STATEMENT OF POLICIES
Melaleuca, Inc.
Statement of Policies

Capitalized terms used in the Statement of Policies have the meanings set forth in the Definition of Terms.

1. Becoming a Preferred Member
To become a Preferred Member, a person must (a) have a completed application form, (b) submit a completed application form, and (c) pay an annual membership fee. Preferred Members receive a number of additional benefits and may purchase products directly from Melaleuca at 30% to 50% below the regular price. In return for this added discount, Preferred Members agree to purchase Melaleuca products totaling at least 35 Product Points each month. Customers are not authorized to market or resell Melaleuca products.

2. Becoming a Marketing Executive
To apply to become a Marketing Executive, a person must first (a) have an Enroller who has submitted an Independent Marketing Executive Agreement; and (b) sign and submit an Independent Marketing Executive Agreement. Once those steps are completed the applicant is authorized to introduce Melaleuca products and business opportunity and to enroll Customers and prospective Marketing Executives. However, an applicant does not become a Marketing Executive until: (i) Melaleuca receives and accepts the applicant’s Independent Marketing Executive Agreement; (ii) the applicant has a Personal Enrollee who is an Active Customer; and (iii) the applicant receives his/her first commission check. Marketing Executives may purchase products directly from Melaleuca as a Regular Customer. If a Marketing Executive at any point no longer has any Customers in his/her Marketing Organization, that Marketing Executive ceases to be a Marketing Executive and must requalify to become a Marketing Executive under the conditions mentioned above. Marketing Executives may be but are not required to be Members or Customers.

3. Individuals, Corporations, Tax Exempt Entities and Trusts
Melaleuca will only consider for acceptance as Marketing Executives individuals or entities that fall into one of the following categories:
(a) Individuals who are of the legal age.
(b) Married couples of which at least one is of legal age.
(c) Corporations in good standing in the state, province, or country of their incorporation which have as their sole shareholder(s), director(s) and officer(s) either one unmarried individual or a married couple, which are established in accordance with Melaleuca guidelines.
(d) Tax exempt entities which are registered and approved as tax exempt institutions under Section 501(c)(3) of the United States Internal Revenue Code or under Section 104(b)(1) of the Income Tax Act of Canada, which are established in accordance with Melaleuca guidelines.
(e) Trusts established in accordance with Melaleuca guidelines.
(f) Charitable giving corporations established in accordance with Melaleuca guidelines.

4. Customer Numbers
Customers and Marketing Executives may not use or submit to Melaleuca any Social Security Number, Social Insurance Number, Tax Revenue Number, Taxpayer Identification Number or Corporate Account Number other than the actual number assigned to the Customer or Marketing Executive by the proper governmental authority.

5. Proper Completion of Documents
All agreements must be completely and properly filled out and signed. No alterations will be accepted. Melaleuca may require original signed versions of all agreements or request the re-execution of agreements upon reasonable notice. Agreements will only be accepted by Melaleuca in their original unaltered form, regardless of passage of time or payment of commissions by Melaleuca. Melaleuca will not be responsible for loss of commissions or bonuses or for delays in Customer or Marketing Executive registrations or orders due to: (a) errors by Customers or Marketing Executives in preparing or sending agreements, orders or other documents; (b) delays or errors caused by the mail, fax or electronic transmission; (c) nonreceipt of documents by Melaleuca; (d) illegible or incomplete information on agree-
ments, orders or other documents; or (e) the inability of Customers or Marketing Executives to reach Melaleuca by telephone or fax during busy calling periods. Melaleuca will process and credit orders and enrollments in the calendar month in which they are received by Melaleuca.

6. Ordering
All orders are credited to the calendar month in which they are received by Melaleuca. Orders may be placed by telephone, mail, fax or the internet and in person at Melaleuca stores where available. All telephone, fax or internet orders must be paid by Visa, MasterCard, Discover or electronic checking. Orders may be paid by check, money order, Visa, MasterCard, Discover or electronic checking. Customers and Marketing Executives will be charged $10 for checks returned for insufficient funds. Orders for products will usually be processed by Melaleuca within 48 hours of receipt. Shipment will be by common carrier and delivery should be expected within 3 to 10 days. Orders placed during the last week of the month may be delayed due to the large volume of orders received at the end of the month.

7. Customer Satisfaction Guarantee
If for any reason any Customer is not completely satisfied with any product purchased by such Customer from Melaleuca, the Customer may return the unused portion of the product together with a copy of the purchase receipt to Melaleuca within 90 days of the date of purchase and Melaleuca will credit the Customer’s account for the total purchase price of the product.

8. Returns and Product Point Adjustments on Home Conversion/Value Pack Returns
Individual products that are purchased as part of a Home Conversion, Value or other “special” packs which are priced below the Preferred Member price, can be returned for an exchange but not for a refund unless the entire pack is returned. Marketing Executives receive commissions based on actual sales by Melaleuca of product to End Consumers. When product is returned to Melaleuca, the commissions attributable to that product will be deducted from the commission checks of the Customer’s Support Team in the month the return occurs. If the return occurs within six months of the purchase date, then commissions will be deducted from the commission checks of the Support Team of the Marketing Organization that existed.
at the time of the purchase. Otherwise, commissions will be deducted from the commission checks of the Support Team of the current Marketing Organization.

Melaleuca reserves the right to terminate the Independent Marketing Executive Agreement or cancel the Customer Membership Agreement of any Marketing Executive or Customer who abuses the Melaleuca Satisfaction Guarantee and return policy by excessively returning products.

9. Marketing Executive Websites
(a) All websites controlled solely, registered or owned by a Marketing Executive (or by anyone acting on a Marketing Executive’s behalf in connection with the website) for any purpose related to the Marketing Executive’s Melaleuca business must be hosted by one of Melaleuca’s approved providers. For more information on approved providers, see the Business Center at Melaleuca.com.
(b) Melaleuca will have the right, in its absolute discretion, to require that any Melaleuca-related website be taken down. A Marketing Executive’s failure to comply with any provision of this policy may result in forfeiture of commissions and bonuses, fines and/or in termination of the Marketing Executive’s Independent Marketing Executive Agreement.

10. Marketing Executives Are Not Corporate Representatives
Marketing Executives are not corporate representatives of Melaleuca and are not authorized to incur any debt, expense or obligation on behalf of or for Melaleuca, nor bind Melaleuca to any agreement or contract.

11. Cancellation Refund Policy
There is no investment in product necessary to be a Marketing Executive. There is no requirement to purchase any product or service. No purchase is required to qualify for a bonus or commission. However, to the degree that any Customer is also a Marketing Executive and that Customer desires to return any product to Melaleuca for any reason, Melaleuca will repurchase all unencumbered products which are in resalable condition which were purchased by the Marketing Executive from Melaleuca within the previous 12 months, at one hundred percent (100%) of the original cost to the Marketing Executive.

