



Building Your Melaleuca Business

Simple Steps for Your Success





Welcome to Melaleuca!

For more than 27 years, Melaleuca's mission statement has been *Enhancing the lives of those we touch by helping people reach their goals.*SM Each month, in fulfillment of that mission, hundreds of thousands of Melaleuca Marketing Executives receive a commission check from Melaleuca. Many refer a few friends and earn a little each month to help pay for small expenses. Other Marketing Executives build a part-time Melaleuca business more intently, earning substantial residual income each month. These Marketing Executives often use this income to get out of debt, create more time freedom, and secure their retirement.

All the information you need to begin building your Melaleuca business is included in this booklet. The coaching you'll get from the Marketing Executive who introduced you to Melaleuca can help you get off to a quick and successful start. All you have to bring is your time, effort, and willingness to learn.

***We look forward to working together
as you begin your Melaleuca business!***



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Getting Started

Once you've enrolled and teamed up with your enroller, what's the next step?

Your Getting-Started Checklist

Once you've enrolled with Melaleuca, your enroller will arrange for a follow-up meeting within 48 hours. Complete the tasks on the checklist before this meeting, so you will be prepared and ready to move your Melaleuca business forward. Each step is explained in more detail in this booklet.

Your follow-up meeting is scheduled for:

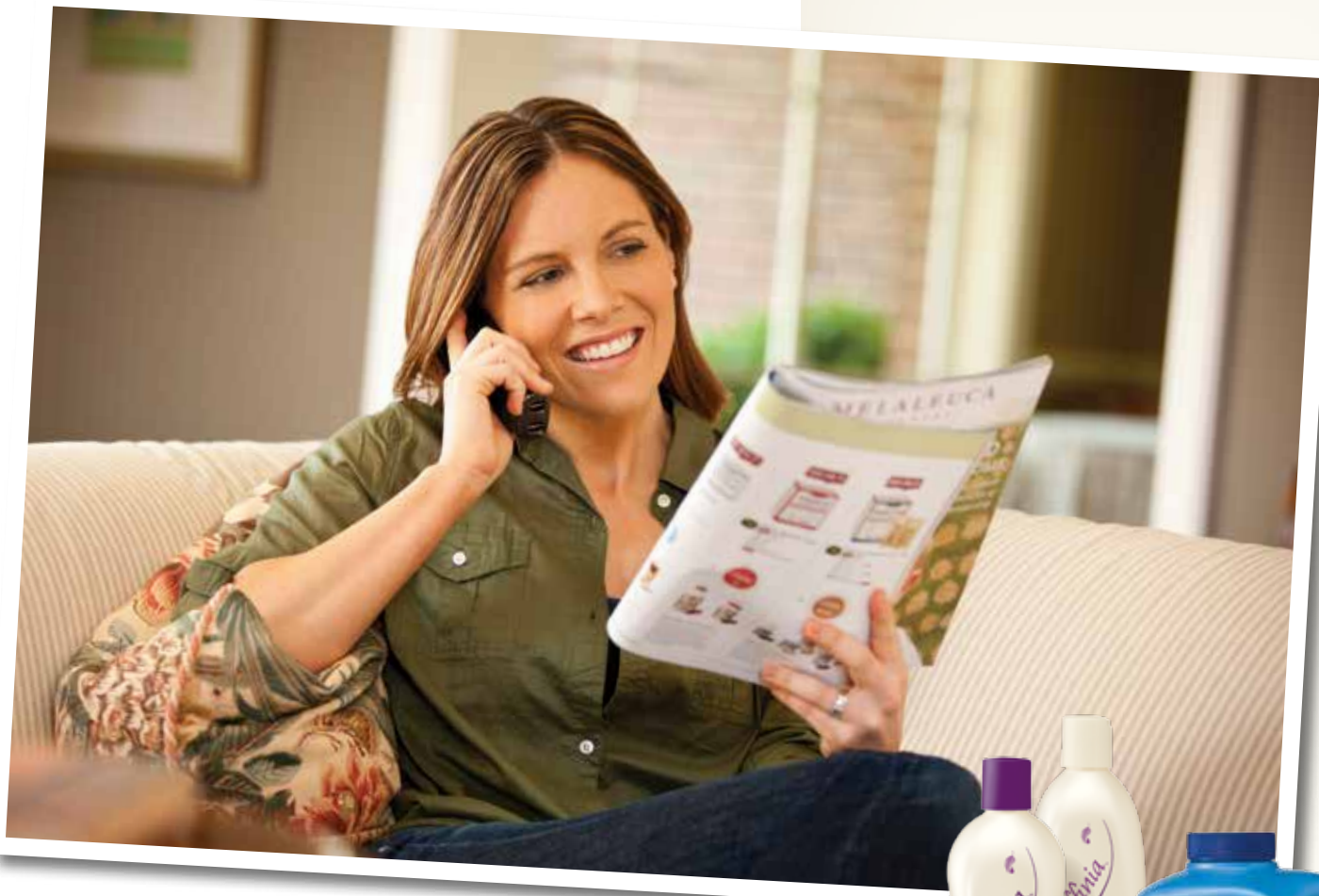
Date: ____ / ____ / ____

Time: ____ a.m. ____ p.m.

Before your follow-up meeting, be sure to complete the following homework:

- ☐ **Read** Your Preferred Customer Benefit booklet. Become familiar with it for future reference.
- ☐ **Listen** to the *Getting Started* CD. Your enroller should have a copy.
- ☐ **Set up your online shopping account.** When you enrolled as a Melaleuca customer, you were sent an email to the email address you provided. This message contains instructions on how to easily set up your account password.
- ☐ **Subscribe to MyMelaleuca.** Get familiar with the video and audio trainings available. It's free during your first two months with Melaleuca. Set up your own customizable email address and find your team site to get started right away.
- ☐ **Identify products to shop for in your next order.** As you review the *Melaleuca Country* catalog, identify the products you would like to order.
- ☐ **Write down your questions.** Write down any questions you have about your Melaleuca business or Melaleuca products to discuss with your enroller.
- ☐ **Determine your "why."** Often success is determined by knowing what you want from Melaleuca—and how much you want it. Think about the one thing that's really motivating you to succeed, and write it down. Then don't let anything else get in your way.
- ☐ **Determine your business hours.** Write down the days and times you will devote to your Melaleuca business. How many hours are you willing to invest each week?
- ☐ **Start your contact list.** Write down 100 names—without prejudging how interested they may be—to get your contact list started. Team up with your enroller and schedule your first appointments where your enroller will do *Delivering Wellness®* presentations with you to help you get started.

Important: You may be very enthusiastic about getting started with your Melaleuca business, but please team up with your enroller and follow these important steps before you begin contacting customers. Your enroller can help you get started the right way.



Other Important Activities:

- ☐ **Place your first order.** If you haven't shopped for your first order, open up your **Melaleuca Country** catalog and write down the products you'd like to try. Your enroller will help you shop during your follow-up meeting. If he or she is unavailable, you can call Melaleuca at 800-282-3000 or log onto www.Melaleuca.com and place your order today.

- ☐ **Order a Essentials, Value, or Pacesetter Pack and begin converting your home to Melaleuca products.** Ordering a Essentials Pack is an important decision as you start your business. It gives you exposure to Melaleuca products at a substantial discount of 34% off the already discounted Preferred Customer price, it provides you with the most efficient way to experience the majority of Melaleuca products right away, it qualifies you for Pacesetter Bonuses, and it takes only a few enrollments to pay for itself.

Purchasing the Pacesetter Essentials Pack is the best value and important for those wanting to get their business going right away. A Pacesetter Pack includes a Value or Essentials Pack, plus 10 Membership Kits so you are ready to begin referring your own new customers. It also includes 5 Getting Started CDs, the Renew Referral Pack, and 100 business cards.

- ☐ **Review the product information available online at Melaleuca.com.** Take some time to become familiar with Melaleuca's products, like the **Vitality Pack™** or **Replenex®**. This online tool will be a useful ongoing resource. You can also find other helpful information at myMelaleuca.com. You can subscribe for free for your first 60 days.



- ☐ **Thoroughly review** *Building Your Melaleuca Business* (this book).
- ☐ **Refer 8 or more Preferred Customers.** Start referring customers from your contact list. Once you reach 8 personally enrolled customers, you become a Director and become eligible for additional bonuses.

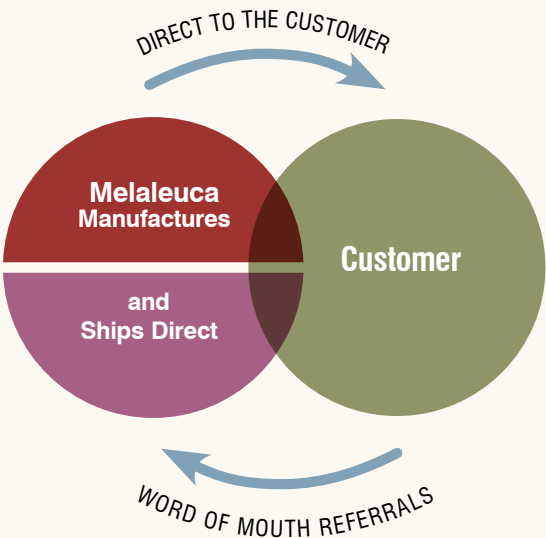
What Makes Melaleuca Different?

Melaleuca manufactures quality products, sells them at reasonable prices, and gives customers the opportunity to share in the revenues.

CONSUMER DIRECT MARKETING® — MELALEUCA'S PARTNERSHIP MODEL

Consumer Direct Marketing®

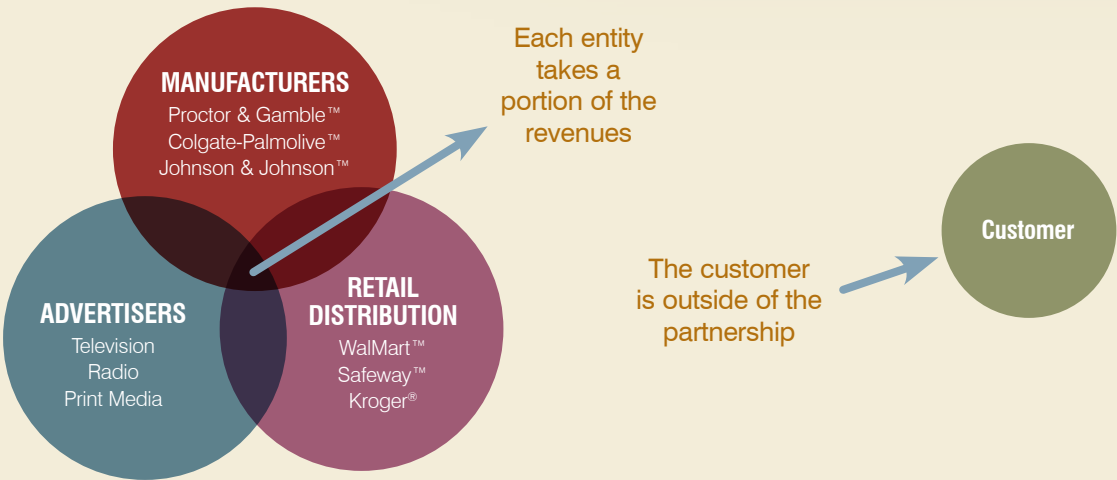
Melaleuca's *Consumer Direct Marketing* redirects funds that would typically be used for advertising, multiple shipping costs, middlemen, and distribution channels into spending for higher quality ingredients, product innovations, and revenue sharing with customers.



The Result?

- HIGHER QUALITY PRODUCTS
- SAVINGS AND BETTER VALUE
- REVENUE SHARING

TRADITIONAL BUSINESS MODEL



Melaleuca is not Multi-level Marketing

“Melaleuca manufactures quality products, sells them at reasonable prices, and gives customers the opportunity to share in the revenues.”

MELALEUCA		MULTILEVEL COMPANIES
Simply switch stores and buy only what you need each month; no risk	1	Require large inventory purchases to earn a bonus
Customers shop directly with Melaleuca; there are no distributors at Melaleuca. There are no levels of distribution at Melaleuca.	2	Distributors purchase and resell products to customers and move products from one level to the next. That's why they are called Multi-Level Marketing companies.
Exceptional products at reasonable prices	3	Prices are often 3–4 times the actual products' value
Real products you really use; simply redirect a portion of what you're already spending at the store to Melaleuca	4	Rely on the sensational, such as exotic juice, magnets, and other products
Products developed by world-class scientists	5	Often use unfounded gurus or celebrities to hype their products
Everyone can succeed—anytime	6	“First in” wins; “last in” loses
A 27 year proven track record of consistent growth	7	Companies come and go
High customer retention and repeat purchases	8	Low customer retention and repeat purchases
Anyone can build a Melaleuca business with time and effort	9	Rely on prior MLM experience to succeed
A mission of helping others	10	Focus almost exclusively on money

Melaleuca:

- ✓ Is a financially sound company with a long track record of success
- ✓ Produces unique products that people use month after month
- ✓ Has loyal customers with a high month-to-month reorder rate (approximately 95%)
- ✓ Provides wellness products that are proven to be more economical than brands found at the grocery store
- ✓ Offers an opportunity where anyone can build a successful business
- ✓ Is concerned about its customers, their homes, and the environment. Melaleuca produces products and services that promote total wellness for life

With Melaleuca:

- NO large investment
- NO carrying inventory
- NO taking orders and making deliveries
- NO billing and collections
- NO pressuring customers to purchase
- NO repeat sales presentations
- NO risk—simply switch stores and save

The Lasting Power of True Residual Income

What is residual income? Residual income is reliable income that comes in month after month, year after year with nominal ongoing effort from you.

Once you have introduced a customer to Melaleuca and helped them set up their account, Melaleuca goes to work for you. Melaleuca provides world-class products, catalogs, and an online shopping website; takes your customers' orders; ships all product orders; and collects sales tax, all at no cost to you. You'll have periodic follow-up discussions with your customer, but you don't need to go back to that customer again and again to make repeat sales presentations. Your residual income continues as that customer shops month after month. Why does Melaleuca have reliable residual income? There are several key reasons.



Consumable Products

Imagine if Melaleuca sold jewelry instead of consumable goods. When you introduced a customer to Melaleuca, they would buy jewelry and not shop again for several months. The commissions wouldn't be ongoing because few people buy jewelry month after month. Melaleuca sells consumable products, like shampoo, tooth polish, and laundry detergent, that customers use every month. As a result, your income from their ongoing purchases is residual.

Reasonable Prices

Your customers find value at Melaleuca. That brings them back month after month—especially in a tough economy. Whether they shop for *Affinia*™ shampoo or *MelaPower*® laundry detergent, they can simply switch stores and save when they shop.

Unique Products People Want

Many of Melaleuca's products are first-in-the-world discoveries and can't be found anywhere else. The *Access*® Bar, *Vitality Pack* powered by *Oligo*™, *Diamond Brite*® Automatic Dishwasher Detergent, and numerous other products were developed by Melaleuca and our scientific partners. Because your customers can't find these products anywhere else, they shop at Melaleuca month after month instead of the grocery store. If Melaleuca sold a commodity such as electricity, your customers could go to any other company and get the exact same product. That's why it takes unique products to create ongoing residual income.

More than 350 Products to Choose From

Because consumers have a large variety of products to choose from at Melaleuca, they can shop this month for products they may not have purchased last month. Your customer may not need laundry detergent this month. That's okay. They can shop for shampoo, mascara, sunscreen, or a host of other products. Melaleuca is a true consumer products company competing for market share against grocery store brands and winning. As a result, your customers come back to Melaleuca and shop again and again. For perspective, if a customer bought only 35 Product Points a month, it would take them over three years to buy every product in Melaleuca's product line.

Preferred Customer Program

Melaleuca Preferred Customers enjoy a significant discount on Melaleuca products, savings at Melaleuca Marketplace, outstanding services, and more. There's no other customer benefit program like it in the world! Not at Sam's Club, not at Costco, nowhere! And all of these Preferred Customer benefits come in exchange for our customers agreeing to shop with us on a monthly basis. Customers are rewarded for their monthly loyalty, and their monthly loyalty creates true residual income for you.

Loyalty Shopping Dollars

Preferred Customers receive Loyalty Shopping Dollars. This program drives ongoing shopping like no other. New customers receive \$100 in free products. Each month, during their first six months, they can select from Melaleuca's most popular products. This lets them try new products and creates ongoing loyalty. Customers stay and shop, and you earn residual income.

High Reorder Rate

It's well documented that 95 percent of customers who shop with us this month will shop again next month. Melaleuca's high reorder rate drives true residual income. That means as you build a Melaleuca business, your customers will shop month after month.

Exceptional Business Model

Melaleuca is the only Consumer Direct Marketing® company on the planet. Melaleuca is not multilevel marketing. Consumer Direct Marketing was designed to create and reward customer loyalty. Marketing Executives introduce customers to Melaleuca and help them set up their account. Then customers shop direct from Melaleuca's website or catalog. There's no inventory to handle, no big investment, and no repeat sales presentations. Anybody can build a successful Melaleuca business. Why does that create residual income? Since anyone can do it, your business can be full of everyday average customers who refer a customer from time to time. That provides the ongoing spark to your residual income.

Leadership Points

Many parts of Melaleuca's revenue-sharing plan reward monthly loyalty and create residual income. However, Leadership Points provide the anchor to a stable, ongoing business. Leadership Points reward the leaders in your business for staying engaged and regularly providing the spark necessary to keep your business flywheel spinning. When they refer customers, develop Directors, or help others do the same, they earn Leadership Points. Therefore, your business remains thriving and healthy.

Recently the income Marketing Executives earned over time for each customer they personally referred was calculated. It was calculated using a group of business builders who have been with Melaleuca at least four but not more than seven years. Please note that Melaleuca has tens of thousands of Marketing Executives who have been earning residual income for more than seven years. To be conservative, only those who have been with Melaleuca for four to seven years were included in the calculation.



To calculate the income earned per personally enrolled customer, the total earnings of each business were divided by the total number of customers they have ever enrolled. That includes the customers who currently shop and the customers who have stopped shopping. Here is the average per personally enrolled customer of our group of Marketing Executives:

Directors	\$300.66
Directors V	\$469.96
Senior Directors	\$581.49
Senior Directors V	\$897.12
Executive Directors	\$2,459.02
Executive Directors V	\$4,934.76
Corporate Directors	\$27,074.87

That means every time these Directors referred a new customer, on average, they earned over \$300 (including customers who have since stopped shopping each month). The Executive Directors, on average, earn more than \$2,400 per customer. That's amazing!

What is your number? You can calculate your number by taking your total earnings to date as shown on your last business report and dividing it by the total number of customers you have ever referred to Melaleuca. Do your calculation. If you're new with Melaleuca, your number will start smaller. If you've been with Melaleuca for many years, your number will likely be larger.

As you talk about Melaleuca with your friends and acquaintances, be sure to share why Melaleuca has residual income. In today's economy, residual income may seem like a lost concept. But not at Melaleuca. In fact, it's thriving here. Melaleuca is the place for true residual income.

* Results vary. For typical results, please consult the Annual Income Statistics on page 54.

Introduction to the Seven Critical Business-Building Activities

Building a successful Melaleuca business, like anything worthwhile, requires working hard at the right activities. The Seven Critical Business-Building Activities provide a proven road map for success with your Melaleuca Business.

Commit today—to yourself and to someone who will hold you accountable—to do these activities and to teach them throughout your organization.

“Part of the foundation of your business is your contact list. If you are going to treat this like a hobby, you’ll come up with a few names, maybe eight, but that’s it. But if this is going to be a business that will last, you are going to write down anyone you have ever known. Your first contact list may be 100 or more names.”

Alan Pariser
Corporate Director V, Nevada

ACTIVITY 1:

KEEP BUILDING YOUR CONTACT LIST

Add one new name to your contact list every day

Your contact list is the first step toward building a successful Melaleuca business. You should add to it daily and always keep it with you!

The Lifeblood of Your Business

The health of your business is directly connected to the health of your contact list. If you have an incomplete contact list, your business will be the same. If you have a healthy, strong, and vibrant contact list, you have a solid foundation upon which to build your Melaleuca business every day.

A contact list is simply a list of names of people whom you intend to contact—friends, family, acquaintances, colleagues, teachers, neighbors, and others in the community. As you build your contact list, you should put the name of everyone you know on it—everyone.

Don’t prejudge anyone thinking they would never be interested in hearing about Melaleuca. Many times the people you think would be least interested are very excited to hear about better, safer products for their families and an opportunity to earn additional income. Successful Marketing Executives never prejudge; they give everyone the very best presentation they can and then let people decide for themselves.

Be thorough; write down the names of everyone you know. Think of the names of people you invited to your wedding, those on your Christmas card list, or those you stay in touch with now and then. This will help you think of people you might not otherwise remember. Use the suggestions on page 13 to think of people in your hometown or others you have associated with.

Because you are meeting people every day, you should be adding names to your contact list every day. The mother standing in line at the bank, the cable repairman, a child’s teacher or gymnastics instructor, the person waiting with you at the doctor’s office or jogging next to you at the athletic club—these are all people you would meet even if you didn’t have a life-changing opportunity for them. How much more meaningful will your relationship be if you help them achieve better financial, physical, and personal wellness!

Expanding Your Horizons—Step Out of Your Comfort Zone

The best way to meet new people is to spend time in situations where you can meet, greet, and get to know others. This can be a book club, a quilting group, a yoga class, or a parents' association. Or it can be an aerobics class, a golf club, a professional association, or a community organization. Your options are unlimited.

Become a Volunteer—Get Involved

One way to grow your contact list and benefit your community at the same time is to become a volunteer. Volunteering allows you to not only serve, but also to meet a lot of people who are highly interested in helping others reach their goals—making them a perfect fit with Melaleuca!

There are so many ways to actively meet people every day. In organizations, clubs, and associations, you already know something you have in common with everyone else involved. We've mentioned just a few examples here. There are countless others. Find one (or more) that interests you and get involved.

Build a Relationship of Trust

As you attend networking events and meet new people, be sure to make the conversation about them, get to know them, find out everything you can about them. Take the time to develop a relationship. This may take weeks or even months, and that's okay. Remember, you're trying to help them, and unless they know you really care about them they aren't likely to listen to you.

Be sure to look for contacts that could be great business partners. Consider, for a moment, the attributes of your ideal business partner—hard worker, self-starter, self-motivator, likeable, trainable, cooperative, interested in others, etc. When you encounter new prospective customers and business builders, determine whether they have these attributes and others you're looking for in a business partner. Also, look for those who need the business—who are out of work, caring for old or sick family members, struggling to meet their monthly bills, or looking for a flexible way to earn additional income. Mark those names with stars in your contact list and think about how to best approach them.

Remember that you can find potential business builders anywhere. Often, you'll find that those who initially seem to be your best customers can become your best business builders as they realize the value of the products, become excited, and begin communicating that value to others. People with good leadership and people skills can become great assets to your Melaleuca business.



“Be passionate about your contact list. Create it, add names to it on a daily basis, and keep it with you always. A complete, current, and active contact list is central to the success of your business.”

Frank L. VanderSloot
Melaleuca CEO

Your Initial Contact List

Use the following page to write down names and start building your initial contact list. Then look up their phone numbers and keep them handy to help you make appointments for future presentations.

Name	Phone	Date Contacted	Notes	Date to Follow Up
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Contact Suggestion List and Categories

There are more people in your circle of influence than you might think. Use the following list to jog your memory for more possible contacts.

Family, Friends, & Neighbors

1. Parents, siblings, etc.
2. Friends
3. Cousins, uncles, aunts
4. Neighbors
5. Acquaintances
6. Fellow carpoolers
7. Child's friends' parents
8. Friend's parents
9. Spouse's best friend
10. Babysitter
11. In-laws
12. High school friends
13. College roommates

Church & Volunteer

14. Minister
15. Sunday school teacher
16. Youth director
17. Church members
18. Church choir members
19. Congregants

School/Extracurricular Activities

20. Teachers
21. Principal
22. Guidance counselors
23. Karate instructors
24. Coaches
25. Music teachers
26. Scoutmasters

27. Dance teachers
28. Librarians
29. Tutors

Shopping/Stores

30. Grocery
31. Convenience
32. Department
33. Hardware
34. Auto supply
35. Electronics
36. Tires
37. Office supplies
38. Movie rental
39. Health food shop
40. Discount store

Workers

41. Truck drivers
42. Cab drivers
43. Bus drivers
44. Bakers
45. Car salespeople
46. Hostesses/hosts
47. Servers
48. Chefs
49. Cashiers
50. Dishwashers
51. Office supply salespeople
52. Department store salespeople
53. Appliance repairmen
54. Small business owners

55. Flight attendants
56. Travel agents
57. Locksmiths
58. Painters
59. Roofers
60. Insulators
61. Landscapers
62. Wallpaper installers
63. Inspectors
64. Carpet layers
65. Electricians
66. Contractors
67. Carpenters
68. Upholsterers
69. Cabinet makers
70. Plumbers

Professional

71. Work colleagues
72. Administrative assistants
73. Union members
74. Engineers
75. Realtors
76. Lawyers
77. Professors
78. Architects
79. Veterinarians
80. Writers
81. Publishers
82. Social workers
83. Printers
84. Surveyors
85. Bank tellers
86. Accountants

Medical/Health

87. Nurse
88. Dentist
89. Doctor
90. Chiropractor
91. Pharmacist
92. Therapist
93. Health spa owner
94. Optician
95. Ambulance driver
96. Orthodontist

Sports/Clubs

97. Kiwanis club
98. Lions club
99. Rotarians
100. Bowling team
101. Hunting partners
102. Tennis partners
103. Ski lift riders
104. Golf partners
105. Bridge club members
106. Swim teammates
107. Jogging partners
108. Scrapbooking friends
109. Cycling group members
110. Weight lifting partners
111. Fitness instructors

Community

112. Police officers
113. Highway patrol
114. Chamber of commerce
115. Firefighters
116. Volunteers
117. Military recruiters
118. Alumni association workers

Services

119. Caterers
120. Couriers
121. Barbers
122. Hairstylist
123. Postal workers
124. Repairmen
125. Cable TV installers
126. Auto mechanics
127. Auto body repairmen
128. Photographers
129. Satellite TV installers
130. Salespeople
131. Parking attendants
132. Gas station attendants
133. Dry cleaners
134. Flower shop employees

Take Your List with You Everywhere

Once you have created your initial contact list, you have started a productive habit. It's crucial that you continue this habit as you continue to build your Melaleuca business. Keep your contact list with you at all times. You never know when you might meet someone to add to the list.

- Add at least one new name to your contact list every day. Get a business card from a bank teller when you make your deposit. Ask for the name of the person who calls you from a telemarketing service. Start up a conversation with the lady next to you in line at the grocery store.
- Meeting new people is a daily event for everyone. The smart business builder realizes that many of these people can lead to a growing business.
- Carrying your list with you helps you take advantage of every moment in the day. If you have 10–30 minutes on your lunch break, pick up your list and make some calls on your mobile phone. Follow up on prior conversations, get to know more about the person for future reference, or even set an appointment to talk about Melaleuca. Perhaps you arrive at a meeting 15 minutes early. Use the time to follow up on that contact you made the day before. Are you waiting for a child to finish a music lesson? Review your contact list and do the necessary follow-up.

ACTIVITY 2:

SET APPOINTMENTS

Make One Approach for an Appointment Every Day

For some business builders, inviting someone to attend a *Delivering Wellness*® presentation can be the hardest part of the process. Sometimes, the phone can feel like 500 pounds and becomes difficult to lift when we know it will involve making an approach. Nonetheless, any successful business builder can tell you that stepping out of your comfort zone will pay big dividends for your Melaleuca business in the long run.



To help you make approaches more confidently, here are a few thoughts about setting appointments:

Make It Natural

Do you remember the last time you recommended a restaurant to someone? How did that conversation go? Were you pushy or overeager? Or were you straightforward and sincere? Chances are, someone said something natural like, “I’m in the mood for Chinese food,” and you chimed in with, “I know a great place over on Seventh Street; you ought to go tonight and check it out.”

