



Policies & Procedures | Rules and Regulations

POLICIES AND PROCEDURES

FOR MXI CORP ASSOCIATES

All Individuals who desire to enroll as Independent Associates, please read these documents carefully, and apply only after you fully understand and agree to these documents. These documents are an integral part of the Associate Agreement. It was created to protect the rights of all Associates and to provide a framework within which each Associate may work on an ethical, secure and effective basis. This document must be read in its entirety. Associates must be familiar with these Policies and Procedures in order to assure compliance with all requirements set forth. Associate Applicants have acknowledged that they have read and agreed to these Policies and Procedures upon their submittal of their Associate Applications.

1 | ASSOCIATE QUALIFICATIONS

Before prospects can qualify to become an MXI Corp Associates, they must purchase MXI Corp products at retail. This insures that all prospects will be familiar with MXI Corp products before they become MXI Corp Associates. It is required that all prospective Associates complete the Application Form and send it to MXI Corp along with their Application Fee of \$39.00. This establishes the Applicant as a bona fide MXI Corp Associate. The Application Form can also be completed online and the Application Fee paid by debit or credit card.

2 | DISTRIBUTOR TRAINING KIT

All Associates must purchase the Distributor Training Kit as part of their Distributorship at the time they sign the Associate Agreement. This will keep the Associate abreast of all necessary information, encourage national conformity, and reduce extravagant claims or misrepresentations. MXI Corp normally ships Distributor Training Kits to the Associates unless otherwise indicated on the Associate Application. If a different notation is made, the Distributor Training Kit will be sent by MXI Corp to the person indicated when the Associate Application is processed. It is recommended that Associates keep a few Distributor Training Kits on hand so new Associates can begin their business operations immediately.

3 | ASSOCIATE RENEWAL POLICY

Your MXI Corp Distributorship must be renewed annually before the last day of the month in which you were originally enrolled as an MXI Corp Associate. Associates receive their first and final renewal notice by mail or email 30 days before the expiration date of their Distributorship. The renewal fee is \$25.00. If you do not want to renew, you need to notify MXI in writing prior to the renewal deadline.

Upon receipt of the Renewal Application, the Associate should simply complete the information requested, date and sign the form at the bottom, and forward both the completed form and the appropriate funds to MXI Corp. Any discrepancies in the Associate information should be noted in the space provided on the form for corrections. All MXI Corp Associates should forward their completed Associate Renewal Application and Renewal Fee to MXI Corp before the expiration date. The Renewal Application can also be completed online and the Renewal Fee paid by credit card. All Associates are encouraged to take care of this important matter promptly so they will maintain their Associate status.

Associates who do not personally renew their Distributorships, and do not notify MXI in writing prior to the renewal deadline that they do not want to renew, will be automatically renewed and charged the \$25 renewal fee to the credit card on file. This is done to keep the Distributorship active in case the failure to renew was an oversight. After this automatic renewal if you request a refund of the renewal fee, your Distributorship will be immediately terminated and deleted from the computer files which means you will lose any bonuses that would have been paid on personal purchases or the purchases of your downline Associates. Also, the Associates whom you have sponsored will be moved up in the network structure to the next Sponsor in your upline. Associates who have been terminated and deleted and then reapply will re-enter the network structure as new Associates at the Associate level without retaining the rights to their previous downlines.

Renewing your Distributorship means you retain the right to service your retail customers, sponsor new Associates, purchase and sell MXI Corp products, receive MXI Corp publications, and receive detailed biweekly bonus statements. You will also continue to qualify, if you are an active Associate, for the full range of MXI Corp bonuses on the purchases of your downline Associates, while retaining Sponsorship rights according to your position in the marketing structure.

4 | PERSONAL INFORMATION

MXI Corp will supply data processing information and reports to the Associate concerning the Associate's downline sales group (this information does not include "personal information" such as age, tax identification numbers, income, ethnic origin, social status, medical information, etc.) The Associate agrees that such information is proprietary and confidential to MXI Corp and is transmitted to the Associate in utmost confidence. The Associate agrees they will not disclose such information to a third party directly or indirectly (including other MXI Corp Associates), nor use the information to compete with MXI Corp directly or indirectly. The Associate agrees that this information is, and remains; the property of MXI Corp. Violation of this confidentiality requirement is grounds for termination.

5 | EXCLUSIVE TERRITORIES



There are no exclusive territories for anyone to sell products or to sponsor other Associates. No Associate will profess that such territories exist. No Associate may allege or imply that they have a unique relationship with, advantage with, or access to the MXI Corp executives or employees that other Associates do not have. **6 | BONUS PAYMENTS**

Bonus Payments from MXI Corp will be made within 20 days after the close of any given biweekly period. These payments will be based on the Purchase Volume of the prior biweekly period. All bonuses paid by MXI Corp are computer calculated. Individual Purchase Volumes in any given biweekly period are used in the calculation of bonuses only if received at MXI Corp by 12:00 noon P.S.T. the fourth day of the following biweekly period.

7 | CORRECTIONS OF BONUS PAYMENT ERRORS

All errors in bonus statements and payments which are the result of a mistake or omission by MXI Corp or its employees will be corrected as soon as possible after the Company has been notified in writing of the error. All other errors which are the results of a mistake or omission by the Associates, or the upline will be corrected during the next regularly scheduled biweekly bonus statement and payment processing after the error has been brought to the attention of the Company.

Associates have 6 weeks to fix any volume or commission problems due to negligence of their distributorship. After that period they will not be able to request Quick Checks or volume restores, and their volume will go forward from the day that it was flushed.

8 | SPONSORSHIP RESPONSIBILITY

It is your responsibility as an Associate to insure that your new Associates accurately complete their Application Forms. Your name and social security number, as it appears on the first line of your Associate Application, must be recorded in the spaces allocated for Sponsor information. MXI Corp must have this information properly recorded to assure that the new Associate appears in your downline group, and in order to correctly calculate bonuses.

Only authorized MXI Corp Associate Applications will be accepted by MXI Corp. All others will be returned to the Applicants for resubmission. It is also the Sponsor's responsibility to submit Associate Applications promptly.

As the leader of a network group who has earned that position, you are responsible for providing training, motivation, guidance and information to your downline. You should become thoroughly familiar with the contents of the Associate Training Kit as well as all other MXI Corp publications so you can provide the support your downline deserves.

Refer all questions that go beyond your knowledge or your understanding to your Sponsor, then upline Executive, and finally to the Customer Service Department at MXI Corp, if your upline Executive does not know the answers to your questions.

9 | SPONSORSHIP CHANGES

Associates should always feel grateful that their Sponsor introduced them to MXI Corp. Hence, as a general rule, Sponsorship changes are discouraged.

It is the moral and ethical responsibility of Sponsors to train, service, and otherwise treat their Associates the way they, themselves, would like to be treated. If, however, a Sponsorship change is deemed advantageous, the following procedures apply:

1. Associates desiring a change of Sponsor must terminate their Distributorships and remain in Non-Associate status for a minimum of 365 days.
2. Associates must provide MXI Corp with a signed, notarized letter requesting the termination of their Distributorships.
3. Associates may reapply for a Distributorship under a new Sponsor 365 days following the receipt by MXI Corp of the notarized termination request. Associates may not retain prior bonus rights or any applicable downlines after reapplication.

