

Consultant Manual

The Retailistic™ compensation Plan

Independent Consultant Policies and Procedures
effective August 1, 2010



a priori
beauty™

The Apriori Beauty Independent Consultant Manual includes the Retailistic™ compensation plan details and the Policies and Procedures. Read through each to understand how you will get paid for your efforts and the policies and procedures you will need to follow.

With Apriori Beauty, you can earn realistic rewards for your retailing efforts. The Retailistic Plan includes 5 Ways to Get Paid. You determine your earning potential based on the effort you put into it. Earn extra money each month, or build a business and a team to enjoy residual rewards.

Your future is up to you ... make life beautiful!

The Retailistic™ Plan

An Apriori Beauty business is built on retail sales to Clients. As an independent Consultant, you can earn rebates on your personal purchases, commissions on the sales volume created by your Clients, and bonuses on the sales volume created by the independent Consultants you sponsor and teach to do the same.

With Apriori Beauty, there are 5 Ways to Get Paid with the Retailistic Plan. The first 3 ways were designed to get money in your pocket sooner than later. If you are interested in earning extra money each month, focus on the first 3 ways to get paid. If you are an IC RIB, you'll want to focus on promoting to Manager and teaching each of your IC RIBs to do the same to take advantage of all 5 ways to get paid.

5 Ways to Get Paid

1. Retail Rebate/Commission — paid weekly

Get paid weekly for your retailing efforts!

Both Consultants and Clients pay the retail price. Consultants receive rebates on personal volume (purchased through their Consultant ID#) and commissions on Client orders (registered online). Apriori Beauty makes it easy to register Clients online via your replicating website, included free with registration. Simply direct Clients to your website where they can register and receive a Client ID# that is tied to your Consultant ID#. Then, each time they shop online with that Client ID#, you will receive the commission for the product purchase the following week!



- Personal Retail Volume (PRV) = Your product orders + Your Client's product orders (\$)
- Automatic 30% rebate/commission paid weekly on PRV.

FOR EXAMPLE

Your retail orders total \$2,500 in June. As your retail orders are placed at various times throughout the month, a 30% rebate/commission will be sent to you each week based on the previous week's PRV, for a total of \$750.

Consultants with 100 PBV + 5 Clients and at least 1 personally-sponsored (PS) active Independent Consultant (IC) can qualify to receive the following bonuses on their respective downline's production:

Active Requirement/Minimum Qualifiers

To receive any downline bonuses (2-5 ways to get paid) on a given month's sales volume, an IC at any rank must be "active" that month by having at least 100 PBV in orders that month. PBV = personal sales + Client orders. Apriori Beauty also suggests that you have personal sales to at least 5 retail Clients (registered online) each month.

NOTE — Retail rebates and commissions are paid on RV. All downline bonuses are paid on BV. On the first orders of new ICs and new Clients, no other downline bonuses are paid since the Power Bonuses are paid on those initial orders.

SENIOR CONSULTANT

Once you begin building your downline sales organization, you can earn various downline bonuses on the sales production of your downline ICs. Personally sponsor 1 IC and your rank changes to Senior Consultant.

Renewal and Cancellation

ICs may renew their Consultant Agreement each year by paying an annual renewal fee of \$30, on or before the anniversary date of their initial agreement. If the renewal fee is not paid within 90 days after the expiration of the current term of the Consultant Agreement, the Consultant Agreement will be cancelled. As a cancelled IC, he/she will lose all rights or benefits as an IC and the downline of the cancelled IC will be placed under the first upline IC.

Monthly Downline Bonuses

For any downline bonuses tied to the Manager's Rank or above, whatever month you are active and meet the following qualifications, you will ascend to the associated rank and be paid at that rank on that month's production. These downline bonus payouts will be made by the 20th of the month for the previous month's production. You keep the title for the highest rank you have achieved. Each month after attaining a new rank, however, you will be paid according to the sales production requirements you fulfill (either at the new higher rank for which you just qualified OR the highest rank for which you previously qualified and fulfilled maintenance requirements that month).

For example, if you become a Manager in May, in June you will be paid on May's production as a Manager. However, if in June you fail to fulfill the production maintenance requirements to continue getting paid as a Manager, but you do fulfill the requirements to get paid as a Senior Consultant, you will be paid as a Senior Consultant on June's production. In July, your payout report for June's sales production would read as follows:
 Rank: Manager Paid-As-Rank: Senior Consultant

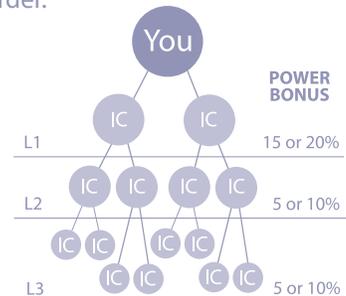
2. Power Bonuses — paid monthly

Get paid for building team sales and teaching your team to do the same!

Receive Power Bonuses paid on the first product order placed by each of your L1-L3 Consultants (regardless of their rank) and Clients. Level 1 - Level 3 (L1-L3) = the first three levels in your downline.

- 15% or 20% bonus paid on your Level 1, new IC's and new Client's first product order.
- 5% or 10% bonus paid on your Level 2 new IC's and new Client's first product order.
- 5% or 10% bonus paid on your Level 3 new IC's and new Client's first product order.

| | Power Bonus: | | Maximum Power Bonus: |
|---------|---------------------|-----------|---|
| | Achieve 100 PBV | | Achieve 200 PBV (with 100 PBV on Autoship) |
| | Have 1 PS IC | | Have 2 PS IC's, each with 100 PBV on Autoship |
| Level 1 | 15% | or | 20% |
| Level 2 | 5% | or | 10% |
| Level 3 | 5% | or | 10% |



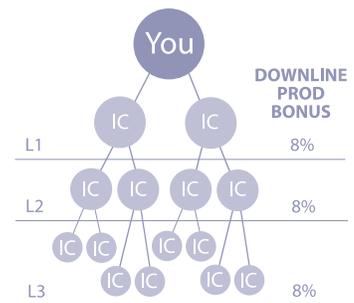
Strive and achieve more and you will get paid the Maximum Power Bonus!

3. Downline Production Bonuses — paid monthly

Get paid more for building a productive team!

In addition to the Power Bonuses, you will also get paid on your L1-L3 IC's ongoing Personal Bonus Volume. Receive Downline Production Bonuses on all orders other than your new IC's and new Client's first orders, 3 levels deep:

- 8% bonus paid on the PBV of each of your Consultants on L1, other than first orders
- 8% bonus paid on the PBV of each of your Consultants on L2, other than first orders
- 8% bonus paid on the PBV of each of your Consultants on L3, other than first orders



Maintenance Requirements:

Once you achieve the rank of Sr. Consultant, you can receive a Power Bonus on the initial orders of any IC and Client at any rank AND the L1-L3 Bonuses on all other orders as long as you are active with 100 PBV, and have at least 1 PS active IC. To receive the maximum Power Bonus, you must also fulfill the higher production requirements.

4. Manager Personal Group Bonus — paid monthly

Promote to Manager and get paid on your entire group's sales volume!

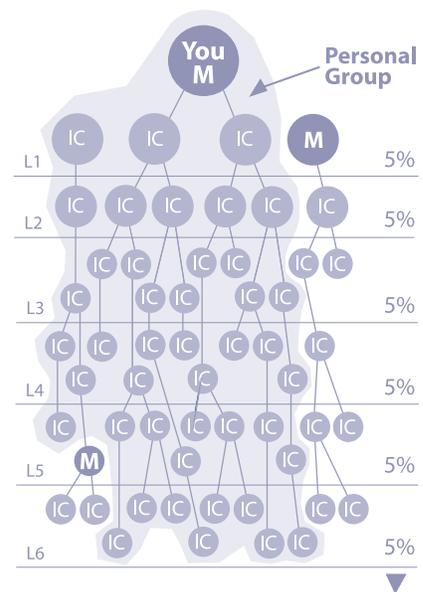
Promote to Manager with:

- 4,000* Personal Group Bonus Volume (PGBV) in a month
- Your 100 PBV on Autoship
- And, at least 4 PS active ICs, each with a minimum of 100 PBV on Autoship

**You only need 2,500 PGBV if someone else in your Group qualifies as a Manager the same month that you are attempting to achieve that rank. This amount must not be a part of the volume of any other person in your Group who qualified to become a Manager that same month.*

Once a Manager, you **get paid 5% on your entire PGBV** = your PBV + the PBV of every IC in your group, down all levels until a Manager or above in rank is reached.

So, for any IC in your group, you will receive 13% on L1, 13% on L2 and 13% on L3 when the 5% is added to the 8% you are already receiving in the Downline Production Bonus above. Plus, for L4 on down all levels, you will receive 5% on your PGBV on each level until another Manager or above in rank is reached!



FOR EXAMPLE

Become a Manager in June with 4,000 PGBV and receive a \$200 Manager Bonus on your PGBV.

Maintain after promotion with 1,500 PGBV (plus 100 PBV from autoship and at least 4 PS active ICs each with a minimum of 100 PBV on autoship) to continue getting paid this bonus.

NOTE

Since Power Bonuses are paid on the first product orders of every IC at any rank and Clients, these Manager bonuses are not paid on those initial orders. However, PGBV for maintenance qualification does include the initial orders.

The Retailistic Plan Adds Up

Whenever you get paid as a Manager, you can also qualify to earn Director Bonuses. These are paid on the PGBV of your Managers (or above in rank) who are on various generations in your downline.

You continue receiving the L1-L3 Bonuses on all ICs in your Levels 1-3, regardless of their ranks. You also still receive the Manager's 5% Personal Group Bonus on your PBV and the PBV of those ICs in your Group.

5. Director Bonuses — paid monthly

Help others promote to Manager and get paid on their entire personal group volume!

Whenever you get paid the Manager Personal Group Bonus above, you can also qualify to earn Director Bonuses. These bonuses reward you for building productive Managers.

| Executive Director 1 PS Manager | Silver Director 2 PS Managers (1 Exec. Dir.) | Gold Director 3 PS Managers (1 Silver Dir.) | Platinum Director 4 PS Managers (1 Gold Dir.) |
|------------------------------------|--|---|---|
| EARN | | | |
| G1 5% | G1 5% | G1 5% | G1 5% |
| | G2 4% | G2 4% | G2 4% |
| | | G3 4% | G3 4% |
| | | | G4 4% |

- When you have 1 PS Manager, you qualify for the 5% Executive Director bonus paid on the PGBV of your G1 Managers.
- When you have 2 PS Managers (one of whom is getting paid the Exec Dir bonus or above), you qualify for the Silver Director bonus, an additional 4% on the PGBV of your G2 Managers.
- When you have 3 PS Managers (one of whom is getting paid the Silver Dir bonus or above), you qualify for the Gold Director bonus, an additional 4% on the PGBV of your G3 Managers.
- When you have 4 PS Managers (one of whom is getting paid the Gold Dir bonus or above), you qualify for the Platinum Director bonus, an additional 4% on the PGBV of your G4 Managers.

These special leadership bonuses are paid on the entire PGBV of your Managers in generations (G) 1-4 in your downline.

