

AFFIDAVIT OF BILLY FLORENCE

STATE OF MICHIGAN)
) ss
COUNTY OF GENESSEE)

I, BILLY FLORENCE, being duly sworn upon oath, state and affirm as follows:

I am over the age of eighteen years, and have personal knowledge of the facts set forth herein.

1. Since 1959, Amway distributors have associated with each other in an effort to communicate in a collective voice to Amway. Originally, there were approximately nine members elected to the Amway Distributors Association (ADA) board of directors, and the Chairman and President of Amway also sat on the ADA Board.

2. In approximately 1982, the Chairman and President resigned from the ADA Board and started an appointed Council of distributors that they hand picked to provide them with advice. The ADA continued in existence, but at that time, it had to find a source of funding, create its own membership list, and establish an independent presence.

3. I was elected to the ADA Board for the first time in 1988 or 1989, and I negotiated a contract with Amway's Chief Operating Officer, Tom Eggleston. I believe the contract was initially signed in 1991. The contract addressed several issues. First, it provided that Amway would initially fund the ADA Board. Second, Amway would collect ADA dues on behalf of the ADA. Third, that the ADA would provide Amway with its membership list. Fourth, that if Amway and the ADA ever ended up at odds again, Amway would give the membership list back to the ADA. Fifth, that if Amway was to change anything that affected distributors' business, the company had to bring those proposed changes to the Board for approval.

4. This contract has been renewed on a regular basis, but Quixtar recently informed the Board that it is unlikely to renew the contract when its term ends this fall.

5. I have been on the ADA Board ever since being elected in 1988 or 1989. In the late nineties, the ADA Board changed its name to the Independent Business Owners Association International (IBOAI), which reflected our change in emphasis from just being distributors for Amway to being Independent Business Owners (IBOs).

6. Regarding the filing of the class action lawsuit in California, which predicated this restraining order, the IBOAI attorney, Rick Abraham, advised on numerous occasions that Quixtar is operating illegally due to the lack of retail sales.

7. Fred Harteis, a former IBOAI board member and good friend, called me one night while I was with Orrin Woodward in Florida. Fred said that he just got off the phone with Rick Abraham and he was concerned that he might be exposed to both civil and criminal penalty due to his involvement with Quixtar. Rick Abraham said that there was a real threat for mail and wire fraud charges. Fred was nervous because he didn't know how he could continue promoting a business that he thought was illegal.

8. Fred had inside information from Amway regarding the DTI action in England because he had a large organization in England that was affected.

9. I had several phone conversations with Rick Abraham in July of 2007 about our legal exposure as IBOs. Rick informed me that we were exposed to civil liability as promoters of the Quixtar business. Rick was not acting in his capacity as the IBOAI attorney during this discussion.

10. He cited the DTI case against Amway in England and he also cited the *Pokorney* case in California. He used those cases as examples of how IBO leaders were exposed to civil liability by

knowingly promoting a business they knew was not viable. As Rick stated, since the IBO leaders were the "mouthpiece" of the company and were responsible for bringing people into the business, there was plenty of room for exposure.

11. As a result of these conversations, I arranged a meeting between our attorney, D.J. Poyfair, who we had retained as our attorney, and Kevin Thompson, in-house counsel for TEAM. This meeting occurred on Monday, July 16, 2007.

12. On that date, DJ Poyfair, Kevin Thompson and Rick Abraham got together to discuss our potential exposure and available options. During this meeting, it is my understanding that there was never any mention of a new business opportunity developed by Orrin Woodward and Chris Brady.

13. It was our understanding that Rick Abraham was acting as the attorney for the former president of the IBOAI, Fred Harteis. Subsequent to the meeting, Fred Harteis informed me of the meeting between the three attorneys.

14. After the meeting, Fred Harteis saw the need to fly to Flint, Michigan to discuss the available options.

15. Before the emergency IBOAI meeting in August, Rick asked if we had started another business. He advised us that if we had another business, we would be conflicted to be at the August board meeting.

16. We had no new business.

17. Since we had no new business, we informed him that we were there to learn of the company's proposals regarding their new business and that we would honor our commitment to the IBOs in the field.

18. At the start of the board meeting in August, the company executives, Jim Payne in particular, in front of all the board members with no advance notice, asked every representative to tell the whole room where they stood with respect to their future with Quixtar.
19. Each of the present plaintiffs stated that they were there to make a decision whether this new proposed business would work for the brand new IBO getting started. We left no doubt in anyone's mind about the fact that we did not have a new business started.
20. Rick Abraham has been stern in his assertions that Quixtar is operating illegally.
21. Since the IBOAI has been advised that Quixtar is operating illegally, I am confused as to why the IBOAI is taking such drastic measures to protect the company.
22. The purpose of the IBOAI is to serve and protect the IBOs. The IBOAI's attorney has advised the organization regarding the potential illegality of Quixtar. With that knowledge, the board has a responsibility to do what is best for their members (the IBOs), not the company.
23. Instead of protecting the IBOs from potential civil liability, the board is doing all it can to protect the company and conceal the truth from the public regarding the potential illegalities in our business.
24. The IBOAI knows that the Quixtar IBOs are having great difficulty retailing the Quixtar products. Under advisement of counsel, the IBOAI knows that Quixtar is potentially operating illegally, yet they do nothing.
25. When faced with the difficult decision of doing what's easy versus doing what's right, I'm called by my creator to do the right thing, regardless of consequence.
26. I can no longer stand idly by as Quixtar turns the business I once loved into a business that no longer works for the new person getting started.

