



POLICIES & PROCEDURES

→ PROGRAM GUIDE CONTENTS

Section 1: FHTM Management

Section 2: FHTM Products and Services

Section 3: The FHTM Sales Force

- A. Representative
- B. Manager
- C. Independent Representative

Section 4: FHTM Field Leadership

- A. Qualified Representative
- B. Regional Sales Manager/Qualified Regional Sales Manager
- C. Executive Sales Manager/Qualified Executive Sales Manager
- D. National Sales Manager/Qualified National Sales Manager
- E. Presidential Ambassadors
- F. Personal Sponsorship-Monthly Maximum

Section 5: FHTM Field Training and Training Compensation

- A. Trainer Coach
- B. Certified Regional Trainer
- C. Leadership Training Bonus
- D. Deadlines for Training and Submission of Invoices

Section 6: The FHTM Optional Special Services Program

Section 7: The FHTM Compensation Plan

- A. Customer Generated Usage
- B. Qualified Customer
- C. Commissions and the Quick Start Bonus
- D. Quick Start Bonus Override
- E. True Beginnings Bonus
- F. First and Second Level RSM Override Bonus

Section 8: FHTM Management Bonus Program

- A. Customer Acquisition Bonus
- B. Annual Customer Retention Bonus
- C. Double Management Customer Acquisition Bonuses
- D. QRSM "EXTRA \$50" Management Customer Acquisition Bonus

Section 9: Eligibility for Commissions, Overrides, and Bonuses

Section 10: Commission Reports and Payment Schedules

- A. Monthly CGU Commission
- B. Management CAB
- C. Training Commission
- D. Quick Start Bonus
- E. Check and EFT charges
- F. Check inquiries

Section 11: Downline Reports

→ POLICIES & PROCEDURES CONTENTS

Section 1: Introduction

- 1.1 Policies and Compensation Plan Incorporated into IR Agreement
- 1.2 Purpose of Policies
- 1.3 Changes to the Agreement
- 1.4 Delays
- 1.5 Policies and Provisions Severable
- 1.6 Waiver

Section 2: Becoming an Independent Representative

- 2.1 Requirements to Become an Independent Representative
- 2.2 No Purchase Required
- 2.3 Registration by Online Enrollment
- 2.4 IR Benefits
- 2.5 Renewal of Your FHTM Business

Section 3: Operating A FHTM Business

- 3.1 Adherence to the FHTM Marketing and Compensation Plan
 - 3.1.1 Ethics
- 3.2 Advertising
 - 3.2.1 In General
 - 3.2.2 Domain Names and e-mail Addresses
 - 3.2.3 Trademarks and Copyrights
 - 3.2.4 Media and Media Inquiries
- 3.3 Bonus Buying
- 3.4 Business Entities
- 3.5 Changes to the FHTM Business
 - 3.5.1 In General
 - 3.5.2 Addition of Co-Applicants
 - 3.5.3 Change of Sponsor
 - 3.5.4 Cancellation and Re-application
- 3.6 Unauthorized Claims and Actions
 - 3.6.1 Indemnification
 - 3.6.2 Income Claims
 - 3.6.3 Savings, Rate or Product Performance Guarantees
- 3.7 Trade Shows, Expositions and Other Sales Forums
- 3.8 Conflicts of Interest
 - 3.8.1 Non-Solicitation/Cross-Recruiting
 - 3.8.2 Dual Participation for Promoted IRs
 - 3.8.3 Downline Activity Reports
- 3.9 Cross-Sponsoring
- 3.10 Errors or Questions
- 3.11 Governmental Approval or Company Endorsement
- 3.12 Holding Applications or Orders
- 3.13 Identification
- 3.14 Income Taxes

- 3.15 Independent Contractor Status
- 3.16 Insurance
- 3.16.1 Business Pursuits Coverage
- 3.17 International Marketing
- 3.18 Adherence to Laws and Ordinances
- 3.18.1 Local Ordinances
- 3.18.2 Compliance with Federal, State, Local Laws, Military
- 3.19 Minors
- 3.20 One FHTM Business Per Representative
- 3.21 Actions of Household Members and Affiliated Individuals
- 3.22 Requests for Records
- 3.23 Sale, Transfer or Assignment of an FHTM Business
- 3.24 Separation of an FHTM Business
- 3.25 Slamming
- 3.26 Sponsoring
- 3.27 Stacking
- 3.27.1 Cycling
- 3.28 Succession
- 3.28.1 Transfer Upon Death of an IR
- 3.28.2 Transfer Upon Incapacitation of an IR
- 3.29 Telemarketing Techniques
- 3.30 Use of the FHTM Voice-Mail System

Section 4: Responsibilities of Independent Representatives

- 4.1 Change of Address or Telephone or Email
- 4.2 Continuing Development Obligations
- 4.2.1 Ongoing Training
- 4.2.2 Increased Support Responsibilities
- 4.2.3 Ongoing Sales Responsibilities
- 4.2.4 Customer Qualifications
- 4.3 Non-disparagement
- 4.4 Providing Documentation to Applicants
- 4.5 Reporting Policy Violations
- 4.6 Completion of Applications and Order Forms
- 4.7 Confidentiality and Nondisclosure of Proprietary Information

Section 5: Sales Requirements

- 5.1 Services/Product Sales
- 5.2 No Territorial Restrictions
- 5.3 Product Offerings/Terms of Service
- 5.4 Unauthorized Contact

Section 6: Bonuses and Commissions

- 6.1 Bonus and Commission Qualifications
- 6.2 Deductions from Bonuses and Commissions
 - 6.2.1 Downline Reports
 - 6.2.2 Other Deductions
- 6.3 Unclaimed Commissions and Credits
- 6.4 Genealogy/Downline Reports

Section 7: Service Guarantees and Marketing Materials

- 7.1 Product Guarantee
- 7.2 Return of Marketing Materials by an IR
- 7.3 Montana Residents
- 7.4 Procedures for All Returns of Marketing Materials

Section 8: Dispute Resolution and Disciplinary Proceedings

- 8.1 Disciplinary Sanctions
- 8.2 Grievances and Complaints
- 8.3 Dispute Resolution Board
- 8.4 Arbitration
- 8.5 Governing Law, Jurisdiction and Venue

Section 9: Ordering

- 9.1 Purchasing FHTM Marketing Materials, Products and Services
- 9.2 General Ordering Policies
- 9.3 Shipping and Back Order Policy
- 9.4 Confirmation of Order

Section 10: Payment and Shipping

- 10.1 Insufficient Funds
- 10.2 Returned Checks
- 10.3 Restrictions on Third Party Use of Credit/Debit Cards and Checking Account Access
- 10.4 Sales Tax

Section 11: Cancellation and Termination

- 11.1 Effect of Cancellation
- 11.2 Involuntary Cancellation/Termination of Agreement
- 11.3 Voluntary Cancellation
- 11.4 Non-Renewal

Section 12: Definitions

Section 13: Customer Generated Usage Commission Schedule

FHTM PROGRAM GUIDE

1. FHTM MANAGEMENT

Founder and President: Paul Orberon: Determination and an old fashioned work ethic are qualities that set Paul apart and made him one of the most financially successful network marketers in the history of the industry. His genuine sincerity and down to earth approach to networking have enabled him to encourage well over a million individuals to work toward improving their financial futures through, what he considers to be the best method available today, network marketing. Paul utilized his experience as a Representative and his entrepreneurial skills to envision and develop the ultimate vehicle for those individuals seeking to improve their finances and lives through network marketing. That vehicle is FHTM Hi-Tech Marketing, Inc.

Chief Executive Officer: Tom Mills: Tom brings with him years of administrative experience including responsibility for thousands of individuals; multi-million dollar budgets and several years in network marketing. A man of integrity and vision, Tom has assembled a top-notch staff across the board. His eye for detail has enabled FHTM to establish itself as a major player in the area of network marketing in record time all while maintaining a focus on the importance of each individual.

Together, Paul Orberon and Tom Mills started FHTM with the belief that they would be able to help many people achieve their financial goals and give back to an industry that had been so good to them. The goal of CEO, Tom Mills, is and always has been to make FHTM the best network marketing company in the industry.

Chief Operating Officer: Jeff Orberon: One of the aspects Jeff Orberon likes most about his work at FHTM is getting to see Representatives experience some of the achievements and freedoms he watched his father, Paul Orberon, accomplish in the network marketing industry.

Today, he is able to see the achievements of others first hand, serving FHTM as the Director of Operations. Jeff works with CEO Tom Mills to make management and marketing decisions on a day-to-day basis.

While in college, Jeff played basketball and the dedication and determination he learned through the sport carries over into the office. Jeff utilizes a levelheaded, analytic and evaluative approach to decision-making, ensuring decisions made are the best for the company and Representatives in the field.

Senior Executive Vice President of Marketing and Training: Billy Stahl: Billy is a seasoned professional executive in the network-marketing industry. He brings with him his vast experience as a CEO, President, and COO of national networking companies, which he imparts, on a regular basis in training to Representatives nationwide. He was instrumental in the development and expansion of the same corporation in which Mr. Orberon set records. He has been an active consultant to several extremely successful national companies. Prior to joining the network marketing industry he was in management with General Motors Corporation.

Chief Financial Officer: Simon Davies: Simon is a member of the Institute of Chartered Accountants in England and Wales with over 12 years of experience within the network marketing industry. Extensive international finance exposure and a strong emphasis on systems and control structures makes FHTM's Finance department the ideal team for Davies to lead. Davies is committed to the success of FHTM for both the Representatives and the company as a whole. Formerly Vice President of Finance in the United Kingdom, Davies moved to Kentucky to fill the position of CFO at the corporate office.

2. FHTM PRODUCTS & SERVICES

A. Long Distance Service: Provided through Power Net Global, and others, the unique part of our long distance program is that we provide residential and small business users with 6-second incremental billing, after the first minute. This is typically reserved for very large businesses. Our rates are very competitive.

B. Nutritional Product Line: No amount of wealth will make a difference if you don't have your health. For this reason, FHTM offers True Essentials™ Nutritional Products. The True Essentials line contains Joint Solutions with HA™, multivitamins for men, women, and children, as well as daily packs for men and women. Visit www.trueessentials.net for more information.

C. Internet Service: Provided by FHTM utilizing the UUNET internet backbone. UUNET is the largest internet backbone with more local access than any other company.

D. Satellite TV Service: Provided by Dish Network, one of the nations largest satellite providers and winner of the J.D. Power award for customer service and excellence.

E. The Wireless Shop: Shop online and compare prices and availability from the top U.S. wireless providers and phone manufacturers. Alltel, AT&T, Nextel, Sprint, T-Mobile and Verizon Wireless are available, among other leading national wireless carriers.

F. Choice Plans Health Care Card: Non-Insurance benefits that work! The Choice Plans health care savings card is a low cost alternative for those without health insurance.

G. Voice Messaging Services: Provided as a tool to keep you in touch and is a great service for you to use as your business grows, as well as a useful product for your customers.

H. Paging Service: Provided by SKYTEL. This nationally known company offers customers very competitive rates.

I. FHTM Rewards Mall: Our merchant affiliate program is comprised of the top Internet merchants (e-tailers) available.

J. Office Assistant: You have the ability to communicate and promote your business to the world, quickly and inexpensively through the world wide web.

K. Identashield: Identashield is ID theft insurance. The plan offers expense reimbursement, and is coupled with a legal plan, which provides nation wide access to over 22,000 attorneys in all 50 states. Members receive access to free and deeply discounted legal care.

L. Home Based Security System: Allows you to have the peace of mind you need to feel safe in your own home.

M. Travel FHTM: A personal travel portal allows customers to book airline tickets, hotel and resort rooms and rental cars through a Travelocity Partner Network.

N. Lamas Beauty: Lamas Beauty offers state-of-the art natural, healthy and organic beauty products, in the areas of hair care, skin care, body care and anti-aging.

The best part of all of these products and services is that they all generate customer usage for which you are paid. Your customers will enjoy the services of all of our great suppliers because they save money and receive quality service.

For current information on FHTM products or services, check your Office Assistant or www.fhtm.net.

3. FHTM SALES FORCE

All FHTM enrollees are known as Independent Representatives (IRs). They are independent contractors building their own businesses. They market FHTM products and services and sponsor like-minded people who would like to do the same. IRs receive commissions and bonuses based upon customers that purchase and use FHTM's products and services. The amount of success that you will enjoy is often related to the time and effort that you dedicate to working your business. Work with your sponsor and upline and follow our Quick Start Business Plan.

A. Representative: The Representative position attracts those individuals who are primarily interested in marketing products and services and receiving monthly residual income commissions. This position requires a \$75.00 refundable application deposit, except where prohibited by law (see current Form #100.) Since Representatives do not purchase the Optional Special Services Program they must pay for all services (i.e. downline print outs, newsletter subscription, home office support, etc.) they may desire which will be provided to them upon receipt of their written request. A Representative cannot attend Manager training which is provided as a part of the Optional Special Services Program. Representatives are provided with a free Starter Kit and the Policies and Procedures at the time of enrollment. A Representative receives the same Compensation Plan commissions/bonuses and is subject to the same policies and advancement requirements as a Manager.

B. Manager: The MANAGER position is an IR that has purchased the Optional Special Services Program which includes additional sales materials, manuals, special training, home office support, monthly downline reports upon request (via internet or in printed form), etc. **The annual renewal fee for the Optional Special Services Program is \$199.00. A Manager may cancel the Optional Special Services Program and request a refund, in writing, within ten (10) calendar days from the date of purchase. See Section 11.4 of Policies and Procedures.**

C. Independent Representative (IR): The Company considers all Representatives and Managers to be "Independent Representatives."

4. FHTM FIELD LEADERSHIP

A. Qualified Representative (QR): A Qualified Representative (QR) is an IR that has qualified for all commission levels in the eight (8) level compensation program. Requirements are: (i) The IR must have ten (10) or more active personal customers; and (ii) the IR must have a minimum of three (3) personally sponsored first level Managers.

QRs will remain eligible for CGU commissions through all eight (8) levels by maintaining ten (10) or more active personal customers on a monthly basis.

B. Regional Sales Manager (RSM) / Qualified Regional Sales Manager (QRSM): A Qualified Representative can be promoted to Regional Sales Manager (RSM) by meeting all of the following requirements: (i) develop a minimum downline organization of

twelve (12) Managers within his or her first five (5) levels; (ii) have ten (10) or more active personal customers; and (iii) be approved by FHTM. The QR cannot count itself as one (1) of the required twelve (12) Managers. RSMs are responsible for managing downline organizations, coordinating local events and communications, developing areas and providing assistance to all IRs.

An RSM must maintain ten (10) or more active personal customers as of the last day of the month in order to be a **Qualified Regional Sales Manager (QRSM)** and thereby be eligible to receive any monthly management customer acquisition bonuses payable for that month from his/her RSM coded group. An active QRSM is eligible to receive a monthly management customer acquisition bonus of \$100.00 for each new Manager entering his/her RSM coded group when the newly sponsored Manager meets

the requirements necessary for the payment of a Quick Start Bonus (QSB) to his/her sponsor. In addition to this bonus the QRSM earns a 1/4% override commission on CGU of the customers in his/her RSM coded group.

QRSMs that gather and maintain five (5) True Essentials customers will receive an additional \$25 RSM Customer Acquisition Bonus (CAB) when the newly-sponsored IR gather two (2) new TE customers within the 60-day Quick Start time period, provided they are eligible for basic CAB (section 8A). At least four (4) of the ten (10) required customers must be customers other than the QRSM's personal accounts (i.e., outside of the household) in order to qualify for the additional CAB.

A QRSM that develops a QRSM in his/her coded RSM group becomes qualified for a "first generation break away" coded customer acquisition bonus of \$50.00 and a 1/4% override commission on the CGU of the customers for each new Manager that the new QRSM develops (and for whom a QSB is paid) in his/her new RSM coded group.

When the "First Generation QRSM" develops a QRSM in his/her coded RSM group and thereby becomes eligible for his/her own separate "first generation break away" coded customer acquisition bonus, then a "second generation break away" coded customer acquisition bonus of \$10.00 will be paid to the "Grandparent QRSM" for each new Manager that the "second generation QRSM" develops (and for whom a QSB is paid) in his/her new RSM coded group.

C. Executive Sales Manager (ESM) / Qualified Executive Sales Manager (QESM): A Qualified Regional Sales Manager can be promoted to Executive Sales Manager (ESM) by meeting all of the following requirements: (i) have fifteen (15) or more active personal customers; (ii) develop six (6) QRSMs on any level of his/her personal RSM coded group, however, these six (6) QRSMs must be developed in two (2) or more separate legs of the RSM coded group; (iii) develop a minimum downline organization of ninety (90) Managers in his/her RSM coded group; and (iv) be approved by FHTM.

