

MELALEUCA SECURITY

A BUSINESS ON TOP OF A BUSINESS!



PHYSICAL AND FINANCIAL SECURITY FOR YOUR FAMILY



In the future, Melaleuca will provide our Marketing Executives with many more opportunities like this one. That is an important part of the residual income model! Regardless of what products or services we offer in the future, we will always provide the absolute highest quality available. And because of the large number of customers we bring to the table, we will often be able to do it at unbelievably low prices!

Frank L. VanderSloot
CEO Melaleuca

One of the highlights of Melaleuca's annual convention in Orlando, Florida was the announcement of Melaleuca's entry into the home security industry. Thousands in attendance cheered as Melaleuca CEO Frank VanderSloot laid out the business strategy that is forecasted to make Melaleuca one of the largest players in the home security industry over the next five years.

OUR BUSINESS MODEL

The vast marketing organization that we have built over the last 24 years is a huge value to every Marketing Executive who has helped create that organization! We can literally plug hundreds of services and products into the sales organization and reap the benefit of its power! For 24 years, we have protected the integrity of the entire organization in preparation for this moment. We have always felt that the power and opportunity of the marketing organization needs to be reserved for the benefit of all those who built it. Therefore, we have never allowed any products to be sold through this organization by anyone other than Melaleuca. In other words, a Marketing Executive may not use his or her Melaleuca organization to sell products or other services such as insurance, real estate, or other investments. That would be totally unfair to others in the organization. It is important that all who built the customer organization benefit from it.

These additional opportunities can be very exciting and very lucrative. However, it is important to not have our Marketing Executives running several different directions at once. Instead, they should continue to focus on building their Preferred Customer organization! For example, it would be very difficult for any Marketing Executive to gain the expertise to enable you to get licensed in all 50 states to sell home security systems. Because of that, **Melaleuca will make building your Melaleuca Security business very simple for you. In fact, Melaleuca will actually build your Melaleuca Security customer base for you!** You will not have to do a single home security presentation because Melaleuca will make all of your presentations for you! Melaleuca professionals will contact your current Preferred Customers and future customers to determine their interest in becoming Melaleuca Security customers. Our presentation will be professional and complete. The presentation will be offered to Melaleuca Preferred Customers and others, only if you introduce them to us as your referral. It will be a very "soft sell" with absolutely no pressure. You will not have to produce any Leadership Points!

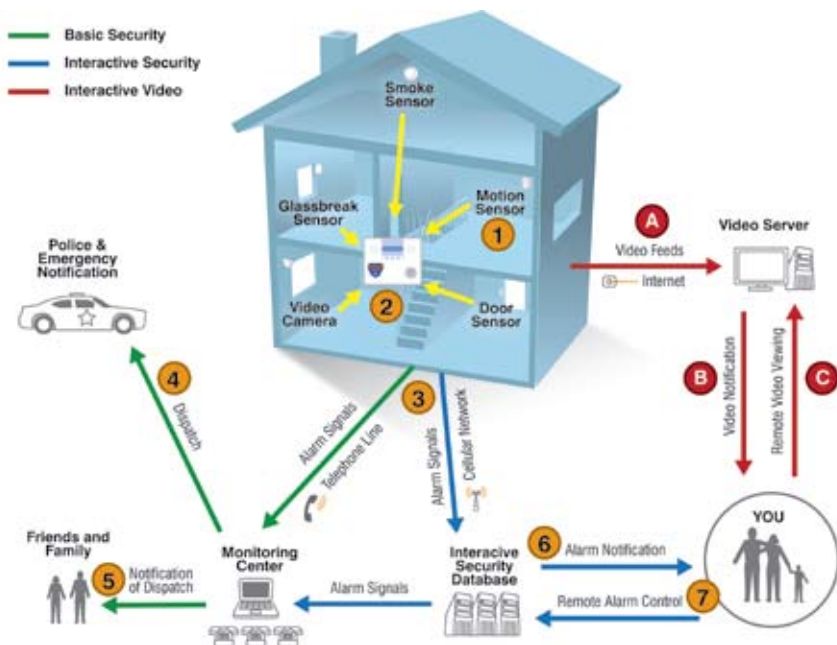
EASY QUALIFICATION!

