



**E. EXCEL**

# Policies & Procedures



Updated and Revised: March 1, 2013





## **E. EXCEL**

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**E. EXCEL, LLC (“E. EXCEL” or “Company”) is pleased to welcome you as a new member of the E. EXCEL family!**

**Your participation, along with other E. EXCEL Distributors, provides the framework within which we can achieve our mission—to share the gift of health and the knowledge of Nutritional Immunology through progressive research, quality manufacturing and innovative products made from whole foods, and an unsurpassed business opportunity.**

**These Policies & Procedures are the rules and regulations that define the relationship between E. EXCEL independent Distributors and E. EXCEL, the Company. Each independent Distributor is responsible for reading, understanding and adhering to these Policies & Procedures.**

**Together we can make a difference in the lives of millions of people around the world and make your dreams come true!**

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## 1. Introduction and Definitions

The Policies & Procedures have been revised and updated as of March 1, 2013. These Policies & Procedures replace and supersede all previous versions of E. EXCEL Policies & Procedures.

These Policies & Procedures govern the relationship between E. EXCEL, LLC. (hereafter "E. EXCEL" or the "Company"), and its independent Distributors ("Distributor"). The Policies & Procedures, in their present form and as amended at the sole discretion of E. EXCEL, are incorporated by reference into, and form an integral part of, the E. EXCEL Independent Distributor Application and Agreement. Throughout these Policies & Procedures, when the term "Agreement" is used, it collectively refers to the E. EXCEL Independent Distributor Application and Agreement ("Distributor Application"), all Policies & Procedures, the E. EXCEL Compensation Plan and the Business Entity Addendum (if applicable). It is the responsibility of each Distributor to read, understand, adhere to and ensure that he or she is aware of and operating under the most current version of these Policies & Procedures.

### 1.1. Definitions

**Business Entity Addendum:** A corporation, partnership, Doing Business As ("DBA"), Limited Liability Company ("LLC"), Limited Liability Partnership ("LLP") or Trust applying for an E. EXCEL Distributorship must complete and sign the Business Entity Addendum.

**Distributor:** An individual who has completed an E. EXCEL Distributor Application and Agreement and for whom E. EXCEL has accepted such an Agreement and is therefore authorized to purchase E. EXCEL products directly from the Company at wholesale prices. Distributors may sponsor others into E. EXCEL and participate in the E. EXCEL Compensation Plan.

**Distributor Agreement or Agreement:** The term "Distributor Agreement" or "Agreement" refers to the Provisions, Terms and Conditions contained in the E. EXCEL Distributor Application and Agreement, the E. EXCEL Compensation Plan, these Policies & Procedures and the Business Entity Addendum (where applicable) in their current form and as may be amended in the future by E. EXCEL at its discretion.

**Distributor Reports:** Any one of a number of reports located in E. EXCEL's Business Center and expressly designed to help Distributors monitor their organization.

**Downline:** The Distributors directly or indirectly sponsored by an individual Distributor.

**Excelsator Pack:** One of several prepackaged collections of E. EXCEL products offered to new Distributors who join E. EXCEL and the Club of Excellence (COE) priced at a considerable savings over wholesale pricing.

**Resalable:** Products and Sales Tools shall be deemed "Resalable" if each of the following elements is satisfied: (1) they are unopened and unused; (2) packaging and labeling has not been altered or damaged; (3) they are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price; (4) it is returned to E. EXCEL within one year from the date of purchase. Any merchandise that is identified at the time of sale as nonreturnable, discontinued or as a seasonal item shall not be resaleable.

**Sponsor:** An active Distributor who successfully introduces an individual to E. EXCEL as a Distributor and is listed as the sponsor on the individual's Distributor Application and Agreement.

**Upline:** A Distributor's direct sponsor and the Distributors directly above that sponsor.

## 2. Becoming an E. EXCEL Distributor and Distributorship Operation

### 2.1. Requirements for Becoming an E. EXCEL Distributor

To become an E. EXCEL Distributor, each applicant must:

- a. Be 18 years of age or older;
- b. Reside in the United States, Canada or another country in which E. EXCEL has officially announced its business presence;
- c. U.S. residents must provide a valid Social Security number or Federal Taxpayer ID number. Where applicable, Distributors who fail to provide the appropriate Social Security or Taxpayer ID number will be subject to income tax withholding on any commission payments that are paid to the Distributor. Residents of other countries in which E. EXCEL conducts business must provide the documentation required by their respective taxing authorities;
- d. Where required, register with the appropriate government agencies to do business in the United States and/or Canada;
- e. Purchase an E. EXCEL Distributor Kit (optional in North Dakota);
- f. Submit a properly completed and signed Distributor Application and Agreement to E. EXCEL. E. EXCEL reserves the right to reject a new Distributor Application and Agreement form for any reason.

### 2.2. Distributor Kit

All Distributors are required to purchase a Distributor Kit at the time they apply to be a Distributor. No product purchase is required to become a Distributor. The Distributor Kit is non-refundable and not subject to any repurchase obligation after any applicable applicant's

right-to-cancel period has expired. Upon acceptance of the Application, the Distributor will be sent a letter of acceptance, a Distributor Identification Number and a letter providing access to the Distributor Center with a secure password and pin number.

### 2.3. International Distributors

E. EXCEL considers any E. EXCEL Distributor Agreement completed outside the United States or Canada to be invalid, unless the Distributor or sponsor is properly registered with another E. EXCEL office and follows the rules of the International Sponsoring Program. Each E. EXCEL International office has its own Distributor Agreement and the Distributorship is not transferable between countries.

### 2.4. Accuracy of Information

By signing the Distributor Agreement, the applicant confirms the information contained in the Distributor Application is accurate and agrees to be bound by the terms and conditions of the Agreement. If E. EXCEL discovers a Distributor has falsified a Distributor Agreement or provided inaccurate information, it may immediately cancel that Distributorship. Any commissions and/or bonuses paid to the Distributorship may be recovered by E. EXCEL, and appropriate legal action may be taken.

### 2.5. Amendments to Policies & Procedures

E. EXCEL reserves the right to amend the Agreement and the Compensation Plan from time to time. Notice of amendments shall become effective 30 days after notice of the amendments are issued. The Company shall provide notice of the amendments by one or more of the following methods: (1) posting on the Company's official website ([www.eexcel.net](http://www.eexcel.net)); (2) electronic mail (email); (3) inclusion in Company periodicals; or (4) inclusion in product orders or bonus checks. The continuation of a Distributor's E. EXCEL business or a Distributor's acceptance of commissions and/or bonuses constitutes acceptance of any and all amendments.

### 2.6. No Product Purchase Required

Upon E. EXCEL's acceptance of the applicant as a Distributor, the Agreement becomes binding on the parties. Other than the purchase of a Distributor Kit, no other product purchases are required of applicants for Distributorship.

### 2.7. Business Entities and Assumed Names

A corporation, partnership, LLC, LLP, trust or other business entity (collectively referred to in this section as a "Business Entity"), may apply to be an E. EXCEL Distributor by submitting a completed Distributor Application and a properly completed Business Entity Addendum. The Business Entity Addendum must be signed by one of the shareholders, partners, members or trustees who has the authority to bind the entity. Owners of the entity, whether they be shareholders, partners, members or trustees, are jointly and severally liable for any indebtedness or other obligation to E. EXCEL. Individuals doing business under an assumed name (Doing Business As, "DBA") must submit a properly completed Business Entity Addendum with their Distributor Application and Agreement.

### 2.8. Independent Contractor Status

E. EXCEL Distributors are independent contractors whose success or failure depends on their own efforts. E. EXCEL Distributors are responsible for all self-employment taxes, as well as for any taxes due from income earned as a Distributor. The relationship between E. EXCEL and its Distributors does not create an employer/employee relationship, agency, partnership or joint venture between the Company and the Distributor. **Distributors shall not be treated as employees for federal, state or provincial tax purposes, for Social Security, employment security, workers compensation or any other reason. The Company shall not withhold any sums, including but not limited to withholdings for state, federal or provincial unemployment security, social insurance or workers compensation from a Distributor's compensation unless it becomes legally obligated to do so pursuant to court order, administrative order or other legal requirement.** The Distributor has no authority (expressed or implied) to bind the Company to any obligation.

### 2.9. One Distributorship per Person

An E. EXCEL Distributor may operate or have an ownership interest, legal or equitable, as a sole proprietorship, partner, shareholder, member, trustee or beneficiary in only one E. EXCEL Distributorship. No individual may have, operate or receive compensation from more than one E. EXCEL business.

#### 2.9.1. Multiple Interests Prohibited

Neither individuals nor legal entities may have any direct or indirect ownership or other beneficial interest in more than one Distributorship at a time and may not directly or indirectly receive income from more than one Distributorship.

#### 2.9.2. Family Members

An individual may not become a Distributor or otherwise obtain a direct or indirect ownership or income interest in a Distributorship if another family member already has a direct or

indirect ownership or income interest in a Distributorship. Family members include spouses, dependent children and unemancipated children of one or both of the spouses.

## 2.10. Importing and Exporting Products

E. EXCEL grants to its Distributors a non-exclusive right upon the terms and conditions contained in the Agreement to purchase and resell E. EXCEL products in the United States and Canada. E. EXCEL products have been specifically formulated, manufactured and labeled to comply with United States and Canadian regulatory requirements. Distributors may not import or export E. EXCEL products to or from any other country.

## 2.11. Product and Package Tampering

Distributors shall not modify or alter in any way E. EXCEL products or packaging, literature, sales tools or any other item produced by E. EXCEL. In particular, Distributors may not repack, re-label, refill or alter the labels on any E. EXCEL products, information, materials or programs in any way. E. EXCEL products must be sold in their original containers.

## 2.12. Indemnification

Distributors are legally responsible for their actions and any verbal and/or written statements made regarding E. EXCEL products, services or the Compensation Plan. Distributors shall indemnify E. EXCEL and its directors, officers, employees and agents, and hold them harmless from and against any claim, demand, liability, loss, cost or expense (including, but not limited to, reasonable attorney's fees) arising, or alleged to arise, as a result of the Distributor's unauthorized claims, representations or actions, including but not limited to re-labeling or re-packaging product. This provision shall survive the termination of the Distributor Agreement.

## 2.13. Conformity with Laws

Distributors are required to abide by the laws of the United States and Canada, as well as all applicable local, state and provincial laws in the jurisdictions in which they operate their business. Moreover, neither federal nor state regulatory agencies approve or endorse any direct selling or network marketing companies or programs. Therefore, Distributors shall not represent or imply that E. EXCEL or its Compensation Plan have been "approved," "endorsed," "registered," or otherwise sanctioned by any government agency.

## 2.14. Nondisparagement

E. EXCEL welcomes constructive criticism from Distributors. Comments can be submitted to the Distributor Services Department. However, Distributors must not disparage, demean or make negative remarks to any third person or other E. EXCEL Distributor about E. EXCEL, other E. EXCEL Distributors, E. EXCEL products, the E. EXCEL Compensation Plan or E. EXCEL's directors, officers or employees.

## 2.15. Reporting Policy Violations

Distributors observing a policy violation by another Distributor should submit a written report of the violation directly to the attention of the E. EXCEL Distributor Services Department. Details of the incidents such as dates, number of occurrences, persons involved and any supporting documentation should be included in the report.

## 2.16. Changes of Name or Address

All Distributorship name and/or address changes must be submitted to E. EXCEL's office in writing. To notify E. EXCEL of a change of name and/or address, a Distributor must send written notice via mail, fax, or email (customerservice@eexcel.net) to the Distributor Services Department.

## 2.17. Sale, Transfer or Assignment of Distributorship

To be eligible to sell, transfer or otherwise assign a Distributorship, a Distributor must have generated at least 100 Personal Commission Volume ("PCV") per month directly from E. EXCEL for a period of six consecutive months before submitting a request to sell, transfer or assign the Distributorship. In addition, a Master Distributor must be a Qualified Master for at least three months out of the previous six-month period. E. EXCEL reserves the right to disapprove any sale, transfer or assignment, in its sole and absolute discretion, if it determines that such transfer may adversely affect E. EXCEL and/or its Distributors. If a Distributor wishes to sell, transfer or assign his or her E. EXCEL Distributorship, the following criteria must be met.

