

Young Living® Terms and Definitions for the Compensation Plan

Sales Organization: Also known as a Downline, this encompasses all members that are located beneath a particular Distributor. This includes the Distributor and all levels within their organization.

Level: The position of a member within a Distributor's business organization. Those members who are immediately sponsored by the distributing member would be considered the distributing member's first level. Those member's who are sponsored by a distributing member's first level would be considered that distributing member's second level. Those sponsored by a second level would be considered that distributing member's third level, and so on.

Enroller: The Distributor who has personally introduced the member to Young Living®. The Enroller must be the Sponsor or in the Sponsor's upline. The Enroller of a Young Living® Distributor is eligible to qualify for financial bonuses including Star Performance Bonus, Matching Bonus, and Starter Kit Bonuses (see below).

Sponsor: The Distributor of Young Living® which is chosen to support the member. Sponsors are expected to train, supervise, and communicate with their organization and encourage a member's success with Young Living®. The Sponsor is the immediate upline of the member, and the member is the first level of the Sponsor. The Sponsor may also be the Enroller for a member account.

Upline: Line of Sponsors directly above any Young Living® member.

Customer: A member who chooses not to participate in the Young Living® Compensation Plan, but desires to purchase the product at Retail Price for personal consumption. Customer accounts need to be sponsored and enrolled by a current Young Living® Distributor (see below), as well as have purchased an order within the previous twelve consecutive months. As Customer accounts are considered customers of the sponsoring Distributor, all PV of the Customer qualifies as the sponsoring Distributor's PV. This works as if the Distributor personally purchased the product from Young Living® and then resold it to the Customer.

Preferred Customer: A Customer who chooses to participate in the Essential Rewards Autoship Program. These Customers purchase at the Preferred Customer Price, which is approximately 12% below the Retail Price. They are allowed this discount as they have chosen to receive a monthly Autoshipment of a minimum 50 PV (see "Personal Volume" below) and have agreed to the Essential Rewards Autoship Agreement. As Preferred Customer accounts are considered customers of the sponsoring Distributor, all PV of the Preferred Customer is "rolled-up" and qualifies as the sponsoring Distributor's PV. This works as if the Distributor personally purchased the product and then resold it to the Preferred Customer.

Distributor (Customer Type): A distributing member of Young Living's® products, and therefore, may qualify to earn commissions or bonuses from their organization, and rank advancements within the Compensation Plan. Distributors may purchase product at Wholesale Price, which is approximately 24% below Retail Price, resell product, sponsor and/or enroll new members (all customer types), and independently represent Young Living®. Distributors have purchased an approved Distributor Starter Kit or Success Kit, have been sponsored and enrolled by a current Distributor, have agreed to the Policies and Procedures of Young Living® and have a signed Distributor Agreement on file.

Professional Customer: A business entity that desires to purchase Young Living® products at a discounted price without participating in the Compensation Plan. These customers have been sponsored and enrolled by a current Distributor, have submitted a verifiable business license, a Federal Employer Identification Number (EIN), and have returned their Professional Customer Enrollment Form. Professional Customers receive their pricing discounts according to the size of their orders. Professional Customer orders between 0-499.99 PV receive no discount and will pay the full Retail Price. Orders from 500-999.99 PV are charged the Wholesale Price, which is approximately 24% discount from Retail Price. Orders above 1000 PV will receive a 27% discount from Retail Price. Discounts are calculated on individual orders. As Professional Customers do not participate in the Compensation Plan they also are not able to sponsor or enroll members. Professional Customers are also excluded from participation in the Essential Rewards Autoship Program. Upline Distributors of Professional Customers receive commission on half of the PV of the Professional Customer's orders.

Inactivity and Dropped Accounts: All Distributors are required to purchase a cumulative 50 PV every twelve months in order to avoid having their account dropped. Distributors who fail to accrue 50 PV in a calendar month are deemed inactive for that month and will not qualify to receive commissions from their sales organization. If an account remains inactive for a period of twelve consecutive months (the total cumulative PV purchased within that time is below the 50 PV minimum), the membership will be dropped from Young Living® and any agreements will be void (Essential Reward Autoship Agreement, Distributor Agreement, etc.). Distributors which allow their accounts to be dropped for inactivity will lose all rights to, claims on, and privileges from their previous Sales Organization. Upon losing a Distributor status due to consecutive inactivity, the Sales Organization will "roll up" to the next qualified Distributor directly above the dropped Distributor. Reactivating Distributors have no claim to any Sale Organization that was lost when they were dropped for inactivity and are treated as a new member.

