



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 member within a distributor's business organization. Those members who are immediately sponsored by the distributing member would be considered the distributing member's first level. Those members who are sponsored by a distributing member's first level would be considered that distributing member's second level. Those sponsored by a second level would be considered that distributing member's third level, and so on.

Enroller: The person responsible for personally introducing a new member to Young Living. Enrollers are eligible for financial bonuses including Star Performance, Matching, and Start Living.

Sponsor: A new member's direct upline and closest supporter. The sponsor may also be the enroller.

Upline: Any member above another member 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 consumption. Customers need to be sponsored and enrolled by a current Young Living distributor, as well as have purchased an order within the previous twelve consecutive months. As customer accounts are considered customers of the sponsoring distributor, all PV of the customer qualifies as the sponsoring distributor's PV. This works as if the distributor personally purchased the product from Young Living and then resold it to the customer.

Preferred Customer: A customer who chooses to participate in the Essential Rewards program. These customers purchase at the preferred customer price, which is approximately 12% below the retail price. They are allowed this discount because they have chosen to receive a monthly Essential Rewards order with a minimum 50 PV and have agreed to the Essential Rewards Agreement. Because preferred customer accounts are considered customers of the sponsoring distributor, all PV of the preferred customer is "rolled up" and qualifies as the sponsoring distributor's PV. This works as if the distributor personally purchased the product and then resold it to the preferred customer.

Professional Customer: A business entity that desires to purchase Young Living products at a discounted price without participating in the Compensation Plan. These customers have been sponsored and enrolled by a current distributor, have submitted a verifiable business license, a federal Employer Identification Number (EIN), and have returned their Professional Customer Enrollment Form. Professional customers receive their pricing discounts according to the size of their orders. Professional customer orders between 0–499.99 PV receive no discount and will pay the full retail price. Orders from 500–999.99 PV are charged the wholesale price, which is approximately 24% discount from retail price. Orders above 1,000 PV will receive a 27% discount from retail price. Discounts are calculated on individual orders. Because professional customers do not participate in the Compensation Plan, they are not able to sponsor or enroll members. Professional cus-

tomers are also excluded from participation in the Essential Rewards program. Upline distributors of professional customers receive commission on half of the PV of the professional customer's orders.

Inactivity and Dropped Accounts: All distributors are required to purchase a cumulative 50 PV every twelve months 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 commissions from their sales organization. If an account remains inactive for a period of twelve 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 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 a distributor status due to consecutive inactivity, the 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 and are treated as a new member.

All other member types must place an order within a twelve month period of time. There is no minimum PV requirement to remain active. If there is ever twelve consecutive months without an order, the account will be dropped for inactivity. Upon reactivating an account, all member types must meet current Young Living enrollment requirements.

Commission Period: Young Living considers each commission period beginning at 12:00 a.m. (MST) the first day of a calendar month to 11:59 p.m. (MST) 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 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. Each rank status needs the required qualifications to be achieved monthly.

Personal Volume (PV): Each product that Young Living sells has a Personal Volume amount assigned to it. 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' and preferred customers' purchases. PV is one of the requirements in ranking within the compensation plan, and 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 professional customers within a particular organization. OGV accumulates throughout each commission period.*

* With the purchased volume of customers and preferred customers already encompassed in their sponsor's PV, their volume is already taken into account when totaling OGV.

Personal Group Volume for Silvers and above (PGV): The total amount of sales volume in an organization down to, but not including, the next Executive or above. Also defined as all volume outside of Executive legs or "non-Executive" volume. Silver distributors' monthly PGV must be 1,000 or more. PGV includes personal orders and those placed by customers.

Personal Group Volume for Golds and above (PGV): Personal Group Volume, to qualify as Gold or higher in the Compensation Plan, 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 in rank for each leg of the sales organization. PGV in these cases does not include any Silver or higher in rank and the entirety of their organization.

Once a member of the distributor's organization has reached the rank of Silver, the sales volume of their organization will never again reflect towards the distributor's PGV (although it will still appear as part of the OGV). This is known as the "Once a Silver Always a Silver" rule, and it only applies to PGV.