FOR EXAMPLE

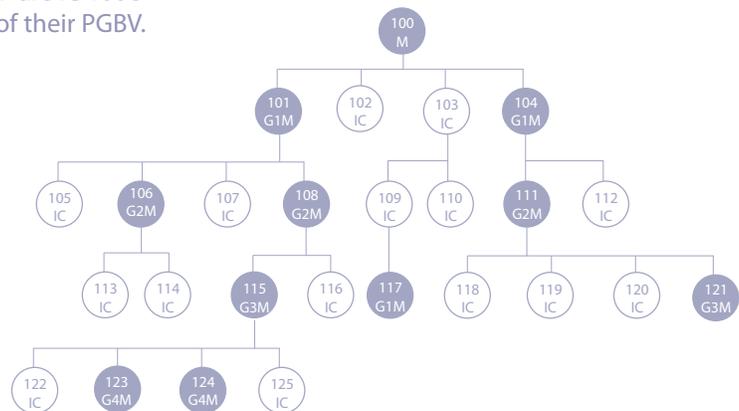
IC 100 is Paid-As a Silver Director. ICs 101, 104 and 117 are IC 100's 1st generation Managers. IC 100 is paid 5% on each of their PGBV.

ICs 106, 108 and 111 are IC 100's 2nd generation Managers. IC 100 is paid 4% on each of their PGBV.

If IC 103 later became a Manager, 103 would be considered 100's 1st generation Manager, and IC 117 would become IC 100's 2nd generation Manager.

If IC 100 later became a Gold Director, she would pick-up 4% on her 3rd generation Manager's PGBV ... ICs 115 and 121.

If IC 100 later became a Platinum Director, she would also pick up 4% on her 4th generation Manager's PGBV ... ICs 123 and 124.



Titles are forever

Achieve the title of Senior Consultant, Manager, Executive Director, Silver Director, Gold Director or Platinum Director and you will always maintain that title. Depending upon your efforts, your paid-as-rank may fluctuate, but you will always know that once you achieve a title, no one will ever take it away!

Get paid quickly

At Apriori Beauty, we understand that no one wants to wait for their check in the mail. So, you will receive your weekly retail rebates/commissions and monthly bonuses via an electronic debit card. Use this card for purchases or transfer the money into your other personal accounts.

GLOSSARY OF TERMS

Active

Consultants with 100 personal bonus volume (PBV) in a month. An IC must be active to receive any downline bonuses.

BV — Bonus Volume. Each product has a bonus volume point value. All downline bonuses are paid on bonus volume, not retail volume. Bonus Volume is also used in the qualifiers and maintenance requirements for various ranks and their accompanying payouts.

Downline

This consists of your ICs at any rank in your various lines of sponsorship.

G — Generation

Only ICs who fulfill various Director qualifications/maintenance requirements can get paid on the PGBV of their G1-G4 Managers. If you are a Manager (or above in rank), your first generation (G1) Manager would be the first Manager found down a line of sponsorship. The next Manager found down that same line of sponsorship would be your G2 Manager and so on. But, again, you must have a Paid-As-Rank of at least Executive Director to get paid on the PGBV of any of your Managers. Whether you get paid only on your G1 Managers or on all G1-G4 Managers depends upon your Director Paid-As-Rank in a given month.

IC — Independent Consultant

Level

A Level refers to the position an IC holds relative to a certain IC in a line of sponsorship. For example, if you sponsored Kathy and she sponsored Mary, Kathy would be considered your L1 IC, Mary would be your L2 IC and Kathy's L1 IC. ICs on various levels can change. For example, if Kathy ever stopped being an IC, Mary would become your L1 IC and her downline would move up as well. However, she would not be considered your personally sponsored IC for any qualification/maintenance requirements.

L1 — The first level in your downline. Consultants whom you have personally sponsored are on your L1.

L2 — The 2nd level in your downline. This level includes Consultants who were sponsored by your L1 Consultants.

L3 — The 3rd level in your downline. This level includes Consultants who were sponsored by your L2 Consultants.

Line of Sponsorship

When you sponsor an IC, this starts a line of sponsorship in your downline. If you sponsored Kathy and she sponsored Mary and sponsoring activity continued from Marcy and so on, this would constitute one of your lines of sponsorship.

Maintenance Requirements

These are production requirements that must be fulfilled if you intend to continue receiving payouts at a certain rank for which you previously qualified.

Paid-As-Rank

This is the rank upon which payouts are based on a given month's production.

PBV — Personal Bonus Volume

This is your own bonus volume that is created through personal orders and orders placed directly by your registered Clients. For example, if you placed 100 BV in orders in a given month and the same month Client's placed 500 BV in orders that same month, you would be credited for 600 PBV that month.

Personal Group

Your Group includes, starting with your Level 1 ICs, all ICs down each line of sponsorship until a Manager (or above in rank) is reached.

PGBV— Personal Group Bonus Volume

Your PBV + the PBV of every IC in your group.

Power Bonuses

These bonuses are paid on the first order made by any IC (at any rank) and Clients (registered online) on your L1-L3. No other downline bonuses are paid on these initial orders.

PRV — Personal Retail Volume

The total RV of your personal product orders and your Client orders. The RV for each product is equal to the retail price paid for the product.

PS — Personally Sponsored

This refers to ICs whom you have personally sponsored and are on your L1 in your downline.

Rank

This refers to the title you achieve associated with various qualifiers you must fulfill to achieve that title. When you attain a rank, you are promoted that month and paid at that rank (Paid-As-Rank) on that month's production. You always retain the highest title for which you have initially qualified but are paid according to the production you have fulfilled in any given month (your Paid-As-Rank). Lifetime Rank is the highest rank achieved.

Retail Rebates/Commissions

You receive Retail Rebates/Commissions on your Personal Retail Volume (PRV). Rebates are received on personal orders placed under your Consultant ID#. Commissions are earned on orders placed by your registered Clients. A 30% base rebate/commission is paid weekly based on your previous week's PRV.

RV — Retail Volume = the price paid for a product.

Upline

This refers to the line of sponsorship above each IC. If Kathy sponsored you, she would be your direct upline sponsor and her sponsor would also be part of the upline track and so on.

Apriori Beauty, LLC
Statement of Policies & Procedures
Effective June 1, 2009

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SECTION 1 - CORPORATE MISSION STATEMENT

- Beauty through PURE PRODUCT INNOVATION
- Beauty through BUILDING RELATIONSHIPS
- Beauty that comes from PERSONAL SUCCESS

Apriori Beauty's mission is to help women look and feel beautiful with the purest, most-natural and most-innovative products and opportunity. When you look beautiful, you feel good. When you feel beautiful, you look good. And, when you can share this beauty with others, you can feel good inside and out. Beauty from personal success will be key to Apriori Beauty's success.

SECTION 2 - INTRODUCTION

2.1 - Policies and Compensation Plan Incorporated into Consultant Agreement

These Policies and Procedures, in their present form and as amended at the sole discretion of Apriori Beauty, LLC (hereafter "Apriori Beauty" or the "Company"), are incorporated into, and form an integral part of, the Apriori Beauty Consultant Agreement. Throughout these Policies, when the term "Agreement" is used, it collectively refers to the Apriori Beauty Independent Consultant Application and Agreement, these Policies and Procedures, the Apriori Beauty Compensation Plan, and the Apriori Beauty Business Entity Registration Form (if applicable). These documents are incorporated by reference into the Apriori Beauty Consultant Agreement (all in their current form and as amended by Apriori Beauty). 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 Policies and Procedures. When sponsoring or enrolling a new Consultant, it is the responsibility of the sponsoring Consultant to ensure that the applicant is provided with, or has online access to, the most current version of these Policies and Procedures and the Apriori Beauty Compensation Plan prior to his or her execution of the Consultant Agreement.

2.2 - Purpose of Policies

Apriori Beauty is a direct sales company that markets its products through Independent Consultants (hereafter "Consultant" or "Consultants"). It is important to understand that your success and the success of your fellow Consultants depends on the integrity of the individuals who market our products. To clearly define the relationship that exists between Consultants and Apriori Beauty, and to explicitly set a standard for acceptable business conduct, Apriori Beauty has established the Agreement.

Apriori Beauty Consultants are required to comply with all of the Terms and Conditions set forth in the Agreement which Apriori Beauty may amend at its sole discretion from time to time, as well as all federal, state and local laws governing their Apriori Beauty business and their conduct. Because you may be unfamiliar with many of these standards of practice, it is very important that you read and abide by the Agreement. Please review the information in these Policies and Procedures carefully. It explains and governs the relationship between you, as an independent contractor and the Company. If you have any questions regarding any policy or rule, do not hesitate to seek an answer from your Sponsor or from Apriori Beauty.

2.3 - Changes to the Agreement

Because federal, state, and local laws, as well as the business environment, periodically change, Apriori Beauty reserves the right to amend the Agreement and its prices in its sole and absolute discretion. By signing the Consultant Agreement, a Consultant agrees to abide by all amendments or modifications that Apriori Beauty elects to make. Amendments shall be

effective 30 days after publication of notice to all Consultants that the Agreement has been modified. Notification of amendments shall be published in official Apriori Beauty 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) fax-on-demand; (4) voice mail system broadcast; (5) inclusion in Company periodicals; (6) inclusion in product orders; or (7) special mailings. The continuation of a Consultant's Apriori Beauty business or a Consultant's acceptance of bonuses or commissions constitutes acceptance of any and all amendments.

2.4 - Delays

Apriori Beauty 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.

2.5 - Policies and Provisions Severable

If any provision of the Agreement, in its current form or as may be amended, is found to be invalid or unenforceable for any reason, only the invalid portion(s) of the provision shall be severed and the remaining terms and provisions shall remain in full force and effect. The severed provision, or portion thereof, shall be reformed to reflect the purpose of the provision as closely as possible.

2.6 - Waiver

The Company never gives up its right to insist on compliance with the Agreement and with the applicable laws governing the conduct of a business. No failure of Apriori Beauty to exercise any right or power under the Agreement or to insist upon strict compliance by a Consultant with any obligation or provision of the Agreement, and no custom or practice of the parties at variance with the terms of the Agreement, shall constitute a waiver of Apriori Beauty's right to demand exact compliance with the Agreement. Waiver by Apriori Beauty can be effectuated only in writing by an authorized officer of the Company. Apriori Beauty's waiver of any particular breach by a Consultant, or Apriori Beauty's waiver of any particular provision of the Consultant Agreement or these Policies and Procedures, shall not affect or impair Apriori Beauty's rights with respect to any subsequent breach, nor shall it affect in any way the rights or obligations of any other Consultant. Nor shall any delay or omission by Apriori Beauty to exercise any right arising from a breach affect or impair Apriori Beauty's rights as to that or any subsequent breach.

The existence of any claim or cause of action of a Consultant against Apriori Beauty shall not constitute a defense to Apriori Beauty's enforcement of any term or provision of the Agreement.

SECTION 3 - BECOMING A CONSULTANT

3.1 - Requirements to Become a Consultant

To become an Apriori Beauty Consultant, each applicant must:

- a) Be of the age of majority in his or her state of residence;
- b) Reside in the United States, a U.S. Territory, or any country that Apriori Beauty has officially announced is open for business;
- c) Have a valid Social Security or Federal Tax ID number;
- d) Purchase an Apriori Beauty Business Kit (optional in North Dakota); and
- e) Submit a properly completed Consultant Application and Agreement to Apriori Beauty either in hard copy or online format.