All other member types must place an order within a twelve month period of time. There is no minimum PV requirement to remain active. If there is ever twelve consecutive months without an order the account will be dropped for inactivity. Upon reactivating an account, all member types must meet current Young Living® enrollment requirements.

Commission Period: Young Living® considers each commission period beginning at 12:00 a.m. (MST) the first day of a calendar month to 11:59 p.m. (MST) the last day of a

calendar month. The beginning of each month marks a new commission period. Only orders that are received within the commission period (or calendar month) will be considered for rank qualifications and compensation for the period's commission check. All bonuses, commissions, and rank qualifications are a calendar month to calendar month basis. Each commission period resets PV, OGV, and PGV, as well as leg status from the previous commission period. Each rank status needs the required qualifications to be achieved monthly.

Personal Volume (PV): Each product that Young Living® sells has a PV amount assigned to it. The volume of products that are purchased is reflected in PV. A Distributor's PV also includes the volume of their personally sponsored Customers' and Preferred Customers' purchases. PV is one of the requirements in ranking within the compensation plan. This accumulates throughout each commission period.

Organization Group Volume (OGV): Organization Group Volume is the entire sales volume of a Sales Organization. This can be determined by calculating the sum of the PV of all the Distributors and Professional Customers within a particular organization. OGV accumulates throughout each commission period. Note: With the purchased volume of Customers' and Preferred Customers' already encompassed in their Sponsor's PV, their volume is already taken into account when totaling OGV.

Personal Group Volume for Silvers (PGV): Personal Group Volume, to qualify as Silver in the Compensation Plan, is determined by the sales volume of the organization directly supported by the Distributor. PGV accumulates throughout each commission period or month. This is determined by the sum of PV from the Distributor, down to, but not including the next Executive or higher in rank for each leg (see below) of the organization. PGV for the rank of Silver excludes all Executives or higher in rank and the entirety of these organizations. When qualifying as Silver, excluded PGV due to Executive status is determined on a month to month basis.

Personal Group Volume for Golds and above (PGV): Personal Group Volume, to qualify as Gold or higher in the Compensation Plan, is determined by the sales volume of the organization directly supported by the Distributor. PGV accumulates throughout each commission period. This is the sum of PV from the Distributor, down to, but not including the next Silver or higher in rank for each leg (see below) of the Sales Organization. PGV in these cases does not include any Silver or higher in rank and the entirety of their organization. Once a member of the Distributor's organization has reached the rank of Silver, the sales volume of their organization will never again reflect towards the Distributor's PGV (although it will still appear as part of the OGV). This is known as the "*Once a Silver Always a Silver*" rule, and it only applies to PGV.

Leg Requirements: A leg is the sales organization which extends from each personally sponsored Distributor. The status of a leg is determined by the highest ranking member in that leg.

Retail Earnings: Retail Earnings are the amount that is earned by the Distributor due to the purchases of personally sponsored Customers and Preferred Customers. Young Living® treats each Customer and Preferred Customer as the Distributor's customer. In cases of Preferred Customers, where they pay approximately 12% above the Wholesale Price, Young Living® pays to the Sponsor the approximate 12% difference. This is also the case with Customers at approximately 24%. This is treated as if the Sponsor had purchased the product at Wholesale Price and then resold the product for Retail Price; the profit the Distributor would have made in doing so is paid to them by Young Living® in Retail Earnings.

Unilevel: Unilevel is a form of commission that is earned through the compensation plan. Qualifying Distributors earn 5% on the sales volume or PV of direct levels within their organization. As the Distributor advances in the Compensation Plan they can earn 5% of up to five levels of their organization (see below for qualifications guidelines).

Compression: In circumstances where a Distributor within a level of the Sales Organization does not meet their 50 PV qualification to earn commissions, their volume, if any, is compressed up with all volume down to and including the next qualifying Distributor with at least 50 PV. This creates a Unilevel for commission purposes. For instance, if in the 3rd Level a Distributor does not place a qualifying order but only an order of 20 PV, then the 4th Level Distributor's PV in the organization who has ordered 50 PV compresses up with the 3rd Level for pay out purposes. This creates a single Unilevel to be paid out with a total of 70 PV for that commission period. This is to maximize compensation in cases where there are inactive Distributors in an organization who may not be purchasing regularly but may have others below them who are.

