Consultant Reference Guide

Handcrafted in the USA Since 1868 ... Naturally.™
Handcrafted in the USA since 1868 ... Naturally.™

Based on our Founders Principles established over 100 years ago and our goal to be America’s most trusted natural products company.

The WATKINS WAY

The Highest Quality
We source only the best ingredients worldwide to meet our premium standards.

The Best Value
We offer exceptional value for a premium quality product.

The Neatest Package
We strive to provide a package that is authentic, stylish and convenient for our customers.

The Best Delivery
We aim to exceed our customers’ expectations.

The Squarest Terms
We promise to get it right or make it right.

The Fairest Treatment
We treat our customers, our employees and our partners with respect.

The Greatest Uniformity
We provide products that consistently meet our premium quality standards.

The Strictest Integrity
We stick consistently with our values.

The Broadest Guarantee
We invented the money back guarantee in 1868 and continue to stand behind it.

All of the above Points of Superiority make up THE WATKINS WAY, and you will agree that it is a good way.
# J.R. Watkins Contact Numbers

In the United States and Canada:
Watkins Incorporated
Attn: Person and/or Department
150 Liberty Street, P.O. Box 5570
Winona MN, 55987-0570

For Mail Orders use:
Attn: Order Dept.

### J.R. Watkins Contact Numbers: US & Canada

<table>
<thead>
<tr>
<th>Purpose</th>
<th>US and Canada Telephone Numbers</th>
<th>Hours of Operation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telephone Orders</td>
<td>1-800-Watkins (928-5467)</td>
<td>Monday-Friday 8:00 a.m.-5:00 p.m., CT</td>
</tr>
<tr>
<td>Customer Service</td>
<td>800-243-9423</td>
<td>Monday-Friday 8:00 a.m.-5:00 p.m., CT</td>
</tr>
<tr>
<td>New Membership Sign-up</td>
<td>800-928-5467</td>
<td>Monday-Friday 8:00 a.m.-5:00 p.m., CT</td>
</tr>
<tr>
<td>24 Hour Fax</td>
<td>507-457-5958</td>
<td></td>
</tr>
<tr>
<td>Web site Ordering</td>
<td>JRWatkins.com</td>
<td>7 Days a Week, 24 Hours a Day (Except the last day of each month when the store is closed from 8:00 p.m. to midnight, CT.)</td>
</tr>
<tr>
<td>Pour le service en Français</td>
<td>800-243-9423</td>
<td>Lundi au vendredi 8:00 à 17:00, heure du centre</td>
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</table>

<table>
<thead>
<tr>
<th>Sponsor</th>
<th>Upline Manager</th>
<th>Upline Executive</th>
</tr>
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<tbody>
<tr>
<td>Name</td>
<td></td>
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<tr>
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<tr>
<td>Business Fax</td>
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<td></td>
</tr>
<tr>
<td>E-mail</td>
<td></td>
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</tr>
</tbody>
</table>
Consultant Retail Discounts
Consultant Retail Discounts

Your first benefit as an Independent Watkins Consultant is the discount you get when you order Watkins products. Whether you’re going to sell the products to customers, use them in your own home, or give them as gifts, you get an immediate discount each time you place an order, as shown in the chart below.

In addition, if you place several small orders during the month (or have customers who order direct from Watkins listing you as their Consultant), Watkins calculates your total sales after the end of the month. If your total sales qualify for a higher discount, then Watkins makes up the difference to you, so that you ultimately earn that higher discount level on all the orders.

Note: Besides the retail discounts, Consultants can also earn other bonus income on their own orders, based on their achievement level for the month. See next section for information about reaching achievement levels and the related bonuses.

<table>
<thead>
<tr>
<th>Monthly Sales</th>
<th>% Discount</th>
<th>Plus</th>
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<tbody>
<tr>
<td>Greater than $10,000</td>
<td>35%</td>
<td>Free Shipping</td>
</tr>
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<tr>
<td>Greater than $100</td>
<td>5%</td>
<td>Free Shipping</td>
</tr>
<tr>
<td>Less than $100</td>
<td>0%</td>
<td>$11.95 flat rate shipping/handling</td>
</tr>
</tbody>
</table>

Example

Let’s say you place a $100 order on the fifth of the month—you get free shipping and a 5% discount. If you place a second order for $150 later in the month, you get free shipping and a 10% discount on that order. Your two orders added together reached the $250 level, which would be a 15% discount. Watkins makes up the difference to you, by giving you an additional 10% on your first order and an additional 5% on your second order, making your effective discount for the month 15% on both your orders (plus free shipping of course). Please note: shipping and handling is non-refundable.

Ordering Strategy

Don’t make your customers wait. You can place an order each time you have $100 or more in products that you need for yourself or customers. You’ll get free shipping and you’ll always get the overall percentage discount you qualify for at the end of the month.
Levels of Advancement and Qualifications with Watkins
Levels of Advancement & Qualifications

CONSULTANT LEVEL:
THE FIRST STEP TO SUCCESS
Consultants at the Consultant level earn up to a 35% retail discount. Consultants save money on their own product purchases and earn income by marketing Watkins products to their friends, family and acquaintances and by building a growing customer base.

The Consultant title offers four achievement levels:
• Consultant
• Bronze Consultant
• Silver Consultant
• Gold Consultant

Consultants at the Bronze, Silver, and Gold level earn up to a 35% retail income and bonus income.

Minimum qualifications for achieving Consultant levels:
Consultant:
• Complete and submit an International Agreement or accept the Terms & Conditions online
• Purchase Membership Package

Bronze Consultant:
• 500 Group Points per month
• 100 Central Points per month

Silver Consultant:
• 1,000 Group Points per month
• 100 Central Points per month

Gold Consultant:
• 1,500 Group Points per month
• 100 Central Points per month

Sponsorship Bonus—In those cases where Consultant (A) has a downline Consultant (B) in his or her Group who is growing faster than “A”, thereby making “B” the same title as “A”, Watkins pays a Sponsorship Bonus. “A” is eligible for a 5% Sponsorship Bonus on “B’s” Group Bonus Volume. This Sponsorship Bonus is limited to three months on any one Consultant. In other words, “A” must increase her/his Group Points to move ahead to a higher title than “B” to continue receiving a Group Bonus.

MANAGER LEVEL:
TAKING BUSINESS TO THE NEXT LEVEL
Managers view their Watkins business as a significant part-time career. Managers spend their time marketing products, introducing the Home Business Opportunity to others, and training new Consultants to duplicate their efforts. In addition to the financial rewards, Managers enjoy additional training and the opportunity to qualify for luxury vacations and exciting recognition.

The Manager title offers four achievement levels:
• Manager
• Bronze Manager
• Silver Manager
• Gold Manager

Manager Development Bonus (MDB)—This bonus rewards leaders for their influence in the ongoing development of the Consultants in their group. Managers who train and coach the Consultants in their group to grow and achieve Manager or Executive levels earn bonus income based on the bonus value of the sales generated by those Consultants. Bonus eligibility begins with the New Manager’s second month of qualifications.

Minimum qualifications for achieving the Manager level:
Manager:
• 2,000 Group Points per month
• 100 Central Points per month

Note:
- The first month that a Consultant meets the 100 CP and 2,000 GP he or she will be paid as a Gold Consultant.
- The second consecutive month that a Consultant meets the Manager requirements his or her title will promote to Manager and his or her “Paid-As” title will be Manager. The second consecutive month is when the new Manager is considered “Qualified” and the new Manager leaves an existing Manager’s group. At this point, the new Manager’s volume is no longer part of the existing Manager’s group points.
- The month a new Manager qualifies and the month after that, qualifications for his or her upline Manager are reduced to 100 CP and 1,000 GP for each of those two months.
- If a Gold Consultant who is beginning Manager qualifications has a Gold Consultant within his or her group begin Manager qualifications, the first Gold Consultant must have 100 Central Points and 500 Group Points in “Unencumbered” volume to achieve Manager. “Unencumbered” volume is defined as the group volume not generated by the Gold Consultant within the group who is also beginning Manager qualifications.
ADVANCING MANAGER:

UP THE LADDER OF SUCCESS
Consultants who reach the Manager title today quickly realize the benefits of growing a Watkins Home Business. While continuing to generate personal sales and building their own customer base, Managers who advance to higher levels spend more time sharing the business opportunity and helping others duplicate their success.

Minimum qualifications for achieving Advancing Manager levels:
Bronze Manager:
• 2,000 Group Points per month
• 100 Central Points per month
• Two (2) Qualified Legs
Silver Manager:
• 2,000 Group Points per month
• 100 Central Points per month
• Four (4) Qualified Legs
Gold Manager:
• 2,000 Group Points per month
• 100 Central Points per month
• Five (5) Qualified Legs

EXECUTIVE LEVEL:
BUILDING FOR TOMORROW
Consultants who reach the Executive level enjoy a full-time Watkins Home Business. As Executives train and coach others to achieve their goals, a large support organization is created. It is this organization, composed of Consultants at all levels, working the business, that will generate ongoing residual income that Executives will enjoy for years to come.

The Executive title offers three achievement levels:
• Bronze Executive
• Silver Executive
• Gold Executive

In addition to the business rewards of consistently marketing Watkins Products and the Home Business Opportunity, Executives are rewarded for their leadership skills and ability to develop and maintain a successful team of active Consultants and Managers. Along with a significant income and the time to enjoy it, Executives can also qualify for additional rewards, recognition, and company-sponsored travel.

Executive Leadership Bonus (ELB)—This bonus rewards leaders for their influence in the ongoing development of the Consultants in their group. Executives who consistently help the Consultants in their group grow will be eligible to earn bonus income on their entire downline.

Minimum qualifications for achieving the Executive levels:
Bronze Executive:
• 2,000 Group Points per month
• 100 Central Points per month
• 50,000 TDP per month
• Six (6) Qualified Legs
Silver Executive:
• 1,500 Group Points per month
• 100 Central Points per month
• 100,000 TDP per month
• Ten (10) Qualified Legs
Gold Executive:
• 1,000 Group Points per month
• 100 Central Points per month
• 200,000 TDP per month
• Twelve (12) Qualified Legs

Note: To determine an Executive qualified leg count, Watkins will use the highest count from either the prior or current month. Total downline points (TDP) must be met each month to achieve Executive “Paid-As” title.
<table>
<thead>
<tr>
<th>Title</th>
<th>Monthly Qualifications</th>
<th>Monthly Compensation Paid on Bonus Value</th>
<th>Retail Discounts</th>
</tr>
</thead>
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<tr>
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<td>Central Points</td>
<td>Group Points</td>
<td>Qualified Legs</td>
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<td><strong>Manager Levels</strong></td>
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<td><strong>Consultant Levels</strong></td>
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</tr>
<tr>
<td>Bronze</td>
<td>100</td>
<td>500</td>
<td></td>
</tr>
</tbody>
</table>

**Notes and Definitions**

- **Central** - Your Central consists of you and your customers.
- **Group** - Your Group consists of all Consultants whom you have sponsored, the Consultants whom your Consultants have sponsored, etc. (It does not include the groups of downline Consultants who have created their own groups by achieving Manager or higher title.)
- **Points** - The qualifying value assigned to each product.*
- **Central Points** - Total monthly Points from your Central.
- **Group Points** - Total monthly Points from your Group (Includes your Central Points).
- **Leg** - A downline that starts with a personally sponsored Consultant.
- **Qualified Leg** - A leg that contains at least one titled Manager or Executive and generates 2000 points in that month. The Manager/Executive does not need to be paid as a Manager/Executive that month, and the Manager/Executive can be at any level in the leg.
- **Total Downline Points** - The collective total points of all downline.
- **Retail Income** - Watkins Consultants receive up to a 35% discount off the retail price of Watkins consumer products allowing Consultants to earn up to 35% of their personal sales.
- **Sponsor** - The person who brings a new Consultant into the business.
- **Bonus** - Watkins Consultants receive up to a 35% discount off the retail price of Watkins consumer products allowing Consultants to earn up to 35% of their personal sales.