- a. The Distributorship must remain under its original line of sponsorship in its existing position following the transfer to a new owner;
- b. Any individual, entity, or any party that has had any interest in a business entity, that has owned or operated an E. EXCEL Distributorship is ineligible to acquire any interest in another E. EXCEL Distributorship unless he or she has cancelled the prior Distributorship and remained out of the E. EXCEL business for at least 12 consecutive calendar months;
- c. The buyer, transferee or assignee must execute an E. EXCEL Distributor Application and Agreement, which is accepted by E. EXCEL;
- d. Any debt obligations the selling, assigning or transferring Distributor has with E. EXCEL must be fully satisfied;

e. The selling, assigning or transferring Distributor must be in good standing and not in violation of any of the terms of the Distributor Agreement;

f. The selling, assigning or transferring Distributor must first submit a properly completed Sale of Distributorship Application, including all information and documentation required therewith;

g. E. EXCEL shall have the right of first refusal to purchase the Distributorship on the same (or economically equivalent) terms as agreed between the seller and buyer of the Distributorship. E. EXCEL shall have seven (7) days to give written notice to the Seller of the Distributorship as to whether or not E. EXCEL shall exercise its right of first refusal.

Any sale, transfer, assignment or attempt to sell, transfer or assign, a Distributorship without first complying with the foregoing shall be grounds for termination of the Distributorship, and if an unapproved sale, transfer or assignment is executed, such transfer shall be void and result in the termination of the offending Distributorship. Any sale, transfer or assignment of a Distributorship that is approved in writing by E. EXCEL must be completed within 60 days of such approval, otherwise a new approval must be obtained from E. EXCEL. Any change of 25 percent or more in any 24-month period in the legal or beneficial ownership of an entity that owns or controls a Distributorship constitutes a sale, transfer or assignment of the Distributorship and must comply with the foregoing requirements.

## 2.18. Successors and Assignees

The Agreement shall be binding upon the parties hereto and their respective successors and assignees.

## 2.19. Succession

Upon the death or incapacitation of a Distributor, his or her business may be passed to his or her heirs. Appropriate legal documentation must be submitted to the Company to ensure the transfer is proper. In all cases the successor(s) must:

- a. Execute a Distributor Agreement;
- b. Comply with the terms and provisions of the Agreement; and
- c. Meet all of the qualifications for the deceased or incapacitated Distributor's status.

### 2.19.1. Transfer Upon Death of a Distributor

To effect a testamentary transfer of an E. EXCEL business, the successor must provide the following to E. EXCEL: (1) an original death certificate; (2) notarized letters, testamentary or other appropriate documentation issued by the probate court appointing an executor of the estate; (3) written instructions from the executor of the estate directing E. EXCEL on the appropriate disposition of the Distributorship and accrued income; and (4) a completed Distributor Agreement executed by the beneficiary. If the business is bequeathed to joint successors, they must also complete a Business Entity Addendum (see Section 2.7. Business Entities and Assumed Names) and, where appropriate, provide a Federal Tax ID number.

### 2.19.2. Transfer Upon Incapacitation of a Distributor

To effect a transfer of an E. EXCEL business because of incapacity, the successor must provide the following to E. EXCEL: (1) a notarized copy of an appointment as trustee; (2) a notarized copy of the trust document or other documentation establishing the trustee's right to administer the E. EXCEL business; and (3) a completed Distributor Agreement executed by the trustee.

## 2.20. Transfer of an E. EXCEL Business Upon Separation or Divorce

Once E. EXCEL is notified in writing of the institution of divorce or business entity dissolution proceedings, bearing the notarized signatures of all involved parties or a certified court order that provides specific instructions, E. EXCEL will change the ownership of the Distributorship. Under no circumstances will the Downline organization of divorcing spouses or a dissolving business entity be divided. Similarly, under no circumstances will E. EXCEL split commission/bonus checks between divorcing spouses or members of dissolving entities. E. EXCEL will recognize only one Distributorship.

If a former spouse or a former entity affiliate has completely relinquished all rights in the original E. EXCEL business due to divorce, separation or other legal proceedings, he or she may rejoin E. EXCEL in accordance with the following: (1) Upon the entry of a final divorce order, a spouse who is not awarded the business need not wait 12 months before reapplying; (2) Following a business dissolution, the partners, shareholders, members or others affiliated with the former business entity must wait 12 calendar months before reapplying as an E. EXCEL Distributor. In either case, however, the former spouse or business entity owner or affiliate shall have no rights to any Distributors in the former organization or to any former preferred or retail customer.

## 2.21. Arbitration

If mediation is unsuccessful, any controversy or claim arising out of or relating to the Agreement, or the breach thereof, shall be settled by arbitration. The Parties waive all rights to trial by jury or to any court. The arbitration shall be filed with, and administered by, the

American Arbitration Association (“AAA”) or JAMS Endispute (“JAMS”) under their respective rules and procedures. Notwithstanding the rules of the AAA, JAMS, or other ADR provider, the Federal Rules of Evidence shall apply in all cases. Likewise, in all cases, the parties shall be entitled to all discovery rights permitted by the Federal Rules of Civil Procedure, and the Parties shall be entitled to bring motions under Rules 12 and/or 56 of the Federal Rules of Civil Procedure.

All arbitration proceedings shall be held in Salt Lake City, Utah. There shall be one arbitrator selected from the panel that the Alternate Dispute Resolution service provides. Each party to the arbitration shall be responsible for its own costs and expenses of arbitration, including legal and filing fees. The arbitration shall occur within 180 days from the date on which the arbitration is filed and shall last no more than five business days. The parties shall be allotted equal time to present their respective cases. The decision of the arbitrator shall be final and binding on the parties and may, if necessary, be reduced to a judgment in any court of competent jurisdiction. This agreement to arbitrate shall survive the cancellation or termination of the Agreement.

The parties and the arbitrator shall maintain the confidentiality of the entire arbitration process and shall not disclose to any person not directly involved in the arbitration process:

- a. The substance of, or basis for, the controversy, dispute, or claim;
- b. The content of any testimony or other evidence presented at an arbitration hearing or obtained through discovery in arbitration;
- c. The terms or amount of any arbitration award;
- d. The rulings of the arbitrator on the procedural and/or substantive issues involved in the case.

Notwithstanding the foregoing, nothing in these Policies & Procedures shall prevent either party from applying to and obtaining from any court having jurisdiction a temporary injunction, preliminary injunction, permanent injunction or other equitable relief available to safeguard and protect its intellectual property rights, and/or to enforce its rights under the nonsolicitation provision of the Agreement.

## 2.22. Governing Law, Jurisdiction and Venue

Jurisdiction and venue of any matter not subject to arbitration shall reside exclusively in Salt Lake County, State of Utah, or the United States District Court for the District of Utah. The Federal Arbitration Act shall govern all matters relating to arbitration. The law of the State of Utah shall govern all other matters relating to or arising from the Agreement.

### 2.22.1. Louisiana Residents

Notwithstanding Policies 2.21 and 2.22, Louisiana residents may bring an action against E. EXCEL in the State of Louisiana and pursuant to Louisiana law.

### 2.22.2. Limitation of Actions

Should either party bring an action arising from or relating to the Agreement, such action shall be brought within one year from the date on which the conduct giving rise to the cause of action arose, or the shortest time allowed by applicable law, whichever is shorter. **The parties waive any other applicable statute of limitations.**

## 2.23. Policies and Provisions Severable

If any provision of the Distributor Agreement, or portion of any provision, in its current form or as may be amended, is found to be invalid or unenforceable for any reason, only the invalid portion(s) of the provision shall be severed and the remaining terms and provisions shall remain in full force and effect and shall be construed as if such invalid or unenforceable provision never comprised a part of the Distributor Agreement. The severed portion of the Distributor Agreement shall be reformed so as to effectuate the provision as nearly as possible.

## 2.24. Waiver

Neither party relinquishes its right to insist on compliance with the Agreement and with the applicable laws governing the conduct of a business. Neither party's failure to exercise any right or power under the Agreement or to insist upon strict compliance with any obligation or provision of the Agreement, and no custom or practice of the parties at variance with the terms of the Agreement, shall constitute a waiver of the party's right to demand compliance with the Agreement. Waiver by E. EXCEL can be affected only in writing by an authorized officer of the Company. A Party's waiver of any particular breach by the other party shall not affect or impair the waiving party's rights with respect to any subsequent breach, nor shall it affect in any way the rights or obligations of any other Distributor. No delay or omission by a party to exercise any right arising from a breach shall affect or impair the non-breaching party's rights as to that or any subsequent breach.

## 3. Sponsoring

Sponsoring is the process wherein a Distributor in good standing signs up an individual or business entity for an E. EXCEL Distributorship. Upon acceptance by E. EXCEL of an applicant's Distributor Agreement, the new Distributor (applicant) takes his or her place in the

Downline organization of the sponsor.

### 3.1. Responsibilities

A sponsor's responsibilities include, but are not limited to:

- a. Providing the most current version of the Policies & Procedures before the applicant signs a Distributor Agreement. (Additional copies of Policies & Procedures can be acquired from E. EXCEL or found on our website at [www.eexcel.net](http://www.eexcel.net).)
- b. Assisting Distributors he or she directly or indirectly sponsors to understand and comply with E. EXCEL's Policies & Procedures.
- c. Providing the training and education necessary for a new Distributor to understand the business.

### 3.2. Holding Applications or Orders

Distributors must not manipulate enrollments of new applicants and purchases of products. All Distributor Applications and Agreements and product orders must be sent to E. EXCEL as soon as possible but no later than one week from the time they are signed by a applicant or placed by a customer, respectively.

### 3.3. Nonsolicitation

E. EXCEL Distributors are independent contractors and as such are free to participate in other businesses or programs, including other network marketing programs. However, so long as a Distributor is an E. EXCEL Distributor, he or she may not directly or indirectly recruit, solicit, sponsor, or attempt to directly or indirectly recruit, solicit or sponsor, any E. EXCEL Distributors in the U.S. and/or Canada to participate in any other network marketing program.

Following the cancellation of a Distributor's Agreement for any reason, and for a period of 12 consecutive calendar months thereafter, with the exception of the former Distributor's personally sponsored E. EXCEL Distributors, the former Distributor may not directly or indirectly sponsor, recruit, solicit, enroll, encourage or influence in any way, or attempt to directly or indirectly sponsor, recruit, solicit, enroll, encourage or influence in any way, any

E. EXCEL Distributor in the U.S. and/or Canada to enroll or participate in another network marketing program. The parties further agree that the specified geographic scope of the foregoing nonsolicitation provisions are reasonable and necessary because: (1) as a company that distributes its products through the network marketing distribution channel, E. EXCEL utilizes networks of Distributors that are widely dispersed to sell its goods and services; and (2) notwithstanding their wide dispersion, Distributors are interconnected, communicate and network closely with one another via telephone, Internet, email, social media and other electronic and non-face-to-face means. Therefore, the fact that a Distributor may be located a considerable distance from another Distributor will not hinder the Distributor's ability to directly or indirectly solicit other Distributors for other network marketing programs. Therefore, Distributors waive any and all claims and/or defenses that the foregoing nonsolicitation covenants are unenforceable or overbroad due to their geographic scope.

### 3.4. Conflicts of Interest

Distributors may not sell, or attempt to sell, any competing non-E. EXCEL products or services to any E. EXCEL retail customers, Preferred Customers or Distributors. Any product or service in the same generic category as an E. EXCEL product or service is deemed to be competing (e.g., any dietary supplement is in the same generic category as E. EXCEL's health food products and is therefore a competing product, regardless of differences in cost, quality, ingredients or nutrient content).