10 | COMMUNICATION CHANNELS

The leader of a network organization has earned that position and is therefore a logical source of information and/or guidance. This leader is your upline Executive. If an Associate has questions, he should do the following:

1. Check the Training Kit, MXI Corp publications or other MXI Corp materials first.
2. If the answer is not found in these materials, contact the Sponsor or upline Executive.
3. If neither the Sponsor nor the Executive knows the answer, have the Executive contact the Customer Service Department at MXI Corp for the necessary guidelines or information.

In this manner, the Executive becomes more knowledgeable and is able to supply the correct information to other members of the marketing group.

Following the correct channels of communications insures that the greatest numbers of Associates are being served.

11 | ASSOCIATE COMPLAINTS

Associate complaints should be handled through your Sponsor or upline Executive. In cases where questions or problems exceed the knowledge or understanding of the upline, the Associate may resolve the issue through the Customer Service Department. If and when these procedures have been exhausted without Associate satisfaction, the Associate may then write directly to the office of the President, Complaints, MXI Corp. Any such letters should be accompanied by all previous correspondence regarding the complaint.

12 | COMPLIANCE WITH ALL LAWS

As Independent Distributors, all MXI Associates shall conduct their operations in strict compliance with all applicable laws, ordinances, regulations and other requirements of the Country, State, County, and City in which they conduct business. They shall obtain all necessary permits, licenses, or other consents for the operation of their business, pay all the taxes, expenses, debts, and other liabilities when due, and in all other respects operate in a lawful and ethical manner.

13 | SPONSORING BY DIRECT MAIL OR EMAIL

The MXI Corp opportunity, in its most simply stated form, is so worthwhile that there is no need to exaggerate its benefits and potential.

While some people become overzealous when they are first introduced to the MXI Corp program, it is extremely important not to let this newly acquired zeal overshadow honesty and common sense.

The use of exaggerated claims, over-statement; or misrepresentations for the purpose of sponsoring new Associates is in violation of MXI Corp Policies and Procedures.

It is extremely important that any sponsoring done through the Postal System be cleared by MXI Corp for accuracy and adherence to policy.

Adherence to these Policies and Procedures is necessary to assure continued growth and success of MXI Corp and its Independent Distributors.

14 | MEDIA AND MEDIA INQUIRIES

Associates must not attempt to respond to media inquiries regarding MXI, its products or services, or their independent MXI business. All inquiries by any type of media must be immediately referred to MXI. This policy is designed to assure that accurate and consistent information is provided to the public.

15 | UNAUTHORIZED LITERATURE, WEBSITES, PRODUCTS, AND PLANS

MXI Corp does not approve of, nor endorse any devices, materials, plans, products, websites, programs, cassette tapes, videos, CDs, DVDs, etc. that do not have prior approval by MXI Corp. Associates of MXI Corp must not utilize any such literature, products or plans.

16 | CORPORATE AND NONPROFIT ORGANIZATION DISTRIBUTORSHIPS

Sometimes Associates form business entities for tax, estate planning and limited liability purposes. MXI Corp recognizes an Associate's right to do this. MXI Corp, however, permits only one individual of said business entities to act as an Associate for MXI Corp.

To avoid errors, utilize the following procedures for properly completing Corporate and Non-Profit Associate Applications:

Print the Corporation name on the top line in the appropriate blanks. The Federal Tax Identification Number is printed in the social security blanks opposite the Corporation name with a notation stating that it is a Tax Identification Number.

The name and social security number of the person assuming administrative responsibility for the organization must be used for MXI Corp identification purposes: This individual's name must appear on the second line beneath the corporate name with his social security number opposite his name (beneath the Tax Identification Number). This person cannot become an MXI Corp Associate.

EXAMPLE

Associate Application

A.B.C. CORPORATION

FEDERAL TAX I.D. NUMBER

JOHN DOE

SOCIAL SECURITY NUMBER

17 | MULTIPLE DISTRIBUTORSHIPS

It is against company policy to own two or more distributorships in the MXI Corp network. It is also prohibited for any associate to own a distributorship under a business name and another under their given name. If it is discovered an associate has multiple distributorships, that associate will be terminated.

18 | MARRIAGE OF TWO MXI ASSOCIATES

When two individual MXI Associates decide to marry each other, they must send a notarized marriage certificate and an explanation letter to the Customer Service Department. If one Associate directly Sponsors the other, they must combine their Distributorships under the Sponsor's name and social security number. If the two Associates are not directly under each other in a downline, each of them will continue their individual Distributorship, thereby allowing two Distributorships in one immediate family.

19 | DEATH OF AN MXI ASSOCIATE

In the case of an Associate's death, the Associate's rights will be transferred to the legal successor in accordance with the law. MXI Corp requires certified photocopies of the death certificate (or a doctor's statement) and a certified Will, court order, or other appropriate legal documentation before the transfer can be effective. Successors in interest must comply with current program requirements and are subject to these Policies and Procedures. Upon notice of demise, MXI Corp reserves the right to make payments to the estate of the deceased Associate.

20 | MULTIPLE DISTRIBUTOR-SHIPS IN THE SAME HOUSEHOLD

Children of Associates who are 18 years of age and older may become Associates even though they are living in the same home with a parent who already has a Distributorship. Spouses share their Distributorship.

21 | PARTNERSHIP ASSOCIATE APPLICATIONS

Sometimes Associate Applicants adopt a business name or form a Partnership.

In all such cases, the parties must decide which partner's name and social security number will appear on the top of the Associate Application in the appropriate blanks. The second partner's name and social security number should appear on the second line with a notation that the Distributorship is a Partnership.

22 | SEPARATION OR DIVORCE OF ASSOCIATES

When an Associate's marriage ends in a legal separation or divorce, both parties will determine who will retain the Distributorship. A notarized copy of the Agreement signed by each party must be sent to the Customer Service Department so the appropriate changes can be made.

Please note, under normal circumstances there will be no time delay establishing a new Distributorship for a divorced Associate.

23 | SOCIAL SECURITY NUMBER USE

Prospective Associates who decline the use of a social security number for religious or strong personal preference can but the applicants should submit their request to the Data Entry Department along with an explanation, when they do not want to utilize a social security number. MXI Corp is required by law to withhold 28% of all commissions earned in taxes under such an arrangement. You will also be charged a \$50.00 fee. This is not a MXI fee it is a Internal Revenue Fee that MXI absorbs when we issue a 1099 to an individual without a SSN.

24 | SALES TAX

Associates residing in States which collect sales tax on food or literature must be certain that the proper State Agency receives the tax revenue that is due. This can be accomplished by obtaining a sales tax license and transmit said funds directly to the State Agency.

Failure to submit tax monies can negatively affect your Distributorship and may also result in legal action taken by the appropriate State Revenue Agency.

25 | PRODUCT REPACKAGING NOT ALLOWED

Associates must not relabel or repackage MXI Corp products since repackaging is expressly forbidden by State and Federal Food Labeling Laws. The MXI Corp guarantee and liability insurance are voided when repackaging occurs.

26 | PRODUCT SALES IN A RETAIL SETTING

MXI Corp products may not be displayed in any retail store or retail outlet. Owner-operated businesses who are MXI Corp Associates may publicize that they are MXI Corp Associates and that MXI Corp products are available at their places of business. However, they may not display the products for sale on a retail shelf. The products must be kept separate from other retail items sold within the facility (e.g. under the counter or in the storage room). If a business is not owner-operated, it cannot distribute the MXI Corp products at all unless the Manager of the business is an MXI Corp Associate.