All products or materials must be returned to Melaleuca with shipping prepaid by the Marketing Executive or Customer in order to receive the above refund. Melaleuca may charge back all commissions, bonuses and rebates paid by Melaleuca relating to any Customers returning product.

12. Resale of Products
Melaleuca products are sold only by Melaleuca directly to End Consumers. In order to ensure the safety, freshness, efficacy and quality of Melaleuca products, Marketing Executives and Customers are strictly prohibited from directly or indirectly offering Melaleuca products for resale to anyone at any time. In particular, Marketing Executives and Customers may not offer Melaleuca products or materials for sale via the internet (including, but not limited to, eBay and Amazon).

This obligation continues indefinitely even after a Customer Membership Agreement or Independent Marketing Executive Agreement is no longer in force for any reason. Melaleuca shall have the right to prevent and/or recover damages for any violation of this obligation by legal action and, to the extent permitted by law, a Marketing Executive or Customer will be obligated to pay Melaleuca’s legal fees and costs in connection with any such legal action based upon his/her violation of this obligation.

13. Errors or Questions
Marketing Executives should notify Melaleuca immediately of any errors or questions about commissions, bonuses, Monthly Business Reports, orders or charges. Melaleuca will correct any errors reported to it within 60 days, but Melaleuca will not be responsible for any errors, omissions or problems not reported within 60 days.

14. Joint Ownership of a Business
An Independent Melaleuca Business may only be owned by an individual, a married couple, or by corporations, tax exempt entities or trusts that comply with Melaleuca guidelines. If a married couple who jointly own an Independent Melaleuca Business divorce, they may apply to have the Independent Melaleuca Business transferred to one of them as the sole owner. The divorced couple must submit to Melaleuca a written request specifying to which person the Independent Melaleuca Business will be transferred. The request must either contain the notarized signature of both parties or contain the notarized signature of at least one party and include a certified copy of the court-approved divorce decree or property settlement that designates to which party the Independent Melaleuca Business should be transferred.

Melaleuca shall not be obligated to transfer any Independent Melaleuca Business to any person who Melaleuca deems in its sole discretion is not qualified to operate and own such business. If the transfer is approved, the person to whom the Independent Melaleuca Business is being transferred must sign and submit to Melaleuca a new Independent Marketing Executive Agreement.

15. One Business per Person or Couple
A Marketing Executive may not own, operate or have a financial interest in more than one Independent Melaleuca Business without Melaleuca’s express written approval.

With regard to Marketing Executives who are married couples and non-married cohabiting couples, or who jointly own an approved business as a corporate entity or trust pursuant to Policy 3, both persons will be treated as a single Marketing Executive for purposes of Melaleuca’s policies. Therefore, for example, if one person owns an Independent Melaleuca Business, the other person may not own, operate or have a financial interest in a separate Independent Melaleuca Business. Additionally, if the couple jointly owns an Independent Melaleuca Business, neither person may own, operate or have a financial interest in a separate Independent Melaleuca Business. However, if two people who own separate Independent Melaleuca Businesses marry, they may, at Melaleuca’s sole discretion, each retain ownership of their businesses. Unless approved in writing in advance by Melaleuca, only one Independent Melaleuca Business is permitted in any Immediate Household.

16. Conduct of Household Members
If any member of the Marketing Executive’s Immediate Household engages in any activity which, if performed by the Marketing Executive, would violate any Melaleuca policy or any provision of the Independent Marketing Executive Agreement, such activity will be deemed a violation by the Marketing Executive.

17. Inheritance of Business
Upon the death of a person who is a Marketing Executive, or the death of any owner, manager, trustee or any other person with an interest in an Independent Melaleuca Business pursuant to Policy 3, an Independent Marketing Executive Agreement will automatically be canceled, unless the Independent Melaleuca Business is inherited in accordance with this Policy 17. An Independent Melaleuca Business may only be inherited by a single person, a married couple or a trust or corporation which complies with Melaleuca’s guidelines, pursuant to a valid will or other appropriate document, or in accordance with the intestacy
laws of the state, province, or country in which the Marketing Executive resides. A person who inherits an Independent Melaleuca Business must furnish Melaleuca with proper documentation that he/she is the beneficiary and is authorized to represent the estate. He/she must also execute an Independent Marketing Executive Agreement, fulfill all of the functions of a Marketing Executive and abide by the terms of Melaleuca’s Statement of Policies. If the new Marketing Executive wishes to become a Preferred Member, the new Marketing Executive must also execute a new Customer Membership Agreement. A Marketing Executive does not need to be a Member or Customer to refer Customers or participate in Melaleuca’s Compensation Program.

18. Sale or Transfer of Business
A Marketing Executive cannot sell or transfer his/her Independent Melaleuca Business or his/her rights to compensation from Melaleuca (except for transfers by inheritance pursuant to Policy 17).

19. Transfer from Original Organization
Marketing Executives and Customers may transfer from one Marketing Organization to another only upon fulfillment of all of the following requirements:
(a) The Marketing Executive or Customer seeking the organization change has submitted an Organization Change form with the original signatures of the Enroller and the other Support Team Marketing Executives in the immediate seven generations above the Marketing Executive or Customer being moved. All Support Team Marketing Executives who have earned 3 or more Leadership Points in the previous 6 months must sign off on the move.
(b) A Marketing Executive or Customer to be moved has no more than 10 Customers in his/her existing Marketing Organization and is not being moved to an open position above any other Marketing Executives or Customers.
(c) The Marketing Executive or Customer seeking the organization change has paid to Melaleuca the applicable fee charged by Melaleuca for organization changes.
(d) Melaleuca has approved the change in writing, which approval Melaleuca may withhold in its sole discretion.

20. Non-Solicitation and Conflicts of Interest
Marketing Executives are independent contractors and may be active in other business ventures while they are Marketing Executives for Melaleuca. However, to qualify for compensation under Melaleuca’s Compensation Plan, Marketing Executives have the ongoing responsibility to service, supervise, motivate, train and assist other Marketing Executives in building their Marketing Organizations. They also have the responsibility to promote Melaleuca products and the Melaleuca income opportunity and to consistently encourage and influence other Marketing Executives to invest their time in building their Marketing Organizations.