An ESM must maintain fifteen (15) or more active personal customers as of the last day of the month in order to be a Qualified Executive Sales Manager (QESM) and to be eligible to receive any monthly management customer acquisition bonuses payable for that month from his/her ESM coded group. An active QESM is eligible to receive a monthly management customer acquisition

bonus of \$60.00 for each new Manager entering his/her ESM coded group when the newly sponsored Manager meets the requirements necessary for the payment of a Quick Start Bonus (QSB) to his/her sponsor. In addition to this bonus the QESM earns a 1/4% override commission on CGU of the customers in his/her ESM coded group.

A QESM that develops a QESM in his/her coded ESM group becomes qualified for a "first generation break away" coded customer acquisition bonus of \$20.00 and a 1/4% override commission on the CGU of the customers for each new Manager that the new QESM develops (and for whom a QSB is paid) in his/her new ESM coded group.

When the "First Generation QESM" develops a QESM in his/her coded ESM group and thereby becomes eligible for his/her own separate "first generation break away" coded customer acquisition bonus, then a "second generation break away" coded customer acquisition bonus of \$10.00 will be paid to the "Grandparent QESM" for each new Manager that the "second generation QESM" develops (and for whom a QSB is paid) in his/her new ESM coded group.

QESMs that gather and maintain five (5) True Essentials customers will receive an additional \$10 ESM Customer Acquisition Bonus (CAB) provided they are eligible for the basic CAB (section 8A) when two (2) TE customers are gathered by a new IR. At least four (4) of the fifteen (15) required customers must be customers other than the QESM's personal accounts (i.e., outside of the household) in order to qualify for the additional CAB.

D. National Sales Manager (NSM): A Qualified Executive Sales Manager can be promoted to National Sales Manager (NSM) by meeting all of the following requirements: (i) maintain fifteen (15) or more active personal customers; (ii) develop six (6) QESMs on any level of his/her personal ESM coded group, however, these six (6) QESMs must be developed in two (2) or more separate legs of the ESM coded group; (iii) have developed a minimum downline organization of ninety (90) Managers in RSM coded group; (iv) develop a minimum downline organization of five hundred and forty (540) Managers in his/her ESM coded group; and (v) be approved by FHTM.

An NSM must maintain fifteen (15) or more active personal customers as of the last day of the month in order to be a **Qualified National Sales Manager (QNSM)** and to be eligible to receive any monthly management customer acquisition bonuses payable for that month from his/her NSM coded group. An active QNSM is eligible to receive a monthly management customer acquisition

bonus of \$30.00 for each new Manager entering his/her NSM coded group when the newly sponsored Manager meets the requirements necessary for the payment of a Quick Start Bonus (QSB) to his/her sponsor. In addition to this bonus the QNSM earns a 1/2% override commission on CGU of the customers in his/her NSM coded group.

A QNSM that develops a QNSM in his/her coded NSM group becomes qualified for a "first generation break away" coded customer acquisition bonus of \$10.00 and a 1/4% override commission on the CGU of the customers for each new Manager that the new QNSM develops (and for whom a QSB is paid) in his/her new NSM coded group.

When the "First Generation QNSM" develops a QNSM in his/her coded NSM group and thereby becomes eligible for his/her own separate "first generation break away" coded customer acquisition bonus, then a "second generation break away" coded customer acquisition bonus of \$5.00 will be paid to the "Grandparent QNSM" for each new Manager that the "second generation QNSM" develops (and for whom a QSB is paid) in his/her new NSM coded group.

E. Presidential Ambassadors: Presidential Ambassadors will be determined as a portion of the Customer Generated Usage. You must meet the following requirements to be eligible: (i) You must have met all requirements for becoming a Qualified National Sales Manager; (ii) develop three (3) QNSMs on any level of your personal NSM coded organization, however, these three (3) QNSMs must be developed in two (2) or more separate legs of the NSM coded group; (iii) develop a minimum downline organization of one thousand six hundred and twenty (1620) Managers in your NSM coded group; (iv) maintain fifteen

(15) or more active personal customers as of the last day of the month for which the Bonus Pool is payable; and (v) be approved by FHTM. The position may also be appointed by the Executive Staff of FHTM. Appointees will have demonstrated leadership skills deemed necessary to represent FHTM as a Presidential Ambassador.

F. Personal Sponsorship-Monthly Maximum: FHTM believes that its Marketing and Compensation Plan is the best there is in the industry. In order to ensure that every new Manager has the best possible opportunity to build a successful and long-term business, FHTM believes that it is imperative for sponsoring IRs to work closely with all of their personally enrolled Managers until those new Managers are trained and are capable of fully and adequately presenting the FHTM business plan to others on their own. As such, IRs may personally sponsor a maximum of six (6) new Managers per calendar month. This limit on sponsorship serves to ensure that the sponsoring IR's time and energy are not spread thin among too many new Managers, thereby permitting the sponsoring IR to devote the necessary time to each new Manager that it takes to assist that new Manager in getting his/her business off to a Quick Start. This in turn leads to the building of a stronger, long-term business for all, both upline and downline.

5. FHTM FIELD TRAINING & COMPENSATION

A. Trainer Coach (TC): The Trainer Coach (TC) position is a separate business and an opportunity to earn additional income. A Trainer Coach can be an IR but it is not required. Trainer Coaches train Managers that have purchased the Optional Special Services Program. The Trainer Coach is paid a one-time \$40.00 fee for the initial training of a new Manager. Managers are encouraged to attend and audit additional training sessions as often as desired in order to reinforce the FHTM Policies and Procedures and business building techniques. TCs submit an invoice (Form #103) for payment for the initial training. Submission of this invoice to FHTM by the TC serves as certification to Fortune Hi-Tech Marketing, Inc., by both the TC and Manager, that this service was personally performed in accordance with Company approved methods by the TC submitting the invoice for payment.

Trainer Coaches are trained by Certified Regional Trainers that have been trained and certified by FHTM's Corporate Trainers. The initial Trainer Coach certification fee is \$299.00 (\$295.00 for residents of Louisiana, Maryland, Utah and Washington; \$249.00 for residents of Maine, South Carolina and South Dakota; and \$199.00 for residents of Connecticut and North Carolina). Trainer Coaches must be re-certified annually by a Certified Regional Trainer. In order for Trainer Coaches to maintain certified status a TC must pay an annual renewal fee of \$100.00 for re-certification and training. A TC that is also a CRT pays only the re-certification fee of \$100.00 as a CRT. The TC renewal fee is waived for any TC that is also a CRT. The TC has sixty (60) days to obtain re-certification training from a CRT after payment of the renewal fee.

FHTM recognizes that in an effort to provide new Managers with the training and valuable information that they need in order to successfully operate their businesses, many leaders who are also TCs, will conduct training classes immediately following a regularly scheduled formal business presentation. While this attitude is commendable, the Company does not recommend it. The reason for this is quite simple. If any individual in attendance at the training class is not already a FHTM Manager, then the class could be viewed as a method of sponsoring/recruiting the prospect. Training is necessarily more detailed than a business presentation. As a result, the examples (both visual and verbal) that may be offered by Trainer Coaches to explain or clarify various aspects of the Compensation Plan to trainees may not be as thoroughly disclaimed, if at all, in the classroom setting as they would be as a matter of policy in a formal business presentation setting.

As such, in no event shall anyone that is not an enrolled FHTM Manager be permitted to attend a training class. Training classes are not a sponsorship tool and should never be used as such. If you must conduct a training class after a formal business presentation at the same location, then you should allow at least thirty (30) to forty five (45) minutes between the end of the business presentation and the start of the training class to ensure that only enrolled Managers are in attendance. It is the duty and responsibility of the Trainer Coach conducting the class to ensure that this attendance policy is followed at all times.

B. Certified Regional Trainer (CRT): Certified Regional Trainers are Trainer Coaches that have attained the rank of Regional Sales Manager, have successfully completed a Certified Regional Trainer School and have been approved by FHTM. The fee to be certified as a Certified Regional Trainer is \$200.00. You must be a Trainer Coach to attend the Certified Regional Trainer School. The requirement for completion of Certified Regional Trainer School may be completed prior to becoming a Regional Sales Manager. A CRT that has attained the rank of Regional Sales Manager can train Trainer Coaches and receive a one-time payment of \$80.00 for each Trainer Coach that is personally trained. CRTs must attend a Certified Regional Trainer School annually to maintain certified status. The re-certification fee is \$100.00. The CRT will be paid \$40.00 for re-training a Trainer Coach that has renewed and is seeking re-certification. For recertification purposes, a CRT pays only \$100.00 annually. The renewal fee of \$100.00 as a Trainer Coach is waived for CRTs. The CRT has sixty (60) days to obtain re-certification training by attending CRT school after payment of the renewal fee. Every attempt should be made to attend CRT school during the renewal month.

C. Leadership Training Bonus: FHTM pays a Leadership Training Bonus (LTB) of five (\$5.00) dollars to all Managers, who are also active Trainer Coaches, that qualify for a LTB by meeting the following eligibility requirements: (i) be an active Manager and Trainer Coach yourself ; (ii) personally sponsor and maintain four (4) active Managers who are also active Trainer Coaches; and (iii) maintain ten (10) active personal customers. If you meet these requirements you will receive a LTB of five (\$5.00) dollars each time one of your personally sponsored active Trainer Coaches trains a new Manager and is paid the \$40.00 training fee by FHTM.

RSMs or ESMs that meet the eligibility requirements to qualify to receive LTB for their personally sponsored Manager/Trainer Coaches are also qualified to receive RSM or ESM Coded LTB of five (\$5.00) dollars each time a Trainer Coach in their applicable coded group(s) trains a new Manager and is paid the \$40.00 training fee by FHTM.

Additionally, FHTM pays a Double Leadership Training Bonus (DLTB) of ten (\$10.00) dollars to all Managers, who are also active Trainer Coaches, that qualify for a DLTB by meeting the following eligibility requirements: (i) be an active Manager and Trainer Coach yourself ; (ii) personally sponsor and maintain six (6) active Managers who are also active Trainer Coaches; and (iii) maintain fifteen (15) active personal customers. If you meet these requirements you will receive a DLTB of ten (\$10.00) dollars each time one of your personally sponsored active Trainer Coaches trains a new Manager and is paid the \$40 training fee by FHTM.

RSMs or ESMs that meet the eligibility requirements to qualify to receive DLTB for their personally sponsored Manager/Trainer Coaches are also qualified to receive RSM or ESM Coded LTB of ten (\$10.00) dollars each time a Trainer Coach in their applicable coded group(s) trains a new Manager and is paid the \$40.00 training fee by FHTM.

D. Deadlines for Training and Submission of Invoices: In order to ensure that our new Managers and Trainer Coaches are promptly trained, FHTM highly recommends that all initial training of new Managers and/or Trainer Coaches be conducted within thirty (30) days of the enrollment of the new Manager and/or Trainer Coach. In order for a Trainer Coach and/or Certified Regional Trainer to be paid for training a new Manager and/or Trainer Coach, such training shall have been conducted within sixty (60) days of the enrollment of the new Manager and/or Trainer Coach. Additionally, the FHTM home office must receive training invoices within ten (10) business days of the date upon which the training occurred. Invoices for training that occurred out of this time frame and/or invoices received more than ten (10) business days after the training was conducted shall not be paid except in the case of an exceptional circumstance, approved by FHTM as such after review, that may have caused an unavoidable delay. Prompt and thorough training is a key ingredient for success!

6. FHTM OPTIONAL SPECIAL SERVICES PROGRAM

The FHTM Optional Services Program is designed to assist an enrolled Manager with special business building training, including a Manager Sales Kit, downline reports, access to online training information and corporate home office support. The Manager Sales Kit includes support items, marketing materials, presentation materials, rate charts and other sales tools to help the new Manager build a successful business. The cost of the Optional Special Services Program is \$299.00. Managers that voluntarily cancel in writing within ten (10) calendar days of the date of purchase will receive a refund of the purchase price upon return of the Manager Sales Kit to FHTM in resalable condition within twenty (20) calendar days of their written notice of cancellation (see Section 11.4 of Policies and Procedures).

If, prior to cancellation, the Manager has attended Manager Training, \$40.00 will be deducted from the Special Services purchase price. **The annual cost for renewal of the Optional Special Services Program is \$199.00.**

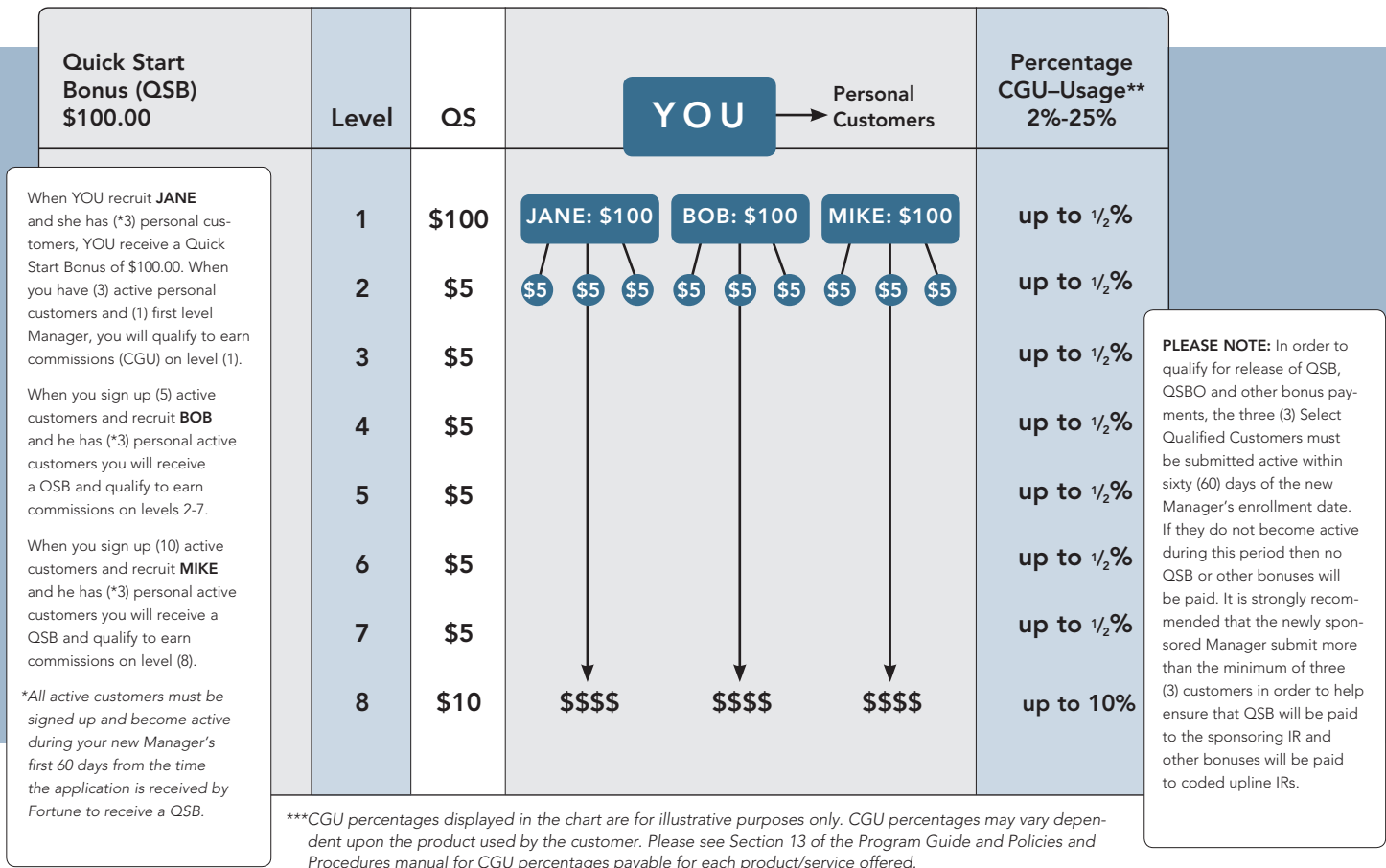
The Representative Services Department (859-422-7008) at the corporate office is available to assist Managers with downline questions, commission statements, bonus reports, and announcements made through the corporate communications system.

7. FHTM COMPENSATION PLAN

The FHTM Compensation Plan as delineated in this guide, represents the general compensation plan offered by the Company. Independent Representatives of Fortune Hi-Tech Marketing, Inc. should familiarize themselves with this compensation plan. However, FHTM may engage in promotions or offer incentives that will affect the structure of the general plan from time to time. Independent Representatives are encouraged to seek updated information regarding current promotions on www.fhtm.net.