27. In my opinion, the lawsuit in California should have been done by the entire board in an effort to do what's right for their members (IBOs).

28. I would like to respond to the paragraphs referenced in the complaint for the TRO in order:

29. (Paragraph 43) *Quixtar only exists on the backs of its distributors. Quixtar's prices have increased so much in relation to ordinary retail prices that its products cannot be sold to outside consumers. [Ex. 6, Spiewak Aff. 20 (stating "For most of my time as a distributor, I retailed nothing due to product prices").] The vast majority of "sales" by Quixtar are actually to the distributors themselves. [Ex. 7, Marks Aff. 27-28.] In fact, a 2006 report prepared by Quixtar states that only 3.4% of its total volume comes from those who do not participate in Quixtar's compensation plan.*

I am assuming that the IBOAI is referring to the 3.4% customer sales figure. In February of 2007, Quixtar gave all of the Diamonds a statistical breakdown of their businesses. The numbers came from 2006. This data was provided to all Diamonds by Quixtar and had nothing to do with the IBOAI. (See attached exhibit 1; see also attached exhibit 2, Chris Brady's customer figures).

30. (Paragraph 48) *In April of 2000, the IBOAI conducted a "Confidential Competitive Analysis" of Quixtar products. The IBOAI compared the Quixtar products with three competitive market leaders in each type of product and a cost per unit of measurement was established to fairly compare the products. In almost every item, the Quixtar products were substantially overpriced in comparison to the three industry leaders. In response, Quixtar promised to "work on it."*

This information came from IBOAI documents, but there are many other documents similar to these that should be presented to the court in California.

31. (Paragraph 50) *Quixtar's Second-in-Charge Randy Bancino commissioned an analysis and report from McKinsey Consultants regarding whether Quixtar products were overpriced and not sellable. The McKinsey Report was prepared 2005, and its findings were presented to the entire IBOAI Board along with various Quixtar representatives. The McKinsey Report showed that there were very few retail customers buying Quixtar products, and that hardly anyone was selling the Quixtar products at retail. [Ex. 6, Spiewak Aff. 48 (affirming "I gave away products to charitable organizations because I was unable to sell products at the suggested*

retail price").] It was a glaring confirmation that Quixtar as a business was failing.

The information from the McKinsey study was shared with non-board members by the company. Quixtar executives took the report and presented it to numerous IBO leaders that were not involved with the IBOAI. These leaders shared these results with other IBOs.

32. (Paragraph 51) *On February 27, 2007, a member of the IBOAI, sent a lengthy email to the Chairman of the IBOAI Board, stating that the founding families were unapologetically profiting from the failed efforts of the IBOs:*

I was invited to the board meeting for one day in that fall of 2005 when the McKinsey report came out. [President of Alticor] Doug [DeVos] and [Chairman of the Board of Alticor] Steve [Van Andel] were in the room with us and the report confirmed what we in the field already knew. People aren't making money, the products are overpriced, and the negative on the web isn't going away....There seems to be an enormous profitability to the [founding] families yet [experienced, high level] Emeralds and Diamonds are selling stuff off and going back to work.

This email was from Joe Markiewicz. (See attached exhibit 3). At the time of the meeting he referenced in his email, Joe was not a board member. This email followed several discussions between Joe and several of the board members. At the time Joe sent the email, which was TWO MONTHS AFTER THE BOARD MEETING, he was a board member.

33. (Paragraph 64) *In March of 2004, Claire Zevalkink, Quixtar's head of marketing, explained Quixtar's product pricing constraints and recognized that the complaints about product pricing have been heard:*

I think you'll be pleased to hear that we have re-examined the XS Sports drink pricing. We agree with the concern raised in Biz Ops that the drink in particular is a sore point if not priced more competitively, especially as we come to recognize the role this XS sports nutrition category can play in prospecting with new IBOs.

Our goal with the sport drink U.S. pricing, was to squeeze everything we could on the pricing end, while still holding a 1:1 BV:IBO cost ratio for IBOs (PV:BV remains at standard approved ratio). We've decreased the IBO cost as much as possible, which quite frankly cuts Quixtar contribution margin almost to break-even. (Please understand that IBO cost typically needs to cover cost of bonus,

landed cost of product, distribution to service centers, operating overhead, fixed costs, contribution margin.) The result is a retail much closer to Gatorade's national average.

Thus, Quixtar acknowledges that product prices could be greatly reduced and Quixtar's profit margin would still be positive.

This information came from IBOAI discussions, however, there are many other documents similar to this one that should be presented to the court in California.

