
BULLETIN

BULLETIN NO. 13 DISPUTE RESOLUTION PROCEDURES

Amway, IBOs, and Approved Providers as defined in Rule 7.2.1., agree to use the dispute resolution procedures of Rule 11 to resolve the following: All claims and disputes arising out of or relating to an IB, the Amway Independent Owner Compensation Plan ("IBO Compensation Plan"), or the Rules, as well as disputes involving Business Support Materials (BSM). IBOs, Amway, and Approved Providers agree to submit any such dispute with (1) an IBO, a former IBO, or any such IBO's officers, directors, agents, or employees; or (2) Amway Corp., Amway Canada Corporation, and any parent, subsidiary, affiliate, predecessor, or successor thereof, or any of their officers, directors, agents, or employees; or (3) an Approved Provider or its officers, directors, agents, or employees, to the dispute resolution procedures in this Rule 11, including Conciliation (Rule 11.2.) and, if necessary, Arbitration (Rule 11.3.). Rule 11 is reciprocal and applies to Amway, IBOs, and Approved Providers.

The only exception is when the claim made by an IBO or the Corporation is for a debt on account for product or services provided by the Corporation to or on behalf of the IBO or the IBO's IB, and the only parties to that claim are the Corporation and the IBO and/or the IBO's IB, and the total value of the claim is less than \$10,000.00. In such cases the IBO or the Corporation may elect to pursue the claim in any court of competent jurisdiction including small claims court. In all other cases the parties will resolve the dispute as provided for under these Rules, up to and including binding arbitration if necessary.

This Rule 11 and its subparts shall be amended only by mutual agreement between the Corporation and the IBOAI Board, and such amendments shall not be retroactively applied to any dispute known to the Corporation or the IBOAI Board at the time of amendment.

IBOs, Approved Providers, and the Corporation, when involved in the dispute resolution process as parties, witnesses or otherwise, will not disclose to any other person not directly involved in the dispute resolution process (a) the substance of, or basis for, the claim or dispute; (b) the content of any testimony or other information obtained through the dispute resolution process; or (c) the resolution (whether voluntary or not) of any matter that is subject to the dispute resolution process. However, nothing in these Rules shall preclude a party from, in good faith, investigating a claim or defense, including interviewing witnesses and otherwise engaging in discovery.

The Corporation, the IBOAI, IBOs, and Approved Providers agree that, to the fullest extent allowed by applicable law, the Arbitrator referred to in Rule 11.3. below shall have exclusive authority to resolve any dispute relating to the enforceability of these Rules or the IBO Compensation Plan or any agreement concerning BSM, including (but not limited to) jurisdictional and arbitrability disputes, disputes over the formation, existence, validity, interpretation or scope of the agreement under which arbitration is sought, and disputes concerning who are proper parties to the arbitration. The arbitrator has the authority to determine jurisdiction and arbitrability issues as a preliminary matter.

11.1. Complying with the Rules of Conduct

Complying with the Rules is essential for preserving a strong and viable business for IBOs and the Corporation. Infractions usually occur because the IBO involved has not clearly understood or been aware of the applicable Rules. If an IBO has any questions about the proper interpretation or application of the Rules in a particular case, he or she should call the Business Conduct and Rules Department for assistance and clarification.

11.1.1. When the Corporation detects a potential Rules violation, it will first investigate as appropriate. Before taking enforcement action, the Corporation shall contact the IBO in an effort to achieve voluntary

compliance. If these discussions do not resolve the issue, the Corporation may take any Rules enforcement

action authorized by the IBO Contract to achieve compliance with the Rules. Such actions include, but are not limited to, one or any combination of the following:

11.1.1.1. A written admonishment or warning to an IBO, an IBO's Personal Group, or part or all of an IBO's Line of Sponsorship clarifying the meaning and application of a Rule and advising continued violation could result in more severe remedies or sanctions.

11.1.1.2. Censuring or retraining of an IBO, an IBO's Personal Group, or part or all of an IBO's Line of Sponsorship, with expenses of retraining charged to the IBO(s), as appropriate.

11.1.1.3. Suspending some or all of the rights of an IBO for a specified period of time, or until certain conditions have been satisfied. A general suspension shall prohibit IBOs from holding themselves out as IBOs and from engaging in any activity of an IBO with the exception that they may continue to pay bonus checks and supply product downline, purchase product for their personal consumption or to fulfill any regular standing orders, or engage in the buyback of product.