**Retail Discounts**

<table>
<thead>
<tr>
<th>Monthly Sales</th>
<th>% Discount</th>
<th>Retail Discounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>$&gt; 10,000</td>
<td>35%</td>
<td>Free Shipping</td>
</tr>
<tr>
<td>$&gt; 5,000</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>$&gt; 1,000</td>
<td>25%</td>
<td></td>
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<tr>
<td>$&gt; 500</td>
<td>20%</td>
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<td>$&gt; 250</td>
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<td>$&gt; 100</td>
<td>5%</td>
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</tr>
<tr>
<td>$&lt; 100</td>
<td>0%</td>
<td>S &amp; H Charges Apply</td>
</tr>
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</table>

* Points and bonus for each product can be found on the Master Order Form.
Corporate Policies & Procedures

This Corporate Policies & Procedures section provides the information you’ll want to know about Watkins policies and procedures for our Independent Consultants. It’s simply a reference guide and not something you need to memorize or understand all at once. Sections are conveniently divided, so as you progress with your Watkins Home Business you will find the information you need.

We are pleased that you have chosen to be part of Watkins growing number of Independent Watkins Consultants and wish you every success with your Watkins Home Business!
Corporate Policies & Procedures

Watkins reserves the right to revise or update Corporate Policies at any time.

Policies and Compensation Plan Incorporated into Consultant Agreement: These Corporate Policies and Procedures, in their present form and as amended at the sole discretion of Watkins Incorporated (hereafter “Watkins” or the “Company”), are incorporated into, and form an integral part of, the Watkins International Consultant Agreement. Throughout these Policies, when the term “Agreement” is used, it collectively refers to the Watkins International Consultant Agreement, these Corporate Policies and Procedures, the Watkins International Compensation Plan, and the Watkins Business Entity Application (if applicable). These documents are incorporated by reference into the Watkins International Consultant Agreement (all in their current form and as amended by Watkins). It is the responsibility of each Consultant to read, understand, adhere to, and ensure that he or she is aware of and operating under the most current version of these Corporate Policies and Procedures.

Changes to the Agreement

Because federal, state, provincial, territorial and local laws, as well as the business environment periodically change, Watkins reserves the right to amend the Agreement and its prices in its sole and absolute discretion. By signing the Watkins International Consultant Agreement, a Consultant agrees to abide by all amendments or modifications that Watkins elects to make. Amendments shall be effective upon notice to all Consultants that the Agreement has been modified. Notification of amendments shall be published in official Watkins materials. The Company shall provide or make available to all Consultants a complete copy of the amended provisions by one or more of the following methods: (1) posting on the Company’s official web site; (2) electronic mail (e-mail); (3) voice mail system broadcast; (4) inclusion in Company periodicals; (5) inclusion in product orders or bonus checks; or (6) special mailings. The continuation of a Consultant’s Watkins Home Business or a Consultant’s acceptance of bonuses or commissions constitutes acceptance of any and all amendments.

Independent Contractor Status

As an Independent Watkins Consultant, you are an independent business person (independent contractor). You may establish your own career goals, set your own hours and create your own career opportunities. You are free to conduct your business wherever you choose and you are not bound by any type of sales or sponsoring territories.

However, it is important to understand that our mutual success is dependent upon the integrity of the men and women who market our company’s products. In order to clearly define the relationship that exists between Independent Watkins Consultants and Watkins Incorporated, and to explicitly set a standard for acceptable business conduct, we have established the following Code of Ethics, Mission Statement and Rules of Conduct. Failure to abide by the principles set forth could result in the cancellation of your Consultant Agreement.

Watkins Mission Statement

To be the most trusted natural products company.

Code of Ethics

Independent Watkins Consultants conduct their businesses and treat their customers, as well as their fellow Consultants, in the manner in which they would always wish to be treated.

They hold themselves to the standard of conduct that they expect of others and understand that honesty and integrity are constants.

They maintain the highest standards of professionalism, honesty, and integrity, and accept total responsibility for their businesses, realizing that their individual conduct will reflect on all Independent Watkins Consultants and Watkins Incorporated.

They conduct their business with all individuals in the same professional manner, without regard to race, creed, color, sex, age, national origin or any other classes protected by law. They understand, accept and abide by all Rules of Conduct and General Regulations of Watkins Incorporated, and always honor the Customer Satisfaction Guarantee.

Rules of Conduct

Although each Watkins Consultant is an independent business person, the actions of every individual Consultant have an impact on Watkins Incorporated, along with all other Watkins Consultants. For this reason, we have set a standard of conduct that will benefit everyone in the Watkins family.

1. Honor the Watkins Customer Satisfaction Guarantee at all times. If a customer ever expresses dissatisfaction with a Watkins product which you have sold to him/her, you are responsible to correct the situation as outlined in the following Customer Satisfaction Guarantee: If a Watkins product used in your home is, for any reason, considered not to be satisfactory, please return it to us or to your Watkins Consultant for exchange or full refund of purchase price.

2. Do not represent yourself as an employee of Watkins or imply that Watkins offers exclusive franchises or geographic areas.

You are an independent contractor. You do not receive employee benefits such as unemployment compensation, workers compensation, or minimum wage. You must never represent yourself as a Watkins employee to anyone, including employers, lenders, etc. Do not refer to yourself as an “agent,” or “company representative,” and do not use such terminology on your stationery or other printed material.

Sponsors are required to preserve the independent contractor relationship between themselves and their Consultants. If they permit an employer-employee relationship to develop, sponsors may find themselves liable for the acts of and injuries to their sponsored Consultants. Watkins cannot permit any relationship between, or representations by, Consultants, which may impose employee liability on the company.

No Consultant shall state, imply or represent to anyone in any way that there are exclusive territories or franchises, or that anyone has the authority to grant, sell, assign, designate or transfer such territories or franchises under the Watkins International Compensation Plan.
3. Never solicit other Watkins Consultants to change their line of sponsorship or interfere with the business of another Watkins Consultant.

Extend your goodwill to everyone in Watkins. Do not interfere with or in any way disrupt the business of another Watkins Consultant. Respect the sponsoring lines of all Watkins Consultants. Encouraging others to change their line of sponsorship, or offering to sell or give non-Watkins-approved or non-Watkins-produced products, literature, and services is strictly forbidden.

4. All Downline Activity Reports and the information contained therein are confidential and constitute proprietary information and business trade secrets belonging to Watkins.

Downline Activity Reports are provided to Consultants in strictest confidence and are made available to Consultants for the sole purpose of assisting Consultants in working with their respective Downline Organizations in the development of their Watkins Home Business. Consultants should use their Downline Activity Reports to assist, motivate, and train their downline Consultants. The Consultant and Watkins agree that, but for this agreement of confidentiality and nondisclosure, Watkins would not provide Downline Activity Reports to the Consultant. During any term of the Watkins International Consultant Agreement and for a period of five (5) years after the termination or expiration of the Watkins International Consultant Agreement between Consultant and Watkins, for any reason whatsoever, Consultant 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 Downline Activity Report to any third party;

b) Use the information to compete with Watkins or for any purpose other than promoting his or her Watkins business;

c) Recruit or solicit any Consultant or Customer of Watkins listed on any report, or in any manner attempt to influence or induce any Consultant of Watkins to alter their business relationship with Watkins; or

d) Use or disclose to any person, partnership, association, corporation, or other entity any information contained in any Downline Activity Report.

Upon demand by the Company, any current or former Consultant will return the original and all copies of Downline Activity Reports to the Company.

5. You may not use your knowledge of, or association with other Watkins Consultants to further any business undertaking other than Watkins.

Watkins Consultants may engage in selling activities related to non-Watkins approved or non-Watkins produced products, literature, training aids, and services if they personally desire to do so, but they may not offer such products, literature, or services to any other Watkins Consultants.

6. Follow all advertising guidelines from Watkins Incorporated.

The name “Watkins” and “Watkins Incorporated” are registered trademarks of Watkins Incorporated. During the time that a person is a registered Consultant of Watkins, that person may only use the Watkins name and logo as outlined in the Marketing Policy.

7. Honor all sales terms as presented in literature and products.

Do not misrepresent Watkins Incorporated in terms of products or business opportunity. Do not offer “for sale” products beyond established expiration dates.

No product claims (which include personal testimonials) as to therapeutic, curative or beneficial properties of any products offered by Watkins may be made except those contained in official Watkins literature. In particular, no Consultant may make any claim that Watkins 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 are such claims violative of Watkins policies, but they potentially violate federal, state and provincial laws and regulations, including the federal Food, Drug, and Cosmetic Act and Federal Trade Commission Act.

8. Do not pool or combine orders with other Watkins Consultants.

Any pooling, or combining of orders by a Consultant for the purpose of achieving a higher bonus, winning a contest, or recognition is expressly forbidden.

9. Do not re-package, re-fill or alter labels on any Watkins Product.

Watkins does not permit the re-packaging, or re-filling of products. Watkins products are to be sold in the original containers, with the original labeling, only. Violations may result in severe state, provincial and federal criminal penalties. You should also be aware that civil liability can result when, as a result of re-packaging or re-filling of products, or the alteration of product labeling, the persons using the products become injured or their property damaged.

10. Temporary Location Marketing/Selling Policy for North America

A. Temporary Locations

The sale of Watkins products at temporary sales locations is subject to the following policies and procedures:

1. A Watkins Consultant may establish a temporary sales location (defined as any venue or event devoted to the sale of products and/or services accessible by the public) at a specific venue on no more than two occasions (per year) for no more than 30 days each occasion in a given year. However, in November and December, one of the above occasions may be extended to, but not exceed, six weeks.

2. Watkins Consultants may not circumvent paragraph 1 of this policy by entering into an agreement with another Consultant or other Consultants to do collectively or on a group basis what an individual Consultant cannot do on his/her own. This prohibition includes but is not limited to agreements between Watkins Consultants to jointly share the effort to work such temporary selling locations and to share the sales revenue from such efforts.

