

My USANA International New Market Expansion Plan



Doing business in a foreign market is neither simple nor cheap. To be successful, one must have a strong and certain cash flow from an existing USANA business and develop a realistic business plan and budget for future expansion. As USANA moves into a new market we would like to share with you some key points that will help you successfully expand your business.

You must have...

- ...A strong stand-alone business at home that can support your expansion into a new market.
- ...Strong downline leadership and a business activity plan at home to ensure that your home business remains viable and continues to grow while you are away.
- ...A strong business plan for the proposed new market that is easily duplicated and includes: Health & Freedom meetings, leadership development, as well as downline coaching and mentoring.

Before you enter a new market, consider the following questions:

1. Why do I want to build a USANA business in the New Market?

2. Is my home business strong enough to support expansion at this time? If not, what is my plan to strengthen my home business to support foreign expansion in the future?

3. Do I have a solid new business plan to support foreign expansion long term?

4. Who can lead my home business while I am away? How will I compensate them? What is the home business activity plan?

5. What are the legal aspects I must consider regarding new market expansion?

6. How am I going to capitalize on this new market announcement to best launch my international expansion?

Goals:

Action items:

FAQs—USANA Philippines Pre-Launch

Q. When will USANA be launched in the Philippines?

A. While we have not set a specific date for launching in the Philippines, we project that we will open sometime during the first quarter of 2009. We will follow up with an announcement to Distributors when we have determined an exact date.

Q. What is the official name of USANA Health Sciences in the Philippines?

A. UHS Essential Health Philippine Inc.

Q. Will USANA use the same compensation plan in the Philippines?

A. Yes. Distributors in the Philippines will receive all the benefits of USANA's seamless plan and network.

Q. What products will be available during the launch?

A. The following USANA® nutritional supplement products will be available for purchase and sale: the **Essentials™**, **Proflavanol™**, **Active Calcium™**, **BiOmega™**, **CoQuinone™**, **Procosa II™**, **Visionex™** and **Hepasil DTX™** supplements. We anticipate that each of these products, except for the Mega Antioxidant supplement, will be the same formulation as those same products sold in the United States.

Q. Will Distributors be able to purchase other USANA products not formulated and labeled for the Philippines on a "Not for Resale" basis (i.e., personal consumption only)?

A. No. Only those products that have been formulated and labeled for purchase and sale in the Philippines will be available for purchase and consumption in the Philippines.

Q. Where will the USANA office be located in the Philippines?

A. In the heart of Makati City.

Q. What are the operating hours of the office?

A. Although official office hours have not yet been determined, our operating hours will be consistent with normal business hours in the Philippines, generally between the hours of 8:00 a.m. and 6:00 p.m., Monday through Friday.*

Q. Will there be any branch offices in other cities or towns?

A. No, all products will be sold and distributed from a single centralized location in Makati City.

Q. How can Distributors enroll?

A. Once USANA has officially launched in the Philippines, a Distributor can enroll new Distributors at the office, online, by fax, or by mail. Phone applications will not be accepted.

Q. What will be the enrollment fee?

A. There is no enrollment fee. No person is required to purchase USANA products to become a Distributor. However, to familiarize new Associates with USANA, new Distributors are required to purchase a Business Development System (BDS) Starter Kit and pay a yearly renewal fee to remain an active Distributor.

Q. How will commissions be paid?

A. Commissions will be paid electronically via the Electronic Peso Clearing System (EPCS).

Q. Will there be a Preferred Customer program in the Philippines?

A. Yes. Distributors can develop Preferred Customers.

Q. Will there be an Autoship Program in the Philippines?

A. Yes. This program is a convenient way to have your products order automatically process every 4 or 8 weeks.

Q. How will Philippine Distributors pay for their Autoships in the Philippines?

A. Customers will be able to pay for Autoships with Visa, MasterCard or a bankcard. Personal checks will not be accepted.

Q. What facilities will be available in the Philippine office?

A. Distributors will be able to utilize a large training room with a 80-120 capacity, a small training room with a 20-30 capacity, online ordering kiosks, product displays, and a general public meeting area.*

Approved Pre-Launch Activity

One major benefit to USANA's compensation plan is the fact that we have a seamless plan that allows Distributors to expand and develop their business as USANA expands into new markets. To ensure fairness to existing Distributors, no matter rank or status, when opening this exciting new market, USANA has prepared the following rules regarding what is allowed and what is not allowed prior to our official launch in the Philippines.

Allowed

1. Holding informative meetings.
2. Using marketing materials approved by USANA for information purposes only and not for redistribution.