34. (Paragraph 65) *The founding families require a margin widely referenced as the "Jay Factor," so named after founder, Jay Van Andel, the person responsible for building into the Quixtar system margin requirements as opposed to volume requirements. It is widely known that the founding families' cut is prioritized above the retail price. Quixtar executives acknowledge that the Jay Factor is currently: cost x 3 = IBO or "wholesale" price. The IBOAI and most IBOs have realized for years that the Jay Factor must be accounted for in every transaction.*

The Jay Factor was commonly known outside the IBOAI.

Furthermore, I have heard of this 3 X multiplier used on multiple occasions. One day, while at a Wal-Mart with David Vanderveen, co-owner of XS Energy Drink (Quixtar's number 1 selling product), David told both Don Wilson and I that Quixtar multiplies the cost of goods by three to determine its wholesale cost (which is usually significantly higher than the retail price of its competitors' prices). Distributors are then expected to resell the product at retail for a profit. Furthermore, at a meeting with Topco a few months ago regarding Quixtar's prices, executive for Quixtar Jay Ertle said the same thing. The Quixtar executives that were present for that meeting refused to sign the confidentiality agreements when they were offered.

35. (Paragraph 66) *Access manufactures all Quixtar products. Access is owned by Alticor, as are Amway and Quixtar. Alticor is owned by the founding families. The Jay Factor, the profit margin required by the founding families, is actually built into the pricing of the products at the manufacturing level. Rather than allowing Quixtar to determine*

a viable retail price for the products it sells, Alticor and/or the founding families determine retail prices by roughly tripling Access's production costs for the products that Alticor requires Quixtar to retail.

See my response to paragraph 36.

36. (Paragraph 94) *Quixtar does not enforce the FTC's ten customer rule or its own retail sales rule. In an email to Billy Florence and the other IBOAI Board Members, Sherri Brewer, a Quixtar employee, outlines Quixtar's position on the rule:*

One of the first items on your agenda for Monday is discussion of the Retail Sales Rule. We have had numerous discussions with Jody and Billy on this but wanted to bring everyone up to date. These discussions lead to [a] review of several options.

We used the attached grid to analyze the effect of the various options.

Numbers to remember:

*Out of approximately 1,000,000 IBOs, 687,000 don't sponsor
234,000 sponsor but don't receive a bonus from downline
129,000 receive a bonus from downline volume....*

If you follow the left hand side of the grid, we are attempting to measure impact on:

*the 129,000
the 1 million less 129,000
Quixtar (programming difficulty/expense)
Legal/Regulatory/Image Risk*

The scale for degree of impact is reflected along the bottom.

Please take this opportunity to fill in your opinion of the degree of impact prior to our discussion.

We will walk through the grid quickly as a part of our discussion on Monday. We have reviewed the options numerous times and our last go-around had us leaning toward Option 4.

The options referred to by Ms. Brewer include 1) "Status Quo;" 2) "Assume compliance with purchase of 50 PV;" 3) "Assume compliance with purchase of 50 PV + xx (average consumption);" 4) "IBOs with bonus from downline must comply with RSR;" 5) "Provisional

IBO;" 6) "Assume compliance for those with bonus from downline + 50 PV in purchases;" and 7) "Everyone complies w/ RSR." From the email, Quixtar was leaning toward option four, that only "IBO's with bonus from downline must comply with RSR." The FTC in Amway had option seven in mind: "Everyone complies w/ RSR."

This was an IBOA board document. However, it is common knowledge that Quixtar does not enforce its retail sales rule. Furthermore, I am confused as to why the IBOAI, which was created to serve and protect the IBOs in Amway/Quixtar, wants to keep this fact confidential. The retail sales rule is in place to protect the IBOs because it forces the company to provide marketable products. If the IBOs are unable to sell 50 points worth of products each month, odds are the products are unmarketable and IBOs are not following regulatory standards.

37. (Paragraph 96) *President Doug DeVos himself has stated at IBOAI Board meetings that "Quixtar is an internal consumption company," not a retail sales company.*

In separate discussions with Doug DeVos, I recall mentioning my concerns regarding the product prices. It is generally known that Quixtar operates as an internal consumption company.

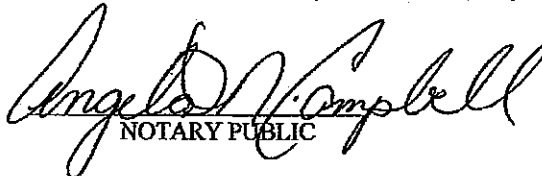
FURTHER AFFIANT SAYETH NOT.

Dated this 15 day of August, 2007.


BILLY FLORENCE

On this 15th day of August, 2007, before me personally appeared [witness], to me known to be the person who executed the foregoing instrument in my presence and acknowledged to me that he/she executed the same as his/her free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.


