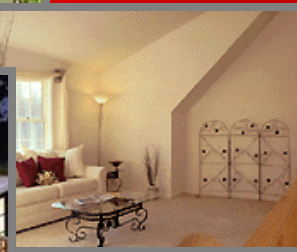


KW
**KELLER
WILLIAMS®**
REALTY





INTRODUCTION

Keller Williams® A Paradigm Shift

Today's real estate industry is leaving behind outdated broker-focused business strategies.

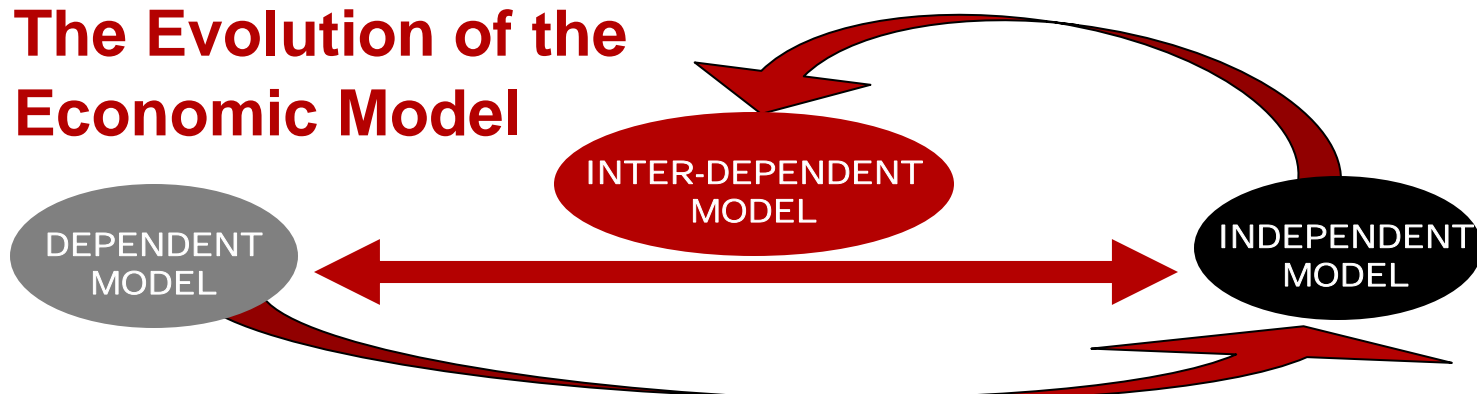
- **Keller Williams®** emphasizes associate leadership and the importance of individual real estate businesses.
- **Keller Williams®** believes we must remain flexible and innovative in the face of an evolving market and an increasingly Internet-empowered clientele.
- **Keller Williams®** represents a vehicle for profit, stability, and success to REALTORS®.
- **Keller Williams®** offers a unique culture of teamwork and cooperation.
- **Keller Williams®** offers training and consulting opportunities to grow your business.





CULTURE

The Evolution of the Economic Model



DEPENDENT

Associate is dependent on the company; associates are replaceable.

Traditional Real Estate Companies

Broker Focused

Control the Associates

Broker Brand Strategies

Associates overpay management for what they get

Low Risk/Low Take

INTERDEPENDENT

Associates have an interdependent relationship with their company; associates are business partners; when associates are developed to the highest level, the company develops to the highest level.

KELLER WILLIAMS®

Associate & Broker Focused

Empower the Associates

Associate/Company Brand Strategies

Associates pay a reasonable fee for what they get

Low Risk/ High Take

INDEPENDENT

Associates are independent; Associates have a landlord/tenant relationship with their company.

100% Real Estate Companies

Associate Focused

Give your rebellious Associates their freedom

Associates Brand Strategies

Associates do not pay for things that they do not use

High Risk/High Take



CULTURE

The Fundamental Difference

Most real estate companies today operate under the belief that their associates are great because they work for a ***great company***.

Keller Williams® believes it is a great company because it has ***great associates***. We believe that if we build the careers of our people, they will build the company.

This is the fundamental difference between **Keller Williams®** and most companies.

