

XIMO HEALTH

POLICIES & PROCEDURES

SECTION 1 — MISSION STATEMENT

The mission of XIMO Health is to promote health and prosperity through XIMO Health products and the XIMO Health Opportunity.

SECTION 2 — INTRODUCTION

2.1 — Policies and Compensation Plan Incorporated into Distributor Agreement

These Policies and Procedures, in their present form and as amended at the sole discretion of XIMO Health, Inc. (hereafter “XIMO Health” or the “Company”), are incorporated into, and form an integral part of, the XIMO Health Distributor Agreement. Throughout these Policies, the term “Agreement” collectively refers to the XIMO Health Distributor Application and Agreement, these Policies and Procedures, the XIMO Health Marketing and Compensation Plan, and the XIMO Health Business Entity Application (if applicable). These documents are incorporated by reference into the XIMO Health Distributor Agreement (all in their current form and as amended by XIMO Health). It is the responsibility of each Distributor to read, understand, adhere to, and ensure that he or she is aware of and operating under the most current version of these Policies and Procedures.

The Distributor Agreement constitutes the entire agreement between XIMO Health and the Distributor. Any promises, representations, offers, or other communication not expressly set forth in the Distributor Agreement are of no force and effect.

2.2 — Purpose of Policies

XIMO Health is a direct sales company that markets its products through Independent Distributors. The XIMO Health Agreement defines and establishes the relationship between Distributors and XIMO Health and the standard of conduct for Distributors.

XIMO Health Distributors agree to comply with all of the Terms and Conditions set forth in the Agreement which XIMO Health may amend at its sole discretion from time to time, and all applicable Federal, State, Provincial, Territorial, Administrative and Local laws governing their XIMO Health business and conduct.

2.3 — Changes to the Agreement

Since laws, regulations, and business conditions change, XIMO Health reserves the right to amend the Agreement and its prices in its sole and absolute discretion. By signing the Distributor Agreement, a Distributor agrees to abide by all amendments or modifications made by XIMO Health. Amendments are effective upon publication by the Company. Distributors agree that publication of amendments to the Agreement on the Company Website constitutes publication by the Company. The Company shall provide or make available to all Distributors a complete copy of the amended provisions by one or more of the following methods: (1) posting on the Company’s official Web site; (2) electronic mail (e-mail); (3) inclusion in Company periodicals; (4) inclusion in Product orders or bonus checks; or (5) special mailings. The continuation of a Distributor’s XIMO Health business or a Distributor’s acceptance of bonuses or commissions constitutes acceptance of any and all amendments to the Agreement.

2.4 — Delays

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

2.5 — Policies and Provisions Severable

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

2.6 — Waiver

The Company never gives up its right to insist on a Distributor’s compliance with the Agreement and applicable laws governing the

conduct of a Distributor or a XIMO Health business. No failure of XIMO Health to exercise any right or power under the Agreement or to insist upon strict compliance by a Distributor with any obligation or provision of the Agreement, and no custom or practice of the parties at variance with the terms of the Agreement, shall constitute a waiver of XIMO Health's right to demand exact compliance with the Agreement. Waiver by XIMO Health can be put into effect only in writing by an authorized officer of the Company. XIMO Health's waiver of any particular breach by a Distributor, or XIMO Health's waiver of any particular provision of the Distributor Agreement or these Policies and Procedures, shall not affect or impair XIMO Health's rights with respect to any subsequent breach, nor shall it affect in any way the rights or obligations of any other Distributor, nor shall any delay or omission by XIMO Health to exercise any right arising from a breach affect or impair XIMO Health's rights as to that or any subsequent breach. The existence of any claim or cause of action of a Distributor against XIMO Health shall not constitute a defense to XIMO Health's enforcement of any term or provision of the Agreement.

2.7 — Limitation of Liability

To the extent permitted by law, Distributors agree that XIMO Health, its parent companies, directors, officers, shareholders, employees, assigns, successors, and agents (collectively referred to as "affiliates") shall not be liable for, and Distributors release XIMO Health and its Distributors 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 Distributor as a result of:

- a) The Distributor's breach of the Distributor Agreement (including these Policies and Procedures);
- b) The improper promotion or operation of a XIMO Health business by a Distributor and any activities related thereto (e.g., the presentation of XIMO Health's Products 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 Distributor to XIMO Health; or,
- d) The Distributor's failure to provide any information or data necessary for XIMO Health to operate its business.

