

## CONFIDENTIAL SETTLEMENT AGREEMENT AND RELEASE

This Confidential Settlement Agreement and Release ("this Agreement") is made effective on the date last executed herein ("Effective Date") by and between Environmental Research Center ("ERC") and Nature's Sunshine Products, Inc. ("Nature's Sunshine"). ERC and Nature's Sunshine are hereinafter referred to collectively as "the Parties". The Parties agree as follows:

1. This Agreement is limited to this Matter, which is defined as all claims and allegations related to the Notice of Violations of California Health & Safety Code §25249.5, *et seq.* (also known as "Proposition 65") that ERC in the public interest served on Nature's Sunshine on September 24, 2010 ("the Notice"), and the product identified in the Notice, namely Nature's Sunshine - EveryBody's Formula Nutritional Beverage ("the Product"). This Agreement only applies to any of the Product manufactured and/or distributed in the State of California, and/or distributed and/or shipped into the State of California, and/or sold in and/or to persons located in the State of California.

2. In consideration of the following covenants of Nature's Sunshine, and the other terms and conditions contained in this Agreement, ERC acting on its own behalf and in the public interest releases the Claims against Nature's Sunshine as set forth in Paragraph 4 below:

a. Nature's Sunshine acknowledges that it has discontinued manufacture and distribution of the Product, and agrees it will not reintroduce the Product into the marketplace, meaning Nature's Sunshine will not manufacture, market, distribute and/or sell the Product at any time in the future.

b. Nature's Sunshine shall pay ERC the total sum of \$20,000 within 14 days of the Effective Date. This total sum includes payment and reimbursement for ERC's costs, expenses and attorney fees related to this Matter, and \$4,000 in civil penalties, with any remainder considered a payment to ERC in lieu of additional civil penalties. ERC will remit 75% (\$3,000) of the civil penalties to the Office of Environmental Health Hazard Assessment for deposit in the Safe Drinking Water and Toxic Enforcement Fund in accordance with California Health & Safety Code §25249.12(c). ERC will retain the remaining 25% (\$1,000) of the civil penalties.

c. Nature's Sunshine shall bear any and all of its own costs, expenses, and attorney fees related to this Matter.

3. In consideration of the following covenants of ERC, and the other terms and conditions contained in this Agreement, Nature's Sunshine releases the Claims against ERC as set forth in Paragraph 4 below:

a. ERC shall, within 14 days after receipt of the total settlement sum from Nature's Sunshine, withdraw the Notice by sending a letter to that effect by first-class mail to the California Attorney General. ERC shall send copies of the letter by first-class mail to Nature's

Sunshine's counsel, Judith M. Praitis, and to the county district attorneys and city attorneys that were sent copies of the Notice on September 24, 2010.

b. ERC shall indemnify Nature's Sunshine for any claims or liens related to this Matter that are made or asserted against Nature's Sunshine by ERC's attorneys, including, but not limited to, Andrew Packard, and any expert or vendor ERC has retained, employed or used in this Matter.

4. The Parties, on behalf of themselves and their respective owners, principals, shareholders, officers, directors, employees, agents, affiliates, parents, subsidiaries, servants, heirs, executors, administrators, successors and assigns, hereby mutually forever and fully release each other and their respective owners, principals, shareholders, officers, directors, employees, agents, affiliates, parents, subsidiaries, servants, heirs, executors, administrators, successors, assigns and legal representatives of and from all claims, demands, damages, actions and causes of action of every kind and nature, known or unknown, arising out of or in connection with this Matter through the Effective Date (collectively "the Claims"). This release also applies to any and all of the Product in the stream of commerce or shipped by Nature's Sunshine prior to and through the Effective Date.

5. The Parties agree the release of the Claims in Paragraph 4 above also applies to any manufacturer, supplier, packager, distributor, wholesaler, retailer, or other seller or provider of the Product or any ingredient in the Product (but only to the extent such ingredient was actually used in the Product).

6. The Parties each acknowledge they are aware of California Civil Code Section 1542 and, having consulted with counsel, knowingly and intentionally waive the provisions thereof as evidenced by their initials below:

"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."

 ERC

 Nature's Sunshine

7. Neither the terms and conditions in this Agreement, nor compliance with this Agreement shall constitute or be construed as an admission by Nature's Sunshine of any fact, issue of law, or violation of law. Nothing in this Agreement shall prejudice, waive or impair any right, remedy or defense Nature's Sunshine may have in any other or further legal proceedings, unless specifically addressed in this Agreement.

8. The Parties agree to keep this Agreement and its terms and conditions confidential to the extent allowed by law except as indicated in Paragraph 9 below and to the extent this Agreement or any of its terms and conditions are made public as a result of the dissemination or publishing in any way by the California Attorney General, other governmental entity, or court of law. Unless this Agreement or its terms and conditions are made public as described above, the Parties shall not share this Agreement or its terms and conditions with persons other than the

Parties' owners, principals, shareholders, officers, directors, employees, and legal representatives and their employees. Notwithstanding the above, the Parties agree the Parties are permitted to use this Agreement and its terms and conditions in any legal proceeding or action to enforce the terms of this Agreement.

