



NATURE'S SUNSHINE PRODUCTS, INC.

COMPENSATION PLAN

How to build your
path to prosperity

United States

NATURE'S SUNSHINE®

Nature's Sunshine enjoys rewarding people for sharing products with friends and neighbors. Unlike most companies, we offer two separate compensation plans that each provide a path for growth and business development. Depending on how you want to build your business, choose from Legacy or Classic with all of their accompanying benefits.

REBATES/COMMISSIONS

Qualification Volume (QV)

Every NSP product has an assigned point value called "Qualification Volume." Nature's Sunshine uses these points to calculate monthly bonuses and commissions to which Members are entitled.

QV points are also used for qualifications to determine all payment levels, rank maintenance, rank advancement, convention qualification and Top Achievers Club membership.

Bonus-earners should remember that compensation from promotional sign-up packages is calculated separately from regular paid-on QV.

Rebate

Money that is returned to the Member for personal purchases is considered a rebate.

This rebate is a further reduction in the cost of product purchased. Rebates will not be reported to the IRS (Form 1099) unless they exceed \$5,000 in any given year. NSP does not report the actual amount of the product you purchased to the IRS.

When a Member orders from NSP and his/her personal QV points are at least 100 for the entire month, NSP pays a rebate (based on "paid on" QV points of purchased NSP products) on the earned amount. If a Member purchases NSP products from his/her upline Manager, the Manager should transfer QV points on the total amount of purchase.

Commission

Money earned by a Member from the Member's successline is considered a commission (i.e., non-employee compensation). NSP is required to withhold applicable taxes on commissions earned for those accounts without a valid Social Security Number (SSN), Federal Tax Identification Number (FTIN) or Individual Tax Identification Number (ITIN) on file with NSP.

Commissions or non-employee compensation will not be reported to the IRS if the total amount is less than \$600 (box 7 of IRS form 1099). If you fall into this category, consult with your tax advisor as to where you need to report this amount.

EXCEPTION: If you have tax withholding (box 4), then box 7 (non-employee compensation) of form 1099 WILL be reported. Nothing contained in this compensation plan shall be considered tax advice on the part of NSP.

SmartStart Sponsoring Bonuses

Nature's Sunshine will often create special sponsoring programs that reward those who share NSP with others. In the sign-up month only (generally), these program rules will supersede the normal compensation plan rules. Please visit <http://www.naturesunshine.com> for details.

Rebate/Commission Schedules

Members earn rebates based on their own personal sales volume, according to the Compensation Plan they have selected (Legacy or Classic). They also earn commissions based on the personal purchases of each of the Members in their group, according to the type of membership each Member has, and the total volume of all the Members in their group.

Classic Plan Monthly Rebate/Commission Schedule

Based on Total Group QV Points

Amount	Percent Paid
0-99	0%
100-299	10%
300-599	12%
600-999	18%
1,000-2,999	27%
3,000 plus	30%

NOTE: Classic-plan rebates and commissions paid to all Members within a successline group will be deducted from the above amount.

Personal Paid-On QV Example: Jane has a personal QV of 300 points. Her group QV (which includes her personal QV) is 750 points. Both Kay and Larry are Members in Jane's group. Kay has 80 QV points and Larry has 370 QV points. Based on the payment schedule (above), Jane would earn eighteen percent (18%) on her personal QV as well as a full eighteen percent (18%) on Kay's QV. Larry qualifies to receive twelve percent (12%) back on his QV. Since Jane qualified at eighteen percent (18%), she would receive a six percent (6%) commission on Larry's QV (18% - 12% = 6%).

Legacy Plan Monthly Rebate/Commission Schedule

Based on Total Group QV Points

Amount	Percent Paid
0-99	0%
100-499	10%
500-999	15%
1,000+	20%

NOTE: Legacy-plan rebates and commissions paid to all Members within a successline group will be deducted from the above amount.

