

Young Living Terms and Definitions for the Compensation Plan

Sales Organization: Also known as a downline, this encompasses all members located beneath a particular distributor. This includes the distributor and all levels within his or her organization.

Level: The position of a distributor within a sales organization. Those distributors who are immediately sponsored by another distributor would be considered the sponsoring distributor's first level. Those distributors who are sponsored by a distributor's first level would be considered that distributor's second level and so on.

Enroller: The person responsible for personally introducing a new distributor to Young Living. Enrollers are eligible to qualify for financial bonuses, including the Fast Start and Starter Kit bonuses.

Sponsor: A new distributor's direct upline and main support. The sponsor may also be the enroller.

Upline: Any distributor above another distributor in a sales organization.

Customer: A member who chooses not to participate in the Young Living compensation plan but desires to purchase the product at retail price for personal use. Customers need to be sponsored and enrolled by a current Young Living distributor and have purchased an order within the previous 12 calendar months. All PV of the customer is combined with the sponsoring distributor's PV. However, the PV of the customer will not count toward commission qualification of the sponsoring distributor.

Inactive Account: Distributors who fail to accrue 50 PV in a calendar month are considered inactive for the month and will not qualify to receive certain payouts from their sales organization. 100 PV is required for all commissions except the Fast Start and Starter Kit bonuses. However, the PV of the customer will not count toward commission qualification of the sponsoring distributor. If an account remains inactive for a period of 12 consecutive months, the account will be dropped. See Dropped Account.

Dropped Account: All distributors are required to purchase a cumulative 50 PV every 12 months in order to avoid having their account dropped. Distributors who fail to accrue 50 PV in a calendar month are deemed inactive for that month and will not qualify to receive select payout from their sales organization (see Inactive Account). If an account remains inactive for a period of 12 consecutive months (the total cumulative PV purchased within that time is below the 50 PV minimum), the membership will be dropped from Young Living, and any agreements will be void (Essential Rewards Autoship Agreement, Distributor Agreement, etc.). Distributors who allow their accounts to be dropped for inactivity will lose all rights to, claims on, and privileges from their previous sales organization.

Upon losing distributor status due to consecutive inactivity, the distributor's sales organization will "roll up" to the next qualified distributor directly above the dropped distributor. Reactivating distributors have no claim to any sales organization that was lost when they were dropped for inactivity.

Customers must place at least 1 order within a 12-month period of time. There is no minimum PV requirement for a customer to remain active. If there are ever 12 consecutive months without an order, the customer's account will be dropped for inactivity.

Upon reactivating an account, all customers and distributors must meet current Young Living enrollment requirements.

Commission Period: Young Living considers each commission period to run from 12 midnight, MT, the first day of a calendar month to 11:59 p.m., MT, the last day of a calendar month. The beginning of each month marks a new commission period. Only orders that are received within the commission period (or calendar month) will be considered for rank qualifications and compensation for the period's commission

check. All bonuses, commissions, and rank qualifications are based on a calendar-month-to-calendar-month basis. Each commission period resets PV, OGV, and PGV, as well as leg status from the previous commission period. The required qualifications need to be achieved on a monthly basis for rank status.

Personal Volume (PV): Many products sold by Young Living have a Personal Volume (PV) amount assigned to them. The volume of products that are purchased is reflected in PV. A distributor's PV also includes the volume of his or her personally sponsored customers' purchases. However, the PV of the customer will not count toward commission qualification of the sponsoring distributor. PV is one of the requirements for ranking within the compensation plan, and it accumulates throughout each commission period.

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

Personal Group Volume for Silver and Higher Ranks (PGV): For Silver or higher rank in the compensation plan, Personal Group Volume is determined by the sales volume of the organization directly supported by the distributor. PGV accumulates throughout each commission period. This is the sum of PV from the distributor down to, but not including, the next Silver or higher rank for each leg of the sales organization. PGV in these cases does not include any Silver or higher rank and the entirety of their organization.

Leg Requirements: A leg is the sales organization that extends from each personally sponsored distributor. The qualification status of a leg is determined by the OGV in that leg.

Retail Earnings: Retail earnings are the amount that is earned by the distributor from the purchases of personally sponsored customers. Young Living treats each customer as the sponsoring distributor's customer. Young Living pays the qualifying sponsor the approximate 24% difference between the retail and wholesale price of products.

Unilevel: Unilevel is a form of commission that is earned through the compensation plan. Qualifying distributors earn 8% on the sales volume, or PV, of each distributor on the first level within their organization, 5% on the second level, and 4% on the third through fifth levels.