All compensation paid by Melaleuca each month to each Marketing Executive is based on the understanding and expectation that the Marketing Executive is reliably and consistently involved in the crucial ongoing endeavor of promoting Melaleuca products and in consistently encouraging and influencing other Marketing Executives to invest their time in building their Marketing Organizations. Melaleuca and its Marketing Executives have made a significant investment in the establishment of organizations consisting of Customers and Marketing Executives. Those organizations constitute one of Melaleuca’s most valuable assets. In order to protect the efforts of all Marketing Executives in building and maintaining their individual Marketing Organizations and Customer bases, and in order to protect Melaleuca’s interest in the overall Customer base, a Marketing Executive and his/her spouse are required to abide by the following policies:
(a) Solicitation of Melaleuca Customers and Marketing Executives:
(i) During the period that his/her Independent Marketing Executive Agreement is in force, a Marketing Executive and his/her spouse are prohibited from directly, indirectly or through a third party Recruiting any Preferred Members or Marketing Executives to participate in any Competing Business Venture.
(ii) Also, for a period of twelve months after cancellation or termination for any reason, a Marketing Executive and his/her spouse are prohibited from
(competing products or services; and
to websites and emails) which is used in conjunction with the presentation of Melaleuca product, service or income opportunity or at any Melaleuca meeting, seminar, launch, convention, or other Melaleuca function.
(c) Each Marketing Executive agrees that any violation of this Policy 20(a) or (b) constitutes a failure of his/her responsibility to service, supervise, motivate, train and assist Marketing Executives in building their Marketing Organizations; to promote Melaleuca’s products and the Melaleuca income opportunity; and to consistently encourage and influence other Marketing Executives to invest their time in building their Marketing Organizations. Each Marketing Executive further agrees that such failure constitutes a material breach of the Independent Marketing Executive Agreement.
Melaleuca's remedies for such a breach include, but are not limited to, the following:

(i) Melaleuca may seek and obtain from the violating Marketing Executive (and others who assisted with the violation) both injunctive relief and damages, and Melaleuca may at its option, elect to enforce this Policy 20 by lawsuit in a court of competent jurisdiction in Idaho rather than by arbitration. Damages for violating Policy 20 shall include the amount of lost present and future sales of Melaleuca products; harm from the departure of Marketing Executives and Preferred Members; financial impacts to Marketing Organizations due to the Recruitment of Marketing Executives and Preferred Members; and all other damages (including punitive and exemplary) allowed by law.

(ii) In addition to (or, at Melaleuca’s option, in lieu of) the damages set forth in Policy 20(c)(ii), the violation of Policy 20 excuses Melaleuca from the payment of any bonuses, commissions or other payments to the Marketing Executive for the calendar month in which the violation occurred and any and all subsequent months. Should Melaleuca be unaware of the breach and continue by mistake to make commissions, bonuses or other payments to the Marketing Executive after the breach, those subsequent payments will be deemed to have been made in error, and the Marketing Executive is unjustly enriched by that amount and shall, upon demand, immediately return all such payments.

(iii) Violation of any provision of this Policy 20 constitutes a Marketing Executive’s voluntary resignation and cancellation of his/her Independent Marketing Executive Agreement, effective as of the date of the violation, and the forfeiture by the Marketing Executive of all commissions or bonuses payable for and after the calendar month in which the violation occurred.

(iv) In addition to being entitled to a refund of bonuses and commissions and to damages as described above, in the event a person or entity violates this Policy 20, Melaleuca and any Marketing Executive who experiences an adverse financial impact as a result of such person’s or entity’s violation of this Policy 20 shall be entitled to an accounting and repayment of all profits, compensation, commissions, remunerations or other benefits which the person or entity directly or indirectly receives and/or may receive as a result of, growing out of, or in connection with any violation of this Policy. Such remedy shall be in addition to and not in limitation of any damages or injunctive relief or other rights or remedies to which Melaleuca is or may be entitled at law or in equity.

(d) Violations of this Policy 20 are especially detrimental to the growth and success of other Marketing Executives’ Independent Melaleuca Businesses and to Melaleuca’s business. Consequently, Marketing Executives who have knowledge that any Marketing Executive has violated this Policy must immediately (and confidentially) report that information to Melaleuca’s Policy Administration Department. The failure of a Marketing Executive to report such information to Melaleuca will also constitute a violation of this Policy. The names of those reporting violations of this Policy 20 will be held in confidence.

21. Proprietary Information and Trade Secrets

By executing the Independent Marketing Executive Agreement, the Marketing Executive acknowledges that all information which is contained in the Marketing Executive’s Monthly Business Report, including, but not limited to, names, addresses and telephone numbers of Marketing Executives and Customers, and all identifying information relating to other Marketing Executives or Customers that the Marketing Executive became aware of while conducting Melaleuca business in any way or while attending Melaleuca related events, is Melaleuca’s proprietary trade secret information.

The Marketing Executive agrees to protect and not to disclose such information to any third party (except to existing or prospective Melaleuca Marketing Executives or Customers for the purpose of promoting Melaleuca products and business opportunity) or to utilize such information for the purpose of promoting any other business opportunity at any time, whether during the term of his/her association with Melaleuca or thereafter. The Marketing Executive acknowledges that such proprietary information is of such character as to render it unique and that disclosure or use thereof in violation of this provision will result in irreparable damage to Melaleuca and to Independent Melaleuca Businesses. Melaleuca and its Marketing Executives will be entitled to injunctive relief to prevent violation of this policy. If litigation is required to obtain injunctive relief or to recover damages, the prevailing party shall be entitled to an award of attorney’s fees and expenses.

22. The Enroller and Presenter

(a) A Marketing Executive who is the Enroller of a new Customer or Marketing Executive may not list another Marketing Executive who did not participate in the contact or the presentation as either the Enroller or Presenter of such new Customer or Marketing Executive. Regardless of where a Customer or Marketing Executive is placed in a Marketing Organization, the actual Enroller of such Customer or Marketing Executive must be listed as the Enroller on the Customer Membership Agreement.

(b) The Enroller and any other Marketing Executives involved in the Recruiting and enrollment process may use only Melaleuca’s products and its Compensation Plan and their personal commitment to help the new Marketing Executive build his or her business as an inducement to enroll. Marketing Executives may not enter into special deals with an Enrollee, including, but not limited to, promises of the payment of money or roll-ups.

(c) Before being listed as the Enroller or Presenter, a Marketing Executive must have meaningful contact with the Enrollee in person, over the telephone, or via other live, face-to-face (or vocal) means of communication.

23. Supervisory and Leadership Functions

Marketing Executives’ compensation is based on sales of product by Melaleuca to End Consumers. Melaleuca has always reserved the right to change its Compensation Plan from time to time. Melaleuca has long endeavored to establish measurements and qualifications to compensate those who play an ongoing role in the sales of product by Melaleuca to Customers by engaging in activities such as (1) referring Customers and (2) motivating, training and leading others to refer Customers. To qualify for any such compensation, Marketing Executives have the ongoing responsibility to service, supervise, motivate, train and assist Marketing Executives in building their Marketing Organizations, to promote Melaleuca’s products and the Melaleuca income opportunity and to consistently encourage and influence other Marketing Executives to invest their time in building their Marketing Organizations. To qualify for ongoing compensation, Melaleuca Marketing Executives have the ongoing responsibility to service, supervise, motivate, train and assist Marketing Executives in building their Marketing Organizations, to promote Melaleuca’s products and the Melaleuca income opportunity and to consistently encourage and influence other Marketing Executives to invest their time in building their Marketing Organizations. To qualify for ongoing compensation, Melaleuca Marketing Executives have the ongoing responsibility to support Melaleuca and Melaleuca’s policies, programs and personnel.