Personal Paid-On QV Example: Jane has a personal QV of 510 points. Her group QV (which includes her personal QV) is 750 points. Both Kay and Larry are Members in Jane's group. Kay has 80 QV points and Larry has 160 QV points. Based on the payment schedule (above), Jane would earn fifteen percent (15%) on her personal QV as well as a full fifteen percent (15%) on Kay's QV. Larry qualifies to receive ten percent (10%) back on his QV. Since Jane qualified at 15 percent (15%), she would receive a five percent (5%) commission on Larry's QV (15% - 10% = 5%).

NSP CLASSIC COMPENSATION/BENEFITS SUMMARY

To Be This Rank You Need:	This Many First-Level Mgrs. ¹	This Many Total Managers (5 Levels)	You May Earn These Manager Commissions:					NSP Car Allowance	TAC Trip	Global Summit
			1 st Level	2 nd Level	3 rd Level	4 th Level	5 th Level			
Member	0	–	–	–	–	–	–	–	–	–
Manager	0	–	–	–	–	–	–	–	–	–
Star	1	–	12%	–	–	–	–	–	–	–
District	2	–	12%	4%	–	–	–	–	–	–
Area	5	–	12%	4%	2%	–	–	–	–	–
Regional	10	15	12%	4%	2%	–	–	\$250	–	–
Divisional	15	40	12%	4%	2%	.5%	–	\$400	–	–
Sr. Divisional	20	70	12%	4%	2%	1%	–	\$550	–	–
National	22	100	12%	4%	2%	1.5%	.5%	\$700	Yes	–
Sr. National	25	200	12%	4%	2%	2%	1%	\$850	Yes	–
Global Elite ²	25	200	12%	4%	2%	2%	1%	\$1,000	Yes	Yes

To be a Manager, you must accumulate at least 100 QV points each month in personal purchases and have 1,000 Group QV points.

- 1 The requirements for first-level Manager may include QV and Leadership Equivalents. (Receive one QV equivalent for every 2,000 QV points above 1,000.) Based on a six-month average.
- 2 50 Managers of the 200 need to be from foreign markets; must have at least one Manager in each of five foreign countries and at least one first-level Manager in three of those foreign countries.

Note: Learn all about the exciting perks and [benefits](#) that are available with each rank you achieve.

RANK REQUIREMENTS, WITH AND WITHOUT LEADERSHIP EQUIVALENTS—CLASSIC PLAN ONLY

	Current 1st-level Managers required	Actual 1st-level (including Mgr. requirement)	Max. Leadership Equiv. you can apply	Successline Req.*
Global Elite	25	15	10	200
Senior National	25	15	10	200
National	22	12	10	100
Senior Divisional	20	10	10	70
Divisional	15	8	7	40
Regional	10	6	4	15
Area	5	4	1	0
District	2	2	0	0
Star	1	1	0	0
Manager	0	0	0	0

*The successline requirements for rank are unchanged, including first-level Managers. Please note: Just like QV Equivalents, Leadership Equivalents are averaged over a six-month period. Leadership Equivalents have been in effect since Jan. 1, 2001. Leadership Equivalents may only be applied on the first-level Managers, as shown in the above table. You must be an Area Manager or higher before Leadership Equivalents are in effect.

EQUIVALENTS GRANTED FOR EACH RANKED FIRST-LEVEL MANAGER:

Global Elite	2	Regional	2
Senior National	2	Area	2
National	2	District	1
Senior Divisional	2	Star	1
Divisional	2	Manager	0

