



A NEW DAY!

MELALEUCA'S COMPENSATION PLAN

**Creating the financial resources
to live an extraordinary life!**



OUR MISSION

*To enhance the lives of those we touch
by helping people reach their goals.SM*



FINANCIAL RESOURCES

In today's society, most of us spend a great deal of our lives trying to provide for our families and developing the resources necessary to have a great life. For most, getting ahead financially is a real challenge. Statistics suggest that those who make the most financial progress are often entrepreneurs who start their own businesses. But starting a business most often takes an investment of hundreds of thousands of dollars. And even then, the road to success is fraught with obstacles and serious financial risk.

Over the last three decades, Melaleuca has been building a financial opportunity for the average person to start a business with virtually no risk and unlimited upside potential. We see ourselves as the champion of the "little guy." We believe that those who were not born into wealth and who have not climbed the corporate ladder should still have the same opportunity to get ahead in life. Although we've all heard the old mantra "It takes money to make money," Melaleuca has developed a proven system where people with virtually no financial investment can make substantial improvements in their financial situation simply by referring customers to Melaleuca. This system has proven to be quite successful. Melaleuca has already paid out over \$4.5 billion to households who were previously "just getting by" with their 9-to-5 jobs.

THE WELLNESS INDUSTRY

Our industry is the \$620 billion wellness industry. The key to Melaleuca's historic growth and life-changing financial reward program is Melaleuca's tremendous line of superior wellness products. We succeed because our wellness products are the absolute best in the marketplace.

CREATING RESIDUAL INCOME FOR YOUR FAMILY

All compensation is based on the sale of products to end consumers. However, you will never have to "sell" a single product to anyone since all products are sold directly by Melaleuca to your customers. Your role is simply to refer customers to shop at Melaleuca. You will be paid commissions whenever those customers purchase products. It's all about having delighted customers who, because of their personal experience of increased energy and healthier lives, continue to purchase Melaleuca products month after month. Delighted customers create an enormous demand for Melaleuca products. Since most of Melaleuca's customers are Preferred Customers who purchase every month, that can mean substantial monthly income for you for the rest of your life! Your income will depend on how many loyal customers you have and how much they purchase each month. As with any business, your success will take hard work, diligence, perseverance, and leadership. It's a new day! Welcome to Melaleuca!

Important business principles...

Building a Melaleuca business follows the same business principles found in most businesses in that any manager can effectively manage only a limited number of direct reports. Therefore, a Melaleuca independent business is initially limited to five first-generation positions. This organization design offers the best in personal leadership and customer service. As a Melaleuca Marketing Executive, you will be authorized to build a Marketing Organization consisting of seven generations of management and customers. You will begin with five direct positions on your first business generation. Each of those positions will have five first-generation positions and so forth. As you develop other leaders within your Marketing Organization you can qualify for additional first-generation positions.



Supplementing your regular income with profits from your Melaleuca business can dramatically change the financial outlook of your family. Melaleuca strongly recommends that you do not leave your current employment to build a Melaleuca business. We advocate that you be the best employee you can be for your current employer, but use your spare time to build a vibrant Marketing Organization. Please do not consider leaving your current job until your Melaleuca business is producing at least three times the current income of your full-time job.

Remember, at Melaleuca anyone can be successful without investing money. There's no need to pay for advertising, marketing, or meeting rooms. All you need to invest is your time and hard work. And with that hard work, you can create significant residual income for the rest of your life.



FINANCIAL REWARDS

Commissions and Bonuses

Commissions

You earn commissions from customers who were:
1) **enrolled by you** and 2) **enrolled by others**.

You are paid commissions when customers in your Marketing Organization purchase product from Melaleuca. The commissions are calculated based on how many Product Points each customer purchases in a given month.

Customers enrolled by **you**:

Product Introduction Commission: When you quality enroll a customer, you will receive 50% of Product Points **on purchases in the customer’s first month**.