Distributors may not display E. EXCEL products or services with any other products or services in a fashion that might in any way confuse or mislead a prospective customer, Preferred Customer or Distributor into believing that there is a relationship between the E. EXCEL and non-E. EXCEL products or services. Distributors may not offer the E. EXCEL opportunity, products or services in conjunction with any non-E. EXCEL program, opportunity, product or service. Distributors may not offer any non-E. EXCEL opportunity, products or services at any E. EXCEL-related meeting, seminar or convention, or immediately following such an event.

### 3.5. Double Sponsoring

Occasionally, more than one Distributor may contact the same prospective Distributor intending to sponsor him or her, resulting in a dispute over sponsorship rights. When E. EXCEL receives two or more completed agreements from Distributors desiring to sponsor the same prospective Distributor, it will recognize and approve the Distributor Application it received first. Moreover, E. EXCEL will not mediate sponsoring disputes.

### 3.6. Cross-Line Sponsoring

Cross-line sponsoring is strictly prohibited. Cross-line sponsoring is the enrollment of an individual who, or entity that, already has a current Distributor Agreement on file with E. EXCEL, or who has had such an agreement within the preceding 12 calendar months. The enrollment of a spouse, household member, business entity or any other artifice or straw man, under a sponsor other than the Distributor's original sponsor to circumvent this policy also constitutes prohibited cross-line sponsoring.

If a cross-line sponsoring situation occurs, E. EXCEL may take disciplinary action against



those Distributors who violated the policy and those who encouraged or assisted them to violate the policy. E. EXCEL may elect, but is under no obligation, to move all or part of the organization below a Distributor who improperly changes sponsors back to the organization of the original sponsor. However, E. EXCEL is under no obligation to do so, and the ultimate disposition of a Downline organization will be determined on a case-by-case basis at E. EXCEL's sole discretion. DISTRIBUTORS WAIVE ANY AND ALL CLAIMS AGAINST E. EXCEL THAT RELATE TO OR ARISE FROM E. EXCEL'S DECISION REGARDING THE DISPOSITION OF ANY DOWNLINE ORGANIZATION THAT DEVELOPS BELOW AN ORGANIZATION THAT HAS IMPROPERLY CHANGED LINES OF SPONSORSHIP.

### 3.7. Sponsor Changes

A change of sponsorship is permissible and can be accomplished by the following: (1) The Distributor must fill out and submit a Sponsor Change Form and pay a non-refundable fee of \$75.00 to initiate a request to change sponsors. All sponsor change requests must contain the notarized signatures of the Distributor's six immediate Upline Distributors consenting to the change; or (2) the Distributor must cancel his or her Distributor agreement and then wait at least 12 calendar months after the official termination date before re-enrolling under a new sponsor. The termination date will be determined by E. EXCEL. E. EXCEL reserves the right to review each request based on its own merits and to authorize or deny any or all sponsor change requests.

The Distributor's Downline organization will remain in its original organization.

In cases wherein a Distributor improperly changes his or her sponsor, E. EXCEL reserves the sole and exclusive right to determine the final disposition of the Downline organization that was developed by the Distributor in his or her second line of sponsorship. DISTRIBUTORS WAIVE ANY AND ALL CLAIMS AGAINST E. EXCEL AND ITS OFFICERS, DIRECTORS, OWNERS, EMPLOYEES AND AGENTS THAT RELATE TO OR ARISE FROM E. EXCEL'S DECISION REGARDING THE DISPOSITION OF ANY DOWNLINE ORGANIZATION THAT DEVELOPS BELOW A DISTRIBUTOR WHO HAS IMPROPERLY CHANGED HIS OR HER SPONSOR.

### 3.8. Change of Status

A Distributor who wishes to change his or her status from an individual Distributor to a Corporation, Partnership, Limited Liability Company, DBA, trust or other business entity under the same sponsor and in the same genealogy position may do so at any time, subject to applicable law and upon completion and delivery to E. EXCEL of the Business Entity Addendum and all supporting documentation as required in Section 2.7.

All requirements of the Policies & Procedures, including Section 2.9 One Distributorship per Person, Section 2.9.1 Multiple Interests Prohibited and Section 2.9.2 Family Members, apply to the new entity.

### 3.9. Distribution of Company Leads

If an individual or other interested party contacts the E. EXCEL office for information about E. EXCEL products ("Company Lead"), E. EXCEL will make reasonable efforts to refer the Company Lead back to the Distributor from whom he or she originally received information about E. EXCEL, if any. If the Company Lead was not originally contacted by a Distributor, he or she objects to the original Distributor or if original contact information is not provided, E. EXCEL will forward the Company Lead information to an eligible Distributor.

An eligible Distributor must meet the following criteria to receive a Company Lead:

- a. Must be paid from the Compensation Plan as a Gold Master or higher in the most recent month;
- b. Sponsored at least one new active Distributor within the last three months in the same geographic area; and
- c. Be an active Distributor in good standing.

E. EXCEL reserves sole discretion to make final assignment of Company Leads.

## 4. Ethics and Policy Violations

### 4.1. Ethical Compliance

Distributors shall not engage in any unlawful or unethical (See the DSA Code of Ethics at <http://www.dsa.org/ethics/code>) activity, or perform any act or omission that may reasonably be viewed as actually or potentially damaging to the E. EXCEL business, reputation and/or goodwill.

### 4.2. Violation of Ethics and/or the Agreement

Violation of the Agreement, including these Policies & Procedures, or any illegal, fraudulent, deceptive or unethical business conduct, or conduct that E. EXCEL reasonably believes is detrimental to its goodwill and reputation, by a Distributor may result, at E. EXCEL's discretion, in one or more of the following measures:

- a. Issuance of a written warning;
- b. Probation, which may include requiring a Distributor to take remedial action as well as

follow-up monitoring by E. EXCEL to ensure compliance;

- c. Suspension of the Distributor's E. EXCEL business; a suspended distributor shall not be entitled to participate in any E. EXCEL functions and shall not be entitled to earn, receive or recover commissions withheld by E. EXCEL during the suspension;
- d. Withdrawal or denial of an award and/or recognition in company publications, or restriction of participation in company-sponsored events for a specified period of time or until certain conditions are satisfied;
- e. Suspension of all or certain privileges of a Distributorship including, but not limited to: ordering privileges, participating in company programs, advancement in the Compensation Plan or participating as a sponsor for a specified period of time or until certain conditions are satisfied;
- f. Termination of the Distributorship; or
- g. Any other measures expressly allowed within any provision of the Agreement or which E. EXCEL deems practical to implement and appropriate to equitably resolve injuries caused partially or exclusively by the Distributor's conduct.

During an investigation of a Distributor's alleged misconduct, E. EXCEL may suspend the Distributor and withhold his or her commissions and bonuses. If it is determined that the Distributor was in violation of E. EXCEL policies or the Distributor Agreement, or if the Distributor cancels his or her Distributor Agreement while the investigation is pending, the Distributor shall not be entitled to recover withheld commissions. If an investigation determines that no violation occurred, E. EXCEL will reinstate the Distributor and reimburse all withheld commissions to the Distributor. In situations deemed appropriate by E. EXCEL, the Company may institute legal proceedings for monetary and/or equitable relief.

### 4.3. Imputed Liability

If any member of a Distributor's immediate household engages in any activity that, if performed by the Distributor, would violate any provision of the Agreement, such activity will be deemed a violation by the Distributor, and E. EXCEL may take disciplinary action pursuant to the Agreement against the Distributor. Similarly, if any individual associated in any way with a corporation, partnership, LLC, trust, DBA or other entity violates the Agreement, such action(s) will be deemed a violation by the entity and each of its members, shareholders, owners, managers or other principals, and E. EXCEL may take disciplinary action jointly and severally against the entity and/or each of its members, shareholders, owners, managers or other principals.

### 4.4. Involuntary Termination

The following procedures shall apply to cases of involuntary Distributor termination:

- a. E. EXCEL will send written notification of the termination of the Distributorship to the Distributorship owner of record. Written notices of termination may be made by any reasonable commercial means, including but not limited to email, U.S. mail, registered or certified mail, and/or overnight courier.
- b. The Terminated Distributor will then have 10 business days from the date of the termination notification to appeal the termination in writing to E. EXCEL. The appeal must specify all facts, supply all documents and identify all witnesses that the terminated Distributor claims support the appeal;
- c. Upon receipt of a written appeal, E. EXCEL will consider the terminated Distributor's basis for the appeal and notify the Distributor of its final decision.

#### 4.4.1. Involuntary Termination of a Distributor on Suspension

If the Company elects to terminate the Distributor Agreement of a Distributor that is on suspension, the termination shall be effective on the date on which the written notice of suspension was sent to the Distributor.

### 4.5. Voluntary Resignation

Distributors have a right to cancel their Distributorship at any time, regardless of reason, by sending written notice to the Company at its principal business address of their desire to cancel their business. If the cancelling Distributor is on the autoship program, the cancelling Distributor's autoship order will also be cancelled.

#### 4.5.1. Resignation

In the event a Distributor chooses to terminate his or her E. EXCEL Distributorship, written and signed notice of resignation must be sent to the Company via mail, fax or email ([customerservice@eexcel.net](mailto:customerservice@eexcel.net)).

#### 4.5.2. Resignation Due to Inactivity

If any Distributor fails to remain active by failing to produce any Personal Commission Volume ("PCV") during any 12-consecutive-month period, his or her Distributorship will be deemed inactive and as such will be cancelled for inactivity.

### 4.6. Effect of Termination

A Distributor whose business is terminated will lose all rights as a Distributor. This includes the right to sell E. EXCEL products and services and the right to receive commissions, bonuses or other income resulting from the sales and other activities of the Distributor's Downline

organization. In the event of termination, Distributors agree to waive all rights they may have, including but not limited to property rights, to their former Downline organization and to any bonuses, commissions or other remuneration derived from the sales and other activities of their former Downline organization.

#### **4.6.1. Effect on Downline**

When a vacancy occurs in a Downline organization due to the termination of an E. EXCEL Distributor, each Distributor in the first level immediately below the terminated Distributor on the date of termination will be moved to the position of the terminated Distributor. For example, assume A sponsors B, and B sponsors C. If B is terminated, C will move into the position previously occupied by B to become part of A's first level.

#### **4.7. Reapplying after Termination**

If a Distributor's Distributorship is terminated for any reason, he or she must wait for twelve consecutive calendar months before reapplying to become an E. EXCEL Distributor. The new Distributor shall have no right or claim to his or her former Downline, and E. EXCEL is under no obligation to accept the application.

### **5. Ordering Products**

#### **5.1. Placing an Order**

Distributors may place their orders by telephone, mail, fax or via E. EXCEL's website ([www.excel.net/DistributorCenter](http://www.excel.net/DistributorCenter)). All orders must be paid at the time the order is placed.

##### **5.1.1. Telephone and Fax Orders**

E. EXCEL must receive all telephone and fax orders in legible form by 6 p.m. MST on the last calendar day of the month. If the last calendar day of the month falls on a weekend or holiday, the next business day is considered the last calendar day.

##### **5.1.2. Internet Orders**

Orders placed via the [www.excel.net](http://www.excel.net) website and MyEExcel websites must be completed by 12:00 midnight MST on the last calendar day of the month. If the last calendar day falls on a weekend or holiday, the next business day is considered the last calendar day.

##### **5.1.3. Orders via United States Postal Service**

All orders placed by mail must be postmarked no later than the last calendar day of the month and received by the E. EXCEL office on or before the fifth calendar day of the following month to be included in the prior month's bonus qualifications. E. EXCEL is not responsible for orders lost or delayed in the mail.

#### **5.2. Product Fulfillment**

Your product order will normally be fulfilled and shipped (or be available for will-call pickup) within 48 hours of placing the order. Orders placed during the week in which the 25th day of the month falls may be delayed due to the large volume of orders received during this week.

Order shipments will be by common carrier and delivery should be expected within three to seven business days.

