

# **Compensation Plan**

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# Compensation Plan

The following are the terms and conditions of the Compensation Plan, which is part of the Contract between the Company and its Distributors. The Company reserves the right to make changes to the Contract, however notice of any change will be published by the Company at least thirty (30) days before the change is made effective.

Throughout this manual, certain defined terms appear in title capital letters. These terms and their definitions are described in the Appendix at the end of this document, in the text of this document, or in the Company Policies and Procedures, which are incorporated herein by reference.

## Section 1 – Payment of Commissions

- A. The Company pays various types of Commissions for the sale of Product. Commissions are calculated based on the Commissionable Volume (CV) of a Product order, a Distributor's Personal Volume (PV), a Distributorship's Group Volume (GV), and other qualifications.
- B. To the extent that commissionable sales occur where Products are delivered for distribution within the United States, Commissions on those sales under this Compensation Plan will be the legal responsibility of and will be paid by the Company. To the extent that commissionable sales occur where Products are delivered for distribution outside of the United States, Commissions on those sales under this Compensation Plan will be the legal responsibility of and will be paid by XanGo DISC, Inc. Nevertheless, for administrative convenience, Commissions paid under this Compensation Plan generally will be issued on a single check or similar instrument or transaction, combining for the convenience of the Distributor the Commissions earned for both U.S. and non-U.S. sales.
- C. The Company may deduct necessary handling, processing, or remittance fees from a Distributor's Commissions.

## Section 2 – Distributor Ranks

- A. Distributors may qualify for various monthly Ranks by meeting certain requirements, including monthly PV, monthly GV, monthly ADP, and total sponsorship requirements. Each Distributor Rank and its requirements are as follows:
  - 1. Representative – 100 PV.
  - 2. Preferred Representative – 100 PV and active on 100 ADP within that month.
  - 3. 1K – 100 PV; active on 100 ADP within that month; a minimum 1,000 GV; and the personal Sponsor of at least three (3) qualified Preferred Representative Distributors (or higher).
  - 4. 5K – 100 PV; active on 100 ADP within that month; a minimum 5,000 GV; and the personal Sponsor of at least three (3) qualified 1K Distributors (or higher).
  - 5. 20K – 200 PV; active on 200 ADP within that month; a minimum 20,000 GV; and the personal Sponsor of at least three (3) qualified 5K Distributors (or higher).
  - 6. Premier – 200 PV; active on 200 ADP within that month; a minimum 50,000 GV; and the personal Sponsor of at least two (2) qualified 20K Distributors (or higher) and one (1) qualified 5K Distributor (or higher), and a minimum UniLevel Commission of \$2,500 (USD).
  - 7. 100K Premier – 200 PV; active on 200 ADP within that month; a minimum 100,000 GV; the personal Sponsor of at least three (3) qualified 20K Distributors (or higher) and one (1) qualified 5K Distributor (or higher); and a minimum UniLevel Commission of \$5,000 (USD).

8. 200K Premier – 200 PV; active on 200 ADP within that month; a minimum 200,000 GV; the personal Sponsor of at least three (3) qualified Premier Distributors (or higher) and one (1) qualified 20K Distributor (or higher) and a minimum UniLevel Commission of \$10,000 (USD).
9. 500K Premier – 200 PV; active on 200 ADP within that month; a minimum 500,000 GV; and the personal Sponsor of at least one (1) qualified 200K Premier Select Distributor (or higher), two (2) qualified 100K Premier Select Distributors (or higher), and two (2) qualified Premier Distributors (or higher).
  - (i) Two (2) of the required five (5) Sponsored Premier Distributors must be placed on the Distributor’s Front Line.
10. X1 – 200 PV; active on 200 ADP within that month; a minimum 1,000,000 GV6 (compressed GV from the first six (6) levels below the Distributor); and the personal Sponsor of at least one (1) qualified 500K Premier Select Distributor (or higher), two (2) qualified 200K Premier Select Distributors (or higher), and four (4) qualified Premier Distributors (or higher).
  - (i) Four (4) of the required seven (7) qualified Sponsored Distributors must be placed on the Distributor’s Front Line.

B. The additional Rank designation of “Select” applies to Premier Distributors and above who maintain their Rank qualification for the full three (3) months of a single calendar quarter.