What are the assets of your company?

At Keller Williams® our associates and our relationship with them are the company assets.



Gayle Meyer
Keller Williams® Realty



CULTURE

Mission

To build careers worth having, businesses worth owning and lives worth living.

Vision

To be the real estate company of choice for a new generation of sales associates and real estate owners.

Belief

Real estate is a local service business driven by individual real estate associates and their local image with their centers of influence.

Values

GOD - FAMILY - BUSINESS



Gary Keller
Chairman of the Board
2001 Real Trends-1 of 5 Most Admired Realtor's
1999 Real Trends Billionaires Club



CULTURE

Belief System

W I 4 C 2 T S

WIN / WIN - or no deal

INTEGRITY - do the right thing

COMMITMENT - in all things

COMMUNICATION - seek first to understand

CREATIVITY - ideas before results

CUSTOMERS - always come first

TEAMWORK - together everyone achieves more

TRUST - starts with honesty

SUCCESS - results through people

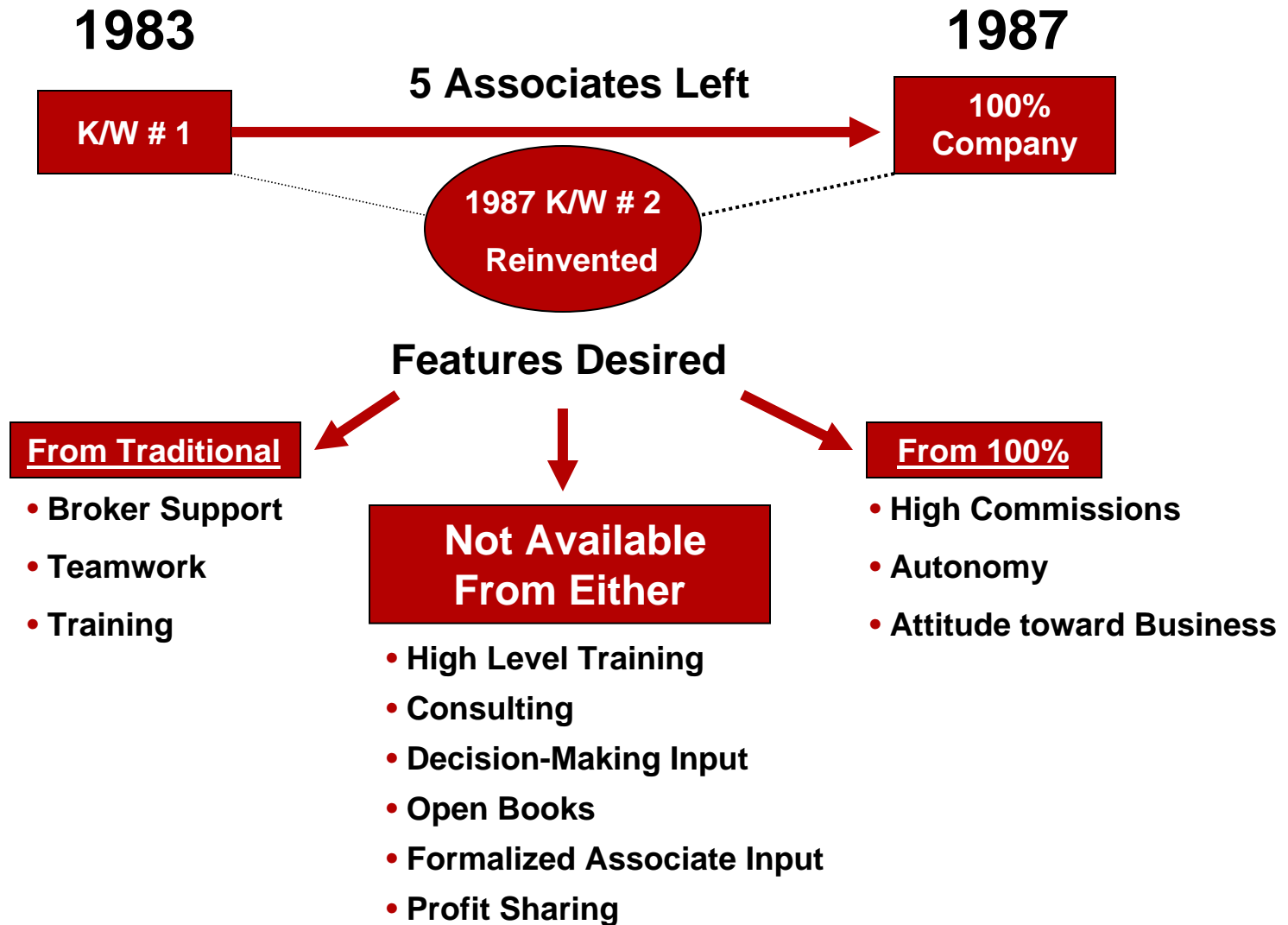


Mo Anderson, CEO
700% Company Growth In Six Years
Former # 3 C-21 Office Owner In World



OUR STORY

The history of Keller Williams®

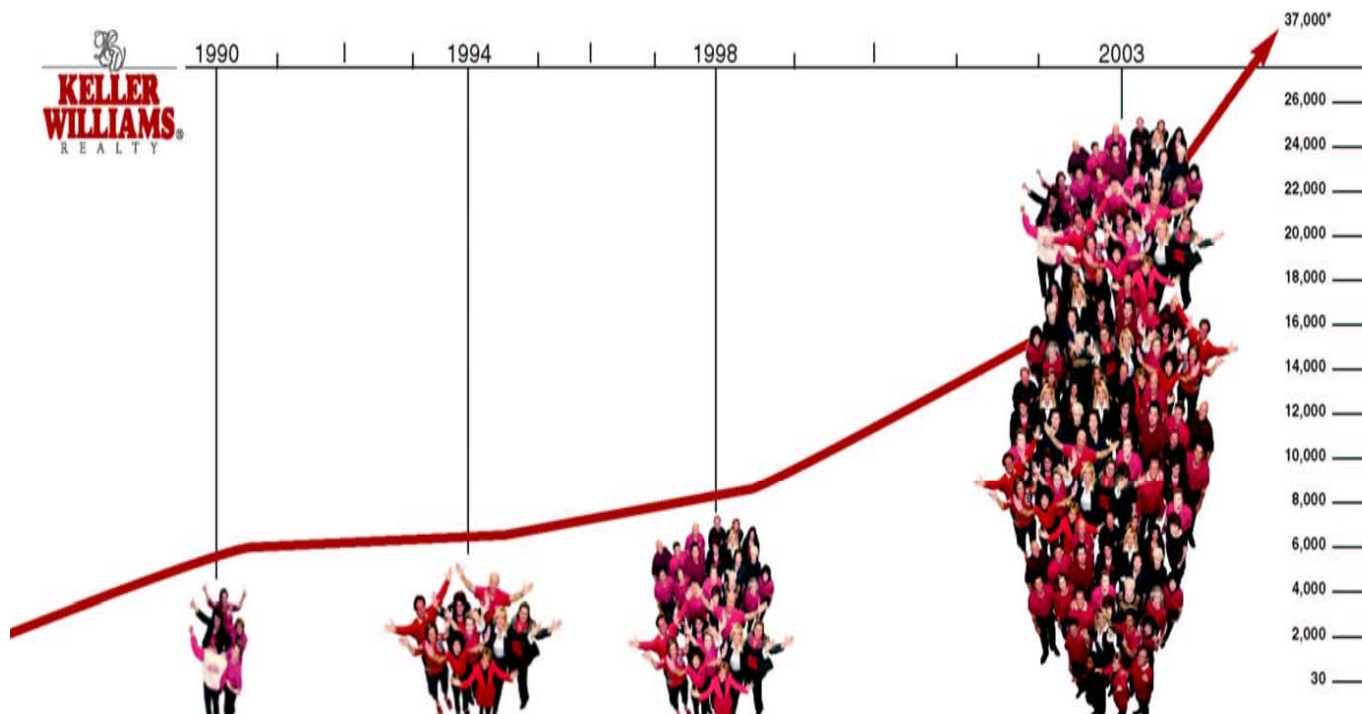




OUR STORY

**Keller Williams® is
GROWING...**

Our 2004 Growth Goals:
100 new market centers
37,000 associates
\$20 million in profit share



