

LEGAL NOTICE

YOU ARE ENTITLED TO RECEIVE A MINIMUM \$20 OR MAXIMUM \$75 CASH OR, ALTERNATIVELY, A MINIMUM \$75 WORTH OF PRODUCT

TO: All California citizens who, between January 22, 2009 and July 8, 2014, purchased Proactiv products from Guthy-Renker LLC (“Guthy-Renker”) and, as a result of their purchase, were automatically enrolled in Guthy-Renker’s automatic delivery and automatic renewal billing policy and charged for additional products and shipments beyond their initial purchase.

YOU SHOULD READ THIS NOTICE CAREFULLY BECAUSE IT WILL AFFECT YOUR RIGHTS.

A settlement has been proposed in a class action lawsuit pending in the Los Angeles County Superior Court for the State of California entitled *Habelito v. Guthy-Renker LLC*, Case No. BC499558 (the “Consumer Action”). This notice explains the nature of the lawsuit, the general terms of the proposed Settlement, and your legal rights and obligations.

DEADLINES CONTAINED IN THIS NOTICE

| YOU MAY | DUE DATE |
|--|--------------------------------------|
| Make a Claim for Cash (Between \$20 and \$75, Depending on Number of Claims Submitted) | Postmarked by: April 17, 2017 |
| Make a Claim for \$75 Minimum Worth of Skin Care Products | Postmarked by: April 17, 2017 |
| Do Nothing and Automatically Receive a Minimum \$75 Worth of Skin Care Products If You Are a Current Proactiv Subscriber | No Deadline |
| Do Nothing and Automatically Receive a Merchandise Certificate for a Minimum of \$75 Worth of Skin Care Products if You are Not a Current Proactiv Subscriber | No Deadline |
| Exclude Yourself From The Settlement | Postmarked by: April 17, 2017 |
| Object To The Settlement | Postmarked by: April 17, 2017 |
| Request To Appear At The Fairness Hearing | Postmarked by: April 17, 2017 |

WHAT THE CONSUMER ACTION IS ABOUT

On April 27, 2015, the California Superior Court for the County of Los Angeles, the Honorable Jane L. Johnson presiding, certified the Consumer Action as a class action the lawsuit of *Habelito v. Guthy-Renker LLC*, Case No. BC499558. This means that Plaintiff and Class Representative Jennifer Habelito (“Class Representative”), through the attorneys for the class, Wucetich & Korovilas LLP (“Class Counsel”), can pursue the certified claims on behalf of all Class Members.

The Class Representative generally claims that Guthy-Renker LLC violated California Business & Professions Code §17600 *et seq.* by enrolling class members in automatic renewal billing for Proactiv products, allegedly without complying with the statute’s disclosure requirements and other requirements for automatic renewal billing practices. The Class Representative also asserts related claims for violation of California’s Consumer Legal Remedies Act, Civil Code § 1750 *et seq.*, violation of California’s Unfair Competition Law, Business & Professions Code § 17200, as well as fraud, negligence, and breach of contract.

Guthy-Renker denies any wrongdoing, and contends that the disclosures for its Proactiv subscription program are compliant with California law and that its customers knowingly consented to joining its subscription program.

The Court has not decided that Guthy-Renker did anything wrong and has not issued any decisions on the merits of the case or made any determination as to whether either party’s contentions are valid. The Court has merely decided that the lawsuit can proceed as a certified class action with respect to the Class Representative’s claims.

The parties have since reached a settlement of the case on the terms described in this notice.

WHY HAVE I RECEIVED THIS NOTICE

If you have received this notice via e-mail, it is because records show that you purchased Proactiv products from Guthy-Renker and as a result of your initial purchase Guthy-Renker later charged you for and you received additional shipments beyond your initial purchase, during the time period at issue in this case.

Alternatively, you may be viewing this notice on the Claims Administrator's website because the Court has indicated that the notice should be posted publicly in order to reach potential members of the certified class whose email addresses may be outdated, unavailable, or invalid.

THE PROPOSED SETTLEMENT

As part of the Settlement, Guthy-Renker has agreed to entry of a stipulated injunction requiring it to comply with the provisions of California Business & Professions Code § 17600 regarding automatic renewal billing. The full terms of the stipulated injunction can be reviewed in the Settlement Agreement, which is posted on the Claims Administrator's website at www.proactivclassaction.com. Among other things, the stipulated injunction requires clear and conspicuous disclosures of Guthy-Renker LLC's automatic renewal billing policies, requires that Guthy-Renker set forth those automatic renewal billing policies in the terms and conditions page of its website, and requires consumers to check a box manifesting their assent to those terms during the ordering process.

