

We are very sad to announce that Celebrating Home will be ending its direct sales business on July 31, 2015.

We appreciate each one of you and want you to know that this was a very difficult decision for Steve and Penny. Please read the details below which explain the reasons behind the decision as well as plans for the future.

On August 1st, we will introduce an online website called Celebrating Home Direct for members of the CH Buying Club. Please read the questions and answers below for more details.

Why is Celebrating Home discontinuing its direct sales business?

Over the last several years, sales by Designers have decreased every year. We have tried various ways to slow the sales decline, but we have not been successful.

Companies like Celebrating Home that are selling products through home parties need a minimum level of sales in order to support all of the software, promotions, benefits and events that are required in this type of business. Due to the low level of sales, we have reached the threshold where the business is no longer profitable, and we do not see a future where it can be profitable.

What should I do about the parties and fundraisers that I have booked?

You should feel confident holding parties and fundraisers during the next three months. We will continue business as usual through July 31st. We have plenty of inventory on hand, and our staff is ready and willing to assist you.

Can I be sure that you will pay my commissions and overrides and ship products that I order during the three month period of May, June and July?

Yes. We want you to understand that we are **not** making this decision because we cannot pay our bills. We are making this decision because the business is **not sustainable** with the constant sales declines. We will pay commissions and overrides and ship products that are ordered during May, June and July.

What will be available to me after July 31st?

On August 1st we will introduce a public website called *Celebrating Home Direct* that will offer current Celebrating Home Designers attractive discounts on all of our products. Current active Designers will automatically become members of the CH Buying Club. The Celebrating Home Direct website will also be available to the general public like many retail online sites, but only members of the CH Buying Club will receive discounts on products. Celebrating Home Direct will also offer a Treasure Chest component with deep discounts for CH Buying Club members and smaller discounts for the general public.

Beginning August 1st, 2015, the Celebrating Home website will be configured so that current Designers will be offered discount pricing on the available items. If a buying club member makes a purchase, no sales tax will be charged for purchases outside of Texas. There will be no hostess benefits, Designer Dollars, overrides or commissions paid on the purchase.

Some examples of products and pricing that will be featured on the Celebrating Home website beginning August 1st are as follows:

<u>Product</u>	Current Retail	CH Buying Club Price
Berry Bean Pot	\$ 42.00	\$20.00
Petite Jar Candle	\$ 7.50	\$ 3.75
Large Piece of Framed Art	\$150.00	\$55.00

If a customer from the general public chooses to make a purchase on the site, the customer will pay the full price of the item or items. The proceeds from such a sale will go to the company. No hostess benefits, Designer Dollars, overrides or commissions will be paid on purchases made by the general public.

How can I sell the products from Celebrating Home Direct after July 31st?

There are a variety of ways that you can sell Celebrating Home Direct products.

- A. You can sell through fairs, flea markets, expos or in retail shops.
- B. You can sell one-on-one and to groups, through Facebook Frenzies and through online sales channels.

In the selling methods mentioned above, you would order the merchandise as a Buying Club member with your discount and have the merchandise shipped to you, or you can choose to have the merchandise shipped directly to your customer. You will be responsible for collecting payment from your customer in each instance. Also, in instances where sales tax is due, you will be responsible for collecting and remitting the sales tax.

The selling methods mentioned above will allow you to sell Celebrating Home Direct products. You will be providing your own incentives to your customers as you will determine what is best for your business.

The Celebrating Home Direct website will provide information about the inventory levels of all products to help you with the planning for your own business needs.

Can I buy Celebrating Home Direct products after July 31st and also sell for a direct sales company?

Yes. Celebrating Home Direct will not be a direct sales company after July 31st, so you may choose to sell for a direct sales company and also purchase Celebrating Home Direct products at an attractive discount.

Will there be any kind of Fundraising program after July 31st?

Yes. A new fundraising program will begin on August 1st. We will provide details about this program at a later date.

What is the last day for replacement/exchange items (that were ordered through party plan orders) to be received at the home office?

August 31st is the last day we will accept items from party plan orders that need to be replaced or exchanged.

What is the last day to earn Designer Dollars?

May 31st is the last day to earn Designer Dollars. Designer Dollars earned by May 31st must be used by their expiration date.

What is the last day to enter a new recruit?

May 1st is the last day to enter a new recruit.

Will there be a trip contest this year?

No. There will not be a trip contest in 2015.

Will we still have the Summer Celebrations that were scheduled for June and July?

No. The Summer Celebrations have been canceled. If you have already registered for a Summer Celebration, your registration fee will be refunded to you.

If I earn any awards for the Rally recognition year that ends on May 31st and were to be presented at a Summer Celebration, will I still receive my award?

Yes. We will send your award to you after recognition numbers have been finalized based on the Rally year which will end May 31st.

Will we continue to have personal websites after July 31st?

No. Personal websites will not be supported after July 31st. OTK fees will also end July 31st. We will refund any advance payments past July 31st. We will not refund early cancellations of OTK fees.

Will there be a Designer renewal fee due in July?

No. There will not be a renewal fee due in July. If you paid a renewal fee of \$15 in advance for the second half of 2015, we will refund you that amount.

Will Designers in Puerto Rico be able to buy products from Celebrating Home after July 31st?

No. We are very sorry, but sales to Puerto Rico will end on July 31st. We will honor replacement/exchange orders that are received by August 31st.

Will you continue to offer promotions in May, June and July?

Yes. We will offer hostess and customer promotions and product specials during May, June and July.

Will the May/June LookBook be extended through July 31st?

Yes. The May/June LookBooks will **not** expire on June 30th as stated on the back of the LookBook. The new expiration date will be July 31, 2015.

Will we still recognize promotions to Director after May 1st?

Yes. We will recognize Designers who qualify for Director and above prior to July 31st.

If I qualify for Smart Start during May, June or July, will I still receive my \$50 award certificates?

Yes. Designers will still receive award certificates that are earned for reaching Smart Start levels.

What should I do about OSCs for merchandise that has not been received?

All OSCs and Award Certificates will need to be finalized on or before July 31, 2015. We will not send OSCs in July for any products that have not been received. Those products will be taken off sale.

How will I be notified about my commissions for my July sales? Will I receive a statement?

Commissions relating to July sales will be paid in August in the same manner that they have been paid in the past. Through the end of August, you will be able to view your commission statements online.

When will I be provided 1099 detailed information for my taxes?

1099s will be provided for 2015 business as we have done in the past.

When will I be told how to log into the Celebrating Home Direct website that will begin August 1st?

We will send you this information prior to August 1st.

Will Celebrating Home honor warranties for products purchased prior to July 31st?

Warranties on Celebrating Home products that are purchased prior to July 31st will be honored. Beginning August 1st, returns will be handled according to procedures posted on the Celebrating Home Direct website.

If I signed up as a new recruit recently and want to get my money back on my Opportunity Kit, what should I do?

You will need to follow the standard policy for returning all of the items in your kit to us as outlined in your Designer agreement. If you keep your kit, you will be able to participate in the CH Buying Club that begins on August 1st. If you return your kit, you will not be able to participate in the CH Buying Club.

How long will our web links work for customers to order from me?

July 31st is the last day that web links will work for customers to order from you.

How long will I have access to the contact information of my team members and customers?

You will have access through July 31st.