



CONTACT: Beth Dornan/Robin Luymes
Quixtar P.R.
616/787-7134

QUIXTAR IBOS DRIVE \$518 MILLION IN SALES THROUGH QUIXTAR

GRAND RAPIDS, Mich., Oct. 26, 2000 – The outstanding efforts of Independent Business Owners (IBOs) affiliated with Quixtar Inc. resulted in first-year sales of \$518 million through the U.S. and Canadian versions of www.quixtar.com. Sales included \$448 million at Quixtar, plus an additional \$70 million at Quixtar's Partner Stores. Quixtar's first year ended Aug. 31, 2000.

These sales firmly place Quixtar among the top consumer e-commerce sites. The National Retail Federation's *Stores* magazine recently ranked Quixtar 7th in sales based on a low estimate of first-year sales, and, compared to a recent *Internet World* ranking of publicly traded e-tailers' sales, Quixtar would place 5th.

"First-year sales and participation blew us away," said Doug DeVos, Chief Operating Officer of Quixtar. "We are very confident in our business model and have expected all along that Quixtar would be a success in the long run. Our first-year sales, however, are very unusual in the highly competitive consumer e-commerce industry."

Quixtar features a blend of consumer shopping, membership benefits and business ownership unmatched on the Web. In particular, Quixtar's high-tech business model benefits from the personal service of IBOs who provide the "high touch" element missing from most other e-commerce business plans. IBOs perform Quixtar's marketing function and are rewarded with bonuses and other incentives for sale of products and services made to Members (preferred customers who purchase products at special prices) and other IBOs they bring to Quixtar. Last year, Quixtar IBOs earned \$143 million in bonuses and other incentives.

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“Quixtar’s success is unparalleled in e-commerce, especially since we don’t advertise,” said Ken McDonald, Quixtar’s Managing Director. “Our business model focuses on the Independent Business Owner, and their profitability is our first priority. It’s not just our business, it’s their business, too.”

At various times during its first year, Quixtar was ranked highly among other e-tailers for traffic. When comparing sales, however, Quixtar clearly is among the very top Web consumer shopping sites.

“We’re less concerned with where we place in rankings based on unique visitors than we are on those based on sales,” said John Parker, Vice President of Sales and Marketing for the company. “Visitors are great, but sales are the true measure of e-commerce success. And our success is driven by affiliated IBOs who earned \$143 million in bonuses and incentives for their business-building efforts.”

Top sellers at Quixtar were health and beauty products, led by NUTRILITE® nutrition products and ARTISTRY® skin care and cosmetics. One of the site’s biggest success stories for the past year was its automatic replenishment program – DITTO DELIVERYSM Service – which now accounts for nearly 30 percent of Quixtar’s volume. More than 180,000 Ditto Delivery profiles were created in the past year, allowing Quixtar to automatically fill orders for consumable products based on a schedule predetermined by Quixtar’s customers.

“We’ve devoted a lot of effort to making the site faster and easier to use,” said Randy Bancino, Quixtar’s Chief Information Officer. “We developed the site very quickly in 1999, and since then have improved search functions and downloading speeds,” he said. “We’re now recording downloads that are faster than the average of the Keynote Business 40. As we go forward, the site will only get better in support of our IBOs.”

Based near Grand Rapids, Mich., Quixtar Inc. is part of the Alticor group of companies.

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