

# Mannatech Compensation Plan



## Social Entrepreneurship

Through the Mission 5 Million<sup>SM</sup> movement, your business will help impact the lives of the world's most vulnerable children and your rewards are linked directly to that purpose.

## Mannatech Mission and Vision

Our mission is to fight global malnutrition by nourishing the world with Real Food Technology<sup>®</sup> supplementation while empowering and rewarding the lives of those who champion our cause.

Our vision is to impact the global epidemic of childhood malnutrition by linking five million consumers of Real Food Technology supplementation with five million children in need.

## Mannatech Rewards Program

Through multiple income streams, Associates are rewarded for their acquisition of consumers, as well as their ability to develop and train other leaders to do the same. Approximately 43% of the price Mannatech receives for all products and packs sold will be paid as bonuses and incentives through the Mannatech Rewards Program. The plan provides 18 distinct methods of earning. To get the most benefit, it is important to understand how to build and train an organization to capitalize on each of them.

## 18 Ways to Earn

### Personal Production Rewards

1. Retail Profit
2. Member Bonus
3. Member All-Star Bonus
4. Direct Bonus
5. Generation Direct Bonus
6. Personal Power Bonus

### Organizational Rewards

7. Automatic Order Bonus
8. Team Bonus
9. Team Development Bonus
10. Leadership Bonus
11. Leadership Generational Bonus
12. Leadership Level Bonus
13. Leadership Development Bonus
14. Presidential Development Bonus
15. Lifestyle Bonus
16. Silver and Gold Presidential Bonus
17. Platinum Presidential Bonus
18. Incentives

# Personal Production Rewards

## Personal Production Rewards

Personal Production Rewards opportunities offer you a number of ways to earn commissions directly from the sale of Mannatech products. These bonuses provide immediate income to Associates for product and product pack sales to all direct retail customers, Members and Associates. You do not earn commissions or bonuses on your own product purchases. There is no requirement to purchase a product pack to become an Associate or earn any level of compensation.

## Retail Profit

Associates may purchase products from the company at Associate cost and then resell these products to their customers at retail prices. Your retail profit will be the difference between the Associate cost and the retail price.

## Direct Retail Customers

Associates can refer customers to Mannatech's toll-free number 1-800-779-0897 to place retail product orders directly with the company. Give the customer your account number preceded by an "R". (Example—R12xxxx). The customer can then place a product order at the retail price, and the company will ship the product directly to them. As an Associate, you will earn your bonus based on the difference between the retail price and Associate price of the total product order.

## Member Bonus

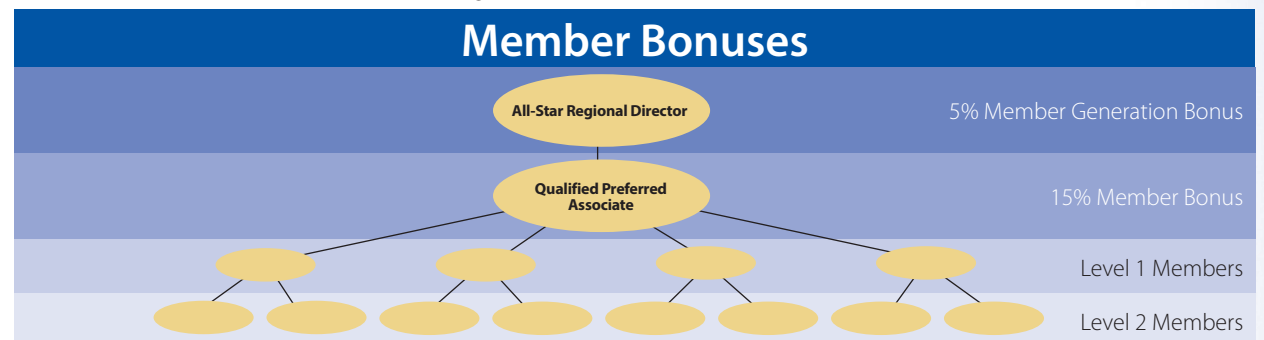
The Member-based 4Free Discount Program provides outstanding potential for Associates to earn commissions based on the purchases of the Members in their group. This program also offers incentives to Members, which can help Associates increase the number of Members in their organization. The first Qualified Associate who sponsors a Member will receive a 15% Member Bonus on the Member's (paid in full) product purchases. If the first upline Qualified Associate is also a All-Star Associate, the Member Bonus increases to 20% of the Member's product purchases.

**Note: A maximum of 20% (Member Bonus + Member All-Star Bonus) will pay out.**

## Member All-Star Bonus

The Member All-Star Bonus pays 5% of the Member's product purchases to the first upline All-Star Associate who has achieved leader status of Regional Director or above.

**Note:** For more information on the 4Free Discount Program and how to use it to increase Member business, see the Member Overview Plan.



# Personal Production Rewards

## Pack Bonuses

### Direct Bonus

A Direct Bonus is paid to the Enroller on the sale of any product pack. The Enroller must be in the same line of sponsorship as the person purchasing the sign-up product pack. If the Enroller's position is terminated, the Direct Bonus will pay to the next upline Enroller. If the Direct Bonus rolls up the max amount that will payout is the Preferred amounts. The Direct Bonus is paid on the products included in any product pack. No personal Qualifying Volume (QV) is required to earn the Direct Bonus. If the Enroller is a Preferred Associate they will only receive the Preferred Direct Bonus amounts. If the Enroller is an All-Star they will receive the All-Star amounts.

| Direct Bonus                   |                  |                 |
|--------------------------------|------------------|-----------------|
|                                | Preferred Amount | All-Star Amount |
| Preferred Pack                 | <b>\$10</b>      | <b>\$15</b>     |
| All-Star Associate Pack        | <b>\$50</b>      | <b>\$75</b>     |
| Business Builder All-Star Pack | <b>\$150</b>     | <b>\$200</b>    |

## Generation Direct Bonus

Each product pack sold over 100PV will generate two Generation Direct Bonuses.