11.1.1.4. Withdrawing or denying an award, trip, or pin recognition for a specified period of time, or until certain conditions have been satisfied.

11.1.1.5. Withholding bonus monies.

11.1.1.6. Compensatory remedies, as appropriate, to compensate injured or aggrieved IBOs, or including, but not limited to, reimbursement for expenses, repayment of bonuses, buyback of products, etc.

11.1.1.7. Transferring an IBO, a leg, or entire group to the next IBO upline.

11.1.1.8. Terminating the registration of the IBO, with or without the option (at the Corporation's discretion) to sell the IB within a specified period of time.

If any dispute remains between the IBO and the Corporation after the Corporation has taken Rules enforcement action, the dispute shall be submitted to Conciliation as described below.

11.1.2. When an IBO detects a potential Rules violation by another IBO, the first step is normally to discuss the issue with that IBO. Most violations are caused simply by a lack of information, and pointing out the appropriate Rule may be enough to end the matter. However, if discussion does not resolve the issue, or if the IBO who detected the potential violation is not comfortable discussing it with that other IBO, the complaining IBO should contact the Corporation's Sales staff or file a written complaint with the Business Conduct and Rules Department. The complaint should explain, in as much detail as possible, which Rule has been violated, who has violated it, and how. The complaint should be supported by letters, statements, or other materials that support the allegation of a Rules violation. The Corporation will examine the situation, investigate as appropriate, and take appropriate Rules enforcement or corrective action if necessary. If any dispute remains unresolved, the dispute shall be submitted to Conciliation as described below.

11.1.3. An IBO who wishes to challenge the validity of a Rule or other term of the IBO Contract shall first contact the Corporation in an effort to resolve the issue. If the IBO is not satisfied with the Corporation's response, he or she shall invoke the Dispute Resolution Procedures outlined below in order to resolve the matter.

11.1.4. All IBOs, whether they are parties to the dispute or not, are required to respond to inquiries and otherwise cooperate in a timely fashion with any investigation conducted by the Corporation. Failure to respond to inquiries or to otherwise cooperate in a timely fashion is a breach of the IBO's Contract and may result in the Corporation taking action against the IB.

11.2. Conciliation

All disputes that are not resolved by the procedures described in Rule 11.1. shall be submitted to Conciliation. The Conciliation procedures are designed to resolve disputes efficiently in a non-confrontational setting, through education, persuasion, mediation, and conciliation. The Conciliation requirement is reciprocal and applies to Amway, IBOs, and Approved Providers. The party first seeking resolution shall commence Conciliation by providing notice to the other parties and the Corporation. In cases where the IBOAI will be involved in the Conciliation, notice will also be given to the IBOAI and the IBOAI Hearing Panel Chairperson. IBOs and Approved Providers who use the IBOAI shall provide notice using a Request for Conciliation Form filed with the Amway Business Conduct and Rules Department.

11.2.1. The first step in Conciliation is non-binding mediation. The IBOAI Board provides experienced IBOs who are available to serve as mediators ("IBOAI Mediator").

11.2.1.1. In case where no Approved Provider is a party, and the IBOs involved in the dispute do not wish to involve an IBOAI Mediator, the mediation will take place with an independent neutral mediator acceptable to all parties.

11.2.1.2. In cases where an Approved Provider is a party, the dispute will be mediated by an IBOAI Mediator if all Approved Provider and IBO parties to the dispute agree. Otherwise, the mediation will take place with an independent neutral mediator acceptable to all parties.

11.2.1.3. In all instances under Rule 11.2.1., if the parties cannot agree on a mediator, they shall authorize the American Arbitration Association (AAA) to select a mediator.

11.2.2. The mediation shall take place within 30 days of the notice of Conciliation. The parties may agree to extend this date by 30 days. In addition, on a request of a party, the mediator may extend the deadline for not more than an additional 30 days. All parties must appear in person or, if authorized by the mediator, by telephone.

11.2.3. The mediation proceeding is confidential and not open to the public; but any participant may, if he or she chooses, be accompanied by an attorney or another personal representative, such as an upline IBO or a friend or family member, as long as the representative agrees to respect the confidentiality of the process.

11.2.4. Mediation involving only IBOs, or involving the Corporation and one or more IBOs all of whom are below the level of qualified Platinum, will take place reasonably close to the residence of the IBOs involved, unless the parties agree otherwise.