A. Customer Generated Usage (CGU): Active FHTM Independent Representatives may earn from 2% to 25% of the Customer Generated Usage (CGU) of all active personal customers. Commissions paid for our products and services may vary slightly from the example used in the corporate business presentation, due to varying commission agreements with our providers. (See the Commission Chart in Section 13 of the *Program Guide and Policies and Procedures* manual for actual commission payable).

The unilevel portion of the Compensation Plan has a one-time qualification for each level of the Compensation Plan. An IR qualifies for the first level by acquiring three (3) active personal customers (at least one of which must be other than his/her own personal or household account) and one (1) personally sponsored Manager. To qualify for levels two (2) through seven (7) an IR must acquire five (5) active personal customers and personally sponsor two (2) Managers. To qualify for level eight (8)



an IR must acquire ten (10) active personal customers and personally sponsor three (3) Managers. An IR that has acquired three (3) personal Managers and ten (10) or more active personal customers is a Qualified Representative (QR). **PLEASE NOTE** that with regard to commercial long distance accounts with billed CGU in excess of \$1000.00 per month the IR that personally acquires the account receives 5% of the CGU rather than the normal 2%. In this situation the percentages paid on the first and eighth levels are reversed and the eighth level IR will be paid 2% of the CGU for this account and the IR personally responsible for acquiring the customer will receive 5% of the CGU for this customer.

B. Qualified Customer (QC): A legitimate True Essentials (Easy Ship), Lamas, HomVantage, FonVantage, Identashield, Health Care Card, The Wireless Shop, Dish Network, or Office Assistant customer submitted in good faith by an IR that becomes an active customer within sixty (60) days of submission to FHTM and/or the service provider. A customer that does not remain on service (for any reason) for a minimum of ninety (90) days or three (3) complete billing cycles from the date of initial activation by the service provider shall not be considered an "active customer" submitted in "good faith" for any purposes by the Company nor shall it be considered a Qualified Customer. Any bonuses or commissions paid on such customers shall be subject to withholding and recovery from any IRs paid on such customers.

C. Commissions and the Quick Start Bonus (QSB): IRs are qualified to earn a customer acquisition Quick Start Bonus (QSB) when a personally sponsored Manager acquires and submits in good faith three (3) personal Qualified Customers within sixty (60) days of the new Manager's enrollment date and which customers become active within sixty (60) days of the new Manager's enrollment date. No more than one of the three (3) customers required in order to generate this bonus may be PNG customers.

D. Quick Start Bonus Override (QSBO): When a new Manager is sponsored on your 2nd through 8th level and the personal sponsor of that new Manager receives a Quick Start Bonus for the newly sponsored Manager, you will receive a Quick Start Bonus Override as follows: If the new Manager falls on any of your levels 2-7, you will receive a \$5.00 QSBO. If the new Manager falls on your 8th level, you will receive a \$10.00 QSBO. In order to receive this new QSBO, all you need to do is be qualified and eligible to receive CGU, in accordance with the Compensation Plan, for each particular level.

E. True Beginnings Bonus: The True Beginnings Bonus is a \$299 bonus awarded to Independent Representatives who gather a total of ten (10) customers (five (5) of which are True Essentials customers), with at least four (4) of the ten (10) customers being customers other than his/her personal accounts. These customers must go active within the first 60 days after his/her new Manager start date.

8. FHTM MANAGEMENT BONUS PROGRAM

A. Customer Acquisition Bonus (CAB): CAB is earned by IRs that have attained the positions of QRSM, QESM or QNSM. CAB is only paid on Managers who are sponsored after you have met the qualification for the first "coded" position of RSM. Once you are promoted and qualified, and a newly sponsored Manager in your new management coded group submits three (3) QCs (see 7C), you become eligible to receive CAB. The QRSM, QESM and QNSM positions are eligible to earn bonuses as shown:

In order to receive CAB you must acquire and maintain on a monthly basis the requisite number of active customers and Managers required for "eligibility" at your particular position. Although Managers will achieve the title for any promoted position they have achieved based upon the number of Managers in their business (i.e. RSM, ESM, NSM) once the requisite number of Managers has been attained, they will not be eligible to receive nor will they be paid any CAB for new Managers sponsored into their coded organization until ALL active customer requirements have been met and they have become a QRSM, QESM or QNSM. Active customer requirements must be maintained monthly in order to remain eligible for receipt of CAB.

A Manager that promotes to RSM shall be granted a one-time "qualification period" to meet the requirement of gathering the ten (10) active personal customers required to become a QRSM. The new RSM shall have until the last day of the month following the month in which he/she promoted to RSM to meet this requirement. It is strongly urged that the customer gathering requirements necessary for QRSM status be met as soon as possible (i.e. within 30 days of enrollment) for anyone

entering the business. Only when the active customer requirements have been met shall any CAB be paid. Again, this active customer requirement must be maintained on a monthly basis (see Section 9 of this manual) in order for you to remain eligible to receive CAB that may be payable from your coded organization(s).

B. Double Management Customer Acquisition Bonuses: A QRSM, QESM or QNSM, may receive a "double" Management CAB when the appropriate number of qualifying new Managers are sponsored into their appropriate Coded Group(s) as follows:

(i) QRSMs will receive this double bonus for each qualifying new Manager entering his/her Regional Coded Group each month when a minimum of sixteen (16) new Managers are sponsored into his/her Regional Coded Group.

(ii) QESMs will receive this double bonus for each qualifying new Manager entering his/her Executive Coded Group each month when a minimum of twenty-four (24) new Managers are sponsored into his/her Executive Coded Group.

(iii) QNSMs will receive this double bonus for each qualifying new Manager entering his/her National Coded Group each month when a minimum of forty-eight (48) new Managers are sponsored into his/her National Coded Group.

A "qualifying new Manager" for purposes of release of this double bonus is a new Manager that triggers the release of a Quick Start Bonus to his/her personal sponsor.

B. Leadership Coded Bonus Chart

Quick Start \$100.00 Quick Start Bonus	Regional Sales Manager Coded Group* •\$100 & 1/4% (**\$50 + 1/4%/\$10 Breakaway) RSM C.A.B.	Executive Sales Manager Coded Group* •\$60 & 1/4% (**\$20 + 1/4%/\$10 Breakaway) ESM C.A.B.	National Sales Manager Coded Group* •\$30 & 1/2% (**\$10 + 1/4%/\$5 Breakaway) NSM C.A.B.	
Personal Customers up to 25%	{ \$100+\$100 & 1/4-1/2%+1/4-1/2% }*	{ \$100+\$100+\$60 & 1/4-1/2%+1/4-1/2%+1/4-1/2% }*	{ \$100+\$100+\$60+\$30 & 1/4-1/2%+1/4-1/2%+1/4-1/2%+1/2-1% }*	
1. up to 1/2% \$100	\$200 & 1/2-1%*	\$260 & 3/4-1 1/2%*	\$290 & 1 1/4-2 1/2%*	\$\$\$\$ Presidential Ambassadors \$\$\$\$
2. up to 1/2% \$5	\$100 & 1/2-1%	\$160 & 3/4-1 1/2%	\$190 & 1 1/4-2 1/2%	
3. up to 1/2% \$5	\$100 & 1/2-1%	\$160 & 3/4-1 1/2%	\$190 & 1 1/4-2 1/2%	
4. up to 1/2% \$5	\$100 & 1/2-1%	\$160 & 3/4-1 1/2%	\$190 & 1 1/4-2 1/2%	
5. up to 1/2% \$5	\$100 & 1/2-1%	\$160 & 3/4-1 1/2%	\$190 & 1 1/4-2 1/2%	
6. up to 1/2% \$5	\$100 & 1/2-1%	\$160 & 3/4-1 1/2%	\$190 & 1 1/4-2 1/2%	
7. up to 1/2% \$5	\$100 & 1/2-1%	\$160 & 3/4-1 1/2%	\$190 & 1 1/4-2 1/2%	
8. up to 10% \$10	\$100 & 5 1/4-10 1/2%	\$160 & 5 1/2-11 1/2%	\$190 & 6-12 1/2%	
9. 0%	\$100 & 1/4-1/2%	\$160 & 1/2-1%	\$190 & 1-2%	
	up to unlimited levels ↓	up to unlimited levels *** ↓	up to unlimited levels *** ↓	

* The examples assume that you sponsor a new Manager into each new Management Coded Group after you have been promoted. Each column represents the cumulative total possible payment that can be earned for the new Managers that are sponsored into each particular new Management Coded Group after your promotion. Bonuses are only paid if the new Managers obtain three customers (one other than themselves) within their first 60 days. **Breakaway bonuses are paid on promotions made in your RSM, ESM and NSM coded groups. 1st Generation Breakaway is \$50 + 1/4-1/2%. 2nd Generation Breakaway is a \$10 bonus in the RSM. ESM 1st Generation Breakaway is \$20 + 1/4-1/2%. ESM 2nd Generation Breakaway is \$10. ***This assumes that CAB is being paid on a new Manager that is in more than one coded position.

C. QRSM "EXTRA \$50" Management Customer Acquisition Bonus: QRSMs may receive an "Extra \$50" Management CAB when the appropriate number of qualifying new Managers are sponsored in their Regional Coded Group as follows.

QRSMs will receive an "Extra \$50" CAB (i.e. \$50.00) for each qualifying new Manager entering their Regional Coded Group each month when a minimum of six (6) new Managers are sponsored into their Regional Coded Group. This bonus will be paid to QRSMs on qualifying new Managers (1 through 15) only in the event the QRSM does not qualify for the monthly Double QRSM CAB. It is not paid in addition to Double QSB CAB.

9. ELIGIBILITY FOR COMMISSIONS, OVERRIDES AND BONUSES

All IRs are eligible to receive commissions on their personal customers' CGU. IRs with three (3) active personal customers and one (1) personally sponsored first level Manager are eligible to receive downline override commissions on their first level Manager's customers (see Section 7 "FHTM Compensation Plan" in this manual for customer and Manager requirements for levels 2 through 8).

In order to receive monthly Management Customer Acquisition Bonuses (CAB) for which you may qualify; you must also maintain an active eligibility status. You can accomplish this by maintaining your active customer count at or above the eligibility level required for payment of these bonuses. REMEMBER that the number of active customers required in order for you to be eligible to receive monthly CAB is: QRSM= 10+; QESM & QNSM= 15+.

Eligibility requirements must be met by the last day of the month immediately preceding the month during which the applicable bonus and/or commission payments are scheduled to be issued by FHTM. (Example: To receive payment for CAB earned in June, which is issued on July 20th, you must have your active customer count at or above the required eligibility level on June 30th). There is no grace period. The only exception to this rule is the one-time "qualification period" granted to newly promoted RSMs (see Section 8 A). You will be paid for the highest level of promotion for which you are eligible. For example: An ESM with 14 active customers on June 30th would be issued payment for CAB on July 20th only for CAB earned as a QRSM for the month of June. No CAB would be paid that month to the ESM for any CAB that may have been payable from the ESM coded group since the eligibility requirement for receiving QESM CAB (i.e. maintaining 15 active personal customers) was not met on June 30.

Always maintain more than the minimum number of active customers required to ensure that you are eligible for all compensation at your level of achievement.

In the event FHTM should elect to discontinue offering the product and/or service of one of its various providers which results in the termination of residual payments from said provider to FHTM, then and in that event, upon the effective date of the discontinuation of any such product and/or service offering, FHTM shall not credit any customer points towards Compensation Plan qualification /eligibility requirements for the discontinued product or service. IRs shall be required to replace the discontinued product/customer point to remain qualified/eligible (as may be applicable) for Compensation Plan purposes should this result in them falling below the required customer count for their level for promotion and/or 8 level CGU qualification.

Eligibility for all commissions, overrides, and bonuses ends immediately if you are terminated by FHTM or you voluntarily terminate your IR Agreement.

10. COMMISSIONS REPORTS & PAYMENT SCHEDULES

- A. Payment of monthly CGU commission** to eligible active IRs on billings of all services and products will normally occur on or about the twentieth (20th) day of the second month following the month in which the customer was billed. This is the third month after actual usage to allow time for the customer to be billed and for receipt of payment for the billed services.
- B. Payment of monthly Management CAB** to an eligible active QRSM, QESM, and/or QNSM will occur on or about the twentieth (20th) day of the month following the month in which the CAB was earned (subject to eligibility requirements).
- C. Training commission checks will be issued** on the first Friday following receipt of the training invoice by the Company provided that all necessary data for identification of the newly trained Manager and Trainer Coach submitting the invoice have been received and verified by FHTM. In no event will training checks be issued prior to the expiration of ten (10) calendar days from the newly trained Manager's date of enrollment.
- D. Quick Start Bonus checks will be issued** on the first Friday following the expiration of ten (10) calendar days from date of enrollment of a new Manager that has met all of the customer gathering requirements for the release of QSB payments to the sponsoring IR provided that all necessary data for identification of the new Manager, customers and sponsor have been received and verified by FHTM.
- E. All payments made are subject to the check and/or EFT fees.** Commission checks must be greater than or equal to fifteen dollars (\$15.00) before a check will be issued. There is a six dollar (\$6.00) check charge for each check (a \$15.00 commission generates a \$10.00 check). EFT payments must be equal to or greater than fifteen dollars (\$15.00) to generate a transfer. There is a five dollar (\$5.00) transfer fee for each EFT (a \$12.00 commission will transfer as \$10.00 after the EFT fee). Commissions accumulate if they are less than the above amounts until the appropriate amount is reached. This amount is added to the next pay period.
- F. All check inquiries should be made in writing** and must be received by FHTM within sixty (60) days of issuance to be reissued. Any lost or missing checks that you request FHTM to reissue will be subject to a \$25.00 fee and a sixty (60) day waiting period.

11. DOWNLINE REPORTS

This service is included, upon request, for all Managers enrolled in the Optional Special Services Program. Upon request, a downline summary report is provided monthly by way of either a paper printout (mailed) or via the internet (email). IRs that have purchased an FHTM replicated web page have "real time" access to their downline information upon command. A charge of twenty five (\$.25) cents per page for paper printout reports exceeding twenty (20) pages will be deducted from the requesting IR's commission payment. The report contains information that is proprietary and confidential to FHTM and the IR agrees to hold such information private. The IR agrees to only use the information to operate and build his/her FHTM business.

A Representative that requests a downline report must pay for this as a separate service and the fee is twenty five dollars (\$25.00) per requested downline report of less than twenty (20) pages in length. Reports in excess of twenty (20) pages will be assessed an additional charge of twenty five (\$.25) cents per page exceeding twenty (20) pages.

1. INTRODUCTION

1.1 Policies and Compensation Plan Incorporated into Independent Representative Agreement

These Policies and Procedures, in their present form and as amended at the sole discretion of Fortune Hi-Tech Marketing, Inc. (hereafter "FHTM" or the "Company"), are incorporated into and form an integral part of the FHTM Independent Representative Agreement/Application (hereafter "IR Agreement") and the Trainer Coach Agreement/Application. Throughout these Policies, when the term "Agreement" is used, it collectively refers to the FHTM IR Application and Agreement, the FHTM Trainer/Coach Agreement, these Policies and Procedures, and the FHTM Marketing and Compensation Plan. These documents are incorporated by reference into the FHTM IR Agreement (all in their current form and as amended by FHTM). It is the responsibility of each Independent Representative (hereafter "IR") 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.

1.2 Purpose of Policies

FHTM is a direct sales company that markets to end user consumers certain services that could include, but are not limited to, nutritional products, long distance phone service, internet access, cellular phone service, satellite television service, voice messaging service, paging products and services and other useful products through its Independent Representatives. It is important to understand that your success and the success of your fellow Independent Representatives is dependent upon the integrity of the people who market our products and services. To clearly define the relationship that exists between all IRs and FHTM, and to explicitly set a standard for ethical and acceptable business conduct, FHTM has established this agreement.

FHTM IRs are required to comply with all of the terms and conditions set forth in this agreement. FHTM may amend this agreement at its sole discretion from time to time.

Because you may be unfamiliar with many of these standards of practice, it is very important that you read and abide by this agreement. Please review the information in this manual carefully. It explains and governs the relationship between you, as an independent contractor, and the Company. If you have questions regarding any policy or rule, do not hesitate to seek an answer from FHTM.

