

CHAPTER ONE

Meet Stampin' Up!

We know you're excited to get started right away building your Stampin' Up! business. We're just as excited, and that's why we've provided you with this fabulous resource. Your *Demonstrator Manual* contains important information about Stampin' Up!—its policies, procedures, programs, products, and many other aspects of being a Stampin' Up! demonstrator. You'll also find information on being successful, running workshops, the compensation plan, our recognition programs...and the list could go on. But remember, as valuable a resource as this manual may be, your upline—the person who introduced you to this opportunity—is just as important. She's ready and willing to help, so make sure you involve her in your quest to create a successful business.

The Stampin' Up! Story

When two sisters from the picturesque state of Utah first discovered rubber stamping, they were immediately hooked. They had so much fun stamping with friends and family, that they began looking for a stamp company that offered a complete line of stamps and the right direct-sales approach. But their efforts were met with frustration. There just wasn't any company offering what they were looking for.

Imagining the possibilities of creating the company they had hoped to find, the sisters founded Stampin' Up!® in 1988. Utilizing money that she and her husband had set aside for a house, Shelli Gardner started filling orders from her living room. Initially, rubber stamps designed by other companies filled the pages of the catalog. Soon, however, Stampin' Up!'s incredible growth created the opportunity to begin designing, manufacturing, and selling custom stamps. Since that time, Stampin' Up! has become a leader in the craft and hobby industry.

Today, Stampin' Up! provides a large variety of stamp styles, high-quality accessories, and fresh designs to a growing number of stamping enthusiasts. Exclusive colors, papers, stamp pads, refills, and—of course—stamps now round out the pages of the Stampin' Up! catalog. From the humble origins of Shelli's living room to the 300,000-square-foot headquarters located just outside of Salt Lake City, Utah, Stampin' Up! continues to offer value and versatility along with a commitment to the highest standards of service.

But this phenomenon couldn't be contained in just one country. Paper crafting has grown to include a worldwide community and Stampin' Up! has blossomed into a network of demonstrators throughout the United States, Canada, Australia, and New Zealand. As Stampin' Up! expands into new countries, women just like you all over the world are learning how to build successful home-businesses.

Statement of the Heart

When Shelli and her sister first set out to create a stamping business opportunity, their vision was of a company that functioned much like a family. It needed to be a place where demonstrators could participate at whatever level worked best for their personal circumstances. It also needed to be a company that provided people the opportunity to do what they love while building lasting and meaningful relationships.

From that vision, Stampin' Up!'s mission statement—the Statement of the Heart—sprang. Today, the Statement of the Heart continues to guide and shape Stampin' Up!'s future.

To love what we do and share what we love as we help others enjoy creativity and worthwhile accomplishments... in this we make a difference!

Vision Goals

Just as we instruct our demonstrators to set goals, Stampin' Up! has also set goals for the future. These goals help to define and direct our efforts while motivating us to achieve more. We call these ideals our Vision Goals.

- We will make a difference in the lives of others by sharing creativity and opportunities that enhance lives.
- We will be the best-known company in the world for inspiring creativity as we share what we love with others in several countries.
- We will help people around the world strengthen relationships between families and friends through creativity and worthwhile accomplishments.
- Those who associate with us will have fun and feel loved!

Stampin' Up!'s Eight Principles

A commitment to the highest principles has played a major role in Stampin' Up!'s success. These eight principles continue to guide all of Stampin' Up!'s practices.

INTEGRITY We build our business through trust, fairness, and kindness with the thought that people are more important than products. We encourage everyone to give their best effort every day, to provide positive support to those around them, and to exercise creativity in performing their tasks.

RELATIONSHIPS We expect open, honest, and friendly communication between everyone. We appreciate and encourage diversity, knowing there is much we can learn from each other.

BALANCE We are dedicated to those who strive to create balanced lifestyles centered on serving family and others while nurturing their own self-esteem and personal growth.

PERSONAL DEVELOPMENT We provide opportunities for those who wish to develop their artistic creativity, expand their social interaction, and contribute to their family's financial security—while having fun. We believe that when we nurture personal and professional development in people, success will follow.

POSITIVE ENVIRONMENT We seek to offer fair compensation and benefits, ample training and educational opportunities, and an opportunity for everyone to share ideas with the company.

GROWTH We are dedicated to healthy and responsible growth. We measure our growth and performance subjectively by focusing on principles, and objectively by focusing on numbers. We seek to expand our influence in the craft, hobby, and decorating markets as we provide affordable, high-quality products that stimulate creativity and enjoyment.

EFFICIENCY We evaluate our operations capabilities to ensure productivity and continued support of our workforce. We understand that efficient processes and structure encourage consistency and foster confidence; therefore, we strive to develop the best systems for giving the best support possible.

CHANGE We believe in exercising imagination and wisdom, in taking responsible risk, and in embracing change. We set challenging goals, always striving to better our best.

Our Core Product

Stampin' Up! products have come a long way since the early days in Shelli's living room. In 1992, we began custom designing, manufacturing, and selling our own exclusive rubber stamp designs. Today, we introduce dozens of exclusive new sets twice a year in the catalog with hundreds of full-color photographs of stamp projects.



As you share your love of stamping with others, focus on the value and versatility of rubber stamps. They can be used in cardmaking, scrapbooking, home décor, invitations, keepsakes, and several other crafts. Renowned within the stamping industry, our stamp sets offer deeply etched images on foam-backed rubber that ensure sharp and clear stamped images.

Assembling Your Stamps

All Stampin' Up! stamps include deeply etched rubber bonded to an adhesive cushion, clear labels, and beautiful wood blocks made of maple and shaped to provide finger grips. Assembling the stamps is simple and allows you to customize the placement of the stamps according to your preference. To assemble your stamps:

1. Trim around the rubber stamp making straight—not curved—cuts.
2. Apply the clear label to one side of the wood block and the sticky-backed foam cushion with the rubber image to the opposite side.

For more tips and information on assembling stamps, please consult the Product Guide.

Because they are sold in unmounted sets, we can afford to offer the highest-quality at competitive prices. Each month, you'll find inspiring new ideas on how to use and demonstrate stamps in *Stampin' Success*. You'll find that rubber stamps are the foundation of a dependable and exciting home business.

Working As an Independent Contractor

When you became a Stampin' Up! demonstrator, you signed an Independent Demonstrator Agreement. By doing so you agreed to a number of provisions that defined your relationship with Stampin' Up! as that of an independent contractor. But what does that mean?

An independent contractor is a self-employed business professional. As such you are responsible for the following:

- Obtaining a business license, if required by local or state laws
- Paying taxes (including federal, state, and self-employment taxes)
- Paying all business and self-employment expenses
- Arranging life and medical insurance, if desired

The independent relationship between yourself and Stampin' Up! also means that you are not considered an employee of Stampin' Up! and will not receive employee benefits such as paid vacation, worker's compensation, or medical insurance. You will also need to keep your own financial records to determine your applicable taxes. (See Income Tax for more details.)

How Stampin' Up! Supports Your Efforts

A successful partnership requires effort by both parties, and Stampin' Up! is committed to fulfilling its part. We are eager to support and recognize your efforts. Here are a few ways that Stampin' Up! supports you in building your successful business.

Providing Information

In order to succeed, you'll need to know what is going on. Being informed will play a vital role as you work toward achieving your goals. To keep you abreast of everything you need to know, Stampin' Up! produces publications that serve as a great medium for disseminating information. One of these publications, *Stampin' Success*, is a monthly magazine where you'll find informative and entertaining articles on a wide range of topics, like:

- Stamping ideas
- Training articles
- Business-building tips
- Special incentives
- Important announcements
- Sales and promotions
- Demonstrator recognition

www.stampinup.com

You'll find that the Stampin' Up! Web Site is an indispensable resource. The web site has the same information as our publications plus great tools, like:

- Order Entry Express (OEX)—the most effective method for placing orders
- Web site announcements—company news updated frequently
- Supplemental materials—information on how to improve your sales, advertise effectively, and other topics important to building a successful business
- Training materials—from forms to workshop tips, and much more

Stampin' Up! Events

Stampin' Up! events provide demonstrators the opportunity to not only meet other demonstrators, but also company representatives. Attendees also have the chance to see hundreds of samples and displays; learn about new products, programs, and techniques; and attend informative classes on stamping and business building.

Recognition

Here at Stampin' Up!, we understand that our success is a direct result of your hard work and dedication. That's why we want to recognize all that you do. Whether it's on stage at a Stampin' Up! event, in a publication, or by awarding any number of different prizes and rewards, we will always recognize the important role that you play in Stampin' Up!'s success.

Incentives

As if the great fun of stamping and the fabulous opportunity to build long-lasting relationships weren't enough, Stampin' Up! also offers incredible incentives to reward your efforts. From memorable trips to special merchandise to many other great gifts and awards, you'll definitely want to put in the effort to win these incentives.

Demonstrator Support

If you have questions that are not answered in this manual or on the Demonstrator Web Site, contact your upline. She is your best source of training and information. If she does not have the answer, contact Demonstrator Support. Stampin' Up!'s knowledgeable support staff will be happy to help you.

Contacting Stampin' Up!

Check Stampin' Up!'s Web Site for current contact information. You can also e-mail Demonstrator Support at ds@stampinup.com, or call 1 800 STAMPUP.

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CHAPTER TWO

Stampin' Up! Business Basics

Building your Stampin' Up! business is much like creating a stamping keepsake. It may appear simple to do, but there are many little things that contribute to it coming out just right. With the right tools and knowledge, however, both—stamping beautifully and building a successful business—can happen with ease.

In this chapter, we'll discuss the details that go into creating a successful Stampin' Up! business. From day-to-day practices to effective business principles, we'll discuss what you need to know to get started. You'll notice that throughout this chapter, references to the Policies and Procedures chapter pop up here and there. All the activities discussed in this chapter go hand-in-hand with the rules and regulations delineated in the Policies and Procedures chapter. As a demonstrator, it is your responsibility to familiarize yourself with all the Stampin' Up! policies, programs, and procedures. Make sure that you understand your relationship with Stampin' Up!, as explained in the Independent Demonstrator Relationship Policy.

Get Started

Starting your Stampin' Up! business is simple. Take the first step today by establishing your personal business goals. Ask yourself what you want to obtain from your demonstratorship and what you are willing to put into it.

Get Organized

In any endeavor, it helps to be organized. Starting your Stampin' Up! business on the right foot is no exception. To begin, you will need a simple filing system and a convenient place to stamp, assemble hostess and workshop packets, and make telephone calls.

It's helpful to have a separate file for each Stampin' Up! business form so you can see when you're running low as well as easily access what you need when preparing for workshops.

You'll also want to keep a simple record of your Stampin' Up! income. Save receipts for business supplies and expenses and keep track of your business-related mileage. Business expense and mileage forms can be downloaded from the Printing Place

on the Demonstrator Web Site (My Business>My Business Resources>Printing Place). These items may be tax-deductible. For more information about taxes, consult an accountant or tax adviser.

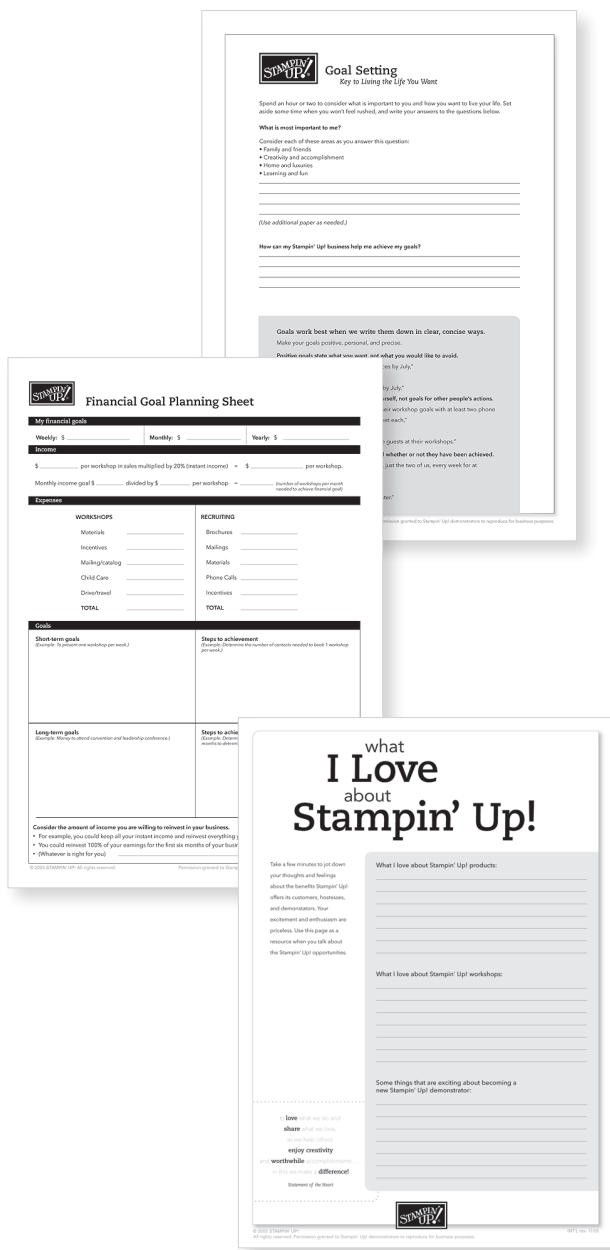
Remember to keep a place in your filing system for copies of your workshop orders. When you place orders through Order Entry Express (OEX), your customer contact information is stored in the Customer Manager section of the Demonstrator Web Site (My Business>Customer Manager). You can use Customer Manager to update customer addresses and phone numbers, add new customers, and even transfer customers to other demonstrators in your downline.

Questions?

If at any time you have any questions, remember, your upline and Stampin' Up! are there to help. Feel free to contact Demonstrator Support. Our knowledgeable staff is ready to answer your questions.

Helpful Worksheets

On the Stampin' Up! Web Site, you'll find three worksheets that can help you define both your goals and your enthusiasm for stamping. Putting these things into words will make talking about them easier and more natural—as well as inspire you to achieve more. Look for the Goal Setting, Financial Goal Planning, and What I Love about Stampin' Up! worksheets online in the Printing Place.



Sound Business Basics

As you start to build your Stampin' Up! business, you'll discover habits and practices that work for you. You'll also begin to see that certain habits characterize any successful business. From your personal demonstratorship to the company as a whole, the following qualities are vital to creating a successful business. We suggest that you start with these. Remember, building a solid foundation now will make it that much easier to build a larger business later.

Consistency

No matter what your goals are for your business, it takes consistent effort to achieve them. Consistency can be achieved through creating daily habits. Start with devoting a certain amount of time each day to developing your business. It may be as little as 30 minutes or as much as four hours or more, but whatever amount of time you set aside for developing your business should be used for just that: building your business.

Devote the Time to Key Activities

To really make your business grow, devote your time to these three key activities. Investing time here will have a greater return on investment than any other task you may be considering.

Booking workshops Decide how much time makes sense for you to spend calling potential hostesses. You may set aside time to contact your hostesses weekly or even daily.

Coaching hostesses Time spent preparing your hostesses is time well invested. Remember, happy hostesses with successful workshops are your route to a growing business and are the key to recruiting success.

Taking care of customers Submit your workshop orders quickly and follow up with the guests to make sure they received everything correctly. If there is a problem, follow up promptly with order corrections or exchanges.

Be Your Own Best Advertisement

Communicating your excitement and enthusiasm about Stampin' Up! is the best advertising you can do and is often the only advertising you need! Bringing your stamping passion to the attention of others is as simple as stamping everything—checks and check book covers, any sack or bag containing anything at all, every card you send...the list is endless. Let people know you're having fun. Every business is work, but keep a positive attitude and share that outlook with others.

Provide Excellent Customer Service

Ask any business owner and they'll tell you that it's easier to keep a customer than to find a new one. Excellent customer service is the fundamental principle that will make your business grow. Remember these points:

- Customers want to receive their product as quickly as possible. Stampin' Up! is committed to providing fast and accurate shipping. You can help by making sure the information you provide on your orders is correct.
- Customers want quick corrections if there is something wrong with their orders. Familiarize yourself with the information on returning and exchanging products (see Order Corrections for more information).
- Always follow up with your customers. Calling to make sure that they have received their orders and that the orders are correct shows your customers that you care. They'll appreciate the effort and will be more likely to come to you for future orders.
- Hostesses are the foundation of your business. They are your repeat customers, your best advertising, and your future recruits. Always make sure that they understand the hostess program, that they receive all their hostess benefits, and that they have fun!

Finding Your Business Balance

One of the first goals that Stampin' Up! set was to provide stamping enthusiasts the opportunity to build a business that worked for them and their schedules. Whether you're the type that loves to demonstrate and enjoys the immediate rewards that come with high personal sales, or you would rather encourage and recruit others to take advantage of the Stampin' Up! opportunity, or you are a natural leader who enjoys guiding and nurturing a successful downline, Stampin' Up! has an important place for you. Since its very inception, Stampin' Up! has carefully studied our most successful demonstrators. Through this study, we've discovered that the demonstrators who have the greatest long-term success are those who develop a well-rounded business founded on a stable balance of personal sales, recruiting, and leadership.

Personal Sales

Every Stampin' Up! demonstrator depends on personal sales to achieve a solid measure of success. You'll quickly discover

that success in personal sales depends entirely on your efforts. At the same time, you'll also find that personal sales offer immediate rewards—we'll talk more about this in the Career Plan chapter. Regular personal sales provide the ongoing income you want to support your stamping hobby, supplement your family's income, save for special purchases, or build a business that can blossom into a full-time opportunity.

Recruiting

Building your business can only be achieved through introducing others to the Stampin' Up! opportunity. As you build a downline—a group of demonstrators whom you recruit into the company as well as the demonstrators they in turn recruit and so on—you'll receive the benefits of helping Stampin' Up! grow. When you meet specified requirements, you'll also receive a percentage based on the personal sales of every demonstrator you recruit plus a percentage based on the sales of their recruits and on down the line through five levels. You'll learn more about this concept in the Career Plan chapter.

Leadership

Your business grows when you introduce others to the fun and excitement of demonstrating Stampin' Up! products. You'll reach the next level of success through helping your downline develop their businesses. Devote your time, energy, and experience to their success. Mentoring your recruits takes time and resources, and that's why Stampin' Up! recognizes and rewards your efforts to help your downline. As you support your downline, you'll earn a reputation as a terrific upline resource, your compensation will increase through added downline commissions, and you'll accumulate the long-term financial rewards of having a network of accomplished, successful demonstrators.

Finding Customers

With all the preparation work done—you're organized, you're beginning to employ sound business basics, and you're on your way to discovering what your business balance is—you're now ready to get to the real work of building your business: finding customers.

The truth behind finding customers is that you never know where you'll find them or who they might be. From your best friend to your next-door neighbor to the clerk at the local market, anyone could potentially be your best customer or highest-producing recruit. Keeping that thought in mind, never prejudge someone's interest in stamping or building a

business. Provide everyone a chance to take advantage of the Stampin' Up! opportunity—you may be surprised at who will be interested!

As a Stampin' Up! demonstrator, you'll have many opportunities to conduct different events where you can find new customers and recruits. The primary source of your business will be the home workshops. Home workshops are events held in the homes of hostesses whom you have recruited to hold such an event. These gatherings are the perfect places to find new customers and recruits and to reach your goals.

Even though you should spend the majority of your time booking home workshops, they aren't the only opportunity you'll have to find customers. You can also participate in the following:

- **Open Houses** An open house usually takes place in your home and serves the purpose of introducing customers to the new catalog, to new stamping ideas or techniques, or to any other theme you may select. You'll want to prepare a display of samples and products and perhaps a short product demonstration. There may be door-prize drawings and refreshments. Open houses may be by invitation only or advertised generally in your area.
- **Stamp Camps** For a stamp camp, demonstrators design a variety of stamping or scrapbooking Make & Take projects for the participants to make and take home. They may also offer instruction, refreshments, door prizes, or other attractions. Many demonstrators rent a large room or hall to accommodate a crowd and advertise widely. Guests usually preregister, paying a fee to cover the cost of supplies.
- **Opportunity Nights** An opportunity night is a meeting designed to answer questions about or promote interest in joining Stampin' Up! as a demonstrator.
- **Catalog Workshops** When a home workshop is not possible, or to supplement a home workshop's sales, you can supply a hostess with a catalog and order forms. She can then collect catalog orders from her family and friends individually. Once the orders have been collected, the hostess can then submit them to you as a workshop order or as individual orders. No demonstration need take place.

Building a Brand

What do you think of when you see the word shoe? Computer? Cola? Chances are, you thought of a specific brand of these items. As a demonstrator, that's the reaction you want people to have when they see the word stamp—they should automatically think of Stampin' Up!

Achieving that goal will come largely through your efforts. Stampin' Up! works diligently to get exposure in national publications and at paper-crafting events. However, the best way for people to learn about Stampin' Up! is through word of mouth. As you start spreading the news, more and more people will begin to recognize the Stampin' Up! brand.

You should always use only Stampin' Up! products in your demonstrations. Your workshop guests will take note of what products you use. If you use products that they can get elsewhere, they most likely will. Using Stampin' Up! products is a smart way to increase your sales. Additionally, doing so will build customer loyalty—especially when your guests see the high-quality products that they can order solely through you.

One of the most important aspects of building a brand is creating a good reputation. As a company, Stampin' Up! has striven to create a reputation of ethical and caring behavior. Honesty, commitment to quality products and service, and a willingness to work with others has characterized Stampin' Up!'s approach to business. We've worked hard to create a welcoming family atmosphere based on trust, respect, and understanding. As a demonstrator, you should do all you can to foster this reputation. Always treat those you come in contact with in an amiable, ethical manner. Adhere to the highest standards and expect the same of your downline. As you work to maintain and enhance Stampin' Up!'s reputation you'll find that the Stampin' Up! brand will become even more recognizable and synonymous with good business.

CHAPTER THREE

Placing Orders

Stampin' Up!'s products are not sold in retail stores; they are available exclusively through you, the demonstrator. The personal relationship between you and your customers is at the heart of your business. You are much more than a traveling stamp store; you offer tips, advice, and new techniques to help customers use the product they've purchased. As you begin building a business, you'll find satisfaction from working closely with your customers and helping them find worthwhile accomplishments through creativity. The first step in this process is placing an order.

Order Process

You may already be familiar with Stampin' Up!'s order process because you've been a customer or hostess before. Here's the basic process:

1. A customer turns in a Customer Order Form and payment to you.
2. You give the customer two copies of the Customer Order Form to keep as a receipt and explain her right to cancel.
3. You submit order information and payment to Stampin' Up!, less the 20% instant income which is yours to keep.

Your responsibilities are:

- Submit your customer's order within seven days.
- If your customer's product is shipped to you, deliver it to her within seven days.
- If your customer's product is shipped to a hostess, confirm that hostess delivers it to the customer within seven days.
- Maintain good relationships with customers and resolve any problems regarding product satisfaction, product delivery, etc.
- Provide a full refund to your customer if requested within three business days of when you received payment. (See Right to Cancel Policy.)

Using Forms Effectively

Whenever you accept orders from a customer, you need to use an order form. Order forms provide your customers with a receipt, a copy of the legally-required **Right to Cancel Policy**, and your contact information—just in case she has a question. They also help you and your customer calculate the order cost.

When filling out forms, always double-check all details. Even slight mailing address errors can result in shipping delays. Including the recipient's phone number will also help prevent delays. If your customer is paying for her order by credit card, make sure you have her complete her credit card information correctly, including the credit card number, her signature, and whether she gives you permission to use her card for additional purchases.

When you place an order with Stampin' Up!, your customer's information is saved in Customer Manager, which allows you to access it later to follow up on orders. Encourage your customers to fill out their order forms completely—it will save time later. Stampin' Up! does not sell or distribute any customer contact information to any other organizations.

Order Errors Affect Earnings

Orders with problems may affect your earnings; please check your orders carefully. Order errors could disqualify you from any of the following:

- Reaching a higher volume rebate
- Earning an incentive
- Earning additional downline override income

Additionally, your hostess may be disqualified from receiving her free merchandise or hostess set(s).

Always make sure that the information your customers provide is complete and accurate. Here are some of the areas that are particularly important to verify:

CUSTOMER'S ADDRESS Make sure that not only can you read and understand the address your customer gives you, but that it is accurate.

CUSTOMER'S PHONE NUMBER You should always call and make sure that your customer has received her order and is pleased with it. To do so, you'll need her phone number.

ITEM NUMBERS Make sure that the item number matches up with the item your customer wants. Never assume that one or the other is correct—if the description and the item code are different, verify with your customer which she wanted.

YOUR INFORMATION Always make sure to check your own information as well—you never know when a mistake might creep in!

TOTALS It's always a good idea to run calculations twice or more.

Order Types and Order Forms

Stampin' Up! has several order types and order forms for you to use.

Order Types

The following is a list of the order types used when placing orders with Stampin' Up!

WORKSHOP ORDER Workshop orders are the most common order types. You can use this order type when placing orders for more than one customer. For the order to qualify for hostess benefits, the total must exceed at least \$150 (for more information on hostess benefits please see Hostess Benefits Program). Workshop orders can only be shipped to one address—typically that of the hostess.

CUSTOMER ORDER A customer order is any order placed by a single customer outside a workshop setting. Most of your orders will fall under the workshop-order category; however, a customer can also place individual orders with you outside of a workshop setting. This would be considered a customer order.

DEMONSTRATOR ORDER You submit your orders for commissionable items (such as catalog items) and noncommissionable items (such as supply items) through a demonstrator order. Commissionable orders count towards your monthly sales. Demonstrator orders automatically ship to your address as listed on our records. Some promotional preorder items are only available on a demonstrator order.

Order Forms

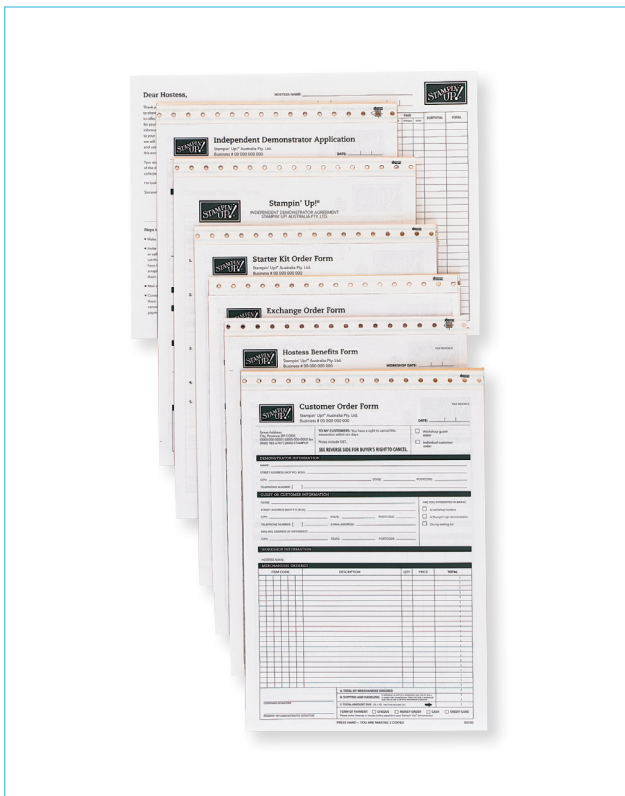
Now that you're familiar with the different types of orders, here is a list of the different order forms that you should use to place those orders.

HOSTESS BENEFITS ORDER FORM When placing a workshop order, use the Hostess Benefits Order Form to calculate the amount of hostess benefits the order qualifies to receive. For example, if five guests at a workshop and the hostess decide to order merchandise, you should take home six Customer Order Forms—one for each guest and one for the hostess—and only one Hostess Benefits Order Form.

CUSTOMER ORDER FORM When a customer places an order with you, she should use the Customer Order Form. Even though individual orders can be combined as a workshop order (so the hostess can earn the hostess benefits), each individual customer should fill out a Customer Order Form. This form is also used for individual orders placed outside of workshops.

DEMONSTRATOR ORDER FORM Place your personal orders for commissionable items (such as catalog items) and noncommissionable items (such as supply items) using the Demonstrator Order Form. The Demonstrator Order Form is available online in the Printing Place, but is not available on the Supply List.

