

SETTLEMENT AGREEMENT

BETWEEN

CONSUMER ADVOCACY GROUP, INC.

AND

WELLA PERSONAL CARE OF NORTH AMERICA, INC., THE WELLA CORPORATION,

AND WELLA LABORATORIES, INC.

Consumer Advocacy Group, Inc. ("CAG"), and Wella Personal Care of North America, Inc., the Wella Corporation, and Wella Laboratories, Inc. (collectively "Wella") (CAG and Wella collectively, the "Parties") enter into this agreement ("Settlement Agreement") to settle CAG's allegations that Wella violated Proposition 65 for the purpose of avoiding prolonged and costly litigation. The effective date of this agreement shall be the date upon which it is fully executed by all Parties hereto (the "Effective Date").

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 Wella previously manufactured, sold, and/or distributed, at various times, **hair dyes**, including but not limited to **Wella® brand Hair Dye "Perfectone" "Permanent" "Color Crème" "Crema Color" (including 9/3 Very Light Golden Blonde and 7/7 Fawn Brown); Perfectone® Color Crème (including Very Light Golden Blonde); Perfectone® Crema Color (7/4 Ruby Red); Wella™ Color Charm, Permanent Liquid Haircolor, 3A/148 Dark Ash Brown; Wella® Color Charm® Liquid Crème Haircolor 246/5A Light Ash Brown, 5WR Allspice, 507/5RV Bugundy, 632 Medium**

Settlement Agreement between Consumer Advocacy Group, Inc. and Wella Personal Care of North America, Inc., the Wella Corporation, and Wella Laboratories, Inc.

Ash Blonde, and 356/4R Cinnamon Brown; Wella® Color Charm® Extra Mild Toner Liquid Crème Haircolor, T27 Regal Beige (collectively referred to throughout as the “Covered Products”).

1.3 CAG alleges that the Covered Products contain Diaminotoluene (mixed) and that Wella did not provide a required warning in compliance with the California Safe Drinking Water and Toxic Enforcement Act (*Cal. Health & Safety Code § 25249.5, et seq.* (“Proposition 65”). On January 1, 1990, the Governor added Diaminotoluene (mixed) to the list of chemicals known to the State to cause cancer. This addition took place more than twenty (20) months before CAG served its “Sixty-Day Notices of Intent To Sue For Violations Of The Safe Drinking Water And Toxic Enforcement Act of 1986” which are further described below. Diaminotoluene (mixed) is referred to hereafter as the “Covered Chemical.”

1.4 On or about June 1, 2009, CAG served Wella and certain relevant public enforcement agencies with a document dated May 26, 2009 and entitled “Sixty-Day Notice Of Intent To Sue For Violations Of The Safe Drinking Water And Toxic Enforcement Act of 1986” (“May 26, 2009 Notice”). The May 26, 2009 Notice alleged that Wella violated Proposition 65 by failing to warn consumers in California that use of **Perfectone® Color Crème (including Very Light Golden Blonde)** exposes persons to the Covered Chemical.

1.5 On or about April 12, 2010, CAG served Wella and certain relevant public enforcement agencies with a document dated March 26, 2010 and entitled “Sixty-Day Notice Of Intent To Sue For Violations Of The Safe Drinking Water And Toxic Enforcement Act of 1986” (“March 26, 2010 Notice”). The March 26, 2010 Notice

alleged that Wella violated Proposition 65 by failing to warn consumers in California that use of **Perfectone® Color Crème (including Very Light Golden Blonde)** exposes persons to the Covered Chemical.

1.6 On or about May 12, 2010, CAG served Wella and certain relevant public enforcement agencies with a document dated May 12, 2010 and entitled “Sixty-Day Notice Of Intent To Sue For Violations Of The Safe Drinking Water And Toxic Enforcement Act of 1986” (“May 12, 2010 Notice”). The May 12, 2010 Notice alleged that Wella violated Proposition 65 by failing to warn consumers in California that use of **Perfectone® Color Crème (including Very Light Golden Blonde)** exposes persons to the Covered Chemical.

