

WELCOME TO THE KMI COMPENSATION PLAN

These days, just about everyone are talking about wellness. More importantly, people are really starting to do something about it. In ever increasing numbers, long time smokers are fighting desperately to “Kick the Habit.” Millions upon millions of us have pledged to swear off our 20th Century high-fat, high-sugar diets, despite the ease and conveniences offered by our Fast Food Society.

But wellness means more than just adopting the means for achieving renewed physical health. True wellness should be all encompassing. In order to gain true and complete health, we must strive to gain emotional and financial health as well.

Are you truly satisfied with the way things are? Few of us are. We live in the stressful environment of the 8 to 5 workplace, an environment where the heights of our creativity and the bounds of our dreams and aspirations are often cut short by rigidity, narrow mindedness and downright foolishness. We strive for a better life but are stifled the demands and downright foolishness. We strive for better life but are stifled by the demands of “living within our means.” Is it any wonder that stress, the 20th Century Plague, is an

underlying cause of illness and death in our so-called developed nations?

Through KMI, you can free yourself of the bonds of unemployment, underemployment and underachievement. You can live the life of he true entrepreneur and earn your way to the financial success the inner you demands. With KMI you can end the frustrations of limited horizons and move ahead as far and as fast as your dreams and abilities can carry you. Through KMI, your dreams may finally become your reality.

The KMI Family is helping to build your success. From our advisers and researchers, we promise you a new and constantly exiting stream of innovative products. From our corporate officers and staff, we promise you all the assistance and co-operation you demand. From our upline independent distributors, we promise you the personal support and advice necessary to keep your success in forward motion. If we are to grow, we need each other. With all that KMI is, we are so much more with you. Welcome to your New Family and to growing healthily in every way!

KMI is committed to your total health and financial security as well as your physical well-being. Simply put, our philosophy is that we can all lead happier, healthier and more fulfilled lives with the opportunity to succeed and the physical stamina to meet the challenge.

The KMI Compensation Plan is the embodiment of that philosophy. It is designed to reward your success and encourage your growth, allowing you to accomplish goals that that you may never have dreamed possible. It is a plan based on sharing. Sharing the good news about KMI Products with family, friends and associates and sharing the KMI opportunity with those who seek the same chance for advancement as you.

KMI is delighted to offer this unique opportunity to so many of you. You will be sharing products that offer a uniquely high degree of effectiveness. In the entire world, there is nothing like them. You are offering products that are patented in the United States and South Africa and fifty other countries and cannot be duplicated or sold by any other organisation.

You will discover that the KMI Compensation Plan is broken down into distinct orderly units. Together, they form an easy-to-follow program that will assist you in first, producing income while gaining knowledge and then, using that income and knowledge to grow

financially as far as your energies will take you.

The KMI Program is a graduated development system where Independent distributors like you begin to learn and earn right from the start. You begin as a Consultant and advance through Executive levels to the Triple Crown plateau, building your organisation, your income and your future all along. Let's take a look at it now.

1. THE COMPENSATION PLAN

The diagram (compensation plan 1 & 2) show how you can progress through the various positions of Consultant, Silver, Gold Consultant, onto Executive and higher.

Once you achieve any position in KareMor - you never drop back.

1.1 Developing your business

As a KMI distributor, you are now in the position of being...in business for yourself - But not 'by' yourself. The principal aim of your sponsor and upline Executives is to help you become successful by following the tried and tested methods of Network Marketing - ***You succeed by helping others succeed.***

The more people you help become successful, to reach the higher levels, the more successful you become. Our literature, sales and recruiting aids are second to none in the industry and are backed up with experience and resources provided by the KMI SA management team. The fastest way for you to start building your business is to start using the sprays immediately. This way you will experience the products first hand. Then spray people at every opportune moment. Share the business opportunity with anyone and everyone (Never pre judge. You never know who your next superstar could be) ...and train your Downline to do the same. You teach Bill, to teach Sue, to teach Malcolm and so on all down the downline.