The only requirement for you to qualify for commissions on the Melaleuca Security program is that you provide us with one (yes, only one!) subscriber! That one subscription could be your own home, or any other residence or business that is not already a Melaleuca Preferred Customer. You can subscribe today by filling out the enclosed Early Commitment Agreement form. You will need to make a \$120 deposit with your subscription. This \$120 will go towards the purchase of your equipment for the base system. As soon as Melaleuca receives your Early Commitment Agreement form (or the form from your one required referral) and your deposit, you can qualify to earn commissions on all those in your organization who subscribe after you qualify. In other words, if you have not already done so, you should fill out the Early Commitment Agreement form sent to you with this brochure and fax it in today to 1-888-528-2090 (or you can download the agreement at www.melaleuca.com/security). We realize you and your customers will want to know a great deal about this service before you actually subscribe or make a three-year commitment. Rest assured that you will have time to learn everything you need to know about the system and the opportunity before you make a final decision. But right now, we're asking you to send in a \$120 fully refundable deposit to secure your commitment. You can change your mind for any reason in the next 60 days. If you decide to not follow through with the installation of your Melaleuca Security system, your deposit will be refunded to you immediately.

OUR PARTNERS

General Electric is the leader in the home security industry and manufactures the most state-of-the-art and most reliable home security technology available in the marketplace. General Electric has chosen to partner with Melaleuca on this very exciting business venture! As their part of the partnership, General Electric will provide the home security monitoring equipment to Melaleuca at exceptionally low prices. Because it is the very best, some other security providers use the same General Electric equipment that Melaleuca will be using. But because of our exclusive partnership, Melaleuca will be able to provide the equipment at substantially lower prices than our competitors!

HOW YOUR SYSTEM WORKS



- A BURGLARY OCCURS IN THIS COUNTRY EVERY 14.6 SECONDS
- 63% OF BURGLARIES OCCUR DURING THE DAYLIGHT HOURS
- 65% OF BURGLARS COME THROUGH ENTRY DOORS
- FIRES WILL KILL 3,040 AND INJURE 14,960 PEOPLE THIS YEAR
- YOUR HOME IS 3.1 TIMES LESS LIKELY TO BE BURGLARIZED IF YOU HAVE A MONITORED SECURITY SYSTEM

With a Melaleuca Security system in your home you will be able to choose how and when to turn it on, what we call “arming the system.” From the keypad or remote device, you can arm your system whether you are home or away. When the system is armed, if activity is detected (1), a loud siren on the keypad will sound (2) to scare off intruders and notify anyone in the home of the danger. The security system simultaneously transmits (3) a signal to the central station to alert the dispatchers of what is going on in your home. If you have a false alarm, you simply cancel the alarm by disarming the system or by telling the central station dispatcher your verbal password. In the event that the alarm is not cancelled by an authorized user, the central station will dispatch (4) the necessary local authorities for the burglary, fire, or medical emergency situation. The central station will then (5) notify your predesignated friends and family of the situation at your home so that they may assist as directed by the authorities. If you have the Interactive Security with the GSM Cellular Communicator, you may also be notified via email or text to your cellular phone (6). The interactive service also allows you to access your system remotely at any time (7). Video cameras will transmit video over the Internet to the video server (A). You may be notified via text or email (B) of any unauthorized motion in your home. You can also watch live or recorded video anytime from your cell phone or computer (C).

A MELALEUCA EXCLUSIVE!

One of Melaleuca's most unique options is the Interactive Video service. We believe it will be very popular with our customers. You can install up to four video cameras anywhere inside or outside your home. You can program the system to notify you on your cell phone, email, or business phone when there is unauthorized movement in the home. You can immediately see what is happening at home from your cell phone or computer! With the stand-alone video interactive package, you do not have a security monitoring service.