27 | PRODUCT SHOWS AND FAIRS

1. Approval is not required from MXI Corp for Associates to participate in fairs or product shows. However, Associates must make sure they are in compliance with all State and Local Regulations and Licensing Requirements governing the sale of MXI Corp products in public places.
2. Be sure to have a sufficient number of brochures for display and also for distribution.
3. Products may be sold retail at fair and product show booths because they are considered a “one time only” situation. Product samples may also be available for tasting at such booths.
4. A banner or sign may also be displayed, however, it must specifically state “Independent MXI Corp Associate.”
5. The banner or sign may also state; “Information Regarding MXI Corp and Its Compensation Plan Available Here.”
6. Signs should never mention money, wealth or unlimited opportunities. Do not, “blue sky,” the product or the income possibilities.
7. The best way to successfully approach others is to share the products with them first, and then help them become Associates after they express interest.

28 | PRODUCT PURCHASE ORDER ERRORS

Most Associate problems and complaints are avoided when proper order procedures are followed. Avoid sending purchase orders in too late. This results in needless inconvenience for the Associates affected. All orders must be postmarked no later than midnight of the last day of the period and received at MXI Corp no later than the 4th day of the following biweekly period to be used in bonus calculations for that particular biweekly period. Orders postmarked after the last day of the biweekly period will be used in computing bonus payments for the following period. Frequently, the orders in question can affect level advancements, so be sure to send your orders in on time to avoid any potential problems.

29 | PRODUCT GUARANTEE

MXI Corp fully guarantees products purchased by Associates and retail customers. The receipt of damaged or defective product(s) will result in one of the following: a refund of monies paid, account credit, exchange for other products, or repair/replacement. Before returning any defective or damaged products, an Associate must request a Return Merchandise Authorization (RMA) from MXI Corp Customer Care Department. The request for an RMA number must be made within 10 business days of delivery date. Damaged products, returned without prior authorization will not be refunded or replaced.

30 | PRODUCT RETURNS/EXCHANGES

Due to the nature of our product, the MXI Corp return / exchange policy is for a 60 day period after the date of purchase (see section 29 for exception[s]). In order to return product for an exchange or refund, Associates must first request a Return Merchandise Authorization (RMA) from MXI Corp Customer Care Department. Returned product must be factory sealed, shrink-wrapped and received in resalable condition. If opened, half-eaten, repackaged, melted, “activated,” etc., do not send it back as you will not receive a refund. You will receive a credit, replacement or refund, for resalable product only. Products returned outside of the 60 day period will not be replaced, exchanged or refunded.

31 | RESTOCK & SHIPPING CHARGES

All product returns received by MXI Corp are subject to a \$15.00 (plus any applicable taxes and fees) per order restocking fee.

Orders returned refused, or not collected by MXI Associates, will be charged an additional per order return shipping and handling fee. In the event that an order is refused or returned to MXI Corp, the Associate or customer will be responsible for all shipping costs to reship or replace the order.

Under no circumstances will shipping charges be refunded or credited, unless charges were incurred due to an error in which MXI Corp is the responsible party.

32 | PRODUCT & EVENT SPECIALS

All orders purchased through a product special or event special are non-refundable and are disqualified from the 60-day return policy. Purchases made utilizing an “Autoship” promotion will become non-refundable, once the order containing the promotional product has been processed and/or shipped. MXI Corp also reserves the right to charge full shipping rates after an event / product special expires.

RULES AND REGULATIONS

FOR MXI CORP ASSOCIATES

MXI Corp is a vibrant Company which markets and distributes products, through a creative network marketing program. The MXI Corp Marketing Program is founded upon the principles of honesty and integrity and retail selling through a network of Independent Distributors. The following are the Rules and Regulations for MXI Corp which are applicable to all MXI Corp Associates:

I. DEFINITIONS

- A. **The MXI Corp Products** are products and other related items which may be introduced from time to time by MXI Corp for purchase and resale by its Associates.
- B. **An MXI Corp Associate** is a person authorized to purchase MXI Corp products at wholesale and sell these products at retail, and to give guidance and support to retail customers and Group Associates. A person becomes an MXI Corp Associate by filling out an Associate Application which includes, among other things, agreeing to abide by these Rules and Regulations. The fee for becoming an MXI Corp Associate is \$35.00. The Associate Training Kit, Associate Application/Order Forms, Retail Sales Slips, and any brochures represent \$10.00 of the Application Fee. This Kit and the other materials provide the necessary information and guidance to begin your MXI Corp business. The other \$25.00 of the Application Fee is for registration on the MXI Corp computer system, access to the Back-Office software, publications, and detailed biweekly bonus statements. In order for Associates to comply with these Rules and Regulations as they relate to downline support, motivation, training, morale building efforts, and aid to sales and sponsoring, it is necessary to be registered on the MXI Corp computer system and receive biweekly statements which give details of downline activity. The MXI Corp publications are also necessary to keep Associates up to date on programs, policies, procedures, and new ideas to help them succeed in the MXI Corp Marketing Program.
- C. **The Preferred Customer Program** allows Associates to share Xoçai™ with others without signing the individuals up as an MXI Associate. Preferred Customers are placed in the Enrollment Tree but not positioned in the Binary Tree. Preferred Customers are assigned a customer number which can be converted, at a later time, to a distributor number with an Activation Order and Associate Application Fee. The Preferred Customer Fee is \$10.00, which allows them to purchase Xoçai™ at a discounted Retail Price; furthermore they are able to sign-up on Auto-Ship and purchase any quantity of Xoçai™ to be shipped to their home or office every four weeks. When a Associate signs up an individual as a Preferred Customer, the Associate will be paid in their weekly bonuses a Retail Bonus. Preferred Customers are not authorized to sell Xoçai™. Preferred Customers will not be receiving a Distributor Kit. Preferred Customers are not able to sign-up other Preferred Customers, however if they have someone that would like to become a Preferred Customer the MXI Associate can sign them up under this program. The Preferred Customer purchases are included in the Group Volume of that organization, so bonuses will be paid on their purchases, however no Quick Check Bonuses will be paid until there is an Activation Order.
- D. **Network Marketing** is building a group of Associates by people telling other people about the MXI Corp products and opportunity. As an MXI Corp Associate, you can build your MXI Corp network group by telling other people about the MXI Corp products and Compensation Program and showing them how they, too, can use MXI Corp products, become an MXI Corp Associate, and build an MXI Corp network downline. Before an MXI Corp Associate can sponsor a person into MXI Corp, that person must be familiar with the fundamental products in the MXI Corp Program. Any person you sponsor into the MXI Corp Associate Program shall fill out and sign the MXI Corp Application/Order Form after fully reviewing these Rules and Regulations, and shall mail the completed Application and \$35.00 to MXI Corp. The preferred method of filling out the MXI Corp Associate Application/Order Form is online with the \$35.00 Application Fee being paid by Debit Card or Credit Card. The Associate Applicant shall also note the name of his Sponsor on the Application. All MXI Corp Associates shall fairly and completely explain the MXI Corp Program to prospective Associates, shall not misrepresent any aspect of the Program, and shall not attempt to limit the rights of any prospective Associate under the MXI Corp Program. Associates shall not be given credit for sponsoring new Associates if they do not fully comply with these provisions.
- E. **The Recommended Retail Price** of a product is the price at which MXI Corp recommends the product be sold to retail customers by MXI Corp Associates.
- F. **The Wholesale Price** of a product is the price at which MXI Corp sells the product to Associates.
- G. **A Downline** refers to all Associates sponsored directly or indirectly by a given Associate. For example, if A sponsors B, who sponsors C, who sponsors D, who sponsors E, then B, C, D, and E are all in A's downline.
- H. **A Group** is defined as all downline Associates below a position in the Binary Tree.

