

WATKINS
TRADE MARK

Message / Message:

International Compensation Plan

Watkins Story

Watkins—a Pioneer of the Direct Selling Industry:

It's been more than 135 years since visionary J.R. Watkins sold his first product—Red Liniment—and began gathering his acquaintances to help him distribute his products. This new method of distribution established Watkins as the first Direct Selling Company. J.R.'s dedication to quality and service, not to mention the first-ever money-back guarantee, helped create demand for his Red Liniment and the other exceptional products that followed.

Watkins Enhances the Lives of Countless Men and Women:

Our history of friendly service, the convenience of delivery, and our high-quality products are what continue to set us apart today. Our dedication to these principles has never wavered. As a result, thousands of men and women have proudly marketed Watkins products, earning a substantial income along the way. With the use of today's technology, Watkins makes direct marketing products even easier by shipping products directly to your customers when they order by telephone, mail, or the Internet.

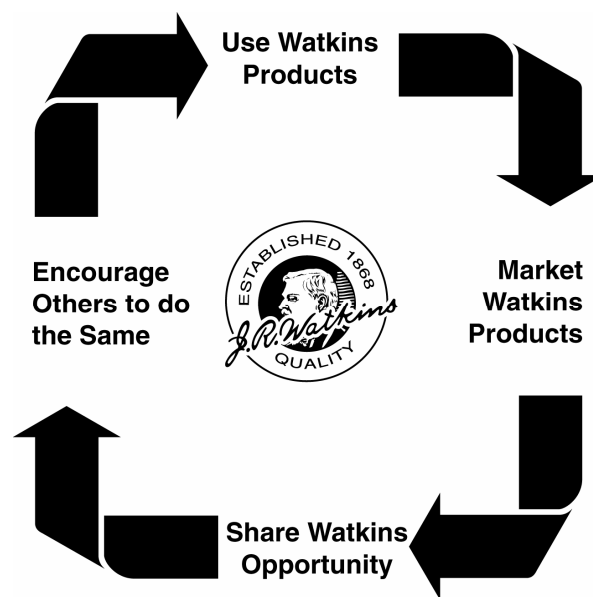
A Customizable Opportunity:

Watkins Associates customize the Watkins Business Opportunity to suit their needs. Whether it's a full-time income or extra money, the Watkins opportunity works for everyone. Associates tailor their level of business activity to the amount of time they have to spend and the amount of income they want to earn. Associates can spend time marketing their Watkins business through one-on-one contact, by holding Good Tastings events, marketing online, or presenting at tradeshow and other community events.

A Basic Business-Building Plan:

Earning money with Watkins centers around **four** basic business-building activities.

1. Using Watkins products saves you money and helps you learn about the benefits of the products.
2. Marketing Watkins products helps you earn income and meet new people—possible business partners.
3. Sharing the Watkins business opportunity with others helps you grow your business and gain new customers.
4. Encouraging others to use Watkins products, market the products, and share the business opportunity helps your team grow.



Income and Incentives

Utilizing the four basic business-building activities will help Associates earn income. Watkins offers three ways to earn income and incentives.

1. Retail Income:

All Watkins Associates earn 25% retail income on personal product sales.

2. Bonus Income:

Watkins Associates earn bonus income based on their Achievement Level. Bonus income is paid on the bonus assigned to each product. Bonus is the amount available to pay out in bonus income on each product after the Associate's 25% retail income and after Watkins costs. The percentage of the bonus you receive increases as you attain higher titles. All bonus income is based on the bonus of the products sold.

3. Travel & Recognition:

Each year, Watkins offers a number of travel and recognition opportunities. Associates may earn additional prizes including trips to exciting travel destinations. Past destinations include Hawaii, Cancun, Ireland, and Rome. In addition, Watkins offers recognition and awards programs.

Levels of Achievement

Watkins compensation plan offers three levels of achievement—Consultant, Manager, and Executive. Within each of these levels, an Associate may achieve Bronze, Silver, or Gold titles. Each advancement in title increases the amount of bonus an Associate can earn. Associates advance levels by consistently practicing the four basic business-building activities (listed on the previous page). Watkins' top leaders are not "workaholics," but they do tend to work consistently, work smart, and work cooperatively with the company and their teams.