The 1st Generation Direct Bonus will pay to the Enroller of the Direct Bonus earner.

The 2nd Generation Direct Bonus will pay to the Enroller of the 1st Generation Direct Bonus earner.

Roll up of the Generation Direct Bonus will follow the enrollership line.

| Generation Direct Bonus        |            |            |
|--------------------------------|------------|------------|
|                                | 1ST        | 2ND        |
| Preferred Pack                 | <b>\$8</b> | <b>\$5</b> |
| All-Star Pack                  | <b>\$8</b> | <b>\$5</b> |
| Business Builder All-Star Pack | <b>\$8</b> | <b>\$5</b> |



# Personal Production Rewards

## Personal Power Bonus

The Personal Power Bonus is designed to award significant, immediate income to those who choose to achieve the status of All-Star Associate.

### How the Personal Power Bonus Works

- To earn the Power Bonus, you must be a Qualified All-Star Associate and the Enroller.
- As Enroller, you must sell four All-Star product packs or All-Star Upgrade product packs to earn the Power Bonus.
- For every four All-Star product packs or All-Star Upgrade product packs you sell as Enroller, you can earn a Power Bonus. This means you can earn the Power Bonus multiple times.
- For your All-Star product pack and All-Star Upgrade product pack sales to accumulate each business period, you must maintain Qualified All-Star status.
- If you do not maintain Qualified All-Star status for any business period, all previously accumulated sales from All-Star product packs and All-Star Upgrade product packs will be zeroed out and will not count towards future Power Bonus qualifications.

If you upgrade to All-Star status, all your personally Enrolled All-Star product pack sales during the upgrade business period will count towards earning the Personal Power Bonus.

Product packs canceled or returned prior to a commission run for the business period when the commissions are being paid will not accumulate towards a Power Bonus.



*\*There are other configurations that also meet the Personal Power Bonus requirements.*

# Organizational Rewards

## Automatic Order Bonus

A 3% bonus is paid on an Associate's cost of product(s) selected on an Automatic Order. This bonus will be paid to the Enroller if they are a Qualified All-Star Regional Director (RD) or above. Otherwise, the bonus will be paid to the first upline Qualified All-Star RD or above in the line of sponsorship above the Associate who maintains an Automatic Order during the business period.

## How the Team Bonus Works

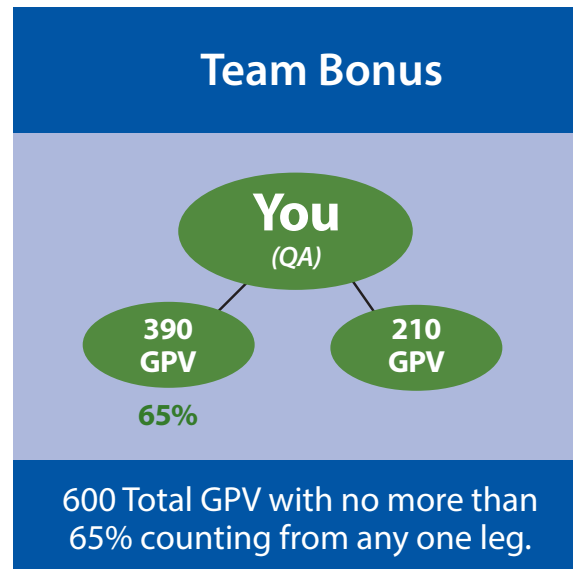
The Team Bonus is designed to reward you for taking the first steps necessary to build and train an active, growing sales organization.

### Qualifications for Team Bonus:

- Be a Qualified Associate (QA) by achieving 100PV during the business period.
- Achieve 600 GPV from your Members and organizational sales (no more than 65% of GPV requirement can come from any one leg) in the business period.
- Earn a \$60 Team Bonus.

### The Team Bonus offers new Associates a number of distinct advantages:

- You will continue to receive the Team Bonus income in each BP the qualifications are met until you reach National Director.
- Once National Director or above is achieved, the Team Bonus is replaced with the Lifestyle Bonus.
- This motivates everyone in your organization to focus on team building.
- Effective team building can help you qualify for higher levels of Organizational Rewards.



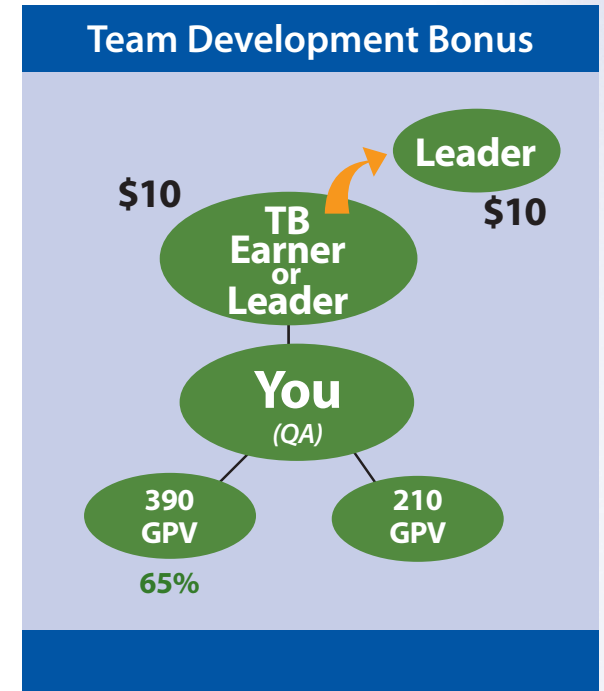
## Team Development Bonus

The Team Development Bonus (TDB) rewards you for helping others in your organization build their teams.

### How the Team Development Bonus Works

Each Team Bonus earned by a QA generates two TDB. The first TDB will pay to the 1<sup>ST</sup> Team Bonus earner or RD and above. The 2<sup>ND</sup> TDB will pay to the first RD and above from the 1<sup>ST</sup> TDB earner. The 1<sup>ST</sup> and 2<sup>ND</sup> TDB earners will receive \$10 each.

