

INDIVIDUALITY

INTEGRITY

OPPORTUNITY

POLICIES & PROCEDURES



# 4LIFE RESEARCH™

## STATEMENT OF POLICIES & PROCEDURES

EFFECTIVE NOVEMBER 2000

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## INTRODUCTION

### POLICIES INCORPORATED INTO DISTRIBUTOR AGREEMENT

These Policies and Procedures, in their present form and as amended at the sole discretion of 4Life™ Research, LC. (hereafter "4Life™" or the "Company"), are incorporated into, and form an integral part of, the 4Life™ Distributor Agreement. Throughout these Policies, when the term "Agreement" is used, it collectively refers to the 4Life Distributor Application and Agreement, these Policies and Procedures, and the 4Life™ Marketing and Compensation Plan. These documents are incorporated by reference into the 4Life™ Distributor Agreement (all in their current form and as amended by 4Life™). It is the responsibility of each Distributor to read, understand, adhere to, and ensure that he or she is aware of and operating under the most current version of these Policies and Procedures. When sponsoring a new Distributor, it is the responsibility of the sponsoring Distributor to provide the most current version of these policies and procedures to the applicant prior to his or her execution of the Distributor Agreement.

### PURPOSE OF POLICIES

4Life™ is a direct sales company that markets products and services through Independent Distributors. It is important to understand that your success and the success of your fellow distributors is dependent upon the integrity of the men and women who market our products and services. To clearly define the relationship that exists between Distributors and 4Life™, and to explicitly set a standard for acceptable business conduct, 4Life™ has established the Agreement.

4Life™ Distributors are required to comply with all of the Terms and Conditions set forth in the Agreement which 4Life™ may amend at its sole discretion from time to time, as well as all federal and state laws governing their 4Life™ business and their conduct. Because you may be unfamiliar with many of these standards of practice, it is very important that you read and abide by the Agreement. Please review the information in this manual carefully. It explains and governs the relationship between you, as an independent contractor and the Company. If you have any questions regarding any policy or rule, do not hesitate to seek an answer from 4Life™.

### CHANGES TO THE DISTRIBUTOR AGREEMENT, POLICIES AND PROCEDURES, OR MARKETING AND COMPENSATION PLAN

Because federal, state, and local laws, as well as the business environment, periodically change, 4Life™ reserves the right to amend the Agreement and its prices in its sole and absolute discretion. By signing the Distributor Agreement, a Distributor agrees to abide by all amendments or modifications that 4Life elects to make. Notification of amendments shall in official materials. Amendments shall be effective upon publication in official 4Life materials. The continuation of a Distributor's 4Life™ business or a Distributor's acceptance of bonuses or commissions constitutes acceptance of any and all amendments.

### DELAYS

4Life™ shall not be responsible for delays and failures in performance of its obligations when performance is made commercially impracticable due to circumstances beyond its reasonable control. This includes, without limitation, strikes, labor difficulties, riot, war, fire, flood, death, curtailment of a party's source of supply, or government decrees or orders.

### POLICIES AND PROVISIONS SEVERABLE

If any provision of the Agreement, in its current form or as may be amended, is found to be invalid, or unenforceable for any reason, only the invalid portion(s) of the provision shall be severed and the remaining terms and provisions shall remain in full force and effect and shall be construed as if such invalid, or unenforceable provision never comprised a part of the Agreement.

### TITLES NOT SUBSTANTIVE

The titles and headings to these policies are for reference purposes only, and do not constitute, and shall not be construed as, substantive terms of these Policies.

### WAIVER

The Company never gives up its right to insist on compliance with the Agreement and with the applicable laws governing the conduct of a business. No failure of 4Life™ to exercise any right or power under the Agreement or to insist

upon strict compliance by a Distributor with any obligation or provision of the Agreement, and no custom or practice of the parties at variance with the terms of the Agreement, shall constitute a waiver of 4Life's right to demand exact compliance with the Agreement. Waiver by 4Life™ can be effected only in writing by an authorized officer of the Company. 4Life™'s waiver of any particular breach by a Distributor shall not affect or impair 4Life™'s rights with respect to any subsequent breach, nor shall it affect in any way the rights or obligations of any other Distributor. Nor shall any delay or omission by 4Life™ to exercise any right arising from a breach affect or impair 4Life™'s rights as to that or any subsequent breach.

The existence of any claim or cause of action of a Distributor against 4Life™ shall not constitute a defense to 4Life™'s enforcement of any term or provision of the Agreement.

## BECOMING A DISTRIBUTOR

### REQUIREMENTS TO BECOME A DISTRIBUTOR

To become a 4Life™ Distributor, each applicant must:

- (A) Be of the age of majority in his or her state of residence
- (B) Reside in the United States or other countries which have been officially opened by 4Life™
- (C) Have a valid Social Security, Federal Tax Identification number
- (D) Submit a properly completed and signed Distributor Application and Agreement to 4Life™.

The Company reserves the right to reject any applications for new Distributor Business Centers or applications for renewal.

### NO INVESTMENT IN INVENTORY REQUIRED

No person is required to purchase 4Life™ products or services to become a Distributor. However, to familiarize new Distributors with 4Life products, services, sales techniques, sales aids, and other matters, the purchase an Enrollment Kit is recommended. 4Life™ will repurchase resalable kits

from any Distributor who terminates his or her Distributor Agreement pursuant to the terms in the "Return of Inventory and Sales Aids by Distributors" section.

### NEW DISTRIBUTOR REGISTRATION BY TELEPHONE

A Sponsor or the new Distributor may call the 4Life™ home office during regular business hours to receive a Distributor Identification Number (DIN). (See the front of the Distributor Application and Agreement for phone numbers and appropriate business hours.) The caller must be able to provide all necessary Distributor Agreement information over the telephone. A new Distributor Enrollment Kit may be ordered at this time using a valid credit card. 4Life™ will ship the Enrollment Kit to the new Distributor.

### DISTRIBUTOR BENEFITS

Once a Distributor Application and Agreement has been accepted by 4Life™, the benefits of the Marketing and Compensation Plan and the Distributor Agreement are available to the new Distributor. These benefits include the right to:

- (A) Purchase 4Life™ products and services at the wholesale price.
- (B) Retail 4Life™ products or resell services, which are described in the 4Life™ product catalog and profit from these sales.
- (C) Participate in the 4Life™ Marketing and Compensation Plan (receive bonuses and commissions, if eligible).
- (D) Sponsor other individuals as Retail Customers or Distributors into the 4Life business and thereby build a marketing organization and progress through the 4Life Marketing and Compensation Plan.
- (E) Receive periodic 4Life™ literature and other 4Life™ communications.
- (F) Participate in 4Life™-sponsored support service training, motivational and recognition functions, upon payment of appropriate charges, if applicable.

(G) Participate in promotional and incentive contests and programs sponsored by 4Life™ for its Distributors.

### RENEWAL OF YOUR 4LIFE™ BUSINESS

The term of the Distributor Agreement is one year from the date of its acceptance by 4Life™. Distributors must renew their Distributor Agreement each year by paying an annual renewal fee as determined by the company on or before the anniversary date of their Distributor Agreement. If the renewal fee is not paid within 30 days after the expiration of the current term of the Distributor Agreement, the Distributor Agreement may be canceled. Distributors may elect to utilize the Automatic Renewal Program ("ARP"). Under the ARP, the renewal fee may be: (a) deducted from the Distributor's bonus check for the anniversary month of the Distributor Agreement; or (b) charged to the Distributor's credit card or checking account.

### OPERATING A 4LIFE™ BUSINESS

#### ADHERENCE TO THE 4LIFE™ MARKETING AND COMPENSATION PLAN

Distributors must adhere to the terms of the 4Life™ Marketing and Compensation Plan as set forth in official 4Life™ literature. Distributors shall not offer the 4Life™ opportunity through, or in combination with, any other system, program, or method of marketing other than that specifically stated in official 4Life™ literature. Distributors shall not require or encourage other current or prospective Customers or Distributors to participate in 4Life™ in any manner that varies from the program as set forth in official 4Life™ literature. Distributors shall not require or encourage other current or prospective Customers or Distributors to execute any agreement or contract other than official 4Life™ agreements and contracts in order to become a 4Life™ Distributor.