Since Watkins is an international company operating within more than one currency standard, Watkins uses points to measure sales volume rather than dollars. Each product carries a point value, which is independent from any national or local currency. Points are used to determine Associate qualifications and achievement. (For a further explanation of volume see Appendix A.)

CONSULTANT LEVEL:

THE FIRST STEP TO SUCCESS

Consultants save money on their own product purchases and earn income by marketing Watkins products to their friends, family, and acquaintances and by building a growing customer base.

The Consultant title offers four achievement levels:

- **Consultant**
- **Bronze Consultant**
- **Silver Consultant**
- **Gold Consultant**

In addition to the 25% retail income, Consultants at the Bronze, Silver, and Gold level earn bonus income.

Definitions:

Bonus—The amount available to pay out in bonus income on each product after the Associate's 25% retail income and after Watkins costs.

Central—Your Central consists of personal sales and purchases.

Central Bonus—The collective Bonus of personal sales and purchases.

Group—Your Group consists of your Central and the Central of each Associate whom you have sponsored, the Associates whom your Associates have sponsored, etc.*

Group Bonus—The collective Bonus of your Group.*

Minimum qualifications for achieving Consultant levels:

Consultant:

- Complete and submit an International Agreement or accept the terms & conditions online
- Purchase Business Introduction Package or a Starter Order Assortment

Bronze Consultant:

- 500 Group Points per month 100 Central Points per month

Silver Consultant:

- 1,000 Group Points per month 100 Central Points per month

Gold Consultant:

- 1,500 Group Points per month 100 Central Points per month

* Your Group does not include Associates who have created their own Groups by achieving the Manager title. Consultants within your downline who attain an equal or higher title to you remain in your group, but you will not receive group bonuses on their activity. You can start receiving group bonuses once you have re-attained a higher title than your sponsored Associates. You will receive a 5% Sponsorship Bonus on all activity for those Associates with an equal or higher title for three months. The Sponsorship Bonus rewards you for sponsoring active Associates and allows you time to increase your business to stay ahead of your downline.

CONSULTANT LEVEL:

Active Consultants will receive the following compensation:

Consultant:

- 25% Retail income on all products you sell, including those you purchase for personal use

Bronze Consultant:

- 25% Retail income on all products you sell, including those you purchase for personal use
- 10% of Central Bonus Volume
- Up to 10% of Group Bonus Volume

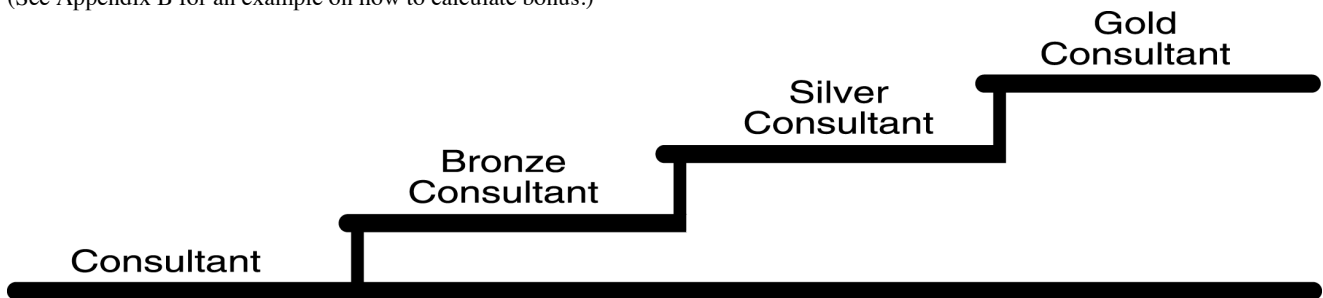
Silver Consultant:

- 25% Retail income on all products you sell, including those you purchase for personal use
- 20% of Central Bonus Volume
- Up to 20% of Group Bonus Volume

Gold Consultant:

- 25% Retail income on all products you sell, including those you purchase for personal use
- 30% of Central Bonus Volume
- Up to 30% of Group Bonus Volume

(See Appendix B for an example on how to calculate bonus.)



