

## COMPENSATION PLAN GLOSSARY OF TERMS

**ACCOUNT NUMBER:** The computer-generated identification number used by the Company to identify each Independent Business Associate for Compensation Plan purposes.

**ACTIVE:** You are considered Active during any applicable month that you maintain the minimum requirement of at least \$150 in Personal Bonus Value or that you subscribe to a \$100 Bonus Value monthly personal AutoShip order.

**AUTOSHIP:** An AutoShip is a regularly shipped order, allowing you to receive an uninterrupted supply of products. Both IBAs and Preferred Customers benefit from the AutoShip program. Both pay wholesale prices for a 20% savings on products. They enjoy automatic delivery so they never run out of the products that mean so much to their health regimen.

**AUTOSHIP ENROLLER BONUS (E-1):** AutoShip Enroller Bonuses pay you based on the sales performance of every Independent Business Associate (IBA) you personally enroll (regardless of where the IBA is placed) and on every Preferred Customer (PC) you personally enroll. You will be paid an AutoShip Enroller Bonus of 10% of the Bonus Value (BV) in addition to your 3% Unilevel Bonus on the BV that is credited to an IBA or PC whom you personally enrolled, as long as you are considered Active with a personal monthly AutoShip of \$100 BV or more during the qualifying month. This Bonus is in addition to any Bonuses you will earn as a result of the same PC or IBA being in your Downline.

**AUTOSHIP ENROLLER BONUS (E-2):** When one of your personal IBA Enrollees (an E-1) enrolls an IBA, that IBA becomes his/her E-1. This indirect enrollee becomes your E-2. You will be paid an AutoShip Enroller Bonus (E-2) of 7% as long as you are qualified as an Associate Manager and subscribe to a monthly \$100 BV AutoShip during the qualifying month. This is in addition to your 3% Unilevel Bonus on that same IBA's Bonus Value.

**BONUS:** Not to be confused with Commissions, this is the pay that you receive based on the activity of your Downline. The percentage you are paid is in accord with the provisions of the published Compensation Plan.

**BONUS QUALIFIED:** You are Bonus Qualified when you are an Independent Business Associate in good standing and have met the requirements to maintain your assigned title for the applicable pay period.

**BONUS VALUE:** Every Simplexity Health product that is purchased carries an assigned Bonus Value (BV), the dollar value designated for qualification and calculation of Bonuses on the products purchased. Unless otherwise specifically noted, the BV is 100% of the Wholesale Price. Occasionally, a low profit margin product may be assigned a BV that is less than the Independent Business Associate Wholesale Price so it can be supported by the Compensation Plan.

**BUSINESS BUILDER POOL:** One-fourth of one percent of the Company's quarterly Bonus Value is set aside for a special Business Builder Pool. As a Qualified Team Leader or higher, you earn one share of the pool upon Enrolling two new Independent Business Associates (IBAs) in a calendar quarter who qualify to become Team Leaders within the first full calendar month of joining the Company. You earn another share for each additional Team Leader you Enroll during that same calendar quarter who qualifies as a Team Leader within his or her own first full calendar month of joining Simplexity Health. There is no limit to the number of shares you can earn in a calendar quarter. Shares will be banked each month. At the end of each calendar quarter, the

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total number of shares earned will be divided into the total value of the pool to determine individual share value. Shares will then be paid to all Qualified shareholders once per calendar quarter. Note: IBAs who Enroll during the calendar quarter, but whose qualification period to become a Team Leader falls into the next calendar quarter, will be counted for that new calendar quarter. In order to be eligible to receive share distribution, a Team Leader or higher rank person who earns shares must be Active during all three months of the calendar quarter for which Bonuses are distributed.

**CHECK MATCH BONUS:** When you reach the position of Associate Director, you will be eligible for Director Enroller Check Match Bonuses of 5% up to 20% of the Bonuses earned by every Independent Business Associate (IBA) titled as Associate Director or higher whom you have personally Enrolled since you began as an IBA. As long as you personally achieve and maintain the position of Associate Director or higher, you will qualify for this Check Match Bonus. Check Match Bonuses are calculated on earnings from AutoShip Enroller Bonuses, Unilevel Bonuses, You Generation Bonuses, and Generation Bonuses. Check Match Bonuses are not calculated on earnings from Enhanced Retail Commissions, Enroller First Order Bonuses, Check Match Bonuses, the Business Builder Pool, or the National Leadership Pool.