Similarly, Distributors shall not require or encourage other current or prospective Customers or Distributors to make any purchase from, or payment to, any individual or other entity to participate in the 4Life™ Marketing and Compensation Plan other than those purchases or payments identified as recommended or required in official 4Life™ literature.

### ADVERTISING

All Distributors shall safeguard and promote the good reputation of 4Life™ and its products. The marketing and promotion of 4Life™, the 4Life™ opportunity, the Marketing and Compensation Plan, and 4Life™ products and services shall be consistent with the public interest, and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices.

To promote both the products and the opportunity 4Life™ offers, Distributors must use the sales aids and support materials produced by 4Life™. 4Life™ has carefully designed its products, product labels, Marketing and Compensation Plan, and promotional materials to ensure that each aspect of 4Life™ is fair, truthful, substantiated, and complies with the vast and complex legal requirements of federal and state laws. If 4Life™ Distributors develop their own sales aids and promotional materials (which includes Internet advertising), notwithstanding their integrity and good intentions, there is a higher likelihood that they would unintentionally violate any number of statutes or regulations affecting a 4Life™ business. These violations, although they may be relatively few in number, could jeopardize the 4Life™ opportunity for all Distributors. Accordingly, distributors must submit all written sales aids, promotional materials, advertisements, and other literature (including proposed Internet advertising) to the Company for approval. Unless the Distributor receives specific written approval to use the material, the request shall be deemed denied. If a Distributor wishes to develop his or her own Internet web site, he or she must submit the URL to 4Life™ and receive written corporate approval before registering the site with any search engine.

### TRADEMARKS AND COPYRIGHTS

The name of 4Life™ and other names as may be adopted by 4Life™ are proprietary trade names, trademarks and service marks of 4Life™. As such, these marks are of great value to 4Life™ and are supplied to Distributors for their use only in an expressly authorized manner. Use of the 4Life™ name on any item not produced by the Company is prohibited except as follows:

Distributor's Name  
Independent 4Life Research™ Distributor

If a Distributor uses the name 4Life, or any of 4Life's products in his or her advertising, the Distributor must identify the mark as the property of 4Life Research, LC.

All Distributors may list themselves as an "Independent 4Life™ Distributor" in the white or yellow pages of the telephone directory under their own name. No Distributor may place telephone directory display ads using 4Life™'s name or logo. Distributors may not answer the telephone by saying "4Life", "4Life Research™", or in any other manner that would lead the caller to believe that he or she has reached corporate offices of 4Life™.

Distributors may not produce for sale any recorded Company events and speeches without written permission from 4Life™ nor may Distributors reproduce for sale or for personal use any recording of Company-produced audio or video tape presentations.

#### **MEDIA AND MEDIA INQUIRIES**

Distributors must not attempt to respond to media inquiries regarding 4Life™, its products or services, or their independent 4Life™ business. All inquiries by any type of media must be immediately referred to 4Life™'s Corporate Offices. This policy is designed to assure that accurate and consistent information is provided to the public as well as a proper public image.

#### **BUSINESS ENTITIES**

A corporation, partnership or trust (collectively referred to in this section as a "Business Entity") may apply to be a 4Life™ Distributor by submitting its Certificate of Incorporation, Partnership Agreement or trust documents (these documents are collectively referred to as the "Entity Documents") to 4Life. A 4Life™ business may change its status under the same sponsor from an individual to a partnership, corporation or trust, or from one type of entity to another. To do so, the Distributor(s) must provide the Entity Documents to 4Life™. The Distributor Application must be signed by all of the shareholders, partners or trustees. Members of the entity are jointly and severally liable for any indebtedness or other obligation to 4Life™.

#### **CHANGES TO THE 4LIFE™ BUSINESS**

Each Distributor must immediately notify 4Life™ of all

changes to the information contained on his or her Distributor Application and Agreement. Distributors may modify their existing Distributor Agreement (i.e., change Social Security number to Federal I.D. number, or change the form of ownership from an individual proprietorship to a business entity owned by the Distributor) by submitting a written request, a properly executed Distributor Application and Agreement, and appropriate supporting documentation. Each business will receive a separate 1099.

#### **ADDITION OF CO-APPLICANTS**

When adding a co-applicant (either an individual or a business entity) to an existing 4Life™ business, the Company requires both a written request as well as a properly completed Distributor Application and Agreement containing the applicant and co-applicant's Tax Identification Numbers and signatures. To prevent the circumvention of the "Sale, Transfer or Assignment of 4Life™ Business" section (regarding transfers and assignments of 4Life™ business), the original applicant must remain as a party to the original Distributor Application and Agreement. If the original Distributor wants to terminate his or her relationship with the Company, he or she must transfer or assign his or her business in accordance with the "Sales, Transfer or Assignment of 4Life™ Business" section. If this process is not followed, the business shall be canceled upon the withdrawal of the original Distributor. All bonus and commission checks will be sent to the address of record of the original Distributor. Please note that the modifications permitted within the scope of this paragraph do not include a change of sponsorship. Changes of sponsorship are addressed in "Change of Sponsor section."

There is a \$25.00 fee for each change requested, which must be included with the written request and the completed Distributor Application and Agreement. 4Life™ may, at its discretion, require notarized documents before implementing any changes to a 4Life™ business. Please allow thirty (30) days after the receipt of the request by 4Life™ for processing.

#### **CHANGE OF SPONSOR**

To protect the integrity of all marketing organizations and safeguard the hard work of all Distributors, 4Life™ strongly discourages changes in sponsorship. Maintaining the integrity of sponsorship is critical for the success of every

Distributor and marketing organization. Accordingly, the transfer of a 4Life™ business from one sponsor to another is rarely permitted.

Requests for change of sponsorship must be submitted in writing to the Distributor Services Department, and must include the reason for the transfer. Transfers will only be considered in the following two (2) circumstances:

**(A)** In cases involving fraudulent inducement or unethical sponsoring, a Distributor may request that he or she be transferred to another organization with his or her entire marketing organization intact. All requests for transfer alleging fraudulent enrollment practices shall be evaluated on a case by case basis.

**(B)** The Distributor seeking to transfer submits a properly completed and fully executed Sponsorship Transfer Form which includes the written approval of all parties whose income will be affected by the transfer. Photocopied or facsimile signatures are not acceptable. All Distributor signatures must be notarized. The Distributor who requests the transfer must submit a fee of \$50 for administrative charges and data processing. Transferring Distributors must allow thirty (30) days after the receipt of the Sponsorship Transfer Forms by 4Life™ for processing and verifying change requests. A transferring Distributor's downline shall remain in the original genealogy and shall not be moved with the transferring Distributor.

#### **CANCELLATION AND RE-APPLICATION**

A Distributor may legitimately change organizations by voluntarily canceling his or her 4Life™ business and remaining inactive (i.e., no purchases of 4Life™ products for resale, no sales of 4Life™ products, no sponsoring, no attendance at any 4Life™ functions, participation in any other form of Distributor activity, or operation of any other 4Life™ business) for six (6) full calendar months.

Following the six month period of inactivity, the former Distributor may reapply under a new sponsor.

#### **UNAUTHORIZED CLAIMS AND ACTIONS INDEMNIFICATION**

A Distributor is fully responsible for all of his or her verbal and written statements made regarding 4Life™ products, services, and the Marketing and Compensation Plan which

are not expressly contained in official 4Life™ materials.

Distributors agree to indemnify 4Life™ and hold it harmless from any and all liability including judgements, civil penalties, refunds, attorney fees, court costs, or lost business incurred by 4Life™ as a result of the Distributor's unauthorized representations or actions. This provision shall survive the cancellation of a Distributor's Agreement.

#### **PRODUCT CLAIMS**

No claims as to therapeutic or curative properties of any products offered by 4Life™ may be made except those contained in official 4Life™ literature. In particular, no Distributor may make any claim that 4Life™ products are useful in the cure, treatment, diagnosis, mitigation or prevention of any diseases. Such statements can be perceived as medical or drug claims. Not only are such claims violative of 4Life™ policies, but they also violate the laws and regulations of the United States Food and Drug Administration.