### Section 3 – PowerStart Commissions

- A. PowerStart is a weekly Commission paid on Initial Orders with Volume placed within 30-days of a new Distributor’s signup. In total, the Company pays out fifty percent (50%) of the CV from Initial Orders. Forty-five percent (45%) of the CV is paid as a PowerStart Commission to the Upline Sponsors of the Distributor placing the Initial Order, three percent (3%) of the CV is allocated to the Global Bonus Pool, and the remaining two percent (2%) is allocated to the 500K Bonus Pool.
- B. The PowerStart Commission is limited to the first ten (10) cases of Product (or 1,000 CV) of an Initial Order. Any remaining Commission from an Initial Order will be paid out as UniLevel Commission.
- C. Depending on the Sponsors’ PV and ADP status, PowerStart Commissions will be paid out in one of the following two ways:
  1. PowerStart Basic – If the first level Sponsor has 100 PV for the month but is not active on ADP, the Company will pay twenty percent (20%) of the Initial Order CV to the first level Sponsor. The Company will pay the remaining twenty-five percent (25%) of the Initial Order CV to the second level or next qualified Sponsor that has 200 PV for the month and is active on 200 ADP. This is summarized by the following table:

Sponsor	Minimum Qualification	Commission
1 <sup>st</sup> Level	100 PV, no active ADP	20%
2 <sup>nd</sup> Level	200 PV w/ active 200 ADP	25%

2. PowerStart Plus – If the first level Sponsor has 100 PV for the month and is active on 100 ADP, the Company will pay thirty percent (30%) of the Initial Order CV to the first level Sponsor. The Company will pay the remaining fifteen percent (15%) of the Initial Order CV to the second level or next qualified Sponsor that has 200 PV for the month and is active on 200 ADP. This is summarized by the following table:

Sponsor	Minimum Qualification	Commission
1 <sup>st</sup> Level	100 PV, w/ active 100 ADP	30%
2 <sup>nd</sup> Level	200 PV w/ active 200 ADP	15%

- D. A Sponsor is eligible to receive a PowerStart Commission if the Sponsor meets the minimum qualification at any time during the week the Initial Order is placed or the five preceding weeks. If the Sponsor does not meet the minimum qualification within this six (6) week window, then the Company will pay the Commission to the next qualified Sponsor through Streamlined Compression.
- E. An Initial Order must be received by the Company no later than 5:00 p.m. (MST) on Friday for the Powerstart Commissions to be paid the following week. Online orders placed prior to 11:59 p.m. (MST) on Sunday will qualify for payment the following week.

#### Section 4 – UniLevel Commissions

- A. UniLevel is a monthly Commission paid on all Product orders with Volume from the preceding month not paid as PowerStart Commission. In total, the Company pays out fifty percent (50%) of the CV from these Product orders. Forty-seven percent (47%) of the CV for these orders is paid as a UniLevel Commission, and three percent (3%) of the CV is allocated to the Global Bonus Pool.
- B. The Company pays a fixed UniLevel Commission based on the total CV not subject to a PowerStart Commission from nine (9) compressed levels in a Distributor's Downline Organization. The Distributor's Rank determines how many levels on which the Distributor may collect UniLevel Commissions. If a Distributor is not qualified by Rank to collect UniLevel Commissions below a certain level, then those Commissions are paid out through Streamlined Compression to the next highest qualified Distributor. UniLevel Commissions are paid according to a Distributor's Rank as follows, with each higher Rank entitled to more levels of payment:
1. Representative – Five percent (5%) of CV on the 1<sup>st</sup> level and five percent (5%) of CV on the 2<sup>nd</sup> level.
  2. Preferred Representative – The same as a Representative, plus an additional ten percent (10%) of CV on the 3<sup>rd</sup> level.
  3. 1K – The same as a Preferred Representative, plus an additional five percent (5%) of CV on the 4<sup>th</sup> level.
  4. 5K – The same as a 1K, plus an additional five percent (5%) of CV on the 5<sup>th</sup> level.
  5. 20K – The same as a 5K, plus an additional five percent (5%) of CV on the 6<sup>th</sup> level and five percent (5%) of CV on the 7<sup>th</sup> level.
  6. Premier and above – The same as a 20K, plus an additional five percent (5%) of CV on the 8<sup>th</sup> level and two percent (2%) of CV on the 9<sup>th</sup> level.