This leadership responsibility increases as the compensation to any Marketing Executive increases. Therefore, as the compensation to a Marketing Executive increases, the obligation of leadership and personal example and personal contribution from that leadership also increases.

Melaleuca has the right to measure the involvement and contribution of any
of its Marketing Executives in this endeavor from time to time and to establish guidelines and measurements upon which Melaleuca will compensate its Marketing Executives. Melaleuca may decide to withhold compensation at any time it deems that a Marketing Executive is not meeting this requirement.

Any effort by a Marketing Executive to convince or entice any Customer or Marketing Executive to discontinue or diminish purchasing Melaleuca products, to move from one Melaleuca Marketing Organization to another, to discontinue or diminish efforts to promote the Melaleuca business opportunity, or to promote or pursue any Competing Business Venture, or to disparage Melaleuca, or its products, marketing plan, management team or other personnel is a violation of the Marketing Executive’s leadership responsibility and a violation of this policy.

24. Inventory Purchases Prohibited
Melaleuca’s business model operates on the principle that 100% of sales by Melaleuca are made to End Consumers who are purchasing Melaleuca products solely on the merits of the product themselves.

Any device or scheme whereby a Marketing Executive directly or through a third party causes product to be purchased solely for purposes of qualifying for bonuses or commissions constitutes fraud on the part of the Marketing Executive and is a violation of this policy.

25. Display in Stores
Melaleuca is in strong support of home-based businesses and personal product presentations. Any display of Melaleuca products to the public must be tasteful and professional. To maintain a standard of fairness and professionalism, Marketing Executives may not display Melaleuca products in drug stores, product fairs, flea markets, health food stores, grocery stores or similar venues.

26. Media Inquiries
It is Melaleuca’s policy to have a single spokesperson handle all inquiries from the media and all media relations.

Therefore, Marketing Executives may not, for any reason, discuss their Independent Melaleuca Business with the media, nor act as spokespersons for Melaleuca, nor talk to the media regarding Melaleuca, its Compensation Plan, its products or services. It is a violation of this policy to provide any information to the media, regardless of whether the information is positive or negative, accurate or inaccurate. All inquiries from the media (whether radio, television, internet or print) must be immediately referred to Melaleuca.

27. Checks and Monthly Business Reports
Commission and bonus payments are generally made available by Melaleuca to Marketing Executives on or about the 15th day of each month for commissions and bonuses earned during the previous month. When the 15th day of the month falls on a weekend or holiday, payment will generally be mailed or made available on the next business day. Marketing Executives should use their Monthly Business Report as a tool to manage, supervise and train the members of their Marketing Organizations.

The information contained in Business Reports is Melaleuca’s proprietary trade secret information, and Marketing Executives are prohibited from disseminating the information contained therein. See Policy 21 for further detail regarding Marketing Executives’ obligations with respect to such proprietary trade secret information.

The monthly commission check is available for direct deposit for those Marketing Executives who meet certain criteria established by Melaleuca from time to time which could include watching a video or completing another appropriate requirement established by Melaleuca. Melaleuca may choose in its sole discretion to send commission by check or direct deposit. A data processing fee and postage is charged to each Marketing Executive for generating, mailing and maintaining checks and Monthly Business Reports.

Commission and bonus checks which remain uncashed or unclaimed for more than 180 days will not be honored and the amount of the payment, less a processing fee of $15 and a bank cancellation/stop payment fee of $10, if applicable, will be credited to the Marketing Executive’s account, which credit may be used towards future purchases made by the Marketing Executive.

If a Marketing Executive’s account is inactive and it is necessary to notify the Marketing Executive of the credit on account, a service charge of $10 will be deducted from the account for each notice sent.

28. Purchases for Other Persons
Melaleuca’s business model operates on the principle that 100% of sales by Melaleuca are made to End Consumers who are purchasing Melaleuca products solely on the merits of the product themselves. A Marketing Executive may not order or pay for products for Customers without such Customer’s express authorization and agreement to reimburse the Marketing Executive for such product and then only subject to Melaleuca’s acceptance of such authorization and agreement in its sole discretion. Earning commissions, bonuses or any Commission Rate by directly or indirectly paying for Customers’ orders is not permitted.

29. Restrictions on International Marketing (United States and Canada)
Marketing Executives enrolled in the United States and Canada are authorized to enroll Customers and Marketing Executives in the United States and Canada. In all other countries in which Melaleuca or its affiliates are authorized to conduct business, Marketing Executives may only Enroll Customers and Marketing Executives pursuant to Melaleuca’s International Sponsorship Program. Marketing Executives and Customers may not ship or introduce Melaleuca products across any international border for the purpose of use by another person except the U.S./Canadian border provided the products are appropriately labeled for the country of their destination. Marketing Executives and Customers may not market, give, transfer, import, export or distribute Melaleuca products or sales aids in any country, other than the United States and Canada, nor provide products to any individual who the Marketing Executive or Customer knows or has reason to believe is exporting products to another country.

30. Trademark, Service Mark and Trade Name Restrictions
Customers and Marketing Executives may not use, reproduce or disseminate the Melaleuca trade name or logo or any Melaleuca trademark or service mark except in the use and dissemination of literature published and made available by Melaleuca and except on stationery and business cards produced and authorized by Melaleuca. This includes, but is not limited to, the formatives “Mela” and “Mel,” the term “Melaleuca,” the Leaf and Drop logo, and all marks or slogans designating products or services offered by Melaleuca.

31. Rules Regarding Advertising, Internet Usage and Sale of Materials
(a) Marketing Executives may not:
(i) create, publish, sell, use, display or distribute any literature, audio or video recording, telephone ad message, infomercial or other print, audio, visual, or electronic media which represents Melaleuca, its products, services,
Compensation Plan or business opportunity other than as specifically permitted pursuant to this Policy or that which is produced and provided by Melaleuca;

(ii) copy or reproduce any materials produced by Melaleuca except as specifically permitted pursuant to this policy or Melaleuca’s publication Building Your Business Online: Guidelines for Using the internet, Social Media, and Electronic Communications;

(iii) use the Melaleuca name or logo or the name or logo of any of Melaleuca’s services in any notice, display, advertisement or promotion, including, but not limited to, newspaper, magazine, radio, or television advertisements, or telephone or other directories (except a Marketing Executive may have a directory listing in the following format: “Melaleuca Independent Marketing Executive—[name of Marketing Executive]”);

(iv) display, advertise or promote Melaleuca’s products, services or business opportunity at county fairs, craft fairs, business fairs, trade shows, flea markets or any similar event, including the use of booths, without the express prior written approval of Melaleuca;

(v) charge for Melaleuca-related meetings performed or arranged by a Marketing Executive except to the extent necessary to cover the actual out-of-pocket expenses incurred. Marketing Executives must disclose their costs and revenue for any meetings upon request by Melaleuca.