**COMMISSION:** The difference between the Retail Price charged to the customer and the Wholesale Price paid by the Independent Business Associate (IBA) is the amount of money that an IBA earns on that sale; this Retail profit and is considered to be the IBA's Commission.

**COMPANY:** Whenever the word "Company" is used in this document, it refers to Simplexity Health.

**COMPENSATION PLAN:** Sometimes called the Marketing Plan, the Compensation Plan is the official set of definitions and performance requirements by which Independent Business Associates are paid.

### **COMPRESSION:**

**Unilevel Compression:** Unilevel Bonuses are earned by and paid to an Independent Business Associate (IBA) of any rank who is considered Active by the rules of the Compensation Plan. When an IBA fails to be considered Active for a specific pay period, the Company's computer searches Downline until it finds an Active IBA, no matter how far Downline it has to search. The Bonus Value then compresses past all non-Active IBAs in the Downline until it has satisfied its payout requirements with Active IBAs.

**Generation Compression:** Generation Bonuses are earned by and paid to Qualified Associate Director rank or higher individuals based on the rules of the Compensation Plan. Should those ranked Associate Director or higher not meet their qualifications, they will be Paid As the rank at which they do meet qualifications, even if it is a rank lower than Associate Director. In that event they would not receive Generation Bonuses. However, for the purpose of paying Upline Qualified Associate Directors or higher rank people, the Bonus Value (BV) created in that non-Qualified person's Generation will be subject to Compression. The Company's computer searches that person's organization through all Downline Generations until it finds a Qualified Associate Director or higher Generation. It will then compress the non-Qualified Generation BV with that of the first Qualified Generation. This Compression process continues up to six Qualified Generations, no matter how deep in the genealogy it must search until it has satisfied its payout requirements with Qualified Generations. The term "Compression" is used to describe the temporary condition that occurs when someone fails to meet the qualification maintenance requirements for a particular pay period.

**Note:** Compression IS NOT applicable to Enhanced Retail Commissions, Enroller First Order Bonuses, AutoShip Enroller Bonuses, and Director Enroller Check Match Bonuses.

**DIRECT ENROLLEE:** A Direct Enrollee (E1) refers to an Independent Business Associate whom you have personally and directly Enrolled. A Preferred Customer is always considered to be an E1.

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**DIRECTOR ENROLLER CHECK MATCH BONUS:** See “Check Match Bonus.”

**DOWNLINE:** Those directly Sponsored by an Independent Business Associate (IBA), plus those whose line of Sponsorship resulted from and came through that IBA, are referred to as a Downline. We also use, interchangeably, the words “organization,” “team,” or “network.” Your Downline consists of all IBAs on your Level 1, Level 2, Level 3, and so on, through unlimited depth.

**E1:** An E1, which is the same as a Direct Enrollee, is an Independent Business Associate whom you have personally and directly Enrolled.

**E2:** When one of your Direct Enrollees (E1) Enrolls an Independent Business Associate (IBA), that IBA becomes your E2, or Indirect Enrollee.

**ENHANCED RETAIL COMMISSIONS:** If you are Active, you can qualify to receive Enhanced Retail Commissions. For each calendar month in which your Personal Retail Value (PRV) totals from \$500 to \$999, you receive an additional 5% Commission on your PRV for the month. When your PRV reaches \$1,000 or more, your Enhanced Retail Commission increases from 5% up to 10%.

**ENROLL:** For an Independent Business Associate (IBA), to Enroll is to sign and submit an Independent Business Associate Agreement to Simplexity Health for the purpose of becoming an IBA for the Company, as well as to purchase an IBA kit. For a Preferred Customer, to Enroll means to commit to a monthly AutoShip of at least \$50 Retail.

