

ACTIV8 COMPENSATION PLAN

The Activ8 Compensation Plan is a revolutionary concept which allows for truly unmatched potential for long-term residual wealth. Designed from its very inception to create real opportunity, the Activ8 Compensation Plan identifies and overcomes the industry's most prevalent concerns and creates an incomparable culture, lifestyle, and income potential. This document is designed to be very detail-oriented, allowing for all engaged ARIIX Representatives to fully understand all the bonuses and processes that they will be a part of in regards to the Activ8 Compensation Plan. This document is not intended for recruitment or marketing, but to be a straight forward explanation of the processes involved in the technical programming for calculating commissions.

Commission Periods

Commission Periods of ARIIX begin each Saturday at 12:00 AM (MST), and close each Friday at 11:59 PM (MST). All the sales activity that takes place during the week within that timeframe will be considered for commission and bonus qualification payout. This weekly payout schedule will create 52 commission periods for every calendar year – designated by the week and year of that period. For example, the first commission week within 2017 will be designated '1/2017', while the 20th commission weekly period in 2017 will be designated '20/2017.'

Representatives who have a business level or higher, are given at least one extra Business Day, to generate additional sales that can be applied to the prior week at their discretion. This is referred to as flextime.

Individuals who have become Representatives of ARIIX, and subsequently have generated volume either from personal consumption or from volume created from purchases and subsequent sales of products to consumers reaching the minimum sales threshold, will become eligible for commissions for 4 subsequent weeks. This 4 week period is referred to as a Cycle. Sufficient sales must be generated each cycle to maintain commission eligibility.

Types of Consumers

Members

A Member is an individual purchasing with ARIIX. They are able to purchase ARIIX products at a discount, qualify for product discounts through the Auto-Delivery Program and IIX Membership, acquire an Income Position within the tree genealogy, and earn Product Rebates from their large product orders. Members have filled out a Member Application form, agreed to the Terms & Conditions, as well as the Policies & Procedures, and have been Sponsored by an ARIIX Representative.

Representative

An ARIIX Representative has all the privileges of a Member (provided they adhere to their Membership Agreement) plus additional rights. These include, but are not limited to; the ability to enroll Preferred Customers, Members, and or Representatives. Additionally, ARIIX Representatives are able to earn commissions based upon their activity within the Activ8 Compensation Plan. A Member has the right to become a Representative upon the following conditions;

1. They introduce another individual customer to ARIIX products and wish to receive commissions from ARIIX on the sale of those products, or
2. they Introduce at least one individual or entity that enrolls a Preferred Customer, Member or Representative with ARIIX and wish to receive commissions on the volume generated from either, and
3. sign an additional Representative Agreement with ARIIX making them commission eligible.

Distributorship

The business owned by a Representative is referred to as a Distributorship.

Direct Customers

A Direct Customer is an individual that purchases products directly from an ARIIX Representative or Member. Direct Customers are not enrolled within ARIIX. The price Direct Customers pay for ARIIX products is determined by a Representative but must be at or above the purchase price paid by the ARIIX Representative. However, ARIIX strongly recommends that the selling price should be the suggested retail price which is approximately 43% above the best price a Member or Representative can buy ARIIX products given the 15% discount they receive if they are on Auto-Delivery, and an additional 15% off if they are on 2X Members. This allows Representatives the ability to make a Retailing profit based on difference between their price paid and the price they collected for sold products.

Preferred Customers

Preferred Customers are registered with ARIIX and pay the Retail Price. However, when the enroll in the Auto-Delivery Program, Preferred Customers will receive 15% of the Retail Price as long as they remain on the Auto-Delivery Program.

Preferred Customers are not allowed to sponsor Representatives or Members, they are not able to earn commissions through the Activ8 Compensation Plan. They are not given any Income Positions within the ARIIX Genealogy Organization. All volume generated from Preferred Customers are assigned to the sponsoring Representative and are placed within their organization for that Commission Period which would generate the highest commissions for the sponsor of the Preferred Customer for that particular commission period (see Auto-Balancing below).

IIX Membership

Any consumer of ARIIX products has the opportunity to purchase or acquire a *IIX Membership* (Pronounced "Two-X"). Once the IIX Membership is acquired, that consumer will receive an additional 15% discount on the retail price of all product purchases for life. The IIX Membership status is earned as follows:

Preferred Customer;

- A. Acquired immediately based on a one-time lifetime purchase price of \$25 USD,
- B. Acquired Immediately with an initial order purchase of 200 points or more worth of product, or
- C. Acquired after an accumulation of 200 points worth of products within a one year period.