3. A Temporary Location/Public Event Marketing Compliance Form must be completed, signed and sent to Watkins Incorporated, along with a picture of the display to be used at the venue, including signage. The completed form and picture must be submitted at least 90 days prior to the event. We do understand some events may be less than 90 days notice. Upon receipt of a signed Location Marketing Compliance Form and picture, Watkins will issue a confirmation of approval. A copy of the form can be found at the end of this document or on JRWatkins.com.
4. Temporary locations must clearly display the current Watkins logo. You may not use any form of the Watkins logo other than the current logo at your temporary location. Although Consultants have certain rights when marketing Watkins, please keep in mind that Watkins is a registered trademark owned by Watkins Incorporated.

5. Products that have been discontinued may not be displayed or sold at temporary locations more than 90 days after their last appearance in a catalog or on JRWatkins.com.

6. Watkins Consultants representing Watkins at a temporary location will identify themselves as an Independent Watkins Consultant by wearing a name badge and agree to wear appropriate professional business attire.

7. Watkins highly recommends that each temporary sales location have on hand the following business support materials:
   a) Catalogs
   b) Business Interview Guide
   c) International Consultant Agreement Forms

Watkins Consultants who do not comply with Watkins Temporary Location Marketing/Selling Policy will be notified of their non-compliance and risk losing their status as a Watkins Consultant.

B. Watkins Brand Awareness Initiatives

Watkins commission structure is uniquely designed to reward Consultants for building a person-to-person direct selling business away from a fixed retail location. Direct selling is the sale of a consumer product or service that is marketed to customers by independent salespeople. Depending on the company, the salespeople may be called distributors, representatives, consultants or various other titles. Products are sold primarily through in-home product demonstrations, parties and one-on-one selling.

To give Consultants a self-funding form of advertising that is designed to raise brand awareness in their communities while at the same time adding to their volume and bonus income, Watkins allows Consultants to market a limited number of Watkins products through local retail outlets.

1. Consultants who choose to market and sell a limited number of Watkins products to independent stores such as: drugstores and pharmacies, gift stores, hospital auxiliaries, specialty food stores, hardware stores, restaurants, nursery and gardening stores, decorating and home furnishing stores, beauty supply stores, salons and spas, book stores and stationery stores, must receive approval from Watkins prior to signing a store through the Participation Agreement. Please forward the request to webhelp@jrwatkins.com, or send to Home Business Policies & Procedures, Watkins Incorporated, PO Box 5570, Winona, MN 55987. Please include the store name, full address, and phone number.

   • Consultants are prohibited from approaching retail chain stores.
   • Consultants are prohibited from selling to any online store (in other words, selling on e-Bay, amazon.com or any other online store is strictly prohibited).
   • Only products with the most current labels and packaging may be sold through store locations and no one store may carry more than 20 different Watkins products at one time.
   • Participating Consultants must sign a Retail Store Participation Agreement, which can be faxed or mailed to Watkins, and Consultants must register all stores carrying Watkins products. Retail Store Participation Agreement forms must be submitted annually as long as the stores sell Watkins products. The form can be found at the end of this document or on our web site.

   • No exclusively Watkins retail stores or locations are permitted.
   • Important note for Quebec Consultants: Consultants residing in the province of Quebec must be properly registered with a government issued Pesticide Certificate in order to conduct sales of Insect Repellent products to retail locations. Consultants must provide Watkins Incorporated with a copy of their Pesticide Certificate prior to placement of Insect Repellent orders designated for retail stores.

2. Watkins Incorporated makes select portions of its product line available to specialty retailers in order to raise Brand Awareness and create consumer demand for our full line of products that can generate new sales for all Consultants. Watkins carefully selects alternate distribution channels that consistently convey the brand image that complements our direct selling channel.

11. Do not co-mingle Watkins products with non-Watkins products or services in any display or in any promotional or advertising materials.

Watkins Consultants may not display or co-mingle Watkins products or services with non-Watkins products or services in any display, in any online or printed promotional and advertising material, or in any fashion that might in any way confuse or mislead a prospective customer or Consultant into believing that there is a relationship between the Watkins and non-Watkins products or services.

Watkins Consultants may promote and assemble baskets (or product assortments) that include Watkins Products and complimentary (non-Watkins) products as long as they stay within the following guidelines:

   • Creating and assembling baskets or product assortments that display Watkins products with other products may occur as long as the sole intent of marketing these assortments is to promote only Watkins products.
   • A minimum 75% of the retail value of the basket or product assortment must be Watkins products.
   • The basket or assortment cannot contain a competitive or like product, to products currently part of Watkins product line or that are available through Watkins.

Delays

Watkins shall not be responsible for delays or failures in performance of its obligations when performance is made commercially impracticable due to circumstances beyond its reasonable control. This includes, without limitation, strikes, labor difficulties, riot, war, fire, death, curtailment of a party’s source of supply, or government decrees or orders.

Requirements to Join Watkins

To become a Watkins Consultant, a person (or persons) must:

1. Be of the age of majority in his/her state or province, and reside in the U.S., U.S. Territories or Canada.
2. Purchase a Watkins Membership Package.

Important: Consultants joining Watkins after 1/1/99 must conduct business directly with Watkins.

After the Consultant Agreement is accepted by Watkins Incorporated, the individual will be automatically registered with Watkins and receive:

1. A one-year membership to market Watkins products.
2. A Watkins ID number (this number allows you to begin placing orders as a Watkins Consultant).
Upon Watkins assigning an I.D. number, you may download your identification card at JRWatkins.com>My Account>Consultant Dashboard>Print ID card. Sponsors are responsible for ensuring that Consultants are registered with Watkins as soon as they are sponsored. Only properly registered Independent Watkins Consultants may utilize Watkins Compensation Plan and service support programs, participate in company promotions, contests and recognition, or attend company conferences and/or events.

Immediate New Consultant Registration by Telephone
Sponsors may call Watkins home office during regular business hours to receive an ID number for a new Consultant. The person calling must be able to provide all necessary Consultant agreement information over the telephone. A Membership Package must be ordered at this time using a valid credit card. Watkins will ship the assortment to the new Consultant.

The new Consultant’s membership will be valid until the end of the following month, pending receipt of the signed original Consultant Agreement or accepting the Terms and Conditions online at JRWatkins.com. Once the agreement is received at Watkins Incorporated or the new Consultant accepts the terms online, the new Consultant Membership will be extended to one full year. If the copy of the agreement is not received or the new Consultant has not accepted the Terms and Conditions online by the end of the month following the Consultant’s registration by phone, the assigned new Consultant’s active ID number will be inactivated and membership suspended.

Renewal to Maintain Your Watkins Consultant Status
Watkins requires an annual membership fee (which is non-refundable and may be tax deductible) of its Consultants. Membership fees will be accepted ONLY under the current line of sponsorship.

Your annual Watkins renewal fee will:
1. Renew your registration and maintain your line of sponsorship.
2. Extend your specific rights to use the Watkins trademark, logo, and authorized advertisements of the Watkins name, and to display Watkins products in public for the purposes of resale.
3. Continue your entitlement to utilize Watkins Compensation Plan and service support programs, participate in company promotions, contests and recognition, or attend company conferences and/or events.

If a Consultant Does Not Renew
If a Consultant does not renew by their anniversary date, a one-month grace period may be extended, which would allow the Watkins Consultant to re-activate their Watkins membership by paying the renewal fee. The Consultant would not regain their downline Consultants until the beginning of the following month.

If the one-month grace period elapses, the Consultant will:
1. Be removed from the active file register.
2. Lose all privileges extended to Watkins Consultants and will forfeit any downline.

Consultants may renew with the same sponsor within five (5) months after the grace period by submitting the annual membership fee. The Consultant would not regain their downline after the one-month grace period. Consultants may renew their membership via telephone by charging the fee to a valid credit card or through an Electronic Fund Transfer (EFT). A Consultant who is placing an order and needs to renew their membership may do both when they call the Order Department or place an order online. A Consultant renewing within six (6) months of their membership expiration will not count as a new Consultant for contests, recognition, etc. Should the Consultant not renew within six (6) months they would be required to purchase a new Membership Package, and re-submit a new Consultant Agreement to Watkins Incorporated and their sponsor.

Roll-Up of Downline
When a vacancy occurs in a Marketing Organization due to the termination of a Watkins business, each Consultant in the first level immediately below the terminated Consultant on the date of the cancellation will be moved to the first level (“front line”) of the terminated Consultant’s sponsor. For example, if A sponsors B, and B sponsors C1, C2, and C3, if B terminates his/her business, C1, C2, and C3 will “roll-up” to A and become part of A’s first level.

Watkins reserves the right to delay the roll-up until all potential issues, claims or disputes related to the terminated Consultant are resolved. Until such resolution, the first level (“front line”) Consultants of the terminated Consultant shall be maintained in their original positions relative to their upline Marketing Organization. Until a roll-up is activated or effectuated, the upline Marketing Organization of the terminated Consultant shall have no right to the income, if any, associated with the former Consultant’s business.

Changing Line of Sponsorship
Watkins Incorporated recognizes established lines of sponsorship and/or direct company shipments as the only way Consultants may receive Watkins products and services. Changes in established lines of sponsorship are not permitted outside the Consultant’s Group. All parties whose income may be affected must mutually agree upon any changes in the line of sponsorship within a Group. Watkins Incorporated must be notified in writing by the Consultant with a request to approve and process a change in the line of sponsorship.

Should the Consultant wish to join another line of sponsorship, that Consultant must terminate their association with Watkins in writing; then be completely inactive for a minimum of six consecutive months (no purchases of Watkins products for resale, no sales of Watkins products, no sponsoring, no attendance at any Watkins functions or participation in any other form of Consultant activity). After six consecutive months of inactivity, the individual may apply for a membership under a sponsor of their choice. Notification of termination must be in writing to their current sponsor, with a copy to Watkins Incorporated (Attn: Home Business). The date Watkins receives the written termination notification will establish the start date for the six-month inactivity. A former Consultant who reinstates under a new sponsor forfeits all rights to the Consultants under their previous line of sponsorship. Those Consultants will revert to the previous upline. Downline Consultants of an inactive Consultant will be required to remain inactive for two years before being allowed to change lines of sponsorship to their previous upline.

Should violation of inactivity occur, the terminated Consultant will not be allowed to rejoin Watkins for a period of three years. Consultants who supply Watkins products or Watkins services to terminated Consultants risk termination of their Consultant Agreement.

Partnerships/Corporations
A corporation, partnership, trust or limited liability company (collectively referred to in this section as a “Business Entity”) may apply to be a Watkins Consultant by submitting its Certificate of Incorporation, Partnership Agreement, trust documents, or LLC Operating Agreement (these documents are collectively referred to
as the “Entity Documents”) to Watkins. All individuals involved in such a business entity must complete a joint Consultant Agreement. A Watkins business may change its status under the same line of sponsorship from an individual to a partnership, corporation, trust or limited liability company, or from one type of entity to another by submitting a new joint Consultant Agreement, which must be accompanied by a written request for change of status. It will be the responsibility of those persons involved in these business entities to comply with all applicable state or provincial laws in the state/province in which their business entity is organized. Members of the entity are jointly and severally liable for any indebtedness or other obligation to Watkins Incorporated. Although the business entity may develop to Manager status when qualifications are met, entity principals, or Consultants may not individually become Managers from the primary (upline) Entity. Business names are accepted on Consultant Agreements if accompanied by a Federal ID number. Actual names of individuals should be printed on the line following the business name.