##### **5.2.1. Expedited Shipping Methods**

Expedited air delivery for overnight, second-day, or third-day air delivery is available at the Distributor's request (not available in all areas). The Distributor will be responsible for the expedited shipping related costs. All expedited orders must be placed before 3:00 p.m. MST to ensure that the order will ship the same day.

##### **5.2.2. Product Will-Call Pick Up**

All will-call orders must be picked up within ten calendar days of the invoice date. All will-call orders that have not been picked up within ten calendar days of the invoiced date are subject to the following:

- a. E. EXCEL will attempt to contact the Distributor by email to inform the Distributor that the order will be shipped to the address on the account via regular shipping methods if not picked up at will-call within three additional calendar days. If no email address is on the account, E. EXCEL will attempt to contact the Distributor's sponsor. If no contact is made within the three additional days, the order will be shipped.
- b. If shipped, the account will be charged the shipping fee associated with the order. If the order is refused or otherwise undeliverable, the Distributor will be responsible for any restocking and shipping fees. Refusal of the shipment could affect the commission volume and qualification requirements for the month in which it occurs.

##### **5.2.3. Requirements for Picking Up a Will-Call Order**

Will-call orders will be released to the Distributor of record upon presenting valid identification. The Distributor must verify that the order is correct and sign (and print) their name saying that it was received, complete and in order.

- a. If someone other than the Distributor of record picks up a will-call order, that person may only do so if the Distributor of record has authorized the Company to release orders to

the specified person. This is accomplished by completing a Will-Call Authorization and Release Form at the E. EXCEL Fulfillment Center. This authorization will be kept on file at the center.

- b. The person picking up the order must verify that the order is correct, print their name and phone number and sign for it. By authorizing the person to pick up the order and sign for the order, the Distributor named on the invoice agrees, by proxy, that the order is complete and correct.

#### **5.3. Third-Party Credit Card and/or Account Usage**

To ensure the financial information of our Distributors is kept secure and confidential, the Company does not allow a Distributor to:

- a. Use a credit card other than his or her own without written permission from the card holder;
- b. Use another Distributor's E. EXCEL account balance; or
- c. Use someone else's checking account.

In addition, if a Distributor submits an order using another Distributor's credit card and the cardholder refuses payment for the order, the purchasing Distributor is responsible for any monetary loss to E. EXCEL.

#### **5.4. Insufficient Funds**

E. EXCEL requires full payment prior to completing a Distributor's order. Any payment that is subsequently not supported by sufficient funds constitutes a breach of contract, and E. EXCEL may take any or all of the following actions.

- a. Personal Commission Volume ("PCV") of the order will be reversed and the order cancelled;
- b. E. EXCEL reserves the right to offset the outstanding amount against any amounts due the Distributor;
- c. E. EXCEL may assess a service fee;
- d. E. EXCEL reserves the right, at its discretion, to require that future orders be prepaid by another form of payment.

If E. EXCEL is unable to collect the amount owed, a collection agency may be utilized. If such action is taken, the Distributor will be responsible for any fees incurred by the collection agency, as well as all fees resulting from returned checks, bank drafts or credit card charge backs for merchandise ordered and received.

#### **5.5. Inventory**

Distributors have no inventory requirements. A Distributor must use his or her own judgment in determining inventory needs based on reasonably projected retail sales.

E. EXCEL strictly prohibits the purchase of products in unreasonable amounts for the purpose of qualifying for commissions, bonuses or advancement in the Compensation Plan.

### **6. Retail Policy**

#### **6.1. Retail Stores**

E. EXCEL strongly encourages the retailing and selling of its products through person-to-person contact. In an effort to reinforce this method of selling and to help provide a standard of fairness for all Distributors, Distributors may not display or sell E. EXCEL products or literature, or in any other way promote the E. EXCEL opportunity or products, in any retail, wholesale, warehouse or discount establishment without prior written approval from E. EXCEL.

#### **6.2. Service-Related Establishments**

A service-related establishment is one whose primary revenue is earned by providing personal service rather than by selling products. Such establishments include offices of doctors, dentists and other health professionals; health clubs or fitness centers; beauty salons; and any other business where customer use of the establishment is controlled by membership or appointment.

A Distributor who owns a service-related establishment may provide E. EXCEL products and services to customers through this establishment as long as he or she is providing ongoing support to his or her customers as called for in the Policies & Procedures. However, only Company-produced displays may be used as point-of-sale promotional material.

E. EXCEL reserves the right to make the final determination as to whether an establishment is service-related or is a proper place for the sale of its products.

#### **6.3. Trade Shows, Expositions and Other Forums**

Distributors may not sell E. EXCEL products or promote the opportunity at flea markets, swap meets, bazaars, garage sales or any other similar gathering. E. EXCEL reserves the right to make the final determination as to whether a specific gathering or event is a proper place for the sale of products. However, Distributors may display and/or sell E. EXCEL products at trade shows and professional expositions.

#### **6.4. Territories**

E. EXCEL does not grant nor guarantee any Distributor exclusive rights to any geographic territory.

## **7. Social Media**

Social media may be used by Distributors to share information about the E. EXCEL business opportunity and for prospecting and sponsoring. However, Distributors who elect to use social media must adhere to the Policies & Procedures in all respects.

Social media sites may not be used to sell or offer to sell E. EXCEL products or services. Profiles a Distributor generates in any social community where E. EXCEL is discussed or mentioned must clearly identify the Distributor as an Independent E. EXCEL Distributor, and when a Distributor participates in those communities, Distributors must avoid inappropriate conversations, comments, images, video, audio, applications or any other adult, profane, discriminatory or vulgar content. The determination of what is inappropriate is at E. EXCEL's sole discretion, and offending Distributors will be subject to disciplinary action. Banner ads and images used on these sites must be current and must come from the E. EXCEL approved library. If a link is provided, it must link to the posting Distributor's E. EXCEL replicated website.

Distributors may not use blog spam, spamdexing or any other mass-replicated methods to leave blog comments. Comments Distributors create or leave must be useful, unique, relevant and specific to the blog's article.

### **7.1. Distributors Are Responsible for Postings**

Distributors are personally responsible for their postings and all other online activity that relates to E. EXCEL. Therefore, even if a Distributor does not own or operate a blog or social media site, if a Distributor posts to any such site that relates to E. EXCEL or which can be traced to E. EXCEL, the Distributor is responsible for the posting. Distributors are also responsible for postings that occur on any blog or social media site that the Distributor owns, operates or controls.

### **7.2. Identification as an Independent E. EXCEL Distributor**

A Distributor must disclose his or her full name on all social media postings, and conspicuously identify himself or herself as an independent Distributor for E. EXCEL. Anonymous postings or use of an alias is prohibited.

### **7.3. Social Media as Sales and Promotion Forum**

Social media sites are relationship-building sites. While building relationships is an important part of the sales process, social media sites may not be used as a direct medium for generating sales or explaining the E. EXCEL income opportunity. Online sales may only be generated from a Distributor's E. EXCEL replicated website. Likewise, Distributors shall not use any social media site to explain the E. EXCEL Compensation Plan or any component of the compensation plan.

### **7.4. Deceptive Postings**

Postings that are false, misleading or deceptive are prohibited. This includes, but is not limited to, false or deceptive postings relating to the E. EXCEL income opportunity, E. EXCEL products and services and/or biographical information and credentials.

### **7.5. Use of Third-Party Intellectual Property**

If a Distributor uses the trademarks, trade names, service marks, copyrights or intellectual property of any third party in any posting, it is the Distributor's responsibility to ensure that he or she has received the proper license to use such intellectual property and pay the appropriate license fee. All third-party intellectual property must be properly referenced as the property of the third party, and Distributors must adhere to any restrictions and conditions that the owner of the intellectual property places on the use of its property.

### **7.6. Respecting Privacy**

Always respect the privacy of others in social media postings. Distributors must not engage in gossip or advance rumors about any individual, company or competitive products or services. Distributors may not list the names of other individuals or entities on their postings unless they have the written permission of the individual or entity that is the subject of their postings.

### **7.7. Professionalism**

Distributors must ensure that postings are truthful and accurate. This requires that Distributors fact-check all material they post online. Distributors should also carefully check postings for spelling, punctuation and grammatical errors. Use of offensive language is prohibited.

### **7.8. Prohibited Postings**

Distributors may not make any postings, or link to any postings or other material that:

- a. Is sexually explicit, obscene or pornographic;
- b. Is offensive, profane, hateful, threatening, harmful, defamatory, libelous, harassing or discriminatory (whether based on race, ethnicity, creed, religion, gender, sexual orientation, physical disability or otherwise);
- c. Is graphically violent, including any violent video game images;
- d. Is solicitous of any unlawful behavior;
- e. Engages in personal attacks on any individual, group or entity;
- f. Is in violation of any intellectual property rights of the Company or any third party.

### **7.9. Responding to Negative Posts**

Distributors should not converse with one who places a negative post against them, other independent Distributors or E. EXCEL. Report negative posts to the Company at [customerservice@excel.net](mailto:customerservice@excel.net). Responding to such negative posts often simply fuels a discussion with individuals who do not hold themselves to the same high standards as E. EXCEL, and therefore damages the reputation and goodwill of E. EXCEL.

### **7.10. Social Media Sites with Website-Like Features**

Because some social media sites are particularly robust, the distinction between a social media site and a website may not be clear cut. E. EXCEL therefore reserves the sole and exclusive right to classify certain social media sites as websites and require that Distributors using, or who wish to use, such sites adhere to the Company's policies relating to independent websites.

### **7.11. Cancellation of an E. EXCEL Business**

If a Distributor's E. EXCEL business is cancelled for any reason, the Distributor must discontinue using the E. EXCEL name, and all E. EXCEL trademarks, trade names, service marks and other intellectual property, and all derivatives of such marks and intellectual property, in any postings and all social media sites that he or she utilizes. If the Distributor posts on any social media site on which he or she has previously identified himself or herself as an independent E. EXCEL Distributor, the Distributor must conspicuously disclose that he or she is no longer an independent E. EXCEL Distributor.

## **8. Taxes**

### **8.1. Sales Tax and Goods and Services Tax**

If applicable, sales tax, Goods and Services Tax ("GST") and Harmonized Sales Tax ("HST") are collected at the time of purchase and are remitted by E. EXCEL to the appropriate city, state, province and/or country. Whether sales tax, GST or HST is applicable is based on the local tax laws of the city, state, province or country. The tax amount due is determined using the tax rate applicable to the order's ship-to address.

The sales tax, GST and/or applicable HST on will-call pickup orders are based on the location of the E. EXCEL Fulfillment Center where the products are picked up.

If Distributors are exempt from paying sales tax, they must provide the following to E. EXCEL:

- a. A resale tax number from the sales tax commission or agency in his or her state, province or city of residence; and
- b. A current copy of the Resale Certificate or exemption certificate, as required by the city, state or province.

In some jurisdictions, E. EXCEL is precluded from exempting the Distributor from sales tax, GST or HST.

Once exempted for sales tax, Distributors are responsible for the collection and remittance of all sales tax on the purchase and resale of products. For more information on the requirements of sales tax exemption certificates, contact local sales tax commissions or agencies.

### **8.2. Income Taxes**

Each Distributor is responsible for paying local, state, provincial and federal taxes on any income generated as an independent Distributor. If a US resident has been paid US \$600 or more in bonuses or has purchased at least US \$5,000 in products from E. EXCEL in a given year (or as government statutes provide), he or she will receive an IRS Form 1099 MISC (Non-Employee Compensation) earnings statement at the end of that year detailing his or her earnings from E. EXCEL for federal tax purposes. To determine how to report any income received from E. EXCEL, Distributors should contact their accountant or tax preparer.

### **8.3. Licensing**

The Distributor is responsible for obtaining any and all required licenses in the city, state or province. Distributors should contact their local business licensing agency to determine if they are required to obtain a business license.