This can be a great tool for working parents whose children come home before they do. At any time you can view the footage in specific rooms in your home from your cell phone to see if the children are safe, doing their homework, playing video games, or watching TV. When you and your spouse are out for the evening, you can just tap into your video camera from your cell phone and make sure that the baby sitter is doing okay with the kids, etc. (Sometimes live video can give a more accurate description of what is happening than a phone call!)

If the kids are supposed to be home from school at 3:45, you can program the system to notify you if it does not detect movement in the home by 3:50. You can also program it to notify you as soon as the kids do get home. In fact, you can look at your cell phone monitor and see for yourself that everyone is home safely. You can also set up a camera on the entry of your home so that you will have a record of everyone who visited your home throughout the day. Melaleuca will provide this valuable service for only \$29.95 a month! There are very few companies that offer this service, and those who do charge much more than our price. A tremendous value for any parent!



THE BUSINESS OPPORTUNITY

IMPORTANT NOTES ON COMPENSATION:

- All Melaleuca Marketing Executives are qualified to participate in the revenue created by Melaleuca Security as long as they refer just one customer (which could be their own home).
- Your marketing organization is the same organization as your Preferred Customer marketing organization!
- You will be paid on all Melaleuca Security customers in your organization who subscribe after you do (or after the date of your one referred subscriber).
- As soon as your one referral is installed, you will begin receiving commissions on all Melaleuca Security customers in your Melaleuca marketing organization as long as they did not subscribe before you qualified.
- Each home security customer will generate 15 Service Points each month. (A Service Point is essentially the same thing as a Product Point.)
- Marketing Executives will receive 7% commission on Service Points. Therefore, you will receive $7\% \times 15$ Service Points, which equals \$1.05 per Melaleuca Security customer in your organization. But that is the smallest part of the commission program!
- Melaleuca has budgeted to pay out $\$1.05 \times 7$ generations, which equals \$7.35 total payout on every Melaleuca Security customer.
- Since we do not expect every Melaleuca Preferred Customer to become a Melaleuca Security customer, there will be several "OPEN" positions in the marketing organization that will not receive a commission on customers in the organization. **As always, Melaleuca Marketing Executives will benefit from the "OPEN" positions!**
- Each time an "OPEN" position occurs in the organization, the \$1.05 that would have been paid to the "OPEN" position, will be deposited in a company-wide "**Melaleuca Security Unclaimed Commission Pool.**" That pool will be divided each month among all qualified Marketing Executives. The portion of the pool that you receive each month will depend on the number of Melaleuca Security customers in your organization compared with the total number of Melaleuca Security customers in the company.
- If one of your Melaleuca Preferred Customers subscribes to the home security program prior to the month that you qualify by referring your own household (or by referring another household), you will not be paid Melaleuca Security commissions on that household. (Therefore, if you decide to participate in the Melaleuca Security program opportunity, it is important that you subscribe, or send your one referral in, **today!**)
- Melaleuca Marketing Executives who do not refer the required one Melaleuca Security customer will not be paid Melaleuca Security commissions on any customer in their organization. (Note: Again, your own household or another household that you refer will qualify you to earn commissions.)

THE INDUSTRY

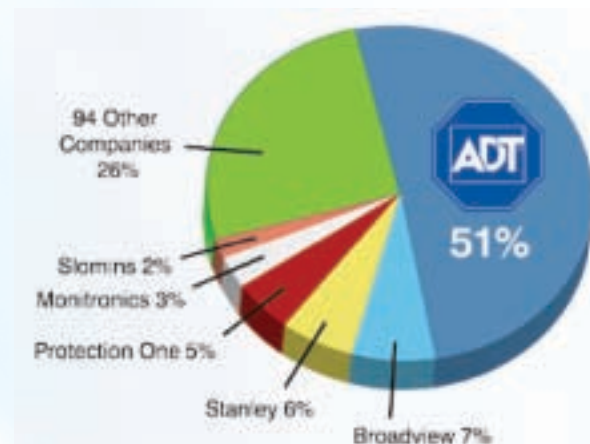
Home security is becoming more and more important to the average family and has suddenly become an \$8 billion industry! After all, nothing is more priceless than the security of our family. Because this service substantially decreases the chance of robbery or fire damage, home owners insurance policies now typically provide a 5%–20% discount to those who have home security systems. Still, only 17% of all American (and Canadian) households have a home security system. That's why even in these tough economic times the industry is growing at over 8% per year.