Note: To protect the independent contractor status of Consultants and the integrity of Watkins’ trademark name, “Watkins” may not be used in business names of Independent Watkins Consultants.

One Watkins Business Per Consultant and Per Household

In order to maintain the integrity of the Watkins compensation plan husbands and wives or common-law couples (collectively “spouses”) who wish to become Watkins Consultants must be jointly sponsored as one Watkins business. Spouses, regardless of whether one or both are signatories to the Watkins International Consultant Agreement, are deemed to operate their Watkins business as a single entity and each is accountable for the actions of the other in regards to Watkins policies and procedures.

If two Watkins Consultants marry, one Consultant must terminate his/ her Consultant Agreement. A person who is recognized as a minor in his/her state or province must have his/her Consultant Agreement co-signed by a parent or a guardian. If a minor and his/her parents are selling Watkins products, they must all be associated with Watkins through one Consultant Agreement.

Actions of Household Members or Affiliated Individuals

If any member of a Consultant’s immediate household engages in any activity which, if performed by the Consultant, would violate any provision of the Agreement, such activity will be deemed a violation by the Consultant and Watkins may take disciplinary action pursuant to the Corporate Policies and Procedures against the Consultant. Similarly, if any individual associated in any way with a corporation, partnership, trust, limited liability company, or other entity (collectively “affiliated individual”) violates the Agreement, such action(s) will be deemed a violation by the entity, and Watkins may take disciplinary action against the entity.

Separation of Consultant’s Business

Watkins Consultants frequently operate their Watkins businesses as husband-wife partnerships, regular partnerships, corporations, trusts, or limited liability companies. At such time as a marriage may end in divorce or a corporation, partnership, trust or limited liability company (the latter four entities are collectively referred to herein as “entities”) may dissolve, arrangements must be made to assure that any separation or division of the business is accomplished so as not to adversely affect the interest and/or income of other Consultants up or down the line of sponsorship. If the separating parties fail to provide for the best interests of other Consultants in the line of sponsorship, then Watkins will have no choice but to step in, remove the separating parties as Watkins Consultants, and move their entire organization up the line of sponsorship to the next qualified Consultant.

During the pendency of a divorce or entity dissolution, the parties must adopt one of the following methods of operation:

1. One of the parties may, with consent of the other(s), operate the Watkins business pursuant to an assignment in writing whereby the relinquishing spouse, shareholders, partners, trustees, or LLC members authorize Watkins to deal directly and solely with the other spouse or non-relinquishing shareholder, partner, trustee or LLC member.

2. The parties may continue to operate the Watkins business jointly on a “business-as-usual” basis, whereupon all compensation paid by Watkins will be paid in the joint names of the Consultants or in the name of the entity to be divided as the parties may independently agree between themselves.

3. The parties may designate a third party as a receiver or trustee to operate the Watkins business until the divorce or entity dissolution has been completed and the business has been awarded to one of the parties. The business of divorcing spouses will not be divided and the restriction against a husband or wife operating a Watkins business separately from his or her spouse will not be lifted until a final decree or judgment of divorce has been entered by a court of competent jurisdiction and a certified copy thereof has been filed with Watkins Incorporated.

In the event that the divorcing parties or the dissolving shareholders, partners, trustees or LLC members elect to divide their Watkins business into two or more separate businesses, they may do so provided that each of the separate businesses is sponsored by the original sponsor of the original Watkins business. In such event, the business must be divided in such way as not to adversely affect the income of their upline sponsor.

If a former spouse or a former entity affiliate has completely relinquished all rights in their original Watkins business, they are thereafter free to sign under any sponsor of their choosing. In such event, however, such former spouse or entity affiliate shall have no rights to any Consultants in their former organization or to any former retail customer. They must develop the new business in the same manner, as would any other new Consultant.

In order to change its records to accommodate a division or separation of a Watkins business formerly operated by former spouses or by two or more affiliates as shareholders, partners, trustees, or LLC members, Watkins requires that the company be provided with either:

1. A signed and notarized agreement whereby the parties have agreed to a complete withdrawal from the original partnership by one or more of the parties or

2. A properly executed “Articles of Dissolution,” “Partnership Dissolution Agreement,” or other document outlining the terms of the separation of the former business entity.

Consultant Retailing

The Watkins opportunity is based upon the sale of Watkins products to end consumers.

In order to be eligible to receive income and bonuses, a Consultant will resell at least 70% of all products or services that they purchase from Watkins. All products purchased will be for sale to or use by an end consumer, and the Consultant will not purchase any products or services solely for the purpose of qualifying for income, commissions or bonuses. Consultants may not purchase additional products until at least seventy percent (70%) of the previous order has been sold to
end consumers. By reordering, a Consultant certifies that he or she has complied with this policy.

Products must be used within one year of the date of purchase, by the product expiration date and contain current Watkins labeling.

A Consultant who fails or refuses in any month to produce evidence of such sales shall be denied the right to receive their monthly bonus, which may then be paid to the next upline sponsor who does comply with this rule. If a Consultant persists in failing or refusing to make such sales and to submit proof of making same, they may lose the right to their downline Consultants, in which case their sponsored Consultants may be moved up the line of sponsorship to the next Consultant who has complied with this rule. In extreme cases where the Consultant refuses ever to comply, their Consultant Agreement may be terminated.

Sales Receipts

All Consultants must provide their retail customers with two copies of an official Watkins sales receipt at the time of the sale. These receipts set forth the Customer Satisfaction Guarantee for Watkins products, as well as any consumer protection rights afforded by federal or state law. Consultants must maintain all retail sales receipts for a period of two years and furnish them to Watkins at the company’s request. Canadian Consultants are also obligated to provide a copy of the Buyers Cancellation Rights to all customers.

For the purposes of these Policies and Procedures, a “door-to-door” sale means a sale or contract for sale of products with a purchase price of $25 or more, in which the buyer’s agreement or offer to purchase is made at a place other than the place of business of the seller (e.g., sales at the buyer’s residence or at facilities rented on a temporary or short-term basis, such as hotel or motel rooms, convention centers, fairgrounds and restaurants, or sales at the buyer’s workplace). “Door-to-door” sales do not include a transaction conducted and consummated entirely by mail or telephone, and without any other contact between the buyer and the seller or its representative prior to delivery of the products or performance of the services.

Governmental Approval or Endorsement

Neither federal nor state nor provincial regulatory agencies or officials approve or endorse any direct selling or network marketing companies or programs. Therefore, Consultants shall not represent or imply that Watkins or its International Compensation Plan have been “approved,” “endorsed” or otherwise sanctioned by any government agency.

Holding Applications or Orders

Consultants must not manipulate enrollments of new applicants and purchases of products. All Consultant Agreements and product orders must be sent to Watkins within 72 hours from the time they are signed by a Consultant or placed by a customer, respectively.

Consultant Agreements may be used interchangeably between the United States and Canada.

New Consultants registering by phone must submit a signed copy of Watkins Consultant Agreement.

Submit Agreements to:

Watkins Incorporated, Attention: Membership
P.O. Box 5570
Winona, MN 55987-0570

A Consultant must place orders in his/her country of residence.

A Consultant maintaining a business in both countries will follow all rules and regulations for the country in which they are selling. The following guidelines will be adhered to if you are moving from one country to another.

1. Watkins accounts must be paid in full.
2. You must supply proper government identification for the country in which you are selling (i.e., social security number or green card number).
3. Notify the Watkins office with address change (you may not change residency weekly, monthly, etc.).

It is the responsibility of the Consultant to understand all of the implications of selling in foreign countries, and to acquire the necessary documentation. Legal counsel in this regard should address any further legal questions.

International Sponsoring and Selling

Watkins Consultants may only sponsor in the U.S., U.S. Territories, and Canada. Sponsoring or selling Watkins products outside of the United States, U.S. Territories or Canada is strictly prohibited. The U.S. FDA has implemented registration regulations for all food or food samples sent from any other country into the United States. Canadians sending business information packs to a U.S. prospect may want to utilize non-food samples.

Foreign Sales

Because of critical legal and tax considerations, including protection of the Watkins trade name and trademark; compliance with foreign laws requiring product registration and regulating the packaging, labeling, ingredient statements, weights and measures statements, product representations, caution and warning statements, and use of various languages in connection with marketing products; compliance with foreign immigration, customs, duty and tax regulations; compliance with regulations affecting network marketing programs, and limiting the kinds of representations which can be made about earnings potentials to be realized in network marketing plans; and literature content and language requirements, Watkins must limit the resale of Watkins products and the presentation of the business opportunity only to retail customers and prospective Consultants located within the United States, U.S. Territories and Canada. Moreover, allowing a few Consultants to conduct business in markets not yet opened by Watkins would violate the concept of affording every Consultant the equal opportunity to expand internationally. Accordingly, Consultants are authorized to sell Watkins products, and sponsor Customers or Consultants only in the United States, U.S. Territories and Canada. Watkins products or sales aids cannot be shipped into or sold in any other countries. Consultants may sell, give, transfer, or distribute Watkins products or sales aids only in the U.S., U.S. Territories and Canada. In addition, no Consultant may, in any unauthorized country: (a) conduct sales, enrollment or training meetings; (b) sponsor or attempt to sponsor potential customers or Consultants; or (c) conduct any other activity for the purpose of selling Watkins products, establishing a Watkins home business, or promoting the Watkins opportunity.

Failure of a Watkins Consultant to abide by this rule could subject the Consultant to suspension or termination.
Continuing Development & Sponsoring Obligations

A. Responsibilities for Sponsors

A Consultant who sponsors other Consultants into Watkins must perform a bona fide assistance and training function to ensure that his or her downline Consultants are properly operating their Watkins businesses and are trained on how to market the products and the business opportunity. Examples of such training and communication may include, but are not limited to: newsletters, written correspondence, one on one meetings, telephone contact, voice mail, electronic mail, and the accompaniment of downline Consultants to Watkins meetings, training sessions, and other functions.

Sponsoring Consultants’ responsibilities include using company tools and incentives to motivate and train new Consultants in Watkins product knowledge, effective sales and sponsoring techniques, the Watkins International Compensation Plan, and compliance with Company Policies and Procedures.

All Sponsoring Consultants must be in regular contact with the Consultants in their Downline Organizations to assist in their skill development and to encourage sales and sponsoring growth as well as to ensure that downline Consultants do not make improper product or business claims or engage in any illegal or inappropriate conduct.

B. Leadership Responsibilities

Consultants receiving monthly leadership bonus income may be asked to document activities that fulfill leadership expectations in return for bonus income received. Leadership expectations will focus on personal sales and sponsoring and activities that support, train and motivate his/her downline Consultants in sales and sponsoring. Leaders/Sponsors who do not fulfill their leadership obligations are subject to a reduction or loss of leadership bonus income and ultimately loss of downline.