Compression: In circumstances where a distributor does not meet the 100 PV qualification to earn commissions, his or her volume, if any, is combined, or "compressed," with all the volume of distributors down to and including the next qualifying distributor in the sales organization with at least 100 PV. This creates a unilevel for commission purposes. For instance, if in the third level a distributor places an order of only 30 PV, then the fourth-level distributor's PV in the organization who has ordered 100 PV compresses up with the third level for payout purposes. This creates a single unilevel to be paid out with a total of 130 PV for that commission period. Compression maximizes compensation in cases where there are inactive distributors in an organization who may not be purchasing regularly but may have others below them who are doing so.

Personal Generation Commissions: The sales organization between the distributor down to, but not including, the first Silver in each leg is considered the personal generation. When qualified to receive commissions on a personal generation by ranking as Silver or higher, the distributor is paid 2% on this volume. Distributors are paid 3% on an additional 6 generations, with 1% paid on the seventh generation. This pay is in addition to any other qualified compensation. See Generation Commissions.

Generation Commissions: As distributors train and develop new Silvers or higher rank in their sales organizations, the percentage they earn on each additional generation increases to 3%. These commissions are paid on up to 7 generations, with the seventh being paid at 1%.

Member: General term used to describe any Young Living distributor or customer.

Distributor: Any Young Living member who is actively building his or her own Young Living business. In order to receive compensation, a distributor must be considered active. With 100 PV, the distributor qualifies to receive compensation on the volume of two unilevels in his or her organization (paid at 8% and 5%, respectively) in addition to any retail earnings. Distributors may also qualify for the Fast Start and Starter Kit bonuses.

Star: In order to qualify as a Star in the compensation plan, a distributor must achieve 100 PV and 500 OGV within a commission period. As a Star, the distributor qualifies to receive compensation on the volume of 3 unilevels in his or her organization (paid at 8%, 5%, and 4%, respectively) in addition to any retail earnings. Stars may also qualify to receive the Fast Start, Starter Kit, and Rising Star Team bonuses. To earn the Rising Star Team Bonus, 100 PV Essential Rewards (autoship) is required.

Senior Star: In order to qualify as a Senior Star in the compensation plan, a distributor must achieve 100 PV and 2,000 OGV within a commission period. As a Senior Star, the distributor qualifies to receive compensation on the volume of 4 unilevels in his or her organization (paid at 8%, 5%, 4%, and 4%, respectively) in addition to any retail earnings. Senior Stars may also qualify to receive the Fast Start, Starter Kit, and Rising Star Team bonuses. To earn the Rising Star Team Bonus, 100 PV Essential Rewards (autoship) is required.

Executive: In order to qualify as an Executive, a distributor must achieve 100 PV, 4,000 OGV, and 2 separate legs with 1,000 OGV each within a commission period. As an Executive, the distributor qualifies to receive compensation on the volume of 5 unilevels within his or her organization (paid at 8%, 5%, 4%, 4%, and 4%, respectively) in addition to any retail earnings. Executives may also qualify for the Fast Start, Starter Kit, Rising Star Team, and Travel Rewards bonuses. To earn the Rising Star Team Bonus, 100 PV Essential Rewards (autoship) is required.

Silver: In order to qualify as Silver, a distributor must achieve 100 PV, 10,000 OGV, 1,000 PGV, and 2 separate legs with 4,000 OGV each within a commission period. As a Silver, the distributor qualifies to receive compensation on the volume of 5 unilevels within his or her organization (paid at 8%, 5%, 4%, 4%, and 4%, respectively), personal generation commissions (paid at 2%), generation commissions on 2 levels (paid at 3%), in addition to any retail earnings. Silvers may also qualify for the Fast Start, Starter Kit, Generation Leadership, and Travel Rewards bonuses.

Gold: In order to qualify as Gold, a distributor must achieve 100 PV, 35,000 OGV, 1,000 PGV, and 3 separate legs with 6,000 OGV each within a commission period. As a Gold, the distributor qualifies to receive compensation on the volume of 5 unilevels within his or her organization (paid at 8%, 5%, 4%, 4%, and 4%, respectively), personal generation commissions (paid at 2%), generation commissions on 3 levels (paid at 3%), in addition to any retail earnings. Golds may also qualify for the Fast Start, Starter Kit, Generation Leadership, and Travel Rewards bonuses.

