

The Melaleuca Compensation Plan



Melaleuca's Consumer Direct MarketingSM program provides the opportunity for people to succeed through their own efforts. Tens of thousands of families are now competing directly with major manufacturers of nutrition, pharmaceutical, bath & body, and home care products—and winning! When customers purchase Melaleuca products each month, profits from those sales go directly to families across North America rather than to large corporations.

Frank L. VanderSloot, Melaleuca CEO

Melaleuca's Compensation Plan is designed to reward Independent Marketing Executives who refer customers to Melaleuca products. The income you earn from your Melaleuca business is determined by three factors: the number of customers you have, the amount each customer purchases each month, and your effectiveness in building a marketing organization that includes other Marketing Executives who help you expand your customer base as they build their own marketing organizations.

The key to understanding the Melaleuca Compensation Plan is to remember that all commissions and bonuses earned are based on the sale of products to end consumers. "End consumers" are customers who purchase products to use in their homes. You do not earn commissions and bonuses for recruiting or signing up customers—but you will be paid commissions whenever those customers buy products. And that can mean monthly residual income for years to come.

The information on the next few pages explains the Compensation Plan, and is not representative of what any Marketing Executive will earn. Any representation or guarantee of specific earnings would be misleading. Success with any business takes hard work, diligence, perseverance, and leadership. Success with Melaleuca will depend on how effectively a Marketing Executive exercises those qualities.

What Are the Ways to Earn Compensation with Melaleuca?

Following are several ways in which you can earn monthly commissions and bonuses as a Melaleuca Marketing Executive.

Product Introduction Commission: When you qualify enroll a Preferred Customer in a month, you can earn a Product Introduction Commission of \$25. If the customer purchases an Essentials or Value Pack, that bonus will increase to \$50 or \$100.

Customers may purchase up to two Essentials or Value Packs in the first two months following the month of enrollment. The commission is only paid on the first pack purchased.

Personally Enrolled Customer

Commission: Beginning with your personal customers' second month purchases, you can earn 7%, 14%, or 20% of the Product Points they purchase monthly.

Organization Commission: You earn 7% commission on the Product Points purchased each month by customers enrolled by others in your organization.

One-Time Advancement Bonus/Pacesetter Bonus: As you advance your business to a new status, you qualify to earn one-time advancement bonuses for each new status you achieve. If you rapidly advance through the Director ranks, you can qualify to double each of these advancement bonuses and can earn more than \$13,200 from the One-Time and Pacesetter Bonuses.

Leadership Development Bonus: Each time one of your personal Marketing Executives advances to Director and above you earn an amount equal to 50% of the One-Time Advancement (or Pacesetter) Bonus paid to your advancing personal each time they advance in status. To qualify for the Leadership Development Bonus your Commission Rate must be equal to or higher than that of your advancing personal each time they advance in status.

Leadership Pools: As your business grows, you can participate in a monthly leadership pool based on the increase of new customers in your organization.

Leadership Growth Bonus: Commission Rate Senior Directors and above may earn a Leadership Growth bonus paid from the Leadership Pools when they have net growth in their organization during the month (over a rolling three-month average). The bonus is \$500 for Senior Directors and \$1,000 to \$2,000 for Executives and Corporate Directors depending on their status.

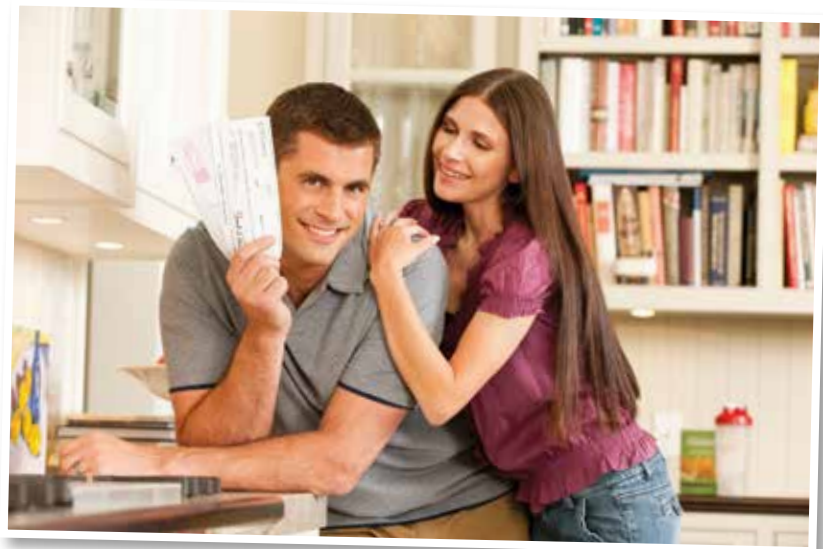
Preferred Customer Services Commission:

You can receive commissions on everyday services you and the customers in your organization use, like identity theft protection, wireless phone service and credit card purchases.

Car Bonus: Senior Directors receive \$400 monthly and Executive Directors receive \$1,000 monthly for a qualifying car of choice.

"Anyone can build this business to any height they desire. I know many Marketing Executives in my organization who are making \$500 to \$1,000 every month. And that is residual! What a marvelous feeling to help someone else change their life and financial situation."

Deborah McKechnie
Executive Director III,
North Carolina



How Much Can You Earn as You Get Started?

Once you've enrolled, determined your participation category, and reviewed your beginning checklist, you may wonder: What can I earn as I get started?

Earnings in One Year

Marketing Executives in 2012 who achieved the status of Senior Director and above on the Pacesetter schedule earned significant income from their Melaleuca businesses (in U.S. dollars).

