

VITALIFE NETWORKS, LLC MEMBERSHIP AGREEMENT

SECTION 1 – INTRODUCTION

1.1 Policies and Compensation Plan Incorporated into Membership Agreement

These Policies and Procedures, in their present form and as amended at the sole discretion of Vitalife Networks, LLC (hereafter VNL or the Company), are incorporated into, and form an integral part of, the VNL Membership Agreement. Throughout these Policies, when the term Agreement is used, it collectively refers to the VNL Membership Agreement, these Policies and Procedures, the VNL Marketing and Compensation Plan. These documents are incorporated by reference into the VNL Membership Agreement (all in their current form and as amended by VNL). It is the responsibility of each Member 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. Each person who purchases products, or applies, if applicable, to be a Member of VNL, agrees they are bound by the terms and conditions of this Agreement.

The Membership Agreement constitutes the entire contract between VNL and the Member. Any promises, representations, offers, or other communications not expressly set forth in the Membership Agreement are of no force or effect.

1.2 Purpose of Policies

VNL is a direct sales company that retails, markets and services through its Members. In order to clearly define the relationship that exists between Members and VNL, and to explicitly set a standard for acceptable business conduct, VNL has established this Membership Agreement.

VNL Members are required to comply with all of the terms and conditions set forth in the Agreement which VNL may amend at its sole discretion from time to time, as well as all federal, state and local laws governing their Member business and their conduct. It is important for Members to read and abide by the Agreement in order to be familiar with these standards of practice. Please review the information in this Agreement carefully. It explains and governs the relationship between, you as a purchaser of VNL products or if applicable, an independent contractor, and the Company. If you have any questions regarding any policy or rule, do not hesitate to contact VNL home office.

2.3 Changes to the Membership Agreement

Because federal, state, and local laws, as well as the business environment, periodically change, VNL reserves the right to amend the Membership Agreement and its prices in its sole and absolute discretion. Members of VNL agree to abide by all amendments or modifications that VNL elects to make. Amendments to this Membership Agreement shall be effective upon notice by VNL to its Members. The Company shall provide or

make available a copy of this Membership Agreement and amended provisions by one or more of the following methods:

- (1) Posting on the Company's official website;
- (2) Electronic mail (e-mail);
- (3) Fax on demand;
- (4) Voice mail system broadcast;
- (5) Inclusion in Company periodicals;
- (6) Inclusion in product orders or bonus checks; or
- (7) Special mailings

Purchase of VNL products; continuation of a Member's business with VNL or an acceptance of VNL bonuses or commissions constitutes acceptance of this Membership Agreement, any and all amendments.

2.4 Delays

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

2.5 Policies and Provisions Severable

If any provision of the Membership 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 Membership Agreement.

2.6 Waiver

The Company never gives up its right to insist on compliance with the Membership Agreement and with the applicable laws governing the conduct of a Member or a Member's business. No failure of VNL to exercise any right or power under the Membership Agreement or to insist on strict compliance by a Member with any obligation or provision of the Membership Agreement, and no custom or practice of the parties at variance with the terms of the Membership Agreement, shall constitute a waiver of VNL's right to demand exact compliance with the Membership Agreement. Waiver by VNL can be effected only in writing by an authorized officer of the Company. VNL's waiver of any particular breach by a Member, or VNL's waiver of any particular provision of the VNL Membership Agreement or these Policies and Procedures, shall not affect or impair VNL's rights with respect to any subsequent breach, nor shall it affect in any way the rights or obligations of any other Member. Nor shall any delay or omission by VNL to exercise any right arising from a breach affect or impair VNL's rights as to that or any subsequent breach.

The existence of any claim or cause of action of a Member against VNL shall not constitute a defense to VNL's enforcement of any term of provision of the Membership Agreement.

2.7 Limitation of Liability

To the extent permitted by law, Members agree that VNL, its parent, subsidiary and related companies, directors, officers, shareholders, employees, assigns, successors, and agents (collectively referred to as affiliates) shall not be liable for and Members release VNL and its affiliates from, and waive all claims for, any loss of profits, indirect, direct, special or consequential damages or any other loss incurred or suffered by a Member as a result of:

- (a) The Member's breach of the Membership Agreement
- (b) The improper promotion or operation of a VNL business by a Member and any activities related thereto (e.g., the presentation of VNL products, services or Marketing and Compensation Plan, the operation of a motor vehicle, the lease of meeting or training facilities, etc.);
- (c) Any incorrect or wrong data or information provided by a Member to VNL; or,
- (d) The Member's failure to provide any information or data necessary for VNL to operate its business.

2.8 Privacy Policy

2.8.1 Information Collection

VNL is the sole owner of the information collected on its Web sites. VNL collects information from Members at different points on its Web sites.

Membership:

In order to become a Member of VNL, a prospective Member of VNL must be sponsored by an existing Member and purchase a product(s) from VNL; such value and quantity of the product(s) to be determined by VNL. The Member is required to provide contact information (such as name, address, e-mail) in order to maintain contact with the Member as is necessary pursuant to the Membership Agreement. VNL also requires credit card information for payment of purchased products as well as a social security number or Federal Tax ID so that VNL may prepare and file necessary non-employee compensation forms for the IRS.

Product Ordering:

VNL requests information from its Members on VNL's online order form when the Member orders products or Business Support Materials. A Member purchasing products or Business Support Materials must provide contact information (such as

name, Member ID Number, e-mail, and shipping address) and financial information (such as credit card number, expiration date). This information is used for billing purposes and to fill orders. In the event VNL has trouble processing an order, that information is used to contact the Member.

2.8.2 Information Use

Profile:

VNL stores information that it collects through cookies, log files, clear gifs, and/or third parties to create a profile of its users. A profile is stored information that VNL keeps on individual users, including Members that detail their viewing preferences. Consequently, collected information is tied to the user's personally identifiable information to provide offers and improve the content of the site for the user. This profile is used to tailor a user's visit to the VNL Web site and to direct pertinent marketing promotions to Members. VNL does not share profile information with other third parties.

Cookies:

A cookie is a piece of data stored on a user's computer tied to information about the user. Usage of a cookie is in no way linked to any personally identifiable information while on VNL's Web site. VNL uses both session ID cookies and persistent cookies. For the session ID cookie, once users close the browser, the cookie simply terminates. A persistent cookie is a small text file stored on the user's hard drive for an extended period of time. Persistent cookies can be removed by following Internet browser help file directions.

By setting a cookie on VNL's site, Members do not have to log in a password more than once thereby saving time while at the site. If a Member rejects the cookie, the Member will still be able to use the site.

Log Files:

Like most standard Web site servers, VNL's web site uses log files. This includes Internet protocol (IP) addresses, browser type, Internet Service Provider (ISP), referring/exit pages, platform type, date/time stamp, and number of clicks to analyze trends, administer the site, track users movement in the aggregate, and gather broad demographic information for aggregate use. IP addresses, etc. are not linked to personally identifiable information (IP addresses are tied to personally identifiable information to enable our Web-based service.) We use a tracking utility that uses log files to analyze user movement.

Clear Gifs (Web Beacons / Web Bugs)

VNL employs various software technologies including clear gifs (a.k.a. Web Beacons / Web Bugs), that help VNL better manage content on its site by informing it what content is effective. Clear gifs are tiny graphics with a unique identifier, similar in function to cookies, and are used to track the online movements of Web users. The main difference between the two is that clear gifs are invisible on the page and are much smaller, about the size of the period at the end of this sentence. In addition, VNL uses clear gifs in its HTML-based emails to let it know which emails have been opened by the recipients. This allows VNL to gauge the effectiveness of certain communications and the effectiveness of our marketing campaigns. If users would like to opt-out of these emails, please see the Opt-out section.