11.2.5. Mediation involving the Corporation and one or more IBOs qualified at the Platinum level or above will take place in Grand Rapids, Michigan, unless the parties agree otherwise.

11.2.6. The costs of the mediator will be shared pro rata by the parties involved. However, if an IBO can show that its pro rata costs create a hardship or otherwise are unfair, as determined by the mediator, the Corporation will pay the reasonable fees of the mediator, for up to one full day.

11.2.7. Failure by the Corporation or any disputing IBO to participate in good faith is a breach of the IBO Contract, and the breaching party shall reimburse the other parties for any expense directly caused by the breach, as determined by the mediator.

11.2.8 The mediator shall within two weeks following the mediation provide the parties with a written statement summarizing any agreement between the parties resolving their disputes and, for any dispute not settled, declaring that the parties are at impasse. The mediator may, at his/her discretion, recommend a resolution for any dispute not settled in the mediation. Within two weeks of receiving this summary, each party shall state in writing whether or not it agrees with any recommendation by the mediator, in whole or in part.

11.2.9. If any part of the dispute is not resolved by mediation, any IBO who is a party to the remaining dispute may request a Hearing Panel; except that any dispute involving a challenge to the validity of any Rule or other term of the IBO Contract, or any challenge to the impartiality of the Hearing Panel itself may, at the challenging party's option, go directly to arbitration without a Hearing Panel.

11.2.10. Any party to a dispute not resolved by mediation may, within four weeks after the mediator's written statement pursuant to Rule 11.2.8., file a Request for Hearing Panel Form with the Business Conduct and Rules Department or the Hearing Panel Chairperson. Upon receipt of a request, the matter is scheduled for the next Hearing Panel session, which shall be not more than 60 days following the request. The parties are strongly encouraged to attend the hearing in person, but are not required to do so. Should the parties choose to attend in person, they are responsible for all their own costs associated with travel, food, accommodations, and other expenses. While not required to attend in person, all IBOs who receive notice of the hearing are required to participate in the hearing unless excused by the Hearing Panel Chairperson or his/her designee for the hearing.

11.2.11. The Hearing Panel is comprised of three members of the IBOAI Board. The IBOAI Board Executive Committee selects the Hearing Panel Chairperson and an alternate. The Executive Committee selects the Panel members and alternates who serve on the Hearing Panel. The Hearing Panel Chairperson makes sure that no Panel member presents a conflict of interest with respect to the matters over which the Panel presides. Once selected, the Panel members are barred from discussing the dispute with anyone before the date of the hearing. Each Panel member and the parties involved receive a copy of the enforcement and conciliation file developed by the Corporation and the Hearing Panel Chairperson.

11.2.12. The Chairperson of the Panel is empowered to control the conduct of the hearing and to administer oaths, or have the court reporter administer oaths, to any witnesses. A transcript is made of each hearing. At the hearing, each party may present any information it desires, including individual testimony or documentary evidence. The formal rules of evidence do not apply. The Parties shall exchange all documents on which they intend to rely during the hearing at least 10 days in advance of the hearing. In addition, parties must submit to the Panel all documents on which they intend to rely in proving or defending their claim at least 10 days in advance of the hearing, to allow the Panel to review and consider them. If a party does not submit such documents in a timely fashion, the Hearing Panel Chairperson may refuse to allow their introduction. The Panel Chairperson may refuse to permit lengthy discussions or introductory material deemed irrelevant or unnecessary to the resolution.

11.2.13 When a voluntary resolution does not occur, the Hearing Panel, within approximately two weeks of receiving the transcript, will issue to the parties and the Corporation a written statement of facts relating to the issues and a non-binding recommendation for resolution, including, if appropriate, the imposition of certain sanctions. Within two weeks of receiving that recommendation each party shall inform the Panel and the other parties in writing whether that party (a) accepts the recommended resolution in its entirety; (b) accepts some specific portions of the recommended resolution and rejects the others; or (c) rejects the recommended resolution in its entirety. Any party may demand arbitration of any unresolved dispute under Rule 11.3. below.

11.3. Arbitration

All disputes not resolved through the process described in Rules 11.1 and 11.2 above shall be settled in arbitration as stated below. The arbitration award shall be final and binding and judgment thereon may be entered by any court of competent jurisdiction. As stated in Rule 1, Michigan law applies; but IBOs and the Corporation acknowledge that the IBO Contract and each of its parts evidence a transaction involving interstate commerce, and the United States Arbitration Act shall govern the interpretation and enforcement of the arbitration rules and arbitration proceedings.