(b) Marketing Executives may use websites and email messages only in accordance with Melaleuca’s publication Building Your Business Online: Guidelines for Using the internet, Social Media, and Electronic Communications, as the same are published on Melaleuca’s website, and which may be revised and modified from time to time at Melaleuca’s sole discretion. Melaleuca will take reasonable measures to publish notice of any changes to the guidelines on its website, however it is the Marketing Executives’ responsibility to review these guidelines periodically to be informed of and comply with any changes.

32. Income Claims
Marketing Executives are prohibited from making false, misleading or inaccurate claims about their or other persons’ compensation received under the Compensation Plan. If, when presenting the Melaleuca business opportunity, a Marketing Executive makes any claim regarding his/her compensation from Melaleuca, or the potential compensation payable under Melaleuca’s Compensation Plan, the Marketing Executive must also show the person(s) receiving the presentation Melaleuca’s most current published Marketing Executives Annual Income Statistics sheet.

33. Product Claims and Warranties
Marketing Executives may not make any product claims, weight loss or health benefit claims, or product warranties other than those published in Official Melaleuca Material. Marketing Executives shall not publish or distribute information relating to uses of Melaleuca products other than those which are set forth in Official Melaleuca Material. Marketing Executives may not utilize Official Melaleuca Material which is approved for use in one country to make product claims or promote Melaleuca products in another country.

34. Ethical Sales Practices
Marketing Executives shall be responsible to:

- Conduct themselves in a professional, courteous and considerate manner;
- Represent Melaleuca products in a sincere and honest manner;
- Provide service, supervision, motivation, training and assistance to Marketing Executives in their organization.

Marketing Executives shall not:

- Engage in any deceptive, unlawful, or unethical business or recruiting practices;
- Make any untrue or deceptive statement such as referring to melaleuca as multi-level marketing (“MLM”) or as a part of the MLM “industry”;
- Enroll minors or persons who are not capable of making an informed decision with respect to entering into a Customer Membership Agreement or Independent Marketing Executive Agreement;
- Order Melaleuca products for Customers other than their own household without the express permission of such persons;
- List a Marketing Executive as an Enroller or Presenter who did not participate in the contact or the presentation of a new Customer or Marketing Executive and who did not meaningfully contact the Enrollee in person, over the telephone, or via other live, face-to-face (or vocal) means of communication; or
- Seek in any way to violate or circumvent Melaleuca’s agreements or Statement of Policies.

35. Policy Disclosure Requirement
Prior to enrolling a prospective Marketing Executive, Marketing Executives shall provide to the prospective Marketing Executive a current copy of Melaleuca’s Statement of Policies.

36. Voluntary Resignation Due to Inactivity
It is the Marketing Executive’s responsibility to lead his/her Marketing Organization with the proper example in production of Product Points in his/her Personal Production Account. Without this proper example and leadership, the Marketing Executive will lose his/her right to receive commissions and bonuses from his/her Marketing Organization. Therefore, a Marketing Executive whose Personal Production Account produces less than 29 Product Points will not receive commissions. The failure of a Marketing Executive to produce at least 29 Product Points in his/her Personal Production Account for two consecutive months constitutes the Marketing Executive’s voluntary resignation. A Marketing Executive who has voluntarily resigned will lose all his/her Personal Enrollees and his/her Marketing Organization. The resignation shall become effective on the day following the last day of the second month of inactivity.

37. Reactivation and Reenrollment Requirements
(a) When a Marketing Executive who has been deemed to have voluntarily resigned due to two months of inactivity under Policy 36 becomes reactivated, he/she will reenter his/her previous Marketing Organization in the first available position below his/her original Marketing Executive.

(b) Former Marketing Executives with the Status of Product Advocate III or below and Customers may reenroll as new Customers and Marketing Executives with their original Enroller and their original Marketing Executive at any time. Marketing Executives with the status of Product Advocate III or below and Customers who have not been enrolled with Melaleuca for at least the previous six consecutive months may reenroll as new Customers and Marketing Executives with the Enroller and Marketing Executive of their choice.

(c) Former Marketing Executives with the Status of Director and above:
(i) may reenroll as a new Customer and Marketing Executive with their original Enroller and their original Marketing Executive at any time.

(ii) must be inactive for one year before they can reenroll with an Enroller of their choice.

(iii) may reenroll with an Enroller of his/her choice after 6 consecutive months of inactivity if he/she has not been a Commission Rate Director or above during the 12 months prior to the first month of inactivity.

No Leadership Points will be awarded for any presentation or enrollment of a reenrolled Customer who has been inactive for fewer than 3 years.

(d) If a former Customer or Marketing Executive desires to reenroll in a new Marketing Organization in which any Marketing Executive in the new Support Team was also in his/her previous Support Team, such former Customer or Marketing Executive may reenroll no earlier than 12 months following the date that such Support Team Marketing Executive became inactive in his/her previous Marketing Organization. Any individual involved in the violation of this policy will be subject to corrective measures pursuant to Policy 43, including fines and/or cancellation of his or her Independent Marketing Executive Agreement.

(e) Former Customers or Marketing Executives who reenroll pursuant to this Policy 37 shall be permanently disqualified to roll up.

38. Marketing Executive Commission Rate and Status

A Marketing Executive can lose his/her Commission Rate and therefore the right to receive corresponding commissions and bonuses if he/she no longer qualifies for the commissions or bonuses pertaining to such status. If a Marketing Executive at any point no longer has any Customers in his/her Marketing Organization, the Marketing Executive ceases to be a Marketing Executive, forfeits any previously earned status that may have been achieved and must then requalify to become a Marketing Executive and achieve a new status.

39. Roll Up Guidelines

Melaleuca considers roll ups to be an important aspect of operating a healthy Melaleuca business. However, receiving a roll up is not a right for a Marketing Executive under any circumstances. Melaleuca has established guidelines relating to roll ups which are available upon request. These guidelines are not a part of this Statement of Policies and may be changed by Melaleuca in its sole discretion without notice. Melaleuca in its sole discretion has the right to stop a roll up or otherwise prevent any roll up from occurring.

40. Use of the Internet Social Media for Training and Information

Marketing Executives may use the internet, including social media sites, for the purpose of providing training on business-building activities and business-related information to other Marketing Executives, and cannot be available to the general public. Marketing Executives may use websites operated in accordance with Policy 9 or private, invitation-only social media groups (including any private, invitation-only Facebook event or blog) for this purpose. The training and information provided should be conservative in content and professional, consistent with Melaleuca’s culture and mission. The following provisions are designed to provide guidance and ensure these principles are upheld. In addition to these provisions, Marketing Executives must comply with the rules set out separately in “Building Your Business Online: Guidelines for Using the internet, Social Media, and Electronic Communications.”