Low \$24,434

High \$327,521

Average \$62,326

There is no limit to how much you can earn in your Melaleuca business. It's all up to you—your efforts, your time commitment, your ability to learn and duplicate proven methods, and your dedication to success.

The faster you build your business and the more customers who join your organization, the more success you will enjoy. Melaleuca offers a unique bonus to those who move quickly soon after they enroll.

The Pacesetter Bonus allows advancing Directors the opportunity to double their one-time advancement bonuses through the Director levels, including advancement to Senior Director. The table on the next page shows an example of the potential income available when you follow the Pacesetter Program.

POTENTIAL EARNINGS IN THE FIRST TWO MONTHS (for Categories 2 and 3)

Following is a realistic example of how much you can earn in your first two months with Melaleuca if you achieve the status of Director and Director II.

Earn \$500+ Your First Month—Achieve Director

Product Introduction Commission	\$200
Pacesetter Director Bonus	\$200
Essentials Pack Commissions (\$100 each)	\$400
Total	\$800

The average earnings of those who reach Director in their first month is \$614

Earn \$800+ Your Second Month—Achieve Director II

Product Introduction Commission	\$100
Pacesetter Director II Bonus	\$400
Essentials Pack Commissions (\$100 each)	\$400
Organization Commission (from 1st month enrollees)	\$100
Total	\$1000

For a complete representation of what Marketing Executives earn with their Melaleuca business, see the Compensation Plan or the Income Statistics in this booklet. All figures in U.S. dollars.

“Whatever your goal, it’s here for you if you’re willing to put forth the effort. You can reach your goals. We know—we did it.”

Bruce and Kirstin Newby
Corporate Directors, Texas

The Pacesetter Program

PACESETTER BONUS

The Pacesetter Program is part of Melaleuca's Compensation Plan. New enrollees can earn up to \$200 when they buy an Essentials Pack or Value Pack and become a Director. This bonus rewards new enrollees for moving rapidly to Director level.

To Qualify for the \$200 Pacesetter Director Bonus:

1. Become a Preferred Customer,
2. Buy an Essentials or Value Pack, and
3. Become a Director within the first two calendar months following your month of enrollment.

Example

If you enroll on August 15, August would be your month of enrollment. You have two calendar months—September and October, in this case—to achieve Director status. You would then need to advance one Director status each month to continue on Pacesetter time frame.

PACESETTER BONUS FOR DIRECTORS & SENIOR DIRECTORS

Advancing Directors through Senior Director, and Advancing Senior Directors II through Senior Directors IX, can double their One-Time Advancement Bonuses each time they advance, depending on whether they meet the Pacesetter timeline.

New Pacesetter Director						
Status	One-Time Advancement Bonus	Pacesetter Bonus	Minimum # of Personally Enrolled Customers	Average Leadership Points Required	Personal Directors Required	Months to Qualify from Time of Enrollment
Director	\$100	\$200	8	1*	0	2 Months
Director II	\$200	\$400	10	2	0	3 Months
Director III	\$300	\$600	11	3	1	4 Months
Director IV	\$400	\$800	12	4	2	5 Months
Director V	\$500	\$1,000	13	5	2	6 Months
Director VI	\$600	\$1,200	14	6	3	7 Months
Director VII	\$700	\$1,400	15	7	3	8 Months
Director VIII	\$800	\$1,600	16	8	4	9 Months
Director IX	\$1,000	\$2,000	18	9	4	10 Months
Senior Director	\$2,000	\$4,000	20	10	5	12 Months

Status	One-Time Advancement Bonus	Pacesetter Bonus	Minimum # of Personally Enrolled Customers	Average Leadership Points Required	Personal Directors Required	Months Since Achieving Sr. Dir.
Senior Director II	5% of PEG	10% of PEG	20	10	5	1 Month
Senior Director III	5% of PEG	10% of PEG	20	11	6	2 Months
Senior Director IV	5% of PEG	10% of PEG	20	11	6	3 Months
Senior Director V	5% of PEG	10% of PEG	20	12	7	4 Months
Senior Director VI	5% of PEG	10% of PEG	20	12	7	5 Months
Senior Director VII	5% of PEG	10% of PEG	20	13	8	6 Months
Senior Director VIII	5% of PEG	10% of PEG	20	13	8	8 Months
Senior Director IX	5% of PEG	10% of PEG	20	14	9	10 Months
Executive Director	10% of PEG		20	15	10	12 Months

Note: PEG (Personal Enrollee Group) volume is the total organizational Product Point volume of a Marketing Executive's Personal Enrollees in any given month.

*Must earn at least one Leadership Point in any 3 month period to qualify.

