

# The Quixtar Independent Business Owner Compensation Plan

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 from 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.

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

- **Point Value (PV)** is a 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 upon 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 in your group 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.

## 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 (BSMs) 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 Plan.

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%

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](http://www.quixtar.com) > Build & Manage My Business > Product & Business Support Materials > Business Forms

**Team's Approach:** Participation in Team's approach to building a business powered by Quixtar is strictly voluntary. Team utilizes long-term vision, delayed gratification (short-term income is smaller when focusing on depth more than width), and utilize the power of compounding (depth is intended to create, but is not guaranteed to produce, duplication and long-term results). Team 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.

## Glossary

**BV percentage:** BV for Health, Beauty, and Home products averages 85% (US) and 84% (Canada) of suggested retail. BV for all other products averages 40% (US) and 31% (Canada) of suggested retail.

**BV/PV ratio:** The ratio of Health, Beauty, and Home products as of September 1, 2006, is 2.90 (US) and 3.05 (Canada). The ratio for all other products is 2.14 (US) and 2.19 (Canada).

**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.

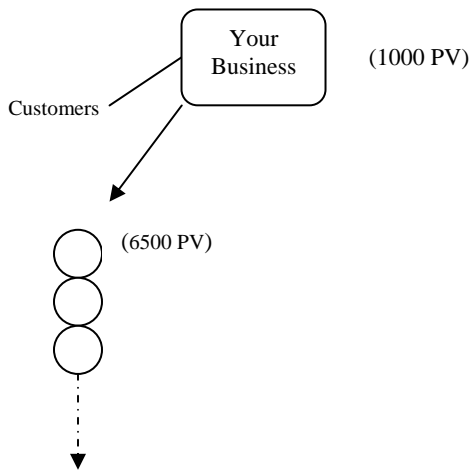
**Retail markup:** The difference between the amount you pay for the products and the retail price at which you sell those products to customers. Retail markup for Health, Beauty, and Home products in the *Choices* Catalog or from [www.quixtar.com](http://www.quixtar.com) averages about 29% (US) and 28% (Canada) 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 and other IBOs.

# Team's Approach to the Quixtar IBO Compensation Plan with QBI

## Explanation of "How the Money Works"

### Case 1: Build Your Business

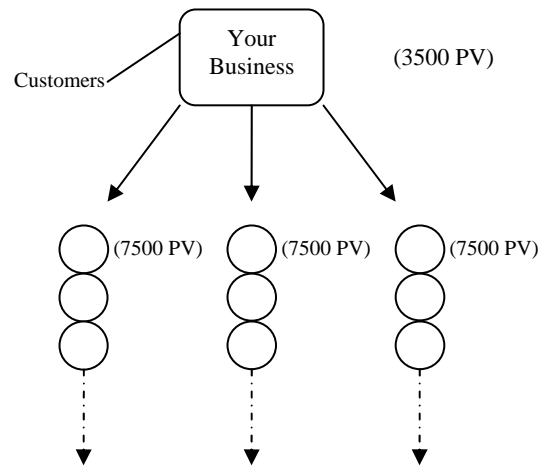
Total Volume For Your Business is 7500PV



• Performance Bonus for one month is \$950	
Annually (\$950 x 12 mos.)	= \$11,400
• Retail Profit for one month is \$125.	
Annually (\$125 x 12 mos.)	= \$ 1,500
• Level 1 Bonus for 12 Months Qualification	= \$ 3,000
• Level 1 End of Year Bonus	= \$ 7,000
• Consistency Bonus	= <u>\$10,000</u>
<b>Total</b>	<b>= \$32,900</b>

### Case 2: Grow Your Business

Three Teams at 7500PV



• Performance Bonus for one month is \$2,187.50.	
\$2,187.50 x 12 mos.	= \$26,250
• Retail Profit for one month is \$125.	
Annually (\$125 x 12 mos.)	= \$ 1,500
• Grow a Leg Bonus (3 Qualified Legs)	= \$25,000
• 4% Leadership Bonus	= \$17,760
• Average Emerald Bonus	= \$15,639
• Average Emerald Profit Sharing	= <u>\$ 5,767</u>
<b>Total</b>	<b>= \$ 91,916</b>

*The Average Monthly Gross Income for 'active' IBOs was \$115 (US) and \$181 (Canada).*

*The following are approximate percentages of Direct Fulfillment IBOs of record in North America who achieved the illustrated levels of success in the year surveyed: \$32,900 .19%; \$91,916 .03%*

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 \$1,095 in calendar year ending December 31, 2006. .04 % of Leadership Bonus recipients in 2000 earned at least \$17,760.