known to the State of California to cause birth defects and other reproductive harm.

2.2.2 Mail Order Catalog and Internet Website Warning

In the event that Lisle sells Products via mail order catalog and/or the internet, to customers located in California, after the Effective Date, that are not Reformulated Products, Lisle shall provide warnings for such Products directly sold via mail order catalog or the internet to California residents. For purposes of this provision, orders by distributors and retailers of Products shall not be deemed to be via mail order catalog as long as such catalogs do not provide order forms which can be completed and mailed to Lisle to initiate an order. In addition, listing of Products offered for sale on Lisle's website shall not constitute a sale via the internet as long as the customer cannot consummate a purchase transaction via Lisle's website. Warnings given

in the mail order catalog or on the internet shall identify the *specific* Product to which the warning applies as further specified in Sections 2.2.2(i) and (ii).

(i) Mail Order Catalog Warning. Any warning provided in a mail order catalog shall be in the same type size or larger than 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: This product contains DEHP, 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, Lisle may utilize a designated symbol to cross reference the applicable warning and shall define the term “designated symbol” 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: Certain products identified with this symbol ▼ and offered for sale in this catalog contain DEHP, 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, Lisle must provide a header or footer directing the consumer to the warning language and definition of the designated symbol.

(ii) Internet Website Warning. A warning shall be given in conjunction with the sale of the Products via the internet, which warning shall appear either: (a) on the same web page on which a Product is displayed; (b) on the same web page as the order form for a 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 than the Product description text:

WARNING: This product contains DEHP, 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, as follows:

WARNING: Products identified on this page with the following symbol ▼ contain DEHP, a chemical known to the State of California to cause birth defects and other reproductive harm.

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

In settlement of all the claims referred to in this Settlement Agreement, Lisle shall cause to be paid a total of \$25,000 in civil penalties in accordance with this Section. Each penalty payment will be allocated in accordance with California Health & Safety Code §§ 25249.12(c)(1) & (d), with 75% of the funds remitted to the California Office of Environmental Health Hazard Assessment (“OEHHA”) and the remaining 25% of the penalty remitted to Leeman, as follows:

3.1 Initial Civil Penalty

Lisle shall pay an initial civil penalty in the amount of \$7,000 on or before the Effective Date. Lisle shall cause two separate checks to be issued to: (a) “OEHHA” in the amount of \$5,250; and (b) “Dr. Whitney R. Leeman, Client Trust Account” in the amount of \$1,750. All penalty payments shall be delivered to the addresses listed in Section 3.3 below.

3.2 Final Civil Penalty

Lisle shall pay a final civil penalty of \$18,000 on or before July 15, 2015. The final civil penalty shall be waived in its entirety, however, if, no later than June 30, 2015, an officer of Lisle provides Leeman with written certification that, as of the date of such certification and

continuing into the future, Lisle has met the reformulation standard specified in Section 2.1 above, such that all Products manufactured, imported, distributed, sold and/or offered for sale in California by Lisle are Reformulated Products. The certification in lieu of a final civil penalty payment provided by this Section is a material term, and time is of the essence. Lisle shall cause two separate checks to be issued for its final civil penalty payments to: (a) "OEHHA" in the amount of \$13,500; and (b) "Dr. Whitney R. Leeman, Client Trust Account" in the amount of \$4,500.

3.3 Payment Procedures

3.3.1 Issuance of Payments. Payments shall be delivered as follows:

(a) All payments owed to Leeman, pursuant to Sections 3.1 and 3.2, shall be delivered to the following payment address:

The Chanler Group
Attn: Proposition 65 Controller
2560 Ninth Street
Parker Plaza, Suite 214
Berkeley, CA 94710

(b) All payments owed to OEHHA, pursuant to Sections 3.1 and 3.2, shall be delivered directly to OEHHA (Memo line "Prop 65 Penalties") at the following addresses:

For United States Postal Service Delivery:

Mike Gyurics
Fiscal Operations Branch Chief
Office of Environmental Health Hazard Assessment
P.O. Box 4010
Sacramento, CA 95812-4010

For Non-United States Postal Service Delivery:

Mike Gyurics
Fiscal Operations Branch Chief
Office of Environmental Health Hazard Assessment
1001 I Street
Sacramento, CA 95814

With a copy of the checks payable to OEHHA mailed to The Chanler Group at the address set forth above in 3.3.1(a), as proof of payment to OEHHA.