ADVANCING MANAGER:

UP THE LADDER OF SUCCESS

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

Minimum qualifications for achieving Advancing Manager levels:

Bronze Manager:

- 2,000 Group Points per month
- Two (2) Qualified Legs

200 Central Points per month

Silver Manager:

- 2,000 Group Points per month
- Four (4) Qualified Legs

200 Central Points per month

Gold Manager:

- 2,000 Group Points per month
- Six (6) Qualified Legs

200 Central Points per month

Definitions:

Leg—A "leg" is a downline that starts with a personally sponsored Associate.

Qualified Leg (QL)—is a leg that contains at least one titled Manager or Executive and generates 2000 points in that month. The Manager/Executive does not need to be paid as a Manager/Executive that month, and the Manager/Executive can be at any level in the leg.

Active Advancing Managers will receive the following compensation:

Bronze Manager:

- 25% Retail income on all products you sell including those you purchase for personal use
- 40% of Central Bonus Volume
- Up to 40% of Group Bonus Volume
- 15% Manager Development Bonus of 1st generation Managers and Executives' Group Bonus Volume
- 10% Manager Development Bonus of 2nd generation Managers and Executives' Group Bonus Volume

Silver Manager:

- 25% Retail income on all products you sell including those you purchase for personal use
- 40% of Central Bonus Volume
- Up to 40% of Group Bonus Volume
- 15% Manager Development Bonus of 1st generation Managers and Executives' Group Bonus Volume
- 10% Manager Development Bonus of 2nd generation Managers and Executives' Group Bonus Volume
- 10% Manager Development Bonus of 3rd generation Manager and Executives' Group Bonus Volume

Gold Manager:

- 25% Retail income on all products you sell including those you purchase for personal use
- 40% of Central Bonus Volume
- Up to 40% of Group Bonus Volume
- 15% Manager Development Bonus of 1st generation Managers and Executives' Group Bonus Volume
- 10% Manager Development Bonus of 2nd generation Managers and Executives' Group Bonus Volume
- 10% Manager Development Bonus of 3rd generation Manager and Executives' Group Bonus Volume
- 5% Manager Development Bonus of 4th generation Manager and Executives' Group Bonus Volume

EXECUTIVE LEVEL:

BUILDING FOR TOMORROW

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

The Executive title offers three achievement levels:

- **Bronze Executive**
- **Silver Executive**
- **Gold Executive**

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

Definitions:

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

Gold Executive Pool—Each month 2% of the company-wide bonus is added to the Gold Executive Club Pool. Gold Executives earn shares in the pool for each qualified Gold Executive leg developed in their downline unless that downline Gold Executive Associate is owned by the upline Gold Executive.

Total Downline Points (TDP) - the combination of your group points, and the group points of all Managers in your total downline.

Minimum qualifications for achieving the Executive levels:

Bronze Executive:

- 2,000 Group Points per month 200 Central Points per month 50,000 TDP per month
- Eight (8) Qualified Legs (QL)

Silver Executive:

- 1,500 Group Points per month 200 Central Points per month 100,000 TDP per month
- Ten (10) Qualified Legs (QL)

Gold Executive:

- 1,000 Group Points per month 200 Central Points per month 200,000 TDP per month
- Twelve (12) Qualified Legs (QL)

EXECUTIVE LEVEL:

Active Advancing Executives will receive the following compensation:

Bronze Executive:

- 25% Retail income on products you sell including those you purchase for personal use
- 40% of Central Bonus Volume
- Up to 40% of Group Bonus Volume
- 15% Manager Development Bonus of 1st generation Managers and Executives' Group Bonus Volume
- 10% Manager Development Bonus of 2nd generation Managers and Executives' Group Bonus Volume
- 10% Manager Development Bonus of 3rd generation Managers and Executives' Group Bonus Volume
- 5% Manager Development Bonus of 4th generation Managers and Executives' Group Bonus Volume
- Up to 5% Executive Leadership Bonus on Total Downline Bonus Volume

Silver Executive:

- 25% Retail income on products you sell including those you purchase for personal use
- 40% of Central Bonus Volume
- Up to 40% of Group Bonus Volume
- 15% Manager Development Bonus of 1st generation Managers and Executives' Group Bonus Volume
- 10% Manager Development Bonus of 2nd generation Managers and Executives' Group Bonus Volume
- 10% Manager Development Bonus of 3rd generation Manager and Executives' Group Bonus Volume
- 5% Manager Development Bonus of 4th generation Managers and Executives' Group Bonus Volume
- Up to 10% Executive Leadership Bonus on Total Downline Bonus Volume