- I. **A Sponsorship Level** represents the number of steps in the downline between an Associate and those he has directly or indirectly sponsored. For example if A sponsors B, who sponsors C, who sponsors D, who sponsors E, then B is first level to A, C is second level, D is third level, and E is fourth level.
- J. **Personal Volume or PV** equals the wholesale dollar amount of products purchased personally by an Associate from MXI Corp in any biweekly period for resale to retail customers or for personal use.
- K. **Group Volume or GV for the purposes of calculating the Infinity Bonuses** includes the purchases in the lesser leg of the Associate. Also referred to as Bonus Volume (BV).
- L. **Qualifying Volume or QV** includes all group volume. Included in that is activation volume, Auto-Ship volume and volume for any additional product purchased by MXI Associates or customers. Qualifying Volume is used to determine rank advancements.
- M. **Business Center, or BC**, is a binary position in the Compensation Plan where left side and right side GV is accumulated for the purpose of calculating the Infinity Bonus.
- N. **Business Center Activation Order** is the two-case order required to activate a Business Center.
- O. **Leg** refers to the right or left side of your business center.
- P. **Strong Leg** refers to the Business Center Leg with the greater sales volume.
- Q. **Lesser leg** refers to the Business Center Leg with the smaller sales volume.
- R. **Bonus Value** is the amount set by MXI Corp on each product for use in the calculation of bonuses. For example, the suggested wholesale price on a case of product may be \$100, while the Bonus Value is \$80. Bonus Value may vary from product to product because of differences in the gross profit margins. MXI Corp may, at its own discretion, change the Bonus Value figures for various products from time to time.
- S. **Lesser Leg Group Volume** is the total purchases of MXI Corp products within a given biweekly period by all of the Associates in a downline. Infinity Bonuses are calculated based on the Lesser Leg Group Volume of the product purchased.
- T. **Carry Forward Volume** may be used by Associates to earn Infinity Bonuses. The maximum amount of Carry Forward Volume a distributor may use is 25% of the Bonus Volume generated in each leg during a commission period. There is no limitation when earning a minimum Infinity Bonus Check of \$50 (500BV).
- U. **An Achievement Level** is a Compensation Plan Level at which an MXI Corp Associate qualifies for certain Compensation Plan Bonuses. Associates qualify for a particular Achievement Level based on the Qualifying Volume in their lesser leg. The various MXI Corp Compensation Plan Levels are Associate, Royal 500, Royal 1K, Executive, Bronze Executive, Silver Executive, Gold Executive, Platinum Executive, Diamond Executive, Double Diamond Executive, Presidential, and Ambassador. More than one Compensation Plan Level can be achieved in any given period.
- V. **The Minimum Activity Requirement** is the Personal Volume an Associate must achieve to receive Compensation Plan Bonuses. To be considered active, an Associate, Royal 500 or Royal 1K must purchase a minimum of \$110 of MXI Corp products every four weeks for personal consumption and/or sale at retail. An Associate, Royal 500 or Royal 1K could be considered inactive, and not receive any bonuses in a given four-week period, and then become active and receive bonuses in later four-week periods. The Minimum Activity Requirement for the Executive Level through the Ambassador Level is a minimum of \$220 of MXI Corp products every four weeks for personal consumption and/or sale at retail. The \$110 or \$220 activity requirement for three Business Centers must be purchased in Business Center number one.
- W. **Inactivity** is not purchasing your minimum Personal Volume Requirements during a four-week period. If you go inactive all accumulated Group Volume will be reset to zero; however, once you reactivate with a personal product purchase of at least \$110 as an Associate, Royal 500 or Royal 1K or at least \$220 as an Executive through Ambassador, you will once again begin to accumulate Group Volume as products are purchased by you and your downline organization.
- X. **Paid-As Rank** is the rank for which you have earned and maintained all necessary requirements.
- Y. **Infinity Tree** is the binary, or placement, side of the Compensation Plan with width limited to two placements.
- Z. **Personal Enrollment Tree** is the sponsoring side of the Compensation Plan with unlimited width.
- AA. **Quick Check Bonus**, is a \$50.00 Bonus paid on a One Business Center Activation Order of a newly enrolled Associate who is enrolled in the Auto-Ship Program, providing that the Sponsor is also enrolled in the Auto-Ship Program. Or, it is a \$150 Bonus paid on a Three Business Center Activation Order of a newly enrolled Associate who is enrolled in the Auto-Ship Program, providing that the Sponsor is also enrolled in the Auto-Ship Program. This Bonus is paid weekly.
- BB. **Infinity Bonus**, refers to the 10% Infinity Bonus paid on the Group Volume of the lesser leg of an Associate.

- CC. **Royal Maker Bonus**, active and qualified associates may participate in the Royal-Maker Bonus. Each time one of your personally sponsored (PS) associates reaches the rank of a Royal, within their first 4 weeks of signing up, you earn a \$40 Royal-Maker Bonus.
- DD. **Executive Generation Bonus, or EGB**, is paid to active and qualified Executives and above on up to 7 generations of Executives based upon Achievement Level.
- EE. **Leadership Pool**, is 4% of the total Company's Group Volume in a given biweekly period which is divided amongst active and qualified Leadership from Gold Executive to Ambassador. There are four Pools of 1% for the Gold, Platinum, Diamond, and Double Diamond Executives. The higher levels of Executive participate in their own Pools plus all the Pools of lower level Executives. For example, the Double Diamond Executive participates in all four Pools.
- FF. **The Minimum Bonus Payment** for each biweekly period is \$50.00. Any bonuses earned, but not paid, will be carried forward until the total is \$50.00 or more. There is no flushing of Group Volume; all volume carries forward until bonuses are paid. If Associates have GV in their lesser leg of less than \$500 in a given week, this GV will carry forward until it equals or exceeds \$500, and then the Infinity Bonus will be paid.

II. ELIGIBILITY

- A. Any individual who is at least 18 years of age is eligible to become an MXI Corp Associate. Members of an immediate family (defined as the spouse and any minor children) may together operate one MXI Corp Distributorship, but may not establish separate MXI Corp Distributorships.
- B. Corporations and Partnerships may become Associates if permitted in writing by MXI Corp and according to the terms and conditions set forth by MXI Corp in its complete discretion.
- C. No individual and no members of an immediate family may participate in more than one MXI Corp Distributorship either as individuals, partners, officers, stockholders, directors, employees, or otherwise.
- D. Individuals who are MXI Corp employees, or spouses, children or members of the household of an MXI Corp employee shall not be eligible to be MXI Corp Associates, or to participate in any way in corporations or partnerships which are MXI Corp Associates. Relatives of MXI Corp employees who do not fit within the foregoing categories may become MXI Corp Associates providing that no proprietary, confidential or other information, prior to the time it becomes public, is given by any employee to such relative. Any violation of this rule by a member of the Associate's immediate family or household shall be treated as a violation by the Associate.

III. RIGHTS OF AN ASSOCIATE

MXI Corp Associates shall have the right to: a) buy and resell MXI Corp products, b) consume MXI Corp products, c) sponsor MXI Corp Associates in the United States and other approved countries, and d) earn appropriate bonuses from the sales of MXI Corp Associates in their downline group.

IV. BASIC DUTIES OF MXI CORP ASSOCIATES

Each MXI Corp Associate shall make substantial efforts to retail MXI Corp products in accordance with MXI Corp Rules and Regulations and the basic tenants of courtesy and fair dealing. Each MXI Corp Associate shall act at all times so as to enhance the MXI Corp image and to preserve the goodwill associated with the name "MXI Corp," and the other trade names and trademarks used by MXI Corp. It is inconsistent with this rule to sponsor Independent MXI Corp Associates into other network marketing ventures unless said Associates are first level Independent MXI Corp Associates to the Sponsor. It is also inconsistent with this rule to make derogatory remarks about MXI Corp as part of these solicitations, or for any other reason.