NSP LEGACY COMPENSATION/BENEFITS SUMMARY

To Be This Rank You Need:	This Many First-Level Mgrs.	This Many Total Managers (5 Levels)	You May Earn These Manager Commissions:							NSP Car Allowance	TAC Trip	Global Summit
			1 st Level	2 nd Level	3 rd Level	4 th Level	5 th Level	6 th Level	7+ Level			
Member	0	–	–	–	–	–	–	–	–	–	–	–
Manager	0	–	–	–	–	–	–	–	–	–	–	–
Star	1	–	10%	–	–	–	–	–	–	–	–	–
District	2	–	10%	7%	–	–	–	–	–	–	–	–
Area	4	5	10%	7%	4%	–	–	–	–	–	–	–
Regional	6	15	10%	7%	6%	–	–	–	–	\$250	–	–
Divisional	8	40	10%	7%	6%	3%	–	–	–	\$400	–	–
Sr. Divisional	10	70	10%	7%	6%	5%	–	–	–	\$550	–	–
National	12	100	10%	7%	6%	5%	3%	–	–	\$700	Yes	–
Sr. National	15	200	10%	7%	6%	5%	5%	–	–	\$850	Yes	–
Global Elite ¹	15	200	10%	7%	6%	5%	5%	5%	1% ²	\$1,000	Yes	Yes

To be a Manager, you must accumulate at least 100 QV points each month in personal purchases and have 1,000 Group QV points.

- 1 50 Managers of the 200 need to be from foreign markets; must have at least one manager each in five foreign countries and at least one first-level Manager in three of those foreign countries.
- 2 Overrides for 7th level and beyond available to Global Elites with at least 100 Managers in their successline from foreign markets.

Note: Learn all about the exciting perks and [benefits](#) that are available with each rank you achieve.

NSP MANAGERS

Manager QV Requirements

1. A Member becomes a Manager when he/she achieves a minimum of 1,000 Group QV points (as defined hereafter), at least 100 of which must be Personal QV points (as defined hereafter) for one calendar month. The month in which a Member attains 1,000 Group QV points, he/she automatically qualifies as a Manager.
2. To retain Manager status, a Member must maintain this minimum volume in subsequent months.
3. If a Manager's Group QV drops below 1,000 points in any given month, a Member will receive rebates and commissions on his/her own Qualification Volume (QV) and that of his/her successline Members, based on the normal rebates/commissions schedule, but will lose all Manager commissions on his/her successline Managers and other Manager benefits for that month. During such month, all lost commissions automatically "roll up" to the next upline Manager. This is in addition to the normal 1st Level Manager commissions paid to that upline Manager from any Group QV of the pending Manager.
4. A Manager can drop below 1,000 Group QV points two out of every 12 months (within the calendar year) without losing Manager status, but the Manager will be paid commissions only as a Member in those months, based on the normal rebates/commissions schedule. Such months are called "pending" months. On the third month in which the Manager fails to reach 1,000 Group QV points, he/she will lose Manager status until he/she re-qualifies as a Manager. If these two months are consecutive at the end/beginning of the calendar year (i.e., November and December or December and January), then if the minimum Group QV requirement is not met, the Manager will lose status in the month that immediately follows those two pending months. Managers who have "pending months" in December and January and do not meet their required volumes for February will have used their two pending months for the new calendar year. Managers who lose their Manager status are automatically reinstated in the month in which they achieve at least 1,000 Group QV points.
5. When a Manager qualifies as a new Manager, the QV requirement for the upline Manager is reduced to 500 Group QV points (which includes 100 personal QV points) for that month only. NSP does not recognize a reinstated Manager as a new Manager breakout unless he/she dropped Manager status at least 12 months prior to the reinstatement.

Manager Benefits

NSP Managers enjoy:

1. Higher percentage volume rebates for personal sales, provided all QV requirements are maintained.
2. The opportunity to develop and promote other Members to Manager status.

3. Manager overrides on the sales of each first-level Manager he/she promotes.
4. Participation in all Manager incentive programs, including contests, qualification for conventions and competition for Manager recognition and Development Award programs.
5. A subscription to our quarterly *Manager Extra* e-magazine.
6. The opportunity to attend National Convention. Managers can qualify to have NSP pay part of the cost of attending.
7. All Managers receive a special pin and a rank advancement certificate once they have achieved three consecutive months as a Manager.

Compensation Plan Benefits

The Classic and Legacy Override charts show how you can earn money based on volume within your successline. For example, should you qualify for overrides on your third level, consult the Classic chart for the percentage paid on all of your third-level Classic QV and the Legacy chart for all of your third-level Legacy QV.

