

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
(Case No. SA CV 06-601 VBF (MLGx))

*A court authorized this notice. This is not a solicitation.  
This is not a lawsuit against you and you are not being sued.  
However, your legal rights are affected whether you act or don't act.*

**NOTICE OF PENDENCY OF CLASS ACTION SETTLEMENT**

**If you were employed by M•A•C COSMETICS, INC., ESTEE LAUDER, INC., and/or the ESTEE LAUDER COMPANIES, INC., in California at any time from April 24, 2002 through January 18, 2007, (“Class Period”), YOU may get money from a class action settlement.**

**IMPORTANT: YOU MUST SIGN & MAIL THE ENCLOSED GREEN CLAIM FORM BY JULY 30, 2007 TO RECEIVE YOUR SHARE OF THE SETTLEMENT. AN ESTIMATE OF WHAT YOU WILL PERSONALLY RECEIVE IF YOU TIMELY SUBMIT A CLAIM FORM IS PROVIDED ON PAGE 3, SECTION A OF THE GREEN CLAIM FORM. PLEASE READ THIS NOTICE CAREFULLY.**

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**1. *What is the purpose of this notice?***

The purpose of this notice is to let you know that there is a class action lawsuit pending in United States District Court, Central District of California, and you may be a member of the class. The lawsuit was filed by Plaintiffs Molly Shriver and Pauline Wilson on behalf of themselves and on behalf of all others similarly situated. Plaintiffs worked as Assistant Managers and Store Managers at various times during the Class Period (April 24, 2002 through January 18, 2007). They

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alleged that your employer, M•A•C COSMETICS, INC., ESTEE LAUDER, INC., and/or THE ESTEE LAUDER COMPANIES, INC., (collectively “M•A•C”) unlawfully misclassified their Salaried Retail Manager and Assistant Manager positions as exempt from the requirements of overtime wages and failed to provide meal and rest periods. Plaintiffs also alleged on behalf of those who were employed as Third Keys, Artists, Cashiers, stockpersons, and all other hourly positions during the Class Period, that M•A•C failed to pay overtime wages and failed to provide meal and rest periods. Plaintiffs further alleged related record-keeping and itemized wage statement violations, related penalties, and an unfair competition claim based on all of these violations as well as violations of the Fair Labor Standards Act (“FLSA”), Section 16(b) 29 U.S.C., Section 216(b), fraud, and negligent misrepresentation.

There was a mediation on October 18, 2006 during which the Parties agreed to settle the matter. On May 7, 2007 at 8:30 a.m. in Department 9 of the United States District Court, Central District of California, the Court held a hearing in which it approved Plaintiffs’ motion for a Court order that does the following:

- 1.) temporarily and conditionally certifies the Class Action for settlement purposes only;
- 2.) grants preliminary Court approval of the proposed settlement;
- 3.) grants Court approval of this notice, which includes setting a schedule and procedure for filing claim forms and exclusion notices; and
- 4.) schedules a Final Fairness Determination Hearing for final Court approval of the Settlement for October 1, 2007, 2:00 p.m. in Dept. 9 of the United States District Court, Central District of California, located at 312 North Spring Street, Los Angeles, California 90012.

## **2. *Why Do Plaintiff’s Seek Settlement Approval?***

Plaintiffs seek approval of the Settlement because they have reached a proposed Settlement that they believe to be fair, reasonable, adequate and in the best interests of all parties.

## **3. *What is M•A•C’s Position on the Settlement?***

M•A•C views this Settlement as a compromise. M•A•C is not admitting to the allegations in the cases and is not giving up its right to object to any allegation for any reason. M•A•C denies that it owes money for classifying the Salaried Retail Manager and Assistant Manager position as exempt from the requirements of overtime compensation and for failing to give the requisite rest and meal breaks to Class Members, and that it owes money to those Non-Manager class members for overtime wages and for also failing to give the requisite rest and meal breaks during the Class Period. M•A•C reserves the right to object to all claims if the settlement fails for any reason. The Court file has the settlement documents with more information on the lawsuit.

## **4. *Why did I get this Notice?***

You received this notice because you may be a member of the settlement class.

You may submit a claim form to get money from this settlement if you worked for M•A•C as a salaried retail manager, assistant manager, third key, artist, cashier, stockperson, or any other hourly non-exempt position during the Class Period, April 24, 2002 through January 18, 2007. (The Salaried Retail Manager and Assistant Manager positions were formally reclassified as non-exempt positions effective September, 2006.)

## **5. *Who are the Parties in this Class Action?***

Plaintiffs Molly Shriver and Pauline Wilson are former employees in California who worked in various class positions during the Class Period, and who brought this lawsuit on behalf of themselves and on behalf of all similarly situated current and former M•A•C employees who worked in class positions during the Class Period.

M•A•C Cosmetics Inc., Estee Lauder, Inc., and the Estee Lauder Companies, Inc., (collectively referred to herein as “M•A•C”) are the Defendants in this lawsuit.