Understanding the following will help you build your team faster. At first it may seem complicated, but so did driving a car when you first started to learn. After a while and with practice, you soon got the hang of things and now it is second nature to you.

1.2 General Terminology

Network Marketing/Multi Level Marketing - (NWM/MLM)

Network Marketing and Multi Level Marketing, means the same thing. Network Marketing is just a more

modern phrase for Multi Level Marketing.

Recruiting/Sponsoring - again, means one and the same thing.

Purchase Discount (PD)

The discount all Consultants purchase at 20% discount from the suggested retail price.

Personal Profits (PP)

Profits you make on your own sales

Retail Profit Bonus (RPB)

The difference between your purchase discount and your title discount. E.g. Purchase discount 20% - Gold Consultant title discount - 30% - Retail Profit Bonus = 10%

Differential Bonus (DB)

Profits you make from your downline, Consultants, Silver Consultants and Gold Consultants.

Executive Royalty Bonus (ERB)

Profits you make from your downline Executives PGV. (This includes their personal sales and their Consultants, Silver and Gold Consultants' sales).

Crown Infinity Bonus (CIB)

Again, profits you make from your downline Executives PGV.

1.3 EXECUTIVES AND HIGHER QUALIFICATION

Executive - A Consultant who achieves 10, 000 PGV and reaches the status of Executive

Opal - An Executive with one Executive in her/his downline

Ruby - An Executive with two Executives in his downline

Note: qualification from here - must be in different legs, but not necessarily sponsored personally - can be sponsored by one of your downline distributors.

Sapphire - An Executive with four Executives in his downline - two of which are gems

Emerald - An Executive with six Executives in his downline - four of which are gems

Diamond - An Executive with eight Executives in his downline - all are gems

Crown - An Executive with 8 gems in his downline - of which three are Sapphires

Double crown - An Executive with 9 gems in his downline - of which four are Emeralds

Triple crown - An Executive with 10 gems in his downline - of which 5 are Diamonds

Qualifying Volume a. (QV)

a) In NWM companies, to reach the higher levels and thus make more money, there are certain qualifying volumes to do these of course vary depending on the level you are Currently at and the level you wish to achieve (See Diagram – Executive positions)

Qualifying volume b. (QV)

b) In NWM companies, to be eligible to receive bonuses, there are always certain qualifying volumes to be done. In many companies, especially, from the wave 2 era of NWM, or with outdated wave 2 compensation plans, many volumes are high. We at KareMor have elected to go with the current wave 3 trends in America and keep the qualifying volumes low.

(See Diagram 4)

This way, more people can reach them more easily and consistently. More

people will make the bonuses and more people will stay in the business.

**EXECUTIVE ROYALTY BONUS (CIB)
– MONTHLY QUALIFICATION**

<u>TITLE</u>	<u>MONTHLY PGV</u>
OPAL	3 700 Points
RUBY	3 700 Points
SAPPHIRE	5 300 Points
EMERALD	5 300 Points
DIAMOND	7 400 Points

Points

A Point is a value assigned to each product on which all qualifications for bonuses, recognition and achievement are based. A point is not a currency amount and therefore does not change as prices are adjusted. In this way, the compensation plan qualifications remain constant with regard to the number of units that must be sold to achieve a particular bonus qualification.

Personal Volume (PV)

Personal Volume - sprays either sold personally or used personally

Note: to qualify for all bonuses two or three sprays per month (depending on your status) must be Personal Volume - we strongly recommend that you use a direct debit/standing order to purchase your two or three sprays per month. It is so easy to forget, especially when you are “busy” or go on holiday.

Remember **NO PERSONAL VOLUME - ANY BONUSES**. You would not want to lose out on say R5000.00 in bonuses simply because you ‘forgot’ to do your personal volume!