#### **INCOME CLAIMS**

In their enthusiasm to enroll prospective distributors, some Distributors are occasionally tempted to make income claims or earnings representations to demonstrate the inherent power of network marketing. This is counterproductive because new Distributors may become disappointed very quickly if their results are not as extensive or as rapid as the results others have achieved. At 4Life™, we firmly believe that the 4Life™ income potential is great enough to be highly attractive, without reporting the earnings of others.

Moreover, the Federal Trade Commission and several states have laws or regulations that regulate or even prohibit certain types of income claims and testimonials made by persons engaged in network marketing.

While Distributors may believe it beneficial to provide copies of checks, or to disclose the earnings of themselves or others, such approaches have legal consequences that can negatively impact 4Life™ as well as the Distributor making the claim unless appropriate disclosures required by law are also made contemporaneously with the income claim or earnings representation. Because 4Life™ Distributors may not have the data necessary to comply with the legal requirements for making income claims, a Distributor,

when presenting or discussing the 4Life™ opportunity or Marketing and Compensation Plan to a prospective Distributor, may not make income projections, income claims, or disclose his or her 4Life™ income (including the showing of checks, copies of checks, or bank statements).

Hypothetical income examples that are used to explain the operation of the Marketing and Compensation Plan, and which are based solely on mathematical projections, may be made to prospective distributors, so long as the Distributor who uses such hypothetical examples makes clear to the prospective distributor(s) that such earnings are hypothetical.

### COMMERCIAL OUTLETS

4Life™ strongly encourages the retailing and selling of its products and services through person to person contact. However, the Company recognizes that some Distributors may find that selling products from small retail outlets may be beneficial. Therefore, Distributors may sell 4Life™ products in small, individually owned retail outlets. 4Life™ products may not be sold in department stores, chain or franchised retail outlets, mass merchandising outlets, or any retail location with 2000 square feet or more of retail space. Distributors must obtain written authorization from 4Life™ prior to selling any 4Life™ products in a retail outlet, and 4Life™ retains the discretion to restrict its products from being sold in any retail location which it does not deem acceptable.

### TRADE SHOWS, EXPOSITIONS AND OTHER SALES FORUMS

Distributors may display and/or sell 4Life™ products at trade shows and professional expositions. Before submitting a deposit to the event promoter, Distributors must contact the Compliance Department in writing for conditional approval, as 4Life™'s policy is to authorize only one 4Life™ business per event. Final approval will be granted to the first Distributor who submits an official advertisement of the event, a copy of the contract signed by both the Distributor and the event official, and a receipt indicating that a deposit for the booth has been paid. Approval is given only for the event specified. Any requests to participate in future events must again be submitted to the Compliance Department. 4Life™ further reserves the right to refuse

authorization to participate at any function which it does not deem a suitable forum for the promotion of its goods, services, or the 4Life™ opportunity. Approval will not be given for swap meets, garage sales, flea markets or farmer's markets as these events are not conducive to the professional image 4Life™ wishes to portray.

### CONFLICTS OF INTEREST NONSOLICITATION

4Life™ Distributors are free to participate in other multi-level or network marketing business ventures or marketing opportunities. However, during the term of this Agreement, Distributors may not recruit other 4Life™ Distributors or Customers for any other multilevel or network marketing business. Following the cancellation of this Agreement, and for a period of six months thereafter, a former Distributor may not recruit any 4Life™ Distributor or Customer for another multilevel marketing business if: 1) that Distributor or Customer was in the former Distributor's downline marketing organization; or 2) the former Distributor met or developed a relationship with the Distributor or Customer by virtue of their mutual participation in 4Life™. The term "recruit" means actual or attempted solicitation, enrollment, encouragement, or effort to influence in any other way, either directly or through a third party, another 4Life™ Distributor or customer to enroll or participate in another multilevel marketing, network marketing or direct sales opportunity. Distributors may not display 4Life™ products or services with any other products or services in a fashion that might in any way confuse or mislead a prospective customer or Distributor into believing there is a relationship between the 4Life™ and non-4Life™ products or services. Distributors may not offer the 4Life™ opportunity, products or services to prospective or existing Customers or Distributors in conjunction with any non-4Life™ program, opportunity, product or service. Distributors may not offer any non-4Life™ opportunity, products or services at any 4Life™-related meeting, seminar or convention.

### DOWNLINE ACTIVITY REPORTS

All Downline Activity Reports and the information contained therein are confidential and constitute proprietary business trade secrets information belonging to 4Life™. Downline Activity Reports are provided to Distributors in strictest confidence and are made available to Distributors for the sole purpose of assisting Distributors in working with their

respective Downline Organizations in the development of their 4Life™ business. Distributors should use their Downline Activity Reports to manage, motivate, and train their downline Distributors. The Distributor and 4Life™ agree that, but for this agreement of confidentiality and nondisclosure, 4Life™ would not provide Downline Activity Reports to the Distributor. Accordingly, Distributors shall not, on his or her own behalf, or on behalf of any other person, partnership, association, corporation or other entity:

- (A) Directly or indirectly disclose any information contained in any Downline Activity Report to any third party;
- (B) Use the information to compete with 4Life™ or for any purpose other than promoting his or her 4Life™ business; Recruit or solicit any Distributor or Customer of 4Life™ listed on any report, or in any manner attempt to influence or induce any Distributor or Customer of 4Life™, to alter their business relationship with 4Life™; or
- (C) Use or disclose to any person, partnership, association, corporation, or other entity any information contained in any Downline Activity Report.

Upon demand by the Company, any current or former Distributor will return the original and all copies of Downline Activity Reports to the Company. The provisions of this policy shall survive the termination or cancellation of a Distributor's Agreement with 4Life™.

### CROSS-SPONSORING

Actual or attempted cross-group sponsoring is strictly prohibited. "Cross-group sponsoring" is defined as the enrollment of an individual or entity that already has a current Customer or Distributor Agreement on file with 4Life™, or who has had such an agreement within the preceding six calendar months, within a different line of sponsorship. The use of a spouse's or relative's name, trade names, DBAs, assumed names, corporations, partnerships, trusts, federal ID numbers, or fictitious ID numbers to circumvent this policy is prohibited. Distributors shall not demean, discredit or defame other 4Life™ Distributors in an attempt to entice another Distributor to become part of the first Distributor's marketing organization. This policy shall not prohibit the transfer of a 4Life™ business in accordance with the "Sale, Transfer or Assignment of 4Life™ Business" section.

### ERRORS OR QUESTIONS

If a Distributor has questions about or believes any errors have been made regarding commissions, bonuses, Downline Activity Reports, or charges, the Distributor must notify 4Life™ within 60 days of the date of the purported error or incident in question. 4Life™ will not be responsible for any errors, omissions or problems not reported within 60 days.

### EXCESS INVENTORY PURCHASES PROHIBITED

Distributors are not required to carry inventory of products or sales aids. Distributors who do so may find making retail sales and building a marketing organization somewhat easier because of the decreased response time in fulfilling customer orders or in meeting a new Distributor's needs. Each Distributor must make his or her own decision with regard to these matters. To ensure that Distributors are not encumbered with excess inventory that they are unable to sell, such inventory may be returned to 4Life™ upon the Distributor's cancellation or termination pursuant to the "Return of Inventory & Sales Aids by Distributors" section.

4Life™ strictly prohibits the purchase of products in unreasonable amounts solely for the purpose of qualifying for commissions, bonuses or advancement in the Marketing and Compensation Plan. Distributors may not purchase more inventory than they can reasonably resell or consume in a month nor may they encourage others to do so.

### GOVERNMENTAL APPROVAL OR ENDORSEMENT

Neither federal nor state regulatory agencies or officials approve or endorse any direct selling or network marketing companies or programs. Therefore, Distributors shall not represent or imply that 4Life™ or its Marketing and Compensation Plan have been "approved," "endorsed" or otherwise sanctioned by any government agency.

### HOLDING APPLICATIONS OR ORDERS

Distributors must not manipulate enrollments of new applicants and purchases of products. All Distributor Applications and Agreements, and product orders must be sent to 4Life™ within 72 hours from the time they are executed.

## IDENTIFICATION

All Distributors are required to provide their Social Security Number, or a Federal Employer Identification Number to 4Life™ on the Distributor Application and Agreement. Upon enrollment, the Company will provide a unique Distributor Identification Number to the Distributor by which he or she will be identified. This number will be used to place orders, and track commissions and bonuses.