Personal Generation Bonus: The Sales Organization between the Distributor down to, but not including the first Silver in each leg is considered the Personal Generation. When qualified to receive commission on a Personal Generation by ranking as Silver or higher, the Distributor is paid 3% on this volume. This Personal Generation pay is in addition to any other qualified compensation.

Generation Bonus: The Sales Organization starting with the end of your Personal Generation down to, but not including the next Silver or higher in each leg is considered the 1st Generation. The 2nd Generation begins where the 1st Generation ends and includes the organization down to, but not including the next Silver or higher in each leg. When a Distributor qualifies to earn commission on their Generations they earn 4% on the volume of that Generation. A Distributor can earn up to six Generations beyond their Personal Generation (see below for qualifying guidelines). This Generation pay is in addition to any other compensation.

Leadership Bonus: When a Distributor who qualifies as a Diamond or higher helps develop another Diamond in their organization, the Distributor may earn the Leadership Bonus. This bonus is a 1% compensation on the volume within that Diamond's Personal Generation and the four following generations in that leg of their Sales Organization. Crown Diamonds have the option of developing another Diamond in their Diamond Leg

and earn an additional 1% from the second Diamond's Personal Generation and four Generations following. In circumstances where a second Diamond in a Leg is within the first four Generations of the first, the first Leadership bonus ends. Leadership Bonus' can be earned in each leg of a Sales Organization in addition to any other compensation.

Distributor (Rank): In order to receive compensation from Young Living® for any sales volume a Distributor must be considered an active Distributor (see "Inactive and Dropped" above). Distributors who possess 50 PV within the qualifying period will earn compensation on the volume of two Unilevels at 5% in addition to any Retail Earnings.

Star: In order to qualify as a Star in the Compensation Plan a Distributor must possess 100 PV and 500 OGV within the commission period. As a Star the Distributor qualifies to receive compensation on the volume of three Unilevels in their organization at 5% in addition to any Retail Earnings.

Sr. Star: In order to qualify as a Sr. Star in the Compensation Plan a Distributor must possess 100 PV and 2,000 OGV within the commission period. As a Sr. Star the Distributor qualifies to receive compensation on the volume of four Unilevels in their organization at 5% in addition to any Retail Earnings.

Executive: In order to qualify as an Executive in the Compensation Plan a Distributor must possess 100 PV and 5,000 OGV within the commission period. As an Executive the Distributor qualifies to receive compensation on the volume of five Unilevels within their organization at 5% in addition to any Retail Earnings.

Silver: In order to qualify as Silver in the Compensation Plan a Distributor must possess 100 PV, 1,000 PGV and two Executive Legs (see "Leg Requirements" and "PGV for Silvers" above) within a commission period. As Silver, the Distributor qualifies to receive compensation on the volume of five Unilevels at 5%, their Personal Generation at 3%, and on two Generations at 4% in addition to any Retail Earnings. Once a Distributor has reached the rank of Silver or higher, their Sales Organization will not be included in any upline PGV (see "PGV for Gold and Higher" above).

Gold: In order to qualify as Gold in the Compensation Plan a Distributor must possess 100 PV, 1,500 PGV, and two Silver Legs (see "Leg Requirements" and "PGV for Gold and Higher" above) within a commission period. As Gold, the Distributor qualifies to receive compensation on the volume of five Unilevels at 5%, their Personal Generation at 3%, and three Generations at 4% in addition to any Retail Earnings.

Platinum: In order to qualify as Platinum in the Compensation Plan a Distributor must possess 100 PV, 2,000 PGV and four Silver Legs within a commission period. As Platinum, the Distributor qualifies to receive compensation on the volume of five Unilevels at 5%, their Personal Generation at 3%, and four Generations at 4% in addition to any Retail Earnings.

Diamond: In order to qualify as Diamond in the Compensation Plan a Distributor must possess 100 PV, 2,000 PGV, and six Silver Legs within a commission period. As Diamond, the Distributor qualifies to receive compensation on the volume of five Unilevels at 5%, their Personal Generation at 3%, and five Generations at 4% in addition to any Retail Earnings. If the Diamond ranked Distributor has another qualifying Diamond within their organization, the Distributor will receive a 1% Leadership Bonus (see above).

