



Dear Salon/Spa Professional and Guest:

Many of you have asked me why some Aveda products are available online at Target.com. The answer is that Target has decided to sell products they have procured from grey market distributors. The products listed on Target.com were diverted out of authorized Aveda outlets by collectors who supply grey market distributors.

Aveda manufactures professional products that are distributed in carefully selected salons and spas, stores and e-salons (Aveda.com). In these locations, qualified recommendations can be made by a professional who has been trained to acquire hair care and skin care expertise; outside these authorized outlets, no shopper is guaranteed to receive an accurate and suitable product recommendation. Beyond the risk of an incorrect product recommendation, we are concerned that many products found at diverting outlets are over-aged, adulterated, or even counterfeit. Once product has left the security of the Aveda network, we are obviously unable to assure its quality.

Within the last few years, we have approached Target several times to discuss this issue. Their only reply, to date, was from their legal representatives stating that retailing diverted products is not against the law. Technically they are correct; diversion is not against the law. Aveda pursues a corporate social responsibility agenda and makes value-based decisions with engaged stakeholders. Unfortunately these practices are not shared by everyone in the corporate world.

The good news is that diversion of Aveda products is very minimal. According to the A.C. Nielsen BIF survey, Aveda stands at 0.17% share of diverted hair care volume in the United States. This is 50 times lower than Aveda's share of the hair care market and only a fraction of volumes diverted from its key competitors. This is the positive outcome of Aveda's "Zero Tolerance" policy in dealing with diversion over the past five years. Nevertheless, any diversion is a cause for concern because diversion begins within the Aveda network. I assure you we are working very hard to control this problem at its source.

We invite you, if you wish, to address your concerns directly to Target's CEO, as we did on your behalf. Please address your comments to Target Corporate Headquarters – Minneapolis, MN 55401 Att: Mr. Gregg Steinhafel. If you are aware of any violations of this nature, please contact the diversion hotline at 1-877-972-8332 or email to stopdiversion@aveda.com.

Yours in Service,

Dominique Conseil