SUMMARY FORM Some demonstrators like to use the Summary Form to summarize workshop totals and benefits for their hostesses. While this form is not required, it can be helpful. The Summary Form can be found online in the Printing Place, but is not available on the Supply List.



Getting Additional Copies

You can purchase additional copies of the order forms on a demonstrator order. You can also print them from the Demonstrator Web Site. Generally speaking, purchasing the forms is cheaper than printing out the multiple copies you will need. If you do choose to print your own copies, be sure to print enough to fulfill the Right-to-Cancel requirements. These guidelines are provided online, along with the forms, in the Printing Place.

Points to Remember

When filling out your order forms, keep these points in mind:

- Each customer who places an order should fill out a Customer Order Form and keep two copies of the completed form for her personal records. It is your responsibility to make sure that your customers receive these copies.
- Do not mail Hostess Benefits Order, Customer Order, or Demonstrator Order Forms to Stampin' Up! Keep these forms for your personal records.
- Use the Demonstrator Order Form to place orders for commissionable items (such as catalog items) or noncommissionable items (such as supply items). You can order commissionable and noncommissionable items on same order form.
- Workshop, customer, and demonstrator orders over \$150 qualify to receive hostess benefits. (Only commissionable items on a demonstrator order contribute to the necessary \$150 to receive hostess benefits.)
- Workshop, customer, and demonstrator orders qualify for commissions and incentive trip points. (Only commissionable items on a demonstrator order help contribute to qualifying for commissions and the incentive trip.)

Starter Kit Orders

We'll address the actual Starter Kit more in the next chapter, but right now we need to discuss placing your recruit's Starter Kit orders.

Because a Starter Kit order must be accompanied by a signed Independent Demonstrator Agreement, these orders must be sent by mail. Please keep mail-delivery times in mind if you need the order to arrive by a certain time. Remember that delivery times may vary, so you may prefer to use overnight or express mail services to ensure timely delivery to Stampin' Up! All mail orders received by Stampin' Up! are processed on the business day they are received. Mail orders received on weekends or holidays are processed the next business day.

Placing your recruit's starter kit order is as simple as completing three steps:

1. Read and sign the Independent Demonstrator Agreement.
2. Fill out the Starter Kit Order Form.
3. Mail both forms to:
Stampin' Up! Order Entry
P.O. Box 550
Riverton, UT 84065-0550

Placing Orders with Stampin' Up!

Stampin' Up! provides two convenient ways for you to place your orders:

Internet Orders

Order Entry Express (OEX) is the most convenient and efficient way to submit orders to Stampin' Up! To use OEX, simply follow these steps:

1. Fill out the appropriate paper order forms to organize the information you must enter into OEX.
2. Log on to the Demonstrator Web Site and access OEX.
3. Follow the online step-by-step guide as you place your order.

It's that simple. But there are more benefits to using OEX than its ease-of-use. In addition to offering fast and timely order entry, OEX calculates your order, ensuring that any mistakes are discovered before the order is placed. For complete instructions on how to use OEX, visit **Ordering** on the Demonstrator Web Site.

Keep the following in mind when you place an order through OEX:

- You can place orders 24 hours a day, 7 days a week with OEX. However, for orders to qualify for any particular month, they must be completed by 11:50 PM* on the last day of the month.
- For orders to qualify for any incentive program, the order must be completed by 11:50 PM of the last day of the incentive period.

OEX is the most convenient and efficient way to submit orders to Stampin' Up!

In the event of an outage or any unforeseen problem with the web site, please contact Demonstrator Support for assistance and updates. Stampin' Up!'s technology team works diligently to maintain the systems that support you and OEX. If any problems arise, every effort is made to restore the system as quickly as possible. Stampin' Up! reserves the right to maintain, hold, adjust, or modify cutoffs or deadlines in the event of an outage and will not be liable for any delay in the ability to access the web site or OEX caused in whole or in part by circumstances beyond Stampin' Up!'s control.

Phone Orders

If you choose not to place orders using OEX, you may call Stampin' Up! to place an order. Before you call to place an order, please have all the necessary forms completed, including the order totals. Phone orders may be paid with a credit card, a debit card, or direct debit. When you place an order by phone, it is your responsibility to listen to the order entry personnel repeat the item descriptions, prices, and totals to confirm their accuracy. This will help prevent order errors.

Mail Orders

Stampin' Up! does not accept mail orders—with the exception of starter kits and tax-exempt orders.

*All times given in the *Demonstrator Manual* refer to Mountain Time (MT).

Paying for Your Orders

Once you have your order total, you'll need to remit payment. Remember, your customers are paying you for the orders they place. In turn, you pay Stampin' Up! when you place your customers' orders. Protect yourself! Always make sure that you have gathered payment before placing an order. Please note that Stampin' Up! does not accept purchase orders.

Stampin' Up! accepts the following forms of payment.

Electronic Checks

Setting up electronic checking in your Demonstrator Payment Profile enables you to pay with an electronic check drawing on your checking or savings accounts. Information is entered once and is securely stored—you won't need to re-enter the numbers with future orders. (See Demonstrator Payment Profile Policy for more details.)

The Advantages of Electronic Checks

Electronic checks work exactly like paper checks—and have important advantages over credit cards and debit cards.

- There are no restrictions. Because electronic checks draw on checking or savings accounts, there are no daily limits or withdrawal restrictions.
- You retain complete control over which account is used, switching between your checking or savings accounts.

Credit and Debit Cards

Stampin' Up! accepts MasterCard®, Visa®, and Discover®. You may use credit or debit cards for which you are an authorized signer or for your customers from whom you've received permission to use their credit or debit card. Please refer to the Credit Card/Debit Card Policy for more details.

Please note that orders are not considered submitted and closed until the credit or debit card charge is approved. This includes orders placed by phone.

Sales Tax

As an independent business owner, you'll need an understanding of sales and use taxes. Unless your customer qualifies for tax-exempt status, you must collect tax in those areas that have imposed a sales or use tax. (See Tax-Exempt Orders for more information on tax-exempt status.)

Stampin' Up! remits on your behalf the state and local sales tax you collect. Exceptions include some US territories. Therefore, unless it is required by the state in which you live, you do not need a sales tax license. For more information on sales tax rates, use Tax Rate Lookup on the Demonstrator Web Site.

As an independent business owner, you may want to consult a tax professional who can advise you on tax issues.

Charge the Correct Percentage

Stampin' Up! uses a sophisticated tax-rate database to identify tax rates. Since tax rates are based on the order's shipping address, when you place your order we may need to know

- if the order is being shipped to a destination inside or outside the city limits
- if the order is being shipped to a destination inside any special tax districts, such as a public transportation district
- what county the order is being shipped to.

Sometimes this information won't affect the tax rate but will tell us to which taxing jurisdiction we must remit the taxes that you have collected. Once this information is collected for a particular hostess or customer, it will be entered in our computer system; we won't ask for it again unless your customer's address changes.

If you know your county and whether you are inside or outside city limits, you may contact Demonstrator Support for up-to-date tax rates in your area or to ask any questions you may have about calculating sales tax. However, Demonstrator Support cannot give any tax advice.

Below are some examples to help you better understand this process.

Example 1

Suzy Stamper is submitting a workshop order. She enters the hostess's Zip Code in the Tax Rate Lookup feature on the Demonstrator Web Site and learns that the tax rate is 6.6% and the state charges tax on net sales.

Here is how Suzy calculates her sales tax:

| MERCHANDISE ORDERED | | | | | | | | |
|--|-------------------------------------|--|--|--|--|-----|--|-------|
| ITEM CODE | DESCRIPTION | | | | | QTY | PRICE | TOTAL |
| 1 0 5 5 6 2 | Bold Brights Classic Stampin' Pads | | | | | 1 | 51.95 | 51.95 |
| 1 0 0 6 6 1 | Really Rust 8-1/2" x 11" card stock | | | | | 2 | 5.50 | 11.00 |
| 1 0 9 2 2 7 | Three for You Punch Box | | | | | 1 | 45.95 | 45.95 |
| 1 0 5 7 6 3 | Letterpress Alphabet | | | | | 1 | 41.95 | 41.95 |
| SALES TAX TABLE | | | | | | | A. TOTAL OF MERCHANDISE ORDERED | |
| COMPLETE LINES A, B, AND C, THEN CALCULATE TAX BASED ON YOUR STATE AND WRITE AMOUNT ON LINE D. | | | | | | | B. SHIPPING AND HANDLING | |
| GROSS STATES: ___% OF LINE A = \$___ | | | | | | | If ordering as part of a workshop, add 10% of Line A. If submitting an individual order outside a workshop, add 10% of Line A or \$3.95, whichever is greater. | |
| GROSS + SHIPPING STATES: ___% OF LINE C = \$___ | | | | | | | C. SUBTOTAL (A + B) | |
| | | | | | | | D. SALES TAX (_____% OF LINE A OR C, DEPENDING UPON THE STATE) | |
| | | | | | | | E. TOTAL AMOUNT DUE (C + D) ➔ | |
| | | | | | | | FORM OF PAYMENT: <input type="checkbox"/> CHECK <input type="checkbox"/> MONEY ORDER <input type="checkbox"/> CREDIT CARD <input type="checkbox"/> CASH | |
| | | | | | | | Please make checks or money orders payable to your Stampin' Up!® demonstrator. | |

Example 2

Sally Scrapbooker is submitting a workshop order. She enters the hostess's Zip Code in the Tax Rate Lookup feature on the Demonstrator Web Site and learns that the tax rate is 6.6% and state charges tax on gross sales and shipping and handling.

Here is how Sally calculates her sales tax:

| MERCHANDISE ORDERED | | | | | | | | |
|--|-------------------------------------|--|--|--|--|-----|--|-------|
| ITEM CODE | DESCRIPTION | | | | | QTY | PRICE | TOTAL |
| 1 0 5 5 6 2 | Bold Brights Classic Stampin' Pads | | | | | 1 | 51.95 | 51.95 |
| 1 0 0 6 6 1 | Really Rust 8-1/2" x 11" card stock | | | | | 2 | 5.50 | 11.00 |
| 1 0 9 2 2 7 | Three for You Punch Box | | | | | 1 | 45.95 | 45.95 |
| 1 0 5 7 6 3 | Letterpress Alphabet | | | | | 1 | 41.95 | 41.95 |
| SALES TAX TABLE | | | | | | | A. TOTAL OF MERCHANDISE ORDERED | |
| COMPLETE LINES A, B, AND C, THEN CALCULATE TAX BASED ON YOUR STATE AND WRITE AMOUNT ON LINE D. | | | | | | | B. SHIPPING AND HANDLING | |
| GROSS STATES: ___% OF LINE A = \$___ | | | | | | | If ordering as part of a workshop, add 10% of Line A. If submitting an individual order outside a workshop, add 10% of Line A or \$3.95, whichever is greater. | |
| GROSS + SHIPPING STATES: ___% OF LINE C = \$___ | | | | | | | C. SUBTOTAL (A + B) | |
| | | | | | | | D. SALES TAX (_____% OF LINE A OR C, DEPENDING UPON THE STATE) | |
| | | | | | | | E. TOTAL AMOUNT DUE (C + D) ➔ | |
| | | | | | | | FORM OF PAYMENT: <input type="checkbox"/> CHECK <input type="checkbox"/> MONEY ORDER <input type="checkbox"/> CREDIT CARD <input type="checkbox"/> CASH | |
| | | | | | | | Please make checks or money orders payable to your Stampin' Up!® demonstrator. | |

Example 3

Carly Crafter is submitting a demonstrator order. She enters her Zip Code in the Tax Rate Lookup feature on the Demonstrator Web Site and learns that her tax rate is 7.6% and the state charges tax on gross sales and shipping and handling.

Here is how Carly calculates her sales tax:

| ITEMS ORDERED | | | | | | | | |
|--|-----------|-------------------------------------|--|--|--|---|-------|-----------|
| ITEM CODE | | DESCRIPTION | | | | QTY | PRICE | TOTAL |
| 1 | 0 5 5 6 2 | Bold Brights Classic Stampin' Pads | | | | 1 | 57.95 | 57.95 |
| 1 | 0 0 6 6 1 | Really Rust 8-1/2" x 11" card stock | | | | 2 | 5.50 | 11.00 |
| 1 | 0 9 2 2 7 | Three for You Punch Box | | | | 1 | 45.95 | 45.95 |
| 1 | 0 5 7 6 3 | Letterpress Alphabet | | | | 1 | 41.95 | 41.95 |
| SALES TAX TABLE COMPLETE LINES A,B,C AND F, THEN CALCULATE TAX BASED ON YOUR STATE AND WRITE AMOUNT ON LINE D. GROSS STATES: ___% OF LINE A=\$___ GROSS + SHIPPING STATES: ___% OF LINE C = \$___ NET STATES: ___% OF (LINE A - LINE F) = \$___ NET + SHIPPING STATES: ___% OF (LINE C - LINE F) = \$___ | | | | | | A. TOTAL OF MERCHANDISE ORDERED | | 156.85 |
| | | | | | | B. SHIPPING AND HANDLING (10% OF LINE A, MINIMUM OF \$3.95) | | 15.69 |
| | | | | | | C. SUBTOTAL (A + B) | | 172.54 |
| | | | | | | D. SALES TAX (COMPLETE SALES TAX TABLE AT LEFT) | | 13.11 |
| | | | | | | E. TOTAL (C + D) | | 185.65 |
| | | | | | | F. LESS YOUR 20% DISCOUNT (20% OF LINE A--ONLY CATALOG MERCHANDISE ORDERS, NOT SUPPLY ORDERS.) | | (31.37) |
| | | | | | | G. TOTAL ORDER AMOUNT PAYABLE TO STAMPIN' UP!® (E - F) ➔ | | 154.28 |
| Demonstrator orders can only be shipped to the demonstrator's name and address as they appear in Stampin' Up!'s records. Any changes in a demonstrator's name, address, or telephone number must be communicated to Stampin' Up! prior to ordering to prevent shipping problems. | | | | | | | | |

Tax-Exempt Orders

Some organizations, such as churches, schools, and government entities, are exempt from paying sales tax. As a demonstrator, it is your responsibility to obtain a tax-exempt certificate from a customer claiming to be exempt from paying sales tax. This certificate must be included with the order when you mail it to Stampin' Up! for processing, and you must indicate which items in the order are being purchased tax free. Sales tax exemption certificate requirements vary from state to state.

If your state's certificate requires a seller's name and address, you must include your name and address. After your name you must include the phrase, "a Stampin' Up! demonstrator."

Your tax-exempt certificate will be reviewed for completeness and authenticity by the Stampin' Up! accounting department. If the certificate is found to be acceptable, the order will be processed. If the certificate is not found to be acceptable, Demonstrator Support will contact you by phone to correct the problem. Once the problem is corrected, the order will be processed.

If an order consists completely of tax-exempt merchandise, we are required to ship it to the tax-exempt organization. If only a portion of the order is tax exempt, it can be shipped to any address.

Tax-exempt orders may require up to two additional business days to process due to their special nature. If there are any errors on the order form, it will take additional time to process.

Resale licenses, permits, and certificates are not acceptable as tax-exempt certificates. A sales tax permit is a permit allowing one to collect sales tax and is generally not a license to make tax-free purchases. Since your customers cannot resell any Stampin' Up! product, they cannot claim tax-exempt status on that basis.

Order Shipping Practices

Stampin' Up! ships through the best carrier available at the time. Product is usually shipped to deliver within seven full business days from the date the order is closed. Shipping times may vary; provide your customers with a realistic delivery estimate based on your personal experience and current situations and remind them that workshop orders will be shipped to the workshop hostess.

Backorders

While Stampin' Up! strives to maintain the inventory you need, from time to time Stampin' Up!'s suppliers may be unable to meet the demand and some catalog merchandise will be placed temporarily on backordered status. If an item you have requested is backordered, a 'B' will be listed next to the item number on the packing slip.

The rest of your order will be shipped without the backordered item. As soon as the backordered item becomes available, Stampin' Up! will ship it immediately. You do not need to reorder backordered items. If the merchandise is not shipped to you or the customer within 21 days from the date the order is received by Stampin' Up!, you may call Demonstrator Support and cancel the order for a full refund or exchange it for another item.

Check Your Order Status

Not only does OEX streamline the order process, it also makes checking on your order simple and quick. To check on the status of your order, simply log on to the Demonstrator Web Site and go to Order Entry Express. Click on the Check Order Status option, find your order number, and click on it.

Expedited Shipping

Demonstrators have the option of selecting expedited shipping and handling on workshop, demonstrator, and customer orders at an additional cost. Expedited orders placed in OEX before 11:00 AM* will ship out the same day. (Please note that expedited orders placed on Stampin' Up! holidays and weekends will ship the next business day.)

Stampin' Up! cannot guarantee delivery by UPS on weekends; please check with your local UPS distributor for local delivery. Stampin' Up! cannot refund expedited shipping costs if an order is shipped earlier than expected.

The cost for expedited shipping and handling is in addition to the regular shipping charge. You may select one of two expedited-shipping options: *Next-Day Air* and *Second-Day Air*.

Next-Day Air: There will be an additional charge of \$35 for each \$500 or fraction thereof. For orders up to \$500, you would pay the regular shipping charge plus an expedited shipping charge of \$35. For orders from \$500.01 to \$1,000, you would pay the regular shipping charge plus an expedited shipping charge of \$70, and so on.

Second-Day Air: There will be an additional charge of \$20 for each \$500 or fraction thereof, as explained above.

The \$500 threshold excludes shipping and handling and sales/use taxes. All prices given here are subject to change; any changes will be announced on the Demonstrator Web Site under Current Updates and in *Stampin' Success*.

You may request and pay for expedited shipping for entire orders, but not for partial orders. That is, either the entire order is expedited, or the entire order is shipped normally. This option must be chosen and paid for when the order is placed and cannot be changed. This service is available year-round without exception.

Backordered items will be shipped using the same shipping method in which the original order was made. No refunds will be issued for expedited shipping if an item on the order was backordered.

Order Corrections

While we always strive for accuracy in our orders, mistakes do happen. Stampin' Up! is prepared to help you correct problems with orders that you or your customer receive. To facilitate an order correction, please contact Demonstrator Support. Because Stampin' Up!'s business relationship is only with you, the demonstrator, and not with your customers or hostesses, *Demonstrator Support can only speak with you, not your customer or hostess* when correcting an order. Customers and hostesses will be unable to answer the questions normally associated with an order correction.

When you or your hostess receive an order, carefully inspect each item to ensure that nothing is missing or damaged. Should a problem arise, your hostess should contact you.

DAMAGED ITEMS If the product is damaged, please let Demonstrator Support know. The shipping company may request to inspect the packaging; Demonstrator Support may need to inspect the damaged item. Demonstrator Support will work with you to facilitate these inspections.

DEFECTIVE ITEMS If an item is defective, please contact Demonstrator Support immediately. We strive to provide the best, defect-free product possible. Despite these efforts you may encounter a product that fails to meet your or your customers' expectations. In some cases, a Stampin' Up! representative may need to inspect the item to better understand the type of defect.

*All times given in the *Demonstrator Manual* refer to Mountain Time (MT).

Demonstrator Support will work with you to get the product returned for inspection.

WRONG, MISSING, OR EXTRA ITEMS We understand how disappointing it is to receive the wrong item in your order. Assembling orders correctly the first time is our goal. If you find an item in your order that you did not request, or if an item that you ordered is missing, please contact Demonstrator Support promptly. Before calling Demonstrator Support, please check the following:

- Is the extra wrong item listed on the packing slip?
- Does the packing slip show the missing item on backorder (a “B” will be listed next to the product on the packing slip)?
- Is the missing item hidden in the packing materials?
- Is it possible that the hostess accidentally delivered the missing item to the wrong person?

Merchandise Return Form

The Merchandise Return Form should be used to return damaged or defective items or items received in error. If you discover a problem with an item or order, call Demonstrator Support. You will be given a Return Merchandise Authorization (RMA) number to list on the return postage label and on the Merchandise Return Form. The Merchandise Return Form can be printed from the Printing Place online.

Exchanges

Stampin’ Up! wants you and your customers to be happy with all purchases. Although we do not offer refunds, we can assist you with exchanges and returns.

Exchange Order Form

The Exchange Order Form can be used to exchange new, current-catalog merchandise. The item must be undamaged, in original shipping condition, and be received at the Stampin’ Up! offices within 90 days of the original shipping date. Send the exchange to Stampin’ Up! at the address specified on the form.

Ensure that the Exchange Order Form is completely filled out, particularly the original order number or the original packing slip number, as requested at the top of the form. All exchanges not accompanied by this completed form will be returned. Please contact Demonstrator Support in the event that you no longer have the original order number or packing slip number.

If you exchange an item for another item that costs more, you must remit the difference—including shipping and handling—before Stampin’ Up! will process the exchange.

Stampin’ Up! will not refund the difference for exchanges of items that cost less. Items ordered from the Supply List may not be exchanged.

4

CHAPTER FOUR

Career Plan

Right now you're standing at a crossroad. You are at the starting point—a place where you can choose which path you want to follow.

Lewis Carroll's Alice once found herself in a similar situation when she stepped through the looking glass. Finding herself lost in Wonderland, Alice saw the Cheshire Cat sitting on the bough of a tree. Her question to the cat prompted a very interesting and straightforward reply:

“Would you tell me, please, which way I ought to go from here?”

“That depends a good deal on where you want to get to”, said the Cat.

As you learn more about the Stampin' Up! Career Plan you'll want to carefully consider the Cheshire Cat's response. Where do you want to get to? For many demonstrators the Stampin' Up! opportunity is a chance to fund a worthwhile hobby and a collection of exclusive stamps and other great accessories. Other demonstrators may see the Stampin' Up! opportunity as a chance to build a successful home-based business that can provide additional income or a full-time career. Both paths—much like Alice's adventures—offer experiences that can be special and rewarding. Whichever you choose, Stampin' Up! will offer you the same great service and help; we want all of our demonstrators to succeed regardless of what their goals may be. That's exactly why the Stampin' Up! Career Plan was designed to meet the needs of all demonstrators—from the hobbyist to the business builder.

The Stampin' Up! Career Plan

The Stampin' Up! Career Plan can be easily compared to a path that you can follow. As you progress along this path you'll reach certain landmarks which we call “titles”. Once you find a title that appeals to you—a point in your Stampin' Up! career where you are comfortable with the size of your downline and the attendant responsibilities—you can shift your focus from building your business to maintaining it.

So as you look at the Career Plan wondering where you ought to go, remember: it “depends a good deal on where you want to get to”.

The Career Plan Titles

There are 12 Career Plan titles:

- Associate
- Senior associate
- Supervisor
- Senior supervisor
- Manager
- Senior manager
- Executive
- Senior executive
- Director
- Senior director
- Advisor
- Senior advisor

These titles build on each other and are determined by your activity in three areas:

1. Personal commissionable sales over a rolling 12-month period
2. Number of demonstrators in your first level
3. Leadership in your first five levels

Rolling 12-Month Personal Commissionable Sales

Rolling 12-month personal sales include sales from workshop, customer and demonstrator orders (commissionable items only) from the current month and the previous eleven months. In other words, if the current month is April, the rolling 12-month period would be May of last year through April of this year.

What’s all this about “levels”?

As we talk about the Career Plan you’ll come across certain concepts that have a great deal to do with the Stampin’ Up! approach to business. One of the first of these concepts deals with the idea of multi-level commissions.

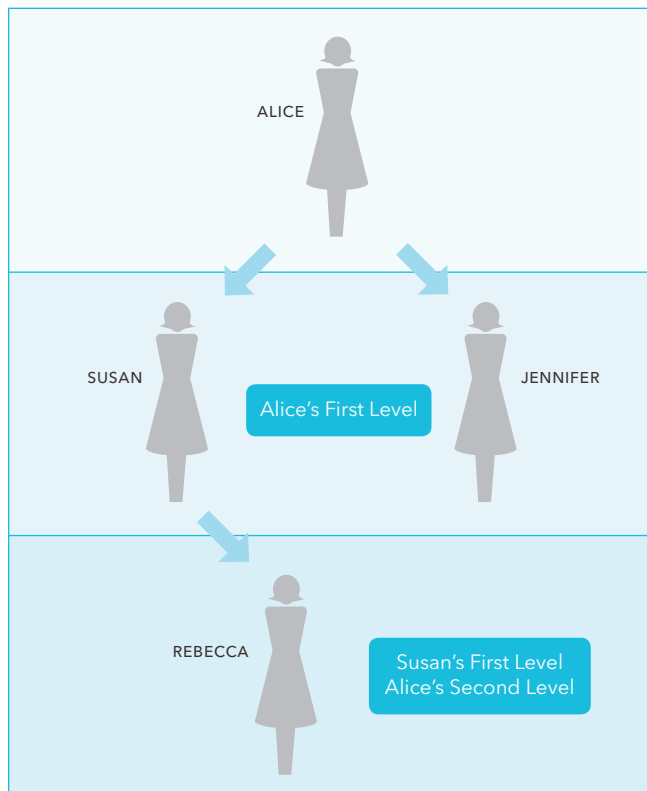


FIGURE 4-1: DOWNLINE LEVELS

Consider the following example [Figure 4-1]:

Alice has just finished giving her first home workshop. Everything went well and Alice was able to meet her sales goal for the workshop. Additionally, Alice met Susan who expressed interest in becoming a demonstrator.

Following a discussion of the Stampin’ Up! opportunity with Alice, Susan decided to sign up. After filling out her application and Independent Demonstrator Agreement, Susan becomes a part of Alice’s downline in the first level.

Susan then meets Rebecca who decides to become a demonstrator as well. Rebecca becomes a part of Susan’s first level. She also becomes a part of Alice’s downline (Alice would be considered Rebecca’s upline as her second level.)

This pattern can continue through infinity with each person becoming part of someone’s downline consecutively (for Stampin’ Up!’s purposes we’ll only be concerned with the first five levels). But what happens if Alice signs up another recruit? Since the new demonstrator—we’ll call her Jennifer—was recruited by Alice, she’ll become a part of Alice’s first level.

The idea of levels will be very important when we begin discussing compensation later in this chapter. For now, we just need to understand that each person you sign up becomes a part of your first-level downline; each person they sign up becomes a part of your second level, their recruits become a part of your third level, and so on through five levels.

| ASSOCIATE TITLE REQUIREMENTS | | | |
|------------------------------|---|--|-----------------------------|
| Title | Minimum Rolling 12-Month Personal Sales | Minimum First-Level Active Demonstrators | Minimum Downline Leadership |
| Associate | \$0 | 0 | 0 |

TABLE 4-1

Minimum Downline Leadership

Leadership refers to the number of demonstrators in your first, through fifth levels and the titles they must have for you to promote to the next title.

| TITLES TABLE | | | |
|---|--|--|-----------------------------|
| Title | 12-Month Rolling Personal Commissionable Sales | Minimum First-Level Active Demonstrators | Minimum Downline Leadership |
| Associate | \$0 | 0 | |
| Senior associate | \$1,000 | 0 | |
| Supervisor | \$3,600 | 1 | 1 associate* |
| Senior supervisor | \$4,800 | 3 | 1 senior associate* |
| Manager | \$7,200 | 6 | 1 supervisor* |
| Senior manager | \$10,800 | 10 | 2 senior supervisors** |
| Executive | \$14,400 | 14 | 2 managers** |
| Senior executive | \$18,000 | 18 | 2 senior managers** |
| Director | \$21,600 | 22 | 2 executives** |
| Senior director | \$21,600 | 26 | 2 senior executives** |
| Advisor | \$21,600 | 30 | 2 directors** |
| Senior advisor | \$21,600 | 34 | 2 senior directors** |
| * Or above; must be in first level or a downline promotion for which you are the next active upline | | | |
| ** Or above; one must be in first level or a down line promotion for which you are the next active upline; additional one can be in the first through fifth levels. | | | |

TABLE 4-2

Titles

When you sign up as a demonstrator, you receive the title of associate. The requirements to earn the title of associate are represented in Table 4-1.