Platinum: In order to qualify as Platinum, a distributor must achieve 100 PV, 100,000 OGV, 1,000 PGV, and 4 separate legs with 8,000 OGV each within a commission period. As Platinum, the distributor qualifies to receive compensation on the volume of 5 unilevels within his or her organization (paid at 8%, 5%, 4%, 4%, and 4%, respectively), personal generation commissions (paid at 2%), generation

commissions on 4 levels (paid at 3%), in addition to any retail earnings. Platinums may also qualify for the Fast Start, Starter Kit, Generation Leadership, and Travel Rewards bonuses.

Diamond: In order to qualify as Diamond, a distributor must achieve 100 PV, 250,000 OGV, 1,000 PGV, and 5 separate legs with 15,000 OGV each within a commission period. As Diamond, the distributor qualifies to receive compensation on the volume of 5 unilevels within his or her organization (paid at 8%, 5%, 4%, 4%, and 4%, respectively), personal generation commissions (paid at 2%), generation commissions on 5 levels (paid at 3%), in addition to any retail earnings. Diamonds may also qualify for the Fast Start, Starter Kit, Generation Leadership, Travel Rewards, and Diamond Express Profit Sharing Pool bonuses.

Crown Diamond: In order to qualify as Crown Diamond, a distributor must achieve 100 PV, 750,000 OGV, 1,000 PGV, and 6 separate legs with 20,000 OGV each within a commission period. As Crown Diamond, the distributor qualifies to receive compensation on the volume of 5 unilevels within his or her organization (paid at 8%, 5%, 4%, 4%, and 4%, respectively), personal generation commissions (paid at 2%), generation commissions on 6 levels (paid at 3%), in addition to any retail earnings. Crown Diamonds may also qualify for the Fast Start, Starter Kit, Generation Leadership, Travel Rewards, and Diamond Express Profit Sharing Pool bonuses.

Royal Crown Diamond: In order to qualify as Royal Crown Diamond, a distributor must achieve 100 PV, 1,500,000 OGV, 1,000 PGV, and 6 separate legs with 35,000 OGV each within a commission period. As Royal Crown Diamond, the distributor qualifies to receive compensation on the volume of 5 unilevels within his or her organization (paid at 8%, 5%, 4%, 4%, and 4%, respectively), personal generation commissions (paid at 2%), generation commissions on 7 levels (paid at 3%, with 1% paid on the seventh level), in addition to any retail earnings. Royal Crown Diamonds may also qualify for the Fast Start, Starter Kit, Generation Leadership, Travel Rewards, and Diamond Express Profit Sharing Pool bonuses.

Rising Star Team Bonus: This bonus can be earned by distributors at the paid-as rank of Star, Senior Star, and Executive. The Rising Star Team Bonus is a pool bonus. Qualifying distributors earn shares based on achieving specific requirements and their paid-as rank for the month. Stars may qualify for 1 share, Senior Stars for 3 shares, and Executives for 6 shares. Distributors earn shares by accomplishing the following:

1 Share: Personally sponsor 3 distributors (3 separate legs), each with a 100 PV Essential Rewards (autoship) order and with 300 OGV in each leg.

2 Shares: Add 2 additional distributors (2 separate legs, making a total of 5 separate legs), each with a 100 PV Essential Rewards (autoship) order and with 500 OGV in each of the 2 new legs.

3 Shares: Add another 2 personally sponsored distributors (creating 2 more separate legs, making a total of 7 separate legs), each with a 100 PV Essential Rewards (autoship) order and with 1,000 OGV in each of the 2 new legs.

If distributors complete the requirements to earn 1 share, as well as the requirements to earn 2 shares, they will receive a total of 3 shares. The maximum number of shares a distributor can earn in a calendar month is 6 shares.

To earn 6 shares, the organization must include 7 personally sponsored distributors, each with a 100 PV Essential Rewards order, as well as each of the following:

- 3 separate legs with 300 OGV in each leg

- 2 separate legs with 500 OGV in each leg
- 2 separate legs with 1,000 OGV in each leg

The value of a share will depend on global commissionable sales and the number of distributors who qualify for the bonus within a calendar month. Distributors must have a minimum 100 PV Essential Rewards (autoship) order to qualify for this bonus.

A distributor will have the opportunity to qualify and earn the Rising Star Team Bonus for 24 months. This time limit creates an incentive to advance in rank and take advantage of other generous bonuses. The first time a distributor qualifies to earn the Rising Star Team Bonus is when the 24 months will begin. The 24 months are considered continuous, even when a distributor may not qualify to be paid the bonus. For example, if a distributor falls to a lower rank, or rank advances, and does not qualify to be paid the Rising Star Team Bonus after the first month qualifying, this will still be considered part of the 24-month time frame.