9. After this Agreement is fully executed, ERC will submit to the California Attorney General a Report of Settlement on Form JUS 1501, as it is completed in Exhibit "A" attached hereto. In addition, ERC will provide to the California Attorney General a fully signed copy of this Agreement. The Parties acknowledge and agree that the Parties shall provide as much information as is legitimately requested by the California Attorney General or any other governmental entity regarding this Matter, its settlement, and this Agreement. The Parties acknowledge they have no control over whether or by what means or methods the California Attorney General or other governmental entity may disseminate copies of this Agreement or its terms or conditions, including, but not limited to, the possibility of posting a copy of this Agreement or its terms and conditions on the California Attorney General's website. The Parties will not be responsible and have no liability for any disclosure of this Agreement or its terms or conditions by the California Attorney General or any other governmental entity. However, the Parties hereby request that the Attorney General maintain the confidentiality of this Agreement to the extent possible and not disseminate this Agreement or publish it on any website or in any other manner. If the California Attorney General advises the Parties within forty-five (45) days of the date the Agreement is provided to the California Attorney General that this Agreement contains terms contrary to law or is otherwise objectionable to the California Attorney General, the Parties shall meet and confer and in good faith attempt to address the comments. If the comments cannot be fully resolved to the mutual satisfaction of the Parties within thirty (30) days of the California Attorney General's comments, then upon written demand by Nature's Sunshine, ERC shall return all payments made hereunder within fourteen (14) days of the date of the demand and this Agreement shall be null and void *ab initio*.

10. This Agreement contains the entire agreement between the Parties with regard to settlement of this Matter, and supersedes and replaces any and all prior or contemporaneous agreements or understandings, written or oral, with regard to the matters set forth in this Agreement. This Agreement may be amended or modified in whole or in part at any time only by an agreement in writing executed by all parties to this Agreement.

11. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective owners, principals, shareholders, officers, directors, employees, agents, parents, subsidiaries, servants, heirs, executors, administrators, successors, assigns, and legal representatives.

12. No inference, assumption or presumption shall be drawn, and no provision of this Agreement shall be construed against any of the Parties, based upon the fact that one of the Parties and/or one of the Parties' attorneys prepared and/or drafted all or any portion this Agreement. It is conclusively presumed all of the Parties participated equally in the preparation and drafting of this Agreement.

13. If any provision, term or section of this Agreement is found to be invalid, illegal or unenforceable, all remaining provisions, terms or sections shall continue in full force and effect and remain binding on the Parties. If any provision, term or section of this Agreement is determined to be unenforceable, such provision, term or section may be modified so that the unenforceable provision, term or section is enforceable to the greatest extent possible.

14. This Agreement shall be deemed to have been entered into in the State of California, and governed and interpreted by the laws of the State of California, regardless of the physical locations of the individuals executing this Agreement at the time of execution.

15. Any legal action to enforce this Agreement shall be brought in the San Francisco County Superior Court, which shall be deemed to be the proper venue for such legal action. The prevailing party in any such legal action shall be entitled to recover for its attorney fees in addition to any other legally recoverable costs, but the party seeking to enforce this Agreement shall only be entitled to recover its attorney fees after prevailing if it first seeks to resolve the dispute through mediation before bringing the legal action.

16. This Agreement may be signed in counterparts, and each counterpart, as well as any facsimile, e-mail or other copies of this Agreement or any counterparts, shall be deemed to be an original.

17. Each of the individuals who execute this Agreement represents and warrants they have the authority to execute this document and bind the party for whom they execute this document to the terms and conditions of this Agreement.

18. Unless otherwise specified in this Agreement, correspondence and notices required to be provided to the Parties pursuant to this Agreement shall be in writing and sent or delivered to the Parties and their respective counsel at the addresses listed below by: (i) first-class registered or certified mail, return receipt requested; or (ii) a same-day or overnight courier that verifies delivery via a tracking system. Such correspondence and notices shall be deemed delivered upon receipt, as indicated on the return receipt or courier tracking system. The Parties and their respective counsel may provide notice of any change of address by these methods, and any subsequent correspondence or notices shall be sent or delivered to any such new address.

To Nature's Sunshine:

Jamon Jarvis, Esq.  
General Counsel  
Nature's Sunshine Products, Inc.  
75 East 1700 South  
Provo, UT 84605-9005

Judith M. Praitis, Esq.  
Sidley Austin LLP  
555 West Fifth Street, 40<sup>th</sup> Floor  
Los Angeles, CA 90013

To ERC:

Chris Heptinstall  
Executive Director  
Environmental Research Center  
5694 Mission Center Road #199  
San Diego, CA 92108

Philip T. Emmons, Esq.  
Law Office of Philip T. Emmons  
208 Normandy Lane  
Walnut Creek, CA 94598

Karen A. Evans, Esq.  
Coordinating Counsel  
Law Office of Karen A. Evans  
4218 Biona Place  
San Diego, CA 92116

Whereby, the Parties agree to be bound to the terms and conditions set forth herein.

DATED: 11/28/11

NATURE'S SUNSHINE PRODUCTS, INC.

By: 

Print Name: Salmon A. Jarvis

Title: General Counsel

DATED: 11/16/11

ENVIRONMENTAL RESEARCH CENTER

By: 

Chris Heptinstall, Executive Director