1.3 Changes to the Agreement

Because national, provincial, territorial and local laws, as well as the business environment, periodically change, FHTM reserves the right, at any time, to amend the Agreement and its prices in its sole and absolute discretion. By signing the IR Agreement, an IR agrees to abide by all amendments or modifications that FHTM elects to make. Amendments shall be effective upon notice to IRs that the Agreement has been modified. Notification of amendments shall be published in official FHTM materials. The Company shall provide or make available to IRs a complete copy of the amended provisions by one or more of the following methods: (1) posting on the Company's official web site; (2) electronic mail (e-mail); (3) voice mail system broadcast; or (4) inclusion in Company periodicals. Notice given via any one of the previously listed channels will be deemed received by the IR upon posting. The continuation of an IR's FHTM business or an IR's acceptance of bonus or commission payments shall constitute acceptance by an IR of any and all amendments.

1.4 Delays

FHTM 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, cessation or interruption of FHTM's source of supply, or government decrees or orders.

1.5 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 and shall be construed as if such invalid, or unenforceable provision never comprised a part of the Agreement.

1.6 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 FHTM to exercise any right or power under the Agreement or to insist upon strict compliance by an IR 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 FHTM's right to demand exact compliance with the Agreement. Waiver by FHTM can be affected only in writing by an authorized officer of the Company. FHTM's waiver of any particular breach by an IR shall not affect or impair FHTM's rights with respect to any subsequent breach, nor shall it affect in any way the rights or obligations of any other IR. Nor shall any delay or omission by FHTM to exercise any right arising from a breach affect or impair FHTM's rights as to that or any subsequent breach.

The existence of any claim or cause of action of an IR against FHTM shall not constitute a defense to FHTM's enforcement of any term or provision of the Agreement.

2. BECOMING AN INDEPENDENT REPRESENTATIVE

2.1 Requirements to Become an Independent Representative

To become an FHTM IR, each applicant must:

- a) *Be of the age of majority in his or her state or country of residence;*
- b) *Reside in a country in which FHTM is engaged in doing business;*
- c) *Provide: i: a valid Social Security or Federal Tax ID number; ii: a date of birth.*
- d) *Submit a fully refundable deposit (waived for IRs electing to purchase the Optional Special Services Package) where applicable;*
- e) *Submit a fully and properly completed (originals only—no copies) and signed IR Application and Agreement to FHTM; and*
- f) *Be approved and accepted by FHTM.*

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

2.2 No Purchase Required

No person is required to purchase FHTM products, services or marketing materials, or to pay any charge or fee to become an IR. However, each IR must submit a fully refundable deposit (except where prohibited by law) to FHTM with his or her IR Application and Agreement. The deposit shall be refunded upon receipt of written request upon the termination (voluntary or involuntary) of an IR's Agreement.

A Starter Kit containing marketing materials and other important information will be provided to all new IRs upon enrollment.

2.3 Registration by Online Enrollment

The potential new IR may enroll a new Independent Representative online by use of FHTM's online registration process. The person making the enrollment must be able to provide all necessary IR Agreement information for the online enrollment. A Starter Kit or Manager Sales Kit will be provided to the new enrollee upon receipt/verification of payment of the refundable deposit (if applicable) or Optional Special Services Package fee by FHTM. Please refer to your sponsor's personal FHTM Office Assistant website at www.fhtm.ws or other designated web address for online enrollment assistance.

The new IR's online enrollment authorization will be valid for up to thirty (30) days, pending receipt and verification by the Company of any applicable deposit/payment that may be due. Once any applicable deposit/payment has been received and verified at the FHTM Home Office, the new IR Agreement will be extended to one (1) full year from the date on which the online enrollment was accepted by FHTM.

If any applicable deposit/payment required is not received within the temporary thirty (30) day time period, the temporary authorization shall expire and the IR Application and Agreement shall automatically terminate. Additionally, in the

event that the deposit/payment is dishonored for any reason, the new IR shall be immediately terminated by FHTM and any sums that may have been paid to the new IR, the new IR's sponsor and/or upline shall be subject to recovery by the Company by way of either withholding same from any sums in the possession of the Company that are payable to any such party and/or withholding same from any future sums that may become payable to any such party and/or by any other method provided by law.

In the event of the online enrollment of a business entity, all requirements contained in Section 4.4 below, shall also be complied with as set forth therein.

2.4 IR Benefits

Once an IR Application and Agreement has been accepted by FHTM, the benefits of the Marketing and Compensation Plan and the IR Agreement are available to the new IR.

These benefits include the right to:

- a) *Market FHTM products and services, in accordance with the terms of the FHTM Marketing and Compensation Plan;*
- b) *Participate in the FHTM Marketing and Compensation Plan (receive bonuses and commissions, if eligible);*
- c) *Acquire customers for FHTM's products and services and sponsor other individuals (IRs) into the FHTM business and thereby build a marketing organization and progress through the FHTM Marketing and Compensation Plan;*
- d) *Receive periodic FHTM literature and other FHTM communications;*
- e) *Participate in FHTM-sponsored support, service, training, motivational and recognition functions, upon payment of appropriate charges, if applicable (i.e. purchase of the Optional Special Services Package); and*
- f) *Participate in promotional and incentive contests and programs sponsored by FHTM for its IRs.*

2.5 Renewal of Your FHTM Business

The term of the IR Agreement and Trainer Coach Agreement is one (1) year from the date of its acceptance by FHTM. Managers must renew their Optional Special Services Agreement and/or Trainer Coach Agreement each year by paying an annual renewal fee of \$199.00 for the Optional Special Services Package and \$100.00 for the Trainer Coach position (if applicable) on or before the last day of the anniversary month of their IR Agreement and/or Trainer Coach Agreement, as may be applicable. If the renewal fee is not paid on or before the last day of the anniversary month of the current term of the IR Agreement and/or Trainer Coach Agreement, then the applicable Agreement will be terminated. A Manager that elects not to renew the Optional Special Services Package may renew as a Representative only, by submitting a written request to FHTM requesting that the renewal status be changed from Manager to Representative. Such request must be received by FHTM prior to the expiration of the applicable renewal period and be accompanied by a \$75.00 deposit except for residents of states where the deposit is waived by law. (For example, if the anniversary date of either an IR Agreement or Trainer Coach Agreement is January 15, 2008, the renewal payment will be due on or before January 31, 2008) Renewal notices will be mailed during the month immediately preceding the month in which the renewal payment is due.

Please Note: TCs that are also CRTs only renew for the CRT position, which includes the renewal of the TC position. A separate notice will be sent to CRTs when the renewal is due or this renewal fee may be paid at the same time as the Optional Special Services renewal. If you choose to renew at the same time, this will not affect the CRT anniversary date for re-certification purposes. The anniversary date will not change.

There is no renewal fee for those IRs who have not purchased the Optional Special Services Package. However, they must notify FHTM annually, in writing, of their desire to continue to participate as a Representative. If they do not, their position shall be terminated. Representatives will receive an annual renewal notice from the Company.

3. OPERATING AN FHTM BUSINESS

3.1 Adherence to the FHTM Marketing and Compensation Plan

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

FHTM reserves the right to limit or disallow any marketing activities that cast negative aspersions on the integrity, truthfulness, and/or reputation of Fortune Hi-Tech Marketing, Inc.

3.1.1: Ethics

FHTM conducts business in an ethical and credible manner and requires its Representatives to deal ethically with their customers, with each other and with the company. FHTM permits no unethical or illegal activity and will intercede when such behavior may exist. FHTM reserves the right to use its best judgment in deciding whether certain Representative activities are unethical. Furthermore, FHTM may use its own discretion in determining the appropriate course of action. If FHTM determines that unethical activities may exist, then it reserves the right to suspend or terminate the Independent Representative position and withhold all commissions and payments of any kind. Under no circumstances would an Independent Representative who is terminated for unethical or illegal activity be entitled to a refund of their original purchase fee, nor are they entitled to sell or transfer their position.

Examples of unethical or illegal activity include, but are not limited to:

1. Forging a signature on any document or application.
2. Making false or misleading representations of any kind including, but not limited to, misrepresentations about FHTM products and services or the FHTM Compensation Plan.
3. Depositing checks made payable to FHTM into personal accounts instead of immediately forwarding them to FHTM.
4. Spreading false or misleading remarks or rumors with malicious intent that may disparage FHTM, FHTM employees, or another FHTM Independent Representative.
5. Any unauthorized use of FHTM's name, trademarks or copyrighted material (i.e. reproducing FHTM's forms, business cards, etc.).
6. Violation of any federal, state or local laws or regulations.
7. Violation of any FHTM Policy or Procedure.
8. Co-marketing of any other business, product, service, seminar or program in conjunction with the FHTM opportunity. This limitation applies to all promotional activities including, but not limited to, marketing materials, events, presentations, verbal solicitations, etc.
9. Purchasing a product or submitting a customer with the intent to discontinue use of the product for the purpose of triggering commissions and bonuses.

3.2 Advertising

3.2.1: In General

All IRs shall safeguard and promote the good reputation of FHTM and its products and services. The marketing and promotion of FHTM, the Marketing and Compensation Plan, and FHTM products and services 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 services, and the tremendous opportunity FHTM offers, IRs shall only use the marketing materials and support materials produced by or at the direction of FHTM. FHTM has carefully designed its products, product labels, Marketing and Compensation Plan, and promotional materials to ensure that each aspect of FHTM is fair, truthful, substantiated, and complies with the vast and complex legal requirements of federal and state laws. Accordingly, IRs shall not produce their own literature, advertisements, marketing materials and promotional materials, or internet site/web pages to offer the FHTM Opportunity and/or products and services.

If an IR desires to advertise to promote his or her business, he or she may do so only through the Company approved advertisements that may be found in the "Corporate Tools" section on the "Secure Console" of www.fhtm.net.

Except as provided in this section, IRs shall not use or transmit unsolicited faxes, mass e-mail distribution, unsolicited e-mail, or "spamming" relative to the operation of their FHTM businesses. The terms "unsolicited faxes" and "unsolicited e-mail" mean the transmission via telephone facsimile or electronic mail, respectively, of any material or information advertising or promoting FHTM, its products, its compensation plan or any other aspect of the Company which is transmitted to any person, except that these terms do not include a fax or e-mail: (a) to any person with that person's prior express invitation or permission; or (b) to any person with whom the IR 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 an IR and a person, on the basis of: (i) an inquiry, application, purchase or transaction by the person regarding products offered by such IR; or (ii) a personal or familial relationship, which relationship has not been previously terminated by either party.

If an IR desires to utilize an internet web page to promote his or her business, he or she may do so only through the Company's official web site or by use of the approved FHTM Self-Replicating Web Page, using only official FHTM templates. Further, IRs that use the FHTM replicated web page shall not link from it to any other site that is not affiliated with and/or approved by FHTM nor shall they advertise any other products, services or businesses on the site without the express written approval of FHTM. The failure to adhere to this policy constitutes a material breach of these Policies and Procedures, which may result in sanctions, including termination, at the sole discretion of FHTM.

3.2.2: Domain Names and E-mail Addresses

IRs shall not use or attempt to register any of FHTM's trade names, trademarks, service names, service marks, product names, the Company's name, or any derivative thereof, for any internet domain name. Nor shall IRs incorporate or attempt to incorporate any of FHTM's trade names, trademarks, service names, service marks, product names, the Company's name, or any derivative thereof, into any electronic mail address.

3.2.3: Trademarks and Copyrights

FHTM will not allow the use of its trade names, trademarks, designs, or symbols by any person, including an FHTM IR, without its prior, written permission. IRs may not produce for sale or distribution any recorded Company events and speeches without written permission from FHTM nor may IRs reproduce for sale or for personal use any recording of Company produced audio or videotape presentations. Further, IRs shall not reproduce or use the marks of any of FHTM's product or service providers except as expressly authorized in writing by FHTM. The limited license that FHTM has been granted by each of its service providers for use and reproduction of their various logos and marks does not extend to its IRs.

3.2.4: Media and Media Inquiries

IRs shall not respond to media inquiries regarding FHTM, its products or services, or their independent FHTM business without the express written consent and permission of FHTM. All inquiries by any type of media must be immediately referred to FHTM's Representative Services Department. This policy is designed to ensure that accurate and consistent information is provided to the public as well as a proper public image.

3.3 Bonus Buying

"Bonus buying" includes, but is not limited to: (a) the sponsorship/enrollment of individuals or business entities without the consent and/or knowledge of and/or execution of an IR Application and Agreement by such individuals or business entities; (b) the fraudulent sponsorship/enrollment of an individual or business entity as an IR or customer; (c) the sponsorship/enrollment or attempted sponsorship/enrollment of non-existent individuals or business entities as IRs or customers ("phantoms"); (d) the use of a credit/debit card, check or other negotiable instrument by or on behalf of an IR or customer when the IR or customer is not the account holder of such credit/debit card, check or instrument; (e) the purchase of products and/or services from downline IRs; (f) the placement, distribution, or allocation of customer accounts to other FHTM IRs having the effect of increasing compensation to that IR; (g) use of a pre-paid credit card in the submission of a customer; (h) the submission of an unauthorized request for service of an individual's or business entity's telephone or internet service provider ("slamming") and/or any other service or product marketed by FHTM; or (i) any occurrence or pattern of activity that, in the sole and absolute discretion of FHTM, constitutes Bonus buying in detriment to FHTM's welfare or integrity. Bonus buying constitutes a material breach of these Policies and Procedures, is strictly and absolutely prohibited and shall result in immediate termination.

3.4 Business Entities

A corporation, partnership or trust (collectively referred to in this section as a "business entity") may apply to be an FHTM IR by submitting its Certificate of Incorporation, Partnership Agreement or trust documents and Internal Revenue Service "letter of notice" assigning the entity's Employer Identification Number (these documents are collectively referred to as the "Entity Documents") to FHTM, along with any additional information FHTM may request regarding the identity of the individuals with a beneficial interest in any such business entities. A FHTM business may change its status under the same sponsor from an individual to a partnership, corporation or trust or from one type of business entity to another. There is a \$25.00 administrative fee for each change requested, which must be included with the written request and the completed new IR Application and Agreement on behalf of the business entity. The new IR Application form must be signed by all of the shareholders, officers, directors, partners, trustees and trust beneficiaries or their legal representatives. Members of the business entity are jointly and severally liable for any indebtedness or other obligation of the business entity to FHTM.

All shareholders, directors, officers, partners and beneficiaries shall be identified by Social Security number, name and address and cannot hold another IR position except as otherwise specifically permitted herein. One of these individuals shall be listed on the IR Agreement as the primary contact person for the entity. This individual shall also supply his/her social security number on the IR Agreement. Until such time as FHTM receives all required entity documents, the FHTM business shall be listed under the name and social security number of the individual designated as the entity's contact person. If any of the required entity documents are not provided, in writing, to the Company within thirty (30) days of a new enrollment and/or change of status, the position will be terminated (or remain in the name of the contact person if requested in writing) and any sums paid as a result of said entity's new enrollment shall be recovered by withholdings made pursuant to these Policies.

3.5 Changes to the FHTM Business

3.5.1: In General

Each IR must immediately notify FHTM, in writing, of all changes to the information contained on his or her IR Application and Agreement. IRs may modify their existing IR Agreement (i.e., change Social Security number to Federal I.D. number, or change the form of ownership from an individual proprietorship to a business entity owned by the IR) by submitting a written request, a properly executed IR Application and Agreement, and appropriate supporting documentation as may be required and/or requested by the Company from time to time. Changes shall be processed only once per year. All changes must be submitted by November 30 to become effective on January 1 of the following year.

FHTM reserves the right to approve or disapprove any IR's choice of business names, formation of partnerships, corporations and trusts, for tax, estate planning and liability purposes. If FHTM approves such a change by the IR, the organization's name and the names of the principals of the organization must appear on the Independent Representative Agreement along with a Social Security Number or Federal Tax Identification Number.

Any request for a change in the name or a change in the Social Security Number or Tax Identification Number of the Independent Representative status is subject to a written agreement, signed by all parties involved, submitted to and approved by FHTM. FHTM reserves the right to verify all authorizations prior to making changes. In the absence of any agreement or notification, FHTM will only recognize the individual whose Social Security Number was originally listed on the Independent Representative Agreement. Please note that FHTM will only continue to service the Independent

Representative who remains listed in our computer system. FHTM reserves the right to intercede in disputes and if it is determined that unethical activity exists, the status may be suspended and/or terminated.

There is a \$25.00 administrative fee for each change requested (other than changes of address or contact numbers), which must be included with the written request and the completed new IR Application and Agreement, if applicable.