Gold Executive:

- 25% Retail income on products you sell including those you purchase for personal use
- 40% of Central Bonus Volume
- Up to 40% of Group Bonus Volume
- 15% Manager Development Bonus of 1st generation Managers and Executives' Group Bonus Volume
- 10% Manager Development Bonus of 2nd generation Managers and Executives' Group Bonus Volume
- 10% Manager Development Bonus of 3rd generation Manager and Executives' Group Bonus Volume
- 5% Manager Development Bonus of 4th generation Manager and Executives' Group Bonus Volume
- Up to 15% Executive Leadership Bonus on Total Downline Bonus Volume
- Share of Gold Executive Pool

9. *Note: To determine an Executive qualified leg count, Watkins will use the highest count from either the prior or current month. Total downline points must be met each month to achieve Executive paid as title.*

Compensation Plan at a Glance



Title	Monthly Qualifications				Monthly Compensation				
	Central Points	Group Points	Qualified Legs	Total Downline Points	Retail Income	Central Bonus	Group Bonus	Manager Development Bonus	Executive Leadership Bonus
Executive Levels									
Gold	200	1,000	12 Legs	200,000	25%	40%	Up to 40%	15% 1 st Generation 10% 2 nd Generation 10% 3 rd Generation 5% 4 th Generation	Up to 15%
Silver	200	1,500	10 Legs	100,000	25%	40%	Up to 40%	15% 1 st Generation 10% 2 nd Generation 10% 3 rd Generation 5% 4 th Generation	Up to 10%
Bronze	200	2,000	8 Legs	50,000	25%	40%	Up to 40%	15% 1 st Generation 10% 2 nd Generation 10% 3 rd Generation 5% 4 th Generation	Up to 5%
Manager Levels									
Gold	200	2,000	6 Legs		25%	40%	Up to 40%	15% 1 st Generation 10% 2 nd Generation 10% 3 rd Generation 5% 4 th Generation	
Silver	200	2,000	4 Legs		25%	40%	Up to 40%	15% 1 st Generation 10% 2 nd Generation 10% 3 rd Generation	
Bronze	200	2,000	2 Legs		25%	40%	Up to 40%	15% 1 st Generation 10% 2 nd Generation	
Manager	200	2,000			25%	40%	Up to 40%	15% 1 st Generation	
Consultant Levels									
Gold	100	1,500			25%	30%	Up to 30%		
Silver	100	1,000			25%	20%	Up to 20%		
Bronze	100	500			25%	10%	Up to 10%		
Consultant					25%				

Central – Your Central consists of you and your customers.

Group – Your Group consists of all Associates whom you have sponsored, the Associates whom your Associates have sponsored, etc. (It does not include the groups of downline Associates who have created their own groups by achieving Manager or higher title.)

Points – The qualifying value assigned to each product.*

Central Points – Total monthly Points from your Central.

Group Points – Total monthly Points from your Group (Includes your Central Points).

Leg – A downline that starts with a personally sponsored Associate.

Qualified Leg – A leg that contains at least one titled Manager or Executive and generates 2000 points in that month. The Manager/Executive does not need to be

paid as Manager/Executive that month, and the Manager/Executive can be at any level in the leg.

Total Downline Points – The collective total points of all downline.

Downline – The term used to describe the organization that a Watkins Associate builds. It is made up of all the Associates sponsored into an Associate's organization.

Sponsor – The person who brings a new Associate into the business.

Retail Income – Watkins Associates receive a 25% discount off the retail price of Watkins consumer products allowing Associates to earn 25% of their personal sales.

Bonus – Each product is assigned a bonus. The bonus is the amount available to pay out in bonus income on each product after the Associate's discount of 25% and Watkins costs. **All bonus income is based on the bonus of the products sold.***

* Points and bonus for each product can be found on the Monthly Order Form.

ACTIVITIES FOR ADVANCING ON THE INTERNATIONAL COMPENSATION PLAN

CONSULTANT LEVEL:

When J.R. Watkins began building his team of Watkins Distributors in 1868, he realized that true success comes with working hard for personal achievements and enjoying the satisfaction that comes from helping others succeed at the same time.

Consistently striving to achieve the following goals will aid in a steady advancement through the International Compensation Plan.