C. Bronze Manager and above title Consultants, upon achieving the advanced title, are expected to provide a quarterly/annual training function to develop sales and sponsoring growth for his/her entire downline organization to include but not limited to a business training meeting, online training or conference calls.

D. Consultants, upon achieving an Executive Leadership Title, are expected to agree that Watkins is the only direct selling opportunity and products they promote for the benefit of income, and involvement expected to document activities that fulfill leadership expectations in return for bonus income received. Leadership expectations will focus on personal sales and sponsoring and activities that support, train and motivate his/her downline Consultants in sales and sponsoring.

E. Sponsoring Consultants who fail or choose not to meet their responsibilities or obligations in support of their downline may be subject to a reduction or loss of leadership bonus income and ultimately loss of downline.

F. Nondisparagement

Watkins wants to provide its independent Consultants with the best products, compensation plan, and service in the industry. Accordingly, we value your constructive criticisms and comments. All such comments should be submitted in writing to the Home Business Policies & Procedures Department. Remember, to best serve you, we must hear from you! While Watkins welcomes constructive input, negative comments and remarks made in the field by Consultants about the Company, its products, or compensation plan serve no purpose other than to sour the enthusiasm of other Watkins Consultants. For this reason, and to set the proper example for their downline, Consultants must not disparage Watkins, other Watkins Consultants, Watkins products, the International Compensation Plan, or Watkins directors, officers, or employees. The disparagement of Watkins, other Watkins Consultants, Watkins products, the International Compensation Plan, or Watkins directors, officers, or employees constitutes a material breach of these Policies and Procedures.

G. Reporting Policy Violations

Consultants observing a policy violation by another Consultant should submit a written report of the violation directly to the attention of the Watkins Home Business Policies & Procedures Department. Details of the incidents such as dates, number of occurrences, persons involved, and any supporting documentation should be included in the report.

Dispute Resolution and Disciplinary Proceedings

A. Disciplinary Sanctions

Violation of the Agreement, these Policies and Procedures, or any illegal, fraudulent, deceptive or unethical business conduct by a Consultant may result, at Watkins discretion, in one or more of the following corrective measures:

1. Issuance of a written warning or admonition;
2. Requiring the Consultant to take immediate corrective measures;
3. Imposition of a fine, which may be withheld from bonus and commission checks;
4. Loss of rights to one or more bonus and commission checks;
5. Watkins may withhold from a Consultant all or part of the Consultant’s bonuses and commissions during the period that Watkins is investigating any conduct allegedly violative of the Agreement.

If a Consultant’s business is canceled for disciplinary reasons, the Consultant will not be entitled to recover any commissions withheld during the investigation period;
6. Suspension of the individual’s Consultant Agreement for one or more pay periods;
7. Involuntary termination of the offender’s Consultant Agreement;
8. Any other measure expressly allowed within any provision of the Agreement or which Watkins deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by the Consultant’s policy violation or contractual breach;
9. In situations deemed appropriate by Watkins, the Company may institute legal proceedings for monetary and/or equitable relief.

B. Grievances and Complaints

When a Consultant has a grievance or complaint with another Consultant regarding any practice or conduct in relationship to their respective Watkins businesses, the complaining Consultant should first report the problem to his or her Sponsor who should review the matter and try to resolve it with the other party’s upline sponsor. If the matter cannot be resolved, it must be reported in writing to the Home Business Policies & Procedures Department at the Company. Home Business Policies & Procedures Department will review the facts and attempt to resolve it.

Transfer or Assignment of a Watkins Business

As an independent contractor for Watkins, all Consultants considering assigning or transferring a sales organization built under their independent sales agreement with Watkins must discuss intent, review preliminary proposal and receive written consent from Watkins before proceeding. Upon preliminary approval, Watkins will provide pertinent conditions to be considered. Watkins reserves the right to approve based on individual circumstances and its effect on the future growth of the sales organization to be transferred.

The following criteria must be met; however, additional criteria specific to the situation is always a consideration.
1. Protection of the existing line of sponsorship requires that the business continue to be operated in that line of sponsorship. No changes in line of sponsorship can result from the transfer or assignment of a Watkins Consultant’s business and Consultants will not be eligible to obtain a higher title/paid as title in accordance with the International Compensation Plan as a result of a transfer/assignment of a Watkins business.

2. The purchaser must be (or must become) a qualified Watkins Consultant. The transferee or assignee must complete a Consultant Agreement and possess reasonable ability to satisfactorily perform the obligations of a Watkins Consultant who is of the same rank or status as the transferring Consultant.

3. Before the transfer can be finalized and approved by Watkins Incorporated, any debt obligations the Consultant has with the company must be satisfied.

Right of First Refusal guidelines and terms:
A. If a Consultant desires to transfer or assign his/her Watkins business, the Consultant’s sponsor (position) must be given the first right and option, in writing, to purchase the Consultant’s business. The transferee or assignee must complete a Consultant Agreement and possess reasonable ability to satisfactorily perform the obligations of a Watkins Consultant who is of the same rank or status as the transferring Consultant.

B. If the sponsor (position) fails or elects not to notify the Consultant of his or her intention to purchase the Watkins business within 10 business days after his/her receipt of the Consultant’s notice of intent to transfer, the Consultant must offer the Watkins business to the first three immediate upline Consultants (in succession beginning with the Consultant immediately upline above his/her sponsor).

C. If each of the three upline Consultants fails to notify the Consultant transferring his/her business, of his or her intention to purchase the Watkins business within 10 business days after his/her receipt of the transferring Consultants’ notice of intent to transfer, the transferring Consultant may proceed with the transfer to a third party willing to purchase the existing Watkins business upon the same terms provided in the offer to the transferring Consultant’s sponsor. Note: any Consultant purchasing a Watkins business who is in a different line of sponsorship must obtain written approval from all upline prior to submitting business transfer and agreement to Watkins.

D. Upon complete execution of the transfer agreement, and the new Consultant Agreement, the parties must submit copies of the same to Watkins Home Business Policies & Procedures Department for review and final approval. Watkins reserves the right to request additional documentation that may be necessary to analyze the transaction between the Consultant purchasing the business and the transferring Consultant. Watkins Home Business Policies & Procedures Department will approve or deny transfer or assignment within 30 days after its receipt of all necessary documents from the parties.

E. If the Consultant(s) transfers or assigns or attempts to transfer or assign his/her Watkins business upon terms different than those set forth in the offer to the Consultant’s Sponsor, such转让 shall be voidable at Watkins option. Further, if the parties fail to obtain Watkins approval for the transaction, the transfer shall be voidable at Watkins option. The Consultant purchasing the existing Watkins business will assume the obligations and position of the transferring Consultant. A Consultant who transfers/assigns his or her Watkins business shall not be eligible to re-apply as a Watkins Consultant with a different sponsor for a period of at least six full calendar months after the transfer.

F. The parties to the transfer should not pay or receive any payment nor make any transfer of property and/or Consultants until after Watkins has approved the transfer or assignment and has returned approved final copies of the agreement to the involved parties.

Consultants who own multiple entities will be required to meet the monthly central requirement on only one account; however, group requirements must be met on each account to earn monthly income.

Succession
Upon the death or incapacitation of a Consultant, 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. Accordingly, a Consultant should consult an attorney to assist him or her in the preparation of a will or other testamentary instrument. Whenever a Watkins business is transferred by a will or other testamentary process, the beneficiary acquires the right to collect all bonuses and commissions of the deceased Consultant’s Watkins business provided the following qualifications are met.

The successor(s) must:
1. Execute a Watkins International Consultant Agreement;
2. Comply with terms and provisions of the Agreement; and
3. Meet all of the qualifications for the deceased Consultant’s status.

4. Bonus and commission checks of a Watkins business transferred pursuant to this section will be paid in a single check jointly to the devisees. The devisees must provide Watkins with an “address of record” to which all bonus and commission checks will be sent;

5. If the business is bequeathed to joint devisees, they must form a business entity and acquire a federal taxpayer ID number. Watkins will issue all bonus and commission checks and one IRS Form 1099 (US only) to the business entity.

Consultant Product Returns
Watkins will not accept merchandise that is not suitable for resale due to improper storage or handling by the Consultant, or which is otherwise not in resalable condition. Within 30 days after termination, a Consultant may return (freight prepaid to a location designated by Watkins) to Watkins Incorporated, any resalable products for credit. Watkins will reimburse 90% of the net cost of the merchandise to the direct purchaser of the inventory being returned. Products 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. The product and packaging are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price;
4. Products are returned to Watkins within one year from the date of purchase;
5. The product expiration date has not elapsed; and
6. The product contains current Watkins labeling. Any merchandise that is clearly identifiable at the time of sale as non-returnable discontinued, or as a seasonal item, shall not be returnable.

All inventory returns require prior approval from the Home Business Policy & Procedure Department. Consultants are subject to the 10% restocking charge and will be responsible for shipping charges incurred on inventory returned. Volume adjustments for inventory returns will be taken out of the month that the return to Watkins Incorporated is completed. Once a Consultant has returned inventory to Watkins Incorporated, they are not permitted to rejoin Watkins for a period of one (1) year. Inventory purchased from an upline must be returned to the upline. This inventory may not be returned to Watkins unless the upline also resigns.
Marketing Policy
In order to protect Watkins' name and brand image, Watkins has established a set of policies and guidelines that specify the appropriate and acceptable ways that Consultants can market their business through various communication methods, such as printed materials, advertising, social media, web sites, email and other methods. Consultants are responsible for ensuring that their marketing methods are in compliance with Watkins Marketing Policy. The Marketing Policy can be found on JRWatkins.com, Business Bulletin > Consultant Library > Marketing and Advertising Materials.

Publications and Newsletters
The actions and representations of Consultants have occasionally been interpreted as those of the Company. The following disclaimer shall be prominently displayed, in sufficiently bold and distinguishable type, on the cover or first page of the publication or newsletter:
“The statements made and opinions expressed in this newsletter are those of the Independent Watkins Consultant who is the publisher of this document and are not the statement, opinion or view of Watkins Incorporated, and therefore are not to be construed as the statements, opinions, or views of Watkins Incorporated. Such statements and opinions have not been reviewed or approved by Watkins Incorporated.”

Corporate Sponsored Events/Meetings
All corporate sponsored meetings and events will be open to all Independent Watkins Consultants, 16 years or older. Watkins strongly requests that no children (under the age of 16 years) be in attendance at any type of Watkins business meeting or training that may interfere with the attendees’ ability to focus on the training tools made available for all Consultants in the development of their business. Consultants that want to video or audio record at Watkins corporate events must receive written approval prior to the start of the event or meeting.

Guest Speakers
Watkins Consultants who are guest speakers at Watkins events may receive payment for their expenses. However, they may not realize a profit from their participation.

Insurance
You may wish to arrange for adequate insurance coverage for your business. Your homeowner’s insurance policy does not cover business-related injuries, or the theft/damage to product inventory, or business equipment. Contact your insurance agent to make certain that your business investment is protected...this can usually be accomplished with a simple “Business Pursuit” endorsement attached to your present homeowner’s policy.