Because associate is entry-level, there are really no requirements to achieve the title. Title promotions are calculated at the end of each month and those who are promoted are notified. Promotions count in the month they are achieved. In order to progress through the titles there are certain requirements that must be met. Those requirements can be found in Table 4-2. Demonstrators on special military override only status are not eligible for promotion. (See Status Policy for more information.)

Since we last visited Alice, she's been very busy building her Stampin' Up! business. Her rolling 12-month personal commissionable sales are at \$5,000 and she has seven demonstrators in her first level (Susan, Jennifer, Ashley, Amy, Kristina, Rachel, and Mary). Susan and Mary—part of Alice's first level—have also worked hard and have reached the title of supervisor. So far, Alice has passed off the following requirements for title promotion to senior supervisor:

1. She has \$5,000 in rolling 12-month personal commissionable sales (she needs only \$4,800).
2. She has seven people in her first level (she only needs three).
3. She has four associates and two supervisors in her first level (she needs one senior associate or above).

These achievements qualify Alice to receive the title of senior supervisor. While she has enough demonstrators and leadership in her first level to qualify as a manager, her sales have not quite reached that point (she needs \$7,200). If she adds a few more workshops to what she is already doing, she could easily reach that title in the next quarter!

What Are "Personal Commissionable Sales"?

The amount you can earn a commission on—or commissionable sales—is the total of your order before shipping and handling and taxes.

Next Active Upline

Throughout various Career Plan programs of compensation, incentives, and awards, you'll see references to the "next active upline." This means that a demonstrator's promotion will count for her next active upline's requirements. For example, if you have a demonstrator in your second level, and her direct upline (your first level) has dropped, you are her next active upline. If she promotes, her promotion counts for you in your title requirements (or other program requirements) as if she was your first level.

Keep in mind that, though a demonstrator for whom you are the next active upline will count in your downline leadership and promotion requirements for various programs, she does not actually move to your first level. She does not count in your first-level demonstrator count, and you will receive overrides on her sales based on her actual level, not as if she's your first level. The purpose of this change is that, as time goes on, you may see more holes in your downline organization as people come and go. As an upline, it will still be rewarding to you to reach out and mentor and train members of your downline who may have lost their direct upline.

Title Performance

Once you have earned a specific title, you will always have it as long as you remain an active demonstrator.

Being able to earn or be eligible for the benefits associated with your title, however, still depends on your performance. Meeting your title performance requirements means meeting two of the same factors used to earn it: rolling 12-month personal commissionable sales and first level active demonstrators. By meeting the required levels, you can continue to earn any benefits associated with your title.

For example, Managers' Reception is an exciting feature of one of our annual events (usually our annual leadership conference) for those at the title of manager or above. However, you must not only hold the title of manager or above, but you must be performing at the title of manager or above to be eligible to attend. Typically, the cut-off for meeting your title performance requirements will be the end of the month before registration for the event occurs.

Titles Talk

Promotion refers to a demonstrator earning a higher title.

Downline promotion refers to a promotion earned by a member of your downline.

Personal promotion refers to a promotion you earn.

What Is "Direct Sales"?

Direct sales is unlike any other sales model. While most sales models rely on the customer coming to a seller in order to provide a service or product, direct sales takes the product and service to the customer.

There are two ways that you can be successful with Stampin' Up! through direct sales. The first is selling to individual customers. As you continue demonstrating you'll build a network of loyal customers who come to you for all their stamping needs. While not the most effective nor the more favored approach to Stampin' Up! sales, selling to individual customers can play a part in your business.

The second method is through workshops. Over the years Stampin' Up! demonstrators have discovered that the interest, excitement, and enthusiasm generated during a workshop translates into increased sales. For this reason Stampin' Up! recommends that home workshops be your focus. You'll find that home workshops will quickly become not only a favorite activity, but also your favored means of selling.

Adding in those additional workshops paid off for Alice; she increased her rolling 12-month personal commissionable sales to over \$7,500, and she was promoted to manager, but Amy dropped out of her downline.

Now the question is whether Alice has done enough to meet the requirements for the title she worked so hard to earn, and can be eligible to attend Managers' Reception at leadership!

Here is what Alice has accomplished so far:

- 1. Her rolling 12-month personal commissionable sales are \$7,500.*
- 2. She has six demonstrators in her first level.*
- 3. She has four associates and two supervisors in her first level. According to the Titles Chart, Alice has passed the two performance requirements for manager with flying colors!*

Title Benefits

As you progress through the titles, you'll receive special benefits and rewards. These benefits and rewards are meant to recognize your hard work and give you an incentive to continue progressing. On the following page, you'll find a list of the benefits and rewards you'll receive as you are promoted. In the case of recurring benefits, such as free event registrations, you must be meeting your title performance requirements in order to receive them.

Quarterly Sales Minimum

Another aspect of maintenance is the quarterly sales minimum. While the quarterly sales minimum is not technically a part of title performance, it is a part of maintaining your status as a demonstrator. You can find information regarding the quarterly sales minimum in Minimum Sales Requirement Policy. Remember that you are required to submit a minimum of \$300 of commissionable sales every quarter.

Compensation

The Career Plan rewards you for your activity and the activity of your downline. Let's discuss instant and deferred income.

Instant Income

Just as the name suggests, instant income can happen instantly. With any order that you place—whether from a workshop or an individual customer—where the customers pay with cash or a check, you only send 80 percent of the money you collect (before shipping and handling) to Stampin' Up! What about the other 20 percent? The remaining amount is your instant income. If a customer pays with a credit card, and you process it through Stampin' Up!, you submit the entire amount of the order (even if some customers on the order pay with cash or check), and Stampin' Up! will remit your 20 percent instant income back into your bank account. We call this income that is remitted to you deferred income because it is not paid to you instantly. See the following section, Deferred Income, for more information. For more information on how credit cards work, see the Credit Card/Debit Card Policy.

ONE-TIME TITLE BENEFITS—EARNED AT TIME OF PROMOTION

| Title Benefit | Associate | Senior associate | Supervisor | Senior supervisor | Manager | Senior manager | Executive | Senior executive | Director | Senior director | Advisor | Senior advisor |
|--|-----------|------------------|------------|-------------------|---------|----------------|-----------|------------------|----------|-----------------|---------|----------------|
| Welcomed by Demonstrator Support | X | | | | | | | | | | | |
| Announced on Demonstrator Website | | X | X | X | X | X | X | X | X | X | X | X |
| Receive promotion certificate and pin ¹ | | X | X | X | X | X | X | X | X | X | X | X |
| Promotion announced in <i>Stampin' Success</i> | | | X | X | X | X | X | X | X | X | X | X |
| Cash bonus (one time) ² | | | | | | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 |
| All-expenses paid vacation (one time) ⁴ | | | | | | | | | | | | X |

ONGOING TITLE BENEFITS—MUST MEET TITLE REQUIREMENTS

| Title Benefit | Associate | Senior associate | Supervisor | Senior supervisor | Manager | Senior manager | Executive | Senior executive | Director | Senior director | Advisor | Senior advisor |
|---|-----------|------------------|------------------|-------------------|---------------|----------------|--------------------|--------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Preselected catalog product bundle with every new mini and annual catalog | | | 20% off Bundle 1 | 40% off Bundle 1 | FREE Bundle 1 | FREE Bundle 1 | FREE Bundles 1 & 2 | FREE Bundles 1 & 2 | FREE Bundles 1, 2 & 3 | FREE Bundles 1, 2 & 3 | FREE Bundles 1, 2 & 3 | FREE Bundles 1, 2 & 3 |
| Eligible to attend leadership conference ³ | | | | X | X | X | X | X | X | X | X | X |
| Invited to Managers' Reception | | | | | X | X | X | X | X | X | X | X |
| Free annual event registration ³ | | | | | 1 | 1 | 2 | 2 | 3 | 3 | 3 | 3 |
| Eligible to participate in Business Development Program | | | | | | X | X | X | X | X | X | X |
| Executive Demonstrator Support Service | | | | | | | X | X | X | X | X | X |
| Eligible to participate in Leadership Program | | | | | | | | X | X | X | X | X |
| Free trip to Stampin' Up! event ⁴ | | | | | | | | | | | 1 | 2 |

1. Custom-designed Stampin' Up! logo pin. With each new promotion, you will receive a new Stampin' Up! logo pin.

2. Cash bonus will be included in the commission you receive the month after the promotion is earned.

3. Registration only; multiple registrations must be to unique events during the Stampin' Up! year; free registrations are nontransferable. Cash payments are not made in lieu of event attendance fees.

4. Free trips are nontransferable. Free trip includes airfare and accommodations. Cash payments are not made in lieu of event attendance fees. Demonstrators on military status must pay the airfare from their bases to a major US airport. Stampin' Up! will pay the airfare from that airport to the destination city.

TABLE 4-3

Deferred Income

Any income that you earn on credit card, Online Ordering, and Online Store (from your DBWS) orders is deferred income because the percentage of the order total you make as income (whether it's 10 or 20 percent) is not paid to you instantly. Stampin' Up! remits the income from the order directly into your bank account. For more information on when deferred income is paid to you, see Getting Paid later in this chapter and the Credit Card/Debit Card Policy in chapter 6.

| PERSONAL EARNINGS TABLE | | | | |
|-------------------------|------------|-------------------|-------------------------|---------------|
| Monthly Personal Sales | | Personal Earnings | | |
| From | To | Total Earnings | Instant/Deferred Income | Volume Rebate |
| \$0 | \$399.99 | 20% | 20% | 0% |
| \$400 | \$699.99 | 25% | 20% | 5% |
| \$700 | \$999.99 | 27% | 20% | 7% |
| \$1,000 | \$1,499.99 | 30% | 20% | 10% |
| \$1,500 | \$2,499.99 | 34% | 20% | 14% |
| \$2,500 | \$3,499.99 | 36% | 20% | 16% |
| \$3,500 | \$4,999.99 | 38% | 20% | 18% |
| \$5,000+ | | 40% | 20% | 20% |

TABLE 4-4

A

B

Getting back to Alice, we see that she has wrapped up another workshop. Her hostess just delivered the totals and money, and now she's ready to place an order with Stampin' Up!

The workshop total before shipping and handling came to \$600.00. To figure out how much her instant/deferred income will be, Alice follows this equation:

$$\begin{array}{rcccccc}
 \$600.00 & & \times & & 20\% & = & & & \$120.00 \\
 & & & & & & & & \text{(instant/deferred} \\
 & & & & & & & & \text{income)}
 \end{array}$$

So, from her workshop sales of \$600.00, Alice earns \$120.00 in instant/deferred income. Alice gets to keep this amount. The remaining \$480, plus taxes and shipping and handling, she sends to Stampin' Up! to pay for her order.

Section A in Table 4-4 shows how instant/deferred income factors into Stampin' Up! Career Plan compensation.

What about Demonstrator Orders?

When it comes to demonstrator orders, your Instant/Deferred Income becomes your demonstrator discount. It functions exactly the same: you only send 80 percent in to Stampin' Up! and keep the remaining 20 percent as your discount.

Volume Rebate

As a demonstrator, you automatically receive 20 percent of your order in instant/deferred income. You can also receive an additional percentage of your monthly commissionable sales total through volume rebate. That percentage is determined according to how much you sell in that month. Remember, your monthly sales only include commissionable sales. Monthly sales do not include noncommissionable items, shipping and handling, or taxes.

Table 4-4 (B) shows the volume rebate percentages.

Alice's workshops have gone well this month and she's placed a total of \$1,500 in commissionable sales. She's already taken out her instant/deferred income (\$300). When her commissions are calculated she'll receive an additional 14 percent of her monthly commissionable sales total (\$210). So far, her earnings for the month are the following:

1. Instant/Deferred Income: \$300.00
 2. Volume Rebate: \$210.00
- Total: \$510.00

Downline Overrides

Remember our discussion about levels? This is where that concept plays an exciting part in the Stampin' Up! Career Plan compensation.

Not only can you receive a percentage of the commissionable sales from your first level demonstrators, but, depending on your title, you can receive a portion of your other levels up to the fifth level!

Table 4-5 shows percentages you can receive from the five levels of your downline.

Now let's look at the downline override commission Alice will receive from her downline's commissionable sales.

Alice has a total of \$1,500 in commissionable sales this month, and has six active demonstrators in her first level. Alice met the requirements to be paid downline overrides at a manager level this month:

1. She is a manager.
2. She had \$1,500 in commissionable sales (she only needs \$600.)
3. She has six demonstrators in her first level.

| DOWNLINE OVERRIDE TABLE | | | | | | | |
|-------------------------|---|----------------------------------|--------------------|---------|---------|---------|---------|
| Title | Monthly Personal Commissionable Sales Requirement | First-Level Active Demonstrators | Downline Overrides | | | | |
| | | | Level 1 | Level 2 | Level 3 | Level 4 | Level 5 |
| Associate | \$300 | 1 | 2.0% | | | | |
| Senior associate | \$300 | 1 | 2.0% | | | | |
| Supervisor | \$300 | 1 | 3.5% | | | | |
| Senior supervisor | \$400 | 3 | 4.0% | 2.0% | | | |
| Manager | \$600 | 6 | 4.5% | 2.5% | 2.0% | | |
| Senior manager | \$900 | 10 | 5.0% | 3.0% | 2.0% | 0.5% | |
| Executive | \$1,200 | 14 | 5.5% | 3.5% | 2.0% | 1.0% | 0.5% |
| Senior executive | \$1,500 | 18 | 6.0% | 4.0% | 2.0% | 1.0% | 1.0% |
| Director | \$1,800 | 22 | 6.5% | 4.5% | 2.5% | 1.0% | 1.0% |
| Senior director | \$1,800 | 26 | 6.5% | 5.0% | 3.0% | 1.0% | 1.0% |
| Advisor | \$1,800 | 30 | 6.5% | 5.0% | 3.0% | 1.5% | 1.0% |
| Senior advisor | \$1,800 | 34 | 6.5% | 5.0% | 3.0% | 1.5% | 1.5% |

TABLE 4-5

Over the course of the month, her first level logged a total of \$10,000 in personal commissionable sales. Because Alice has earned overrides at a manager level, she'll receive 4.5 percent of that \$10,000 (\$450!). Adding that to her earnings for the month we arrive at the following:

1. Instant/Deferred Income: \$300.00
 2. Volume Rebate: \$210.00
 3. Downline Override Level 1: \$450.00
- Total: \$960.00

We're not done with Alice quite yet! Earning override commissions at a manager level (as determined by her title, personal commissionable sales, and first-level active demonstrators) qualifies her to receive a percentage of her first, second, and third, levels. Remember, Alice has earned override commissions at a manager level, so she'll receive a percentage of the commissionable sales from her first three levels. Let's see what Alice's total monthly earning are.

We haven't named everyone in Alice's first five levels, but we do know their commissionable sales totals. Here they are:

- Level 1: \$10,000.00
- Level 2: \$8,500.00
- Level 3: \$7,000.00
- Level 4: \$3,500.00
- Level 5: \$925.00

Remember, Alice has earned override commissions at a manager level, so she'll receive a percentage of the commissionable sales from

her first three levels. Let's see what Alice's total monthly earnings are.

1. Instant/Deferred Income: \$300.00
 2. Volume Rebate: \$210.00
 3. Downline Override Level 1: \$450.00
 4. Downline Override Level 2: \$212.50
 5. Downline Override Level 3: \$140.00
- Total: \$1,312.50

Downline Volume Rollup

Over time as you build your downline, you will see some downline members come and go as their life situations change. This leaves you with holes in your downline, and demonstrators who no longer have an active direct upline. As an upline, those demonstrators who do not have an active upline will look to you for support, and the Downline Volume Rollup (DVR) is designed to compensate you for the work you do in supporting them. The DVR allows you to be paid overrides on your downline as if there were no holes due to drops. You earn this benefit on a monthly basis, if you meet the following requirements:

- You must meet the 12-month rolling personal commissionable sales and first-level count requirements of your current title.
- Your downline organization must increase in size, including levels one through five, by one or more demonstrators compared to the same month in the prior year.
- Both requirements must be met on a monthly basis in order to qualify for that given month.

If you meet the requirements, the sales volume in your downline will roll up to fill all the empty spaces. The Downline Volume Rollup only goes through five levels; any sales volume below your fifth level will not roll up. It is also important to remember that only the sales volume rolls up, and the demonstrators do not actually move up within your organization.

Remember Rebecca? She is in Alice's second level, having been recruited by Susan (in Alice's first level). Due to life circumstances, Susan drops. Now Rebecca has no active upline, so Alice takes the time to make sure Rebecca has the training and support she needs to succeed.

In the month of July, Alice, a manager, has 15 people in her downline organization. In the month of July in the previous year, she also had 15 members of her downline. In order for Alice to be paid on her downline as if there were no holes for the month of July, she needs to meet her title requirements of \$7,200 in 12-month rolling sales and 6 demonstrators in her first level. Alice meets those requirements and only has one left: increasing her downline by one person. If Alice, or anyone in her downline, recruits just one person during the month, Alice meets all the requirements to earn the Downline Volume Rollup. She would then be paid on Rebecca's sales as if she were in her first level—which means she goes from earning 2.5 percent of Rebecca's sales to 4.5 percent!

Getting Paid

There's just one part of the Career Plan left to discuss: how and when you get paid!

Payment Methods

Stampin' Up! offers one payment method: direct deposit.

Direct deposit is the quickest, easiest, and safest way for Stampin' Up! to pay you your commissions. Direct deposit allows you access to your money within 24 hours of the tenth business day of the month rather than waiting for a check to arrive by mail. Additionally, there is no charge for this service. (See Demonstrator Payment Profile Policy for more information regarding direct deposit and how to sign up for this service.)

(For more information about when you are paid deferred income, see the Credit/Debit Card Policy.)

What If I Don't Have Direct Deposit?

Stampin' Up! is more than willing to work with each demonstrator. We understand that circumstances may make certain options unrealistic. If for some reason you cannot receive direct deposit, please contact Demonstrator Support. They'll work with you to find a viable option.

Payment Periods

Stampin' Up! must maintain strict schedules and cutoff dates to meet our commitment to get your commission payments to you on time. Orders closed after 11:50 PM on the last day of the month will count towards the next month's business. Monthly performance data, including personal sales, number of recruits, and order totals, is finalized during the next month's commission run, approximately the tenth business day of the month. For example, April's data is finalized on approximately the tenth business day of May. If you ever have a question about your current monthly, quarterly, or yearly sales totals, or whether you've met requirements for an incentive, you can call Demonstrator Support for assistance. Our agents are happy to review information about your demonstratorship with you. Keep in mind that any information about your monthly performance data given before the commission run is subject to change; unexpected circumstances such as insufficient payment, order problems, or exchanges, can affect these totals.

(For more information about when you are paid deferred income, see the Credit/Debit Card Policy.)

After the monthly performance data is finalized on the tenth business day of the month, payment for the combined amount of your volume rebates and downline overrides (if any) is deposited via direct deposit. Stampin' Up! does not issue payments for less than \$5. If your volume rebate/override commission will be less than \$5, Stampin' Up! will pay this amount with the next payment that is over \$5.

If you terminate your contract with Stampin' Up!, all outstanding amounts due to you are paid in full, less any outstanding money owed to Stampin' Up!

Check for Errors

Check your orders carefully so you don't miss opportunities to earn incentives or qualify for increased volume rebates or downline override commissions. If you are close to promoting to a higher title or achieving an incentive (such as cruise or a free stamp set) even small problems can make a big difference.

Some common mistakes are:

- submitting an order after the end of an incentive period
- leaving an order in Modify status when you meant to close and submit it
- submitting incomplete Starter Kit Order Forms and Independent Demonstrator Applications
- submitting incomplete tax-exempt orders
- counting supply orders and event registrations toward your personal net sales.

Potential Income Earning Statements

Stampin' Up! makes no promise or income claim for demonstrators and strongly discourages demonstrators from making income claims to potential recruits.

Avoid making claims regarding earnings and compensation that are not truthful and accurate, or, even if true, are misleading or ambiguous in any respect. Don't make specific statements regarding someone else's earnings. Don't estimate or quote what a potential demonstrator might earn. If you choose to share details from your own personal experience, be honest; don't exaggerate the income you receive or underestimate the amount of time and money that you invest.

Be careful how you report your income and the income of those in your downline in your promotional pieces. For example, if you report the incomes of the top ten demonstrators in your downline in your monthly newsletter, a prospective recruit may infer that those figures are representative of what she could make. You would be subject to claims of misleading advertising from that recruit if she joined and didn't generate the same level of income.

Income Tax

As an independent contractor, you are responsible for keeping track of your own earnings and expenses for income tax purposes.

Several states have additional business taxes that may apply to your demonstratorship. You may want to seek an accountant familiar with the direct-sales industry for tax advice.

Stampin' Up! does not issue 1099s for the instant/deferred income or volume rebate portion of demonstrator income. You will need to keep your own records to determine the applicable local, state, and federal income taxes on instant/deferred income and volume rebates. 1099 forms will be issued for a demonstrator's override commissions, prizes, awards, etc., in the amount of \$600 or more a year. Your 1099 will be mailed on or before January 31 of the current year and will include commissions and the value of all incentives, such as earned trips, contest awards, and similar benefits, earned during the previous calendar (tax) year. You will not receive a W-2 Form, nor will Stampin' Up! withhold taxes on any earnings. You are responsible for reporting your earnings on individual federal and state income tax returns.

California Sales Disclosures

If you live in California and your income from Stampin' Up! exceeds \$600 in any given year, we are required to provide the Employment Development Department of the State of California the following information: your name, social security number, address, and start date.

On Your Way

We hope the information we've just explained will help you choose where you want to get to as you stand at this exciting crossroad. If you have questions, don't hesitate to contact your upline. As you've discovered in this chapter, she has several reasons to care about your success! Additionally, Stampin' Up! is ready to offer whatever assistance you need. You can contact Demonstrator Support with any questions or concerns you may have.

We're excited to have you join us on the road to achieving your goals. The Stampin' Up! opportunity is a fun and exciting one—one that's filled with potential. With your knowledge of the Stampin' Up! Career Plan, you're well on your way—all the while grinning like a Cheshire Cat.

CHAPTER FIVE

Incentives & Awards

One of the benefits of running your own business is that you can set goals that work for you. Whether you've just fulfilled Stampin' Start, recruited your first new recruit, or won an award, we want to reward you. In addition to benefits that you receive for your personal title promotions, we also offer several reward programs that make it easier and more rewarding for you to run your own business.

Hostess Benefits Program

A lot of work goes into making your workshop a success and a major part of that work and responsibility rests on the shoulders of your hostess. That's a lot to ask of anyone! That's why Stampin' Up! has ensured that your hostess receives incredible benefits for all the hard work she'll be putting into her home workshop.

One of the obvious benefits of hosting a workshop is the great memories that will come from an evening of fun and friends. Those intangible benefits are longer-lasting and more precious than anything else you can offer—but that doesn't mean your hostess won't receive other exciting benefits!

Based on the sales total of her workshop (less shipping and handling), your hostess can receive "hostess dollars" that can be used toward purchasing exclusive hostess merchandise or any merchandise she likes from the catalog. Table 5-1 delineates the hostess benefits.

Catalog Hostess Sets and Free Merchandise

The amount of hostess dollars the hostess earns to use on exclusive hostess merchandise or catalog merchandise is dependent on the total net sales of her workshop.

It is worthwhile to point out to your hostess that because there is an opportunity to get any item she wants in the catalog at half-off at a \$400 workshop total, she may want to try to secure other outside orders before the workshop closes to push her to reach that sales level and earn that benefit.

Extra 10% Instant Income Offer

To start getting bookings you can act as the hostess of your first workshop. Doing so allows you to introduce your friends and family to Stampin' Up! and the opportunity to be a hostess. But that's not all. Being the hostess of your first workshop also qualifies you for the Extra 10% Instant Income Offer.

The Extra 10% Instant Income Offer is available to demonstrators who place an order of \$150 or more within 60 days of the day their Starter Kit order was received at Stampin'

Up! Those that meet this requirement will receive 30 percent instant income on the workshop—that’s an additional earnings of 10 percent! (To learn more about instant income, please see the **Career Plan** chapter.)

This benefit was designed to help you earn free products, including hostess sets you can use to make samples and encourage bookings.

Stampin’ Start Program

Stampin’ Start is a six-month program that provides two ways for new demonstrators to earn rewards:

- sales
- recruiting

When you meet a Stampin’ Start sales goal or recruiting goal during your first six full months, you can earn free stamp sets from the current catalog or mini catalog. (Current hostess-only sets are excluded.) You can also earn sets that are available for demonstrators for preorder. This includes next year’s hostess sets if they are available for purchase, and preorder items from the mini catalogs, not just current catalog sets.

When you meet both the sales goals and the recruiting goal, you’ll receive:

- at least five free stamp sets of your choice (you must redeem your sets by your first-year anniversary)
- a \$50 product bonus

In addition, if a new demonstrator exceeds the basic requirements and reaches the title of supervisor in her first six months (\$3,600 in sales and at least one recruit), she will

earn back the cost of her Starter Kit in the form of a \$175 cash bonus!

If you participate in Stampin’ Start, the program officially starts for you the first full month after you have joined

Stampin’ Up! The Stampin’ Start period begins on the first day of the month following the month in which Stampin’ Up! processed your Independent Demonstrator Agreement and ends on the last day of the sixth full month. (See Table 5-3 to determine the months you can participate in Stampin’ Start.)

| HOSTESS BENEFITS TABLE | | |
|------------------------|---------------------------------------|--------------|
| Workshop Total \$* | Hostess Dollars \$** | 50% Off Item |
| \$150 | \$25 | |
| \$200 | \$30 | |
| \$250 | \$40 | |
| \$300 | \$50 | |
| \$400 | \$65 | 1 |
| \$500 | \$80 | 2 |
| \$750 | \$120 | 3 |
| \$1000+ | \$160 Plus 15% off amount over \$1000 | 4 |

TABLE 5-1

* Not including tax or shipping.

** Hostess dollars can be used toward any catalog merchandise, as well as exclusive hostess items available only to hostesses.

However, any sales that you make or recruits you sign in your first partial month (before Stampin’ Start begins) will be applied to your first month’s sales goal or your recruit goal for Stampin’ Start.

Participation in the Stampin’ Start program is optional.

| STAMPIN’ START GOALS | | | | |
|----------------------|--------|----------------|------------|--------------------------------|
| Period | Sales | | Recruiting | |
| | Amount | Reward | Count | Reward |
| Month 1* | \$300 | 2 stamp sets** | 1 | 1 stamp set** for each recruit |
| Month 2 | \$300 | | | |
| Month 3 | \$300 | | | |
| Month 4 | \$300 | 2 stamp sets** | | |
| Month 5 | \$300 | | | |
| Month 6 | \$300 | | | |

* Includes the month the demonstrator joins and first full month.

** Sets can be selected from the catalog and can be of any value; hostess merchandise excluded

| ADDITIONAL REWARDS | |
|--|--|
| Goal | Sales |
| \$300 a month for months 1 - 6, one recruit | \$50 product bonus |
| Promotion to supervisor (one recruit, \$3,600 in sales) during 6-month Stampin’ Start earning period | \$175 cash bonus (cost of Starter Kit) |

TABLE 5-2

Sales Portion

There are two three-month periods in the Stampin' Start sales goal. The sales goal for both periods is \$300 in sales each month of the period. The best way to meet these goals is to schedule at least one workshop or event each month.

The first period begins your first full month after you join (remember that sales from your first partial month apply to that first month's goal, as well). When you meet the sales goal for the first period, you'll receive two free stamp sets.

The second three-month period begins the fourth full month after you join. When you meet the sales goal for the second period, you'll receive two more free stamp sets.

If you complete both sales goals, you'll earn four free stamp sets! If you don't achieve the sales goals during the first period, you can still work to achieve the sales goals in the second period and earn free stamp sets for that period.

Any excess sales you make in any given month does not carry over to the next month's goal.

Recruiting Portion

To achieve the Stampin' Start recruiting goal, you just need to sign one new recruit any time during your first six full months. You'll receive one free stamp set for each recruit you sign, with no limit.. Any recruits that you sign before your first full month count toward the Stampin' Start recruiting goal.

Tip: The average workshop size is around \$300, so to reach the \$300 in sales a month, plan to hold at least one workshop or event a month.