Until the Preferred Customer has the IIX Membership, any difference in the price the Preferred Customer pay's in comparison to their sponsor, will be paid to their Sponsoring Representative in commissions as a retail incentive.

Member;

- A. Attain Business Level or Higher,
- B. Within the first 4 weeks of enrollment, purchase the IIX Membership.

Once the IIX Membership is acquired, Representatives will be qualified for special perks and bonuses. With the IIX Membership, eligible Representatives will double their earnings from numerous Bonuses within the Activ8 Compensation Plan as outlined below.

Auto-Delivery

All consumers of ARIIX products are offered the opportunity to participate in the Auto-Delivery Program, which allows them to receive their product at their door every cycle (four weeks). As an added benefit, individuals with Active Auto Deliveries receive an additional 15% discount off the retail price beyond all other discounts. The Auto-Delivery Program is an easy way to ensure that Representatives receive the products they need for optimal health each month, as well as one of several ways available to remain active within the Activ8 Compensation Plan.

Activation

To activate your membership with ARIIX, simply sell or consume twice the minimum sales threshold within your first year of enrollment. Enrollment occurs with the purchase of a starter kit (called the Business Orientation Selling System or BOSS for short).

[The minimum sales threshold varies by market. Please refer to Appendix A below.]

Eligibility

For Members and Representatives to be eligible for Rebates or Commissions respectively, here is what they must do:

Members:

1. Adhere to their Membership Agreement
2. Purchase at least the minimum sales threshold every year.

Any product purchased beyond the minimum threshold in a cycle generate a rebate.

Representatives:

1. Adhere to their Representative Agreement
2. Sell or Consume at least the minimum sales threshold every year.

Any sales generated beyond the minimum threshold in a cycle generate a commission. Sales are generated by personal purchases, sales to retail customers, and sales to preferred customers.

Thus Representatives do not need to place ANY purchases to be commission eligible.

The minimum sales threshold varies by market. Please refer to Appendix A below.]

Active Status

Failure to generate the annual minimum sales will serve as notification of cancellation of their Distributorship by the Member or Representative to ARIIX. As a cancelled Distributorship, the Member or Representative is subject to having their Income Position removed. Each time the minimum sales amount is generated in a given cycle, an additional 13 cycle contract extension will apply.

In the event the minimum sales threshold is not attained, ARIIX, may, at its discretion, grant a grace period to a Representative. A Representative shall not accrue nor be eligible for commissions since such ineligibility will result in increased commission paid to the remaining active Representatives. However, individuals will be allowed to continue to purchase ARIIX products at the price level they had prior to the renewal.

Business Levels

ARIIX Representatives activate their business and achieve a Business Level by selling or consuming products within their first 4 weeks of enrollment. This includes all of the product sold to direct customers, preferred customers, or themselves as a consumer. Simply stated, the more sales made, the higher the business level attained. The higher the business level, the more benefits and perks received. Beyond activation, the three Business levels that may be attained are as follows:

Business Level	Business	Elite	Ultimate
Sales Points	500	1000	1500

Gold or Silver Status

Representatives who attain a Gold Status with ARIIX have done quite an accomplishment. This status entitles them to a perks, benefits and a matching bonus eligibility that are exclusive to those who achieve this Status throughout their affiliation with ARIIX. To obtain Gold status, a Representative must sell twice the minimum sales threshold to 4 new ARIIX consumers within the first 8 weeks of their own enrollment.

~~For those individuals who attain the Ultimate business level with ARIIX, they are also entitled to **GIFT** gold status to one person of their choosing.~~

In the event that an individual fails to attain the Gold Status, a Representative can obtain Silver Status. While there is not a time requirement to attain Silver Status, a Representative must still sell twice the minimum sales threshold to 4 new ARIIX consumers plus have a minimum of 4 personally sponsored consumers who purchase the minimum sales threshold each cycle.

[The minimum sales threshold varies by market. Please refer to Appendix A below.]

[Gold & Silver status varies by market. Please refer to Appendix A below.]

Retailing

As a Representative, you qualify to buy products at wholesale (30% off MSRP) and you can sell at any higher price you choose to earn retail profits. When retail customers buy from your cloud-powered E-Store, ARIIX automatically collects the difference of the price you offer and your wholesale price and pays you weekly as retail profits. Smart Links also let you set up a retail order for any product at a price you determine, and the difference is also automatically paid to you each week as retail profits.