Not Allowed

1. Selling or distributing any USANA products.
2. Advertising in any medium.
3. Soliciting, negotiating, or signing any agreements or contracts for the purpose of committing a potential Distributor to a specific sponsor or upline.
4. Accepting any money, or consideration, or becoming involved in financial transactions for the purpose of USANA business.
5. Attempting to enroll as a Distributor in another market where does not meet the residency requirements.
6. Providing interviews with representatives of the news media or having any discussions with them about the opening or the business.

FAQs—Pre-Launch Approved Marketing Activity

Q. Can I send U.S. products to my family in the Philippines to sample prior to the opening of the Philippines?

A. No. Distributors cannot send USANA products to a market that is not officially opened. Furthermore, products can only be gifted and/or sold in the market the product has been approved for.

Q. Can I go to the Philippines and begin informing people about USANA's opening in the Philippines as long as I don't try to sell products or recruit Distributors or customers?

A. Yes. Distributors are allowed to inform individuals that a new market is going to open in the Philippines, but they may not sell product or recruit or enroll new Distributors or develop Preferred Customers.

Q. Can I place a USANA advertisement in a Philippines newspaper for the purpose of collecting names of individuals interested in learning about USANA for reference after the official opening?

A. No. Distributors are prohibited from all pre-market advertising activity, including advertising to find leads to prospect prior to the official open.

**Information subject to change as necessary.*

Post-Launch—Approved Advertising

In an effort to protect your business by ensuring all of USANA's advertising and promotional materials meet the legal and regulatory standards for the Philippines market, USANA has an advertising policy governing advertisements.

In summary, each Distributor is encouraged to use sales aids and support material that has been created by USANA. Extensive market research has been done to ensure the marketing material and sales aids are the most effective material to help promote and sell the products, and build the business. If a Distributor would like to create his/her own marketing materials, he/she must comply with USANA's advertising policy. USANA's advertising policy states that only those Distributors who have reached the rank of Gold Director or above can create USANA-specific advertising and training material. Prior to using the material, it must be submitted to USANA for review and approval. USANA will review the information and inform the Gold Director or above of the changes that need to be made for final approval, if any. After the material has been fully reviewed and approved per USANA's Compliance department, the Distributor will be issued an approval number (an advertising review fee may apply).

Q. Can a Distributor create a USANA specific Web site to promote the USANA® products and business opportunity?

- A. Yes, but only if the Distributor has reached the rank of Gold Director or above and submits the advertisement for approval prior to using it.

Q. Can I advertise on the radio or in a newspaper?

- A. Yes. Gold Directors or above are allowed to submit an ad or a script in its entirety to the Compliance Department for review prior to having the material be published or aired on the radio.

Q. As a Gold Director, am I now qualified to approve advertisements for other Distributors in my downline?

- A. No. Only the USANA Compliance department can approve advertising created by or for a Distributor.

Q. I have not reached the rank of Gold Director yet, but I have created some very effective marketing material for building my USANA business. Therefore, in order to advertise, can I submit my advertisement to my upline Gold Director and ask him/her to get it approved on my behalf?

- A. No. Gold Directors cannot simply forward advertising material on behalf of their non-Gold downline for approval.

Post-Launch—Sales Requirements

Given that USANA is a legitimate multi-level marketing company, USANA's Compensation Plan is based on the sale of products to end consumers. As such, USANA requires Distributors to sell products in order to receive commission checks. USANA also has other requirements, including a sales requirements, in order to be qualified for commissions (see section 5 of the Policies and Procedures).

Q. What is the minimum percentage of a Distributor's orders that must be sold to customers or end consumers?

- A. Distributors may not purchase additional product for sale or personal consumption until at least seventy percent (70%) of the previous order has been sold to end consumers.

Q. How many customers must a Distributor service every 4-week rolling period in order to qualify for commissions?

- A. A minimum of five (5) customers (Retail Customer, Preferred Customer, or any combination of the two).

Q. What is a major difference between a legitimate MLM opportunity and a pyramid scheme?

- A. Product sales. In a legitimate Multi-level Marketing plan commissions are earned through sales, not recruiting.

Q. Are Distributors required to purchase products to remain a Distributor?

- A. No. There is no requirement to remain a Distributor other than to pay the yearly renewal fee. While a Distributor must generate 100 Sales Volume Points every 4-week rolling period in order to qualify for commissions, this is not a requirement to be a Distributor.

Q. How is the term 'residual income' defined in USANA's compensation plan?

- A. Residual income simply means that a Distributor's earnings are based on the Distributor's individual sales efforts and the sales efforts of the Distributor's downline sales organization.

Post-Launch—Transferring a Foreign Distributorship to the Philippines

USANA encourages the development of the Philippines market by existing USANA Distributors. As such, USANA will allow Distributors to transfer a distributorship from another USANA-approved market to the Philippines after the first 6 months following the official opening so long as the individual transferring meets residency and other requirements to enroll both in the country the Distributor is currently enrolled in and in the Philippines.