Comprehensive Compensation and Performance Metrics																					
Director Level	Performance Indicators				Compensation Structure				Benefits & Incentives												
	YTD Score	Target Score	Weighted Avg	Quality Index	Base Salary	Variable Pay	Equity	Benefits %	Health Plan	Retirement	Life Insurance	Other									
Senior Director																					
Senior Director V	7	70	20	12	30,000	27,500	7	-	4	8-10	20%	✔	7%	Unlimited	5% of PEG or 10% of PEG	\$400	-	\$500/ \$1,000	✔	✔	
Senior Director VI	7	70	20	12	32,500	30,000	7	-	5	8-10	20%	✔	7%	Unlimited	5% of PEG or 10% of PEG	\$400	-	\$500/ \$1,000	✔	✔	
Senior Director VII	7	70	20	13	35,000	32,500	8	-	6	9-10	20%	✔	7%	Unlimited	5% of PEG or 10% of PEG	\$400	-	\$500/ \$1,000	✔	✔	
Senior Director VIII	7	70	20	13	40,000	35,000	8	-	8	9-10	20%	✔	7%	Unlimited	5% of PEG or 10% of PEG	\$400	-	\$500/ \$1,000	✔	✔	
Senior Director IX	7	70	20	14	45,000	40,000	9	-	10	10	20%	✔	7%	Unlimited	5% of PEG or 10% of PEG	\$400	-	\$500/ \$1,000	✔	✔	
Executive Director Leadership																					
Executive Director	7	70	20	15	50,000	50,000	10	-	12	11+	20%	✔	7%	Unlimited	10% of PEG	-	\$1,000	-	\$500/ \$1,000	✔	✔
Executive Director II	7	70	20	15	70,000	70,000	10	1	-	11+	20%	✔	7%	Unlimited	10% of PEG	-	\$1,000	-	-	✔	✔
Executive Director III	7	70	20	15	90,000	90,000	10	2	-	11+	20%	✔	7%	Unlimited	10% of PEG	-	\$1,000	-	-	✔	✔
Executive Director IV	7	70	20	15	110,000	110,000	10	3	-	11+	20%	✔	7%	Unlimited	10% of PEG	-	\$1,000	-	-	✔	✔
Executive Director V	7	70	20	15	130,000	130,000	10	4	-	11+	20%	✔	7%	Unlimited	10% of PEG	-	\$1,000	-	-	✔	✔
Executive Director VI	7	70	20	15	150,000	150,000	10	4	1	11+	20%	✔	7%	Unlimited	10% of PEG	-	\$1,000	-	-	✔	✔
Executive Director VII	7	70	20	15	175,000	175,000	10	3	2	11+	20%	✔	7%	Unlimited	10% of PEG	-	\$1,000	-	-	✔	✔
Executive Director VIII	7	70	20	15	200,000	200,000	10	2	3	11+	20%	✔	7%	Unlimited	10% of PEG	-	\$1,000	-	-	✔	✔
Executive Director IX	7	70	20	15	225,000	225,000	10	1	4	11+	20%	✔	7%	Unlimited	10% of PEG	-	\$1,000	-	-	✔	✔
Corporate Director Leadership																					
Corporate Director	7	70	20	-	250,000	250,000	10	-	5	11+	20%	✔	7%	Unlimited	\$100,000 + 10% of PEG	-	\$1,000	-	-	✔	✔
Corporate Director II	7	70	20	-	300,000	300,000	10	-	7.5 credits	11+	20%	✔	7%	Unlimited	10% of PEG	-	\$1,000	-	-	✔	✔
Corporate Director III	7	70	20	-	350,000	350,000	10	-	9.5 credits	11+	20%	✔	7%	Unlimited	10% of PEG	-	\$1,000	-	-	✔	✔
Corporate Director IV	7	70	20	-	400,000	400,000	10	-	11.5 credits	11+	20%	✔	7%	Unlimited	10% of PEG	-	\$1,000	-	-	✔	✔
Corporate Director V	7	70	20	-	450,000	450,000	10	-	13.5 credits	11+	20%	✔	7%	Unlimited	10% of PEG	-	\$1,000	-	-	✔	✔
Corporate Director VI	7	70	20	-	525,000	525,000	10	-	15.5 credits	11+	20%	✔	7%	Unlimited	10% of PEG	-	\$1,000	-	-	✔	✔
Corporate Director VII	7	70	20	-	600,000	600,000	10	-	17.5 credits	11+	20%	✔	7%	Unlimited	10% of PEG	-	\$1,000	-	-	✔	✔
Corporate Director VIII	7	70	20	-	700,000	700,000	10	-	20.5 credits	11+	20%	✔	7%	Unlimited	10% of PEG	-	\$1,000	-	-	✔	✔
Corporate Director IX	7	70	20	-	800,000	800,000	10	-	22.5 credits	11+	20%	✔	7%	Unlimited	10% of PEG	-	\$1,000	-	-	✔	✔
Presidential Director	7	70	20	-	1,000,000	1,000,000	10	-	25 credits	11+	20%	✔	7%	Unlimited	\$1,000,000	-	\$1,000	-	-	✔	✔
* Directors and above are guaranteed to earn the Personally Introduced and Enrolled in Melaleuca even if the Director produces no Leadership Points in any given month. In any three month period, if a Director does not earn at least one (1) Leadership Point, he/she will only be eligible to earn Organization Commissions on product points produced by customers in their organization up to a combined maximum of \$100.																					
† Senior Directors and above who have developed a new Personal Director in the last three months or two Personal Directors in the last six months and whose status is equal to or greater than an advancing Personal Enrollee, can qualify for this bonus.																					

The Melaleuca Compensation Plan

Additional requirements may apply. Interpretation of the Compensation Plan is solely at the discretion of Melaleuca. See Statement of Policies #44.