3.5.2: Addition of Co-Applicants

When adding a co-applicant (either an individual or a business entity) to an existing FHTM business, the Company requires both a written request as well as a new properly completed IR Application and Agreement that complies with the requirements and restrictions of Section 3.1 and contains the signatures of both the applicant and the co-applicant. To prevent the circumvention of Section 4.23 (regarding transfers and assignments of FHTM business), the original applicant must remain as a party to the original IR Application and Agreement. If the original IR wants to terminate his or her relationship with the Company, he or she must transfer or assign his or her business in accordance with Section 4.23. If this process is not followed, the business shall be terminated upon the withdrawal of the original IR. All bonus and commission checks will be sent to the address of record of the original IR. There is a \$25.00 administrative fee for each change requested, which must be included with the written request and the completed new IR Application and Agreement. FHTM may, at its discretion, require witnessed and notarized documents before implementing any changes to an FHTM business. Please allow thirty (30) days after the receipt of the request by FHTM for processing. The new co-applicant shall be responsible for obtaining and paying for his/her own Manager Sales Kit (or other necessary materials) and shall be responsible for attending and paying for his/her own training, if the original IR has already attended training.

If there is a change to a business entity, the IR must comply with all requirements of Section 3.4 above before the change will be accepted by FHTM. If these requirements are not fulfilled within thirty (30) days of the change, the position will be terminated.

Please Note: the modifications to the original IR position permitted within the scope of this Section do not include a change of sponsorship. Changes of sponsorship shall not be permitted and are addressed in Section 4.5.3, below.

3.5.3: Change of Sponsor

To protect the integrity of all marketing organizations and safeguard the hard work of all IRs, FHTM prohibits any changes in sponsorship (except as set forth in Section 4.5.4, below). Maintaining the integrity of sponsorship is critical for the success of every IR and marketing organization. Accordingly, the transfer of an FHTM IR's business from one sponsor to another may, in the sole discretion of the Company, only be permitted in an instance in which clear and convincing proof of fraudulent inducement or unethical sponsoring has been established based upon documentation submitted to the Company.

ALL requests for change of sponsorship shall be submitted in writing to the Representative Services Department, within thirty (30) days of the complaining IR's execution of the original IR Agreement and shall include the reason(s) for the requested change of sponsor. In cases involving fraudulent inducement or unethical sponsoring, an IR may request that he or she be transferred to another organization with his or her entire marketing organization intact. All requests for transfer alleging fraudulent enrollment practices shall be evaluated on a case by case basis. Written documentation in support of any such request shall be required by the Company, in all cases, before any review of the claim will commence.

3.5.4: Cancellation and Re-application

An IR may legitimately change organizations by voluntarily canceling, in writing, his or her FHTM business and remaining inactive (i.e., no sales of FHTM products or services, no sponsoring, no attendance at any FHTM functions, participation in any other form of Manager activity, or operation of any other FHTM business) for six (6) full calendar months following the voluntary cancellation. Following the mandatory six (6) month period of inactivity, the former IR may reapply under a new sponsor.

Former IRs that re-enroll with the company under a new sponsor shall not qualify as a "new Manager" for purposes of releasing Quick Start Bonuses (QSB), or any monthly bonuses of any type, to their new sponsor or their new coded upline. Additionally, re-enrolling IRs shall not count toward their new sponsor's Manager total for promotion purposes (i.e. Manager to RSM; RSM to ESM...). However, any new downline organization they create after re-enrolling shall count for such purposes for their new sponsors. Active customers shall not be moved from the previous IR position to the new IR position.

3.6 Unauthorized Claims and Actions

3.6.1: Indemnification

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

3.6.2: Income Claims

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 network marketing. Because FHTM IRs do not have the information necessary to comply with the legal requirements for making income claims, an IR, when presenting or discussing the FHTM opportunity or Marketing and Compensation Plan to a prospective IR, must not make income projections, income claims, or disclose his or her FHTM income (including the showing of checks, copies of checks, bank statements, or tax records, etc.).

3.6.3: Savings, Rate or Product Performance Guarantees

FHTM strictly prohibits Independent Representatives from making any claims or guarantees related to savings, rates or product performance, whether expressed or implied. This limitation extends to both written and verbal communications and applies to hypothetical savings calculations as well. Independent Representatives may not make any references to specific or numerical savings guarantees, or any similar claims relating to product performance, whether expressed or implied, with respect to FHTM's products and services. For example, it is a policy violation to use verbiage such as "FHTM can save you up to 30% on your long distance bills." An example of acceptable verbiage is "Most customers of the major long distance carriers will save on their monthly bills with FHTM's Long Distance service."

3.7 Trade Shows, Expositions and Other Sales Forums

IRs may display and/or sell FHTM products or services at trade shows and professional expositions. This privilege is restricted to the display or sale of telecom or technology products only. Before submitting a deposit to the event promoter, IRs must contact the Representative Services Department to request a Special Events Participation form (this form and a letter containing instructions for completion is also available for downloading in the "Corporate Tools" section of the "Secure Console" at www.fhtm.net.) and conditional approval, as FHTM's policy is to authorize only one FHTM business per event. Final approval will be granted to the first IR who submits a completed Special Events Participation form, a copy of the contract signed by both the IR 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 Representative Services Department. FHTM 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, services, or the FHTM 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 FHTM wishes to portray.

3.8 Conflicts of Interest

3.8.1: Non-Solicitation/Cross-Recruiting

Subject to certain restrictions on dual participation, including those in section 4.8.2, FHTM IRs may participate in other direct selling or network marketing or multilevel marketing ventures (collectively "network marketing"), and IRs may engage in selling activities related to non-FHTM products and services if they desire to do so. However, this right is subject to certain limitations. If an IR elects to participate in another network marketing opportunity, in order to avoid conflicts of interest and royalties, IRs are prohibited from Unauthorized Cross-Recruiting, which includes the following:

a) During the term of this agreement, any actual or attempted recruitment or enrollment of FHTM Customers or IRs for other network marketing business ventures, either directly or through a third party. This includes, but is not limited to, presenting or assisting in the presentation of other network marketing business ventures to any FHTM Customer or IR, or implicitly or explicitly encouraging any FHTM Customer or IR to join other business ventures. Because there is an extreme likelihood that conflicts will arise if an IR operates two network marketing programs, it is the IR's responsibility to first determine whether a prospect is an FHTM Customer or IR before recruiting or enrolling the prospect for another network business venture.

b) For a period of six (6) months following the cancellation or termination of an IR's Agreement, the former IR may not recruit any FHTM IR or customer for another network marketing program.

c) Producing or offering any literature, tapes or promotional material of any nature for another network marketing business which is used by the IR or any third person to recruit FHTM Customers or IRs for that business venture;

d) Selling, offering to sell, or promoting any competing non-FHTM products or services to FHTM Customers or IRs. Any product or services in the same generic category as an FHTM product or service is deemed to be competing.

e) Offering FHTM products or services, or promoting the FHTM Marketing and Compensation Plan, in conjunction with any non-FHTM products, services, business plan, opportunity, or incentive; or

f) Offering any non-FHTM products, services, business plan, opportunity, or incentive at any FHTM meeting, seminar, launch, convention, or other FHTM function, or immediately following such event (i.e. any "bait and switch" methods).

3.8.2: Dual Participation for Promoted IRs

IRs promoted to the level of Regional Sales Manager or higher within the FHTM Compensation Plan may not participate in any other network marketing or multi-level marketing ventures. Such dual participation will be deemed a material breach of these Policies and Procedures and will be grounds for termination.

3.8.3: Downline Activity Reports

Downline Activity Reports are available monthly to Managers (i.e. those IRs that have purchased the Optional Special Services Program), upon request, via email or in printed form. They are also available to Managers that have subscribed to FHTM's replicable web page upon demand. Access through FHTM's replicated web pages and/or "Back Office" to online Downline Activity Reports is password protected. Representatives that want to obtain a copy of their Downline Activity Report must send a written request to Representative Services along with any associated fee to obtain a copy. All Downline Activity Reports and the information contained therein are confidential and constitute proprietary information and business trade secrets belonging to FHTM. Downline Activity Reports are provided to IRs in strictest confidence and are made available to IRs for the sole purpose of assisting IRs in working with their respective Downline Organizations in the development of their FHTM business. IRs should use their Downline Activity Reports to assist, motivate, and train their downline IRs. The IR and FHTM agree that, but for this agreement of confidentiality and nondisclosure, FHTM would not provide Downline Activity Reports to the IR. An IR shall not, on his or her own behalf, or on behalf of any other person, partnership, association, corporation or other business entity:

a) Directly or indirectly disclose any information contained in any Downline Activity Report to any third party;

b) Directly or indirectly disclose his or her password or other user access code to his or her Downline Activity Report;

c) Use the information to compete with FHTM or for any purpose other than promoting his or her FHTM business;
d) Recruit or solicit any IR or customer of FHTM listed on any report, or in any manner attempt to influence or induce any IR or customer of FHTM, to alter their business relationship with FHTM; or

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

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

FHTM shall not release any customer and/or IR information to any member of an IR's upline (except for the information contained on the Downline Activity Report) without the express written consent of the IR. Telephone information will be released if the IR has so indicated that this is permissible on the IR Application at the time of enrollment.

FHTM shall not release any customer and/or IR information to any member of an IR's upline (except for the information contained on the Downline Activity Report). Telephone information will be released if the IR has so indicated that this is permissible on the IR Application at the time of enrollment.

3.9 Cross-Sponsoring

Actual or attempted cross sponsoring is strictly prohibited. "Cross sponsoring" is defined as the enrollment of an individual or business entity already having a current IR Agreement on file with FHTM, or has had such an agreement within the preceding six (6) calendar months, within a different line of sponsorship, or encouraging an IR to voluntarily cancel and re-enroll at a later date. The use of a spouse or relative's name, trade names, DBAs, assumed names, corporations, partnerships, trusts, federal ID numbers, or fictitious ID numbers to circumvent this policy is prohibited. IRs shall not demean, discredit or defame other FHTM IRs in an attempt to entice another IR to become part of the first IR's marketing organization. This policy shall not prohibit the transfer of an FHTM business in accordance with Section 4.23.

3.10 Errors or Questions

If an IR has questions about or believes any errors have been made regarding commissions, bonuses, Downline Activity Reports, or charges, the IR must notify FHTM in writing within thirty (30) days of the date of the purported error or incident in question. FHTM will not be responsible for any errors, omissions or problems not reported to it within thirty (30) days.

3.11 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, IRs shall not represent or imply that FHTM or its Marketing and Compensation Plan have been "approved," "endorsed" or otherwise sanctioned by any government agency. Likewise, FHTM does not endorse or recommend any company or other method of operating a network marketing business that is not contained in official FHTM literature. This includes, but is not limited to, "lead" generating services, recruiting services, mass internet marketing techniques and other similar activities.

3.12 Holding Applications or Orders

IRs SHALL NOT manipulate enrollments of new applicants and purchases of products or services for any reason. All IR Applications and Agreements, and product or service orders must be delivered to FHTM within forty eight (48) hours from the time they are signed by an IR or placed by a customer, respectively. Violation of this section is strictly prohibited and shall be deemed a material breach of these Policies and the Agreement.

3.13 Identification

All IRs are required to provide their Social Security Number or a Federal Employer Identification Number, their driver's license or state issued ID Number, and their date of birth to FHTM on the IR Application and Agreement. Upon enrollment, the Company will provide a unique Representative ID Number to the IR. An IR may use this number or his or her Social Security Number or Federal Employer Identification Number to place orders and track commissions and bonuses. The use of a fictitious or inaccurate Social Security Number, Federal Employer I.D. Number, driver's license number, state issued I.D. Number, or date of birth is prohibited. Such prohibited use will be deemed a material breach of these policies and the Agreement.

3.14 Income Taxes

Independent Representatives are not considered employees for purposes of the Social Security Act, the Federal Unemployment Tax Act, Federal Income Tax laws or any other laws governing employees. It is the Independent Representative's responsibility to make self-employment and income tax payments as required by law. As such, FHTM does not deduct any taxes from any commission and/or payments. It is the Independent Representative's responsibility to provide FHTM with the proper Social Security Number or Taxpayer Identification Number. If the information that is provided is incorrect or if the Internal Revenue Service notifies FHTM that the information does not match their records then FHTM shall withhold backup withholdings as prescribed by IRS regulations until the matter is resolved.

Every year, FHTM will provide IRS Form 1099 MISC (Non-employee Compensation) earnings statement to each U.S. resident who falls into one of the following categories:

- a) *Had earnings of over \$600.00 in the previous calendar year; or*
- b) *Made purchases during the previous calendar year in excess of \$5,000.00.*

Each IR is responsible for paying local, state and federal taxes on any income generated as an Independent Representative.

3.15 Independent Contractor Status

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

3.15.1: Trademarks and Copyrights

The name of FHTM and other names as may be adopted by FHTM are proprietary trade names, trademarks and service marks of FHTM. As such, these marks are of great value to FHTM and are supplied to IRs for their use only in an expressly authorized manner. Use of FHTM name on any item not produced by the Company is prohibited except as follows: *IR's Name; Independent FHTM Representative; Fortune Hi-Tech Marketing™.*

All IRs may list themselves as an "Independent Representative" in the white or yellow pages of the telephone directory under their own name. No IR may place telephone directory display ads using FHTM's name(s) or logo(s), or the logo(s) of any of FHTM's products or services. IRs may not answer the telephone by saying "FHTM", "Fortune Hi-Tech Marketing, Inc.", "Fortune Hi-Tech Incorporated", or in any other manner that would lead the caller to believe that he or she has reached corporate offices of FHTM.

3.16 Insurance

You may wish to arrange insurance coverage for your business. It is unlikely that either your homeowner's insurance policy or your automobile insurance policy covers business-related injuries, or the theft of or damage to inventory or business equipment. Contact your insurance agent with any questions you may have to make certain that your property is protected. The Company will not answer any insurance related questions.

3.17 International Marketing

Because of critical legal and tax considerations, including: compliance with foreign laws regarding the approval, registration or licensure of products or services; protection of intellectual property; compliance with customs, tax, and immigration laws; compliance with direct selling laws; product and income representations; and literature content and language requirements, FHTM must limit the resale of FHTM products and services, and the presentation of the FHTM business to prospective customers and IRs located within the United States at this time. Moreover, allowing a few IRs to conduct business in markets not yet opened by FHTM would violate the concept of affording every IR the equal opportunity to expand internationally. FHTM products or marketing materials cannot be shipped into or sold in any foreign country. IRs may sell, give, transfer, or distribute FHTM products or marketing materials only in the United States. In addition, no IR may, in any unauthorized country: (a) conduct sales, enrollment or training meetings; (b) enroll or attempt to enroll potential customers or IRs; or (c) conduct any other activity for the purpose of selling FHTM products, establishing a marketing organization, or promoting the FHTM business.

3.18 Adherence to Laws and Ordinances

3.18.1: Local Ordinances

Many cities and counties have laws regulating certain home-based businesses. In some cases these ordinances may be applicable to IRs. IRs must obey those laws that apply to them.

3.18.2: Compliance With Federal, State, Local Laws, Military

IRs shall comply with all federal, state, and local laws and regulations in the conduct of their businesses. IRs should never enter or conduct meetings on military bases, installations, or government-operated facilities without first contacting any such facility to obtain prior permission for entry. IRs must obtain any necessary information on requirements and/or restrictions for doing so. If special permits or licenses are required, the IR shall apply for same in his/her individual capacity as an IR, and shall forward a copy of this information to the Compliance Department.

3.19 Minors

A person who is recognized as a minor in his/her state or country of residence may not be an FHTM IR. IRs shall not enroll or recruit minors into the FHTM program.

3.20 One FHTM Business Per Representative

An IR may operate or have an ownership interest, legal or equitable, as a sole proprietorship, partner, shareholder, trustee, or beneficiary, in only one (1) FHTM business. No individual may have, operate or receive compensation from more than one (1) FHTM business.

In order to maintain the integrity of the FHTM Marketing and Compensation Plan, husbands and wives or common-law couples (collectively "spouses") regardless of whether one or both are signatories to an IR Application and Agreement, may not own or operate separate FHTM businesses, either individually or jointly, nor may they participate directly or indirectly (as a shareholder, partner, trustee, trust beneficiary, or any other legal or equitable ownership) in the ownership or management of another FHTM business in any form.

In cases where two (2) IRs marry or in cases of an IR receiving an interest in another business through inheritance, the IR will be permitted to choose which business he or she will operate. The remaining business will be frozen.

3.21 Actions of Household Members and Affiliated Individuals

If any member of an IR's immediate household engages in any activity which, if performed by the IR, would violate any provision of the Agreement, such activity will be deemed a violation by the IR and FHTM may take disciplinary action pursuant to these Policies and Procedures against the IR. Similarly, if any individual associated in any way with a corporation, partnership, trust or other business entity (collectively "affiliated individual") violates the Agreement, such action(s) will be deemed a violation by the business entity, and FHTM may take disciplinary action against the business entity.