Note: PV qualification applies to all bonuses.

Group Volume (GV)

Group Volume - volume done by your Consultants, Silver and Gold Consultants, directly under you.

Executive Group Volume (EGV)

means your downline Executive’s PGV. Executive’s usually will have one or more Consultants/Silver/Gold Consultants under them). This is the volume the Royalty Bonuses and CIB are calculated on. This is the qualifying monthly volume that you will need to do, to qualify for your Royalty and Crown Infinity Bonuses.

1.4 ENCUMBERED AND UNENCUMBERED VOLUME

Encumbered means any volume created by your downline Distributors that is being used to fully qualify or half qualify as an Executive. Their volume would be *encumbered* and therefore not ‘fully’ usable by you for Executive qualification purposes (two people cannot ‘fully’ use the same volume to qualify as an Executive). You recruit Fred - Fred recruits 3 or 4 people. Fred

and his team 12 800 Points (or 8 600 for half qualification). This volume is being used to fully qualify (or half qualify) as an Executive, so you may not 'fully' use this volume to help you qualify.

However in true NWM style, you may use some of it. You can use 6 400 Points of this volume towards your own qualification as an Executive.

Unencumbered means any volume created by your downline Consultants 'not' being used to fully qualify or half qualify as an Executive.

You can use this volume to help you fully or half qualify as an Executive. You recruit Bill who does 1 100 Points PV and Mary, who recruits 3 or 4 people and does a total of 4 300 Points PGV. None of these people will either fully or half qualify, so this volume is going 'free'. You can use this volume to qualify with. This is a total of 5 400 - Let's say you do 1 100 PV = total of 6 500 + 6 400 from Fred's encumbered PGV. Congratulations you have, using the efforts of others in your downline reached Executive.

1.5 THE SLIDING SCALE

Consultant

Everyone starts as a Consultant by being sponsored into the KareMor business and by investing in a business kit. Consultants start on 20% Retail Profit

20% Purchase Discount

All Distributors purchase their products at 20% discount.

Example: an Executive on 35%, still purchases at the 20% discount. The remaining 15% Retail Profit Bonus (RPB) is paid on the last day of the following month together with any other bonuses due - Differential, Royalties, CIB.

1.5.1 MOVING UP THE SLIDING SCALE

A Distributor may share the business with other people, sponsoring (or recruiting) them into the business as Consultants, thus helping advance themselves up the sliding scale in the Compensation Plan. All your Consultants sales volume (GV) and your own personal sales (PV) are added together to give you your total Personal + Group Volume (PGV) - thereby allowing you to progress faster towards Silver, Gold Consultant and Executive.

Silver Consultant

When a Consultant achieves 3 200 Points PGV in total (in one calendar month) they become eligible for 25% retail profits on their own personal sales and to receive Differential Bonuses on their downline Consultants of 5%. Remember: 2 sprays must be PV to qualify for Differential Bonuses.

1.6 QUALIFICATION PERIODS

E.g. If a Consultant orders 3 200 Points in a single order, they will become a Silver Consultant for that specific month. Note: Promotions to the titles of Silver & Gold Consultants occur on the first of the same month in which you qualified for the higher title.

Promotion to Executive is a little different. You qualify for the 35% Executive level discount just as previously described, but the promotion to the Executive title occurs on the first day of the following month.

Note: You do not need to worry about these calculations. KMI have an incredibly sophisticated computer program which tracks every one of your downline Distributors and orders placed by each one. You do receive a printout of your entire month's movement one-month in arrears.

1.7 BENEFITING FROM OTHERS IN YOUR DOWNLINE

In true NWM style...'*benefiting from others in your downline*'... a Consultant, by recruiting people into his or her downline may shoot up the sliding scale by adding their downline's volume to their own volume.