4. REIMBURSEMENT OF FEES AND COSTS

The Parties acknowledge that Leeman and her 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. Lisle then expressed a desire to resolve the fee and cost issue shortly after the other settlement terms had been finalized. The Parties then attempted to (and did) reach an accord on the compensation due to Leeman and her counsel under general contract principles and the private attorney general doctrine codified at California Code of Civil Procedure § 1021.5, for all work performed through the mutual execution of this agreement. Lisle shall cause to be paid \$34,000 for fees and costs incurred as a result of investigating, bringing this matter to Lisle's attention, and negotiating a settlement in the public interest. Lisle shall cause a check to be issued made payable to "The Chanler Group" and shall cause payment to be delivered on or before the Effective Date, to the address listed in Section 3.3.1(a) above.

5. RELEASES

5.1 Leeman's Release of Lisle

This Settlement Agreement is a full, final and binding resolution between Leeman in her individual capacity and not on behalf of the public, and Lisle, of any violation of Proposition 65 that was or could have been asserted by Leeman on behalf of herself, her past and current agents, representatives, attorneys, successors, and/or assignees, against Lisle, its respective parents, subsidiaries, affiliated entities under common ownership, directors, officers, shareholders, employees, attorneys, and each entity to whom Lisle directly or indirectly distributes or sells Products, including, but not limited, to downstream distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees ("Releasees"), based on their failure to warn about alleged exposures to DEHP contained in the Noticed Products that were manufactured, imported, distributed, sold, and/or offered for sale by Lisle in the State of California before the Effective Date.

In further consideration of the promises and agreements herein contained, Leeman, in her individual capacity only, on behalf of herself, her past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives all her rights to institute or participate in, directly or indirectly, any form of legal action and releases all claims that she may have, 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, but exclusive of fees and costs on appeal -- limited to and arising under Proposition 65 with respect to DEHP in the Products manufactured, imported, distributed, sold and/or offered for sale by Lisle before the Effective Date, against Lisle and Releasees.

5.2 Lisle's Release of Leeman

Lisle, on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives any and all claims against Leeman and her attorneys and other representatives, for any and all actions taken or statements made (or those that could have been taken or made) by Leeman and her attorneys and other representatives, whether in the course of investigating claims, otherwise seeking to enforce Proposition 65 against it in this matter, or with respect to the Products.

6. SEVERABILITY

If, subsequent to the execution of this Settlement Agreement, any provision is held by a court to be unenforceable, the validity of the enforceable provisions remaining shall not be adversely affected.

7. 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.

8. NOTICES

Unless specified herein, all correspondence and notices required to be provided pursuant to this Settlement Agreement shall be sent by: (i) personal delivery; (ii) first-class, registered or

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

To Lisle:

Frederick V. Lisle, President
Lisle Corporation
807 East Main Street
Clarinda, IA 51632

To Leeman:

Proposition 65 Coordinator
The Chanler Group
2560 Ninth Street
Parker Plaza, Suite 214
Berkeley, CA 94710-2565

With Copy to:

William C. Brown, Esq.
Brown, Winick, Graves, Gross, Baskerville,
& Schoenebaum P.L.C.
666 Grand Avenue
Suite 2000 Ruan Center
Des Moines, IA 50309

Any party may, from time to time, specify in writing to the other party a change of address to which all notices and other communications shall be sent.

9. COUNTERPARTS; FACSIMILE SIGNATURES

This Settlement Agreement may be executed in counterparts and by facsimile or portable document format (".pdf") signature, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

10. POST-EXECUTION ACTIVITIES

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

11. MODIFICATION

This Settlement Agreement may be modified only by a written agreement of the Parties.

12. 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.

AGREED TO:

AGREED TO:

Date: 11/12/14

Date: 11-7-14

By: Whitney Leeman
Dr. Whitney R. Leeman

By: Frederick V. Lisle
Frederick V. Lisle, President
Lisle Corporation

Exhibit "A" to Settlement Agreement

<u>Model No.</u>	<u>Description</u>
24750	Fender Protector
92032	Large Wheel Plastic Creeper, Red
92102	Low Profile Plastic Creeper, Red
92302-05	Low Profile Plastic Creeper, Red w/ Clear Rollers
93032	Large Wheel Plastic Creeper, Yellow
93102	Low Profile Plastic Creeper, Yellow
93202-05	Low Profile Plastic Creeper, Orange w/ Clear Rollers
93302-05	Low Profile Plastic Creeper, Yellow w/ Clear Rollers
94032	Large Wheel Plastic Creeper, Blue
94102	Low Profile Plastic Creeper, Blue
94302-05	Low Profile Plastic Creeper, Blue w/ Clear Rollers
96202	42" Low Profile Steel Creeper
96302	42" Padded Low Profile Steel Creeper
97102	Low Profile Plastic Creeper, Black
96102	36" Low Profile Steel Creeper
95302-05	Low Profile Plastic Creeper, Green w/ Clear Rollers
95002	Fold Up Creeper
96412	Headrest