Manager QV Equivalents—Classic Plan

When Classic Managers accumulate a six-month average of 2,000 Group QV points above the 1,000 Group QV points monthly requirement for Manager status, they earn a "Manager Equivalent." Each Manager Equivalent counts as a first-level Manager toward rank advancement and car credit where applicable. However, Manager Equivalents do not count toward earning annual Manager Increase Awards or Leadership Equivalents.

Leadership Equivalents—Classic Plan

Leadership Equivalents allow you to advance in rank more quickly by giving you extra credit for first-level Managers who hold advanced ranks. Apply the Equivalents granted chart to your first-level Managers to determine the number of leadership equivalents for which you may qualify. You must be an Area Manager or higher before Leadership Equivalents take effect.

Sunshine Select

Biannually, Managers may qualify for special Sunshine Select status by participating in a personalized development program. Qualification terms are six months long, and qualifiers will enjoy exclusive Sunshine Select benefits for the six-month period immediately following qualification. Sunshine Select benefits include discounts on personal purchases. Sunshine Select requirements and rewards are subject to change.

Managers receive other benefits in addition to the commissions and benefits outlined in the Manager Rank, Qualifications and Commissions charts.

Benefits by Rank

STAR MANAGER BENEFITS

All new Star Managers who:

- Achieve 6 consecutive months as a Star Manager or above
- Are at least a Star Manager during the last month of the National Convention qualification period

– AND -

- Achieve the rank of Star Manager for the first time within five years of becoming a Manager

Will receive the following:

- A \$300 travel allowance to attend National Convention
- A beautiful award during the event

Note: The new Star Manager must qualify or buy in and attend National Convention to receive these benefits. If, for some reason, they cannot attend the first time he/she is invited, he/she will be invited to participate a second time if certain requirements are met.

DISTRICT MANAGER BENEFITS

All new District Managers who:

- Achieve 6 consecutive months as a District Manager or above
- Are at least a District Manager during the last month of the National Convention qualification period

– AND -

- Achieve the rank of District Manager for the first time within five years of becoming a Star Manager

Will receive the following:

- Invitation to attend National Convention for 2 people
- A beautiful award during the event

Note: Travel costs are not included and are the responsibility of the Manager. If, for some reason, the new District Manager cannot attend the first time he/she is invited, he/she will be invited to participate a second time if certain requirements are met.

AREA MANAGER BENEFITS

All new Area Managers who:

- Achieve 6 consecutive months as an Area Manager or above
- AND -
- Are at least an Area Manager the last month of Leaders qualification period

Will receive the following:

- An invitation to Leaders Conference, including travel and lodging
- A beautiful award during the event
- Invitation to participate in a wonderful activity at the event

Note: If, for some reason, the new Area Manager cannot attend the first time he/she is invited, he/she will be invited to participate a second time if certain requirements are met.

REGIONAL MANAGER BENEFITS

All new Regional Managers will immediately qualify to participate in the Car Program and can receive a \$250 car allowance for each month during which the Manager is paid as a Regional Manager and meets the requirements. Please review the section "Car Program Benefits" on pg 7 for details.

In addition, new Regional Managers who:

- Achieve 3 consecutive months as a Regional Manager or above

Will receive the following:

- Special recognition at the next National Convention (for first-time Regional Managers)
- A beautiful award during the event

DIVISIONAL MANAGER BENEFITS

All new Divisional Managers will immediately qualify to participate in the Car Program and can receive a \$400 car allowance for each month during which the Manager is paid as a Divisional Manager and meets the requirements. Please review the section "Car Program Benefits" on pg 7 for details.

In addition, new Divisional Managers who:

- Achieve 3 consecutive months as a Divisional Manager or above

– AND -

- Are at least a Divisional Manager the last month of the Divisional trip qualification period

Will receive the following:

- Special recognition at National Convention (for first-time Divisional Managers)
- Invitation to attend an exclusive Divisional trip for two

SENIOR DIVISIONAL MANAGER BENEFITS

All new Senior Divisional Managers will immediately qualify to participate in the Car Program and can receive a \$550 car allowance for each month during which the Manager is paid as a Senior Divisional Manager and meets the requirements. Please review the section "Car Program Benefits" on pg 7 for details.