2.8.3 Communications from the Site - Special Offers, Updates, Service

VNL regularly communicates with its Members about product specials, services, newsletters, communication meetings etc. VNL also communicates with its Members via email, regular mail and telephone on a regular basis to provide requested services and in regards to matters relating to their VNL business.

2.8.4 Sharing

A) Legal Disclaimer:

Though VNL makes every effort to preserve Member privacy, VNL may need to disclose personal information when required by law wherein VNL has a good-faith belief that such action is necessary to comply with a current judicial proceeding, a court order or legal process served on VNL.

B) Aggregate Information (non-personally identifiable):

VNL shares aggregate demographic information with our partners and advertisers. This is not linked to any personally identifiable information. VNL DOES NOT share personal information about its Members with any third parties.

C) Third Party Fulfillment:

VNL uses an outside shipping company to ship orders, and a credit card processing company to bill Members for goods and services. These companies do not retain, share, store or use personally identifiable information for any secondary purposes.

D) Business Transactions:

In the event VNL goes through a business transition, such as a merger, being acquired by another company, or selling a portion of its assets, Member's personal information will, in most instances, be part of the assets transferred. Members will be notified prior

to a change of ownership or control of their personal information. If as a result of the business transition, a Member's personally identifiable information will be used in a manner different from that stated at the time of collection the Member will be given choice consistent with our notification of changes section.

E) Links:

VNL's Web sites may contain links to other sites. In such an event, please be aware that VNL is not responsible for the privacy practices of such other sites. We encourage Members to be aware when they leave our site and to read the privacy statements of each and every Web site that collects personally identifiable information. This privacy statement applies solely to information collected by VNL's Web sites.

F) Security:

VNL takes every precaution to protect Member's information. When Members submit sensitive information via VNL's Web sites, their information is protected both online and off-line. When Members provide sensitive information, such as credit card number and/or social security number, that information is encrypted and protected with SSL encryption software. While on a secure page, such as the Membership registration page and online order forms, the lock icon on the bottom of Web browsers such as Microsoft Internet Explorer becomes locked, as opposed to unlocked, or open, when users are just surfing.

While VNL uses SSL encryption to protect sensitive information online, the Company takes precaution to protect Member information off-line. All Member information, not just the sensitive information mentioned above, is restricted in VNL's offices. Only employees who need the information to perform a specific job are granted access to personally identifiable information. All employees are kept up-to-date on Company security and privacy practices. Finally, the servers that store personally identifiable information are in a secure environment.

SECTION 3 – BECOMING A MEMBER

3.1 Requirements to become a Member

To become a VNL Member, each applicant must: be of age of majority in his or her state of residence; reside in the United States or Canada; Have a valid Social Security, Social Insurance or Federal Tax ID number; purchase a qualified product from VNL; and submit a Membership application.

The Company reserves the right to reject any Membership application for a new Member.

3.2 Member Benefits

Upon acceptance of the Member Application by VNL, the benefits of the Marketing and Compensation Plan and the Member Agreement are available to the new Member. These benefits include the right to:

- a) Purchase VNL products and services at the Member price
- b) Retail VNL products or resell services, which are described in the web-based VNL product catalog; and profit from these sales;
- c) Participate in the VNL Marketing and Compensation Plan (receive bonuses and commissions, if eligible);
- d) Sponsor other individuals to become Members of VNL; build a marketing organization and progress through the VNL Marketing and Compensation Plan;
- e) Receive periodic VNL literature and other VNL communications
- f) Participate in VNL-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 VNL for its Members.

3.3 Renewal of Your VNL Business

The term of this Agreement is lifetime Membership from the date the Member buys the first product from VNL and is in compliance with the terms and conditions of this Agreement.

SECTION 4 – OPERATING A VNL BUSINESS

4.1 Adherence to the VNL Marketing and Compensation Plan

Members must adhere to the terms and conditions of the VNL Marketing and Compensation Plan as set forth in official VNL literature. Member's shall not offer the VNL business opportunity through, or in combination with, any other system, program or method of marketing other than that specifically set forth in official VNL literature. Member's shall not require or encourage any other current or prospective Member's to participate in the VNL Membership Program in any manner that varies from the program as set forth in official VNL literature. VNL shall not require or encourage other current or prospective Member to execute any agreement or contract other than the official VNL Membership Agreement that is posted on the company's official website which is effective upon the new Member and Member's purchase of Company products. Similarly, Member's shall not encourage other current or prospective Members to make any purchase from, or payment to, any individual or other entity to participate in the VNL Marketing and Compensation Plan other than those purchases or payments identified as recommended or required in official VNL literature.

4.2 Advertising

4.2.1 In General

All Members shall safeguard and promote the good reputation of VNL and its products. The marketing and promotion of VNL, the VNL opportunity, the Marketing and Compensation Plan, and VNL products and services shall be consistent with the public interest, and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices. Members must use the sales aids and support resources produced by VNL to promote both the products, services and business opportunity that VNL offers. VNL has carefully designed its products, product labels, Marketing and Compensation Plan, and promotional materials to ensure that each aspect of VNL is fair, truthful, substantiated, and complies with the legal requirements of federal and state laws. If VNL Members were allowed to develop their own sales aids and promotional materials, including but not limited to Internet advertising, such actions could unintentionally violate any number of statutes and regulations affecting the VNL business. These potential violations could jeopardize the VNL opportunity for all Members. Accordingly, Members must not produce their own literature, advertisements, sales aids and promotional materials, or Internet web pages.

4.2.2 Spamming and Unsolicited Faxes

Except as provided in this section, Members may not use or transmit unsolicited faxes, mass e-mail distribution, unsolicited e-mail, or spamming relative to the operation of their VNL business. The terms "unsolicited faxes" and "unsolicited e-mail" mean the transmission via telephone facsimile or electronic mail, respectively, of any material or information advertising or promoting VNL, its products, its compensation plan or any other aspect of the Company which is transmitted to any person, except that these terms do not include a fax or e-mail: (a) to any person with that person's prior express invitation or permission; or (b) to any person with whom the Member has an established business or personal relationship. The term "established business or personal relationship" means a prior or existing relationships formed by a voluntary two way communication between a Member and a person, on the basis of: (a) an inquiry, referral, purchase or transaction by the person regarding products offered by such Member; or (b) a personal or familial relationship, which relationship has not been previously terminated by either party.

4.2.3 Member Web Sites

Members may only use VNL provided Internet e-mail communication systems for the promotion of his or her business over the Internet. The use of personal websites or web pages, unless approved by a Company officer, constitutes a material breach of these policies and procedures.

4.2.4 Domain Names and E-mail Addresses

Members may not use or attempt to register any of VNL trade names, trademarks, service names, service marks, product names, the Company's name, or any derivative thereof, for any Internet domain name. Nor may Members incorporate or attempt to incorporate any of VNL's trade names, trademarks, service names, service marks, product names, the Company's name, or any derivative thereof, into any electronic mail address unless specifically approved by a Company officer.

4.2.5 Trademarks and Copyrights

VNL will not allow the use of trade names, trademarks, designs or symbols by any person, including a VNL Member, without its prior, written permission. Members may not produce for sale or distribution any recorded Company events and speeches without written permission from VNL nor may Member's reproduce for sale or for personal use any recording of Company-produced audio or video tape presentations.

4.2.6 Media and Media Inquiries

Members must not attempt to respond to media inquiries regarding VNL, its products or services, or their independent VNL business. All inquiries by any type of media must be immediately referred to VNL's marketing department at home office. This policy is designed to assure that accurate and consistent information is provided to the public.