*Note: If a Team Bonus earner develops more than 1,500 Group Point Volume (GPV) and/or becomes an RD or above, the TDB will not be paid.*



# Organizational Rewards

## Leadership and Generational Bonuses

Leadership and Generational Bonuses reward your leadership skills and talents as you build your business organization by increasing product sales through recruitment and development of other Leaders.

Whether you move up the Leadership Bonus ladder quickly or over a more extended period of time, as you reach higher Leadership levels, you can earn greater long-term income on your total group sales.

Leadership Bonuses provide Associates the ability to earn on more levels of sales activity and to earn higher bonuses on their entire group's sales.

Generational Bonuses are paid to Qualified Associates at various Leadership levels based on the sales activities of Leaders in their organization at equal or higher Leadership levels.

## How These Bonuses Work

To participate in the Leadership portions of this plan, you must first be a Qualified Associate. You will earn various percentages for the depth of your organization. Leadership Bonuses will be paid for product sales generated in your downline organization.

## The Specific Leadership Levels You Can Reach Are:

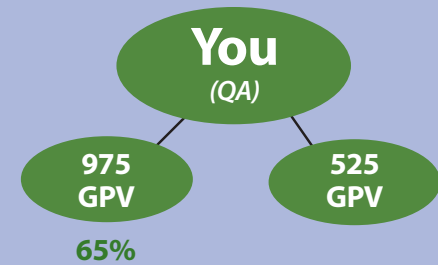
### Regional

Regional Directors (RDs) are Qualified Associates who have a minimum of two legs with a total of 1,500 Group Point Volume (GPV). The GPV can come from any number of legs, but no more than 65% (975 GPV) can come from any one leg in a qualifying period. Point Volume generating from any Associate's personal position does not count toward GPV requirements.

### RDs Receive:

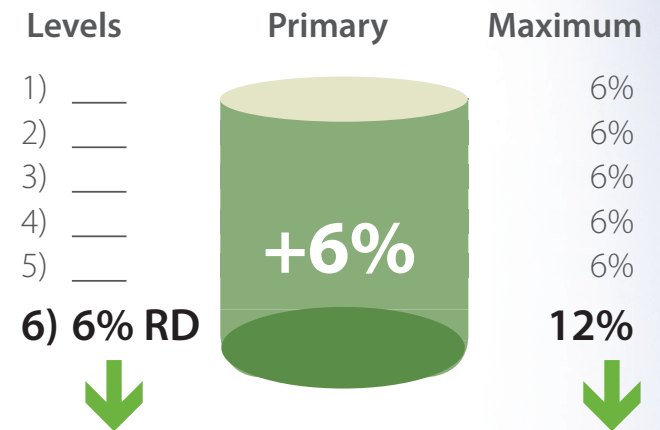
- 6% of their Primary Group Actual Pay Out (GAPO)
- 5% on the sales of their first-generation RDs' Primary GAPO
- 4% on the sales of their second-generation RDs' Primary GAPO
- 6% of APO on their sixth-level sales with compression and roll-up
- Qualification to receive the Team Development, Leadership and Generational Bonuses
- Auto Order Bonus will pay to Qualified All-Star RDs or above.
- All Qualified RDs will continue to receive a \$60 Team Bonus.

## Regional Director



1,500 total Group Point Volume (GPV) with no more than 65% (975 GPV) counting from any one leg

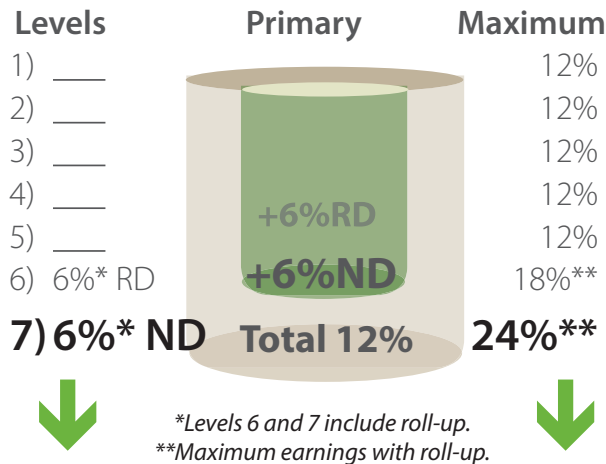
## Regional Leadership Bonus



Primary Volume is the volume created by a Leader down to the next Leader in his or her organization of the same or higher level.

# Organizational Rewards

## National Leadership Bonus



### In addition to the benefits of RDs, NDs receive:

- 6% on the sales of their National Primary GAPO
- 5% on the sales of their first-generation NDs' Primary GAPO
- 4% on the sales of their second-generation NDs' Primary GAPO
- 6% of APO on the sales of their seventh level with compression and roll-up
- Eligible to receive Lifestyle Bonus

Note: ND's and above are not eligible to receive the Team Bonus payout

### Executive

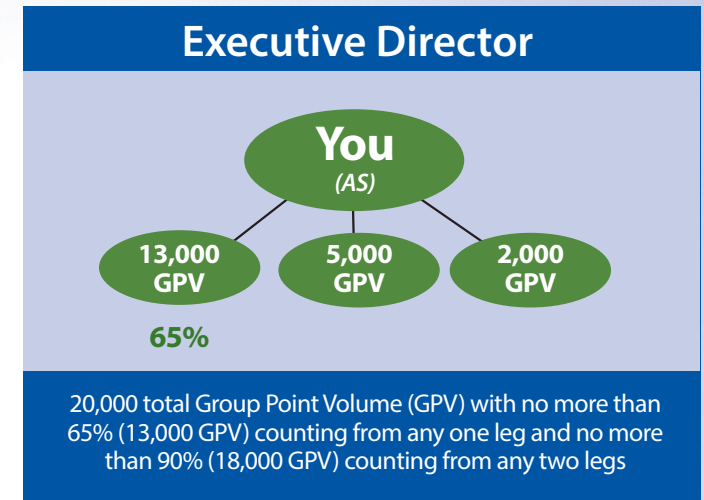
Executive Directors (EDs) are qualified All-Star Associates who have at least three legs with a total of 20,000 GPV in a qualifying period. The GPV can come from any number of legs, but no more than 65% (13,000 GPV) can come from any one leg in a qualifying period, and no more than 90% (18,000 GPV) can come from any two legs. A total of 2,000 GPV must come from side volume, generating outside of the two strongest legs.