The Company reserves the right to reject any applications for a new Consultant or applications for renewal.

3.2 - Consultant Benefits

Once a Consultant Application and Agreement has been accepted by Apriori Beauty, the benefits of the Compensation Plan and the Consultant Agreement are available to the new Consultant. These benefits include the right to:

- a) Sell Apriori Beauty products and profit from these sales;
- b) Receive retail rebates/commissions on retail purchases;
- c) Participate in the Apriori Beauty Compensation Plan (receive bonuses and commissions, if eligible);

- d) Sponsor other individuals as Consultants into the Apriori Beauty business and thereby, build a Marketing Organization and progress through the Apriori Beauty Compensation Plan;
- e) Receive periodic Apriori Beauty literature and other Apriori Beauty communications;
- f) Participate in Apriori Beauty-sponsored support, service, training, motivational and recognition functions, upon payment of appropriate charges, if applicable; and
- g) Participate in promotional and incentive contests and programs sponsored by Apriori Beauty for its Consultants.

3.3 - Term and Renewal of Your Apriori Beauty Business

The term of the Consultant Agreement is one year from the date of its acceptance by Apriori Beauty (subject to prior termination pursuant to Section 11). Consultants may renew their Consultant Agreement each year by paying an annual renewal fee of \$30 on or before the anniversary date of their Consultant Agreement. If the renewal fee is not paid within 90 days after the expiration of the current term of the Consultant Agreement, the Consultant Agreement will be cancelled. As a cancelled IC, he/she will lose all rights or benefits as an IC and the downline of the cancelled IC will be placed under the first upline IC. Consultants may elect to utilize the Automatic Renewal Program ("ARP"). Under the ARP, the renewal fee will be charged to the Consultant's credit card on file with the Company or the Consultant's Apriori Beauty-branded Payment Card.

SECTION 4 - OPERATING AN APRIORI BEAUTY BUSINESS

4.1 - Adherence to the Apriori Beauty Marketing Plan

Consultants must adhere to the terms of the Apriori Beauty Marketing Plan as set forth in official Apriori Beauty literature. Consultants shall not offer the Apriori Beauty opportunity through, or in combination with, any other system, program, or method of marketing other than that specifically set forth in official Apriori Beauty literature. Consultants shall not require or encourage other current or prospective Consultants to participate in Apriori Beauty in any manner that varies from the program as set forth in official Apriori Beauty literature. Consultants shall not require or encourage other current or prospective Consultants to execute any agreement or contract other than official Apriori Beauty agreements and contracts in order to become an Apriori Beauty Consultant. Similarly, Consultants shall not require or encourage other current or prospective Consultants to make any purchase from, or payment to, any individual or other entity to participate in the Apriori Beauty Compensation Plan other than those purchases or payments identified as recommended or required in official Apriori Beauty literature.

4.2 - Advertising

4.2.1 - General

All Consultants shall safeguard and promote the good reputation of Apriori Beauty and its products. The marketing and promotion of Apriori Beauty, the Apriori Beauty opportunity, the Compensation Plan, and Apriori Beauty products shall be consistent with the public interest, and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices.

To promote both the products and the tremendous opportunity Apriori Beauty offers, Consultants must use the sales aids and support materials produced by Apriori Beauty. The rationale behind this requirement is simple. Apriori Beauty has carefully designed its products, product labels, Compensation Plan, and promotional materials to ensure that each aspect of Apriori Beauty is fair, truthful, substantiated, and complies with the vast and complex legal requirements of federal and state laws. If Apriori Beauty Consultants were allowed to develop their own sales aids and promotional materials, notwithstanding their integrity and good intentions, the likelihood that they would unintentionally violate any number of statutes or regulations affecting an Apriori Beauty business is almost certain. These violations, although they may be relatively few in number, would jeopardize the Apriori Beauty opportunity for all Consultants.

Accordingly, Consultants must not produce their own literature, advertisements, sales aids and promotional materials, or Internet web pages.

4.2.2 - Consultant Web Sites

If a Consultant desires to utilize an Internet web page to promote his or her business, he or she may do so through the Company's replicated website program only. This program permits Consultants to advertise on the Internet and can be per-

sonalized with the Consultant's message and the Consultant's contact information. These websites seamlessly linked directly to the official Apriori Beauty website giving the Consultant a professional and Company-approved presence on the Internet. No Consultant may independently design a website that uses the names, logos, or product descriptions of Apriori Beauty or otherwise promotes (directly or indirectly) Apriori Beauty products or the Apriori Beauty opportunity. Nor may a Consultant use "blind" ads on the Internet that make product or income claims which are ultimately associated with Apriori Beauty products, the Apriori Beauty opportunity, or the Apriori Beauty Compensation Plan. The use of any other Internet website or web page (including without limitation auction sites such as eBay) to in any way promote the sale of Apriori Beauty products, the Apriori Beauty opportunity, or the Compensation Plan is a breach of the Agreement and may result in any of the disciplinary sanctions set forth in Section 9.1.

4.2.3 - Domain Names and Email Addresses

Consultants may not use or attempt to register any of Apriori Beauty's trade names, trademarks, service names, service marks, product names, the Company's name, or any derivative thereof, for any Internet domain name. Nor may Consultants incorporate or attempt to incorporate any of the Company's trade names, trademarks, service names, service marks, product names, the Company's name, or any derivative thereof, into any electronic mail address.

4.2.4 - Trademarks and Copyrights

Apriori Beauty will not allow the use of its trade names, trademarks, designs, or symbols by any person, including Apriori Beauty Consultants, without its prior, written permission. Consultants may not produce for sale or distribution any recorded Company events and speeches without written permission from Apriori Beauty nor may Consultants reproduce for sale or for personal use any recording of Company-produced audio or video tape presentations.

4.2.5 - Media and Media Inquiries

Consultants must not attempt to respond to media inquiries regarding Apriori Beauty, its products, or their independent Apriori Beauty business. All inquiries by any type of media must be immediately referred to the Marketing Department. This policy is designed to assure that accurate and consistent information is provided to the public as well as a proper public image. Consultants must not utilize radio or television media for the advertising, distribution or promotion of Apriori Beauty products or opportunity without the express written consent of Apriori Beauty. In the event that Apriori Beauty does grant permission for the use of such media, Apriori Beauty must have final authority on every stage of the production process with full rights to all recordings.

4.2.6 - Unsolicited Email

Apriori Beauty does not permit Consultants to send unsolicited commercial emails unless such emails strictly comply with applicable laws and regulations including, without limitation, the federal CAN SPAM Act. Any email sent by a Consultant that promotes Apriori Beauty, the Apriori Beauty opportunity, or Apriori Beauty products must comply with the following:

- a) There must be a functioning return email address to the sender.
- b) There must be a notice in the email that advises the recipient that he or she may reply to the email, via the functioning return email address, to request that future email solicitations or correspondence not be sent to him or her (a functioning "opt-out" notice).
- c) The email must include the Consultant's physical mailing address.
- d) The email must clearly and conspicuously disclose that the message is an advertisement or solicitation.
- e) The use of deceptive subject lines and/or false header information is prohibited.
- f) All opt-out requests, whether received by email or regular mail, must be honored. If a Consultant receives an opt-out request from a recipient of an email, the Consultant must forward a copy of the opt-out request to the Company.

Apriori Beauty may periodically send commercial emails on behalf of Consultants. By entering into the Consultant Agreement, Consultant agrees that the Company may send such emails and that the Consultant's physical and email addresses will be included in such emails as outlined above. Consultants shall honor opt-out requests generated as a result of such emails sent by the Company.

4.2.7 - Unsolicited Faxes

Except as provided in this section, Consultants may not use or transmit unsolicited faxes or use an automatic telephone dialing system relative to the operation of their Apriori Beauty businesses. The term "automatic telephone dialing system" means equipment which has the capacity to: (a) store or produce telephone numbers to be called, using a random or

sequential number generator; and (b) to dial such numbers. The term "unsolicited faxes" means the transmission via telephone facsimile of any material or information advertising or promoting Apriori Beauty, its products, the Compensation Plan or any other aspect of the company which is transmitted to any person, except that these terms do not include a fax: (a) to any person with that person's prior express invitation or permission; or (b) to any person with whom the Consultant has an established business or personal relationship. The term "established business or personal relationship" means a prior or existing relationship formed by a voluntary two way communication between a Consultant and a person, on the basis of: (a) an inquiry, application, purchase or transaction by the person regarding products offered by such Consultant; or (b) a personal or familial relationship, which relationship has not been previously terminated by either party.

4.3 - Bonus Buying Prohibited

Bonus buying is strictly and absolutely prohibited. "Bonus buying" includes: (a) the enrollment of individuals or entities without the knowledge of and/or execution of an Independent Consultant Application and Agreement by such individuals or entities; (b) the fraudulent enrollment of an individual or entity as a Consultant; (c) the enrollment or attempted enrollment of non-existent individuals or entities as Consultants ("phantoms"); (d) purchasing Apriori Beauty products on behalf of another Consultant, or under another Consultant's I.D. number, to qualify for commissions or bonuses; (e) purchasing excessive amounts of goods that cannot reasonably be used or resold in a month; and/or (f) any other mechanism or artifice to qualify for rank advancement, incentives, prizes, commissions or bonuses that is not driven by bona fide product purchases by end consumers.

4.4 - Business Entities

A corporation, limited liability company (LLC), partnership or trust (collectively referred to in this section as a "Business Entity") may apply to be an Apriori Beauty Consultant by submitting its Certificate of Incorporation, Certificate of Organization, Partnership Agreement or trust documents (these documents are collectively referred to as the "Entity Documents") to Apriori Beauty, along with a properly completed Consultant Application and Agreement and a Business Entity Registration Form. If a Consultant enrolls online, the Entity Documents and Business Entity Registration Form must be submitted to Apriori Beauty within 30 days of the online enrollment. (If not received within the 30-day period, the Consultant Agreement shall automatically terminate.) The Business Entity Registration Form must be signed by all of the shareholders, partners or trustees. Members of the entity are jointly and severally liable for any indebtedness or other obligation to Apriori Beauty.

To prevent the circumvention of Section 4.27 (which prohibits the sale, transfer, or assignment of an Apriori Beauty business), additional partners, shareholders, members, or other business entity affiliates may be added to a business entity only upon the written approval of the Company. If a partner, shareholder, member or other business entity affiliate is added without the Company's approval, the Consultant Agreement may be canceled at the Company's discretion. There is a \$25.00 fee for each change requested, which must be included with the written request and the completed Consultant Application and Agreement. Apriori Beauty may, at its discretion, require notarized documents before implementing any changes to an Apriori Beauty business. Please allow thirty (30) days after the receipt of the request by Apriori Beauty for processing.