Goals and Activities for Advancement:

	Goals	Activities
Central Sales	100 to 1,000 Central Points each month	<ul style="list-style-type: none"> • Use the products and develop testimonials. • Prospect for new Customers, start with family and friends. • Ask for customer referrals.
Group Sales (Includes Central Sales)	500 to 1,500 Group Points	<ul style="list-style-type: none"> • Prospect for Associates. • Set weekly/monthly sales goals.
Personally Sponsor	2 new Associates each month	<ul style="list-style-type: none"> • Prospect for others who might benefit from the Watkins business.
Group Sponsor	2 new Associates each month	<ul style="list-style-type: none"> • Set weekly/monthly sponsoring goals and achieve them.
Duplication	Train new Associates to advance by helping them complete the first two sections in the <i>System for Success</i> .	<ul style="list-style-type: none"> • Reward and recognize Associates' sales and sponsoring accomplishments.
Personal and Leader Advancement	Advance to Manager	<ul style="list-style-type: none"> • Continue your own training with the <i>System for Success</i> guide, as well as corporate training opportunities.

MANAGER LEVEL:

Consistently striving to achieve the following goals will aid in a steady advancement through the International Compensation Plan. Managers provide guidance and mentor their teammates on the journey up the ranks of the International Compensation Plan.

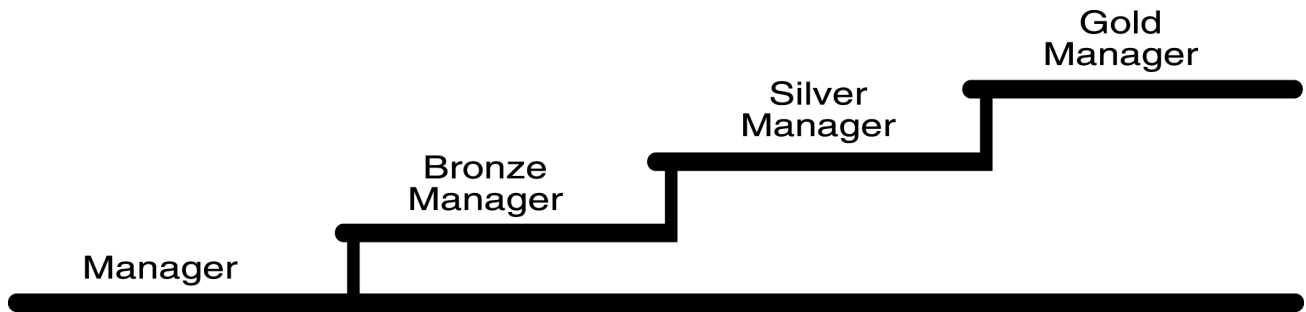
Manager

Goals and Activities for Advancement:

	Goals	Activities
Central Sales	500 to 1,000 Central Points each month	<ul style="list-style-type: none"> • Continue to prospect for at least 10 new Customers and Associate leads per week. • Market and expand your customer base. • Ask for customer referrals.
Group Sales (Includes Central Sales)	5,000 Group Points	<ul style="list-style-type: none"> • Continue to train your downline on selling and sponsoring. • Set weekly/monthly sales goals.
Personally Sponsor	2 to 4 new Associates each month	<ul style="list-style-type: none"> • Prospect for and sponsor others who might benefit from the Watkins business. • Ask for business referrals.
Group Sponsor	5 new Associates each month	<ul style="list-style-type: none"> • Set weekly/monthly sponsoring goals and achieve them through training others.
Duplication	Train new Associates to advance by helping them complete the first two sections in the <i>System for Success</i> .	<ul style="list-style-type: none"> • Reward and Recognize Associates sales and sponsoring accomplishments.
Personal and Leader Advancement	Have 2 to 4 Consultants in training to advance to Manager each month.	<ul style="list-style-type: none"> • Learn to teach others by continuing your own training with the <i>System for Success</i> and <i>Lead and Manage</i> guides, as well as corporate training opportunities. • Train others through the <i>System for Success</i> “Way to Manager program.”

ADVANCING MANAGER:

Consistently striving to achieve the following goals will aid in a steady advancement through the International Compensation Plan. Managers provide guidance and mentor their teammates on the journey up the ranks of the International Compensation Plan.