## INCOME TAXES

Every year, 4Life™ will provide an IRS Form 1099 MISC (Non-employee Compensation) earnings statement to each U.S. resident as required by the Internal Revenue Service.

Each Distributor is responsible for paying local, state, and federal taxes on any income generated as an Independent Distributor. If a 4Life™ business is tax exempt, the Federal tax identification number must be provided to 4Life™.

## INDEPENDENT CONTRACTOR STATUS

Distributors are independent contractors, and are not purchasers of a franchise or a business opportunity. The agreement between 4Life™ and its Distributors does not create an employer/employee relationship, agency, partnership, or joint venture between the Company and the Distributor. Distributors shall not be treated as an employee for his or her services or for Federal or State tax purposes. All Distributors are responsible for paying local, state, and federal taxes due from all compensation earned as a Distributor of the Company. The Distributor has no authority (expressed or implied), to bind the Company to any obligation. Each Distributor shall establish his or her own goals, hours, and methods of sale, so long as he or she complies with the terms of the Distributor Agreement, these Policies and Procedures, and applicable laws.

## INSURANCE

### Business Pursuits Coverage

You may wish to arrange insurance coverage for your business. Your homeowner's insurance policy does not cover business-related injuries, or the theft of or damage to inventory or business equipment. Contact your insurance agent to make certain that your business property is protected. This can often be accomplished with a simple "Business

Pursuit" endorsement attached to your present home owner's policy.

## INTERNATIONAL MARKETING

Because of critical legal and tax considerations, including: compliance with foreign laws regarding product approval or registration; regulations regarding ingredients, labeling, and packaging; cautionary statements; protection of intellectual property; compliance with customs, tax, and immigration laws; compliance with direct selling laws; product and income representations; and literature content and language requirements, 4Life™ must limit the resale of 4Life™ products and services, and the presentation of the 4Life™ business to prospective customers and Distributors located within the United States and U.S. Territories and other authorized countries. Moreover, allowing a few Distributors to conduct business in markets not yet opened by 4Life™ would violate the concept of affording every Distributor the equal opportunity to expand internationally.

Accordingly, Distributors are authorized to sell 4Life™ products and services, and enroll Customers or Distributors only in the countries in which 4Life™ is authorized to conduct business, as announced in official Company literature. No Distributor may sell, give, transfer, import, export, or distribute 4Life™ products or sales aids in any unauthorized country. In addition, no Distributor may, in any unauthorized country: (a) conduct sales, enrollment or training meetings; (b) enroll or attempt to enroll potential customers of Distributors; or (c) conduct any other activity for the purpose of selling 4Life™ products, establishing a marketing organization, or promoting the 4Life™ opportunity.

## ADHERENCE TO LAWS AND ORDINANCES

### LOCAL ORDINANCES

Many cities and counties have laws regulating certain home-based businesses. In most cases these ordinances are not applicable to Distributors because of the nature of their business. However, Distributors must obey those laws that do apply to them. If a city or county official tells a Distributor that an ordinance applies to him or her, the Distributor shall be polite and cooperative, and immediately send a copy of the ordinance to the Compliance Department of 4Life™. In many cases there are exceptions to the ordinance that apply to 4Life™ Distributors.

### COMPLIANCE WITH FEDERAL, STATE, LOCAL LAWS

Distributors shall comply with all federal, state, and local laws and regulations in the conduct of their businesses.

### MINORS

A person who is recognized as a minor in his/her state of residence may not be a 4Life™ Distributor. Distributors shall not enroll or recruit minors into the 4Life™ program.

### ONE 4LIFE BUSINESS PER DISTRIBUTOR AND PER HOUSEHOLD

A Distributor may operate or have an ownership interest, legal or equitable, as a sole proprietorship, partner, shareholder, trustee, or beneficiary, in only one 4Life™ business. No individual may have, operate or receive compensation from more than one 4Life™ business. Individuals of the same family unit may however enter into or have an interest in more than one 4Life™ Business. This can happen only if all subsequent family positions are placed frontline to the first family member enrolled. A "family unit" is defined as spouses and dependent children living at or doing business at the same address.

### ACTIONS OF HOUSEHOLD MEMBERS OR AFFILIATED INDIVIDUALS

If any member of a Distributor's immediate household engages in any activity which, if performed by the Distributor, would violate any provision of the Agreement, such activity will be deemed a violation by the Distributor and 4Life™ may take disciplinary action pursuant to the Statement of Policies against the Distributor. Similarly, if any individual associated in any way with a corporation, partnership, trust or other entity (collectively "affiliated individual") violates the Agreement, such action(s) will be deemed a violation by the entity, and 4Life™ may take disciplinary action against the entity.

### RE-PACKAGING AND RE-LABELING PROHIBITED

Distributors may not re-package, re-label, refill or alter the labels on any 4Life™ products, information, materials or programs in any way. 4Life™ products must be sold in their original containers only. Such re-labeling or repack-

aging would likely violate federal and state laws, which could result in severe criminal penalties. You should also be aware that civil liability can arise when, as a consequence of the repackaging or re-labeling of products, the persons using the products suffer any type of injury or their property is damaged.

### REQUESTS FOR ADDITIONAL RECORDS

Any request from a Distributor for additional or replacement copies of invoices, applications, downline activity reports, or other records will require a fee of \$1.00 per page per copy. This fee covers the expense of mailing and time required to research files and make copies of the records.

### ROLL-UP OF MARKETING ORGANIZATION

Upon cancellation of a Distributor, all individuals on the first level of the canceling Distributor shall move into the vacated position.

### SALE, TRANSFER OR ASSIGNMENT OF 4LIFE™ BUSINESS

Although a 4Life™ business is a privately owned, independently operated business, the sale, transfer or assignment of a 4Life™ business is subject to certain limitations. If a Distributor wishes to sell his or her 4Life™ business, the following criteria must be met:

- (A) The Distributor shall offer the Company the right of first refusal to purchase the business on the same terms as it would be offered to any third party.
- (B) Protection of the existing line of sponsorship must always be maintained so that the 4Life™ business continues to be operated in that line of sponsorship.
- (C) The buyer or transferee must be (or must become) a qualified 4Life™ Distributor. If the buyer is an active 4Life™ Distributor, he or she must first terminate his or her 4Life™ business and remain inactive for six (6) full calendar months before becoming eligible for a purchase, transfer, assignment or acquisition of any interest in the 4Life™ business.
- (D) Before the sale, transfer or assignment can be finalized and approved by 4Life™, any debt obligations the selling Distributor has with 4Life™ must be satisfied.

**(E)** The selling Distributor must be in good standing and not in violation of any of the terms of the Agreement in order to be eligible to sell, transfer or assign a 4Life™ business.

Prior to selling a 4Life™ business, the selling Distributor must notify 4Life™'s corporate offices of his or her intent to sell the 4Life™ business. No changes in line of sponsorship can result from the sale or transfer of a 4Life™ business.

### SEPARATION OF A 4LIFE™ BUSINESS

4Life™ Distributors sometimes operate their 4Life™ businesses as husband-wife partnerships, regular partnerships, corporations, or trusts. At such time as a marriage may end in divorce or a corporation, partnership or trust (the latter three entities are collectively referred to herein as "entities") may dissolve, arrangements must be made to assure that any separation or division of the business is accomplished so as not to adversely affect the interests and income of other businesses up or down the line of sponsorship. If the separating parties fail to provide for the best interests of other Distributors and the Company, 4Life™ will involuntarily terminate the Distributor Agreement and roll-up their entire organization pursuant to the "Roll Up of Marketing Organization" section.

During the pendency of a divorce or entity dissolution, the parties must adopt one of the following methods of operation:

**(A)** One of the parties may, with consent of the other(s), operate the 4Life™ business pursuant to an assignment in writing whereby the relinquishing spouse, shareholders, partners or trustees authorize 4Life™ to deal directly and solely with the other spouse or non-relinquishing shareholder, partner or trustee.

**(B)** The parties may continue to operate the 4Life™ business jointly on a "business-as-usual" basis, whereupon all compensation paid by 4Life™ will be paid in the joint names of the Distributors or in the name of the entity to be divided as the parties may independently agree between themselves.

