## ARBONNE.





# INDEPENDENT CONSULTANT COMPENSATION SUMMARY | U.S.

#### **COMPANY OVERVIEW**

Arbonne (the "Company") is a direct selling company that operates in the United States, its territories<sup>6</sup>, Canada and the International Markets in which Arbonne does business. Arbonne markets an exclusive line of high-quality skin care, color cosmetics, nutrition, weight loss and aromatherapy products based on natural and botanical principles.

### **OUR INDEPENDENT CONSULTANTS**

Arbonne markets its products exclusively through a network of Independent Consultants. The Company had an average of 1,135,116 Active Independent Consultants worldwide during the four quarters in 2007. An "Active Consultant" is: (a) one whose Arbonne Consultant Application or Renewal has been accepted by Arbonne within the preceding 12 calendar months; or (b) one who has a Consultant Application on file and has placed an order for products, or promotional materials, with Arbonne within the preceding 12 calendar months.

#### ARBONNE'S COMPENSATION PLAN

There are two basic ways in which an Arbonne Independent Consultant can earn compensation:

- 1. Through retail profit on sales of products purchased at discounted prices from the Company
- 2. Through overrides and bonuses paid on a Consultant's product sales volume and the sales volume of other Consultants on their team ... also known as their downline.

As with any other sales opportunity, the compensation earned by Arbonne Independent Consultants varies significantly. The cost to become a Consultant is very low and people become Consultants for various reasons. Most notably, people become Consultants because it allows them to purchase our products at the lowest possible price. Others join to earn extra part-time income, while others join on a full-time, professional basis.

Generating meaningful compensation as an Arbonne Independent Consultant requires considerable time, effort and commitment. This is not a get-rich-quick program and there are no guarantees of financial success. It is an opportunity that is shared by thousands who have chosen to embrace the Arbonne products and/or business. The success or failure of each Arbonne Independent Consultant, like any other independent business, depends on each Independent Consultant's own skills and personal effort. Arbonne is a product-driven company that strongly encourages people to try our products as customers before building a business.

#### **CONSULTANT 35% DISCOUNT**

Independent Consultants can buy Arbonne products from the Company at discounted prices for resale to Clients or for personal use. The Company's Suggested Retail Price for items reflects a 53.8% retail profit potential for Consultants (because they purchase at a 35% discount) in the United States and its territories<sup>6</sup>. However, Consultants are free to set their own selling price as they see fit. Most Consultants personally use the products in addition to retailing them. As a result of these different scenarios, Arbonne does not provide an estimate of average or actual Consultant income from retail sales in this compensation summary.











### **EARNING OVERRIDES AND BONUSES**

Consultants can also earn commissions, referred to as overrides and bonuses, based on their own sales of products and the sales of their downline of sponsored Consultants in the United States, its territories<sup>6</sup>, Canada and the International Markets in which Arbonne does business. Arbonne also sells promotional materials — known as Business Aids — that do not generate overrides and bonuses to Consultants because these are sales support tools, not products.

During 2007, the Company paid in excess of \$226 million\* in overrides and bonuses to Independent Consultants in the United States and its territories<sup>6</sup>. These payments are reflected in the table below:

TITLE	TOTAL AVERAGE QUARTERLY OVERRIDES & BONUSES	AVERAGE QUARTERLY OVERRIDES & BONUSES <sup>1</sup>	AVERAGE % OF TOTAL ACTIVE CONSULTANTS <sup>2</sup> RECEIVING AN OVERRIDE/BONUS	AVERAGE NUMBER OF MONTHS TO PROMOTE TO DESIGNATED RANK <sup>3</sup>
Consultants <sup>4</sup>	\$1,104,111	\$182.64	0.55%	N/A
District Managers	\$8,827,354	\$589.83	1.37%	5.3
Area Managers	\$12,864,934	\$2,761.01	0.43%	11.7
Regional Vice Presidents	\$15,114,543	\$10,616.01	0.13%	21.7
National Vice Presidents	\$18,680,252	\$48,805.36	0.03%	32.5

The average override and bonus paid to all Active Consultants in the United States and its territories<sup>6</sup> was \$51.72 per quarter and \$205.15 on an annualized basis<sup>5</sup>. During the four quarters in 2007, an average of 46,600 Active Consultants (4.26% of all Active Consultants) in the United States and its territories<sup>6</sup> received an override or bonus check from Arbonne. The average quarterly override and bonus paid to Active Consultants, in the United States and its territories<sup>6</sup>, that qualified for an override and bonus check was \$1,214.40 or \$4,857.61 on an annualized basis.

\*All amounts are represented in U.S. dollars.

**Note:** These figures do not represent Consultants' profits, as they do not consider expenses incurred by Consultants in the promotion of their business and do not include retail profit.

THERE ARE NO GUARANTEES REGARDING INCOME, AND THE SUCCESS OR FAILURE OF EACH INDEPENDENT CONSULTANT, LIKE ANY OTHER BUSINESS, DEPENDS ON EACH INDEPENDENT CONSULTANT'S OWN SKILLS AND PERSONAL EFFORT. YOU SHOULD NOT RELY ON THE RESULTS OF OTHER CONSULTANTS AS AN INDICATION OF WHAT YOU SHOULD EXPECT TO EARN. ARBONNE IS A PRODUCT-DRIVEN COMPANY THAT STRONGLY ENCOURAGES CONSUMERS TO USE ITS PRODUCTS BEFORE ATTEMPTING TO BUILD A BUSINESS.

- 1. Since not all Active Consultants earn overrides and bonuses, these numbers represent the average quarterly overrides and bonuses paid to the individuals who did.
- 2. These percentages are calculated by taking the average number of people qualified for each level during an entire quarter, adding all four quarters up and dividing by four.
- 3. Average number of months to promote to designated ranks is based on all promotion results for 2007.
- 4. These are the individuals who are at the Consultant rank and received an override or bonus check.
- 5. These numbers were attained by dividing the Total Average Quarterly Overrides and Bonuses paid by the quarterly number of average Active Consultants.
- 6. United States and its territories includes the United States, Puerto Rico and the U.S. Virgin Islands.