3.22 Requests for Records

Any request from an IR for earning reports, additional copies of invoices, applications, downline activity reports, or other records will require an administrative fee of \$25.00 plus \$1.00 per page per copy. The request must be made in writing and payment received prior to requested records being provided to the IR. This fee covers the expense of mailing and time required to research files and make copies of records.

This fee does not apply to replacement of a lost or misplaced Form 1099. One duplicate copy of Form 1099 will be provided at no cost. Any additional copies will be subject to the administrative fees referenced above.

3.23 Sale, Transfer or Assignment of an FHTM Business

Although an FHTM business is a privately owned and independently operated business, the sale, transfer or assignment of an FHTM business is subject to certain limitations for protection of the integrity of the downline organization. If an IR wishes to sell his or her FHTM business, the following criteria shall be satisfied:

- a) *Protection of the existing line of sponsorship must always be maintained so that the FHTM business continues to be operated in that line of sponsorship.*
- b) *The buyer or transferee must be (or must become) a qualified FHTM IR. If the new owner is not already an FHTM IR then the new owner must, within thirty (30) days of the transfer of ownership, attend Manager Training, Trainer/Coach Training and, if applicable, Certified Regional Trainer's School (as scheduled). The new owner shall be required to pay the appropriate fee for any such training. (It is also the responsibility of the buyer to obtain up to date materials and literature from the Company at his/her own expense.) If the buyer is an active FHTM IR, he or she must first terminate his or her existing FHTM business simultaneously with the purchase, transfer, assignment or acquisition of any interest in the new FHTM business. No changes in line of sponsorship can result from the sale or transfer of an FHTM business. If the prospective buyer, transferee or assignee is an active FHTM IR, the sale, transfer or assignment cannot result in a change of sponsorship of the buyer, transferee or assignee. If such a sale, transfer or assignment will result in a change of the buyer's, transferee's or assignee's sponsor, then the provisions of Section 4.5.4 of these Policies and Procedures shall be applicable and the six (6) month inactivity period shall be imposed upon the buyer, transferee or assignee before the sale, transfer or assignment may be finally concluded.*
- c) *Before the sale, transfer or assignment can be finalized and approved by FHTM, any debt obligations the selling IR has with FHTM must be satisfied.*

- d) *The selling IR must be in good standing and not in violation of any of the terms of the Agreement in order to be eligible to sell, transfer or assign an FHTM business. A business that has been terminated may not be sold, transferred or assigned.*
- e) *The sale, transfer or assignment will be finally approved by FHTM upon receipt of all required documents, including but not limited to, associated fees, a fully completed Transfer of Business form, IR Agreement and/or Trainer Coach Agreement, as applicable. Said approval will not be unreasonably withheld.*
- f) *Before the new owner of a Trainer Coach position will be allowed to train Managers for compensation, the new Trainer Coach must be trained by a Certified Regional Trainer that has been pre-approved by FHTM.*

Prior to selling an FHTM business, the selling IR must notify FHTM Representative Services Department of his or her intent to sell the FHTM business, complete all applicable FHTM Transfer of Business/Sale Documents, and pay any applicable fees imposed by FHTM for the transfer/sale of the business, currently \$200.00.

3.24 Separation of an FHTM Business

FHTM IRs sometimes operate their FHTM businesses as husband-wife partnerships, regular partnerships, corporations, trusts or other business entities. At such time as a marriage may end in divorce or a business entity 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 IRs and the Company, FHTM will involuntarily terminate the IR Agreement.

During the pendency of divorce or business entity dissolution, 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 FHTM business pursuant to an assignment, in writing, whereby the relinquishing spouse, shareholders, partners or trustees authorize FHTM to deal directly and solely with the other spouse or non-relinquishing shareholder, partner or trustee.*
- b) *The parties may continue to operate the FHTM business jointly on a "business-as-usual" basis, whereupon all compensation paid by FHTM will continue to be paid as designated in the original IR Agreement or in the name of the business entity, to be divided as the parties may independently agree between themselves.*
- c) *Should each of the parties wish to continue participation in FHTM separately, they may elect to freeze their original position and begin two (2) new positions under the sponsor of the original (frozen) position. Downline IRs will not be "moved" or "re-coded" to either of the new positions. All applicable fees and costs associated with the enrollment process of a new Manager position shall be required for each new position. This includes, but is not limited to, the purchase price of the Optional Special Services Package.*

Under no circumstances will the Downline Organization of divorcing spouses or a dissolving business entity be divided. Similarly, under no circumstances will FHTM split commission and bonus checks between divorcing spouses or members of dissolving entities. FHTM will recognize only one Downline Organization and will issue only one commission check per FHTM business per commission cycle. Commission checks shall always be issued to the same individual or business 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, the IR Agreement shall be involuntarily terminated. If a former spouse or a former business entity affiliate has completely relinquished all rights in their original FHTM business, in writing, they are thereafter free to enroll under any sponsor of their choosing, so long as they meet the waiting period requirements set forth in Section 4.5.4. In such case, however, the former spouse or partner shall have no rights to any IRs in their former organization or to any former customer. They must develop the new business in the same manner, as would any other new IR and carefully avoid violations of Section 3.9, herein.

3.25 Slamming

Slamming is defined as the switching or transfer of a third party's long distance or internet service to another carrier without authorization. Slamming is absolutely prohibited. If an IR "slams" any third party, he or she shall be liable to, and indemnify, FHTM for any fines FHTM incurs as a result of the complaint (including fees imposed by any governmental agencies), any fee or charges associated with returning the third party to its original long distance carrier, reimbursement of the outstanding long distance charges of the slammed third party, any attorney's fees incurred by FHTM, as well as all of the sanctions available pursuant to Section 8.1.

The unauthorized switching or transfer of a third party's existing service to an FHTM service shall result in termination. "Existing service" shall include, but not be limited to, any service that may be marketed by FHTM through its Independent Managers (e.g. long distance service, Internet, cellular, paging).

3.26 Sponsoring

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

IRs may personally sponsor a maximum of six (6) new Managers per calendar month. This limit on sponsorship serves to ensure that the sponsoring IR's time and energy are not spread thin among too many new Managers, thereby permitting the sponsoring IR to devote the necessary time to each new Manager that is required to assist that new Manager in beginning his/her new business. This in turn leads to the building of a stronger, long term business for all, both upline and downline.

Since the IR and Trainer Coach positions are two (2) separate and distinct businesses, an individual may initially elect to enroll in FHTM in one or both capacities. In order to prevent the potential for multiple sponsorship claims of the same individual (i.e. have a different sponsor in each capacity) an individual who elects to initially enroll in FHTM in only one such capacity (i.e. IR or TC) and subsequently decides to enroll in the other capacity as well, must do so under the original sponsor and the position shall fall under the same business coded group of that sponsor. An IR or Trainer Coach may not hold a position in the sponsor's Manager's business group and subsequently be sponsored in a higher coded group (e.g. RSM, ESM, etc.).

3.27 Stacking

The term "stacking" includes: (a) the failure to transmit to FHTM, and/or the holding of an IR Application and Agreement or Service Request Form in excess of (forty eight) 48 hours after its execution; (b) the placement or manipulation of Independent Representative Applications and Agreements and/or Service Request Forms for the purpose of maximizing compensation pursuant to FHTM's Marketing and Compensation Plan; or (c) paying for new customers and/or IRs for the purpose of maximizing compensation pursuant to FHTM's Marketing and Compensation Plan. Stacking constitutes a material breach of these Policies and Procedures and is strictly and absolutely prohibited.

3.27.1: Cycling

The term "cycling" refers to the practice in which the original Sponsoring IR re-sponsors former IRs (those that have voluntarily terminated their businesses or whose businesses have been cancelled) thereby moving them from their original management coded organization into a new management coded organization under the Sponsoring IR or a pattern of conduct whereby it is evident that former nominally active IRs are being re-enrolled between downline organizations for the purposes of generating bonus payments. Although IRs that have voluntarily cancelled their businesses in accordance with Section 4.5.4 of these Policies are free to re-join the business under a new sponsor, they are not free to re-join the business under their former sponsor in a different management coded organization of their sponsor's organization. If a former IR rejoins under his/her former sponsor, the IR's former position in the Sponsoring IR's organization will be re-activated as of the date of re-application and the former IR will be returned to his/her previous position in the Sponsoring IR's organization.

Attempts to circumvent this policy through the use of a fictitious name, the name of a spouse, child or relative, trade names, DBAs, assumed names, corporations, partnerships, trusts, fictitious ID numbers and/or any other methods of avoidance to circumvent this policy are strictly and absolutely prohibited and shall be considered a material breach of the Agreement.

3.28 Succession

Upon the death or incapacitation of an IR, his or her business may be passed to his or her heirs-at-law or devisees. Appropriate legal documentation must be submitted to the Company to ensure the transfer is proper. Accordingly, an IR should consult an attorney to assist with the preparation of a Will or other testamentary instrument. Whenever an FHTM business is transferred by a Will or other testamentary process, the beneficiary acquires the right to collect all bonuses and commissions of the deceased IR's marketing organization provided the following qualifications are met. The successor(s) must:

- a) *Execute a new IR Agreement and complete a Transfer of Business form;*
- b) *Comply with terms and provisions of the Agreement; and*
- c) *Meet all of the qualifications for the deceased IR's status.*

Bonus and commission checks of an FHTM business transferred pursuant to this section will be paid in a single check to the devisee. The devisee must provide FHTM with an "address of record" to which all bonus and commission checks will be sent. If the business is bequeathed to joint devisees, they must form a business entity and acquire a federal taxpayer identification number. FHTM will issue all bonus and commission checks and one IRS (INTERNAL REVENUE SERVICE) Form 1099 to the business entity. The new IRs must attend training at their own expense for all applicable positions for which they are qualified in order to remain eligible to receive bonuses or commissions.

3.28.1: Transfer Upon Death of an IR

To effect a testamentary transfer of an FHTM business, the successor must provide the following to FHTM: (1) an original death certificate; (2) a notarized copy of the will or other instrument establishing the successor's right to the FHTM business; (3) appropriate documentation from a Court of competent jurisdiction approving the transfer; and (4) a completed and executed IR Agreement and Transfer of Business form. The new IRs must attend training at their own expense for all applicable positions for which they are qualified. In the event that no testamentary disposition has been made of the business it shall be terminated immediately upon the receipt of notice by FHTM of the IR's death. Further, if a position is not renewed, as may become necessary, during any period in which a successor in interest may be awaiting a final Court Order or disposition of the deceased IR's estate, the position shall be terminated. It is the sole responsibility of any person claiming successor's rights in a business to renew the position and notify FHTM of any changes necessary to transfer the business.

3.28.2: Transfer Upon Incapacitation of an IR

To effect a transfer of an FHTM business because of incapacity, the successor must provide the following to FHTM: (1) a notarized copy of an appointment as guardian and/or trustee; (2) a notarized copy of the trust document or other legal documentation establishing the guardian/trustee's right to administer the FHTM business; and (3) a completed IR Agreement and Transfer of Business form executed by the guardian/trustee.

3.29 Telemarketing Techniques

The use of any automated telephone solicitation equipment or "boiler-room" telemarketing operations in connection with the marketing or promotion of FHTM, its products, services or the FHTM business plan is strictly prohibited.

3.30 Use of the FHTM Voice-Mail System

FHTM utilizes voice-messaging systems for use in communicating with enrolled IRs. This system is also a tool to communicate with your downline, to promote the sale of FHTM products and services and the FHTM business plan. Under no circumstances shall an active IR use the FHTM voice-mail system to promote the sale of any non-FHTM products or services, any non-FHTM program or opportunity or to disparage any FHTM IR or Fortune Hi-Tech Marketing, Inc.

4. RESPONSIBILITIES OF IRs

4.1 Change of Address or Telephone

To ensure timely delivery of support materials and commission checks, it is important that FHTM's files are current. Street addresses are required for shipping since many carriers will not or cannot deliver to a post office box. IRs planning to move should send their new address, telephone numbers and email addresses to FHTM's corporate offices to the attention of the Representative Services Department. To guarantee proper delivery, a minimum two (2) weeks advance notice must be provided to FHTM of all changes. The address on file is also used for legal advice.

4.2 Continuing Development Obligations

4.2.1: Ongoing Training

Any IR who sponsors another IR into FHTM must perform a bona fide assistance and/or training (TRAINER/ COACHES ONLY CAN TRAIN AN IR THAT PURCHASES THE OPTIONAL SPECIAL SERVICES PROGRAM) function to ensure that his or her downline is properly operating his or her FHTM business. IRs must have ongoing contact and communication with the IRs in their Downline 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 IRs to FHTM meetings, training sessions, and other functions. Upline IRs are also responsible to motivate and assist new IRs in obtaining knowledge of FHTM services and products, effective sales techniques, the FHTM Marketing and Compensation Plan, and compliance with Company Policies and Procedures. Communication with and the training of downline IRs must not, however, violate Section 4.2 (regarding the development of self-produced marketing materials and promotional materials). IRs must monitor the IRs in their Downline Organizations to ensure that downline IRs do not make improper service, product or business claims, or engage in any illegal or inappropriate conduct. Upon request, every IR should be able to provide documented evidence to FHTM of his or her ongoing fulfillment of the responsibilities of a sponsoring IR.

4.2.2: Increased Support Responsibilities

As IRs progress through the various levels of leadership, they will become more experienced in sales techniques, services, products, knowledge and understanding of the FHTM program. They will be called upon to share this

knowledge with lesser-experienced IRs within their organization.

4.2.3: Ongoing Sales Responsibilities

Regardless of their level of achievement, IRs have an ongoing obligation to continue to personally promote sales of FHTM's services or products through the generation of new customers and through servicing their existing customers. Additionally, in the event that FHTM elects to discontinue offering the product and/or service of one of its various providers which results in the termination of residual payments from said provider to FHTM, then and in that event, upon the effective date of the discontinuation of any such product and/or service offering, FHTM shall not credit any customer points for Compensation Plan qualification/eligibility requirements for the discontinued product or service. IRs shall be required to replace the discontinued product customer point to remain qualified/ eligible (as may be applicable) for Compensation Plan purposes.

4.2.4: Customer Qualifications

CABs, commissions and the advancement to earned levels in the Compensation Plan are based on the acquisition of active, billing customers. Each service order must contain the name and ID Number of the Independent Representative that acquired the customer. Representatives are prohibited from entering the name or ID Number of another Independent Representative or signing service orders in the name of another Representative. Representatives are responsible for the validity of the orders of all customers that appear on their Personal Customer List. Therefore, IRs are encouraged to routinely review their customer lists to ensure that only customers that they have personally enrolled are appearing on the customer list. If an IR finds that a customer appears on their customer list that they have not personally enrolled, they must contact Representative Services immediately.

Establishing customer accounts for the purposes of qualifications when the customer does not intend to use the service or when the customer is not aware that such an account has been established is unethical and is subject to disciplinary action up to and including termination. FHTM reserves the right to remove these customers from the IR's customer list if unethical activities occurred and during any review. Customers that cancel service with FHTM or its providers and those that do not use

the service will not count as “active customers” for qualification purposes.

4.3 Nondisparagement

FHTM wants to provide its IRs 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 Representative Services Department. Remember, to best serve you, we must hear from you! While FHTM welcomes constructive input, negative comments and remarks made in the field by IRs about the Company, its services/products, or Compensation Plan serve no purpose other than to sour the enthusiasm of other FHTM IRs. For this reason, and to set the proper example for their downline, IRs must not disparage FHTM, other FHTM IRs, FHTM’s services/products, the Marketing and Compensation Plan, or FHTM’s directors, officers, or employees. The disparagement of FHTM, other FHTM IRs, FHTM’s services/products, the Marketing and Compensation Plan, or FHTM’s directors, officers, or employees constitutes a material breach of these Policies and Procedures and shall result in termination.

4.4 Providing Documentation to Applicants

IRs must provide the most current version of these Policies and Procedures and the Compensation Plan to individuals whom they are sponsoring as IRs before the applicant signs an IR Agreement. Additional copies of *Policies and Procedures* can be obtained from FHTM.

4.5 Reporting Policy Violations

IRs observing a policy violation by another IR should submit a written report of the violation directly to the attention of the FHTM Compliance Department. Details of the incidents such as dates, number of occurrences, persons involved and any supporting documentation should be included in the report. In most instances, the Compliance Department cannot and will not initiate action in the absence of a written report documenting the alleged violation.