4.4.1 - Changes to a Business Entity

An Apriori Beauty business may change its status under the same sponsor from an individual to a partnership, LLC, corporation or trust, or from one type of entity to another. There is a \$25.00 fee for each change requested, which must be included with the written request and the completed Consultant Application and Agreement. Such changes shall be processed only once per year and must be submitted by November 30 to become effective on January 1 of the following year. In addition, Consultants operating their Apriori Beauty businesses utilizing a business entity must notify Apriori Beauty of the addition or removal of any officers, directors, shareholders, managers, members or business associates of the business entity.

4.5 - Change of Sponsor

To protect the integrity of all Marketing Organizations and safeguard the hard work of all Consultants, Apriori Beauty strongly prohibits changes in sponsorship. Maintaining the integrity of sponsorship is critical for the success of every Consultant and Marketing Organization. Accordingly, the transfer of an Apriori Beauty business from one sponsor to another is not permitted.

4.5.1 - Cancellation and Re-application

A Consultant may legitimately change organizations by voluntarily cancelling his or her Apriori Beauty business and

remaining inactive (i.e., no purchases of Apriori Beauty products for resale, no sales of Apriori Beauty products, no sponsoring, no attendance at any Apriori Beauty functions, and no participation in any other form of Consultant activity, or operation of any other Apriori Beauty business) for six (6) full calendar months. Following the six month period of inactivity, the former Consultant may reapply under a new Sponsor, however, the former Consultant's Marketing Organization will remain in the original line of sponsorship.

4.6 - Unauthorized Claims and Actions

4.6.1 - Indemnification

A Consultant is fully responsible for all of his or her verbal and written statements made regarding Apriori Beauty products and the Compensation Plan which are not expressly contained in official Apriori Beauty materials. Consultants agree to indemnify Apriori Beauty and Apriori Beauty's directors, officers, employees, and agents, and hold them harmless from any and all liability including judgments, civil penalties, refunds, attorney fees, court costs, or lost business incurred by Apriori Beauty as a result of the Consultant's unauthorized representations or actions. This provision shall survive the termination of the Consultant Agreement.

4.6.2 - Product Claims

No claims (which include personal testimonials) as to therapeutic, curative or beneficial properties of any products offered by Apriori Beauty may be made except those contained in official Apriori Beauty literature. In particular, no Consultant may make any claim that Apriori Beauty products are useful in the cure, treatment, diagnosis, mitigation or prevention of any diseases. Such statements can be perceived as medical or drug claims. Not only do such claims violate Apriori Beauty policies, but they potentially violate federal and state laws and regulations, including the federal Food, Drug, and Cosmetic Act and Federal Trade Commission Act.

4.6.3 - Income Claims

In their enthusiasm to enroll prospective Consultants, some Consultants are occasionally tempted to make income claims or earnings representations to demonstrate the inherent power of direct selling. This is counterproductive because new Consultants may become disappointed very quickly if their results are not as extensive or as rapid as the results others have achieved. At Apriori Beauty, we firmly believe that the Apriori Beauty income potential is great enough to be highly attractive, without reporting the earnings of others.

Moreover, the Federal Trade Commission and several states have laws or regulations that regulate or even prohibit certain types of income claims and testimonials made by persons engaged in direct selling. While Consultants may believe it beneficial to provide copies of their payment records, or to disclose the earnings of themselves or others, such approaches have legal consequences that can negatively impact Apriori Beauty as well as the Consultant making the claim unless appropriate disclosures required by law are also made contemporaneously with the income claim or earnings representation. Because Apriori Beauty Consultants do not have the data necessary to comply with the legal requirements for making income claims, a Consultant, when presenting or discussing the Apriori Beauty opportunity or Compensation Plan to a prospective Consultant, may not make income projections, income claims, or disclose his or her Apriori Beauty income (including the showing of their Apriori Beauty Payment Card records, bank statements, or tax records).

4.7 - Commercial Outlets

Except as provided in this Section, Consultants may not sell Apriori Beauty products from a commercial outlet, and may not display or sell Apriori Beauty products or literature in any retail or service establishment. Consultants may sell Apriori Beauty products from service establishments that are open to the public on an appointment basis only, and the Apriori Beauty products (or literature) are not displayed in locations that are accessible to the general public.

4.8 - Trade Shows, Expositions and Other Sales Forums

Consultants may display and/or sell Apriori Beauty products at trade shows and professional expositions. Before submitting a deposit to the event promoter, Consultants must contact the Consultant Services Department in writing for conditional approval, as Apriori Beauty's policy is to authorize only one Apriori Beauty business per event. Final approval will be granted to the first Consultant who submits an official advertisement of the event, a copy of the contract signed by both the Consultant and the event official, and a receipt indicating that a deposit for the booth has been paid. Approval is given only for the event specified. Any requests to participate in future events must again be submitted to the Consultant Services Department. Apriori Beauty further reserves the right to refuse authorization to participate at any function which it does not deem a suitable forum for the promotion of its products or the Apriori Beauty opportunity. Approval will not

be given for swap meets, garage sales, flea markets or farmer's markets as these events are not conducive to the professional image Apriori Beauty wishes to portray.

4.9 - Conflicts of Interest

4.9.1 - Nonsolicitation

Apriori Beauty Consultants are free to participate in other direct selling ventures or marketing opportunities (including party plan, network marketing and multilevel marketing). However, during the term of this Agreement, Consultants may not directly or indirectly Recruit other Apriori Beauty Consultants for any other direct selling business.

Following the cancellation of a Consultant's Consultant Agreement, and for a period of six calendar months thereafter, with the exception of a Consultant who was personally sponsored by the former Consultant, a former Consultant may not Recruit any Apriori Beauty Consultant for another network marketing business. Consultants and the Company recognize that because network marketing is conducted through networks of independent contractors dispersed across the entire United States and internationally, and business is commonly conducted via the internet and telephone, an effort to narrowly limit the geographic scope of this non-solicitation provision would render it wholly ineffective. Therefore, Consultants and Apriori Beauty agree that this non-solicitation provision shall apply to all markets in which Apriori Beauty conducts business.

The term "Recruit" means the actual or attempted sponsorship, solicitation, enrollment, encouragement, or effort to influence in any other way, either directly, indirectly, or through a third party, another Apriori Beauty Consultant to enroll or participate in another multilevel marketing, network marketing or direct sales opportunity.

4.9.2 - Sale of Competing Goods

Consultants must not sell, or attempt to sell, any competing non-Apriori Beauty products to other Consultants. Any product in the same generic categories as Apriori Beauty products is deemed to be competing (e.g., any makeup, skin care, or other personal care product is in the same generic category as Apriori Beauty's products, and is therefore a competing product, regardless of differences in cost, quality, ingredients, or other distinguishing factors.).

4.9.3 - Consultant Participation in Other Direct Selling Programs

If a Consultant is engaged in other non-Apriori Beauty direct selling programs, it is the responsibility of the Consultant to ensure that his or her Apriori Beauty business is operated entirely separate and apart from any other program in which the Consultant participates. To this end, the following must be adhered to:

- a) The Consultant shall not display Apriori Beauty promotional materials, sales aids, or products with or in the same location as any non-Apriori Beauty promotional materials, sales aids, products or services.
- b) The Consultant may not offer the Apriori Beauty opportunity or products to prospective or existing Clients or Consultants in conjunction with any non-Apriori Beauty program, opportunity, product or service.
- c) The Consultant may not offer any non-Apriori Beauty opportunity, products, services, or opportunity at any Apriori Beauty-related meeting, seminar or convention, or within two hours and a five mile radius of the Apriori Beauty event. If the Apriori Beauty meeting is held telephonically or via the internet, any non-Apriori Beauty meeting must be at least two hours before or after the Apriori Beauty meeting, and on a different conference telephone number or internet web address from the Apriori Beauty meeting.

4.9.4 - Consultant Activity (Genealogy) Reports

Consultant Activity Reports are available for Consultant access and viewing at the Back Office of each Consultant's replicated Apriori Beauty website. Access to online Consultant Activity Reports is password protected. **All Consultant Activity Reports and the information contained therein are confidential and constitute proprietary information and business trade secrets belonging to Apriori Beauty.** Consultant 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 Marketing Organizations in the development of their Apriori Beauty businesses. Consultants should use their Consultant Activity Reports to assist, motivate, and train their downline Consultants. The Consultant and Apriori Beauty agree that, but for this agreement of confidentiality and nondisclosure, Apriori Beauty would not provide Consultant Activity Reports to the Consultant. A 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 use or disclose any information contained in any Consultant Activity Report to any third party;

- b) Directly or indirectly disclose, to any individual, partnership, association, corporation, or other entity, the pass word or other access code to his or her Consultant Activity Report;
- c) Use the information contained in any Consultant Activity Report to compete with Apriori Beauty or for any purpose other than promoting or supporting his or her Apriori Beauty business; or
- d) Recruit or solicit any Apriori Beauty Consultant or Client listed on any Consultant Activity Report, or in any manner attempt to influence or induce any such Consultant or Client to alter his or her business relationship with Apriori Beauty.

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

4.10 - Targeting Other Direct Sellers

Apriori Beauty does not condone Consultants specifically or consciously targeting the sales force of another direct sales company to sell Apriori Beauty products or to become Consultants for Apriori Beauty, nor does Apriori Beauty condone Consultants solicitation or enticement of members of the sales force of another direct sales company to violate the terms of their contract with such other company. Should Consultants engage in such activity, they bear the risk of being sued by the other direct sales company. If any lawsuit, arbitration or mediation is brought against a Consultant alleging that he or she engaged in inappropriate recruiting activity of its sales force or customers, Apriori Beauty will not pay any of Consultant's defense costs or legal fees, nor will Apriori Beauty indemnify the Consultant for any judgment, award, or settlement.

4.11 - Cross-Sponsoring

Actual or attempted cross sponsoring is strictly prohibited. "Cross sponsoring" is defined as the enrollment of an individual who or entity that already has a current Consultant Agreement on file with Apriori Beauty, or who has had such an agreement within the preceding six calendar months, within a different line of sponsorship. The use of a spouse's or relative's name, trade names, DBAs, assumed names, corporations, partnerships, trusts, federal ID numbers, fictitious ID numbers or any straw-man or other artifice to circumvent this policy is prohibited. Consultants shall not demean, discredit or defame other Apriori Beauty Consultants in an attempt to entice another Consultant to become part of the first Consultant's Marketing Organization.

If Cross Sponsoring is discovered, it must be brought to the Company's attention immediately. Apriori Beauty may take disciplinary action against the Consultant that changed organizations and/or those Consultants who encouraged or participated in the Cross Sponsoring. Apriori Beauty may also move all or part of the offending Consultant's Marketing Organization to his or her original Marketing Organization if the Company deems it equitable and feasible to do so. However, Apriori Beauty is under no obligation to move the Cross Sponsored Consultant's Marketing Organization, and the ultimate disposition of the organization remains within the sole discretion of Apriori Beauty. **Consultants waive all claims and causes of action against Apriori Beauty arising from or relating to the disposition of the Cross Sponsored Consultant's Marketing Organization.**

4.12 - Errors or Questions

If a Consultant has questions about or believes any errors have been made regarding commissions, bonuses, Consultant Activity Reports, or charges, the Consultant must notify Apriori Beauty in writing within 60 days of the date of the purported error or incident in question. Apriori Beauty will not be responsible for any errors, omissions or problems not reported to the Company within 60 days.