In addition, as part of the Settlement, Guthy-Renker shall disburse to Class Members the following relief, including making available to Class Members up to \$15,220,100 in cash on a claims-made basis, together with the non-monetary relief described below:

- 1) **Claims for Cash (Minimum \$20 - Maximum \$75).** All Class Members may make a claim for cash by submitting a claim on the Claims Administrator's website at www.proactivclassaction.com. All Class Members who submit a valid and timely claim form shall receive a minimum \$20 cash payment. Depending on the number of valid claims submitted, Class Members may receive on a *pro rata* basis up to a maximum cash payment of \$75.
- 2) **Alternative Option to Claim Product Worth \$75 Minimum.** Class Members may alternatively, instead of cash, submit a claim for a minimum \$75 worth of product (including a Proactiv-related product option), plus free shipping, by so electing on the claim form at www.proactivclassaction.com. Any Class Member who submits a claim to receive product shall not be entitled to receive cash.
- 3) **Automatic Distribution of \$75 Worth of Product to Class Members Who Do Not Submit a Claim and who are Current Subscribers for Whom Guthy-Renker Possesses Current Contact and Address Information.** Class Members who do not submit a claim for either cash or product, and who are current subscribers of Proactiv product, shall automatically receive a minimum \$75 worth of product, plus free shipping. Current subscribers may select which product they would like to receive by so indicating on the Claims Administrator's website at www.proactivclassaction.com. Otherwise, Guthy-Renker may choose the product at its discretion.
- 4) **Automatic Distribution of Merchandise Certificates for Minimum \$75 Worth of Eligible Product to Class Members Who Do Not Claim Cash or Product.** Class Members who do not submit a claim for either the cash or product option, and who are not Current Subscribers, shall automatically receive a merchandise certificate entitling the Class Member to redeem the Merchandise Certificate for a minimum \$75 worth of product.
- 5) **Minimum \$2,500,000 Cash Payment to Class Members or Cy Pres.** The Settlement establishes minimum two million five hundred thousand dollars (\$2,500,000.00) cash floor payment to Class Members and/or cy pres charities subject to the Court's approval. Specifically, if the amount of money paid to Class Members, based on claims submitted, is less than \$2,500,000, even after adjusting each claimant's amount up to \$75, Guthy-Renker shall pay the difference between the \$2,500,000 minimum and the amount paid to Class Members to the Consumer Federation of California and Public Counsel, subject to final allocation at the final Fairness Hearing.

Subject to Court approval, the Class Representative will be paid an enhancement of up to \$10,000 for her services as Class Representative and her efforts in bringing the Consumer Action, and Class Counsel will be paid up to \$5,150,000 for their attorneys' fees and reimbursement of costs. The final decision regarding the amount of attorneys' fees, costs, and enhancements that will be paid to Class Counsel and the Class Representative are subject to the discretion of the Court and the Court's approval.

JUDGMENT AND RELEASE OF ALL CLAIMS

If the Court approves the proposed Settlement, it will enter judgment pursuant to California Rule of Court 3.769(h). All Class Members who do not validly and timely request to be excluded from the proposed Settlement, and each of their respective successors, assigns, legatees, heirs, and personal representatives shall release and forever discharge Guthy-Renker and each of Guthy-Renker's parent, sister and subsidiary corporations, affiliated entities, predecessors, successors and assigns, partners, licensors, privies, and any of their present and former directors, officers, employees, shareholders, agents, representatives, attorneys, accountants, insurers, and all persons acting by, through, under or in concert with them, or any of them, from any and all manner of action, causes of action, claims, demands, rights, suits, obligations, debts, contracts, agreements, promises, liabilities, damages, charges, losses, costs, expenses, and attorneys' fees, of any nature whatsoever, known or unknown, in law or equity, fixed or contingent, which they have or may have arising out of or relating to any of the acts, omissions or other conduct alleged in the Consumer Action including any and all violations of Cal. Bus. & Prof. Code § 17600 *et seq.* and related claims brought in the lawsuit regarding Guthy-Renker's automatic renewal billing policies.

FINAL FAIRNESS HEARING

On May 16, 2017, at 9:00 a.m., a hearing will be held on the fairness of the proposed Settlement. At the hearing, the Court will be available to hear any objections and arguments concerning the fairness of the proposed Settlement. The hearing will take place before Judge Ann I. Jones, in Department 308 of the Los Angeles Superior Court, located at 600 S. Commonwealth Ave., Los Angeles, California 90005.

HOW TO CLAIM CASH

To receive the \$20 minimum to \$75 maximum cash payment, you must submit a claim form **no later than April 17, 2017**. Claims may be submitted online through the Claims Administrator's website at www.proactivclassaction.com.

HOW TO CLAIM PRODUCT

If you are a current subscriber of Proactiv skin care products and desire to receive a minimum \$75 worth of product instead of cash, you do not need to do anything. Current subscribers who do not submit a claim shall automatically receive the minimum \$75 worth of product.

If you are not a current subscriber of Proactiv skin care products and desire to receive a minimum \$75 worth of product instead of cash, you must submit a claim form **no later than April 17, 2017**. Claims may be submitted through the Claims Administrator's website at www.proactivclassaction.com.