Qualifications

Personal Commissions

Leadership Bonuses

Status	Qualifications			Personal Commissions		Leadership Bonuses							
	Number of Generations on Which Organization Commission Is Paid			Residual Income for work you've done	Organization Commission Residual Income paid on work done by others in your organization	Advancing and Helping Others to Advance					Leadership Pools Bonuses paid when you grow your organization		
	Minimum Monthly Product Point Production Required for this Status					Bonuses paid when you advance from one status to the next or help others to advance to the next status							
	Minimum Number of Active Personal Customers Required for this Status			Product Introduction and Essentials / Value Pack Commission	One-Time Advancement Bonus	or		Pacestter Bonus	Monthly Car Bonus	Leadership Development Bonus	Leadership Development Bonus for Qualifying Seniors and Above [†]		
	Average Monthly Leadership Point Production Required for this Status (3-Month Average)					Leadership Growth Bonus							
	Monthly Organization Product Points Required			Maximum Organization Commission Available	or		Monthly Car Bonus	Leadership Development Bonus	Leadership Development Bonus for Qualifying Seniors and Above [†]	Leadership Growth Bonus	Leadership Pools		
	Monthly Personal Enrollee Group Volume Required				or							Leadership Development Bonus	Leadership Development Bonus for Qualifying Seniors and Above [†]
	Commission Rate Personally Enrolled Directors			or		Leadership Development Bonus	Leadership Development Bonus for Qualifying Seniors and Above [†]	Leadership Growth Bonus	Leadership Pools				
	Commission Rate Personally Enrolled Senior Directors			or						Leadership Development Bonus	Leadership Development Bonus for Qualifying Seniors and Above [†]	Leadership Growth Bonus	Leadership Pools
	Commission Rate Personally Enrolled Executive Directors			or		Leadership Development Bonus	Leadership Development Bonus for Qualifying Seniors and Above [†]	Leadership Growth Bonus	Leadership Pools				
Months Since Enrollment		Pacesetter Schedule	or		Leadership Development Bonus					Leadership Development Bonus for Qualifying Seniors and Above [†]	Leadership Growth Bonus	Leadership Pools	
Since Achieving Senior Director			or			Leadership Development Bonus	Leadership Development Bonus for Qualifying Seniors and Above [†]	Leadership Growth Bonus	Leadership Pools				
First Generation Positions Available			or		Leadership Development Bonus					Leadership Development Bonus for Qualifying Seniors and Above [†]	Leadership Growth Bonus	Leadership Pools	
Personal Customer Commission			or			Leadership Development Bonus	Leadership Development Bonus for Qualifying Seniors and Above [†]	Leadership Growth Bonus	Leadership Pools				
Marketing Executive	2	29	-	-	7%					\$25	-	-	-
Marketing Exec. II	3	29	2	-	7%	\$50	-	-	-	-	-	-	
Marketing Exec. III	4	29	4	-	7%	\$75	-	-	-	-	-	-	
Director	7	29	8	1*	14%/20%	\$500	\$100	or	\$200	-	50%	100%	-
Director II	7	29	10	2	14%/20%	\$750	\$200	or	\$400	-	50%	100%	-
Director III	7	29	11	3	14%/20%	\$1,000	\$300	or	\$600	-	50%	100%	-
Director IV	7	29	12	4	14%/20%	\$1,500	\$400	or	\$800	-	50%	100%	-
Director V	7	29	13	5	14%/20%	\$2,000	\$500	or	\$1,000	-	50%	100%	-
Director VI	7	29	14	6	14%/20%	\$2,500	\$600	or	\$1,200	-	50%	100%	-
Director VII	7	29	15	7	14%/20%	\$3,000	\$700	or	\$1,400	-	50%	100%	-
Director VIII	7	29	16	8	14%/20%	\$3,500	\$800	or	\$1,600	-	50%	100%	-
Director IX	7	29	18	9	14%/20%	\$4,000	\$1,000	or	\$2,000	-	50%	100%	-
Senior Director	7	70	20	10	20%	Unlimited	\$2,000	or	\$4,000	\$400	50%	100%	✓
Senior Director II	7	70	20	10	20%	Unlimited	5% of PEG	or	10% of PEG	\$400	-	\$500/\$1,000	✓
Senior Director III	7	70	20	11	20%	Unlimited	5% of PEG	or	10% of PEG	\$400	-	\$500/\$1,000	✓
Senior Director IV	7	70	20	11	20%	Unlimited	5% of PEG	or	10% of PEG	\$400	-	\$500/\$1,000	✓

Leadership													
Senior Director	7	70	20	10	20,000	17,500	5	-	-	12	6-10	20%	✓
Senior Director II	7	70	20	10	22,500	20,000	5	-	-	1	6-10	20%	✓
Senior Director III	7	70	20	11	25,000	22,500	6	-	-	2	7-10	20%	✓
Senior Director IV	7	70	20	11	27,500	25,000	6	-	-	3	7-10	20%	✓

Compensation Summary

Product Introduction Commission. When you quality enroll a Preferred Customer in a month, you can earn a Product Introduction Commission of \$25. If the customer purchases a Value or Essentials Pack, that bonus will increase to \$50 or \$100.

Customers may purchase up to two Essentials or Value Packs in the first two months following the month of enrollment. The commission is only paid on the first pack purchased.

A quality enrolled Preferred Customer must, in their month of enrollment, have a Membership Kit on file. In that month, all necessary paperwork must be received by Melaleuca, and the customer will need to have fulfilled their monthly Product Point commitment by placing an order. (Receiving a Backup Order or Select Pack will not qualify them as quality enrolled Preferred Customers.)

Here's How the Essentials/Value Pack Bonus Compares:

New Customer Purchases		You Now Earn
35+ Product Points		\$25
A Value Pack	add \$25 for a total of	\$50
An Essentials Pack	add \$75 for a total of	\$100

Definitions you need to know:

“Quality Customer Enrollment” A quality-enrolled customer will have a Membership Kit on file. All necessary paperwork must be received by Melaleuca, and they will have fulfilled their monthly Product Point commitment by placing an order in their first month. (Receiving a Backup Order or Select Pack will not qualify them as a quality customer.)

Personally Enrolled Customer Commission. As an Active Director, the commission paid on your personal customers' Product Point purchases increases to 14% (with 8 to 19 personal customers). When your active personally enrolled customers increase to 20, you earn 20% on all Product Points, up to 150, generated by each of those customers each month.