## **9. Product Exchange and Return Policy**

### **9.1. Product Returns**

If a Distributor is dissatisfied for any reason with any E. EXCEL product, the Distributor may return the product for a refund by obtaining a Return Merchandise Authorization ("RMA") number from E. EXCEL Distributor Services Department within 30 days of the date of purchase. The Personal Commission Volume associated with the products that are returned will be deducted from the returning Distributor's PCV and a recapture of commissions paid to Upline Distributors. Shipping and handling charges are not refundable, and the Distributor is also responsible for return shipping and handling charges.

The E. EXCEL product return policy includes all E. EXCEL products. The return policy does not apply to sales tools and literature.

#### **9.1.1. Product Returns for Exchange or Replacement**

A Distributor may request the returned product be exchanged for other E. EXCEL products,

or request the product be replaced with the same product. The Distributor will be issued 100 percent of the price paid for the returned product (less shipping and handling charges) to be applied to the purchase of the replacement products.

The Distributor is responsible for any shipping and handling charges associated with returning the product to E. EXCEL. E. EXCEL must receive the returned product before the replacement or exchange can occur.

### 9.1.2. Product Returns for Credit

If a Distributor wishes to receive a credit on his or her account for the returned product, E. EXCEL charges a restocking fee of 10 percent. The Distributor may return the product only by obtaining a Return Merchandise Authorization ("RMA") number from the E. EXCEL Distributor Services Department within 30 days of the date of purchase. The returned products must be unopened and unaltered, and must be in resalable condition.

## 9.2. Refused Shipments

If a Distributor refuses to receive his or her properly shipped order for any reason, the order will be deemed canceled and the Distributor will be deemed to have voluntarily canceled the Distributorship. Accordingly, the order will be deducted from his or her account and the Upline's Volume for the current month in which the shipment was refused. The return will be handled in accordance with the terms of Section 9.3, Return of Inventory by Distributors upon Termination.

## 9.3. Return of Inventory by Distributors upon Termination

Upon the cancellation of a Distributor Agreement, the Distributor may return products and sales tools in his or her inventory for a refund. A Distributor may only return products and sales tools that he or she personally purchased from E. EXCEL that are in resalable condition. Upon the Company's receipt of the products and sales tools, the Distributor will be reimbursed for all items returned in resalable condition, less a 10 percent restocking fee. Shipping and handling charges will not be refunded.

Products and sales tools shall be deemed "resalable" if each of the following elements is satisfied: (1) they are unopened and unused; (2) packaging and labeling has not been altered or damaged; (3) they are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price; (4) it is returned to E. EXCEL within one year from the date of purchase. Any merchandise that is identified at the time of sale as nonreturnable, discontinued or as a seasonal item shall not be resalable.

### 9.3.1. Montana Residents

Montana residents may cancel their Distributor Agreement within 15 days of the date of acceptance, and may return their Distributor Kits for a full refund within such time period.

### 9.3.2. Canadian Residents

Canadian residents must first obtain an RMA number as described in Section 9.1. After obtaining an RMA number, they must make arrangements with an E. EXCEL Distributor Services representative to return the product to the closest E. EXCEL Fulfillment Center in Canada.

## 9.4. Adjustments for Bonuses and Commissions for Returned Products

When a product is returned to E. EXCEL for an account credit or cash refund, any and all commissions and bonuses previously paid to Upline Distributors as a result of the volume associated with the returned order must be repaid to E. EXCEL. Accordingly, beginning in the month of the returned order, E. EXCEL will deduct the commissions and bonuses previously paid on the returned order. This will continue until the previously paid commissions and bonuses are repaid in full.

## 10. Income and Earnings

### 10.1. No Guaranteed Earnings

Distributors are not guaranteed any income, nor assured any profits or success through participation in E. EXCEL. Bonuses and commissions are only earned by generating sales of E. EXCEL products both personally and through Downline sales organization. Every E. EXCEL Distributor agrees to represent the E. EXCEL Compensation Plan fairly and completely, emphasizing that retail sales are a requirement at any level, that no recruitment fees or compensations may be derived from the act of sponsoring other Distributors and that no earnings are guaranteed from participation in the Compensation Plan.

### 10.2. Payment of Commissions/Bonuses

E. EXCEL pays commissions and bonuses on a monthly basis. The Company pays the commissions and bonuses on the 15th of every calendar month for the previous month's sales. If the 15th of the month falls on a weekend or holiday, E. EXCEL will pay the commissions and bonuses the following business day.

### 10.3. Review of Commission/Bonus Check

It is the Distributor's responsibility to review the commission and bonus payment upon receipt

and report any discrepancies within 20 days of the payment date. Failure to report discrepancies within this 20-day period will void the Distributor's right to have the commissions and bonuses re-evaluated and/or changed.

## 10.4. Distribution by Mail

E. EXCEL will mail all commission and bonus checks via the United States Postal Service and Canada Post to each Distributor's billing address of record. E. EXCEL is not responsible for bonus checks lost or delayed in the mail.

E. EXCEL will automatically issue a commission or bonus check when a Distributor's earnings are at least US\$25.00 in a one-month period (less the commission processing fee, see Section 10.4.3. Commission Processing Fee). If the monthly commission and bonus check is less than US\$25.00, the amount will automatically be credited to the Distributor's account, but no payment will be automatically issued. A Distributor may request payment for any amount in his or her account (less the processing fee), in which case a check will be issued. No Direct Deposit payments are available for commission payments from a Distributor's account.

### 10.4.1. Credit to Distributor Account

Distributors may elect to have their monthly commission and bonus checks issued as a credit on their account. This amount will then be available for future product purchases. A Distributor may request payment for any amount in his or her account (less the processing fee), in which case a check will be issued. No Direct Deposit payments are available for payments from a Distributor's account. Distributors must notify the Distributor Services Department in writing to have their monthly commission and bonus check amount deposited to their Distributor accounts.

### 10.4.2. Direct Deposit

Distributors may elect to have their monthly commissions and bonuses deposited directly into their bank accounts. Direct deposits are subject to a US\$20.00 minimum deposit amount and are subject to a processing fee that will be deducted from the Distributor's Direct Deposit payment. To receive commissions/bonuses by Direct Deposit, Distributors must complete the Direct Deposit form online in the Distributor Center ([www.excel.net/DistributorCenter](http://www.excel.net/DistributorCenter)). E. EXCEL is not responsible for any Direct Deposit applications that are filled out incorrectly. If a Direct Deposit to a Distributor's bank account fails, the commissions and bonuses will be deposited to the Distributor's E. EXCEL Account.

### 10.4.3. Commission Processing Fee

E. EXCEL will charge a processing fee for each commission and bonus amount paid by either Direct Deposit or by check. This fee will be deducted from the Distributor's monthly commissions/bonuses.

### 10.4.4. Uncashed Distributor Bonus Check

If a commission or bonus check remains uncashed for more than 180 days from the date of issue, the uncashed check will be voided and the funds will be deposited to the Distributor's account. Upon issuing a stop payment on the uncashed check, E. EXCEL may charge the Distributor a "stop payment" fee of US\$25.00.

### 10.4.5. Account Balances of Terminated Distributors

If a Distributor voluntarily terminates his or her Distributorship or his or her Distributorship is involuntarily terminated for any reason and said Distributor has a credit on his or her Distributor Account, E. EXCEL will notify the Distributor, via the most expedient method possible, of their account balance. If E. EXCEL does not receive instructions regarding the disposition of the credit balance, E. EXCEL will attempt to notify the terminated Distributor via email and/or mail for three consecutive months after the date of termination. An administrative fee of \$15.00 per month or any part of the month will be deducted from the account.

### 10.4.6. Account Balance Payment

Distributors with an account balance may request that funds in the account be remitted to them via check. Such requests will be subject to a nominal processing fee.

## 10.5. Commission or Bonus Buying Prohibited

Commission or bonus buying is strictly and absolutely prohibited. Commission and bonus buying includes:

- a. The enrollment of individuals or entities without the knowledge of and/or execution of a Distributor Application and Agreement by such individuals or entities;
- b. The fraudulent enrollment of an individual or entity as a Distributor or Preferred Customer;
- c. The enrollment or attempted enrollment of non-existent individuals or entities as Distributors or Preferred Customers ("phantoms");
- d. The unauthorized use of a credit card by or on behalf of a Distributor or Preferred Customer when the Distributor or Preferred Customer is not the account holder of such credit card (see Section 5.3. Third-Party Credit Card and/or Account Usage);
- e. Purchasing products and placing the volume within a Downline organization in order to meet qualification requirements ("backfilling");
- f. Violation of the one Distributorship per family policy (see Section 2.9.1. Multiple Interests Prohibited);

g. Any other artifice used or intended to qualify a Distributor for commissions and bonuses through manipulation of the compensation plan, Distributor or Preferred Customer enrollments, Commission Volume placement or product purchases.

### 10.6. Stacking Prohibited

Stacking is strictly prohibited. The term “stacking” refers to the practice of a Distributor having an interest in another Distributorship that he or she has directly or indirectly sponsored. It also includes:

- a. Violating the one Distributorship per person policy (see Section 2.9. One Distributorship per Person);
- b. Enrolling fictitious individuals or entities into E. EXCEL; and/or
- c. The fraudulent or unauthorized enrollment of any individual or entity.

## 11. Promotion and Advertising

### 11.1. Adherence to the Policies & Procedures, Including the Compensation Plan

Distributors must adhere to the terms of E. EXCEL Policies & Procedures, including the Compensation Plan, as set forth in official E. EXCEL literature. Distributors shall not offer the E. EXCEL opportunity through, or in combination with, any other system, program or method of marketing other than that specifically set forth in official E. EXCEL literature. Distributors shall not require or encourage other current or prospective Preferred Customers or Distributors to participate in E. EXCEL in any manner that varies from the program as set forth in official E. EXCEL literature.

### 11.2. Promotion Through Personal Contact Only

Except as provided in these Policies & Procedures, E. EXCEL expressly prohibits its Distributors from using the names of E. EXCEL, its shareholders, officers or directors of the company and/or the E. EXCEL products in any form of media advertising to promote the E. EXCEL products or business without the express written permission of E. EXCEL. This includes, but is not limited to, newspapers, magazines, brochures, leaflets, radio, television, billboards and the Internet.

### 11.3. Use of Trademarks, Logos and Photos

Any names, pictures, trademarks or logos associated with E. EXCEL, E. EXCEL products or the shareholders, officers or directors of the Company may be used only with the express written approval of E. EXCEL. Distributors must submit to E. EXCEL a written request for use of the above mentioned items. Usage rights may not be transferred to any other Distributor or individual. Failure to abide by this policy may result in discipline, including termination of the offending Distributorship(s). E. EXCEL may withdraw approval at its discretion, and Distributors shall stop using the material immediately upon such withdrawal.

### 11.4. Business Names

An independent Distributor may elect to do business as a business entity or under a DBA (Doing Business As). However, business entity or DBA names must not imply the Distributor is an employee of E. EXCEL. Any name used must clearly indicate the Distributor's relationship with E. EXCEL is that of an independent Distributor.

### 11.5. Sales Tools

E. EXCEL provides a wide selection of sales tools and literature for Distributors' use in developing their businesses and generating sales. Distributors may use only Company-produced sales materials. Because the quality of photocopies, video and audio reproductions, etc., is often inferior to the quality of an original publication, all sales materials produced by E. EXCEL have been copyrighted to preserve the reputation of E. EXCEL.

Distributors are not permitted to duplicate, copy or reproduce any portion of E. EXCEL's publications, including, but not limited to, books, magazines, videos, audio and visual aids, brochures, newsletters and flyers, without the express written consent of E. EXCEL.

### 11.6. Distributor Websites

Distributors may establish a MyEExcel website through the Distributor Center on the E. EXCEL corporate website ([www.eexcel.net](http://www.eexcel.net)). All content is subject to E. EXCEL review and approval prior to posting to the Internet. Distributors may direct potential Preferred Customers to their MyEExcel website to purchase E. EXCEL products.

Distributors may not develop or post independent websites that directly or indirectly promote E. EXCEL products or the E. EXCEL business.