SECTION 3 — BECOMING A XIMO DISTRIBUTOR

3.1 — Requirements to Become a Distributor

To become a XIMO Health Distributor, each applicant must:

- a) Be of the age of majority in his or her state of residence;
- b) Reside in the United States or U.S. Territories;
- c) Have and provide a valid Social Security or Federal Tax ID number;
- d) Submit a properly completed Distributor Application and Agreement to XIMO Health.
- e) The company reserves the right to reject any applications for a new Distributor.

3.2 — New Distributor Registration

An Applicant may enroll as a Distributor at the XIMO Health Replicated Web site of his or her Sponsor or at XIMO Health's official Web site. New Distributors enrolling at XIMO Health's official Web site, or in any other manner approved by the company, must have and provide a valid Social Security or Federal Tax ID number to XIMO Health upon application. New Distributors enrolling at XIMO Health's official Web site must have the Distributor Identification Number (MIN) of his or her Sponsor in order to access the online enrollment process. Online enrollments shall be effective upon the Applicant's proper completion of the online Distributor Agreement. It is not necessary to follow-up an online enrollment with a written Distributor Application and Agreement.

3.3 — Distributor Benefits

After a Distributor Application and Agreement have been accepted by XIMO Health, the benefits of the Marketing and Compensation Plan and the Distributor Agreement are available to the new Distributor. These benefits include the right to:

- a) Resell XIMO Health Products, which are described on the XIMO Health Web site and in the Product Catalog, and profit from these sales;
- b) Participate in the XIMO Health Marketing and Compensation Plan (and receive bonuses and commissions, if eligible);
- c) Sponsor other individuals as Distributors into the XIMO Health business, and thereby, build a marketing organization and progress through the XIMO Health Marketing and Compensation Plan;
- d) Receive periodic XIMO Health literature and other XIMO Health communications;
- e) Participate in XIMO Health-sponsored support, service, training, motivational and recognition functions, upon payment of appropriate charges, if applicable; and
- f) Participate in promotional and incentive contests and programs sponsored by XIMO Health for its Distributors.

SECTION 4 — OPERATING A XIMO HEALTH BUSINESS

4.1 — Compliance with the XIMO Health Marketing and Compensation Plan

Distributors must adhere to the terms of the XIMO Health Marketing and Compensation Plan as set forth in official XIMO Health literature. Distributors shall not offer the XIMO Health opportunity through, or in combination with, any other system, program, or method of marketing other than that specifically set forth in official XIMO Health literature. Distributors shall not require or encourage other current or prospective Customers or Distributors to participate in XIMO Health in any manner that varies from the program as set forth in official XIMO Health literature. Distributors shall not require or encourage other current or prospective Customers or Distributors to execute any agreement or contract other than official XIMO Health agreements and contracts in order to become a XIMO Health Distributor. Similarly, Distributors shall not require or encourage other current or prospective Customers or Distributors to make any purchase from, or payment to, any individual or other entity to participate in the XIMO Health Marketing and Compensation Plan other than those purchases or payments identified as recommended or required in official XIMO Health literature.

4.2 — Advertising

4.2.1 - In General All

Distributors shall safeguard and promote the good reputation of XIMO Health and its Products. The marketing and promotion of XIMO Health, the XIMO Health opportunity, the Marketing and Compensation Plan, and XIMO Health Products must not be discourteous, deceptive, misleading, unethical, illegal, or cast XIMO Health and its products in a negative light. To promote both the Products and the tremendous opportunity XIMO Health offers, Distributors should use the sales aids and support materials produced by XIMO Health.

Information provided by XIMO Health is for informational purposes only and is not intended as a substitute for advice from a physician and/or other healthcare professional. Any information provided by XIMO Health is not to be, and should not be, used to diagnosis or treat any medical or health conditions or as a prescription for the treatment of any disease, illness or health condition.

4.2.2 - Indemnification

A Distributor is fully responsible for all verbal and written statements made regarding XIMO Health Products and the Marketing and Compensation Plan that are not expressly contained in official XIMO Health materials. Distributors agree to indemnify XIMO Health and XIMO Health's 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 XIMO Health as a result of the Distributor's unauthorized representations or actions. This provision shall survive the termination of the Distributor Agreement.