Crown Diamond: In order to qualify as Crown Diamond in the Compensation Plan a Distributor must possess 100 PV, 2,000 PGV, six Silver Legs, and one Diamond Leg. As Crown Diamond, the Distributor qualifies to receive compensation on the volume of five Unilevels at 5%, their Personal Generation at 3%, six Generations at 4%, a Leadership Bonus at 1% in addition to any Retail Earnings. In cases where a Crown Diamond develops an additional Diamond within a Diamond Leg they may also receive a 1% Leadership Bonus on that second Diamond within that leg of their Sales Organization.

Personal Rebate: Distributors who qualify within the commission period as a Star or higher in the Compensation Plan are eligible to receive a rebate on their PV (see “Personal Volume” above). Distributors will receive this 10% rebate on all PV within that commission period that exceeds their first 200 PV. No rebate is issued on the first 200 PV of the commission period. For instance, in cases where the Distributor has accrued 500 PV by the end of the commission period they will receive a 10% rebate on the 300 PV, ultimately awarding them \$30. If within the commission period the Distributor possesses less than 200 PV, no rebate will be awarded.

Structural Bonuses: These bonuses are awarded to Distributors who have accomplished and maintained a specific organizational structure within the commission period. Each month the structure is in existence, the bonus is awarded to the Distributor who has achieved the structure within their organization. These bonuses are designed to teach and encourage successful building behavior. They include the Preferred Customer Performance Bonus and the Distributor Team Performance Bonus (see below). These bonuses are paid in addition to any other commissions.

Preferred Customer Performance Bonus: The Preferred Customer Performance Bonus is a Structural Bonus. There are three stages of structure within this bonus. Each stage carries with it a specific compensation. In order to qualify for any of the stages of this bonus the Distributor must be enrolled in a minimum 50 PV Autoship. To achieve the first stage of this bonus, the Distributor must have personally sponsored six Preferred Customers who maintain a minimum 50 PV Autoship. Any commission period where Stage 1 is met the Distributor will earn a \$100 bonus.

To achieve the second stage of this bonus the Distributor must maintain Stage 1, and have two personally sponsored Distributors who each personally sponsor six Preferred Customers; both Distributors and all Preferred Customers must all be enrolled in a 50 PV Autoship. Any commission period where Stage 1 and 2 are met the Distributor will earn

a \$100 bonus for Stage 1 and a \$200 bonus for Stage 2. The total for completing Stage 2 for a commission period is \$300.

To achieve the third stage of this bonus, the Distributor must maintain Stage 1 and 2, and have the two Distributors from Stage 2 each personally sponsor two Distributors, who each personally sponsor six Preferred Customers. All Distributors and Preferred Customers in order to qualify as part of this bonus must be enrolled in a 50 PV Autoship. Any commission periods where Stage 1, 2, and 3 are met, the Distributor will earn \$100 for Stage 1, \$200 for Stage 2, and \$500 for Stage 3. This equals a maximum of \$800 per structure. In order to receive bonuses for any of the stages, all previous stages must be met. For instance, if Stage 3 is complete, but in Stage 2 there are not enough Preferred Customers under a Distributor no bonus will be awarded for Stage 2 or 3.

Upon completion of all three stages in this structure, the Distributor has the option of starting another structure following the same pattern for Stages 2 and 3. To complete Stage 1 for a second structure only four new Preferred Customers are needed in addition to the six from the original structure for a total of 10. In cases where a second structure is being built and any stage within the first structure is not completed no bonus will be paid on any part of the second structure.

After a second structure is complete a third structure may be built following the same pattern for Stages 2 and 3. There are no Stage 1 requirements for a third structure or any that follow. There is no limit to the number of structures a Distributor may build, and no more than ten personally sponsored Preferred Customers are needed. All Preferred Customer Autoships must be paid with the payment method on file, and shipped to the Preferred Customer's address on file. Any Autoship orders that are returned that previously qualified the Distributor for any stage of this bonus will result in a retraction of the bonus earned.