4.6 Completion of Applications and Order Forms

All IRs are solely responsible for accurately completing any IR/ TC Applications and/or product order forms that they submit to the Company. This includes both paper forms as well as online sign ups. The Company shall not be responsible for any delays caused by incomplete, inaccurate or illegible information provided by an IR or customer. IRs must use the utmost care when completing all applications and orders to avoid any errors. If qualification deadlines for eligibility to receive commissions and/or bonuses are missed as a result of errors of this nature, they shall not be paid. The Company shall not accept or recognize for any purpose a new IR/TC enrollment or customer order submission until ALL required information is completed accurately and submitted in its entirety.

Additionally, the Company shall not be liable for any amount overpaid/charged or bank fees incurred or assessed that result from the error(s) of an IR, applicant or customer when using the online sign up process. In particular, the Company shall not be liable for, nor shall it reimburse any costs associated with or incurred as a result of multiple submissions of the same new IR Application or order. You should only submit an online sign up one time and then only after checking to ensure that all information that has been input is correct. If an application is submitted more than one time, even though as a result of unintended error, it will result in funds being charged against the listed bank account for each erroneous submission. If there is a problem with the initial submission, contact Representative Services for assistance. Do not re-submit the application. Be careful, it is your responsibility.

4.7 Confidentiality and Nondisclosure of Proprietary Information

During the term of the relationship, the Independent Representative may receive information or data constituting a trade secret or confidential information of FHTM and/or its carrier/supplier/service provider(s) in which event, the Independent Representative shall treat such trade secret or confidential information as strictly confidential and wholly owned by FHTM as applicable. No Independent Representative may, for any reason, nor in any manner, directly or indirectly use, sell, lend, lease, distribute, license, give, transfer, disclose, disseminate, reproduce or otherwise communicate any such item of information or data to any person or entity for any purpose other than as authorized by FHTM in writing. The definition of “confidential information” shall mean proprietary and confidential data or information of FHTM or its carrier/supplier/service provider(s) which is not publicly known or available to the Independent Representative or the competitors of FHTM or its carrier/supplier/service provider(s).

“Confidential information” also includes without limitation, information regarding FHTM or its carrier/supplier/service provider(s), Independent Representatives, customers or prospective customers, marketing methods, business and technical plans, product information and pricing. The definition of “confidential information” includes “trade secrets” which shall mean that portion of confidential information which constitutes trade secrets as defined by applicable law and including, without limitation, confidential computer programs, software, designs, processes, procedures, formulas and improvements, whether copyrightable or not.

Independent Representatives must use their best efforts to preserve all confidential Information until it becomes generally available to the public or FHTM agrees in writing that such information may be disclosed or is otherwise no longer deemed to be confidential. Independent Representatives must not, without prior consent and approval of FHTM,

either for their own position or as a consultant, distributor, Independent Representative, partner or owner of any other firm, partnership or corporation, whether in network marketing or any other kind of business, directly or indirectly solicit, divert, take away or interfere with any of the business, employees, customers, Independent Representatives or distributors, trade or patronage of FHTM, its carriers/suppliers/service provider(s) or its affiliated entities. Violation of this covenant and condition will result in forfeiture of all Independent Representative rights, including all current and future commissions, bonuses and payments of any kind.

On a periodic basis, FHTM will supply data processing information and reports to the IR, which will provide information to the Representative concerning the IR's organization, product purchases and product mix. Independent Representatives agree that such information is proprietary and confidential to FHTM and is transmitted to the IR in confidence. The IR agrees that he or she will not disclose such information, directly or indirectly, to any third party nor use the information to compete with FHTM in any manner. The IR and FHTM agree that, but for this agreement of confidentiality and nondisclosure, FHTM would not provide the above confidential information to the IR.

5. SALES REQUIREMENTS

5.1 Services/Product Sales

The FHTM Marketing and Compensation Plan is based upon the sale of FHTM products and services to end user consumers. IRs must fulfill personal sales requirements (as well as meet all other requirements or responsibilities set forth in the Agreement) to be qualified and/or eligible for bonuses, commissions and advancement to higher levels of achievement within the Marketing and Compensation Plan. All IRs should satisfy the following sales requirements:

- a) *At least 70% of an IR's total personal sales volume should be sold to End User Consumer Active Customers; and*
- b) *IRs should attempt to acquire at least three new customers every month.*

5.2 No Territorial Restrictions

There are no exclusive territories granted to any IR by FHTM. IRs may enroll customers or sponsor IRs in any area in which FHTM is authorized to do business.

5.3 Product Offerings/Terms of Service

FHTM and its carriers/suppliers/product and service provider(s) have the sole right to accept or reject orders for products and services, to establish and change without notice, the prices of such products and services as well as to establish the terms and conditions of their offering. FHTM and its carriers/suppliers/product and service provider(s) may also discontinue offering or selling any product or service, without liability or obligation to FHTM or its Independent Representatives. Independent Representatives may only offer and sell services and products in accordance with rates, terms and conditions established by FHTM, any regulatory agency or its carriers/suppliers/product and service provider(s). All sales representations and activities must be in full compliance with all applicable laws and regulations. Independent Representatives may only use those means of marketing and selling of services and products that are solely acceptable to FHTM and its carriers/suppliers/product and service provider(s).

5.4 Unauthorized Contact

Under no circumstances, is an Independent Representative permitted to directly contact any carrier/supplier/service provider(s) with whom FHTM contracts, unless it is in specific relation to a personal account they may currently have with said provider. In the event that your customer is experiencing difficulties with a specific provider, please inform your customer to directly contact FHTM or the appropriate provider of service to resolve the matter.

6. BONUSES AND COMMISSIONS

6.1 Bonus and Commission Qualifications

An IR must be active and in compliance with the Agreement to qualify for bonuses and commissions. So long as an IR complies with the terms of the Agreement, FHTM shall pay to such IR any commissions for which the IR is eligible as they are earned in accordance with the Marketing and Compensation Plan. An IR that is paid by check will be charged a \$6.00 administrative fee per issued paper check or a \$5.00 fee per EFT check. The minimum amount for which FHTM will issue a check is \$10.00. If an IR's bonuses and commissions do not equal or exceed \$15.00 (\$10.00 plus the \$5.00 fee), the Company will hold and accrue the commissions and bonuses until they total at least \$15.00. A check will be issued once \$15.00 or more in commissions and/or bonuses have accrued.

An IR that is paid by EFT (electronic funds transfer) is charged a \$5.00 bank transfer fee and will receive the EFT when accrued bonuses and/or commissions total \$15.00 or more.

6.2 Deductions from Bonuses or Commissions

6.2.1 FHTM will deduct from all bonus and commission checks a data processing fee of \$.25 per page for all pages in excess of twenty (20) pages for printed downline genealogy reports sent to IRs.

6.2.2 Additionally, FHTM shall deduct and/or withhold from any sums that may become due or payable to an IR the following:

- a) *Any sums that may be owed to the Company by the IR for purchases made from the Company by the IR;*
- b) *Any sums that may be owed to the Company by the IR for dishonored instruments and/or credit/debit card payments (including any applicable fees assessed either against or by the Company) that were payable from the IR to the Company;*
- c) *Any sums that were overpaid and/or paid in error to the IR by the Company in the event that the Company learns, subsequent to having issued any such payment, that the IR was ineligible (for any reason) to receive such payment at the time it was issued by the Company (even if paid as a result of actions of downline IRs);*
- d) *Any sums ordered to be withheld by the Compliance Department as a result of violations of the Agreement in accordance with Section 9 hereof; and*
- e) *Any other sums that may be owed by the IR to the Company for any reason.*

6.3 Unclaimed Commissions and Credits

IRs that have elected to receive payment of the commissions and bonuses by check must deposit or cash commission and bonus checks within six (6) months from their date of issuance. A check that remains uncashed after six (6) months will be voided and a "stop payment" order entered with the Company's financial institution. After a check has been voided, FHTM will attempt to notify an IR who has an uncashed check by sending a written notice to his or her last known address identifying the amount of the check and advising that the IR can request that the check be reissued. There shall be a \$20.00 charge for reissuing a check and a \$10.00 administrative fee charged for the notice that is sent to the IR. In addition to those fees, the IR shall be responsible for any charge assessed to the Company by its financial institution for issuance of the "stop payment" order on the check. All of these sums shall be deducted from the balance due to the IR at the time the check is re-issued. All funds that remain unclaimed/uncashed after twelve (12) months from the date of issuance shall be deemed forfeited by the IR and retained by the Company.

6.4 Genealogy/Downline Reports

All information provided by FHTM in online or printed genealogy reports, including but not limited to personal and downline customer volume (or any part thereof), downline sponsoring activity, and commissions payable is believed to be accurate and reliable. Nevertheless, due to various factors including 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; canceled services; credit card and electronic check charge-backs; the information is not guaranteed by FHTM or any persons creating or transmitting the information.

All genealogy report 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, FHTM and/or other persons creating or transmitting the information will in no event be liable to any IR or anyone else for any direct, indirect, consequential, incidental, special or punitive damages that arise out of the use or access to genealogy report 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 FHTM 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, FHTM 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 FHTM's online or printed genealogy services and the information received thereby is at your own risk. All such information is provided to you "as is." If you are dissatisfied with the genealogy information, your sole and exclusive remedy is to discontinue use of and access to FHTM's online or genealogy services.

7. SERVICE GUARANTEES & MARKETING MATERIALS

7.1 Product Guarantee

FHTM does not offer any product guarantee or warranty. If any product guarantee is made it will only be made by the individual suppliers of any products and services offered through the FHTM Marketing Plan. FHTM does not maintain an inventory of products that may be offered and is only a marketing Company offering the products of its various suppliers. If a customer or IR has a question regarding a warrantee or guaranty, he or she must contact the manufacturer, supplier, and/or vendor of the product or service marketed by FHTM and FHTM IRs.

7.2 Return of Marketing Materials by IRs

Upon cancellation of an IR's Agreement, the IR may return current marketing materials for a refund if he or she is unable to sell or use the merchandise. An IR may only return marketing materials purchased by him or her that are in resalable condition. Upon receipt of the marketing materials, the IR will be reimbursed 90% of the net cost of the original purchase price(s), less shipping charges. If the purchases were made through a credit card, the refund will be credited back to the same account. The Company shall deduct from the reimbursement paid to the IR any sums that may be due to FHTM at the time of cancellation as the result of the previous purchase of any such items.

7.3 Montana Residents

A Montana resident may cancel his or her IR Agreement within fifteen (15) days from the date of enrollment, and may return his or her starter kit for a full refund within such time period.

7.4 Procedures for All Returns of Marketing Materials

The following procedures apply to all returns for refund or repurchase of marketing materials:

- a) *All merchandise must be returned, in resalable condition, by the IR who purchased it directly from FHTM.*
- b) *All products to be returned must have a Return Authorization Number, which will be obtained by calling the Representative Services Department. This Return Authorization Number must be written on each carton returned.*
- c) *The return is accompanied by:*
 1. *A completed and signed Consumer Return Form;*
 2. *A copy of the original dated retail sales receipt; and*
 3. *The unused portion of the product in its original container.*
- d) *Proper shipping carton(s) and packing materials are to be used in packaging the product(s) returned for replacement, and the best and most economical means of shipping is suggested. All returns must be shipped to FHTM, shipping pre-paid. FHTM does not accept shipping-collect packages. The risk of loss in shipping for returned product shall be on the IR. If returned product is not received by the Company's Distribution Center, it is the responsibility of the IR to trace the shipment.*

No refund or replacement of marketing materials will be made if the conditions of these rules are not met.

8. DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS

8.1 Disciplinary Sanctions

Violation of the Agreement, these Policies and Procedures, or any illegal, fraudulent, deceptive or unethical business conduct by an IR may result, at FHTM's discretion, in one or more of the following corrective measures:

- a) Issuance of a written warning or admonition;
- b) Requiring the IR to take immediate corrective measures;
- c) Imposition of a fine, which may be withheld from bonus and commission checks;
- d) Loss of rights to one or more bonus and commission checks;
- e) FHTM may withhold from an IR all or part of the IR's bonuses and commissions during the period that FHTM is investigating any conduct allegedly in violation of the Agreement. If an IR's business is canceled for disciplinary reasons, the IR shall not be entitled to recover any commissions withheld during the investigation period;
- f) Suspension of the individual's IR Agreement for one or more pay periods;
- g) Involuntary termination of the offender's IR Agreement;
- h) Any other measure expressly allowed within any provision of the Agreement or which FHTM deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by the IR's policy violation or contractual breach;
- i) In situations deemed appropriate by FHTM, the Company may institute legal proceedings for monetary and/or equitable relief.

8.2 Grievances and Complaints

When an IR has a grievance or complaint with another IR regarding any practice or conduct in relationship to their respective FHTM businesses, the complaining IR shall first report the problem to his or her Sponsor or upline Regional Sales Manager who shall review the matter and try to resolve it with the other party's upline sponsor or RSM. If the matter cannot be resolved and the parties want the Company to review the matter, it shall be reported in writing to the Compliance Department at the Company. Telephone complaints will not be addressed or accepted. FHTM considers these to be very serious matters and as such requires all grievances or complaints, for which a review is requested, to be made in writing and signed by the initiating IR before a review of the matter will be undertaken. Telephone calls or emails are not sufficient for this purpose. The Compliance

Department will review the written grievance presented to first determine, in its sole discretion, whether or not any review or action is warranted. In the event that it is determined that a review is warranted an attempt will then be made to resolve the matter with the parties. If it is not resolved, it will be referred to the Dispute Resolution Board for acceptance or rejection, final review and determination.

8.3 Dispute Resolution Board

The purpose of the Dispute Resolution Board (DRB) is to (1) review appeals of disciplinary sanctions; and (2) review unresolved grievances between FHTM IRs. After the response or settlement instituted by the Compliance Department has been denied or otherwise remains unresolved, the Dispute Resolution Board reviews evidence, deliberates, and responds to current outstanding issues on a collective basis.

An IR may submit a written request for a telephonic or in-person hearing within seven (7) business days from the date of: (1) the written notice by FHTM of disciplinary action; or (2) the written decision of the Compliance Department regarding disputes between IRs. All communication with FHTM and the IR seeking resolution of a dispute shall be in writing.

It is within the DRB's sole discretion whether a claim is accepted for review. If the DRB agrees to review the matter, it shall schedule a hearing within twenty one (21) days of the receipt of the IR's written request. If a hearing is not requested, none shall be held. All evidence (e.g., documents, exhibits, etc.) that an IR desires to have considered by the DRB must be submitted to FHTM with the original request for a hearing. The IR 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 shall be final and subject to no further review. During the pendency of the claim before the DRB, the IR waives his or her right to pursue arbitration or any other remedy.

Following issuance of a disciplinary sanction by the Compliance Department, the disciplined IR may appeal the sanction to the Dispute Resolution Board ("DRB"). The IR's appeal shall be in writing and received by the Company within fifteen (15) calendar days from the date of FHTM's termination notice or sanction notice. If the appeal is not received by FHTM within the fifteen (15) day period, the

sanction or termination, as the case may be, shall be final. The IR shall submit all supporting documentation with his or her appeal correspondence. If the IR files a timely appeal of termination or a sanction imposed, the DRB will review and reconsider the sanction or termination, consider any other appropriate action, and notify the IR in writing of its decision.

8.4 Arbitration

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. If an IR files a claim or counterclaim against FHTM, he or she may only do so on an individual basis and not with any other IR or as part of a class or consolidated action. IRs waive all rights to trial by jury or to any court. All arbitration proceedings shall be held in the City of Lexington, Fayette County, Kentucky, unless the laws of the state in which an IR resides expressly require the application of its laws, in which case the arbitration shall be held in the capital of that state. The parties shall be entitled to all discovery rights allowed under the Federal Rules of Civil Procedure. No other aspects of the Federal Rules of Civil Procedure shall be applicable to arbitration. 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 multi-level market-

ing/direct selling industry, selected from the panel, which the American Arbitration Panel 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 arbitrate shall survive any termination or expiration of the Agreement.

Nothing in these Policies and Procedures shall prevent FHTM from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction, permanent injunction or any other relief available to safeguard and protect FHTM'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.

8.5 Governing Law, Jurisdiction and Venue

Jurisdiction and venue of any matter not subject to arbitration shall reside in Fayette County, State of Kentucky unless the laws of the state in which an IR resides expressly require the application of its laws, in which case that state's law shall govern all issues related to jurisdiction and venue. The Federal Arbitration Act shall govern all matters relating to arbitration. The laws of the State of Kentucky shall govern all other matters relating to or arising from the Agreement unless the laws of the state in which an IR resides expressly require the application of its laws.