50% ANNUAL ASSOCIATE GROWTH

* 2004 Goal

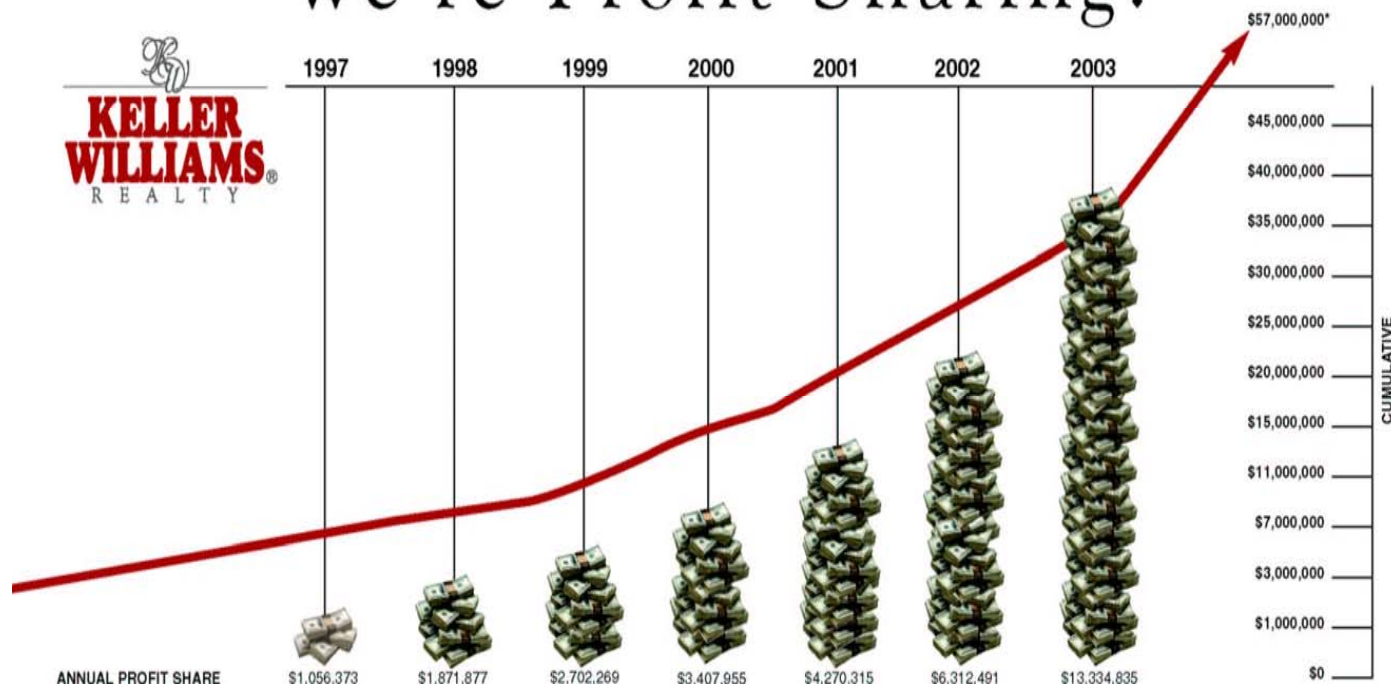


OUR STORY

Keller Williams®
Profit Share is
GROWING...

Our 2004 Growth Goals:
100 new market centers
37,000 associates
\$20 million in profit share

THE NUMBERS SPEAK FOR THEMSELVES
We're Profit Sharing!