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

Retail Earnings: Retail earnings are the amount that is earned by the distributor due to the purchases of personally sponsored customers and preferred customers. Young Living treats each customer and preferred customer as the distributor's customer. In cases of preferred customers, where they pay approximately 12% above the wholesale price, Young Living pays to the sponsor the approximate 12% difference. This is also the case with customers at approximately 24%. This is treated as if the sponsor had purchased the product at wholesale price and then resold the product for retail price; the profit the distributor would have made in doing so is paid to them by Young Living in retail earnings.

Unilevel: Unilevel is a form of commission that is earned through the Compensation Plan. Qualifying distributors earn 5% on the sales volume or PV of direct levels within their organization. As distributors advance in the Compensation Plan they can earn 5% of up to five levels of their organization.

Compression: In circumstances where a distributor within a level of the sales organization does not meet the 50 PV qualification to earn commissions, his or her volume, if any, is compressed up with all volume down to and including the next qualifying distributor with at least 50 PV. This creates a unilevel for commission purposes. For instance, if in the third level a distributor does not place a qualifying order but only an order of 20 PV, then the fourth level distributor's PV in the organization who has ordered 50 PV compresses up with the third level for pay out purposes. This creates a single unilevel to be paid out with a total of 70 PV for that commission period. This is to maximize 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.

Personal Generation Bonus: 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 commission on a personal generation by ranking as Silver or higher, the distributor is paid 3% on this volume. This personal generation pay is in addition to any other qualified compensation.

Generation Commissions: Silver distributors qualify for an additional 3% commission on all sales volume in their personal generation. As you train and develop new Silvers in your network, the percentage you earn on each additional generation increases from 3% to 4%. These commissions are paid on up to seven generations.

Leadership Commissions: Once you have attained Diamond or Crown Diamond, and have assisted another person in your team to reach Diamond, you will qualify for an additional 1% Generation Commission on that Diamond's first five generations. As Crown Diamond, you can earn additional Leadership Commissions on a second Diamond distributor and his or her first five generations.

Member: General term used to describe any Young Living distributor or preferred 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. Distributors who possess a 50 PV minimum within the qualifying period will be compensated on the volume of two unilevels at 5%, in addition to any retail earnings.

Star: To qualify as a Star in the Compensation Plan, a distributor must possess 100 PV and 500 OGV within

the commission period. As a Star, the distributor qualifies to receive compensation on the volume of three unilevels in his or her organization at 5%, in addition to any retail earnings.

Senior Star: To qualify as a Senior Star in the Compensation Plan, a distributor must possess 100 PV and 2,000 OGV within the commission period. As a Senior Star, the distributor qualifies to receive compensation on the volume of four unilevels in his or her organization at 5%, in addition to any retail earnings.

Executive: To qualify as an Executive, a distributor must possess 100 PV and 5,000 OGV within the commission period. As an Executive, the distributor qualifies to receive compensation on the volume of five unilevels within his or her organization at 5%, in addition to any retail earnings.

Silver: To qualify as Silver, a distributor must possess 100 PV, 1,000 PGV, and two Executive legs within a commission period. As Silver, the distributor qualifies to receive compensation on the volume of five unilevels at 5%, Personal Generation at 3%, and two Generations at 4%, in addition to any retail earnings.

Gold: In order to qualify as Gold, a distributor must possess 100 PV, 1,500 PGV, and two Silver legs within a commission period. As Gold, the distributor qualifies to receive compensation on the volume of five unilevels at 5%, Personal Generation at 3%, and three Generations at 4%, in addition to any retail earnings.

Platinum: To qualify as Platinum, a distributor must possess 100 PV, 2,000 PGV, and four Silver legs within a commission period. As Platinum, the distributor qualifies to receive compensation on the volume of five unilevels at 5%, Personal Generation at 3%, and four Generations at 4%, in addition to any retail earnings.

Diamond: In order to qualify as Diamond, a distributor must possess 100 PV, 2,000 PGV, and six Silver legs within a commission period. As Diamond, the distributor qualifies to receive compensation on the volume of five unilevels at 5%, Personal Generation at 3%, and five Generations at 4%, in addition to any retail earnings. If the Diamond ranked distributor has another qualifying Diamond within his or her organization, the distributor will receive a 1% Leadership Bonus (see above).