9. ORDERING

9.1 Purchasing FHTM Marketing Materials, Products and Services

Each IR should purchase his or her marketing materials, products and services directly from FHTM. If an IR purchases these items from another IR or any other source, FHTM shall not be responsible for the contents, condition, or value of any such marketing materials or products nor will any such marketing materials or products be subject to return and/or refund by FHTM.

9.2 General Ordering Policies

On mail orders with invalid or incorrect payment, FHTM will attempt to contact the IR by phone and/or mail to try to obtain another payment. If these attempts are unsuccessful after five (5) business days the order will be returned unprocessed. No C.O.D. orders will be accepted. FHTM maintains no minimum order requirements. Orders for products and marketing materials may be combined.

9.3 Shipping and Back Order Policy

FHTM attempts to ship products within two (2) business days from the date on which it receives an order. FHTM will expeditiously ship any part of an order currently in stock. If, however, an ordered item is out of stock, it will be placed on back order and sent when FHTM receives additional inventory. FHTM will notify Managers if items are back-ordered and are not expected to ship within thirty (30) calendar days from the date of the order. An estimated shipping date will also be provided. Back ordered items may be canceled upon an IR's request. IRs may request a refund, credit on account, or replacement merchandise for canceled back orders.

9.4 Confirmation of Order

An IR and/or recipient of an order must confirm that the product received matches the product listed on the shipping invoice, and is free of damage. Failure to notify FHTM of any shipping discrepancy or damage within thirty (30) calendar days of shipment will cancel an IR's right to request a correction.

10. PAYMENT AND SHIPPING

10.1 Insufficient Funds

It is the responsibility of each IR to ensure that there are sufficient funds or credit available in his or her account to cover any Direct Shipment order. FHTM will not contact IRs in regard to orders canceled due to insufficient funds or credit.

10.2 Returned Checks

All checks returned by an IR's bank for insufficient funds may, at FHTM's option, be re-submitted for payment. A \$25.00 returned check fee shall be charged to the account of the IR. After receiving a returned check from an IR, all future orders shall be paid by Credit Card, money order or cashier's check. Any outstanding balance owed to FHTM by an IR for NSF checks and returned check fees shall be withheld from subsequent bonus and commission checks.

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

IRs shall not permit other IRs or customers to use his or her credit/debit card or permit debits to their banking, checking accounts...to enroll new IRs or to make purchases from the

Company. Any attempt to circumvent this policy is strictly prohibited and shall be considered a material breach of these Policies and may result in immediate termination of any/all IRs and/or customers involved.

10.4 Sales Taxes

It is the responsibility of the IR to be aware of and comply with all regulations regarding applicable sales taxes. Remission of any sales taxes owed is the sole responsibility of the IR. FHTM is not responsible for any non-remission of applicable sales taxes.

The taxability of products and sales tax rates differ by state. Additionally, an increasing number of local taxes (county and city) are being initiated throughout the country. It is the responsibility of each IR to know what products are taxable and at what rate. If you have questions regarding taxability and rates, contact your state or local department of revenue for assistance.

11. INACTIVITY AND CANCELLATION

11.1 Effect of Cancellation

So long as an IR remains active and complies with the terms of the IR Agreement and these Policies and Procedures, FHTM shall pay to such IR any commissions for which the IR is eligible as they are earned in accordance with the Marketing and Compensation Plan. An IR's bonuses and commissions constitute the entire consideration for the IR's efforts in generating sales and all activities related to generating sales (including building a downline organization). Following an IR's non-renewal of his or her IR Agreement, or voluntary or involuntary cancellation/termination of his or her IR Agreement (all of these methods are collectively referred to as "cancellation"), the former IR 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.

An IR whose business is canceled and/or terminated shall permanently lose all rights as an IR. This includes the right to sell FHTM products and services and the right to receive future commissions, bonuses, or other income resulting from the sales and other activities of the IR's former downline sales organization. In the event of cancellation, IRs agree to waive all rights

they may have, including but not limited to property rights, to their former downline organization and to any bonuses, commissions, or other remuneration derived from the sales and other activities from his or her former downline organization. Further the former IR shall not be permitted to sell, transfer or assign the business to another.

The former IR shall not hold himself or herself out as an FHTM IR and shall not have the right to sell FHTM products or services. An IR whose IR 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 owed to the Company at the time of cancellation and/or withheld during an investigation preceding an involuntary cancellation).

11.2 Involuntary Cancellation/Termination of Agreement

An IR's violation of any of the terms of the Agreement, including any amendments that may be made by FHTM in its sole discretion, may result in any of the sanctions listed in Section 9.1, including the involuntary cancellation/ termination of his or her IR Agreement. Cancellation/Termination shall be effective on the date on which written notice is mailed, return receipt requested, to the IR's last known address, or when the IR receives actual notice of termination/cancellation, whichever occurs first.

FHTM expressly reserves the right to terminate all IR 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 and services via the FHTM Marketing and Compensation Plan or network marketing/multi-level marketing/direct selling methods.

11.3 Voluntary Cancellation

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

If a new Manager and/or Trainer Coach voluntarily cancels within ten (10) calendar days of the date of execution of the initial application, a full refund of the cost of the Optional Special Services Package and/or Trainer Coach fee will be made if the canceling Manager and/or Trainer Coach has not attended a Manager and/or Trainer Coach training class and returns the Manager's Kit and/or Trainer Coach Kit to FHTM's corporate office (in its original condition) within twenty (20) calendar days of the notice of cancellation.

If the canceling Manager and/or Trainer Coach has attended a Manager and/or Trainer Coach Training class, the fee(s) paid by FHTM to the Trainer Coach/Certified Regional Trainer that conducted the applicable training (currently \$40.00 and \$80.00 respectively) class(es) shall be deducted from any sums to be refunded. If a Manager's Kit and/or Trainer Coach Kit has been shipped by FHTM to the canceling Manager and/or Trainer Coach, the then current cost of the applicable Kit shall be deducted from any sums to be refunded if the Kit(s) is not returned in its original condition to FHTM's corporate office within twenty (20) calendar days of the notice of cancellation.

11.4 Non-renewal

An IR may also voluntarily cancel his or her IR Agreement by failing to renew the Agreement and paying any applicable fee(s) annually.

12. DEFINITIONS

Active Customer: A customer that personally purchases an FHTM product or subscribes to and pays for an FHTM service that generates billed CGU (Customer Generated Usage) during the subject calendar billing month and is recognized by FHTM's product or service provider as an active customer/account in its system. A customer that does not remain on service (for any reason) for a minimum of ninety (90) days or three (3) complete billing cycles from the date of initial activation by the service provider shall not be considered an "active customer" submitted in "good faith" for any purposes by the Company. Any bonuses or commissions paid on such customers shall be subject to withholding and recovery from any IRs paid on such customers.

Active IR: An IR who has not cancelled or been terminated and satisfies the minimum customer acquisition requirements, as set forth in the FHTM Marketing and Compensation Plan, to ensure that he or she is eligible to receive bonuses and/or commissions.

Active Rank: The term "active rank" refers the current rank of an IR, as determined by the FHTM Marketing and Compensation Plan, for any calendar month. To be considered "active" relative to a particular rank, an IR must meet the qualification criteria set forth in the FHTM Marketing and Compensation Plan for his or her respective rank. (See the definition of "Rank" below.)

Agreement: The contract between the Company and each IR includes the IR Application and Agreement, the FHTM Policies and Procedures, the FHTM Marketing and Compensation Plan, the Business Entity Form and Trainer Coach Application and Agreement (where appropriate) and any other documents FHTM may deem appropriate from time to time in the future, all in their current form and as amended by FHTM in its sole discretion. These documents are collectively referred to as the "Agreement."

Cancellation: The termination of an IR's business. Cancellation may be either voluntary, involuntary, or through non-renewal.

Commission Check: All payments of commissions or bonuses to IRs by FHTM in any form offered by FHTM, including but not limited to, printed check, electronic funds transfer or direct deposit to debit card.

Commissionable Products/Services: All FHTM products and services on which commissions and bonuses are paid. Starter Kits, training, FHTM replicable web page, supplies and marketing materials are not commissionable products.

Company/FHTM: The terms "Company" and/or "FHTM" as used throughout the Agreement means Fortune Hi-Tech Marketing, Inc.

Downline: See "Marketing Organization" below.

Downline Activity Report (Genealogy Report): A monthly report generated by FHTM that provides critical data relating to the identities of IRs, sales information, and enrollment activity of each IR's Marketing Organization. This report contains confidential and trade secret information which is proprietary to FHTM.

Downline Leg: Each one of the individuals enrolled immediately underneath you and their respective marketing organizations represents one "leg" in your marketing organization.

End User Consumer/Customer: A person who purchases FHTM products or services for the purpose of personal use rather than for resale to someone else.

Good Faith: An IR owes a duty of honesty and fair dealing to both FHTM and fellow IRs in all matters related to the operation of an FHTM business. This includes, but is not limited to, the submission of all documentation required by the Company in accordance with its stated Policies and Procedures. Submission of any documentation to the Company in an effort to maximize and/or manipulate the compensation plan is strictly prohibited and shall result in appropriate disciplinary sanctions as set forth in the Policies and Procedures.

Immediate Household: Heads of household, common-law spouses and dependent family members residing in the same dwelling.

Level: The layers of downline customers and IRs in a particular IR's Marketing Organization. This term refers to the relationship of an IR relative to a particular upline IR, determined by the number of IRs 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 customers and IRs sponsored below a particular IR.

Manager: An IR that has purchased the Optional Special Services Package.

Official FHTM Material: Literature, audio or videotapes, compact discs, files, and other materials developed, printed, published and distributed by or at the direction of FHTM to IRs.

Personal Production: Sale of products and/or services to an end user consumer for personal use.

Qualified Customer: A legitimate customer submitted in good faith by an IR that becomes an active customer within sixty (60) days of submission to FHTM and/or the service provider. A customer that does not remain on service (for any reason) for a minimum of ninety (90) days or three (3) complete billing cycles from the date of initial activation by the service provider shall not be considered an "active customer" submitted in "good faith" for any purposes by the Company nor shall it be considered a Qualified Customer. Any bonuses or commissions paid on such customers shall be subject to withholding and recovery from any IRs paid on such customers.

Rank: The "title" that an IR has achieved pursuant to the FHTM Marketing and Compensation Plan.

Recruit: For purposes of FHTM's Conflict of Interest Policy (Section 4.8), the term "recruit" means actual or attempted solicitation, enrollment, encouragement, or effort to influence in any other way, either directly or through a third party, another FHTM IR or customer to enroll or participate in another multilevel marketing, network marketing or direct sales opportunity. This conduct constitutes recruiting even if the IR's actions are in response to an inquiry made by another IR or customer.

Resalable: Marketing materials shall be deemed "resalable" if each of the following elements is satisfied: 1) they are unopened and unused; 2) packaging and labeling have not been altered or damaged; 3) the product and packaging are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price; 4) products are returned to FHTM within one year from the date of purchase; 5) the product expiration date has not elapsed; and 6) the product contains current FHTM literature, marketing materials and labeling. Any merchandise that is clearly identified at the time of sale as non-returnable, discontinued, or as a seasonal item, shall not be resalable.

Sponsor: An IR who enrolls a customer or another IR into the Company, and is listed as the Sponsor on the Representative Application and Agreement and/or customer agreement. The act of enrolling others and training them to become IRs is called "sponsoring."

Starter Kit: A selection of FHTM training materials and business support literature that each new IR receives. The Manager Starter Kit is provided to Managers as a part of the Optional Special Services Package. An alternative Starter Kit is provided at no cost to Representatives that have not purchased the Optional Special Services Package.

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

TITLES: All are Independent Representatives (IR)

Representative: Entry level position that pays a \$75.00 refundable deposit.

Manager: An IR that purchases the Optional Special Services Package.

Regional Sales Manager (RSM): First leadership promotion level.*

Qualified Regional Sales Manager (QRSM): RSM that has met all customer/sponsorship requirements to be eligible to receive all RSM level income.*

Executive Sales Manager (ESM): Second leadership promotion level.*

Qualified Executive Sales Manager (QESM):

ESM that has met all customer/sponsorship requirements to be eligible to receive all ESM level income.*

National Sales Manager (NSM): Third leadership promotion level.*

Qualified National Sales Manager (QNSM):

NSM that has met all customer/sponsorship requirements to be eligible to receive all NSM level income.*

** See Compensation Plan for promotion, qualification and monthly eligibility requirements.*

13. CUSTOMER GENERATED USAGE COMMISSION SCHEDULE

CGU COMMISSIONS⁽¹⁾

Level	True Essentials (2)	Lamas Beauty (2)	Dish	The Wireless Shop (3)	Health Care Card (4)	Magazine.com	FHTM Travel (site)	FHTM Travel (purchases) (5)	Long Distance (6)	GE Home Security	Ingrid
Personal Customer	up to 25%	up to 25%	\$0.80	\$1.00	up to 20%	4.00%	2.00%	60.00%	2.00%	\$0.90	2.00%
Manager Level 1	0.25%	0.25%	\$0.08	\$0.05	0.25%	0.50%	0.25%	0.25%	0.25%	\$0.03	0.25%
Manager Level 2	0.25%	0.25%	\$0.08	\$0.05	0.25%	0.50%	0.25%	0.25%	0.25%	\$0.03	0.25%
Manager Level 3	0.25%	0.25%	\$0.08	\$0.05	0.25%	0.50%	0.25%	0.25%	0.25%	\$0.03	0.25%
Manager Level 4	0.25%	0.25%	\$0.08	\$0.05	0.25%	0.50%	0.25%	0.25%	0.25%	\$0.03	0.25%
Manager Level 5	0.25%	0.25%	\$0.08	\$0.05	0.25%	0.50%	0.25%	0.25%	0.25%	\$0.03	0.25%
Manager Level 6	0.25%	0.25%	\$0.08	\$0.05	0.25%	0.50%	0.25%	0.25%	0.25%	\$0.03	0.25%
Manager Level 7	0.25%	0.25%	\$0.08	\$0.05	0.25%	0.50%	0.25%	0.25%	0.25%	\$0.03	0.25%
Manager Level 8	5.00%	5.00%	\$1.59	\$0.50	5.00%	10.00%	5.00%	5.00%	5.00%	\$0.03	5.00%
RSM Code	0.25%	0.25%	\$0.08	\$0.05	0.25%	0.50%	0.25%	0.25%	0.25%	\$0.03	0.25%
RSM Breakaway	0.25%	0.25%	\$0.08	\$0.05	0.25%	0.50%	0.25%	0.25%	0.25%	\$0.03	0.25%
ESM Code	0.25%	0.25%	\$0.08	\$0.05	0.25%	0.50%	0.25%	0.25%	0.25%	\$0.03	0.25%
ESM Breakaway	0.25%	0.25%	\$0.08	\$0.05	0.25%	0.50%	0.25%	0.25%	0.25%	\$0.03	0.25%
NSM Code	0.05%	0.05%	\$0.15	\$0.10	0.50%	1.00%	0.05%	0.05%	0.05%	\$0.05	0.05%
NSM Breakaway	0.25%	0.25%	\$0.08	\$0.05	0.25%	0.50%	0.25%	0.25%	0.25%	\$0.03	0.25%

(1) CGU payable is reduced in varying percentages by the providers from 100% of billable CGU to allow for the "bad debt" liability they may assume and may vary from provider to provider. (For example, CGU paid for long distance usage is based upon 95% of 100% of the actual amount of CGU billed to the customer.

(2) True Essential and Lamas product orders offer Representatives the option to choose between receiving standard commission and customer points, or 25% CGU and no customer points (You Choose CGU option). This option is available up to 72 hours following the placement of the order, and a Representative must make the selection of the You Choose CGU option through their Back Office. If no choice is made within the 72 hour window, the option defaults to the receipt of standard commission and customer points.

(3) CGU paid for The Wireless Shop customers is paid per contract by listed dollar amount.

(4) Health Care Card commission is dependent upon the number of personal customers a Representative has in a given month. If a Rep has ten (10) or more personal customers, the commission is 20%. If a Rep has fewer than ten (10), commission is 2%.

(5) The commission paid out on booked travel is dependent upon the amount of commission received by FHTM for the sale. A Representative with travel booked on their personal level will then receive 60% of the commission received by FHTM; not 60% of the total sale. The amount of commission received by FHTM varies.

(6) The commission structure listed for long distance is also the standard commission for the following products and services: Identashield, Go Solo, Office Assistant, Choice Plans RX, IT Please, Skytel and Fortune TV.