

The Independent Business Ownership Plan

Involvement

The Independent Business Ownership Plan involves two categories of individuals.

- Independent Business Owner (IBO): a person authorized to develop clientele, register others as IBOs, and, upon qualification, earn bonuses.
- Clientele: a retail customer serviced by an Independent Business Owner or a preferred price customer with membership benefits.

Becoming an IBO

You become an Independent Business Owner by completing a Registration Form with Quixtar and paying an Annual Business Fee.

How Volume is Calculated

The Independent Business Ownership Plan is structured with many levels of achievement, which are contingent upon the amount of volume your business generates.

The gross income from your independent business is based on immediate income from retail markup, plus a Performance Bonus. This bonus is calculated from two sets of numbers – Point Value (PV) and Business Volume (BV) – assigned to each product. You earn PV and BV on products sold to Clientele and other IBOs, and by purchasing the products for your own use.

PV is a unit amount (like a scorekeeper) assigned to each product; the total of the PV on the product units that you move each month determines your Performance Bonus level. Higher levels of PV can mean greater Performance Bonus percentages for an IBO (see Performance Bonus Schedule (Upper-Right)).

BV is a dollar figure given each product; it is totaled each month from the products you move and is the amount used to calculate your gross Performance Bonus, based upon your percentage.

In addition, the Performance Bonus is based not only on the PV/BV you generate, by selling to Clientele, and by using the product yourself, but also on the PV/BV of the IBOs you have registered. Your Performance Bonus is calculated on this group volume less any bonuses earned by the IBOs you register. It's important to note that IBOs who register others generally have higher average volume than those who don't register others.

Quixtar Business Incentives

Quixtar Business Incentives (QBI) are discretionary awards separate from the Independent Business Ownership Plan. IBO eligibility for QBI awards 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. For more details on qualifying for QBI awards, refer to current QBI communications or contact Quixtar Sales.

Business Support Materials

Business Support Materials (BSMs) can provide the training and motivation necessary to build a profitable business. Some IBOs produce, sell, and earn income from BSMs independently of the company. Business Support Materials are entirely optional.

IBOs who sell BSM must buy them back from the original purchaser on commercially reasonable terms for a period of 180 days after the sale. Should you decide to purchase BSMs, please read fully the Business Support Materials Arbitration Agreement (BSMAA).

Performance Bonus Schedule

If your total Monthly PV is:	Your Performance Bonus is:
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%

Glossary

DCI Team Building Strategy: Participation in the DCI Team Building Strategy approach to building a Quixtar business is strictly voluntary. DCI utilizes long-term vision, delayed gratification (short-term income is smaller focusing on depth more than width), and utilize the power of compounding (depth is intended to create duplication and long-term results). DCI focuses in part on building depth in the sponsoring process. The use of this methodology, while somewhat different from how other IBOs may promote building a business, does not alter how PV/BV are calculated or how bonuses are paid by Quixtar through the IBO Plan.

Apprenticeship Team: Independent Business Owners collectively working with a leader skilled in the DCI Team Strategy, to correctly learn and apply the strategy by building the Apprenticeship leg.

Growth Team: An Independent Business Owner, skilled in the DCI Team Strategy as a result of having built an Apprenticeship leg, now able to apply the strategy by themselves.

Retail markup: The difference between the amount you pay for the products and their suggested retail price. Retail markup for Health, Self, and Home products in the *Choices* Catalog or from www.quixtar.com averages about 32% of your IBO cost, but varies with each product. Neither you nor your sponsor is required to follow the suggested retail markup or the suggested retail price, but you may do so if you wish.

Point Value (PV): A unit of measure assigned to each product.

Business Volume (BV): BV for Health, Self, and Home products averages 86% of suggested retail. BV for all other products averages 40% of suggested retail.

BV/PV ratio: The ratio of Health, Beauty, and Home products as of Sept. 1, 2004, is 2.80. The ratio for all other products is 2.20.

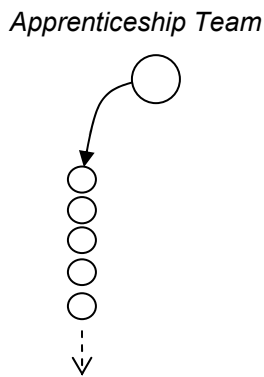
This Independent Business Ownership Plan is based on a proven plan that has been used legally and successfully for years.

The Independent Business Ownership Plan

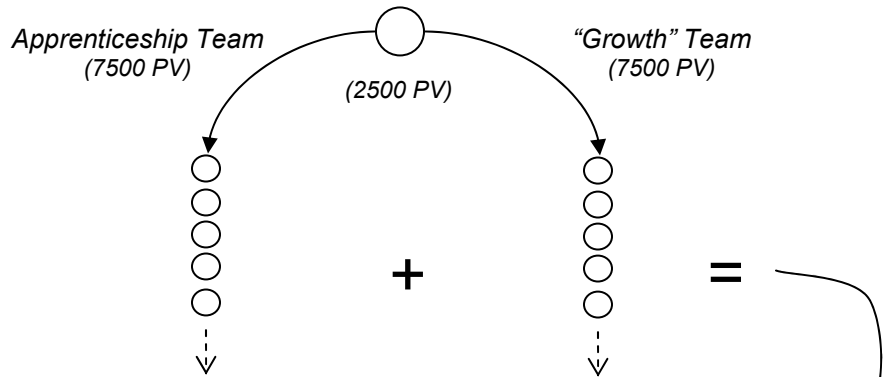
The Independent Business Ownership Plan provides the structure for an independent business powered by Quixtar.

DCI Team Building Strategy

STAGE 1:



STAGE 2:



\$56,940 cumulative cash awards earned over a period of 24 months or more.

- \$1,000 - 3 months @ 7500 PV, OTCA
- \$2,500 - 6 months @ 7500 PV, OTCA
- \$5,000 - 12 months @ 7500 PV, OTCA
- \$7,500 - Sapphire OTCA
- \$7,500 - 1.5 Get-FAA credits, OTCA
- \$10,000 - 2.0 Get-FAA credits, OTCA
- \$10,000 - Q-12 Business Incentive
- \$13,440 - 4% Leadership Bonus
- On-going bonus potential

The Average Monthly Gross Income for 'active' IBOs was \$115.

.22698% of "active" IBOs actually achieved the gross income performance shown above during the survey period.

Approximately 66% of all IBOs of record were found to be "active".

*Based on an Independent survey during 2001 "Active" means an IBO attempted to make a retail sale, or presented the Independent Business Ownership Plan, or received bonus money, or attended a company or IBO meeting in the year 2000.

"Gross Income" means 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 relations to income in the first years of operation.

The average Leadership Bonus for Direct Fulfillment IBOs of record was \$1,063 in calendar year ending December 31, 2003. .00537% of Leadership Bonus recipients in 2000 earned at least \$13,440.