Q. Can a Distributor transfer his or her distributorship from another country to the Philippines?

- A. Yes. A Distributor can transfer his/her distributorship after the first 6 months following the official opening if he/she meets residency requirements in the country where he/she is currently a Distributor and in the Philippines.

Q. Are there any required fees or charges for transferring my Distributorship to the Philippines?

- A. Yes. A Distributor who transfers his/her USANA Distributorship to the Philippines must pay a country transfer and currency exchange fee in the amount of US \$100.00. The transferring Distributor must also purchase a new Philippines' Starter Kit.

Q. What paperwork do I need to submit in order to transfer a distributorship to the Philippines?

- A. A Distributor must fill out and submit the Distributorship Application Form to the USANA Compliance Department and receive written approval.

Q. What happens to my Autoship if I transfer my business to the Philippines?

- A. Your Autoship will be supported by the local market and limited to local product.

Post-Launch—Transferring or Assigning a Distributorship to Another Person

Q. After enrolling, can I transfer my distributorship to another person?

- A. Yes, after the first 6 months following the official opening, and if that individual qualifies to become a Distributor as outlined in the Policies and Procedures (the distributorship is in good standing). A transfer fee will apply, and the new Distributor will be required to purchase a Starter Kit.

Q. Can I transfer selected business centers to another person, and keep some of the Business Centers to myself?

A. No. All Business Centers will be transferred to the new Distributor at the time of the transfer.

Q. Can I transfer or assign my distributorship to another USANA Distributor, or an ex-Distributor?

A. No. Individuals and their spouses (if married) who are currently Distributors or have been Distributors in the past do not qualify to transfer into an existing distributorship.

Post-Launch—Sponsorship

Q. As a USANA Distributor in an existing market where USANA does business, am I allowed to sponsor new Distributors in other markets, such as the Philippines?

A. Yes, USANA Distributors can enroll individuals in any country where USANA is open for operations, provided enrollees meet local requirements for distributorship (e.g. age and residence status).

Post-Launch—Product & Income Claims

Distributors must avoid all discourteous, improper, and illegal claims in promoting the USANA products and business opportunity.

FAQs—Product Claims

Distributors cannot claim that the USANA products are useful in the cure, treatment, diagnosis, mitigation, or prevention of any diseases.

Q. I have been suffering from seasonal allergies for years. Since taking the USANA® Essentials™ supplements, my allergies are gone. Is it okay to share my story with others?

A. No. This is considered an improper drug claim as USANA products are considered nutritional supplements and not drugs.

Q. Can USANA supplements be promoted as a means to treat illness or prevent future health problems?

A. No. Distributors cannot promote USANA products as a means to treat, cure, diagnose, or prevent, any disease or illness.

Q. Can Distributors share testimonials about their experiences with the USANA products curing diseases as long as it is in a private setting and there are no guarantees made to the prospective customer that the same results will happen to the customer?

A. No. It is improper to make disease claims in any setting whether public or private.

Q. Can Distributors explain that the USANA products are designed to help individuals maintain optimal health?

A. Yes. USANA encourages its Distributors to promote the products as a way to maintain optimal health and a healthy lifestyle.

FAQs—Income Claims

Distributors cannot make improper or misleading income claims about the earning potential USANA's Compensation Plan offers.

Q. In an attempt to gain new Distributors, can I make non-truthful claims that Distributors can earn \$60,000 a week within 2 weeks of enrolling?

A. No, such earnings claims are considered improper income claims.

Q. Can Distributors truthfully tell prospects how much money they make?

A. Only if they disclose at the same time the average income a distributor is expected to make.

Visa Requirements—Philippines

In general, if you are entering the Philippines with a passport from a country that has diplomatic relations with the Philippines, you can enter without a Visa for up to 21 days. However, if you want to stay longer, you must obtain a Tourist Visa (which covers both tourist and business visitors) from the nearest consulate; and you can only stay up to 59 days at a time, unless you obtain permission from the Philippine Immigration Bureau (in the Philippines) to extend your stay. The Philippine Immigration Bureau can grant extensions of up to two (2) months per extension request, but the aggregate of the extensions cannot exceed one (1) year.

Nationals from the following countries may take advantage of the no-visa privilege: Australia, Canada, Hong Kong (BUT no more than 7 days), Japan, Malaysia, Mexico, Netherlands, New Zealand, Republic of Korea, Singapore, United Kingdom and the United States of America.

If you are entering the Philippines from a country that does not have diplomatic relations with the Philippines, you must apply for a Visa. (The only country where USANA does business that does NOT have diplomatic relations with the Philippines is Taiwan, Republic of China.)

For more information and Visa application requirements, please go to: <http://www.philippineconsulatela.org/consular%20services/conserv-visa.htm>.