In addition, new Senior Divisional Managers who:

- Achieve 3 consecutive months as a Senior Divisional Manager or above

Will receive the following:

- Special recognition at National Convention (for first-time Sr. Divisional Managers)
- A valuable gift
- A beautiful award during the event

NATIONAL MANAGER BENEFITS

All new National Managers will immediately qualify to participate in the Car Program and can receive a \$700 car allowance for each month during which the Manager is paid as a National Manager and meets the requirements. Please review the section "Car Program Benefits" on pg 7 for details.

After 3 consecutive months of achieving the rank of National Manager, they will receive a gold and diamond pin.

In addition, new National Managers who:

- Achieve 6 consecutive months as a National Manager or above

Will receive the following at the next National Convention:

When a Manager is paid as a National Manager and maintains rank, then he/she will be recognized formally at the next National Convention. He/she is eligible for the following benefits:

- VIP registration for two, including airfare
- VIP upgraded room

- Special recognition (for first-time National Managers)
- Honored guest status
- Invitation to the VIP Manager activity

They will also receive:

- A special dinner with first-level Managers (one-time only)
- A cash award of \$5000

SENIOR NATIONAL MANAGER BENEFITS

All new Senior National Managers will immediately qualify to participate in the Car Program and can receive an \$850 car allowance for each month during which the Manager is paid as a Senior National Manager and meets the requirements. Please review the section “Car Program Benefits” on pg 7 for details.

After 3 consecutive months of achieving the rank of Senior National Manager, they will receive a white gold and diamond pin.

In addition, new Senior National Managers who:

- Achieve 6 consecutive months as a Senior National Manager or above

Will receive the following at the next National Convention:

- VIP registration for two, including airfare
- VIP upgraded room
- Special recognition (for first-time Senior National Managers)
- Honored guest status
- Invitation to the VIP Manager activity

They will also receive:

- A special dinner with first-level Managers (one-time only)
- A gold ring for him and her
- A cash award of \$10,000

GLOBAL ELITE MANAGER REQUIREMENTS

To qualify as the rank of Global Elite Manager, the Manager must do the following:

- Achieve Senior National Manager rank
- Have at least 3 international markets represented among their first-level Managers
- Have at least 5 international markets represented among their five levels of Managers
- Have a total of 50 Managers within their 5 levels who are international

All new Global Elite Managers will immediately qualify to participate in the Car Program and can receive a \$1,000 car allowance for each month during which the Manager is paid as a Global Elite Manager and meets the requirements. Please review the section “Car Program Benefits” on pg 7 for details.

They will also receive the following:

- An exclusive Global Elite pin
- Eligibility for legacy pay of 5% on the 6th level.
- Eligibility for legacy Infinity pay of 1% on the 7th level and beyond. (To qualify for this, they must have at least 100 International Managers. This bonus is paid only to the first qualifying Global Elite upline.)

After 3 consecutive months of achieving the rank of Global Elite Manager, they will receive a white gold and diamond pin. In addition, new Global Elite Managers who:

Will receive the following at the next National Convention:

- VIP registration for two, including airfare
- VIP upgraded room
- Special recognition (for first-time Global Elite Managers)
- Honored guest status
- Invitation to the VIP Manager activity

They will also receive:

- Invitation to the Global Summit
- A cash award of \$20,000

EXISTING GLOBAL ELITE, SENIOR AND NATIONAL MANAGER BENEFITS:

All existing Managers who have ever achieved the ranks of Global Elite, Senior and National Managers and want to attend Nature’s Sunshine Products events at the highest rank they have achieved must meet the following requirements:

- Global Elite Managers must hold at least Sr. National Manager status
- Sr. National Managers must hold at least National Manager status
- National Managers must hold at least Sr. Divisional Manager status

Note: Managers must hold rank for the duration of the qualification period for each event they are qualifying for. For example: If a Manager has been a National Manager in the past and wants to receive the benefits of a National Manager for National Convention, he/she must hold Sr. Divisional rank for the duration of the qualification period.

