

CONFIDENTIAL
FOR SETTLEMENT PURPOSES ONLY

SETTLEMENT AGREEMENT

On July 16, 1993 in San Francisco, California, As You Sow ("AYS") and Christian Dior Perfumes, Inc., its subsidiaries and affiliates, ("Christian Dior") (collectively the "Parties") agreed to the following terms and conditions:

WHEREAS:

AYS is a not-for-profit public interest corporation whose stated purposes are to promote consumer awareness, protect the environment, and improve human health; and

Christian Dior is a corporation that currently bottles, packages and/or distributes nail polish products containing the chemical toluene, which products are sold to certain retail stores in California; and

On January 1, 1991, toluene officially was listed by the State of California as a chemical known to cause birth defects or other reproductive harm, pursuant to California Health and Safety Code section 25249.8; and

A list of the nail polish products containing toluene which Christian Dior has had manufactured on its behalf and distributed for sale in California since January 1, 1992, is provided in attached Appendix A (collectively the "Products"); and

On December 10, 1992, AYS served Christian Dior and the appropriate public agencies with a document entitled, "60-Day Notice", which provided Christian Dior and the public agencies with notice that Christian Dior was allegedly in violation of California Health and Safety Code section 25249.6, for failing to warn purchasers and/or other individuals using Christian Dior's Products that certain nail polish products Christian Dior distributes for sale in California expose users to toluene, a chemical known by the State of California to cause birth defects or other reproductive harm; and

On May 6, 1993, AYS filed an amended complaint against Christian Dior entitled As You Sow v. Orly International, Inc., et al., Case No. 950767 (the "Action"), in San Francisco Superior Court, alleging violations of California Health and Safety Code section 25249.6 ("Proposition 65") and California Business and Professions Code section 17200; and

The Action was brought by AYS in the public interest at least sixty days after AYS provided notice of the alleged Proposition 65 violation to the appropriate public agencies and none

of the public agencies had commenced and begun diligently prosecuting an action against Christian Dior for such alleged violation; and

By execution of this Agreement, AYS and Christian Dior intend to resolve all claims and disputes that arise out of the Action, or out of the manufacture, distribution, or sale of toluene-containing nail polish Products.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. Nothing in this Agreement shall be construed as an admission by Christian Dior, and Christian Dior does not intend to imply any admission as to any fact, finding, issue of law, or violation of law, nor shall compliance with this Agreement constitute or be construed as an admission by Christian Dior 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 Christian Dior under this Agreement.

2. On or before December 31, 1993, Christian Dior agrees not to ship for sale (or cause to be shipped for sale) any Products set forth in the attached Appendix A into the State of California unless such Products have been reformulated so as to eliminate the presence of toluene as an intended ingredient.

3. If Christian Dior fails to comply with the commitment set forth in Paragraph 2, Christian Dior agrees to the following: (a) to pay a liquidated penalty in the sum of \$5,000.00 within 10 days of December 31, 1993; and (b) to comply with California Health and Safety Code section 25249.6 and section 12601 of Division 2 of Title 22 of the California Code of Regulations for each Product on the attached Appendix A that is shipped for sale in California after December 31, 1993, by providing a warning that: (a) is prominently placed and/or displayed with such conspicuousness, as compared with other words, statements, or designs, so as to render it likely to be read and understood by an ordinary individual; (b) is calculated to warn individuals who may purchase and/or use the Products; and (c) bears the message:

"WARNING: Use of this product will expose you to Toluene, a chemical known to the State of California to cause birth defects or other reproductive harm"

In the alternative, the message may meet any other "safe harbor" warning requirement specified in any applicable current or future provision codified in the California Code of Regulations which pertains to Proposition 65 warning language for consumer products.

4. The Parties acknowledge that Christian Dior's provision of the warning prescribed in Paragraph 3 constitutes compliance with California Health and Safety Code section 25249.5 et seq., for the Products identified in Attachment A. In addition, the Parties recognize that such compliance is not the exclusive method under California Health and Safety Code section 25249.6 and section 12601 of Division 2 of Title 22 of the California Code of Regulations of providing a "clear and reasonable" warning.