V. INDEPENDENT BUSINESS RELATIONSHIP

MXI Corp Associates are independent business people whose success or failure depends on their own efforts. There is no agency or employment relationship between MXI Corp and any Associate, and MXI Corp shall have no responsibility for any actions or omissions to act for any Associate, or for any obligations undertaken by any Associate. MXI Corp Associates have no authority to bind MXI Corp to any obligation. MXI Corp Associates may set their own hours and determine their own methods of selling as long as they comply with the MXI Corp Rules and Regulations; however, MXI Corp Associates will be held accountable directly or indirectly and are prohibited from unauthorized selling or displaying of MXI Corp products in a retail environment (i.e. over the counter). Each Associate shall indemnify and hold MXI Corp harmless from and against any claim, demand, liability, loss or expense (including but not limited to reasonable attorney's fees) arising or alleged to arise in connection with the Associate's operations.

VI. INITIAL PAYMENT AND REQUIREMENTS

To become an MXI Corp Associate, an applicant must pay to MXI Corp the sum of \$35.00. This sum is not a service fee or franchise fee, but is intended to pay for the MXI Corp Associate Training Kit, computer registration, MXI Corp publications, access to the Back-Office software, and the computer accounting for Associate Applications and purchases as well as those of their downlines.

VII. PURCHASES FROM MXI CORP

All MXI Corp Associates have the right to purchase MXI Corp products from MXI Corp for personal consumption and retail sale to the public. Associates are permitted to purchase as much or as little of the MXI Corp products as they desire, as long as they comply with the retail sales obligations as explained in these Rules and Regulations. The following are the methods available for purchasing products from MXI Corp:

1. The Auto-Ship Program qualifies the active Associate to receive Quick Check Bonuses on the first case of the Business Activation Order placed by a newly sponsored Associate who enrolls in the Auto-Ship Program. The Auto-Ship Program also qualified active Associates to receive Executive Generation Bonuses and to participate in the Leadership Pool. Payments for the Auto-Ship Program can be made by debit or credit cards or by ACH (Automatic Clearing House) withdrawals from the Associate's checking account. Applications Forms are available for enrolling in the Auto-Ship Program.
2. The Associate may purchase MXI Corp products by filling out an order form online and paying for the products with a debit or credit card.
3. The Associate may purchase MXI Corp products by filling out the MXI Corp Order Form (copies of which are included in the Distributor Training Kit). The Order Form must be completely filled out by each Associate for each order. All orders must be accompanied by funds in the amount of the order. All payments mailed to MXI Corp must be in the form of a money order, certified check, cashier's check, debit, or credit card. Visa, MasterCard, AMEX (1% surcharge), and Discover are the only credit cards presently accepted by MXI Corp.
4. When purchasing products directly from MXI Corp, the Associate shall pay for the cost of shipping and handling as determined by the size of the order. These shipping and handling costs shall be set and published by MXI Corp, and may be changed from time to time.

VIII. RETAIL SALES OBLIGATION

The MXI Corp program is based on sales at retail. Therefore, each Associate is obligated to purchase MXI Corp products only for sale at retail or for personal consumption, and is obligated to make continuing substantial efforts to make retail sales. Because of the difficulty of computing retail sales, MXI Corp shall pay its bonuses based upon purchases from MXI Corp with purchase volume intended to represent actual sales volume. To assure that Associate purchases do correspond to the Associate's retail sales, each Associate shall certify with each order of MXI Corp products that a) the amount of the order represents the Associate's reasonably expected requirements for retail sales and personal consumption for the period covered by that order, b) he is not stockpiling unsold MXI Corp products for the purpose of qualifying for bonuses, and c) at least 70% of the Associate's previous purchases resulted in retail sales. Each Associate shall, upon request, document his compliance with the provisions of this paragraph. Additionally, each Associate should be able to provide MXI Corp a statement listing at least four retail customers to whom he has sold MXI Corp products each month. An Associate not complying with these provisions, or purchasing products without making significant retail sales, shall not be eligible for bonuses on those purchases.

IX. COMPENSATION PLAN

A. Introduction

Each MXI Corp Associate may earn compensation by selling MXI Corp products to retail customers. The Associate's profit shall equal the difference between the cost of his purchases at wholesale and the retail price at which he sells the product. Associates may also earn compensation by obtaining bonuses from MXI Corp based upon their sales volume and the sales volume of their downline Associates. MXI Corp Associates shall not be eligible for bonuses based on the sales of the Associates they sponsor unless they engage in significant efforts to supervise both directly and indirectly Sponsored Associates and provides aid and instruction in their selling efforts. MXI Corp guarantees up to 50% payout of commissionable volume.

B. Compensation Plan Achievement Levels and Bonuses

The following sets forth the various MXI Corp Compensation Plan Achievement Levels, Ranks, the requirements to qualify for those Levels, and the Bonuses that can be earned at those Levels:

1) Associate

In order to become an MXI Corp Associate, a person must first become familiar with the products of MXI Corp through retail purchases. After learning firsthand about the products, a person must complete an Associate Application Form and mail the Application along with \$35.00 to MXI Corp, or complete an online Application and pay the Application Fee by debit or credit card. The associate is then able to purchase MXI Corp products directly from MXI Corp at wholesale prices and sell those products at retail. The difference between the cost of purchases at wholesale and the sale of those products at retail is profit for the Associate. Active Associates are also eligible to receive a 10% Infinity Bonus when the accumulated Group Volume in their lesser legs equals, or exceeds, \$500.

In addition, all associates, regardless of their Achievement Level in the MXI Corp Compensation Plan, who are enrolled in the Auto-Ship Program, are eligible to receive a Quick Check Bonus. See Page 7, section Z, for explanation of the Quick Check Bonus.

2) Royal

In order to qualify for commissions, MXI associates must achieve the level of a Royal by personally sponsoring at least one Associate on both your left and right legs. The first step is simple: achieve the rank of Royal and then help others to become Royals in your organization. This simple, yet powerful duplication process, is the foundation for building your Healthy Chocolate Business.

When Associates qualify as a Royal within 30 days of their enrollment date, they are eligible to receive the Royal Recognition Pin.

3) Royal 500

In addition to their profit from retailing MXI Corp products, all active associates who achieve a total Qualifying Volume of \$250 in their lesser volume leg for two consecutive weeks period shall achieve the level of a Royal 1K and continue to receive a 10% Infinity Bonus when the Group Volume in their lesser leg equals, or exceeds, \$500.

4) Royal 1K

In addition to their profit from retailing MXI Corp products, all active associates who achieve a total Qualifying Volume of \$500 in their lesser volume leg for two consecutive weeks period shall achieve the level of a Royal 1K and continue to receive a 10% Infinity Bonus when the Group Volume in their lesser leg equals, or exceeds, \$500.

5) Executive

All active associates who achieve a total Qualifying Volume of \$1,000 in their lesser volume leg for two consecutive weeks plus a minimum of 2 personal enrollment tree legs that include a paid-as Royal 500 or higher in each leg shall achieve the level of an Executive and continue to receive a 10% Infinity Bonus when the Group Volume in their lesser leg equals, or exceeds, \$500. The maximum payout for the Infinity Bonus is \$10,000 per week per Business Center. Active Executives shall also receive an Executive Generation Bonus on the bonuses of first generation executives in their enrollment trees up to a maximum of the Group Volume generated in their lesser leg of Business Center One.