Sharing Melaleuca doesn’t have to be any different than sharing your favorite restaurant or sharing your favorite book: “You would love these products—why don’t you come over and take a look?” The simple key to making a good approach is this: think about how Melaleuca will make a difference for the person you’re talking to. If you approach potential customers thinking about how their enrollment will benefit you, you’re bound to miss the mark. Instead, approach customers with the intention of helping them.

With Melaleuca’s vast product line and rewarding financial opportunity, it’s simply a matter of matching Melaleuca with your prospective customer’s needs. When your approach is tailored to their needs, it’s natural and successful.

Make Time

Participate in a weekly Power Hour as often as possible. Power Hour is when teams organize themselves into groups, perhaps as 2 or 3, sometimes as large as 20 or more and make calls and set appointments (see page 16 for a complete explanation). It’s crucial to have specific times for when you will set appointments. If you wait until you “have time” to make calls, a week can turn into a month, and one month into two, and then the opportunity has passed. Set time aside every week. Try, for example, Sunday nights and Tuesday mornings. Calendar, plan, stick to your plan, and be consistent.

Create Urgency

You want your call to last only a few minutes. Any longer and you may get drawn into making the presentation on the phone. Melaleuca is best presented in person, where the potential customer can see an entire *Delivering Wellness* presentation and the products you may want to share with them.

Failing to keep your call brief leads you into the trap of trying to immediately explain Melaleuca. That’s like trying to describe a song without music. It’s important to create a sense of urgency, make the appointment, and end the conversation. How do you create urgency? By simply letting them know you don’t have much time, but you would love to explain Melaleuca in person.

Approaches

At this point you can insert whatever approach works best for you and the person with whom you’re speaking. There are many approaches you can use—here are just a few:

- Safer Products—Are they looking for better, safer products?
- Business Builder—Are they interested in creating true residual income?
- Time Freedom—Are they looking to spend more time on what matters most?
- Financial Freedom—Are they looking for a way to get out of debt or save for retirement?
- Healthier Lifestyle—Do they want to improve their overall wellness?

Confirm

The final part of the conversation is to confirm the appointment. Give the person a choice. “I’m free for lunch tomorrow, or we could get together Thursday or Friday morning for coffee. Which works best for you?”

Once you have the appointment, thank the person, tell them you’re looking forward to it, and confirm the date and time. Make sure you mark it down on your calendar. Congratulations! You’ve just succeeded in setting an appointment! Pat yourself on the back, pick up the phone, and do it again.

Be Positively persistent

Some of your approaches will go smoothly, but often you'll experience a little resistance from your contact. This is not the time to give up or back down! Experienced business builders know how to turn a "no" or "maybe" into a "yes." It's all a matter of how you handle it. Be honest—do not say anything that is misleading or untrue.

Stay Cheerful and Positive

Stay open to the person. Put yourself in their place. How would you feel? Most likely you can identify with what they may be thinking. Remain cheerful. Keep your voice up and positive. And move to the next step.

Put Them at Ease

Once you've identified with your contact, help her feel more comfortable. The best way to do this is through your tone of voice and the words you use. Stay casual and comfortable as if you're having a regular chat with one of your friends. Your goal is to help this person. If you truly believe that, it will come across in your conversation.

Identify with the Person

The best way to establish trust is to let the person know that you can identify with their feelings or thoughts. If they feel understood, they are more likely to be open to what you have to offer. You can use the words "I feel the same way" or "I understand."

Make It Convenient

Finally, help counter resistance by making it convenient. Try to fit into their schedule. Is there a coffee shop near their place of work? Maybe they could meet you on a short break. Be creative. People are busy, but you can make the appointment a welcome break from their regular routines. Find the easiest way to present the opportunity without inconveniencing your contact.

Be Ready

Sometimes you can encounter resistance immediately. Suppose, for example, you're talking with someone and they ask "What is it?" Now you have to be careful not to get into the question/answer spiral. Try this: "It's Melaleuca. Have you heard of it yet?" If they answer no, say, "That's what I want to show you. Here's when I have some time. What works best for you?"

If they have heard of Melaleuca, say, "Great. I thought you might have run across it before. Let's get together so I can show you what it's all about."

Practice with your enroller, your friends, and others in your organization. The more you do it, the better you'll get. And if you still can't get the "yes" you want, ask for referrals. At a minimum, most calls can end in a quality referral.

SAMPLE APPROACHES

Here are a few sample approaches to help you get started setting appointments.

The Specific Product Approach

Tell the person about a particular product that could benefit them.

"I know you've had a lot of trouble with arthritis. I've just come across a new, all-natural product called Replenex® that really helps arthritis. It's part of an incredible product line that can improve your health and save you money. Can I show it to you?"

The Time Freedom Approach

Appeal to the person's desire for more flexibility with their time.

"You know, I've seen how many hours you work a week and I know you've talked about having a more flexible lifestyle. I'm working from home, setting my own hours, and building a business that produces remarkable products, creating residual income. I need a business partner to team up with."

Financial Freedom Approach

Appeal to your customer's desire to get out of debt.

"I know how it feels to be under a mountain of bills and debt. I was lucky enough to be able to pay off much of my debt thanks to my Melaleuca business. I can't tell you how much better I feel to not have to worry about credit card bills. I think it would be a great opportunity for you to do the same. When can I tell you about it?"



"The purpose of any approach, whether in person or over the phone, is to get an appointment to make a *Delivering Wellness* presentation—and that's all! Melaleuca cannot be explained in five minutes or on the run. It's important to create curiosity and yet learn how to steer the conversation in one direction only—to confirm the appointment."

Mark Atha, Corporate Director, Arizona

Power Hour

There is no better way to set appointments than participating in a “Power Hour”! Doing the difficult things in life is always easier when done with the support of someone else. That’s why at Melaleuca teams organize themselves into groups, perhaps as small as two or three, sometimes as large as 20 or more and hold what we call a “Power Hour”.



The agenda is simple: You get together at someone’s home (or it can be done on a conference line), everyone has a telephone, their contact list, and a calendar showing scheduled *Delivering Wellness* presentations. The first few minutes are spent on doing some training on appointment setting and discussing the best approaches to use for those you will be contacting that night. Then everyone begins making calls for 30 minutes, setting appointments with as many contacts as possible. Some folks won’t answer, others will say no, but many will say yes. Everyone participating in the Power Hour is cheering each other on and having fun as the excitement and energy builds. Then, at the end of the 30 minutes, the group celebrates each other’s success, gives coaching on how to handle objections they have received, schedules the next Power Hour, and returns to their homes. Power Hour really is powerful, accomplishing in just one hour what may take a person weeks to do on their own.

In addition to Power Hour, you should make it a goal to make one approach for an appointment every day, even if you end up leaving a message and not finding them home, it is important to make this an important part of your daily routine.



Growing Your Business with Power Hour

Twice a month, Melaleuca holds North American Power Hours. However, you can do a Power Hour any time. Whether your meetings are in person or over the phone, organize your team and commit to doing Power Hour meetings together.

In-Person Power Hour Agenda



5 mins.	Welcome and review agenda and purpose of Power Hour
5	Share success stories: have someone share success from the prior Power Hour meeting
5-10	Conduct training on how to build your contact list and set appointments
10	Prepare team for making calls • Verify everyone has an “Accountability Sheet” • Make sure everyone has their cell phone • Write everyone’s name on the whiteboard located at the front of the room • 3-2-1 start making calls!
30	Make calls • Have someone available to answer questions and write on the whiteboard the number of appointments set • Mark the board every time an appointment is set (suggestion: to create some fun and celebrate, ring a bell for every appointment) • Remind everyone to use their “Accountability Sheet” to track results
10	Conclude meeting • Celebrate success: calls made and appointments set • Review the next steps: have the team send their “Accountability Sheet” • Remind them of the next Power Hour meeting

Over-the-Phone Power Hour Agenda



5 mins.	Welcome and review agenda and purpose of Power Hour
5	Share success stories: have someone share success from the prior Power Hour meeting
5-10	Conduct training on how to build your contact list and set appointments
10	Prepare team for making calls • Verify everyone has an “Accountability Sheet” • Make sure everyone has their cell phone and is logged onto the chat room • Remind the team to call into the conference number in 30 minutes after setting appointments • 3-2-1 start making calls!
30	Make calls • Have someone available on the chat room to answer questions and keep track of appointments set • Encourage the team and celebrate success when appointments are set (e.g. “Way to go Beth, you’ve set another appointment!”) • Remind everyone to use their “Accountability Sheet” to track results • At the end of 30 mins, call into conference call to review results
10	Conclude meeting • Celebrate success: how many calls made and appointments set • Review the next steps: have the team send their “Accountability Sheet” • Remind them of the next Power Hour meeting

✓ **Celebrate Success:** Following your Power Hour, send a follow-up email to your team. Ask them to report their results from their Accountability Sheet. After two weeks, they should report presentations made and enrollments completed.

ACTIVITY 3:

MAKE PRESENTATIONS

Successful Melaleuca business builders use the *Delivering Wellness*® presentation every time they do a presentation because it's highly effective and can be easily duplicated.

You should use the printed *Delivering Wellness* presentation every time you present and the videos whenever possible. Remember, what you do duplicates. If you use only a portion of the presentation or your own version of the presentation, your team will not be able to duplicate it. Therefore, do what you would like your new Marketing Executives to do. This is an important and powerful principle. The most successful Melaleuca organizations always give the same *Delivering Wellness* presentation the same way every time. Why? Because others will follow your example.

When & Where You Meet for a Presentation

You would typically meet at your home, the customer's home, or some neutral location like a coffee shop, park, or other quiet place that will allow you to talk. If you're doing an in-home, pick a date and time that you feel will be the most convenient.



Know Your Audience

As you begin your presentation, try to learn as much as you can about your audience. Ask questions about the following topics:

- Have they ever tried a home-based business before?
- What do they do for a living?
- Do they like their current job?
- Are they satisfied with their income level?
- Are they married?
- Do they have children?
- What do they do for fun?
- Would \$500 per month help them in a significant way?
- Does more time with their family mean anything to them?
- Are they concerned about their finances?

Use the answers you get from these questions to show each new customer how a Melaleuca business can help them get what they really want in life.

Confirm Attendance

The day before the *Delivering Wellness* presentation, call those you have invited to confirm the time and location. You're actually confirming their attendance, so call to confirm, not question, attendance. This way, they will not be likely to change their minds.

Take Your Best Self to Your *Delivering Wellness* Presentation

You don't have to be a great presenter. Share your experience; that will have the most impact on the quality of your presentation. Attendees will find your presentation credible if you bring confidence and a down-to-earth feeling to the in-home.

Share the Complete *Delivering Wellness* Presentation

Regardless of whether you anticipate that your customer will become a business builder, share the business part of *Delivering Wellness* in every presentation. Often, the only reason some individuals don't build a Melaleuca business is because they don't know the opportunity exists.

Just as the business is important to share, every other element of the *Delivering Wellness* presentation serves a purpose for your prospective customers.

Prepare the Presentation Setting

Your preparation can make the greatest difference. The idea behind your room setup should be to eliminate distractions. Turn off the television and place the refreshments in a separate room. Try to have guests sit on hardback chairs instead of couches so they'll avoid getting drowsy during your presentation. Orient your room toward the presenter the same way most people's living rooms are oriented toward the television: face chairs toward the front.

How to Share Your Product Experience

When telling others about your favorite Melaleuca product, organize your story into the following three points:

1. **Use the brand name of the product**—Be sure you know the correct name of the product and refer to it the same way every time. For example, say “*The Gold Bar®*” rather than “the bar soap.”
2. **Your experience**—Provide a sincere story of your experience with the product and Melaleuca.
3. **Why it works**—Review the information available online at Melaleuca.com and the information found in the *Melaleuca Country* catalog. We also encourage you to purchase a copy of the *Melaleuca Product Training Resource* book so you know about the key benefits of each product. For the most complete information on Melaleuca’s top 22 products, own at least one copy of *Melaleuca: A Legacy of Wellness* (English #2368, Spanish #4892).



SUGGESTIONS FOR USING PRODUCTS IN YOUR PRESENTATION

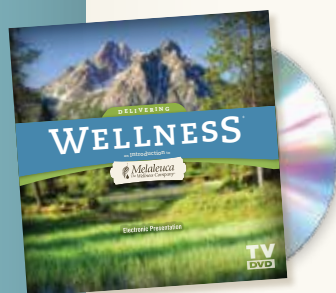
- Have a *Sun Valley™* Wax Melt going in the room where you will be giving your presentation.
- Mix up some *Sustain™* Sport, *SplasH₂O™* or *Attain™* for drinks.
- Lay out some *Access™*, *FiberWise™*, *Attain™* Bars for snacks.
- Have a *Renew™* Referral Pack on hand to give a trial-size *Renew* to potential customers.



Preparing for the Presentation

The first thing to consider when doing a *Delivering Wellness* presentation is which format will work best for your audience. The *Delivering Wellness* presentation is available in several media formats.

- **TV/DVD presentation**—The TV/DVD presentation is great for small to midsize in-home audiences. It includes both the slides and the videos and allows you to easily advance through the presentation using your DVD player remote control. Be sure to test your DVD player. All DVD players work differently. Forward through the slides and video using your the arrow keys on your remote. Be sure you understand how the navigation between chapters works. This will help you avoid any technical problems during the presentation.
- **PC/MAC presentation**—Available on a convenient jumpdrive, the PC/MAC version of the presentation is designed to play on any computer. It includes the slides and the videos and gives you the ability to customize a presentation by selecting only the slides and/or videos you wish to include and organize them in the order you choose. This is great for one-on-one presentations, or for using a webcast or webinar service that allows screen sharing. If you are using media player software on your computer, be sure to use the latest version



of the media player. We recommend PowerDVD. Be sure to test your computer software. Most computers (PC & Mac) come with a preloaded media player, such as PowerDVD. If you have a DVD drive for your computer but do not have a software program for playing DVDs, you can purchase downloadable programs like Cyberlink PowerDVD, Real Player, Roxio, VLC, or one of the dozens of programs available on the Internet.

Using whatever player you have on your computer, you can easily share the *Delivering Wellness* presentation in any location. If you experience issues with navigation, try using the Chapter Selection menu.

- **Small Booklet**—Conveniently included in every membership kit, the booklet is great for one-on-one or very small group presentations when you are face to face. Always have the presentation booklet on hand as a backup in case your television, DVD player, or computer doesn’t work.
- **iPad/tablet app**—The Melaleuca app, which includes the *Delivering Wellness* presentation along with the *Leadership in Action* magazine and *Melaleuca Country* catalog, is great for presentations on the go. Available in the Apple iTunes app store, Google Play, and on Amazon. And it works on both Apple iOS and Android devices. While the app will work on many smart phones, the screen size is so small it is not recommended to use a smart phone to do a *Delivering Wellness* presentation.
- **GoToMeeting/GoToWebinar**—Available for myMelaleuca members at an exclusive discount, web meetings are a great way to do *Delivering Wellness* presentations to contacts all across the country by harnessing the power of the Internet.



“The *Delivering Wellness* presentation was designed by Marketing Executives with many years of experience. There is no need to reinvent the wheel. Do a complete *Delivering Wellness* presentation every time and you will duplicate success in your organization.”

Ed Bestoso
Corporate Director VI,
Florida

The Start of Your *Delivering Wellness*® Presentation

Start with your story and share specific things like:

- When you were introduced to Melaleuca
- What your life was like before Melaleuca
- What Melaleuca products most interested you when you first became a Preferred Customer
- Why you’re building a Melaleuca business
- What the results have been
- You may want to ask for product experiences from other Marketing Executives in attendance
- Share what you’ll cover during the *Delivering Wellness* presentation (use page 1 of the *Delivering Wellness* booklet)

Set Up Video Segment 1:

An Introduction by CEO Frank L. VanderSloot.

Frank has been Melaleuca’s CEO since its inception in 1985. You might say something like, “For a few minutes, listen to this part of the *Delivering Wellness* presentation. I hope you listen closely because this is an important piece. The approach of our company is no hype and more substance. That starts with Frank. He’s that kind of guy.” You might share your impression of our company leadership. Then, “Now let’s listen to a brief message from Melaleuca CEO, Frank L. VanderSloot.”

Show Video Segment 1

Video Segment 1 will present pages 2–5 of the presentation. So you don’t need to repeat or present those pages. Be sure not to duplicate your effort. Let the video do its part and you do yours.

Present next two Printed Pages

- Explain the Revenue Sharing Concept.
- Explain the concept of switching stores.
- Introduce the breadth of Melaleuca's product line.
- This is also a great opportunity to mention one or two of your favorite Melaleuca products.
- Discuss how easy it is to switch stores with over 350 products Melaleuca has to offer

The *Delivering Wellness* DVD has four brief product videos you can use as you present Melaleuca's products.

Video Segments 2–6

2. EcoSense
3. Concentrated Products
4. Renew
5. Sei Bella

Set Up Video Segments

To introduce a product video, you might say: "Now I'm going to use this video to show you one of Melaleuca's products that are safer for your home, help protect the environment, and help improve your health."

Show Video Segments 2–5

(in lieu of printed pages in presentation not covered by video).



Present product pages not covered by the video 12-25

- Introduce the customer to Melaleuca's vast array of products. Be sure to give your personal experiences.

Present Printed Pages 26–27

- What amount of extra income would make a difference to you?
- Discuss the benefits of partnering with Melaleuca.

Show Video Segment 6

Following the story, the Residual Income video will automatically begin (in lieu of Pages 28-31 in the printed *Delivering Wellness* booklet).

Present Printed Page 32

- After the video, share your own experience in building a business. Then present page 36: How Can Melaleuca Enhance Your Life? This is the three-category close. Explain the three categories of participation. You might phrase your question like this: "These three categories describe how Melaleuca can enhance your life. Which of these categories best fits you?"
- As you read aloud and present this page, slow down a bit and ask those in attendance to really think about how an extra \$500, \$1,000, or even \$10,000 could improve their life. Pause for a moment. This is the page when they can consider the possibilities of their life being different.



The last pages in the presentation are for reference only. You can refer to them if your customer is interested in building a Melaleuca business.

- Explain the importance of getting started the right way. Page 37 will help you show the steps to getting started and is a transition to help those in attendance complete their Agreement forms and place their first order.
- The Essentials/Value Pack page is available to show to those who are interested in purchasing the packs and saving additional money. For those who select Category 2 or 3, please explain that to qualify for Pacesetter bonuses, the enrollee needs to purchase a Essentials or Value Pack or a Pacesetter Pack. It is recommended they buy a Pacesetter Pack. Why? So they can convert their home and experience the products they will be introducing to other customers. And, with a Pacesetter Pack they get 10 Business Kits to help their new customers get started right away.
- The Income Statistics are provided for your enrollee's reference (please refer to page 41–42).

Other key *Delivering Wellness*[®] presentation tips

Start on Time and Set a Professional Tone

Introduce Hosts If Needed

- If you have team members present, introduce them.
- “I’m excited to introduce my good friend and business partner...”

Share Your Experience

- Share your Melaleuca experience and touch on your goals with Melaleuca.
- Just tell the story—don’t exaggerate.
- Talk to everyone as if you are good friends with them.

Follow Up

- Set appointments for your follow-up meetings within 48 hours.
- Ask them to review the materials in the Membership Kit and to make a list of questions to discuss at your next meeting.
- Make sure you have your schedule so you can set dates and times.
- Give category 2 and 3 customers their homework assignments to do before the day of your follow-up.
- Have 8–10 Membership Kits on hand to give to new enrollees.

CLOSE AND COMMITMENT

No matter how well you present *Delivering Wellness*, it will all be for nothing if you fail to enroll a customer. Following are several suggestions for completing a *Delivering Wellness* presentation in such a way that your guests will feel comfortable and excited to become Melaleuca customers.

Gain Commitment by Asking the Customer to Choose a Category

As you come to the close of the *Delivering Wellness* presentation, introduce and explain the three categories of participation and ask your attendees which category they fit into—Preferred Customer, part-time business builder, or full-time business builder.

Complete the Agreement Forms

Filling out forms can seem overwhelming at first to your new customers. That’s why it’s very important that you help them through it. Be sure to complete each section and double check spelling for accuracy.

Backup Order

Explain that the Backup Order helps to secure their Preferred Customer status, qualifies them for a 30–40% discount, and ensures that their commission check arrives every month. “Melaleuca allows you to preselect products that you like. In the event you forget to shop one month, this Backup Order will kick in to ensure you continue to enjoy the benefits of being a Preferred Customer.” It’s recommended that you help the new customer set up a custom Select Pack.

Schedule Follow-Up

As you finish enrollments, have your calendar ready so you can schedule follow-up meetings for each new customer within the next 48 hours. Let each person know that you are going to be there to help, whether he or she is interested in the business opportunity or just wants to enjoy the products.

Give Homework Assignments

Give your new customers a “take-home” package (the Membership Kit) to review. Have them read *Your Preferred Customer Benefits* and *Building Your Melaleuca Business* booklets, and begin their contact lists. Have them sign up for their 60-day free trial at MyMelaleuca.com, view selected business and product trainings, and give them a *Getting Started* CD.



Help the Customer Start Shopping

Using the *Melaleuca Country* catalog or product price list, go through and help your new customer pick out the first products they would like to try. At this point it's best to get on the phone, call Melaleuca at (800) 282-3000, and help your customer start shopping right away. You can show them how easy it is, and speed up the process of their product experience.



Presentation Setup and Materials



- Several copies of the most current *Melaleuca Country* catalog and *Leadership in Action* magazine
- Membership Kits to sell to new Marketing Executives
- Sample products—bring along a few to share with your prospect during one-on-ones and group presentations, and set up several throughout your home during in-homes
- A current copy of your one-page business report summary

- A Essentials or Value Pack (particularly for in-homes)—displayed on a table where prospects can review it; make sure the product setup is attractive and professional-looking
- Order forms and “Which Products and Services Do You Use?” sheet
- Clipboards, paper, and pens
- Several chairs placed in a semicircle (if five or fewer attend, you can sit around the kitchen or dining room table)
- Your calendar or day planner

Completing the Customer Membership Agreement Form

Address

Explain to your new customer, “On this form, you’re indicating the address where you want your monthly order shipped.”

Backup Order

“We have a great program that helps ensure that you’ll never lose your Preferred Customer status. It’s called your Backup Order. You can preselect your favorite products with a Select Pack. If you forget to shop, this Backup Order will help ensure you continue to enjoy your Preferred Customer discount and benefits.” Help your customer understand that because Melaleuca can count on their order or Backup Order each month, Melaleuca can schedule production and lower costs of operating. As a result, your customer gets a 30–40% discount.

Handling Payment Information

“When you call in, you are asked for your Melaleuca membership ID, your Social Security number or your phone number. Then you’ll place an order at the Preferred Customer discount of 30–40%. The Customer Service Representative will review the products you ordered, the quantity, and the cost, and then you will hear how many Product Points you have. Product Points are used to calculate Loyalty Shopping Dollars and commissions for Marketing Executives.

“Will it be more convenient to bill your credit card or your bank account? If you want it billed to your bank, I’ll need a voided check. Melaleuca bills the bank directly, and you’ll see the charge on your monthly statement. Most people use both so they can choose which is best for them each month.”

Enroller & Marketing Executive Blanks

Say, “This shows who enrolled you, which in our case would be me. The Marketing Executive is who earns a commission when you buy products.”

Select Marketing Executive

The Marketing Executive is the person under whom you are directly placing your new customer.

Melaleuca Marketplace

Talk to your customer about the benefits of the Melaleuca Marketplace, myMelaleuca, and many other services. You will find more information about them in your Membership Kit. Get members-only savings at more than 600 online retail partners. Visit Melaleuca.com and click on “Marketplace.”

Signature

Have the new customer sign the form, then move on to the Marketing Executive Agreement.

Independent Marketing Executive Agreement

Check off the appropriate participation category on the Marketing Executive Agreement and ask, “Where would you like your checks to be sent?”

Address

Fill in the address and other information.
If this is the same as the Customer
Membership Agreement form, offer to fill
this part in for each enrollee.

Social Security Number (U.S.)

“Your Social Security number is blacked out on everything but the original form that is sent to the company, but having it allows the company to send you ‘Thank You’ checks for referring new customers. When you call the company, you can use your Social Security number or your phone number as your ID.”

Membership Kits

If you're giving your new enrollee a Membership Kit, write in the number of that kit on the form.

After Determining the Enrollee's Category

After you've determined the enrollee's level of interest, have them sign the Marketing Executive Agreement form (either in person or via fax).

Essentials & Value Packs

Mark the Essentials & Value Pack section.
Call this in to the Customer Service
Representative as an order.

Double Check

Check both forms to see that they are complete and that the carbons are readable.

[illegible]

THE QUALITY ENROLLMENT

- A quality enrollment is one in which the customer enrolls and sends in their paperwork, purchases a Membership Kit, and places their order. He or she experiences a *Delivering Wellness* presentation that delivers a thorough understanding of the Melaleuca products, and the business opportunity.
- A quality customer understands the Preferred Customer agreement and sees the value in Melaleuca's products.
- Explain what being a Preferred Customer means and set a date for the 48-Hour Follow-Up. You'll have happier customers who will be more likely to stay with you for the long run.

Send In Your Paperwork On Time

Melaleuca must receive the paperwork by the last day of the month, by fax or mail. It's a good idea to verify the receipt. Send in your paperwork before the end of the month so that customers who shop can qualify for Loyalty Shopping Dollars.

ACTIVITY 4:

HOLD FOLLOW-UP MEETINGS WITHIN 48 HOURS

The 48-Hour Follow-Up is a brief meeting scheduled to be held within 48 hours of enrollment to help customers become more familiar with Melaleuca and the shopping experience and for Marketing Executives to begin building a successful Melaleuca Business. In a follow-up meeting, the enroller introduces their new business builder to Melaleuca by answering questions, explaining the shopping process, teaching about the products, and often helping the new enrollee to start shopping. It's critical to have your new Marketing Executive sign up for their free 60-day trial of myMelaleuca.com. Give them an assignment and then follow up to make sure they are on the right course for success!

During your follow-up meeting, help build your new Marketing Executive's contact list, do some role-playing, set appointments, and schedule a date for their first in-home. Teach them the basics of the Seven Critical Business-Building Activities, help them learn the ropes, and build their confidence and success. Set a date to advance to Director and work side by side with them to achieve their goal.

The 48-Hour Follow-Up gives enrollers an opportunity to team up with new Marketing Executives. An enroller can help a new team member establish a contact list, schedule appointments, and do presentations. What the enroller does in the presence of the new Marketing Executive will duplicate throughout that new Marketing Executive's organization.

"One of the best activities guaranteed to bring results is the 48-Hour Follow-Up. It is proven to create quality enrollments and sustained growth. Businesses that consistently hold 48-Hour Follow-Up meetings have higher average commissions, higher average growth rates, lower attrition, more Essentials and Value Pack purchases, and more duplication through advancement."

McKay Christensen
President, Melaleuca

In The 48-Hour Follow-Up Meeting (Category 2 And 3)

Answer any questions your new enrollee may have about Melaleuca.

Review Preferred Customer Program (and Backup Order)

Clearly explain all of the benefits of being a Preferred Customer. Show the new customer all the services and benefits now available to them, emphasize the Preferred Customer discount on Melaleuca Products, and the 100% satisfaction guarantee. Take some time to explain the Backup Order, and be sure to mention the advantages—the new enrollee will never have to worry about his Preferred Customer status, even if he does happen to forget to shop one month. Finally, explain Loyalty Shopping Dollars, and remind the customer that to redeem these they must first place a minimum 35 Product Point order.

Order a Essentials, Value, or Pacesetter Pack

If they haven't purchased a Essentials or Value Pack, this is a good time to explain the benefits of ordering a Essentials, Value, or Pacesetter Pack. It's the best way to try a large selection of products, to develop compelling product stories, and to convert their home as quickly as possible, and at the best price possible.