Distributor Team Performance Bonus: The Distributor Team Performance Bonus is a Structural Bonus. There are three stages within this bonus: Team Captain, Manager, and Director. Each stage carries with it a specific compensation. In order to qualify for any of the stages within this bonus the Distributor, and all participating in the structure, must be enrolled on a 100 PV Autoship.

To qualify for the Team Captain Bonus, stage 1, the Distributor must be enrolled on a 100 PV Autoship, have 1000 PGV, and have six personally sponsored Distributors all enrolled on 100 PV Autoships. Any commission period where this structure exists the Distributor will earn a \$100 bonus.

In order to qualify for the Manager Team Bonus, stage 2, the Distributor must have the same structure that is required for the Team Captain Bonus with two of their personally sponsored Distributors, known as Team Captains, each have six personally sponsored Distributors enrolled on 100 PV Autoships. Any commission period where this structure exists, the Distributor will receive an additional \$400, for a total of \$500 for stage 1 and 2.

In order to qualify for the Director Team Bonus, stage 3, the Distributor must maintain the structure needed for the Manager Team Bonus. The Distributor must also have two of the six sponsored Distributors of the Team Captains each having six personally sponsored Distributors all enrolled on 100 PV Autoships. Any commission period where this structure exists, the Distributor will receive an additional \$1,500, for a total of \$2,000 for stages 1, 2, and 3.

If at any time one stage of the bonus is not achieved, that part of the Distributor Team Performance Bonus or any part of the Bonus that follows that stage will not be paid. For instance, if in a structure the Distributor has previously qualified to receive the Director Team Bonus and a Distributor needed to qualify for the Manager Team Bonus does not uphold a 100 PV Autoship, neither the Manager Team Bonus nor the Director Team Bonus will be awarded.

After completing an entire structure through the Director Team Bonus more structures may be built. The second structure only requires four more personally sponsored Distributors for the Team Captain Bonus. All other bonuses continue as in the first structure. The third structure and any to follow only require two additional personally sponsored Distributors for the Team Captain Bonus. All other bonuses continue as in the first structure. An entire first structure must be complete before receiving any bonuses from any other structure.

All Distributors, other than the Distributor who is trying to receive this bonus, must be enrolled after March 1, 2005, and have a successfully processed Autoship order of 100 PV or more. All qualifying Autoship orders must be paid for by the payment method on file and shipped to the shipping address on file. As long as qualifications are met this bonus may be earned multiple times. Any Autoship orders that are returned that previously qualified the Distributor for any stage of this bonus will result in a retraction of the bonus earned.

Enroller Based Bonuses: All compensation within Young Living® is paid to the sponsors of Customers, Preferred Customers, and Distributors with the exception of Enroller Based Bonuses. These are bonuses which are awarded to the Enroller of a Distributor. These bonuses include Star Performance Bonus, Matching Bonus, and Starter Kit Bonus. Enroller based bonuses may be earned within a time frame beginning at the date the distributorship is originally initiated, apart from the account activity.

Star Performance Bonus: Star Performance Bonus is an Enroller Based Bonus earned on exclusively new Distributors. The Enrolling Distributor who accumulates 50 PV may earn a 25% bonus on the purchased volume of the newly enrolled Distributor in the first calendar month of the distributorship. An additional bonus of 15% may be earned on the purchased volume of the new Distributor in the second consecutive calendar month. To earn the bonus in the second month, the Enroller of the new distributor must participate in the Essential Rewards Autoship Program and have a minimum 50 PV Autoship order for the month.

The maximum payout of Star Performance is \$200 per new distributor per month. All PV on which Star Performance is paid is reduced by 50% when calculating any other commissions. Any volume of the new Distributor that exceeds the \$200 maximum payout is paid out in full when calculating commissions.

Matching Bonus: Matching bonus is based on enrolling new distributors, who also enroll new distributors. A minimum of a personal 100 PV Autoship is required to earn this bonus. The Enroller of the new Distributor receives a true matching bonus of any compensation that the newly enrolled distributor earns from the Star Performance Bonus. This bonus may be earned in the first three consecutive calendar months of the new personally enrolled Distributor's business.

Starter Kit Bonus: The Starter Kit Bonus is a \$25 bonus paid to the Enroller of any new distributor who purchases a Starter Kit for \$149.95. The Starter Kit must be purchased in the first calendar month of the Distributor's enrollment. There are no personal rank requirements to earn this bonus.