Base Commissions

Activation of your Distributorship begins with the placement of an Income Position. Depending on the business level attained, an Income Position will start with at least 2 lines for placing newly enrolled ARIIX Members. A business generates income through the sales generated from your consumers and sales generated from their subsequent consumers. The line which accumulates the largest sales in any given week is identified as the "Power Line." All subsequent lines of the Income Position are termed "Pay Lines."

Base Commissions are 15% of the volume generated from all Pay Lines, up to \$2,000 USD per Pay Line, per week. In the event that the cumulative sum of all volume on all Pay Lines (in a given income position), is less than 13,334 points in a week and less than the amount of volume on the Power Line (up to 13,334 points), any remaining difference is carried forward on that Power Line into the next Commission Period.

Base commissions are paid weekly.

Earning another Pay Line: The first time a specific Pay Line generates \$2,000 USD equivalent (13,334 X .15) in Base Commissions for a Commission Period, that Pay Line is said to be "Optimized." Thereafter, a new Pay Line is added to the existing Income Position at no cost or requirement to the Representative. Each pay line can earn 1 additional Pay line. This means there is an unlimited potential number of Pay Lines per Income Position. The added Pay Line is available for immediate use, and shall also be used for auto-balancing.

Earning a re-entry: Anytime a Pay Line is Optimized on a specific Income Position, the Income Position for that week is also said to be Optimized. When any Income Position is Optimized the **first time**, the Representative is eligible to have another Income Position. These extra Income Positions are called re-entries. This means there is an unlimited potential number of Income Position. By placing the Re-entry in your downline anywhere on an optimized payline, the result is additional earnings and greater stabilized volume from the depths of that organization.

The following conditions apply to re-entries;

1. A *once in a lifetime Activation* is required for each new re-entry. Simply generate personal sales of twice the Minimum Sales Threshold to activate.
2. Once placed and activated, this new Income Position will be eligible for commissions beginning the very next commission week regardless of the Representative's auto-delivery cycle.
3. Going forward, all Income Position are on the same original cycle.
4. A Representative may elect to generate two times the minimum sales threshold each cycle in order to make all other Income Positions commission qualified regardless of how many Income Positions there are.
5. Re-entries have no expiration and no time requirement to place provided the possessing Representative maintains active.
6. Re-entries cannot be transferred to another Representative.
7. Multiple Re-entries cannot be placed together in such a manner that the commissions generated from such grouping increases the commission payout over 55% of the sales volume from that organizational structure.
8. All unplaced re-entries shall be part of the Distributorship in the event of a sale or transfer or the business ownership.
9. A re-entry may be moved to any other position on the same line within 10 days of placement as long as no Member or Representative has been placed underneath it.
10. A re-entry may also be moved to any other position on the same line anytime if there has not been any orders placed by any Member or Representative within the prior 3 months.
11. There must always be one optimized line that does NOT have a re-entry Income Position placed on it unless a Power Re-entry is earned and placed on the Power line, in which case all lines can have multiple Re-

entry's on them.

Earning of a Power Re-Entry™: A Power Re-Entry™ is an industry first for ARIIX's Activ8 compensation plan. Becoming eligible to earn this "special" re-entry is achieved by producing achieving the ultimate business level in your first 4 weeks after joining ARIIX. The Power Re-Entry™ allows Representatives to;

- Earn two Re-Entries, with the Optimization of their first Income Position rather than the just one.
- Place the Power Re-entry on not only an Optimized Pay Line, but on their Power Line if they choose.
- Place the Re-entry on any of their lines under anyone (excluding inserting); or
- Place the Re-entry under any cross-line individual.

While the Power Re-Entry™ is a one-time usage, it can generate an unlimited number of additional re-entries below it, extending its earning potential to infinite! Even more amazing, Representatives may elect to partner with any ARIIX Representatives with their Power Re-Entry™ - an industry first! –This Patent-pending design has eliminated cross-lines!

All the normal conditions of a Re-Entry apply to the Power re-entry. But in the event that a Power Re-Entry™ is placed Cross-line in a Representative's organization, the following conditions apply;

1. In order to protect the fundamental integrity of the sales organization tree, Representatives who choose to place their Power Re-Entry™ in a cross-line position must have a minimum of 13,334 TOTAL VOLUME POINTS generated at or below their original Income Position each week, in order to earn commissions from the Power Re-Entry™ and all subsequent Re-Entries placed below it. TOTAL VOLUME is inclusive of Preferred Customers, Member, Representatives and Personal Volume generated in the Representative's PLACEMENT organization. In the event a Representative does not have the minimum of 13,334 TOTAL VOLUME POINTS generated at or below their original Income Position in a given commission week, their cross-line Power Re-Entry™ will be considered inactive, and hence not commission qualified (ineligible to earn any commissions or bonuses from the volume that week). All volume generated under the Power Re-Entry™ shall still be paid on for all positions above the Power Re-Entry™ as typical.
2. The Power Re-Entry™ may only be placed in OPEN positions and may not be inserted.
3. As always, Matching Bonus follows the sponsorship tree, not the placement tree. This carries over to the placement of Power Re-Entries™ in cross-line positions. Only the original sponsor shall earn matching bonus on all combined earnings, including earnings from the Power Re-Entry™.
4. If the power re-entry is moved (based on the rules associated with any re-entry move), a reactivation fee shall be assessed.