(a) Websites and private, invitation-only social media groups used for training and information must be 100% password protected (meaning that no portion of the content can be accessed without a password) to the extent feasible and, where not feasible, access must be otherwise restricted to invitees only.

(i) For a training and information website operated in accordance with Policy 9, password protocols may be determined between the approved provider and the website owner—including protocols governing whether there is a blanket or generic password for all invited guests, as opposed to unique, individually managed user names and passwords.

(ii) If a link to the Melaleuca Overview slides is included in the home or landing page of a training and information website, the page must have a separate user name and password, different from the password(s) for the rest of the site.

(b) Online training and information content may:

(i) contain Melaleuca trademarked words (including the name Melaleuca), phrases or product names;

(ii) contain truthful and accurate Melaleuca product and business stories from the Marketing Executive providing the content and/or from other Customers;

(iii) provide information about Melaleuca corporate or Marketing Organization meeting dates and locations;

(iv) contain business-and-product-oriented bulletin boards, as long as the content is closely monitored by the Marketing Executive providing the content to ensure that it complies with Melaleuca’s policies;

(v) provide training and information (including prerecorded training messages) about business-building strategies in a manner consistent with Melaleuca’s policies;

(vi) recognize the achievements and advancements of Marketing Executives within the organization of the Marketing Executive providing the content;

(vii) contain one or more links to an official Melaleuca website;

(viii) contain a current official version of the Melaleuca Overview slides to be used only for training purposes or for facilitating a live presentation of the Melaleuca Overview slides;

(ix) contain statements about income that comply with Policy 32; and

(x) facilitate an invitation-only event that complies with Melaleuca’s policies, as long as any password and other information necessary to participate in the event is forwarded to Melaleuca’s Policy Administration Department (via email to compliance@melaleuca.com) before the event.

(c) Online training and information content may not:

(i) be used for the purpose of soliciting new customers or Marketing Executives, except when used for a live presentation of the Melaleuca Overview slides;

(ii) contain any promises or representations about placement within a Marketing Organization, that an organization will be built for a Marketing Executive, or that this is a business in which little effort is required;

(iii) contain any enrollment or registration forms, although a link to Melaleuca’s Customer Membership Agreement and Independent Marketing Executive Agreement forms contained on an official Melaleuca website is permitted;

(iv) offer any materials or services for a fee, including but not limited to any website hosting services or other web-related services, internet usage training or services, lead-generation services, or training services or materials;

(v) offer for sale any Melaleuca logo gear;

(d) Marketing Executives may not discuss Melaleuca by name in any social
media websites that are not password protected. But Marketing Executives may talk about Melaleuca products by brand name on non-protected social media sites, but may not issue a call to action.

41. Obligations of Independent Contractors
As an independent contractor, it is a Marketing Executive’s responsibility to:
(a) Abide by any and all federal, state, provincial, county and local laws, rules and regulations applicable to operating his/her Independent Melaleuca Business;
(b) At the Marketing Executive’s own expense, make, execute or file all such reports and obtain such licenses as are required by law or public authority with respect to his/her Independent Melaleuca Business;
(c) Be solely responsible for declaration and payment of all local, state, provincial, federal and general sales taxes and fees as may accrue because of the Marketing Executive’s activities in conjunction with his/her Independent Melaleuca Business;
(d) Supply all of his/her own equipment and tools for operating his/her business, such as telephone, transportation, professional services, office equipment, and office supplies; and
(e) Provide his/her own place of business and determine his/her own work hours.

42. Forfeiture of Rights to Bonuses and Commissions
So long as a Marketing Executive is complying with all policies and terms of the Independent Marketing Executive Agreement, as amended from time to time, Melaleuca is obligated to pay commissions and bonuses to such Marketing Executive in accordance with the Compensation Plan. A Marketing Executive’s commissions and bonuses constitute the entire consideration for all of the Marketing Executive’s efforts in generating sales, and the Marketing Executive’s right to receive commissions and bonuses from Melaleuca constitutes the entire value attributable to the Marketing Executive’s Marketing Organization.

Following a Marketing Executive’s resignation, cancellation for inactivity, or voluntary or involuntary cancellation of his/her Independent Marketing Executive Agreement, such former Marketing Executive shall have no right, title, claim or interest to the Marketing Organization. The former Marketing Executive shall have no claim for compensation for the Marketing Organization or for bonuses or commissions stemming from sales generated within or by the Marketing Organization or for Car Bonus amounts held in escrow by Melaleuca. Following voluntary or involuntary cancellation of his/her Independent Marketing Executive Agreement, the former Marketing Executive shall not hold himself/herself out as a Melaleuca Marketing Executive and shall not have the right to introduce Melaleuca products or services or the Melaleuca business opportunity.

43. Corrective Measures
All of the policies in this Statement of Policies, the provisions of the Independent Marketing Executive Agreement, the Corporate Entity Application and Agreement, the Tax Exempt Entity Application and Agreement and any other agreements entered into by and between Melaleuca and Marketing Executives are material terms to the agreement between Melaleuca and Marketing Executives. A Marketing Executive’s violation of any of the terms and conditions of any of these agreements or the Statement of Policies or any illegal, fraudulent, deceptive or unethical conduct by a Marketing Executive may result, at Melaleuca’s discretion, in one or more of the following corrective measures:
(a) cancellation of his or her Independent Marketing Executive Agreement;
(b) cease to pay any further commissions or bonuses indefinitely;
(c) issuance of a written warning or admonition;
(d) imposition of a fine, which may be imposed immediately or withheld from future commissions and/or bonuses;
(e) reassignment of all or part of his/her Marketing Organization;
(f) suspension of his/her Independent Marketing Executive Agreement for one or more months; or
(g) any other measure expressly stated within any of the policies set forth in the Statement of Policies or any provision of the Independent Marketing Executive Agreement, the Corporate Entity Application and Agreement, or the Tax Exempt Entity Application and Agreement.

Melaleuca has the right to withhold from a Marketing Executive all bonuses and commissions during the period that Melaleuca is investigating the alleged violative conduct of the Marketing Executive. If a Marketing Executive’s Independent Marketing Executive Agreement is canceled due to a violation preceding the investigation, the Marketing Executive will not be entitled to any commissions or bonuses withheld by Melaleuca during the investigation period.