4.2.3 - Product Claims

Claims (including personal testimonials) as to therapeutic, curative or beneficial properties of any Products offered by XIMO Health may not be made except those contained in official XIMO Health literature. In particular, no Distributor may make a claim that XIMO Health Products are useful in the cure, treatment, diagnosis, mitigation or prevention of any disease.

4.2.4 - Product Advice

XIMO Health Products are nutritional supplements, not drugs. Employees and Distributors of XIMO Health are NOT permitted to give out any information that could be construed as "medical advice." All health and medical questions should be directed to a healthcare professional and are NOT to be answered by any XIMO Distributor or XIMO employee. Should any Employee or Distributor of XIMO Health violate this section of these Policies and Procedures, he or she will be terminated immediately.

4.2.5 - Income Claims

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. Because XIMO Health Distributors do not have the data necessary to comply with the legal requirements for making income claims, a Distributor, when presenting or discussing the XIMO Health opportunity or Marketing and Compensation Plan to a prospective Distributor, may not make income projections, income claims, or disclose his or her XIMO Health 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 Distributors, so long as the Distributor who uses such hypothetical examples 1) makes clear to the prospective Distributor(s) that such earnings are hypothetical; and 2) provides each prospective Distributor with a current copy of XIMO Health's official income disclosure statement. Should any Employee or

Distributor of XIMO Health violate this section of these Policies and Procedures, he or she will be terminated immediately.

4.2.6 – Testimonials

Testimonials may NOT be used by any Distributor on any form of Advertising, Marketing, Recruiting Materials and/or Documents, as defined in paragraph 4.2.7 below, unless they are submitted to XIMO Health for approval. If written approval is not returned by XIMO Health, the testimonial(s) submitted may not be used.

4.2.7 - Marketing and Advertising Approval

XIMO Distributors must submit ALL Advertising, Marketing, Recruiting Materials and/or Documents, including, but not limited to, Internet and Web site content, including blogs, chat rooms and/or video sharing Web sites, print, radio and/or TV advertising copy, audio transcripts, promotional materials, signs, bumper stickers, flyers, Product literature, brochures, sales aids, T-Shirts, hats, pens, magnets, stationary, and all other literature used for Advertising, Marketing and/or Recruiting, to the Company for written approval prior to the use of any of the above forms of Advertising, Marketing and/or Recruiting materials before they are released to the public in any manner. ALL advertising must include the words “XIMO Health Independent Distributor” or the “XIMO Health Distributor Logo.” Unless the Distributor receives specific written approval to use any Advertising, Marketing, Recruiting Materials and/or Documents submitted for approval, the request shall be deemed denied.

Distributors may NOT advertise the sale of XIMO Health Product(s) below the Suggested Retail Price of each Product being sold as determined by the company. Distributors may sell or facilitate the sale of Product(s) on Internet Web sites where an auction is the mode of selling or buying (e.g., eBay) but ONLY at the Retail Price of each Product being sold as determined by the company. A Distributor may NOT use a third party to place Product(s) on auction Web sites. The provisions of this section survive the termination of this Agreement.

The following Disclaimer must appear on all Web sites, Advertising, Marketing, Recruiting Materials and/or Documents: “These statements have not been evaluated by the Food and Drug Administration. This Product is not intended to diagnose, treat, cure or prevent disease.”

4.2.8 - Distributor Web Sites

If a Distributor desires to utilize an Internet Web page to promote his or her business, he or she may do so through the company’s replicated Web site program. Alternatively, Distributors may develop their own Web pages that are consistent with the tone and quality of the Company’s website and replicated websites . Any Distributor who does so: (a) must use the text of the company’s official Web sites; and (b) may not supplement the content of his or her Web site with text from any source other than the company. Distributors who develop or publish their own Web sites must register their site(s) with the company and receive written approval from the company prior to the site(s) being made available on the Internet or to the public. The failure to register a private, personal and/or non-XIMO Health replicated Web site constitutes a material breach of these Policies and Procedures.

4.2.9 - Domain Names and E-Mail Addresses

Distributors may not use or attempt to register any of XIMO Health’s trade names, trademarks, service names, service marks, Product names, the Company’s name, or any derivative thereof, for any Internet domain name. Any Distributor that owns or uses such a Domain Name or Web Site must surrender ownership of the Domain Name to the Company and discontinue the Web Site. Distributors may not incorporate or attempt to incorporate any of XIMO Health’s trade names, trademarks, service names, service marks, Product names, the Company’s name, or any derivative thereof, into any electronic mail address.