ADT is currently the largest provider, controlling 51% of the market. The next five largest are 1) Brinks Security (now changing its name to Broadview Security), 2) Stanley Security, 3) Protection One, 4) Monitronics, and 5) Slomins.

Because of its very low cost of entry and very low equipment prices, Melaleuca can offer a higher quality service than our competitors at extremely low prices, beating all other companies by a considerable margin. Because of the tremendous power of our business model, the size of Melaleuca's organization, and our dramatically low pricing, it is projected that Melaleuca Security will rapidly integrate into this market and soon become one of the largest home security providers in the industry. And as

always, Melaleuca will pass the profits along to its loyal Marketing Executives who have been building this organization for the past 24 years!

TOP 100 ALARM COMPANIES



Product names and logos are trademarks of their respective companies.

“A BUSINESS ON TOP OF YOUR CURRENT MELALEUCA BUSINESS”

For a better understanding of how the Melaleuca Security compensation plan actually works, let's imagine the scenario illustrated below. Let's suppose you subscribed before anyone else in your organization. (That qualifies you to earn a commission on their subscription every month.) For simplicity, suppose you have only two Melaleuca Security customers: the Anderson family on your 5th generation and the Smith family on your 7th generation. Let's suppose that in this particular leg of your organization you did not have anyone else subscribe to the Melaleuca Security program. That means that in this leg of your Melaleuca Security business you have “OPEN” positions on your 1st, 2nd, 3rd, 4th, and 6th generations.

In this scenario you will receive \$2.10 commission each month. (\$1.05 from the Anderson's subscription and \$1.05 from the Smith's subscription). Had the Marketing Executive on your 1st, 2nd, 3rd, and 4th generation been Melaleuca Security subscribers, they would have also received a total of \$2.10 from the Andersons and Smiths, but since they are not subscribers, they did not qualify and therefore those positions are considered “open.” The \$2.10 that they each would have earned will be deposited into the **Melaleuca Security Unclaimed Commission Pool**.

In this scenario, the Andersons will also receive \$1.05 each month from the Smith's subscription. And the “OPEN” position right below the Anderson's household (on your 6th generation) would also have received \$1.05 from the Smiths had that position been qualified to receive commissions. But, since that position is “OPEN” because it was not a Melaleuca Security subscriber (or has not referred the one necessary subscriber), that “unclaimed” \$1.05 will be

deposited into the “**Unclaimed Commission Pool**.”

Let's assume for the sake of simplicity that you and your two customers were the only Melaleuca Security customers in the company. Note: You have two subscribers and the Anderson household has one subscriber. That gives you two shares of the pool and it gives the Andersons one share. Your two shares plus the Anderson's share equals three shares total in the pool. At the end of the month there is a total of \$9.45 in the **Unclaimed Commission Pool**. Each of the 3 shares is worth 1/3 of the \$9.45, or \$3.15 per share. Therefore, at the end of the month you receive 2 shares × \$3.15, which equals an additional \$6.30 plus the \$2.10 (\$1.05 from each of the two subscribers in your organization), which equals \$8.40 total. That makes each of your two Melaleuca Security customers worth \$4.20 each!

Of course, in reality the **Unclaimed Commission Pool** will contain the money from **all** open positions in the **entire** company. (We anticipate that after the first few months there will be over 100,000 “OPEN” positions in the company—each contributing substantial dollars to the pool.) And, of course, the pool will be divided among thousands of Marketing Executives—not just your own organization. But the example above illustrates the concept. Although, the exact amount you earn per customer will vary a little from this example, we expect you to earn from \$3.10 to \$4.50 per month for each Melaleuca Security customer in your business. That's more than you make from the average Preferred Customer! In fact, whenever a Preferred Customer subscribes to Melaleuca Security, your income on that customer will more than double.