1.7 On or about August 15, 2010, CAG served Wella and certain relevant public enforcement agencies with a document dated August 5, 2010 and entitled “Sixty-Day Notice Of Intent To Sue For Violations Of The Safe Drinking Water And Toxic Enforcement Act of 1986” (“August 5, 2010 Notice”). The August 5, 2010 Notice alleged that Wella violated Proposition 65 by failing to warn consumers in California that use of **Wella® brand Hair Dye “Perfectone” “Permanent” “Color Crème” “Crema Color” (including 9/3 Very Light Golden Blonde and 7/7 Fawn Brown)** exposes persons to the Covered Chemical.

1.8 On or about August 19, 2010, CAG served Wella and certain relevant public enforcement agencies with a document dated August 19, 2010 and entitled “Sixty-Day Notice Of Intent To Sue For Violations Of The Safe Drinking Water And Toxic Enforcement Act of 1986” (“August 19, 2010 Notice”). The August 19, 2010 Notice alleged that Wella violated Proposition 65 by failing to warn consumers in California that

use of Wella® brand Hair Dye “Perfectone” “Permanent” “Color Crème” “Crema Color” (including 9/3 Very Light Golden Blonde and 7/7 Fawn Brown) exposes persons to the Covered Chemical. (The May 26, 2009, March 26, 2010, May 12, 2010, August 5, 2010, and August 19, 2010 Notices collectively referred to as the “Notices.”)

1.9 Since CAG first sent the Notices to Wella, the Parties have been in discussion and have been conducting informal discovery, including the exchange of scientific information and test results. The Parties have been in negotiations for over a year and enter into this Settlement Agreement to settle disputed claims between the Parties as set forth below concerning the Parties’ and the Covered Products’ compliance with Proposition 65 (the “Dispute”).

1.10 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 Wella, its officers, directors, employees, or parents, subsidiaries or affiliated corporations, in any administrative or judicial proceeding or litigation in any court, agency, or forum. Except for the allegations settled and compromised, nothing in this Settlement Agreement shall prejudice, waive, or impair any right, remedy, argument, or defense that CAG or Wella may have against one another in

any other pending legal proceeding as to allegations unrelated to the Dispute or claims released herein.

2.0 Release

This Settlement Agreement is a full, final, and binding resolution between CAG, on the one hand, and (a) Wella and their owners, parents, subsidiaries, affiliates, sister and related companies, employees, shareholders, officers, directors, insurers, attorneys, predecessors, successors, and assigns (collectively "Releasees") and (b) all entities to whom Releasees directly or indirectly provide, distribute or sell the Covered Products, including but not limited to distributors, wholesalers, customers, retailers, franchisees, cooperative members, and licensees ("Downstream Releasees"), on the other hand, of any violation or claimed violation of Proposition 65 or any statutory or common law claim that has been asserted against the Releasees and Downstream Releasees regarding exposing persons to the Covered Chemical and the failure to warn about exposure to the Covered Chemical arising only in connection with the Covered Products manufactured, shipped and/or otherwise distributed prior to the Effective Date, even if sold by Downstream Releasees after the Effective Date. Wella's compliance with this Settlement Agreement shall constitute compliance with Proposition 65 with respect to the Covered Chemical in the Covered Products for both Releasees and Downstream Releasees for any Covered Products distributed and/or sold by Releasees or Downstream Releasees after the Effective Date.

CAG, on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, hereby waives and releases with respect to the Covered Products all rights to institute or participate in, directly or indirectly, any form of legal action, 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) (collectively "Claims"), against Releasees and/or Downstream Releasees that arise under Proposition 65 or any other statutory or common law claims, only to the extent that such claims relate to Releasees' and/or Downstream Releasees' alleged exposure of persons to the Covered Chemical, or any failure by Releasees and Downstream Releasees to warn about exposures to the Covered Chemical, contained in the Covered Products.

It is intended by the Parties that the releases provided in this Paragraph 2.0 shall prevent CAG from asserting any Claims against Releasees and/or Downstream Releasees that arise under Proposition 65 or any other statutory or common law, to the extent that such claims relate to Releasees' and/or Downstream Releasees' alleged exposure of persons to the Covered Chemical or any failure by Releasees and Downstream Releasees to warn about exposures to the Covered Chemical in the Covered Products.