Discuss Your Enrollee's "Why"

Review the written "why" your enrollee has created. Spend time talking with them about it, and ensure them that this will motivate them to build their business. Ask them questions such as, "Where do you want to be a year from now? Five years from now? Why is that important? What will that allow you to do that is not currently possible?" The more emotional ties to their goals, the more they'll be likely to achieve them.

Review the Pacesetter Program and Compensation Plan

Help your Marketing Executive understand that there are significant bonuses available if they move quickly in their advancement. Explain the bonuses available at each status advancement in both the Pacesetter and regular compensation plans.

Schedule Action and Business Hours

Determine the hours your new Marketing Executive wants to spend working their Melaleuca business. Make this as specific as possible. Have them get out their calendar and choose particular days of the week. This will not only help them to follow through on their commitment, but will help you to "match their energy" with your efforts.

“Melaleuca is a relationship business. You build relationships when you follow up. In follow-up meetings, you learn more about the business builder, and they learn more about you. They get a sense of your commitment and passion. This causes them to want to be the same way.”

Jeff Miller, *Corporate Director II, Florida*

Contact List

Review the Marketing Executive's contact list. Be sure they have at least 100 names. If not, help them jog their memory to finish the list. (Use the hints and suggestions in this booklet, page 13.)

Create an Action Plan

Create a calendar for the next several weeks, and set a goal for the number of personal referrals for each week. Coordinate times to work together for training and practice. Schedule three to four possible dates for upcoming in-home presentations. Set a deadline for achieving Director status. Explain to your new Marketing Executive that they have one chance to create their story, and then they will tell it to others in their group over and over again. How will they feel if they are able to tell others that they achieved Director in two weeks? In one week? What will others think when they hear their story?

Practice Approaches, Set Appointments

Assist your enrollee in setting appointments. First, role-play with them. Pretend to call them for an appointment and show them how to handle the call. Once you have practiced a few times, help them to make some calls and set up appointments. Help them follow up with their new customers.

Order Extra Membership Kits

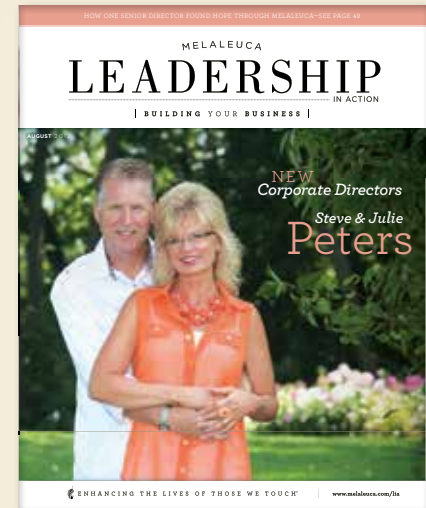
If your Marketing Executives are going to advance to Director in a month or less, they will want to have extra Membership Kits to give their new customers, as a new customer should receive a Membership Kit immediately after the *Delivering Wellness* presentation. Encourage Marketing Executives to order Membership Kits for the upcoming appointments or to purchase the Pacesetter Pack with 10 Membership Kits and a Value or Essentials Pack.

Explain Power Hour and Suggest Future Meetings to Attend

Invite your new leader to a Power Hour meeting and other big training events held either locally or sponsored by the company. Explain how Power Hour and teaming up with other leaders can help them build a strong Melaleuca business quickly.

Review Everything

Allow your new Marketing Executive the opportunity to ask you any questions they may have regarding the information you have shared with them. Remind them that Melaleuca provides support materials to help them succeed, and that you are always there to answer their questions.



ADDITIONAL TOOLS

Check your *Leadership in Action* magazine for these helpful tools and more:

1. Marketing Executives can learn from successful Melaleuca leaders by subscribing to the B.E.S.T. series. This 12-month subscription is available on CD. You'll receive a new one each month, narrated by one of Melaleuca's top Marketing Executives and covering various aspects of building your business. It's a great way to learn from the best.
2. The *Getting Started* CD is a powerful tool that contains:
 - A Welcome to Melaleuca from Melaleuca CEO Frank L. VanderSloot
 - Training on how to:
 - Build your contact list
 - Set appointments
 - Make effective presentations
 - Conduct 48-Hour Follow-Up
 - Melaleuca's Compensation Plan basics
 - Plus some exclusive training from Melaleuca President McKay Christensen, Corporate Director VI Ed Bestoso, and Corporate Director VI Rafael Rojas

“The success of your business starts with a resolution to treat your Melaleuca business like a business. That doesn't mean you have to work full-time, but in the time you do spend in Melaleuca, you need to treat it as seriously as you would treat your job or your own business.”

Alan Pariser, *Corporate Director V, Nevada*

Melaleuca:

A Legacy of Wellness

During your follow-up, introduce your customer to the *Melaleuca: A Legacy of Wellness* book. It's an incredible resource for learning about Melaleuca's products. Encourage them to purchase their own copy and learn about why Melaleuca's top products are safer, higher quality, and better than products they can buy in a grocery store.

No company has ever produced a book like this! We believe this book is the first ever of its kind. There has never been this much product information in such a fun, informative, and easy-to-read format.

Melaleuca: A Legacy of Wellness includes:

- Everything you ever wanted to know, but didn't know to ask
- A deep dive into Melaleuca's top 22 products
- A large, coffee-table masterpiece!
- Easy-to-read chapters containing a plethora of compelling facts about each product

This book is for everyone who wants to know the science behind Melaleuca's leading 22 products, including:

- Where does each key ingredient come from?
- Why do these key ingredients make each product better than the competition?
- Who discovered the formulas and how did they do it?



"We absolutely love *A Legacy of Wellness*! It is fantastic. Specifically, the chapter on Renew. We have two enrollments from that section alone."

Amanda Winter, Director IV

The New Customer Follow-Up Center empowers you to track monthly follow-up activities for each of your customers and provides all the information you need to ensure your new customer has a world-class experience.

You can track your customer's shopping activity, check the current status of paperwork, membership kits, and orders, all in one place! Business leaders that consistently follow-up with their new customers, and continue to follow-up each month, have higher average commissions, higher average growth rates, lower attrition, and more advancements in their organizations.

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Go to Payment Center

Four Month Follow-Up Check List

You have Alerts (15)

Find your taxes on the Fax Finder

New Customers

Follow-Up History

Manage Membership Kits

Alerts (15)

						Current Month Follow-Up			
Enrollee Name	Preferred Status	Customer Membership Agreement Status	Independent Marketing Executive Agreement Status	Member-ship Kit	Bank Leadership Point	Order Placed	Made Contact	Helped Customer Shop	Answered Questions
Jan 2012 test namechange 208.522.0122					☐		☐	☐	☐
Lucy D Robinson 425.443.7529								☐	☐
OLE PDF 356.893.5634					☐			☐	☐
Dec 2011 test legaldoc 208.456.4566								☐	☐

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Follow-Up History

Manage Membership Kits

Alerts (15)

Enrollee Name	Month 1		Month 2		Month 3		Month 4		Month 5		Month 6	
	Made Contact	Order	Made Contact	Order	Made Contact	Order	Made Contact	Order	Made Contact	Order	Made Contact	Order
test namechange 208.522.0122												
Lucy D Robinson 425.443.7529												
OLE PDF 356.893.5634												
test legaldoc 208.456.4566												

Building Your Melaleuca Business 29

Four-Month Customer Follow-Up Guide

Customer: _____ Phone: _____

Marketing Executive: _____ Phone: _____

Promotion: _____

Date Enrolled: _____

☐ PC Yes _____
Date
(Kit, order placed, PW in)

- 1st Month } ☐ Do a quality *Delivering Wellness®* Overview.
- ☐ Explain Preferred Customer program, Back Up Order, and Loyalty Shopping Dollars.
- ☐ Help customer set up online account and Back Up Order.
- ☐ Enroll them and help place their first order on a 3-way call.
- ☐ Exchange phone numbers and email addresses with them.
- ☐ Invite them to an upcoming Melaleuca event.
- ☐ Place them on your email list—email Welcome Letter.
- ☐ Send personal Welcome Card.
- ☐ Call new customer to “check in” when products arrive... set a date with them to go shopping in Month 2 _____.

- 2nd Month } ☐ Ask how they’re enjoying the products—Favorite? Questions?
- ☐ Share a product experience—the Vitality Pack with Oligo, Sol-U-Mel, MelaPower.
- ☐ Inform them about monthly specials and web specials.
- ☐ Remind them about Loyalty Shopping Dollar choices for Month 2.
- ☐ Help them shop and redeem Month 2 FREE products.
- ☐ Ask if they’d like to get their products paid for and consider referring customers.
- ☐ Thank them and tell them you’ll check in again next month.
- ☐ Email product and/or business stories.

- 3rd Month } ☐ Thank them for being a Preferred Customer.
- ☐ Ask how they’re enjoying the products—Favorite? Questions?
- ☐ Ask them for a product experience.
- ☐ Share a product experience—introduce them to a product or category they haven’t tried yet.
- ☐ Help them shop and redeem Month 3 Loyalty Shopping Dollar products.
- ☐ Help them customize a Select Pack (if not already done).
- ☐ Ask for referrals!
- ☐ Continue emailing product and/or business stories.

- 4th Month } ☐ Thank them for being a Preferred Customer.
- ☐ Help them shop and redeem Month 4 Loyalty Shopping Dollar products.
- ☐ Ask if they’re comfortable doing future shopping on their own.
- ☐ Help them put a Select Pack in place (if not already done).
- ☐ Remind them of Services: myMelaleuca, Melaleuca credit card, etc.
- ☐ Invite them to a larger Melaleuca event or in-home presentation.

Month 1 Shopping

☐ Value Pack/Essentials Pack

☐ Vitality 4, 6, or Total

Total:

Order #:

Month 2 Shopping

☐ Value Pack/Essentials Pack

☐ Vitality 4, 6, or Total

Month 3 Shopping

Month 4 Shopping

{ Remember, it takes at least 4 months to develop new buying habits. }

CONGRATULATIONS!

Melaleuca

“For many of us, recognition is more important than money. We want to be noticed. We want to be told that we’re doing a good job. Stories sell. When we, in our meetings, tell the stories of our business builders, people identify with that. They think, ‘You know what, I can do this business.’ They hear the stories of success, and they start to believe.”

Guillermo Covarrubias
Corporate Director,
California

ACTIVITY 5: CELEBRATE SUCCESS

Celebrating success is a way to inspire people to set goals and achieve more than they ever thought possible.

CELEBRATION: IT’S REALLY THAT IMPORTANT

The mission of Melaleuca is to help people reach their goals. To inspire and motivate people to that end, you must celebrate their accomplishments.

Melaleuca thrives on celebration! From the smallest of achievements to the largest ones, from enrolling one customer to achieving Corporate Director, leaders need to feel good about what they’re doing. When that happens, motivation increases, excitement grows, and abilities expand. In addition, celebration encourages repetition and helps establish great business-building habits.

The following are several reasons why celebration is crucial to the success of your Melaleuca business:

Celebration Creates Excitement

Most new enrollees come to Melaleuca with a high level of enthusiasm. Celebrating success along the way helps sustain and refuel that level of energy.

Recognition Is a Proven Motivator

We all love to be recognized for our accomplishments. Whether it’s a pat on the back, a high five, or a note saying, “Job well done,” all forms of recognition create positive reinforcement. Often, when someone else notices what we’ve done, we’re more likely to keep striving and pushing harder than ever. Rewards—whether material, emotional, or spiritual—are what makes hard work worthwhile.



Sharing Success Builds Team Loyalty

As a business builder, your goal is to build a cohesive team. A big part of that process is celebrating your team's success. Through the celebrations, you experience a strengthening of relationships, you feed off one another's energy, and you create a synergy that helps each of you work more effectively together than you would alone. Visit the Recognition Center at Melaleuca.com/recognition for more information.

Celebration Creates Repetition

When people are rewarded for success, they tend to repeat the actions that lead them to that success. This is especially important in building a strong Melaleuca business. When you take time to reward and recognize the right types of activities, your team will be more likely to repeat these activities, creating greater success. Rewards endorse specific actions, behaviors, and values you are striving to teach.

In Melaleuca, Relationships Count

Melaleuca is a relationship business. By meeting new people, discovering their goals, and helping them reach those goals, you experience success yourself. Listen to your customers in your organization. Find out their strengths and weaknesses. Discover their dreams and goals. Sit down with them and show them the path to achieving those goals, then celebrate with them along the way.

Measurement Is Key to Celebration

By creating definite measurements for success, you have reason to celebrate each time one of those measurements is reached. Without some sort of measurement, celebration would seem trivial and meaningless. Here are some measurable activities you can celebrate:

1. Achieving individual business goals
2. Gaining personal enrollments, achieving advancements, and demonstrating leadership
3. Accomplishing goals in a Fast Track or other group-oriented activity

Set small goals on the way to your larger goals, and when you achieve those goals, celebrate.

Sometimes just determining how you will celebrate can help.

MAKE YOUR CELEBRATION EFFECTIVE

How you celebrate should be wholly determined by who it is you're celebrating.

It takes only a few minutes to figure out what people like, what parts of the business they may struggle with, and where they need encouragement. Once you've done that, celebrate with them in a serious manner. Tell them just what they did that was successful. Be specific. Tell others about the hard work you've witnessed. Let them know that you noticed their efforts. Your words and encouragement will likely mean more than any reward you can come up with. Attach a suitable reward on top of that and you'll create a moment in that person's life they will treasure for a long time.



LEADERSHIP CELEBRATION MEETINGS

Leadership Celebrations are hosted each month by Senior Directors and above. All Directors and above may attend. Remember, this is a business meeting, so no children should attend. A celebration should be held between the 1st and 7th of each month and must be preapproved by Melaleuca. Melaleuca will advertise your event online and via email.

Leaders can qualify for their meals to be paid for—up to \$20 per person or \$40 per business—by doing any of the following:

- Enroll 2 Preferred Customers the month prior to the Leadership Celebration
- Develop a personal Director the month prior to the Leadership Celebration
- Become a first-time Director the month prior to the Leadership Celebration
- Advance their business to Director II or above, awarded the month prior to the Leadership Celebration

Melaleuca will reimburse the host for the qualifying meals.

The Leadership Celebration is an opportunity to celebrate with local leaders your achievements and the achievements of your team. It's a time to schedule action to move your business forward and help you reach your goals; and it's a chance to receive training from some of Melaleuca's best.

Ways to Celebrate	How to Celebrate
Call	• Call the enrollers in your business. Let them know you care and you notice what they are doing. Simply say “congratulations” or “thank you.” • If you don’t reach them on the phone, leave a message congratulating them. • Thank your customers for shopping. Share a positive product experience with them. • Call to congratulate a Marketing Executive on his or her advancement.
Send a card or note	• Send a thoughtful card to those who have advanced. • Send a card to new customers thanking them for joining your team. • Send a card congratulating new business builders on achieving their goals.
Email	• Write a quick email to build someone up—let them know you've noticed how hard they've worked. • Send the email to your entire organization—ask others to reply to the celebrated person.
Have dinner out	• Take your new Director out for dinner to their favorite restaurant.
Leadership Celebration Meetings	• Invite everyone in your organization who has achieved Director.
Meeting recognition	• At every meeting, take a few moments at the beginning to recognize achievement. Say something, have the person stand up, let others applaud, hand out small prizes, and give time for public recognition and encouragement.
Send flowers	• Send a nice flower bouquet when they advance to Director or Senior Director. • Send something small during the holiday season.
Fast Tracks	• Give Melaleuca products, or other small gifts. • Invite people up in front of the room so all members can recognize and see them. • Create an atmosphere of celebration and excitement for all members present. • See more in the Activity Six summary. (See page 34–35)
Open house	• Conduct an hour of training followed by a potluck. Honor business builders, recognize success, and let everyone share what's working and what's not.
Meeting after the meeting	• After a business meeting, meet at a favorite restaurant or ice cream parlor, review topics discussed in the meeting, create energy and synergy.
Conference calls	• Once or twice a month, arrange a conference call, ask someone with experience to give training, use the first 10 minutes to recognize achievement by all who are on the call.
Traveling trophies	• Create a traveling trophy that's awarded to a selected individual (or couple) each month. • Define the criteria and involve your leadership team in determining the winner.
Take pictures	• Take a picture of your new Marketing Executive being congratulated by you or another leader. • Frame it and give it to the person.
Gift certificates	• Give a gift certificate to a favorite restaurant, store, the movies, theme park, or for a massage.
Give Melaleuca products	• Give Melaleuca logo merchandise, business-building tools, or product brochures or information packets.
Hold contests	• Announce a contest to win a trip to the annual Melaleuca Convention, let everyone know the criteria, and award the trip at an evening meeting or dinner.
Post a cheer at MyCommunity	• Log onto myMelaleuca to send words of encouragement to those in your organization.

ACTIVITY 6:

ALWAYS BE INVOLVED WITH FAST TRACK

What Is a Fast Track?

A Melaleuca Fast Track is a results-driven program designed to help your organization grow. A series of meetings lasting between four and six weeks, the Fast Track helps participants set goals, create action plans, implement those plans, report results, and celebrate success. Team leaders provide motivation, support, and training, and facilitators organize the schedule and recognition awards.

Five Essential Activities Make Up the Core of Every Fast Track Event

1. Assess the business and set goals. Fast Track participants determine where they would like to be by the end of the Fast Track period. Specific goals include number of enrollments, status level achieved, number of Essentials and Value Packs sold, number of appointments set, and in-home presentations.
2. Create an action plan. Each participant—with the help of the team leader—creates a detailed action plan for how they are going to achieve their goals. Using a calendar, they determine what day and time they are going to set appointments, hold a *Delivering Wellness* presentation, report to their team leader, and more. Only by creating this very detailed plan do goals become tangible.
3. Implement the plan. After the Fast Track meeting, the participant follows through on their action plan, tallying their results and reporting to their team leader on schedule.
4. Report and celebrate success. Each week, team leaders report results for their teams. Most often, the results involve enrolling customers and developing new Directors. Those activities that meet the criteria for success are recognized.
5. Train and develop leaders. Take 10–15 minutes of each Fast Track meeting to conduct training on the Seven Critical Business-Building Activities. When conducting your training, remember to briefly explain, demonstrate, practice, and evaluate.

Where Should I Have The Fast Track?

Hold your Fast Track anywhere that is conducive to group interaction. For smaller Fast Tracks, the home is usually the best place. For medium or large Fast Tracks, use a small conference room or meeting room. Melaleuca does not recommend that you spend a lot of money on the meeting location itself. The focus of the Fast Track should be on the critical activities to grow your business, not on the room décor.

Fast//Track

The Basics of a Successful Fast Track

Time: The Fast Track is designed to run during the calendar month and should be scheduled on the same day, at the same time each week (always start on time). Consistency is vital to success.

Who: Include committed Marketing Executives who work closely with one another in their businesses (e.g. your personally enrolled customers).

Teams: Teams usually consist of 8–10 members. There is no limit to the number of teams, as long as you can manage the group size.

Leaders: As a general guideline, team leaders should be Director II or above, as they need to have experience at personally enrolling customers and developing Directors. These leaders should also be organized, accountable, and willing to put in extra energy and effort to keep the team focused on goals.

Fees: You may need to charge a fee for participation. This money helps provide recognition prizes and offsets any other related costs. These fees should not exceed \$20 per business.

Product Experiences: You should start every meeting with a product experience.

Goals: Goals should be set the first week and revised or added to each of the following weeks.

Action Plans: After participants set goals, they should put an action plan into place to help reach those goals.

Celebration: Personal accountability and reporting happen on a weekly basis. The facilitator establishes a recognition system and rewards everyone's accomplishments. Celebration of success is a key part of each weekly meeting.

Participation: Once the last week is concluded, participants should be encouraged to attend the next Fast Track.

FAST TRACK AGENDA

First Week

Welcome and Expectation

Take a few minutes to welcome your participants. Explain that Fast Track is an action program designed to help organizations grow by enrolling customers and developing Directors. Conclude the welcome with product experiences and announcements.

Training and Role-Playing Activities

Training should be concise (10–15 minutes) and activity-based. Role-playing can be very helpful to participants. Remember to explain, demonstrate, practice, and evaluate.

Weekly Goal Setting and Call to Action

Marketing Executives involved with the Fast Track must set weekly goals. Help them assess their current business status and determine where they would like to be and what they would like to accomplish. Once a goal is set, help them set up action plans made up of specific activities they will need to perform to reach their goals.

Implementation

Define and write down specific times, places, and activities for the next week that will help participants complete their action plans. Each team leader should be responsible for assisting and mentoring their teams throughout the week.

Report

At each meeting, give time to report on previous goals. By setting goals and being accountable to those goals, participants will be able to focus on specific activities such as personally enrolling new customers and developing new Directors that will help their organizations grow.

Challenge

Weekly Fast Track meetings should end with a challenge that is specific to the next week. Break down the goal into accomplishable steps so the participants know exactly what they need to do during the next week to grow their businesses.

“Fast Track helps you stay focused week after week. If you ask our leaders about the ‘secret’ to their success, many will tell you that the answer is Fast Track—not only for themselves but for their entire organization. No one works harder than these leaders.”

Frank L. VanderSloot
Melaleuca CEO

Subsequent Weeks

Celebration: At the beginning of each Fast Track meeting, spend time recognizing individual participants and teams for their accomplishments.

Report: You should spend some time reporting on the previous week’s goals. Accountability is key.

Training and Role-Playing

Activities: Conduct another training and/or role-playing exercise. Be careful to keep it under 15 minutes.

Weekly Goal Setting and Call

to Action: Follow the same plan as the first week in goal setting and action plans. Have every participant go over his or her goals and make adjustments as needed.

Challenge: Challenge every team with goals for the next week.

Concluding Week

Celebration: You are now prepared for the best and most important part of Fast Track. Using the results reported by the Fast Track teams, recognize and celebrate the individual and team accomplishments. Make this exciting, filled with applause and recognition for a job well done!

Training: Conduct the typical training session, perhaps tailoring this training to answer any final questions.

Invitation: At the conclusion of your Fast Track, be sure to extend an invitation for the next Fast Track. If you have prepared prizes for the next Fast Track, announce those prizes. Review the accomplishments that were made during this Fast Track (such as number of new Directors, total number of new customers, etc.). Make sure any newly enrolled Marketing Executives who are committed to becoming a Director are invited to participate in the next Fast Track.

Guidelines for Conducting Effective Meetings

1. Be on time

- Award points for being on time or hold on-time prize drawings

2. Attend all meetings

- Every meeting is essential for full benefits
- Each person who attends all meetings may receive extra bonus points

3. Keep all commitments

- During the Fast Track, you’ll be asked to make commitments such as calling your group leader at a certain time each week and completing the goals you have set for yourself

4. Be courteous

- Everyone should be courteous to whomever has the floor
- No side talking or interrupting
- Be constructive in your comments; don’t take the team off task

5. Report all totals accurately and before the deadline

- Helps things run smoothly
- All totals for the week must be called in by a prearranged deadline to the team leader

Guidelines for Earning and Awarding Points

Enrollments

Give points for each enrollment. An enrollment counts only if 1) all the paperwork is completed, 2) the enrollment has been called into Melaleuca, 3) an order is placed, and 4) a Membership Kit has been purchased.

Personal Directors

Every time a team member personally enrolls and develops a Director, he or she would receive additional points.

Team Enrollments

If all team members enroll at least one Preferred Customer in any given week, each person may receive bonus points.

Fast Track Enrollment

Points may be given if a new Marketing Executive (in the Marketing Executive's organization) enrolls in an upcoming Fast Track.

Essentials or Value Pack

Points are given whenever a Essentials or Value Pack is ordered by a new customer. The order must have been placed with Melaleuca.

The person who receives these points is the same person who would receive the \$30 or \$50 bonus (either the enroller or the assist).

Shop Early

Bonus points may be given if the business builder orders before the 15th of the month.

"Focusing on the Seven Critical Business-Building Activities is important, especially participating in Fast Track. Since my organization is growing larger and larger, having a Fast Track team has helped me stay connected. It also helps us stay accountable with our goals. My team has really become my family."

Jennifer Coffel, Executive Director III, Illinois

Role-Playing and Getting Results

Following are several role-playing suggestions for you to try in your Fast Track.

Contact List

- Give your team three minutes to write down all the people they know who have the letter "J" in their name, all the people they know in the computer field, or use the Contact Suggestion List provided in this booklet (page 13).
- Break the contact list into categories. For example: past, present, and future contacts; A (really interested), B (might be interested), and C (customers only); or come up with your own system to organize your list.

Contact

- Have team members write down a profile of someone on their contact list. Does she need more time with family? Does he work too many hours a week? Are they struggling to pay bills? See how much information each member can recall.
- Hold a phone party to set appointments.

Presentations

- Break up into groups and have each participant present two or three pages from the *Delivering Wellness*® presentation. The other members of the group give kind but honest feedback on the style, tone of voice, pacing, and body language of the presenter.

Regularly Scheduled Fast Tracks

Many successful Marketing Executives conduct regularly scheduled Fast Tracks every week. For example, the Fast Track is scheduled every Friday at 7:00 p.m. at the same location. The advantages are:

- No need to make numerous calls to invite—once you have these running, the word gets out.
- No need to shuffle everyone's schedule to fit—everyone knows to keep the same night open each week.
- No need to plan weeks in advance for time and location—you know where and when it's happening every week.
- The Fast Track remains an open invitation for anyone who might be interested in teaming up to build their Melaleuca Businesses.
- This plan also works for regularly scheduled *Delivering Wellness* presentations.

Tips For Fast Track Phone Parties

- Select a night and time when phone calling will be most productive.
- Break your teams into groups of 4–10 people, each with a phone.
- Choose one person to make the first call, then pass the phone around the table so each person has a turn.
- Briefly celebrate each appointment set.
- Remember to coach one another on ways to overcome concerns.
- Keep the environment fun and full of support.
- Track the results using a tally sheet.

ACTIVITY 7:

LEAD BY EXAMPLE

“I work hard with leaders in my organization who are also making the decision to build a business, and we start investing in each other’s lives. If you want to work with committed individuals, you must care as much for their success as you do your own.”

Rebecca Connor
Corporate Director III, Maryland

Melaleuca business leaders lead by example because they know their actions are usually duplicated by those in their organization. Are they professional, product-centered, and positive? If so, others will duplicate their actions. Are they disorganized, demanding, and late to meetings? If so, others will observe and duplicate those actions as well.

Think of someone in your life who has been a great leader. If they were a great leader, they probably led by example. Typically, when we see someone who displays all the characteristics we would like to have, we are highly motivated to copy that person and thereby learn those skills ourselves.

According to actor Will Rogers, “People’s minds are changed through observation and not through argument.” As you go forward in all your Melaleuca activities, remember—your people are watching you. Set a good example!

Your first two months as a Melaleuca Marketing Executive are critical. You get only one chance to create your story—make it as great as you can! Later, when you’re referring new customers and trying to encourage them to build quickly, they’ll want to know how you did it. You’ll be telling your “getting started” story over and over again, so it’s important to set your sights on reaching Director in your first month, and Director II in your second month.

Convert Your Home to Melaleuca Products and Services

What would you think if the CEO of Ford Motor Company drove a Toyota? If your favorite Mexican restaurant cook chose Taco Bell for lunch? Wouldn’t you have a difficult time purchasing anything from these people?

After joining Melaleuca, immediately convert your home to Melaleuca products and services. Learn everything you can about them, and get in the habit of consistently sharing product and service information with others. The people in your organization will follow your example and convert their own homes, spreading a powerful belief in the products and the services, and building a strong business foundation.

How do you convert your own home? It’s simple:

- Throw away all the products you currently use and replace them with Melaleuca products and tell people you only use safe and effective products in your home now.
- Then discontinue all of the services you currently use and replace them with Melaleuca services. Enjoy savings, greater customer service, and potentially greater earnings with Melaleuca services. In fact, it’s proven that Melaleuca customers who participate in at least one of Melaleuca’s services will double their longevity compared to those who don’t participate.