All other Managers will be treated as current rank status for all future events until they reach National Manager status again and maintain it for three consecutive months.

DESCRIPTION OF MANAGER BENEFITS

Car Program Benefits

To qualify for the Car Program, participants must:

1. Be paid as a Regional Manager or higher each month to receive a car allowance included in the bonus payment based on the following table. Allowance is paid according to the “paid at” rank each month.

Regional Manager	\$250
Divisional Manager	\$400
Sr. Divisional Manager	\$550
National Manager	\$700
Sr. National Manager	\$850
Global Elite Manager	\$1,000

2. New Regional Managers can start receiving a \$250 car bonus the first month they are paid at Regional rank. The new Regional Manager does not have to complete three consecutive months at Regional rank to start participating

in this program. This rule applies to all rank advancements where car allowances are earned.

3. If NSP (Recognition Department) receives the car contract in the same month the account breaks out as a new Regional Manager, NSP will pay the car allowance with that month's bonus payment. NSP will start paying this allowance in the month that the contract is received and recorded. (We do not send any car contract from Home Office).
4. NSP will not reimburse the Manager for any payments made prior to the contract being received by NSP Home Office.
5. Send a copy of a completed purchase or lease agreement for the vehicle to NSP Home Office. Purchase/lease must be in the name of the qualifying Manager. You can either fax it to ATTN: Recognition Dept. at 1-801-341-7240, or mail it to:

Nature's Sunshine Products
Attn: Recognition Dept./Sonia Alba
2500 Executive Parkway, Suite 100
Lehi, Utah 84043

This car allowance may be applied to the purchase or lease of a new vehicle. Car qualifiers will continue to receive their eligible car allowance as long as the vehicle is less than 60 months old. The Manager must send to NSP a purchase or lease agreement for a new vehicle before it passes the 60th month. All insurance, operating and maintenance costs are the sole responsibility of the Manager.

If a car program participant sells the qualifying car or terminates the lease, he/she must notify NSP Home Office within 10 days. No car allowance payment will be made in the month in which a car is sold unless a new purchase or lease agreement is submitted prior to the end of such month.

NOTE: All car program payments are considered income to the Manager and will be reported on the Manager's federal IRS 1099 tax form from NSP.

EVENTS

Top Achievers Club

Area Managers and above can qualify for an exclusive vacation to some of the most interesting parts of the

world. Top Achievers Club (TAC) members enjoy wonderful accommodations, food and entertainment. They share experiences and ideas with other successful Managers and corporate executives. Qualification requirements vary for each trip.

National Convention

All Managers and above may qualify to attend this event held at various locations in the U.S. The convention focuses on product education, training and business skills. All Managers may qualify to have NSP pay up to one hundred percent (100%) of the convention costs (excluding travel expenses). Qualifications may vary from year to year and are mailed to all Managers. If a Manager qualifies for two attendees, he or she may bring a spouse, partner or other Manager. Qualifications are non-transferable.

Leaders Conference

Nature's Sunshine's sales leaders meet together each year at Leaders Conference for business and product training. Participants take part in informative workshops and round table discussions as well as motivating general sessions. Costs to attend this event are paid by each participant. New Area Managers may qualify for NSP to pay the costs to attend Leaders Conference (including reasonable travel expenses approved by NSP).

INTERNATIONAL SPONSORING/ ORDERS

Market to Market orders – PV from the orders placed by a US Member in a foreign market will be entered in the US commission engine in the same month, unless the order is placed during the last 5 days, the order may still count, but might roll over to the next commission period. Local laws require identification in

International Downline PV – PV from the orders placed by the foreign downline of a US Member is not entered in the US commission engine. Commissions from this volume is paid separately with a 1 month delay.

Rank achieved through Global Sponsoring – Any international downline volume that would change your US payout is paid with a 1 month delay, along with any commissions earned in international markets.