20/20 Bonus. Directors who develop 20 personally enrolled Preferred Customers in their first five calendar months (month of enrollment plus four additional months) will earn a one-time bonus of \$500.

One-Time Advancement Bonuses. When you advance to Director and each Director status through Director IX for the first time, you earn a one-time advancement bonus beginning with \$100 at Director and increasing by \$100 for each status to \$1,000 at Director IX. When you advance to Senior Director for the first time you receive a one-time advancement bonus of \$2,000. However, when you advance in Pacesetter time frame, your advancement bonus is doubled at each qualifying status. When you advance for the first time to Senior Director II through Senior Director IX, you receive a full 5% of your Personal Enrollee Group volume as a one-time bonus, or if you advance in Pacesetter time frame your advancement bonus is doubled to a full 10% of your Personal Enrollee Group volume! When you advance to Executive Director through Corporate Director IX you receive 10% of your Personal Enrollee Group volume as a one-time bonus.

Advancement Bonus Payouts. Marketing Executives are paid a one-time Advancement Bonus or Pacesetter Bonus in the month they advance to Director for the first time.

1. As Marketing Executives advance from Director to Director II and beyond, they are paid an Advancement Bonus for each new high status they achieve. Marketing Executives advancing to Director II thru Director VI for the first time will receive their Advancement Bonus or Pacesetter Bonus in the month of advancement.
2. Beginning with advancements to Director VII and above, Marketing Executives who have an Organization Retention rate of 90% or higher will receive one third of the Advancement Bonus or Pacesetter Bonus in the month of advancement, one-third the second month and one third in the third month (assuming they maintain that status for consecutive months). All other Marketing Executives must maintain their new status for three (3) consecutive months to receive the One-Time Advancement Bonus or Pacesetter Bonus.

The Organization Retention Rate is calculated by taking the total number of cancellations in the current month divided by the total number of Preferred Customers in the organization at the end of the previous month and subtracting that from 100%. For example, if you had 100 Preferred Customers at the end of last month and a total of 5 cancellations in the current month, your Organization Retention Rate is 95% $(100 - (5/100)) = 95\%$.

Marketing Executives who have an Organization Retention Rate less than 90% will be paid the Advancement Bonus after they have held that status for 3 consecutive months. If, however, the Marketing Executive increases their Organization Retention Rate to 90% or above during any of the 3 qualifying months, they will be paid 1/3 of the Advancement Bonus as part of that month's commission check.

When a Marketing Executive qualifies for an Advancement Bonus and has a qualifying Organization Retention Rate of 90% or higher, 1/3 of the Advancement Bonus will be paid out with that month's commission check. If the Marketing Executive does not maintain that status the next month, the unpaid portion of that advancement bonus will be deferred until they reach that status again.

The Leadership Development Bonus

How you earn this bonus: Help your personally enrolled Marketing Executive advance to Director and above. To qualify, your Commission Rate must be equal to, or higher than, that of your advancing personally enrolled Marketing Executive.

What you earn: You will earn an amount equal to 50% of the one-time Advancement (or Pacesetter) Bonus paid to your advancing personal each time they advance in status.

When this bonus is paid: You are paid in any month in which your personally enrolled Marketing Executive is paid an Advancement or Pacesetter bonus. You are paid on every advancement!

To earn the Leadership Development Bonus, your advancing personal needs to advance in the same month they achieve the organization volume required for the status or do so within the two months following the month they first achieved the required organization volume. In other words, your personal needs to have the required number of personal Directors during the first month he or she reaches the organization volume of the new status (there will be a three-month “grace” period for this requirement, i.e. two additional months to develop the required number of Directors).

If Senior, Executive, and Corporate Directors have developed at least one new Director in the previous three months (or two new Directors in the previous six months) who maintain their status, they will earn 100% of the one-time Advancement (or Pacesetter) Bonus paid to their advancing personal enrollees that month. They'll receive this bonus each time their personal enrollee advances in status on each advancement up to Senior Director!

Senior, Executive, and Corporate Directors will earn **\$500** each time their personal advances to a status of Senior Director II through Executive Director. Or if a Senior, Executive, or Corporate Director has developed at least one new Director in the prior three months (or two new Directors in the previous six months), they will be paid **\$1,000** each time their personal advances to a status of Senior Director II through Executive Director.

Director Development Incentive. In any month in which a Director or above develops a new personal Director, the Leadership Point requirements for status will be waived for that month and the following two months as long as the personal Director remains at Commission Rate. Directors II and above will earn 10 or 15 Leadership Points for developing a new Director.



Monthly Car Bonus. Advance your business to Senior Director, then select your new car or truck and let Melaleuca start paying for it! Commission Rate Senior Directors receive \$400 a month towards a vehicle valued in excess of \$15,000. Commission Rate Executive and Corporate Directors receive \$1,000 a month towards a vehicle valued in excess of \$30,000. Your Melaleuca vehicle must be new or nearly new (less than 36 months old).

Leadership Pools

Commission Rate Directors III and above can participate in a monthly Leadership Pool. Directors III through IX, Senior Directors, and Executive/Corporate Directors share in the pools according to the Pool Formula. The Pool Formula is: (Retention Factor x Average Net Preferred Customer Growth x Status Factor) + Average Leadership Points.

Leadership Points: Leadership Points measure the level of support a Marketing Executive provides to his or her organization. Melaleuca’s Compensation Plan requires each Director II and above to regularly produce Leadership Points. Up to six Leadership Points are available for enrolling a new Preferred Customer. These six Leadership Points are distributed as follows:

Enroller	3 Leadership Points	Earned by the enroller who is the Marketing Executive who provided the name of the new Preferred Customer.
Presenter	2 Leadership Points	Earned by the Marketing Executive who gave the majority of the presentation that resulted in the enrollment of the Preferred Customer.
Essentials/ Value Pack	1 Leadership Point	Awarded to the presenter if the new Preferred Customer purchases an Essentials or Value Pack during the month of enrollment or the month following the month of enrollment.