E.g. If Consultant Fred, places an order for 1 100 Points and two of his downline Consultants each place an order for 1 100 Points, this is a total of 3 300. Fred's personal volume, plus his

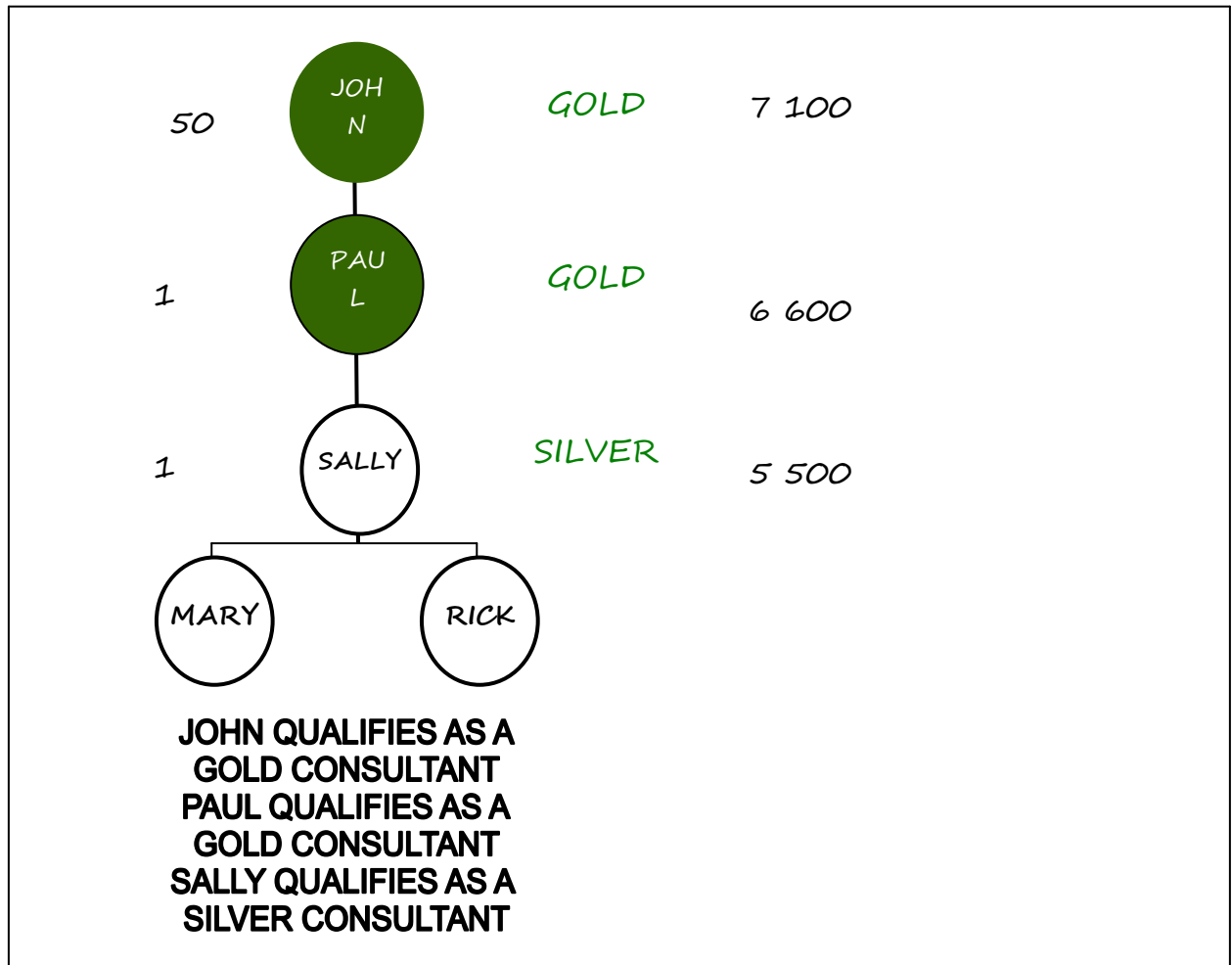
downline's volume pushes him to Silver Consultant. (This means - 25% retail profits for Fred and 5% differential bonus on his downline Consultants)