## 6. *Who are the Attorneys Representing the Parties?*

### Attorneys for the Plaintiffs

#### **LAW OFFICES OF SIMA FARD**

Sima Fard  
19900 MacArthur Blvd., Suite 1150  
Irvine, California 92612  
Phone: (949) 476-7006 / Fax: (949) 476-0180

#### **COHELAN & KHOURY**

Timothy D. Cohelan  
Isam C. Khoury  
Michael D. Singer  
Diana M. Khoury  
605 C Street, Suite 200  
San Diego, California 92101  
Phone: (619) 595-3001 / Fax: (619) 595-3000

### Attorneys for the Defendants

#### **JEFFER, MANGELS, BUTLER, & MARMARO LLP**

Travis M. Gemoets  
Louise Ann Fernandez  
1900 Avenue of the Stars, Seventh Floor  
Los Angeles, California 90067-4308  
Phone: (310) 203-8080 / Fax: (310) 203-0567

## 7. *Is there a Trial Date set for these Class Actions?*

No trial date has been set at this time.

## 8. *What is the Proposed Settlement?*

M•A•C agreed to pay a maximum settlement amount of up to \$4,495,000 to the approximate 3,000 members of the Settlement Class. This sum includes payment of all expenses and fees of the Claims Administrator which are anticipated to be under \$50,000, enhancements of up to \$20,000 to each Named Plaintiff for the initiation and prosecution of the lawsuit and for the risks undertaken for attorneys’ fees and costs in the event they were unsuccessful, and up to twenty-five percent, equal to \$1,123,750, of the Settlement as attorneys’ fees, and litigation expenses not to exceed \$15,000 as approved by the Court.

The following is a summary of the Settlement provisions. The specific and complete terms of the proposed Settlement are stated in the Stipulation and Settlement Agreement of Class Action Claims (“Settlement Agreement”), a copy of which is filed with Clerk of the Court.

**Settlement Payment.** M•A•C has agreed to pay all valid and timely claims through the Claims Administrator in accordance with the terms of the Settlement Agreement, after Final Approval of the Class Action Settlement. These settlement payments will be distributed to all those who submitted a valid and timely Claim Form approximately fifty-five (55) days after Final Approval, provided there is no appeal of the Court’s Final Approval of the Class Action Settlement.

After the deduction of the court-approved expenses from the settlement amount, the remaining sum estimated to be \$3,266,250 (“Net Settlement Amount”) will be divided upon two groups of Class Members: 75% to those members of the Class who were employed during the Class Period as Salaried Retail Managers and Assistant Managers (“Manager

Class”) and 25% to those members of the Class who were employed during the Class Period in any hourly non-exempt position (“Non-Manager Class”) as described below.

## **9. *What are my Rights With Regard to this Matter?***

### A. To Submit a Claim for Your Share of the Settlement:

To get money from the settlement you **must** complete the “CLAIM FORM” enclosed with this Notice, **sign it** under penalty of perjury, and return it in the enclosed envelope to Claims Administrator, Desmond, Marcello & Amster at P. O. Box 451999, Los Angeles, California 90045 **post-marked no later than JULY 30, 2007**. Class Counsel, appointed and approved by the Court for settlement only, will represent you. However, you **MUST** complete the Claim Form and promptly return it to the Class Action Claims Administrator. The Claims Administrator will process the Claim Form and send you a check at a later date. **If you fail to timely return a completed and signed Claim Form, you will not receive any money from the settlement and you will not be permitted to assert any claims based on the allegations in the class action.**

### B. To Request Exclusion from the Settlement:

If you do not wish to participate in or be bound by the settlement, you must send a written request to the Claims Administrator, at the address indicated below, requesting that you be excluded from the Class Action Settlement. You must provide your complete name, address, telephone number, and social security number. Your request for exclusion must be sign and dated, and **post-marked no later than JUNE 29, 2007 to be valid**. Send the request directly to the Claims Administrator, Desmond, Marcello & Amster, at P. O. Box 451999, Los Angeles, California 90045.

**If you request exclusion from the settlement, you will receive no money from the settlement, nor will you be considered to have released your claims.** If you request exclusion from the Class Action Settlement, you may not pursue recovery at all under the class settlement. You may, however, pursue other remedies separate and apart from the class settlement that may be available to you.

**Do not return both a Claim Form and a request for exclusion. Should you do so, your request for exclusion will be invalidated and you will be bound by the terms of the Settlement and paid according to M•A•C’s records.**

### C. To Object to the Settlement:

If you wish to object to the settlement, you must file and serve any such objection by **JUNE 29, 2007**. Objections must be timely filed in the United States District Court, Central District of California, located at 312 North Spring Street, Los Angeles, California 90012 and timely served on Cohelan & Khoury, one of the attorneys for the Plaintiffs, and the attorneys for the Defendants to be considered by the Court. If you intend to object to the settlement, but wish to receive your share of the settlement proceeds, you must timely return your Claim Form as indicated herein.

If the Court approves the Settlement despite any objections and you have not timely returned your Claim Form, you will NOT receive your share of the Settlement proceeds.

Any member who does not request exclusion may, if the member so desires, enter an appearance through his or her own lawyer at his or her own expense.