Under no circumstances will the Downline Organization of divorcing spouses or a dissolving business entity be divided. Similarly, under no circumstances will 4Life™ split com-

mission and bonus checks between divorcing spouses or members of dissolving entities. 4Life™ will recognize only one Downline Organization and will issue only one commission check per 4Life™ business per commission cycle. Commission checks shall always be issued to the same individual or entity. In the event that parties to a divorce or dissolution proceeding are unable to resolve a dispute over the disposition of commissions and ownership of the business, the Distributor Agreement shall be involuntarily canceled. If a former spouse or a former entity affiliate has completely relinquished all rights in their original 4Life™ business, they are thereafter free to enroll under any sponsor of their choosing, so long as they meet the waiting period requirements set forth in Section 3.4.4. In such case, however, the former spouse or partner shall have no rights to any Distributors in their former organization or to any former retail customer. They must develop the new business in the same manner as would any other new Distributor.

### SPONSORING

All active Distributors in good standing have the right to sponsor and enroll others into 4Life™. Each prospective Customer or Distributor has the ultimate right to choose his or her own Sponsor. If two Distributors claim to be the Sponsor of the same new Distributor or Customer, the Company shall regard the first application received by the Company as controlling.

### SUCCESSION

Upon the death or incapacitation of a Distributor, his or her business may be passed to his or her heirs. Appropriate legal documentation must be submitted to the Company to ensure the transfer is proper. Accordingly, a Distributor should consult an attorney to assist him or her in the preparation of a will or other testamentary instrument. Whenever a 4Life™ business is transferred by a will or other testamentary process, the beneficiary acquires the right to collect all bonuses and commissions of the deceased Distributor's marketing organization provided the following qualifications are met. The successor(s) must:

- (A)** Execute a Distributor Agreement;
- (B)** Comply with terms and provisions of the Agreement;
- (C)** Meet all of the qualifications for the deceased Distributor's status.

(D) Bonus and commission checks of a 4Life™ business transferred pursuant to this section will be paid in a single check jointly to the devisees. The devisees must provide 4Life™ with an "address of record" to which all bonus and commission checks will be sent;

(E) If the business is bequeathed to joint devisees, they must form a business entity and acquire a federal taxpayer Identification number. 4Life™ will issue all bonus and commission checks and one 1099 to the business entity.

#### TRANSFER UPON DEATH OF A DISTRIBUTOR

To effect a testamentary transfer of a 4Life business, the successor must provide the following to 4Life™: (1) an original death certificate; (2) a notarized copy of the will or other instrument establishing the successor's right to the 4Life™ business; and (3) a completed and executed Distributor Agreement.

#### TRANSFER UPON INCAPACITATION OF A DISTRIBUTOR

To effect a transfer of a 4Life™ business because of incapacity, the successor must provide the following to 4Life™: (1) a notarized copy of an appointment as trustee; (2) a notarized copy of the trust document or other documentation establishing the trustee's right to administer the 4Life™ business; and (3) a completed Distributor Agreement executed by the trustee.

#### TELEMARKETING TECHNIQUES

The use of any automated telephone solicitation equipment or "boiler-room" telemarketing operations in connection with the marketing or promotion of 4Life™, its products or the opportunity is strictly prohibited.

### RESPONSIBILITIES OF DISTRIBUTORS

#### CHANGE OF ADDRESS OR TELEPHONE

To ensure timely delivery of products, support materials, and commission checks, it is critically important that 4Life™'s files are current. Street addresses are required for shipping since UPS cannot deliver to a post office box. Distributors

planning to move should send their new address and telephone to 4Life™'s Corporate Offices to the attention of the Distributors Services Department. To guarantee proper delivery, two weeks advance notice must be provided to 4Life™ on all changes. Special Note: If you are presently on the Auto-Ship program, you must submit a new Auto-Ship Agreement. If more than one change of address notice or Auto-Ship Agreement has been submitted to 4Life™, the most recent one will supersede previous notices or Agreements. Please allow thirty (30) days after the receipt of the notice or Agreement by 4Life™ for processing.

#### CONTINUING DEVELOPMENT OBLIGATIONS AND ONGOING TRAINING

Any Distributor who is the Sponsor or Enroller of another Distributor must perform a bona fide supervisory function to ensure that his or her downline is properly operating his or her 4Life™ business. Distributors must have ongoing contact, communication and management supervision with the Distributors in their Downline Organizations. Examples of such contact and supervision may include, but are not limited to: newsletters, written correspondence, personal meetings, telephone contact, voice mail, electronic mail, and the accompaniment of downline Distributors to 4Life™ meetings, training sessions, and other functions. Upline Distributors are also responsible to motivate and train new Distributors in 4Life™ product knowledge, effective sales techniques, the 4Life™ Marketing and Compensation Plan, and compliance with Company Policies and Procedures. Distributors must monitor the Distributors in their Downline Organizations to ensure that downline Distributors do not make improper product or business claims, or engage in any illegal or inappropriate conduct. Upon request, every Distributor should be able to provide documented evidence to 4Life™ of his or her ongoing fulfillment of the responsibilities of a Sponsor.

#### INCREASED TRAINING RESPONSIBILITIES

As Distributors progress through the various levels of leadership, they will become more experienced in sales techniques, product knowledge, and understanding of the 4Life™ program. They will be called upon to share this knowledge with lesser experienced Distributors within their organization.

## ONGOING SALES RESPONSIBILITIES

Regardless of their level of achievement, Distributors have an ongoing obligation to continue to personally promote sales through the generation of new customers and through servicing their existing customers.

## NONDISPARAGEMENT

In setting the proper example for their downline, Distributors must not disparage other 4Life™ Distributors, 4Life™'s products or services, the Marketing and Compensation plan, or the Company's employees.

## PROVIDING DOCUMENTATION TO APPLICANTS

Distributors must provide the most current version of the Policies and Procedures and the Compensation Plan to individuals whom they are sponsoring to become Distributors before the applicant signs a Distributor Agreement. Additional copies of Policies and Procedures can be acquired from 4Life™.

## REPORTING POLICY VIOLATIONS

Distributors observing a Policy violation by another Distributor should submit a written report of the violation directly to the attention of the 4Life™ Compliance Department. Details of the incidents such as dates, number of occurrences, persons involved, and any supporting documentation should be included in the report.

## SALES REQUIREMENTS

### PRODUCT SALES

The 4Life™ Marketing and Compensation Plan is based upon the sale of 4Life™ products and services to end consumers. Distributors must fulfill personal and Downline Organization retail sales requirements (as well as meet other responsibilities set forth in the Agreement) to be eligible for bonuses, commissions and advancement to higher levels of achievement. The following sales requirements must be satisfied for Distributors to be eligible for commissions:

**(A)** Distributors must satisfy the Personal Life Point Volume and Group Life Point Volume requirements to

maintain their status as specified in the 4Life™ Marketing and Compensation Plan. "Personal Life Point Volume" shall include purchases made by the Distributor and purchases made by the Distributor's retail customers. Group Life Point Volume shall include the Distributor's Personal Life Point Volume and the total Life Point Volume of all Distributors in his or her marketing organization.

**(B)** At least 70% of a Distributor's total monthly Personal Life Point Volume must be sold to personal retail Customers.

**(C)** Distributors must develop or service at least five retail customers every month.

## NO PRICE OR TERRITORY RESTRICTIONS

Distributors are not required to sell 4Life™ products at the suggested retail prices set by 4Life™ on the 4Life™ Price List. Distributors may sell 4Life™ products at any price they choose. There are no exclusive territories granted to anyone. No franchise fees are required.

## SALES RECEIPTS

If a Distributor sells any 4Life™ product from his or her inventory, he or she must give the customer a copy of an official 4Life™ retail sales receipt at the time of the sale. Distributors must maintain all retail sales receipts for a period of two years and furnish them to 4Life™ at the Company's request. Records documenting the purchases of Distributors' Direct Customers will be maintained by 4Life™.

## BONUSES & COMMISSIONS

### BONUS AND COMMISSION QUALIFICATIONS

A Distributor must be active and in compliance with the Agreement to qualify for bonuses and commissions. So long as a Distributor complies with the terms of the Agreement, 4Life™ shall pay commissions to such Distributor in accordance with the Marketing and Compensation plan. The minimum amount for which 4Life™ will issue a check is determined by the company. If a Distributor's bonuses and commissions do not equal or exceed the minimum amount, the Company will accrue the commissions and bonuses until they total the minimum amount. A check will be issued once this amount has been accrued.

