

SETTLEMENT AGREEMENT

BETWEEN

CONSUMER ADVOCACY GROUP, INC.

AND

EZON, 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 Ezon, Inc. ("Ezon") (collectively, "Parties") enter into this agreement ("Settlement Agreement") to settle the case entitled *Consumer Advocacy Group, Inc. v. Ezon, Inc., et al.*, filed on April 22, 2008, and pending in the Superior Court of California for the County of Los Angeles, Case No. BC389539 (the "Lawsuit"), as follows:

1.0 Introduction

1.1 CAG is a California-based 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 Ezon is the manufacturer or distributor of certain "consumer products" as defined under California Code of Regulations, title 22, section 12601. The consumer products in question are lead-containing battery terminals, cables and accessories. Examples of the general category of battery terminals, cables and accessories include, but are not limited to: E-Tron Battery Cables (Product 9-6); E-Tron Battery Cables (Product 12-6); E-Tron Battery Cables (Product A12-4); Battery Bolt Extenders (L866L-2J); Battery Adapter (ST-2A); Battery Adaptor Post (STCP-2); Marine Terminal (12MBT); Side Battery Terminal (13BT); Starter To Switch Cable (SS18-4); and Starter To Switch Cable (SS32-4). Collectively, the products mentioned in the previous two sentences are "Covered Products."

1.3 CAG alleges that the Covered Products contain lead. On February 27, 1987, the Governor of California added lead to the list of chemicals known to the State under the California Safe Drinking Water and Toxic Enforcement Act (Health & Saf. Code, §§ 25249.5, et seq.) ("Proposition 65") to cause reproductive toxicity, reproductive, female, male. Twenty months after its inclusion in the list, lead became subject fully to the discharge prohibitions and warning requirements of Proposition 65.

1.4 On February 8, 2008, CAG served public enforcement agencies and Ezon with the third of three documents entitled "Sixty-Day Notice Of Intent To Sue For Violations Of The Safe Drinking Water And Toxic Enforcement Act of 1986" ("Notice")¹. The Notice alleged that Ezon violated Proposition 65 by failing to warn consumers in California that use of the Covered Products exposes persons to lead.

1.5 On April 22, 2008, CAG filed the Lawsuit alleging Ezon violated Proposition 65 by exposing persons to the lead found in the Covered Products without providing "clear and reasonable" warnings. The alleged exposures constitute "consumer product" exposures.

1.6 The Parties enter into this Settlement Agreement to settle disputed claims between the Parties as set forth below.

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 Ezon, 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 Ezon 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 Ezon, its related affiliates, predecessors, successors, and assigns and all officers, directors, and employees of any of the released entities (collectively, "Released Parties") 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 Parties put in controversy by the Lawsuit.

¹ CAG also served notices to Ezon on October 2, 2007, and December 28, 2007.

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.

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 Ezon 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 Parties of the following claims and cause of action:

All Proposition 65 claims that were or could have been asserted in the Lawsuit arising from allegations that the Released Parties exposed, knowingly and intentionally, users of Covered Products and others in proximity to such use to lead, a chemical designated by the State to cause reproductive toxicity, reproductive, female, male, without first giving clear and reasonable warning of such to persons exposed up to the effective date of this Settlement Agreement.

4.0 Defendant's Duties

4.1 Ezon agrees, promises, and represents that within 90 days after the accompanying Consent Judgment is approved by the Court, it will provide Proposition 65 compliant warnings for the Covered Products sold or distributed in California indicating that the product contains lead:

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

5.0 Payments

5.1 Payment in Lieu of Civil Penalties. Within ten days of entry of judgment, Ezon shall pay CAG, incorporated for the purpose of furthering environmental causes, \$6,000. Payment shall be 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.

5.2 Payment to Yeroushalmi & Associates. Within ten days of entry of judgment, Ezon shall pay CAG \$40,500 for its attorney fees and costs incurred in this matter. The check shall be 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. Ezon represents that its signatory to this Settlement Agreement has full authority to enter into this Settlement Agreement on behalf of Ezon and to bind legally Ezon.

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 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 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, the CAG and the Released Parties identified in Section 2.1 above.

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, CA 90010
Fax: 213.382.3430

For Ezon:

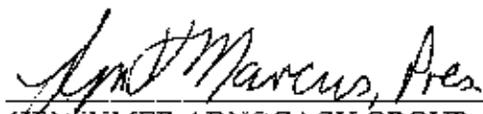
Malcolm Weiss, Esq.
Hunton & Williams LLP
550 South Hope Street, Suite
2000
Los Angeles, CA 90071-2627
Fax: 213.532.2020

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

Dated: _____

2/15/08

By: _____


CONSUMER ADVOCACY GROUP, INC.

Dated: 7-16-08

By: *John J. Davis*
EZON, INC.

As to form only:

YERUSHALMI & ASSOCIATES

Dated: 7/22/08

By: *[Signature]*
Reuben Yerushalmi
Attorneys for plaintiff,
Consumer Advocacy Group, Inc.

HUNTON & WILLIAMS LLP

Dated: 7/17/08

By: *Malcolm Weiss*
Malcolm Weiss, Esq.
Attorneys for defendant,
Ezon, Inc.