



June 11, 2001

Letters Editor
Forbes Magazine
60 Fifth Avenue
New York, NY 10011

Dear Editor,

We looked forward to an article about Quixtar in *Forbes'* June 25 "Best of the Web" issue, as we felt the reporter had gone to great lengths to ensure a fair and balanced story about our business. Since last November, Karen Bannan interviewed numerous subjects for the story and great efforts were made by Quixtar staff to provide accurate and timely information.

The resulting article, however, did not provide an accurate portrait of the company. Possibly this was the result of inaccurate reporting. Perhaps it was a result of no fact-checking by *Forbes*. Or maybe it was a result of a bias against Quixtar's business model in the editorial department. In any case, *Forbes* did a great disservice to its readers, not to mention the hundreds of thousands of individuals across the U.S. and Canada who enjoy their affiliation with Quixtar.

The headline – "Amway.com" – reinforces mistakes made throughout the article labeling Quixtar as a subsidiary of Amway, and only confuses readers because that URL exists in support of Quixtar's sister company, Amway Corp. An accurate account would have noted that Quixtar, like Amway, is a subsidiary of Alticor Inc. The article wasn't an examination of Quixtar's success. It was more likely an expression of opinions that normally would have appeared in an editorial, rather than an article based on objective reporting.

How else should we interpret the fact that the reporter interviewed a number of Independent Business Owners (IBOs) completely satisfied with their Quixtar experience, yet the only comments published were those of one individual who foolishly overspent in support of his business before dropping out? How else could we explain the inexplicable description of business meetings as "cult-like?" Or the assertion that products are overpriced, when no effort is made to provide comparisons?

An accurate account would have noted that IBOs do not earn money for registering other IBOs. They earn income when people they've introduced to Quixtar make purchases as customers and new business owners. Quixtar does not advertise, instead relying on the marketing efforts of hundreds of thousands of individuals who earn bonuses when people they've brought to www.quixtar.com actually buy products.

As the article stated, this personal referral model has resulted in incredible sales and a customer retention rate few other businesses – online or off – can match. Few companies can say that they helped others earn \$143 million in one year, which is what Quixtar did in its very first year. When the results of Quixtar's second year are final this fall, many will be surprised at the growth the company has seen in its sophomore season.

In the end, Quixtar's most important critics are its affiliated IBOs, who work with us constantly to fine-tune our business model. They will be disappointed, of course, that a *Forbes* article would inaccurately opine that a Quixtar business will likely lead to shelves full of shampoo bottles, when they know very well that IBOs do not stock product – that's Quixtar's job. What is more disappointing, however, is that they will have lost trust in what once was a reliable source of accurate business information. But that's *Forbes'* loss, not ours.

Sincerely,

A handwritten signature in black ink that reads "Ken McDonald". The signature is written in a cursive, slightly slanted style.

Ken McDonald
Managing Director
Quixtar Inc.