**ENROLLEE:** An Enrolling or newly Enrolled Independent Business Associate is considered to be an Enrollee.

**ENROLLER:** Your Enroller is an existing Independent Business Associate (IBA) of any rank who first explained the Simplexity Health business opportunity to you and subsequently helped you to Enroll as an IBA.

**ENROLLER FIRST ORDER BONUS:** When you directly Enroll a new Independent Business Associate (IBA) or Preferred Customer (PC) who places a first order, you can earn a special Enroller First Order Bonus of 35% of the first \$300 of the first order (up to \$105). [Note: Any Bonus Value (BV) over \$300 created on a first order will be credited to the standard Compensation Plan, and Bonuses will be paid according to the established rules.] Similarly, when the IBA whom you Enrolled (an E1) Enrolls another IBA or PC (an E2 in your network), you can also earn a 15% Enroller First Order Bonus on the first \$300 of that person’s first order. In order to qualify for the Enroller First Order Bonus, you must have submitted an Independent Business Associate Agreement and have purchased the Simplexity Health IBA kit. In addition, you need to have accumulated \$1,000 in Personal Bonus Value over any period of time or to have placed your first product order as an IBA with the Company of at least \$300 BV.

**FORTY PERCENT RULE (40% RULE):** As it pertains to Associate Directors or higher, no more than 40% of your Total Group Bonus Value (TGBV) may be applied from any one Leg for the purpose of meeting the TGBV requirement for your title.

**GENEALOGY:** A Genealogy represents the complete set of relationships between an Independent Business Associate (IBA) and his or her Upline and Downline. It is the “family tree” of any IBA.

**GENERATION BONUSES:** When you become an Associate Director, you begin to qualify for Generation Bonuses. The number of Generations on which you are paid is determined by your Paid As title. When a Senior Manager in your Downline achieves the rank of Associate Director, that new Associate Director leaves your You Generation and becomes your Generation 1. You will now begin receiving a 2% Generation Bonus on that

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Associate Director's Group Bonus Value until reaching another Associate Director or higher rank in a particular Leg. When your 1st Generation Associate Director has someone in his/her group who becomes a 1st Generation Associate Director, that person's organization becomes your 2nd Generation. Generation Bonuses are paid in each Generation until another Associate Director or higher rank person is found. This continues down to the maximum number of Generations for your Paid As title.

**GROUP BONUS VALUE (GBV):** Once you are an Associate Director, the combined Bonus Value of your Personal Group—which includes your own Personal Bonus Value (PBV) and the PBV of every Independent Business Associate, Team Leader, Associate Manager, Manager, and Senior Manager until reaching another person ranked Associate Director in your organization—is considered to be your Group Bonus Value.

**ID#:** See "Account Number."

**INDEPENDENT BUSINESS ASSOCIATE (IBA):** The name for an independent contractor who has signed an Independent Business Associate Agreement with the Company. Upon acceptance of such Agreement by the Company, an Independent Business Associate (IBA) is eligible to purchase the Company's products at a Wholesale Price for resale, and can Enroll and Sponsor other people into his or her Downline. An IBA is eligible to earn Commissions and Bonuses in accordance with the terms and provisions of the Compensation Plan. The term "Distributor" is often used interchangeably with IBA.

**INDEPENDENT BUSINESS ASSOCIATE AGREEMENT:** This is a legally binding agreement between you and the Company, which covers your rights, duties, and responsibilities, and those of the Company. The Compensation Plan and the Statement of Policies & Procedures are an extension of this Agreement and should be read carefully.

**INDIRECT ENROLLEE:** When one of your Direct Enrollees (E1) Enrolls an Independent Business Associate (IBA), that IBA becomes your Indirect Enrollee (E2).

**LEG:** Each personally Sponsored Independent Business Associate on your first Level is part of your total Downline and is a separate Leg. You and your entire group are one Leg to your Sponsor.

**LEVEL:** The people you personally Enroll and/or Sponsor are your first Level. The ones they Enroll and/or Sponsor are your second Level. The ones your second Level members Sponsor are your third Level, and so on.