Stampin' Up! must receive your new recruit's Independent Demonstrator Agreement in our office before the last day of your six-month period to qualify for Stampin' Start free sets.

Great Rewards Program

Great Rewards is an incentive program that focuses on your efforts in personal sales and first-level downline promotions. The Great Rewards program is designed to work in conjunction with other programs to reward you for your efforts and to help motivate you to reach your personal goals.

Demonstrators who set appropriate goals to achieve Great Rewards prizes each quarter will find a smoother path to their next promotion, enjoy higher personal earnings, and keep themselves on track to earn the annual incentive trip.

Earning Points

You earn Great Rewards points each quarter by selling Stampin' Up! products and by helping demonstrators in your first-level downline reach new promotions. Each commissionable sales dollar (rounded to the nearest whole dollar) counts as one point. Each title promotion in your first-level downline counts as 250 points.

| STAMPIN' START ELIGIBILITY PERIOD | | | |
|-----------------------------------|--|---|---|
| If you signed up in | You must submit \$300 in sales each month during | For your second period's sales goal, you must submit \$300 in sales each month during | Your recruiting period expires the last business day in |
| January | February, March, April | May, June, July | July |
| February | March, April, May | June, July, August | August |
| March | April, May, June | July, August, September | September |
| April | May, June, July | August, September, October | October |
| May | June, July, August | September, October, November | November |
| June | July, August, September | October, November, December | December |
| July | August, September, October | November, December, January | January |
| August | September, October, November | December, January, February | February |
| September | October, November, December | January, February, March | March |
| October | November, December, January | February, March, April | April |
| November | December, January, February | March, April, May | May |
| December | March | June | June |

TABLE 5-3

The minimum amount of points awarded for a quarter is 1,000. The maximum amount of points awarded for a quarter is 15,000 points.

This program provides flexibility so that as the demands of building your business change and you focus your efforts to meet them, you can still qualify to win a great prize. You can focus on recruiting, personal sales, or both. For example, if you have \$1,700 in personal commissionable sales in a given quarter, you will receive 1,700 Great Rewards points.

If you also help two demonstrators in your first-level downline promote during that quarter, you will receive an additional 500 points, for a total of 2,200 points. However, if you have only \$600 in personal commissionable sales and only one demonstrator in your first-level downline promotes during that quarter, you will not receive any points because you did not reach the 1,000 minimum.

Point Calculation

Points are calculated by the 15th day of the month following the end of the quarter. For example, the points earned in the January–March quarter will be calculated on or before April 15. The points will be communicated on the April Activity Statement, as well as displayed in your Great Rewards page on the Demonstrator Web Site.

Managing Points

All unused points at the end of a quarter are automatically carried to the next quarter. However, points do not carry over from one Stampin' Up! year to the next.

You will be given until August 15 to redeem any outstanding points from the previous program year. At that time, all point totals will be reset to 0 in preparation for the new program year. Accordingly, October will be the first month of the program year that points will be awarded for activity in the previous quarter.

Prize Selection and Shipping

Prizes are available at a variety of point values, beginning as

low as 300 points. You can select prizes on the Demonstrator Web Site or by calling Demonstrator Support once the quarter has ended and the prize points have been calculated, as described above.

Stampin' Up! may add prizes throughout the year and reserves the right to substitute a like item for any item offered, if necessary.

Great Rewards orders for merchandise will be processed as soon as your order is placed. Orders for Visa gift cards will be processed no more than two weeks after the order is placed. Most items will ship to deliver within 7 to 10 business days unless otherwise noted. Stampin' Up! pays the shipping and handling on these items. Defective or incorrect merchandise must be reported to Stampin' Up! within 90 days of the shipping date to be corrected.

Refunds, Exchanges, & Order Corrections

Please be careful when selecting your prizes and checking out. All prize selections are final; there are no refunds or exchanges.

If you received the wrong prize or if your prize is damaged in shipping, contact Demonstrator Support. Stampin' Up! reserves the right to substitute a like item for any item offered, if necessary.

Address Change Policy for Great Rewards

If you have moved, please update your address with Demonstrator Support before selecting your Great Rewards item. You may change your address online, or call Demonstrator Support and have a phone agent make the change. Your Great Rewards item will be shipped to the address that you verified when you closed your order.

Awards and Recognition

Stampin' Up! offers several fabulous programs to recognize and reward you when you achieve various goals.

The Performance Bonus program rewards demonstrators with cash for reaching achievement levels in sales, recruiting,

Great Rewards Program

| | |
|-------------------------------------|-----------------------|
| \$1 personal commissionable sales = | 1 point |
| 1 first-level promotion = | 250 points |
| Minimum = | 1,000 points/quarter |
| Maximum = | 15,000 points/quarter |

Points expire August 15 of the next Stampin' Up! year

Awards and Incentives Eligibility

If you choose to drop as a demonstrator, resign, or are terminated, you forfeit awards, recognition, and incentives, including but not limited to awards associated with Stampin' Start and Great Rewards; recognition awards, including but not limited to performance bonuses; and incentives, including but not limited to incentive orders, Founder's Circle trip and the incentive trip. Please refer to the Independent Demonstrator Agreement for more information.

leadership, and a combination of all three. Annual Awards also reward demonstrators who achieve certain levels in sales, recruiting, and leadership.

Other awards and recognition reward demonstrators for career achievements and time with the company.

Performance Bonuses

We recognize that demonstrators have strengths in different areas. Some excel in personal sales; some shine in nurturing new recruits and helping them promote to senior associate; while others have a knack for developing downline leaders. Our performance bonuses reward demonstrators who show exceptional achievement in sales, recruiting, or leadership.

A performance bonus is a cash bonus that is awarded to any demonstrator who meets a predefined goal. There is no limit on the number of demonstrators who can earn a performance bonus—each demonstrator who qualifies in a category will receive the bonus. Each demonstrator can earn a bonus based on her performance alone; her performance is not compared with that of other demonstrators.

The five performance bonus categories are described below.

PERSONAL SALES—Awarded to demonstrators who have exceptional personal net sales. Demonstrators who have \$10,000 in personal net sales during a single Stampin’ Up! quarter will receive a \$500 bonus. An additional \$250 will be awarded for every \$5,000 above and beyond the \$10,000 goal.

RECRUITING—Awarded to demonstrators who have not only actively recruited new demonstrators but have encouraged, mentored, and helped them promote to senior associate. Each demonstrator who has eight members in her first-level downline promote to senior associate, during a single Stampin’ Up! year will receive a \$2,000 bonus. For each additional two

demonstrators who promote to senior associate during the year, the demonstrator will receive an additional \$500 bonus.

LEADERSHIP—Awarded to demonstrators who have shown the ability to develop downline leaders. Each demonstrator who has four members of her first-level downline promote to supervisor or above during a single Stampin’ Up! year will receive a \$2,000 bonus. For each additional demonstrator who promote to supervisor or above during the year, the demonstrator will receive an additional \$500 bonus.

RISING STAR—Awarded to our new demonstrators who achieve excellence in sales and recruiting during their first full year (or first partial year) of being a demonstrator. New demonstrators who achieve \$18,000 in sales and have at least three members of their first-level downline promote to senior associate within either their first partial year or first full year will receive a \$1,000 cash bonus, and qualify for the special Rising Star trip to the home office. The Rising Star trip is an exciting opportunity for these new demonstrators to associate with and be trained by Stampin’ Up! employees and management.

ACHIEVER’S—Awarded to our top demonstrators who have built a sustainable and balanced business of sales, recruiting, and leadership. Demonstrators who achieve \$30,000 in personal sales, and have four first-level downline promotions to senior associate, and two to supervisor or above within the Stampin’ Up! year will receive a \$3,000 cash bonus.

Table 5-8 shows the minimum qualifying amounts and bonuses for all performance bonus categories.

Bonuses will be paid on the commission run for the month during which the bonus criteria was met—demonstrators won’t have to wait until the end of the year to receive their cash bonus.

| PERFORMANCE BONUS CATEGORIES | | | | | |
|--|---|---|--|--|---|
| | Rising Star* (annual) | Sales (quarterly) | Recruiting (annual) | Leadership (annual) | Achiever's (annual) |
| Qualification | \$18,000 in personal sales + 3 sr. assoc. promotions** | \$10,000 in personal sales/ qtr. | 8 sr. assoc. promotions / yr.** | 4 supervisor or above promotions / yr.** | \$30,000 in personal sales / yr. + 4 sr. assoc. promotions / yr. + 2 supervisor or above promotions / yr.** |
| Bonus | \$1,000 | \$500/qtr | \$2,000 | \$2,000 | \$3,000 |
| Additional Bonus | \$1,000 for each \$18,000 in personal sales + 3 sr. assoc. promotions** | \$250 for every additional \$5,000/qtr. | \$500 for every 2 additional sr. assoc. promotions** | \$500 for every additional supervisor or above promotion** | \$3,000 for each \$30,000 in personal sales + 4 sr. assoc. promotions+ 2 supervisor or above promotions |
| Convention recognition | All | All | All | All | All |
| Recognized by rank and receive a memento at Convention | - | 1-10 | 1-10*** | 1-10*** | - |
| Founder's Circle | - | 1-10 | 1-10*** | 1-10*** | - |
| Rising Star Trip | All | - | - | - | - |

* Rising Star qualification period is the first full or first partial Stampin’ Up! year

** Downline promotions count for next active upline

*** Personal commissionable sales are the tie breaker

TABLE 5-5

The top 10 performance bonus achievers in the sales recruiting and leadership categories.

1. Recognition at convention.
2. Invitation to attend Founder's Circle.
3. Recognition memento

Annual Sales, Recruiting, and Leadership Awards

Stampin' Up! wants to recognize and reward demonstrators who have shown superior performance throughout the year. This includes demonstrators whose performance was outstanding but didn't qualify to receive a performance bonus, as well as those who did earn a performance bonus.

There are three annual awards, as described below:

ANNUAL PERSONAL SALES AWARD (Table 5-9)—Awarded to demonstrators who have personal net sales of \$20,000 or higher during the Stampin' Up! year.

| ANNUAL PERSONAL SALES AWARD | | |
|-----------------------------|----------------------|--------------------------------------|
| Level | Yearly Amount | Recognition Received |
| Level 1 | \$20,000 to \$29,999 | Pin; recognition march; 1 stamp set |
| Level 2 | \$30,000 to \$39,999 | Pin; recognition march; 2 stamp sets |
| Level 3 | \$40,000 to \$49,999 | Pin; recognition march; 3 stamp sets |
| Level 4 | \$50,000 to \$59,999 | Pin; recognition march; 4 stamp sets |
| Level 5 | \$60,000 to \$69,999 | Pin; recognition march; 5 stamp sets |
| Level 6 | \$70,000 to \$79,999 | Pin; recognition march; 6 stamp sets |
| Level 7 | \$80,000 to \$89,999 | Pin; recognition march; 7 stamp sets |
| Level 8 | \$90,000 to \$99,999 | Pin; recognition march; 8 stamp sets |
| Level 9 | \$100,000 + | Pin; recognition march; 9 stamp sets |

TABLE 5-6

ANNUAL PROMOTIONS TO SENIOR ASSOCIATE IN THE FIRST LEVEL AWARD (Table 5-10)—Awarded to demonstrators who have helped four or more members of their downline promote to senior associate, during the Stampin' Up! year.

| ANNUAL PROMOTIONS TO SENIOR ASSOCIATE IN THE FIRST LEVEL AWARD | | |
|--|------------------------|--------------------------------------|
| Level | Promotions during year | Recognition Received |
| Level 1 | 4-7 | Pin; recognition march; 1 stamp set |
| Level 2 | 8-11 | Pin; recognition march; 2 stamp sets |
| Level 3 | 12-15 | Pin; recognition march; 3 stamp sets |
| Level 4 | 16-19 | Pin; recognition march; 4 stamp sets |
| Level 5 | 20 + | Pin; recognition march; 5 stamp sets |

TABLE 5-7

ANNUAL PROMOTIONS TO SUPERVISOR IN THE FIRST LEVEL AWARD

(Table 5-8)—Awarded to demonstrators who have shown the ability to develop downline leaders by helping two or more downline members to promote to supervisor or above, during the Stampin' Up! year.

Demonstrators who earn an Annual Sales, Recruiting, or Leadership Award will also receive the following awards:

| ANNUAL PROMOTIONS TO SUPERVISOR OR ABOVE IN THE FIRST LEVEL AWARD | | |
|---|------------------------|--------------------------------------|
| Level | Promotions during year | Recognition Received |
| Level 1 | 2-3 | Pin; recognition march; 1 stamp set |
| Level 2 | 4-5 | Pin; recognition march; 2 stamp sets |
| Level 3 | 6-7 | Pin; recognition march; 3 stamp sets |
| Level 4 | 8-9 | Pin; recognition march; 4 stamp sets |
| Level 5 | 10 + | Pin; recognition march; 5 stamp sets |

TABLE 5-8

1. Recognition at convention.
2. Recognition pin.
3. One or more stamp set (determined by the level at which she placed). Stamp sets can be redeemed following the annual convention, and may be selected from any current catalog.

Milestone Awards

You'll find many rewards in building a lasting, successful Stampin' Up! business. One of those rewards is our Milestone Awards program. At Stampin' Up!, not only do you receive the benefits of building a successful home-based business and long-lasting friendships, you also receive awards for achieving certain milestones in your Stampin' Up! career.

In addition to a cash award paid the month after the milestone is achieved, achievers in these categories are recognized at convention.

MILLION-DOLLAR ACHIEVERS—When a demonstrator reaches the million-dollar mark, in addition to the special pin and cash award, she may also receive other benefits in celebration of her accomplishment. She will also be recognized at a Stampin' Up! event. Once a demonstrator reaches the million-dollar mark, the award levels start over. For example, at \$1,100,000, the demonstrator would receive an add-on for her 1M-level pin and a \$3,000 cash award, and so on for each \$100,000 level.

FIVE-, TEN-, FIFTEEN-, AND TWENTY-YEAR PINS—Awarded to demonstrators who remain with the company for five, ten, fifteen, and twenty years. Each demonstrator who achieves this award will receive a pin commemorating her long association with Stampin' Up!

Advisory Board

Appointment to the Advisory Board is the highest honor the company bestows. Advisory Board members provide the company with direction, experience, and opinions from a demonstrator's point of view.

The company considers many factors in selecting these individuals, among which are achievement in individual sales, group sales, and recruiting, as well as tenure with the company and intangibles such as passion and commitment that are so important to the success of Stampin' Up!

Advisory Board members receive a beautiful 14-karat-gold ring inset with a diamond and featuring the Stampin' Up! monogram. (This item is subject to change at Stampin' Up!'s discretion.)

| MILESTONE AWARDS | | |
|------------------|-------------------------------|--|
| Level | Career Personal Sales Amount* | Recognition Received |
| Level 10 | \$1,000,000+ | 1M-level pin; \$10,000 cash award |
| Level 9 | \$900,000 + | Ruby-colored charm; \$3,000 cash award |
| Level 8 | \$800,000 + | Ruby-colored charm; \$3,000 cash award |
| Level 7 | \$700,000 + | Ruby-colored charm; \$3,000 cash award |
| Level 6 | \$600,000 + | Ruby-colored charm; \$3,000 cash award |
| Level 5 | \$500,000 + | 500K-Level Pin; \$3,000 cash award |
| Level 4 | \$400,000 + | 400K-Level Pin; \$3,000 cash award |
| Level 3 | \$300,000 + | 300K-Level Pin; \$3,000 cash award |
| Level 2 | \$200,000 + | 200K-Level Pin; \$2,000 cash award |
| Level 1 | \$100,000 + | 100K-Level Pin; \$1,000 cash award |

*This number is subject to change at the company's discretion.

TABLE 5-9

Founder's Circle

Founder's Circle is an exclusive event for our top demonstrators. Founder's Circle achievers are invited to attend a retreat with Shelli to a beautiful southern Utah location, where they can relax, mingle with other achievers, and tour Stampin' Up!'s manufacturing facilities in Kanab, Utah.

The following demonstrators are invited to attend Founder's Circle:

- Demonstrators who place in the top 100 in the overall Founder's Circle ranking
- Up to the top 10 demonstrators in the Sales, Recruiting, and Leadership Performance Bonus categories

The Founder's Circle ranking is calculated in the following way:

You must have been with the company for more than six months, counting from your start date, to be eligible. Only sales, recruits, and promotions received during the Stampin' Up! year (July 1 – June 30) will be included in the Founder's Circle calculations.

Table 5-4 delineates the seven categories used in determining the top 100 demonstrators eligible to attend Founder's Circle

When determining the top 100 demonstrators for Founder's Circle, a weighted calculation is used. Weighted calculations work in this way:

1. The top 200 demonstrators are determined for a given category.
2. Each of the 200 qualifying demonstrators is awarded points for their ranking. The first ranked demonstrator receives 200 points; second, 199 points; third, 198 points and so on down to the 200th demonstrator, who receives 1 point. In the case of a tie within a particular category, the points for the number of tied rankings are added together and then divided equally among each demonstrator involved in the tie.
3. These points are then multiplied by a weighted number.

| FOUNDER'S CIRCLE CRITERIA & WEIGHTING | |
|---|--------|
| Criteria | Weight |
| Recruiting | |
| Highest Total Personal Recruiting of Associates | 1 |
| Most New Promotions from Associate to Senior Associate in the First Level | 2 |
| Sales | |
| Highest Total Personal Commissionable Sales | 3 |
| Leadership | |
| Most New Promotions to Supervisor in the First Level | 1 |
| Most New Promotions to Senior Supervisor or Above in the First Level | 1 |
| Highest Total Commissionable Sales in the First Level | 1 |
| Workshops | |
| Highest Number of Qualifying Workshop Orders (\$300 or greater) | 1 |

TABLE 5-10

For instance, the sales criteria is multiplied by three to give the total points awarded for that category. The top demonstrator in the sales category would therefore receive 600 points.

- The weighted scores are added together to determine the top 100 demonstrators eligible to attend Founder's Circle. In the case of a tie, personal sales are used to determine the winner.

Demonstrators will not be recognized by rank, but will be recognized as earners of the Founder's Circle trip.

Demonstrator Support Programs

BUSINESS DEVELOPMENT PROGRAM: Senior managers and above are invited to participate in the Business Development Program which is designed to help them perform at their title level, actively grow their businesses, promote to a new title, and maximize the Stampin' Up!'s programs of compensation and awards. Demonstrators participating in this program will be assigned to a Business Development Advisor who will assist them in setting goals and identifying potential areas for downline growth and personal progress.

EXECUTIVE DEMONSTRATOR SUPPORT SERVICE: Demonstrators at the executive level and above will receive special service through Demonstrator Support. Demonstrators performing at these titles will automatically be enrolled in this program. Calls will be given first priority and e-mails will be answered within one business day. Other special programs may be organized for this group in which Stampin' Up! may gather information and feedback on specific topics.

Incentive Trip

Every year, Stampin' Up! treats select demonstrators to an exciting, all-expenses-paid trip for two. From exotic locations to plush spas and resorts, the Stampin' Up! Incentive Trip is one filled with luxury, entertainment, and fun!

Demonstrators can earn one of two incentive trips: the Getaway and the Grand Vacation.

Getaway: The Getaway is a four-day, three-night trip. Earning the Getaway requires 30,000 incentive trip points.

Grand Vacation: The Grand Vacation is our most exciting and luxurious trip! Earning the Grand Vacation requires 40,000 incentive trip points.

Incentive Trip Qualification

| INCENTIVE TRIP QUALIFICATION | |
|------------------------------|-----------------|
| Trip | Points required |
| Getaway | 30,000 |
| Grand Vacation | 40,000 |

| Category | Points Earned |
|---|---------------|
| Commissionable sales dollar | 1 |
| Promotions to senior associate (qualified recruit)* | 1,500 |
| Promotions to supervisor and above* | 2,500 |
| Convention attendance | 500 |
| Leadership attendance | 500 |
| Regional attendance | 100 |

* personal or first level promotions; promotions count for the next active upline.

TABLE 5-11

Table 5-13 shows the ways in which demonstrators earn incentive trip points.

Stampin' Up! reserves the right to substitute different trips at its discretion.

Each trip is for two, and will include a Stampin' Up! presence and pillow gifts. Demonstrators cannot earn both trips. However a demonstrator who earns the larger trip can forfeit the larger trip and attend the smaller trip if she chooses.

Both trips include round-trip airfare from a gateway city (as identified by the cruise or travel company arranging the trip) nearest the demonstrator to the point of departure for the trip. Transportation to the airport, parking charges, and other incidental fees are the responsibility of the demonstrator.

Note: If you earn the trip while on military status (see International and Military Activities) Stampin' Up! will pay the airfare for only the domestic leg of the flight. You must pay for the flight from the US military base abroad to a major US airport.

| MAILING SELECTOR QUALIFICATIONS TABLE | |
|--|---------------------------|
| Personal Net Sales during Performance Period | Free Mini Catalogs Earned |
| \$2,400-\$4,799 | 15 Free Mini Catalogs |
| \$4,800-\$7,199 | 30 Free Mini Catalogs |
| \$7,200-\$9,599 | 45 Free Mini Catalogs |
| \$9,600-\$11,999 | 90 Free Mini Catalogs |
| \$12,000+ | 180 Free Mini Catalogs |

TABLE 5-12

Mailing Selector

Our innovative mailing program provides every demonstrator the opportunity to do cost-effective advertising—for free or at minimal cost. Based on your sales in the previous performance period, a number of your customers will automatically receive new mini catalogs mailed directly from Stampin' Up! at no cost to you. You can either manually select customers using the Mailing Selector program, or the computer will automatically select customers for you based upon the amount of money they spent with you in the relevant performance period.

If you didn't earn any free mini catalogs during the performance period, or you want to send more mini catalogs than you earned, you can purchase them online and have Stampin' Up! mail them directly to your customers. You can pay for this option by credit card or electronic check from a checking or savings account through the online Mailing Selector program.



CHAPTER SIX

Policies & Procedures

Stampin' Up! makes constant and consistent efforts to support you as you work to build a business that reflects your personal goals. In order to make these efforts as effective as possible—and to keep pace with the company's growth as well as answer demonstrator's requests—Stampin' Up! has established a set of uniform policies and procedures to help govern and direct activities. Also, it is important that Stampin' Up! preserve and promote a sound corporate foundation that protects the reputation of the company, its products, and its marketing methods, all of which contribute to a high-quality, long-lasting opportunity for the independent demonstrator.

This chapter describes the policies and procedures that everyone must understand and adhere to in order to contribute to a fundamentally sound, efficient, consistent, and healthy relationship between the company and your independent demonstratorship.

You must adhere to company policies in earning income and awards. Manipulation of Stampin' Up! procedures and/or the violation of stated policy to achieve a gain in personal earnings, volume rebates, override commissions, incentives, awards, recruits, or promotions that you would not otherwise receive is prohibited, may result in the loss of earnings and awards, and may potentially lead to the termination of your demonstratorship.

This chapter cannot cover every situation that may arise. If you have any questions about a policy or program, please contact Demonstrator Support. Stampin' Up! reserves the right to make determinations on a case-by-case basis as necessary.

The following information constitutes Stampin' Up!'s policies and procedures and is considered fully incorporated into the terms and conditions of the Stampin' Up! Independent Demonstrator Agreement as well as the *Demonstrator Manual* as amended from time to time. The terms of the policies described herein—as well as information provided throughout the *Demonstrator Manual* and any updates as may be provided by Stampin' Up! from time to time whether posted on the Demonstrator Web Site or in official Stampin' Up! publications—shall govern in the event of a conflict among documents. Failure to abide strictly with the terms and rules may result in suspension or termination of your Stampin' Up! demonstratorship.

Independent Demonstrator Relationship Policy

Stampin' Up! demonstrators are independent contractors. As such, they are self-employed and do not receive benefits normally associated with being an employee of a company. Demonstrators will not be treated as employees for federal or state tax purposes. Independent demonstrators are responsible for the following:

- Obtaining a business license (including any state or local tax licenses, as applicable)
- Paying taxes (including self-employment tax)
- Paying all business expenses
- Covering any other self-employment expenses
- Arranging for life and medical insurance, if desired.

Licenses Policy

Some jurisdictions require direct sellers to obtain a business or occupational license in order to conduct home demonstrations or sell products at open houses. Contact your local municipality or regulatory agencies to make sure you comply with business license regulations.

Supporting Demonstrators Policy

Only one person will be recognized as the Stampin' Up! demonstrator in any demonstratorship. However, the demonstrator's legal spouse or domestic partner may be designated as a "supporting demonstrator" and may participate by assisting the demonstrator in most aspects of running the business, including sales, product ordering, attending company-sponsored events, and other related demonstrator activities. Supporting demonstrators must adhere to Stampin' Up!'s policies and procedures as outlined in the Independent Demonstrator Agreement, the *Demonstrator Manual*, and other official Stampin' Up! publications.

To designate a spouse as a supporting demonstrator, you must submit an Independent Demonstrator Agreement that bears the signature of both the demonstrator and the supporting demonstrator on the appropriate signature lines.

In some cases, you may also be required to provide a copy of a valid marriage license. Domestic partnership certificates (or the equivalent thereof) will only be considered the same

as a marriage certificate if the law of the state in which the demonstrator and supporting demonstrator reside has determined that such certificates hold the same standing as certificates of marriage. Accordingly, the term "spouse" is interchangeable with the term "domestic partner" as reasonably applicable throughout these policies.

Compensation, Recognition, Awards, and Incentives

Only the demonstrator is eligible for compensation or recognition in conjunction with Stampin' Up!'s awards, recognition, and incentive programs (including the annual awards, incentive trip qualification, promotion awards, and any other recognition as determined by Stampin' Up! from time to time). A spouse may participate in Stampin' Up! only as a supporting demonstrator and may not have a personal demonstratorship or be included in the downline of the demonstratorship for which he or she is a supporting demonstrator or any other demonstratorship. The supporting demonstrator has no personal rights in the demonstratorship. Therefore, if the demonstratorship is terminated, the supporting demonstrator's rights automatically expire as well.

Event Attendance

Supporting demonstrators are invited to attend Stampin' Up! sponsored events. They must pay the full registration fee and will receive all the gifts and privileges of the demonstrator at these events. Please note that the supporting demonstrator may only attend incentive events, such as convention socials, if expressly invited by the company. However, supporting demonstrators are welcome to attend Stampin' Up! sponsored events without the attendance of the primary demonstrator.

Changing Status

If you'd like to change places with your supporting demonstrator, submit a new Independent Demonstrator Agreement with both your and your supporting demonstrator's signatures on the appropriate signature lines before December 15. The change will go into effect on January 1 of the next calendar year.

Stampin' Up! reserves the right to disallow the change at its discretion. All awards, incentives, achievements, etc., will be awarded to the person whose name is listed as the demonstrator at any given cutoff period for such recognition. Income will be reported under the social security number of the primary demonstrator as listed during that tax year.

A supporting demonstrator shares the status of the demonstrator even when it changes, whether active, pending or dropped. If the demonstrator resigns and subsequently wishes to rejoin, certain

waiting periods apply, as described more fully in the Rejoining Stampin' Up! policy. These waiting periods apply to a supporting demonstrator as well.

Divorce

If you and your supporting demonstrator become divorced, we will continue to recognize you as the primary demonstrator and your spouse as the supporting demonstrator. Only the primary demonstrator will be recognized as the owner of the demonstratorship; however your supporting demonstrator will still be able to order product and otherwise participate as your supporting demonstrator until the company is notified of the final divorce decree.

To remove your supporting demonstrator from your demonstratorship, please contact Demonstrator Support.

The company will authorize only one primary demonstrator per demonstratorship. Thus, any divorce settlement or decree that purports to divide or separate the demonstratorship shall be in violation of the prohibition against transfer and cause the demonstratorship to automatically terminate as of the date of any such decree, order, or assignment. If no provision for ownership is made in the final decree of divorce, we will consider the demonstratorship to remain with you, the primary demonstrator.

Competitive Activities Policy

We want you to be successful in building a flexible, home-based Stampin' Up! business. We believe that the best way for you to do so is by selling through home workshops. Except as allowed under the Angel Policy, our products are not sold in retail locations but are available through you, the demonstrator. We are committed to protecting the home workshop as a valuable source of your income.