Enroller-Based Bonuses: All compensation within Young Living is paid to the sponsor, with the exception of enroller-based bonuses. These bonuses are awarded to a qualifying distributor's enroller. The bonuses include the Fast Start and Starter Kit bonuses. Enroller-based bonuses may be earned within a time frame beginning in the calendar month the distributorship is originally initiated. Even if newly enrolled distributors do not place an order with PV during their first month, it is still considered their first calendar month of enrollment.

Fast Start Bonus: Young Living distributors are eligible to earn a Fast Start Bonus on all new distributors they personally enroll in the company. This bonus pays 25% on the volume of each personally enrolled distributor's total orders placed during the first three calendar months, in addition to base commissions. Each month the bonus payout of 25% is earned by the enroller, a calculation of 10% of the same volume can be paid to the second upline enroller if eligible.* A maximum of \$200 may be earned from this bonus per distributor, per month, or \$80 for the second upline enroller.

*When the Fast Start or Slique™ Start Living Kit Bonus is paid, the PV used to calculate the bonus is reduced by 70% for all other commissionable payouts.

Starter Kit Bonus: Young Living distributors can become eligible to earn a \$25 cash bonus in addition to regular commissions each time they personally enroll a new distributor in Young Living and the newly enrolled distributor purchases a premium Start Living Enrollment Kit (the basic kit does not qualify). This is a one-time bonus paid to a new distributor's enroller. When a new customer chooses to purchase a premium Start Living Enrollment Kit, the bonus will not be paid to the enroller.

Slique™ Start Living Kit Bonus: Young Living distributors can become eligible to earn a \$100 cash bonus in addition to regular commissions each time they personally enroll a new distributor in Young Living and the newly enrolled distributor purchases a Start Living with Slique kit. This is a one-time bonus paid to the new distributor's enroller. When a new customer chooses to purchase a Start Living with Slique kit, the bonus will not be paid to the enroller. Distributors will not receive the Fast Start Bonus in addition to the Slique Start Living Kit Bonus.*

*When the Fast Start or Slique Start Living Kit Bonus is paid, the PV used to calculate the bonus is reduced by 70% for all other commissionable payouts.

Generation Leadership Bonus: This bonus rewards distributors with shares of 6% of the company's monthly commissionable sales as leadership ranks are achieved and maintained. Based on paid-as rank,

Silvers and higher earn shares for their personal rank as well as on Silvers and higher within their sales organization and on which they earn generation commissions.

- A Silver leader earns 1 personal share plus 1 share for any Silver or higher rank within the generation payout (2 generations).
- A Gold leader earns 2 personal shares, 2 shares for any Gold or higher rank, and 1 share for each Silver rank within the generation payout (3 generations).
- A Platinum leader earns 3 personal shares, 3 shares for any Platinum or higher rank, 2 shares for any Gold rank, and 1 share for each Silver rank within the generation payout (4 generations).
- A Diamond leader earns 4 personal shares, 4 shares for any Diamond or higher rank, 3 shares for any Platinum rank, 2 shares for any Gold rank, and 1 share for each Silver rank within the generation payout (5 generations).
- A Crown Diamond leader earns 5 personal shares, 5 shares for any Crown Diamond or higher rank, 4 shares for any Diamond rank, 3 shares for any Platinum rank, 2 shares for any Gold rank, and 1 share for each Silver rank within the generation payout (6 generations).
- A Royal Crown Diamond leader earns 6 personal shares, 6 shares for any Royal Crown Diamond rank, 5 shares for any Crown Diamond rank, 4 shares for any Diamond rank, 3 shares for any Platinum rank, 2 shares for any Gold rank, and 1 share for each Silver rank within the generation payout (7 generations).

Diamond Express Profit Sharing Pool: Diamonds and higher can become eligible to earn shares of 0.5% of Young Living's monthly commissionable sales based on paid-as rank and qualifications met. Diamonds earn 1 share, Crown Diamonds earn 2 shares, and Royal Crown Diamonds earn 3 shares each month. The value of each share is determined by the total number of leaders participating in the profit sharing pool for the given month and Young Living's monthly commissionable sales.