**MAINTENANCE:** Maintenance refers to the performance necessary for an Independent Business Associate to continue being Paid As a particular title after meeting the initial qualification requirements for that title.

**MARKETING PLAN:** In Network Marketing, the Compensation Plan is often referred to as the Marketing Plan.

**MULTI-LEVEL MARKETING (MLM):** Network Marketing is often called Multi-Level Marketing.

**NATIONAL LEADERSHIP POOL:** Each month the Company puts three-fourths of one percent of its monthly Bonus Value into a National Leadership Pool to be shared among Qualified National Executive Directors, and paid on a quarterly basis.

- If you have a Qualified Executive Director Leg and a Qualified National Executive Director Leg, you are considered to be in the Bronze pool and are eligible to receive a portion of that pool.
- If you have two Qualified National Executive Directors in two different Legs, you are considered to be in the Silver pool and are eligible to receive a portion of both the Bronze and Silver pools.
- If you have three Qualified National Executive Directors in three different Legs, you are considered to be in

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the Gold pool and are eligible to receive a portion of the Bronze, Silver, and Gold pools.

**NETWORK MARKETING:** Network Marketing refers to a non-storefront type of selling where a manufacturer or its Independent Business Associates (IBAs) sell directly to consumers through a network of independent contractors rather than through conventional outlets. IBAs multiply themselves directly and indirectly by Sponsoring other IBAs, and are paid accordingly on multiple Levels.

**OPPORTUNITY MEETING:** A periodic gathering of Network Marketing Independent Business Associates for the purpose of introducing and explaining the business opportunity to Prospects is known as an Opportunity Meeting.

**PAID AS:** Independent Business Associates who achieve a title and then do not continue to meet the maintenance requirements of that title will be paid at the title for which they meet Bonus qualifications for that specific pay period.

**PERSONAL BONUS VALUE (PBV):** The accumulated Bonus Value of all products purchased by you, by your Preferred Customers, and by your Retail customers during a given pay period are combined to determine your Personal Bonus Value (PBV) for that pay period. This PBV is used to calculate Bonuses in the Compensation Plan.

**PERSONAL GROUP:** Your Personal Group consists of every Preferred Customer, Independent Business Associate, Team Leader, Associate Manager, Manager, and Senior Manager in your organization until reaching another person ranked Associate Director in your organization.

**PERSONAL RETAIL VALUE (PRV):** The Personal Retail Value is equivalent to the Retail sales that you make each month, including the Retail value of any products for personal consumption as well as purchases made by Preferred Customers whom you have personally Enrolled through monthly AutoShip.

**PLACEMENT SPONSOR:** A Placement Sponsor is an Independent Business Associate (IBA) of any rank who is immediately upline in an organization of a new or existing IBA, and is generally responsible for the day-to-day coaching, encouragement, and assistance of that IBA. Often, the Enroller and the Placement Sponsor are the same person, but this is not required. See also "Sponsor."

**POLICIES & PROCEDURES:** The governing rules of Simplexity Health that define the relationship between the Company and its Independent Business Associates (IBAs), as well as the relationship between individual IBAs, are included in the Statement of Polices & Procedures. This document is specifically incorporated into the Independent Business Associates Agreement, which each IBA must sign in order to Enroll.

**PREFERRED CUSTOMER:** Someone who does not want to participate in the network marketing opportunity but would like to purchase Simplexity Health products at wholesale prices. It is possible to become a Preferred Customer by paying a sign-up fee of \$20, which is instantly credited back with a \$20 rebate on the first product order. Preferred Customers can also get the annual fee of \$20 waived if they spend \$500 or more annually.

**PROSPECT:** A Prospect is a person to whom you want to offer the Simplexity Health business opportunity.

**QUALIFIED:** An Active Independent Business Associate who is Paid As a particular rank is considered Qualified at that rank. (See also "Paid As" and "Bonus Qualified.")

**QUALIFIED LEG:** A Leg that contains at least \$300 of Bonus Value somewhere in the depth of the Leg is considered to be a Qualified Leg. (See "Leg.")