Purchase a Pacesetter Pack

When you enroll, purchase a Pacesetter Pack. Then you can convert your home quickly and gain eligibility for extra bonuses. The Pacesetter Pack includes a Essentials or Value Pack and 10 Membership Kits for when you refer your first 8–10 people—that way they leave with the information in hand. These actions will get you off to a fast start and serve as a good example for up-and-coming business builders. As a result, they will build their business the same way.

Show Your Commitment

Spend significant time following up with new customers and prospects. Make telephone calls, send emails, write notes, or stop by to visit. The more involved you stay with your organization, the more motivated and encouraged people will feel. They will see your strong commitment to them and to the company, and, best of all, they will learn from your actions and do the same for the customers in their organizations.

Drive Results

If you don't get results in your business, not much else matters. Good leaders are those who are focused on delivering results. They continuously drive results in their organization.

Responsibility

Leaders are willing to take on the responsibility and go the extra mile to get the job done because they feel a strong responsibility to themselves and to others in their organization. When everyone else has given up, the strong leader goes that one extra step to create success.

A Drive for Excellence

Leaders have an inner motivation for excellence. Something inside drives them to continually improve. As a result, their presentations shine, they achieve more and more enrollments, and they create secure relationships with others in their businesses.

Goal-Oriented

Most achievers have a clear idea of what they want out of life, and they take the most efficient route to go after it. That means setting clear goals and developing a step-by-step action plan to achieve those goals. Write down your goals, even the smallest of them, and continue to revisit and revise every month, every week, every day. You'll be much more likely to stay on track as your business grows.

Caring

Melaleuca leaders have a true and sincere concern for the others in their organizations. They know that through helping others succeed, their businesses will prosper. Have you noticed that most successful people are friendly and people-oriented? This endears them to others and enables them to lead others to accomplish the task. Melaleuca's President, McKay Christensen, reminds Marketing Executives, "Are you taking the time to recognize the people who are working hard in your organization? Perhaps if your business isn't growing as you expect, this will provide some much-needed nourishment."

Attend All Melaleuca Meetings

As a Melaleuca leader, you should set the example by attending and supporting all Melaleuca meetings. Not only do they offer you inspiration, ideas, and the training you need to grow your Melaleuca business, they give you the opportunity to develop a reputation as a supportive, involved Melaleuca leader whom others will want to emulate.

“Attend all Melaleuca meetings,” says CEO Frank L. VanderSloot. “Even if you have heard it all before, your presence adds to everyone else’s experience. Our culture needs to be one where, if there is a Melaleuca meeting in your area, people can count on your support.”

What meetings are available to you? Check the Business Center at Melaleuca.com/businesscenter for a complete list of Melaleuca meetings. Organizations are always creating their own meetings, led by experienced Melaleuca Marketing Executives and attended by business builders all over the area. If you find you need more meetings, by all means, create one yourself!

Convention: Melaleuca’s Convention is the most important event of the year for your business. At Convention, you can learn how to build and grow your Melaleuca organization. In addition, you’ll see entertainment, hear important announcements, and receive valuable product information. Visit Melaleuca.com/convention.

Launches: Business launches introduce new products, promote specials, and update leaders on the sales and marketing plans for Melaleuca. Locate the Launch meeting closest to you and be sure to attend.

Monthly Leadership Celebration Meetings: As a Director, you can attend a Leadership Celebration meeting. Celebrate success, set goals and schedule action. Create new relationships, give new Directors in your organization a connection with others, keep your new Directors dreaming, and get your organization focused on Director development.

Executive Director Presentations: Executive Directors frequently travel to meetings around the country. They may conduct training, demonstrate a presentation, or help others present. These meetings are valuable to all Marketing Executives because of the opportunity for sharing knowledge, techniques, and ideas.

Workshops and Trainings: Held by experienced Melaleuca leaders and members of management, these trainings are invaluable in the information and knowledge that is shared and practiced.

Monthly Company-Sponsored

Conference Calls: These calls announce the promotion of the month, provide inspiration, and keep listeners informed of the latest developments.

Fast Tracks: A high-energy schedule of six consecutive meetings, Fast Track is a results-oriented program that helps business builders achieve their goals. Marketing Executives who are serious about their goals should consistently enroll in Fast Tracks. Visit Melaleuca.com/fasttrack.

General Meetings: If you know about a Melaleuca presentation or other meeting occurring in your area, attend! It’s a great way to show your support, build your reputation, share with other business builders and gather new ideas.



YOUR ROLE AT A MEETING

Remember, what you do gets duplicated and others are watching you at meetings. So be sure to:

- Set a good example!
- Sit in the front row
- Be on time
- Pay attention
- Help make the product display attractive
- Welcome new people
- Introduce yourself
- Tell a product experience
- Clap, cheer, participate
- Celebrate those who have experienced recent accomplishments
- Show appreciation and support

“Don’t expect to just stumble onto success. Go in search of your goals, overcome limitations, and choose to focus the use of your time on effective activities. In building a Melaleuca business, there are specifically seven critical activities that will lead to success. I guarantee that if you do them, you won’t look back with regret.”

Frank L. VanderSloot, *Melaleuca CEO*

Cultivate a Positive Attitude

Two key components of leadership are attitude and integrity. Melaleuca thrives on both! Renowned leadership author John C. Maxwell teaches, “People catch our attitudes just like they catch our colds—by getting close to us. It’s important that I possess a great attitude, not only for my own success, but also for the benefit of others.”

Even if people are drawn to you, they won’t follow you unless they know you are a person of integrity.

Maxwell calls integrity “the most important ingredient of leadership. When I have integrity, my words and deeds match up. I am who I am, no matter where I am or who I am with.”

Integrity is critical to your business success because Melaleuca is largely based on relationships. Dishonesty, exaggerations, gossip, poor follow-up, egotism, and duplicity are quickly recognized and communicated from person to person in an organization. Nothing could be more detrimental to your success!

A person with integrity is a whole person—one whose actions match up with her system of values. This helps a leader to earn the trust of those who follow.

Integrity builds trust and helps people feel confident in your words and deeds. The more integrity you have, the more you can influence others. “Leaders must live by higher standards than their followers,” says John Maxwell. In Melaleuca, there are no shortcuts. We cannot expect any more from others than we are willing to do ourselves.

Business-Building Tools and Guides

Following are several business-building tools and guides that Melaleuca provides for your education and information. These are also listed in your monthly Leadership in Action magazine. You can order these anytime you need knowledge, inspiration, and motivation.

- B.E.S.T. Series CDs
- Executive Director Series CDs
- Getting Started CD Set
- Certainty in Uncertain Times DVD
- Success Factors – Corporate Director VI Ed Bestoso
- Doing It on Purpose CD by Corporate Director VI Ed Bestoso
- Effective In-Home Presentations with Executive Director III Stacy Bodnar
- The Seven Critical Business-Building Activities card
- MyMelaleuca Online Training and Resource Center

Achieving Financial Freedom

If you're looking for a way to earn extra money or reduce expenses, Melaleuca has the answer. With a straightforward, proven approach, Melaleuca gives you the opportunity to get out of debt and enjoy life to its fullest.

In a world of economic uncertainty, Melaleuca's work-from-home opportunity helps many families use their spare time to help others enjoy the benefits of health-promoting products while earning the extra money they need.

True financial prosperity is about more than owning the flashiest car or living in the most luxurious home. It's about peace of mind, security, and stability. For years, Melaleuca CEO Frank L. VanderSloot has taught the principles of financial wellness: spending less than you make, paying off debt, and saving for a rainy day. Melaleuca not only teaches these principles of financial freedom, it rewards those who practice it in their daily lives.

Throughout the years, Melaleuca has celebrated with hundreds of Marketing Executives who have used their Melaleuca income to pay off their debts. To date, dozens of Marketing Executives have even paid off their mortgages using their residual income.

Marketing Executives can qualify for three awards through Melaleuca's recognition program for financial freedom. See page 58 for more information on how to earn these life-changing awards.

Being rich is one thing. Having true financial freedom is something entirely different. Melaleuca can be your vehicle to true financial prosperity.



Melaleuca CEO Frank L. VanderSloot watches as Executive Director III Stacy Bodnar burns her mortgage and celebrates total financial freedom.

FINANCIAL FREEDOM AWARDS

1. First Step to Financial Freedom

(No Credit Card Debt)—No credit card debt and no outstanding balances on any credit card (this includes department store cards, gas cards, travel cards, and major credit cards.) This first step is a huge step forward as you work towards total financial freedom. It is also perhaps the toughest as you are just beginning your journey of getting out of debt. We applaud all those with the self-discipline required to achieve Step One.

2. Financial Freedom

(Debt-Free)—No outstanding debt except for your mortgage. This includes all balances with banks, credit unions, car loans, personal loans (vacation, furniture, school, and appliances), and no second mortgages or lines of credit secured by your home mortgage. In other words, the only indebtedness is your first mortgage on your residence. Reaching Step Two is incredibly liberating! Imagine, absolutely no debt but your home. Your hard work and sacrifice are paying off and it feels great!

3. Total Financial Freedom

(Totally Debt-Free)—All of the above PLUS no mortgage debt. Achieving Total Financial Freedom is the most incredible experience you'll ever have! Melaleuca will help you celebrate with a mortgage burning party to mark the moment that you become totally free from all debt. This is really something worth working for!

The Melaleuca Compensation Plan



Melaleuca's Consumer Direct MarketingSM program provides the opportunity for people to succeed through their own efforts. Tens of thousands of families are now competing directly with major manufacturers of nutrition, pharmaceutical, bath & body, and home care products—and winning! When customers purchase Melaleuca products each month, profits from those sales go directly to families across North America rather than to large corporations.

Frank L. VanderSloot, Melaleuca CEO

Melaleuca's Compensation Plan is designed to reward Independent Marketing Executives who refer customers to Melaleuca products. The income you earn from your Melaleuca business is determined by three factors: the number of customers you have, the amount each customer purchases each month, and your effectiveness in building a marketing organization that includes other Marketing Executives who help you expand your customer base as they build their own marketing organizations.

The key to understanding the Melaleuca Compensation Plan is to remember that all commissions and bonuses earned are based on the sale of products to end consumers. "End consumers" are customers who purchase products to use in their homes. You do not earn commissions and bonuses for recruiting or signing up customers—but you will be paid commissions whenever those customers buy products. And that can mean monthly residual income for years to come.

The information on the next few pages explains the Compensation Plan, and is not representative of what any Marketing Executive will earn. Any representation or guarantee of specific earnings would be misleading. Success with any business takes hard work, diligence, perseverance, and leadership. Success with Melaleuca will depend on how effectively a Marketing Executive exercises those qualities.

What Are the Ways to Earn Compensation with Melaleuca?

Following are several ways in which you can earn monthly commissions and bonuses as a Melaleuca Marketing Executive.

Product Introduction Commission: When you qualify enroll a Preferred Customer in a month, you can earn a Product Introduction Commission of \$25. If the customer purchases an Essentials or Value Pack, that bonus will increase to \$50 or \$100.

Customers may purchase up to two Essentials or Value Packs in the first two months following the month of enrollment. The commission is only paid on the first pack purchased.

Personally Enrolled Customer

Commission: Beginning with your personal customers' second month purchases, you can earn 7%, 14%, or 20% of the Product Points they purchase monthly.

Organization Commission: You earn 7% commission on the Product Points purchased each month by customers enrolled by others in your organization.

One-Time Advancement Bonus/Pacesetter

Bonus: As you advance your business to a new status, you qualify to earn one-time advancement bonuses for each new status you achieve. If you rapidly advance through the Director ranks, you can qualify to double each of these advancement bonuses and can earn more than \$13,200 from the One-Time and Pacesetter Bonuses.

Leadership Development Bonus: Each time one of your personal Marketing Executives advances to Director and above you earn an amount equal to 50% of the One-Time Advancement (or Pacesetter) Bonus paid to your advancing personal each time they advance in status. To qualify for the Leadership Development Bonus your Commission Rate must be equal to or higher than that of your advancing personal each time they advance in status.

Leadership Pools: As your business grows, you can participate in a monthly leadership pool based on the increase of new customers in your organization.

Leadership Growth Bonus: Commission Rate Senior Directors and above may earn a Leadership Growth bonus paid from the Leadership Pools when they have net growth in their organization during the month (over a rolling three-month average). The bonus is \$500 for Senior Directors and \$1,000 to \$2,000 for Executives and Corporate Directors depending on their status.

Preferred Customer Services Commission:

You can receive commissions on everyday services you and the customers in your organization use, like identity theft protection, wireless phone service and credit card purchases.

Car Bonus: Senior Directors receive \$400 monthly and Executive Directors receive \$1,000 monthly for a qualifying car of choice.

"Anyone can build this business to any height they desire. I know many Marketing Executives in my organization who are making \$500 to \$1,000 every month. And that is residual! What a marvelous feeling to help someone else change their life and financial situation."

Deborah McKechnie
Executive Director III,
North Carolina



How Much Can You Earn as You Get Started?

Once you’ve enrolled, determined your participation category, and reviewed your beginning checklist, you may wonder: What can I earn as I get started?

Earnings in One Year

Marketing Executives in 2012 who achieved the status of Senior Director and above on the Pacesetter schedule earned significant income from their Melaleuca businesses (in U.S. dollars).

- Low** \$24,434
- High** \$327,521
- Average** \$62,326

There is no limit to how much you can earn in your Melaleuca business. It’s all up to you—your efforts, your time commitment, your ability to learn and duplicate proven methods, and your dedication to success.

The faster you build your business and the more customers who join your organization, the more success you will enjoy. Melaleuca offers a unique bonus to those who move quickly soon after they enroll.

The Pacesetter Bonus allows advancing Directors the opportunity to double their one-time advancement bonuses through the Director levels, including advancement to Senior Director. The table on the next page shows an example of the potential income available when you follow the Pacesetter Program.

POTENTIAL EARNINGS IN THE FIRST TWO MONTHS (for Categories 2 and 3)

Following is a realistic example of how much you can earn in your first two months with Melaleuca if you achieve the status of Director and Director II.

Earn \$500+ Your First Month—Achieve Director

Product Introduction Commission	\$200
Pacesetter Director Bonus	\$200
Essentials Pack Commissions (\$100 each)	\$400
Total.	\$800

The average earnings of those who reach Director in their first month is \$614

Earn \$800+ Your Second Month—Achieve Director II

Product Introduction Commission	\$100
Pacesetter Director II Bonus	\$400
Essentials Pack Commissions (\$100 each)	\$400
Organization Commission (from 1st month enrollees)	\$100
Total.	\$1000

For a complete representation of what Marketing Executives earn with their Melaleuca business, see the Compensation Plan or the Income Statistics in this booklet. All figures in U.S. dollars.

“Whatever your goal, it’s here for you if you’re willing to put forth the effort. You can reach your goals. We know—we did it.”

Bruce and Kirstin Newby
Corporate Directors, Texas

The Pacesetter Program

PACESETTER BONUS

The Pacesetter Program is part of Melaleuca’s Compensation Plan. New enrollees can earn up to \$200 when they buy an Essentials Pack or Value Pack and become a Director. This bonus rewards new enrollees for moving rapidly to Director level.

To Qualify for the \$200 Pacesetter Director Bonus:

- 1. Become a Preferred Customer,
- 2. Buy an Essentials or Value Pack, and
- 3. Become a Director within the first two calendar months following your month of enrollment.

Example

If you enroll on August 15, August would be your month of enrollment. You have two calendar months—September and October, in this case—to achieve Director status. You would then need to advance one Director status each month to continue on Pacesetter time frame.

PACESETTER BONUS FOR DIRECTORS & SENIOR DIRECTORS

Advancing Directors through Senior Director, and Advancing Senior Directors II through Senior Directors IX, can double their One-Time Advancement Bonuses each time they advance, depending on whether they meet the Pacesetter timeline.

New Pacesetter Director						
Status	One-Time Advancement Bonus	Pacesetter Bonus	Minimum # of Personally Enrolled Customers	Average Leadership Points Required	Personal Directors Required	Months to Qualify from Time of Enrollment
Director	\$100	\$200	8	1*	0	2 Months
Director II	\$200	\$400	10	2	0	3 Months
Director III	\$300	\$600	11	3	1	4 Months
Director IV	\$400	\$800	12	4	2	5 Months
Director V	\$500	\$1,000	13	5	2	6 Months
Director VI	\$600	\$1,200	14	6	3	7 Months
Director VII	\$700	\$1,400	15	7	3	8 Months
Director VIII	\$800	\$1,600	16	8	4	9 Months
Director IX	\$1,000	\$2,000	18	9	4	10 Months
Senior Director	\$2,000	\$4,000	20	10	5	12 Months

						Months Since Achieving Sr. Dir.
Senior Director II	5% of PEG	10% of PEG	20	10	5	1 Month
Senior Director III	5% of PEG	10% of PEG	20	11	6	2 Months
Senior Director IV	5% of PEG	10% of PEG	20	11	6	3 Months
Senior Director V	5% of PEG	10% of PEG	20	12	7	4 Months
Senior Director VI	5% of PEG	10% of PEG	20	12	7	5 Months
Senior Director VII	5% of PEG	10% of PEG	20	13	8	6 Months
Senior Director VIII	5% of PEG	10% of PEG	20	13	8	8 Months
Senior Director IX	5% of PEG	10% of PEG	20	14	9	10 Months
Executive Director	10% of PEG		20	15	10	12 Months

Note: PEG (Personal Enrollee Group) volume is the total organizational Product Point volume of a Marketing Executive’s Personal Enrollees in any given month.

*Must earn at least one Leadership Point in any 3 month period to qualify.

Senior Director																					
Senior Director V	7	70	20	12	30,000	27,500	7	-	-	4	8-10	20%	✔	7%	Unlimited	5% of PEG or 10% of PEG	\$400	-	\$500/ \$1,000	✔	✔
Senior Director VI	7	70	20	12	32,500	30,000	7	-	-	5	8-10	20%	✔	7%	Unlimited	5% of PEG or 10% of PEG	\$400	-	\$500/ \$1,000	✔	✔
Senior Director VII	7	70	20	13	35,000	32,500	8	-	-	6	9-10	20%	✔	7%	Unlimited	5% of PEG or 10% of PEG	\$400	-	\$500/ \$1,000	✔	✔
Senior Director VIII	7	70	20	13	40,000	35,000	8	-	-	8	9-10	20%	✔	7%	Unlimited	5% of PEG or 10% of PEG	\$400	-	\$500/ \$1,000	✔	✔
Senior Director IX	7	70	20	14	45,000	40,000	9	-	-	10	10	20%	✔	7%	Unlimited	5% of PEG or 10% of PEG	\$400	-	\$500/ \$1,000	✔	✔

Executive Director Leadership																						
Executive Director	7	70	20	15	50,000	50,000	10	-	-	12	11+	20%	✔	7%	Unlimited	10% of PEG	-	\$1,000	-	\$500/ \$1,000	✔	✔
Executive Director II	7	70	20	15	70,000	70,000	10	1	-	-	11+	20%	✔	7%	Unlimited	10% of PEG	-	\$1,000	-	-	✔	✔
Executive Director III	7	70	20	15	90,000	90,000	10	2	-	-	11+	20%	✔	7%	Unlimited	10% of PEG	-	\$1,000	-	-	✔	✔
Executive Director IV	7	70	20	15	110,000	110,000	10	3	-	-	11+	20%	✔	7%	Unlimited	10% of PEG	-	\$1,000	-	-	✔	✔
Executive Director V	7	70	20	15	130,000	130,000	10	4	-	-	11+	20%	✔	7%	Unlimited	10% of PEG	-	\$1,000	-	-	✔	✔
Executive Director VI	7	70	20	15	150,000	150,000	10	4	1	-	11+	20%	✔	7%	Unlimited	10% of PEG	-	\$1,000	-	-	✔	✔
Executive Director VII	7	70	20	15	175,000	175,000	10	3	2	-	11+	20%	✔	7%	Unlimited	10% of PEG	-	\$1,000	-	-	✔	✔
Executive Director VIII	7	70	20	15	200,000	200,000	10	2	3	-	11+	20%	✔	7%	Unlimited	10% of PEG	-	\$1,000	-	-	✔	✔
Executive Director IX	7	70	20	15	225,000	225,000	10	1	4	-	11+	20%	✔	7%	Unlimited	10% of PEG	-	\$1,000	-	-	✔	✔

Corporate Director Leadership																						
Corporate Director	7	70	20	-	250,000	250,000	10	-	5	-	11+	20%	✔	7%	Unlimited	\$100,000 + 10% of PEG	-	\$1,000	-	✔	✔	
Corporate Director II	7	70	20	-	300,000	300,000	10	-	7.5 credits	-	11+	20%	✔	7%	Unlimited	10% of PEG	-	\$1,000	-	-	✔	✔
Corporate Director III	7	70	20	-	350,000	350,000	10	-	9.5 credits	-	11+	20%	✔	7%	Unlimited	10% of PEG	-	\$1,000	-	-	✔	✔
Corporate Director IV	7	70	20	-	400,000	400,000	10	-	11.5 credits	-	11+	20%	✔	7%	Unlimited	10% of PEG	-	\$1,000	-	-	✔	✔
Corporate Director V	7	70	20	-	450,000	450,000	10	-	13.5 credits	-	11+	20%	✔	7%	Unlimited	10% of PEG	-	\$1,000	-	-	✔	✔
Corporate Director VI	7	70	20	-	525,000	525,000	10	-	15.5 credits	-	11+	20%	✔	7%	Unlimited	10% of PEG	-	\$1,000	-	-	✔	✔
Corporate Director VII	7	70	20	-	600,000	600,000	10	-	17.5 credits	-	11+	20%	✔	7%	Unlimited	10% of PEG	-	\$1,000	-	-	✔	✔
Corporate Director VIII	7	70	20	-	700,000	700,000	10	-	20.5 credits	-	11+	20%	✔	7%	Unlimited	10% of PEG	-	\$1,000	-	-	✔	✔
Corporate Director IX	7	70	20	-	800,000	800,000	10	-	22.5 credits	-	11+	20%	✔	7%	Unlimited	10% of PEG	-	\$1,000	-	-	✔	✔
Presidential Director	7	70	20	-	1,000,000	1,000,000	10	-	25 credits	-	11+	20%	✔	7%	Unlimited	\$1,000,000		\$1,000		✔	✔	

* Directors and above are guaranteed to earn the Personally Enrolled Customer Commission on the customers they personally introduced and enrolled in Melaleuca even if the Director produces no Leadership Points in any given month. In any three month period, if a Director does not earn at least one (1) Leadership Point, he/she will only be eligible to earn Organization Commissions on product points produced by customers in their organization up to a combined maximum of \$100.

† Senior Directors and above who have developed a new Personal Director in the last three months or two Personal Directors in the last six months and whose status is equal to or greater than an advancing Personal Enrollee, can qualify for this bonus.

The Melaleuca Compensation Plan

Additional requirements may apply.
Interpretation of the Compensation Plan is solely at the discretion of Melaleuca.
See Statement of Policies #44.

Qualifications

Personal Commissions

Leadership Bonuses

Customer Referrals			Status	Additional requirements may apply. Interpretation of the Compensation is solely at the discretion of Melaleuca. See Statement of Policies #44.																																	
Marketing Executive	Marketing Exec. II	Marketing Exec. III		2	3	4	29	2	-	-	-	-	-	-	-	-	-	5	7%	7%	7%	✓	7%	✓	7%	\$25	-	-	-	-	-	-	-	-	-	-	-
				Number of Generations on Which Organization Commission Is Paid																																	
				Minimum Monthly Product Point Production Required for this Status																																	
				Minimum Number of Active Personal Customers Required for this Status																																	
				Average Monthly Leadership Point Production Required for this Status (3-Month Average)																																	
				Monthly Organization Product Points Required																																	
				Monthly Personal Enrollee Group Volume Required																																	
				Commission Rate Personally Enrolled Directors																																	
				Commission Rate Personally Enrolled Senior Directors																																	
				Commission Rate Personally Enrolled Executive Directors																																	
				Months Since Enrollment																																	
				Since Achieving Senior Director																																	
				First Generation Positions Available																																	
			Personal Customer Commission																																		
			Product Introduction and Essentials / Value Pack Commission																																		
			Organization Commission																																		
			Maximum Organization Commission Available																																		
			One-Time Advancement Bonus																																		
			or																																		
			Pacestter Bonus																																		
			Monthly Car Bonus																																		
			Leadership Development Bonus																																		
			Leadership Development Bonus for Qualifying Seniors and Above†																																		
			Leadership Growth Bonus																																		
			Leadership Pools																																		

Director Leadership																				
Director	7	29	8	1*	-	-	-	-	2	5	14%/20%	✔	7%	\$500	\$100 or \$200	-	50%	100%	-	-
Director II	7	29	10	2	1,000	-	-	-	3	5	14%/20%	✔	7%	\$750	\$200 or \$400	-	50%	100%	-	-
Director III	7	29	11	3	2,500	1,000	1	-	4	5	14%/20%	✔	7%	\$1,000	\$300 or \$600	-	50%	100%	-	✔
Director IV	7	29	12	4	5,000	2,500	2	-	5	5	14%/20%	✔	7%	\$1,500	\$400 or \$800	-	50%	100%	-	✔
Director V	7	29	13	5	7,500	5,000	2	-	6	5	14%/20%	✔	7%	\$2,000	\$500 or \$1,000	-	50%	100%	-	✔
Director VI	7	29	14	6	10,000	7,500	3	-	7	6	14%/20%	✔	7%	\$2,500	\$600 or \$1,200	-	50%	100%	-	✔
Director VII	7	29	15	7	12,500	10,000	3	-	8	6	14%/20%	✔	7%	\$3,000	\$700 or \$1,400	-	50%	100%	-	✔
Director VIII	7	29	16	8	15,000	12,500	4	-	9	6	14%/20%	✔	7%	\$3,500	\$800 or \$1,600	-	50%	100%	-	✔
Director IX	7	29	18	9	17,500	15,000	4	-	10	6	14%/20%	✔	7%	\$4,000	\$1,000 or \$2,000	-	50%	100%	-	✔

Leadership																					
Senior Director	7	70	20	10	20,000	17,500	5	-	-	12	6-10	20%	✔	7%	Unlimited	\$2,000 or \$4,000	\$400	50%	100%	✔	✔
Senior Director II	7	70	20	10	22,500	20,000	5	-	-	1	6-10	20%	✔	7%	Unlimited	5% of PEG or 10% of PEG	\$400	-	\$500/ \$1,000	✔	✔
Senior Director III	7	70	20	11	25,000	22,500	6	-	-	2	7-10	20%	✔	7%	Unlimited	5% of PEG or 10% of PEG	\$400	-	\$500/ \$1,000	✔	✔
Senior Director IV	7	70	20	11	27,500	25,000	6	-	-	3	7-10	20%	✔	7%	Unlimited	5% of PEG or 10% of PEG	\$400	-	\$500/ \$1,000	✔	✔

Compensation Summary

Product Introduction Commission. When you quality enroll a Preferred Customer in a month, you can earn a Product Introduction Commission of \$25. If the customer purchases a Value or Essentials Pack, that bonus will increase to \$50 or \$100.

Customers may purchase up to two Essentials or Value Packs in the first two months following the month of enrollment. The commission is only paid on the first pack purchased.

A quality enrolled Preferred Customer must, in their month of enrollment, have a Membership Kit on file. In that month, all necessary paperwork must be received by Melaleuca, and the customer will need to have fulfilled their monthly Product Point commitment by placing an order. (Receiving a Backup Order or Select Pack will not qualify them as quality enrolled Preferred Customers.)

Here’s How the Essentials/Value Pack Bonus Compares:

New Customer Purchases		You Now Earn
35+ Product Points		\$25
A Value Pack	add \$25 for a total of	\$50
An Essentials Pack	add \$75 for a total of	\$100

Definitions you need to know:

“Quality Customer Enrollment” A quality-enrolled customer will have a Membership Kit on file. All necessary paperwork must be received by Melaleuca, and they will have fulfilled their monthly Product Point commitment by placing an order in their first month. (Receiving a Backup Order or Select Pack will not qualify them as a quality customer.)