4.3 Bonus Buying

Bonus buying includes (a) the enrollment of individuals or entities without the knowledge of and/or execution of a Membership application by such individuals or entities; (b) the fraudulent enrollment of an individual or entity as a Member; (c) the enrollment or attempted enrollment of non-existent individuals or entities as Members (phantoms); or (d) the use of a credit card by or on behalf of a Member when the Member is not the account holder of such credit card. Bonus buying constitutes a material breach of these Policies and Procedures, and is strictly prohibited.

4.4 Business Entities

A corporation, limited liability company, partnership or trust (collectively referred to in this section as a Business Entity) may apply to be a VNL Member by submitting a Business Entity Registration form that includes its Certificate of Incorporation, Articles of Organization, Partnership Agreement; including Tax Identification Number, or trust documents (these documents are collectively referred to as the Entity Documents) to VNL. A VNL business may change its status from an individual to a partnership, corporation or trust or from one type of entity to another. The Business Entity Registration form must be signed by all of the shareholders, Members, partners or trustees and is due within 30 days of a new Member enrollment. If not received within

the 30-day period, the Member Agreement shall automatically terminate. Members of the entity are jointly and severally liable for any indebtedness or other obligation to VNL.

4.5 Changes to the VNL Business

4.5.1 In General

Each Member must immediately notify VNL of all changes to the information contained on his or her Member registration. Members may modify their existing Membership (i.e., change social security number to a Federal I.D. number, or change the form of ownership from an individual proprietorship to a business entity owned by the Member) by submitting a written request, a properly executed Membership registration, and appropriate supporting documentation. Changes shall be processed throughout the calendar year.

4.5.2 Addition of Co-Applicants

When adding a co-applicant (either an individual or a business entity) to an existing VNL business, the Company requires both a written request as well as a properly completed Member registration containing the applicant and co-applicant's Social Security Numbers and signatures. To prevent the circumvention of Section 4.24 (transfers and assignments of VNL business), the original Member must remain as a party to the original registration. If the original Member wants to terminate his or her relationship with the Company, he or she must transfer or assign his or her business in accordance with Section 4.24. If this process is not followed, the business shall be canceled upon the withdrawal of the original Member. All bonus and commission checks will be sent to the address of record of the original Member. 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 Section 4.5.3 below.

4.5.3 Change of Sponsor Prohibited

In order to protect the integrity of all marketing organizations and safeguard the business for Members, except for the provisions set forth in Section 4.24, and unless specifically approved by the officers of VNL for the purpose of maintaining the best interests of the Company, VNL prohibits changes in sponsorship. Maintaining the integrity of sponsorship is critical for the success of every Member and marketing organization.

4.5.4 Cancellation and Registration

In addition to the provisions set forth in section 4.24, a Member may also change organizations by voluntarily canceling his or her VNL business and remaining inactive (i.e., no purchases of VNL products use or resale, no sales of VNL products, no sponsoring, no attendance at any VNL functions, participation in any other form of VNL activity, or operation of any other VNL business) for six (6) full calendar months.

Following the six month period of inactivity, the former Member may register under a new sponsor.

4.6 Unauthorized Claims and Actions

4.6.1 Indemnification

A Member is fully responsible for all of his or her verbal and written statements made regarding VNL products, services, and the Marketing and Compensation Plan that are not expressly contained in official VNL materials. Members agree to indemnify VNL and VNL directors, officers, employees, and agents, and hold them harmless from any and all liability including judgments, civil penalties, refunds, attorney fees, court costs, or lost business incurred by VNL as a result of the Members unauthorized representations or actions. This provision shall survive the termination of the Member Agreement.

4.6.2 Product Claims

No claims (which include testimonials) as to therapeutic, curative or beneficial properties of any products offered by VNL may be made except those contained in official VNL literature. In particular, no Member may make any claim that VNL 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 do such claims violate VNL policies, but they potentially violate federal and state laws and regulations, including the federal Food, Drug, and Cosmetic Act and Federal Trade Commission Act.

4.6.3 Income Claims

It is counterproductive for Members to make income claims or earnings representations to demonstrate the inherent power of network marketing. New Members may become disappointed very quickly if their results are not as extensive or as rapid as the results others have achieved. VNL believes that the VNL income potential is highly attractive and does not require the reporting of 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 Members may believe it is beneficial to provide copies of checks, or to disclose the earnings of themselves or others, such approaches may have legal consequences that can negatively impact VNL as well as the Member making the claim unless appropriate disclosures required by law are also made contemporaneously with the income claim or earnings representation. Because VNL Members do not have the data necessary to comply with the legal requirements for making income claims, a Member, when presenting or discussing the VNL business opportunity or Marketing and Compensation Plan to prospective Members, may not make income projections, income claims, or disclose his or her VNL income (including the showing of checks, copies of checks, bank statements or tax records). 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 Members, so long as

the Member who uses such hypothetical examples makes clear to the prospective Members that such earnings are hypothetical.

4.7 Commercial Outlets

VNL strongly encourages the retailing and selling of its products through person to person contact. VNL and its Members may also display or sell VNL products or literature in retail or service establishments. For the purpose of these Policies and Procedures, the term commercial sale means the sale of VNL products to a third party who intends to resell the products to an end consumer.

4.7.1 Trade Shows, Expositions and Other Sales Forums

Members may display and/or sell VNL products at trade shows and professional expositions. VNL reserves the right to refuse authorization to participate at any function which it does not deem a suitable forum for the promotion of its products, services, or the VNL opportunity. Members are not authorized to display and/or sell VNL products at swap meets, garage sales, flea markets or farmer's markets as these events are not conducive to the professional image VNL wishes to portray.

4.8 Conflicts of Interest

4.8.1 No solicitation

VNL Members are free to participate in other network marketing business ventures or other marketing opportunities. However, during the term of this Agreement, Members may not recruit other VNL Members for any other network marketing business. Following the cancellation of this Agreement, and for a period of six months thereafter, a former Member may not recruit any VNL Member for another network marketing business if: (1) that Member was in the former Member's downline marketing organization; or (2) the former Member met, developed a relationship with, or gained knowledge of the Member by virtue of their mutual participation in VNL. 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 VNL Member to enroll or participate in another network marketing opportunity. This conduct constitutes recruiting even if the Member's actions are in response to an inquiry made by another Member.

Member must not sell, or attempt to sell, any competing non-VNL products or services to VNL Members. Any product or services in the same generic category as a VNL product or service is deemed to be competing (e.g., any dietary supplement in the same generic category as VNL's dietary supplements, and is therefore a competing product, regardless of differences in cost, quality, ingredients or nutrient content.). Members may not display VNL products or services with any other products or services in a fashion that might in any way confuse or mislead a prospective Member into believing there is a relationship between the VNL and non-VNL products or services. Members

may not offer the VNL opportunity, products or services to prospective or existing Members in conjunction with any non-VNL program, opportunity, product or service. Members may not offer any non-VNL opportunity, products or services at any VNL-related meeting, seminar or convention, or immediately following such event.

4.8.2 Downline Activity Reports

Downline Activity Reports are available for Member access and viewing at VNL's official web site. Access to Downline Activity Reports is password protected. All Downline Activity Reports and the information contained therein are confidential and constitute proprietary information and business trade secrets belonging to VNL. Downline Activity Reports are provided to Members in the strictest confidence and are made available for the sole purpose of assisting Members in working with their respective Downline Organizations in the development of their VNL business. Members should use their Downline Activity Reports to assist, motivate, and train their Downline Members. The Member and VNL agree that, but for this agreement of confidentiality and nondisclosure, VNL would not provide Downline Activity Reports to the Member. A Member 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) Directly or indirectly disclose his or her password or other user access code to his or her Downline Activity Report;
- c) Use the information to compete with VNL or for any purpose other than promoting his or her VNL business;
- d) Recruit or solicit any Member of VNL listed on any report, or in any manner attempt to influence or induce any Member of VNL, to alter their business relationship with VNL; or
- e) 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 Member will return the original and all copies of Downline Activity Reports to the Company.