4.13 - Governmental Approval or Endorsement

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

4.14 - Holding Applications or Orders

Consultants must not manipulate enrollments of new applicants and purchases of products. All Consultant Applications and Agreements must be sent to Apriori Beauty within 72 hours from the time they are signed by an Applicant. Likewise, all product orders must be submitted to Apriori Beauty within 72 hours from the time that they are placed by Clients.

4.15 - Identification

All Consultants are required to provide their Social Security Number or a Federal Employer Identification Number to Apriori Beauty on the Consultant Application and Agreement. Upon enrollment, the Company will provide a unique Consultant Identification Number to the Consultant by which he or she will be identified. This number will be used to place orders, and track commissions and bonuses.

4.16 - Income Taxes

Each Consultant is responsible for paying local, state and federal taxes on any income generated as an Independent Consultant. If an Apriori Beauty business is tax exempt, the Federal tax identification number must be provided to Apriori Beauty. Every year, Apriori Beauty will provide an IRS Form 1099 MISC (Non-employee Compensation) earnings statement to each U.S. resident who: 1) Had earnings of over \$600 in the previous calendar year; or 2) Made purchases during the previous calendar year in excess of \$5,000.

4.17 - Independent Contractor Status

Consultants are independent contractors, and are not purchasers of a franchise or a business opportunity. The agreement between Apriori Beauty and its Consultants does not create an employer/employee relationship, agency, partnership, or joint venture between the Company and the Consultant. A Consultant shall not be treated as an employee for his or her services or for Federal or State tax purposes. All Consultants are responsible for paying local, state, and federal taxes due from all compensation earned as a Consultant of the Company. The Consultant has no authority (expressed or implied), to bind the Company to any obligation. Each Consultant shall establish his or her own goals, hours, and methods of sale, so long as he or she complies with the terms of the Consultant Agreement, these Policies and Procedures, and applicable laws.

The name of Apriori Beauty and other names as may be adopted by Apriori Beauty are proprietary trade names, trademarks and service marks of Apriori Beauty. As such, these marks are of great value to Apriori Beauty and are supplied to Consultants for their use only in an expressly authorized manner. Use of Apriori Beauty name on any item not produced by the Company is prohibited except as follows:

Consultant's Name
Apriori Beauty Independent Consultant

All Consultants may list themselves as an "Apriori Beauty Independent Consultant" in the white or yellow pages of the telephone directory under their own name. No Consultant may place telephone directory display ads using Apriori Beauty's name or logo. Consultants may not answer the telephone by saying "Apriori Beauty", "Apriori Beauty Incorporated", or in any other manner that would lead the caller to believe that he or she has reached corporate offices of Apriori Beauty.

4.18 - Insurance

A Consultant may wish to arrange insurance coverage for his or her business. Homeowner's insurance policies typically do not cover business-related injuries, or the theft of or damage to inventory or business equipment. Consultants are advised to contact their insurance agents to make certain that their business property is protected. This can often be accomplished with a simple "Business Pursuit" endorsement attached to the Consultant's homeowner's policy.

4.19 - International Marketing

Because of critical legal and tax considerations, Apriori Beauty must limit the resale of Apriori Beauty products and the presentation of the Apriori Beauty business to prospective Clients and Consultants located within the United States and U.S. Territories and those other countries that the Company has announced are officially opened for business. Moreover, allowing a few Consultants to conduct business in markets not yet opened by Apriori Beauty would violate the concept of affording every Consultant the equal opportunity to expand internationally.

Accordingly, Consultants are authorized to sell Apriori Beauty products, and enroll Consultants only in the countries in which Apriori Beauty is authorized to conduct business, as announced in official Company literature. Apriori Beauty products or sales aids cannot be shipped into or sold in any foreign country. Consultants may sell, give, transfer, or distribute Apriori Beauty products or sales aids only in their home country. In addition, no Consultant may, in any unauthorized country: (a) conduct sales, enrollment or training meetings; (b) enroll or attempt to enroll potential Consultants; or (c) conduct any other activity for the purpose of selling Apriori Beauty products, establishing a Marketing Organization, or promoting the Apriori Beauty opportunity.

4.20 - Inventory Loading

Consultants must never purchase more products than they can reasonably use or sell to Clients in a month, and must not influence or attempt to influence any other Consultant to buy more products than they can reasonably use or sell to Clients in a month.

4.21 - Adherence to Laws and Ordinances

Consultants shall comply with all federal, state, and local laws and regulations in the conduct of their businesses. Many cities and counties have laws regulating certain home-based businesses. In most cases these ordinances are not applicable to Consultants because of the nature of their business. However, Consultants must obey those laws that do apply to them. If a city or county official tells a Consultant that an ordinance applies to him or her, the Consultant shall be polite and cooperative, and immediately send a copy of the ordinance to the Compliance Department. In most cases there are exceptions to the ordinance that may apply to Apriori Beauty Consultants.

4.22 - Minors

A person who is recognized as a minor in his/her state of residence may not be an Apriori Beauty Consultant. Consultants shall not enroll or recruit minors into the Apriori Beauty program.

4.23 - One Apriori Beauty Business Per Consultant

A Consultant may operate or have an ownership interest, legal or equitable, as a sole proprietorship, partner, shareholder, trustee, or beneficiary, in only one Apriori Beauty business. No individual may have, operate or receive compensation from more than one Apriori Beauty business.

4.24 - 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 Apriori Beauty may take disciplinary action pursuant to these Policies and Procedures against the Consultant. Similarly, if any individual associated in any way with a corporation, partnership, trust or other entity (collectively "affiliated individual") violates the Agreement, such action(s) will be deemed a violation by the entity, and Apriori Beauty may take disciplinary action against the entity.

4.25 - Requests for Records

Any request from a Consultant for copies of invoices, applications, Consultant Activity Reports, or other records will require a fee of \$1.00 per page per copy. This fee covers the expense of mailing and time required to research files and make copies of the records.

4.26 - Roll-up of Marketing Organization

When a vacancy occurs in a Marketing Organization due to the termination of an Apriori Beauty 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 her business, C1, C2, and C3 will "roll-up" to A and become part of A's first level.

4.27 - Sale, Transfer or Assignment of an Apriori Beauty Business Prohibited

Because the relationship between Apriori Beauty and each Consultant is for the Consultant's personal services, a Consultant may not assign any rights or delegate any duties under the Consultant Agreement. Any attempt to sell, transfer, or assign an Apriori Beauty business will render the Consultant Agreement voidable at the option of Apriori Beauty.

4.28 - Separation of an Apriori Beauty Business

Apriori Beauty Consultants sometimes operate their Apriori Beauty businesses as husband-wife partnerships, regular partnerships, corporations, or trusts. At such time as a marriage may end in divorce or a corporation, partnership or trust (the latter three 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 interests and income of other businesses up or down the line of sponsorship. If the separating parties fail to provide for the best interests of other Consultants and the Company in a timely fashion, Apriori Beauty will involuntarily terminate the Consultant Agreement.

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

- a) One of the parties may, with consent of the other(s), operate the Apriori Beauty business pursuant to an

assignment in writing whereby the relinquishing spouse, shareholders, partners or trustees authorize Apriori Beauty to deal directly and solely with the other spouse or non-relinquishing shareholder, partner or trustee.

- b) The parties may continue to operate the Apriori Beauty business jointly on a “business-as-usual” basis, where upon all compensation paid by Apriori Beauty will be paid according to the status quo as it existed prior to the divorce filing or dissolution proceedings. This is the default procedure if the parties do not agree on the format set forth above.

Under no circumstances will the Marketing Organization of divorcing spouses or a dissolving business entity be divided. Similarly, under no circumstances will Apriori Beauty split commission and bonus payments between divorcing spouses or members of dissolving entities. Apriori Beauty will recognize only one Marketing Organization and will issue only one commission payment per Apriori Beauty business per commission cycle. Commission payments shall always be issued to the same individual or entity. In the event that parties to a divorce or dissolution proceeding are unable to resolve a dispute over the disposition of commissions and ownership of the business in a timely fashion as determined by the Company, the Consultant Agreement shall be involuntarily canceled.

If a former spouse has completely relinquished all rights in the original Apriori Beauty business pursuant to a divorce, he or she is thereafter free to enroll under any sponsor of his or her choosing without waiting six calendar months. In the case of business entity dissolutions, the former partner, shareholder, member, or other entity affiliate who retains no interest in the business must wait six calendar months from the date of the final dissolution before re-enrolling as a Consultant. In either case, however, the former spouse or business affiliate shall have no rights to any Consultants in their former organization or to any former Client. They must develop the new business in the same manner as would any other new Consultant.

4.29 - Sponsoring

All active Consultants in good standing have the right to sponsor and enroll others into Apriori Beauty. Each prospective Consultant has the ultimate right to choose his or her own Sponsor. If two Consultants claim to be the Sponsor of the same new Consultant, the Company shall regard the first application received by the Company as controlling.

4.30 - 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 an Apriori Beauty 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 Marketing Organization provided the following qualifications are met. The successor(s) must:

- a) Complete and execute a Consultant Agreement;
- b) Comply with terms and provisions of the Agreement; and
- c) Meet all of the qualifications for the deceased Consultant’s status.

The bonuses and commissions of an Apriori Beauty business transferred pursuant to this section will be paid jointly to the devisees. The devisees must provide Apriori Beauty with an “address of record.” If the business is bequeathed to joint devisees, they must form a business entity and acquire a federal taxpayer Identification number. Apriori Beauty will issue all bonus and commission payments and one 1099 to the business entity.

4.31 - Transfer Upon Death of a Consultant

To effectuate a testamentary transfer of an Apriori Beauty business, the Personal Representative or Executor of the estate of the deceased Consultant must provide all necessary documentation to establish a successor’s or successors’ right to the subject Apriori Beauty business. The successor or successors must complete and execute a Consultant Agreement and meet the other requirements set forth in Section 4.30.

4.32 - Transfer Upon Incapacitation of a Consultant

To effectuate a transfer of an Apriori Beauty business because of incapacity, the Trustee of the incapacitated Consultant must provide all necessary documentation to establish the right of the subject Trust and Trustee to the subject Apriori

Beauty business. The Trustee must, on behalf of the Trust, complete and execute a Consultant Agreement and meet the other requirements set forth in Section 4.30.

4.33 - Telemarketing Techniques

The Federal Trade Commission and the Federal Communications Commission each have laws that restrict telemarketing practices. Both federal agencies (as well as a number of states) have “do not call” regulations as part of their telemarketing laws. Although Apriori Beauty does not consider Consultants to be “telemarketers” in the traditional sense of the word, these government regulations broadly define the term “telemarketer” and “telemarketing” so that your inadvertent action of calling someone whose telephone number is listed on the federal “do not call” registry could cause you to violate the law. Moreover, these regulations must not be taken lightly, as they carry significant penalties (up to \$11,000.00 per violation).