### ADJUSTMENT TO BONUSES AND COMMISSIONS

**(A)** Adjustments for Returned Products and Services: Distributors receive bonuses and commissions based on the actual sales of products and services to end consumers. When a product or service is returned to 4Life™ for a refund or is repurchased by the Company, the bonuses and commissions attributable to the returned or repurchased product(s) will be deducted, in the month in which the refund is given or will be withheld from any bonus, commission or other amount owed by the company. Deductions will continue every pay period thereafter until the commission is recovered, from the Distributors who received bonuses and commissions on the sales of the refunded goods.

**(B)** Other Deductions  
4Life™ will deduct from all bonus and commission checks a check processing fee on all earnings greater than \$100.00, a Minimum of \$5.00 or 2% up to a maximum of \$25.00. Also, a data processing fee may be charged by the company for downline genealogy reports which are requested by Distributors.

### UNCLAIMED COMMISSIONS AND CREDITS

Distributors must deposit or cash commission and bonus checks within six months from their date of issuance. A check that remains uncashed after six months will be void. After a check has been voided, 4Life™ will credit the Distributor's account. There shall be a \$15.00 charge for such a transaction; plus a \$10.00 monthly maintenance fee.

## PRODUCT GUARANTEES, RETURNS & INVENTORY REPURCHASE

### PRODUCT GUARANTEE

4Life™ offers a 100% 30 day money-back satisfaction guarantee (less shipping charges) to all retail customers. If a customer purchased a product from a 4Life™ Distributor, the customer must return the product to that Distributor for a refund, replacement or exchange. If a customer purchased the product directly from the Company, the product should be returned directly to the Company.

### RETURNS BY DISTRIBUTORS (PRODUCTS PURCHASED FOR PERSONAL CONSUMPTION)

If a Distributor is unsatisfied with any 4Life™ product purchased for personal use, the Distributor may return the product within 30 days from the date of purchase for a 100% refund, a replacement or exchange (less shipping charges). This guarantee is limited to \$500 in any 12 month period. If a Distributor wishes to return merchandise exceeding \$500 in any 12 month period, the return will be deemed an inventory repurchase and the Company shall repurchase the inventory pursuant to the terms in the "Return of Inventory and Sales Aids by Distributors" section, and the Distributors' Agreement shall be canceled.

### RETURNS BY DISTRIBUTORS (PRODUCTS RETURNED BY PERSONAL RETAIL CUSTOMERS)

If a personal retail customer returns a product to the Distributor from whom it was purchased, the Distributor may return it to the Company for an exchange or replacement (the Distributor returning the product is responsible for all shipping charges). Distributors must return all products returned by personal retail customers to the Company within 10 days from the date on which it was returned to the Distributor along with the sales receipt which the Distributor gave to the Customer.

### RETURN OF INVENTORY AND SALES AIDS BY DISTRIBUTORS

Upon cancellation of a Distributor's Agreement, the Distributor may return inventory and sales aids for a refund if he or she is unable to sell or use the merchandise. A Distributor may only return products and sales aids purchased by him or her that are in resalable condition. Upon receipt of the products and sales aids, the Distributor will be reimbursed 90% of the net cost of the original purchase price(s), less shipping charges. If the purchases were made through a credit card, the refund will be credited back to the same account. The Company shall deduct from the reimbursement paid to the Distributor any commissions, bonuses, rebates or other incentives received by the Distributor which were associated with the merchandise that is returned.

**PROCEDURES FOR ALL RETURNS**

The following procedures apply to all returns for refund, repurchase, or exchange:

**(A)** All merchandise must be returned by the Distributor or customer who purchased it directly from 4Life™.

**(B)** All products to be returned must have a Return Authorization Number which will be obtained by calling the Distributor Services Department. This Return Authorization Number must be written on each carton returned.

**(C)** The return is accompanied by:

- a completed and signed Consumer Return Form;
- a copy of the original dated retail sales receipt; and
- the unused portion of the product in its original container.

**(D)** Proper shipping carton(s) and packing materials are to be used in packaging the product(s) being returned for replacement, and the best and most economical means of shipping is suggested. All returns must be shipped to 4Life™ shipping pre-paid.

4Life™ does not accept shipping-collect packages. The risk of loss in shipping for returned product shall be on the Distributor. If returned product is not received by the Company's Distribution Center, it is the responsibility of the Distributor to trace the shipment.

If a Distributor is returning merchandise to 4Life™ that was returned to him or her by a personal retail customer, the product must be received by 4Life™ within ten (10) days from the date on which the retail customer returned the merchandise to the Distributor, and must be accompanied by the sales receipt the Distributor gave to the customer at the time of the sale.

No refund or replacement of product will be made if the conditions of these rules are not met.

**DISPUTE RESOLUTION & DISCIPLINARY PROCEEDINGS****DISCIPLINARY SANCTIONS**

Violation of the Agreement, these Policies and Procedures, or any illegal, fraudulent, deceptive or unethical business

conduct by a Distributor may result, at 4Life™'s discretion, in one or more of the following corrective measures:

**(A)** Issuance of a written warning or admonition;

**(B)** Requiring the Distributor to take immediate corrective measures;

**(C)** Loss of privileges, including but not limited to loss of voice mail privileges;

**(D)** Loss of rights to one or more bonus and commission checks;

**(E)** 4Life™ may withhold from a Distributor all or part of the Distributor's bonuses and commissions during the period that 4Life™ is investigating any conduct allegedly violative of the Agreement. If a Distributor's business is canceled for disciplinary reasons, the Distributor will not be entitled to recover any commissions withheld during the investigation period;

**(F)** Suspension of the individual's Distributor Agreement for one or more pay periods;

**(G)** Involuntary Cancellation of the offender's Distributor Agreement;

**(H)** Any other measure expressly allowed within any provision of the Agreement or which 4Life™ deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by the Distributor's policy violation or contractual breach;

**(I)** In situations deemed appropriate by 4Life™, the Company may institute legal proceedings for monetary and/or equitable relief.

**GRIEVANCES AND COMPLAINTS**

When a Distributor has a grievance or complaint with another Distributor regarding any practice or conduct in relationship to their respective 4Life™ businesses, the complaining Distributor should first report the problem to his or her sponsor who should review the matter and try to resolve it with the other party's upline sponsor. If the matter cannot be resolved, it must be reported in writing to the Distributor Services Department at the Company. The

Distributor Services Department will review the facts and attempt to resolve it. If it is not resolved, it will be referred to the Distributor Compliance Department.

### DISTRIBUTOR COMPLIANCE BOARD

The purpose of the Distributor Compliance Board (DCB) is to: (1) review appeals of disciplinary sanctions; and (2) review matters between 4Life™ Distributors. After the response or settlement instituted by Distributor Compliance Department has been denied or otherwise remains unresolved, the Dispute Resolution Board reviews evidence, deliberates, and responds to current outstanding issues on a collective basis.

A Distributor may submit a written request for a telephonic or in-person hearing within seven business days from the date of: (1) the written notice by 4Life™ of disciplinary action; or (2) the written decision of the Dispute Resolution Board, regarding disputes between Distributors. All communication with 4Life™ and the Distributor seeking resolution of a dispute must be in writing. It is within the DCB's discretion whether a claim is accepted for review. If the DCB agrees to review the matter, it shall schedule a hearing within 30 days of receipt of the Distributor's written request. All evidence (e.g., documents, exhibits, etc.) that a Distributor desires to have considered by the DCB must be submitted to 4Life™ no later than seven business days before the date of the hearing. The Distributor shall bear all of the expenses related to his or her attendance and the attendance of any witnesses he or she desires to be present at the hearing. The decision of the Distributor Compliance Board will be final and subject to no further review. During the pendency of the claim before the DCB, the Distributor waives his or her right to pursue arbitration or any other remedy.