Because the following activities could endanger the success of home workshops, you are prohibited from participating in them:

- You may not represent or assist any person or entity that sells products that are the same as or similar to Stampin' Up! products (see below for exception on employment). The Independent Demonstrator Agreement defines Stampin' Up! products as: decorative stamps (in any form), stamp art accessories, scrapbooking products, digital art solutions, and vinyl wall art.
- You may not own or hold part ownership in a business that sells products that are the same as or similar to Stampin' Up! products, or provides services focused on promoting, marketing, or selling such products.

Ownership includes holding more than five percent of the stock of a public company, holding any stock of a privately held company, or holding the position of a company officer.

- You may not represent a direct-selling or multilevel marketing company that sells products or services that are the same as or similar to Stampin' Up! products as defined above.
- You may not sell, promote, or demonstrate products other than those directly offered by Stampin' Up! while participating in home workshops or attending Stampin' Up! events, or at any other meeting with existing or potential demonstrators or customers. These exclusions also apply to your spouse, regardless of whether or not he is a supporting demonstrator. They also apply to any product that Stampin' Up! decides to sell in the future.
- You may not actively promote, market, or sell any competitive products or services (as listed above) through your electronic communications, including e-mail, social networks, blogs, or web sites. See the Internet/Web Site Policy for further details regarding online policies.

Employment Exception

We understand that some demonstrators are employed by competitive retailers. There is no prohibition against working for a competitive retailer as long as you do not participate in the activities listed above. You may not, however, be employed by a direct-selling company that provides products or services that compete directly with Stampin' Up! as defined above.

Digital Artwork

Stampin' Up! produces digital artwork for use in digital scrapbooks, photo books, cards, or calendars (whether digital or printed). You may not design and sell digital artwork that competes directly with Stampin' Up!'s My Digital Studio products, including any subsequent upgrades or similar products offered by the company in the future. We recognize that the use of digital images online can be wide and varied, and you may design and sell artwork for use on web sites if it does not compete with the use of Stampin' Up!'s digital artwork.

Respect for Competitors

While Stampin' Up! is proud of its products and desires to protect the success of home workshops by placing certain restrictions on competitive activities, Stampin' Up! also respects its competitors and is committed to operating in a manner that is ethical and fair in their regard. Demonstrators should not disparage Stampin' Up!'s competitors, their products, or services in a way that is false or likely to be misleading.

Proprietary Nature of Downline Lists Policy

Each month, you will receive monthly reports showing the status and progress of your downline. A downline list is a list of the people you have recruited (current or past), the persons those recruits have recruited, and so on, through five levels of recruits.

Downline lists are proprietary assets of Stampin' Up! and part of the trade secrets of the company. To protect the interests of our sales force and the confidentiality of downline lists, they may not be used for any purpose other than developing your Stampin' Up! business. Downline lists and other information owned by the company may not be sold, shared, copied, distributed, or used to solicit participation in other activities. They may not be used to advance the interests of, promote, or develop any other business or private organization in any way. This prohibition also applies to people who are no longer active demonstrators.

Use of possessive pronouns such as “her,” “his,” “your,” and “their” in the *Demonstrator Manual* or other publications or presentations by the company should not be construed to connote or imply that you own the downline information.

We encourage you to focus your training efforts on your first-level downline. You'll qualify for title promotions, Great Rewards, the Incentive Trip, and annual awards based on their performance. As you teach them how to be good uplines, they'll learn to manage their own downline groups. Always remember that your first responsibility is to your first-level downline.

You may also want to reach out to those in your lower levels who desire or need additional support. After all, their success will only add to your own. In addition to receiving commission on their sales, a portion of your downline leadership requirement for promotions can come from your second or third level. If you see potential in someone in your lower levels, consider supplementing the training she is receiving from her direct upline where appropriate. Talk to her direct upline first. Reassure her direct upline that you don't want to offend, but would like to help. Most demonstrators will be very glad to have your added support.

New Recruits and Business Entities

If one of your new recruits expresses interest in the proprietary business policy, please provide her a copy of the following information. Bear in mind that you may not provide her with legal advice on behalf of Stampin' Up! If she has any questions about our policy or application process, she may contact Demonstrator Support.

Demonstratorship as a Business Entity Policy

When a new recruit joins Stampin' Up!, her demonstratorship is considered a sole proprietorship. A sole proprietorship may dissolve upon the demonstrator's passing. The main advantage of setting up your demonstratorship as a business entity other than sole proprietorship is perpetual existence, meaning that the business may be passed to another person in the event of your death.

If you are interested in this opportunity, we recommend printing a copy of this policy for your lawyer to review in order to help you determine whether taking this step would be advantageous in your situation and to assist you in the application process. Stampin' Up! cannot provide legal advice.

Application

The owner of the business entity must receive written authorization from Stampin' Up! before beginning the operation of the demonstratorship as a business entity. To apply for authorization, the demonstrator must submit both of the following:

- A completed copy of the Application to Operate Demonstratorship as a Business Entity and Guarantee of Due Performance
- The articles of organization for the business

We recommend contacting your lawyer to prepare the necessary articles for your company that fulfill the following requirements:

- Specifies that the demonstrator will retain majority ownership
- Includes a “sole purpose” clause (see Ownership for more details)

Both of these forms must be received in the Stampin' Up! offices by December 15 to be in effect for the next tax year (beginning January 1). If an incomplete application is received near the end of the year, there may not be enough time for the demonstrator to make the necessary changes and resubmit her application before December 15. Stampin' Up! accepts applications at any time of the year and encourages early application.

Annual Filing

By December 15 of each year, the business entity must re-file the Notice of Intent to Continue to Operate Demonstratorship as a Business Entity.

If any new persons have been added as owners or members of the entity during the year, their information should be added in the section titled Guarantee of Due Performance.

Both of these forms are available online in the Printing Place.

Authorized Demonstrator

The only person with whom Stampin' Up! shall conduct business is the authorized demonstrator of the entity and her supporting demonstrator. Thus, regardless of the number of owners that may comprise the business entity, only the demonstrator or supporting demonstrator may place orders, conduct the business of the demonstratorship, communicate with Stampin' Up!, or otherwise act on behalf of the demonstratorship.

Ownership

The demonstrator must own no less than a majority of the issued shares or membership interests and must have authority to appoint a majority of the Board of Directors, managers of the management committee, or equivalent body that governs the business entity. No change affecting control of the business entity by the demonstrator may be adopted without application to and prior written approval by Stampin' Up!

Upon dissolution of the business entity, the demonstrator shall provide notice and copies of the official dissolution documents to Stampin' Up! before Stampin' Up! shall be obligated to change the payee's name on any payment from the company to the personal name of the demonstrator. All shareholders, directors, members, trustees, owners, or equity participants shall personally and irrevocably guarantee due performance by the corporation of all its obligations and responsibilities as a demonstratorship, especially those outlined in the Independent Demonstrator Agreement and the *Demonstrator Manual*. Such person(s) shall sign the Guarantee of Due Performance filed with Stampin' Up! The shareholders, directors, officers, members, managers, or equity participants of the business entity are subject to the same disciplinary action as the demonstrator

for violation of the Independent Demonstrator Agreement and the *Demonstrator Manual*, notwithstanding the fact that only the demonstrator (and supporting demonstrator) may place product orders and otherwise act on behalf of the business entity or demonstratorship in its relations with Stampin' Up!

The business will conduct only the business of a Stampin' Up! demonstratorship and no other. Other than the foregoing restrictions and the designation of the business entity as the payee, there shall be no distinction made by Stampin' Up! between demonstrators who are a business entity and those who are not.

Event Attendance

Each demonstrator operating a business entity may register one member of her business entity for each Stampin' Up! event in addition to or in lieu of a supporting demonstrator (see Event Attendance under Supporting Demonstrators Policy). Please note that members can only be added or removed annually with the annual filing renewal. Members must be listed at the time of the event registration to be eligible to attend.

New Recruits

New recruits may submit their business entity application with their Starter Kit Order Form and Independent Demonstrator Application. The application should include a completed copy of the Application to Operate Demonstratorship as a Business Entity and Guarantee of Due Performance and the articles of organization for the business (see Application for further details). Unlike existing demonstrators, a new recruit's business entity will become effective immediately on her start date.

Transferring a Demonstratorship Policy

A Stampin' Up! demonstratorship may not be transferred, absent the express written approval of Stampin' Up!, except under the following circumstances.

A Stampin' Up! demonstrator may pass a demonstratorship on to heirs as part of an estate. The heir must, in all respects, qualify as a Stampin' Up! demonstrator. If, in the case of the heir being underage, or otherwise incapable of conducting a Stampin' Up! demonstratorship, the demonstratorship is transferred to a legal guardian, the guardian must qualify as a Stampin' Up! demonstrator.

A Stampin' Up! demonstratorship may be transferred upon the demonstrator's death to one person by way of a last will and testament. Transfer to multiple persons may cause the company to terminate the demonstratorship. The demonstratorship is one

entity and cannot be broken up into numerous entities upon the authorized demonstrator's passing.

In the event the ownership of a demonstratorship is transferred according to the terms of a trust, an original signed (or certified) copy of the trust instrument must accompany the application referred to above, and the trustee(s) must promptly file with Stampin' Up! any trust amendments or any other documents that may vary the terms of the trust. The terms of the trust shall not be perpetual and shall not continue beyond the date necessary to protect the interests of those trust beneficiaries who are unable to act for themselves legally, e.g., minor children or incompetent persons who, because of age or inexperience, require assistance in the conduct of business affairs.

The trust will conduct only the business of a Stampin' Up! demonstratorship and no other. The supporting demonstrator (spouse of the authorized demonstrator) has no rights independent of the authorized demonstrator within the demonstratorship and thus cannot be the sole creator of the trust absent the participation of the demonstrator, but can be a beneficiary of the trust. Because demonstrators are required to meet certain sales and performance standards, appointment of a corporate fiduciary is discouraged. It is assumed that this will be a very rare occurrence.

Nevertheless, if the trust includes a corporate fiduciary, e.g., a bank trust department or a trust company, the trust officer must nevertheless execute on its behalf an irrevocable guarantee that the trustee will perform all of the obligations and responsibilities of a demonstrator, especially those outlined in the Stampin' Up! Independent Demonstrator Agreement and the *Demonstrator Manual*, (e.g., minimum sales requirements) and as set forth from time to time in official Stampin' Up! literature.

The trust shall designate the method of appointment of the new demonstrator who (along with her spouse as supporting demonstrator) must meet all demonstrator qualifications required by Stampin' Up! in order to continue the demonstratorship with Stampin' Up! The trust instruments must not permit the beneficiaries to assign any beneficial interest in the trust. The trustee (and all co-trustees, if more than one) must sign and file with Stampin' Up! an Application to Operate Demonstratorship as a Business Entity and Guarantee of Due Performance and must annually file a Notice of Intent to Continue to Operate Demonstratorship as a Business Entity.

Attending International Events Policy

Demonstrators from other Stampin' Up! markets can attend Stampin' Up! events in another market as long the event includes a guest attendance option. When guest demonstrators attend an event across a regional market border, they will have to pay the increased guest price and will be treated as a guest in all respects. As with any guest, visiting demonstrators from another market will have to wait until guest registration opens to sign up. If the event fills up, the visiting demonstrator may not be allowed to attend. In addition, if there are any special benefits which demonstrators receive as an attendee of the event, the visiting demonstrator will not receive those same benefits.

Selling a Demonstratorship Policy

A Stampin' Up! demonstratorship may not be bought or sold without the express approval of the company. It may pass to an heir or heirs (where the demonstratorship is a qualified business entity as provided in the Demonstratorship as a Proprietary Business Policy and Procedure).

Minimum Sales Requirement Policy

Stampin' Up!'s quarterly sales requirement is designed to encourage demonstrators to meet a minimum standard of business activity. While a successful demonstrator will want to maintain consistent monthly workshop sales and regular customer service to promote a growing business, a quarterly minimum allows her greater flexibility in accommodating important life occasions, holidays, or unforeseen emergencies.

Demonstrators bear the responsibility to keep track of their sales. Aside from the Activity Statement and the Key Stats provided on the Demonstrator Web Site, Stampin' Up! may not notify a demonstrator of pending requirements or status changes.

Meeting the Minimum

To remain on active status, demonstrators must have quarterly net sales (total sales not including shipping and handling or taxes) of at least \$300 in combined workshop, customer, or demonstrator orders. (Noncommissionable items purchased on a demonstrator order do not contribute toward this minimum.) Additionally, shipping and handling charges and taxes do not contribute toward this minimum.

Stampin' Up!'s standards for business activity are designed to help you develop and maintain a successful business. In order

for your business to be profitable to you, you should avoid inventory loading in order to maintain your active status, which means purchasing a large quantity of product that cannot be reasonably sold or consumed in an appropriate amount of time.

Deadlines

In order to meet the minimum sales requirement, qualifying orders must be received by Stampin' Up! before the end of each Stampin' Up! quarter. Stampin' Up! quarters correspond with standard calendar quarters: January 1–March 31, April 1–June 30, July 1–September 30, October 1–December 30. When a demonstrator joins Stampin' Up!, her initial minimum sales requirement must be met before the end of the first *full* quarter after she signs up. She does not have a minimum to meet in the partial quarter in which she signs up. Any sales placed during the first partial quarter will carry over to the first full quarter requirement.

When a demonstrator submits more than the minimum in one quarter, the excess amount over the minimum does not count toward the next quarter's minimum.

Curing a Shortfall

Last quarter, Kristina submitted a total of \$175 in commissionable sales. Because she missed the sales minimum (the quarterly sales minimum is \$300), she is now on pending status. In order to return to active status, she must sell \$125 ($\$300 - \$175 = \125) to make up for the shortfall plus \$100 toward meeting the current quarter's sales minimum – a total of \$225 – in the first month of the new quarter.

Shortfall

If a demonstrator fails to meet the sales requirement in any given quarter, she will automatically be placed on pending status effective the first day of the next quarter (status updates are not posted until after the commission runs have been calculated on the tenth business day of the month; please make sure to check your status after the tenth business day of the month). To return to active status, she has until the last day of that month to cure the shortfall from the previous quarter. In order to cure the shortfall, the demonstrator must submit sales to the amount of the shortfall plus an additional \$100 in sales that will contribute toward the current quarter's sales minimum.

International Sales Policy

Stampin' Up! catalog merchandise may be sold through Stampin' Up!, Inc., only within the 50 states of the United States, District of Columbia, and the United States territories (American Samoa, Federated States of Micronesia, Guam, Mariana Islands, Palau, Puerto Rico, and the US Virgin Islands).

You may sell to customers living abroad only if they can provide an APO/FPO address. You may not sell or recruit off base in a foreign country, including selling to or recruiting US citizens living abroad who can not provide an APO/FPO address.

As a demonstrator for Stampin' Up!, Inc., you are not authorized to sell in any other country, regardless of whether Stampin' Up! operates there. However, according to the laws of the foreign country and Stampin' Up! policies, you may sign up as a demonstrator with Stampin' Up! in a foreign country if Stampin' Up! is legally authorized to conduct business and operate within that country.

Status Policy

There are five categories used to describe a demonstrator's standing with the company: active, pending, military, military special override only, and dropped.

Demonstrators must meet certain requirements to remain active. Those failing to meet these requirements will automatically be placed on pending status. Demonstrators who do not correct the default while on pending status will have their demonstratorships terminated. A former demonstrator is considered dropped.

No written or verbal notice will be given of a change in status other than for military status.

Active

A demonstrator who has met and continues to meet the stated minimum sales requirements (see Minimum Sales Requirement Policy) and is in otherwise good standing with Stampin' Up! regarding policy and procedure will be on active status. Active demonstrators can place orders and receive all company mailings.

Pending

A demonstrator who has failed to meet the stated minimum sales requirements will be placed on pending status. Pending status is a probationary or warning status that lasts no longer than one month. Pending demonstrators still receive all company mailings and can place orders.

If, at the end of the pending month, the demonstrator has not met the required shortfall criteria, her demonstratorship will be terminated. (See Minimum Sales Requirement Policy for more information.)

Demonstrators who violate or are not in good standing with Stampin' Up! policy or procedure are not placed in pending status. Rather, their accounts are suspended and they are not able to place orders or access the Demonstrator Web Site nor will they receive Stampin' Up! publications until the issue is resolved. Stampin' Up! will notify you if your demonstratorship is suspended.

Military

To qualify for military status, you must:

- be attached to or stationed at a US military base in a foreign country as: a US military member OR a civilian employee/contractor of the US Department of Defense OR a legal dependent thereof;
- live on base or in housing near the base with an Army/Air Force Post Office [APO] or Fleet Post Office [FPO] address;
- submit a Military Acknowledgment Form signed by your unit or base commander OR a copy of base policy or letter from appropriate authority indicating whether or not you are permitted to sell and/or recruit on base. If you are re-assigned to a new base, you need to resubmit a new Military Acknowledgement Form to Stampin' Up!

All demonstrators who meet these qualifications will qualify for military status, regardless of whether or not they are permitted to sell and/or recruit on base. If a demonstrator relocates outside of the designated selling area and does not meet these qualifications, her demonstratorship will be terminated.

Demonstrators may sell to customers living abroad only if the customer can provide an APO/FPO address. All sales activities must take place on base or in military housing. All activities must be in accordance with applicable military regulations and policy as they may be promulgated from time to time.

If demonstrators are not permitted to sell and/or recruit on their base, they will still receive regular Stampin' Up! mailings and may place orders for their personal use. They may also place orders for customers living in the United States and elsewhere, as allowed, and on other bases (assuming each can provide an APO/FPO address), as permitted by their base regulations.

Demonstrator Activity While in Military Status

Military status demonstrators have the option of selling products and recruiting. It will be the responsibility of demonstrators to learn whether sales and recruiting activities are allowed on base before they participate in these activities.

Military status is similar to active status, except no quarterly minimum sales requirement must be met (due to the limited nature of the market). Therefore, unless requested, these demonstrators will not be placed on pending status or dropped while on military status. They must meet their monthly minimums to qualify for any override commission.

Military status demonstrators will receive promotions, retirements, and title reinstatements (see the Career Plan chapter for more information) based on their sales and downline promotion activity. Only demonstrators who are permitted to sell on base are eligible for annual awards. Those who are not permitted to sell on base are ineligible.

Military status demonstrators may not sell or recruit off base in a foreign country, including selling to or recruiting United States citizens living abroad that cannot provide an APO/FPO address. They may sell to friends, family, and established customers in the United States by having their orders shipped directly to their customers in the United States.

Military Special Override Only Status

Demonstrators who also meet the following additional qualifications can apply for military special override only status:

- Not permitted to sell on base.
- Personal sales during the previous 12 months of \$3,600 or more.
- At least one active downline member.

Demonstrator Activity While in Military Special Override Only Status

Demonstrators on military special override only status may not sell products to customers either inside or outside of the United States.

Demonstrators who meet the aforementioned qualifications for military special override only status will not be placed on pending status or dropped while on this status and will receive a 2 percent override commission on the first three levels of their downline's sales.

Demonstrators on this status may order items for personal use and should submit such orders as a demonstrator order. They may retain the instant/deferred income from these orders, but will receive no volume rebate. Their titles will not change while in military special override-only status, and they will not be eligible for annual awards.

Dropped

If a Stampin' Up! demonstrator in pending status does not meet the quarterly sales minimum, her demonstratorship will be terminated. She will no longer automatically receive the catalog or other Stampin' Up! publications nor will she be able to place orders or attend Stampin' Up! events as a demonstrator. At this point, she is considered dropped. Demonstratorships terminated for cause are also in the dropped category. To learn more about rejoining Stampin' Up!, see Rejoining Stampin' Up! Policy.

Paperwork Required to Obtain and Maintain Military Status

If, when a demonstrator learns that she will be relocated to a military installation abroad, she wishes to continue as a Stampin' Up! demonstrator, she must submit a Military Acknowledgment Form within 30 days of the transfer date. This form is available online in the Printing Place and can also be obtained by contacting Demonstrator Support. Once this document is received and processed by Demonstrator Support, demonstrators will be placed on the military status appropriate to their situation.

New recruits on military bases must submit a Military Acknowledgment Form with their Independent Demonstrator Application and the Starter Kit Order Form.

Upon returning to the United States, demonstrators will need to submit a Military Return Form (available on the Demonstrator Web Site in the Printing Place). Once this form is received, demonstrators will be placed back on active status. Demonstrators will not be required to meet the quarterly minimum sales requirement until the first full quarter after Stampin' Up! receives the appropriate paperwork.

Adjustments to Status

Stampin' Up! does not offer a leave of absence program. However, the company may adjust the status of a demonstrator due to undue hardship or difficulty. If a demonstrator considers herself to be in such a situation, she should contact Demonstrator Support as soon as possible after being dropped and request consideration for her circumstances. Demonstrator Support will review each request and alert the demonstrator if the exception has been granted.

Rejoining Stampin' Up! Policy

Demonstrators who do not meet the minimum sales requirements by the end of their pending month are placed in dropped status. Demonstrators who wish to drop their demonstratorships must submit their resignation in writing. Letters of resignation may be submitted via mail, e-mail, or fax. Written resignation letters help ensure that demonstrators and their uplines receive appropriate commissions on recent orders before resignations go into effect.

After being dropped or resigning, a demonstrator enters a six-month waiting period. The six-month period begins the first day of the month in which they were dropped. Demonstrators who resign will begin their six-month period on the first day of the month following the month in which Stampin' Up! receives their written letter of resignation.

If a demonstrator rejoins during the six-month period, she will be placed under her original upline recruiter. She cannot rejoin under any other demonstrator unless her original upline recruiter has been dropped or resigns; in such a case, she may rejoin under any other demonstrator of her choice.

If a demonstrator rejoins after the full six-month period, she may sign up under a demonstrator of her choice even if her original upline recruiter is still in active status.

In both cases, the rejoining demonstrator may be counted as a new recruit by her upline recruiter and when she promotes to a senior associate or above, promotions will count for the upline as any new recruit would.

| REJOINING WAITING PERIODS | |
|--|---|
| If a demonstrator submits her resignation during | Her six-month waiting period is completed the last day of |
| January | July |
| February | August |
| March | September |
| April | October |
| May | November |
| June | December |
| July | January |
| August | February |
| September | March |
| October | April |
| November | May |
| December | June |

| If a demonstrator misses the quarterly minimum requirement and is dropped on the first day of | Her six-month waiting period is completed the last day of |
|---|---|
| February | July |
| May | October |
| August | January |
| November | April |

TABLE 6-1

A rejoining demonstrator counts as an active first-level demonstrator for her upline's title requirements.

A rejoining demonstrator's former downline, sales history, and title will not be restored. She will receive a new demonstrator number.

Recruiting Policy

Recruiting new demonstrators is a vital part of growing a Stampin' Up! business. It is important that each demonstrator uphold the principle of integrity (one of Stampin' Up!'s Eight Principles) in her recruiting practices, and be completely ethical in her behavior. Failing to do so will ultimately reflect poorly on the demonstrator, and undermine the intent of Stampin' Up!'s Statement of the Heart.

Recruiting a new demonstrator without her knowledge is strictly prohibited. Manipulation of Stampin' Up! recruiting policies to achieve gain that you would not otherwise receive will result in your loss of earnings and awards. It may also potentially lead to the termination of your demonstratorship. As you recruit, you must also avoid the following unethical behaviors, as well as others as may be defined by the company:

- Demonstrators may not ask for a customer's Social Security number with their order in an effort to recruit them without them knowing that they are signing up as a demonstrator.
- Demonstrators may not disguise a recruiting offer as a prize or award.
- Demonstrators may not sign up individuals without them personally accepting and agreeing to the IDA. When new recruits sign up as demonstrators, they should personally choose to be demonstrators and be willing to be bound by all agreements.
- Demonstrators must be truthful and not misleading and must not inflate, exaggerate or guarantee the amount of money that your new recruits will make as demonstrators or that demonstrators may have earned in the past. If you'd like, you can choose to share the commissions you earn as a demonstrator, but you must make it clear to new recruits that commissions will vary depending on the demonstrator.
- Demonstrators may not sign up their spouse as a member of their downline, nor may that spouse be a member of anyone else's downline. (See the Supporting Demonstrators policy for more information.)
- Demonstrators may not discount the Starter Kit in order to sign up new recruits except at times of official Stampin' Up! Starter Kit promotions. (See the Continual Discounting policy for more information.) In addition, if you purchase the Starter Kit using your credit card for your new recruit, you should be reimbursed by your new recruit for the purchase.

In addition, as you sign up a new recruit, you should take time to set expectations of the level of support, such as training, that you plan to provide her.

Once you've recruited a new demonstrator, you must follow these guidelines:

- Demonstrators may not place and pay for orders for a new downline member. Once new recruits have signed up as demonstrators, they must place and pay for their own orders. Although a demonstrator may be an occasional customer of her new recruit, she, as the upline, or other members of the demonstrator's downline, cannot place their own workshop, customer, or significant personal orders with her for the purpose of helping her to promote.

- Demonstrators may not enter their payment information in a new recruit's Payment Profile. The new downline member must enter her own payment information in her Payment Profile. Abiding by this guideline protects both parties from any possible fraud, identity theft, or tax liability issues. Payment information includes any credit card, direct deposit, and checking account information. If the new recruit is unable to provide direct deposit, credit card, or checking account information, she should contact Demonstrator Support.
- Demonstrators may not enter their own contact information in their new recruit's profile. The new recruit should provide accurate contact information (including her own e-mail, address, and phone number) in her profile. If the new recruit is unable to provide contact information when she is signing up, such as an e-mail address, she should leave this information blank in her profile.

Active Demonstrator Responsibilities Regarding Sales

Providing a positive experience for your customers is essential to building a successful Stampin' Up! business. As with recruiting, it is important that each demonstrator uphold the principle of integrity in her sales practices and be completely ethical in her relationships with customers. Demonstrators should adhere to Stampin' Up!'s Eight Principles.

The following are some guidelines around demonstrators' sales activities:

- Demonstrators should not induce a person to purchase products based upon the representation that a consumer can recover all or part of the purchase price by referring prospective consumers. Address all questions from your customers clearly and accurately.
- When finalizing your sale with a customer, the terms of the offer should be clear and accurate as to price, delivery, payment terms, quantity and availability. Be sure to use the Stampin' Up! order form and fill it in accurately and clearly so the customer is provided with the price and terms of payment, a description of the product and quantity purchased, the agreed delivery date and any additional charges (shipping, taxes, etc.) and, wherever possible, the amounts of such charges. You must allow the customer sufficient time to read and understand the entire sales contract.
- Demonstrators must not abuse the trust of individual

customers or exploit their age, illness, handicap, lack of understanding or unfamiliarity with a language. Failing to adhere to the strictest standards of honesty and integrity will negatively impact your professional reputation and undermine the intent of Stampin' Up!'s Statement of the Heart.

- You must provide your customer with the completed order form at or prior to the time of sale. In the case of a sale made through the mail, telephone, Internet or other non face-to-face means, a copy of the order form must be included in the initial order.

Right to Cancel Policy

Your customer has the right to cancel a purchase for three days after the date the order is placed. To cancel, customers need only notify you—not Stampin' Up!—in writing of their intent to cancel their purchases. Such notices must be provided at the demonstrator's address as provided on the order form and must be provided in a trackable method, such as registered mail, fax, or personal delivery.

When a customer places an order with you, provide her with a copy of the Right to Cancel policy found on the reverse side of all Stampin' Up! order forms. Make sure to keep a copy for yourself as well. The customer does not need to provide any reason for cancelling an order. Use of products constitutes acceptance. Once the order has been submitted to Stampin' Up! for processing, it cannot be cancelled. In the event that you submit an order for processing prior to the expiration of the required three days, you by default accept responsibility for handling any cancellation refunds personally. The submitted order will be delivered to the address given at the time the order was placed, and you will be responsible for taking delivery of the merchandise.

Here are some ways you can handle the three-day cancellation policy:

- Hold orders until the Three-Day Right-to-Cancel period has expired, then submit the order to Stampin' Up! This way, you won't be required to refund money from cancelled orders and keep unwanted product.
- Submit orders within the customer's Three-Day Right-to-Cancel period to assure the fastest possible service. If a customer cancels within the three-day period, you bear the burden of returning the customer's money and accepting the ordered merchandise.