44. Amendments to the Compensation Plan, Statement of Policies, and/or Independent Marketing Executive Agreement
Upon 30 days’ notice to Marketing Executives, Melaleuca may, at its sole discretion, amend the Compensation Plan, Statement of Policies and/or the terms of the Independent Marketing Executive Agreement and any other agreements entered into by and between Melaleuca and the Marketing Executives. By signing the Independent Marketing Executive Agreement, Marketing Executives agree to abide by any such amendments. The continuation of an Independent Melaleuca Business or a Marketing Executive’s acceptance of commissions and/or bonuses from Melaleuca after the 30-day notification period constitutes his/her acceptance of any such amendments. After 30 days’ notice, Marketing Executives will be bound by the most current versions of the Compensation Plan, the Statement of Policies, the Independent Marketing Executive Agreement and any other agreements entered into by and between Melaleuca and the Marketing Executives. Melaleuca’s interpretation of the Compensation Plan, Statement of Policies and/or the terms of the Independent Marketing Executive Agreement and any other agreements will be final and binding.

45. Dispute Resolution and Arbitration
Melaleuca is committed to resolving all disputes and concerns in a fair, effective, and cost-efficient manner. The first step to resolving any dispute is communication between the company and the Marketing Executive. If the Marketing Executive has a dispute, the Marketing Executive’s first step should be to call Business Development. The second step would be to call the Legal Department. The third step would be to write to the Legal Department detailing the dispute. Most concerns can be resolved by following these procedures. In the event Melaleuca is unable to resolve a concern, however, Melaleuca has adopted a procedure to resolve disputes efficiently.

(a) Except as outlined in Policy 45(b) below, all claims or disputes of any nature between one or more current or former Marketing Executives and Melaleuca (or its officers, shareholders, or employees), if not resolved by mutual agreement, shall be resolved in accordance with the following binding arbitration procedures:
(i) The arbitration shall be administered by the American Arbitration Association ("AAA") and governed by the AAA Commercial Arbitration Rules and the AAA Optional Rules for Emergency Measures of Protection ("AAA Rules").
except as modified by these Policies. The arbitrator is bound by the terms of the Independent Marketing Executive Agreement, Compensation Plan and the Statement of Policies (“Melaleuca Agreements”). All issues are for the arbitrator to decide, including issues relating to the scope and enforceability of the arbitration provision. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

(ii) Regardless of the manner in which the arbitration is conducted, the arbitrator shall issue a reasoned written decision sufficient to explain the essential findings and conclusions on which the award is based.

(iii) The arbitrator may award injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that party’s individual claim. The arbitrator may not consolidate more than one person’s claims, and may not otherwise preside over any form of a representative or class proceeding. If this specific provision is found to be unenforceable, then the entirety of this arbitration provision shall be null and void.

(iv) All issues are for the arbitrator to decide consistent with the Melaleuca Agreements, including issues relating to the scope and enforceability of the arbitration provision, and the arbitrator shall have the power to award damages and injunctive relief. If the Marketing Executive is able to demonstrate that the costs of arbitration will be prohibitive as compared to the costs of litigation, Melaleuca will be allowed to pay as much of the filing and hearing fees in connection with the arbitration as the arbitrator deems necessary to prevent the arbitration from being cost-prohibitive.

(v) In reaching its decision, the arbitrator (a) shall not interpret the meaning of the Melaleuca Agreements or intent of the parties with respect thereto by reference to any written or oral communications, course of dealing, or extraneous documents or information other than the express terms of the Melaleuca Agreements, as expressly and specifically amended or waived by Melaleuca in accordance with the Agreements; (b) shall consider Melaleuca’s interpretations of the Melaleuca Agreements (including interpretations of any ambiguous provisions) as final and binding unless such interpretation is shown to be unreasonable by clear and convincing evidence; and (c) shall not apply any rule of contract interpretation to construe any provision against the drafter.

(vi) Each party waives the right to trial by jury for all claims subject to binding arbitration.

(b) All claims or disputes regarding any of the following matters shall not be submitted to binding arbitration: (1) alleged violations of Policies 12, 20, 21 and 31 in the Statement of Policies, and (2) the enforcement of corrective measures outlined in Policy 43 of the Statement of Policies.

(c) For any and all disputes, whether in arbitration or a judicial forum, each party may bring claims against the other only in an individual capacity and not as a class member in any purported class or representative proceeding.
Definition of Terms

The following terms will have the meanings set forth herein when used in Melaleuca’s Statement of Policies, Compensation Plan and/or Independent Marketing Executive Agreement and other official Melaleuca material. This Definition of Terms is included in and forms a part of the Statement of Policies.

Active Customer: A Customer who has completed and returned a Customer Membership Agreement and purchases at least 29 Product Points during the calendar month.

Active Marketing Executive: A Marketing Executive whose Personal Production Account has one or more Customers who together purchased a total of at least 29 Product Points that month.

Annual Income Statistics: A summary of income statistics published by Melaleuca setting forth information regarding average, high and low income received by various statuses of Marketing Executives on an annual basis.

Commission Rate: The status at which a Marketing Executive is paid in any month because the Marketing Executive has met all the qualifications to be paid at that status.

Compensation Plan: The plan as offered, as amended, and interpreted by Melaleuca that compensates Marketing Executives for the continued building, promoting, training, motivation, servicing and development of their Independent Melaleuca Businesses.

Competing Business Venture: Any business or business opportunity involving the sale, marketing or referral of products or services through direct selling (as defined by the Direct Selling Association), network marketing or other similar business opportunity.

Corporate Entity Application and Agreement: The agreement that must be completed by corporate entities that are applying to become Marketing Executives.

Customer: Any person or organization that purchases product or services from Melaleuca for personal use including any Regular Customer or Preferred Member.

End Consumer: A person who purchases Melaleuca products solely for the purpose of consuming them and not for resale to someone else or as an attempt to earn any compensation.

Enrollee: A Customer or Marketing Executive who has signed an Independent Marketing Executive Agreement or a Customer Membership Agreement on file.

Enroller: The Marketing Executive who is listed on the Customer Membership Agreement as the Enroller. The Enroller must be the person who introduced the new Customer to Melaleuca and helped him/her become a Customer or who played an active role in the presentation of Melaleuca products or business opportunity to the new Customer. Before being listed as the Enroller, a Marketing Executive must have meaningful contact with the Enrollee in person, over the telephone, or via other live, face-to-face (or vocal) means of communication.

Immediate Household: Married couples and persons residing in the same home, and with respect to Marketing Executives and Customers which are entities (e.g., corporations, tax exempt entities, trusts, etc.) rather than individuals. Immediate Household means the shareholders, owners, directors, officers, trustees, responsible parties, etc. of such entities and persons married to or residing in the same home with the persons who are the shareholders, owners, directors, officers, trustees, responsible parties, etc. of such entities.

Independent Melaleuca Business: The Marketing Organization consisting of those Customers and entities that purchase Melaleuca products for which the Marketing Executive is entitled to receive commissions.