Gold Consultant

When a Consultant achieves 6 400 Points PGV in total (in one calendar month) they become eligible for 30% retail profits on their own personal sales and to receive differential bonuses on their downline Consultants. 10% on their Consultants and 5% on their Silver Consultants. Remember: 2 sprays must be PV to qualify for bonuses. E.g. John is a Consultant. He recruits Paul under him. Paul recruits Sally under him; Sally recruits two people under her making a total of 4 Consultants under John. John does 500 Points in personal sales. Paul does 1 200 Points in personal sales, Sally does 1 000 Points and Sally's two Consultants Mary and Rick do 2 100 Points each. John's PGV is 6 900 Points. John has qualified as a Gold Consultant (6 400 Points or more). His Consultants' volume pushes him upwards.

Paul also finds he has qualified as a Gold Consultant (6 400 Points) and Sally has qualified with her 1 000 Points and her two downline's GV of 4 200 Points as a Silver Consultant (over 3 200 Points). See the following example:

**GOLD CONSULTANT
QUALIFICATIONS EXPLANATION**



Executive Qualification

Two ways to qualify:

1. Achieve 12 800 Points PGV in one calendar month (3 sprays must be personal volume) 6 400 Points must be **unencumbered**.
2. Achieve 8 600 Points PGV in 2 consecutive months (3 sprays must be PV) 6 400 Points must be **unencumbered**.

Getting to Executive fast

(12 800 Points PGV)

To achieve Executive in true NWM style - 'using the efforts of others in your *downline*'- imagine you recruit Sally. Sally recruits 3 or 4 people downline and achieves 12 800 Points PGV. (This volume is encumbered - it is being used to fully qualify) however...all you have to do is 6 400 Points of **unencumbered** volume (see encumbered and unencumbered explanation) and

congratulations, both you and sally
'fully' qualify as an Executive.

This can be done up to a maximum of
six levels deep. (E.g. Level 6 does 12
800, level 5 does 6 400 of
unencumbered, so does levels 4, 3, 2
and 1) Congratulations, each person
FULLY QUALIFIES as an Executive.

Promotion to Executive

Remember promotion to the Executive
title occurs on the first day of the
following month.

Differential Bonuses

Differential Bonuses are available to
Distributors who achieve the level of
Silver Consultant or higher. They are
received for building a downline and
encouraging people to recruit and sell.

Differential Bonuses are paid on
downline Consultants, Silver and Gold
Consultant's monthly personal volume -
they are not for nothing - **no sales - no
bonuses**. All bonuses are paid on the
last day of the following month. To be
eligible in any month to receive these
bonuses, you must meet the minimum
qualification for personal
sales/purchases each month.

Executive Royalty Bonuses (ERB)

The big incomes in NWM come from
Royalty Bonuses. As an Executive you
get paid 5 to 6% on the wholesale price
on the sales/purchases in your downline

Executive's PGV. Royalty Bonuses are
available to all Executives (and above,
Opal, Ruby etc) who have one or more
Executives in their downline. They are
received for dedication, time and effort
invested in motivating and training their
downline and helping them achieve
Executive status. The Royalty Bonuses
are paid on the Executives monthly PGV
(remember, this includes their own
personal volume and their Consultants,
Silver and Gold Consultants volume).
Royalty Bonuses are paid on the last
day of the following month. - They are
not for nothing - no sales - no bonuses.