Crown Diamond: To qualify as Crown Diamond, a distributor must possess 100 PV, 2,000 PGV, six Silver legs, and one Diamond leg. As Crown Diamond, the distributor qualifies to receive compensation on the volume of five unilevels at 5%, Personal Generation at 3%, six Generations at 4%, and a Leadership Bonus at 1%, in addition to any retail earnings. In cases where a Crown Diamond develops an additional Diamond within a Diamond leg, the distributor may also receive a 1% Leadership Bonus on that second Diamond within that leg of his or her sales organization.

Personal Rebate: Distributors who qualify within the commission period as a Star or higher in the Compensation Plan are eligible to receive a rebate on their PV. Distributors will receive this 10% rebate on all PV within that commission period that exceeds their first 200 PV. No rebate is issued on the first 200 PV of the commission period. For instance, in cases where the distributor has accrued 500 PV by the end of the commission period, he or she will receive a 10% rebate on the 300 PV, ultimately awarding \$30. If within the commission period the distributor possesses less than 200 PV, no rebate will be awarded.

Structural Bonuses: These bonuses are awarded to distributors who have accomplished and maintained a specific organizational structure within the commission period. Each month the structure is in existence, the bonus is awarded to the distributor who has achieved the structure within his or her organization. These bonuses are designed to teach and encourage successful building behavior. They include the Preferred Customer Performance Bonus and the Distributor Team Performance Bonus. These bonuses are paid in addition to any other commissions.

Preferred Customer Performance Bonus: The Preferred Customer Performance Bonus is a structural bo-

nus. There are three stages of structure within this bonus. Each stage carries with it a specific compensation. In order to qualify for any of the stages of this bonus, the distributor must be enrolled in a minimum 50 PV Essential Rewards order. To achieve Stage 1 of this bonus, the distributor must have personally sponsored six preferred customers who maintain a minimum 50 PV Essential Rewards order. Any commission period where Stage 1 is met, the distributor will earn a \$100 bonus. To achieve Stage 2 of this bonus, the distributor must maintain Stage 1, and have two personally sponsored distributors who each personally sponsor six preferred customers; both distributors and all preferred customers must all be enrolled in a 50 PV Essential Rewards order. Any commission period where Stage 1 and 2 are met, the distributor will earn a \$100 bonus for Stage 1 and a \$200 bonus for Stage 2. The total for completing Stage 2 for a commission period is \$300.

To achieve Stage 3 of this bonus, the distributor must maintain Stage 1 and 2, and have the two distributors from Stage 2 each personally sponsor two distributors, who each personally sponsor six preferred customers. All distributors and preferred customers in order to qualify as part of this bonus must be enrolled in a 50 PV Essential Rewards order. Any commission periods where Stage 1, 2, and 3 are met, the distributor will earn \$100 for Stage 1, \$200 for Stage 2, and \$500 for Stage 3. This equals a maximum of \$800 per structure. In order to receive bonuses for any of the stages, all previous stages must be met. For instance, if Stage 3 is complete, but in Stage 2 there are not enough preferred customers under a distributor, no bonus will be awarded for Stage 2 or 3. Upon completion of all three stages in this structure, the distributor has the option of starting another structure following the same pattern for Stages 2 and 3. To complete Stage 1 for a second structure only, four new preferred customers are needed in addition to the six from the original structure for a total of ten. In cases where a second structure is being built and any stage within the first structure is not completed, no bonus will be paid on any part of the second structure.

After a second structure is complete a third structure may be built following the same pattern for Stages 2 and 3. There are no Stage 1 requirements for a third structure or any that follow. There is no limit to the number of structures a distributor may build, and no more than ten personally sponsored preferred customers are needed. All preferred customer Essential Rewards orders must be paid with the payment method on file, and shipped to the preferred customer's address on file. Any Essential Rewards orders that are returned that previously qualified the distributor for any stage of this bonus will result in a retraction of the bonus earned.