### In addition to the benefits of NDs, EDs receive:

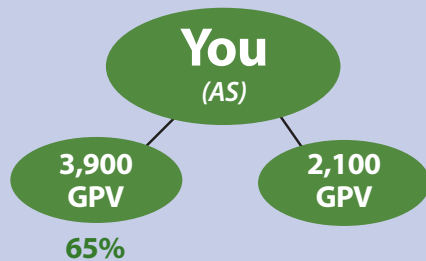
- 6% on the sales of their Executive Primary GAPO
- 5% on the sales of their first-generation EDs' Primary GAPO
- 4% on the sales of their second-generation EDs' Primary GAPO
- 6% of APO on the sales of their eighth level with compression and roll-up

*Note: Your qualification for certain bonuses and commissions beyond the Executive Director level will be dependent on your participation in the Company's Presidential Ambassador Program as further explained on the pages that follow.*

## Executive Director



## National Director

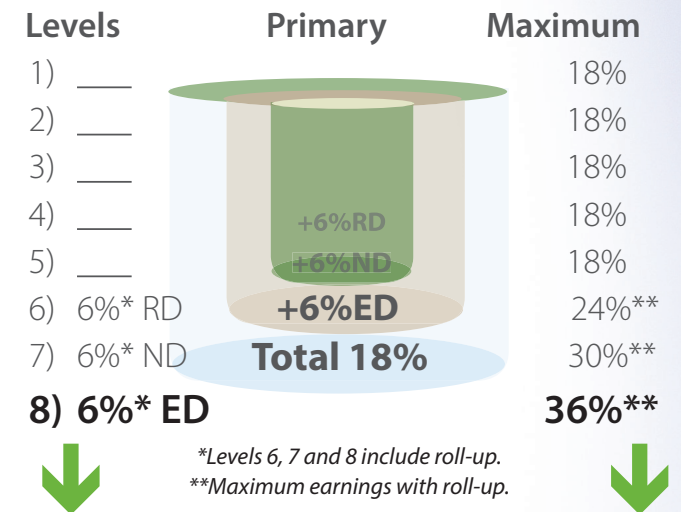


6,000 total Group Point Volume (GPV) with no more than 65% (3,900 GPV) counting from any one leg

### National

National Directors (NDs) are qualified All-Star Associates who have at least two legs with a total of 6,000 GPV. The GPV can come from any number of legs, but no more than 65% (3,900 GPV) can come from any one leg in a qualifying period.

## Executive Leadership Bonus



# Organizational Rewards

Only those Presidential Associates that qualify for and maintain their qualification in the Ambassador Program are eligible to earn (to include but not limited to) the Presidential bonuses (which are identified throughout the Career and Compensation Plan booklet by “‡”), participation in certain incentives/programs (see the rules and qualification requirements for each incentive/program), and recognition at events. Participation in the Presidential Ambassador Program is subject to the Presidential Associates’ adherence to the terms and conditions set forth in Section 4.9.8 Presidential Director Ambassador Program (“Ambassador Program”) of the Associate Policies and Procedures.

## Presidential ‡

Presidential Directors (PDs) are Qualified All-Star Associates who have at least three legs, with a total of 60,000 GPV in a qualifying period. The GPV can come from any number of legs, but no more than 65% (39,000 GPV) can come from any one leg in a qualifying period, and no more than 90% (54,000 GPV) can come from any two legs. A total of 6,000 GPV must come from side volume, generating outside of the two strongest legs.

### In addition to the benefits of EDs, PDs receive:

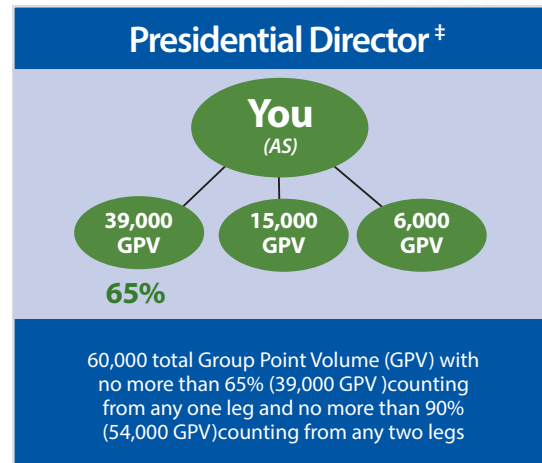
- 8% of their Presidential Primary GAPO
- 6% on their first-generation PDs’ Primary GAPO
- 4% on their second-generation PDs’ Primary GAPO
- Qualification to participate in the Presidential Development Bonus

### Bronze Presidential

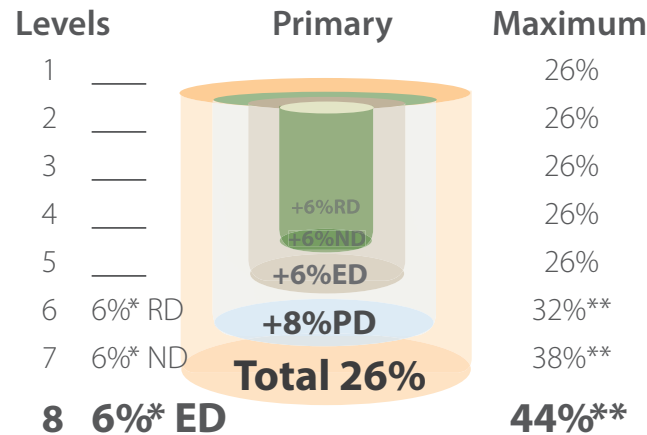
A Bronze Presidential is a PD with a Presidential in one downline leg in the same BP.