Personal Customer Commissions: Beginning with a customer’s **second month**, you will receive a commission on purchases by all customers you personally enrolled. The monthly commission that you will receive will depend on how many **Active Personally Enrolled Customers** you have during that month.

Active Customers Enrolled by You	Percent You Will Be Paid
1–7	7%
8–19	14%
20+	20%

Customers enrolled by **others**:

Organization Commissions: You will receive 7% of Product Points on purchases by customers who were enrolled by others in your Marketing Organization.

The number of generations your commissions are paid on depends on your “Commission Rate.”

- **Product Advocates** are paid on **2 generations**.
- **Product Advocates II** are paid on **3 generations**.
- **Product Advocates III** are paid on **4 generations**.
- **Directors** and above are paid on **7 generations**.

Presentation Point Commissions: It is not unusual for a Marketing Executive to earn 100 or more Leadership Points in a month. When a Marketing Executive at a status of Director 5 or higher earns more than 10 Presentation Points in any given month, they receive \$5 for every Presentation Point after the first 10 that month.

Leadership Points

Leadership Points are a measurement of a leader’s contribution toward helping others reach their goals. Leadership Points qualify you for certain Statuses and bonuses and allow you to earn commissions on customers enrolled by others in your Marketing Organization.

How to earn Leadership Points

- Whenever a new customer is enrolled, 5 Leadership Points are awarded—3 points are awarded to the enroller and 2 points are awarded to the person who made the presentation. An additional point is awarded to the presenter if the enrollee purchases a Value or Home Conversion Pack.
- Every time a Marketing Executive advances to Director or above, the leader who has earned the most Leadership Points in the Marketing Executive’s Marketing Organization during the last three months will receive 10 Leadership Points that month.

Bonuses

You are paid bonuses:

- 1) **when you advance** in Status
- 2) when **those in your Marketing Organization advance**
- 3) as you **increase the number of customers** in your Marketing Organization
- 4) when you qualify for a **monthly car bonus**

Advancement Bonus: You will earn an Advancement Bonus **each time you advance to a new Status**. The higher the new Status, the larger the bonus. There are 49 Statuses—each Status is higher than the previous Status. So if you work hard, it does not take long to advance from one Status to the next.

or...

Pacesetter Bonus: After you complete the Independent Marketing Executive Application and Agreement and after you view the Foundations Video at Melaleuca.com/FoundationsVideo in your month of enrollment with Melaleuca or the month following enrollment, you will be eligible for the **Pacesetter Program**. The Pacesetter Program will pay you **double the Advancement Bonus** each time you advance through the Director and Senior Director ranks. To receive the Pacesetter Bonus, you must advance to each status within a specific timeline. Each status has a different timeline.

To the right are the timelines that qualify you for the **Pacesetter Bonus**.

Status	Months After Enrollment
Director	2
Director 2	3
Director 3	4
Director 4	5
Director 5	6
Director 6	7
Director 7	8
Director 8	9
Director 9	10
Senior Director	12

Status	Months After Achieving Senior Director
Senior Director 2	1
Senior Director 3	2
Senior Director 4	3
Senior Director 5	4
Senior Director 6	5
Senior Director 7	6
Senior Director 8	8
Senior Director 9	10

Mentoring Bonus: You can qualify to earn the **Mentoring Bonus** when your personal enrollees advance from one Status to the next. You will earn an amount equal to the Advancement or Pacesetter Bonus paid to your advancing personal Directors through the Status of Senior Director. You will also be paid a set amount ranging from \$2,200 to \$5,000 for advancing personal Senior Directors 2 through the Status of Executive Director. You are paid in the same month your personally enrolled Marketing Executives are paid their Advancement or Pacesetter Bonus. Note: Melaleuca’s mission is to help people reach their goals. The better you are at helping others reach their goals, the more you will benefit financially. And the more your support team helps you reach your goals, the more they will benefit financially. A three-month average of only 1 Leadership Point qualifies Directors and Directors 2 for the Mentoring Bonus. Directors 3 through Director 5 qualify with a three-month average of 5 Leadership Points, and Directors 6 and above qualify with a three-month average of 10 Leadership Points.