Local Ordinances
States, provinces and municipalities have special laws regulating formulation, sale, and use of certain products. Among those products are pesticides and detergents. If you have any questions about product compliance for the jurisdiction in which you are selling such Watkins products, contact the government office for the jurisdiction. You may need to purchase a business license based on your local ordinance.

Many cities and counties have laws regulating direct sales. In some cases these ordinances may not be applicable to you because of the nature of your business. However, you must obey those laws that do apply to you.

U.S. and Canadian Consultants should be aware that there are new federal and state regulations/laws regarding “do not call” lists for consumers who have specifically requested no unsolicited phone contacts.

Returned Checks
All checks returned by a Consultant’s bank for insufficient funds will be re-submitted for payment. A $25.00 returned check fee will be charged to the account of the Consultant. After receiving a returned check from a customer or a Consultant, all future orders must be paid by Credit Card, money order or cashier’s check. Any outstanding balance owed to Watkins by a Consultant for NSF checks and returned check fees will be withheld from subsequent bonus and commission checks.

Commission Checks
Checks/direct deposits will not be generated when commissions earned are less than $10. Once accumulated earnings exceed $10, the check will be mailed and/or deposited to your bank account.

Restrictions on Third Party Use of Credit Cards and Checking Account Access
Consultants shall not permit other Consultants or Customers to use his or her credit card, or permit debits to their checking accounts, to enroll or to make purchases from the company.

Income Tax Benefits For Consultants
As a Watkins Consultant you will be faced with the annual task of preparing an income tax return. With proper planning and knowledge of your country’s tax laws, the problems sometimes associated with tax return preparation can be minimized; in fact, you may be pleasantly surprised to discover that as an independent business person managing a Watkins business in your home, there are many expenses which become tax deductible when incurred on behalf of your Watkins business.

To determine which of these expenses are tax deductible, you may wish to contact a tax adviser or accountant who is familiar with the direct selling industry.

You are required to maintain adequate records to substantiate any business expenses that you deduct. It is most important that you establish an organized, well-planned bookkeeping system for your business. Genuine tax savings result from adequate tax planning and accurate record keeping. The tax savings you gain are worth the work that goes into itemizing your deductions.

It is the responsibility of the Independent Watkins Consultant to know and abide by all tax laws that are relevant to the conduct of his/her business. Keep in mind that tax laws continuously change; therefore, what was legal last year might not be this year or in the future. You are responsible for paying income taxes and social security taxes for the self-employed. You may want to consult with an accountant familiar with the direct selling industry to insure that you receive all of the tax benefits to which you are entitled.

Withholding exemption notice...IRS regulations require that we notify you that under the written contract you have with Watkins, and because you are an independent contractor, you will not be treated as an employee of Watkins Incorporated for federal tax purposes and that you are responsible for paying your estimated income and self employment tax.
In the United States

There are two helpful aids to tax preparation available from the IRS: “The Tax Guide for Small Business” and “Tax Information for Direct Sellers” (publication 911). To obtain these publications, contact the IRS district office nearest you, write to the IRS Regional Forms Distribution Center, which serves your state, or go to www.irs.gov.

United States:

Watkins Incorporated is authorized to charge and remit sales tax in all states and jurisdictions within the continental United States that impose and collect such taxes. In an effort to remain compliant and as a benefit to our Consultants, it has been our policy to file and pay these taxes on your behalf. The amount of tax charged will be calculated on the suggested retail price.

Effective August 1, 2014 the following provisions will apply:

Consultants who prefer to remit the sales tax themselves may do so by providing Watkins Incorporated with a copy of a valid Sales Tax Permit and Exemption Certificate. The certificate must be on file with Watkins before your order is placed. Without a copy of the Exemption Certificate, or in instances where the certificate has expired, Watkins Incorporated is obligated to charge and collect the sales tax due. The Consultant is responsible for submitting the subsequent renewals of this permit in a timely manner.

Please be aware that it is the responsibility of the Consultant to report and pay use taxes for any items that were purchased with an exemption certificate and were later allocated for personal use rather than for resale.

In order for a sales tax exemption certificate to be honored, the named holder of the certificate must be the customer placing (the bill to address) and receiving (the ship to address) the merchandise. These orders must be sold to and shipped to the persons and the states specifically designated on the certificate. For example, Watkins Incorporated is required to charge taxes when a Consultant does not have an exemption certificate on file, even if they are selling to a customer who does. Exempt status is not transferrable to or from your customers.

A Consultant that has purchased products for resale, and then elects to sell those products across state lines, to a non-profit organization, as part of a fundraiser or in other similar events is also responsible for collecting and/or paying the required taxes. The payment or recovery of these expenses should be discussed with your accountant or tax professional.

Since the taxability of products and sales tax rates differ by state, it is advisable that each Independent Watkins Consultant become familiar with which products are taxable and what the sales tax rates are as well as other applicable tax license requirements for your state. If you have questions regarding taxability and rates, please contact your state or local department of revenue for assistance.

Canada:

Provincial Sales Tax (PST):

Watkins Incorporated will collect and remit the Provincial Sales Tax (PST) due to the appropriate Provincial taxing authorities on behalf of all Consultants. The amount of tax charged will be calculated on the suggested retail price.

Effective August 1, 2014 the following provisions will apply:

Consultants who prefer to remit the Provincial sales tax themselves may do so by providing Watkins Incorporated with a copy of a valid Certificate of Exemption or a written request in which your Provincial business number (BN) and your PST number are documented for validation.

If the required information or documentation is not provided at or before the time of the order, Watkins Incorporated is required to charge and collect PST on the sale and remit it to the ministry with their return for that reporting period. If the customer later acquires the required information or documentation, they may be eligible for a refund from their Provincial ministry. For more information on refunds and credits, please contact your Provincial taxing authority.

First Nations members are eligible for exemption from GST and HST provided that these orders are sold to a registered First Nations member for delivery to a recognized reserve and the appropriate documentation is on file. A copy of a valid Certificate of Indian Status Card (CIC) or Temporary Confirmation of Registration document issued by AANDC must be submitted at the time of the order.

Exempt orders must be sold to and shipped to the persons and the provinces specifically designated on the certificate. For example, Watkins Incorporated is required to charge taxes when a Consultant does not have an exemption certificate on file, even if they are selling to a customer who does. Exempt status is not transferrable to or from your customers.

A Consultant that has purchased products for resale, and then elects to sell those products in another province, to an exempt organization, as part of a fundraiser or in other similar events is also responsible for collecting and/or paying the required taxes. The payment or recovery of these expenses should be discussed with your accountant or tax professional.

Canadian Goods and Services Tax (GST)

When placing an order with Watkins, the GST will be charged on the retail price, and the full amount of the GST will be remitted to the government through Watkins Incorporated, GST number R105594493.

There will be no quarterly remittance necessary for any Watkins products that are purchased from the Watkins office. Quarterly filings need only be done by those who are registered and have expenses outside of their product purchases to claim.

A Registered Consultant is responsible for keeping all invoices that might be necessary should the need arise for you to reconstruct your GST transactions for the government. All registered collectors should save receipts for items used in conjunction with your business (such as supplies, stationery, etc.) on which you have paid GST. You will need them for your quarterly filing to obtain a business expense deduction.

Harmonized Sales Tax (HST)

HST is the harmonization of GST and PST. HST replaces GST and PST in the provinces of New Brunswick, Newfoundland, Nova Scotia, Ontario and Prince Edward Island. Watkins Incorporated will collect and remit the HST for the participating provinces. The applicable HST will be charged on the retail price of the taxable merchandise.

Since the taxability of products and sales tax rates differ by province, it is advisable that each Independent Watkins Consultant become familiar with which products are taxable and what the sales tax rates are as well as other applicable tax license requirements for your province. If you have questions regarding taxability and rates, please contact your local department of revenue for assistance.
Program Forms
Temporary Location/Public Event Marketing Compliance Form for North America

Temporary Selling Locations/Public Events have been a viable method of marketing for many Watkins Consultants. As we continue to grow this aspect of the Watkins business, it’s important that Consultants are unified in branding and that all represent J.R. Watkins Naturals proudly and professionally. Watkins must authorize and have record of all events Consultants plan to participate in so that we may support your efforts.

The following is required in order to obtain approval for conducting your Watkins Business in a public event/temporary location.
1. A picture of the display you plan to use at your venue, including signage.
2. A completed Temporary Location/Public Event Marketing Compliance Form.

The Temporary Location/Public Event Marketing Compliance Form is applicable to Consultants conducting business in temporary sales/public event locations. This Compliance Form must be signed and returned to Watkins Incorporated Home Business Team at least 90 days prior to the event. You will receive a letter or e-mail confirming that Watkins Incorporated has approved your Compliance Form.

Consultant Name:__________________________________________________________
ID number:______________________________________________________________

By sending in the signed Compliance Form you agree that you will comply with the Temporary Location Marketing/Selling Policy as it is detailed in the Consultant Reference Guide.

Please send the completed compliance form along with your display photo to e-mail HomeBusiness@JRWatkins.com or mail to Watkins Home Business Team, 150 Liberty St., Winona, MN 55987-0570.

Signature:________________________________________________________________

For Watkins home office use only
Date received by:___________________________________________________________
Received by:______________________________________________________________
Date:_____________________________________________________________________
Approved/Denied:_________________________________________________________
Reasoning:________________________________________________________________
Date confirmation sent:_______________________________________________________
Event Details:

Event Name: ____________________________________________________________
City, State/Province: ____________________________________________________
Type of Event: __________________________________________________________
Event Date(s): __________________________________________________________

Event Name: ____________________________________________________________
City, State/Province: ____________________________________________________
Type of Event: __________________________________________________________
Event Date(s): __________________________________________________________

Event Name: ____________________________________________________________
City, State/Province: ____________________________________________________
Type of Event: __________________________________________________________
Event Date(s): __________________________________________________________

Event Name: ____________________________________________________________
City, State/Province: ____________________________________________________
Type of Event: __________________________________________________________
Event Date(s): __________________________________________________________

Watkins will be promoting major public events/State Fairs online. Should your event qualify as a major event, we would like to promote your event, location, date and name on JRWatkins.com. Please provide your signature to acknowledge your permission.
Signature: __________________________________________________________________
Date: ____________________________________________________________________

Part II

Upon completion of your Temporary Location/Public Event, please forward the following information so that we may track success and provide overall results from public events being represented by Watkins Consultants throughout North America. We appreciate your cooperation in returning these statistics within 30 days of your event being held.
Actual Sales: __________________________________________________________________
Actual Sponsoring: __________________________________________________________________
Attendance #’s: __________________________________________________________________

You can find a downloadable form that you can mail or e-mail under Business Bulletin> Consultant Programs>Consultant Retail Initiative.
Temporary Location/
Public Event Success Tracking Form

Upon completion of your event, please forward the following information so that we may track success and provide overall results from public events being represented by Watkins Consultants throughout North America. We appreciate your cooperation in returning these statistics within 30 days of your event being held.