### APPEALS OF SANCTIONS

Following issuance of a sanction (other than a suspension pending an investigation), the disciplined Distributor may appeal the sanction to the Dispute Resolution Board ("DRB"). Distributor's appeal must be in writing and received by the Company within 15 days from the date of 4Life™'s cancellation notice. If the appeal is not received by 4Life™ within the 15 day period, the sanction will be final. The Distributor must submit all supporting documentation with his or her appeal correspondence. If the Distributor files a timely appeal of cancellation, the DCB

will review and reconsider the cancellation, consider any other appropriate action, and notify the Distributor in writing of its decision.

### ARBITRATION

Any controversy or claim arising out of or relating to the Agreement, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. If a Distributor files a claim or counterclaim against 4Life™, he or she may only do so on an individual basis and not with any other Distributor or as part of a class or consolidated action. Distributors waive all rights to trial by jury or to any court. All arbitration proceedings shall be held in Salt Lake County, Utah, unless the laws of the state in which a Distributor resides expressly require the application of its laws, in which case the arbitration shall be held in the capital of that state. All parties shall be entitled to all discovery rights pursuant to the Federal Rules of Civil Procedure. There shall be one arbitrator, an attorney at law, who shall have expertise in business law transactions with a strong preference being an attorney knowledgeable in the direct selling industry, selected from the panel which the American Arbitration Panel provides. Each party to the arbitration shall be responsible for its own costs and expenses of arbitration, including legal and filing fees. The decision of the arbitrator shall be final and binding on the parties and may, if necessary, be reduced to a judgment in any court of competent jurisdiction. This agreement to arbitration shall survive any termination or expiration of the Agreement.

Nothing in the Agreement shall prevent 4Life™ from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction, permanent injunction or other relief available to safeguard and protect 4Life™'s interest prior to, during or following the filing of any arbitration or other proceeding or pending the rendition of a decision or award in connection with any arbitration or other proceeding.

### GOVERNING LAW, JURISDICTION AND VENUE

Jurisdiction and venue of any matter not subject to arbitration shall reside in Salt Lake County or Utah County, State of Utah, unless the laws of the state in which a Distributor

resides expressly require the application of its laws, in which case that state's law shall govern all issues relating to jurisdiction and venue. The Federal Arbitration Act shall govern all matters relating to arbitration. The law of the State of Utah shall govern all other matters relating to or arising from the Agreement unless the laws of the state in which a Distributor resides expressly require the application of its laws.

## ORDERING

### RETAIL CUSTOMERS

#### (A) The Direct Ship Program

Distributors are encouraged to promote 4Life™'s Direct and Auto Ship Programs to retail customers. The Direct Customer Program allows retail customers to purchase their products directly from 4Life™. Customers simply call 4Life™'s Toll Free Order Number to place their orders. 4Life™ will send the ordered products directly to the customer. To ensure that Distributors receive the appropriate commission, Customers may not place an order without their personal customer identification number.

#### (B) AutoShip Customers

Even more efficient than the Direct Customer Program is the 4Life™ AutoShip Program. Under the AutoShip Program, an individual may sign up to have a pre-selected package of 4Life™ goods delivered to his or her home automatically each month.

### PURCHASING 4LIFE™ PRODUCTS

Each Distributor should purchase his or her products directly from 4Life™. If a Distributor purchases products from another Distributor or any other source, the purchasing Distributor will not receive the personal Life Point Volume that are associated with that purchase unless otherwise authorized by 4Life™.

### GENERAL ORDER POLICIES

On mail orders with invalid or incorrect payment, 4Life™ will attempt to contact the Distributor by phone, and/or mail to try to obtain another payment. If these attempts are unsuccessful after five working days the order will be returned unprocessed. No C.O.D. orders will be accepted. 4Life™ maintains no minimum order requirements.

Orders for products and sales aids may be combined.

### SHIPPING AND BACK ORDER POLICY

4Life™ will normally ship products within one day from the date on which it receives an order. 4Life™ will expeditiously ship any part of an order currently in stock. If, however, an ordered item is out-of-stock, it will be placed on back order and sent when 4Life™ receives additional inventory. Distributors will be charged and given Personal Life Point Volume on back ordered items unless notified on the invoice that the product has been discontinued.

4Life™ will notify Distributors and Customers if items are back-ordered and are not expected to ship within 30 days from the date of the order. An estimated shipping date will also be provided. Back ordered items may be canceled upon a Distributor's request. Distributors may request a refund, credit on account, or replacement merchandise for canceled back orders. If a refund is requested, the Distributor's Personal Life Point Volume will be decreased by the amount of the refund in the month in which the refund is issued.

### CONFIRMATION OF ORDER

A Distributor and/or recipient of an order must confirm that the product received matches the product listed on the shipping invoice, and is free of damage. Failure to notify 4Life™ of any shipping discrepancy or damage within thirty days of shipment will cancel a Distributor's right to request a correction.

### PAYMENT AND SHIPPING DEPOSITS

No monies should be paid to or accepted by a Distributor for a sale to a personal retail customer except at the time of product delivery. Distributors should not accept monies from retail customers to be held for deposit in anticipation of future deliveries.

### INSUFFICIENT FUNDS

It is the responsibility of each Distributor to ensure that there are sufficient funds or credit available in his or her account to cover the monthly Auto Ship order. 4Life™ will not contact Distributors in regard to orders canceled due to insufficient funds or credit. This may result in a Distributor's failure to meet his or her Personal Life Point Volume requirements for the month.

### RETURNED CHECKS

All checks returned by a Distributor's bank for insufficient funds will be re-submitted for payment. A \$25.00 returned check fee will be charged to the account of the Distributor. After receiving a returned check from a customer or a Distributor, all future orders must be paid by Credit Card, money order or cashier's check. Any outstanding balance owed to 4Life™ by a Distributor for NSF checks and returned check fees may be withheld from subsequent bonus and commission checks or collected in any other manner deemed appropriate by 4Life™.

### RESTRICTIONS ON THIRD PARTY USE OF CREDIT CARDS AND CHECKING ACCOUNT ACCESS

Distributors shall not permit other Distributors or Customers to use his or her credit card, or permit debits to their checking accounts, to enroll or to make purchases from the Company.

### SALES TAXES

In designing the 4Life™ opportunity, one of our guiding philosophies has been to free Distributors from as many administrative, operational, and logistical tasks as possible. In doing so, Distributors are free to concentrate on those activities that directly affect their incomes, namely product sales and enrollment activities. To these ends, 4Life relieves Distributors of the burdens of collecting and remitting sales taxes, filing sales tax reports, and keeping records relative to sales taxes.

By virtue of its business operations, 4Life™ is required to charge sales taxes on all purchases made by Distributors and Customers, and remit the taxes charged to the respective states. Accordingly, 4Life™ will collect and remit sales taxes on behalf of Distributors, based on the suggested retail price of the products, according to applicable tax rates in the state to which the shipment is destined. If a Distributor has submitted, and 4Life has accepted, a current Sales Tax Exemption Certificate and Sales Tax Registration License, sales taxes will not be added to the invoice and the responsibility of collecting and remitting sales taxes to the appropriate authorities shall be on the Distributor. Exemption from the payment of sales tax is applicable only to orders which are shipped to a state for which the proper tax exemption

papers have been filed and accepted. Applicable sales taxes will be charged on orders that are drop-shipped to another state. Any sales tax exemption accepted by 4Life™ is not retroactive.

The taxability of products and sales tax rates differ by state. Additionally, an increasing number of local taxes (county and city) are being initiated throughout the country. This could result in a disparity in what 4Life™ charges a Distributor and what the Distributor in turn can charge a retail customer depending upon where the sale occurs.

The difference should be brought to the attention of 4Life™ Customer Service Department for adjustment. Distributors must provide date of sale, state, county, city and rate of tax where sold, total retail sales and the amount of the additional tax due, or credit due. It is the responsibility of each Distributor to know what products are taxable and at what rate. If you have questions regarding taxability and rates, contact your state or local department of revenue for assistance.