4.2.10 - Trademarks and Copyrights

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

4.2.11 - Corporate Updates

XIMO Health reserves the right to amend the Corporate Web site and any and all Marketing and Advertising Materials, including its Catalogue, Brochures and Labels, at anytime in its sole and absolute discretion. It is each Distributor’s sole responsibility to frequently check the XIMO Health Web site and other Marketing Materials for text, image and price changes in order for each

Distributor to remain current with such changes. Each time changes are made to the Corporate Web site, or to any Corporate Printed Materials, each Distributor must make the appropriate changes to his or her personal, private, or non-Corporate XIMO Health Web site and other advertising materials to remain current and in compliance with these Policies and Procedures. As the Corporate changes are made, and each time the appropriate changes are made by a Distributor to his or her personal, private, or non-Corporate XIMO Health Web site and advertising materials, that Distributor must resubmit his or her updated Web site and advertising materials to XIMO Compliance in order to remain current and in compliance with these Policies and Procedures

4.2.12— Spamming and Unsolicited Faxes

Except as provided in this section, Distributors may not use or transmit unsolicited faxes, mass e-mail distribution, unsolicited e-mail, or “spam” relative to the operation of their XIMO Health businesses. 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 XIMO Health, its Products, its compensation plan or any other aspect of the company that 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 Distributor has an established business or personal relationship. The term “established business or personal relationship” means a prior or existing relationship formed by a voluntary two-way communication between a Distributor and a person, on the basis of: (a) an inquiry, application, purchase or transaction by the person regarding Products offered by such Distributor; or (b) a personal or familial relationship, which relationship has not been previously terminated by either party.

4.2.13— Telemarketing

Distributors agree that they shall not engage in telemarketing relative to the operation of their XIMO Health businesses. The term “telemarketing” means the placing of one or more telephone calls to an individual or entity to induce the purchase of a XIMO Health Product or service, or to recruit them for the XIMO Health opportunity. For purposes of these Policies and Procedures, “cold calls” made to prospective Customers or Distributors that promote either XIMO Health's Products or services or the XIMO Health opportunity constitute telemarketing. However, a telephone call(s) placed to a prospective Customer or Distributor (a “prospect”) with whom a Distributor has an established business relationship is not considered telemarketing and is permitted. An “established business relationship” is a relationship between a Distributor and a prospect based on: (1) the prospect’s purchase, rental, or lease of goods or services from the Distributor within the eighteen (18) months immediately preceding the date of a telephone call to induce the prospect's purchase of a Product or service; or (2) a financial transaction between the prospect and the Distributor within the eighteen (18) months immediately preceding the date of such a call; or (3) the prospect’s inquiry or application regarding a Product or service offered by the Distributor within the three (3) months immediately preceding the date of such a call.

In addition, Distributors shall not use automatic telephone dialing systems relative to the operation of their XIMO Health businesses. The term “automatic telephone dialing system” means equipment which has the capacity to: (a) store or produce telephone numbers to be called, using a random or sequential number generator; and/or (b) to dial such numbers.

4.2.14 —Media and Media Inquiries

Distributors must not attempt to respond to media inquiries regarding XIMO Health, its Products or services, or their independent XIMO Health business. All inquiries by any type of media must be immediately referred to XIMO Health’s Customer Service Department. This policy is designed to assure that accurate and consistent information is provided to the public, as well as, a proper public image.

4.2.15 — Distributor Release

By entering into the Distributor Agreement, a Distributor authorizes XIMO Health to use his or her name and/or likeness in advertising or promotional materials and waives all claims for remuneration for such use.

4.3 — Bonus Buying

“Bonus buying” includes: (a) the enrollment of individuals or entities without the knowledge of and/or execution of an Independent Distributor Application and Agreement by such individuals or entities; (b) the fraudulent enrollment of an individual or entity as a Distributor; (c) the enrollment or attempted enrolment of non-existent individuals or entities as Distributors (“phantoms”); or (d) the use of a credit card by or on behalf of a Distributor or Customer when the Distributor or Customer is not the account holder of such credit card. Bonus buying constitutes a material breach of these Policies and Procedures and is strictly and absolutely 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 XIMO Health Distributor. A XIMO Health business may change its status under the same sponsor from an individual to a partnership, corporation or trust, or from one type of entity to another. There is a \$25.00 fee for each change requested, which must be included with the written request and the completed Distributor Application and Agreement.