All earnings (Bonuses and Base Commissions) earned by a Representative shall be accumulated until a minimum of \$30 USD (or equivalent) is reached. ARIIX may decide to pay smaller increments based on administration costs to do so.

The Activ8 Base Commission model provides an opportunity to generate unlimited residual income as the number of potential Pay Lines and Income Positions increases.

Auto-Balancing

Outside a consumer's first 4 weeks, All sales generated from consumers above the market's minimum sales threshold is *Auto-Balanced*. This means that this volume is placed on each line where it would generate the greatest amount of commissions or the largest Rebate for the individual during that particular week.

Depending on the Business Level that you join with, the Auto-Balancing will earn you anywhere from 7.5% to 15% more in Base Commissions or rebates from these extra sales. The Table below identifies the extra earnings based

on the Business Level attained in the first 4 weeks of joining ARIIX.

Business Level	Member	Business	Elite	Ultimate
Auto-Balancing %	7.5%-15%	10%-15%	11.25%-15%	12%-15%

Bonuses

Bonuses represent additional compensation in the Activ8 compensation plan. They are designed to earn people checks quicker than from base commissions alone, encourage leadership assistance to downlines and provide additional compensation for dedicated leaders in ARIIX.

As such, any "Bonus" paid in the Activ8 compensation plan is conditional upon dedicated effort towards the building of ARIIX exclusively. This is not to say that Bonuses shall be immediately terminated should a Representative elect to join, or participate in another MLM, however lack of active participation of ARIIX while actively publically participating in another MLM that is deemed as detrimental to ARIIX's reputation due to statements made in public, may then result in the termination of all Activ8 Bonuses. Conditions for determining the forfeiture of ones Bonuses includes direct references to ARIIX in regards to;

- The extent of the publicity of the departure
- Speaking ill of ARIIX, Products, Management, and/or field leaders
- Disclosing confidential Information
- Failure to comply with Policies and Procedures
- Direct comparisons or contrasts of ARIIX to the competitor
- The degree to which the ARIIX sales, brought by the Representative, has diminished to the alternative competitor

As a professional courtesy and in an attempt to help Representatives maintain their Bonuses, ARIIX shall notify any leaders of significant size in ARIIX, who elect to publically build another business, if such publicity places in jeopardy their Bonuses with ARIIX.

Notwithstanding the potential loss of "Bonuses," provided the terms of your agreements are maintained, a Representative shall continue to receive Base commissions regardless of the publicity of their departure.

Team Lead Bonus

Representatives earn a Team Lead Bonus from the products sold to new consumers. The more product sold, the higher the Team Lead Bonus percentage will be. All product purchased within the new Customer or Member's first 4 weeks earns the sponsor a Team Lead Bonus. The table below outlines the sales volume thresholds required, and the corresponding Bonus paid to the Representative selling the products.

		Business Level of Sponsoring Representative			
		Member	Business	Elite	Ultimate
Product Sold	0 – 499 PV	15%	20%	25%	30%
	500 – 999 PV	20%	20%	25%	30%
	1000 – 1499 PV	25%	25%	25%	30%
	1500 + PV	30%	30%	30%	30%

Matching Bonus

As an added incentive for building any Power or Pay Line, ARIIX Representatives are rewarded through the Matching Bonus. The Matching Bonus gives the ARIIX Representative compensation equal to a percentage of the Base Commission earned by individuals they have enrolled as Representatives and their subsequent enrollments up to 7 levels or "Generations" deep. Therefore, Individuals of record who personally sponsored by a member or Representative are considered 1st Generation to the sponsor. Individuals these 1st Generation people sponsor are 2nd Generation to the initial Representative. Similar to a family tree, the Children of grandparents would be 1st Generation, while their grandchildren would be 2nd generation and so forth down 7 generations.