Therefore, Consultants must not engage in telemarketing in the operation of their Apriori Beauty businesses. The term “telemarketing” means the placing of one or more telephone calls to an individual or entity to induce the purchase of an Apriori Beauty product, or to recruit them for the Apriori Beauty opportunity. “Cold calls” made to prospective Clients or Consultants that promote either Apriori Beauty’s products or the Apriori Beauty opportunity constitute telemarketing and are prohibited. However, a telephone call(s) placed to a prospective Client or Consultant (a “prospect”) is permissible under the following situations:

- a) If the Consultant has an established business relationship with the prospect. An “established business relationship” is a relationship between a Consultant and a prospect based on the prospect’s purchase, rental, or lease of goods or services from the Consultant, or a financial transaction between the prospect and the Consultant, within the eighteen (18) months immediately preceding the date of a telephone call to induce the prospect’s purchase of a product or service.
- b) The prospect’s personal inquiry or application regarding a product or service offered by the Consultant, with in the three (3) months immediately preceding the date of such a call.
- c) If the Consultant receives written and signed permission from the prospect authorizing the Consultant to call. The authorization must specify the telephone number(s) which the Consultant is authorized to call.
- d) You may call family members, personal friends, and acquaintances. An “acquaintance” is someone with whom you have at least a recent first-hand relationship within the preceding three months. Bear in mind, however, that if you make a habit of “card collecting” with everyone you meet and subsequently calling them, the FTC may consider this a form of telemarketing that is not subject to this exemption. Thus, if you engage in calling “acquaintances,” you must make such calls on an occasional basis only and not make this a routine practice.
- e) In addition, Consultants shall not use automatic telephone dialing systems relative to the operation of their Apriori Beauty businesses. The term “automatic telephone dialing system” means equipment which has the capacity to: (a) store or produce telephone numbers to be called, using a random or sequential number generator; and (b) to dial such numbers.

4.34 - Use of the Apriori Beauty Voice-Mail System

Apriori Beauty maintains a voice-mail system for use by Consultants. This system is a tool to communicate with your Marketing Organization, to promote the sale of Apriori Beauty products and the Apriori Beauty opportunity. Under no circumstances shall a Consultant use the Apriori Beauty voice-mail system to promote the sale of any non-Apriori Beauty products or any non-Apriori Beauty program or opportunity.

4.35 - Back Office Access

Apriori Beauty makes online back offices available to its Consultants. Back offices provide Consultants access to confidential and proprietary information that may be used solely and exclusively to promote the development of a Consultant’s Apriori Beauty business and to increase sales of Apriori Beauty products. However, access to a back office is a privilege, and not a right. Apriori Beauty reserves the right to deny Consultants’ access to the back office at its sole discretion.

SECTION 5 - RESPONSIBILITIES OF CONSULTANTS

5.1 - Change of Address or Telephone

To ensure timely delivery of products and support materials, it is critically important that the Apriori Beauty's files are current. Street addresses are required for shipping. Consultants planning to move should update their mailing address, email address and telephone number information via the Back Office function of the Consultant's replicated Apriori Beauty website. To guarantee proper delivery, two weeks advance notice must be provided to Apriori Beauty on all changes.

5.2 - Continuing Development Obligations

5.2.1 - Ongoing Training

Any Consultant who sponsors another Consultant into Apriori Beauty must perform a bona fide assistance and training function to ensure that his or her downline Consultants are properly operating their respective Apriori Beauty businesses. Consultants must have ongoing contact and communication with the Consultants in their Marketing Organizations. Examples of such contact and communication may include, but are not limited to: newsletters, written correspondence, personal meetings, telephone contact, voice mail, electronic mail, and the accompaniment of downline Consultants to Apriori Beauty meetings, training sessions, and other functions. Upline Consultants are also responsible to motivate and train new Consultants in Apriori Beauty product knowledge, effective sales techniques, the Apriori Beauty Compensation Plan, and compliance with Company Policies and Procedures. Communication with and the training of downline Consultants must not, however, violate Section 4.2 (regarding the development of Consultant-produced sales aids and promotional materials).

Consultants must monitor the Consultants in their Marketing Organizations to ensure that downline Consultants do not make improper product or business claims, or engage in any illegal or inappropriate conduct.

5.2.2 - Increased Training Responsibilities

As Consultants progress through the various levels of leadership, they will become more experienced in sales techniques, product knowledge, and understanding of the Apriori Beauty program. They will be called upon to share this knowledge with lesser experienced Consultants within their organization.

5.2.3 - Ongoing Sales Responsibilities

Regardless of their level of achievement, Consultants have an ongoing obligation to continue to personally promote sales through the generation of new Clients.

5.3 - Nondisparagement

Apriori Beauty wants to provide 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 Customer Service Department. Remember, to best serve you, we must hear from you! While Apriori Beauty 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 Apriori Beauty Consultants. For this reason, and to set the proper example for their Marketing Organization, Consultants must not disparage, demean, or make negative remarks about Apriori Beauty, other Apriori Beauty Consultants, Apriori Beauty's products, the Compensation Plan, or Apriori Beauty's directors, officers, or employees.

5.4 - Providing Documentation to Applicants

Consultants must provide the most current version of the Policies and Procedures and the Compensation Plan to individuals whom they are sponsoring to become Consultants before the applicant signs a Consultant Agreement. Additional copies of Policies and Procedures and Compensation Plan can be downloaded from Apriori Beauty's website.

5.5 - 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 Compliance Department. Details of the incidents such as dates, number of occurrences, persons involved, and any supporting documentation should be included in the report.

SECTION 6 - SALES REQUIREMENTS

6.1 - Product Sales

The Apriori Beauty Compensation Plan is based on the sale of Apriori Beauty products to end consumers. Consultants must fulfill personal and Marketing Organization retail sales requirements (as well as meet other responsibilities set forth in the Agreement) to be eligible for bonuses, commissions and advancement to higher levels of achievement. The following sales requirements must be satisfied for Consultants to be eligible for commissions:

- a) Consultants must satisfy the Personal Retail Volume, Personal Bonus Volume, and Group Bonus Volume requirements to fulfill the requirements associated with their rank as specified in the Apriori Beauty Compensation Plan. "Personal Retail Volume" includes purchases made by the Consultant and purchases made by the Consultant's personal Clients. Group Bonus Volume shall include the total Bonus Volume of all Consultants in his or her Marketing Organization, but shall not include the Consultant's Personal Bonus Volume.
- b) Consultants should develop or service at least five Clients every month.

6.2 - No Territory Restrictions

There are no exclusive territories granted to anyone. No franchise fees are required.

6.3 - Autoship Program

As an added convenience to its customers, Apriori Beauty offers its Autoship Program. A Client may register for the Autoship Program at the Apriori Beauty website of his or her Consultant. A Consultant may also register via their website. Clients and Consultants agree to an automatic monthly shipment (an "Autoship") of Apriori Beauty products directly to their homes or offices. By registering for this program, Clients and Consultants agree to a minimum of three such shipments. In exchange for this commitment, they will receive a 20% discount on the products that he or she purchases through the Autoship Program. If a he or she cancels his or her participation in the Autoship Program prior to receiving three such shipments, the discounts previously given to the Client will be recaptured through an automatic and pre-authorized charge to the Client's or Consultant's credit card.

6.4 - Sales Receipts

All Consultants must provide their Clients with two copies of an official Apriori Beauty sales receipt at the time of the sale. These receipts set forth the Customer Satisfaction Guarantee for Apriori Beauty 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 Apriori Beauty at the Company's request. Records documenting online purchases made by Clients will be maintained by Apriori Beauty.

Consultants must ensure that the following information is contained on each sales receipt:

- (1) The date of the transaction;
- (2) The date (not earlier than the third business day following the date of the transaction) by which the buyer may give notice of cancellation; and
- (3) Name and address of the selling Consultant;

Remember that Clients must receive two copies of the sales receipt. In addition, Consultants must orally inform the buyer of his or her cancellation rights.

SECTION 7 - BONUSES AND COMMISSIONS

7.1 - Bonus and Commission Qualifications

A Consultant must be active and in compliance with the Agreement to qualify for bonuses and commissions. So long as a Consultant complies with the terms of the Agreement, Apriori Beauty shall pay commissions to such Consultant in accordance with the Compensation Plan. The minimum amount for which Apriori Beauty will issue payment is \$20. If a Consultant's bonuses and commissions do not equal or exceed \$20, the Company will accrue the commissions and bonuses until they total \$20. Payment will be issued once \$20 has been accrued.

7.2 - Adjustment to Bonuses and Commissions

7.2.1 - Adjustments for Returned Products

Consultants receive bonuses and commissions based on the actual sales of products to end consumers. When a product is returned to Apriori Beauty for a refund or is repurchased by the Company, the bonuses and commissions attributable to the returned or repurchased product(s) will be deducted, in the month in which the refund is given, and continuing every pay period thereafter until the bonuses and commissions are recovered, from the Consultants who received bonuses and commissions on the sales of the refunded products. In the event that any such Consultant terminates his or her Consultant Agreement, and the amounts of the bonuses or commissions attributable to the returned products have not yet been fully recovered by the Company, the remainder of the outstanding balance may be set off against any amounts owed to the terminated Consultant pursuant to Section 8.3.

7.2.2 - Payment Card Fees

Bonuses and commissions are paid to Consultants by deposit to an Apriori Beauty branded Payment Card that is issued to each Consultant. There are transaction, ATM, bank transfer, and load fees associated with use of the Apriori Beauty Payment Card as set forth in the Payment Card Schedule of Fees. The Payment Card Schedule of Fees is located at the Apriori Beauty Payment Card Site, which is accessed through the Consultant Back Office. Such fees shall be deducted from the Consultant's Apriori Payment Card in accordance with the Schedule of Fees. Apriori Beauty reserves the right to adjust or modify the Payment Card fees at any time and at its discretion. Such amendments or modifications shall become immediately effective upon their publication at the Apriori Beauty Payment Card Site.

7.3 - Reports

All information provided by Apriori Beauty in online or telephonic Downline Activity Reports, including but not limited to Personal Retail Volume, Personal Bonus Volume, and Group Bonus Volume (or any part thereof), and downline sponsoring activity is believed to be accurate and reliable. Nevertheless, due to various factors including, but not limited to, the inherent possibility of human and mechanical error; the accuracy, completeness, and timeliness of orders; denial of credit card and electronic check payments; returned products; credit card and electronic check charge-backs; the information is not guaranteed by Apriori Beauty or any persons creating or transmitting the information.

ALL PERSONAL AND GROUP VOLUME INFORMATION IS PROVIDED "AS IS" WITHOUT WARRANTIES, EXPRESS OR IMPLIED, OR REPRESENTATIONS OF ANY KIND WHATSOEVER. IN PARTICULAR BUT WITHOUT LIMITATION THERE SHALL BE NO WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR USE, OR NON-INFRINGEMENT.

TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, APRIORI BEAUTY AND/OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION WILL IN NO EVENT BE LIABLE TO ANY CONSULTANT OR ANYONE ELSE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES THAT ARISE OUT OF THE USE OF OR ACCESS TO PERSONAL AND GROUP VOLUME INFORMATION (INCLUDING BUT NOT LIMITED TO LOST PROFITS, BONUSES, OR COMMISSIONS, LOSS OF OPPORTUNITY, AND DAMAGES THAT MAY RESULT FROM INACCURACY, INCOMPLETENESS, INCONVENIENCE, DELAY, OR LOSS OF THE USE OF THE INFORMATION), EVEN IF APRIORI BEAUTY OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION SHALL HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. TO THE FULLEST EXTENT PERMITTED BY LAW, APRIORI BEAUTY OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION SHALL HAVE NO RESPONSIBILITY OR LIABILITY TO YOU OR ANYONE ELSE UNDER ANY TORT, CONTRACT, NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY OR OTHER THEORY WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT OR TERMS AND CONDITIONS RELATED THERETO.

Access to and use of Apriori Beauty's online and telephone reporting services and your reliance upon such information is at your own risk. All such information is provided to you "as is". If you are dissatisfied with the accuracy or quality of the information, your sole and exclusive remedy is to discontinue use of and access to Apriori Beauty's online and telephone reporting services and your reliance upon the information.

SECTION 8 - PRODUCT GUARANTEES, RETURNS AND INVENTORY REPURCHASE

8.1 - Product Guarantee

Apriori Beauty offers a 100% 30 day money-back satisfaction guarantee (less shipping charges) to all Clients and Consultants.

8.2 - Returns by Clients

Apriori Beauty offers, through its Consultants, a 100% 30 day money-back guarantee to all Clients. Every Consultant is bound to honor the Client guarantee. If, for any reason, a Client is dissatisfied with any Apriori Beauty product, the Client may return the unused portion of the product to the Consultant through whom it was purchased, within 30 days, for a replacement, exchange or a full refund of the purchase price (less shipping costs).

If a Client returns a product to the Consultant through whom it was purchased, the Consultant may return it to the Company for an exchange or refund (less shipping). All products returned by personal Clients must be returned to the Company within 10 days from the date on which it was returned to the Consultant along with the sales receipt which the Consultant gave to the Client.

The following provision sets forth the minimum refund permitted by law to a Client:

A Client who makes a purchase of \$25.00 or more has three business days (72 hours) after the sale or execution of a contract to cancel the order and receive a full refund consistent with the cancellation notice on the order form. When a Consultant makes a sale or takes an order from a Client who cancels or requests a refund within the 72 hour period, the Consultant must promptly refund the Client's money as long as the products are returned to the Consultant in substantially as good condition as when received. Additionally, Consultants must orally inform Clients of their right to rescind a purchase or an order within 72 hours, and ensure that the date of the order or purchase is entered on the order form. All Clients must be provided with two copies of an official Apriori Beauty sales receipt at the time of the sale. The back of the receipt provides the Client with written notice of his or her rights to cancel the sales agreement.

8.3 - Return of Inventory and Sales Aids by Consultants Upon Cancellation

Upon cancellation of a Consultant's Agreement, the Consultant may return his or her Business Kit and any products and sales aids held in his or her inventory for a refund. In order to receive a refund from Apriori Beauty pursuant to this policy, the following requirements must be met:

- a) The items being returned must have been personally purchased by the Consultant from Apriori Beauty (purchases from other Consultants or third parties are not subject to refund);
- b) The items must be in Resalable condition (see Definition of "Resalable" in Section 12 below); and
- c) The items must have been purchased from Apriori Beauty within one year prior to the date of cancellation.

Upon receipt of a Resalable Business Kit and/or Resalable products and sales aids, the Consultant will be reimbursed 90% of the net cost of the original purchase price(s). Shipping charges incurred by a Consultant when the items were purchased will not be refunded. If the purchases were made through a credit card, the refund will be credited back to the same account. If a Consultant was paid a bonus or commission based on a product that he or she purchased, and such product is subsequently returned for a refund, the commission that was paid to the Consultant based on that product purchase will be deducted from the amount of the refund.

8.3.1 - Montana Residents

A Montana resident may cancel his or her Consultant Agreement within 15 days from the date of enrollment, and may return his or her Business Kit for a full refund within such time period.

8.4 - Procedures for All Returns

The following procedures apply to all returns for refund, repurchase, or exchange:

8.4.1 - Client Returns

Clients may return products for refund or exchange pursuant to Section 8.2 above directly to the Company or to the Consultant through whom the product(s) were purchased. If the Client returns the product(s) directly to the Company, the Consultant should assist the Client to insure that the following procedures are followed:

- a) The Client must first obtain a Return Authorization Number by calling the Customer Service Department. This Return Authorization Number must be written on each carton returned.
- b) The return must be accompanied by a copy of the original dated sales receipt.
- c) If an exchange is requested, a completed order form with the exchange product(s) must be included with the return.
- d) Proper shipping carton(s) and packing materials are to be used in packaging the product(s) being returned for replacement, and the best and most economical means of shipping is suggested. All returns must be shipped to Apriori Beauty shipping pre-paid. Apriori Beauty does not accept shipping-collect packages. The risk of loss in shipping for returned product shall be on the Client. If returned product is not received by the Company's Distribution Center, it is the responsibility of the Client to trace the shipment.

8.4.2 – Consultant Returns

The following procedures apply to all returns by a Consultant, whether the return is of products returned by a Client or a return of products and/or sales aids upon the cancellation of the Consultant's Apriori Beauty business.

- a) All merchandise must be returned by the Consultant who purchased it directly from Apriori Beauty.
- b) The return must be accompanied by:
 - i. a completed and signed Product Return Form; and
 - ii. a copy of the original dated retail sales receipt.
- c) Proper shipping carton(s) and packing materials are to be used in packaging the product(s) being returned for replacement, and the best and most economical means of shipping is suggested. All returns must be shipped to Apriori Beauty shipping pre-paid. Apriori Beauty does not accept shipping-collect packages. The risk of loss in shipping for returned product shall be on the Consultant. If returned product is not received by the Company's Distribution Center, it is the responsibility of the Consultant to trace the shipment.
- d) If a Consultant is returning merchandise to Apriori Beauty that was returned to him or her by a personal Client, the product must be received by Apriori Beauty within ten (10) days from the date on which the Client returned the merchandise to the Consultant, and must be accompanied by the sales receipt the Consultant gave to the Client at the time of the sale.

No refund or credit will be issued, or exchange of the product will be made if the conditions of these rules are not met.

SECTION 9 - DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDING

9.1 - Disciplinary Sanctions

Violation of the Agreement, these Policies and Procedures, violation of any common law duty, including but not limited to any applicable duty of loyalty, any illegal, fraudulent, deceptive or unethical business conduct, or any act or omission by a Consultant that, in the sole discretion of the Company may damage its reputation or goodwill (such act or omission need not be related to the Consultant's Apriori Beauty business), may result, at Apriori Beauty's discretion, in one or more of the following corrective measures:

- a) Issuance of a written warning or admonition;
- b) Requiring the Consultant to take immediate corrective measures;
- c) Imposition of a fine, which may be withheld from the Consultant's bonus and commission payments;
- d) Loss of rights to one or more bonus and commission payments;
- e) Apriori Beauty may withhold from a Consultant all or part of the Consultant's bonuses and commissions during the period that Apriori Beauty 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;
- f) Suspension of the individual's Consultant Agreement for one or more pay periods;
- g) Transfer of a portion or all of the Consultant's marketing organization or downline;
- h) Involuntary termination of the offender's Consultant Agreement;
- i) Any other measure expressly allowed within any provision of the Agreement or which Apriori Beauty deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by the Consultant's policy violation or contractual breach; or
- j) In situations deemed appropriate by Apriori Beauty, the Company may institute legal proceedings for monetary and/or equitable relief.

9.2 - Grievances and Complaints

When a Consultant has a grievance or complaint with another Consultant regarding any practice or conduct in relationship to their respective Apriori Beauty 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 involves interpretation or violation of Company policy, it must be reported in writing to the Consultant Services Department. The Consultant Services Department will review the facts and attempt to resolve it. If it is not resolved, it will be referred to the Dispute Resolution Board for final review and determination.

9.3 - Dispute Resolution Board

The purpose of the Dispute Resolution Board is to: (1) review appeals of disciplinary sanctions; and (2) review matters between Apriori Beauty Consultants. After the response or settlement instituted by Consultant Services has been denied or otherwise remains unresolved, the Dispute Resolution Board reviews evidence, deliberates, and responds to current outstanding issues on a collective basis.

A Consultant may submit a written request for a telephonic or in-person hearing within 15 business days from the date of: (1) the written notice by Apriori Beauty of disciplinary action; or (2) the written decision of Consultant Services regarding disputes between Consultants. All communication with Apriori Beauty and the Consultant seeking resolution of a dispute must be in writing. It is within the DRB's discretion whether a claim is accepted for review. If the DRB agrees to review the matter, it shall schedule a hearing within 60 days of receipt of the Consultant's written request. All evidence (e.g., documents, exhibits, etc.) that a Consultant desires to have considered by the DRB must be submitted to Apriori Beauty no later than seven business days before the date of the hearing. The Consultant shall bear all of the expenses related to his or her attendance and the attendance of any witnesses he or she desires to be present at the hearing. The decision of the Dispute Resolution Board will be final and subject to no further review, except as provided in Sections 9.4 and 9.5 below. During the pendency of the claim before the DRB, the Consultant waives his or her right to pursue arbitration or any other remedy.

Following issuance of a disciplinary sanction, the disciplined Consultant may appeal the sanction to the Dispute Resolution Board ("DRB"). Consultant's appeal must be in writing and received by the Company within 15 days from the date of Apriori Beauty's notice of the disciplinary sanction. If the appeal is not received by Apriori Beauty within the 15 day period, the sanction will be final. The Consultant must submit all supporting documentation with his or her appeal correspondence. If the Consultant files a timely appeal of a disciplinary sanction, the DRB will review and reconsider the sanction, consider any other appropriate action, and notify the Consultant in writing of its decision.

9.4 - Mediation

Prior to instituting any arbitration as provided in Section 9.5 below, the parties shall meet in good faith and attempt to resolve any dispute arising from or relating to the Agreement through non-binding mediation. One individual who is mutually acceptable to the parties shall be appointed as mediator. The mediator's fees and costs, as well as the costs of holding and conducting the mediation, shall be divided equally between the parties. Each party shall pay its portion of the anticipated fees and costs at least 10 days in advance of the mediation. Each party shall pay its own attorney fees, costs, and individual expenses associated with conducting and attending the mediation. Mediation shall be held in Laguna Hills, California and shall last no more than two business days.

9.5 - Arbitration

If mediation is unsuccessful, any controversy or claim arising out of or relating to the Agreement, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Consultants waive all rights to trial by jury or by any court. All arbitration proceedings shall be held in the City of Laguna Hills, California, unless the laws of the state in which a Consultant resides expressly require the application of its laws, in which case the arbitration shall be held in the capital of that state. All parties shall be entitled to all discovery rights pursuant to the Federal Rules of Civil Procedure. There shall be one arbitrator, an attorney at law, who shall have expertise in business law transactions with a strong preference being an attorney knowledgeable in the direct selling industry, selected from the panel which the American Arbitration Association provides. Each party to the arbitration shall be responsible for its own costs and expenses of arbitration, including legal and filing fees. The decision of the arbitrator shall be final and binding on the parties and may, if necessary, be reduced to a judgment in any court of competent jurisdiction. This agreement to arbitration shall survive any termination or expiration of the Agreement.