4.9 Cross-Sponsoring

Actual or attempted cross sponsoring is strictly prohibited, except as set forth in section 4.24. Cross sponsoring is defined as the enrollment of an individual who or entity that has a current Member registration on file with VNL, or who has had such a registration within the preceding six calendar months, within a different line of sponsorship.

4.10 Errors or Questions

If a Member has questions about or believes any errors have been made regarding commissions, bonuses, Downline Activity Reports, or charges, the Member must notify VNL in writing within 60 days of the date of the purported error or incident in question.

VNL will not be responsible for any errors, omissions or problems not reported to it within 60 days.

4.11 Excess Inventory Purchases Prohibited

Members are not required to carry inventory of products or Business Support Materials. VNL strictly prohibits the purchase of product in unreasonable amounts primarily for the purpose of qualifying for commissions, bonuses or advancement in the Marketing and Compensation Plan. Members may not purchase more inventory than they can reasonably resell or consume in a month nor may they encourage others to do so.

4.12 Governmental Approval or Endorsement

Neither federal or state regulatory agencies nor officials approve or endorse any direct selling or networking marketing companies or programs. Therefore, Members shall not represent or imply that VNL or its Marketing and Compensation Plan have been “approved”, “endorsed”, or otherwise sanctioned by any government agency or official.

4.13 Identification

All Members are required to provide their Social Security Number or Federal Employer Identification Number to VNL on the Membership registration form. Upon registration, the Company will provide a unique Member Identification Number to the Member by which he or she will be identified. This number will be used to place orders, and track commissions and bonuses.

4.14 Income Taxes

Every year, VNL will provide the IRS Form 1099 MISC (Non-employee Compensation) earnings statement to each U.S. resident who falls into one of the following categories:

- a) Had earnings of over \$600 in the previous calendar year; or
- b) Made purchases during the previous calendar year in excess of \$5,000.

Each Member is responsible for paying local, state, and federal taxes on any income generated as a Member. If a VNL business is tax exempt, the Federal tax identification number must be provided to VNL.

4.15 Independent Contractor Status

Members are independent contractors, and are not purchases of a franchise or a business opportunity. The agreement between VNL and its Members does not create an employer/employee relationship, agency, partnership, or joint venture between the Company and Member. **A MEMBER SHALL NOT BE TREATED AS AN EMPLOYEE FOR HIS OR HER SERVICES OR FOR FEDERAL OR STATE TAX PURPOSES.** All Members are responsible for paying local, state, and federal taxes due from all

compensation earned as a Member of the Company. VNL is not responsible for withholding, and shall not withhold or deduct from a Member's bonuses or commissions, if any, FICA or taxes of any kind, unless withholding becomes legally required. The Member has no authority (expressed or implied), to bind the Company to any obligation. Members are not authorized to and will not incur any debt, expense, obligation, or open any checking account on behalf of, for, or in the name of VNL. Each Member agrees that he or she shall control the manner and means by which he or she operates his or her VNL business, and shall establish his or her own goals, hours, and methods of sale, subject to compliance with these Policies and Procedures and applicable law. Each Member shall be solely responsible for paying all expenses incurred, including but not limited to travel, food, lodging, secretarial, office, long distance telephone and other expenses.

The name of VNL and other names as may be adopted by VNL are proprietary trade names, trademarks and service marks of VNL. As such, these marks are of great value to VNL and are supplied to Members for their use only in an expressly authorized manner. Use of VNL name on any item not produced by the Company is prohibited except as Member's name. No Member may place telephone directory display ads using VNL's name or logo. Members may not answer the telephone saying VNL, or in any other manner that would lead the caller to believe that he or she has reach home offices of VNL.

4.16 Insurance

4.16.1 Business Pursuits Coverage

You may wish to arrange insurance coverage for your business. It is likely that neither your homeowner's insurance policy nor your automobile insurance policy covers business-related injuries, or the theft of or damage to inventory or business equipment. Contact your insurance agent to make certain that your property is protected. This can be often be accomplished with a simple Business Pursuit endorsement attached to your present homeowner's and automobile policies.

4.16.2 Product Liability Coverage

VNL maintains insurance to protect the Company against product liability claims. VNL's product liability policy does not extend coverage to claims or actions that arise as a result of a Member's misconduct in marketing the products.

4.17 International Marketing

Because of legal and tax considerations, including compliance with foreign laws regarding the approval, registration or licensure of products or services; 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, VNL must limit the resale of VNL products and services, and the presentation of the VNL business to prospective customers and Members located within the United States. Moreover, allowing a few Members to conduct business in markets not yet opened by VNL would violate the concept of affording every Member the equal opportunity to expand internationally.

Accordingly, Members are authorized to sell VNL products and services and sponsor new Members only in the United States. VNL products or Business Support Materials cannot be shipped into or sold in any foreign country. Members may sell, give, transfer, or distribute VNL products or Business Support Materials only in their home country. In addition, no Member may, in any unauthorized country: (a) conduct sales, enrollment or training meetings; (b) enroll or attempt to enroll potential Members; or (c) conduct any other activity for the purpose of selling VNL products, establishing a marketing organization, or promoting the VNL opportunity.

4.18 Adherence to Laws and Ordinances

4.18.1 Local Ordinances

Many cities and countries have laws regulating certain home-based businesses. In most cases these ordinances are not applicable to Members because of the nature of their business. However, Members must obey those laws that do apply to them. If a city or county official tells a Member that an ordinance applies to him or her, the Member shall be cooperative, and immediately send a copy of the ordinance to VNL home office for recommended further actions, if any.

4.18.2 Compliance with Federal, State and Local Laws

Members shall comply with federal, state, and local laws and regulations in the conduct of their business.

4.19 Minors

A person who is recognized as a minor in his/her state of residence may be a Member of VNL but would not qualify for the Company Compensation Plan. Members shall not sponsor minors into VNL.

4.20 One VNL Business Per Member and Per Household

Except as otherwise permitted herein, a Member may operate or have an ownership interest, legal or equitable, as a sole proprietorship, partner, shareholder, trustee, or beneficiary, in only one VNL business. No individual may have, operate or receive compensation from more than one VNL business. Individuals of the same family unit may not enter into or have an interest in more than one VNL Business. A family unit is defined as spouses and dependent children living at or doing business at the same address. In order to maintain the integrity of the VNL Marketing and Compensation

Plan, husbands and wives or common-law couples (collectively spouses) who wish to become Members must be jointly sponsored as on VNL business. Spouses, regardless of whether one or both are Members of VNL, may not own or operate any other VNL Business, either individually or jointly, nor may they participate directly or indirectly (as a shareholder, partner, trustee, trust beneficiary, or any other legal or equitable ownership) in the ownership or management of another VNL business in any form.

An exception to the one business per Member rule will be considered on a case by case basis if two Members marry or in cases of a Member receiving an interest in another business through inheritance. Requests for exceptions to policy must be submitted in writing to VNL home office.

4.20 Members May Not Become Their Own Downline. Downline Buying Prohibited

VNL Members may not register themselves as their own Member, or as another Member. A Member may not purchase products through their Downline.

4.20.1 Actions of Household Members or Affiliated Individuals

If any Member of a Member's immediate household engages in any activity which, if performed by the Member, would violate any provision of the Agreement, such activity will be deemed a violation by the Member and VNL may take disciplinary action pursuant to the Statement of Policies against the Member. Similarly, if any individual associate 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 VNL may take disciplinary action against the entity.