Core Mentoring Bonus: Directors 3 and above can qualify to earn the **Core Mentoring Bonus** when others in your Core Organization advance from one Status to the next. You earn 50% of the Advancement Bonus on Directors through Senior Directors and 50% of the Mentoring Bonus on Senior Directors 2 through Executive Directors when they advance, even though they are not your personal enrollees!

Status	Definition of Core Organization
Directors	3 Generations
Senior Directors	4 Generations
Executive Directors	5 Generations
National Directors	6 Generations
Corporate Directors	6 Generations

Those who develop and retain a new personal Director 2 through Senior Director qualify for the **Core Mentoring Bonus** for that month and the following month. Those who develop and retain a new personal Director 3 will qualify for the Core Mentoring Bonus for that month and the following 5 months!

Double Core Mentoring Bonus: Whenever a Director 3 or above develops and retains a second new personal Director 3 through Senior Director, their Core Mentoring Bonus that month and the following month will be **doubled**!

Leadership Growth Bonus:

Whenever you reach Senior Director or above Status, have New Growth in your Marketing Organization over a two-month period, and produce an average of 30 or more Leadership Points, you will earn the **Leadership Growth Bonus**.

Status	Leadership Pts. (3 month average)	Bonus
Sr. Director–Sr. Director 9	30	\$500
Exec. Director–Exec. Director 9 Non Masters	30	\$2,000
Exec. Director–Exec. Director 9 Masters*	30	\$3,000
National Director and above	30	\$4,000

*Masters are those Marketing Executives who have been at Senior Director or above status for at least five years

Monthly Car Bonus: Melaleuca will pay for a new car when you reach Senior Director. Melaleuca will pay for two new cars when you reach Executive, National, and Corporate Director.

20/20 Bonus: When you achieve 20 Active Personally Enrolled Preferred Customers within your first 5 months (including the month of enrollment) you qualify for a one-time \$500 bonus! Plus, as long as you maintain at least 20 Active Personally Enrolled Customers, you will receive a 20% commission on your Personal Enrollees!

Senior Director
\$500
PER MONTH

Executive Director
\$1,000 PER MONTH

National Director
\$1,200 PER MONTH

Corporate Director
\$1,500 PER MONTH



Status (Commission Rate)

	Requirements						Bonuses and Commissions				
	Number of Active Personal Customers	Average Monthly Leadership Point Production	Monthly Organization Volume	Monthly PEG (Personal Enrollee Group Volume)	Active Personally Enrolled Directors	Active Personally Enrolled Senior Directors	Advancement Bonus	Pacesetter Bonus	Mentoring Bonus (the amount you receive when your personal enrollee advances to this status)	Core Mentoring Bonus (the amount you receive when others in your Core Organization advance to this status)	Potential Organization Commission Available
DIRECTOR											
Director	8	1					\$100	\$200	\$100*	\$50	\$250
Director 2	10	2	1,000				\$200	\$400	\$200*	\$100	\$375
Director 3	11	3	2,500	1,000	1		\$500	\$1,000	\$500*	\$250	\$500
Director 4	12	4	5,000	2,500	2		\$500	\$1,000	\$500*	\$250	\$750
Director 5	13	5	7,500	5,000	2		\$500	\$1,000	\$500*	\$250	\$1,000
Director 6	14	6	10,000	7,500	3		\$600	\$1,200	\$600*	\$300	\$1,250
Director 7	15	7	12,500	10,000	3		\$700	\$1,400	\$700*	\$350	\$1,500
Director 8	16	8	15,000	12,500	4		\$800	\$1,600	\$800*	\$400	\$1,750
Director 9	18	9	17,500	15,000	4		\$1,000	\$2,000	\$1,000*	\$500	\$2,000