ID #  

Name  

Name of Event  

Date of Event  

Actual Sales  

Actual Sponsoring  

Attendance #’s  

Additional Comments  

You can return this form via mail or e-mail.

Please mail form to:
The J.R. Watkins Co.
Attention: Watkins Home Business Team
150 Liberty Street
Winona, MN 55987

Please e-mail form to:
HomeBusiness@JRWatkins.com
Brand Awareness Retail Store Registration Form & Consultant Participation Agreement

Consultants must send in a request for approval prior to signing up a store with this agreement. Please send your request via e-mail to webhelp@jrwatkins.com or mail to Policies & Procedures, The J.R. Watkins Co., P.O. Box 5570, Winona, MN 55987. Please include the name of the store, along with full address and phone number.

When a Consultant has received approval from Watkins and reached an agreement with a store to sell Watkins products, the Consultant is required to complete both sections of this form, the Store Registration and the Consultant Participation Agreement, in order to participate in this program. A new form must be submitted annually as long as the store sells Watkins products. The Consultant may sign up the store as a customer or a Consultant, if desired. If signed up as a new Consultant, the store will go through the same sign-up process as a new Consultant and is required to purchase a Membership Package and complete an International Agreement Form.

Store Registration

Store name:________________________
Owner/Manager name:________________________
Store address:________________________
City:________________________State/Province:________________________
Zip code/Postal code:________________________Phone No.:________________________
Type of store:________________________
Date of first order:________________________Store ID number if applicable:________________________

---------------------------------------------------------------------------------------------

Consultant Participation Agreement

I agree to market and sell Watkins products only to independently owned and operated stores such as:
drugstores and pharmacies, gift stores, hospital auxiliaries, specialty food stores, hardware stores, restaurants, nursery and gardening stores, decorating and home furnishing stores, beauty supply stores, salons and spas, book stores and stationery stores. No one store may carry more than 20 different products at one time.

Consultant Name:________________________Consultant ID No:________________________
Signature:________________________Date:________________________

Note that the Watkins Consultant Reference Guide contains additional policies important in conducting a Watkins business. Three such policies are particularly pertinent:
• Never solicit other Watkins Consultants to change their line of sponsorship or interfere with the business of another Watkins Consultant.
• No exclusively Watkins retail stores or locations are permitted. Review the Consultant Reference Guide for the Temporary Location Selling Policy, which is still in effect.
• Do not represent yourself as an employee of Watkins, or imply that Watkins offers exclusive franchises or geographic areas.

Please mail or fax this signed Agreement to:
The J.R. Watkins Co.
Attention: Home Business Policies & Procedures
P.O. Box 5570
Winona, MN 55987-0570
Fax (507) 452-6723

For any questions regarding the retail initiative, please contact your sponsor.
Watkins Quick Pay

Go Green with Watkins Quick Pay

At Watkins, we are committed to both your success and the environment. To meet these goals, Watkins continually implements processes that reduce waste and conserve energy. Quick Pay (Electronic Funds Transfer) is a fantastic way to do just that! With Watkins Quick Pay, your money is automatically withdrawn from your account to pay for product orders. Not only that, it is a fast, safe and smart way to pay for your favorite products — and the best part is, you don’t have to send in a check/cheque or credit card payment. Because there is no paper check/cheque, envelope or stamp you are reducing waste that would end up in a landfill. Together we can reduce our impact on the environment — sign up today for Quick Pay!

To enroll in Watkins Quick Pay, follow these steps:
2. Attach a voided check/cheque.
3. Mail or fax the form with the voided check/cheque to Watkins Incorporated and inform your bank.

U.S. Check Example:

![U.S. Check Example]

Canada Cheque Example:

![Canada Cheque Example]

Please allow 2 to 3 days to process.
Watkins Direct Deposit

Go Green ... Get Green with Watkins Direct Deposit

At Watkins, we are committed to both your success and the environment. To meet these goals, Watkins continually implements processes that reduce waste and conserve energy. Direct Deposit is a fantastic way to do just that! With Watkins Direct Deposit your money is automatically deposited into your account on time, every time. Not only that, it is a fast, safe and smart way to receive your funds — and the best part is, you don’t have to wait by the mailbox or even be in town to receive it. Because there is no paper check/cheque, envelope or stamp you are reducing waste that would end up in a landfill. Together we can reduce our impact on the environment — sign up today for Direct Deposit!

To enroll in Watkins Direct Deposit, follow these easy steps:
1. Complete the “Authorization for Direct Deposit” form.
2. Attach a voided check/cheque.
3. Mail or fax the form with a voided check/cheque to Watkins Incorporated and inform your bank.

U.S. Check Example:

Canada Cheque Example:

Commissions will be deposited the 6th business day of the month.

AUTHORIZATION FOR AUTOMATIC DIRECT DEPOSIT CHECKING ACCOUNT ONLY

I (we) hereby authorize, Watkins Incorporated, hereinafter called the Company, to effect payment for any amount owing me (us) by initiating direct deposit to my (our) account as indicated below; in the Bank named below, hereinafter called the Bank and I (we) authorize and request that the Bank accept direct deposits initiated by the Company to such account.

It is understood that this agreement may be terminated by me (either of us) at any time by written notification to the Company. Any such notification to the Company shall be effective only with respect to entries initiated by the Company after receipt of such notification and a reasonable opportunity to act upon it. Any such notification to the Bank shall be effective only with respect to entries deposited to my (our) account by the Bank, after receipt of such notification and reasonable amount of time to act upon it.

WATKINS INCORPORATED AUTHORIZATION FOR AUTOMATIC DIRECT DEPOSIT

PLEASE PRINT

Your Watkins I.D. Number

Your Name

Co-Authorizer (if applicable)

Your Address

City State/Province Zip/Postal Code

(MANDATORY in U.S. only)

Routing Number

Account Number

(MANDATORY in Canada only)

Branch Number

Bank Number

Account Number

Name of Your Bank

Your Bank's Address

City State/Province Zip/Postal Code

Signature Date

Co-Authorizer (if applicable) Date

FORWARD THIS FORM TO WATKINS INCORPORATED

ATTN: CUSTOMER SERVICE, 150 LIBERTY STREET, WINONA, MN 55987-0570
OR FAX TO 507-457-5958

STAPLE VOİDED CHECK / CHEQUE HERE
APPENDIX

APPENDIX A (Points)

Points
Watkins assigns a point value to each product, which is used to measure sales volume in all countries and territories that Watkins operates in. The point value is related to the price of a product, but is independent from any particular currency and therefore offers a measuring standard that can be used for all Consultants. Points for each product are listed on the Order Forms.

Point totals are used for Consultant title qualifications within Watkins Compensation Plan, for achievement rankings for recognition, and for qualification in special promotional and incentive programs.

Points are commonly used to determine central, group, and total downline sales volume:
Central Points (CP)—The total points of your personal sales and purchases.
Group Points (GP)—The total points of your Central and all of your downline Consultants excluding downline Consultants who have created their own Groups by achieving a Manager or higher title.
Total Downline Points (TDP)—The total points generated by your entire downline.
APPENDIX B (Bonus)

How To Calculate Bonus
Watkins assigns a bonus to each product based on the retail price, the Consultant’s retail income, and the cost of production.
For example, a product with a suggested retail of $13.99* might have a bonus of $4.20.**

Consultants begin to earn bonus income on their personal sales and the sales of their downline Consultants once they achieve the Bronze Consultant level. Monthly bonus is calculated for central sales and group sales for Consultants. Consultants at the leadership levels of Manager and Executive can earn additional bonuses on the groups of Managers within their downline (who are no longer in their group).

Central Sales
A US example, consider a Bronze Consultant who takes the following order:

<table>
<thead>
<tr>
<th>Product Name</th>
<th>Article No.</th>
<th>Sugg. Retail*</th>
<th>Bonus**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chicken Soup &amp; Gravy</td>
<td>21176</td>
<td>$9.99</td>
<td>$3.00</td>
</tr>
<tr>
<td>Base</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pepper 6 oz</td>
<td>01140</td>
<td>$9.99</td>
<td>$3.00</td>
</tr>
<tr>
<td>Petro-Carbo</td>
<td>06613</td>
<td>$14.99</td>
<td>$4.50</td>
</tr>
<tr>
<td>First Aid Salve</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lavender &amp; Roman Chamomile Body Butter</td>
<td>20564</td>
<td>$11.99</td>
<td>$3.60</td>
</tr>
</tbody>
</table>

Total for one order $46.96 $14.10
If our Bronze Consultant generates four identical customer sales orders in one month, his or her total Central Bonus Volume would be $56.40 and his or her commission statement would look like this:

<table>
<thead>
<tr>
<th>Code</th>
<th>Name</th>
<th>Bonus Volume</th>
<th>Percent</th>
<th>Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal</td>
<td>Bronze Consultant A</td>
<td>56.40</td>
<td>10.00³</td>
<td>5.64</td>
</tr>
</tbody>
</table>

1 - As a Bronze Consultant, our Consultant earns 10% of the available bonus, or in this example, $5.64 on his or her Central sales.

Group Sales
Consider this same Bronze Consultant who not only has Central sales, but also has 2 downline Consultants who have sales in a given month. His or her commission statement would look like this:

<table>
<thead>
<tr>
<th>Code</th>
<th>Name</th>
<th>Bonus Volume</th>
<th>Percent</th>
<th>Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal</td>
<td>Bronze Consultant A</td>
<td>56.40</td>
<td>10.00³</td>
<td>5.64</td>
</tr>
<tr>
<td>Consultant</td>
<td>Consultant 1</td>
<td>77.84</td>
<td>10.00³</td>
<td>7.78</td>
</tr>
<tr>
<td>Consultant</td>
<td>Consultant 2</td>
<td>30.30</td>
<td>10.00³</td>
<td>3.03</td>
</tr>
</tbody>
</table>

1 - As a Bronze Consultant, our Consultant earns up to 10% of the available bonus on his or her Central Sales.
2 - As a Bronze Consultant, our Consultant earns up to 10% of the available Bonus Volume from the sales in his or her Group.

*Prices used as an example and are subject to change.
**The actual bonus for each product is printed on the Order Forms.
APPENDIX C (Programs)

Incentives

Performance Rewards
- All Consultants and Managers are eligible to earn Performance Rewards Points based on total downline point monthly increases.
- Points can be accumulated and redeemed for prizes and the Grand Prize Getaway: based on title and other qualifications as outlined in the complete rules.

90-day Fast Start
- Fast Start rewards brand new Consultants for getting their businesses off to a fast start.
- During the first full three months with Watkins, Consultants earn Fast Start and Reward Points in Performance Rewards for business activity: sales and sponsoring.
- Reward Points can be redeemed for valuable prizes and the Grand Prize Getaway.
- Fast Start achievers are well on their way to earning significant income under Watkins Compensation Plan!