NOTARY PUBLIC

My Commission Expires:

Feb. 3, 2013

ANGELA N. CAMPBELL
Notary Public, State of Michigan
County of Genesee
My Commission Expires Feb. 03, 2013
Acting in the County of Genesee

1
EXHIBIT

Initial data has been created specifically for Peggy Florence

Category	Your organization	Quixtar average
New IBOs in fiscal '06, monthly average	234	167
% of new activated IBOs placed an order between Days 2 and 90	69.84%	50%
90-day PV per new activated IBO	188	265
Number of active IBOs	8,891	265
% of engaged IBOs	82.50%	50%
PV per engaged IBO	63	75
% volume from customer sales	1.40%	3.4%
Number of qualified Platinum	80	32
Total PV generated per Diamond group	4,095,985	2,554,417
Qualified Platinum PV	68,286	79,395
First-year IBO renewal rate in fiscal '06	24.70%	30.5%
Overall renewal rate in fiscal '06	47.80%	56.5%
Nutrition/Wellness Business Line IBO cost	38.50%	44.4%
Artistry Business Line IBO cost	9.80%	9.9%
Health Tech Business Line IBO cost	4.10%	5.5%
Home Care Business Line IBO cost	7.70%	8.0%
Personal Care Business Line IBO cost	7.20%	6.6%
Catalog Business Line IBO cost	28.20%	22.7%
Other Business Line IBO cost	4.10%	2.9%

2

EXHIBIT

Customized Financial Information
Transforming Your Business Through Products
Quixtar University

Chris Brady

2007 Diamond Club

Several months ago, we sent you a document outlining the strategic direction for Qubtar. In it, we outlined three components of the transformation of our business: First Circle, Reputation, and Relationships.

Our transformation includes rethinking product, training, compensation, relationships, and reputation. Today, you'll learn a bit about the transformation, beginning with your business.

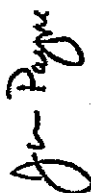
In this book, you'll see a snapshot of your business today and learn about how you can transform your business and create greater profitability for you and your IBOs.

You'll see a new way to think about products — as a way to generate customers, build customer relationships, and introduce the opportunity while maintaining a customer base.

Finally, you'll learn about Qubtar University, an innovative learning resource to help you boost your profitability.

Welcome to the future of your business!

Sincerely,



Jim Payne
Executive Vice President & Managing Director
Qubtar Inc.

Customized Financial Information

The following financial information about your independent business has been created specifically for you by your partners in Sales, who will review it with you in the Expo reception area.

Looking forward into the current fiscal year, remember to balance your business with sponsoring, self-consumption, and selling. Be sure to spread the word to your downline about the importance of a balanced business, especially selling. We can't overstate the benefits of having a customer base and selling product at suggested retail. Our data points to a direct correlation between selling and success, growth, and profitability. For instance:

When new IBOs sell ...

- ... they generate almost twice as much PV as those who don't.
- ... their 90-day productivity increases as their number of customers increases.
- ... they're just as likely to sponsor as those who don't.
- ... the activation rates of their downline are higher than those who don't.
- ... their renewal rates are higher than IBOs who activated but did not retail.

When new IBOs sell and then sponsor ...

- ... they recruit more IBOs than new IBOs who don't retail.

When new downline of new IBOs sell ...

- ... they're more productive than the downline of new IBOs who don't.

This financial data has been created specifically for Chris Brady

Category	
New IBOs in fiscal '06, monthly average	
% of new activated IBOs (placed an order between Days 2 and 30)	
90-day PV per new activated IBO	
Number of active IBOs	
% of engaged IBOs	
PV per engaged IBO	
% volume from customer sales	
Number of qualified Platinums	
Total PV generated per Diamond group	
Qualified Platinum PV	
First-year IBO renewal rate in fiscal '06	
Overall renewal rate in fiscal '06	
Nutrition/Wellness Business Line IBO cost	
Artistry Business Line IBO cost	
Health Tech Business Line IBO cost	
Home Care Business Line IBO cost	
Personal Care Business Line IBO cost	
Catalog Business Line IBO cost	
Other Business Line IBO cost	

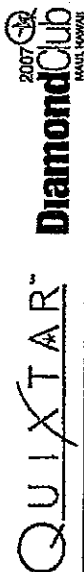
Your organization

218
63.10%
136
5,407
61.80%
45
2.80%
30
1,783,848
59,462
36.80%
51.40%
51.00%
6.30%
0.60%
4.30%
4.50%
30.10%
2.60%

Quixtar average

167
60%
265
285 46.24
50%
76
3.4%
32
2,554,417
79,895
30.5%
56.9%
44.4%
9.9%
5.5%
8.0%
6.6%
22.7%
2.9%

This financial data has been created specifically for Chris Brady



2007
Quixtar
Diamond Club
PAUL LORRAINE

Qualified Diamond Leadership Activity Summary for BRADY, CHRISTOPHER J & TERRI M - 1632946
 Quixtar Sales
 MONTHLY REPORT - AUGUST, 2008