Notwithstanding the foregoing, nothing in these Policies and Procedures shall prevent Apriori Beauty from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction, permanent injunction or other relief available to safeguard and protect Apriori Beauty's interest prior to, during or following the filing of any arbitration or other proceeding or pending the rendition of a decision or award in connection with any arbitration or other proceeding.

9.6 - Governing Law, Jurisdiction and Venue

Jurisdiction and venue of any matter not subject to arbitration shall reside exclusively in Orange County, State of California. The Federal Arbitration Act shall govern all matters relating to arbitration. The law of the State of California shall govern all other matters relating to or arising from the Agreement. Notwithstanding the foregoing, and the mediation and arbitration provisions in Sections 9.4 and 9.5, residents of the State of Louisiana shall be entitled to bring an action against Apriori Beauty in their home forum and pursuant to Louisiana law.

SECTION 10 - PAYMENT AND SHIPPING

10.1 - 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 Client or a Consultant, Apriori Beauty reserves the right to require that all future orders must be paid by Credit Card, money order or cashier's check. Any outstanding balance owed to Apriori Beauty by a Consultant for NSF checks and returned check fees will be withheld from subsequent bonus and commission payments.

10.2 - Restrictions on Third Party Use of Credit Cards and Checking Account Access

A Consultant shall not permit other Consultants or Clients to use his or her credit card, or permit debits to his or her checking accounts, to enroll or to make purchases from the Company.

10.3 - Sales Taxes

In designing the Apriori Beauty opportunity, one of our guiding philosophies has been to free Consultants from as many administrative, operational, and logistical tasks as possible. In doing so, Consultants are free to concentrate on those activities that directly affect their incomes, namely product sales and enrollment activities. To these ends, Apriori Beauty relieves Consultants of the burdens of collecting and remitting sales taxes, filing sales tax reports, and keeping records relative to sales taxes.

By virtue of its business operations, Apriori Beauty is required to charge sales taxes on all purchases made by Consultants and Clients, and remit the taxes charged to the respective states. Accordingly, all orders submitted to the Company must include the appropriate sales taxes. Apriori Beauty will collect and remit sales taxes on behalf of Consultants, based on the suggested retail price of the products, according to applicable tax rates in the state to which the shipment is destined. If a Consultant has submitted, and Apriori Beauty has accepted, a current Sales Tax Exemption Certificate and Sales Tax Registration License, sales taxes will not be added to the invoice and the responsibility of collecting and remitting sales taxes to the appropriate authorities shall be on the Consultant. Exemption from the payment of sales tax is applicable only to orders which are shipped to a state for which the proper tax exemption papers have been filed and accepted. Applicable sales taxes will be charged on orders that are drop-shipped to another state. Any sales tax exemption accepted by Apriori Beauty is not retroactive.

SECTION 11 - INACTIVITY & CANCELLATION

11.1 - Effect of Cancellation

So long as a Consultant remains active and complies with the terms of the Consultant Agreement and these Policies and Procedures, Apriori Beauty shall pay commissions to such Consultant in accordance with the Compensation Plan. A Consultant's bonuses and commissions constitute the entire consideration for the Consultant's efforts in generating sales and all activities related to generating sales (including building a Marketing Organization). Following a Consultant's non-renewal of his or her Consultant Agreement, or voluntary or involuntary cancellation of his or her Consultant Agreement (all of these methods are collectively referred to as "cancellation"), the former Consultant shall have no right, title, claim or

interest to the Marketing Organization which he or she operated, or any commission or bonus from the sales generated by the organization. **A Consultant whose business is cancelled will lose all rights as a Consultant. This includes the right to sell Apriori Beauty products and the right to receive future commissions, bonuses, or other income resulting from the sales and other activities of the Consultant's former Marketing Organization. In the event of cancellation, Consultants agree to waive all rights they may have, including but not limited to property rights, to their former Marketing Organization and to any bonuses, commissions or other remuneration derived from the sales and other activities of his or her former Marketing Organization.**

Following a Consultant's cancellation of his or her Consultant Agreement, the former Consultant shall not hold himself or herself out as an Apriori Beauty Consultant and shall not have the right to sell Apriori Beauty products. A Consultant whose Consultant Agreement is canceled shall receive commissions and bonuses only for the last full pay period he or she was active prior to cancellation (less any amounts withheld during an investigation preceding an involuntary cancellation).

11.2 - Cancellation Due to Non-Renewal

ICs may renew their Consultant Agreement each year by paying an annual renewal fee of \$30, on or before the anniversary date of their initial agreement. If the renewal fee is not paid within 90 days after the expiration of the current term of the Consultant Agreement, the Consultant Agreement will be cancelled. As a cancelled IC, he/she will lose all rights or benefits as an IC and the downline of the cancelled IC will be placed under the first upline IC.

11.3 - Involuntary Cancellation

A Consultant's violation of any of the terms of the Agreement, including any amendments that may be made by Apriori Beauty in its sole discretion, may result in any of the sanctions listed in Section 9.1, including the involuntary cancellation of his or her Consultant Agreement. Cancellation shall be effective on the date on which written notice is mailed, faxed, or delivered to an express courier for delivery to the Consultant's last known address (or fax number), or to his/her attorney, or when the Consultant receives actual notice of cancellation, whichever occurs first.

Apriori Beauty reserves the right to terminate all Consultant Agreements upon thirty (30) days written notice in the event that it elects to: (1) cease business operations; (2) dissolve as a corporate entity; or (3) terminate distribution of its products via direct selling.

11.4 - Voluntary Cancellation

A participant in this direct selling program has a right to cancel at any time, regardless of reason. Cancellation must be submitted in writing to the Company at its principal business address. The written notice must include the Consultant's signature, printed name, address, and Consultant I.D. Number.

11.5 - Non-renewal

A Consultant may also voluntarily cancel his or her Consultant Agreement by failing to renew the Agreement on its anniversary date. The Company may also elect not to renew a Consultant's Agreement upon its anniversary date.

SECTION 12 - DEFINITIONS

Active Consultant — A Consultant who satisfies the minimum Personal Retail Sales requirements, as set forth in the Apriori Beauty Compensation Plan, to ensure that he or she is eligible to receive bonuses and commissions for a particular month.

Active Rank — The term "active rank" refers to the current rank of a Consultant, as determined by the Apriori Beauty Compensation Plan, for any month. To be considered "active" relative to a particular rank, a Consultant must meet the criteria set forth in the Apriori Beauty Compensation Plan for his or her respective rank. (See the definition of "Rank" below.)

Agreement — The contract between the Company and each Consultant includes the Consultant Application and Agreement, the Apriori Beauty Policies and Procedures, the Apriori Beauty Compensation Plan, and the Business Entity Registration Form (where appropriate), all in their current form and as amended by Apriori Beauty in its sole discretion. These documents are collectively referred to as the "Agreement."

Bonus Volume (BV) — The amount assigned to each Apriori product that is used to calculate and pay downline bonuses.

The amount is usually less than the retail price of the products.

Business Kit — A selection of Apriori Beauty training materials, product samples, and business support literature that each new Consultant is required to purchase. The Business Kit is sold to Consultants at the Company's cost.

Cancel — The termination of a Consultant's business. Cancellation may be either voluntary, involuntary or through non-renewal.

Client — An individual who purchases Apriori Beauty products from a Consultant but who is not a participant in the Apriori Beauty compensation plan. A Client may participate in the Apriori Autoship Program by registering at his or her Consultant's Apriori website.

Commissionable Products — All Apriori Beauty products on which commissions and bonuses are paid. Business Kits and sales aids are not commissionable products.

Company — The term "Company" as it is used throughout the Agreement means Apriori Beauty, LLC

Consultant Activity Report — An online report generated by Apriori Beauty that provides critical data relating to the identities of Consultants, sales information, and enrollment activity of each Consultant's Marketing Organization. This report contains confidential and trade secret information which is proprietary to Apriori Beauty.

Downline Leg — Each one of the individuals enrolled immediately underneath you and their respective Marketing Organizations represents one "leg" in your Marketing Organization.

Downline — See "Marketing Organization" below.

Group — All of the Consultants sponsored below a particular Consultant, down to the first Consultant of the rank of "Manager" or above in each Downline Leg.

Group Bonus Volume — The Personal Bonus Volume of a Consultant and each of the Consultant in the Consultant's Group. See the definitions of "Bonus Volume" and "Group" above, and "Personal Bonus Volume" below. (Business Kits and sales aids have no Bonus Volume.)

Immediate Household — Heads of household and dependent family members residing in the same house.

Level — The layers of downline Consultants in a particular Consultant's Marketing Organization. This term refers to the relationship of a Consultant relative to a particular upline Consultant, determined by the number of Consultants between them who are related by sponsorship. For example, if A sponsors B, who sponsors C, who sponsors D, who sponsors E, then E is on A's fourth level.

Marketing Organization — The Consultants sponsored below a particular Consultant.

Official Apriori Beauty Material — Literature, audio or video tapes, and other materials developed, printed, published and distributed by Apriori Beauty to Consultants.

Personal Bonus Volume (PBV) — The total Bonus Volume of products sold in a calendar month: (1) by the Company to a Consultant; and (2) by the Company to the Consultant's Clients.

Personal Retail Volume (PRV) — The total retail value of products sold in a calendar month: (1) by the Company to a Consultant; and (2) by the Company to the Consultant's Clients.

Rank — The "title" that a Consultant has achieved pursuant to the Apriori Beauty Compensation Plan.

Recruit — For purposes of Apriori Beauty’s Conflict of Interest Policy (Section 4.9), the term “recruit” means the actual or attempted sponsorship, solicitation, enrollment, encouragement, or effort to influence in any other way, either directly, indirectly, or through a third party, another Apriori Beauty Consultant to enroll or participate in another multilevel marketing, network marketing or direct sales opportunity.

Resalable — Products and Sales aids shall be deemed "Resalable" if each of the following elements is satisfied: 1) they are unopened and unused; 2) packaging and labeling has not been altered or damaged; 3) they are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price; 4) they are returned to Apriori Beauty within one year from the date of purchase; and 5) the product contains current Apriori Beauty labeling. Any merchandise that is clearly identified at the time of sale as nonreturnable, discontinued, or as a seasonal item, shall not be Resalable.

Retail Sales — Sales to Clients. If a sale is made to a Client who subsequently submits an Apriori Beauty Consultant Agreement within 30 days from the date of the sale, or if an immediate household family member of the Client submits an Apriori Beauty Consultant Agreement within 30 days of the sale, such sale shall not constitute a Retail Sale. A Consultant’s personal purchases from Apriori Beauty do not constitute Retail Sales.

Roll-Up — The method by which a vacancy in a Marketing Organization left by a Consultant whose Consultant Agreement has been canceled is filled.

Sponsor — A Consultant who enrolls another Consultant into the Company, and is listed as the Sponsor on the Consultant Application and Agreement. The act of enrolling others and training them to become Consultants is called “sponsoring.”

Upline — This term refers to the Consultant or Consultants above a particular Consultant in a sponsorship line up to the Company. Conversely stated, it is the line of sponsors that links any particular Consultant to the Company.



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