Representatives qualify for their first 3 Generations of Matching Bonus through achieving Gold or Silver Status. Qualifying to earn the 4th and fifth generation of the Matching Bonus requires Base commission earnings of \$500 USD and \$1,000 USD respectively each week. The sixth generation requires having at least one optimized Income Position per week, and the seventh generation is granted with a 2nd optimized Income Position or 4 lines optimized on a single Income Position per week. A IIX Membership doubles the matching percentage on all qualified Generations. The table below outlines the percentage of base commissions paid within the sponsorship tree, and the corresponding qualification associated with earning the bonus.

<u>Sponsorship Tree Matching Beyond Gold or Silver Membership Requirement</u>			
	Match %	IIX %	Qualifications
Generation 1	7.5%	15%	Gold or Silver Member Status Only*
Generation 2	5.0%	10%	Gold or Silver Member Status Only*
Generation 3	2.5%	5%	Gold or Silver Member Status Only*
Generation 4	2.5%	5%	\$500 in Base Commissions
Generation 5	2.5%	5%	\$1,000 in Base Commissions
Generation 6	2.5%	5%	1st Optimized Income Position
Generation 7	2.5%	5%	2nd Optimized Income Position 4 Lines on a single Income Position

This matching bonus is paid with Dynamic Compression. Commission eligible Representatives with a Gold or Silver status will occupy a generational level. All other Representatives, will be removed for that particular week, from occupying a generational level. As a result, all generations will shift up a level to the next sponsor(s) above. If Silver status is re-attained during any week, matching bonus is resumed to the Representative and all subsequent generations are shifted back down a level. Thus, Matching Bonus is paid on every Representative that has earned a commission check of at least \$30 in base commissions.

*[Gold & Silver status varies by market. Please refer to Appendix A below.]

Income Position Bonus

Anytime any Income Position is optimized (has a total of 13,334 volume points on two or more lines in the same week; total points includes all volume regardless of which commission or bonus that volume may payout in), that Income Position is eligible for the Income Position Bonus. As Representatives begin to optimize their Income Positions, they will begin to participate in the Income Position Bonus which contains 2% of the Total Company Volume. Shares are issued for each optimized Income Position a Representative has within that week; one share for their first optimized Income Position, two shares for their second (totaling three), and three shares for their third (totaling six). There is no limit to the amount of Income Positions that can be optimized, and therefore there is no limit to the amount of shares that can be earned in this Bonus. **With a IIX Membership the number shares earned within this Bonus is doubled.**

Pay Line Bonus

Every ARIIX Representative will receive shares towards 1% of the Total Company Volume for the commission period, with each additional optimized Pay Line (earning \$2000 USD) after their first Pay Line. There is no limit to the amount of shares a Representative may earn in this bonus. **With a IIX Membership double the earned shares within this Bonus.**

Hence, One share of this Bonus is issued for the second optimized Pay Line, an additional two shares are issued for a third optimized line (totaling three), and three shares for the fourth optimized Pay Line (totaling six).

If multiple Income Positions have optimized pay lines, the number of pay lines eligible for shares is determined by the total number of optimized PAY lines minus the number of Income Positions with optimized pay lines. For example, 2 Income positions with 3 optimized lines on IP1 and 4 optimized lines on IP2 would earn as follows: The first with 2 pay lines (and 1 power line) on IP1, and 3 pay lines (and 1 powerline) on IP2, would yield 5 (2+3 optimized pay-lines) minus 2 (first payline on each IP) or 3 optimized lines for a total of 6 shares (3+2+1) or 12 shares (6x2) with a IIX Membership.

Savings Bonus

Every time an ARIIX Representative earns more than \$250 in Base Commissions, they will collect an additional 7.5% of their weekly base commissions held as credits until a minimum of 10,000 credit points are reached. **With a IIX Membership you can earn 15% of Base Commissions.** Once 10,000 points are reached, a Representative may take the credits out in the form of cash at an exchange rate of 1 point=\$1 USD. All subsequent Savings Bonus earnings are accumulated weekly and paid each cycle. A maximum of 500 points/dollars are earned each week for this Bonus.

A Representative must remain commission eligible during the accumulation period to 10,000 credit points, regardless of the amount of time that it takes to accumulate them. Additionally, the Representative will lose any accumulated credits if they join, promote, or participate in (either directly or indirectly) in another MLM during the accumulation phase unless such participation was prior to becoming an ARIIX Representative.

ASAP (Accelerate Sales and Profits) Bonus

This bonus is given as a cash incentive for Representatives who are responsible for selling specific packs, products, or services to consumers in specific countries. The amount of the bonus will vary by pack. The Bonus will be doubled for 2X members.

[ASAP varies by market. Please refer to Appendix A below.]