To qualify to earn Diamond Express Profit Sharing Pool shares, Diamond leaders must lead domestic and international training events. They have the choice of leading 1 domestic and 5 international, 3 domestic and 3 international, or 2 domestic and 4 international meetings. Each training event must be open to all Young Living members, held in a public meeting place, and be well advertised by the Diamond leader. The distributor must notify Young Living about the event at least 60 days in advance to provide adequate time for promotion. In addition, Diamond leaders must attend the annual convention, the global leadership trip, and 1 harvest event yearly to qualify.

Shares will be awarded to Diamond leaders based on paid-as rank on a 12-month rolling basis. First-time paid-as Diamonds will have 12 months to meet the Diamond Express Profit Sharing Pool qualifications listed above and will be paid based on paid-as rank during that period. Following the Diamond leader's first anniversary as a Diamond, they must have fully met the above qualifications during the prior 12 months and be paid as a Diamond or higher to earn shares during a given month. If the Diamond Express Profit Sharing Pool qualifications are not met within 12 months, a distributor will forfeit earning the bonus for the next year.

Any month during which a Diamond fails to qualify at the Diamond rank, that Diamond will not be paid the Diamond Express Profit Sharing Pool for that month. As soon as that Diamond qualifies again for rank, the profit sharing will again be paid, but their 12-month qualification period will not restart.

Diamond Elite: Diamond Elite is a program designed to develop leadership and allow top distributors the opportunity to teach business building and product education around the world. At the discretion of Young Living, specific invitations will be issued, with an application that will be reviewed, for those desiring to participate. Young Living will pay the expenses, and distributors will receive additional compensation for leading distributor trainings domestically and internationally. Participation in this program is by invitation and does not count toward Diamond Express Profit Sharing Pool qualifications. Participants do not need to meet any other qualification except Young Living's approval. For questions, please contact diamondelite@youngliving.com.

Travel Rewards Bonus: 1% of Young Living's commissionable sales will be calculated as shares for Executives and higher to offset specific expenses, as determined by Young Living, for the many company events around the world. Half of this amount is earned based on sales organization volume. Paid-as Executives earn the bonus calculated on 5 levels of unilevel volume. Paid-as Silver and higher ranks earn the bonus calculated on generation volume, based on the number of generations on which they qualify to be paid. The other half of the bonus is earned based on the achievement of certain requirements such as individual rank advancement, maintenance, and growth within an organization through rank advancement. Each event will have its own set of requirements.

The first half of this bonus may be used toward the cost of registration for the annual convention and harvest events, with the remaining balance being applicable toward the Global Leadership Trip. The second half of the bonus may be used only toward a Global Leadership Trip, but it may be supplemented with points from the first half of the bonus if not enough have been accumulated to cover the entire cost of the trip. For example, if the global leadership trip requires 100,000 points to qualify, and a distributor paid as Executive had earned 2,000 points in the first half of the bonus and 99,000 points in the second half, he or she may take 1,000 points from the first half and add it to the second half to make up the difference.

Although it is considered commissionable earnings, this bonus is not included in a distributor's commission check; it accumulates as points and totals will be displayed in Virtual Office. It is to be used toward special Young Living events and activities. If the amount earned is not used as payment toward travel and events within a rolling 12-month period, it will expire. Points from the Travel Rewards Bonus do not necessarily correspond to dollar values, are not transferable, and may only be redeemed by the owner of the account.

For example, if a distributor paid as Executive has 1,000 in volume on his or her first level of unilevel, shares could be earned by taking 12% of the volume, which equals 120 shares. Based on the total number of distributors qualifying for the bonus, if the value for each share were to equal 0.35, the total number of points earned in the Travel Rewards Bonus based on volume of the first level of unilevel would be 42.

All Young Living events for which points may be redeemed will be assigned a point value. The percentages used for calculation at each level of unilevel or generation volume to determine the number of shares earned, the value used to determine the worth for each share, and the number of points required for each event for which points can be redeemed will be determined by Young Living and may fluctuate each time commissions are calculated.

Compensation Plan Transition: To help distributors adjust to the new compensation plan, there will be a six-month transition period beginning January 1, 2013. The transition will consist of the following elements:

- The previous compensation plan will transition to the new plan from January 1, 2013 to June 30, 2013.
- During this period, the Distributor Team Performance Bonus will be phased out, and distributors who are eligible for it will be paid their bonus at a decreased rate of 50%, decreasing an additional 10% every month until June 2013, when it reaches 0% or until the distributor no longer qualifies.

Distributors will be paid according to the new compensation plan beginning January 1, 2013, but will qualify for compensation according to whichever plan, previous or new, allows them to qualify at the highest rank. All ranks and payment will be determined according to the new plan beginning June 30, 2013.

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