Personally Enrolled Customer Commission. As an Active Director, the commission paid on your personal customers’ Product Point purchases increases to 14% (with 8 to 19 personal customers). When your active personally enrolled customers increase to 20, you earn 20% on all Product Points, up to 150, generated by each of those customers each month.

20/20 Bonus. Directors who develop 20 personally enrolled Preferred Customers in their first five calendar months (month of enrollment plus four additional months) will earn a one-time bonus of \$500.

One-Time Advancement Bonuses. When you advance to Director and each Director status through Director IX for the first time, you earn a one-time advancement bonus beginning with \$100 at Director and increasing by \$100 for each status to \$1,000 at Director IX. When you advance to Senior Director for the first time you receive a one-time advancement bonus of \$2,000. However, when you advance in Pacesetter time frame, your advancement bonus is doubled at each qualifying status. When you advance for the first time to Senior Director II through Senior Director IX, you receive a full 5% of your Personal Enrollee Group volume as a one-time bonus, or if you advance in Pacesetter time frame your advancement bonus is doubled to a full 10% of your Personal Enrollee Group volume! When you advance to Executive Director through Corporate Director IX you receive 10% of your Personal Enrollee Group volume as a one-time bonus.

Advancement Bonus Payouts. Marketing Executives are paid a one-time Advancement Bonus or Pacesetter Bonus in the month they advance to Director for the first time.

1. As Marketing Executives advance from Director to Director II and beyond, they are paid an Advancement Bonus for each new high status they achieve. Marketing Executives advancing to Director II thru Director VI for the first time will receive their Advancement Bonus or Pacesetter Bonus in the month of advancement.
2. Beginning with advancements to Director VII and above, Marketing Executives who have an Organization Retention rate of 90% or higher will receive one third of the Advancement Bonus or Pacesetter Bonus in the month of advancement, one-third the second month and one third in the third month (assuming they maintain that status for consecutive months). All other Marketing Executives must maintain their new status for three (3) consecutive months to receive the One-Time Advancement Bonus or Pacesetter Bonus.

The Organization Retention Rate is calculated by taking the total number of cancellations in the current month divided by the total number of Preferred Customers in the organization at the end of the previous month and subtracting that from 100%. For example, if you had 100 Preferred Customers at the end of last month and a total of 5 cancellations in the current month, your Organization Retention Rate is 95% $(100 - (5/100)) = 95\%$.

Marketing Executives who have an Organization Retention Rate less than 90% will be paid the Advancement Bonus after they have held that status for 3 consecutive months. If, however, the Marketing Executive increases their Organization Retention Rate to 90% or above during any of the 3 qualifying months, they will be paid 1/3 of the Advancement Bonus as part of that month’s commission check.

When a Marketing Executive qualifies for an Advancement Bonus and has a qualifying Organization Retention Rate of 90% or higher, 1/3 of the Advancement Bonus will be paid out with that month’s commission check. If the Marketing Executive does not maintain that status the next month, the unpaid portion of that advancement bonus will be deferred until they reach that status again.

The Leadership Development Bonus

How you earn this bonus: Help your personally enrolled Marketing Executive advance to Director and above. To qualify, your Commission Rate must be equal to, or higher than, that of your advancing personally enrolled Marketing Executive.

What you earn: You will earn an amount equal to 50% of the one-time Advancement (or Pacesetter) Bonus paid to your advancing personal each time they advance in status.

When this bonus is paid: You are paid in any month in which your personally enrolled Marketing Executive is paid an Advancement or Pacesetter bonus. You are paid on every advancement!

To earn the Leadership Development Bonus, your advancing personal needs to advance in the same month they achieve the organization volume required for the status or do so within the two months following the month they first achieved the required organization volume. In other words, your personal needs to have the required number of personal Directors during the first month he or she reaches the organization volume of the new status (there will be a three-month “grace” period for this requirement, i.e. two additional months to develop the required number of Directors).

If Senior, Executive, and Corporate Directors have developed at least one new Director in the previous three months (or two new Directors in the previous six months) who maintain their status, they will earn 100% of the one-time Advancement (or Pacesetter) Bonus paid to their advancing personal enrollees that month. They'll receive this bonus each time their personal enrollee advances in status on each advancement up to Senior Director!

Senior, Executive, and Corporate Directors will earn **\$500** each time their personal advances to a status of Senior Director II through Executive Director. Or if a Senior, Executive, or Corporate Director has developed at least one new Director in the prior three months (or two new Directors in the previous six months), they will be paid **\$1,000** each time their personal advances to a status of Senior Director II through Executive Director.

Director Development Incentive. In any month in which a Director or above develops a new personal Director, the Leadership Point requirements for status will be waived for that month and the following two months as long as the personal Director remains at Commission Rate. Directors II and above will earn 10 or 15 Leadership Points for developing a new Director.

ADDITIONAL INCENTIVES

- **20/20 Club** Marketing Executives who develop 20 personally enrolled Preferred Customers earn the 20/20 Club award.
- **Certificates of Achievement and Recognition** Each time Marketing Executives advance to a new status, they receive a Certificate of Achievement, a gold pin signifying the status achievement, and are recognized in the Leadership in Action magazine.



Monthly Car Bonus. Advance your business to Senior Director, then select your new car or truck and let Melaleuca start paying for it! Commission Rate Senior Directors receive \$400 a month towards a vehicle valued in excess of \$15,000. Commission Rate Executive and Corporate Directors receive \$1,000 a month towards a vehicle valued in excess of \$30,000. Your Melaleuca vehicle must be new or nearly new (less than 36 months old).

Leadership Pools

Commission Rate Directors III and above can participate in a monthly Leadership Pool. Directors III through IX, Senior Directors, and Executive/Corporate Directors share in the pools according to the Pool Formula. The Pool Formula is: (Retention Factor x Average Net Preferred Customer Growth x Status Factor) + Average Leadership Points.

Leadership Points: Leadership Points measure the level of support a Marketing Executive provides to his or her organization. Melaleuca's Compensation Plan requires each Director II and above to regularly produce Leadership Points. Up to six Leadership Points are available for enrolling a new Preferred Customer. These six Leadership Points are distributed as follows:

Enroller	3 Leadership Points	Earned by the enroller who is the Marketing Executive who provided the name of the new Preferred Customer.
Presenter	2 Leadership Points	Earned by the Marketing Executive who gave the majority of the presentation that resulted in the enrollment of the Preferred Customer.
Essentials/ Value Pack	1 Leadership Point	Awarded to the presenter if the new Preferred Customer purchases an Essentials or Value Pack during the month of enrollment or the month following the month of enrollment.

Leadership Pools

Each month, Melaleuca pays total commissions equal to 51% of total company Product Points. In any month where the payout is less than 51%, the difference between total Product Points and commissions paid out is added to the Leadership Pools. Commission Rate Directors III through Directors IX with growth in the number of net Preferred Customers share in the Director Pool according to “The Pool Formula.” Senior and Executive Directors with growth in the number of net Preferred Customers in their organization (over a rolling 3-month average) earn a Leadership Growth Bonus, plus share in the remaining pool dollars according to “The Pool Formula.”

“The Pool Formula”

(Retention Factor **x** *Average Net Preferred Customer Growth **x** Commission Rate Status Factor)

+ Average Leadership Points

= **Pool Points (used to calculate your share of the total Pool)**

**Up to 200 in any given month*

Formula Components

1) Retention Factor:

Calculated by first determining the number of Preferred Customers enrolled in the organization in each of the previous five months. Then determine how many of those originally enrolled customers are Preferred in the current month. Next the number of Preferred Customers still remaining is divided by the number of Preferred Customers originally enrolled (customers remaining/ customers originally enrolled). This process is repeated for each of the past five months. This will result in five percentages—one for each of the past five months. Finally, add those percentages together and divide by 5. The resulting number is the 5-month ARI or Average Retention Index for the current month. If the ARI is in the top third of those in the Leadership Pool, a Retention Factor of 3 will be assigned for the Pool Calculation. If the ARI is in the middle third of those in the Leadership Pool, a Retention Factor of 2 will be assigned. If the ARI is in the bottom third, a Retention Factor of 1 will be assigned.

2) Average Net Preferred Customer Growth:

Calculated by taking the greater of the average organization net Preferred Customer (PC) growth for the previous three months or the current month's PC growth divided by three (excluding roll-ups) up to a maximum of 200. Participants in the Director and Senior Director pools must have PC growth to participate in the pools. Executive and Corporate Directors can participate in the Leadership Pool without Preferred Customer growth, but will be automatically assigned a Status Factor (SF) of 2.0.

3) Commission Rate Status Factor:

Director III.	1.3	Sr. Director VII.	1.7
Director IV.	1.4	Sr. Director VIII.	1.8
Director V.	1.5	Sr. Director IX.	1.9
Director VI.	1.6	Exec. Director.	2.00
Director VII.	1.7	Exec. Director II.	2.25
Director VIII.	1.8	Exec. Director III.	2.50
Director IX.	1.9	Exec. Director IV.	2.75
Sr. Director.	1.0	Exec. Director V.	3.00
Sr. Director II.	1.2	Exec. Director VI.	3.25
Sr. Director III.	1.3	Exec. Director VII.	3.50
Sr. Director IV.	1.4	Exec. Director VIII.	3.75
Sr. Director V.	1.5	Exec. Director IX.	4.00
Sr. Director VI.	1.6	Corporate Director.	5.00

4) Average Leadership Points:

Any Marketing Executive who earns a 3-month average of 50–100 Leadership Points in the applicable month will receive two times the Leadership Point credit for that month. Leadership Points earned from the Marketing Executive's personal enrollments are limited to 40 for the pool formula in the pool calculation.

Leadership Growth Bonus

Commission Rate	Monthly Bonus	Commission Rate	Monthly Bonus	Commission Rate	Monthly Bonus
Sr. Director–Sr. Director IX.	\$500	Executive Director IV.	\$1,400	Executive Director VIII.	\$1,800
Executive Director.	\$1,000	Executive Director V.	\$1,500	Executive Director IX.	\$1,900
Executive Director II.	\$1,200	Executive Director VI.	\$1,600	Corporate Director.	\$2,000
Executive Director III.	\$1,300	Executive Director VII.	\$1,700		

Additional Leadership Bonus Information

This section outlines the leadership bonus opportunities and requirements for Commission Rate Directors III and above, Senior Directors, Executive Directors, and Corporate Directors. These bonuses are designed to reward leaders who are creating growth within their organization and who continue to help others reach their goals.

Leadership Points Required for Leaders

Directors or above who have achieved 20,000 or more Organization Product Points are required to produce an average of 10 Leadership Points per month. Directors or above with an Organization Product Point Volume of 50,000 or more will be required to produce an average of 15 Leadership Points per month in order to receive all of the Organization Commission available to them. Those producing fewer Leadership Points will receive a percentage of the total commission available.

Directors or above with an Organization Product Points greater than 20,000 but with a PEG Volume less than their Organization Volume may receive an Organization Commission of up to 10% of their PEG Volume.

Leadership Pool Information & Details

Commission Rate Directors III through Corporate Directors can participate in exclusive leadership pools. The leadership pools are designed to reward those leaders who provide an ongoing contribution to their organization by creating growth and helping others reach their goals.

Commission Rate Directors III through IX can participate in the Directors' Leadership Pool up to a monthly amount equal to the status caps in place for their status' organization commission or up to 90% of what they would make as a Senior Director in the Senior Director Leadership Pool, whichever is less. Directors III through IX must have a rolling three-month average of five Leadership Points to participate in the pool.

If the rolling three-month average of Leadership Points is less than 15, participants may earn up to a maximum of \$500 in the Leadership Pool. The Top 30 pool point earners will participate in an additional pool bonus. To be eligible for the Top 30 bonus, Directors must have a three-month average of at least 15 Leadership Points and average Preferred Customer growth of at least 20. In calculating the average net Preferred Customer growth, Directors III through IX are limited to 200 in any given month.

Senior Directors through Senior Directors IX may earn up to \$4,000 or 7% of their PEG volume, whichever is greater (not to exceed \$10,000) from the Senior Director Leadership Pool. Senior Directors may earn up to the maximum of 90% of what they would make as an Executive Director in the Executive Director pools. New Senior Directors will, in the third consecutive month as a new Senior Director, receive double their normal status factor for that month. In that month they may earn up to \$8,000 or 7% of their PEG volume, whichever is greater (not to exceed \$10,000). The Top 20 pool point earners will participate in an additional pool bonus. To be eligible for the Top 20 bonus, Senior Directors must have a three-month average of at least 40 Leadership Points and average Preferred Customer growth of at least 20. In calculating the average net Preferred

Customer growth, Senior Directors through Senior Directors IX are limited to 200 in any given month.

Top pool point earners in the Director pools may not have been Commission Rate Senior Directors previously. Top pool point earners in the Senior Director pools may not have been Commission Rate Executive Directors previously. To participate in the top pool portion of any Leadership Pool, Directors III and above must have a minimum three-month average net Preferred Customer growth in their organization of 20 or more Preferred Customers.

Executive and Corporate Directors may earn 14% of their PEG volume or \$20,000, whichever is less, from the Executive Director Pools. The top three producers of points in the Executive Director pool may earn up to 14% of their PEG volume or \$40,000, whichever is less. The Top 20 pool point earners will participate in an additional pool bonus. To be eligible for the Top 20 bonus, Executive Directors must have a three-month average of at least 40 Leadership Points and average Preferred Customer growth of at least 20. At least 10 of these 20 positions are reserved for Masters (Commission Rate Executive Directors who have been with Melaleuca for more than 5 years since becoming a Senior Director).

Leadership Growth Bonus

Commission Rate Senior Directors and above can receive a minimum payout in the Leadership Pools. Senior Directors and above must have net growth in their organization during the current month or over a rolling 3-month average. When they qualify by having average net growth, Senior Directors receive a bonus of \$500 paid out of the Leadership Pools, and Executive and Corporate Directors receive \$1,000 to \$2,000 depending on their status.

Qualifying Senior through Corporate Directors with negative growth over a rolling three-month average, but positive growth in the current month will receive one-third of their Leadership Growth Bonus.

When a Commission Rate Senior Director or above develops a new first-time Director in the month, they receive a minimum of \$500 to be paid out of the Leadership Pool for each new Director. For example, if you develop 2 new directors, you would be guaranteed a minimum payout of \$1,000 from the Leadership Pools for that month. One-third of the bonus may be earned in months in which the leader has growth in the current month, but has no growth over the rolling three-month average.

Director Emergency Leadership Point Bank. Each time a Commission Rate Director III through Director IX develops a new personal Director, Melaleuca will give the leader an extra 5 Leadership Points and automatically place those points in a “bank.” In any future month in which the Director III through IX needs additional Leadership Points to qualify for status, points will be used from the bank to meet status requirements. Up to 20 Leadership Points can be accumulated in the bank. Points can only be used by Commission Rate Directors III or above.

Additional First Generation Position. An additional first generation position will be given to leaders who advance to Director VI for the first time!

Leadership Point Banking Program. By filling out the Leadership Point Insurance form or using the Follow-Up Center, Commission Rate Senior Directors and above are able to bank Leadership Points produced in the current month. These points will remain in the bank until they are redeemed. These points can only be banked if the Marketing Executive has a rolling three-month average of at least 15 Leadership Points. These points will automatically be redeemed if the leader’s monthly average is less than 15. At that time only enough Leadership Points will be redeemed to ensure that the leader’s average remains at 15. At the time of banking, the Leadership Points will not be used in the calculating of status or Leadership Pools.

When they are redeemed these points will count towards Leadership Pools and status. Leaders may only have a maximum of 90 Leadership Points banked at one time.

Vesting. The key to vesting is enrolling customers and developing Directors over your lifetime with Melaleuca. The vesting opportunity at Melaleuca rewards those leaders who have made a significant contribution in leadership and growth to their business over a meaningful period of time. Because the Vesting Program rewards enrolling customers and developing Directors, leaders are not only earning commissions and building residual income, but they are also establishing the vesting credits that will benefit them in the long-term.

- Directors and above accumulate “credits” in their vesting account based on the development of new Directors and enrolling Personal Customers.
- When a Director or above does any of the following activities, they earn vesting credits in addition to Leadership Points as follows:

	After 4 Consecutive Months	After 6 Consecutive Months
Enroll a Personal Customer	1 credit	1 additional credit
Develop a Personal Director	25 credits	--
Develop a Personal Director V	25 credits	--

- Once an Executive Director has achieved and maintained Executive Director status for 10 years (10 out of 12 months in a year), he or she can qualify to use their vested credits to meet their Leadership Point requirements as follows:

Executive Director	5 Vesting Credits = 1 Leadership Point (5:1)
Executive Director II	4 Vesting Credits = 1 Leadership Point (4:1)
Executive Director III	3 Vesting Credits = 1 Leadership Point (3:1)
Executive Director IV	2 Vesting Credits = 1 Leadership Point (2:1)
Executive Director V and above	1 Vesting Credit = 1 Leadership Point (1:1)

- As long as the Executive Director maintains the respective status, they can use vesting credits in the ratios shown above.

Note: all other requirements for achieving status must be met, including Personal Directors, Organization Volume, and PEG Volume.

Once a Senior Director or above has maintained Commission Rate Senior Director or above status for 20 years (10 out of 12 months in each year) and the youngest person involved in the business is 69 years of age, and continues to meet all the requirements to remain an Commission Rate Senior Director under the compensation plan, they can use their vesting credits in lieu of Leadership Points for maintaining status at ratio of 1 to 1 as long as they meet all the ongoing requirements to remain an Commission Rate Senior Director.

Melaleuca’s Vesting Program became effective March 1, 2008.

Road to Executive Director Training



This is one of the most informative and effective events for Senior Directors working their way to Executive Director status.

When Marketing Executives become Senior Directors, they are invited on an all-expenses-paid trip to Melaleuca’s Home Office in Idaho Falls, Idaho for a three-day training session, with the opportunity to tour Melaleuca’s facilities and meet with Management Team members.

Vesting means a Senior or Executive Director can use vesting credits to meet the Leadership Point requirements for determining status. Some have interpreted the concept of vesting as being exempt from being required to be in compliance with all of Melaleuca’s policies. That is, of course, not the case. A vested Marketing Executive must still comply with all existing and future Melaleuca policies and other compensation requirements except that of producing Leadership Points.

A vested Executive Director will still have to comply with policy 23, for example, which states, in part, that “Marketing Executives have the ongoing responsibility to promote the Melaleuca business opportunity...and to service, supervise, motivate and train the Marketing Executives in their Marketing Organization to sell and market the Melaleuca products and promote the Melaleuca business opportunity.”

Melaleuca reserves the option to establish whatever measurements it deems appropriate to assure compliance with any of its policies including policy 23. Of course, Melaleuca also reserves its option to change or enhance the compensation plan as it deems appropriate to reward business-building activities and to assure the health of the organization as a whole.

Additional Ways to Earn Leadership Points

In addition to enrollments and presentations, leaders can also earn Leadership Points as follows:

- 1. Directors II and above will earn 10 points for each new Personal Director they develop in any given month (when the Director is not a Pacesetter Director).
- 2. Directors II and above will earn 15 Leadership Points for each new Personal Pacesetter Director developed when they are both the enroller and they do the majority of the presentation points. Directors II and above who do the majority of the presentation points for the new Director’s Personals and the new Director’s Personal’s Personals will earn 10 Leadership Points, and the Enroller will earn 5 Leadership Points.
- 3. In the cases of #1 or #2 above, if someone other than the enroller does the majority of the presentation points for customers enrolled by the new Director, the enroller earns five Leadership Points and the Director II or above doing the presentations earns 10 Leadership Points.
- 4. Directors II and above earn 10 Leadership Points for each Personal Enrollee who advances to a status of Director II through Senior Director in the month following the month of advancement. Please note: the advancement does not need to be a Pacesetter advancement, but the leader receiving the Leadership Points needs to have a status equal to or greater than the advancing Personal Enrollee up to but not past Senior Director.

Executive Director Credits

To advance beyond Corporate Director Status, a Corporate Director must maintain the minimum qualifications for Corporate Director, which are: at least 10 personally enrolled Directors (five of which need to be Executive Directors), achieve minimum Organization & PEG Volume equal to the status they are trying to achieve, and achieve the Personally Enrolled Executive or Corporate Director credits. Executive or Corporate Director credits are calculated each month based on the Commission Rate of your personally enrolled Executive or Corporate Directors as follows:

Status	Credit	Status	Credit
Executive Director	1.1	Executive Director VI	1.6
Executive Director II	1.2	Executive Director VII	1.7
Executive Director III	1.3	Executive Director VIII	1.8
Executive Director IV	1.4	Executive Director IX	1.9
Executive Director V	1.5	Corporate Directors	2.0

Volume Status Credits

Once a Marketing Executive becomes a Senior or Executive Director and above and maintains that status for three consecutive months, his or her Enroller can receive ongoing credit for that status as long as the enroller has an Commission Rate of Executive Director II and above and the Enrollee’s Organizational Volume is maintained at the required level. This is for the purpose of calculating Personal Enrollee requirements for Executive Directors II and above.

Corporate Directors Leadership Growth Bonuses

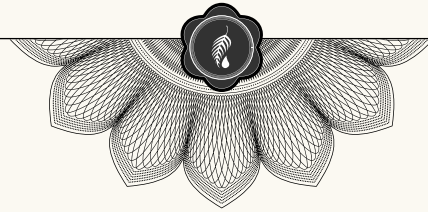
In order to qualify for Corporate Director Leadership Growth bonuses using volume status for Personal Executive Directors, a Corporate Director needs to have net Preferred Customer growth during the month, average of the last three months, or previous year. This growth includes international growth but excludes all roll-ups. A first-time Corporate Director who advances due to volume status will not receive the \$100,000 one-time advancement bonus or the Corporate Director Leadership Growth bonuses until they have 5 Commission Rate Executive Directors for three consecutive months. They can earn the one-time 10% PEG advancement bonus once they hold Corporate Director status for three consecutive months. Corporate Directors who advance to Corporate Director II through Corporate Director IX will be paid this one-time 10% PEG advancement bonus as follows: 1/3 in the month of advancement and 1/3 in each of the two subsequent months in which the meet the requirements for the new status.

Disability/Charitable Service Exemption

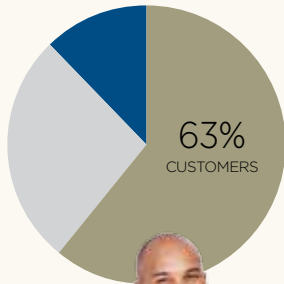
Commission Rate Senior Directors and above who are disabled may apply for a Disability Exemption from the Leadership Point production requirements. Marketing Executives who are engaged in full-time missionary or charitable service away from their homes may apply for a Charitable Exemption from the Leadership Point production requirements. Contact Melaleuca Business Development at 1-208-522-0870 for instructions on submitting an application for these exemptions.

Melaleuca presents

2012 ANNUAL

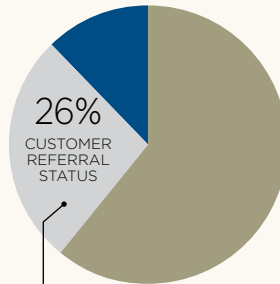


INCOME STATISTICS



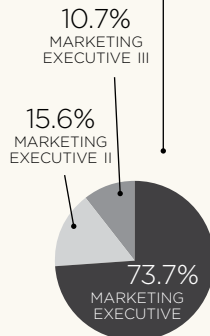
Customers

The majority (63%) of those who buy Melaleuca products each month are strictly customers. They're not interested in pursuing the Melaleuca financial opportunity. They just love Melaleuca products. Only a few of them will ever decide to build a Melaleuca business.



Customer Referrals Status

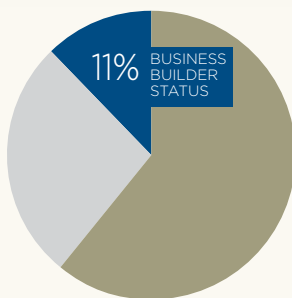
26% of all Melaleuca customers have referred at least one customer but fewer than eight customers. As those customers purchase products directly from Melaleuca, those who referred them receive a small commission. These households are not necessarily interested in the financial opportunity. Their relationship with Melaleuca is primarily because they love Melaleuca products. Their "status" is determined by how many customers they have referred. A Marketing Executive has at least one customer. A Marketing Executive II has referred at least two customers and a Marketing Executive III has referred at least four customers at some time in their life. While these individuals may not be considered serious business builders, their customers (like the vast majority of Melaleuca customers) come from word-of-mouth referrals. Therefore, the overall contribution of these individuals is significant.



PERCENT AT THIS STATUS

MARKETING EXECUTIVE (73.7%)
MARKETING EXECUTIVE II (15.6%)
MARKETING EXECUTIVE III (10.7%)

ANNUAL INCOME			PERSONAL CUSTOMERS		TOTAL ACTIVE CUSTOMERS		TIME TO ACHIEVE STATUS		
HIGH	LOW	AVERAGE	MINIMUM	AVERAGE	MINIMUM	AVERAGE	SHORTEST	LONGEST	AVERAGE ¹
\$2,487	\$24	\$88	0	1	0	4	1 Mo.	120 Mo.	3 Mo.
\$2,865	\$24	\$239	2	2	2	10	1 Mo.	120 Mo.	6 Mo.
\$5,564	\$24	\$571	4	5	4	21	1 Mo.	120 Mo.	6 Mo.



Developmental Status

Only 1 out of 9 customers (11%) will decide to start their own Melaleuca business and eventually achieve Director status or above. Directors have made a substantial effort (probably spent at least 50 hours) in developing at least eight Melaleuca customers. Those estimated 50 hours could have been spent in a single week or could have been spent over several years. But at some point in their lives, Directors have invested enough time to develop (and maintain) at least eight Melaleuca customers.

	ANNUAL INCOME			PERSONAL CUSTOMERS		TOTAL ACTIVE CUSTOMERS		TIME TO ACHIEVE STATUS		
	HIGH	LOW	AVERAGE	MINIMUM	AVERAGE	MINIMUM	AVERAGE	SHORTEST	LONGEST	AVERAGE ¹
DIRECTOR I / II (84.7%)	\$23,962	\$74	\$2,123	10	14	10	70	1 Mo.	120 Mo.	7 Mo.

Initial Leadership Status

Leaders at these statuses have made a more serious effort at building a Melaleuca business. Those who have reached these leadership statuses have not only invested enough time to refer several customers, but they have also helped some of those customers start a business and become Marketing Executives. Those Marketing Executives have, in turn, referred additional customers who purchase Melaleuca products each month. Commissions are paid based on the development of customers and the development of leaders who help others reach their goals.

	ANNUAL INCOME			PERSONAL CUSTOMERS		TOTAL ACTIVE CUSTOMERS		TIME TO ACHIEVE STATUS		
	HIGH	LOW	AVERAGE	MINIMUM	AVERAGE	MINIMUM	AVERAGE	SHORTEST	LONGEST	AVERAGE ¹
DIRECTOR III (5.7%)	\$38,976	\$2,460	\$7,672	11	28	45	185	1 Mo.	120 Mo.	12 Mo.
DIRECTOR IV/V (3.4%)	\$37,322	\$4,931	\$12,437	13	38	101	285	1 Mo.	120 Mo.	18 Mo.
DIRECTOR VI/VII (1.4%)	\$51,346	\$8,889	\$20,834	15	47	208	438	1 Mo.	120 Mo.	21 Mo.
DIRECTOR VIII/IX (0.7%)	\$84,355	\$16,673	\$31,160	18	54	301	604	1 Mo.	120 Mo.	21 Mo.