### Silver Presidential

A Silver Presidential is a PD with a Presidential in two separate downline legs in the same BP.



## Presidential Leadership Bonus ‡



\*Levels 6, 7 and 8 include roll-up.  
 \*\*Maximum earnings with roll-up.

### Gold Presidential

A Gold Presidential is a PD with a Presidential in three separate downline legs in the same BP.

### Platinum Presidential

A Platinum Presidential is a PD with a Presidential in four separate downline legs in the same BP.

*Note: For the benefits of building Presidential legs, see the Presidential Development Bonus section on page 9.*

## Leadership Development Bonus

The Leadership Development Bonus (LDB) is designed to reward you for building and maintaining Leaders within your organization. Once you become a National Director or higher, you become eligible to earn this bonus. There is no limit to the number of Leadership Development Bonuses you can earn.

### How the Leadership Development Bonus (LDB) Works

A \$100 ND (LDB) is paid to the first upline qualified ND or above on every qualified ND. A \$350 ED (LDB) is paid to the first upline qualified ED or above on every qualified ED. You earn these bonuses every business period.



# Organizational Rewards

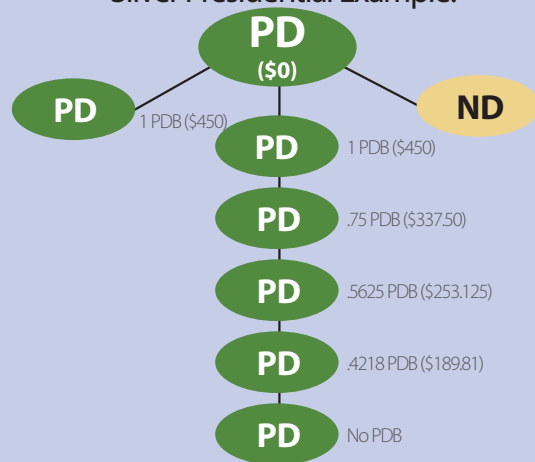
## Presidential Development Bonus ‡

The Presidential Development Bonus (PDB) rewards Presidential Directors for developing Presidentials in depth and width. Each Presidential Director receives a PDB based on Presidential Directors developed in both width and depth, as follows:

| # of PD Legs in Width | Pays Through Generation of Depth |
|-----------------------|----------------------------------|
| 1.....                | 2                                |
| 2.....                | 4                                |
| 3.....                | 6                                |
| 4.....                | 7                                |
| 5.....                | 8                                |
| 6.....                | 9                                |
| 7.....                | 10                               |
| 8.....                | 11                               |

## Presidential Development Bonus ‡

Silver Presidential Example:



**Note:** PDB values decrease by 25% for each level of depth

## Lifestyle Bonus

A bonus for each qualified All-Star with the current leadership level of National or above. The Lifestyle bonus can be earned each business period and will be based on your leadership level.

| LIFESTYLE BONUS         |                |
|-------------------------|----------------|
| Leadership Level        | Reward         |
| National Director       | <b>\$300</b>   |
| Executive Director      | <b>\$650</b>   |
| Presidential Director ‡ | <b>\$1,500</b> |

## Silver and Gold Presidential Bonus ‡

The Silver and Gold Presidential Bonus pool is based on 1% of global Automatic Order and product pack sales and is paid on the product check each business period.

A Presidential Director who achieves and maintains Silver PD will receive one full share from the pool. A Presidential Director who achieves and maintains Gold PD will receive two full shares.

## Platinum Presidential Global Volume Bonus ‡

The Platinum Presidential Global Volume Bonus (GVB) is a pool based on 1% of Global Finished Product Sales (GFPS) and product pack sales and paid on the product check each business period. The GVB pool is divided into two sub-pools, one earned for loyalty to Mannatech and the other for side volume activity.

The loyalty sub-pool is 75% of the total GVB pool. One share is granted for each Presidential Director leg developed. The total number of shares from all Platinum Associates each BP is divided into the loyalty

sub-pool to determine the share value. Each Platinum Presidential Director is paid the share value multiplied by the number of Presidential legs each has achieved.

The side volume sub-pool is 25% of the total GVB pool. This sub-pool has weighted shares based on the total side volume achieved outside of all Presidential Director legs. The amount of the sub-pool is divided based on the amount of side volume from each Qualified Platinum Presidential Director. The total amount of side volume GPV from each Qualified Platinum Presidential Director is divided by the amount of the sub-pool. This ratio is then applied to the side volume of each individual Platinum Presidential Director. This determines the portion of the 25% sub-pool each Qualified Platinum Presidential Director will receive.

## To Qualify for the Platinum Presidential Global Volume Bonus (GVB)

- You must achieve 100 QV/BP.
- You must qualify as a Presidential Director each BP.
- You must maintain four qualified Presidential Director legs each BP.

‡ Only those Presidential Associates that qualify for and maintain their qualification in the Ambassador Program are eligible to earn the Presidential bonuses (see Section 4.9.8 of the Associate Policies and Procedures).



# Incentives

## Incentive Compensation

Incentives go beyond the Compensation Plan. Designed as extra motivation to help Associates achieve their goals and earn special rewards, trips, recognition and incentives.

At Mannatech, we want your business to be satisfying and enjoyable. That's why we offer some of the most memorable incentive programs you'll find anywhere. Veteran Associates have learned that business achievement at Mannatech can mean far more than just financial rewards. Mannatech's exciting incentive programs can result in awarding you cash, prizes or admission to special events for meeting selected business performance criteria. You might even find yourself at an exotic location, accompanied by your Mannatech friends and Business Associates!

Visit **[Mannatech.com](http://Mannatech.com)** at any time to learn how you can qualify to earn incentive awards.