Cost of Living Adjustment

This benefit helps to make sure that individuals earn more in commissions to keep up with inflation, as well continue to earn enough in base commission to earn enough to essentially pay for their Auto-Delivery of personally consumed products.

Periodically, ARIIX shall increase the Cost of Living adjustment which multiplies earnings in base commissions to account for inflation. This increase is paid to the Representative, but is not used for calculating matching bonus.

As Representatives remain active with ARIIX, successive Increases are added upon their past cost of living adjustments, if any, thus Increasing their total respective percentage. For example, if three consecutive years had a cost of living adjustment awarded equal to 2% the first year, 4% the second year, and 3% the third year, a Representative who was active all three years would have a cost of living adjustment of 9% (1.02+1.04+1.03). If another Representative was active only for years 2 and 3, they would have a cost of living adjustment of 7% (1.04+1.03). Hence, the sooner you join ARIIX, the greater the Cost of Living adjustment will be for your Base Commissions!

Title Advancements

Within the Activ8 Compensation Plan all leadership titles are determined by the amount of payline volume generated by an ARIIX Representative in a given Commission Period. Each line of a given Income Position may contribute up to 13334 points each week towards title advancements.

Title	1-Week Total Payline Volume	Title	1-Week Total Payline Volume
Team Lead	200	Vice President	3000
Senior Team Lead	350	Senior Vice President	5000
Supervisor	500	Officer	6667
Senior Supervisor	750	Senior Officer	13334
Manager	1000	President	26668
Senior Manager	1500	Chief Executive Officer	40000
Director	2000	Chairperson	53336
Senior Director	2500	Level 2+ Chairperson	+13334 P/Level

* Current Commission Points are equal to \$1 USD per point.

[Title advancements vary by market. Please refer to Appendix A below.]

Bulk Purchasing

This is a program available to Members and Representatives who wish to sell large quantities of products to either the "Public Sector" such as governments, militaries etc. in countries ARIIX is in, or in Public and "Private Sectors" in countries where ARIIX currently does NOT operate. Under very specific conditions that do not compete with ARIIX Representatives MLM channel, each sale shall be evaluated on a case by case basis.

In the event such a sale happens, volume shall be placed as a "personal purchase" by the Representative who made the sale. Any volume in excess of 13,334 points that would normally be flushed shall have a negotiated commission paid to the Representative. In this way, all points that should roll up the tree are, while extra volume is still paid on to the Representative based on the amount of excess volume that rolled up the tree beyond 13,334 points. The greater the excess volume, the greater the extra commission paid. Furthermore, this allows the purchases to place a single order, and benefit on the price due to economies of scale. Contact an ARIIX executive for further details regarding this program should it be applicable.

Return Process

A Member or Representative may return less than an aggregated total of \$250USD worth of products within a rolling 6 month period in unused condition. Any returns shall be net of ALL commissions and Bonuses paid that would NOT have been earned had the returning purchase not been made. Negative volume shall be rolled up the tree on the week that it was returned.

In the event return volume creates less than 0 volume points on any line, such negative volume shall remain on the line of the purchase until positive volume is generated to offset.

Any products that are returned from Preferred Customers, and individual purchases where that particular volume was auto-balanced," shall be negatively auto-balanced in the week it was returned. Any positive volume generated during the return week shall then be auto-balanced after the negative volume is auto-balanced. This gives the Representative the greatest likelihood that such returns do not result in failure to optimize lines or earn maximum commissions as a result of returns.

In the event auto-balanced negative (return) volume creates less than 0 income, such volume shall remain ("in the bucket") until any volume is generated to offset.

ARIIX may evaluate any patterns in returns to assure that weeks of high purchases are not systematically returned on weeks with excess volume on paylines. It is understood that at some times, the impact of a purchase or return may impact a Representative either negatively or favorably based on the timing of the return. However ARIIX shall not "look back" on all the impact that such returns may have on title, commissions, bonuses or incentives earned had the purchase not occurred in the first place, or had the return not happened at a specified time.

A Member or Representative who returns more than an aggregated total \$250USD worth of products within a rolling 6 months in unused condition is a voluntary termination unless otherwise agreed allowed by ARIIX. As such, the purchase(s) returned shall be subject to any restocking fee and or discount. Additionally, the effect of the return shall be as if the purchase(s) had never occurred. Therefore, the value of the returned items shall be reduced by all commissions, bonuses, trips, incentives, or any other form of pay or remuneration that was given or earned as a result of the purchase(s). Furthermore, since the purchase is negated, based on the return, the very activation of the income position and or subsequent commission qualified cycles may be adversely affected. Negative volume from the return shall be rolled up the tree on the week that it was returned.