Advanced Leadership Status

Those Marketing Executives who reach Senior or Executive Director status have shown substantial interest and dedication in building a Melaleuca business. While they may not work their business full-time, it is essential that they invest some time each month nurturing, training, and helping those in their marketing organization. Melaleuca advocates that Marketing Executives keep their full-time job and work their Melaleuca business in their spare time. However, some Executive Directors at the higher income levels do work their business close to full-time. Melaleuca strongly advocates that Marketing Executives do not quit their full-time job until their Melaleuca income far surpasses the income they receive from their full-time employer. Rather, they should add their Melaleuca income to their regular income, thereby making a substantial difference in their family finances.

	ANNUAL INCOME			PERSONAL CUSTOMERS		TOTAL ACTIVE CUSTOMERS		TIME TO ACHIEVE STATUS		
	HIGH	LOW	AVERAGE	MINIMUM	AVERAGE	MINIMUM	AVERAGE	SHORTEST	LONGEST	AVERAGE ¹
SENIOR DIRECTOR (2.6%) ²	\$327,521	\$24,434	\$62,326	20	70	410	1,094	1 Mo.	120 Mo.	22 Mo.
EXECUTIVE DIRECTOR (1.4%) ³	\$646,466	\$63,498	\$162,553	20	100	1,034	2,745	4 Mo.	120 Mo.	34 Mo.
CORPORATE DIRECTOR (LESS THAN 0.1%) ⁴	\$2,342,296	\$612,174	\$1,127,284	20	175	5,633	12,590	29 Mo.	120 Mo.	92 Mo.

The above annual income statistics include all Melaleuca North American Marketing Executives who were active during all 12 months of the period ending December 2011 and performed the minimum activity required at each status level. The incomes stated include all commissions and bonuses actually paid during the period.

For the purpose of these statistics, a Marketing Executive's leadership or developmental level was calculated by taking the highest status achieved and maintained for at least seven consecutive months. The information on this page is not necessarily representative of what any individual Marketing Executive will earn with this program. Any representation or guarantee of specific earnings would be misleading. Success with any business takes hard work, diligence, perseverance, and leadership. Success with Melaleuca will depend on how effectively a Marketing Executive exercises those qualities.

¹ Includes all Active Marketing Executives joining Melaleuca within the past 10 years.

² Includes statistics for Senior Director through Senior Director IX.

³ Includes statistics for all positions of Executive Director through Executive Director IX.

⁴ Includes statistics for positions of Corporate Director and higher.

Celebration

You work hard to achieve your goals and each new status — we believe it's important to recognize your efforts and achievements. Each new status you achieve will be recognized by a Certificate of Achievement and each new status above Director will also be recognized with a gold pin. There is also special recognition you may earn at any time in your Melaleuca career: Circle of Influence, Expanded Circle of Influence, and 20/20 Club.

As well as pins and certificates to celebrate achievements, we announce advancements in our *Leadership in Action* magazine. Advancements of Director and above are announced with your photograph, so don't forget to provide us with a photo so that we may share your success with other Melaleuca Marketing Executives.



Millie Evans, a Senior Director III from Hawaii, burns her mortgage and receives her Total Financial Freedom Award.

MONTHLY RECOGNITION

Enrolling customers is the lifeblood of your Melaleuca business, and that's why Melaleuca has an ongoing program to reward those dedicated Marketing Executives who enroll four or more Preferred Customers in any calendar month.

Because Melaleuca's products are exceptional products at reasonable prices, and are used by most people on a daily basis, it's natural to share them with friends and family.

By introducing those in your "Circle of Influence" to the Preferred Customer Program, they can shop directly from the company at our discounted Preferred Customer prices. In addition, you earn commissions, awards and much deserved recognition in a company-wide publication.

Circle of Influence

To Qualify: Enroll four new Preferred Customers in any one calendar month. You can qualify as often as you wish.



Plus, receive a uniquely designed Circle of Influence lapel pin indicating the number of times you have achieved this award. Plus, your name will be published in *Leadership in Action*.

Expanded Circle of Influence

To Qualify: Enroll eight new Preferred Customers in any one calendar month.



Receive an Expanded Circle of Influence lapel pin with a larger inner circle indicating the number of times you have achieved this award. Plus, both your name and color picture will be featured in *Leadership in Action*.

20/20 Club

To Qualify: Develop 20 personally enrolled Preferred Customers.

Receive a unique 20/20 Club lapel pin and recognition of your achievement will be published in the *Leadership in Action*.

FINANCIAL FREEDOM AWARDS

Melaleuca celebrates and encourages Marketing Executives to achieve their financial goals. In recognition of those Marketing Executives who have worked hard to reach Financial Freedom, Melaleuca has established three different Financial Freedom awards. Marketing Executives are required to submit an application form, which is available either by download from our website www.melaleuca.com or by contacting Recognition Support at 800-742-8803.

First Step to Financial Freedom Award



Given to Marketing Executives who use their Melaleuca earnings to pay off their credit card debt and lines of credit completely, and commit to no longer carrying any kind of ongoing balance.

Financial Freedom Award



Given to Marketing Executives who no longer have any consumer debt; they have used their Melaleuca earnings to pay off everything except the first mortgage on their residence.

Total Financial Freedom Award



Given to Marketing Executives who use their Melaleuca earnings to pay off all of their debt, including the mortgage on their residence. This award comes with a "mortgage burning party" hosted by members of Melaleuca's Senior Management team at the residence of the recipients.

OTHER ELITE AWARDS

A number of other achievements are recognized by Melaleuca for monthly promotions, Fast Track competitions, and special Convention awards. For example, the prestigious Half-Century/Century Awards are presented to those Marketing Executives who have at least 50 and 100 active personally enrolled customers respectively.

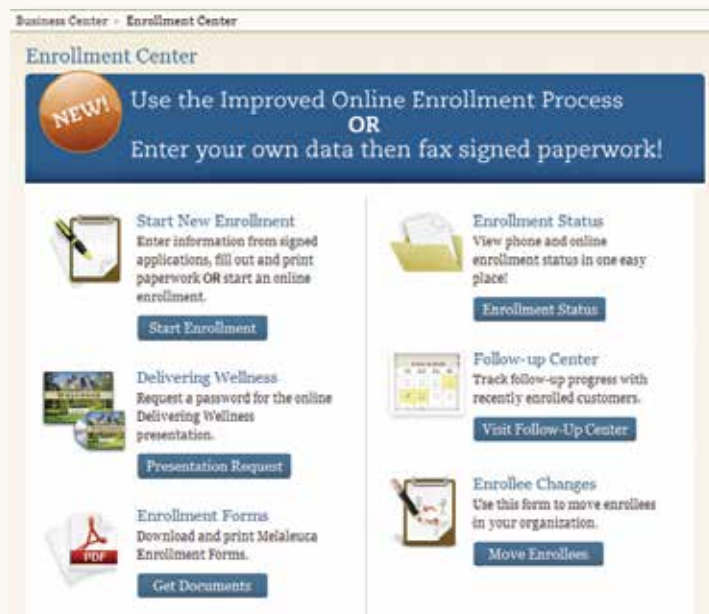
Online Enrollment Center

Complete new customer enrollments online.

Melaleuca provides you with all the online tools you need to make getting your new customers enrolled fast and easy.

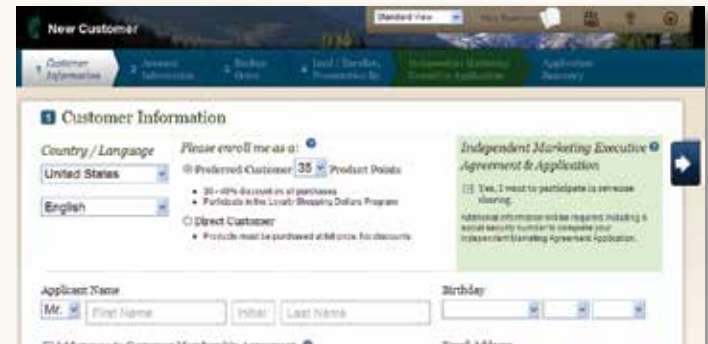
- Enter all your new customers' information
- Monitor the status of their enrollment
- Make changes if needed
- Schedule follow-up
- Review any faxes you have sent to us

Melaleuca is committed to making the process of enrolling new customers as simple as possible.

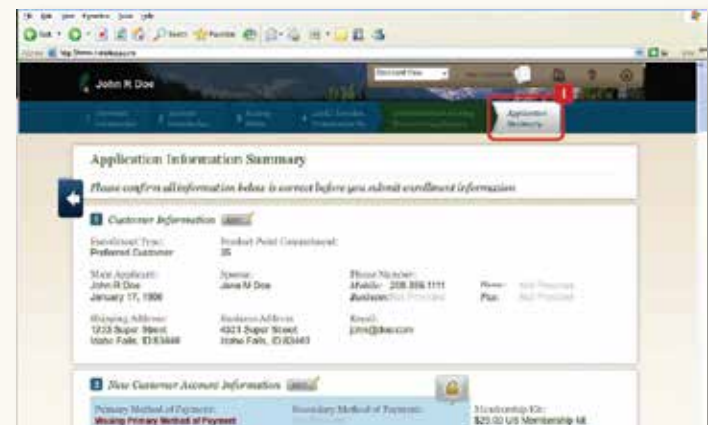


“Using Melaleuca's Online Enrollment tool saves me time and makes the process simple and fast.”

Michelle Smith , Corporate Director II, Colorado



Complete your online enrollments in just 6 simple steps! So when you're ready to enroll your customers, be sure to try the Online Enrollment Center. Get started by going to www.melaleuca.com/businesscenter and then click on the enrollment center.



NOTE: If you have received signed paperwork from the customer, click the “Enter Paperwork” button. The process for entering paperwork and entering an online enrollment are similar, however when you enter paperwork, you will have a “Submit Enrollment Information” button on the summary screen and your new customer will not be sent a request for an electronic signature. You will also need to mail or fax in the original paperwork.

For more information regarding the Online Enrollment Center, please go to Melaleuca.com in the download and print center for a complete set of instructions.

MyMelaleuca



To subscribe, simply go to Melaleuca.com, click on "MyMelaleuca," then choose "subscribe."

Find Success Faster and Easier with **my** Melaleuca

MyMelaleuca is your virtual office, complete with customizable team sites, a business email address, and access to hundreds of business and product trainings.

Team up today on MyMelaleuca.com to jump-start your business and get the training you need to build a business to last a lifetime. **Enjoy your first 60 days for free**, then just \$9.95 per month thereafter. Visit MyMelaleuca.com to subscribe today!



1

MY COMMUNITY

Connect with everyone in your organization—from new customers to veteran business builders—using Team Sites.



2

EMAIL

Get your own customizable email address, with domain names like wedeliverwellness.com or shopandsave.net.



3

TRAINING

Hundreds of video and audio trainings are available instantaneously.

FIRST
60
DAYS FREE | **\$9.95**
A MONTH

Sign up at www.melaleuca.com/MyMelaleuca

Subscribers get:

- A convenient place to team up for success
- A social network for group communication
- An effective way to train your organization
- A place to celebrate success with your friends and team
- Personalized business email addresses
- Exclusive podcasts, videos, and audio training from Melaleuca's top Marketing Executives to guide you in building your business

Your Personal Website

USE THE POWER OF THE INTERNET TO HELP BUILD YOUR MELALEUCA BUSINESS

Melaleuca has teamed up with a group of experts to provide you with powerful personal website services to help you harness the power of online marketing with approved content.

Features include:

- Lead-generating sites
- Password-protected team sites
- Online *Delivering Wellness* presentations
- Helpful tools to manage leads and contacts
- Personal and team calendars
- Team messaging boards
- Staff of experts to help you optimize your website
- English- or Spanish-specific pages

Melaleuca's approved website providers offer over 10 different "ready to go" sites that you can personalize with more than 30 different layouts and color schemes. In addition, Melaleuca has partnered with two excellent companies that can help you build your site from the ground up to meet the specific needs of your business.*

Get your business online now for as little as \$14.95 per month and begin taking advantage of the power of the Internet. Visit the Business Center at www.melaleuca.com to find out how.



*To help you use your website effectively, please review Melaleuca Guidelines on Internet Usage, found on page 70 of this booklet.

Learn from the Best



The B.E.S.T. Series Subscription

The B.E.S.T. Series (Business Enhancement Series Training) provides proven training and powerful inspiration from some of Melaleuca's most successful leaders. You'll hear touching stories, helpful tips, and advice you can implement right away to help you grow your business. With your 12-month subscription to the B.E.S.T. Series, you will receive a CD each month for one year.*



The Executive Director Series Subscription

Your success will depend on finding your "why." This series of presentations will allow you to hear the personal stories of Melaleuca's newest Executive Directors—who they are, their personal stories, and, most importantly, their "why" for building a Melaleuca business. An excellent collection for your business-building library! Subscribe to the Executive Director Series today and you'll receive a 12-month series with two new Executive Director audio recordings every month.* Some months there will be additional new Executive Director stories, in which case you will be automatically shipped one additional CD for an additional charge.

*For your convenience and to ensure uninterrupted delivery, your subscription will be automatically renewed annually and charged to your active credit card or electronic checking account on file. You may cancel future renewals by notifying Melaleuca in writing of your intent to cancel.

Frequently Asked Questions

Melaleuca's Business Development Department has compiled answers to the questions most frequently asked by customers. Talk to your enroller or call Business Development at (208) 522-0870 for answers to other questions you may have.

Enrolling Preferred Customer

How do I enroll a new customer?

Fill out the Customer Membership Agreement completely, including correct numbers, shipping and mailing addresses, and phone numbers. Include account information and the required signatures. Call the toll-free enrollment line (1-800-262-0600), then mail the completed paperwork to Melaleuca. You can also enroll customers online at www.melaleuca.com.

What is the best way to confirm that my customer's paperwork has been received?

Fax the completed paperwork to 888-528-2090 (North America only) or 801-812-8321 (Caribbean only). After 15 minutes, log onto the Business Center at www.melaleuca.com and click on FaxFinder. Enter in the fax number you used or enter in the confirmation from your fax confirmation page. If any duplicate faxes are received, Melaleuca will charge \$1.00 per duplicate page.

Is it possible for someone else to be set up on my credit card or checking account as a Preferred Customer?

No. Each customer or Marketing Executive must have an account of which he or she is the owner and is authorized to withdraw funds. Using your own checking account, savings account, or credit card to enroll someone may be cause for termination.

If I do not have a credit card, checking account, or savings account, can I enroll as a Preferred Customer?

No. Either a credit card, checking account, or savings account is necessary.

I want my new customers to receive the Preferred Customer discount. Can they shop if their paperwork has not yet been received by Melaleuca?

They can place an order with a credit card or a checking account before their paperwork is received. We give all customers the Preferred Customer price on their first order. After that, we need to receive the paperwork for the Preferred Customer discount to continue and for them to use a checking account.

May I enroll a charitable organization?

Yes. Certain types of charitable organizations are eligible for enrollment. Please go to www.melaleuca.com/charitable or, contact Business Development at (208) 522-0870 for further instructions.

Building Your Organization

How do I place new Personal Customers in my organization?

You are allowed to "manage" five customers or Marketing Executives on your first generation. You can place customers in those positions or in the organizations of customers in your organization. We do not tell you how to structure your organization; we recommend discussing all business-building strategies with your Enroller and support team.

Whom is my Marketing Executive?

The first person in your support team. Your Marketing Executive and your Enroller are your primary resources in building your business.

Whom do I put down as "Enroller" on the Customer Membership Agreement?

The Enroller must be the person who introduced the new Customer to Melaleuca and helped him/her become a Customer or who played an active role in the presentation of Melaleuca products or business opportunity to the new Customer.

May I have an interest in more than one Melaleuca business?

No. You may only have ownership or ownership affiliation in one Independent Melaleuca Business.

Changes in Your Business

How do I change the Preferred Customer information on my agreement form?

With a simple call to Business Development at (208) 522-0870. Some items do require the submission of a new Customer Membership Agreement form. A Business Development Specialist can give you greater detail at the time of your call.

If someone's Social Security number is incorrect on file, how can it be corrected?

Send a letter and a new Customer Membership Agreement and Independent Marketing Executive Agreement signed by the enrollee authorizing the company to correct the number on file and a copy of his/her Social Security card (U.S. only). Enrollment support will not "correct" a Social Security Number without a copy of your Social Security card.

Can I "move" a new personal enrollee?

Yes. An Enroller can move a personal enrollee to a different position within the month of enrollment by going online to www.melaleuca.com and clicking on the New Enrollee Change (NEC) tool. This online tool will allow Enrollers to move a customer during the customer's month of enrollment. An Enroller also can move a personal enrollee within his/her business organization up to two months following the month of enrollment by using the New Enrollee Change online tool. In the two months following the month of enrollment a customer may be moved two times. Every business or customer below the customer or Marketing Executive being moved will follow the enrollee. The requested move is limited to 20 customers. There is an \$8.00^{US} (\$10.00^{CDN}) fee for each customer or Marketing Executive moved in the organization.

May I move someone within my organization?

Melaleuca discourages organization changes. Melaleuca will review organization change requests with written consent of all seven support team members above the customer or Marketing Executive who would like to be moved. An Organization Change Form with original signatures is required. Both the person being moved and the Enroller need to sign the form. There is a fee of \$35.00 for the original move and \$12.00 for any related moves. An Organization Change Form must be completed for each person being moved. To have changes done for \$12.00, all related forms must arrive together. We suggest you work closely with your enroller and/or support team when undertaking this type of request for change. (Statement of Policies, #19, "Transfer from Original Organization.")

What happens to the structure of my organization if a customer is not active?

A customer is "inactive" if she did not purchase a minimum of 35 Product Points. If a customer goes inactive for two consecutive months, she automatically loses her position in the organization. Refer to the Statement of Policy #39 "Roll-Up Policy" for further clarification.

A Marketing Executive in my organization has not personally produced the required Product Points for the past two months. Is there any way to keep him from losing his marketing organization?

Two months without producing their Product Point minimum means automatic loss of their marketing organization.

What will happen to a customer who was inactive for two consecutive months and places an order for 35 Product Points in the third month?

Because he purchased in the third month, he will reactivate back into the original organization in the first available position under his original Enroller.

How can I change my electronic checking account information?

Fill out and sign a new Customer Membership Agreement form, Section 2, and send it in with a new voided check.

Someone in my organization discontinued his Preferred Customer Membership. Can he still purchase products?

He can still purchase directly from the company as a Direct Customer and have his products delivered to him. Direct Customers pay the regular price instead of the 30% to 40% discounted Preferred Customer price. Direct Customers will not maintain an organizational spot in your marketing organization unless they produce the minimum Product Point requirement.

Is my Melaleuca business inheritable?

Yes, you can will your business (see Policy #17). These transfers must be approved by Melaleuca.

Monthly Business Reports

For what time period are commission and bonus checks paid?

Commissions and bonuses are calculated on product sales from the first through the last day of the calendar month.

Who receives a Monthly Business Report?

All Marketing Executives who have at least one active customer and have earned a commission and bonus check will receive a Monthly Business Report Summary and access to a complete online report that details the activity within their organization. This is an extremely valuable document for building and reviewing business activity.

When do I receive my Monthly Business Report?

Monthly Business Reports are mailed on the 15th of each month (if the 15th falls on a weekend or holiday, the Business Reports are sent via email, commission and bonus checks are mailed the following business day) via United States Postal Service first class mail. If you have not received your Business Report after ten business days, call Business Development at (208) 522-0870. Directors II and above have an overnight option (\$20.00).

Will I receive a Monthly Business Report every month?

If you do not earn a commission in a given month, you will not receive a report.

What are Value Pack and Essentials Pack bonuses?

These bonuses are earned from the sale of Value Packs (available in the U.S. and Canada) and Essentials Packs (available in the U.S. only) and Sei Bella Skin Care Value and Essentials Packs to new Marketing Executives. These bonuses are paid to the Enroller (or the assist, if one is listed on the Customer Agreement form). For up-to-date information on the special bonuses paid on these packs, refer to the Value Pack flyer or Compensation Plan in this Membership Kit.

Tax Issues

Will Melaleuca provide an earnings report for tax purposes to the I.R.S. and Revenue Canada?

Melaleuca provides a Form 1099, Miscellaneous Income—an earnings statement—to all U.S. Marketing Executives who earn \$600 or more annually. If you earned less than \$600, the total earnings for the year will be listed at the bottom of your November Monthly Business Report, and you should contact a tax professional for information regarding taxes on this income. Melaleuca does not provide T4 forms. Each Marketing Executive is personally responsible for keeping track of this information and it can be found at the bottom of the Monthly Business Report. Canadian Marketing Executives do not receive a Form 1099 or T4 form.

What information is contained in Form 1099?

All earnings paid to you for the previous year, including your December (received in January) through November (received in December) commission and bonus checks as well as any special commissions and bonuses.

When will I receive a Form 1099?

Form 1099s are processed and mailed by January 31 (if that should fall on a Sunday, they will be mailed no later than February 1).

How does Melaleuca handle sales tax?

Melaleuca Customers must pay state and local or PST and GST sales tax on all the products they buy (either Preferred Customer price or regular price). Marketing Executives may sell products to third-party end consumers. Melaleuca understands that most of our Marketing Executives do not want to be burdened with reconciling and reporting of sales tax. Therefore, Melaleuca collects and remits to your state and local or PST and GST government's tax on the price of Melaleuca products purchased by Marketing Executives.

May I collect and pay my own sales tax?

Yes, but you need to have a Sales/Use Tax Permit from your state and local or PST or GST tax commission and send a copy of your permit to Melaleuca, Inc.

Statement of Policies

Capitalized terms used in the Statement of Policies have the meanings set forth in the Definitions of Terms.

1. Becoming a Customer

To become a Customer, a person must: (a) have an Enroller who has submitted an Independent Marketing Executive Agreement; (b) sign and submit a Customer Membership Agreement, marking either the “Direct Customer” or “Preferred Customer” box; and (c) pay a membership fee for the cost of enrollment, product information, and other literature that Customers receive throughout the year. Preferred Customers receive a number of additional benefits and may purchase products directly from Melaleuca at 30% to 40% below the Regular Price. In return for this added discount, Preferred Customers agree to purchase Melaleuca products totaling at least 35 Product Points each month. Customers are not authorized to market or resell Melaleuca products unless they have also signed and submitted an Independent Marketing Executive Agreement.

2. Becoming a Marketing Executive

To become a Marketing Executive, a person must first (a) have an Enroller who has submitted an Independent Marketing Executive Agreement; (b) sign and submit an Independent Marketing Executive Agreement; and (c) purchase a Membership Kit. Once those steps are completed the applicant is authorized to market and resell Melaleuca products and to enroll Customers and Marketing Executives. However, an applicant does not become a Marketing Executive, until: (i) Melaleuca receives the applicant’s Independent Marketing Executive Agreement; (ii) the applicant has a Customer or Marketing Executive in his/her Marketing Organization; and (iii) the applicant receives his/her first commission check. Marketing Executives may purchase products directly from Melaleuca at the Direct Customer price. Marketing Executives may also choose to be Preferred Customers, in which case they may purchase products directly from Melaleuca at the Preferred Customer price. Purchase of a Membership Kit is optional in North Dakota.

3. Individuals, Corporations, Tax Exempt Entities and Trusts

Melaleuca will only consider for acceptance as Marketing Executives individuals or entities that fall into one of the following categories:

- (a) Individuals who are of the legal age.
- (b) Married couples of which at least one is of legal age.
- (c) Corporations in good standing in the state, province, or country of their incorporation which have as their sole shareholder(s), director(s) and officer(s) either one unmarried individual or a married couple.

- (d) Tax exempt entities which are registered and approved as tax exempt institutions under Section 501(c)(3) of the United States Internal Revenue Code or under Section 248(1) of the Income Tax Act of Canada.
- (e) Trusts established in accordance with Melaleuca guidelines.
- (f) Charitable giving corporations established in accordance with Melaleuca guidelines.

4. Customer Numbers

Customers and Marketing Executives may not use or submit to Melaleuca any Social Security Number, Social Insurance Number, portion of Social Insurance Number, Tax Revenue Number, Taxpayer Identification Number or Corporate Account Number other than the actual number assigned to the Customer or Marketing Executive by the proper governmental authority.

5. Proper Completion of Documents

All agreements must be completely and properly filled out and signed. No copies or alterations will be accepted. If any agreement is altered in any way the agreement will not be deemed accepted by Melaleuca except in its original unaltered form, regardless of passage of time or payment of commissions by Melaleuca. Melaleuca will not be responsible for loss of commissions or bonuses or for delays in Customer or Marketing Executive registrations or orders due to: (a) errors by Customers or Marketing Executives in preparing or sending agreements, orders or other documents; (b) delays or errors caused by the mail or fax transmission; (c) nonreceipt of documents by Melaleuca; (d) illegible or incomplete information on agreements, orders or other documents; or (e) the inability of Customers or Marketing Executives to reach Melaleuca by telephone or fax during busy calling periods.

Melaleuca will process and credit orders and enrollments in the calendar month in which they are received by Melaleuca.

6. Ordering

Melaleuca encourages Customers to order early in the month. All orders are credited to the calendar month in which they are received by Melaleuca. For purposes of product orders, the calendar month ends on the first day of the following month at 4:00:00 am Mountain Time and begins on the first day of the month at 4:00:01 am Mountain Time. Orders may be placed by telephone, mail, fax or the Internet. All telephone or fax orders must be paid by Visa, MasterCard, Discover/Novus (U.S. only), or electronic checking. Orders by mail may be paid by check, money order, Visa, MasterCard, Discover/Novus (U.S. only) or electronic checking. When paying with a credit card, the card number and expiration date must be included. Customers and Marketing Executives will be charged \$10US/\$15CDN for checks returned for insufficient funds.

Orders for products will usually be processed by Melaleuca within 48 hours of receipt. Shipment will be by common carrier and delivery should be expected within 3 to 10 days. Orders placed during the last week of the month may be delayed due to the large volume of orders received at the end of the month.

7. Customer Satisfaction Guarantee

If for any reason any Customer is not completely satisfied with any product purchased by such Customer from Melaleuca, the Customer may return the unused portion of the product together with a copy of the purchase receipt to Melaleuca within 60 days of the date of purchase and Melaleuca will (1) credit the Customer’s account for the total purchase price of the product (less shipping and handling charges), or (2) upon the Customer’s written request, replace the product without charge, or (3) upon the Customer’s written request, refund the total purchase price of the product (less shipping and handling charges). Refunds, when requested, will be issued to the original method of payment used to purchase the product unless that method of payment is unavailable in which case a refund check will be issued to the Customer. Unless the Customer requests otherwise, Melaleuca will credit the Customer’s Melaleuca account for the purchase price of the returned product. Credit on account is available for Melaleuca product purchases. If a Customer has unredeemed credit on account, Melaleuca may make efforts to locate the Customer and advise him/her in writing of the credit. Melaleuca may continue to make such attempts on a monthly basis and will charge the Customer’s account a \$10US/\$15CDN service fee for each month’s notification process for as long as the Customer has a credit on account, unless otherwise restricted or prohibited by law. Refund checks that remain uncashed for more than 180 days will not be honored and the amount of the check, less a processing fee of \$15US/ \$22.50CDN and a bank cancellation/ stop payment fee of \$10US/\$15CDN, will be credited to the Customer’s account, which credit on account shall be subject to the above notification process and associated service fees and applicable law. Melaleuca reserves the right to cancel the Customer Agreement of any Customer who abuses the Melaleuca satisfaction guarantee by excessively returning product.

8. Returns and Product Point Adjustments

Essentials/Value Pack Returns: Individual products that are purchased as part of a Essentials, Value, or other “special” pack which is priced below the Preferred Customer price, can be returned for an exchange but not for a refund unless the entire pack is returned. Essentials and Value Pack commissions will be deducted from the Marketing Executive’s check in the month the Essentials or Value Pack is returned by the Customer.