More than 50% ANNUAL PROFIT SHARE GROWTH

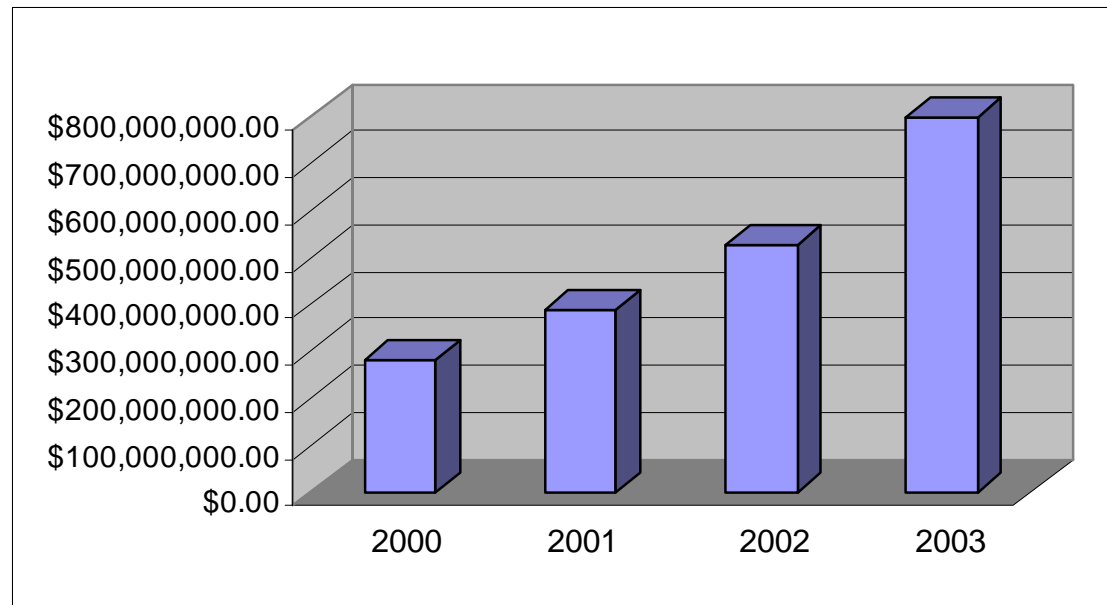
* 2004 Goal



OUR STORY

**Keller Williams® GCI
is GROWING...**

KELLER WILLIAMS® **GROSS COMMISSION INCOME**



55% ANNUAL GCI GROWTH



OUR STORY

Keller Williams® is GROWING...

In 2003, Team Keller Williams hit several homeruns by setting record numbers in agent growth, new market center openings and profit share.

- We grew by **8,317** agents, with a year-end total of **25,183**
- We grew by **79** transmitting market centers to reach a total of **295**
- We increased profit share by more than **110%** to **\$13.3 million**

Our 2004 Growth Goals:

100 new market centers
37,000 associates
\$20 million in profit share

27% ANNUAL MARKET CENTER GROWTH



OUR STORY

Local Management Support

Gary Keller and Mo Anderson operate **Keller Williams®** on the principle that people make a difference. Sales associates are considered colleagues and if Brokers concentrate on developing their people, their people will, in turn, develop their companies.

The **Keller Williams®** System and Management Support work interdependently to provide the foundation for this leading-edge career opportunity.

To facilitate this forward thinking, full company support for the associate/partner is a priority.

STAFF:

- **NON-COMPETING TEAM LEADER (TL)**
- **MARKET CENTER ADMINISTRATOR (MCA)**
- **FULL TIME CALL COORDINATORS**

BUILDING:

- **COMPANY IMAGE**
- **PROMINENT LOCATIONS**
- **OFFICE LAYOUT**

TRAINING:

- **Keller Williams® UNIVERSITY**

TECHNOLOGY:

- **EagentC**



Keller Williams® Springfield
Market Center Lobby



KELLER WILLIAMS
UNIVERSITY

Learning Based Belief



As you would expect in the industry's finest real estate company, both education and training are tailor-made for our affiliate Brokers and Associates. **Keller Williams®** Associates receive the very best in real estate education through ongoing training from **Keller Williams® University**. Keller Williams® University was developed around a “learning-based belief” system.