4.5 — Changes to Your XIMO Health Business

4.5.1— In General

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

4.5.2 — Addition of Co-Applicants

When adding a co-applicant (either an individual or a business entity) to an existing XIMO Health business, the Company requires a written request, as well as, a properly completed Distributor Application and Agreement containing the Social Security Numbers and signatures of the applicant and co-applicant. To prevent the circumvention of Section 4.24 (regarding transfers and assignments of XIMO Health business), the original applicant must remain as a party to the original Distributor Application and Agreement. If the original Distributor wants to terminate his or her relationship with the Company, he or she must transfer or assign his or her business in accordance with Section 4.24. If this process is not followed, the business shall be canceled upon the withdrawal of the original Distributor. All bonus and commission checks will be sent to the address of record of the original Distributor. There is a \$25.00 fee for each change requested, which must be included with the written request and the completed Distributor Application and Agreement. XIMO Health may, at its discretion, require notarized documents before implementing any changes to a XIMO Health business. Please allow thirty (30) days after the receipt of the request by XIMO Health for processing. 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

To protect the integrity of all marketing organizations and safeguard the hard work of all Distributors, XIMO Health strongly discourages changes in sponsorship. Maintaining the integrity of sponsorship is critical for the success of every Distributor and marketing organization. Accordingly, the transfer of a XIMO Health business from one sponsor to another is rarely permitted. Requests for change of sponsorship must be submitted in writing to the Distributor Services Department and must include the reason for the transfer. Transfers will only be considered in the following two (2) circumstances:

- a) In cases involving fraudulent inducement or unethical sponsoring, a Distributor may request that he or she be transferred to another organization with his or her entire marketing organization intact. All requests for transfer alleging fraudulent enrollment practices shall be evaluated on a case-by-case basis.
- b) The Distributor seeking to transfer submits a properly completed and fully executed Sponsorship Transfer Form which includes the written approval of all parties whose income will be affected by the transfer, including all Upline Distributors. Photocopied or facsimile signatures are not acceptable. All Distributor signatures must be notarized. The Distributor requesting the transfer must submit a fee of \$50.00 for administrative charges and data processing. If the transferring Distributor also wants to move any of the Distributors in his or her marketing organization, each Downline Distributor must also obtain a properly completed Sponsorship Transfer Form and return it to XIMO Health with the \$50.00 change fee (i.e., the transferring Distributor and each Distributor in his or her marketing organization multiplied by \$50.00 is the cost to move a XIMO Health business.) Downline Distributors will not be moved with the transferring Distributor unless all of the requirements of this paragraph are met. Transferring Distributors must allow thirty (30) days after the receipt of the Sponsorship Transfer Forms by XIMO Health for processing and verifying change requests.

4.5.4 —Cancellation and Re-application

A Distributor may legitimately change organizations by voluntarily canceling his or her XIMO Health business and remaining inactive (i.e., no purchases of XIMO Health Products for resale, no sales of XIMO Health Products, no sponsoring, no attendance at any XIMO Health functions, participation in any other form of Distributor activity, or operation of any other XIMO Health business) for six (6) full calendar months. Following the six-month period of inactivity, the former Distributor may reapply under a new sponsor.

XIMO Health will consider waiving the six-month waiting period under exceptional circumstances. Such requests for waiver must be submitted to XIMO Health in writing.

4.6 — Trade Shows, Expositions and Other Sales Forums

Distributors may display and/or sell XIMO Health Products at trade shows and professional expositions. Before submitting a deposit to the event promoter, Distributors must contact the Distributor Services Department in writing for conditional approval, as XIMO Health's policy is to authorize only one XIMO Health business per event. Final approval will be granted to the first Distributor who submits an official advertisement of the event, a copy of the contract signed by both the Distributor and the event official, and a receipt indicating that a deposit for the booth has been paid. Approval is given only for the event specified. Any requests to participate in future events must again be submitted to the Customer Service Department. XIMO Health further reserves the right to refuse authorization to participate at any function that it does not deem a suitable forum for the promotion of its Products or the XIMO Health opportunity.