### 11.7. Product Claims

No claims as to therapeutic, curative or beneficial properties of any products offered by E. EXCEL may be made except those contained in official E. EXCEL literature. In particular, no Distributor may make any claim, or provide any testimonial, that E. EXCEL products are useful in the cure, treatment, diagnosis, mitigation or prevention of any diseases. Such statements can be perceived as medical or drug claims. Not only do such claims violate E. EXCEL policies,

but they potentially violate federal, state or provincial laws and regulations, including, in the United States of America, the Federal Food, Drug and Cosmetic Act and the Federal Trade Commission Act and in Canada, the Food and Drug Act, the Competition Act and all provincial Consumer Protection Acts.

### 11.8. Income Representations

When presenting or discussing the E. EXCEL business and/or Compensation Plan to a prospective Distributor, a Distributor may not make income projections or income claims or disclose his or her E. EXCEL income (including the showing of checks, copies of checks, bank statements or tax records) or the E. EXCEL income of any other Distributor.

### 11.9. Telephone Directories

Telephone directory listings must be limited to two lines containing the words: “E. EXCEL Independent Distributor (Distributor's name);” followed by a telephone number and address (if desired). No text other than that authorized in this subsection may be published as part of the Distributor's listing in a telephone directory. The advertisement must be in the Distributor's name only. No Distributor may place telephone directory display ads using the E. EXCEL name (other than the designation “E. EXCEL Independent Distributor” as stated above) or logo. In the case of a violation, E. EXCEL may require the offending Distributor to disconnect the telephone line associated with the advertisement in addition to taking additional disciplinary action as it deems necessary such as, but not limited to, those described in section 4.2.

### 11.10. Media Inquiries

Due to increasing public interest in E. EXCEL, the media may contact and question Distributors. To ensure accuracy and a consistent company image, E. EXCEL requires its Distributors to refer all media inquiries, including radio, television, Internet and print publications, directly to the E. EXCEL corporate office.

### 11.11. Domain Names and Email Addresses

Distributors may not use or attempt to register any of E. EXCEL's trade names, trademarks, service names, service marks, product names, the Company's name or any derivative thereof for any Internet domain name, email address, blog site, social media page or other Internet forum.

Upon establishing a MyEExcel website, Distributors will select a personal website name followed by .MyEExcel.com. The personal website name is subject to approval by E. EXCEL.

### 11.12. Spamming and Unsolicited Faxes

Except as provided in this section, Distributors may not use or transmit unsolicited faxes, mass email distribution, unsolicited email or “spamming” relative to the operation of their E. EXCEL businesses. The terms unsolicited faxes and unsolicited email mean the transmission via telephone facsimile or electronic mail, respectively, of any material or information advertising or promoting E. EXCEL, its products, Compensation Plan or any other aspect of the Company that is transmitted to any person. These terms do not include a fax or email to: (1) Any person with that person's prior express invitation or permission; or (2) any person with whom the Distributor has an established business or personal relationship. The term established business or personal relationship means a prior or existing relationship formed by a voluntary two-way communication between a Distributor and a person, on the basis of:

- a. An inquiry, application, purchase or transaction by the person regarding products offered by such Distributor; or
- b. A personal or familial relationship, which relationship has not been previously terminated by either party.

### 11.13. Telemarketing

In the United States of America the Federal Trade Commission and the Federal Communications Commission and in Canada the Canadian Radio-television and Telecommunications Commission have laws that restrict telemarketing practices. These federal agencies (as well as a number of states and provinces) have “do not call” regulations as part of their telemarketing laws. While a Distributor may not consider himself or herself a “telemarketer” in the traditional sense of the word, these regulations broadly define the term “telemarketer” and “telemarketing” so that the inadvertent action of calling someone whose telephone number is listed on the federal “do not call” registry could cause a violation of the law.

Therefore, Distributors must not engage in telemarketing in the operation of their E. EXCEL businesses. The term telemarketing means the placing of one or more telephone calls to an individual or entity to induce the purchase of an E. EXCEL product or service, or to recruit them for the E. EXCEL opportunity. “Cold calls” made to prospective customers or Distributors that promote either E. EXCEL products or services or the E. EXCEL business constitute telemarketing and are prohibited. However, a telephone call(s) placed to a prospective customer or Distributor (a “prospect”) is permissible under the following situations.

- a. If the Distributor has an established business relationship with the prospect. An established business relationship is a relationship between a Distributor and a prospect based on the prospect's purchase, rental, or lease of goods or services from the Distributor, or a financial transaction between the prospect and the Distributor, within the 18 months immediately preceding the date of a telephone call to induce the prospect's purchase of a product or service.

- b. The prospect's personal inquiry or application regarding a product or service offered by the Distributor, within the three months immediately preceding the date of such a call.
- c. If the Distributor receives written and signed permission from the prospect authorizing the Distributor to call. The authorization must specify the telephone number(s) the Distributor is authorized to call.
- d. Distributors may call family members, personal friends and acquaintances. An acquaintance is someone with whom a Distributor has at least a recent first-hand relationship (i.e., recently personally met him or her). Bear in mind, however, that if Distributors make a habit of "card collecting" everyone they meet and subsequently calling them, the FTC may consider this a form of telemarketing that is not subject to this exemption. Thus, if a Distributor engages in calling "acquaintances," he or she must make such calls on an occasional basis only and not make this a routine practice.
- e. In addition, Distributors shall not: (1) Use automatic telephone dialing systems relative to the operation of their E. EXCEL businesses. The term automatic telephone dialing system means equipment or software that has the capacity: (a) To store or produce telephone numbers to be called, using a random or sequential number generator; and (b) to dial such numbers; and (2) Distributors shall not place or initiate any outbound telephone call to any person that delivers any pre-recorded message (a "robocall") regarding or relating to the E. EXCEL products, services or opportunity.

## **12. Services**

### **12.1. Distributor Reports Confidentiality**

All Distributor Reports and the information contained therein are confidential and constitute proprietary information and business trade secrets belonging to E. EXCEL. Distributor Reports and labels are provided to Distributors in strictest confidence and are made available to Distributors for the sole purpose of assisting Distributors in working with their respective Downline Distributors in the development of their E. EXCEL businesses. Distributors may only use Distributor Reports and labels to manage, assist, motivate and train their Downline Distributors. A Distributor shall not, on his or her own behalf, or on behalf of any other person, partnership, association, corporation or other entity:

- a. Directly or indirectly disclose any information contained in any Distributor Report to any third party;
- b. Use the information for any purpose other than promoting his or her E. EXCEL business;
- c. Recruit or solicit any Distributor or Preferred Customer of E. EXCEL listed on any report for any other business venture, or in any manner attempt to influence or induce any Distributor or Preferred Customer of E. EXCEL, to alter their business relationship with E. EXCEL; or
- d. Use or disclose to any person, partnership, association, corporation or other entity any information contained in any Distributor Report.

Upon demand by the Company, any current or former Distributor shall return the original and all copies of Distributor Reports to the Company.

### **13. The International Sponsoring Program**

E. EXCEL has designed this program to provide its Distributors with the opportunity to develop E. EXCEL business sales organizations outside their country of primary residence. Under this program, all active Distributors may pursue the E. EXCEL business in countries where E. EXCEL has established one or more official offices. Distributors are to develop each of their International Distributorships only in the countries in which they have registered their respective Distributorships. (Contact the Distributor Services Department for international business registration procedures.) Distributors participating in this program will also be eligible to receive bonus checks through the Compensation Plan of the foreign office(s) in question. To be eligible to earn bonuses from their business sales organizations and commissions on their retail sales in a foreign country, Distributors must comply with all local qualification requirements.

E. EXCEL Distributors may not be party to causing E. EXCEL products to be imported or exported by any means beyond the borders of the country for which those products were formulated, labeled and approved.

#### **13.1. Applying for the International Sponsoring Program**

To participate in the International Sponsoring Program, Distributors must apply directly with the foreign office where they desire to participate. When applying for approval to conduct business in a foreign country, the applying Distributor must:

- a. Contact the foreign office for application forms and procedures;
- b. Obtain a Rank Certificate from his or her home office to verify his or her current rank;
- c. Meet all qualifications and abide by all policies and procedures of the foreign office in which he or she desires to conduct his or her business; and
- d. Abide by all of the laws and regulations of the foreign country in question. This includes responsibility for any fees, fines, taxes or any other expenses related to doing business in that country.

#### **13.2. Maintaining Master Rank**

All Master Distributors will begin their new foreign Distributorships with the same rank they have achieved through their home office.

### **13.3. Maintaining Sponsorship**

If a personally sponsored Distributor in a Distributor's domestic Downline is accepted to participate in the International Sponsoring Program, the sponsoring Distributor will have three months to claim international sponsorship over his or her personally sponsored domestic Distributor. The sponsoring Distributor must apply, and be accepted, to participate in the International Sponsoring Program in the country(s) his or her personally sponsored domestic Downline Distributor has joined. The sponsor must also meet all eligibility requirements to become an International Distributor in the country(s) to which he or she applies.

## **14. E. EXCEL's Privacy Statement**

In order to protect the privacy of its Distributors, E. EXCEL provides this notice to explain personal identity information practices and the choices Distributors have about the way their information is collected and used.

### **14.1. Information Collected**

This notice applies to all information collected or submitted to the E. EXCEL office and on the website. Some types of personal information collected are:

- Name
- Address
- Email Address
- Phone Number
- Credit/Debit Card Information
- Social Security numbers or taxpayer identification numbers (US only).

### **14.2. Uses of Information Submitted Online**

E. EXCEL uses the information Distributors provide about themselves online to provide customer service. E. EXCEL does not share this information with outside parties other than to ship orders, confirm delivery and process payment and credit transactions. A Distributor's name, address and email address may also be shared with Upline Distributors to assist them in managing their businesses and to help a Distributor grow his or her business. E. EXCEL will not share a Distributor's phone number, Social Security number, taxpayer identification number, credit card or debit card information with other Distributors.

E. EXCEL uses email addresses to respond to emails and provide pertinent information. Email addresses are not shared with outside parties.

E. EXCEL does not use or share personal identity information provided online in ways unrelated to those described above without providing Distributors the choice to opt out or otherwise prohibit such unrelated use.

E. EXCEL's Agreement respects all federal, state, provincial or municipal privacy laws.

### **14.3. Commitment to Data Security**

To prevent unauthorized access, maintain data accuracy and ensure the correct use of information, E. EXCEL has put in place appropriate physical, electronic and managerial procedures to safeguard and secure the personal information collected online.

### **14.4. Commitment to Children's Privacy**

E. EXCEL does not collect or maintain information on the website or at the E. EXCEL office from children under 13 years of age. There is no part of the E. EXCEL website that is structured to attract minor children.

### **14.5. How to Access or Correct Personal Identity Information**

A Distributor can access and correct factual errors in his or her personal identity information by contacting the Distributor Services Department. E. EXCEL does allow online access to this information.

To protect privacy and security, E. EXCEL will take reasonable steps to verify a Distributor's identity before granting access or making corrections to personal identity information.

### **14.6. How to Contact E. EXCEL**

Should a Distributor have questions or concerns about these privacy policies, please contact the E. EXCEL Distributor Services Department.

E. EXCEL, LLC.  
9957 South Jordan Gateway  
Sandy, UT 84070  
Phone: 800-733-3744  
Fax: 800-505-4228  
customerservice@eexcel.net

## **E. EXCEL Compensation Plan**

This E. EXCEL Compensation Plan became effective on November 1, 2010.

E. EXCEL reserves the right to amend its prices and/or the Compensation Plan, including but not limited to any bonus, commission, benefit, qualifying criteria, CV and/or QV associated with products, commission payout percentages and any other component or criteria relating to the Compensation Plan, rank, title and/or qualification at its sole discretion upon 30-day notice to Distributors.

## A.1. Definitions

**Achieved Rank:** The highest rank a Distributor has attained since joining E. EXCEL.

**Active Distributor:** An active Distributor has had Personal Qualifying Volume ("PQV") in his or her personal account at least once during the preceding 12-month period.