THE DYNAMICS OF THE POOL!



We anticipate that after the first few months there will be over 100,000 open positions in the organization—each contributing substantial dollars to the Unclaimed Commission Pool!

OUR ADVANTAGE: MELALEUCA'S LOW PRICES WILL RAPIDLY MAKE US THE INDUSTRY LEADER

UP-FRONT EQUIPMENT PRICES			MONTHLY SERVICE RATES	
Available Packages	ADT's Price*	Melaleuca Preferred Customers†	ADT's Price*	Melaleuca Preferred Customers†
1. Basic Security	\$374	\$120	\$40.99	\$24.95
2. Interactive Security	\$673	\$279	\$47.99	\$29.95
3. Interactive Video	NA	\$179	NA	\$29.95
4. Interactive Video & Security	NA	\$458	NA	\$39.95

Basic System Components

Your Melaleuca Security system comes complete with the essentials to cover a typical home. Included are the following:

- **Control Panel/Keypad**—Used to turn your system ON and OFF
- **Loud Interior Siren**—Alerts you of potential danger
- **Backup Battery**—Powers the system during power outages
- **Telephone Jack**—Connects your system to the landline telephone
- **3 Door/Window Sensors**—Monitor your entry doors
- **Motion Detector**—Monitors movement activity in the home
- **1 Yard Sign/4 Window Decals**—Warn potential intruders that you have a security system
- **Expandable Capacity**—Add up to 40 wireless devices

Basic System Features

Your Melaleuca Security System includes top-of-the-line features.

- **24-Hour Monitoring**—Central Station operators are always standing by for you
- **2-Way Voice Intercom**—Allows operators to speak and listen inside the home during an alarm event
- **Emergency Buttons**—Request dispatch of Police, Fire, or Ambulance with one button
- **Backlit LCD Display**—Visual menu and status notification
- **Arming Buttons**—Arm your system with one button
- **Voice Annunciation**—Tells you when doors are opened (and which doors are opened)
- **Multiple User Codes**—Each user may have their own disarm code for system access
- **Remote Telephone Access**—Arm, disarm, or check system status from any off-site phone



*ADT prices based on actual prices from ADT and ADT Authorized Dealer websites, brochures, and direct communications in September 2009. Product names are trademarks of their respective companies.

†All prices in U.S. Dollars and for U.S. Customers only.



ONE-TIME EQUIPMENT OPTIONS COSTS

ADT's
PRICE*

MELALEUCA PREFERRED
CUSTOMER PRICE†



- **Additional Door/Window Sensors**
Monitor doors or windows for Open/Closed status.

\$75

\$29



- **Additional Motion Detectors**
Detect movement in halls or stairways.

\$165

\$59



- **Glass Break Detectors**
Detect breaking glass in one room up to 25 feet.

\$165

\$59



- **Smoke or Heat Detectors**
Detect smoke or flames within a protected area.

\$165

\$59



- **Carbon Monoxide Detectors**
Monitor for dangerous CO levels inside the home.

\$189

\$89



- **Personal Emergency Buttons**
One-button notification for medical emergencies.

\$99

\$29



- **Additional Keypads**
Arm/disarm the system remotely within the home.

\$149

\$59



- **GSM Cellular Communicator**
Communicates wirelessly to the Monitoring Center.

\$299

\$159



- **Keychain Remotes**
Arm/Disarm the system from within 100 feet of the home.

\$75

\$29



- **Flood or Freeze Detectors**
Activated by water or cold temperature in the home.

\$99

\$29



- **Video Surveillance Camera**
Watch live or recorded video inside your home.

NA

\$179

ACT NOW!

FREQUENTLY ASKED QUESTIONS

Question: What if I'm already in a home security monitoring agreement with another provider that has not yet expired?