A learning belief system is based on the theory that an individual is learning based when they have made the decision to use effective learning as the foundation piece for their action plan to develop their life. This is not knowledge for knowledge sake, but “**knowing for doing sake.**”

At **Keller Williams®** our education programs provide our associate/partners a learning-based environment. Our associate/partners are encouraged to develop **a learning plan that incorporates the steps to self-mastery.**



KELLER WILLIAMS
UNIVERSITY

KELLER WILLIAMS® University Curriculum



The **Keller Williams® University** Curriculum is based on seven curriculums delivered at a grass roots level.

Seven Curriculums:

- SALES
- MEGA SALES
- MANAGEMENT (TEAM LEADERSHIP)
- OWNERSHIP
- TECHNOLOGY
- LIFE
- PERSPECTIVE

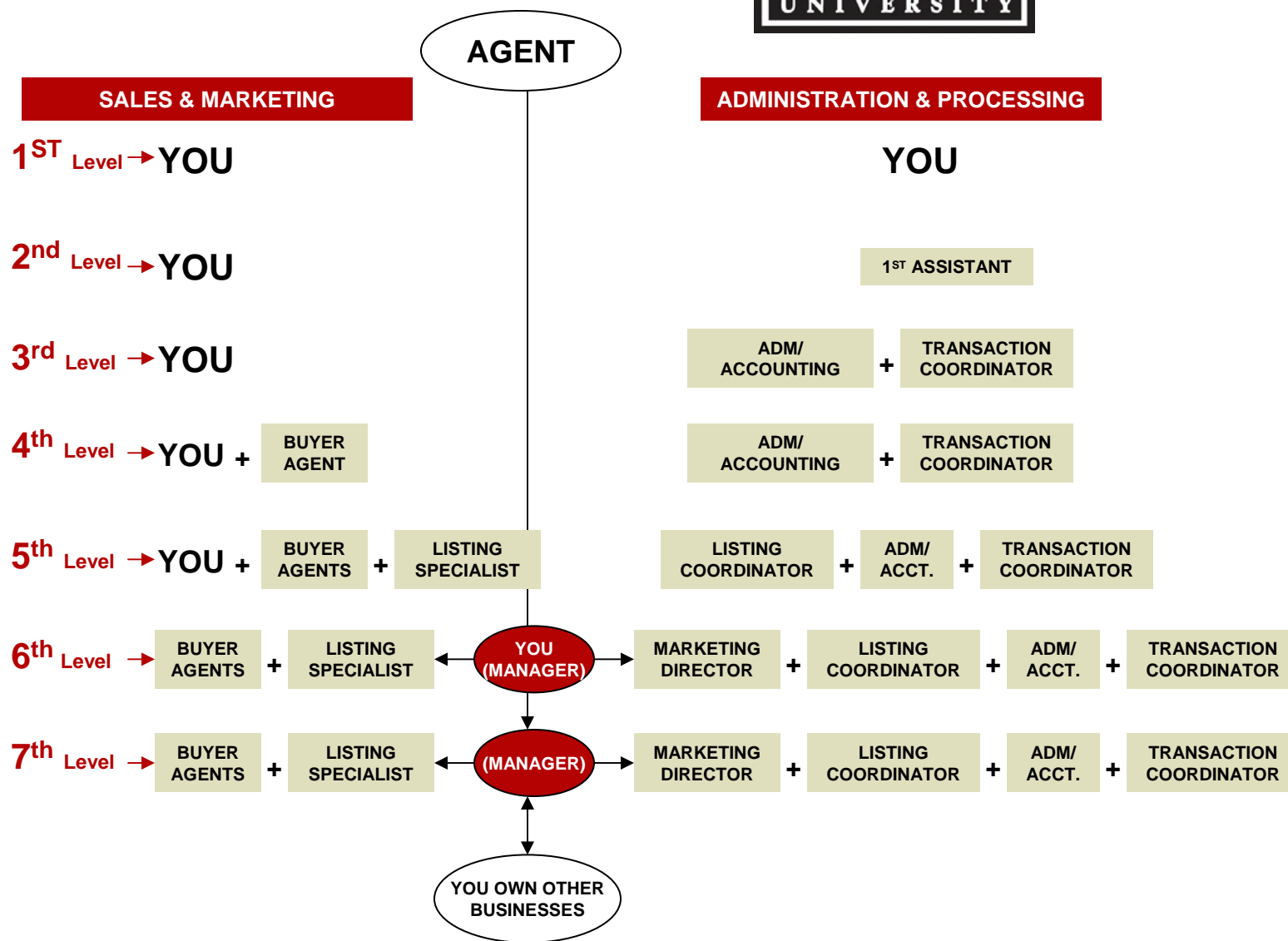
Personal Development:

- TRAINING
- MASTERMIND GROUPS
- ONE-ON-ONE CONSULTING



KELLER WILLIAMS
UNIVERSITY

The sales career path of people leverage





TECHNOLOGY

Keller Williams® Unique Technology

The Electronic Agent Consortium



EagentC, is an in-house “agent-funded, agent-driven” team of technology experts whose mission is to provide research and Internet tool development, as well as protect and develop the real estate agent’s e-realty fiduciary position. Funded by agent contributions, **EagentC** is uniquely focused on agent technology solutions.

ALL THAT WE OFFER:

- kw.com
- EagentC.com
- homesbyAuction.com
- Agent Web Site Templates
- Market Center Web Site Templates
- Keller Williams® Intranet and resource center
- Market Sites
- 7th Level Agent Web Site Strategy
- Technology Training
- Customer Support
- Online Help Desk
- KWU.com
- Keller Williams Family Reunion.com
- M.O.R.E. Accounting System
- Weekly Technology Newsletter and Update
- Online Marketing Resources
- And much, much more...



ASSOCIATE
LEADERSHIP COUNCIL

International Associate Leadership Council

The IALC SYSTEM

PRESIDENT, KWRI

INTERNATIONAL ALC

REGIONAL ALC

CITY ALC

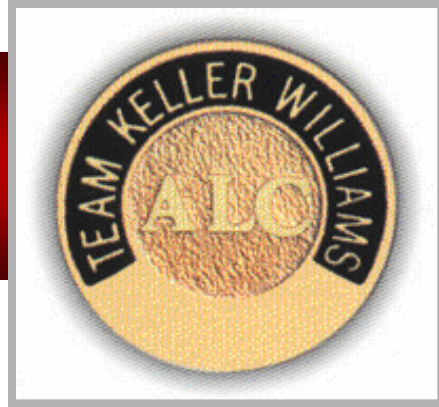
LOCAL ALC





ASSOCIATE LEADERSHIP COUNCIL

Leadership From The Ground Up



The Associate Leadership Council is comprised of the top twenty percent of the **Keller Williams®** agent body in the Market Centers. The purpose of the **Associate Leadership Council** is to guarantee our associates a vehicle for giving direct input as to the operation of **Keller Williams®**.

The ALC is actively involved in the leadership of the company, holding ownership and management accountable to live within the budget and participates in attaining the goals of the Market Center, i.e., production, drive profit, education and standards and principles. This is NOT a sales meeting nor is it a complaint session.

The ALC acts as the Market Center's "Board of Directors". They are the guardians of the culture. A covenant agreement of ALC responsibilities is entered into by all ALC members with their Market Center peers.



ASSOCIATE LEADERSHIP COUNCIL

An open-book company

At **Keller Williams®**, our books are open to our associates. On a monthly basis the Market Center financials are reviewed by our **Associate Leadership Council**.

THERE ARE NO SECRETS FROM OUR ASSOCIATES

Since we are all business partners and since we profit share together, everyone has the right to see the profit and loss statements for the Market Center every month.

BUDGET ACCOUNTABILITY

It is the responsibility and concept of the **Associate Leadership Council** that takes action and participates in holding ownership and management accountable for staying within the expense budget.

BUSINESS ACCOUNTABILITY

By allowing our associate/partners to study and understand the importance of financial statements, they can implement these same business systems and disciplines into their real estate business and personal lives.