# Additional Information

## Schedule of Payment

Retail Profit, Member Bonus, Team and Team Development, Leadership and Leadership Development, Generational, Lifestyle, Presidential Development, Global Volume and 3% Automatic Order Bonuses will pay two weeks after the close of the business period.

Personal Power Bonuses will pay four weeks after the close of the business period. Direct and Generation Direct Bonuses will pay at two and also four weeks.

## Qualification and Commissions

The plan requires that Associates achieve various levels throughout the plan along with set Qualifying Volume (QV) through product sales to earn commissions as follows:

- Qualified Associate 100 QV  
Member, Team Bonus, Regional Director and Team Development Bonus
- All-Star Associate 100 QV  
Same as above + Member Generation, Automatic Order, National, Executive and Presidential Director, Leadership Development, Presidential Development, Personal Power and Lifestyle Bonuses

## Thirteen Business Periods

The plan requires that Associates qualify for set QV each business period. The company operates on a calendar year of 13 four-week business periods.

## Upgrade Options

If you are currently a Preferred Associate and want to become an All-Star Associate, you may choose one of the two options described below.

When you achieve All-Star Associate, you begin receiving the status and pay that accompany that level to the business period earned. The annual renewal date on your position will change to the last day of the business period when your All-Star status was achieved.

An upgrade happens only one time, since once an All-Star status is achieved, you can never drop from that status, provided your status is renewed each year.

### 1. Purchase of an Upgrade Product Pack

A current Preferred Associate may become an All-Star Associate through the purchase of an All-Star Product Pack.

### 2. Achieving Set Personal Member Point Volume Options (PMPV)

The plan allows you to upgrade to All-Star Associate through point accumulation from Personal Member Point Volume (PMPV) qualifications in a business period. The PMPV qualifications come from the sales volume generated through your product sales/purchases plus product sales to your Members. The PMPV qualifications that must be met in one business period are as follows:

- All-Star Associate 500 PPV + 500 Member PV
- When you upgrade via PMPV, you will become eligible to begin receiving All-Star Associate commissions.

## Retention/Renewal Options

Your Associate's status is re-visited annually on your anniversary BP (one year after your original registration or last renewal), with three options being available, as described below. You must take action through one of these options for your commissions to continue generating.

### 1. All-Star Renewal Through Renewal Product Pack Purchase

If you are an All-Star Associate, you will receive a renewal offer approximately 50 days prior to close of your anniversary BP. For your All-Star Associate commissions to continue generating, your renewal payment must be received before the close of your anniversary BP. Upon purchase of your Leadership Renewal Product Pack, your Associate agreement is automatically renewed for 13 business periods at the All-Star level you have achieved.

As Leadership Renewal Product Packs carry 52 Point Volume (PV) Qualifying Volume (QV), you must maintain a qualifying order in your anniversary BP to remain eligible for full All-Star bonuses. On your qualifying order in that BP, 50% of the APO will be deducted to fund production and mailing of Mannatech mailings for the next year.

# Additional Information

## **2. All-Star Renewal Through PMPV Option (see #2 Under "Upgrade Options")**

If you are an All-Star Associate, you may also meet your annual Leadership renewal requirements in your anniversary BP by meeting the PMPV requirement as described below:

- All-Star Associate 500 PPV + 500 Member PV

On your qualifying order in your anniversary BP, 50% of the APO will be deducted to fund production and mailing of Mannatech mailings for the next year.

## **3. Automatic Retention at the Preferred Associate Status**

All-Star Associates who choose not to renew their Leadership status by either of the above options may continue to order products, and will be retained at the Preferred Associate level. This automatic transaction will take place with the first product order after the anniversary date. If no order is received, the Associate's status is considered "on hold." However, such Associates can regain their All-Star Associate status at any time through the purchase of a Renewal Pack; the annual renewal date would then change to the date of the renewal order.

Preferred Associates are automatically retained through ongoing product orders, and any product order(s) placed in any business period following the renewal date will have the 50% deducted from the APO (as noted in (1) and (2) above). If an order is not placed after the annual renewal date, you will be considered non-renewed.

*Note: Your Members will also have a 50% APO deduction the business period following one year from their original registration date and then annually thereafter.*

## **Returns, Refunds and Cancellations**

All returns and cancellations of product and product pack orders will not count toward qualifications or commissions. Commission overpayments resulting from returns, refunds and/or recalculations may be deducted from future commissions, or they may be deducted from the pools prior to the commission runs. The company may also withhold future commissions or bonuses in the event a product pack for which you have already been paid a commission or bonus is returned.

Please refer to policy number 5.13 in the Associate Policies & Procedures for complete rules on returns, refunds and cancellations.

## **Factoring**

Factoring may occur when global consolidated compensation exceeds approved payouts.

All payments under the global Compensation Plan are subject to and may be limited by the following conditions. There will be a cap (or maximum pay-out amount) on all commissions, incentives, bonuses and other compensation (cumulatively "Potential Commissions") to qualifying Associates during a commission cycle equal to 42.6% of the global net commissionable sales revenue the Company receives during a commission cycle (the "Maximum Payout Amount"). Should the global Potential Commissions exceed the Maximum Payout Amount; the Company will reduce commissions ("factor") proportionately in order to equal the Maximum Payout Amount.

## Glossary of Mannatech Terms

### **4Free Discount Program**

This Member-based program provides outstanding potential for Associates to earn commissions based on the purchases of their downline Members. The program offers incentives to Members, which helps Associates increase the number of Members in their organizations.

### **Actual Pay Out (APO)**

The maximum dollar value assigned to products and product packs on which commissions will be paid in a qualification period.

### **All-Star Associate (AS)**

An Associate who achieves All-Star status by obtaining a set Personal Member Point Volume in one business period, or purchasing an All Star pack.

### **Associate**

Any independent distributor who is eligible to participate in the Career and Compensation Plan and is governed by the Associate Policies & Procedures, Career and Compensation Plan and Associate Terms and Conditions as part of his or her agreement with Mannatech.