ADDITIONAL INCENTIVES

- **20/20 Club** Marketing Executives who develop 20 personally enrolled Preferred Customers earn the 20/20 Club award.
- **Certificates of Achievement and Recognition** Each time Marketing Executives advance to a new status, they receive a Certificate of Achievement, a gold pin signifying the status achievement, and are recognized in the Leadership in Action magazine.

Leadership Pools

Each month, Melaleuca pays total commissions equal to 51% of total company Product Points. In any month where the payout is less than 51%, the difference between total Product Points and commissions paid out is added to the Leadership Pools. Commission Rate Directors III through Directors IX with growth in the number of net Preferred Customers share in the Director Pool according to “The Pool Formula.” Senior and Executive Directors with growth in the number of net Preferred Customers in their organization (over a rolling 3-month average) earn a Leadership Growth Bonus, plus share in the remaining pool dollars according to “The Pool Formula.”

“The Pool Formula”

$$\begin{aligned}
 & (\text{Retention Factor} \times \text{Average Net Preferred Customer Growth} \times \text{Commission Rate Status Factor}) \\
 & + \text{Average Leadership Points} \\
 & = \text{Pool Points (used to calculate your share of the total Pool)}
 \end{aligned}$$

*Up to 200 in any given month

Formula Components

1) Retention Factor:

Calculated by first determining the number of Preferred Customers enrolled in the organization in each of the previous five months. Then determine how many of those originally enrolled customers are Preferred in the current month. Next the number of Preferred Customers still remaining is divided by the number of Preferred Customers originally enrolled (customers remaining/ customers originally enrolled). This process is repeated for each of the past five months. This will result in five percentages—one for each of the past five months. Finally, add those percentages together and divide by 5. The resulting number is the 5-month ARI or Average Retention Index for the current month. If the ARI is in the top third of those in the Leadership Pool, a Retention Factor of 3 will be assigned for the Pool Calculation. If the ARI is in the middle third of those in the Leadership Pool, a Retention Factor of 2 will be assigned. If the ARI is in the bottom third, a Retention Factor of 1 will be assigned.

2) Average Net Preferred Customer Growth:

Calculated by taking the greater of the average organization net Preferred Customer (PC) growth for the previous three months or the current month’s PC growth divided by three (excluding roll-ups) up to a maximum of 200. Participants in the Director and Senior Director pools must have PC growth to participate in the pools. Executive and Corporate Directors can participate in the Leadership Pool without Preferred Customer growth, but will be automatically assigned a Status Factor (SF) of 2.0.

3) Commission Rate Status Factor:

Director III	1.3	Sr. Director VII	1.7
Director IV	1.4	Sr. Director VIII	1.8
Director V	1.5	Sr. Director IX	1.9
Director VI	1.6	Exec. Director	2.00
Director VII	1.7	Exec. Director II	2.25
Director VIII	1.8	Exec. Director III	2.50
Director IX	1.9	Exec. Director IV	2.75
Sr. Director	1.0	Exec. Director V	3.00
Sr. Director II	1.2	Exec. Director VI	3.25
Sr. Director III	1.3	Exec. Director VII	3.50
Sr. Director IV	1.4	Exec. Director VIII	3.75
Sr. Director V	1.5	Exec. Director IX	4.00
Sr. Director VI	1.6	Corporate Director	5.00

4) Average Leadership Points:

Any Marketing Executive who earns a 3-month average of 50–100 Leadership Points in the applicable month will receive two times the Leadership Point credit for that month. Leadership Points earned from the Marketing Executive’s personal enrollments are limited to 40 for the pool formula in the pool calculation.

Leadership Growth Bonus

Commission Rate	Monthly Bonus	Commission Rate	Monthly Bonus	Commission Rate	Monthly Bonus
Sr. Director–Sr. Director IX	\$500	Executive Director IV	\$1,400	Executive Director VIII	\$1,800
Executive Director	\$1,000	Executive Director V	\$1,500	Executive Director IX	\$1,900
Executive Director II	\$1,200	Executive Director VI	\$1,600	Corporate Director	\$2,000
Executive Director III	\$1,300	Executive Director VII	\$1,700		

Additional Leadership Bonus Information

This section outlines the leadership bonus opportunities and requirements for Commission Rate Directors III and above, Senior Directors, Executive Directors, and Corporate Directors. These bonuses are designed to reward leaders who are creating growth within their organization and who continue to help others reach their goals.

Leadership Points Required for Leaders

Directors or above who have achieved 20,000 or more Organization Product Points are required to produce an average of 10 Leadership Points per month. Directors or above with an Organization Product Point Volume of 50,000 or more will be required to produce an average of 15 Leadership Points per month in order to receive all of the Organization Commission available to them. Those producing fewer Leadership Points will receive a percentage of the total commission available.

Directors or above with an Organization Product Points greater than 20,000 but with a PEG Volume less than their Organization Volume may receive an Organization Commission of up to 10% of their PEG Volume.

Leadership Pool Information & Details

Commission Rate Directors III through Corporate Directors can participate in exclusive leadership pools. The leadership pools are designed to reward those leaders who provide an ongoing contribution to their organization by creating growth and helping others reach their goals.

Commission Rate Directors III through IX can participate in the Directors' Leadership Pool up to a monthly amount equal to the status caps in place for their status' organization commission or up to 90% of what they would make as a Senior Director in the Senior Director Leadership Pool, whichever is less. Directors III through IX must have a rolling three-month average of five Leadership Points to participate in the pool.