- ***When was the last time your Broker showed you the financials of your company?***



Mark Willis
President KWRI



PROFIT SHARING

Keller Williams® Profit Sharing

Profit Share Does Not Come From Associate Commissions

Profit Sharing is a means for distributing the wealth and rewarding associates for growing the company.

- The **Keller Williams®** Profit Share System was designed to reward its associates for building the company.
- The program allows any **Keller Williams®** associate, affiliate broker, or employee the opportunity to participate in the profits they help generate without assuming any financial risks.
- You are vested after three years.
 - *How much of the profits did your Broker share with you last year?*
 - *How does your company reward you for recruiting associates?*
 - *How much money will you continue to receive the day you quit selling real estate?*
 - *How many real estate companies have paid over \$12,000,000.00 in profit sharing to their participating associates?*



Althea & Bob Osborn
North Texas/New Mexico Region
It's Real!

Profit sharing dollars may vary — this is not an earnings claim.



PROFIT SHARING

Keller Williams® Market Center Profit Sharing Calculation

Here is the formula that determines how much of the profit goes into the profit sharing pool.

The Market Center profit pool is distributed as:

- 25% of the first \$2,990 of owners' profit
- 35% of the next \$8,250 of owners' profit
- 50% of the excess over \$11,240 of profit

Associate/partner profit share is generated from . . .
the owner's profit; it does not come from agent commissions.

When an associate you referred to **Keller Williams®** generates a profit, you share in his/her profits.
You are rewarded for growing the company!



SOUTHEAST REGION



PROFIT SHARING

Keller Williams®

Associate Profit Sharing Distribution

After the Market Center profit pool is determined, then the associate/partner's individual profit pool is determined by the associate's contribution to the Market Center's income that month.

Distributing the Associate Profit Share Pool

The profit pool is distributed as:

50.0%	goes to the agent's direct sponsor
10.0%	goes to sponsor #2
5.0%	goes to sponsor #3
5.0%	goes to sponsor #4
7.5%	goes to sponsor #5
10.0%	goes to sponsor #6
12.5%	goes to sponsor #7

The term sponsor is anyone in the KWR system who was chosen by the recruit as the person who referred them to the company.



VIRGINIA & MARYLAND
REGIONS



COMPENSATION

Compensation for a New Generation

Associate/Partner Compensation

Keller Williams® is committed to the concept of associate/partner compensation being more than just commission programs.

Commission compensation at **Keller Williams®** is Low Risk-High Keep.

Keller Williams® is able to accomplish this through a cap system.

Two payments are capped:

- 1) The amount you pay the International Franchise
- 2) The amount you pay your local office.

How Much Did You Pay?

- **Calculate how much you paid your Broker last year in company dollars, referral fees, annual marketing and associate fees.**



Althea Osborn
North Texas/New Mexico Region
\$587,000 Profit Share Received to Date

Profit sharing dollars may vary — this is not an earnings claim.

It's Real!



CAREER PATH

Keller Williams®

Your career path choice



Joe & Mary
Charters



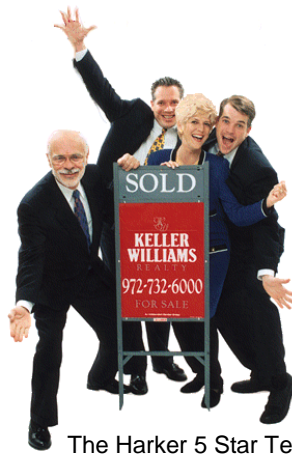
Jimmy & Linda McKissick
The McKissick Group
\$898,000 GCI



Gary & Nikki
Ubaldini



Mike Brodie



The Harker 5 Star Team



Peggy Richey

- Mission
- Vision
- Belief
- Values
- The Agent First
- Open Book Company
- Learning-Based Living
- KW University
- Local Management Support
- Associate Leadership Council
- It's Not What You Earn, It's What You Keep
- Profit Sharing

Are you ready to embrace the most significant movement to occur in the real estate industry?

*We look forward to you joining the real face of real estate — **KELLER WILLIAMS® Realty!***