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**QUICK START PACKAGE:** On his or her sign-up order, a brand-new Independent Business Associate (IBA) has the option of purchasing for \$300 a Quick Start Package with a Retail value of at least \$500. This package also includes an IBA kit. This specially priced package is available only on the sign-up order. For a heavily discounted Quick Start Package no Bonuses or Commissions beyond the Enroller First Order Bonus will be paid.

**RANK:** As you meet new qualifications in the Compensation Plan, you earn a new title and are eligible to receive increased percentages of Bonus pay. Once you achieve the title, you retain that title until the next requalification month. Regardless of your title, you are paid based on the title or rank for which you qualify each month.

**RECRUITING:** Recruiting involves inviting others to join your team to share the same opportunity.

**RENEWAL:** Simplexity Health Independent Business Associates (IBAs) must renew their Independent Business Associate membership each year by the anniversary date of their joining the Company. Any Sponsored IBAs of those who do not renew their relationship with Simplexity Health will be moved up to the next Active IBA in their network. Those individuals who wish to re-join Simplexity Health at a later date may not reclaim their previous rank or Downline but must re-join at the standard entry-level position.

**RETAIL:** Sales of products by Simplexity Health Independent Business Associates to the end users of those products are considered to be Retail sales; they are an important aspect of your Simplexity Health business.

**RETAIL COMMISSION:** Regardless of rank, all Independent Business Associates have the opportunity to purchase and sell products and receive a Retail Commission on Simplexity Health products.

**ROLL-UP:** When an Independent Business Associate terminates his Independent Business Associate Agreement or does not exercise his yearly renewal, his entire Downline rolls Upline to his/her Sponsor or the next Qualified person. The Enroller relationship does not roll up.

**SIXTY PERCENT RULE (60% Rule):** As it pertains to Managers and Senior Managers, no more than 60% of the Total Group Bonus Value (TGBV) may be applied from any one Leg for the purpose of meeting TGBV requirements for your title.

**SPONSOR:** A Sponsor is an Independent Business Associate (IBA) who agrees to be responsible for helping and developing another IBA with his/her business by teaching the new IBA how to build the business and by assisting, encouraging, and supporting him/her. Every IBA must be Sponsored by another IBA in good standing with the Company. As consideration for being a Sponsor, the IBA may earn Bonuses based on the activity of the IBAs in his or her Downline, to the extent that the Sponsor is Qualified. The terms "Sponsor" and "Placement Sponsor" are interchangeable. It is important to note that in some other Network Marketing companies, the term "Sponsor" may include the act of introducing prospective new IBAs to the opportunity and helping them sign up as new IBAs. In Simplexity Health, this is called Enrolling.

**SUGGESTED RETAIL PRICE:** A Retail Price for each product is suggested by the Company. However, an Independent Business Associate may sell the product for whatever price he or she chooses.

**TOTAL GROUP BONUS VALUE (TGBV):** The Personal Bonus Value created by you and all of your Downline Independent Business Associates through unlimited depth is totaled to determine your Total Group Bonus Value. This TGBV is used to calculate qualifications for title maintenance in various phases of the Compensation Plan. It is usually subject to the 40% Rule and the 60% Rule.

**UNILEVEL:** Simplexity Health's Compensation Plan provides Bonuses based upon the Bonus Value of each

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product marketed by up to five Active Levels in your Downline. As you achieve certain qualifications, you become eligible to advance in rank, and correspondingly the number of Levels in your Downline on which you can receive Bonuses also increases.

**UPLINE:** The term “Upline” refers to that portion of either your Enroller or Sponsor genealogy that precedes you. Your Upline consists of the Independent Business Associate who is your Enroller and/or Sponsor, and his Enroller and/or Sponsor, and so on, all the way up to the Company.

**WHOLESALE PRICE:** The Wholesale Price of a product is 80% of the suggested Retail Price.

**YOU GENERATION:** Once you reach the title of Associate Director, your own Personal Bonus Value (PBV) and the PBV of every Independent Business Associate, Team Leader, Associate Manager, Manager, and Senior Manager until reaching another Associate Director in your organization are considered collectively as your You Generation, on which you qualify to receive a You Generation Bonus.