4.21 Repackaging and Re-labeling Prohibited

Members may not repackage, re-label, refill or alter the labels on any VNL products, information, materials or programs in any way. VNL products must be sold in their original containers only. Such re-labeling or repackaging would likely violate federal and state laws, which could result in severe criminal penalties. Members should 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.

4.22 Requests for Records

Any request from a Member for copies of invoices, commission history, 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.

4.23 Roll-up of Marketing Organization

When a vacancy occurs due to the termination of a Member business or a VNL business is sold as provided in Section 4.24, each Member in the first tier immediately below the terminated or sold Member on the date of the cancellation will be moved to the first tier (front line) of the terminated Member's sponsor. For example, if A sponsors B, and B sponsors C1, C2 and C3, if B terminates her business, C1, C2 and C3 will roll-up to A and become part of A's first tier.

4.24 Sale, Transfer or Assignment of VNL Business

The sale, transfer or assignment of a VNL business is subject to certain limitations. A Member may not assign any rights or delegate any duties under the Membership Agreement without the prior written consent of VNL. Any attempt to transfer or assign a VNL business without the express written consent of VNL will render the Member's Membership void. If a Member wishes to sell his or her VNL business, he or she must receive written authorization from the Company. In order to sell, transfer or assign a VNL business, the following criteria must be met:

- a) Prior to selling a VNL business, the selling Member must notify VNL Home Office in writing of his or her intent to sell the VNL business.
- b) The buyer or transferee must either be or become a qualified VNL Member.
- c) Any debt obligations the selling Member has with VNL must be satisfied prior to the sale being approved.
- d) The selling Member 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 VNL business.
- e) Both parties to the sale must agree to the terms and conditions of the sale on a form available on the VNL website.

4.25 Separation of a VNL Business

VNL Member's sometimes operate their VNL business 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 Members and the Company, VNL will involuntarily terminate the Member's Membership in VNL and roll-up the entire organization pursuant to Section 4.23.

During an impending 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 VNL business pursuant to an assignment in writing whereby the relinquishing spouse, shareholders, partners or trustees authorize VNL to deal directly and solely with the other spouse or non-relinquishing shareholder, partner or trustee.
- b) The parties may continue to operate the VNL business jointly on a business-as-usual basis, whereupon all compensation paid by VNL will be paid in the joint names of the Members 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 VNL split commission and bonus checks between divorcing spouses or Members of dissolving entities. VNL will recognize only one Downline Organization and will issue only one commission check per VNL 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 Membership Agreement shall be involuntarily canceled. If a former spouse or a former entity affiliate has completely relinquished all rights in their original VNL 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 4.5.4. In such case, however, the former spouse or partner shall have no rights to any Members 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 Member.

4.26 Sponsoring

All active Members in good standing have the right to sponsor and enroll others into VNL. Each prospective Member has the ultimate right to choose his or her own Sponsor. If two Members claim to be the Sponsor of the same new Member, the Company shall regard the first registration received by the Company as controlling. The Company reserves the right to sponsor new Members into a position in the Compensation Plan that serves the best interests of its Members and the Company.

4.27 Succession

Upon the death or incapacitation of a Member, 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 Member should consult an attorney to assist him or her in the preparation of a will or other testamentary instrument. Whenever a VNL business is transferred by a will or other testamentary process, the beneficiary acquires the right to collect all bonuses and commissions of the deceased Member's marketing organization provided the following qualifications are met. The successor(s) must:

- a) Membership application
- b) Comply with terms and provisions of the Agreement; and
- c) Meet all of the qualifications for the deceased Member's status

Bonus and commission checks of a VNL business transferred pursuant to this section will be paid in a single check jointly to the devisees. The devisees must provide VNL with an address of record to which all bonus and commission checks will be sent. If the business is bequeathed to joint devisees, they must form a business entity and acquire a federal taxpayer Identification number. VNL will issue all bonus and commission checks and one IRS Form 1099 to the business entity.

4.28 Transfer Upon Death of a Member

To effect a testamentary transfer of a VNL business, the successor must provide the following to VNL: (1) an original death certificate, (2) a notarized copy of the will or other instrument establishing the successor's right to the VNL business; and (3) a valid Membership application.

4.29 Transfer Upon Incapacitation of a Member

To effect a transfer of a VNL business because of incapacity, the successor must provide the following to VNL: (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 VNL business; and (3) a completed Membership application executed by the trustee.

4.30 Telemarketing Techniques

The use of any automated telephone solicitation equipment or telemarketing operations in connection with marketing or promotion of VNL, its products or the opportunity is strictly prohibited.

SECTION 5 – RESPONSIBILITIES OF MEMBERS

5.1 Change of Address, Email, or Telephone

To ensure timely delivery of products, support materials, and commission checks, it is important that Member files are current. Street addresses are required for shipping. Members planning to move should send their new address and telephone numbers to VNL Home Office to the attention of the Member Services Department. (The Members may also make this change for themselves, in the "Virtual Office" area of the VNL web site). To guarantee proper delivery, two weeks advance notice on all changes must be provided to VNL. Special Note: If you are presently on the autoship program, you must reapply for autoship. If more than one change of address notice or autoship changes

has been submitted to VNL, the most recent one will supersede previous notices or Membership Agreements. Please allow thirty (30) days after the receipt of the notice or Agreement by VNL for processing.

5.2 Continuing Development Obligations

5.2.1 Ongoing Training

Any Member who sponsors another Member into VNL must perform a bonafide assistance and training function to ensure that his or her Downline is properly operating his or her VNL business. Members must have ongoing contact and communication with the Members in their Downline Organizations. Examples of such contact and communication may include, but are not limited to: newsletters, written correspondence, personal meetings, telephone contact, voice mail, electronic mail, and the accompaniment of Downline Members to VNL meetings, training sessions, and other functions. Upline Members are also responsible to motivate and train new Members in VNL product knowledge, effective sales techniques, the VNL Marketing and Compensation Plan, and compliance with Company Policies and Procedures. Communication with and the training of Downline Members must not, however, violate Section 4.2 (regarding the development of Member-produced sales aids and promotional materials).

Members must monitor the Members in their Downline Organizations to ensure that Downline Members do not make improper product or business claims, or engage in any illegal or inappropriate conduct. Upon request, every Member should be able to provide documented evidence to VNL of his or her ongoing fulfillment of the responsibilities of a Sponsor.

5.2.2 Increased Training Responsibilities

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

5.2.3 Ongoing Sales Responsibilities

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

5.3 Non-disparagement

VNL wants to provide its Members with the best products, compensation plan and service in the industry. Accordingly, VNL values constructive comments that help improve the Company. All such comments can be provided verbally, in writing or by

email. However, negative comments and remarks by Members about the Company, its products, or compensation plan serve no purpose other than to adversely impact the enthusiasm of other VNL Members. For this reason, and to set the proper example for all Members; Members must not disparage VNL, other VNL Members, VNL products, the Marketing and Compensation plan, or VNL directors, officers or employees. The disparagement of VNL, other VNL Members, VNL products, the Marketing and Compensation plan, or VNL's directors, officers, or employees constitutes a material breach of these Terms and Conditions.

5.4 Providing Documentation to Applicants

The most current version of the Terms and Conditions and the Compensation Plan for Members are included in the VNL website. Additional copies of Terms and Conditions can be downloaded from the website.

5.5 Reporting Policy Violations

Members observing a Policy violation by another Member should submit a written report of the violation by email or letter directly to the attention of the VNL Compliance Department. Details of the incidents such as dates, number of occurrences, persons involved, and any supporting documentation should be included in the report.