Team Building Incentive
- Earn up to $500.00 USD cash bonus when you qualify as a “Paid As” Manager in the month following promotion; continue to earn up to $500.00 USD, for a total of 12 consecutive months, as long as you are a “Paid As” Manager.
- Earn a one-time bonus of $750.00 USD at each level when you progress to the Bronze Manager, Silver Manager and Gold Manager achievement levels for the first time.

Support Programs

E-Consultant Program
- A customizable, personal web page stands as the entry point for your customers, prospects and downline to JRWatkins.com.
- Place public stories for your customers and prospects, plus private stories for your downline team.
- Best of all, customers and prospects coming through your site have your Consultant information pre-filled in all shopping and sign-up screens.
- With the site you have access to reports and account information including real-time volume queries.
- Program Price: $64.95— plus — Monthly Maintenance Fee: $19.95.

Lead Generation (Managers and Executives only)
- Need help getting Leads? Watkins Lead Generation program gives you a jump start at finding prospective customers as well as business partners.
- $10.00 Enrollment Fee – Customer Leads $10.00 USD/$10.00 CAD; Consultant Leads $12.00 USD/$12.00 CAD.

JRWatkins.com™
- All new Consultants enrolling will have access to JRWatkins.com, which provides online ordering for you and your customers and online access to account information, reports, and real-time volume queries.

Watkins Nonprofit Fundraising Program
- Watkins Consultants can sign up a nonprofit organization to receive a free Web site where supporters can read about the organizational goals and support those goals by placing an order for Watkins quality products.
- Because all set-up and start-up fees are waived for the organization, there is absolutely no risk—only benefits—as the nonprofit organization can earn up to 35% off all resulting sales. (There is a nominal renewal fee to maintain the Watkins membership after the first year.)

Payment and Shipping Programs

Quick Pay Program
- Quick Pay works like a debit card; it directly withdraws the amount of your order from your bank account and allows you to order by phone or online without a credit card.
- Form for enrollment is located in this guide, online at JRWatkins.com, or can be obtained by calling Customer Service.

Direct Deposit Program
- As you grow your business commission checks will be generated & directly deposited into your bank account.
- Form for enrollment is located in this guide, online at JRWatkins.com, or can be obtained by calling Customer Service.

To obtain more information regarding these excellent programs offered by Watkins, go to JRWatkins>Business Bulletin>Consultant Programs.
APPENDIX D (Shipping & Handling)

U.S. AND CANADA SHIPPING & HANDLING RATES - CONSULTANTS

For orders up to $ 100.00  
The rate is $ 11.95

For orders of $100.00+  
The rate is $ FREE

US, available on phone orders only: Through Order Entry, Watkins will, upon request, expedite Consultant’s orders for shipping by next day delivery service if the order is received at Watkins by 1:00 p.m. Central Time. Orders for special delivery service received after 1:00 p.m. Central Time will be shipped the following day. Special Delivery orders placed on Saturday will be shipped the next business day. Special delivery charges will be charged at the time the order is placed.

Shipping and Handling Fee Taxable—US

Shipping and handling will be taxed as appropriate according to your state or local tax ordinances. Shipping and handling charges may be fully taxable, fully exempt, or taxable according to the proportion of taxable products in an order. For details, please contact your state Department of Revenue for laws regarding shipping and handling taxability.

For remote locations limited to air service only, a $1 shipping surcharge will be added to EACH UNIT ordered.

Alaska, Hawaii, Guam, Virgin Islands, Puerto Rico, U.S. Territories

• In addition to the shipping/handling rates established above, a $1 surcharge on products in the catalogs that display the following icon (△) will be calculated on each order.
• This $1 surcharge will be added for EACH UNIT ordered of the defined products.
• Customer orders shipping to Alaska, Hawaii, Guam, Virgin Islands, Puerto Rico and other U.S. Territories will be shipped by priority mail unless the customer requests an alternate shipping method.
• Customers receive FREE shipping on orders of $100 or more.

Due to shipping regulations with hazardous products, Watkins cannot ship air hazardous products by air. Products that would be considered hazardous are those containing any alcohol and aerosol spray products. The hazardous labeling prevents us from shipping these products to Hawaii, Alaska, APO and FPO addresses and any US Territories or remote locations in Canada where the package would ship by air.
Glossary of Terms

**Bonus** - Each product is assigned a specific dollar value called a bonus. The bonus is the amount available to pay out in bonus income on each product after the Consultant’s discount on the retail price and after Watkins’ costs.

**Bonus Income** - Income you receive from Watkins in addition to your retail profit. The percentage of the bonus volume that you receive increases as you attain higher titles. All bonus income is based on the bonus of the products sold.

**Bonus Volume** - The total of the bonus of all products sold in a month by a given organization level. For example, the bonus volume for a Central would be the total bonus of all products purchased by a Consultant and his or her customers.

**Calendar Month** - All qualifications for the Watkins International Compensation Plan are based on calendar month qualifications.

**Central** - Your Central consists of you and your customers.

**Central Bonus** - Bonus generated from your personal orders and your customer orders.

**Central Points (CP)** - Every month the Points from your personal purchases and the purchases of your customers who order directly from Watkins are added together to calculate your Central Points for the month.

**Compression** - Manager bonuses are paid on qualified generations. In the event that a Manager in the downline fails to qualify in a given month, the plan compresses to a lower level “qualified manager” to fill the commitment. Example: Consultant A, a Gold Manager, is qualified to receive Manager Development bonuses on 4th generation Managers. She/he has a 4th generation Manager, Consultant B, who does not qualify in a certain month. There is a qualified 5th generation Manager below Consultant B, Consultant C. The compression process reaches down and pulls Consultant C from the normal 5th generation position to Consultant A and “compresses” the Group up to fill that “qualified” 4th level position to Consultant A that month. Compression is a month-to-month process for earnings purposes. Non-qualified Manager’s Group volume does not roll-up (combine with the next Manager’s Group volume). Qualified upline Managers and Executives receive the same Manager Development Bonus percentage (15%, 10%, 10%, or 5%) on unqualified group volume, as they would have if the group were qualified. If a Manager fails to qualify for six out of every 12 consecutive months, the compression process becomes permanent. In that case the line of sponsorship is changed and the unqualified Manager, in our example Consultant B, then loses Consultant C and all the other downline Managers permanently.

**Consultant** - An individual whose application has been accepted and is participating in the business. The term Consultant is used where some companies may use the generic term “distributor.” Also the first category of participation in the Watkins Compensation Plan. All Consultants begin as Consultants. There are four Consultant title positions including: Consultant, Bronze, Silver and Gold Consultants. The term Consultant best defines the role Consultants have with customers and Consultants. It is a consulting “relationship” rather than simply a salesperson role.

**Downline** - The term refers to Consultants you sponsor into the business including everyone your Consultants sponsor.

**e-Consultant** - A Watkins Consultant that has enrolled in the e-Consultant program and has a linked Web site to Watkins Corporate site and pays the monthly support fee.

**Executive** - The third level of Consultant status within the plan is called an Executive. Consultants who achieve the Bronze Executive, Silver Executive and ultimately Gold Executive titles are the top leaders of the business and are eligible for bonus income on their Total Downline.

**Executive Leadership Bonus (ELB)** - Compensation bonus available to Consultants that achieve an Executive title.

**Generation** - The term generation refers to the level a Manager or Executive holds relative to another Manager or Executive in the same downline.

**Group** - Your Group consists of all Consultants whom you have sponsored, the Consultants whom your Consultants have sponsored, etc. (Your Group does not include Consultants who have created their own Groups by achieving Manager or higher title.)

**Group Bonus Volume** - Your Group Bonus Volume consists of the collective Bonus Volume of your Group, which includes your Central. (Your Group Bonus Volume does not include the Bonus Volume of your downline Consultants who have created their own Group by achieving Manager title.)
**Group Points (GP)** - Group Points are the collective Central Points (CP) of your Group. (This does not include your downline Consultants who have created their own Group by achieving Manager or higher title.) Your Central Points are always included in your Group Points.

**Leg** - A “leg” is a downline that starts with a personally sponsored Consultant.

**Level** - The relative position of one Consultant to other Consultants based on the order of sponsoring. Thus, someone you sponsor is first level to you. Someone she/he sponsors is first level to him/her, and second level to you, and so on.

**Manager** - The second level in the plan is called Manager. You progress from Consultant to Manager when you have at least 100 in Central Points (CP) and 2,000 in Group Points (GP) for two consecutive calendar months. This is the “promote” position of the plan. There are four Manager title positions including: Manager, Bronze, Silver and Gold Manager.

**Manager Development Bonus (MDB)** - Managers and Executives can qualify to receive bonuses on one, two, three or four generations in the Managers’ and Executives’ downline based on qualification each month. The plan pays 15% BV on first generation, 10% on second, 10% on third and 5% on the fourth generation. MDB compensates leaders for their influence in the ongoing development of their Consultants and Managers.

**Paid-as Title** - Monthly Central Points (CP), Group Points (GP), Qualified Leg Count (QL) and Total Downline Points (TDP) will determine the Consultant’s “Paid-as” title each commission period.

**Points** - Points are used in calculating your qualification levels. There are Central Points, Group Points, and Total Downline Points. Because Watkins allows you to build your business internationally (currently in the U.S. and Canada), the company assigns all products a Point value. This allows you to earn the same qualification volume for the sale of a product, regardless of where it is sold.

**Qualified Leg** - A leg that contains at least one titled Manager or Executive and generates 2000 points in that month. The Manager/Executive does not need to be paid as Manager/Executive that month, and the Manager/Executive can be at any level in the leg.

**Retail Income** - Consultants can earn up to 35% of the retail price on their personal sales. This discount is reflected in the Consultant pricing when a Consultant purchases from Watkins. When a Consultant’s customer orders direct with Watkins, the retail income earned on the customer’s purchase will be included in the Consultant’s commission check.

**Sponsor** - The person who sponsors or brings a new Consultant into the business is called the “sponsor.” The sponsor is responsible to see that the new Consultant receives the start-up training and on-going support needed to understand how the business functions.

**Sponsorship Bonus** - In those cases where Consultant (A) has a downline Consultant (B) in his or her Group who is growing faster than “A”, thereby making “B” the same title as “A”, Watkins pays a Sponsorship Bonus. “A” is eligible for a 5% Sponsorship Bonus on “B’s” Group Bonus Volume. This Sponsorship Bonus is limited to three months on any one Consultant. In other words, “A” must increase her/his Group Points to move ahead to a higher title than “B” to continue receiving a Group Bonus.

**Title** - A Consultant’s title is based on achieving monthly qualifications. The Consultant will retain the title as long as she/he maintains the qualifications for six out of every 12 consecutive months. Title qualifications are listed in the Watkins International Compensation Plan.

**Total Downline** - Total Downline consists of you and every Consultant in your entire downline organization, including Consultants who have created their own Groups by achieving Manager or higher title.

**Total Downline Points (TDP)** - The collective total Points of all your Total Downline.

**Unencumbered volume** - Volume in your group not generated by the Consultant in your group who is in qualifications for the Manager title.

**Upline** - The genealogy or line of sponsorship above you in the business organization. It starts with your sponsor and then goes to the sponsor’s sponsor and so on.