Distributor Team Performance Bonus: The Distributor Team Performance Bonus is a structural bonus. There are three stages within this bonus: Team Captain, Manager, and Director. Each stage carries with it a specific compensation. To qualify for any of the stages within this bonus, the distributor, and all participating in the structure, must be enrolled on a 100 PV Essential Rewards order.

To qualify for the Team Captain Bonus, Stage 1, the distributor must be enrolled on a 100 PV Essential Rewards order, have 1,000 PGV, and have six personally sponsored distributors all enrolled on 100 PV Essential Rewards orders. Any commission period where this structure exists, the distributor will earn a \$100 bonus.

To qualify for the Manager Team Bonus, Stage 2, the distributor must have the same structure that is required for the Team Captain Bonus with two of their personally sponsored distributors, known as Team Captains, each have six personally sponsored distributors enrolled on 100 PV Essential Rewards orders. Any commission period where this structure exists, the distributor will receive an additional \$400, for a total of \$500 for Stage 1 and 2.

To qualify for the Director Team Bonus, Stage 3, the distributor must maintain the structure needed for the Manager Team Bonus. The distributor must also have two of the six sponsored distributors of the Team Cap-

tains each having six personally sponsored distributors all enrolled on 100 PV Essential Rewards orders. Any commission period where this structure exists, the distributor will receive an additional \$1,500, for a total of \$2,000 for Stages 1, 2, and 3.

If at any time one stage of the bonus is not achieved, that part of the Distributor Team Performance Bonus or any part of the bonus that follows that stage will not be paid. For instance, if in a structure the distributor has previously qualified to receive the Director Team Bonus and a distributor needed to qualify for the Manager Team Bonus does not uphold a 100 PV Essential Rewards order, neither the Manager Team Bonus nor the Director Team Bonus will be awarded.

After completing an entire structure through the Director Team Bonus, more structures may be built. The second structure only requires four more personally sponsored distributors for the Team Captain Bonus. All other bonuses continue as in the first structure. The third structure and any to follow only require two additional personally sponsored distributors for the Team Captain Bonus. All other bonuses continue as in the first structure. An entire first structure must be complete before receiving any bonuses from any other structure.

All distributors, other than the distributor who is trying to receive this bonus, must be enrolled after March 1, 2005, and have a successfully processed Essential Rewards order of 100 PV or more. All qualifying Essential Rewards orders must be paid for by the payment method on file and shipped to the shipping address on file. As long as qualifications are met this bonus may be earned multiple times. Any Essential Rewards orders that are returned that previously qualified the distributor for any stage of this bonus will result in a retraction of the bonus earned.

Enroller Based Bonuses: All compensation within Young Living is paid to the sponsors of customers, preferred customers, and distributors with the exception of enroller based bonuses. These are bonuses which are awarded to the enroller of a distributor. These bonuses include Star Performance Bonus, Matching Bonus, and Start Living Bonus. Enroller based bonuses may be earned within a time frame beginning at the date the distributorship is originally initiated, apart from the account activity.

Star Performance Bonus: Young Living distributors are paid a Star Performance Bonus on all members they personally introduce to the company. This bonus pays 25% on your personally enrolled distributors' first-month orders and 15% on all their second-month orders—in addition to base commissions. Participants must be active distributors. To qualify for the second-month 15% bonus, you must be enrolled in the Essential Rewards program.**

Matching Bonus: Matching Bonus is based on enrolling new distributors, who also enroll new distributors. A minimum of a personal 100 PV Essential Rewards order is required to earn this bonus. The enroller of the new distributor receives a true matching bonus of any compensation that the newly enrolled distributor earns from the Star Performance Bonus. This bonus may be earned in the first three consecutive calendar months of the new personally enrolled distributor's business.**

Start Living Bonus: Earn a \$25 cash bonus in addition to regular commissions each and every time you help a new distributor join Young Living. When a new person enrolls as a member of your team, and purchases a Start Living Enrollment Kit (115 PV minimum), we'll add a Start Living Bonus to your commission check. This is a onetime bonus paid to you as a new distributor's enroller.

**When the Star Performance Bonus is paid, the PV payout on other bonuses and commissions to the upline is reduced by 50%.