If the rolling three-month average of Leadership Points is less than 15, participants may earn up to a maximum of \$500 in the Leadership Pool. The Top 30 pool point earners will participate in an additional pool bonus. To be eligible for the Top 30 bonus, Directors must have a three-month average of at least 15 Leadership Points and average Preferred Customer growth of at least 20. In calculating the average net Preferred Customer growth, Directors III through IX are limited to 200 in any given month.

Senior Directors through Senior Directors IX may earn up to \$4,000 or 7% of their PEG volume, whichever is greater (not to exceed \$10,000) from the Senior Director Leadership Pool. Senior Directors may earn up to the maximum of 90% of what they would make as an Executive Director in the Executive Director pools. New Senior Directors will, in the third consecutive month as a new Senior Director, receive double their normal status factor for that month. In that month they may earn up to \$8,000 or 7% of their PEG volume, whichever is greater (not to exceed \$10,000). The Top 20 pool point earners will participate in an additional pool bonus. To be eligible for the Top 20 bonus, Senior Directors must have a three-month average of at least 40 Leadership Points and average Preferred Customer growth of at least 20. In calculating the average net Preferred

Customer growth, Senior Directors through Senior Directors IX are limited to 200 in any given month.

Top pool point earners in the Director pools may not have been Commission Rate Senior Directors previously. Top pool point earners in the Senior Director pools may not have been Commission Rate Executive Directors previously. To participate in the top pool portion of any Leadership Pool, Directors III and above must have a minimum three-month average net Preferred Customer growth in their organization of 20 or more Preferred Customers.

Executive and Corporate Directors may earn 14% of their PEG volume or \$20,000, whichever is less, from the Executive Director Pools. The top three producers of points in the Executive Director pool may earn up to 14% of their PEG volume or \$40,000, whichever is less. The Top 20 pool point earners will participate in an additional pool bonus. To be eligible for the Top 20 bonus, Executive Directors must have a three-month average of at least 40 Leadership Points and average Preferred Customer growth of at least 20. At least 10 of these 20 positions are reserved for Masters (Commission Rate Executive Directors who have been with Melaleuca for more than 5 years since becoming a Senior Director).

Leadership Growth Bonus

Commission Rate Senior Directors and above can receive a minimum payout in the Leadership Pools. Senior Directors and above must have net growth in their organization during the current month or over a rolling 3-month average. When they qualify by having average net growth, Senior Directors receive a bonus of \$500 paid out of the Leadership Pools, and Executive and Corporate Directors receive \$1,000 to \$2,000 depending on their status.

Qualifying Senior through Corporate Directors with negative growth over a rolling three-month average, but positive growth in the current month will receive one-third of their Leadership Growth Bonus.

When a Commission Rate Senior Director or above develops a new first-time Director in the month, they receive a minimum of \$500 to be paid out of the Leadership Pool for each new Director. For example, if you develop 2 new directors, you would be guaranteed a minimum payout of \$1,000 from the Leadership Pools for that month. One-third of the bonus may be earned in months in which the leader has growth in the current month, but has no growth over the rolling three-month average.

Director Emergency Leadership Point Bank. Each time a Commission Rate Director III through Director IX develops a new personal Director, Melaleuca will give the leader an extra 5 Leadership Points and automatically place those points in a “bank.” In any future month in which the Director III through IX needs additional Leadership Points to qualify for status, points will be used from the bank to meet status requirements. Up to 20 Leadership Points can be accumulated in the bank. Points can only be used by Commission Rate Directors III or above.

Additional First Generation Position. An additional first generation position will be given to leaders who advance to Director VI for the first time!

Leadership Point Banking Program. By filling out the Leadership Point Insurance form or using the Follow-Up Center, Commission Rate Senior Directors and above are able to bank Leadership Points produced in the current month. These points will remain in the bank until they are redeemed. These points can only be banked if the Marketing Executive has a rolling three-month average of at least 15 Leadership Points. These points will automatically be redeemed if the leader’s monthly average is less than 15. At that time only enough Leadership Points will be redeemed to ensure that the leader’s average remains at 15. At the time of banking, the Leadership Points will not be used in the calculating of status or Leadership Pools.

When they are redeemed these points will count towards Leadership Pools and status. Leaders may only have a maximum of 90 Leadership Points banked at one time.

Vesting. The key to vesting is enrolling customers and developing Directors over your lifetime with Melaleuca. The vesting opportunity at Melaleuca rewards those leaders who have made a significant contribution in leadership and growth to their business over a meaningful period of time. Because the Vesting Program rewards enrolling customers and developing Directors, leaders are not only earning commissions and building residual income, but they are also establishing the vesting credits that will benefit them in the long-term.

- Directors and above accumulate “credits” in their vesting account based on the development of new Directors and enrolling Personal Customers.
- When a Director or above does any of the following activities, they earn vesting credits in addition to Leadership Points as follows:

	After 4 Consecutive Months	After 6 Consecutive Months
Enroll a Personal Customer	1 credit	1 additional credit
Develop a Personal Director	25 credits	--
Develop a Personal Director V	25 credits	--

- Once an Executive Director has achieved and maintained Executive Director status for 10 years (10 out of 12 months in a year), he or she can qualify to use their vested credits to meet their Leadership Point requirements as follows:

Executive Director	5 Vesting Credits = 1 Leadership Point (5:1)
Executive Director II	4 Vesting Credits = 1 Leadership Point (4:1)
Executive Director III	3 Vesting Credits = 1 Leadership Point (3:1)
Executive Director IV	2 Vesting Credits = 1 Leadership Point (2:1)
Executive Director V and above	1 Vesting Credit = 1 Leadership Point (1:1)

- As long as the Executive Director maintains the respective status, they can use vesting credits in the ratios shown above.

