

QUIXTAR®

1/20/04
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[REDACTED]
[REDACTED]
[REDACTED]

Dear [REDACTED]:

This correspondence is a follow up to our conversation concerning the Member/Client Volume Rule and the 70% Rule. You indicated you put together a brief explanation of these Rules and were interested in verifying that your interpretation of the Rules was correct.

As we discussed, bonuses are intended to be earned on sales volume. To reinforce that retail sales are necessary and an important aspect of the business the Member/Client Volume Rule does require an IBO to have met one of the following criteria monthly in order to earn a bonus on downline volume: 1. Make not less than one sale to each of 10 different retail customers, 2. Have at least 50 pv of sales to any number of retail customers, or 3. Have \$100 at Member/Client Volume Rule Cost.

In your explanation you accurately indicate the Seventy Percent Rule protects IBOs from inventory loading which could result in inappropriately attaining awards/rewards. Specifically, the Rule requires that an IBO sell at least 70% of the products purchased monthly to downline IBOs, members and clients. For purposes of this Rule, products used for personal consumption, given out as samples or used for demonstration would be considered part of the sales volume and not part of the 30% an IBO is allowed to inventory.

Please let me know if you have any additional questions.

Sincerely,



Ron Mitchell
Rules Administration
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