SENIOR DIRECTOR											
Senior Director	20	10	20,000	17,500	5		\$2,000	\$4,000	\$2,000*	\$1,000	\$3,000
Senior Director 2	20	10	22,500	20,000	5		10% of True PEG	20% of True PEG	\$2,200	\$1,100	\$3,500
Senior Director 3	20	11	25,000	22,500	6		10% of True PEG	20% of True PEG	\$2,500	\$1,250	\$4,000
Senior Director 4	20	11	27,500	25,000	6		10% of True PEG	20% of True PEG	\$2,700	\$1,350	\$4,500
Senior Director 5	20	12	30,000	27,500	7		10% of True PEG	20% of True PEG	\$3,000	\$1,500	\$5,000
Senior Director 6	20	12	32,500	30,000	7		10% of True PEG	20% of True PEG	\$3,200	\$1,600	\$5,500
Senior Director 7	20	13	35,000	32,500	8		10% of True PEG	20% of True PEG	\$3,500	\$1,750	\$6,000
Senior Director 8	20	13	40,000	35,000	8		10% of True PEG	20% of True PEG	\$4,000	\$2,000	\$6,500
Senior Director 9	20	14	45,000	40,000	9		10% of True PEG	20% of True PEG	\$4,500	\$2,250	\$7,000

EXECUTIVE DIRECTOR											
Executive Director	20	15	50,000	50,000	10		10% of True PEG		\$5,000	\$2,500	Unlimited
Executive Director 2	20	15	60,000	60,000	10		10% of True PEG				Unlimited
Executive Director 3	20	15	70,000	70,000	10	1	10% of True PEG				Unlimited
Executive Director 4	20	15	80,000	80,000	10	1	10% of True PEG				Unlimited
Executive Director 5	20	15	90,000	90,000	10	2	10% of True PEG				Unlimited
Executive Director 6	20	15	100,000	100,000	10	2	10% of True PEG				Unlimited
Executive Director 7	20	15	110,000	110,000	10	3	10% of True PEG				Unlimited
Executive Director 8	20	15	120,000	120,000	10	3	10% of True PEG				Unlimited
Executive Director 9	20	15	130,000	130,000	10	3	10% of True PEG				Unlimited

* Doubles when your personal enrollee receives the Pacesetter Bonus.

Status

(Commission Rate)

Requirements								Bonuses and Commissions	
Number of Active Personal Customers	Average Monthly Leadership Point Production	Monthly Organization Volume	Monthly PEG (Personal Enrollee Group Volume)	Active Personally Enrolled Directors	Active Personally Enrolled Senior Directors	Active Personally Enrolled Executive Directors	Leadership Credits	Advancement Bonus	Potential Organization Commission Available

NATIONAL DIRECTOR

National Director	20	15	140,000	140,000	10	4			10% of True PEG	Unlimited
National Director 2	20	15	150,000	150,000	10	4	1		10% of True PEG	Unlimited
National Director 3	20	15	162,500	162,500	10	4	1		10% of True PEG	Unlimited
National Director 4	20	15	175,000	175,000	10	3	2		10% of True PEG	Unlimited
National Director 5	20	15	187,500	187,500	10	3	2		10% of True PEG	Unlimited
National Director 6	20	15	200,000	200,000	10	2	3		10% of True PEG	Unlimited
National Director 7	20	15	212,500	212,500	10	2	3		10% of True PEG	Unlimited
National Director 8	20	15	225,000	225,000	10	1	4		10% of True PEG	Unlimited
National Director 9	20	15	237,500	237,500	10	1	4		10% of True PEG	Unlimited

CORPORATE DIRECTOR

Corporate Director	20	N/A	250,000	250,000	10		5		\$100,000 + 10% PEG	Unlimited
Corporate Director 2	20	N/A	300,000	300,000	10		5	12	10% of PEG	Unlimited
Corporate Director 3	20	N/A	350,000	350,000	10		5	15	10% of PEG	Unlimited
Corporate Director 4	20	N/A	400,000	400,000	10		5	18	10% of PEG	Unlimited
Corporate Director 5	20	N/A	450,000	450,000	10		5	21	10% of PEG	Unlimited
Corporate Director 6	20	N/A	525,000	525,000	10		5	24	10% of PEG	Unlimited
Corporate Director 7	20	N/A	600,000	600,000	10		5	27	10% of PEG	Unlimited
Corporate Director 8	20	N/A	700,000	700,000	10		5	30	10% of PEG	Unlimited
Corporate Director 9	20	N/A	800,000	800,000	10		5	33	10% of PEG	Unlimited