To be eligible in any month to receive
these bonuses, you must meet three
qualifications:

1. Achieve a PGV, which varies with
your title (See Diagram – Executive
positions)
2. 5 Sprays must come from personal
sales/purchases each month.
3. To achieve the highest payout
awarded to your title, you must also
have the required number of
qualified Executive legs. Each of
these legs must be a qualified leg.
For the leg to be Qualified it has to
have one Executive in it (or higher)
can be personally sponsored or not.
If in a given month you do not have
the required number of legs to
achieve your highest payout, you will
be paid for that month at the lower
title level for which you do qualify for

that month. The Royalty Bonus is computed for you to a depth that depends on your title. E.g. If you are a Ruby Executive, you are paid 5% - 3 levels deep. If you are a diamond and all your qualifying legs are gems, you will be paid 5% - 4 levels deep and 6% on levels five and six.

Royalty Bonus - Monthly Qualification

To receive Royalty Bonuses in NWM companies, there are always minimum monthly qualifications to achieve. Again, KareMor has elected to go with the wave 3 philosophy in America and keep the Qualifying volumes low each month. More people will be able to achieve them; more people will make money, enabling more people to stay in the business year after year.

(See Diagram – Executive positions)

1.8 THE CROWN INFINITY BONUS (CIB)

The CIB is designed to give generous rewards for leadership and to business builders. The CIB gives Executives the potential of earning percentages on their entire Executive organization regardless of depth.

Bonuses are on all lines and are only interrupted by another downline infinity bonus member on a specific line.

The CIB is designed to reward exceptional achievement in KareMor. To

qualify for the CIB you must be a diamond Executive. Using the double crown as an example: to qualify for this bonus you must:

- Meet the qualifications to be paid as a Diamond Executive –5 products PV and 7 400 Points PGV.
- Have 9 qualified legs – all Gems
- At least 4 of these legs must have a qualified Emerald Executive or higher.

Then, you will receive up to a 2% CIB. This bonus is paid downline over all levels, unlike the royalty bonus, which is paid to, at most, 6 levels. You are paid your bonus downline until you either reach the bottom or hit another Executive who is also entitled to receive a CIB. The downline Executive receives his bonus first. Below this Executive, you will receive the difference between your bonus, if any. E.g. A Triple Crown would receive a CIB of 3% if you have a downline Executive who is receiving a CIB of 1%, and then below this Executive, you receive 2%.

If you are both at the same level, then you receive no bonus below this Executive.

(See Diagram – Executive positions)

1.9 CONSISTENCY BONUS

This is an incentive KMI has put in place to reward the distributors who built a stable business. The consistency bonus

is an extra bonus on top of any other bonuses earned.

To qualify for this bonus a distributor need to do a PGV of 12 800 Points in three consecutive months.

From the fourth month on you will earn R500-00 if your PGV is over 12 800 and below 19 20. You will earn R1000-00 if your PGV is over 32 000 Points.

If your PGV drops below 12 800 Points you need to qualify for three months again.

2 LEGAL & TAX REQUIREMENTS

While every effort was made to ensure the accuracy of information contained in these pages South African regulations do change. This information thus serves as a general guide only.

On becoming a distributor you should note that you would not in any circumstances be considered an employee if KMI. KMI distributors are independent business persons operating their own businesses and acceptance by KMI of a distributor application does not constitute either the offer or acceptance of an employment relationship.

2.1 TAX AND FISCAL REQUIREMENTS

Distributors operating as sole proprietors will utilise their existing income tax number that is typical for an employed individual. If an income tax number is not available, distributors will be required to register as a taxpayer with the Receiver of Revenue.

2.2 RESONSIBILITY FOR COMPLIANCE WITH TAX REGULATIONS

As an Independent KMI distributor, you will be responsible for compliance with all tax requirements relating to your business. If in doubt regarding certain tax issues KMI advises distributors to seek counsel from their accountant or tax advisor.

2.3 INCOME TAX WITHHOLDING

KMI South Africa will not withhold any income taxes from bonus payments made to your KMI business. The amount of bonuses you receive from KMI South Africa will be reported to the Commissioner of Inland Revenue annually on form IT3 (a). You will be responsible to remit payment for your income taxes.