Marketing Executives receive commissions based on actual sales of product to End Consumers. When product is returned to Melaleuca, the commissions attributable to that product will be deducted from the commission checks of the Customer’s Support Team in the month that the return occurs. If the return occurs within 6 months of the purchase date, then commissions will be deducted from the commission checks of the Support Team of the Marketing Organization that existed at the time of the purchase. Otherwise, commissions will be deducted from the commission checks of the Support Team of the current Marketing Organization.

Melaleuca reserves the right to terminate the Independent Marketing Executive Agreement or cancel the Customer Membership Agreement of any Marketing Executive or Customer who abuses the Melaleuca Satisfaction Guarantee and Return Policy by excessively returning products.

9. Membership Kit Refund

When a Marketing Executive applicant enrolls and purchases a Membership Kit, the Membership Kit number will be registered at Melaleuca in the applicant's name. If a Marketing Executive applicant cancels his/her Independent Marketing Executive Agreement and returns his/her purchased Membership Kit to Melaleuca within 120 days after the Marketing Executive applicant's date of enrollment, Melaleuca will give such Marketing Executive applicant a full refund for the cost of the Membership Kit. A refund will only be sent to the Marketing Executive applicant in whose name the Membership Kit number is registered. This policy will apply whether the Marketing Executive applicant purchases the Membership Kit directly from Melaleuca or from his/her Enroller. A Marketing Executive who purchases Membership Kits for resale to Marketing Executive applicants may return unsold kits to Melaleuca for a refund only if the Marketing Executive cancels his/her Independent Marketing Executive Agreement and returns the Membership Kits within 120 days after their date of purchase. Marketing Executives who purchase Membership Kits for resale may resell such kits for up to one year from their date of purchase from Melaleuca. Melaleuca encourages Marketing Executives to keep such Membership Kits updated until they are sold. A Membership Kit may only be sold once. Melaleuca updates and revises Membership Kits from time to time. Marketing Executives are encouraged to keep their Membership Kits current by purchasing update packets or new Membership Kits as they become available. Outdated or old Membership Kits may not be exchanged for current Membership Kits.

10. Election to Cancel Agreements

A Marketing Executive may suspend/cancel his/her Independent Marketing Executive Agreement, and a Customer may suspend/cancel his/her Customer Membership Agreement, for any reason at any time by sending a completed Melaleuca Suspend My Preferred Customer Benefits Form or by giving written notice to Melaleuca bearing his/her original signature, printed name, address, Customer Number and reason for canceling (to assist Melaleuca in improving its customer service). A Melaleuca suspension form will help insure the accurate information necessary to process the cancellation is submitted. If an individual or entity is a Preferred Customer and a Marketing Executive, the notice should specify which agreement(s) should be suspended. Written suspensions received by Melaleuca on or before the 25th of the month will be effective the month received. Written suspensions received by Melaleuca after the 25th of the month will be effective the following month. Suspension notices must be mailed to: Melaleuca, 3910 S. Yellowstone Hwy., Idaho Falls, ID 83402-6003 or faxed to 1-888-528-2090.

11. Cancellation Refund Policy

Melaleuca will repurchase from Marketing Executives who have canceled their Independent Marketing Executive Agreements all unencumbered products which are in resalable condition which were purchased by the Marketing Executive from Melaleuca within the previous 12 months, at a price of not less than ninety percent (90%) of the original net cost to the

Marketing Executive. All products or materials must be returned to Melaleuca with shipping prepaid by the Marketing Executive in order to receive the above refund. Melaleuca will charge back all commissions, bonuses and rebates paid by Melaleuca relating to the purchases of those products.

12. Cancellation Refund Policy (for Georgia Residents Only)

Melaleuca will repurchase from Marketing Executives who have canceled their Independent Marketing Executive Agreements pursuant to Policy 10 all unencumbered products, sales aids and literature which are in reasonably resalable or reusable condition which were purchased by the Marketing Executive from Melaleuca, at a price of not less than ninety percent (90%) of the original net cost to the Marketing Executive. Goods shall be deemed "resalable or reusable" if the goods are in an unused, commercially resalable condition at the time the goods are returned to Melaleuca. In addition, Melaleuca will repay ninety percent (90%) of the fees paid by the Marketing Executive for services which have not been provided to the Marketing Executive at the time of cancellation. All products or materials must be returned to Melaleuca shipping prepaid by the Marketing Executive in order to receive the above refund. Melaleuca will charge back all commissions, bonuses and rebates paid by Melaleuca relating to purchases of products or services for which refunds are given under this policy.

13. Errors or Questions

Marketing Executives should notify Melaleuca immediately of any errors or questions about commissions, bonuses, Monthly Business Reports, orders or charges. Melaleuca will correct any errors reported to it within 60 days, but Melaleuca will not be responsible for any errors, omissions or problems not reported within 60 days.

14. Joint Ownership of a Business

Independent Melaleuca Businesses may only be owned by an individual or a married couple, or by corporations, tax exempt entities or trusts that comply with Melaleuca guidelines. If a couple who jointly own an Independent Melaleuca Business divorce, they may apply to have the Independent Melaleuca Business transferred to one of them as the sole owner. The divorced couple must submit to Melaleuca a written request specifying to which person the Independent Melaleuca Business will be transferred. The request must either contain the notarized signature of both parties or contain the notarized signature of at least one party and include a certified copy of the court approved divorce decree or property settlement that designates to which party the Independent Melaleuca Business should be transferred. Melaleuca is not bound by any such request or court decree and retains the right to approve or disapprove of such transfer request at its sole discretion. If the transfer is approved, the person to whom the Independent Melaleuca Business is being transferred must sign and submit to Melaleuca a new Independent Marketing Executive Agreement.

15. One Business per Person or Couple

A Marketing Executive may not own, operate or have a financial interest in more than one Independent

Melaleuca Business without Melaleuca's express written approval. With regard to married couples and non-married cohabiting couples, both persons will be treated as a single Marketing Executive for purposes of Melaleuca's policies. Therefore, for example, if one person owns an Independent Melaleuca Business, the other person may not own, operate or have a financial interest in a separate Independent Melaleuca Business. Additionally, if the couple jointly owns an Independent Melaleuca Business, neither person may own, operate or have a financial interest in a separate Independent Melaleuca Business. However, if two people who own separate Independent Melaleuca Businesses marry, they may each retain ownership of their businesses.

16. Conduct of Household Members

If any member of the Marketing Executive's Immediate Household engages in any activity which, if performed by the Marketing Executive, would violate any Melaleuca policy or any provision of the Independent Marketing Executive Agreement, such activity will be deemed a violation by the Marketing Executive.

17. Inheritance of Business

An Independent Melaleuca Business may be inherited by a single person, a married couple or a trust which complies with Melaleuca's guidelines, pursuant to a valid will or other appropriate document, or in accordance with the intestacy laws of the state, province, or country in which the Marketing Executive resides. A person who inherits an Independent Melaleuca Business must furnish Melaleuca with proper documentation that he/she is the beneficiary and is authorized to represent the estate. He/she must also execute a Customer Membership Agreement and an Independent Marketing Executive Agreement, fulfill all of the functions of a Marketing Executive and abide by the terms of Melaleuca's Statement of Policies.

18. Sale or Transfer of Business

Before a Marketing Executive can sell or transfer his/her Independent Melaleuca Business (except for transfers by inheritance pursuant to Policy 17) all of the following requirements must be met:

- (a) The transfer must be approved in writing by Melaleuca as being in the best interest of all parties involved, including the transferor, the transferee, Melaleuca and the members of the Marketing Organization of the transferor.
- (b) The transfer must not constitute the purchase of status or position by the transferee. The Marketing Executive's actual status must equal the potential status which the Marketing Executive could attain based on his/her Organization Product Points at the time of the transfer and for a reasonable period prior to the transfer, and the transferor Marketing Executive must have been the actual Enroller of all Personal Enrollees and must have been actively involved in working with his/her personal directors. Marketing Executives may not contract or agree with or allow another person to work their Independent Melaleuca Business to bring it up to its potential status or offer to sell their business to another person on the condition that such person bring the business up to its potential status.

- (c) Completed original signed and notarized Organization Sale Request and Organization Purchase Request forms must be submitted to and accepted by Melaleuca.
- (d) The transferee of the business must have completed and submitted to Melaleuca an Independent Marketing Executive Agreement.
- (e) The transferee of the business has undergone, or will agree to undergo, such training and orientation as Melaleuca may require commensurate with the size of the business being purchased.
- (f) The transferor Marketing Executive and the Independent Melaleuca Business must have been in compliance with all of Melaleuca's policies and the terms of the Independent Marketing Executive Agreement for the entire twelve month period preceding the transfer including the month in which the transfer occurs.
- (g) Independent Melaleuca businesses that have or have had a total group volume of 5,000 Product Points or more may not be transferred to any other party as any such transfer would constitute the purchase of status or position.

19. Transfer from Original Organization

Marketing Executives and Customers may transfer from one Melaleuca organization to another only upon fulfillment of all of the following requirements:

- (a) The Marketing Executive or Customer seeking the organization change has submitted an Organization Change form with the original signatures of the Support Team Marketing Executives in the immediate seven generations above the Marketing Executive or Customer who have earned at least two Leadership Points over the previous six months;
- (b) A Marketing Executive seeking the organization change has no more than 10 Customers in his/her existing Marketing Organization and will have no more than 10 Customers in the Marketing Organization into which he/she is seeking to be moved;
- (c) The Marketing Executive or Customer seeking the organization change has paid to Melaleuca the applicable fee charged by Melaleuca for organization changes;
- (d) Melaleuca has approved the change in writing, which approval Melaleuca may withhold in its sole discretion.

20. Non-Solicitation and Conflicts of Interest

Marketing Executives are independent contractors and may be active in other business ventures while they are Marketing Executives for Melaleuca. However, to qualify for compensation under Melaleuca's Compensation Plan, Marketing Executives have the ongoing responsibility to service, supervise, motivate, train and assist the Marketing Executives in their Marketing Organizations. They also have the responsibility to promote Melaleuca products and the Melaleuca income opportunity. Melaleuca and its Marketing Executives have made a great investment in the establishment of organizations consisting of Customers and Marketing Executives. This constitutes one of Melaleuca's most valuable assets. Melaleuca reserves the right to cease paying compensation to

any Marketing Executive who recruits any Melaleuca Customer or Marketing Executive to participate in another business venture. In order to protect the efforts of all Marketing Executives in building and maintaining their individual Marketing Organizations and Customer bases, and in order to protect Melaleuca's interest in the overall Customer base, Marketing Executives and all members of their Immediate Household are required to abide by the following policies:

- (a) Non-Solicitation of Melaleuca Customers and Marketing Executives:
 - (i) During the period that their Independent Marketing Executive Agreements are in force Marketing Executives and all members of their Immediate Household are prohibited from directly, indirectly or through a third party recruiting any Melaleuca Customers or Marketing Executives to participate in any other business venture.
 - (ii) For a period of twelve months after cancellation or termination for any reason of a Marketing Executive's Independent Marketing Executive Agreement, the Marketing Executive and all members of his or her Immediate Household are prohibited from directly, indirectly or through a third party recruiting to participate in any other business venture any Melaleuca Customers or Marketing Executives:
 - (1) who were in the Marketing Executive's Marketing Organization or Support Team at any time during the term of his or her association with Melaleuca;
 - (2) with whom the Marketing Executive had contact during the term of his or her association with Melaleuca;
 - (3) whose contact information (name, address, phone number or email address, etc.) the Marketing Executive or members of his or her Immediate Household has obtained at any time during the term of his or her association with Melaleuca; or
 - (4) whose contact information (name, address, phone number or email address, etc.) the Marketing Executive or members of his or her Immediate Household obtained at any time from another person who obtained the information because of any other person's association with Melaleuca.

The prohibitions under clauses (a)(i) and (ii) above include but are not limited to, presenting or assisting in the presentation of other business ventures to any Melaleuca Customer or Marketing Executive or implicitly or explicitly encouraging any Melaleuca Customer or Marketing Executive to join any other business ventures. It is a violation of this policy to recruit a Melaleuca Customer or Marketing Executive to participate in another business venture even if the Marketing Executive does not know that the prospect is also a Melaleuca Customer or Marketing Executive. It is the Marketing Executive's responsibility to first determine whether the prospect is a Melaleuca Customer or Marketing Executive before recruiting the prospect to participate in another business venture. (Please refer specifically to the definition of "recruit" in the Definitions of Terms at the end of these Policies.)

- (b) During the period that their Independent Marketing Executive Agreements are in force, and for a period of twelve months after the

cancellation or termination thereof for any reason, Marketing Executives and all members of their Immediate Household are further prohibited from the following:

- (i) Producing any literature, tapes or promotional material of any nature (including but not limited to websites and emails) which is used by the Marketing Executive or any third person to recruit Melaleuca Customers or Marketing Executives to participate in another business venture;
- (ii) Selling, offering to sell, or promoting any competing products or services to Melaleuca Customers;
- (iii) Offering any non-Melaleuca products, services or business ventures in conjunction with the offering of Melaleuca products, services or income opportunity or at any Melaleuca meeting, seminar, launch, convention, or other Melaleuca function.
- (c) (i) Violation of any provision of this Policy 20 constitutes a Marketing Executive's voluntary resignation and cancellation of his/her Independent Marketing Executive Agreement, effective as of the date of the violation, and the forfeiture by the Marketing Executive of all commissions or bonuses payable for and after the calendar month in which the violation occurred.
- (ii) If Melaleuca pays any bonuses or commissions to the Marketing Executive after the date of the violation, all bonuses and commissions for and after the calendar month in which the violation occurred shall be refunded to Melaleuca.
- (iii) Melaleuca may seek and obtain from the violating Marketing Executive both injunctive relief and damages for violations of this Policy 20. Melaleuca, may, at its option, elect to enforce this Policy by lawsuit in a court of competent jurisdiction in Idaho rather than by arbitration.
- (iv) In addition to being entitled to a refund of bonuses and commissions and to damages as described above, in the event a person or entity violates this Policy 20, Melaleuca and any Marketing Executive that experiences an adverse financial impact as a result of such person's or entity's violation of this Policy 20 shall be entitled to an accounting and repayment of all profits, compensation, commissions, remunerations or other benefits which the person or entity directly or indirectly receives and/or may receive as a result of, growing out of, or in connection with any violation of this Policy. Such remedy shall be in addition to and not in limitation of any damages, or injunctive relief or other rights or remedies to which Melaleuca is or may be entitled at law or in equity.
- (d) Violations of this Policy 20 are especially detrimental to the growth and sales of other Marketing Executives' Independent Melaleuca Businesses and to Melaleuca's business. Consequently, Marketing Executives who have knowledge that any Marketing Executive has violated this Policy must immediately report that information to Melaleuca's Policy Administration

Department. The failure of a Marketing Executive to report such information to Melaleuca will also constitute a violation of this Policy. The names of those reporting violations of this Policy 20 will be held in confidence.

21. Proprietary Information and Trade Secrets

By executing the Independent Marketing Executive Agreement, the Marketing Executive acknowledges that all information which is contained in the Marketing Executive's Monthly Business Report, including names, addresses and telephone numbers of Marketing Executives and Customers, and all identifying information relating to other Marketing Executives or customers that the Marketing Executive became aware of while conducting Melaleuca business in any way or while attending Melaleuca related events, is Melaleuca's proprietary trade secret information. The Marketing Executive agrees not to disclose such information to any third party (except to existing or prospective Melaleuca Marketing Executives or Customers for the purpose of promoting Melaleuca products and business opportunity) or to utilize such information for the purpose of promoting any other business opportunity at any time, whether during the term of his/her association with Melaleuca or thereafter. The Marketing Executive acknowledges that such proprietary information is of such character as to render it unique and that disclosure or use thereof in violation of this provision will result in irreparable damage to Melaleuca and to Independent Melaleuca Businesses. Melaleuca and its Marketing Executives will be entitled to injunctive relief to prevent violation of this policy. If litigation or arbitration is required to obtain injunctive relief or to recover damages, the prevailing party shall be entitled to an award of attorney's fees and expenses.

22. The Enroller

- (a) A Marketing Executive who is the Enroller of a new Customer or Marketing Executive may not list another Marketing Executive who did not participate in the contact or the presentation as the Enroller of such new Customer or Marketing Executive. Regardless of where a Customer or Marketing Executive is placed in a Marketing Organization, the actual Enroller of such Customer or Marketing Executive must be listed as the Enroller on the Customer Membership Agreement.
- (b) The Enroller and any other Marketing Executives involved in the recruiting and enrollment process may use only Melaleuca's products and its compensation plan and their personal commitment to help the new Marketing Executive build his or her business as an inducement to enroll. Marketing Executives may not enter into special deals with an Enrollee, including, but not limited to, promises of the payment of money or roll ups.

23. Supervisory and Leadership Functions

Marketing Executives' compensation is based on sales of product to the End Consumer. To qualify for this compensation Marketing Executives have the ongoing responsibility to promote the Melaleuca business opportunity, to support Melaleuca's policies, programs and personnel, and to service, supervise, motivate and train the Marketing Executives in their Marketing

Organization to sell and market Melaleuca products and promote the Melaleuca business opportunity. Any effort by a Marketing Executive to convince or entice any Customer or Marketing Executive to discontinue or diminish purchasing Melaleuca products, to move from one Melaleuca Marketing Organization to another, to discontinue or diminish efforts to promote the Melaleuca business opportunity, or to promote or pursue another direct selling opportunity, or to disparage Melaleuca, or its products, marketing plan, management team or other personnel is a violation of the Marketing Executive's leadership responsibility and a violation of this policy.

24. Excess Inventory Purchases Prohibited

The Melaleuca marketing program is built upon sales to the End Consumer. Products representing at least 70% of a Marketing Executive's monthly Organization Product Points must be sold to End Consumers each month. Any device or scheme whereby a Marketing Executive directly or through a third party purchases excess product solely for purposes of qualifying for bonuses or commissions constitutes fraud on the part of the Marketing Executive.

25. Selling in Stores

Melaleuca is in strong support of home-based businesses and personal product presentations. To maintain a standard of fairness, Marketing Executives may not display or sell Melaleuca products in drug stores, health food stores or grocery stores. Any display of Melaleuca products to the public must be tasteful and professional. A Marketing Executive may not display or sell Sei Bella products in any type of retail setting.

26. Media Inquiries

It is Melaleuca's policy to have a single spokesperson handle all inquiries from the media and all media relations. Therefore, Marketing Executives may not, for any reason, discuss their Independent Melaleuca Business with the media, nor act as spokespersons for Melaleuca nor talk to the media regarding Melaleuca, its Compensation Plan, its products or services. It is a violation of this policy to provide any information to the media, regardless of whether the information is positive or negative, accurate or inaccurate. All inquiries from the media (whether radio, television or print) must be referred to Melaleuca.

27. Checks and Monthly Business Reports

Commission and bonus checks are generally mailed by Melaleuca to Marketing Executives on or about the 15th day of each month for commissions and bonuses earned during the previous month. When the 15th day of the month falls on a weekend or holiday, checks will generally be mailed on the next business day. Each Marketing Executive qualifying for a commission or bonus will receive a Monthly Business Report showing the status of each Customer and Marketing Executive in his/her Marketing Organization.

The Monthly Business Report will show the calculation of the Marketing Executive's commission and bonus. Marketing Executives should use their Monthly Business Report as a tool to manage, supervise and train the members of their Marketing Organizations. The information contained in Business Reports is Melaleuca's proprietary trade secret information, and Marketing Executives are prohibited

from disseminating the information contained therein. See Policy 21 for further detail regarding Marketing Executives' obligations with respect to such proprietary trade secret information. A data processing fee is charged each Marketing Executive for generating and maintaining computerized Monthly Business Reports.

Commission and bonus checks which remain uncashed for more than 180 days will not be honored and the amount of the check, less a processing fee of \$15.00US/\$22.50CDN and a bank cancellation/stop payment fee of \$10.00US/\$15.00CDN, will be credited to the Marketing Executive's account, which credit may be used towards future purchases made by the Marketing Executive. If a Marketing Executive's account is inactive and it is necessary to notify the Marketing Executive of the credit on account, a service charge of \$10.00US/\$15.00CDN will be deducted from the account for each notice sent.

28. Purchases for Other Persons

A Marketing Executive may not order or pay for products for Customers without such Customer's express authorization and agreement to reimburse the Marketing Executive for such product.

29. Restrictions on International Marketing (United States and Canada)

Marketing Executives enrolled in the United States and Canada are authorized to sell Melaleuca products and to enroll Customers and Marketing Executives in the United States and Canada. In all other countries in which Melaleuca or its affiliates are authorized to conduct business Marketing Executives may only enroll Customers and Marketing Executives pursuant to Melaleuca's International Sponsorship Program. Marketing Executives and Customers may not ship or sell Melaleuca products across any international border for the purpose of resale, except the U.S./ Canadian border provided the products are appropriately labeled for the country of their destination. Marketing Executives and Customers may not sell, give, transfer, import, export or distribute Melaleuca products or sales aids in any country, other than the United States and Canada, nor provide products to any individual who the Marketing Executive or Customer knows or has reason to believe is exporting products to another country.

29.1. Restrictions on International Marketing (Melaleuca of the Caribbean)

Marketing Executives enrolled under Melaleuca of the Caribbean are authorized to enroll Customers and Marketing Executives in any country in which Melaleuca of the Caribbean is authorized to conduct business. In all other countries in which Melaleuca or its affiliates are authorized to conduct business, Marketing Executives may only enroll Customers and Marketing Executives pursuant to Melaleuca's International Sponsorship Program. Marketing Executives and Customers may not ship or sell Melaleuca products across any international border for the purpose of resale. Marketing Executives and Customers may not sell, give, transfer, import, export or distribute Melaleuca products or sales aids in any other country, nor provide products to any individual or entity who the Marketing Executive or Customer knows or has reason to believe is exporting products to another country.

30. Trademark, Service Mark and Trade Name Restrictions

Customers and Marketing Executives may not use, reproduce or disseminate the Melaleuca trade name or logo or any Melaleuca trademark or service mark except in the use and dissemination of literature published and made available by Melaleuca and except on stationery and business cards produced and authorized by Melaleuca. This includes, but is not limited to, the formatives “Mela” and “Mel,” the term “Melaleuca,” the leaf and drop logo, and all marks or slogans designating products or services offered by Melaleuca.

31. Rules regarding Advertising, Internet Usage and Sale of Materials

- (a) Marketing Executives may not:
- create, publish, sell, use, display or distribute any literature, audio or video recording, Internet web site, telephone ad message, Internet bulletin board message, mass or bulk email message (including auto-response messages), infomercial or other print, audio, visual, electronic media or social networking sites which represents Melaleuca, its products, services, Compensation Plan or business opportunity other than as specifically permitted pursuant to this Policy and Melaleuca's Guidelines on Internet Usage or that which is produced and provided by Melaleuca;
 - copy or reproduce any materials produced by Melaleuca except as specifically permitted pursuant to this policy;
 - use the Melaleuca name or logo or the name or logo of any of Melaleuca's products or services in any notice, display, advertisement or promotion, including, but not limited to, newspaper, magazine, radio, television or Internet or email advertisements, or telephone, Internet or other directories (except a Marketing Executive may have a directory listing in the following format: “Melaleuca Independent Marketing Executive—[name of Marketing Executive]”);
 - display, advertise or promote Melaleuca's products, services or business opportunity at county fairs, craft fairs, business fairs, trade shows, flea markets or any similar event, including the use of booths, without the express prior written approval of Melaleuca;
 - charge for Melaleuca-related meetings performed or arranged by a Marketing Executive except to the extent necessary to cover the actual out-of-pocket expenses incurred.
- (b) Marketing Executives may use websites and email messages only in accordance with Melaleuca's Guidelines on Internet Usage as the same are published on Melaleuca's website, and which may be revised and modified from time to time at Melaleuca's sole discretion. Melaleuca will take reasonable measures to publish notice of any changes to the guidelines on its website, however it is the Marketing Executives' responsibility to review these guidelines periodically to be informed of and comply with any changes.
- (c) Marketing Executives may only use websites produced by Melaleuca's approved website vendors.

- (d) Melaleuca will have the right, in its absolute discretion, to require that any Melaleuca related website be taken down and that any Melaleuca related email message be discontinued. A Marketing Executive's failure to comply with any provision of this policy may result in forfeiture of commissions and bonuses, fines, and/or in termination of the Marketing Executive's Independent Marketing Executive Agreement.

32. Income Claims

Marketing Executives are prohibited from making false, misleading or inaccurate claims about their or other persons' compensation received under the Melaleuca Compensation Plan. If, when presenting the Melaleuca business opportunity, a Marketing Executive makes any claim regarding his/her compensation from Melaleuca, or the potential compensation payable under Melaleuca's Compensation Plan, the Marketing Executive must also show the person(s) receiving the presentation Melaleuca's current Marketing Executives Annual Income Statistics sheet.

33. Product Claims and Warranties

Marketing Executives may not make any product claims, weight loss or health benefit claims, or product warranties other than those published in Official Melaleuca Material. Marketing Executives shall not publish or distribute information relating to uses of Melaleuca products other than those which are set forth in Official Melaleuca Material. Marketing Executives may not utilize Official Melaleuca Material which is approved for use in one country to make product claims or promote Melaleuca products in another country.

34. Ethical Sales Practices

Marketing Executives shall:

- Conduct themselves in a professional, courteous and considerate manner;
- Represent Melaleuca products in a sincere and honest manner and will honor Melaleuca's Customer Satisfaction Guarantee;
- Represent the Melaleuca Compensation Plan only as prescribed by Official Melaleuca Material;
- Become familiar with and utilize sales techniques, Melaleuca's Compensation Plan and Statement of Policies, and other materials as prescribed by Melaleuca;
- Present the Melaleuca business opportunity in a manner which is consistent with Official Melaleuca Material; and
- Provide training, motivation and support to Marketing Executives in their organization

Marketing Executives shall not:

- Engage in any deceptive, unlawful, or unethical business or recruiting practice;
- Engage in any high pressure selling or recruiting practices;
- Enroll minors or persons who are not capable of making an informed decision with respect to entering into a Customer Membership Agreement or Independent Marketing Executive Agreement;
- Order Melaleuca products for other Customers or Marketing Executives without the express permission of such persons; or
- Seek in any way to violate or circumvent Melaleuca's policies

35. Policy Disclosure Requirement

Prior to enrolling a prospective Marketing Executive, Marketing Executives shall provide to and review with the prospective Marketing Executive a current copy of Melaleuca's Statement of Policies and Definitions of Terms.

36. Voluntary Resignation Due to Inactivity

It is the Marketing Executive's responsibility to lead his/her Marketing Organization with the proper example in production of Personal Product Points. Without this proper example and leadership, the Marketing Executive will lose his/her right to receive commissions and bonuses from his/her Marketing Organization. Therefore, Marketing Executives who produce less than the minimum Personal Product Points required to maintain their current Commission Rate during a month, as set forth in the Compensation Plan, will not receive the commission or bonus attributable to such status for the sales generated through their Marketing Organization for that month. Failure to meet Personal Product Point requirements for two consecutive months constitutes the Marketing Executive's voluntary resignation. A Marketing Executive who has voluntarily resigned will lose all 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.

37. Reactivation and Reenrollment Requirements

- (a) When a Marketing Executive who has been deemed to have voluntarily resigned due to inactivity under Policy 36 becomes reactivated, he/she will reenter his/her previous Marketing Organization in the first available position below his/her original Marketing Executive other than the position left vacant by such Marketing Executive.
- (b) Former
- (i) Customers and Marketing Executives with the Status of Marketing Executive III or below
 - (1) may re-enroll as new Customers and Marketing Executives with their original Enroller and their original Marketing Executive at any time, but each such reenrollment will constitute a new enrollment for the Enroller only if the newly reenrolled Customer has been cancelled or inactive for 12 consecutive months or longer prior to reenrolling.
 - (2) who have not been enrolled with Melaleuca for at least the previous six consecutive months may reenroll as new Customers and Marketing Executives with the Enroller and Marketing Executive of their choice.
 - (ii) Marketing Executives with the Status of Director and above
 - (1) may reenroll as new Customers and Marketing Executives with their original Enroller and their original Marketing Executive at any time, but each such reenrollment will constitute a new enrollment for the Enroller only if the newly reenrolled Customer has been cancelled or inactive for 12 consecutive months or longer prior to reenrolling.
 - (2) Marketing Executives with a Status of Director or above must be inactive for one year before they can reenroll with an enroller

and Marketing Executive of their choice.