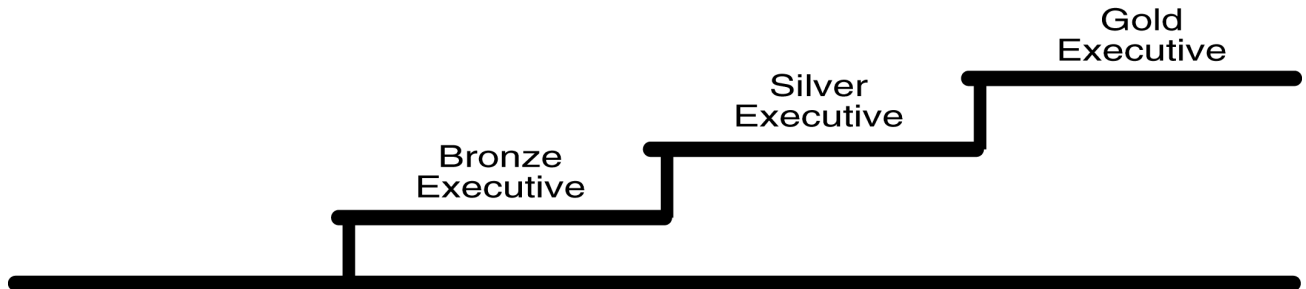


Goals and Activities for Advancement:

	Goals	Activities
Central Sales	1,000 to 2,000 Central Points each month	<ul style="list-style-type: none"> • Continue to prospect for at least 10 new Customer and Associate leads per week. • Market and expand your customer base. • Ask for customer referrals.
Group Sales (Includes Central Sales)	5,000 Group Points	<ul style="list-style-type: none"> • Continue to train your downline on selling and sponsoring. • Set weekly/monthly sales goals.
Personally Sponsor	4 to 6 new Associates each month	<ul style="list-style-type: none"> • Prospect for and sponsor others who might benefit from the Watkins business. • Ask for business referrals.
Group Sponsor	5 to 10 new Associates each month	<ul style="list-style-type: none"> • Set weekly/monthly sponsoring goals and achieve them through training others.
Duplication	Train new Associates to advance by helping them complete the first two sections in the <i>System for Success</i> .	<ul style="list-style-type: none"> • Reward and recognize Associates sales and sponsoring accomplishments.
Personal and Leader Advancement	Have 4 to 6 Consultants in training to advance to Manager each month.	<ul style="list-style-type: none"> • Learn to teach others by continuing your own training with the <i>System for Success</i> and <i>Lead and Manage</i> guides, as well as corporate training opportunities. • Train others through the <i>System for Success</i> “Way to Manager program.”

EXECUTIVE LEVEL:

Consistently striving to achieve the following goals will aid in a steady advancement through the International Compensation Plan. Executives provide guidance and mentor their teammates on the journey up the ranks of the International Compensation Plan. Executives enjoy a lucrative career marketing Watkins products and training others to do the same.



Goals and Activities for Advancement:

	Goals	Activities
Central Sales	1,000 to 2,000 Central Points each month	<ul style="list-style-type: none"> • Continue to prospect for at least 10 new Customer and Associate leads per week. • Market and expand your customer base. • Ask for customer referrals.
Group Sales (Includes Central Sales)	5,000 Group Points	<ul style="list-style-type: none"> • Continue to train your downline to sell and sponsor. • Set weekly/monthly sales goals.
Personally Sponsor	4 to 6 new Associates each month	<ul style="list-style-type: none"> • Prospect and sponsor for others who might benefit from the Watkins business. • Ask for business referrals.
Group Sponsor	5 to 10 new Associates each month	<ul style="list-style-type: none"> • Set weekly/monthly sponsoring goals and achieve them through training others.
Duplication	Train new Associates to advance by helping them complete the first two sections in the <i>System for Success</i> .	<ul style="list-style-type: none"> • Reward and recognize Associates sales and sponsoring accomplishments.
Personal and Leader Advancement	Have 4 to 6 Managers in training to advance to Bronze, Silver or Gold Manager each month.	<ul style="list-style-type: none"> • Learn to teach others by continuing your own training with the <i>System for Success</i> and <i>Lead and Manage</i> guides, as well as corporate training opportunities. • Train others through the <i>System for Success</i> “Way to Manager program.”