This is summarized by the following table:

Level	Representative	Preferred Representative	1K	5K	20K	Premier and above
1 <sup>st</sup>	5%	5%	5%	5%	5%	5%
2 <sup>nd</sup>	5%	5%	5%	5%	5%	5%
3 <sup>rd</sup>	-	10%	10%	10%	10%	10%
4 <sup>th</sup>	-	-	5%	5%	5%	5%
5 <sup>th</sup>	-	-	-	5%	5%	5%
6 <sup>th</sup>	-	-	-	-	5%	5%
7 <sup>th</sup>	-	-	-	-	5%	5%
8 <sup>th</sup>	-	-	-	-	-	5%
9 <sup>th</sup>	-	-	-	-	-	2%

- C. All non-online Product orders must be received by the Company before 5:00 p.m. (MST) on the last business day of the month to be included in that month's UniLevel Commission calculation. Online Product orders must be received by the Company before 11:59 p.m. (MST) on the last day of the month to be included in that month's UniLevel Commission calculation. For Premiers and above, the cutoff date to review their Downline Organization will be 5:00 p.m. (MST) on the second business day of the following month.

## Section 5 – Global Bonus Pool Commissions

- A. The Global Bonus Pool is a quarterly Commission paid from a pool comprising three percent (3%) of all worldwide Commissionable Volume. The Global Bonus Pool is paid out in the month following the close of the calendar quarter to those Distributors who qualified each month of that calendar quarter as Premier Select and above.
- B. The quarterly payout of the Global Bonus Pool is calculated by adding up the applicable GV3, GV6 and GV9 (compressed Group Volume) for that calendar quarter from qualified Premier Distributors, creating a total pool volume. The percentage of the total pool that is allocated to a qualified Premier Distributor is the amount of GV3, GV6 or GV9 contributed by the Distributor divided by the total pool volume. This percentage is then multiplied by the total dollar amount in the Global Bonus Pool, resulting in the Global Bonus Pool Commission for that Distributor.
- C. Distributors qualified to participate in the Global Bonus Pool and their contributing Group Volume amounts to the pool are as follows:
1. Premier Select – contributes compressed GV from the first three (3) levels below the Distributor.
  2. 100K Premier Select – contributes compressed GV from the first six (6) levels below the Distributor.
  3. 200K Premier Select – contributes compressed GV from the first nine (9) levels below the Distributor.
  4. 500K Premier Select – contributes compressed GV from the first nine (9) levels below the Distributor.

5. X1 Select – contributes compressed GV from the first nine (9) levels below the Distributor.
- D. Commissions derived from the Global Bonus Pool are paid out with the applicable UniLevel check.

## **Section 6 – 500K Bonus Pool Commissions**

- A. The 500K Bonus Pool is a quarterly Commission paid from a pool comprising two percent (2%) of all worldwide CV from Initial Orders paid as a PowerStart Commission during that quarter. The 500K Bonus Pool is paid out in the month following the close of the calendar quarter to those Distributors who qualify each month of that calendar quarter as 500K Premier Select and above.
- B. The quarterly payout of the 500K Bonus Pool is determined by adding up the applicable GV6 (compressed Group Volume) for that calendar quarter from qualified 500K Premier Select Distributors, creating a total pool volume. The percentage of the total pool volume that is allocated to a qualified 500K Premier Select Distributor is the amount of GV6 contributed by the Distributor divided by the total pool volume. This percentage is then multiplied by the total dollar amount in the 500K Pool, resulting in the 500K Bonus Pool Commission for that Distributor.
- C. Distributors qualified to participate in the 500K Bonus Pool and their contributing GV amounts to the pool are as follows:
  1. 500K Premier Select – contributes compressed GV from the first six (6) levels below the Distributor.
  2. X1 Select – contributes compressed GV from the first six (6) levels below the Distributor.
- D. Commissions derived from the 500K Bonus Pool are paid out with the applicable UniLevel check.
- E. In the event that no Distributor qualifies for the 500K Bonus Pool, the amount of the pool will be added to the Global Bonus Pool for that quarter.

## **Section 7 – Retail Sales Commissions**

- A. Distributors may generate Retail Sales Commissions by:
  1. purchasing Product from the Company at wholesale and reselling it to Customers, or
  2. directing Customers to purchase Product directly from the Company's Retail Order Line.
- B. The Company pays a Retail Sales Commission on all Product sales to Customers referred to the Company's Retail Order Line by Distributors. The Retail Sales Commission is the difference between the retail price and the Wholesale Cost of the Product, less any applicable administrative handling fees.
- C. Retail Sales Product orders must be received by the Company before 11:59 p.m. (MST) on the last day of the month to be included in that month's Commission calculation. Retail Sales Commissions are paid out with the applicable monthly UniLevel check.