IBO #: 1632946	Current Month 08/2008	Previous Month 07/2008	Same Month Last Year Month 08/2007	Current FYTD Avg. - 2008	Last FYTD Avg. - 2007	Current 12 Month Avg. - 08/2008	Previous 12 Month Avg. - 08/2007
Group Statistics							
Engaged IBO Group Size	3,773	3,638	3,107	3,773	3,567	3,278	3,357
Total IBO Group Size	6,036	5,725	6,660	5,407	4,414	5,407	4,414
Total Number of Platinum	29	26	30	24	27	24	27
Total Number of Members	515	517	545	542	515	542	515
Engaged Clients	149	117	98	80	97	80	97
% of Engaged IBOs That Ordered or Registered	38.2%	32.6%	44.3%	33.9%	46.1%	33.9%	46.1%
% of Engaged IBOs With Data Shipments	33.6%	31.3%	3.3%	21.6%	10.0%	21.6%	10.0%
% of Engaged IBOs Qualifying For a Bonus	81.0%	79.3%	72.3%	78.2%	70.3%	78.2%	70.3%
% of Engaged IBOs Registering New IBOs	7.8%	4.5%	7.0%	6.0%	6.2%	6.0%	6.2%
% of Total Orders That Were Online Orders	32.4%	39.4%	29.2%	34.4%	78.8%	68.4%	68.4%
Total Number of Orders	3,885	3,462	2,469	3,530	2,390	3,350	2,380
Avg. PV per Dollar	0.2668	0.2627	0.3109	0.3328	0.3147	0.3328	0.3147
Avg. Monthly PV per IBO	33.73	31.02	20.20	27.49	22.57	27.49	22.57
Avg. Monthly PV per Engaged IBO	51.95	50.39	35.10	43.24	36.81	43.24	36.81
Number of New IBOs	303	185	253	315	187	218	187
% of IBOs That Ordered Product at Registration	73.7%	70.3%	76.3%	78.1%	73.5%	79.1%	73.5%
% of IBOs That Registered Online	58.8%	50.3%	58.4%	54.7%	59.5%	54.7%	59.5%
Activation Rate	73.0%	71.2%	51.6%	64.4%	50.6%	64.4%	50.6%
Avg. 90 Day PV per Activated IBO	158.55	177.58	134.36	139.70	117.26	139.70	117.26

This financial data has been created specifically for Chris Brady

Product Mix	IBO Cost		IBO Cost % of Total		PV		PV % of Total		PV % of Total	
	Current Month 08/2008	Previous Month 07/2008	Current Month 08/2008	Previous Month 07/2008	Current Month 08/2008	Previous Month 07/2008	Current Month 08/2008	Previous Month 07/2008	Current 12 Month Avg. - 08/2008	Previous 12 Month Avg. - 08/2008
Artistry	20,653	20,369	4.0%	3.7%	5,908	8,830	4.8%	4.8%	8.2%	17.2%
Health	342,446	318,270	61.7%	61.7%	127,325	118,540	62.5%	61.7%	58.5%	38.7%
Health Tech	2,811	3,290	0.4%	0.4%	892	1,311	0.4%	0.7%	0.7%	1.1%
Home Care	21,923	18,993	4.0%	3.7%	8,123	7,041	4.0%	3.8%	5.5%	7.4%
Personal Care	14,949	14,791	2.7%	2.7%	5,593	5,408	2.7%	2.6%	5.0%	7.8%
Store Per Store	136,789	113,449	24.6%	22.8%	52,838	42,185	26.5%	23.0%	23.3%	23.3%
Other	15,918	14,397	2.9%	2.8%	25	0	0.0%	0.0%	0.1%	0.2%
Total	555,600	502,358			203,575	183,317				

The numbers on this report are based on current data and are not financial in nature; they may not match numbers on the IBO's bonus statement. This report is a tool to track and identify IBO business trends. Thorough understanding and explanation of the report should be used when sharing this information with IBOs.

Transforming Your Business Through Products

Selling products and generating a solid customer base is key to building a balanced Quixtar business. The Quixtar product portfolio is rich in quality, value, customer satisfaction, and performance. Some products are great at creating customer interest.

Others help establish trust in the Nutrilite® and Amway® brands. And then there are those that help foster a loyalty to Quixtar products.

Those three product areas are laid out in the following pages, respectively, as *conversation starters*, *trust builders*, and *loyalty creators*.

The following pages identify those products and how they fit into those product areas.

Product, training, compensation, relationships, and reputation are among the ways that we'll transform the business to become, as Rich DeVos said at Achievers '06, "the best marketer in the land." In the next few pages, you'll see how product can help transform your business by boosting the profitability of your business and that of your downline.

Conversation Starters

If you're just getting into retailing, or you have new downtime, a great place to start is with cool, unique products that are great at grabbing the attention of customers. We've identified a number of Beauty and Health products that share an immediate "wow" factor to help spark a dialogue between you and customers.