### **Associate Levels**

Levels at which an individual may choose to enroll with Mannatech. There are two Associate levels: Preferred and All-Star.

### **Associate Status**

There are three types of Associate status.

1. Active —renewed their annual status and purchased the appropriate amount of sales volume in the current business period.
2. Current—any Associate or Member who has placed an order in a 365-day reporting period.
3. Inactive—an Associate or Member who has not ordered any products or packs in the most current six completed business periods.

### **Automatic Order**

An optional product order that is automatically generated from the start date selected. Automatic Orders are processed every 28 days for Associates and every 30 days for Members.

### **Automatic Order Bonus**

A bonus of 3% of an Associate's Auto Order is paid each business period to the Enroller if they are a Qualified All-Star Regional Director or above, or to the first Qualified All-Star Regional Director or above upline from the Associate with the Automatic Order.

### **Business Period**

For compensation distribution purposes, Mannatech divides each year into 13 four-week business periods. A business period calendar with dates for the year can be found in the Resource Library.

### **Career and Compensation Plan**

The Mannatech Career and Compensation Plan is designed to maximize each stage of business growth. Through multiple income streams, Associates are rewarded for their efforts on initial business development and sales. The plan provides a variety of distinct methods of earning income.

### **Compression**

In the Leadership and Generational Bonuses, all non-selling and non-renewed Associates are eliminated from the calculation of the bonus. Purchasing Associates are then compressed, replacing the levels of non-selling and non-renewing Associates and creating pay levels before bonuses are calculated.

### **Current Associate**

Any Associate who has placed an order in a 365-day reporting period.

### **Direct Bonus**

The bonus paid to the Enroller on the sale of any product pack.

### **Downline**

Consists of all the Associates/Members enrolled or sponsored by an Associate/Member or by other Associates/Members in their team or organization.

### **Enroller**

The Associate who is listed on the Associate Application and Agreement as the Enroller. The Enroller and the Sponsor may be the same person, or the Enroller may place the new Associate under a different Sponsor in their organization.

### **Executive Director (ED)**

Mannatech's third level of Leadership. Qualified All-Star Associates who have a minimum of three legs with a total of 20,000 Group Point Volume (GPV) based on product and product pack sales, thus qualifying them for the Executive Leadership Bonus with increased depth bonuses beyond the National Leadership Bonus.

### **Factoring**

Process of capping commissions. All payments under the global Compensation Plan are subject to and may be limited by the following conditions. There will be a cap (or maximum pay-out amount) on all commissions, incentives, bonuses and other compensation (cumulatively "Potential Commissions") to qualifying Associates during a commission cycle equal to 42.6% of the global net commissionable sales revenue the Company receives during a commission cycle (the "Maximum Payout Amount"). Should the global Potential Commissions exceed the Maximum Payout Amount; the Company will reduce commissions ("factor") proportionately in order to equal the Maximum Payout Amount.

**Former Buyer**

An Associate or Member who last placed a product/pack order (excluding MPMs) in the time period three, four, five and six completed business periods ago, and who does not have an Automatic Order that will trigger a product purchase in the current business period.

**Generational Bonuses**

A series of bonuses paid to qualified Associates at various Leadership levels based on the sales activities of Leaders in their organization at equal or higher Leadership levels.

**Generation Direct Bonus**

A bonus that pays out two generations. The 1st going to the Enroller of the Direct Bonus earner, and the 2nd going to the The Enroller of the 1st generation Direct Bonus earner.

**Generational Volume**

The volume created by downline Leaders of the same or higher level as the Leader.

**Group Actual Pay Out (GAPO)**

The total APO that is paid on product and product pack sales generating from a Leadership organization (same as Regional Director level or higher) in a qualification period down to the next Leader of same or greater Leadership status. While excluding your own APO, it does include your first Leader's APO.

**Group Point Volume (GPV)**

The total PPV earned from all Associates and members in your downline, in one business period.

**Inactive**

An Associate or Member who has no order(s) in the current or previous six completed business periods, and is past due for renewal.

**Income**

Income that re-occurs business period after business period, on an ongoing basis. The network marketing business model provides for income from all ongoing product orders of everyone in your business organization, through the specifics of the compensation plan.

**Independent Distributor**

See: *Associate*.

**Leader**

Any Associate who has obtained one of Mannatech's Leadership Levels: Regional Director, National Director, Executive Director or Presidential Director.

**Leadership Bonuses**

A series of bonuses that provide increasing income as the Associate advances in leadership levels. The Associate must first be a Qualified Associate and will earn increasing percentages of product sales generated in their downline organization, into greater depth of their organization.

**Leadership Development Bonus**

Designed to reward National Directors and above for building the first level of National Directors, or higher, in their organization.

**Leg**

A personally sponsored Associate and his or her entire downline structure.

**Leg GPV (Leg Group Point Volume)**

Leg GPV is the total Group Point Volume under an entire leg of your organization. Leg GPV includes member volume for Leadership purposes.

**Lifestyle Bonus**

A bonus that is paid to all National Directors and above for achieving and maintaining their specified leadership level.

**Member**

A regular consumer of Mannatech's products who receives a 5% discount off the retail prices of our products. Members are not Associates and do not participate in the Mannatech Career and Compensation Plan. However, they can participate in the 4Free Discount Program.

**Member Bonus**

Pays from the total Member product purchases to the first upline Qualified Associate.

**Member Generation Bonus**

Pays from the Member Bonus to the first upline All-Star Leader.

**Member Point Volume (MPV)**

The total Member PV of all Members who qualify in a business period. This PV total is used to calculate the Personal Member Point Volume and Group Point Volume.

**Mission 5 Million<sup>SM</sup> (M5M<sup>SM</sup>) Movement**

Represents Mannatech's mission to link five million consumers of its glyconutrient, food-based nutrition supplements with five million children in need. For every Mannatech product you purchase, we donate nutritional supplements based on Real Food Technology solutions to at-risk children.

**MPV**

See: *Member Point Volume*.