CAG, on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees, provides a general 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 any nature, character or kind, known or unknown, suspected or unsuspected, against Releasees and Downstream Releasees arising under Proposition 65, only to the extent that such claims relate to Releasees' alleged exposure of persons to the Covered Chemical in the Covered Products, and the failure to warn about exposures to the Covered Chemical contained in the Covered Products sold by Releasees and/or Downstream Releasees through the Effective Date of this Settlement

Agreement. CAG acknowledges that it is familiar with Section 1542 of Civil Code, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

CAG, on behalf of itself, its past and current agents, representatives, attorneys, successors, and/or assignees expressly waives and relinquishes any and all rights and benefits which it may have under, or which may be conferred on it by the provisions of Civil Code § 1542 as well as under any other state or federal statute or common law principle of similar effect, to the fullest extent that it may lawfully waive such rights or benefits pertaining to the released matters.

3.0 Wella's Duties

3.1 Wella agrees, promises, and represents that within thirty (30) days of the Effective Date it shall not engage in any California sale of any Covered Products containing Diaminotoluene (mixed) without providing the following warning language:

WARNING: This product contains a chemical known to the State of California to cause cancer.

This warning shall: (a) be displayed on the product's packaging, shelving, or display; (b) be set out in a text box on a separate line or in a separate paragraph; and (c) be displayed with such conspicuousness, as compared with other words, statements, or designs as to render it likely to be read and understood by an ordinary individual.

4.0 Payments

4.1 Wella shall pay a total of seventy thousand dollars (\$70,000.00) by separate checks apportioned as follows:

4.1.1. Payment to CAG: Fifty thousand dollars (\$50,000.00) shall be paid to Consumer Advocacy Group, Inc. The check shall be delivered to: Reuben Yeroushalmi, Yeroushalmi & Associates, 9100 Wilshire Boulevard, Suite 610E, Beverly Hills, California 90212.

4.1.2. Attorneys' Fees and Costs: Fifteen thousand dollars (\$15,000.00) of such payment shall be paid to Yeroushalmi & Associates, as CAG's attorneys, for reasonable investigation fees and costs, attorneys' fees, and any other costs incurred as a result of investigating and bringing this matter to Wella's attention. The check shall be delivered to: Reuben Yeroushalmi, Yeroushalmi & Associates, 9100 Wilshire Boulevard, Suite 610E, Beverly Hills, California 90212.

4.1.3. Penalty: Wella shall issue two separate checks for a total amount of five thousand dollars (\$5,000.00) as penalties pursuant to Health & Safety Code § 25249.12: (a) one check made payable to the State of California's Office of Environmental Health Hazard Assessment (OEHHA) in the amount of \$3,750.00, representing 75% of the total penalty; and (b) one check to Consumer Advocacy Group, Inc. in the amount of \$1,250.00, representing 25% of the total penalty. Two separate 1099s shall be issued for the above payments: The first 1099 shall be issued to OEHHA, P.O. Box 4010, Sacramento, CA 95184 (EIN: 68-0284486) in the amount of \$3,750.00. The second 1099 shall be issued in the amount of \$1,250.00 to CAG and delivered to: Yeroushalmi & Associates, 9100 Wilshire Boulevard, Suite 610E, Beverly Hills, California 90212.

5.0 Authority to Enter Into Settlement Agreement

5.1 CAG represents that its signatory to this Settlement Agreement has full authority to enter into and legally bind CAG to this Settlement Agreement.

5.2 Wella represents that its signatory to this Settlement Agreement has full authority to enter into and legally bind Wella to this Settlement Agreement.

6.0 Report of the Settlement Agreement to the Office of the Attorney General Of California

6.1 CAG shall report this Settlement Agreement to the Attorney General's Office within five (5) days of the Parties' execution of this Settlement Agreement.

7.0 Execution in Counterparts and Facsimile

7.1 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.

8.0 Modification of Settlement Agreement

8.1 Any modification to this Settlement Agreement shall be in writing and signed by the Parties.

9.0 Application of Settlement Agreement

9.1 This Settlement Agreement shall apply to, be binding upon, and inure to the benefit of, the CAG and the Releasees and Downstream Releasees identified in Section 2.0 above.