## **Section 8 – Incentive Trips and Awards**

- A. From time to time, the Company may provide incentive trips and other awards to qualified Distributors. These awards or trips are based on high Distributor performance. The Company will reward only the Persons listed on a qualifying Distributor's Distributor Agreement. Incentive trips or awards may not be deferred for future acceptance. No payment or credit will be given to those who cannot or choose not to attend trips or to accept awards. If approved by the Company, Distributors may bring children on incentive trips at their own expense.
- B. Although the Company pays some or all of the costs of such incentive trips, the Distributor agrees to indemnify and hold harmless the Company for any injuries sustained in association with the trip

by the Distributor and/or its guests. The Distributor cannot make claim upon, or rely upon, any insurance policy of the Company to cover the costs and expenses of any injuries to the Distributor and/or the Distributor's guests.

- C. The Company is required by law to include the fair market value of any incentive awards, trips, etc. on the Distributor's end of the year tax report (1099 and/or other applicable form). The Distributor is liable for applicable taxes and agrees to hold the Company harmless from claims of tax liability relating to these incentive trips and awards.
- D. If it is discovered that the Distributor has made any misrepresentations or has violated any of Policies and Procedures in becoming eligible for these incentives trips and awards, the Company has the right to charge the Distributor for any costs incurred by the Company or for any benefits received by the Distributor.

# APPENDIX

The following defined terms apply throughout the Compensation Plan, where they are signified by title capital letters:

500K Bonus Pool	A Commissions pool comprising two percent (2%) of all worldwide Commissionable Volume from Initial Orders subject to a PowerStart Commission paid to qualified 500K Premier Selects and above.
Automatic Delivery Program (ADP)	An optional program that authorizes the Company to automatically ship Product to a Distributor on a recurring monthly basis.
Commissionable Volume (CV)	The actual amount of Volume subject to Commissions in a specific market.
Company	XanGo, LLC, a Utah limited liability company, or any lawful assignee, successor, subsidiary, or affiliate regardless of geographic location.
Compensation Plan	The specific plan used by the Company that details the requirements and benefits of the compensation structure for Distributors.
Customer	A non-Distributor that purchases Products at retail price.
Distributor	A Person who has entered into the Contract with the Company. If more than one individual is listed on the Distributor Agreement, then 'Distributor' may refer to all individuals collectively, with each individually retaining all Distributor rights and obligations.
Distributor Agreement	The agreement submitted by an Applicant to become a Distributor. In submitting the Distributor Agreement, an Applicant certifies that it has read and will abide by the terms and conditions of the Contract.
Distributorship	The relationship between a Distributor and the Company as defined by the Contract, including the Distributor's Downline Organization and the right to Commissions.
Downline Organization	An organization comprised of Distributors who have been personally sponsored or recruited by those in a direct chain of Sponsorship to any particular Distributor.
Front Line	The Distributors who appear on the first level of the immediate Downline Organization of any particular Distributor through Sponsorship and/or Placement.
Global Bonus Pool	A Commissions pool comprising three percent (3%) of all worldwide Commissionable Volume not subject to PowerStart Commissions paid to qualified Premier Selects and above.
Group Volume (GV)	The total Volume of Product purchased by a Distributor and its Downline Organization.
Initial Order	A Distributor's first Product order with Volume, shipped to a single address. If it is placed within thirty (30) days of the Date of Sign-up it will qualify to be paid as PowerStart.
Person	A formal or legal context referring to an individual, a Business Entity, or any other entity with a distinct separate existence.
Personal Volume (PV)	The Volume of Product purchased by a Distributor.
Placement	The positioning of a Distributor in a Downline Organization by a Sponsor.

Product	Any product or service offered by the Company.
Rank	The current level of the Distributorship according to the Compensation Plan. The Rank of a Distributor, which will affect the Distributor's Commissions, may fluctuate and depends on the Distributor meeting various qualifications outlined in the Compensation Plan.
Retail Sales	Sales made to Customers.
Streamlined Compression	When Commissions and/or sponsorship move up past an unqualified Distributor to the next qualified Distributor (the Distributor with the minimum required PV). With Commissions, when an otherwise commissionable sale occurs down line from a Distributor but the Distributor is not qualified by Rank to receive the Commission, the Commission is paid to the next qualified Upline Distributor. With sponsorship, when a Sponsor of active Distributors has no monthly PV, sponsorship of that Sponsor's single, highest ranking Distributor is attributed to the next highest, active Sponsor.
Sponsor	A Distributor who has directly recruited another Distributor in its Downline Organization.
Upline	The single-line hierarchy of Sponsors and/or Distributors extending upward from the Placement of a Distributor.
Volume	A value assigned to a Product for Commission purposes.
Wholesale Cost	The price the Company charges Distributors for Products plus applicable shipping and tax.