4.7 — Corporate Meetings or Functions

4.7.1 — Photo/Video Release

Distributors hereby agree that any photographs and/or videos taken of their participation at the XIMO Health Corporate sponsored meeting may be used for publicity or any other use seen fit by XIMO Health. Distributors hereby waive any right they may have to inspect and/or approve of any photographs, audio or video recordings of themselves. By attending, Distributors agree to allow XIMO Health to videotape the event and use their likenesses in commercial media Products(s) such as DVDs and/or Web site presentations by XIMO Health as the company deems suitable without further remuneration. Distributors agree to wear reasonably professional business casual clothing to any XIMO Health event, and to maintain a quiet, professional demeanor throughout the meeting.

4.7.2 — Participant Non-Disruption

Distributors agree not to disrupt, question, argue, nor otherwise cause any kind of disruption nor disturbance at the XIMO Health Corporate sponsored meeting(s). Behavior constituting "disruptive behavior" is at the sole determination of XIMO Health. If a Distributor engages in disruptive behavior of any kind, he or she may be held liable for damages and agree that he or she may be ejected from the event. Distributors agrees to hold XIMO Health and its security and hotel or facility staff completely harmless from any injury or other claimed damage that may result before, during or after the ejection process.

4.7.3 — Participant Non-Disclosure Agreement

Distributors hereby agree not to record by any means, including by way of audio or video, any portion of a XIMO Health Corporate sponsored meeting, including the speakers or other participants. If Distributors do record any information of or about the XIMO Health Corporate sponsored meeting, or the content presented at the event, the Distributors may and will be subject to civil litigation and damages. Distributors also agree not to disseminate any information obtained at the XIMO Health Corporate sponsored meeting(s), including by way of Web pages, emails, and/or blogging, and/or video sharing Web sites, or create any derivative Products like "reports" or interviews or CDs or DVDs of any kind for sale or re-sale. No laptop computers, cell phones, audio/video tape recording, pdas or other electronic devices of any kind may be used during the event.

4.8 — Conflicts of Interest

4.8.1 — Nonsolicitation

XIMO Health Distributors are not prohibited hereby from participating in other multilevel or network marketing business ventures or marketing opportunities (collectively "network marketing").

Distributors agree to not sell, or attempt to sell, any competing non-XIMO Health Products or services to XIMO Health Distributors or Customers. Any Product or services in the same generic category as a XIMO Health Product or service is deemed to be competing (e.g., any dietary supplement is in the same generic category as XIMO Health's dietary supplements, and is therefore a competing product, regardless of differences in cost, quality, ingredients or nutrient content.).

Distributors agree to not display XIMO Health Products or services with any other products or services in a fashion that might in any way confuse or mislead a prospective Customer or Distributor into believing there is a relationship between the XIMO Health and non-XIMO Health Products or services.

Distributors agree to not offer any competing non-XIMO Health opportunity, products or services at any XIMO Health-related meeting, seminar or convention.

4.8.2 — Downline Activity Reports

Downline Activity Reports are available for Distributor access and viewing at XIMO Health's official Web site. Access to online 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 XIMO Health. Downline Activity Reports are provided to Distributors in strictest confidence and are made available to Distributors for the sole purpose of assisting Distributors in working with their respective Downline Organizations in the development of their XIMO Health business. Distributors should use their Downline Activity Reports to assist, motivate, and train their Downline Distributors. The Distributor and XIMO Health agree that, but for this agreement of confidentiality and nondisclosure, XIMO Health would not provide Downline Activity Reports to the Distributor. A Distributor 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 XIMO Health or for any purpose other than promoting his or her XIMO Health business; or
- d) Recruit or solicit any Distributor of XIMO Health listed on any report, or in any manner attempt to influence or induce any Distributor of XIMO Health, to alter their business relationship with XIMO Health.

Upon demand by the Company, any current or former Distributor 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. "Cross sponsoring" is defined as the enrollment of an individual who, or entity that, already has a current Distributor Agreement on file with XIMO Health, or who has had such an Agreement within the preceding six calendar months, within a different line of sponsorship. The use of a spouse or relative's name, trade names, DBA's, assumed names, corporations, partnerships, trusts, federal ID numbers, or fictitious ID numbers to circumvent this policy is prohibited. Distributors shall not demean, discredit or defame other XIMO Health Distributors in an attempt to entice another Distributor to become part of the first Distributor's marketing organization. This policy shall not prohibit the transfer of a XIMO Health business in accordance with Section 4.24.