10.0 Enforcement of Settlement Agreement

10.1 Any party may file suit before the Superior Court of the County of Los Angeles, consistent with the terms and conditions set forth in paragraphs 10.2 and 10.3 of

this Settlement Agreement, to enforce the terms and conditions contained in this Settlement Agreement. The prevailing party shall be entitled to its reasonable attorneys' fees and costs associated with such enforcement.

10.2 No action to enforce this Settlement Agreement may be commenced or maintained, and no notice of violation related to the Covered Products may be served or filed against Wella by CAG, unless the party seeking enforcement or alleging violation notifies the other party of the specific future acts alleged to breach this Settlement Agreement at least 90 days before serving or filing any action or Notice of Violation and the entity receiving the notice fails to comply with the requirements set forth in Section 10.3 below. Any notice to Wella must contain (a) the name of the product, (b) specific dates when the product was sold after the Effective Date in California without either reformulation or a Proposition 65 compliant warning, (c) the store or other place at which the product was available for sale to consumers, and (d) any other evidence or other support for the allegations in the notice.

10.3 Within 30 days of receiving the notice described in Section 10.2, Wella shall either (1) withdraw the product for sale to the public, or (2) refute the information provided under Section 10.2. Should the Parties be unable to resolve the dispute, any party may seek relief under Section 10.1.

11.0 Notification Requirements

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

For CAG:

Reuben Yeroushalmi
YEROUSHALMI & ASSOCIATES
9100 Wilshire Boulevard, Suite 610 E
Beverly Hills, CA 90212
Fax: 310.623.1930

For Wella:

Carolyn Collins, Esq.
NIXON PEABODY LLP
One Embarcadero Center
18th Floor
San Francisco, CA 94111-3600
Fax: (415) 984-8300

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

12.0 SEVERABILITY

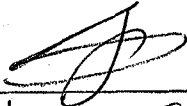
12.1 If, subsequent to the execution of this Settlement Agreement, any of the provisions of this Settlement Agreement are held by a court to be unenforceable, the validity of the enforceable provisions remaining shall not be adversely affected.

13.0 GOVERNING LAW

13.1 The terms of this Settlement Agreement shall be governed by the laws of the State of California and apply within the State of California. In the event that Proposition 65 is repealed, preempted or is otherwise rendered inapplicable by reason of law generally, or as to the Covered Chemical and/or the Covered Product, then Wella shall provide written notice to CAG of any asserted change in the law, and shall have no further obligations pursuant to this Agreement with respect to, and to the extent that, the Covered Products are so affected.

Consumer Advocacy Group, Inc.

Dated: _____

By:  _____

Name: MICHEL SASSOON

Title: EXECUTIVE DIRECTOR

Wella Personal Care of North America, Inc.,
The Wella Corporation, and
Wella Laboratories, Inc.

Dated: March 6, 2012

By:  _____

Name: Reuben Yeroushalmi

Title: Managing Director, PGSP/WELLA

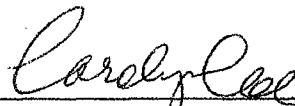
As to form only:

Dated: _____

By: _____

Reuben Yeroushalmi
Yeroushalmi & Associates
Attorneys for
Consumer Advocacy Group, Inc.

Dated: 8 March 2012

By:  _____

Carolyn Collins
Nixon Peabody LLP
Attorneys for
Wella Personal Care of North America, Inc.,
The Wella Corporation, and
Wella Laboratories, Inc.

Consumer Advocacy Group, Inc.

Dated: _____

By: _____

Name: _____

Title: _____

Wella Personal Care of North America, Inc.,
The Wella Corporation, and
Wella Laboratories, Inc.

Dated: March 6, 2012

By: 

Name: Reuben Garvanza

Title: Managing Director, PGSP/WELA

As to form only:

Dated: March 8, 2012

By: 

Reuben Yeroushalmi
Yeroushalmi & Associates
Attorneys for
Consumer Advocacy Group, Inc.

Dated: 8 March 2012

By: 

Carolyn Collins
Nixon Peabody LLP
Attorneys for
Wella Personal Care of North America, Inc.,
The Wella Corporation, and
Wella Laboratories, Inc.