6) Bronze Executive

All active associates who achieve a total Qualifying Volume of \$2,500 in their lesser volume leg for two consecutive weeks plus a minimum of 2 personal enrollment tree legs that include a paid-as Royal 1K or higher in each leg shall achieve the rank of a Bronze Executive and continue to receive a 10% Infinity Bonus when the Group Volume in their lesser leg equals, or exceeds, \$500. The maximum payout for the Infinity Bonus is \$10,000 per week per Business Center. Active Bronze Executives shall also receive an Executive Generation Bonus on the bonuses of two Generations of Executives in their Enrollment Trees up to a maximum of the Group Volume generated in their lesser leg in Business Center One.

7) Silver Executive

All active associates who achieve a total Qualifying Volume of \$5,000 in their lesser volume leg for two consecutive weeks plus a minimum of 2 personal enrollment tree legs that include a paid-as Executive or higher in each leg shall achieve the rank of a Silver Executive and continue to receive a 10% Infinity Bonus when the Group Volume in their lesser leg equals, or exceeds, \$500. The maximum payout for the Infinity Bonus is \$10,000 per week per Business Center. Active Silver Executives shall also receive an Executive Generation Bonus on the bonuses of three Generations of Executives in their Enrollment Trees up to a maximum of the Group Volume generated in their lesser leg in Business Center One.

8) Royal-Maker Bonus

Royal-Maker Bonus is paid to the sponsor of each Associate who achieves the rank of a Royal. Qualified associates with at least 100 PV may participate in the Royal-Maker Bonus. Each time one of your personally sponsored (PS) associates reaches the rank of a Royal, the foundation for building a Healthy Chocolate Business, you earn a \$40 Royal-Maker Bonus.

9) Gold Executive

All active associates who achieve a total Qualifying Volume of \$10,000 in their lesser volume leg for two consecutive weeks plus a minimum of 2 personal enrollment tree legs that include a paid-as Bronze Executive or higher in each leg shall achieve the rank of a Gold Executive and continue to receive a 10% Infinity Bonus when the Group Volume in their lesser leg equals, or exceeds, \$500. The maximum payout for the Infinity Bonus is \$10,000 per week per Business Center. Active Gold Executives shall also receive an Executive Generation Bonus on the bonuses of four generations of executives in their enrollment trees up to a maximum of the Group Volume generated in their lesser leg in Business Center One. In addition, active Gold Executives participate in the Gold Executive Leadership Pool (see Section 14). Furthermore, associates who achieve the level of a Gold Executive qualify for the Biannual Gold Executive Fly-In.

10) Platinum Executive

All active associates who achieve a total Qualifying Volume of \$15,000 in their lesser volume leg for two consecutive weeks plus a minimum of 2 personal enrollment tree legs that include a paid-as Silver Executive or higher in each leg shall achieve the level of a Platinum Executive and continue to receive a 10% Infinity Bonus when the Group Volume in their lesser leg equals, or exceeds, \$500. The maximum payout for the Infinity Bonus is \$10,000 per week per Business Center. Active Platinum Executives shall also receive an Executive Generation Bonus on the bonuses of

five generations of executives in their enrollment trees up to a maximum of the Group Volume generated in their lesser leg in Business Center One. In addition, active Platinum Executives participate in the Gold and Platinum Executive Leadership Pools (see section 14).

11) Diamond Executive

All active associates who achieve a total Qualifying Volume of \$20,000 in their lesser volume leg for two consecutive weeks plus a minimum of 2 personal enrollment tree legs that include a paid-as Gold Executive or higher in each leg shall achieve the level of a Diamond Executive and continue to receive a 10% Infinity Bonus when the Group Volume in their lesser leg equals, or exceeds, \$500. The maximum payout for the Infinity Bonus is \$10,000 per week per Business Center. Active Diamond Executives shall also receive an Executive Generation Bonus on the bonuses of six generations of executives in their enrollment trees up to a maximum of the Group Volume generated in their lesser leg in Business Center One. In addition, active Diamond Executives participate in the Gold, Platinum and Diamond Leadership Pools (see section 14).

12) Double Diamond Executive

All active associates who achieve a total Qualifying Volume of \$25,000 in their lesser volume leg for two consecutive weeks plus a minimum of 2 personal enrollment tree legs that include a paid-as Platinum Executive or higher in each leg shall achieve the rank of a Double Diamond Executive and continue to receive a 10% Infinity Bonus when the Group Volume in their lesser leg equals, or exceeds, \$500. The maximum payout for the Infinity Bonus is \$10,000 per week per Business Center. Active Double Diamond Executives shall also receive an Executive Generation Bonus on the bonuses of seven generations of executives in their enrollment trees up to a maximum of the Group Volume generated in their lesser leg in Business Center One. In addition, active Double Diamond Executives participate in the Gold, Platinum, Diamond, and Double Diamond Leadership Pools (see section 14).

13) Presidential

All active associates who achieve a total Qualifying Volume of \$50,000 in their lesser volume leg for four consecutive weeks plus a minimum of 2 personal enrollment legs that include a paid-as Diamond Executive or higher in each leg shall achieve the rank of a Presidential and continue to receive a 10% Infinity Bonus when the Group Volume in their lesser leg equals, or exceeds, \$500. The maximum payout for the Infinity Bonus is \$10,000 per week per Business Center. Active Presidential shall also receive an Executive Generation Bonus on the bonuses of seven Generations of Executives in their Enrollment Trees up to a maximum of the Group Volume generated in their lesser leg in Business Center One. In addition, active Presidential receives a share in the Gold, Platinum, Diamond, and Double Diamond Leadership Pools (see section 14) plus an additional share in the Gold Pool. Furthermore, associates who achieve the level of a Presidential qualify for an expansion center as well as the 100K Journey Incentive Trip.

13) Ambassador

All active associates who achieve a total Qualifying Volume of \$75,000 in their lesser volume leg for four consecutive weeks plus a minimum of 2 personal enrollment tree legs that include a paid-as Double Diamond Executive or higher in each leg shall achieve the rank of Ambassador and continue to receive a 10% Infinity Bonus when the Group Volume in their lesser leg equals, or exceeds, \$500. The maximum payout for the Infinity Bonus is \$10,000 per week per Business Center. Active Ambassadors shall also receive an Executive Generation Bonus on the bonuses of seven Generations of Executives in their Enrollment Trees up to a maximum of the Group Volume generated in their weak leg in Business Center One. In addition, active Ambassadors receives a share in the Gold, Platinum, Diamond, and Double Diamond Leadership Pools (see Section 14) plus an additional share in the Gold and Platinum Leadership Pools. Furthermore, associates who achieve the level of Ambassador receive Ambassador ring (men) and pendant (women) as well as awarded a \$1,500 MXI Mercedes-Benz Car Allowance (see section 15).

14) Leadership Pools

MXI Corp sets aside 4% of the total Company's Group Volume in a given biweekly period to be divided amongst all active Gold, Platinum, Diamond, Double Diamond, Presidential who are enrolled in the Auto-Ship Program. Each of the four Leadership Ranks will be allocated 1% of the biweekly Group Volume. Each Leadership Rank not only participates in its own Leadership Pool, but also participates in any Leadership Pools of lesser rank. For example, Double Diamond Executives participate with one share in all four Leadership Pools. Leadership Pool Bonuses are paid biweekly.