**Ambassador:** Jade or Diamond Masters who meet the Jade and Diamond Master qualification requirements for at least ten (10) out of the most recent twelve (12) consecutive months.

**Club of Excellence ("COE"):** A program for Distributors who personally generate at least 100 Personal Commission Volume ("PCV") each month. Club of Excellence Distributors must register with the Company and make an initial Club of Excellence purchase. Club of Excellence Distributors are entitled to purchase E. EXCEL products at a COE price of 10 percent below wholesale.

**Commission:** The compensation paid to a Distributor for the sale of E. EXCEL products by his or her Downline Distributors in accordance with the E. EXCEL Compensation Plan.

**Commission Volume ("CV"):** A point value assigned to E. EXCEL products that is used to calculate the amount of commission that is paid on the sale of the product.

**Compensation Plan:** The E. EXCEL Compensation Plan is the pay structure by which Distributors are compensated for their efforts in retailing and generating sales of E. EXCEL products within their Downline.

**Distributor Development Bonus:** A component of the E. EXCEL Compensation Plan.

**Downline:** The network of Distributors directly or indirectly sponsored by an individual Distributor.

**Excelsator Pack:** The Excelsator Packs contain several different groupings of our best selling products at a substantial discount, and are only available to those joining E. EXCEL as Club of Excellence Members.

**Generation:** A term used in the E. EXCEL Compensation Plan that is defined as the Distributor's personally sponsored Distributors who have met the Master requirements in a given month. Each subsequent level of Qualified Masters below those personally sponsored Qualified Masters is another generation.

**Master:** The term Master defines a specific achievement in the E. EXCEL Compensation Plan. (See Section A.2.6.)

**Master Leadership Bonus:** The Master Leadership Bonus is a component of the E. EXCEL Compensation Plan.

**New Master:** The first month you rank as a Master, you are considered a New Master and your PGV is still counted in your Upline Masters PGV. The next month you qualify as a Master, your PGV is counted as your own.

**Personal Commission Volume ("PCV"):** Personal Commission Volume is the monthly Commission Volume a Distributor generates through his or her personal purchases, plus the Commission Volume generated through sales to his or her registered Preferred Customers.

**Personal Group:** A Distributor's "Personal Group" consists of the directly and indirectly sponsored Distributors in his or her Downline, excluding Masters and those Distributors in that Master's Downline.

**Personal Group Commission Volume ("PGCV"):** A Distributor's Personal Group Commission Volume is the Commission Volume ("CV") of E. EXCEL product sales generated by a Distributor and his or her Personal Group in a calendar month.

**Personal Qualifying Volume ("PQV"):** Personal Qualifying Volume is the monthly cumulative Qualifying Volume a Distributor generates through his or her personal purchases, plus the Qualifying Volume generated through sales to his or her registered Preferred Customers. Qualifying Volume is used to determine a Distributor's rank qualification.

**Personal Group Qualifying Volume ("PGQV"):** A Distributor's Personal Group Qualifying Volume is the sum of his PQV and that of the Distributors within his or her Personal Group in a calendar month. This total ("PGQV") is used in determining qualifications and achievement levels.

**Preferred Customer:** An individual who purchases E. EXCEL products directly from E. EXCEL through a Distributor's E. EXCEL website. Preferred Customers are entitled to purchase at wholesale prices. Their purchases are for personal use only and not for resale. Preferred Customers may not sponsor others into E. EXCEL or participate in the E. EXCEL Compensation Plan.

**Qualified Master:** A Master Distributor is a "Qualified Master" in each month that he or she has PGQV of at least 2,000 and a PQV of at least 100.

**Qualified Master Leadership Bonus:** The Qualified Master Leadership Bonus is a component of the E. EXCEL Compensation Plan paid to a Qualified Master.

**Qualifying Volume ("QV"):** Qualifying Volume is a point value assigned to E. EXCEL products that is used to determine personal and Master qualifications. While QV is applied to qualify a Distributor or Master, commission amounts paid through the E. EXCEL Compensation Plan are only paid on CV (with the exception of the E. EXCEL Excelsator Bonus; see Section A.3.3).

## A.2. Earning Commissions and Bonuses

Without affecting a Distributor's status as a Distributor or ability to earn profits based on his or her retail sale of products, a Distributor can receive a commission and/or bonus under the Compensation Plan only in those months in which he or she generates at least 100 Personal Qualifying Volume ("PQV").

### A.2.1. Distributor Development Bonus

The Distributor Development Bonus is equal to 5 percent of the Personal Commission Volume (PCV) of a Distributor's personally sponsored first-level Distributors, 4 percent of the PCV of the second-level Distributors, 3 percent of the PCV of the third-level Distributors and 2 percent of the PCV of the fourth-level Distributors, regardless of their ranks. This combined 14 percent bonus is collectively referred to as the "Distributor Development Bonus." (See Table 1: The E. EXCEL Compensation Plan.)

### A.2.2. Qualified Master Bonus

The E. EXCEL Qualified Master Bonus is equal to 10 percent of the Qualified Master's Personal Group Commission Volume. (See Table 1: The E. EXCEL Compensation Plan.)

### A.2.3. Master Leadership Bonus

Every Qualified Master who is eligible to earn commission and bonuses may participate in the Master Leadership Bonus program. They are eligible to receive a 5 percent bonus on the Group Commission Volume (GCV) of their first-, second-, third-, fourth-, fifth- and sixth-generation Downline Masters. The number of generations on which a Master will be paid is determined by the specific Master ranks that they have achieved in the specific commission month. (See Table 1: The E. EXCEL Compensation Plan.)

### A.2.4 Leadership Power Pools

E. EXCEL allocates six (6) percent of the company's monthly Commission Volume to its Leadership Power Pools. Qualified Masters that are qualified at the rank of Gold Master and higher during a month can earn a portion of the Leadership Power Pools for that month. A Qualified Master's monthly Leadership Power Pool bonus is calculated by dividing the number of qualifying Distributors for the month into the allocated percentage of the Company's total Commission Volume in that month.

### A.2.5. Promotional Fund

E. EXCEL maintains a Promotional Fund equal to three (3) percent of its total Commission Volume.

The Promotional Fund provides additional incentives and benefits for Distributors and supports its marketing plan. The Promotional Fund is used for promotional purposes including, but not limited to, company conferences, product incentives, awards, prizes and travel incentive promotions. E. EXCEL reserves the right to establish and/or change the rules for the various qualification requirements of Promotional Fund participation.

### A.2.6. Becoming a Master

To achieve the rank of Master, a Distributor must meet the following requirements in the qualification month:

- a. Have a minimum monthly PQV of 100 in both qualifying months;
- b. Have a cumulative PGQV of 3,000 over the two consecutive months ending in the qualification month; and
- c. Have a minimum of 1,000 PGQV in the second month.
- d. A Distributor can also achieve the rank of Master by having 100 PQV and 3,000 PGQV in any one month.
- e. For the month in which a Distributor first achieves the rank of Master, the paid rank is New Master. A New Master does not achieve Qualified Master Rank until the next month in which they fulfill the Qualified Master requirements.

### A.2.7. Qualified Master

A Master Distributor is a "Qualified Master" Distributor for any given month (other than the first month in which he or she achieves Master Status – see Section A.2.6.e, above) in which he or she has a PGQV of at least 2,000 and a PQV of at least 100.

### A.2.8. Master Ranks

#### A.2.8.1. No Reversion in Title Rank

The highest rank a Master Distributor achieves under the Compensation Plan is his or her "Title Rank." Once a Master Distributor has attained a certain Master rank (e.g., Master, Silver Master, Gold Master), he or she cannot regress to a lower rank in title. However, regardless of a Master Distributor's Title Rank, the Distributor will only be eligible for commissions and bonuses in any month at the rank for which he or she actually meets the qualification criteria under the Compensation Plan.

#### A.2.8.2. Silver Master

A Silver Master is a Qualified Master Distributor who has, during any given month, one (1)

first-generation Qualified Master in his or her Downline organization. (See Table 1.)

#### **A.2.8.3. Gold Master**

A Gold Master is a Qualified Master Distributor who, during any given month, has two (2) first-generation Qualified Masters in his or her Downline organization. (See Table 1.)

#### **A.2.8.4. Pearl Master**

A Pearl Master is a Qualified Master Distributor who has, during any given month, four (4) first-generation Qualified Masters in his or her Downline organization. (See Table 1.)

#### **A.2.8.5. Jade Master**

A Jade Master is a Qualified Master Distributor who, during any given month, has ten (10) first-generation Qualified Masters in his or her Downline organization. (See Table 1.)

#### **A.2.8.6. Diamond Master**

A Diamond Master is a Qualified Master Distributor who, during any given month, has sixteen (16) first-generation Qualified Masters in his or her Downline organization. (See Table 1.)

### **A.3. Master Rollup and Compression Features**

Master rollup and compression are features that ensure Qualified Master Distributors will receive the maximum amount of commissions and bonuses from their organizations. Qualification rollup and payout compression applies to the Master Leadership Bonus portion of the E. EXCEL Compensation Plan.

#### **A.3.1. Qualification Rollup**

The PGQV of any Master who fails to maintain his or her Qualified Master status in any given month "rolls up" into the PGQV of the first Upline Distributor who can use it to qualify. This "Roll Up" QV can only be used for purposes of qualifying as a Master.

##### **A.3.1.1. Distributor Development Bonus Compression**

E. EXCEL maximizes the Distributor Development commission and bonus payments by automatically compressing the PCV of unqualified Distributors (those with less than 100 PQV) to the first Upline qualified Distributor having at least 100 PQV.

##### **A.3.1.2. Master Leadership Bonus Compression**

E. EXCEL provides for compression in the Master Leadership Bonus calculation. This ensures that the Qualified Masters receive the optimum bonus payments. E. EXCEL automatically compresses (includes) the PGCV of the Downline Distributors who do not qualify as Masters into the PGCV of the first Upline Qualified Master.

#### **A.3.2. Preferred Customer Volume**

The Commission Volume and Qualifying Volume ("CV" and "QV") of all Preferred Customers is deemed part of the Personal Commission Volume and Personal Qualifying Volume ("PCV" and "PQV") of the Distributor under whom they are registered. The Distributor can use the PQV for qualification purposes, and commissions will be paid on the PCV to qualifying Upline Distributors.

#### **A.3.3. Excelerator Bonus**

When a new Distributor joins E. EXCEL with the purchase of an Excelerator Pack, three bonuses/commissions are paid from the sale of the Excelerator Pack.

- EX 1 Bonus is paid to the sponsor of the new E. EXCEL Distributor;
- EX 2 Bonus is paid to the sponsor's sponsor; and
- EX 3 Bonus is paid to the first Qualified Master in the Upline.

To receive any one of the three Excelerator Bonuses, Distributors must be eligible to participate in the Compensation Plan and be eligible to earn commissions. The EX 3 Bonus is paid to the first Qualified Master in the Upline above the sponsor's sponsor.

A Distributor may only qualify for one level of Excelerator Bonus for every new Distributor who purchases an Excelerator Pack when joining.

##### **A.3.3.1. Qualifying for the EX 3 Bonus**

A Distributor must be Qualified Master at the beginning of the month and be a Qualified Master for the month in which the Excelerator Pack was purchased to be eligible for the EX 3 bonus.

#### **A.3.4. Builder's Bonus**

When a new Distributor joins E. EXCEL with the purchase of an Excelerator Pack, the Builder's Bonus is paid to the referring sponsor (the Distributor enrolling the new Distributor) regardless of where the new Distributor is placed in their Downline. The referring sponsor listed on the Distributor Agreement cannot be changed after the enrollment is processed. The referring sponsor may qualify for the Builder's Bonus and one level of the Excelerator Bonus.

#### **A.3.5. Commissions on the Excelerator Pack**

Commissions and bonuses on the sale of the Excelerator Pack are paid only through the Excelerator and Builder's Bonus Programs. There is no Commission Volume (CV) from the Excelerator Pack included in the Compensation Plan.