HOW TO RECEIVE A MERCHANDISE CERTIFICATE

If you are not a current subscriber of Proactiv skin care products and do nothing, you will receive a merchandise certificate entitling you to redeem the certificate for a minimum \$75 worth of product. If you prefer to receive cash, or if you prefer to receive product without the need to redeem a merchandise certificate, you must submit a claim.

HOW TO EXCLUDE YOURSELF FROM THE SETTLEMENT

You have the right to exclude yourself from the Class and the Settlement. To exclude yourself from the Class, you must send a letter by U.S. Mail saying that you wish to do so. **The Request for Exclusion must state:**

"I request that I be excluded from the Settlement in *Habelito v. Guthy-Renker LLC*, Los Angeles Superior Court Case No. BC499558. I understand that by requesting to be excluded from the Class, I will not receive any benefits under the Settlement."

You must also include: (1) the name of this Action ("*Habelito v. Guthy-Renker LLC*"); (2) your full name, current address, and telephone number; (3) your signature; and (4) the words "Request for Exclusion" at the top of the document. You must postmark your exclusion request to the address below **no later than April 17, 2017**:

Habelito v. Guthy-Renker LLC
Claims Administrator
c/o KCC Class Action Services, LLC
P.O. Box 43460
Providence, Rhode Island 02940-3460

REQUESTS FOR EXCLUSION THAT ARE NOT POSTMARKED ON OR BEFORE APRIL 17, 2017 WILL NOT BE HONORED.

You cannot exclude yourself by telephone or by email. You cannot exclude yourself by mailing a request to any other location or after the **April 17, 2017** deadline. The letter must be signed by you. You cannot exclude yourself by having an actual or purported agent or attorney acting on behalf of you or a group of Class Members sign the letter.

If you timely and validly submit a Request for Exclusion from the Class, you will be excluded from the Class, you will not be bound by the judgment entered in the Consumer Action, and you will not be precluded from otherwise prosecuting any individual claim, if timely, against Guthy-Renker based on the conduct complained of in the Consumer Action. However, should you not submit a timely and valid Request for Exclusion, you will be bound by the Settlement and will be barred from pursuing an individual claim.

HOW TO OBJECT TO THE SETTLEMENT

If you are a Class Member, you can object to the proposed Settlement if you do not think the proposed Settlement is fair, reasonable, or adequate. You can give reasons why you think the Court should not approve it. The Court will consider your views. To object, you must send a letter stating that you object to the proposed Settlement. You must include (1) the name of the this Consumer Action (“*Habelito v. Guthy-Renker LLC*”); (2) your full name, current address, and telephone number; (3) your signature; (4) the word “Objection” at the top of the document; and (5) the legal and factual arguments supporting the objection.

Mail your objection to the following address, postmarked no later than **April 17, 2017**:

Habelito v. Guthy-Renker LLC
Claims Administrator
c/o KCC Class Action Services, LLC
P.O. Box 43460
Providence, Rhode Island 02940-3460

If your objection is rejected, you will be bound by the final judgment just as if you had not objected.

You may, but need not, enter an appearance through counsel of your choice. If you do, you will be responsible for your own personal attorneys’ fees and costs.

ATTENDING THE FINAL FAIRNESS HEARING

You do not have to attend the hearing. Class Counsel will answer questions the Court may have. You are welcome, however, to come at your own expense. If you submit a written objection, you do not have to come to Court to talk about it. As long as you submitted your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

You may ask the Court for permission to speak at the Fairness Hearing. To indicate that you would like to speak at the Fairness Hearing, it is requested that you send a letter stating you intend to appear at the Fairness Hearing. You should include (1) the name of the Consumer Action (“*Habelito v. Guthy-Renker LLC*”); (2) your full name, current address, and telephone number; (3) your signature; (4) the words “Notice of Intention to Appear” at the top of the document; (5) the points you wish to speak about at the Fairness Hearing; and (6) the identity (name, address, and telephone number) of any lawyer who will speak on your behalf at the Fairness Hearing.

Please send your Notice of Intention to Appear to the Claims Administrator at the address contained above and have it postmarked no later than **April 17, 2017**.

You cannot speak at the hearing if you have excluded yourself from the Settlement.

ADDITIONAL INFORMATION

This description of the Consumer Action is general and does not cover all of the issues and proceedings thus far. For additional information, visit the settlement website at www.proactivclassaction.com or call (844) 531-5016. In order to see the complete file of the case, you may visit the office of the Clerk of the Superior Court, Central Civil West Courthouse, 600 South Commonwealth Ave., Los Angeles, CA 90005. The Clerk will make the file relating to this lawsuit available to you for inspection and copying at your own expense. You may also contact Plaintiff’s Counsel, Jason Wucetich, WUCETICH & KOROVILAS LLP, 222 N. Sepulveda Blvd., Ste. 2000, El Segundo, California 90245, (310) 335-2001.

DO NOT ADDRESS ANY QUESTIONS ABOUT THE SETTLEMENT OR THE LITIGATION TO THE CLERK OF THE COURT OR TO THE JUDGE.