If a customer wishes to cancel after the three-day period, here are some optional ways to handle the situation:

- Accommodate her and receive the merchandise yourself for personal use as incentives or downline rewards, exchange for other merchandise, or whatever you deem appropriate.

OR

- Explain that it is your policy not to issue refunds on cancellations.

The law does not extend a Three-Day Right-to-Cancel period for orders between an independent contractor (such as a demonstrator) and a supplier. That is, demonstrators do not have a three-day right to cancel orders they place with Stampin' Up!

Starter Kit Right to Cancel Policy

Although Stampin' Up! is an exciting opportunity for all those who want to share their love of stamping with others, occasionally new demonstrators may decide that the business opportunity is not for them. New recruits have the right to cancel a starter kit order, without penalty or obligation, within three business days of the original transaction date. If the new recruit desires to cancel, she must notify Stampin' Up! before 11:50 PM of the third business day after the signed transaction date on the Independent Demonstrator Agreement via telephone, mail, e-mail, or telegram to receive a full refund. The Three-Day Right-to-Cancel Notice appears on the Starter Kit Order Form.

The three-day right to cancel is between Stampin' Up! and the new recruit; it is not the responsibility of the recruiting demonstrator to issue the refund. If the Starter Kit Order Form has not yet arrived at Stampin' Up!, the Starter Kit Order Form and the money will be returned to the new recruit upon arrival. If the Starter Kit has already been shipped, Stampin' Up! will send a postage-paid label to have it returned and will wait for it to be returned intact and unused before issuing the refund.

If a new recruit wishes to cancel after the three-day right-to-cancel period, the new recruit may still be entitled to a partial refund of the unused portion of the Starter Kit on reasonable commercial terms. If the cancellation occurs within 12 months of the date when the Starter Kit Order Form was processed by Stampin' Up!, the new demonstrator may receive up to a 100 percent refund on all unused (unassembled and unopened) merchandise in the Starter Kit. Usage constitutes acceptance of the merchandise. The refund will be based upon the list prices of the products less the kit package price discount that was

in effect when the kit was purchased, including shipping and handling charges in effect at time of purchase. It may take up to 30 days to receive the refund. Please tell your recruit to call Demonstrator Support in order to begin this process.

Repurchase Policy

The company will repurchase, on reasonable terms, currently marketable inventory in a demonstrator's possession if the following conditions are met:

- Items were purchased by the demonstrator for resale while an active demonstrator.
- Items being repurchased are unassembled, unused, and unopened.
- Not more than 12 months has expired since the date of purchase.
- The repurchase price will be 90% of the original cost, less appropriate fees and legal claims, if any.
- The demonstrator will bear the cost of shipping the items to be repurchased to the company.
- This policy does not apply to seasonal, discontinued, or special promotional items.

Points to Remember

- You must tell your customers that they have a right to cancel their orders.
- Each customer should receive two copies of her Customer Order Form.
- Each hostess should receive two copies of her Hostess Benefits Form and one copy of each associated Customer Order Form.
- New recruits should receive two copies of their Starter Kit Order Form and one copy of their Independent Demonstrator Application.
- Customers can cancel their orders without penalty within three business days.
- New recruits can cancel their Starter Kit orders without penalty within three days.
- New recruits can receive a refund on all unused Starter Kit merchandise returned within 12 months.

Product Guarantee Policy

Stampin' Up! guarantees products to be free from manufacturing defects for 90 days after the shipping date. Incorrect shipments and defective or damaged merchandise must be returned to Stampin' Up! within 90 days of the original shipping date to obtain a replacement. Missing items must be reported to Stampin' Up! within 90 days.

You should always inspect your order—coach your hostess to do the same—upon receipt to verify that the products are defect and damage free and to ensure that you received the entire order as well as the correct product. Doing so will help facilitate initiating the exchange/return process within the stipulated 90-day period.

This guarantee does not cover merchandise damaged after delivery or through accident or misuse. Stampin' Up! makes no specific guarantees about delivery times.

Cracks in Rubber Stamps

Some customers may be concerned that the cracks that naturally occur in the background rubber of a stamp may spread and eventually interfere with the appearance of the stamped image. Stampin' Up! is not aware of this ever happening, but if it should occur at any time in the life of the stamp, Stampin' Up! will replace the set free of charge. (If the set is discontinued, a substitute set of equal value will be issued.)

Third Party Guarantees

Some products supplied by third-party vendors may carry labeling guarantees. Demonstrators should check the labeling of the product to see if any additional guarantees would apply and to whom they should write for further information or performance under these guarantees.

Exchange Policy

Demonstrators may exchange new, unused, current-catalog merchandise within 90 days of the original shipping date by sending the item and the order number or packing slip number as well as a completed Exchange Order Form to Stampin' Up! If the merchandise and paperwork reach

Stampin' Up! within 90 days of the shipping date, the demonstrator pays only to ship the item to Stampin' Up! Stampin' Up! will pay to ship the replacement item back. Items received for exchange after 90 days from the original shipping date will be charged a 15 percent restocking fee as well as a 10 percent shipping and handling fee.

No exchanges can be made on supply items or incentive sets. Catalog merchandise can only be exchanged for other catalog merchandise, not for supply items. If an item is exchanged for a higher-priced item, the surplus amount does not count toward a demonstrator's sales. Stamps that have been assembled cannot be exchanged.

If a customer or hostess wishes to exchange or correct an order, they must do so through the demonstrator. Hostesses or customers who contact Stampin' Up! will be redirected to the demonstrator who sold the merchandise. In the event that the demonstrator is not available, another demonstrator may be contacted in order to facilitate the transaction.

Variations in Wood Block Color

Our wood blocks are made with farmed maple and, as with other natural products, each block is unique. The color of the wood may differ slightly from block to block. These variations enhance the wood's overall beauty and are not considered defects.

Replacement Policy

Stampin' Up! does everything it can to replace defective merchandise as quickly as possible. If you or your customers receive defective or damaged merchandise, please contact Stampin' Up! immediately to initiate an order correction as soon as possible. (Please see Product Guarantee Policy for more information.)

Refund Policy

Other than as provided under the Right to Cancel Policy and Repurchase Policy, Stampin' Up! does not offer refunds on merchandise that has been shipped to the demonstrator or customer.

Credit Card/Debit Card Policy

Stampin' Up! only accepts credit or debit cards for which the demonstrator is legally authorized to sign, or which a demonstrator's customer has authorized to be used for an order. A spouse's credit card may be used if the demonstrator is authorized to sign on the account.

When processing Starter Kit orders, Stampin' Up! will accept the credit card of a person other than the new recruit. The signature of the authorized cardholder must be included on the Starter Kit Order Form.

Accepting Credit Cards from Customers

Stampin' Up! has the ability to process credit cards from your customers, and will pay the associated merchant fees. The convenience of accepting credit cards as payment may increase your sales as studies have shown buyers purchase more if they can pay by credit card. This service is available to all active demonstrators.

Stampin' Up! will only process credit cards for product orders. If you would like to accept credit cards as payment for class or event fees, you can negotiate a credit card program with a local bank or financial services provider in your area. You will be responsible for the fees charged as well as following the stipulated policies and regulations as determined by the service provider. Stampin' Up! cannot be held responsible for the payment of or reimbursement for any of these fees.

Because you are an independent contractor, Stampin' Up! will process your customers' credit cards on your behalf, but you are still responsible for the manner in which you handle your customers' credit card information.

Using the Form

At the bottom of the Customer Order Form, there is a section for credit card information. If a customer chooses to use a credit card, she must fill out this portion of the order form, and select if you are authorized to use the information for her current purchase only, or if she would like it to be stored for future purchases. For proof of order and data security reasons, we highly recommend you save the form showing her authorization, but blackout all but the last four digits of her credit card number.

If you choose to download your forms instead of purchase them, you must use the additional credit card acceptance form. It is important that you fill out both portions of the form, one for your records (under the above conditions), and one for your customer's records.

Storing Credit Card Information

If a customer selects to allow Stampin' Up! to store her credit card information, as the demonstrator, you will be held liable for any charges processed on that card directly through OEX (online or through the call center). You have the responsibility to carefully handle this sensitive information.

To store this information, you will need to enter the information separately into your customer's profile in OEX, and only one card can be on file at a time. Again, you will need to maintain the record showing that she authorized her information to be stored.

You can assure your customers that Stampin' Up! uses industry-certified credit card encryption technology, so if they choose to allow you to store their information with Stampin' Up!, that information is secure.

Getting Paid

Submitting credit cards for processing through Stampin' Up! does affect how you receive your deferred income from an order. If any customer uses a credit card on an order, you must submit the entire retail total to Stampin' Up!, instead of keeping 20 percent as you would with any other order. Stampin' Up! will remit your 20 percent deferred income directly into your bank account. Stampin' Up! will process payments weekly, therefore if you submit your order by Monday at 11:59 PM (MT), your funds will be available in your direct deposit account by the following Friday (barring any holiday in the week). If you still receive your commission payments by check, your deferred income payments will be made to you in your monthly commission check.

Demonstrator Payment Profile Policy

All demonstrators are required to create a Demonstrator Payment Profile so they can accept direct deposit from Stampin' Up! for any payments that they may be entitled to. The Demonstrator Payment Profile also allows you to use enhanced credit card payment options and direct debit when you pay for your orders through OEX, if you wish.

Your Demonstrator Payment Profile is only accessible by logging on to the Stampin' Up! Web Site using your unique login and password. You can view your Demonstrator Payment Profile on the Demonstrator Web Site under My Business>My Profile>Demonstrator Payment Profile.

Anyone who has your demonstrator number and password will be able to access your information. Therefore, do not give your password to anyone. We also encourage you to change your password frequently.

You can create your Demonstrator Payment Profile by following these steps:

1. Log in to the Demonstrator Web Site.
2. Go to My Business>My Profile>Demonstrator Payment Profile.
3. Read the Direct Credit, Direct Deposit, and/or Credit Card Authorization Agreement and select "I agree".

The Authorization Agreement outlines your responsibility to make sure your account information is accurate. In addition, you must agree to use only accounts on which you are the primary or joint account holder. Make sure before agreeing that you understand the terms of the agreement and what your responsibilities are as explained in the agreement.

You should not include any payment information on your profile if you are not a bank-authorized signer on the account, nor should you include your payment information on another demonstrator's profile who is not a bank-authorized signer on your account.

Stampin' Up! is not liable for any problems that arise as a result of incorrectly entered account information.

Security

Demonstrator Payment Profile is designed to keep your account information confidential; your account information is accessible only by you and authorized Stampin' Up! employees. Your checking and savings account numbers and your credit card account information will be masked—meaning, only a portion of the account numbers will be visible, even to you. Only enough information will be given so that you'll be able to identify which account is being charged, usually the last four digits of your account number.

Direct Deposit

Direct deposit enables you to receive your volume rebate and override commission payment directly into your checking and savings accounts. Funds will be deposited on or shortly after the tenth business day of each month. Stampin' Up! only offers payment through direct deposit. If you are unable to receive direct deposit payments, please contact Demonstrator Support.

To sign up for direct deposit, go to your Demonstrator Payment Profile and add checking or savings account to your profile. You are required to do this before you place your first order.

Enhanced Credit Card Payment

You can store up to three credit cards at a time in your Demonstrator Payment Profile and you may use any of them at your discretion to pay for your submitted orders. If you don't want to charge any of the cards in your profile, you can enter a different credit card number to be charged at the time you place the order.

To begin using enhanced credit card options, go to your Demonstrator Payment Profile and add up to three credit cards. You will need the number and expiration date of each credit card you wish to add.

Double Check Routing & Account Numbers

A routing number identifies a specific bank, and an account number identifies your account. If you enter just one digit incorrectly in your Demonstrator Payment Profile, your first electronic check will bounce. You may be subject to non-sufficient funds (NSF) fees from your bank and Stampin' Up! if this occurs. Stampin' Up! cannot verify these numbers for you, so please take extra care to make sure they are correct when you submit them. You can find them on the bottom of your check, or by calling your bank.

Setting Up Electronic Funds Transfer (EFT) without Internet Access

If you do not have access to the Internet, please call Demonstrator Support to request a copy of the Authorization Agreement be mailed to you. Once your Agreement is received, a member of the finance department will contact you to set up your Demonstrator Payment Profile over the telephone.

Direct Debit Payment Option

Direct debit allows you to pay for your orders from your checking or savings account. You may add up to two checking and/or savings accounts into your Demonstrator Payment Profile to use when paying online or over the phone. The money is usually deducted from your account the day after the order is placed.

To sign up for direct debit, go to your Demonstrator Payment Profile and add a checking or savings account to your profile.

Electronic Check Payment Option

Electronic checks allow you to pay for your orders using your checking or savings account. You may add up to two checking and/or savings accounts into your Demonstrator Payment Profile to use when paying online or over the phone. The money is usually deducted from your account the day after the order is placed.

To sign up for electronic check payment options, go to your Demonstrator Payment Profile and add a checking or savings account to your profile.

Trademarks and Copyrights Policy

Demonstrators benefit from Stampin' Up!'s protection of its intellectual property. Stampin' Up!'s exclusivity is an important selling point, and the company will take the necessary steps to preserve this advantage for all its demonstrators.

The following items, which constitute the intellectual property of Stampin' Up!, are protected by copyright, trademark, and patent laws:

- Stampin' Up!'s images sold as stamps, stamp sets, prestamped images, vinyl wall art, and digital artwork.
- Stampin' Up!'s logo and other words, phrases, and logos that are developed by the company to enhance the marketability of Stampin' Up! products.
- Any of the devices and processes comprising certain accessories and methods that may be developed by the company and sold as products.
- Any downline and upline demonstrator lists developed by the company for use in marketing products and properly compensating demonstrators.

No person may use or rely on Stampin' Up!'s name to promote a business or sell any product other than Stampin' Up! products.

Copyrights Definitions

The following is a list of some of the definitions you should refer to as you read the Trademarks and Copyrights Policy.

- A **COPYRIGHT** is the exclusive legal right to copy, publish, sell, or otherwise profit from written, musical, or artistic material.
- A **TRADEMARK** is a distinctive word, name, logo, or phrase describing or identifying a product which is legally reserved for the exclusive use of the product's owner.
- A **SAMPLE** is an item such as a card, scrapbook page, or three-dimensional project that contains one or more Stampin' Up! image(s).
- **MECHANICAL REPRODUCTION** of an image or sample that includes any reproduction method other than hand stamping.

Stampin' Up! Logos

Digital files of the Stampin' Up! logo are available on the Demonstrator Web Site. Demonstrators may download and use these logos on minor advertising or any approved major advertising (see the Advertising section for further explanation of these terms).



Demonstrators should use only Stampin' Up!-approved logos. Additional guidelines on logo usage, as well as files of approved logos, are available on the Demonstrator Web Site under the Printing Place.

When using the Stampin' Up! logo, make sure that the logo is straight, not tilted. You may reproduce the logo in any solid color. Although demonstrators can use the logo on their advertising, they cannot place the logo on any other items or products without the approval of Stampin' Up! Only Stampin' Up! approved vendors are authorized to reproduce the logo for demonstrator's logo supplies or merchandise. Demonstrators may, however, use the logo to create their own business cards, but must receive approval from Stampin' Up! before printing.

The Direct Selling Association (DSA) Logo

You present Stampin' Up! products through home workshops, and customers purchase stamps and other products directly through you. This method of selling directly to the public is known as direct sales. Stampin' Up! is proud to belong to the Direct Selling Association (DSA), a Washington, D.C.–based national trade association of the leading companies that distribute goods and services directly to consumers.

It is a great benefit to belong to the DSA, so we encourage you to use the DSA logo on your minor and major advertisements. It is available online in the Printing Place. This logo shows that Stampin' Up! is a member of a trade association recognized nationwide for its Code of Ethics and its goals of ensuring quality, service, and convenience to millions of home shoppers.

When using the DSA logo, follow these guidelines:

- Don't change the typeface, turn it sideways, or take the roof off.
- The DSA logo should be of equal height or smaller than the Stampin' Up! logo.
- Don't make the DSA logo more prominent than the Stampin' Up! logo.



Copyright Notice: Advertising/Contests/Charitable Events

Demonstrators must use the copyright notice when reproducing any images or samples. They must also include the copyright notice when donating any hand-stamped or digitally created items to a charitable organization (see Angel Policy for more information) as well as when submitting any artwork to stamping, scrapbooking, or any other publications for contests or to be considered for publication (see Artwork Contests and Submission of Ideas Policy for more information). In these cases, use the following copyright notice: Images copyright 1990–[current year] Stampin' Up! OR Images © 1990–[current year] Stampin' Up!

Copyright Notice: Internet

When posting projects created using Stampin' Up! artwork on a personal web site (see the Internet/Web Site Policy for guidelines) demonstrators must provide the appropriate copyright notice.

Using Stampin' Up!'s Images and Samples

Stampin' Up! has given limited license for mechanical reproduction of its artwork or images, which includes any

designs, patterns, instructions, techniques, or processes derived from the artwork or images. A demonstrator or customer may mechanically reproduce any Stampin' Up! image (with the exception of images contained within copyrighted publications) for personal, non-commercial use. See the Angel Policy for guidelines on selling items containing Stampin' Up! artwork.

Any piece used or displayed in the public domain containing mechanically reproduced images (displayed in a public place, posted online, etc.) must contain the appropriate copyright notice.

Demonstrators may use any image from the Stampin' Up! web sites for advertising the sale of Stampin' Up! products only. See Use of Stampin' Up! Photography and Graphics for Advertising Policy for more information.

Copyright of Stampin' Up! Publications

All Stampin' Up! publications are copyrighted by Stampin' Up! and may not be copied without permission. From time to time, these publications will include a notice that specifies those pages of the publication that may be copied. Permission is granted to active demonstrators of the company to copy pages of Stampin' Success for personal use, such as enlarging patterns, for training purposes (for Stampin' Up! recruits only), and for business purposes. Pages may not be copied for distribution to customers or others without specific permission.

When quoting or photocopying text, accompany it with the following:

Excerpted from [month/year or issue/volume] Stampin' Success Copyright [year] Stampin' Up!®

Copyright of Stampin' Up! Flyers

The Stampin' Up! Demonstrator Web Site has dozens of flyers, forms, and letters to help you with your business. You may print and reproduce these items without prior approval from Stampin' Up!

Angel Policy

Stampin' Up! welcomes artists who would like to use our copyrighted images in their own handmade craftwork and other projects that they produce to sell. Therefore, we give permission in the form of a limited license to use any Stampin' Up! images for the purpose of creating items for sale, under the following criteria:

1. Handmade craftwork created for sale must be personally and individually created by the selling artist and may not be reproduced or copied in any form

by any means, graphic, electronic, or mechanical, including photocopying. Mass production, assembly-line construction, production by workers for hire, or syndication of craftwork for sale is strictly prohibited. Digitally created projects intended for sale must be personally created by the selling artist.

2. All of Stampin' Up!'s images are copyrighted, which means that they may not be copied without permission. To help protect the rights granted by these copyrights, all items for sale using Stampin' Up! images must be marked with one of the images from the official Stampin' Up! Limited License stamp sets shown in the catalog, or the digital copyright image included in the My Digital Studio program, or available online.
3. There are no quantity limits for for-sale, handmade craftworks that abide by the restrictions as stated in this policy. However, you may only sell 150 total individual items per calendar year of printed projects that were digitally created containing Stampin' Up! images unless other permission has been requested and granted. Calendars, cards, photo books, or other digitally created projects apply to this limit.
4. Completed, handmade or digitally created (printed) projects may be sold at competitive and non-competitive permanent retail locations, as well as temporary craft events, community fundraisers, and over the Internet. In selling handmade or digitally created projects, the seller must make it clear that the items are handmade or personally created by the seller, and not a product of the company. The seller may indicate that the supplies used are from Stampin' Up!, but the Stampin' Up! logo may not be used in any way for the sole purpose of promoting the sale of handmade or digitally created projects.
5. You may not use Stampin' Up! images for the purpose of creating logos or company trademarks.
6. Digital files of any type containing Stampin' Up! images may not be sold under any condition.
7. Persons creating handmade or digitally created (printed) items for sale are responsible for complying with any state and local business and tax regulations.
8. Persons participating in this angel policy assume all liability for suitability of their work and agree to indemnify Stampin' Up! from disputes arising from their work.
9. Stampin' Up! is a Utah corporation. The laws of the State of Utah govern the policy. The state and federal courts for Salt Lake County, Utah, will have exclusive

jurisdiction over any proceeding arising from this policy and Salt Lake County, Utah shall be the exclusive venue. Any failure by Stampin' Up! to enforce any of its rights will not constitute a waiver of such rights.

Advertising Policy

Stampin' Up! regularly participates in advertising efforts in order to promote and create opportunities for demonstrators. Stampin' Up! reserves the right to conduct any national or international advertising or promotions including on the Internet.

Demonstrators may also participate in advertising and promotions efforts but must adhere to the following criteria.

Major advertising requires approval by Stampin' Up! Major advertising consists of, but is not limited to:

- Major web sites or web services
- Newspapers, magazines, event brochures, or telephone listings
- Television and/or radio
- Commercial door-to-door (mass distribution)

With any major advertising, the demonstrator may list only their contact information without preapproval. Inclusion of additional text, the Stampin' Up! logo, or any Stampin' Up! artwork in such an advertisement must be preapproved by Stampin' Up! before broadcast or publication.

To obtain preapproval, please fax, mail, or e-mail the request to Stampin' Up! Demonstrator Support. Label the request as advertising approval request. Please send the following with your request:

1. A copy of the final ad, script, or article
2. The name of the publication, broadcasting company, or website that will run the piece and its contact information
3. The expected date of publication or broadcast

Allow five business days for Stampin' Up! to review and approve submitted advertising requests and to respond. Include your personal contact information.

Plan for sufficient time to prepare the material, receive approval from Stampin' Up!, make any necessary changes, submit a final copy, and have the material ready for posting, publication, distribution, or broadcast. Stampin' Up! cannot

be held liable if material is not received in sufficient time to enable us to complete the approval process by your deadline. Non-response does not constitute acceptance.

Please refer to Public Relations Policy if you are contacted regarding participating in an interview or broadcast concerning Stampin' Up!

Advertising on a personal web site, in flyers, handouts, newsletters for customers or downline members, answering machine greetings, brochures, invitations, posters, or coupons including the distribution of business cards and any company-sponsored or company-produced promotional materials (such as flyers, brochures, or catalogs) does not need prior approval.

Though demonstrators may not sell product in permanent retail locations (see Selling in a Permanent Retail Location Policy for more detail) they may advertise in those locations. Make sure to obtain permission from store management before leaving flyers, business cards, brochures, or catalogs in waiting rooms, on counters, or on bulletin boards.

Demonstrators must accurately represent their role as an independent demonstrator in all written and oral communication. Demonstrators may not represent themselves as employees or agents of Stampin' Up! Always refer to yourself as a Stampin' Up! demonstrator. Make sure your ad does not imply the following:

- You are an employee or agent of Stampin' Up! or that your personal business is part of corporate Stampin' Up! Do not use your demonstrator title in a way that may lead customers to believe it is an employee title.
- You have exclusive rights to a territory.
- Stampin' Up! is a mail-order catalog company.

Advertising Stampin' Up! Promotions

Demonstrators are allowed to advertise Stampin' Up! promotions to their customers before the promotions begin via blogs, flyers, e-mail, and other media. Because Stampin' Up! promotions vary, demonstrators must follow these guidelines as they advertise:

- For promotions with a preorder period, demonstrators can begin announcing the promotion to their customers when the preorder begins.
- For promotions without a preorder period, demonstrators can begin promoting the promotion one month prior to the start date of the promotion. If the announcement comes less than one month prior to

the promotion, demonstrators can begin promoting it immediately.

- For annual promotions such as the retired list or Sale-A-Bration, demonstrators can begin advertising these promotions and sharing the dates of the promotion with their customers once they know the scheduled dates as announced on the Demonstrator Web Site. However, demonstrators should wait to show samples until the preorder for the promotion is announced.

Use of Stampin' Up! Photography and Graphics for Advertising Policy

Demonstrators may copy Stampin' Up! graphics and photography from Stampin' Up! web sites for use in their personal ads, flyers, and web sites for advertising purposes. This permission does not extend to electronic files of Stampin' Up!'s copyrighted publications, such as catalogs or magazines. If Stampin' Up! uses an image to promote a special, opportunity, or product available to the public, a demonstrator can use that image to advertise the special, opportunity, or product as well. For images containing product not yet released to the public, but available for demonstrator preview, the guidelines for posting images of demonstrator preview products must be followed (please see the Internet/Web Site Policy), unless Stampin' Up! specifically gives permission to use those images. We grant active demonstrators limited license to use these copyrighted images for the limited purpose of promoting the sale of Stampin' Up! products.

When using Stampin' Up! graphics and photography in advertising:

- Demonstrators **can** resize photography and graphics as long as the photography or image used for advertising does not become skewed, distorted, or of low-quality.
- Demonstrators **must** follow the Advertising Stampin' Up! Promotions policy when using photos or graphics from a Stampin' Up! special, opportunity, or product.
- Demonstrators **must** include the Stampin' Up! copyright notice when they use Stampin' Up! photography and graphics. Make sure the copyright notice appears like this: Images © [Year] Stampin' Up!
- Demonstrators **must** include the Stampin' Up! copyright notice when they use Stampin' Up! photography and graphics. Make sure the copyright notice appears like this: Images © [Year] Stampin' Up!

Personal Promotional Resources

Personal business items (not for resale) that a demonstrator

may wish to produce using the Stampin' Up! logo, images, or artwork must be done through a Stampin' Up! approved vendor, with the exception of business cards which demonstrators may design and produce with pre-approval by Stampin' Up!. Demonstrators may produce business cards or stationery that refer to themselves as a Stampin' Up! Independent Demonstrator without using the Stampin' Up! logo without obtaining approval. Aside from products offered from time-to-time by Stampin' Up!, the Stampin' Up! logo or name may not be used on business checks, credit card receipts, or any other financial document. Demonstrators may purchase generic checks and hand-stamp them to generate interest in their business.

Company Name

When using "Stampin' Up!" in a sentence, copyright statement, or advertisement, follow these guidelines:

- Stampin' Up! may be printed in either all caps (STAMPIN' UP!) or initial caps (Stampin' Up!).
- Use an apostrophe after Stampin'.
- Add an exclamation mark after Up!
- Add the superscripted registered trademark symbol (®) after the exclamation mark the first time the name is used on any page or wherever it is visually conspicuous (Stampin' Up!®).

See Trademarks and Copyrights Policy for guidelines on the proper use of logos.

Coupons and Gift Certificates

If a demonstrator uses a coupon or gift certificate to promote incentives or other Stampin' Up! activities, they must clearly identify that the demonstrator, not Stampin' Up!, is offering the incentive.

Telephone Listings

Demonstrators may obtain a listing in a telephone directory under "Stampin' Up! demonstrator" followed by the demonstrator's name. If the telephone directory prohibits the use of grammatical marks—such as the apostrophe or exclamation mark in "Stampin' Up!"—it is permissible to publish the listing without these marks.

Public Relations Policy

Occasionally, reporters are interested in speaking with a demonstrator or attending a workshop. In this case, a public relations representative from Stampin' Up! will contact a

demonstrator in the appropriate area and will offer media coaching for the demonstrator.

If a member of the press contacts you directly, make sure the reporter knows you are an independent demonstrator and that you are not a spokesperson for the company.

The public relations department is a great resource to help you prepare for a media interview. A trained publicist will walk you through the process and provide you with interviewing techniques that will allow you to maximize your time with the reporter. This will result in an effective interview, which can help you build your business and complements the company's international public relations efforts.

Please allow 10 business days' notice when you request public relations coaching. Because reporters are always working on a deadline, we suggest you call Demonstrator Support as soon as you are contacted and ask to speak with someone in the public relations department.

Selling in a Permanent Retail Location Policy

A permanent retail location is any location that conducts business in a store, consignment shop, kiosk, mall, market, or Internet site other than a Stampin' Up!-sponsored web site.