- (3) may reenroll with an enroller of his or her choice after 6 months of inactivity if he or she has not been an Commission Rate Director or above during the 12 months prior to the first month of inactivity.

- (c) If a former Customer or Marketing Executive desires to reenroll in a new Marketing Organization in which any Marketing Executive in the new Support Team was also in his/her previous Support Team, such former Customer or Marketing Executive may reenroll no sooner than twelve months following the date that such Support Team Marketing Executive became inactive in his/her previous Marketing Organization. Any individual involved in the violation of this policy will be subject to corrective measures pursuant to Policy 42, including fines and/or cancellation of his or her Independent Marketing Executive Agreement.
- (d) Former Customers or Marketing Executives who reenroll pursuant to this Policy 37 will not be eligible to roll up pursuant to Policy 39.

38. Titles Not Forfeited

A Marketing Executive can lose his/her Marketing Executive II, Marketing Executive III, Director, Senior Director, Executive Director or Corporate Director status and therefore the right to participate in the corresponding commission and bonus if he/she no longer qualifies for the commission or bonus pertaining to such status. However, as long as a Marketing Executive remains active, he/she will not forfeit the title of the highest status he/she has achieved.

39. Roll-Up Policy

- (a) When a vacancy occurs in a Marketing Organization due to the inactivity, voluntary resignation or involuntary termination of a Marketing Executive (a "Canceled Marketing Executive"), each Marketing Executive in the first generation below the Canceled Marketing Executive (a "First Generation Marketing Executive") will have the opportunity to qualify to roll up into the position of the Canceled Marketing Executive. In order to qualify for such roll-up, the following requirements must be met:
- (i) If the Canceled Marketing Executive's Organization Product Points were less than 2,500 in the Canceled Marketing Executive's first month of inactivity, the First Generation Marketing Executive with the highest Commission Rate in the Canceled Marketing Executive's second month of inactivity will roll up to the position of the Canceled Marketing Executive in the month following the Canceled Marketing Executive's second month of inactivity. In the event of a tie, the following criteria will be applied, in the order listed, to the First Generation Marketing Executives involved in the tie until the tie is broken:
- (1) who has the largest number of personally enrolled Directors;
 - (2) who has the largest number of personally enrolled Preferred Customers;
 - (3) whose Marketing Organization has the largest number of Preferred Customers;
 - (4) whose Marketing Organization has the

highest average Product Point order per Customer; and

- (5) who has the highest Personal Product Points.
- (6) who enrolled first.
- (ii) If the Canceled Marketing Executive's Organization Product Points were equal to or greater than 2500 in the Canceled Marketing Executive's first month of inactivity, the First Generation Marketing Executive who has or first attains the status which corresponds to the Canceled Marketing Executive's Organization Product Points in the first month of inactivity will roll up to the position of the Canceled Marketing Executive the month following the month the First Generation Marketing Executive has or attains such status, but in no event sooner than the month following the Canceled Marketing Executive's second month of inactivity. If two or more First Generation Marketing Executives qualify for the roll-up in the same month, the tie will be broken by application of the criteria set forth in subparagraph (i) above.
- (b) The Enroller of a Canceled Marketing Executive will inherit the Canceled Marketing Executive's Personal Enrollees as follows:
- (i) For each Personal Enrollee that is a Customer (with no Marketing Organization) or that had the Commission Rate of a Marketing Executive and had less than 2,500 Organization Product Points in the Canceled Marketing Executive's first month of inactivity the Enroller will automatically inherit the Personal Enrollee in the Canceled Marketing Executive's third month of inactivity.
- (ii) For each Personal Enrollee who had the Commission Rate of a Marketing Executive II or above and had less than 2,500 Organization Product Points in the Canceled Marketing Executive's first month of inactivity, the Enroller will inherit such Personal Enrollee in the month following the month the Personal Enrollee has advanced one status above the Commission Rate the Personal Enrollee had in the Canceled Marketing Executive's first month of inactivity.
- (iii) For each Personal Enrollee who had Organization Product Points of 2,500 or more in the Canceled Marketing Executive's first month of inactivity, the Enroller will inherit such Personal Enrollee in the month following the month the Personal Enrollee has advanced one status level above the Volume Status that the Personal Enrollee had in the Canceled Marketing Executive's first month of inactivity.
- (iv) If the personal enrollee had Organizational Product Points of 50,000 or more or a status of Executive Director or higher in the cancelled Marketing Executive's first month of inactivity, the enroller cannot inherit such personal enrollee. However, in the case of termination, Marketing Executives who had organization product points of 50,000 or more or who had a status of Executive Director or above at the time of their enrollers termination may be inherited when each of the following occur:

- a) The potential enroller helps the potential Personal Enrollee advance to one status above the volume status that the potential Personal Enrollee had in the terminated Marketing Executive's first month of inactivity; and
- b) The potential enroller helps a Personal Enrollee advance to Executive Director for the first time after the Cancelled Marketing Executive's first month of inactivity. The advancing Personal Enrollee must be an actual Personal Enrollee of the potential enroller, not an inherited Personal Enrollee.
- c) All other inheritance rules apply.
- d) If a potential enroller inherits a potential enrollee, the PEG volume from the inherited potential enrollee's organization will replace the PEG volume from the terminated Marketing Executive's organization. Therefore, the potential enroller will no longer receive PEG volume from the terminated Marketing Executive's organization.
- (v) No Enroller can inherit a Personal Enrollee whose Status is higher than his/her own, unless neither has a Status higher than Director II.
- (vi) When a Marketing Executive has their Independent Marketing Executive Agreement cancelled due to any reason including a policy violation; in the month that the cancellation/termination occurs; target statuses for the personal enrollees will be set and inheritances will occur based in accordance with all other existing policies.
- (c) If the Canceled Marketing Executive had the Commission Rate of Senior Director or above in his/her last month of activity and (i) was terminated by Melaleuca for a policy violation or (ii) voluntarily resigned or went inactive while under investigation for a policy violation, the Enroller of such Canceled Marketing Executive will continue to receive credit for having a Personal Enrollee with the same status (Senior, Executive or Corporate Director) to count towards the Enroller's status for twelve consecutive months from the month following the termination or resignation of the Canceled Marketing Executive. For each month after the initial twelve months, the Enroller of such Canceled Marketing Executive will receive credit for having a Personal Enrollee with the status (Senior, Executive or Corporate Director) attributable pursuant to the Compensation Plan to the Organization Volume of the Marketing Organization of the Canceled Marketing Executive. However, such credit cannot apply at the same time with respect to two Personal Enrollees. Therefore, the credit will expire in the first month in which one of the following have occurred: (x) a Personal Enrollee of the Canceled Marketing Executive rolls up into the position previously held by the Canceled Marketing Executive, and the Enroller of the Canceled Marketing Executive inherits or has inherited such Personal Enrollee of the Canceled Marketing Executive, and (y) the enroller of the Cancelled

Marketing Executive has inherited a potential Personal Enrollee who has or achieves Executive Director status or the status of the Cancelled Marketing Executive at the time of cancellation.

- (d) To qualify for any roll-up or inheritance, the Marketing Executive who will be receiving the roll-up or who will be inheriting Personal Enrollees must have been in compliance with Melaleuca's policies for the preceding 12 months.

40. Obligations of Independent Contractors

As an independent contractor, it is a Marketing Executive's responsibility to:

- (a) Abide by any and all federal, state, provincial, county and local laws, rules and regulations pertaining to the acquisition, receipt, holding, selling, distributing or advertising of Melaleuca products and services and the promotion of the Melaleuca business opportunity;
- (b) At the Marketing Executive's own expense, make, execute or file all such reports and obtain such licenses as are required by law or public authority with respect to his/her Independent Melaleuca Business and/or the receipt, holding, selling, distributing or promoting of Melaleuca products;
- (c) Be solely responsible for declaration and payment of all local, state, provincial, federal and general sales taxes and fees as may accrue because of the Marketing Executive's activities in conjunction with his/her Independent Melaleuca Business;
- (d) Supply all of his/her own equipment and tools for operating his/her business, such as telephone, transportation, professional services, office equipment, and office supplies; and
- (e) Provide his/her own place of business and determine his/her own work hours.

41. Marketing Executives Are Not Corporate Representatives

Marketing Executives are not corporate representatives of Melaleuca and are not authorized to incur any debt, expense or obligation on behalf of or for Melaleuca, nor bind Melaleuca to any agreement or contract.

42. Corrective Measures

All of the policies in this Statement of Policies, the provisions of the Independent Marketing Executive Agreement, the Corporate Entity Application and Agreement, the Tax Exempt Entity Application and Agreement and any other agreements entered into by and between Melaleuca and Marketing Executives are material terms to the agreement between Melaleuca and Marketing Executives. A Marketing Executive's violation of any of the terms and conditions of any of these agreements or the Statement of Policies or any illegal, fraudulent, deceptive or unethical conduct by a Marketing Executive may result, at Melaleuca's discretion, in one or more of the following corrective measures:

- (a) issuance of a written warning or admonition;
- (b) imposition of a fine, which may be imposed immediately or withheld from future commission and/or bonus checks;
- (c) reassignment of all or part of his/her Marketing Organization;
- (d) suspension of his/her Independent Marketing Executive Agreement for one or more months;
- (e) cancellation of his or her Independent Marketing Executive Agreement; or
- (f) any other measure expressly stated within any of the policies set forth in the Statement of Policies or any provision of the Marketing Executive Agreement, the Corporate Entity Application and Agreement, or the Tax Exempt Entity Application and Agreement.

Melaleuca has the right to withhold from a Marketing Executive all bonuses and commissions during the period that Melaleuca is investigating the alleged violative conduct of the Marketing Executive. If a Marketing Executive's Independent Marketing Executive Agreement is canceled due to a violation preceding the investigation, the Marketing Executive will not be entitled to any commissions or bonuses withheld by Melaleuca during the investigation period.

43. Forfeiture of Rights to Bonuses and Commissions

So long as a Marketing Executive is complying with all policies and terms of the Independent Marketing Executive Agreement, Melaleuca is obligated to pay

commissions and bonuses to such Marketing Executive in accordance with the Compensation Plan. A Marketing Executive's commissions and bonuses constitute the entire consideration for all of the Marketing Executive's efforts in generating sales, and the Marketing Executive's right to receive commissions and bonuses from Melaleuca constitutes the entire value attributable to the Marketing Executive's Marketing Organization. Following a Marketing Executive's resignation, cancellation for inactivity, or voluntary or involuntary cancellation of his/her Independent Marketing Executive Agreement, such former Marketing Executive shall have no right, title, claim or interest to the Marketing Organization. The former Marketing Executive shall have no claim for compensation for the Marketing Organization or for bonuses or commissions stemming from sales generated within or by the Marketing Organization or for car bonus amounts held in escrow by Melaleuca. Following voluntary or involuntary cancellation of his/her Independent Marketing Executive Agreement, the former Marketing Executive shall not hold himself/herself out as a Melaleuca Marketing Executive and shall not have the right to sell Melaleuca products or services.

44. Amendments to Compensation Plan, Statement of Policies, and/or Independent Marketing Executive Agreement

Upon notification to Marketing Executives, Melaleuca may, at its sole discretion, amend the Compensation Plan, Statement of Policies, Definitions of Terms and/or the terms of the Independent Marketing Executive Agreement and any other agreements entered into by and between Melaleuca and the Marketing Executives. By signing the Independent Marketing Executive Agreement, Marketing Executives agree to abide by any such amendments. The continuation of an Independent Melaleuca Business or a Marketing Executive's acceptance of commissions and/or bonuses from Melaleuca constitutes his/her acceptance of any such amendments. Marketing Executives will be bound by the most current versions of the Compensation Plan, the Statement of Policies, the Definitions of Terms, the Independent Marketing Executive Agreement and any other agreements entered into by and between Melaleuca and the Marketing Executives.

Definitions of Terms

The following terms will have the meanings set forth herein when used in Melaleuca's Statement of Policies, Compensation Plan and/or Independent Marketing Executive Agreement and other official Melaleuca material.

Active Customer: Any Customer who purchases at least 29 Product Points each month.

Active Marketing Executive: A Marketing Executive who personally produces the number of Product Points each month that are required to qualify at his/her Commission Rate pursuant to the Compensation Plan.

Annual Income Statistics: A summary of income statistics published by Melaleuca setting forth information regarding average, high and low income received by Marketing Executives on an annual basis.

Assist: A Marketing Executive who helps another Marketing Executive to present the Melaleuca program may be designated as the "Assist" on the Independent Marketing Executive Agreement form. The Marketing Executive designated as the "Assist" receives the Value Pack and Essentials Pack commission on the first Value Pack or Essentials Pack ordered by the new Customer or Marketing Executive.

Average Retention Index: An average of the percentages of customers remaining in an organization from the past 5 enrollment months. Your ARI is used to determine your Retention Factor, multiplier in the Leadership Pool Formula, and (if you are a Senior Director or above) determines your participation in the Leadership Growth Bonus.

Backup Order: A preselected package of Melaleuca products which is automatically shipped to Preferred Customers if they fail to order the minimum monthly Product Points agreed upon in their Customer Membership Agreement. Those who select the Preferred Customer option in the Customer Membership Agreement preauthorize Melaleuca to send a Backup Order and to make an automatic withdrawal from their checking account, or a charge to their credit card to pay for each Backup Order.

Business Kit (Membership Kit): The Melaleuca product and business opportunity information portfolio purchased by a new Marketing Executive pursuant to the terms of the Independent Marketing Executive Agreement which includes product and marketing information and other Official Melaleuca Material.

Commission Rate: The development position or leadership status of a Marketing Executive as of the most recent month end or business reporting period.

Compensation Plan: The plan offered by Melaleuca that sets forth the compensation provided to Marketing Executives for the continuing building, promoting, training, motivation, servicing and development of their Independent Melaleuca Businesses.

Corporate Entity Application and Agreement: The addendum to the Independent Marketing Executive Agreement that must be completed by corporate entities that are applying to become Marketing Executives.

Customer: A person who has an Enroller, has completed, executed and delivered to Melaleuca a Customer Membership Agreement and has paid to Melaleuca the appropriate membership fee. Customers are either Direct Customers or Preferred Customers.

Customer Membership Agreement: The agreement which must be completed, signed, received and accepted by Melaleuca before a person may become a Customer.

Customer Number: A unique number assigned by Melaleuca to each Customer to facilitate internal record keeping by Melaleuca with respect to the Customer.

Direct Customer: A Customer who is authorized to purchase product from Melaleuca at Direct Customer prices pursuant to a Customer Membership Agreement.

Electronic Checking: A payment method by which a Customer authorizes Melaleuca to deduct payment for orders directly from his/her checking account (not yet permitted in Jamaica or Bahamas).

End Consumer: A person who purchases Melaleuca products for the purpose of consuming them rather than for resale to someone else.

Enroll: To enlist, sponsor or sign up an individual or entity into a program or organization.

Enrollee: A Customer or Marketing Executive.

Enroller: The Marketing Executive who is listed on the Customer Membership Agreement as the enroller. The Enroller must be the person who introduced the new Customer to Melaleuca and helped him/her become a Customer or who played an active role in the presentation of Melaleuca products or business opportunity to the new Customer.

Immediate Household: Married couples and persons residing in the same home, and with respect to Marketing Executives and Customers which are entities (e.g., corporations, tax exempt entities, trusts, etc.) rather than individuals, Immediate Household means the shareholders, owners, directors, officers, trustees, responsible parties, etc. of such entities and persons married to or residing in the same home with the persons who are the shareholders, owners, directors, officers, trustees, responsible parties, etc. of such entities.

Inactive Customer: A Customer becomes inactive if he/she fails to purchase a minimum of 29 Product Points for two consecutive months.

Inactive Marketing Executive: A Marketing Executive becomes inactive if he/she fails to personally produce the number of Product Points that are required to qualify at his/her Commission Rate level pursuant to the Compensation Plan for two consecutive months.

Independent Marketing Executive Agreement: The agreement which must be completed, signed, received and accepted by Melaleuca as one of the prerequisites to becoming a Marketing Executive.

Independent Melaleuca Business: The business organization consisting of a Marketing Executive and those persons and entities that purchase Melaleuca products or generate sales of Melaleuca products from which the Marketing Executive is entitled to receive commissions.

Marketing Executive: A person who has an Enroller, has completed, executed and delivered to Melaleuca an Independent Marketing Executive Agreement, has purchased a Business Kit, has at least one Customer and has received his/her first commission check.

Marketing Organization: The Customers and Marketing Executives who comprise the group of individuals or entities from which the Marketing Executive is entitled to receive commissions based upon the collective sales volume of the group and the status of certain Marketing Executives within the group pursuant to the Plan of Compensation.

MelaCom™: Melaleuca's long-distance telephone service as marketed by Melaleuca, regardless of the interexchange carrier for such service.

Melaleuca: Melaleuca, Inc., Melaleuca of Canada, Inc., and/or Melaleuca of the Caribbean, Inc.

Melaleuca International Sponsorship Program: The program offered by Melaleuca with regard to sponsorship by Marketing Executives in one country of Customers and Marketing Executives in foreign countries where Melaleuca is authorized to do business.

Monthly Business Reports: Reports produced by Melaleuca on a monthly basis and provided to Marketing Executives which contain information relating to the activity of the Marketing Executive's Marketing Organization. The Monthly Business Reports contain trade secret information that is proprietary to Melaleuca.

Official Melaleuca Material: Material in any form which is authorized, published, and disseminated by Melaleuca. This includes, but is not limited to, printed material, audio and visual materials, satellite broadcasts, fax and electronic communications and Internet communications.

Organization Product Points: The total Product Points attributable to Melaleuca products which a Marketing Executive's Marketing Organization purchased or produced in a calendar month, including the Marketing Executive's Personal Product Points. For each month that a Marketing Executive has an active Melaleuca Credit Card, his or her Organization Product Points for that month will include Product Points attributable to Melaleuca Credit Card usage by the Marketing Executive's Marketing Organization in that calendar month.

Organization PCs: The total net Preferred Customers in a Marketing Executive's organization in a given month.

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

PEG Volume: Personal Enrollee Group (PEG) Volume is the total organization Product Point volume of a Marketing Executive's Personal Enrollees in any given month.

Personal Product Points: The total monthly Product Points personally produced by a Marketing Executive.

Personal Customer: A person who purchases product directly from Melaleuca using a Marketing Executive's account number.

Personal Enrollee: An Enroller's Enrollee to whom the Enroller has personally introduced Melaleuca and/or has played an active role in the presentation of Melaleuca products or business opportunity.

Personal Director: A Personal Enrollee with the Commission Rate of Director or above.

Personal Sales: Sales that a Marketing Executive makes to a Personal Customer.

Preferred Customer: A Customer who is authorized to purchase products from Melaleuca at Preferred Customer prices and who has committed to purchase each month products totaling at least 35 Product Points.

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

Product Point Production: To produce Product Points, a Marketing Executive must create sales to end consumers other than customers in the Marketing Executive's Marketing Organization. These sales must be products the consumer actually desires or needs as opposed to enticing consumers to purchase products in order for the Marketing Executive to qualify for a commission.

Recruit: 1) To attempt to enroll, enlist, or solicit an individual or entity to join a business, program or organization; or 2) to attempt to promote, influence or encourage an individual or entity to join a business, program or organization; or 3) to present, or participate or assist in the presentation of, a business, program, organization or its products. To constitute recruiting, such efforts or attempts may be performed either directly through personal contact or indirectly through a third party.

Statement of Policies: The policies published by Melaleuca, as amended from time to time, which set forth, among other things, the requirements for operating an Independent Melaleuca Business.

Status: The highest leadership position ever achieved with Melaleuca.

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

Tax Exempt Entity Application and Agreement: The addendum to the Independent Marketing Executive Agreement which must be completed by tax exempt entities that are applying to become Marketing Executives.

Volume Status: All advancements in status of Director II or above require a minimum volume of Organization Product Points. The status corresponding to each required volume in the compensation plan is the Volume Status.

Melaleuca Guidelines on Internet Usage

1. Approved Website Providers

All websites owned or utilized by Marketing Executives for any purpose related to their Melaleuca businesses must be hosted by one of Melaleuca's approved providers. For more information on approved providers or applying for an exemption go to www.melaleuca.com, log on, and go to the Business Center section of the website.

2. Lead-Generating Web Ads, Websites, and Emails

Marketing Executives may maintain web ads and websites for the purpose of generating leads of potential customers, and Marketing Executives may send one or more emails in response to persons who request information through their lead-generating websites, provided that such websites and responsive emails are in compliance with Melaleuca's guidelines. Spam or unsolicited emails are not permitted. The general standard for such websites and email messages is that they should be conservative and appropriate to the promotion of quality products and a professionally operated business. The following provisions are designed to provide guidance and to ensure that standard is maintained.

a) Lead-generating ads, websites, and emails must:

- i) contain the Marketing Executive's first and last legal name and direct email address to contact the Marketing Executive.
- ii) be professional-looking, product-oriented and use professional business language, avoiding "hype."

b) Lead-generating ads, websites, and emails may:

- i) solicit the reader's interest in high-quality, safe and effective nutritional, personal care, cosmetic and household cleaning products from a catalog.
- ii) solicit the reader's interest in a home-based business opportunity.
- iii) contain a "member's login" section to access the Site Owner's Training and Information website/pages.
 - (1) This link/login section MAY NOT refer to any Melaleuca term, phrase or title, and may not be called "Melaleuca Login."
 - (a) This link may be called "Members Login," etc., and must follow all other guidelines for lead-generating websites.
- iv) contain a link to the current official version of the Delivering Wellness presentation in the format provided by one of Melaleuca's approved website providers to be used only for training purposes or for facilitating live Delivering Wellness presentations.
 - (1) This link must be username/password enabled
 - (2) This link must not refer to any melaleuca term, phrase or title, and may not be called "delivering wellness presentation."
 - (3) This link may be called "Presentation," "Business Presentation" etc. and must follow all other guidelines for lead-generating websites.

c) Lead-generating ads, websites and emails may not:

- i) identify Melaleuca's product or income opportunity in any manner, or be identifiable by the general public as being Melaleuca related.
 - ii) contain the word "Melaleuca" or the "Leaf and Drop" logo.
 - iii) contain any of Melaleuca's trademarked words or phrases or product names.
 - iv) contain any of Melaleuca's copyrighted materials or summaries of copyrighted materials.
 - v) describe Melaleuca's products, services, compensation plan or business opportunity.
 - vi) contain any statements or claims about income.
 - vii) contain any statements about Melaleuca's retention or reorder rate, or any other factors unique to Melaleuca.
 - viii) contain any description about Melaleuca's awards, track record, management, affiliations or history.
 - ix) contain any promises or representations about placement within a marketing organization, that a "down line" or organization will be built for the new enrollee, or that this is a business in which little effort is required.
 - x) contain any enrollment or registration forms (whether online or in printable format).
 - xi) request payment of money in any form.
 - xii) request credit card or checking account information.
 - xiii) be identifiable through any search engine by using the search word "melaleuca" or any derivation thereof (including "mela") or any other of Melaleuca's trademarked words or phrases or the names of any Melaleuca products or services.
 - xiv) promote or offer any other products, services, or business opportunities.
 - xv) offer for a fee any web page hosting services or other web-related services, Internet usage training or services, or any other training or materials of any kind.
 - xvi) contain any banners, pop ups or jump sites.
 - xvii) refer the reader to any prerecorded phone message or other type of communication that contravenes any of these rules.
 - xviii) contravene any state or federal law, applicable Internet service provider rules or regulations, or any other Melaleuca policy.
- d) Any enrollment involving a potential customer that is identified from a lead-generating ad or website or email must include a one-on-one, face-to-face or vocal (i.e., telephonic or Internet-based call) presentation between the Enroller and the Enrollee prior to the enrollment.
- e) Emails may be used to determine the quality of the lead, but such emails may only be sent in response to direct requests for more information and must comply with all of the foregoing guidelines.
- f) All email messages to potential customers must comply with all state and federal law and with applicable Internet service provider rules and must contain an "opt out" button prominently displayed on the first screen page of the message.

3. Training and Information Websites

A Marketing Executive may maintain a website for the purpose of providing business-related information and training on business building activities to his/her Melaleuca Marketing Organization. The general standard for such websites is that they should be appropriate to a professionally operated business. The following provisions are designed to provide guidance and ensure that standard is maintained.

- (a) Training and information websites must be 100% password protected (meaning that no portion of the site can be accessed by any means other than a password) and available for viewing only by Melaleuca Marketing Executives and Customers.
 - i) Password protocol may be determined between Approved Provider and Website owner, as to whether there is a “blanket, generic” password for all invited guests; or unique, individually managed usernames and passwords.
 - ii) If a link to the Delivering Wellness presentation is included in the “home” page of a training and information website, the Delivering Wellness presentation must have a separate username and password than the rest of the site. (See 2 c viii)
- (b) Training and information websites may:
 - i) contain Melaleuca trademarked words or phrases or product names.
 - ii) contain truthful and accurate Melaleuca product and business stories from the owner of the site and other Marketing Executives
 - iii) provide information about Melaleuca corporate or marketing organization meeting dates and locations.
 - iv) contain business- and product-oriented bulletin boards, provided the content is closely monitored by the site owner to ensure that it complies with Melaleuca’s policies.
 - v) provide information and training about business-building strategies (including the “Seven Activities,” how to optimize the use of the Internet, etc.).
 - vi) recognize the achievements and advancements of Marketing Executives within the website owner’s organization.
 - vii) contain one or more jump sites to Melaleuca’s official website.
 - viii) contain a current official version of the Delivering Wellness presentation in the format provided by one of Melaleuca’s approved website providers to be used only for training purposes or for facilitating live Delivering Wellness presentations.
- (c) Training and information websites may not:
 - i) be used for the purpose of soliciting new customers.
 - ii) provide information about Melaleuca’s products or compensation plan (other than personal product and business messages).
 - iii) contain any statements or claims about income.
 - iv) contain any promises or representations about placement within a marketing organization, that a “down line” or organization will be built for a Marketing Executive, or that this is a business in which little effort is required.
 - v) contain any enrollment or registrations forms, except that the website may contain a jump site to Melaleuca’s Customer Membership Agreement and Independent Marketing Executive Agreement forms contained on Melaleuca’s official website.
 - vi) promote or offer any other products, services or business opportunities.



- vii) offer any materials or services for a fee, including but not limited to any web page hosting services or other web-related services, Internet usage training or services, lead generation services or training services or materials.
- vii) contain any banners, pop-ups or jump sites to any third party websites.
- ix) offer for sale any Melaleuca logo gear; however, they may offer for sale the logo gear of a particular marketing organization provided it is sold at actual cost.

4. Sale of Products, Materials or Income Opportunity on the Internet

Marketing Executives and Customers may not offer for sale Melaleuca products, materials or the income opportunity via the Internet (including eBay). Melaleuca shall have the right to enjoin any such offers by legal action and to recover its legal fees and costs in connection with any such legal action.

5. Prerecorded Audio or Video Messages

Marketing Executives may not create, publish, produce, use or maintain, either directly or indirectly, any audio or video recording which has the purpose or effect of creating interest in, introducing or presenting Melaleuca, its products or income opportunity, regardless of whether Melaleuca is actually mentioned in the recording. However, prerecorded training messages that are available only to Marketing Executives, are protected by pass code and comply in all respects with Melaleuca’s policies and guidelines are permissible.

6. Violations

A Marketing Executive’s violation of Melaleuca’s Internet usage guidelines and policies may result in the forfeiture of commissions and bonuses, fines, or termination of the Marketing Executive’s Independent Marketing Executive Agreement.