5. In an effort to defray AYS' costs of investigating this matter, Christian Dior agrees to pay AYS the reasonable sum of \$16,000.00, to be paid within 5 days of execution of this Agreement.

6. AYS, by this Agreement, releases all claims, waives all rights to institute any action against, and covenants not to sue, Christian Dior, including any of Christian Dior's subsidiaries, affiliates, assigns, directors, officers, agents and employees, and Christian Dior's distributors or retailers which sell the Products, whether under or based upon California Health and Safety Code sections 25249.5 et seq. or Business and Profession Code sections 17200 et seq., or any other statute or common law claim based upon the manufacture, distribution or sale of the Products, or Christian Dior's alleged failure to warn consumers or other individuals about exposure to toluene from the Products identified in attached Appendix A.

7. In the event that any provision of this Agreement is held by a court to be unenforceable, the validity of the remaining enforceable provisions shall not be adversely affected.

8. In the event that (a) it finally is adjudicated by a California court, or (b) AYS resolves its dispute with another defendant in a manner which provides that certain nail polish products or nail care products containing a certain percentage of toluene as an intended ingredient ("Toluene-containing Products") may be sold in California without the requisite Proposition 65 warning, the reformulation commitment by Christian Dior referenced in Paragraph 2 and the alternative commitment to provide a Proposition 65 warning in Paragraph 3 of this Agreement shall be modified so as to allow Christian Dior to distribute and/or manufacture Toluene-containing Products (i.e., containing at or less than the percentage of toluene permitted for Toluene-containing Products) for sale in California without a Proposition 65 warning message. It expressly is agreed that nothing in this Paragraph shall modify any other Paragraph of this Agreement.

9. In the event that a dispute arises with respect to any provision(s) of this Agreement, the Parties first agree to negotiate a mutually acceptable, satisfactory resolution of the dispute, and if negotiation fails, then to submit the dispute to binding arbitration pursuant to the rules of the American Arbitration Association; using a former judge as the sole arbitrator, as selected from those former judges available through

the Judicial Arbitration and Mediation Service in San Francisco, California. Should the dispute be submitted to such binding arbitration, the prevailing party in that binding arbitration shall be entitled to recover its costs, including reasonable attorneys' fees and the costs of expert consultants and witnesses.

10. The terms of this Agreement shall be governed by the laws of the State of California.

11. Following execution of this Agreement, all notices or correspondence relating to this Agreement shall be sent as follows:

to AYS to the attention of:

Thomas Van Dyck, Chairman
As You Sow
106 Clifford Terrace
San Francisco, CA 94117

to Christian Dior to the attention of:

Joanna Grillo
Vice President/Human Resources
Christian Dior Perfumes, Inc.
9 West 57th Street
New York, New York 10019

12. The Parties agree to file a Stipulated Judgement (to be approved pursuant to California Code of Civil Procedure section 664.6) with the San Francisco Superior Court in accordance with the terms set forth in this Agreement.

13. AYS agrees to give Christian Dior at least 24 hours notice of its intention to issue any press release or public statement regarding this settlement.

14. Each party to this Agreement has received independent legal advice from its counsel with respect to the advisability of executing this Agreement, and the undersigned are authorized to execute this Agreement on behalf of their respective Parties and have read, understood, and agreed to all of the terms and conditions of this Agreement. This Agreement may be executed in counterparts, by original signature or facsimile transmission of an original

signature, each of which shall be deemed original and shall be deemed duly executed upon the signing of the counterparts by the parties.

AGREED TO:

By:

for Thomas Van Dyck
Chairman
As You Sow

AGREED TO:

By:

Joanna Grillo
Vice President/Human Resources
Christian Dior Perfumes, Inc.

Dated: July 22nd, 1993

Dated: July 21, 1993

APPENDIX A

1. Christian Dior Nail Enamel (various color shades)
2. Christian Dior Base Speciale
3. Christian Dior Extra Strength Base Speciale