4.10 — Errors or Questions

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

4.11 — Excess Inventory Purchases Prohibited

Distributors are not required to carry inventory of Products or sales aids. Distributors who do so may find making retail sales and building a marketing organization somewhat easier because of the decreased response time in fulfilling Customer orders or in meeting a new Distributor's needs. Each Distributor must make his or her own decision with regard to these matters. To ensure that Distributors are not encumbered with excess inventory that they are unable to sell, such inventory may be returned to XIMO Health upon the Distributor's cancellation pursuant to the terms of Section 8.2.

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

4.12 — Governmental Approval or Endorsement

Federal and state regulatory agencies and officials do not approve or endorse any direct selling or network marketing companies or programs. Therefore, Distributors shall not represent or imply that XIMO Health, its products, or its Marketing and Compensation Plan have been "approved," "endorsed" or otherwise sanctioned by any government agency.

4.13 — Identification

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

4.14 — Income Taxes

Every year, XIMO Health will provide an 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 Distributor is responsible for paying local, state/provincial, and federal taxes on any income generated as an Independent Distributor. If a XIMO Health business is tax exempt, the Federal tax identification number must be provided to XIMO Health.

While XIMO Health does provide a generous compensation plan and business opportunity based on the efforts of its Distributors, tax benefits associated with a home-based business should come under the supervision of a qualified CPA or Tax Advisor, and any reference to tax benefits is NOT permitted on any XIMO Distributor Web site and/or any Marketing or Advertising materials of any kind.

4.15 — Independent Contractor Status

Distributors are independent contractors, and are not purchasers of a franchise or a business opportunity. The agreement between XIMO Health and its Distributors does not create an employer/employee relationship, agency, partnership, or joint venture between the Company and the Distributor. A DISTRIBUTOR SHALL NOT BE TREATED AS AN EMPLOYEE FOR HIS OR HER SERVICES OR FOR FEDERAL OR STATE TAX PURPOSES. All Distributors are responsible for paying local, state, and federal taxes due from all compensation earned as a Distributor of the Company. XIMO Health is not responsible for withholding, and shall not withhold or deduct from a Distributor's bonuses and commissions, if any, FICA or taxes of any kind, unless withholding becomes legally required. The Distributor has no authority (expressed or implied) to bind the company to any obligation. Distributors 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 XIMO Health. Each Distributor agrees that he or she shall control the manner and means by which he or she operates his or her XIMO Health 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 Distributor 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 XIMO Health and other names as may be adopted by XIMO Health are proprietary trade names, trademarks and service marks of XIMO Health. As such, these marks are of great value to XIMO Health and are supplied to Distributors for their use only in an expressly authorized manner. Use of the XIMO Health name on any item not produced by the company is prohibited except as follows:

Distributor's Name
XIMO Health Independent Distributor

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

4.16 — Insurance

You may wish to arrange insurance coverage for your business. 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 often be accomplished with a simple "Business Pursuit" endorsement attached to your present homeowner's and automobile policies. In addition, you may wish to consider obtaining commercial general liability coverage for your business. While XIMO Health maintains insurance coverage for Products Liability claims arising out of the use of XIMO Health Products, the coverage does not extend to Distributors.

4.17 — International Marketing

4.17.1 Because of legal and tax considerations, XIMO Health must limit the RE-SALE of XIMO Health Products and the presentation of the XIMO Health business opportunity to prospective Customers and Distributors located within the United States and U.S. Territories, and Canada only. Moreover, allowing a few Distributors to conduct business in markets not yet opened by XIMO Health would violate the concept of affording every Distributor the equal opportunity to expand internationally. Accordingly, Distributors are authorized to sell XIMO Health Products and enroll Distributors only in the countries in which XIMO Health is authorized to conduct business, as announced in official company literature.

4.17.2 Distributors may only sell or distribute XIMO Health Products or sales aids in countries in which XIMO Health is authorized to conduct business. Distributors must request and will be provided with the list of countries in which XIMO Health is authorized to conduct business. Distributors may NOT: (a) conduct sales, enrollment or training meetings; (b) enroll or attempt to enroll potential Distributors/Distributors; or (c) conduct any other activity for the purpose of establishing a marketing organization, or promoting the XIMO Health opportunity in any unauthorized country.

4.17.3 Determination of when Products or sales aids may be sold in a foreign country or when Distributors may establish a marketing organization in a foreign country is at the sole discretion of XIMO Health.

4.18 — Adherence to Laws and Ordinances

4.18.1 - Local Ordinances

Many cities and counties have laws regulating certain home-based businesses. In most cases these ordinances are not applicable to Distributors because of the nature of their business. However, Distributors must obey those laws that do apply to them.