What these products have in common:

- Cost competitive, at suggested retail
- Attention-grabbing packaging
- Convenient to use "on the go"
- Easy to demonstrate and/or experience
- Highly consumable

How they'll transform your business:

- A place to start customer relationships
- Offer retail profit

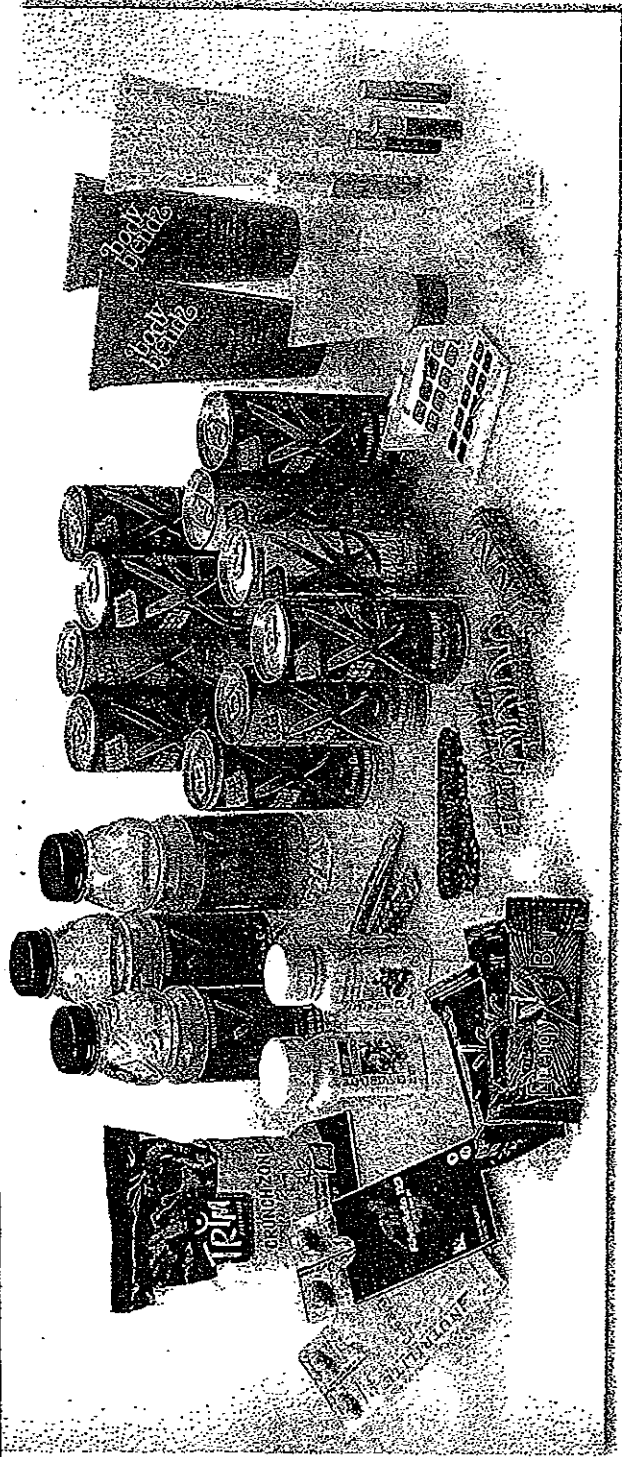
Support you'll get from Quixtar:

- Sales training
- Expanded product offering
- Merchandising tools for customer engagement

Convers

Product pc

Conversation Starters



Product portfolio pictured here subject to change.

Trust Builders

Once you've begun creating a customer base with conversation starters, start building a foundation for a growing relationship. Building the customer's trust in the Nurture® and Annals® brands will go a long way toward laying the groundwork for a long-term relationship.

What these products have in common:

- Foundational Health and Beauty products
- Superb performance + market differentiation = superb value
- High use-up rates

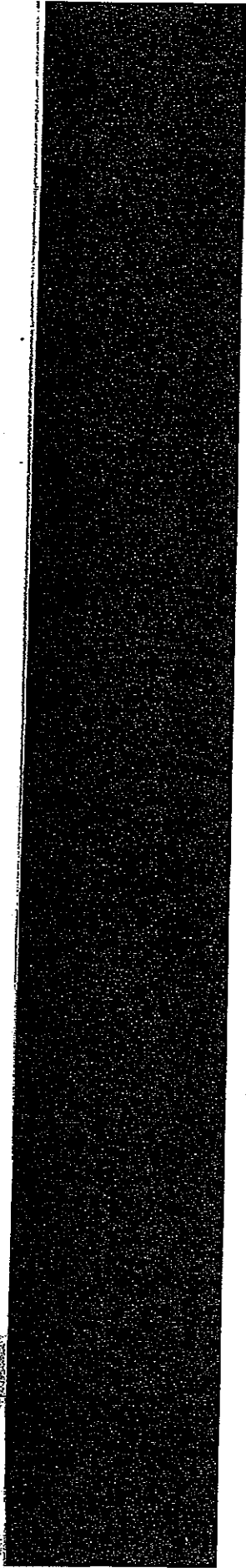
How they'll transform your business:

- Build repeat business
- Begin long-term customer relationships
- Increased retail and plan/bonus profit

Support you'll get from Quixtar:

- Brand awareness programs
- Specific product education
- Additional selling techniques
- Merchandising tools

Trust



Product portfolio pictured here subject to change.

Loyalty Creators

These products, exclusive to your business, offer value, performance, and quality unmatched in the industry. They will have a powerful and positive impact on customers, solidifying their loyalty to you and your product portfolio.