### D. The Effect of the Settlement --Released Rights and Claims:

Upon the final approval by the Court of the settlement, each Class Member who receives compensation pursuant to the Class Action Settlement, and each Class Member who has not opted out of this Class Action, will be deemed to have fully, finally, and forever release, relinquish, and discharge the Defendants and each of their past or present officers, directors, shareholders, employees, agents, principals, heirs, representatives, accountants, auditors, consultants, insurers and reinsurers, and their respective successors and predecessors in interest, subsidiaries, affiliates, parents and attorneys

and each of their company-sponsored employee benefit plans and all of their respective current or former officers, directors, employees, administrators, fiduciaries, trustees and agents (hereinafter referred to as the "Released Parties") from any and all claims and causes of action alleged in the lawsuit filed by Plaintiffs Molly Shriver and Pauline Wilson or any member of the Class, pertaining to unpaid wages and overtime, missed rest and meal periods, compensation for missed rest and meal periods, record-keeping violations and any related penalties during the Class Period April 24, 2002 through January 18, 2007, as fully set forth in the Settlement Agreement, including the federal overtime claims brought pursuant to the FLSA (the "Released Claims").

The judgment on final approval will bind all class members who do not request exclusion. The judgment, however, will not include the nationwide federal overtime claims brought pursuant to the Fair Labor Standards Act ("FLSA"), unless you choose to participate to receive your share of the settlement monies described above.

E. To Dispute the Information Provided by M•A•C:

If you believe that the number of weeks worked identified in the Claim Form, in Part II, Section 1 or 2 (or both if you were employed in both the Manager and Non-Manager Class during the Class Period), incorrectly states the total weeks you worked during the Class Period, you must return your Claim Form with any documentation which supports your position that you worked more than the weeks than stated in your Claim Form.

### **10. *How Much Money Will I Get If I Don't Request to Be Excluded and I Submit a Claim for Money?***

Each member of the Manager Class who submits a valid and timely Claim Form will receive a pro-rata share of the amount allocated to the Manager Class as compensation for unpaid overtime wages before their positions were reclassified from exempt to non-exempt paid positions, and missed rest and meal periods, and calculated on basis of the number of weeks he or she worked during the Class Period in relation to the number of weeks all members of the Manager Class worked during the Class Period. Due to the reclassification of Manager Class members to hourly employees effective September 16, 2006, Manager Class members will receive greater compensation for workweeks ending prior to September 16, 2006, although compensation will be paid to Manager Class Members for workweeks ending after September 16, 2006. It is presently estimated that for each week worked by a Manager Class member prior to September 16, 2006, he or she will receive an estimated **\$135** per week worked, less taxes. It is presently estimated that for each week worked by a Manager Class member after to September 16, 2006, he or she will receive an estimated **\$4.68** per week worked, less taxes, which is the same amount that Non-Manager Class members will receive per week worked.

Each member of the Non-Manager Class who submits a valid and timely Claim Form will receive a pro-rata share of the amount allocated to the Non-Manager Class as compensation for unpaid overtime, and missed rest and meal periods, and calculated on the on basis of the number of weeks he or she worked during the Class Period in relation to the number of weeks all members of the Non-Manager Class worked during the Class Period. It is presently estimated that for each week worked by a Non-Manager Class member, he or she will receive an estimated **\$4.68** per week worked, less taxes.

To estimate what YOU may receive under settlement, multiply the pay rates identified above with the number of weeks worked, which are included in your individualized Claim Form, enclosed herewith, on Page 3, Part II, Section A.

### **11. *Important Information/Notes***

- A. You will only get your share of the Settlement Proceeds if you submit a signed and dated Claim Form post-marked no later than **JULY 30, 2007**.
- B. It is your responsibility to ensure that the Claims Administrator has timely received your Claim Form. You may contact the Claims Administrator at the toll free number listed at the bottom of each page to confirm it has been timely received. It is *strongly recommended* that you keep a copy of the post-marked and stamped envelope in which your Claim Form has been returned to the Claims Administrator as proof of a timely submission.

- C. It is also your responsibility to keep a current address on file with the Claims Administrator to ensure that you receive your settlement payment should the Court order final approval of the settlement.

## **12. *What if I Need More Information?***

The court-appointed Administrator for this class action settlement is as follows:

***Shriver/ Wilson MAC Class Action Settlement***  
**c/o Desmond, Marcello & Amster, Claims Administrator**  
**P. O. Box 451999**  
**Los Angeles, California 90045**  
**TOLL FREE: (800) 789-0683**

**DO NOT CALL THE COURT.**

**DO NOT CALL M•A•C COSMETICS, INC., ESTEE LAUDER, INC., OR THE ESTEE LAUDER COMPANIES, INC., CORPORATE OFFICES, HUMAN RESOURCES DEPT PERSONNEL, OR MANAGERS TO SPEAK ABOUT THIS SETTLEMENT.**

If you have questions, you may call the Claims Administrator at the toll free number listed above and on the bottom of each page. Ask about the “*Shriver/Wilson Class Action Settlement*”. You may also call any of the attorneys for the Plaintiffs listed in Section 6 above.

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