SECTION 6 – SALES REQUIREMENTS

6.1 Product Sales

The VNL Marketing and Compensation Plan is based upon the sale of VNL products and services to end consumers. Members 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. Members must satisfy the Personal Business Volume (BV) and organization building requirements to fulfill the requirements associated with their Level as specified in the VNL Marketing and Compensation Plan. Personal BV includes for the individual Member and not for other purchases by other Members.

6.2 No Price or Territory Restrictions

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

6.3 Sales Receipts

All Members must provide their retail customers with two copies of an official VNL sales receipt, or an online sales receipt at the time of the sale. These receipts set forth the Customer Satisfaction Guarantee for VNL products, as well as any consumer protection

rights afforded by federal or state law. Members must maintain all retail sales receipts for a period of two years and furnish them to VNL at the company's request. Records documenting the purchases by Members will be maintained by VNL. If a sale qualifies as a door-to-door sale, Members must ensure that the following information is contained on each sales receipt:

- 1) The date of the transaction;
- 2) The date (not earlier than the third business day following the date of the transaction) by which the buyer may give notice of cancellation; and
- 3) Name and address of the selling Member;

Remember that customers must receive two copies of the sales receipt or an online sales receipt. In addition, Members who make door-to-door sales must orally inform the buyer of his or her cancellation rights.

For the purposes of these Policies and Procedures, a door-to-door sale means a sale or contract for sale of consumer goods or services with a purchase price of \$25 or more, in which the buyer's agreement or offer to purchase is made at a place other than the place of business of the seller (e.g., sales at the buyer's residence or at facilities rented on a temporary or short-term basis, such as hotel or motel rooms, convention centers, fairgrounds and restaurants, or sales at the buyer's workplace). The phrase consumer goods or services is defined as goods or services purchased, leased, or rented primarily for personal, family, or household purposes, including courses of instruction or training regardless of the purpose for which they are taken. Thus, whether a transaction involved consumer goods or services will depend upon the ultimate purposes of the purchaser. Door-to-door sales do not include a transaction:

- (1) Made pursuant to prior negotiations in the course of a visit by the buyer to a retail business establishment having a fixed permanent location where the products are exhibited for sale on a continuing basis; or
- (2) Conducted and consummated entirely by mail or telephone, and without any other contact between the buyer and the seller or its representative prior to delivery of the products or performance of the services.

SECTION 7—BONUSES AND COMMISSIONS

7.1 Bonus and Commission Qualifications

A Member must be active and in compliance with the Agreement to qualify for bonuses and commissions. So long as a Member complies with the terms of the Agreement, VNL shall pay commissions to such Member in accordance with the Marketing and Compensation plan.

7.2 Adjustment to Bonuses and Commissions

Members may receive bonuses and commissions based on the actual sales of products and services to end consumers. When a product is returned to VNL 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, and continuing every pay period thereafter until the commission is recovered, from the Members who received bonuses and commissions on the sales of the refunded products.

7.3 Unclaimed Commissions

Members must deposit or cash commission and bonus checks within three months from their date of issuance. A check that remains uncashed after six months will be void. After a check has been voided, VNL may attempt to notify an Member who has an uncashed check by sending a monthly written notice to his or her last known address identifying the amount of the check and advising that the Member can request that the check be reissued. There shall be a \$15.00 charge for reissuing a check, and a \$10.00 fee for each notice that is sent to the Member. These charges shall be deducted from the balance owed to the Member.

7.4 Online Activity Reports

All information provided by VNL in online activity reports, including but not limited to personal volume (or any part thereof), Downline sponsoring activity, and accrued commissions is believed to be accurate and reliable. Nevertheless, due to various factors including the inherent possibility of human and mechanical error; the accuracy, completeness, and timeliness of orders; denial of credit card and electronic check payments; returned products; credit card and electronic check charge-backs; the information is not guaranteed by VNL or any persons creating or transmitting the information.

ALL POINT INFORMATION IS PROVIDED "AS IS" WITHOUT WARRANTIES, EXPRESS OR IMPLIED, OR REPRESENTATIONS OF ANY KIND WHATSOEVER. IN PARTICULAR BUT WITHOUT LIMITATION THERE SHALL BE NO WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR USE, OR NON INFRINGEMENT.

TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, VNL AND/OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION WILL IN NO EVENT BE LIABLE TO ANY MEMBER OR ANYONE ELSE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES THAT ARISE OUT OF THE USE OF OR ACCESS TO POINT INFORMATION (INCLUDING BUT NOT LIMITED TO LOST PROFITS, BONUSES, OR COMMISSIONS, LOSS OF OPPORTUNITY, AND DAMAGES THAT MAY RESULT FROM INACCURACY, INCOMPLETENESS, INCONVENIENCE, DELAY, OR LOSS OF THE USE OF THE INFORMATION), EVEN IF VNL OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION SHALL HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. TO THE FULLEST EXTENT PERMITTED BY LAW, VNL OR OTHER PERSONS CREATING OR TRANSMITTING

THE INFORMATION SHALL HAVE NO RESPONSIBILITY OR LIABILITY TO YOU OR ANYONE ELSE UNDER ANY TORT, CONTRACT, NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY OR OTHER THEORY WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT OR TERMS AND CONDITIONS RELATED THERETO.

Access to and use of VNL's online activity reporting services and the information contained therein is at your own risk. All such information is provided to you "as is". If you are dissatisfied with the accuracy or quality of the information, your sole and exclusive remedy is to discontinue use of and access to VNL's online activity reporting services and the information contained therein or acquired thereby.

SECTION 8—PRODUCT GUARANTEES, RETURNS AND INVENTORY REPURCHASE

8.1 Product Guarantee

VNL offers a 100% thirty (30) day money-back satisfaction guarantee (less shipping charges and a 10% restocking fee) to all Retail Customers, and Members. This Guarantee does not extend to service subscription items such lifestyle development curriculum, Onletterhead email communication system, but a Member can cancel a subscription at any time.

8.1.1 Returns by Retail Customers

VNL offers, through its Members, a 100% thirty (30) day money-back guarantee to all Retail Customers. Every Member is bound to honor the Retail Customer Guarantee. If, or any reason, a Retail Customer is dissatisfied with any VNL product or service, the Retail Customer may return the unused portion of the product to the Member from whom it was purchased, within thirty (30) days, for a replacement, exchange or a full refund of the purchase price (less shipping costs and a 10% restocking fee).

A Retail Customer who makes a purchase of \$25.00 or more has three business days (72 hours) after the sale or execution of a contract to cancel the order and receive a full refund consistent with the cancellation notice on the order form. When a Member makes a sale or takes an order from a Retail Customer who cancels or requests a refund within the 72 hour period, the Member must promptly refund the customer's money as long as the products are returned to the Member in substantially as good condition as when received. Additionally, Members must orally inform customers of their right to rescind a purchase or an order within 72 hours, and ensure that the date of the order or purchase is entered on the order form. All Retail Customers must be provided with two copies of an official VNL sales receipt, or an online receipt, at the time of the sale. The back of the receipt provides the customer with written notice of his or her rights to cancel the sales agreement.

8.1.2 Returns by Members (Products Purchased for Personal Consumption)

If a Member is unsatisfied with any VNL product purchased for personal use, the Company offers a 100% thirty (30) day money-back guarantee (less shipping costs and a 10% restocking fee). This guarantee is limited to \$500.00. This Guarantee does not extend to subscription items such as lifestyle development curriculum and Onletterhead email communication system, but a Member can cancel a subscription at any time.

8.1.3 Returns by Members (Products Returned by Personal Retail Customers)

If a personal Retail Customer returns a product to the Member from whom it was purchased, the Member may return it to the Company for an exchange or refund (less shipping costs and a 10% restocking fee). All products returned by personal Retail Customers must be returned to the Company within 10 days from the date on which it was returned to the Member along with the sales receipt, which the Member gave to the Customer.