Any such location that sells products used in rubber stamping or scrapbooking is considered a competitive permanent retail location. Demonstrators may not conduct sales in a competitive permanent retail location, except as allowed herein. Demonstrators may conduct a nonhostess event at a competitive permanent retail location. They may also participate in temporary commercial events there. Demonstrators may sell handcrafted or printed, digitally created items on a limited basis at competitive retail locations as allowed under the Angel Policy.

Any location that conducts business in a permanent retail location that does not sell products used in rubber stamping or scrapbooking is considered a noncompetitive permanent retail location. Demonstrators may participate at events in such locations so long as they follow the rules established by the host location.

Observing this practice ensures that customers will look to demonstrators for their stamping and scrapbooking needs rather than going to a retail location.

Temporary Commercial Events

Temporary public events are those events organized in whole or in part to provide opportunities to show products and take orders from the public such as fairs, trade shows, or conventions. Stampin' Up! reserves the right to participate in such public events. If Stampin' Up! chooses to participate in the event, demonstrator participation will be evaluated on a case-by-case basis.

Demonstrators may not advertise for a public event in which they do not plan to participate.

If you participate in such a public event, we want you to represent Stampin' Up! in a professional manner. You must use a black tablecloth and a Stampin' Up! logo banner for your display.

If you would like advice on how to improve your display, please submit a photo of it to Demonstrator Support. Plan on about five business days to receive a response. Allow additional mailing time if you do not include an e-mail address or fax number.

Teaching Events

Demonstrators may find opportunities to teach stamping in their communities either for free or for a fee. They may, if permitted by the store management, hand out Stampin' Up! business cards.

If the classes are held in a nonretail or noncompetitive retail location, demonstrator must know and follow the rules established by the host location. In such locations, demonstrators may use current-catalog Stampin' Up! products in their presentations and may engage in promotion and sales activities as permitted by the host.

Continual Discounting Policy

Stampin' Up! strongly discourages a demonstrator's practice of continual or permanent discounting of Stampin' Up! products. As independent contractors, demonstrators can determine the prices of the products they offer. However, permanently discounting Stampin' Up! products, including the Starter Kit, can seriously affect the businesses of other demonstrators. In addition, these continual discounts can reduce the value of Stampin' Up! products in the eyes of Stampin' Up! customers.

Demonstrators who choose to offer continual discounts will not be eligible to receive any award, bonus, recognition, or other incentive, including but not limited to the Demonstrator

of the Year and Rising Star award, the incentive trip, any bonus pool, or other awards. Demonstrators who earn these awards may be asked to acknowledge that they do not engage in continual discounting practices and that they do not discount the Starter Kit except at times of official Stampin' Up! Starter Kit promotions. Any demonstrator who the Compliance Department finds to have violated this rule will not be eligible for any Stampin' Up! award for a minimum of the remainder of the current Stampin' Up! year (though she will continue to receive all commissions and overrides she earns through her sales).

Cash-and-Carry Sales Policy

Cash-and-carry sales are defined as those circumstances where customers purchase an item and take it with them without using the established Stampin' Up! order fulfillment process. The Stampin' Up! Independent Demonstrator Agreement strictly prohibits demonstrators from engaging in cash-and-carry sales.

Kits and the Cash-and-Carry Sales Policy

If you are creating project kits—whether they be card kits or any other project kit, be careful to avoid purchasing more merchandise than you need for your kits and causing a stockpile of merchandise.

In addition, make sure you follow these guidelines as you build your kits:

- Kit contents must be consumable; you cannot include stamp sets, full-size ink pads, or any product that, if not sold, could be returned to Stampin' Up!
- Kit contents cannot contain Stampin' Up! product in its original packaging.
- Kit contents, such as card stock or paper, cannot include any pre-stamped Stampin' Up! images.

Keep in mind that once you purchase Stampin' Up! products and create your own packaged kit with those products, you've created your own product in a sense, and the products are no longer Stampin' Up! product. As a result, you cannot return those items to Stampin' Up! for a refund or exchange under any circumstances.

Stampin' Up!'s prohibition of cash-and-carry sales is based in part on the need to stockpile merchandise. Such a practice is discouraged for the following reasons:

- There are substantial financial risks associated with stockpiling inventory that may become obsolete, discontinued, or unable to be sold.
- Demonstrators may be subject to zoning, reporting, and tax laws. Such laws can be complicated and demonstrators may find themselves unwittingly violating them.
- Stockpiling inventory can potentially cause financial stress on a demonstrator if the inventory is not sold in a timely manner.
- The Stampin' Up! product line is so broad that it is difficult to stock sufficient inventory to satisfy any particular consumer. In addition, the inventory restocking fee and the 90-day return and exchange policy limit a demonstrator's ability to dispose of inventory. Stampin' Up! has made three limited exceptions to this cash-and-carry prohibition: catalogs discontinued merchandise you have on hand, and kits. If you choose to sell catalogs or discontinued merchandise via any sales format outside of Stampin' Up!'s established order fulfillment system, you are liable for any sales, use, or income taxes on these sales. Please consult your tax advisor for information on tax laws for which you will be responsible.
- Demonstrators may post any Stampin' Up! images on their web sites, but must use the appropriate Stampin' Up! copyright notice. In addition, all trademarked product names must carry the appropriate trademark (™) and registered trademark (®) designations. These trademarks are listed on the Demonstrator Web Site.

Publishing Photos

Stampin' Up!'s legal privacy policy prevents publishing photos of any individuals other than a demonstrator and the demonstrator's immediate family without a photo waiver. When submitting photos of you or members of your family, you grant Stampin' Up! the right to publish those photos. If you would like to submit a project with photos of individuals other than immediate family members, you must have them fill out a Release of Artistic Work and/or Photography. You can find it online in the Printing Place. Include these forms with your submitted projects.

Discontinued merchandise may not be sold at workshops. It may be sold at stamp camps, open houses, community fundraisers, seasonal boutiques or bazaars, or over the Internet. Realize, however, that consistently selling discontinued merchandise will hurt your sales.

Internet/Web Site Policy

Stampin' Up! provides Demonstrator Business Web Services as an easy and professional way to have a presence on the web. If you choose to create your own personal web site or blog, please follow the outlined guidelines:

Advertising Online

By allowing demonstrators to participate in Internet-based advertising, Stampin' Up! is not endorsing any of these forums. Demonstrators must make their own determination as to whether any costs involved would provide a good return on their investment.

- Reproduction in entirety or in part of the Demonstrator Manual, Product Guide, Stampin' Success, or other Stampin' Up! publications is prohibited. Providing detailed information regarding the information found in these publications is also prohibited. Demonstrators are permitted to share highlights of this information, but are encouraged to refrain from posting detailed information on the Internet. Rather, such information should be reserved for one-on-one discussions with interested parties. Demonstrators may post material from Stampin' Up! publications on their downline training web sites.
- Demonstrators may not post files, or links to files, of material such as catalogs or brochures contained solely on the Demonstrator Web Site or Stampin' Connection intended for demonstrator preview, or use on any public web site. Unless specific photography is provided for promotional use, any images included in copyrighted publications such as catalogs, mini catalogs, or brochures may not be copied and distributed. If product not included in a special promotion has not been released to the public, but for demonstrators only, demonstrators may not post photos or videos of those products in any public forum (password-protected downline training sites or Stampin' Connection are acceptable) until those

products are released to the public. Demonstrators may, however, display completed projects created with those products before they have been released to the public.

- A demonstrator is free to share news, information, or anything else she has learned at a Stampin' Up! event on her blog, personal web site, e-mail, through personal conversation, and so forth—**unless Stampin' Up! expressly says that she cannot share the information.** If we say that a demonstrator cannot share news, information, or anything else she has learned at an event, a demonstrator **cannot** share this information with anyone or any group of people outside the event. This includes, but is not limited to, blogs, personal web sites, chat rooms, e-mail, personal communication, newsletters, phone conversations, and so forth.
- Demonstrators may not represent themselves as the company or as an official of the company.
- The demonstrator's web site cannot be represented as an official Stampin' Up! Web Site.
- Demonstrators may not actively promote, market, or sell competitive products (decorative stamps in any form, stamp art accessories, scrapbooking products, digital art solutions, and vinyl wall art) using any electronic medium, including blogs, web sites, social media, or e-mail.
 - Demonstrators may not link to the web site of a company that primarily sells products or services that directly compete with Stampin' Up!
 - Demonstrators may not link to a site where a customer can purchase competitive products or services directly from the site.
 - Demonstrators may make casual or incidental references to competitive products, but are encouraged to be generic when referencing those products. However, if demonstrators choose to use competitive products on their web sites, they may refer to the name only of the product, artist, or company in a supply list format, and cannot promote those products by providing specific sales information.
- Demonstrators may not sell Stampin' Up! products directly from their personal sites (with the exception of kits, see the Cash-and-Carry Sales policy), but must direct customers to their DBWS for online ordering.

A demonstrator must indicate on her Demonstrator Business Web Services (DBWS), personal blog, web site, or other Internet

medium that its content is her sole responsibility as an independent Stampin' Up! demonstrator and the use of and content of the classes, services, or products offered on the DBWS, personal blog, web site, or other Internet medium is not endorsed by Stampin' Up!

Downline Training Web Sites

Demonstrators may develop password-protected web sites for the express purpose of supporting and training their first through fifth-level downline only. They may grant permission to members of their downline to use all or a portion of the material on a training web site in the downline member's own training web site for her downline's use (levels 1–5).

Access for downline training web sites must be limited to a demonstrator's downline; providing access to customers, potential recruits, or other demonstrators is prohibited. Demonstrators may not provide links on their training web sites that link to a violating web site.

Project tutorials, videos, and instructions are not considered downline training and can be shared freely in blogs and other public forums.

Internet Auction Sites

Demonstrators are not permitted to sell current Stampin' Up! merchandise on any Internet auction sites (such as eBay®). We also consider it a violation to knowingly provide product to any person for the sole purpose of resale on auction sites. Doing so seriously undermines the viability of every demonstrator's business and Stampin' Up!'s business model. Demonstratorships in violation of this policy may be terminated.

Demonstrators may participate in Internet auction sites within the following limits:

- Demonstrators may sell discontinued Stampin' Up! products. They may display a picture of the stamp set or accessory.
- Demonstrators may sell logo merchandise as long as the item description states that it is a Stampin' Up! product. A picture of the merchandise may be displayed as well. (Memento Mall items purchased at convention or leadership may not be resold for a year after the event.)
- Demonstrators may sell outdated magazines (older than one year) and original catalogs and may display pictures of the literature's cover. Demonstrators may not sell current Stampin' Up! publications of any type—except the current catalog. Demonstrators may not sell reproduced copies of any publication, current or outdated.

- Demonstrators may not sell current products, new or used, including products obtained through prepurchase opportunities. Items in our catalogs are considered current until they have been officially retired (all retired items are announced before the end of a catalog period). All items in our mini catalogs are considered current until one year from the first day of the mini catalog period, unless they are carried over into a regular catalog. Demonstrators may sell Sale-A-Bration sets, promotional products, or hostess sets at the beginning of the catalog sales period following their release, as these items are limited-time only, and will not appear in any other catalog.
- Demonstrators may not sell retired merchandise across international borders.

Other Internet Activity

Demonstrators may not provide potential recruits or customers with the password or other access to any section of the Demonstrator Web Site, including Order Entry Express (OEX).

Demonstrators may not register a personal or business web site or have an e-mail address using the name “Stampin’ Up!” or anything deceptively similar. Individuals who become aware of a web site or other Internet activity that violates Stampin’ Up!’s Internet policy should contact Stampin’ Up! Please provide the full address and/or auction site number and a detailed description of the violation.

Artwork Contests and Submission of Ideas Policy

Periodically, Stampin’ Up! sponsors contests where demonstrators may submit original hand-stamped projects. Complete requirements for submitting entries are printed with each contest announcement.

Demonstrators must submit original stamped samples of cards and other projects that do not utilize photographs to such contests. Scrapbook pages with photographs can be color copies. The artist’s name, demonstrator number, contest category name, and a list of Stampin’ Supplies (stamp set or wheel name(s); types and colors of papers, card stock, markers, pens and pads, and any accessories and/or tools used to make the project) must be permanently attached to the submission. Stamps and accessories used must be in the current Idea Book & Catalog.

You may receive compensation for winning a Stampin’ Up! sponsored contest (as defined in the contest guidelines), or for having your artwork published in a Stampin’ Up! publication.

Demonstrator Support will contact contest winners and other published demonstrators.

Stampin’ Up! posts some of the artwork it receives on the Demonstrator Web Site to enable demonstrators to share their artwork with each other. Demonstrators will not be compensated for artwork that is posted on the Demonstrator Web Site.

When artwork is submitted to Stampin’ Up!, it becomes the company’s intellectual property. Demonstrators may copy art from the Demonstrator Web Site to their personal web site. However, demonstrators should not copy art from someone else’s personal web site without permission.

Stampin’ Up! reserves the right to change the payment program at any time.

Online Ordering Policy

Stampin’ Up! provides an Online Ordering tool for customers. Demonstrators who have a Demonstrator Business Web Site (DBWS) will automatically be provided this feature on their web sites. (We call the DBWS version of Online Ordering your Online Store.) This Online Ordering tool allows customers to purchase Stampin’ Up! products, while still maintaining the demonstrator’s full deferred income (based on a commission rate of 20 percent) on the net sales amount of purchases made by her customers. (The net sales amount is the total purchase price, not including tax, shipping, and handling.)

The Online Ordering tool will also be available on www.stampinup.com, and customers visiting the site can choose to be contacted by a demonstrator. These customers are “contact” customers. A customer can choose, however, to make a purchase without selecting to be contacted by a demonstrator. These customers are “no-contact” customers.

So What Happens to the Commissions for Purchases Made by “No-Contact” Customers?

If a customer doesn’t choose to be contacted by a demonstrator (a “no-contact” customer), 10 percent of the net sales on the order will go into a DBWS shared pool of funds that will be distributed among qualifying demonstrators. To qualify to take part in the pool, demonstrators must be active (not dropped), and have an activated DBWS. (You have an activated DBWS if you’ve selected a payment type in the DBWS administration tool.)

So What Happens to the Commissions for Purchases Made by Customers Who Request Contact?

If a customer chooses to be contacted by a demonstrator (a “contact customer”) on www.stampinup.com and that demonstrator has an activated DBWS, for the order that customer makes the demonstrator will receive the normal 20 percent deferred income on the net sales of that order. In this case, no funds from this order go into the DBWS shared pool of funds.

What about the Commissions for a Demonstrator without a DBWS?

If a customer chooses to be contacted by a demonstrator on www.stampinup.com and that demonstrator does not have a DBWS, that demonstrator will only receive 10 percent deferred income on that order.

What Happens to the Funds in the DBWS Shared Pool?

At the end of the month, 10 percent of the net total of all orders submitted by “no-contact” customers is collected. The net sales amount is calculated on the total purchase price (not including tax, shipping and handling). This amount is paid out to the pool of qualifying demonstrators, as long as the amount equals at least one cent per qualifying demonstrator.

For example, if the total sales from no-contact customers reaches \$2,000 in a month, \$200 would go into the pool (10 percent), and would only be paid out if the number of qualifying demonstrators is 20,000 or less. In this case, the payout would be \$.01 per qualified demonstrator. If the amount of qualifying demonstrators is more than 20,000, the \$200 pool payout will be rolled over into the next month. This is because the amount that has to be paid out of the pool of qualifying demonstrators must equal at least one cent per qualifying demonstrator.

If the pool is paid out in a given month, the payout amount will be distributed evenly among all participants, and any amount left over (under the amount equaling one cent per participating demonstrator) will be rolled over into the next month.

When Am I Not Entitled to a Payout Amount?

If a participating demonstrator is dropped or does not have an activated DBWS, she will not be entitled to any payout amount that is rolled over into another month; she is only entitled to any amount paid out in the months she is an active demonstrator and if she has an activated DBWS. Demonstrators who join the pool in any given month will receive any payout amounts given to all participating demonstrators, even if part of the money is rolled over from a previous month in which they were not a participant.

Payment, Reporting, and Availability of Information

If you participate in the pool, you will receive your payout from the pool with your monthly commission payment. Pool payout will also be reported as a payment to you on a 1099 form.

Monthly Activity Statements for pool participants will show the following information:

- The amount of money in the pool that month
- The total number of demonstrators qualified for the pool during that month. (We do not report the names of the qualified demonstrators.)
- The payout amount per demonstrator

How Can I be Part of the Pool?

If you are an active demonstrator with an activated DBWS, you are automatically part of the DBWS shared pool.

For more information on how potential customers are referred to you, see the Referrals Policy.

Referrals Policy

Stampin’ Up! often receives requests from customers wanting more information about how to purchase products, asking us to refer them to a demonstrator, or requesting a catalog or mini catalog. When potential customers or recruits visit www.stampinup.com, Stampin’ Up! offers the Demonstrator Finder, which provides these two options for them to find a demonstrator:

- Demonstrator Locator
- Demonstrator Directory

Demonstrator Locator Option

If a customer does not have a demonstrator and wants to find one in her own area, she can enter her address, city, and other information in the Demonstrator Locator. The Demonstrator Locator then displays the contact information, such as name, address, telephone number, and so forth, for ten demonstrators in her area. Only active demonstrators who have an activated DBWS and opt in (give permission to be listed) are listed in the Demonstrator Locator. (A demonstrator can opt in to be part of the Demonstrator Locator on the Demonstrator Web Site.)

Demonstrator Directory Option

If a customer wants to find a specific demonstrator and knows the demonstrator’s name (or part of her name) or the city or state where she lives, the customer can enter this information in the Demonstrator Directory, and search to find her demonstrator. The Demonstrator Directory is much like a

phone directory. All active demonstrators who opt in are part of the Demonstrator Directory. (A demonstrator opts in to be part of the Demonstrator Directory on the Demonstrator Web Site.) A demonstrator does not need to have a Demonstrator Business Web Site (DBWS) in order to be listed on the Demonstrator Directory.

Once potential customers or recruits find a demonstrator using the Demonstrator Locator or Demonstrator Directory, they can then choose whether they want Stampin' Up! to refer their name and contact information to the demonstrator or whether they want to contact the demonstrator themselves. If the referral prefers to be contacted by the demonstrator, Stampin' Up! will send the customer's contact information to the demonstrator via Stampin' Mail. Stampin' Up! does not investigate or otherwise screen potential customers or recruits prior to referring them to participating demonstrators.

How the Demonstrator Directory and Demonstrator Locator Work with Commissions on Online Sales

The percentage of commission you earn on online sales depends on whether you have a DBWS.

Here are a few scenarios to explain how this works:

- If a customer visits www.stampinup.com, chooses you from the Demonstrator Locator (because you have a DBWS), and makes a purchase, you will receive your regular 20 percent deferred income on the net sales of that purchase. You will have the total order amount credited to you as sales.
- If a customer visits www.stampinup.com and wants to find a demonstrator near her—and you don't have a DBWS—she won't be able to find you using the Demonstrator Locator because you don't have a DBWS. (Having a DBWS is one of the requirements for being listed in the Demonstrator Locator.) If she is looking for you specifically, however, she can find you in the Demonstrator Directory. If she chooses you from the Demonstrator Directory, and makes a purchase, you will receive 10 percent (versus 20 percent) deferred income on the net sales on that purchase. You will still have the total order amount credited to you as sales.

Enforcement of Company Policies Policy

Stampin' Up! reserves the right to enforce its policies as

explained in the *Demonstrator Manual* and other Stampin' Up! publications (including the Stampin' Up! Web Site). Additionally, changes to existing policies as published by Stampin' Up! are enforceable according to the following guidelines. Demonstrators have the right to appeal the company's decision as explained herein.

Informal Resolution Process

In most situations, concerns or disputes about possible violations of the Independent Demonstrator Agreement, the *Demonstrator Manual*, or any other published policy of the company will be handled initially on an informal basis by the Stampin' Up! compliance department. This department, assisted by selected members of the Stampin' Up! management staff (collectively the Compliance Committee), is responsible for maintaining compliance with the terms of the Independent Demonstrator Agreement and the Demonstrator Manual as well as reconciling disputes among demonstrators.

If a company employee or another demonstrator detects a violation by a demonstrator of the terms of the Independent Demonstrator Agreement or the Demonstrator Manual, she should first discuss the matter with the alleged offender. Most violations are caused by simple lack of information. Pointing out the appropriate section in the Independent Demonstrator Agreement or the Demonstrator Manual is usually enough to resolve the matter. If a violation persists, the employee or demonstrator who discovered the violation should lodge a complaint in writing with the Stampin' Up! compliance department. The compliance department will investigate the matter and determine if the violation warrants disciplinary action. In most cases, if a disciplinary action is needed, the compliance department will attempt to secure the cooperation of the violating demonstrator in conforming to appropriate Stampin' Up! policies and procedures. Under certain circumstances, Stampin' Up! reserves the right to move straight to the Formal Resolution process without attempting to resolve the issue informally.

Formal Resolution Process

In the Formal Resolution process, the compliance supervisor will send the violating demonstrator a letter outlining the issues of the case and the date, time, and place of a hearing on the matter. A copy of the letter will also be sent to the president of the company ("President"). At the hearing, the compliance supervisor, with the majority approval of the Compliance Committee, may recommend to the President action to remedy the situation. Taking action may involve

anything from a written warning to suspension or termination of the demonstrator's rights as a Stampin' Up! demonstrator.

Upon receipt of a recommendation from the compliance supervisor and Compliance Committee, the President may take action to suspend, terminate, or otherwise modify the demonstratorship of the violating demonstrator. The President may act without the recommendation of the Compliance Committee in situations where such action is considered necessary or must be taken without delay in order to protect the company or other demonstrators from harm.

The President's action may include but shall not be limited to the following:

- Discontinuation of suspension and full reinstatement
- A written admonition or warning to a demonstrator, a demonstrator's downline group, or part or all of the demonstrator's line of sponsorship clarifying the meaning and application of the applicable provision of the Independent Demonstrator Agreement or *Demonstrator Manual* that has been violated and advising that future or continued violation could result in the imposition of more severe remedies or sanctions
- Withdrawal or denial of an award, trip, or pin recognition for a specified period of time or until certain conditions have been satisfied
- Imposition of censure or a specified retraining program for the demonstrator or the demonstrator's downline with expenses of retraining charged to the demonstratorship as appropriate
- Revocation of the right to recruit for a specified period of time and/or until certain conditions have been satisfied, or revocation of the right to recruit altogether
- Suspension of the right to promote, market, or advertise online
- Imposing sanctions pertinent to the resolution of the violation
- Withholding of bonus monies or other compensation, or payment of a fine
- Suspension of some or all rights of a demonstratorship for a specified period of time or until certain conditions have been satisfied
- Removal of downline

- Termination of the demonstratorship or impositions of such other conditions as deemed appropriate

Remedies to return the demonstrator to good standing with the company will be specified at the time the decision is made and will be communicated to the demonstrator.

The Appeal Process

With the exception of termination, withholding funds, or the imposition of fines, the president's decision shall be final. If the president terminates the demonstratorship, withholds funds, or imposes a fine, the demonstrator may, within 10 days following termination, appeal the termination decision by giving written notice to the President of the Company. The matter shall then be first submitted for nonbinding mediation before a single mediator in Salt Lake City, Utah. The mediation shall be held not more than 30 days following the date of the notice of appeal to Stampin' Up!. The mediator shall apply the rules of mediation regularly applied to such matters in the state of Utah, such rules notwithstanding, for the convenience of the parties, telephonic participation shall be permitted.

In the event the matter is not resolved by mediation, either party may pursue its respective legal rights and remedies, if any. It is expressly understood, however, that the demonstrator waives the right to file any action whatsoever in any jurisdiction against Stampin' Up! until the nonbinding mediation process as set forth herein has been completed. The jurisdiction and venue for any action shall be in the appropriate state or federal court in Salt Lake City, Utah. However, the demonstrator agrees that Stampin' Up! may seek injunctive relief as it deems appropriate at any time, even prior to mediation, in any state, territory, forum, or jurisdiction in order to protect trade secrets, copyrights, trademarks, and other intellectual property rights of the company as well as critical vendor/supplier relationships, interests of other demonstratorships, and the interests and rights of the company, notwithstanding the timetable of the Formal Resolution Process as described herein.

A vice president of the company may act on behalf of the president at the company's discretion.

DSA's Code of Ethics

(explanatory provisions appear in italics)

Preamble

A. Code of Conduct

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2. Products, Services and Promotional Materials
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5. Identification and Privacy
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1. Prompt Investigation and No Independent Contractor Defense
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D. Regulations for Enforcement of DSA Code of Ethics

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Preamble

The Direct Selling Association, recognizing that companies engaged in direct selling assume certain responsibilities toward customers arising out of the personal-contact method of distribution of their products and services, hereby sets forth the basic fair and ethical principles and practices to which member companies of the association will continue to adhere in the conduct of their business.

A. Code of Conduct

1. Deceptive or Unlawful Consumer or Recruiting Practices

a. No member company of the Association or independent salesperson for a member company shall engage in any deceptive, false, unethical or unlawful consumer or recruiting practice. Member companies shall ensure that no statements, promises or testimonials are made that are likely to mislead consumers or prospective salespeople.

b. Member companies and their independent salespeople must comply with all requirements of law. While this Code does not restate all legal obligations, compliance with all pertinent laws by member companies and their independent salespeople is a condition of acceptance by and continuing membership in DSA.

c. Member companies shall conduct their activities toward other members in compliance with this Code and all pertinent laws.

d. Information provided by member companies and their independent salespeople to prospective or current independent salespeople concerning the opportunity and related rights and obligations shall be accurate and complete. Member companies and their independent salespeople shall not make any factual representation to prospective independent salespeople that cannot be verified or make any promise that cannot be fulfilled. Member companies and their independent salespeople shall not present any selling opportunity to any prospective independent salesperson in a false, deceptive or misleading manner.

e. Member companies and their independent salespeople shall not induce a person to purchase products or services based upon the representation that a consumer can recover all or part of the purchase price by referring prospective consumers, if such reductions or recovery are violative of applicable referral sales laws.

f. Member companies shall provide to their independent salespeople either a written agreement to be signed by both the member company and the independent salesperson, or a written statement containing the essential details of the relationship between the independent salesperson and the member company. Member companies shall inform their independent salespeople of their legal obligations, including their responsibility to handle any applicable licenses, registrations and taxes.

g. Member companies shall provide their independent salespeople with periodic accounts including, as applicable, sales, purchases, details of earnings, commissions, bonuses, discounts, deliveries, cancellations and other relevant data, in accordance with the member company's arrangement with the independent salesperson. All monies due shall be paid and any withholdings made in a commercially reasonable manner.

h. Independent salespeople shall respect any lack of commercial experience of consumers. Independent salespeople shall not abuse the trust of individual consumers, or exploit a consumer's age, illness, handicap, lack of understanding or unfamiliarity with a language.

1a. This section does not bring "proselytizing" or "salesforce raiding" disputes under the Code's jurisdiction, unless such disputes involve allegations of deceptive, unethical or unlawful recruiting practices or behaviors aimed at potential salespeople. In those cases, the section applies. As used in this section, "unethical" means violative of the U.S. DSA Code of Ethics.

The DSA Code Administrator has the authority to make a determination of what is a deceptive, unlawful or unethical consumer or recruiting practice under the Code using prevailing legal standards as a guide. Compliance with any particular law, regulation or DSA Code of Ethics provision is not a defense to such a determination by the DSA Code Administrator that a practice is deceptive, unlawful or unethical. For example, in a sale to a consumer, compliance with the Federal Trade Commission Cooling-Off Rule does not bar the DSA Code Administrator from making a determination that a particular sales practice is deceptive, unlawful or unethical and that a refund or compensation is required.

1. and 2. These sections cover communications about your own company or another company. For example, a distributor for company A makes misleading statements about company B and/or its products to consumers or prospective salespeople.