15) MXI Mercedes-Benz Car Allowance Program

When you first achieve the rank of Ambassador, you earn an immediate \$1,500 allowance from MXI Corp to apply towards the MXI Mercedes-Benz Car Allowance Program. After you have received your SL550 Roadster, MXI Corp will continue to pay you \$1,500 per month for one full year as an allowance for your Mercedes-Benz. After one year, MXI Corp will review your distributorship. You will continue to receive a monthly allowance for the next year, and subsequent years, based on how many weeks in the previous year you were active and 100% maintained as an Ambassador: 44 weeks plus = \$1,500; 34–43 weeks = \$1,000; 24–33 weeks = \$750; 19–23 weeks = \$500.

C. Eligibility for Bonuses

Associates desiring to receive bonuses shall undertake their best efforts to maximize both the retail sales and sponsoring by the Associates in their downline group. Each Executive shall continue to make reasonable efforts to aid the sales and sponsoring of all Associates in his downline group by advice, training, and morale building efforts in accordance with the provisions of these Rules and Regulations. In particular, each Executive shall make reasonable efforts to help Associates in his downline group to achieve the Executive Level. The success of such efforts to aid the sales and sponsoring of others is the key to receiving Executive level bonuses under the MXI Corp compensation system. It is inconsistent with this rule to sponsor Independent MXI Corp Associates into other network marketing ventures unless said Associates are first level Independent MXI Corp Associates to the Sponsor. It is also inconsistent with this rule to make derogatory remarks about MXI Corp as part of these solicitations or for any other reason.

X. PAYMENT OF BONUSES

MXI Corp shall make its best efforts to pay Associate bonuses for purchases in a given biweekly period within a reasonable time after the close of such period. Under normal circumstances, the MXI Corp bonus checks will be mailed, or wire transfers made, no later than the 20th day following the biweekly period in which the bonuses were earned. The payment of bonuses shall in all cases be conditioned upon prompt receipt by MXI Corp of orders from Associates (no later than the fourth day following the end of the biweekly period). MXI Corp may, in its reasonable discretion, make the relevant calculations regarding bonuses and compensation plan levels as of a date approximating but not exactly equaling the end of a biweekly period if reasonably necessary for MXI Corp business purposes.

XI. PRICING

Associates shall purchase MXI Corp products at the published wholesale prices of MXI Corp plus the appropriate shipping and handling fee. MXI Corp shall be free to change its suggested wholesale prices, or the bonus values, from time to time at its own discretion, and will notify its Associates of any such changes. This provides that every distributor must sell at wholesale and/or retail. This serves to prevent inventory loading and encourage retailing. We make the assumption that all of the product that you order will be resold at the suggested retail price. Our products are not intended for sale below wholesale price.

XII. REPRESENTATIONS TO OTHER ASSOCIATES AND PROSPECTIVE ASSOCIATES

MXI Corp Associates shall honestly and fairly describe the MXI Corp Compensation Program in all their discussions with other Associates or potential Associates. This obligation of fair and complete description shall include, without limitation, the following.

- A. Associates shall not misstate any significant or material fact about the MXI Corp Compensation Program and shall not omit any significant or material fact about the MXI Corp Program. Associates shall provide each potential Associate with a copy of these Rules and Regulations prior to giving such person an Associate Application.
- B. Associates shall clearly state that the foundation of the MXI Corp Compensation Program is the retail sale of MXI Corp products to consumers and that MXI Corp Associates cannot expect to be successful merely by sponsoring other Associates without regard to retail sales.
- C. Associates shall not state that high profits are guaranteed or certain for MXI Corp Associates. Associates shall state clearly that MXI Corp Associates can expect to be successful only through hard work and substantial efforts.
- D. Associates shall not distort or misrepresent any feature of the MXI Corp Compensation Program and shall not make any statements about the quality or benefits of the MXI Corp products except to the extent that such statements are made in MXI Corp written material describing the products.
- E. Associates shall not guarantee any specific income, profit and /or success.
- F. Associates shall not state or imply that the MXI Corp Compensation Program has been approved by any governmental agency or business group.

XIII. REPRESENTATIONS TO CONSUMERS

Associates shall fairly and accurately describe the MXI Corp products in their sales and attempted sales to consumers and shall not distort or misrepresent any facts when discussing the MXI Corp products with consumers. This obligation of fair and complete discussion shall include, without limitation, the following:

- A. Associates shall not describe the MXI Corp products except as permitted in the materials published by MXI Corp describing the product.
- B. Associates shall not attempt to deceive or confuse any consumer regarding the nature and quality of the MXI Corp products, or the price of the MXI Corp products.

XIV. LABELING, PACKAGING AND ADVERTISING

MXI Corp Associates shall not relabel or repackage any of the MXI Corp products. Associates shall not advertise the MXI Corp products except by use of the materials and adherence to the Policies and Procedures that are published from time to time by MXI Corp, or by use of advertising whose form and content have been approved in advance in writing by MXI Corp. This restriction applies to all media, advertising, sales flyers, direct mail pieces, promotional merchandise and sales aids, including

but not limited to, presentation pins, badges, and other promotional devices, signs, posters, packaging, labels, videos, CDs, DVDs, or audio tapes, and slide presentations.

XV. COMPLIANCE WITH THE LAW

Associates shall comply with all relevant laws, regulations and ordinances governing their sale of MXI Corp products or sponsoring of MXI Corp Associates, including without limitation, all applicable sales tax, use tax, income tax, consumer protection, labeling, packaging, antifraud, lottery, securities, franchise, and other laws. Associates shall indemnify and hold harmless MXI Corp, its successors, assigns, and legends against all loss, expenses, claims, and liability including without limitation, court costs and reasonable attorney's fees arising in connection with any claim that there exists a violation of any legal requirement in connection with the activities of the Associate.

XVI. REVISIONS

MXI Corp may from time to time revise these Rules and Regulation as is reasonably necessary for the successful operation of the MXI Corp business.

XVII. TERM, CANCELLATION, TERMINATION, CHANGE & TRANSFER

Transfer of Sponsorship should be rarely permitted, actively discouraged, and only approved in very specific instances of confirmed unethical activity or other extremely unique and extenuating circumstances. Maintaining the integrity of sponsorship is critical for the overall success of MXI Corp, and will be governed by the company as follows:

Transfer of Sponsorship must be approved in writing by MXI, if approved, it must have the approval of the Distributor's Sponsor, up-line Double Diamond and up-Line FAB member. A letter describing the reason for the request must be submitted. Transfer will only be processed for the respective Distributor. All current downline Distributors shall remain in the original genealogy line. All accrued group business volume prior to transfer will not transfer with the Distributor. Group business volume will begin to accrue for the week linkage to the new genealogy line is completed.

If a Distributor Terminates his or her distributorship for more than 365 days the respective Distributor may resubmit a "new" application with a new sponsor. In cases of termination, only the respective Distributor may enroll as a "new" associate, no distributor transfers will be honored, "new" associate will be placed in next available binary position, and "new" associates transfers without previous downline.

Attempts to circumvent by using DBA's, assumed names, federal id numbers, fraudulent social security numbers, etc. to circumvent this rule is strictly prohibited and grounds for termination.

Violators of this policy will be terminated, as well as new sponsor. Appeal can be made to MXI Corp. as well as the Up-line Double Diamond and Up-line FAB member of both organizations for re-instatement upon approval.