Merging Distributorships

Under unique circumstances individuals may possess multiple Distributorships (i.e. marriage, Inheritance), may elect to merge their two income positions into a single Distributorship. This can only be done in the event that the two Income Positions **are down-line** to each other.

Merging shall mean that the lower Income Position(s) shall become a Re-Entry(s) to the up-line Income Position. With a merger, extra Re-Entry's may exist on any single line. This is allowed, but the earning of future Income

Positions on the particular line of the merged Position will be subject to the rules associated with earning additional Re-Entries.

Going forward, the two Distributorships shall be as one. Several conditions may then change:

1. The Savings Bonus shall be combined including any Savings Bonus credits earned before the initial payment. In the event that a Savings Bonus was payment in cash or credit has not yet been attained by either IP but by combining the base commissions and/or credits a Savings Bonus payment or credits are earned, the Savings Bonus shall be paid. The bonus shall then be subject to the same terms and conditions as a single Income Position.

2. The higher of the two Titles associated with the two Distributorships shall be the title for recognition even after combining both Income Position earnings.

3. All accrued credits/bonuses shall be calculated, and limited as combined (Savings Bonus earnings or credits, bonuses, loyalty credits etc.) provided the Income Positions both maintain uninterrupted commission eligibility throughout the merging of ownership. Additionally, a minimum of 150 point qualifying will be required to be paid on all newly combined Income Positions.

4. The 2X membership status for the buyer shall be the same as it was at the time the Income Position was activated. 2x membership status cannot be purchased if it was not purchased at the time of activation of the Income position. Only one of the two merged Income Positions must have a 2X membership, to receive 2X status.

5. The Gold status for the buyer shall be the same as it was at the time either Income Position was activated. Only one of the two merged Income Positions must have a Gold Status, for the new combined Distributorship to have Gold Status. Silver status is granted when the new combined Distributorship has 4 commission eligible Representatives.

6. The new combined Distributorship shall receive reward or recognition towards any contests, or destination awards, provided the newly merged Distributorship earns such accolades above and beyond the growth that simply occurred as a direct result of the merging of the two Distributorships. Growth awards or incentives as a result of the merging Distributorships shall not be counted.

7. Sponsorship and hence Matching Bonus for the merged Distributorships shall vary based on the following 3 conditions:

A. One of the merging Distributors is the sponsor of the other. - All down-line Second Generation sponsoring shall become 1st Generation sponsoring to up-line Income Position (one generation of matching bonus is lost)

B. Both Owners are sponsored by the same Individual - No change required. All sponsoring is as before, with front line sponsored individuals become first generation to the upline Income Position 1.

C. Merging Distributorships are sponsored by two different people - No merger shall be granted.

8. The Team Lead Bonus shall be paid if the newly merged Distributorship has 4 active Representatives.

Selling Your Distributorship

The ARIIX Distributorship that you operate is yours. Hence, you have the right to sell it as you would any asset. The amount that you sell it for is determined between a buyer and a seller, but ARIIX has the option to buy (right of first refusal) on any sale of a Distributorship. Without proper notification, ARIIX may exercise its right to buy the Distributorship from the new owner. Should the new owner not sell the distributorship, ARIIX has the right to terminate their Agreements. A fee of \$100 shall be assessed for the transfer of ownership.

There are several conditions which limit the conditions under which you can sell your business. It is not the objective of ARIIX to be an impediment to the sale, but rather, to be notified so that such a sale cannot be used to circumvent our Policy regarding "moving your Income position," "owning multiple Distributorships," and/or "cross-line raiding" either directly, or in cooperation with another. Therefore the following conditions prior to a sale must occur.

1. A Distributor must not sell or encourage any sell of a Distributorship being sold to any ARIIX Member or Representative for the intent of moving crossline.

2. Only Activated Income Positions can be sold

3. Members or Representatives cannot frequently transact or be involved in the buying or selling of

distributorships.

4. A representative cannot be paid on two or more Distributorships through the purchasing of Distributorships. (Exceptions may include inheritance or marriage.)

5. A Distributorship cannot be sold if the Renewal Fee is unpaid at the time of the Distributorships anniversary or allowed to be paid by ARIIX by exception and then sold that same year.

The following rights and privileges shall apply to any sale:

1. The 2X membership status for the buyer shall be the same as it was at the time the Income Position was activated. 2x membership status cannot be purchased, in the event it was not earned at the time of activation of the Income position.

2. The Gold status for the buyer shall be the same as it was at the time the Income Position was activated. Gold status can be earned, in the event it was not earned at the time of activation. The time for this must be within 8 weeks of the sale date.