PRESIDENTIAL DIRECTOR

Presidential Director	20	N/A	1,000,000	1,000,000	10		5	35	\$1,000,000	Unlimited
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Please refer to [Melaleuca.com/CompensationPlan](https://melaleuca.com/CompensationPlan) for additional information on Corporate Director Statuses.

The Fine Print: Things you need to know

When you are dealing with a program that has already paid out over \$4.5 billion, you’ve got to expect there’s going to be a little fine print just to make sure our people are representing our company and products ethically and honestly, and to make sure those who are paid substantial amounts are involved in the endeavor of helping others. So here it goes...

Additional First-Generation Positions:

A Marketing Executive will earn an additional first-generation position (over the original five) for each active personally enrolled Director or above.

“Status” means “Commission Rate Status”:

Whenever specific Statuses are used when discussing Melaleuca’s Compensation Plan in this brochure (e.g. Executive Director), it means your “Commission Rate Status.”

Home Security Commissions: Substantial commissions are available each month on the *Melaleuca Home Security* program. To qualify for these commissions, you must designate one household as your personal production account in the *Melaleuca Home Security* program. To learn more, visit MelaleucaSecurity.com

Advancement Bonus Payout: The Five-Month Retention Index in the month the Advancement Bonus is paid determines the percent of the Advancement or Pacesetter Bonus the Marketing Executive receives.

Five-Month Retention Index	Percent of Bonus Paid
50.0% or above	100%
45.0%–49.9%	80%
40.0%–44.9%	70%
Less than 40.0%	50%

In the 12 months following payment, any un-earned portion of the Advancement or Pacesetter Bonus can be earned by increasing the Five-Month Retention Index to 50% or above and growing the number of Preferred Customers in the advancing Marketing Executive’s Marketing Organization by a minimum of one over the Preferred Customer count in the month of advancement (excluding roll ups and organization moves). Advancement and Pacesetter Bonuses are paid in the month of advancement with the exception of Marketing Executives advancing to a status of Director 3 through National Director 9 who achieve the necessary Organization Volume more

than two months before developing the required number of personally enrolled Directors, Senior Directors, or Executive Directors (“Leadership”). If the necessary Organization Volume is achieved more than two months prior to the required Leadership, the Marketing Executive will be paid 1/3 of their Advancement or Pacesetter Bonus each month for a period of three months.

Rapid Advancement: Senior Directors and above who have an Organization Reorder Rate of greater than 90% can be paid on the advancement of an unlimited number of new statuses in any given month. Senior Directors and above who have an Organization Reorder Rate of 80% to 90% can be paid Advancement or Pacesetter Bonuses for up to two Status Advancements in a single month. Senior Directors and above who have an Organization Reorder Rate below 80% can be paid Advancement or Pacesetter Bonuses on a maximum of one Status Advancement per month. If the number of Status Advancements a Marketing Executive achieves in a single month exceeds the number that the Marketing Executive is eligible to be paid on, the unpaid Advancement or Pacesetter Bonuses will be paid in subsequent months as long as the Marketing Executive continues to meet the requirements for Status and grows in subsequent months (excluding roll ups and organization moves).

Mentoring and Core Mentoring Bonuses: For you to qualify for the Mentoring or Core Mentoring Bonuses, your advancing Marketing Executives must advance within two months after achieving the required Organization Volume for that Status, and you must have a Commission Rate equal to or higher than that of the advancing Marketing Executive who qualifies you for the Core Mentoring Bonus or for whom you are being paid. Mentoring and Core Mentoring Bonuses are paid based on the same percentage as the Advancement or Pacesetter Bonus of the advancing Marketing Executive and are paid in the same month the advancing Marketing Executive is paid.