Marketing Executive: A person or entity that has completed, executed, and delivered to Melaleuca an Independent Marketing Executive Agreement; has at least one Personal Enrollee who is an Active Customer in his/her Marketing Organization; and has received his/her first commission check. If a Marketing Executive at any point no longer has any Personal Enrollee who is an Active Customer in his/her Marketing Organization, the Marketing Executive ceases to be a Marketing Executive and must requalify to become a Marketing Executive.

Marketing Organization: The Customers and Marketing Executives who comprise the group of individuals or entities from which the Marketing Executive is entitled to receive commissions based upon the collective sales volume of the group and the status of certain Marketing Executives within the group pursuant to the Compensation Plan.

Melaleuca: Melaleuca, Inc. and Melaleuca of Canada, Inc.

Monthly Business Reports: Reports produced by Melaleuca on a monthly basis and provided to Marketing Executives that contain information relating to the activity of the Marketing Executive’s Marketing Organization. The Monthly Business Reports contain trade secret information that is proprietary to Melaleuca.

Official Melaleuca Material: Material in any form that is authorized, published, and disseminated by Melaleuca. This includes, but is not limited to, printed material, audio and visual materials, satellite broadcasts, fax and electronic communications and internet communications.

Organization Volume: The total Product Points from products purchased in a Marketing Executive’s Marketing Organization in a calendar month.

PEG Volume (Personal Enrollee Group Volume): The total Organization Volume of a Marketing Executive’s Personal Enrollees in any given month.
Personal Director: A Personal Enrollee with the Commission Rate of Director or above.

Personal Enrollee: An Enrollee’s Enrollee to whom the Enroller has personally introduced Melaleuca and/or has played an active role in the presentation of Melaleuca products or business opportunity.

Personal Production Account: To qualify for commissions, a Marketing Executive is required to “personally produce” revenue of at least 29 Product Points per month. That simply means you must designate various households who will be designated to purchase on your Personal Production Account. You can allow anyone to use this account to purchase their Melaleuca products. Many Marketing Executives use this account to purchase products for their own household. For you to qualify for commissions during any given month, the Customers using your Personal Production Account must purchase a total of at least 29 Product Points during that month. A Customer assigned to your Personal Production Account can be a Preferred Member, so that he/she may purchase products at Preferred Member prices. Once a Marketing Executive advances to the Status of Senior Director or above, the personal production requirement increases to 70 Product Points. Households purchasing products on your Personal Production Account must be purchasing products for their own personal consumption. In other words, they cannot be purchasing product simply to help you receive a commission.

Preferred Member: A Customer who has entered into a Customer Membership Agreement, placed an order for at least 35 Product Points, and paid an annual membership fee. In addition to many other benefits, Preferred Members receive a 30% to 50% discount on Melaleuca products. The terms “Preferred Customer” and “Preferred Member” have the same meaning as set forth in this definition.

Preferred Customer: A Customer who has entered into a Customer Membership Agreement as the Presenter. The Presenter must be a person who played a significant role in the presentation of Melaleuca products or business opportunity to the new Customer. The presentation needs to be in person, over the telephone, or via other live, face-to-face (or vocal) means of communication.

Product Point: A value assigned to each Melaleuca product upon which commissions and bonuses are calculated.

Product Point Production: To produce Product Points, a Marketing Executive must create sales to End Consumers other than customers in the Marketing Executive’s Marketing Organization. These sales must be products the consumer actually desires or needs as opposed to enticing consumers to purchase products in order for the Marketing Executive to qualify for a commission.

Quality Customer: A Customer who enrolled and placed an order for at least 35 Product Points in the Customer’s first month of enrollment.

Quality Enroll: To enroll a Quality Customer.

Recruit or Recruiting: 1) To attempt to enroll, enlist, or solicit an individual or entity to join a Competing Business Venture; or 2) to attempt to promote, influence or encourage an individual or entity to join a Competing Business Venture; or 3) to present, participate in or assist in the presentation of a Competing Business Venture or its products. To constitute recruiting, such efforts or attempts may be performed either directly through personal contact or indirectly through a third party.

Regular Customer: A Customer who is authorized to purchase products from Melaleuca at Melaleuca’s regular price pursuant to a Customer Membership Agreement.

Presentation: The marketing Executive who is listed on the Customer Membership Agreement as the Presenter. The Presenter must be a person who played a significant role in the presentation of Melaleuca products or business opportunity to the new Customer. The presentation needs to be in person, over the telephone, or via other live, face-to-face (or vocal) means of communication.

Presentation Needs: The seven Marketing Executives above an individual in a Marketing Organization who have the potential to receive commissions based upon the purchases of that Customer.

Product: A value assigned to each Melaleuca product upon which commissions and bonuses are calculated.

Product Point: A value assigned to each Melaleuca product upon which commissions and bonuses are calculated.

Product Point Production: To produce Product Points, a Marketing Executive must create sales to End Consumers other than customers in the Marketing Executive’s Marketing Organization. These sales must be products the consumer actually desires or needs as opposed to enticing consumers to purchase products in order for the Marketing Executive to qualify for a commission.

Quality Customer: A Customer who enrolled and placed an order for at least 35 Product Points in the Customer’s first month of enrollment.

Quality Enroll: To enroll a Quality Customer.

Recruit or Recruiting: 1) To attempt to enroll, enlist, or solicit an individual or entity to join a Competing Business Venture; or 2) to attempt to promote, influence or encourage an individual or entity to join a Competing Business Venture; or 3) to present, participate in or assist in the presentation of a Competing Business Venture or its products. To constitute recruiting, such efforts or attempts may be performed either directly through personal contact or indirectly through a third party.

Regular Customer: A Customer who is authorized to purchase products from Melaleuca at Melaleuca’s regular price pursuant to a Customer Membership Agreement.

Statement of Policies: The policies published by Melaleuca, as amended from time to time, which set forth, among other things, the requirements for operating an Independent Melaleuca Business.

Status: The highest Commission Rate a Marketing Executive has ever achieved. If a Marketing Executive at any point no longer has any Customers in his/her Marketing Organization, the Marketing Executive becomes a Customer and loses any highest Commission Rate or Status previously achieved until further statuses are achieved. This does not reset advancement bonuses under the Compensation Plan.

Support Team: The seven Marketing Executives above an individual in a Marketing Organization who have the potential to receive commissions based upon the purchases of that Customer.

Tax Exempt Entity Application and Agreement: The addendum to the Independent Marketing Executive Agreement which must be completed by tax exempt entities that are applying to become Marketing Executives.

True PEG (Personal Enrollee Group Volume): The total Organization Volume of a Marketing Executive’s Personal Enrollees in any given month. (Contrary to how PEG Volume is calculated, True PEG counts each Customer’s monthly purchase volume only once, even though that Customer might be under several Personal Enrollees in the Marketing Organization).

Volume Status: All advancements in status of Director II or above require a minimum Organization Volume. The status corresponding to each required volume in the Compensation Plan is the Volume Status.