What these products have in common:

- Highest quality, premium brand value
- Personalized and solution-based
- Market leaders in performance and proven results
- Premium packaging

How they'll transform your business:

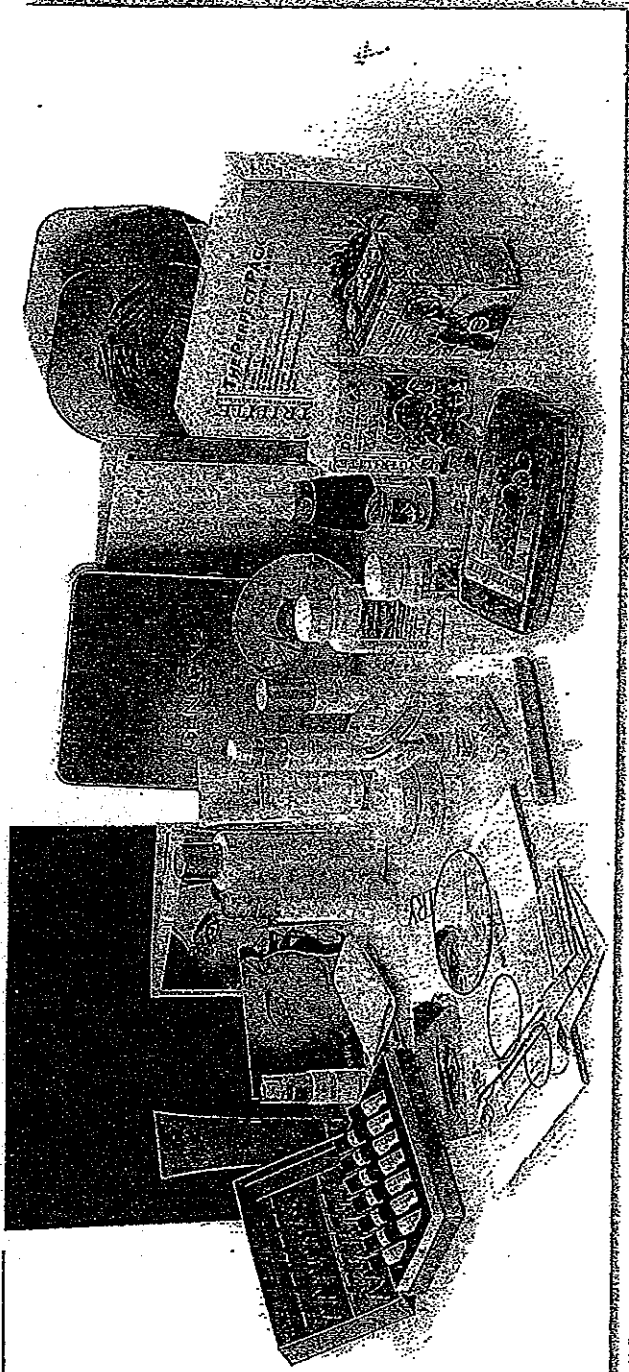
- Solidify long-term loyalty
- Generate customer referrals
- Provide substantial retail and plan/bonus profit

Support you'll get from Qubit:

- Comprehensive product training
- Specific selling techniques
- Comprehensive brand awareness programs including extensive event presence
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-----Original Message-----

From: Joseph D Markiewicz [mailto:joe@markiewicz-intl.com]

Sent: Tuesday, February 27, 2007 1:12 AM

To: Jim Janz (jejanz@telus.net)

Cc: Don Wilson; Bill Hawkins; Brad Duncan; Danny Snipes; Orrin Woodward

Subject: Post-Hawaii Board Discussion

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EXHIBIT

Jim,

I don't really envy the position you are in as the Chairman this year considering the responsibility you carry and I do appreciate you giving me permission to address the board without the company present in Hawaii. I have thought long and hard about how I would respond to the issues that caught fire in the Hawaii board meeting and it hasn't been

easy. However, I will begin by putting on record (as you requested) the concerns and questions that I brought up during the open discussion at the tail end of the board meeting. In addition, I would like to comment on the confrontation initiated by the Victors against our fellow board member Danny Snipes. I offer up my observations from your e-mails to the board about this and the associated e-mail from Danny to the board. I have attached the e-mail trail related to this subject below. Let's begin with the issues I posed to you and the board in Hawaii...for the record.

In my mind it was a difficult decision to agree to serve on the board this year. As you know, I have already served a full term previously on the Biz-Ops committee and left feeling that our opportunity to really make an impact on the business and the corporation was pretty limited. I decided to take a break for 2 years to simply get away from the politics and agendas of the board and the apparent "double-talk" from the company people and go build my business. We grew very well last year and finished in the top 7 EDC+ groups and personally qualified Double Diamond. I resisted coming

EDC+ back

this year because quite frankly I saw that the board last year was a mess.

It was quite divided and full of personal agendas and very visible conflicts of interest. To make matters worse, there was a blatant manipulation of the IBOAI by-laws to insert a first term member directly onto the very important Executive Committee this year while knowingly by-passing individuals who are qualified AND have bigger businesses to occupy this post. I may not be as direct as Danny yet I believe he is spot-on with his question to the board about how this can go on without answers. What do you expect the board to do, look the other way? What does this say to the individual(s) who have been deliberately pushed aside to make this happen because he may not totally line up philosophically or with the LOA of preference? Your e-mails to the board speak of the fact that there will be no defamation allowed. I agree totally. But what about disrespect? Is that a lesser sin? I think not.