11.3.1. The arbitration requirement is reciprocal and applies to the Corporation, IBOs, and Approved Providers.

11.3.2. Nothing in these Rules prevents the Corporation, an IBO, or Approved Provider from seeking temporary or preliminary injunctive relief from a court of competent jurisdiction when in good faith they believe it is necessary in order to preserve the status quo while Conciliation or arbitration is proceeding. Claims seeking to enjoin conduct by the Corporation shall be filed only in the Circuit Court for Kent County, Michigan, or the U.S. District Court for the Western District of Michigan. Claims seeking to enjoin conduct by an IBO shall be filed only in the state or federal court where the IBO resides or has a principal place of business. Claims seeking to enjoin conduct by multiple IBOs acting in concert shall be filed in the

state or federal court where the upline IBO, or the most IBOs, reside or have a principal place of business.

11.3.3. The complaining party may file a demand for arbitration with either JAMS or AAA. If any other party objects to JAMS within ten days of the filing of the demand for arbitration, the complaining party must refile the arbitration demand with the AAA. The arbitration will be commenced and conducted in accordance with the JAMS or AAA (whichever is ultimately chosen) fee schedules and commercial arbitration rules, with the modifications and clarifications specified in this Rule 11.3. The JAMS or AAA commercial arbitration rules and Rules of Conduct in effect on the date of the commencement of an arbitration will apply to that arbitration. If there is any conflict between the JAMS or AAA arbitration rules and this Rule 11.3 or any of its subparts, Rule 11.3 shall apply.

11.3.4. Demand for arbitration shall be made within two years after the claim arose, but in no event after the date when the initiation of legal proceedings would have been barred by the applicable statute of limitations. The two year period or any shorter statutory limitations period shall be tolled during the Conciliation process described in Rule 11.2, provided that Conciliation shall not revive any limitations period that has expired before the time a party invokes Rule 11.2.

11.3.5. If IBOs become involved in a claim or dispute under the arbitration rules, they will not disclose to any other person not directly involved in the conciliation or arbitration process (a) the substance of, or basis for, the claim; (b) the content of any testimony or other evidence presented at an arbitration hearing or obtained through discovery; or (c) the terms or amount of any arbitration award. However, nothing in these Rules shall preclude a party from, in good faith, investigating a claim or defense, including interviewing witnesses and otherwise engaging in discovery.

11.3.6. Unless all parties agree otherwise, a single arbitrator shall be chosen, and Arbitrator candidates must have at least five years' experience as a state or federal judge or as a full-time ADR professional, including substantial experience in commercial arbitration.

11.3.7. To reduce the time and expense of the arbitration, the arbitrator will not provide a statement of reasons for his or her award unless requested to do so by all parties. The arbitrator's award shall be limited to deciding the rights and responsibilities of the parties in the specific dispute being arbitrated.

11.3.8. To increase the efficiency of the process, similar claims involving multiple parties may be consolidated before a single arbitrator. The arbitrator will decide any disputed consolidation issues.

11.3.9. No party to this agreement shall assert any claim as a class, collective or representative action if (a) the amount of the party's individual claim exceeds \$1,000, or (b) the claiming party, if an IBO, has attained the status of Platinum either in the current fiscal year or any prior period. This subparagraph shall be enforceable when the applicable law permits reasonable class action waivers and shall have no effect when the applicable law prohibits class action waivers as a matter of law. In any case, the class action waiver provision, as well as any other provision of Rule 11, is severable in the event any court finds it unenforceable or inapplicable in a particular case.

11.3.10. Class action claims are not arbitrable under these Rules under any circumstances; but in the event a court declines to certify a class, all individual plaintiffs shall resolve any and all remaining claims in arbitration.

11.3.11. Notwithstanding any discovery provisions in the JAMS or AAA commercial arbitration rules incorporated in paragraph 11.3.3 above, no discovery shall occur in an arbitration under these Rules unless and until specifically authorized by the arbitrator. The arbitrator shall decide the amount, scope and timing of discovery as appropriate in each case. In addition, before requiring any discovery, the parties shall agree on an appropriate confidentiality order consistent with the IBO Contract. If the parties fail to agree, the arbitrator shall impose appropriate confidentiality requirements on parties and witnesses.

Any questions concerning the above, please contact Business Conduct & Rules at BCR@Amway.com or (616) 787-6712.