Note: all other requirements for achieving status must be met, including Personal Directors, Organization Volume, and PEG Volume.

Once a Senior Director or above has maintained Commission Rate Senior Director or above status for 20 years (10 out of 12 months in each year) and the youngest person involved in the business is 69 years of age, and continues to meet all the requirements to remain an Commission Rate Senior Director under the compensation plan, they can use their vesting credits in lieu of Leadership Points for maintaining status at ratio of 1 to 1 as long as they meet all the ongoing requirements to remain an Commission Rate Senior Director.

Melaleuca’s Vesting Program became effective March 1, 2008.

Road to Executive Director Training



This is one of the most informative and effective events for Senior Directors working their way to Executive Director status.

When Marketing Executives become Senior Directors, they are invited on an all-expenses-paid trip to Melaleuca’s Home Office in Idaho Falls, Idaho for a three-day training session, with the opportunity to tour Melaleuca’s facilities and meet with Management Team members.

Vesting means a Senior or Executive Director can use vesting credits to meet the Leadership Point requirements for determining status. Some have interpreted the concept of vesting as being exempt from being required to be in compliance with all of Melaleuca's policies. That is, of course, not the case. A vested Marketing Executive must still comply with all existing and future Melaleuca policies and other compensation requirements except that of producing Leadership Points.

A vested Executive Director will still have to comply with policy 23, for example, which states, in part, that "Marketing Executives have the ongoing responsibility to promote the Melaleuca business opportunity...and to service, supervise, motivate and train the Marketing Executives in their Marketing Organization to sell and market the Melaleuca products and promote the Melaleuca business opportunity."

Melaleuca reserves the option to establish whatever measurements it deems appropriate to assure compliance with any of its policies including policy 23. Of course, Melaleuca also reserves its option to change or enhance the compensation plan as it deems appropriate to reward business-building activities and to assure the health of the organization as a whole.

Additional Ways to Earn Leadership Points

In addition to enrollments and presentations, leaders can also earn Leadership Points as follows:

1. Directors II and above will earn 10 points for each new Personal Director they develop in any given month (when the Director is not a Pacesetter Director).
2. Directors II and above will earn 15 Leadership Points for each new Personal Pacesetter Director developed when they are both the enroller and they do the majority of the presentation points. Directors II and above who do the majority of the presentation points for the new Director's Personals and the new Director's Personal's Personals will earn 10 Leadership Points, and the Enroller will earn 5 Leadership Points.
3. In the cases of #1 or #2 above, if someone other than the enroller does the majority of the presentation points for customers enrolled by the new Director, the enroller earns five Leadership Points and the Director II or above doing the presentations earns 10 Leadership Points.
4. Directors II and above earn 10 Leadership Points for each Personal Enrollee who advances to a status of Director II through Senior Director in the month following the month of advancement. Please note: the advancement does not need to be a Pacesetter advancement, but the leader receiving the Leadership Points needs to have a status equal to or greater than the advancing Personal Enrollee up to but not past Senior Director.

Executive Director Credits

To advance beyond Corporate Director Status, a Corporate Director must maintain the minimum qualifications for Corporate Director, which are: at least 10 personally enrolled Directors (five of which need to be Executive Directors), achieve minimum Organization & PEG Volume equal to the status they are trying to achieve, and achieve the Personally Enrolled Executive or Corporate Director credits. Executive or Corporate Director credits are calculated each month based on the Commission Rate of your personally enrolled Executive or Corporate Directors as follows:

Status	Credit	Status	Credit
Executive Director	1.1	Executive Director VI	1.6
Executive Director II	1.2	Executive Director VII	1.7
Executive Director III	1.3	Executive Director VIII	1.8
Executive Director IV	1.4	Executive Director IX	1.9
Executive Director V	1.5	Corporate Directors	2.0

Volume Status Credits

Once a Marketing Executive becomes a Senior or Executive Director and above and maintains that status for three consecutive months, his or her Enroller can receive ongoing credit for that status as long as the enroller has a Commission Rate of Executive Director II and above and the Enrollee's Organizational Volume is maintained at the required level. This is for the purpose of calculating Personal Enrollee requirements for Executive Directors II and above.

Corporate Directors Leadership Growth Bonuses

In order to qualify for Corporate Director Leadership Growth bonuses using volume status for Personal Executive Directors, a Corporate Director needs to have net Preferred Customer growth during the month, average of the last three months, or previous year. This growth includes international growth but excludes all roll-ups. A first-time Corporate Director who advances due to volume status will not receive the \$100,000 one-time advancement bonus or the Corporate Director Leadership Growth bonuses until they have 5 Commission Rate Executive Directors for three consecutive months. They can earn the one-time 10% PEG advancement bonus once they hold Corporate Director status for three consecutive months. Corporate Directors who advance to Corporate Director II through Corporate Director IX will be paid this one-time 10% PEG advancement bonus as follows: 1/3 in the month of advancement and 1/3 in each of the two subsequent months in which they meet the requirements for the new status.

Disability/Charitable Service Exemption

Commission Rate Senior Directors and above who are disabled may apply for a Disability Exemption from the Leadership Point production requirements. Marketing Executives who are engaged in full-time missionary or charitable service away from their homes may apply for a Charitable Exemption from the Leadership Point production requirements. Contact Melaleuca Business Development at 1-208-522-0870 for instructions on submitting an application for these exemptions.