- A. The term of an MXI Corp Distributorship shall be for one year. After the expiration of a term, Associates must reapply with MXI Corp and pay a \$25 renewal fee to retain rights to bonuses and their position in all applicable downline groups achieved during a previous term. Payment of the renewal fee entitles Associates to retain the right to service retail customers, sponsor new Associates, retain their downline groups, receive MXI Corp publications, receive a detailed monthly bonus statement, and other benefits.
- B. Upon cancellation or termination of a Distributorship, the rights to bonuses and position in downline groups of the person who directly or indirectly sponsored or were sponsored by the terminated or cancelled Associate shall be determined without regard to the former position of the terminated or cancelled Associate.
- C. Associates may terminate their Distributorships for any reason at any time upon notarized written notice to MXI Corp. Associates shall reapply for a Distributorship, or an Associates' spouses may apply for a Distributorship no sooner than 365 days or more after such termination, but any such Associates may not retain their prior rights to bonuses or position in any applicable downline groups after such reapplication.
- D. Upon the death or incapacity of an Associate, the rights to bonuses and positions in any applicable downline groups shall inure to the benefit of the Associate's successors in interest.
- E. Associates may change Sponsors only when approved by MXI Corp in its sole discretion and only under the following minimum circumstances: (i) Associates desiring a Sponsor change must terminate their Distributorships and remain in non-Associate status for ninety days. (ii) Associates must provide MXI Corp with a signed, notarized letter requesting termination of their Distributorships. (iii) Associates may reapply for a Distributorship under a new Sponsor 365 days after receipt by MXI Corp of a notarized termination request. And, (iv) Associates may not retain prior bonus rights or position in any applicable downline groups after such reapplication.
- F. Associates may transfer or sell their Distributorship only when approved by MXI Corp in its sole discretion and only under the following minimum circumstances: (i) Transferring Distributorship must have remained active for the last 365 days. (ii) Associates must provide MXI Corp with a signed, notarized letter requesting transfer or sale of their Distributorship. (iii) Once approved, the transferee, or new owner, will have the bonus rights and any applicable downline groups. And, (iv) Transferred Distributorship has 90 days to re-qualify at the transferred rank or the position will revert to the rank achieved at the end of the 90-day re-qualification period.

- G. MXI Corp may terminate any Associate for violation of these Rules and Regulations ten days after giving written notice, if the Associate fails to remedy the violation to the satisfaction of MXI Corp within the ten-day period. An Associate may be terminated after a second violation upon written notice.

XVIII "POACHING"

When a Distributor persuades a prospect to join their team rather than being sponsored by the individual that invited them to the meeting this is deemed "poaching." If the company concludes that a distributor has engaged in "poaching" that distributor will not be permitted to host corporate events, train from the stage at corporate events, list their meetings on the company site or be a member of the FAB.

Any distributor that coerces a current distributor by telling them they will be included in their trainings and receive support only if they are on their team or switch to their team, will be given one warning and subsequent instances will result in corrective action taken by MXI Corp which could include exclusion from the Leadership Pools. The Leadership Pools are designed to reward leaders for aiding in the growth of MXI, not just their own personal business.

XIX. NAME

- A. Associates shall not directly or indirectly use or permit others to use the name MXI Corp, or the MXI Corp logo, or any other trade names, trademarks, or distinctive phrases used by MXI Corp in its business (hereinafter referred to as the "Names and Marks"), except as expressly permitted in these Rules and Regulations. Neither shall Associates obtain or attempt to obtain any right, title or interest by registration, filing of any kind, patent, copyright, or otherwise in or to any of the Names or Marks. In particular (and without limiting the foregoing) Associates shall not make purchases or enter into other transactions in the name of MXI Corp or hold themselves out as agents for MXI Corp. These regulations also pertain to the registration of web site domain names containing "mxi," "mxicorp," or "xocai." However, Associate may describe themselves as Independent MXI Corp Associates (domain names excluded).
- B. Immediately upon expiration, termination, or cancellation of a Distributorship, the affected Associate will remove and discontinue use of and will not thereafter use the Names and Marks or any and all signs, labels, stationery, advertising, and/or literature referring to MXI Corp.
- C. If MXI Corp finds it necessary, as a result of any claims or litigation brought against it or in settlement thereof, to abandon or change any of the Names and Marks, Associates shall also abandon or change such Names and Marks as directed by MXI Corp without liability to MXI Corp including, without limitation, the name MXI Corp.

XX. EXCUSE

Neither MXI Corp nor any Associate shall be responsible for any delays or failures hereunder where performance is made commercially impracticable due to circumstances beyond the party's reasonable control, including without limitation, strikes, labor difficulties, riots, war, fire, delay or default of common carrier, failure of machinery or equipment, failure, delay, or curtailment of the party's usual source of supply, or governmental decrees, or orders.

XXI. ASSIGNMENT AND DELEGATION

Associates shall not (by operation of law or otherwise) assign their rights or delegate their performance as MXI Corp Associates without prior written consent of MXI Corp. Any attempted assignment or delegation without such consent shall be voidable by MXI Corp. MXI Corp may assign and/or delegate any of its rights and/or duties provided that MXI Corp possesses reasonable assurances that any delegee will be able to satisfactorily perform the obligations of MXI Corp to its Associates.

XXII. INFRINGEMENT

MXI Corp disclaims and excludes all warranties regarding possible infringement of any United States or foreign patent, trademark, trade name, copyright, or the like right by MXI Corp or the Associates' operations, and the Associates shall have no claims in connection therewith. The Associates shall immediately notify MXI Corp as soon as they learn of any claim or suit relating to any of the matters discussed in this paragraph.

XXIII. EXCLUSIVE RULES

These Rules and Regulations, MXI Corp Associate Application, and the instruments and documents referred to herein constitute the entire understanding of the parties with respect to the subject matter. These Rules and Regulations may be amended only by an instrument in writing transmitted by an authorized representative of MXI Corp. Should any inconsistencies arise, the terms and conditions of these Rules and Regulations shall be controlling.

XXIV. WAIVER

No failure of MXI Corp to exercise any power given to it under these Rules and Regulations or to insist upon compliance by Associates with any obligation or provision hereunder, and no custom or practice of the parties at variance with the terms hereunder, shall constitute a waiver of the right of MXI Corp to demand exact compliance with these Rules and Regulations. Waiver by MXI Corp can only be effected in writing by an authorized officer of

MXI Corp. The waiver by MXI Corp of any particular default by a Associate shall not affect or impair the rights of MXI Corp in respect to any subsequent default of the same or of a different nature; and shall not affect or impair the rights of MXI Corp in respect to any subsequent default of the same or of a different nature; and shall not affect in anyway the rights or obligations of other Associates. Nor shall any delay or omission by MXI Corp to exercise any rights arising from a default affect or impair the right of MXI Corp as to said default or any subsequent default.

XXV. GOVERNING LAW

These Rules and Regulations are reasonably related to the State of Nevada, are made in and will be governed by and construed in all respects according to the laws of the State of Nevada, and are binding on the successors and assignments of both parties. Any lawsuits with respect to the matters raised herein shall be brought in a state or federal court of general jurisdiction located in Washoe County, Nevada. If it is found that any portion or portions of these Rules and Regulations violate any particular laws of any government or governmental unit, division or subdivision held to be applicable to these Rules and Regulations and that said violation would cause said authorities to consider these Rules and Regulations as void and without effect, then within that political unit, division or subdivision, such portion or portions of these Rules and Regulations will be of no force and effect and either these Rules and Regulations will be treated in any such jurisdiction as if such portion or portions had not been inserted herein or the court shall limit or reform such portion or portions so as to avoid any violation while preserving to the extent possible the intent of the parties.



Policies & Procedures | Rules and Regulations