**NAAC**

See: *North American Advisory Council*.

**National Director (ND)**

Qualified All-Star Associates who have a minimum of two legs with a total of 6,000 Group Point Volume (GPV), thus qualifying them for the National Leadership Bonus with increased depth bonuses beyond the Regional Leadership Bonus.

**ND**

See: *National Director*.

**Network Marketing**

A business model in which a distributor network is needed to build the business. Usually such business involves payouts occurring at multiple levels (hence, multilevel marketing).

**North American Advisory Council (NAAC)**

An elected body of North American Associates that serve as a liaison between you—the Associates—and our corporate leadership. You can voice concerns or make suggestions through any active council member.

**PD**

See: *Presidential Director*.

**Personal Member Point Volume (PMPV)**

The total of an Associate's PPV plus their personally sponsored Members' PV in a business period.

**Personal Point Volume (PPV)**

The number of points earned on personal product purchases/sales needed to qualify for commissions during each business period. The PPV is used to calculate PMPV and GPV.

**Personal Power Bonus**

To earn the Personal Power Bonus you must be a Qualified All-Star Associate and the Enroller. As the Enroller, you must sell four All-Star sign up or upgrade packs. Can be earned multiple times.

**Physical Level/Pay Level**

Physical level is the actual level where an Associate is located in downline structure. Pay level is the level at which an Associate will be paid after compression. Note: All Non-Profit and Healthcare Professional accounts will be considered a pay level with zero APO when calculating commissions.

**PMPV**

See: *Personal Member Point Volume*.

**Point Volume (PV)**

Points assigned to every product for the purpose of bonus qualifications.

**PPV**

See: *Personal Point Volume*.

**Preferred Associate**

An Associate who has enrolled with a Preferred Associate Pack. Non-renewed All-Star Associates who continue to order products are re-classified to this level.

**Presidential Development Bonus**

Rewards Presidential Directors for developing Presidentials in their organization, both in depth and in width (that is, more legs). The more Presidential Director legs an upline Presidential has (width), the deeper down it will pay.

**Presidential Director (PD)**

This is Mannatech's highest leadership level. These are Qualified All-Star Associates who have a minimum of three legs with a total of 60,000 Group Point Volume (GPV) based on product and product pack sales, thus qualifying them for the Presidential Leadership Bonus with increased depth bonuses beyond the Executive Leadership Bonus. Further, Presidential Directors gain benefits for building additional Presidential legs (see Presidential Development Bonus). A Bronze Presidential is a PD with a Presidential in one leg; a Silver Presidential has two legs with at least one PD; a Gold Presidential has three legs with at least one PD; a Platinum Presidential has four or more legs with at least one Presidential in each leg.

**Primary**

The volume created by a Leader down to the next Leader in his or her organization of the same or higher level.

**PV**

See: *Point Volume*.

**QA**

See: *Qualified Associate*.

**Qualified Associate (QA)**

An Associate who has at least 100 QV in the business period. A Qualified All-Star Associate must renew annually to maintain all All-Star privileges. Preferred Associates, including non-renewal for new All-Star Associates, must simply maintain 100 QV each business period to reclaim Qualified status.

**Qualifying Volume (QV)**

Volume coming from an Associate's personal sales volume. All-Star Associates must also be renewed for their Qualifying Volume to count toward all applicable commissions.

**QV**

See: *Qualifying Volume*.

**RD**

See: *Regional Director*.

**Regional Director (RD)**

Qualified Associates who have a minimum of two legs with a total of 1,500 Group Point Volume (GPV), thus qualifying them for the Regional Leadership Bonus with increased bonuses deeper into their organization.

**Renewal**

To be entitled to the full range of All-Star continuing bonuses, Associates must renew their positions annually, or re-achieve their status through the accrual of set PMPV based on product sales. The PMPV requirements in a business period for the All-Star level requirements are 500 PPV plus 500 Member PV.

**Roll-Up**

Several bonuses are paid out on every Associate's APO. When an Associate does not qualify to earn any portion of the Leadership or Generational Bonuses, the remaining bonuses roll up to the first Associate qualified to earn the bonus.

**Silver and Gold Bonus**

A Global Volume Bonus that is a pool of 1% of the Global Automatic Order Sales which funds a reward program for Gold and Silver Presidential sales.

**Sponsor**

An existing Associate becomes a Sponsor at the time of enrollment of a new Associate, directly beneath the Sponsor's position.

**Sponsored Associates**

Sponsored Associates create a new leg and are placed on the first physical level of an organization.

**Sponsoring Member**

A Member who sponsors another Member through the 4Free Discount Program.

**Success Tracker**

Mannatech's proprietary Business Management system that provides Associates with business-critical information. From downline Associate search tools to robust Sales & Marketing reports, Success Tracker supplies information that provides visibility into all aspects of an Associate's Mannatech business, which allows them to manage and grow their business

**Suggested Retail Price**

The recommended selling price for a product by the Associate to his or her non-member customers. This is a recommended price only, and there is no obligation to comply with the recommendation.

**TDB**

See: *Team Development Bonus*.

**Team**

This term has multiple uses in Mannatech. (a) Team Bonus. The same "team," comprised entirely of All-Star Associates, can provide you with a Power Bonus. (b) Many leaders use "team" to define their entire Mannatech organization. (c) Other leaders use "team" to define a smaller group of leaders, or leaders-in-training, that they work closely with on an ongoing basis of mutual support to achieve growing success.

**Team Bonus**

Provides a minimum \$60 each business period for building a team with 600 GPV in product and product pack sales each BP.

**Team Development Bonus (TDB)**

Once you have reached Team Bonus and beyond, this win-win bonus pays \$10 to the first-generation Team Bonus earner or Leader, and \$10 to the second generation upline Leader, whenever an Associate in their organization achieves a Team Bonus. This bonus is ongoing every business period that qualifications are met.

**Total Company APO**

The total Company APO available for pools and commissions, less any amounts allocated to the Retention Program.