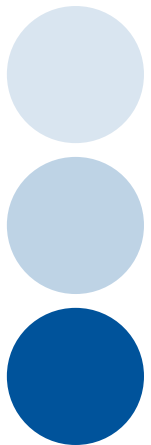


The Quixtar
Independent
Business
Owner
Compensation
Plan

QUIXTAR®



The Quixtar Independent Business Owner Compensation Plan provides the framework for operating a Quixtar independent business.

A Quixtar Independent Business Owner (IBO) is authorized to sell products and service customers; register others as IBOs; and, upon qualification, be eligible to receive bonuses and participate in business incentive programs[†].

You become a Quixtar IBO by completing a Quixtar registration form and paying an annual business fee.

How Volume and Bonuses Are Calculated

The Quixtar IBO Compensation Plan is structured with many levels of achievement that are contingent upon the amount of volume your business generates.

You can generate gross income[†] for your Quixtar business from the following sources:

- Immediate income from retail markup on product sales to customers;
- Monthly Performance Bonus;
- Monthly and annual Leadership Bonuses;
- Cash awards from the annual Quixtar Business Incentives program.

[†]See Glossary

The Performance Bonus is calculated from two numbers assigned to each product:

- **Point Value (PV)** is the unit amount assigned to each product and functions like a scorekeeper. The total PV of the products you move each month determines your Performance Bonus level. (Higher amounts of PV can mean greater Performance Bonus percentages for an IBO. See the Performance Bonus Schedule at right.)
- **Business Volume (BV)** is the dollar value assigned to each product. The total BV of the products you move each month is the amount used to calculate your gross Performance Bonus, based on your Performance Bonus percentage.

As stated above, you earn PV and BV on the products that your business moves each month. These include products sold to customers, products purchased for your own use, and products purchased by the IBOs in your group (who are the IBOs you've registered, the IBOs they've registered, and so on). Your Performance Bonus is calculated on this total volume less any bonuses earned by the IBOs in your group.

It is important to note that IBOs who register others generally have higher average volume than those who don't register others.

Performance Bonus Schedule

<u>If your total monthly PV is:</u>	<u>Your Performance Bonus is:</u>
7,500 or more	25% of your BV
6,000	23%
4,000	21%
2,500	18%
1,500	15%
1,000	12%
600	9%
300	6%
100	3%

Business Support Materials

Under the Rules of Conduct, all IBOs are responsible for training and motivating those whom they register. To assist you with your own training and motivation, as well as training and motivating others, some IBOs sell Business Support Materials (BSM) independently of the company. These may include books, magazines and other printed materials; audio tapes, videos, software, internet sites, and other electronic media; rallies, meetings, and educational seminars.

While the purchase of BSM is always optional, you may decide that they can play a useful role in building a profitable Quixtar business. However, no one may pressure you to buy or use such items, and your sponsor has an

obligation to train and motivate you whether or not you choose to buy BSM. In making your decision to purchase BSM, you should use your own good judgment as to what is best for your independent business, considering among other things cost, benefit, and time commitment. Some IBOs earn income from the sale of BSM apart from their earnings from the Quixtar IBO Compensation Plan.

If you decide to purchase BSM, you should execute a Business Support Materials Arbitration Agreement, which may be obtained from the IBO or organization selling you the BSM. This is provided in the Quixtar Registration Pack, or you can order SA-2033 or find it online at www.quixtar.com > Build & Manage My Business > Product & Business Support Materials > Business Forms

Glossary

“Active” IBOs: Based on an independent survey during 2001, “active” means an IBO attempted to make a retail sale, or presented the Quixtar IBO Compensation Plan, or received bonus money, or attended a company or IBO meeting in the year 2000.

BV percentage: BV for Health, Beauty, and Home products averages 85% of suggested retail. BV for all other products averages 40% of suggested retail.

BV/PV ratio: The ratio for Health, Beauty, and Home products as of September 1, 2006, is 2.90. The average ratio for all other products is 2.14.

Gross income: The amount received from retail sales, minus the cost of goods sold, plus the amount of Performance Bonus retained. There may be significant business expenses, mostly discretionary, that may be greater in relation to income in the first years of operation.

Quixtar Business Incentives: Quixtar Independent Business Owners can be recognized and compensated by Quixtar in a variety of ways.

The Quixtar IBO Compensation Plan offers monthly and annual bonuses that IBOs can earn in accordance with their contract with Quixtar. IBOs also may qualify for Quixtar Business Incentives (QBI) – a collection of discretionary programs separate from the Quixtar Plan and that can vary from year

to year. IBO eligibility for QBI programs is at Quixtar’s discretion and is based on conduct that demonstrates high ethical and business standards aligned with the goals and objectives of Quixtar and its related businesses. These standards require that:

- an IBO’s conduct must not negatively affect the reputation of Quixtar, its related businesses, or IBOs affiliated with Quixtar and its related entities;
- an IBO complies with the letter and spirit of the Rules of Conduct, laws, and regulations in any market the IBO has a presence, and demonstrates cultural sensitivity given market conditions; and
- an IBO doesn’t defend or support the conduct of others who don’t comply with these criteria.

Retail markup: The difference between the amount you pay for products and the retail price at which you sell those products to customers. Retail markup for Health, Beauty, and Home products in the *Choices Catalog* or from www.quixtar.com averages about 29% of IBO cost when resold at their suggested retail price, although the actual percentage varies with each product. IBOs are not obligated to charge the suggested retail price. Each IBO is entitled to determine independently the prices at which they sell products to customers or other IBOs.

The Average Monthly Gross Income for “Active” IBOs was \$115.

Approximately 66% of all IBOs of record were found to be “Active.”