8.2 Montana Residents

A Montana resident may cancel his or her Membership Agreement at any time after enrollment.

8.3 Procedures for All Returns

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

- a) All merchandise must be returned by the Member or Retail Customer who purchased it directly from VNL or a Member.
- b) All products to be returned must have a Return Authorization Number which will be obtained by calling the Member Services Department. This Return Authorization Number must be written on each carton returned.
- c) The return is accompanied by:
 - (1) a completed and signed Consumer Return Form;
 - (2) copy of the original dated retail sales receipt; and
 - (3) 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 VNL shipping pre-paid. VNL does not accept shipping-collect packages. The risk of loss in shipping for returned product shall be on the Member. If returned product is not received by the Company's Distribution Center, it is the responsibility of the Member to trace the shipment.
- e) If a Member is returning merchandise to VNL that was returned to him or her by a personal Retail Customer, the product must be received by VNL within ten (10) days from the date on which the Retail Customer returned the merchandise to

the Member, and must be accompanied by the sales receipt the Member 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.

SECTION 9—DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS

9.1 Disciplinary Sanctions

Violation of the Agreement, these Policies and Procedures, or any illegal, fraudulent, deceptive or unethical business conduct by a Member may result, at VNL's discretion, in one or more of the following corrective measures:

- a) Issuance of a written warning or admonition;
- b) Requiring the Member to take immediate corrective measures;
- c) Imposition of a fine, which may be withheld from bonus and commission checks;
- d) Loss of rights to one or more bonus and commission checks;
- e) VNL may withhold from a Member all or part of the Member's bonuses and commissions during the period that VNL is investigating any conduct allegedly violative of the Membership Agreement. If a Member's business is canceled for disciplinary reasons, the Member will not be entitled to recover any commissions withheld during the investigation period;
- f) Suspension of the individual's Membership Agreement for one or more pay periods;
- g) Involuntary termination of the offender's Membership Agreement;
- h) Any other measure expressly allowed within any provision of the Membership Agreement or which VNL deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by the Member's policy violation or contractual breach;
- i) In situations deemed appropriate by VNL, the Company may institute legal proceedings for monetary and/or equitable relief.

9.2 Grievances and Complaints

When a Member has a grievance or complaint with another Member regarding any practice or conduct in relationship to their respective VNL businesses, the complaining Member 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 Member Services Department at the Company. The Member Services Department will review the facts and attempt to resolve it. If it is not resolved, it will be referred to the Dispute Resolution Board for final review and determination.

9.3 Dispute Resolution Board

The purpose of the Dispute Resolution Board is to: (1) review appeals of disciplinary sanctions; and (2) review matters between VNL Members. After the response or settlement instituted by Member Services 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 Member 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 VNL of disciplinary action; or (2) the written decision of Member Services regarding disputes between Members. All communication with VNL and the Member seeking resolution of a dispute must be in writing. It is within the DRB's discretion whether a claim is accepted for review. If the DRB agrees to review the matter, it shall schedule a hearing within thirty (30) days of the receipt of the Member's written request. All evidence (e.g., documents, exhibits, etc.) that a Member desires to have considered by the DRB must be submitted to VNL no later than seven business days before the date of the hearing. The Member 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 Dispute Resolution Board will be final and subject to no further review. During the pendency of the claim before the DRB, the Member waives his or her right to pursue arbitration or any other remedy.

Following issuance of a sanction, the disciplined Member may appeal the sanction to the Dispute Resolution Board (DRB). Member's appeal must be in writing and received by the Company within 15 days from the date of VNL's cancellation notice. If the appeal is not received by VNL within the 15 day period, the sanction will be final. The Member must submit all supporting documentation with his or her appeal correspondence. If the Member files a timely appeal of cancellation, the DRB will review and reconsider the cancellation, consider any other appropriate action, and notify the Member in writing of its decision.

9.4 Arbitration

Any controversy or claim arising out of or relating to the Membership 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 Member files a claim or counterclaim against VNL, he or she may only do so on an individual basis and not with any other Member or as part of a class or consolidated action. If a Member wishes to bring an action against VNL for any act or omission relating to or arising from this Agreement, such action must be brought within one year from the date of the alleged conduct giving rise to the cause of action. Failure to bring such action within one year shall bar all claims by Member against VNL for such act or omission. Member waives all claims that any other statute of limitation applies. Members waive all rights to trial by jury or to any court. All arbitration proceedings shall be held in the City of Jacksonville, Florida, unless the laws of the state in which a Member resides expressly require the application of its laws, in which case the arbitration shall be held in the capital of that state. The parties shall be entitled to all discovery rights allowed under the Federal Rules of Civil Procedure. No other aspects of the Federal Rules of Civil Procedure shall be applicable to arbitration. 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. The prevailing party shall be entitled to receive from the losing party 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 arbitrate shall survive any termination or expiration of the Membership Agreement.

Nothing in these Policies and Procedures shall prevent VNL 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 VNL'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.

9.5 Governing Law, Jurisdiction and Venue

Jurisdiction and venue of any matter not subject to arbitration shall reside in Duval County, State of Florida unless the laws of the state in which a Member resides expressly require the application of its laws, in which case that state's law shall govern all issues related to jurisdiction and venue. The Federal Arbitration Act shall govern all matters relating to arbitration. The laws of the State of Florida shall govern all other matters relating to or arising from the Agreement unless the laws of the state in which a Member resides expressly require the application of its laws.

SECTION 10— ORDERING

10.1 Purchasing VNL Products

Each Member should purchase his or her products directly from VNL. If a Member purchases products from another Member or any other source, the purchasing Member will not receive the personal sales volume that is associated with that purchase.

10.2 General Order Policies

On mail orders with invalid or incorrect payment, VNL will attempt to contact the Member 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. VNL maintains no minimum order requirements. Orders for products and Business Support Materials may be combined.

10.3 Shipping and Back Order Policy

VNL will normally ship products within seven (7) days from the date on which it receives an order. VNL 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 VNL receives additional inventory. Members will be charged and given Personal Sales Volume on back ordered items unless notified on the invoice that the product has been discontinued. VNL will notify Members 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 Member's request. Members may request a refund, credit on account, or replacement merchandise for canceled back orders. If a refund is requested, the Member's Personal Sales Volume will be decreased by the amount of the refund in the month in which the refund is issued.

10.4 Confirmation of Order

Failure to notify VNL of any order shipping discrepancy or damage within thirty days of shipment will cancel a Member's right to request a correction.

SECTION 11 — PAYMENT AND SHIPPING

11.1 Deposits

Monies should only be paid to or accepted by a Member at the time of product delivery for a sale to a personal Retail Customer. Members should not accept monies from Retail Customers to be held for deposit in anticipation of future deliveries.

11.2 Insufficient Funds

It is the responsibility of each Member to ensure that there are sufficient funds or credit available in his or her account to cover the monthly autoship order. VNL will not contact Members in regard to orders canceled due to insufficient funds or credit. This may result in a Member's failure to meet his or her Personal Sales Volume requirements for the month.

11.3 Returned Checks

All checks returned by a Member'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 Member. After receiving a returned check from a customer or a Member, all future orders must be paid by Credit Card, money order or cashier's check. Any outstanding balance owed to VNL by a Member for NSF checks and returned check fees will be withheld from subsequent bonus and commission checks.

11.4 Restrictions on Third Party Use of Credit Cards and Checking Account Access

Members shall not permit other Members to use his or her credit card, or permit debits to their checking accounts, to make purchases from the company.