2. Products, Services and Promotional Materials

a. The offer of products or services for sale by member companies of the Association shall be accurate and truthful as to price, grade, quality, make, value, performance, quantity, currency of model and availability. A consumer's order for products and services shall be fulfilled in a timely manner.

b. Member companies shall not make misleading comparisons of another company's direct selling opportunity, products or services. Any comparison must be based on facts that can be objectively substantiated. Member companies shall not denigrate any other member company, business, product or service – directly or by implication – in a false or misleading manner and shall not take unfair advantage of the goodwill attached to the trade name and symbol of any company, business, product or service.

c. Promotional literature, advertisements and mailings shall not contain product descriptions, claims, photos or illustrations that are false, deceptive or misleading. (Promotional literature shall contain the name and address or telephone number of the member company and may include the telephone number of the individual independent salesperson).

d. Independent salespeople shall offer consumers accurate information regarding: price, credit terms; terms of payment; a cooling-off period, including return policies; terms of guarantee; after-sales service; and delivery dates. Independent salespeople

shall give understandable and accurate answers to questions from consumers. To the extent claims are made with respect to products, independent salespeople shall make only those product claims authorized by the member company.

3. Terms of Sale

a. A written order or receipt shall be delivered to the customer at or prior to the time of the initial sale. In the case of a sale made through the mail, telephone, Internet, or other non face-to-face means, a copy of the order form shall have been previously provided, be included in the initial order, or be provided in printable or downloadable form through the Internet. The order form must set forth clearly, legibly and unambiguously:

1. Terms and conditions of sale, including the total amount the consumer will be required to pay, including all interest, service charges and fees, and other costs and expenses as required by federal and state law;

2. Identity of the member company and the independent salesperson, and contain the full name, permanent address and telephone number of the member company or the independent salesperson, and all material terms of the sale; and

3. Terms of a guarantee or a warranty, details and any limitations of after-sales service, the name and address of the guarantor, the length of the guarantee, and the remedial action available to the consumer. Alternatively, this information may be provided with other accompanying literature provided with the product or service.

b. Member companies and their salespeople shall offer a written, clearly stated cooling off period permitting the consumer to withdraw from a purchase order within a minimum of three days from the date of the purchase transaction and receive a full refund of the purchase price.

c. Member companies and their independent salespeople offering a right of return, whether or not conditioned upon certain events, shall provide it in writing.

4. Warranties and Guarantees

The terms of any warranty or guarantee offered by the seller in connection with the sale shall be furnished to the buyer in a manner that fully conforms to federal and state warranty and guarantee laws and regulations. The manufacturer, distributor and/or seller shall fully and promptly perform in accordance with the terms of all warranties and guarantees offered to consumers.

5. Identification and Privacy

a. At the beginning of sales presentations independent salespeople shall truthfully and clearly identify themselves, their company, the nature of their company's products or services, and the reason for the solicitation. Contact with the consumer shall be made in a polite manner and during reasonable hours. A demonstration or sales presentation shall stop upon the consumer's request.

b. Member companies and independent salespeople shall take appropriate steps to safeguard the protection of all private information provided by a consumer, a prospective consumer, or other independent salespeople.

6. Pyramid Schemes

For the purpose of this Code, pyramid or endless chain schemes shall be considered consumer transactions actionable under this

Code. The Code Administrator shall determine whether such pyramid or endless chain schemes constitute a violation of this Code in accordance with applicable federal, state and/or local law or regulation.

6. The definition of an “illegal pyramid” is based upon existing standards of law as reflected in In the matter of Amway, 93 FTC 618 (1979) and the anti-pyramid laws of Kentucky, Louisiana, Montana, Oklahoma, and Texas. In accordance with these laws, member companies shall remunerate direct sellers primarily on the basis of sales of products, including services, purchased by any person for actual use or consumption. Such remuneration may include compensation based on sales to individual direct sellers for their own actual use or consumption.

7. Inventory Purchases

a. Any member company with a marketing plan that involves selling products directly or indirectly to independent salespeople shall clearly state, in its recruiting literature, sales manual, or contract with the independent salespeople, that the company will repurchase on reasonable commercial terms currently marketable inventory, in the possession of that salesperson and purchased by that salesperson for resale prior to the date of termination of the salesperson's business relationship with the company or its independent salespeople. For purposes of this Code, “reasonable commercial terms” shall include the repurchase of marketable inventory within twelve (12) months from the salesperson's date of purchase at not less than 90 percent of the salesperson's original net cost less appropriate set offs and legal claims, if any. For purposes of this Code, products shall not be considered “currently marketable” if returned for repurchase after the products' commercially reasonable usable or shelf life period has passed; nor shall products be considered “currently marketable” if the company clearly discloses to salespeople prior to purchase that the products are seasonal, discontinued, or special promotion products and are not subject to the repurchase obligation.

7a. The purpose of the buyback is to eliminate the potential harm of “inventory loading,” i.e., the practice of loading up salespeople with inventory they are unable or unlikely to be able to sell or use within a reasonable time period. Inventory loading has historically been accomplished by giving sellers financial incentives for sales without regard to ultimate sales to or use by actual consumers. The repurchase provisions of the Code are meant to deter inventory loading and to protect distributors from financial harm which might result from inventory loading.

“Inventory” is considered to include both tangible and intangible product; i.e., both goods and services. “Current marketability” of inventory shall be determined on the basis of the specific condition of the product. Factors to be considered by the Code Administrator when determining “current marketability” are condition of the goods and whether or not the products have been used or opened.

Changes in marketplace demand, product formulation, or labeling are not sufficient grounds for a claim by the company that a product is no longer “marketable.” Nor does the ingestible nature of certain products limit per se the current marketability of those products. Government regulation which may arguably restrict or limit the ultimate resalability of a product does not limit its “current marketability” for purposes of the Code.

State statutes mandate that certain buyback provisions required by law must be described in a direct seller's contract. While acknowledging that the contract is probably the most effective

place for such information, the DSA Code allows for placement of the provision in either “recruiting literature or contract.” The DSA Code is meant to emphasize that the disclosure must be in writing and be clearly stated. Wherever disclosed, the buyback requirement shall be construed as a contractual obligation of the company.

A company shall not place any unreasonable (e.g., procedural) impediments in the way of salespeople seeking to sell back products to the company.

The buyback process should be as efficient as possible and designed to facilitate buyback of products. The buyback provisions apply to all terminating distributors who otherwise qualify for such repurchase, including distributors who are not new to a particular company, or those who have left a company to sell for another company.

b. Any member company with a marketing plan which requires independent salespeople to purchase company-produced promotional materials, sales aids or kits shall clearly state, in its recruiting literature, sales manual or contract with the independent salespeople, that the company will repurchase these items on reasonable commercial terms.

Any member company with a marketing plan which provides its independent salespeople with any financial benefit related to the sales of company-produced promotional materials, sales aids or kits shall clearly state, in its recruiting literature, sales manual or contract with the independent salespeople, that the company will repurchase, on reasonable commercial terms, currently marketable company-produced promotional materials, sales aids or kits.

A member company shall clearly state in its recruiting literature, sales manual or contract with the independent salespeople if any items not otherwise covered by this Section are ineligible for repurchase by the company.

7b. 1998 amendments made it clear that sales aids, kits and promotional materials, while not inventory or necessarily intended for resale, are subject to the repurchase requirement if a company requires their purchase or if there is a financial incentive associated with their sale. It was recognized that “loading” of these items can cause the same harm to plan participants as loading of “inventory.”

With respect to the final paragraph of Section 7b., disclosure of an item's eligibility or ineligibility for the buyback is key. Provided that repurchase is not required by this Code provision, for those items a company chooses not to repurchase, the company should clearly and conspicuously disclose to the buyer that the items are not subject to the repurchase requirement. Under such disclosure, a refusal to take an item back will not constitute a violation providing the member is acting in good faith and not attempting to evade the repurchase requirement.

8. Earnings Representations

No member company shall misrepresent the actual or potential sales or earnings of its independent salespeople. Any earnings or sales representations that are made by member companies shall be based on documented facts.

8. There is ample legal precedent in the form of FTC decisions to afford guidance on the subject of earnings representations. While not controlling, these precedents should be used by the Code Administrator in making determinations as to the substantiation of company earnings claims.

The Code's simple prohibition of misrepresentations was intended, in part, to avoid unduly encumbering start-up companies that have little or no actual earnings history with their compensation plan or established companies that are testing or launching new compensation plans. The prohibition approach is meant to require that companies in these circumstances need only ensure that their promotional literature and public statements clearly indicate that the compensation plan is new and that any charts, illustrations and stated examples of income under the plan are potential in nature and not based upon the actual performance of any individual(s).

9. Inventory Loading

A member company shall not require or encourage an independent salesperson to purchase inventory in an amount which unreasonably exceeds that which can be expected to be resold and/or consumed within a reasonable period of time. Member companies shall take reasonable steps to ensure that independent salespeople receiving compensation for downline sales volume are consuming, using or reselling the products and services they purchase in order to qualify to receive compensation.

9. See, Code Explanatory §7a. regarding inventory loading.

10. Payment of Fees

Neither member companies nor their independent salespeople shall ask individuals to assume unreasonably high entrance fees, training fees, franchise fees, fees for promotional materials or other fees related solely to the right to participate in the direct selling business. Any fees charged to become an independent salesperson shall relate directly to the value of materials, products or services provided in return.

10. High entrance fees can be an element of pyramid schemes, in which individuals are encouraged to expend large upfront costs, without receiving product of like value. These fees then become the mechanism driving the pyramid and placing participants at risk of financial harm. Some state laws have requirements that fees be returned similar to the repurchase provisions delineated in Code §7a. The Code eliminates the harm of large fees by prohibiting unreasonably high fees. The Code Administrator is empowered to determine when a fee is "unreasonably high." For example, if a refund is offered for only a portion of an entrance fee, to cover what could be described as inventory, and there is nothing else given or received for the balance of the entrance fee, such as a training program, that portion of the entrance fee may be deemed to be unreasonably high by the Code Administrator. This Code section reinforces the provision in Code Part B. Responsibilities and Duties requiring companies to address the Code violations of their independent contractor salesforce.

11. Training and Materials

a. Member companies shall provide adequate training to enable independent salespeople to operate ethically.

b. Member companies shall prohibit their independent salespeople from marketing or requiring the purchase by others of any materials that are inconsistent with the member company's policies and procedures.

c. Independent salespeople selling member company-approved promotional or training materials, whether in hard copy or electronic form, shall:

1. Use only materials that comply with the same standards used by the member company,

2. Not make the purchase of such materials a requirement of other independent salespeople,

3. Provide such materials at not more than the price at which similar material is available generally in the marketplace, and

4. Offer a written return policy that is the same as the return policy of the member company the independent salesperson represents.

d. Member companies shall take diligent, reasonable steps to ensure that promotional or training materials produced by their independent salespeople comply with the provisions of this Code and are not false, misleading or deceptive.

B. Responsibilities and Duties

1. Prompt Investigation and No Independent Contractor Defense

a. Member companies shall establish, publicize and implement complaint handling procedures to ensure prompt resolution of all complaints.

b. In the event any consumer shall complain that the salesperson or representative offering for sale the products or services of a member company has engaged in any improper course of conduct pertaining to the sales presentation of its goods or services, the member company shall promptly investigate the complaint and shall take such steps as it may find appropriate and necessary under the circumstances to cause the redress of any wrongs which its investigation discloses to have been committed.

c. Member companies will be considered responsible for Code violations by their solicitors and representatives where the Administrator finds, after considering all the facts, that a violation of the Code has occurred. For the purposes of this Code, in the interest of fostering consumer protection, companies shall voluntarily not raise the independent contractor status of salespersons distributing their products or services under its trademark or trade name as a defense against Code violation allegations and such action shall not be construed to be a waiver of the companies' right to raise such defense under any other circumstance.

d. The members subscribing to this Code recognize that its success will require diligence in creating an awareness among their employees and/or the independent wholesalers and retailers marketing the member's products or services of the member's obligations under the Code. No subscribing party shall in any way attempt to persuade, induce or coerce another party to breach this Code, and the subscribers hereto agree that the inducing of the breach of this Code is considered a violation of the Code.

e. Individual salespeople are not bound directly by this Code, but as a condition of participation in a member company's distribution system, shall be required by the member company with whom they are affiliated to adhere to rules of conduct meeting the standards of this Code.

f. This Code is not law but its obligations require a level of ethical behavior from member companies and independent salespeople that is consistent with applicable legal requirements. Failure to comply with this Code does not create any civil law responsibility or liability. When a company leaves the DSA membership, a company is no longer bound by this Code. However, the provisions of this Code remain applicable to events or transactions that occurred during the time a company was a member of DSA.

2. Required Publication

a. All member companies are required to submit to DSA, along with its application for membership or in the case of existing members along with their next dues payment, a proposed program as to how the company plans on publicizing DSA's Code of Ethics to its sales people and consumers. The plan shall contain, at a minimum, one of the following:

1. an inclusion on the company's web site of DSA's Code of Ethics with a step-by-step explanation as to how to file a complaint; or
2. a link from the company's web site to DSA's Code of Ethics with a clear, bold faced statement as to how to make the connection; or
3. an inclusion of the company's Code of Ethics, or its complainant process, in its web site, or with an explanation of how a complainant may appeal to the DSA Code Administrator in the event the complainant is not satisfied with the resolution under the company code, or the company's complaint process, with a reference to the web site of DSA's Code of Ethics.

b. All members, after submission of their program, are required to state annually, along with paying their dues, that the program remains effective or indicate any change.

3. Code Responsibility Officer

Each member company and pending member company is required to designate a DSA Code Responsibility Officer. The Code Responsibility Officer is responsible for facilitating compliance with the Code by their company and responding to inquiries by the DSA Code Administrator. He or she will also serve as the primary contact at the company for communicating the principles of the DSA Code of Ethics to their independent salespeople, company employees, customers and the general public.

4. Extraterritorial Effect

Each member company shall comply with the World Federation of Direct Selling Associations' Code of Conduct with regard to direct selling activities outside of the United States to the extent that the WFDSA Code is not inconsistent with U.S. law, unless those activities fall under the jurisdiction of the code of conduct of another country's DSA to which the member company also belongs.

C. Administration

1. Interpretation and Execution

The Board of Directors of the Direct Selling Association shall appoint a Code Administrator to serve for a fixed term to be set by the Board prior to appointment. The Board shall have the authority to discharge the Administrator for cause only. The Board shall provide sufficient authority to enable the Administrator to properly discharge the responsibilities entrusted to the Administrator under this Code. The Administrator will be responsible directly and solely to the Board. The Board of Directors will establish all regulations necessary to administer the provisions of this Code.

2. Code Administrator

a. The Administrator shall be a person of recognized integrity, knowledgeable in the industry, and of a stature that will

command respect by the industry and from the public. He shall appoint a staff adequate and competent to assist him in the discharge of his duties. During his term of office, neither the Administrator nor any member of his staff shall be an officer, director, employee, or substantial stockholder in any member or affiliate of the DSA. The Administrator shall disclose all holdings of stock in any member company prior to appointment and shall also disclose any subsequent purchases of such stock to the Board of Directors. The Administrator shall also have the same rights of indemnification as the Directors and Officers have under the bylaws of the Direct Selling Association.

b. The Administrator shall establish, publish and implement transparent complaint handling procedures to ensure prompt resolution of all complaints.

c. The Administrator, in accordance with the regulations established by the Board of Directors as provided herein, shall hear and determine all charges against members subscribing hereto, affording such members or persons an opportunity to be heard fully. The Administrator shall have the power to originate any proceedings, and shall at all times have the full cooperation of all members.

3. Procedure

a. The Administrator shall determine whether a violation of the Code has occurred in accordance with the regulations promulgated hereunder. The Administrator shall answer as promptly as possible all queries posed by members relating to the Code and its application, and, when appropriate, may suggest, for consideration by the Board of Directors, new regulations, definitions, or other implementations to make the Code more effective.

b. If, in the judgment of the Code Administrator, a complaint is beyond the Administrator's scope of expertise or resources, the Code Administrator may decline to exercise jurisdiction in the matter and may, in his or her discretion, recommend to the complainant another forum in which the complaint can be addressed.

c. The Administrator shall undertake through his office to maintain and improve all relations with better business bureaus and other organizations, both private and public, with a view toward improving the industry's relations with the public and receiving information from such organizations relating to the industry's sales activities.

D. Regulations for enforcement of DSA Code of Ethics

1. Receipt of Complaint

Upon receipt of a complaint from a bona fide consumer or where the Administrator has reason to believe that a member has violated the Code of Ethics, the Administrator shall forward a copy of the complaint, if any, to the accused member together with a letter notifying the member that a preliminary investigation of a specified possible violation pursuant to Section 3 is being conducted and requesting the member's cooperation in supplying necessary information, documentation and explanatory comment. If a written complaint is not the basis of the Administrator's investigation, then the Administrator shall provide written notice as to the basis of his reason to believe that a violation has occurred. Further, the Code Administrator shall honor any requests for confidential treatment of the identity of the complaining party made by that party.

2. Cooperation with the Code Administrator

In the event a member refuses to cooperate with the Administrator and refuses to supply necessary information, documentation and explanatory comment, the Administrator shall serve upon the member, by registered mail, a notice affording the member an opportunity to appear before the Appeals Review Panel on a certain date to show cause why its membership in the Direct Selling Association should not be terminated. In the event the member refuses to cooperate with the Administrator or to request a review by the Appeals Review Panel, the DSA Board of Directors, or a designated part thereof, may vote to terminate the membership of the member.

3. Informal Investigation and Disposition Procedure

a. The Administrator shall conduct a preliminary investigation, making such investigative contacts as are necessary to reach an informed decision as to the alleged Code violation. If the Administrator determines, after the informal investigation, that there is no need for further action or that the Code violation allegation lacks merit, further investigation and administrative action on the matter shall terminate and the complaining party shall be so notified.

b. The Administrator may, at his discretion, remedy an alleged Code violation through informal, oral and written communication with the accused member company.

c. If the Administrator determines that the allegation has sufficient merit, in that the apparent violations are of such a nature, scope or frequency so as to require remedial action pursuant to Part E and that the best interests of consumers, the association and the direct selling industry require remedial action, he shall notify the member of his decision, the reasoning and facts which produced it, and the nature of the remedy he believes should be effected. The Administrator's notice shall offer the member an opportunity to voluntarily consent to accept the suggested remedies without the necessity of a Section 4 hearing. If the member desires to dispose of the matter in this informal manner it will, within 20 days, advise the Administrator, in writing, of its willingness to consent. The letter to the Administrator may state that the member's willingness to consent does not constitute an admission or belief that the Code has been violated.

4. Appeals Review Panel

An Appeals Review Panel consisting of five representatives from active member companies shall be selected by the Executive Committee of DSA's Board of Directors. Each member shall serve for a term of three years. The five members shall be selected in a manner that represents a cross-section of the industry. When an appeal is made by a member company, the Chairman of the DSA Board of Directors shall select three of the five members of the Appeals Review Panel to constitute a three-person panel to review the appeal, and shall name one of them Chairman of that panel. When possible, no company of the three shall sell a product that specifically competes with the Appellant, and every effort shall be made to avoid conflicts in selecting the panel. If for any reason, a member of the panel cannot fulfill his or her duties or fill out a term for any reason, the Chairman of the Board of DSA can replace that person with a new appointment for the remainder of the unfulfilled term with the concurrence of the Executive Committee.

5. Appeals Review Procedure

a. If a member company objects to the imposition of a remedial action by the Administrator, it shall have a right to request a review of the Administrator's decision by the Appeals Review Panel. A member company must make such a request in writing submitted to the Administrator within 14 days of being notified of the remedial action by the Administrator. Within 10 days of receiving such a request, the Administrator shall notify the Chairman of the Board of DSA who at that time shall select the three-person panel in accordance with Section 4 above. That selection shall take place within 30 days of the member's request for the review.

b. As soon as the panel has been selected, the Administrator shall inform the Appellant of the names of the panelists, including the name of the chairman of the panel. Within 14 days of that notification, the Administrator shall send a copy of the Complaint and all relevant documents, including an explanation of the basis of the decision to impose remedial action, to the panelists with copies to the Appellant. Upon receipt of such information, the Appellant shall have 14 days to file with the panel its reasons for arguing that remedial action should not be imposed along with any additional documents that are relevant. Copies of that information should also be sent to the Administrator.

c. Once the information has been received by the panelists from both the Administrator and the member company, the panel will complete its review within 30 days or as soon thereafter as practicable. The panel shall decide whether the Administrator's decision to impose remedial action was reasonable under all of the facts and circumstances involved and shall either confirm the Administrator's decision, overrule it, or impose a lesser sanction under Part E. The panel shall be free to contact the Administrator and the Appellant and any other persons who may be relevant witnesses to the Complaint, formally or informally as deemed appropriate. A decision by the panel shall be final and shall be promptly communicated both to the Administrator and the Appellant. The costs involved in the appeal such as costs of photocopying, telephone, fax, and mailing, shall be borne by the Appellant.

6. Codes of Ethics of Member Companies

a. Approval By Administrator

1. If a complaint is against a member company that has a code of ethics which has been registered with the DSA Code of Ethics Administrator, and the Administrator has issued an opinion that the company code is compatible with DSA's Code of Ethics, the Complainant must first exhaust all remedies under the company code of ethics before filing a complaint with DSA's Code Administrator. If the Complainant has exhausted those remedies and is of the opinion that the company's disposition of the Complaint was unsatisfactory, the Complainant can appeal the company's decision to the DSA Code Administrator. The Complainant must first notify the company of the intent to appeal to DSA. The Complainant must also forward all relevant documentation from the company code proceeding to DSA's Administrator.

2. After receiving such an appeal, the Administrator shall confer with the company to obtain any additional information concerning the matter as well as an explanation for the company's decision. The Administrator shall decide whether the company's resolution of the complaint was reasonable under all of the facts and circumstances involved. If the Administrator decides in the negative, the Administrator shall work with the

company in an effort to resolve the matter satisfactorily to all parties. If the Administrator finds that the member company will not cooperate in that effort, the Administrator can impose remedial action in accordance with DSA's Code of Ethics. The Complainant shall bear all costs of an appeal from a decision under a company code, including such costs as photocopying, telephone, fax, and mailing charges.

b. Alternative Enforcement Process

In certain instances, a member company may provide a process whereby complaints can be addressed and which provide an equally acceptable vehicle for complaint resolution. In such instances – provided the process has been formally reviewed and approved by the DSA Code Administrator – the member company's process may be substituted for and the member company relieved of, adherence to the provision of Section D. Regulations for Enforcement of the DSA Code of Ethics.* In order for a member company's enforcement process to be approved as an alternative to Section D, the process must contain all the following elements:

1. The company has adopted an investigation and review process that substantially mirrors that presented in Section D and contains at more than one level the formal review of complaints regarding its salespersons or representatives;
2. The company has adopted an appeal process to the steps outlined in Paragraph 1 above that includes review by a neutral and competent third party, as approved by the DSA Code of Ethics Administrator;
3. The company offers a satisfaction guarantee or the equivalent on product sales to consumers who are not salespersons or representatives of the member company; and
4. The company advises its salespersons or representatives of the dispute resolution process in a sufficiently transparent manner including notices on its web site and in appropriate literature.

c. If a member company meets the above requirements of paragraph b., DSA will indicate on its web site that the member company's Code of Ethics is an approved Alternative taking precedence over the DSA's Code of Ethics Section D-Regulations for Enforcement of DSA Code of Ethics.

d. Those companies that are on the Company Code Alternative list will be exempt from the required publication provisions of Section B.2 of the Code and will not have to show on their web sites or in separate literature that complaints against the company should be filed with the DSA Code of Ethics Administrator. The DSA Code of Ethics web site will indicate, however, that all member companies are subject to all other provisions of the DSA Code of Ethics. Further, if the DSA Code of Ethics Administrator finds that any company on the Alternative list has failed to comply with the requirements for such a listing the Administrator may remove that company from the list.

E. Powers of the Administrator

1. Remedies

If, pursuant to the hearing provided for in Part D Section 3, the Administrator determines that the accused member has committed a Code of Ethics violation or violations, the Administrator is hereby empowered to impose the following remedies, either individually or concurrently, upon the accused member:

- a. Require complete restitution to the complainant of monies paid for the accused member's products which were the subject of the Code complaint;
- b. Require the replacement or repair of any accused member's product, the sale of which was the source of the Code complaint;
- c. Require the payment of a voluntary contribution to a special assessment fund which shall be used for purposes of publicizing and disseminating the Code and related information. The contribution may range up to \$1,000 per violation of the Code.
- d. Require the accused member to submit to the Administrator a written commitment to abide by the DSA Code of Ethics in future transactions and to exercise due diligence to assure there will be no recurrence of the practice leading to the subject Code complaint.
- e. Require the cancellation of orders, return of products purchased, cancellation or termination of the contractual relationship with the independent salesperson or other remedies.

2. Case Closed

If the Administrator determines that there has been compliance with all imposed remedies in a particular case, he shall close the matter.

3. Refusal to Comply

If a member refuses to voluntarily comply with any remedy imposed by the Administrator, and has not requested a review by the Appeals Review Panel, the DSA Board of Directors, or designated part thereof, may conclude that the member should be suspended or terminated from membership in the Association. In that event the Administrator shall notify the member of such a decision by registered mail and shall remind the member of its right to have the Administrator's original decision reviewed by the Appeals Review Panel in accordance with Part D Section 5 (Appeals Review Procedure) of this Code.

4. Appeal for Reinstatement After Suspension or Termination

If the suspension or termination is not appealed, or if it is confirmed by the Appeals Review Panel, a suspended member, after at least ninety days, and a terminated member, after at least one year, may request the opportunity to have its suspension or termination reviewed by the Appeals Review Panel which may in its discretion reinstate membership.

5. Referral to State or Federal Agency

In the event a member is suspended or terminated, and continues to refuse to comply with any remedy imposed by the Administrator within 30 days after suspension or termination, the Administrator may then consult with independent legal counsel to determine whether the facts that have been ascertained amount to a violation of state or federal law. If it is determined that such a violation may have occurred, the Administrator shall so notify the accused member by certified or registered mail, return receipt requested, and if appropriate action has not been taken by the accused member, and communicated to the Administrator after 15 days following such notice, the Administrator may submit the relevant data concerning the complaint to the appropriate federal or local agency.

F. Restrictions

1. Conferring with Others

At no time during an investigation or the hearing of charges against a member shall the Administrator or member of the Appeals Review Panel confer with anyone at any time concerning any alleged violation of the Code, except as provided herein and as may be necessary to conduct the investigation and hold a hearing. Any information ascertained during an investigation or hearing shall be treated as confidential, except in cases where the accused member has been determined to have violated federal, state or local statutes. At no time during the investigation or the hearing of charges shall the Administrator or a member of the Appeals Review Panel confer with a competitor of the member alleged to be in violation of the Code, except when it may be necessary to call a competitor concerning the facts, in which case the competitor shall be used only for the purpose of discussing the facts. At no time shall a competitor participate in the Administrator's or in the Appeals Review Panel's disposition of a complaint.

2. Documents

Upon request by the Administrator to any member, all documents directly relating to an alleged violation shall be delivered to the Administrator. Any such information obtained by the Administrator shall be held in confidence in accord with the terms of these regulations and the Code. Whenever the Administrator, either by his own determination or pursuant to a decision by the Appeals Review Panel, terminates an action which was begun under the Code, a record of the member accused shall be wiped clean and all documents, memoranda or other written material shall either be destroyed or returned, as may be deemed appropriate by the Administrator, except to the extent necessary for defending a legal challenge to the Administrator's or Appeals Review Panel's handling of a matter, or for submitting relevant data concerning a complaint to a local, state or federal agency. At no time during proceedings under this Code regulation or under the Code shall the Administrator or member of the Appeals Review Panel either unilaterally or through the DSA issue a press release concerning allegations or findings of a violation of the Code unless specifically authorized to do so by the Executive Committee of DSA's Board of Directors.

G. Resignation

Resignation from the Association by an accused company prior to completion of any proceedings constituted under this Code shall not be grounds for termination of said proceedings, and a determination as to the Code violation shall be rendered by the Administrator at his or her discretion, irrespective of the accused company's continued membership in the Association or participation in the complaint resolution proceedings.

H. Amendments

This Code may be amended by vote of two thirds of the Board of Directors.

As Adopted

June 15, 1970

As Amended

by Board of Directors through

September 15, 2009