Answer: Melaleuca is in the home security business for the long term. We can afford to be patient, so we will wait for your current contract to expire. To preserve your right to receive future commissions, however, you will need to send a copy of the Early Commitment Agreement along with your current monitoring contract and your \$120 deposit. Your \$120 deposit will be applied to your equipment when you install your Melaleuca system. We will contact you prior to the expiration of your contract and convert your home to Melaleuca Security at that time.

Question: If I am a Melaleuca Security customer, can I still cancel my Preferred Customer agreement at any time?

Answer: Yes. But only Preferred Customers receive an \$11 discount on the Melaleuca Security service. Therefore, if you cancel your Preferred Customer status, your

monthly rate on your Melaleuca Security service will increase by \$11. Even without the Preferred Customer discount, Melaleuca Security is far below the competition on monitoring fees. But still, who would want to cancel their Preferred Customer account?

Question: If I move, can I take my home security service with me?

Answer: Yes. The equipment is all wireless and easily transportable and can be quickly installed in your new home.

Question: Is there a warranty on my equipment?

Answer: All General Electric equipment has a two-year warranty.

Question: Can I install the Melaleuca Security system in a business?

Answer: Yes. But we cannot install smoke detectors in a business.

Question: Can I introduce households who are not yet Preferred Customers to Melaleuca Security?

Answer: Yes. But they will not receive the Preferred Customer discount, so they will

pay \$11 more per month than a Melaleuca Preferred Customer would. You can see there is a tremendous incentive to become and remain a Melaleuca Preferred Customer!

Question: If I subscribe today, when will I have my system in my home?

Answer: The systems will be available for professional or self-installation beginning in November. If you sign up today, you will be one of the first to get your system.

Question: Will the 15 Service Points per month on my Melaleuca Security system apply to my 35 Product Point Preferred Customer commitment?

Answer: No. Your Melaleuca Security business is a separate business and does not apply to your Preferred Customer commitment.

Question: Will the volume of my Melaleuca Security Business apply to my Organizational Volume too?

Answer: No, same as above.

IT REALLY ADDS UP!

Over time, your customers from your Melaleuca Security business can really add up! We expect that Melaleuca Security customers will stay with us longer than the national average of 7.2 years. But even using the 7-year average, every customer is worth a lot! \$4.00 per month is \$48.00 per year. If a customer only stays for the average 7.2 years, every customer will generate \$344 in commissions! Just ten customers would create about \$3,440! You can see how just a few customers can really add up over time. Of course, many Marketing Executives already have hundreds or even thousands of Preferred Customers who will soon be Melaleuca Security customers. This is a substantial opportunity for all Melaleuca Marketing Executives!

YOUR FUTURE CUSTOMERS

Melaleuca will contact your new customers in approximately their 6th week as a Preferred Customer. Melaleuca will let your new customers know about the tremendous value of subscribing with Melaleuca Security. Many of them will become Melaleuca Security subscribers and your business will begin to prosper. Remember, the average home security customer stays with their service for 7.2 years! That's real residual income!

24 YEARS OF PREPARATION

For the past 24 years, tens of thousands of Marketing Executives have diligently built one of the most extensive marketing organizations in the history of free enterprise. In fact, it may now be the largest of its kind ever built. It already consists of over 200,000 Marketing Executives and 500,000 loyal customer households. It has tremendous power, both in acquiring new customers and in negotiating clout. And its tremendous potential has been preserved specifically for the benefit of those who have built it— Melaleuca Marketing Executives.

Even if you are a brand-new Marketing Executive, you can benefit from the tremendous power that this dynamic organization brings to the marketplace. **When you can offer a far superior service at unbelievably low prices, it gives you an incredible advantage against all competitors.**

So even if you are a new Marketing Executive, you benefit tremendously from the last 24 years of hard work from the thousands who came before you.

BE A LEADER! DON'T PROCRASTINATE!

Many of the customers in your organization will subscribe to this outstanding service in the next few months. In order to earn commissions you must simply establish yourself as the leader of your organization by qualifying before they do. It's that logical and that simple! Wisdom would suggest that you not procrastinate.