3. A Title is what an individual earns from commissions generated from a particular Income Position. Hence, the buyer shall begin with no title, but shall establish whatever title is merited after the transfer of ownership.

4. All accrued credits/bonuses shall be transferrable (Savings Bonus credits, savings credits, loyalty credits etc.) provided the Income Position maintains uninterrupted commission eligibility throughout the transfer of ownership.

5. Sponsorship for the sold Distributorship shall not be changed due to the implications of Matching Bonus.

6. A Distributorship cannot be sold entirely, or in part, to any ARIIX member or Representative who is or has been a Member or Representative presently, or in the past 6 months.

7. The compounded Cost of Living Adjustment shall remain in force after the sale.

Splitting/Dividing Your Distributorship

It is up to the Representatives involved to decide the equitable division of a Distributorship. In the event that multiple Distributorships are created, the resulting division may cause a reduction, or even loss of commissions. However, future commissions dependent upon the growth of the Distributorships subsequent to the split. A fee of \$100 shall be assessed for the creation of an additional distributorship.

ARIIX shall not pay additional Base commissions or Bonuses because of the split of a Distributorship.

For example; consider a situation in which a large Distributorship, with two income positions, is split between two individuals giving each person a new Distributorship with one of the income positions.

Before split, the Distributorship qualified for the maximum of \$500 a week in the Savings Bonus. After the split, since the business was so large, both income positions qualify for \$500 a week in the Savings Bonus. Under such a situation, the Savings Bonus would not be paid on one of the Distributorships until growth in the new Distributorship earned the Savings Bonus from newly generated volume.

APPENDIX A: Variances by Market

	<u>US/CAN</u>	<u>EU</u>	<u>Taiwan</u>	<u>China</u>	<u>Japan</u>	<u>Korea</u>	<u>Mexico</u>
<i>Commission Periods</i>	-	-	-	-	-	-	-
<i>Membership Types</i>	-	-	-	-	-	-	-
<i>IIX Membership</i>	-	-	-	-	-	-	-
<i>Activation</i>	2 X MST	2 X MST	2 X MST				
<i>Auto-Delivery</i>	-	-	-	-	-	-	-
<i>Active Status</i>	-	-	-	-	-	-	-
<i>Minimum Sales Threshold (MST)</i>	75 pts	100 pts	100 pts	100 pts	100 pts	100 pts	40 pts
<i>Annual Minimum Sales</i>	1 X MST	1 X MST	1 X MST				
<i>Business Levels</i>	-	-	-	-	-	-	-
<i>Base Commissions</i>	-	-	-	-	-	-	-
<i>Auto-Balancing</i>	-	-	-	-	-	-	-
<i>Team Lead Bonus</i>	New	New	New	New	New	Original; 4 commission eligible Members generates TLB once per cycle	New
<i>Gold Status</i>	Gold: 4 consumers with 2X Min. Sales Threshold; Silver: 4 active consumers	Gold: 4 consumers with 2X Min. Sales Threshold; Silver: 4 active consumers	Gold: 4 consumers with 2X Min. Sales Threshold; Silver: 4 active consumers	Gold: 4 consumers with 2X Min. Sales Threshold; Silver: 4 active consumers	Gold: 4 active consumers	Gold: 4 consumers with 2X Min. Sales Threshold; Silver: 4 active consumers	Gold: 4 consumers with 2X Min. Sales Threshold; Silver: 4 active consumers
<i>Matching Bonus</i>	-	-	-	-	No Silver	-	-
<i>Income Position Bonus</i>	-	-	-	-	-	-	-
<i>Pay Line Bonus</i>	-	-	-	-	-	-	-
<i>Savings Bonus</i>	-	-	-	-	-	-	-
<i>ASAP (Accelerate Sales and Profits) Bonus</i>	Gone	Gone	Gone	Gone	Gone	Pays Sponsor, Varies by Pack	Gone
<i>Cost of Living Adjustment</i>	See Market Details	See Market Details	See Market Details				
<i>Title Advancements</i>	-	-	-	-	Officer and Above require 4 weeks' average of minimum payline volume requirements	-	-
<i>Bulk Purchasing</i>	-	-	-	-	-	-	-
<i>Return Process</i>	-	-	-	-	3 Weeks Cool Down Period	-	-
<i>Merging Distributorships</i>	-	-	-	-	-	-	-
<i>Selling Your Distributorship</i>	-	-	-	-	-	-	-
<i>Splitting/Dividing Your Distributorship</i>	-	-	-	-	-	-	-