Excelerator and Builder's Bonuses paid on the purchase of the Excelerator Pack are contingent upon new COE members fulfilling their COE commitments, i.e., they must remain a COE member with a monthly 100 minimum Personal Commission Volume for an additional three (3) months beyond the initial COE enrollment month. If new COE members fail to complete the COE commitment, E. EXCEL reserves the right to reclaim any Excelerator and/or Builder's Bonuses paid to their sponsors and Uplines.

##### **A.3.5.1. Volume Associated with Excelerator Pack**

The Excelerator Pack purchase generates the Excelerator and Builder's Bonuses, therefore there is no Commission Volume ("CV") associated with the Excelerator Pack. The Excelerator Pack does have Qualifying Volume ("QV"), which applies toward Distributors' qualification and rank advancements.

### **A.4. Product Transfer Procedure**

#### **A.4.1. Methodology**

Product transfers allow a Distributor in good standing to purchase product from another Distributor and receive Commission and Qualifying Volume ("CV" and "QV") credit for that purchase as if he or she had purchased the product directly from E. EXCEL.

#### **A.4.2. Product Transfer Limitations**

- a. There is no minimum or maximum amount of products per transfer. Transfers are limited to the products purchased during the month.
- b. Before Commission Volume and/or Qualifying Volume (CV/QV) credit will be issued to the purchasing Distributor, the product exchange must have taken place between the parties.
- c. Product Transfers may not be made to any Master Distributor.
- d. Distributors may transfer products to a maximum of two (2) levels of their Downline.

#### **A.4.3. Product Transfer Documentation**

Each Distributor transferring CV/QV under the Product Transfer Procedure agrees to retain documentation evidencing the sale of products to the purchasing Distributor. Documentation refers to: (1) a printout of transfers made online; or (2) a properly completed copy of the E. EXCEL Product Transfer Form. The Distributor agrees to make this documentation available to E. EXCEL upon request. E. EXCEL reserves the right to decline to transfer CV/QV credit if the Distributor cannot produce the necessary documentation. A Distributor's failure to make such documentation reasonably available constitutes a breach of contract and entitles E. EXCEL to recoup any bonuses and/or commissions paid with respect to the product transfers and take any other disciplinary actions as it deems appropriate.

#### **A.4.4. CV/QV Volume Issuance**

Commission Volume and Qualifying Volume (CV/QV) received by a Distributor into his or her account, from the Product Transfer Program may not be transferred out of that account. Once completed, all product transfers are final and cannot be changed.

### **A.5. Club of Excellence**

The Club of Excellence ("COE") members receive a ten percent (10%) discount from the wholesale price on their product purchases.

#### **A.5.1. Club of Excellence Requirements**

1) A new Distributor may become a Club of Excellence member by completing each of the following:

- a. Complete and return a Distributor Agreement and a Club of Excellence Application to the E. EXCEL office;
- b. Include with the Distributor Agreement and COE application an initial order of at least 330 Personal Commission Volume ("PCV") or the purchase of an Excelerator Pack (available to new Distributors only);
- c. Agree to personally purchase at least 100 CV per month for at least three (3) consecutive months after the month of the initial COE order.

Once accepted, the Club of Excellence membership is nontransferable.

2) Existing Distributors can upgrade to the Club of Excellence by completing each of the following

- a. Submit a completed Club of Excellence Application to E. EXCEL;
- b. Include an order of at least 330 CV, and;
- c. Commit to purchase a minimum of 100 CV per month for at least three (3) consecutive months after the month in which they upgraded to COE

#### **A.5.2. Club of Excellence Application**



The Club of Excellence Application (two sides) must be filled out completely. If joining E. EXCEL as a COE member, a completed Distributor Agreement must also be submitted and accepted before the COE application can be processed.

### **A.5.3. Changes to the Club of Excellence Autoship Order**

If a Club of Excellence member wishes to change his or her COE autoship order, he or she must submit a Club of Excellence Autoship Change Form by fax, mail or email, indicating the desired changes.

No changes will be accepted over the phone. Changes to the COE Autoship order must be received by 6 p.m. MST on the 20th of the month to be effective for the current month.

### **A.5.4. Autoship Returns or Exchanges**

If a Distributor wishes to return or exchange an Autoship order once it has been processed he or she must follow the Product Return and Exchange procedures found in Section 8 Product Exchange and Return Policy.

The return or exchange of the Autoship order, once it has been processed, will result in forfeiture of a Distributor's COE membership.

### **A.5.5. Club of Excellence Cancellation**

To cancel a Club of Excellence membership, the Company must receive a written request for cancellation by 6 p.m. MST on the 20th of the month in which cancellation is requested. No phone cancellations will be accepted. If the cancellation is received after this time, the cancellation will be effective the following month. If the 20th day of the month falls on a weekend or holiday, the deadline will be extended until 6:00 pm MST on the next business day.

If a Club of Excellence membership is cancelled during the initial four months of membership (see Section A.5.1.c), the Distributor will be responsible for the price difference between wholesale price and the COE price on all purchases made during the COE membership.

### **A.6. E. EXCEL's Preferred Customer Program**

The Preferred Customer Program provides E. EXCEL Distributors the opportunity to expand their customer base by facilitating the purchase of E. EXCEL products for personal use. A Preferred Customer purchases products directly from E. EXCEL at the wholesale price through their E. EXCEL Distributor's E. EXCEL website. Preferred Customers may ship their orders only to addresses within the United States or Canada. Preferred Customers will be registered under the Distributor on whose website they placed their Preferred Customer orders.

#### **A.6.1 Preferred Customer Profit**

Preferred Customer orders placed through a Distributor's E. EXCEL website will be processed as if the Distributor sold the product directly to his or her Preferred Customer. The Distributor will receive the Preferred Customer Profit (if applicable). The Preferred Customer Profit is the difference between wholesale price paid by the Preferred Customer and the Distributor's purchase price from the Company.

A Distributor is not required to be qualified to earn commissions in the Compensation Plan to receive the Preferred Customer Profit.

#### **A.6.2 Preferred Customer Registration**

Preferred Customers have the option to purchase through multiple Distributor websites and thereby may have multiple accounts registered under different E. EXCEL Distributors.

#### **A.6.3 Order Service Fee**

If a Preferred Customer order is processed via telephone or mail through Distributor Services and not through the Distributor's E. EXCEL website, E. EXCEL may charge the Distributor a processing service fee.

#### **A.6.4 Distributor Website Maintenance Fee**

E. EXCEL Distributor websites are available at no charge to active members of the Club of Excellence. A Distributor who is not a COE member may establish an E. EXCEL Distributor website and may be assessed a monthly maintenance fee.

#### **A.6.5 Consumers Transitioned to Preferred Customers**

The E. EXCEL Consumer Program was discontinued on November 1, 2009, and all former Consumers were transitioned to Preferred Customers. They remain registered under the Distributor associated with their Consumer accounts. Distributors are responsible for establishing their Distributor websites and advising former Consumers to place their orders under the Preferred Customer Program.

### **A.7. E. EXCEL Ambassador Program**

E. EXCEL has designed the Ambassador Recognition Program to provide Distributors the opportunity to expand their earning potential and to provide worldwide recognition of their accomplishments.

#### **A.7.1. Qualification for Ambassador Rank**

Distributors may achieve either Jade Ambassador or Diamond Ambassador Rank after meeting the following criteria:

- a. They must apply for Ambassadorship.
- b. The applying Distributor must be in good standing with E. EXCEL.
- c. Jade Ambassador: Must be a Qualified Jade or Diamond Master (paid at the rank of Jade or Diamond Master) for ten (10) months within the most recent twelve- (12) month period.
- d. Diamond Ambassador: Must be a Qualified Diamond Master (paid at the rank of Diamond Master) for ten (10) months within the most recent twelve- (12) month period.

#### **A.7.2. Ambassador Effective Date**

After a Distributor meets the Ambassador qualification requirements and submits the Ambassador application, E. EXCEL will notify Distributors within 15 days of the receipt of their application. Ambassador status will become effective on the first day of the following month.

#### **A.7.3. Ambassador Term**

As long as an Ambassador continues to meet the qualification requirements stated in A.7.1 Qualification for Ambassador Rank, he or she will retain the Ambassador Rank.

#### **A.7.4. Ambassador Benefits**

All those who qualify as a Jade or Diamond Ambassador will receive the following benefits.

- a. Special Seating Assignments: E. EXCEL will provide special seating assignments for Ambassadors at all E. EXCEL-sponsored meetings.
- b. Special Magazine Recognition: E. EXCEL will interview each new Ambassador and will publish the interview in an issue of the E. EXCEL *Excelling* magazine. They will also receive 100 complimentary copies of the *Excelling* magazine that features their interview.
- c. Special Recognition: E. EXCEL will recognize the Ambassador at an E. EXCEL-sponsored event to honor the Ambassador.
- d. Diamond Ambassador: Diamond Ambassadors will automatically qualify for one annual travel incentive as designated by E. EXCEL.\* The qualification is limited to Diamond Ambassadors and their spouses only (2 people).
- e. Jade Ambassador: Jade Ambassadors will automatically qualify for one annual travel incentive as designated by E. EXCEL.\* The qualification is limited to the Jade Ambassador only (1 person).
- f. Incentive Participation: Ambassadors as Distributors are also eligible to participate in any travel incentive offered by E. EXCEL to Distributors.

\*E. EXCEL will notify Ambassadors of the month that E. EXCEL will use to determine the Ambassador qualification status for travel incentive purposes. **A.7.5. Ethics**

During an Ambassador's term, any unethical behavior, involvement in illegal action or violation of E. EXCEL Policies & Procedures may result in the permanent termination of Ambassador status as well as other disciplinary actions specified elsewhere in the Policies & Procedures.

**Table 1**

# THE E. EXCEL COMPENSATION PLAN

**60% Payout\* + 3% Promotional Fund**  
**Unparalleled in the Direct-Selling Industry**

<b>GROW WITH E. EXCEL</b>		Distributor	Master	Silver Master	Gold Master	Pearl Master	Jade Master	Diamond Master
Number of 1st Generation Masters				1	2-3	4-9	10-15	16+
<b>Build Your Own Group</b>								
<b>Distributor Development 14%</b>	Level 1	5%	5%	5%	5%	5%	5%	5%
	Level 2	4%	4%	4%	4%	4%	4%	4%
	Level 3	3%	3%	3%	3%	3%	3%	3%
	Level 4	2%	2%	2%	2%	2%	2%	2%
<b>Qualified Master 10%</b>	10% of your Personal Group CV		10%	10%	10%	10%	10%	10%
<b>Share in the Success of Your Qualified Masters</b>								
<b>Master Leadership Bonus 30%</b>	1st Generation		5%	5%	5%	5%	5%	5%
	2nd Generation			5%	5%	5%	5%	5%
	3rd Generation				5%	5%	5%	5%
	4th Generation					5%	5%	5%
	5th Generation						5%	5%
	6th Generation							5%
<b>Share in the Success of the Company</b>								
<b>Leadership Power Pools 6% of CV†</b>					Gold Master 2-3 1st Generation Masters	Pearl Master 4-5 1st Generation Masters	Pearl Master 6-7 1st Generation Masters	Pearl, Jade, Diamond Masters 8 or more 1st Generation Masters
	Manager Power Pool							
	Executive Power Pool							
	Director Power Pool							
	Presidential Power Pool							
<b>Promotional Fund 3%</b>	E. EXCEL uses 3% of its Commission Volume for contests, promotions, conferences, conventions and other incentives in which all Distributors may participate.							

\* 60% Payout represents potential payout of Commission Volume (CV).  
 † Total E. EXCEL Monthly Commission Volume (CV) in North America.



**E. EXCEL**



9957 South Jordan Gateway • Sandy, UT 84070  
Tel: (801) 542-8900 • Fax: (801) 542-8901  
Order Only: (800) 733-3744 • Toll Free Fax: (800) 505-4228  
Website: [www.eexcel.net](http://www.eexcel.net) • Email: [customerservice@eexcel.net](mailto:customerservice@eexcel.net)