I have a concern that the attorney representing the board also has a serious conflict of interest. The previous Chairman had a serious conflict as well as anyone who is a vendor. They should never serve as a board member since they can never be totally trusted to represent the field without prejudice or personal agenda. I am disturbed that the Governance and Oversight Committee did not operate as designed to oversee the operations and affairs of the board to prevent this mess. It is not hard to understand. Jody Victor is out of line. He has a personal conflict of interest here. Therefore the G & O committee as it is today in my mind is irrelevant.

I state all this because I want to know going in whether this board is going to be serious about being unified with the rest of the field. The word unity is so loosely used these days. Every leader wants it for their organization yet unity does not come by an edict. As you know so well Jim, it comes from trust AND a powerful mission that supersedes all of our agendas and personality differences. But, if I can't trust my fellow board members on whether they truly represent the field then we are all wasting our time. If we are leaving our families and businesses to work together at the board and investing something of ourselves to make this business better for the next generation then I want to know if our opinions and ideas will be respected AND that the rules and by-laws of this trade association called the IBOAI are respected as well. If anyone of us observes inconsistencies with anyone on the board or how board affairs are conducted then they ought to be free to express their thoughts. If people like Jody protest after they think they have been "ambushed" and then behave like a juvenile who has been "busted" then why do we try to discipline the ones who simply ask the tough questions? Perhaps Jody is not as impartial as his position requires. Too many great IBO's before me have made this business what it is today. So many people (including the Victors) have poured their life into this business and the board through the years and I appreciate and respect that. This by no means is a personal attack on anyone here. However, I lost a little respect for Jody after his attack on Danny. Then your e-mail that followed seemed to try to discipline Danny and me for asking the tough questions. I still think members on the board are owed a little transparency and some answers as we go forth because I am like many of the members in feeling that we can't blow it this year. Too much is on the line.

In the big picture, I am with you that we can and must make an impact this year.

presented to the board meeting for one day in that fall of 2005 when the McKinsey report came out. Doug and Dave were in the room with us and the report contained what we in the field already knew. People aren't making money, the products are overpriced, and the negative on the web isn't going away. Last year's QX sales are down and their answer is "First Circle Initiative"? Sell more of the stuff and our problems go away? There seems to be an enormous profitability to the families yet Emeralds and Diamonds are selling stuff off and going back to work. Now, it looks like QX wants to regulate the tool systems and structure the systems like India, Russia, and Europe. This scares me. At Diamond and EDC Clubs Doug mentioned Founders Council 3x more than the Board. I think it is for a good reason. I don't think they believe we are very strong. Maybe relevant is a better word. Nonetheless, the board doesn't come across as a very effective body anymore. In my opinion, if this business is to become the most desirable business in North America again then it will be because the board directs the path of the business rather than the company. I think we are much more qualified. I also, know that with the huge legal battles the company is engaging in that we cannot afford to be anything less than a strong and unified body to represent the field. Yet, the board saw the company threaten Orrin with suspension twice over the last year and it appeared that the board was pretty "ho-hum" about it. Maybe I don't know all the facts but we cannot let one of our own be taken out without a fight regardless of whether people "like" Orrin or agree with his style of building the business.

I have strong feelings about ways to take the business to \$10B regarding branding and positioning. I am with Bill Hawkins who passionately made the case in Hawaii for this year being anything but "business as usual". He is right, we can't afford it. I will not be a rubber stamp for the company if it is not right for the IBO's. If we don't get our act together then we can't effectively influence the company and families concerning the business opportunity in North America. I believe we can do it but the board must communicate with one loud voice to the company and the families that there is a hole in the Titanic and before the abandon ship call is made that we can patch it.

Jim, I need to wrap this up by stating my agenda. I am NOT in a campaign to be inserted on the Executive Committee. My passion is to bring new, fresh thinking...even outside the box thinking to the table in order to inspire people to invoke radical change in order to make this business the most powerful business opportunity in the marketplace. I am a realist to know that there are many obstacles. I am a realist to know that there are many people who have served or are serving on the board like you who have many more years in and around the board than me. I respect that. But I can promise you, I know this business. I know the culture we operate in today.

The average age of active IBO's in our group is approximately 23-25. I have got a real education on what turns this generation on with this business. We have an awesome future IF we attack the problems like competitive products, product pricing, profitability, branding and positioning. I am ready to engage. You ask for my commitment to unity, you got it. What I ask from you and the rest of the Executive Committee is a commitment to a change in the "culture" of the board and a seriousness to foster creativity within the ranks of the members and allow for openness even if there are some toes stepped on. I hope you or any others who read this e-mail do not think I don't respect or appreciate you or any other member of the board. I promise that my heart and passion for this business is sincere and you can count on nothing less from me.

Dedicated to make a difference,

Joe