No Commissions Paid on Backup Orders During First Three Months: Commissions will only be paid on a customer’s first three months of purchases if the customer actually places an order. In other words, Backup Orders and Select Packs are not commissionable in the first three months.

Car Bonus: There are specific guidelines for the type of car that will qualify. For details go to Melaleuca.com/carbonus.

Five-Month Retention Index: A Five-Month Retention Index of 50% or greater is required on your presentations to earn Presentation Point Commissions.

Limits on Order Size: Commissions are paid on the first 150 Product Points that a customer purchases each month. No commissions are paid on amounts exceeding 150 Product Points.

Leadership Meetings: Training, education, and knowledge are essential for leadership positions in any business or Marketing Organization. Senior Directors and above must attend leadership meetings in order to qualify for bonuses (e.g. Leadership Growth Bonus). Executive Directors and above do not need to attend Standing Executive Leadership Council to receive their Car Bonus.

Personal Production Account: Failure to personally produce revenue of at least 29 Product Points per month in the Personal Production Account for two consecutive months constitutes the Marketing Executive’s voluntary resignation. A Marketing Executive who has voluntarily resigned will lose his/her personal enrollees and his/her Marketing Organization. The resignation shall become effective on the day following the last day of the second month of inactivity.

Leadership Required: Directors who produce less than one Leadership Point in the last three months may earn up to \$100 in Organization Commission.

Program Interpretation: Interpretation of this brochure and Melaleuca's Compensation Plan is at Melaleuca's complete discretion.

Policies: This Compensation Plan is subject to Melaleuca's Policies and Procedures and all Marketing Executive agreements. This brochure is not intended to be a complete explanation of Melaleuca's Compensation Plan for its Marketing Executives. For a complete explanation go to Melaleuca.com/CompensationPlan.

30 Days' Notice Required: Melaleuca may change this Compensation Plan with 30 days' notice. Any changes will be printed in the monthly *Leadership in Action* magazine or by some other reasonable means.

Definitions:

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

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

To Enroll: The process of completing and submitting a Customer Membership Agreement.

Five-Month Retention Index: The average percentage of your Preferred Customers who are still Preferred Customers after their fifth month of being customers. (This is a three-month average.)

Marketing Executive: A person who has completed, executed, and delivered to Melaleuca an Independent Marketing Executive Agreement; has at least one customer; and has received his/her first commission check.

Marketing Organization: The seven generations of customers and Marketing Executives directly below you.

New Growth: The increase in Preferred Customers in a Marketing Executive's

Marketing Organization excluding roll ups and organization moves (i.e. enrollments – cancellations + reactivations = New Growth).

Organization Reorder Rate: The percentage of customers in a Marketing Executive's Marketing Organization who ordered last month who ordered again this month.

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

Personal Enrollee: Same as a Personally Enrolled Customer.

Personally Enrolled Customer: A customer you personally referred to Melaleuca and who has you listed on his/her Customer Membership Agreement as his/her enroller.

PEG (Personal Enrollee Group Volume): The total Organization Volume of a Marketing Executive's personal enrollees in any given month.

True PEG (True Personal Enrollee Group Volume): The total Organization Volume of a Marketing Executive's Personal Enrollees in any given month. (Contrary to how "PEG" is calculated, "True PEG" counts each customer's monthly

purchase volume only once, even though that customer might be under several personal enrollees in the Marketing Organization).

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

Preferred Customer: A customer who has stipulated in the Customer Agreement that the customer is committed to purchase at least 35 Product Points per month. In addition to many other benefits, Preferred Customers receive a 30% to 50% discount on Melaleuca products.

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

Quality Customer: A customer who enrolled as a Preferred Customer and ordered product (did not receive a Backup Order or Select Pack) from Melaleuca in the customer's first month of enrollment.

Quality Enroll: To enroll a Quality Customer.

Status: The highest Commission Rate a Marketing Executive has ever achieved.

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



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