## INACTIVITY AND CANCELLATION/TERMINATION

### EFFECT OF CANCELLATION AND TERMINATION

So long as a Distributor remains active and complies with the terms of the Distributor Agreement and these Policies and Procedures, 4Life™ shall pay commissions to such Distributor in accordance with the Marketing and Compensation Plan. A Distributor's bonuses and commissions constitute the entire consideration for the Distributor's efforts in generating sales and all activities related to generating sales (including building a downline organization). Following a Distributor's non-renewal of his or her Distributor Agreement, cancellation for inactivity, or voluntary or involuntary cancellation (termination) of his or her Distributor Agreement (all of these methods are collectively referred to as "cancellation"), the former Distributor shall have no right, title, claim or interest to the downline marketing organization which he or she operated, or any commission or bonus from the sales generated by the organization. Distributors waive any and all rights, including claims to property rights, in the downline marketing organization which they may have. Following a Distributor's cancellation of his or her Distributor Agreement, the former Distributor shall not hold himself or herself out as a 4Life™

Distributor and shall not have the right to sell 4Life™ products or services. A Distributor whose Distributor Agreement is canceled shall receive commissions and bonuses only for the last full pay period he or she worked prior to cancellation (less any amounts withheld during an investigation preceding an involuntary cancellation).

### **CANCELLATION DUE TO INACTIVITY**

It is the Distributor's responsibility to lead his or her marketing organization with the proper example in personal production of sales to end consumers. Without this proper example and leadership, the Distributor will lose his or her right to receive commissions from sales generated through his or her marketing organization. Therefore, Distributors who personally produce less than the required personal Life Point Volume as specified in the 4Life™ compensation plan for any pay period will not receive a commission for the sales generated through their marketing organization for that pay period. If a Distributor has not fulfilled his or her personal sales requirements for a period of six consecutive calendar months (and thus becomes "inactive"), his or her Distributor Agreement shall be canceled for inactivity on its anniversary date. The cancellation will become effective on the day following the last day of the sixth month of inactivity. Written confirmation of the cancellation will not be provided by 4Life™.

### **INVOLUNTARY CANCELLATION (TERMINATION)**

A Distributor's violation of any of the terms of the Agreement, including any amendments that may be made by 4Life™ in its sole discretion, may result in any of the sanctions listed, including the involuntary cancellation of his or her Distributor Agreement. Cancellation shall be effective on the date on which written notice is mailed, return receipt requested, to the Distributor's last known address, or when the Distributor receives actual notice of cancellation, whichever occurs first.

### **VOLUNTARY CANCELLATION**

A participant in this multilevel marketing plan has a right to cancel at any time, regardless of reason. Cancellation must be submitted in writing to the Company at its principal business address. The written notice must include the Distributor's signature, printed name, address, and Distributor I.D. Number. If a canceling Distributor is also

on the Auto Ship program, his or her Auto Ship Agreement will also be canceled. If he or she wishes to remain an Auto Ship Customer, he or she must submit a new Auto Ship agreement.

### **NON-RENEWAL**

A Distributor may also voluntarily cancel his or her Distributor Agreement by failing to renew the Agreement on its anniversary date.

## DEFINITIONS

**ACTIVE DISTRIBUTOR** — A Distributor who satisfies the minimum Personal Life Point Volume requirements, as set forth in the 4Life™ Marketing and Compensation Plan, to ensure that a Distributor Agreement remains in force.

**AGREEMENT** - The contract between the Company and each Distributor includes the Distributor Application and Agreement, the 4Life™ Policies and Procedures, and the 4Life™ Marketing and Compensation Plan, all in their current form and as amended by 4Life™ in its sole discretion. These documents are collectively referred to as the "Agreement."

**AUTOSHIP CUSTOMER** — A customer who has executed a 4Life™ Customer Agreement and who agrees to purchase a specified package of 4Life™ products and services each calendar month.

**COMMISSIONABLE PRODUCTS/SERVICES** — All 4Life™ products and services on which commissions and bonuses are paid. Enrollment Kits and sales aids are not commissionable products.

**COMPANY** — The term "Company" as it is used throughout the Agreement means 4Life™ Research, LC.

**LINE** — Also called leg, A part of your downline that starts with someone sponsored by you and continues below that sponsorship.

**DOWNLINE** — See "Marketing Organization" below.

**ENROLLER** — A Distributor who personally recruits another Distributor and places the new Distributor in his or her downline. The Enroller of a new Distributor may also be the new Distributor's Sponsor.

**ENROLLMENT KIT** — A selection of 4Life™ training materials and business support literature that each new Distributor may purchase. The Enrollment Kit is sold to Distributors at the Company's cost.

**GENEALOGY REPORT** — A monthly report generated by 4Life™ that provides critical data relating to the identities of Distributors, sales information, and enrollment activity of each Distributor's Marketing Organization. This

report contains confidential and trade secret information which is proprietary to 4Life™.

**GROUP LIFE POINT VOLUME** — The commissionable value of 4Life™ products generated by a Distributor's Marketing Organization. Group Life Point Volume includes the Personal Life Point Volume of the subject Distributor. (Distributor Kits and sales aids have no Life Point Volume.)

**IMMEDIATE HOUSEHOLD** — Heads of household and dependent family members residing in the same house.

**LEVEL** — The layers of downline Customers and Distributors in a particular Distributor's Marketing Organization. This term refers to the relationship of a Distributor relative to a particular upline Distributor, determined by the number of Distributors between them who are related by sponsorship. For example, if A sponsors B, who sponsors C, who sponsors D, who sponsors E, then E is on A's fourth level.

**LIFE POINTS** — Every commissionable 4Life™ product is assigned a point value. Distributor commissions are based on the total point value of products sold by each Distributor and his or her Sales Organization.

**MARKETING ORGANIZATION** — Customers and Distributors below a particular distributor.

**OFFICIAL 4LIFE™ MATERIAL** — Literature, audio or video tapes, and other materials developed, printed, published and/or distributed by 4Life™ to Distributors.

**PERSONAL LIFE POINT VOLUME (PLPV)** — The commissionable value of services and products sold in a volume period: (1) by the Company to a Distributor; and (2) by the Company to the Distributor's personally enrolled Direct and Auto Ship Customers.

**QUALIFIED RANK** — The term "Qualified Rank" refers to the current rank of a Distributor, as determined by the 4Life™ Marketing and Compensation Plan, for any volume period. To be considered "Qualified" relative to a particular rank, a Distributor must meet the criteria set forth in the 4Life™ Marketing and Compensation Plan for his or her respective rank.

**RANK** — The "title" that a Distributor has achieved pursuant to the 4Life™ Marketing and Compensation Plan.

**RECRUIT** — For purposes of 4Life™'s Conflict of Interest Policy, the term "recruit" means actual or attempted solicitation, enrollment, encouragement, or effort to influence in any other way, either directly or through a third party, another 4Life™ Distributor or customer to enroll or participate in another multi-level marketing, network marketing or direct sales opportunity.

**RESALABLE** — Goods and sales aids shall be deemed "resalable" if each of the following elements is satisfied: 1) they are unopened and unused; 2) packaging and labeling has not been altered or damaged; 3) the product and packaging are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price; 4) products are returned to 4Life™ within one year from the date of purchase; 5) the product expiration date has not elapsed; 6) the product contains current 4Life™ labeling. Any merchandise that is clearly identified at the time of sale as nonreturnable, discontinued, or as a seasonal item, shall not be resalable.

**RETAIL PROFIT** — The difference between the wholesale price of products and the retail price a Distributor receives for products when they are resold.

**RETAIL CUSTOMER** — A non-Distributor who purchases 4Life™ products from a Distributor, pursuant to the Direct Customer Program, or the Auto Ship Program.

**ROLL-UP** — The method by which a vacancy in a Marketing Organization left by a Distributor whose Distributor Agreement has been canceled is filled.

**SUGGESTED RETAIL PRICE (SRP)** — The price at which 4Life™ suggests Distributors sell a particular product or service to retail customers. Notwithstanding the SRP, Distributors are always free to sell 4Life™ products or services at any price they choose.

**UPLINE** — This term refers to the Distributors above a particular Distributor in a sponsorship line up to the Company. Conversely stated, it is the line of Distributors that links any particular Distributor to the Company.

**UPLINE SPONSOR** — The Distributor who occupies the

position in the 4Life™ genealogy immediately above another Distributor.

**WHOLESALE PRICE (WHOLESALE)** — The price of the products and or services that is paid to the Company by Distributors. The wholesale price is also called Distributor Cost. All commissions and bonuses are paid on the commissionable value of 4Life™ products or services.