11.5 Sales Taxes

The Corporate location for VNL is in the State of Florida. As such, VNL will collect sales tax for the State of Florida only. Any Member not located in Florida who is reselling products is responsible for charging sales tax to the State where the final sales occurred. A Member who purchases items for personal use should be paying use tax to the state of the final sale, if that state requires you to pay or collect Sales Tax. Each Member should consult their tax professional for the collection requirements pertinent to their business location.

SECTION 12—INACTIVITY AND CANCELLATION

12.1 Effect of Cancellation

So long as a Member remains active and complies with the terms of the Membership Agreement and these Policies and Procedures, VNL shall pay commissions to such Member in accordance with the Marketing and Compensation Plan. A Member's bonuses and commissions constitute the entire consideration for the Member's efforts in generating sales and all activities related to generating sales (including building a Downline organization). Following a Member's cancellation for inactivity, or voluntary or involuntary cancellation of his or her Membership Agreement (all of these methods are collectively referred to as cancellation), the former Member shall have no right, title, claim or interest to the marketing organization which he or she operated, or any commission or bonus from the sales generated by the organization. A Member whose business is canceled will permanently lose all rights as a Member. This includes the right to sell VNL products and services and the right to receive future commissions, bonuses, or other income resulting from the sales and other activities of the Member's former Downline sales organization. In the event of cancellation, Members agree to waive all rights they may have, including but not limited to property rights, to their former Downline organization and to any bonuses, commissions, or other remuneration derived from the sales and other activities from his or her former Downline organization. The former Member shall not hold himself or herself out as a VNL Member and shall not have the right to sell VNL products or services. A Member whose Membership Agreement is canceled shall receive commissions and bonuses only for the last full pay period he or she was active prior to cancellation (less any amounts withheld during an investigation preceding an involuntary cancellation).

12.2 Cancellation Due to Inactivity

It is the Member'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 Member will lose his or her right to receive commissions from sales generated through his or her marketing organization. Therefore, Members who personally produce less than \$50 Personal Sales Volume through the Marketing and Compensation Plan during any given month will not receive a commission for the sales generated through his or her Business Center for that month.

If a Member has failed to fulfill his or her Personal Sales Volume requirements for a period of six (6) consecutive calendar months (and thus become inactive), his or her Membership Agreement shall be canceled for inactivity

12.3 Involuntary Cancellation

A Member's violation of any of the terms of the Membership Agreement, including any amendments that may be made by VNL in its sole discretion, may result in any of the sanctions listed in Section 9.1, including the involuntary cancellation of his or her Membership Agreement. Cancellation shall be effective on the date on which written notice is mailed, return receipt requested, to the Member's last known address, or when the Member receives actual notice of cancellation, whichever occurs first.

VNL expressly reserves the right to terminate all Membership Agreements upon thirty (30) days written notice in the event that it elects to: (1) cease business operations; (2) dissolve as a corporate entity; (3) terminate distribution of its products and services via direct selling; or (4) for any other reason as determined by the Company that is in the best interests of VNL.

12.4 Voluntary Cancellation

A participant in this network 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 Member's signature, printed name, address, and Member I.D. Number.

SECTION 13—DEFINITIONS

Business Center - The term business center is defined in the VNL Marketing and Compensation Plan.

Business Volume (BV) - The adjusted sales value that is assigned to each product that represents the basis for calculating commissions and bonus payments.

Cancel - The termination of a Member's business. Cancellation may be either voluntary, involuntary, or inactivity.

Commissionable Products - All VNL products on which commissions and bonuses are paid.

Company - The term Company as it is used throughout the Membership Agreement means Vitalife Networks, LLC as well as related businesses such as Water Connexion, LLC and Internet Connexion, LLC – from which Members may purchase products.

Compression - The process by which non-qualifying Members are excluded from the computation of bonuses and commissions for eligible Members. VNL's compression program ensures that Members are paid on their group sales volume. For example, if a particular Member fails to generate the necessary Business Volume to qualify in a given month, the Business Volume that the Member did generate will compress up to and become part of the Personal Sales Volume generated by the first qualifying Member above the non-qualifying Member. See the example in the Compensation Plan.

Downline - See Marketing Organization below.

Downline Activity Report - A monthly report generated by VNL that provides data relating to the identities of Members, sales information, and Membership activity of each Member's Marketing Organization. This report contains confidential and trade secret information which is proprietary to VNL.

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

Immediate Household - Heads of household and dependent family Members residing in the same house.

Independent Business Center – Someone who has applied for Membership with Vitalife Networks and been accepted to purchase products and/or for the purpose of building a business through sales of products and services.

Marketing Organization - The Members sponsored below a particular Member.

Member - Someone who has applied for Membership with Vitalife Networks and been accepted to purchase products and/or for the purpose of building a business through sales of products and services.

Membership Agreement (Agreement) - The contract between the Company and each MEMBER includes the Membership Agreement Application, the VNL Policies and Procedures, the VNL Marketing and Compensation Plan, and the Business Entity Form (where appropriate), all in their current form and as amended by VNL in its sole discretion. These documents are collectively referred to as the Membership Agreement.

Official VNL Material Literature, audio or video tapes, files, and other materials developed, printed, published and distributed by VNL to Members.

Personal Points - The commissionable value of services and products sold in a calendar month:

- (1) by the Company to an Member; and
- (2) by the Company to the Members Personal Retail Customers.

Personal Production - Moving product to an end consumer for personal use.

Personal Sales Volume (PSV) - Refers to the sales volume of products that a Member needs in order to be qualified to receive commissions and bonuses.

Personal Sponsor – A Member who enrolls another prospective Member into the Company, and is listed as the Sponsor on the Membership Agreement. The act of enrolling others and training them to become Members is called sponsoring.

Placement Sponsor – A Member under whom an enroller places a new Member, and is listed as the sponsor on the Membership Agreement.

Rank - The Level that an MEMBER has achieved pursuant to the VNL Marketing and Compensation Plan.

Recruit - For purposes of VNL's Conflict of Interest Policy (Section 4.8), 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 VNL Member to enroll or participate in another multilevel marketing, network marketing or direct sales opportunity. This conduct constitutes recruiting even if the Member's actions are in response to an inquiry made by another Member.

Resalable - Products and Business Support Materials 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 VNL within one year from the date of purchase;
- 5) the product expiration date has not elapsed;
- 6) the product contains current VNL labeling; and
- 7) the product or Business Support Material is currently marketed by VNL.

Any merchandise that is clearly identified at the time of sale as non-returnable, discontinued, or as a seasonal item, shall not be resalable. Because they contain time sensitive materials, in no event will audio or vide tapes purchased pursuant to a weekly or monthly subscription program be returnable.

Retail Customer - An individual who purchases VNL products from a Member.

Retail Profit - The difference between the wholesale price of products and the retail price a Member receives for products when they are resold.

Roll-Up - The method by which a vacancy in a Marketing Organization left by an MEMBER whose MEMBER Agreement has been canceled is filled.

Suggested Retail Price (SRP) - The price at which VNL suggests Members sell a particular product or service to retail customers. Notwithstanding the SRP, Members are always free to sell VNL products or services at any price they choose.

Tier - The layers of Downline Members in a particular Member's Marketing Organization. This term refers to the relationship of an MEMBER relative to a particular Upline MEMBER, determined by the number of Members 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 Tier.

Upline - This term refers to the MEMBER or Members above a particular MEMBER in a sponsorship line up to the Company. Conversely stated, it is the line of sponsors that links any particular MEMBER to the Company.

Wholesale Price (Wholesale) - The price of the products and or services that is paid to the Company by Members. The wholesale price is also called Member Cost. All commissions and bonuses are paid on the wholesale value of VNL products or services.