4.18.2 - Compliance With Federal, State, and Local Laws

Distributors shall comply with all Federal, State, and Local Laws and Regulations in the conduct of their businesses.

4.19 — Minors

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

4.20 — One XIMO Health Business Per Distributor

A Distributor may operate or have an ownership interest, legal or equitable, as a sole proprietorship, partner, shareholder, trustee, or beneficiary, in only one XIMO Health business. No individual may have, operate or receive compensation from more than one XIMO Health business. An exception to the one business per Distributor rule will be considered on a case-by-case basis in situations where a Distributor is receiving an interest in another business through inheritance. Requests for exceptions to this policy must be submitted in writing to the Customer Service Department.

4.20.1 - Actions of Household Distributors or Affiliated Individuals

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

4.21 — Re-packaging and Re-labeling Prohibited

Distributors may not re-package, re-label, refill or alter the labels on any XIMO Health Products, information, materials or programs in any way. XIMO Health Products must be sold in their original containers only, which include the seals on the containers. You should also be aware that civil liability can arise when, as a consequence of the repackaging or re-labeling of Products, the persons using the Products suffer any type of injury or their property is damaged.

4.22 — Requests for Records

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

4.23 — Roll-up of Marketing Organization

When a vacancy occurs in a Marketing Organization due to the termination of a XIMO Health business, each Distributor in the first level immediately below the terminated Distributor on the date of the cancellation will be moved to the first level (“front line”) of the terminated Distributor’s sponsor.

4.24 — Sale, Transfer or Assignment of XIMO Health Business

A Distributor may not assign any rights or delegate any duties under the Distributor Agreement without the prior written consent of XIMO Health. Any attempt to transfer or assign a XIMO Health business without the express written consent of XIMO Health will render the Distributor Agreement voidable at the option of XIMO Health. Therefore, although a XIMO Health business is a privately owned, independently operated business, the sale, transfer or assignment of a XIMO Health business is subject to certain limitations. If a Distributor wishes to sell his or her XIMO Health business, he or she must receive written authorization from the Company. In order to sell, transfer or assign a XIMO Health business, the following criteria must be met:

- a) Protection of the existing line of sponsorship must always be maintained so that the XIMO Health business continues to be operated in that line of sponsorship.
- b) The buyer or transferee must be (or must become) a qualified XIMO Health Distributor. If the buyer is an active XIMO Health Distributor, he or she must first terminate his or her XIMO Health business simultaneously with the purchase, transfer, assignment or acquisition of any interest in the new XIMO Health business.
- c) Before the sale, transfer or assignment can be finalized and approved by XIMO Health, any debt obligations the selling Distributor has with XIMO Health must be satisfied.
- d) The selling Distributor must be in good standing and not in violation of any of the terms of the Agreement in order to be eligible to sell, transfer or assign a XIMO Health business.
- e) Prior to selling a XIMO Health business, the selling Distributor must notify the Customer Service Department of his or her intent to sell the XIMO Health business. No changes in line of sponsorship can result from the sale or transfer of a XIMO Health business.

4.25 — Separation of a XIMO Health Business

XIMO Health Distributors sometimes operate their XIMO Health businesses as husband-wife partnerships, regular partnerships, corporations, or trusts. At such time as a marriage may end in divorce or a corporation, partnership or trust (the latter three entities are collectively referred to herein as “entities”) may dissolve, arrangements must be made to assure that any separation or division of the business is accomplished so as not to adversely affect the interests and income of other businesses up or down the line of sponsorship. If the separating parties fail to provide for the best interests of other Distributors and the Company, XIMO Health will involuntarily terminate the Distributor Agreement and roll-up their entire organization pursuant to Section 4.23.

- During the pendency of a divorce or entity dissolution, the parties must adopt one of the following methods of operation:
- a) One of the parties may, with consent of the other(s), operate the XIMO Health business pursuant to an assignment in writing whereby the relinquishing spouse, shareholders, partners or trustees authorize XIMO Health to deal directly and solely with the other spouse or non-relinquishing shareholder, partner or trustee.
 - b) The parties may continue to operate the XIMO Health business jointly on a “business-as-usual” basis, whereupon all compensation paid by XIMO Health will be paid in the joint names of the Distributors or in the name of the entity to be divided as the parties may independently agree between themselves.

Under no circumstances will the Downline Organization of divorcing spouses or a dissolving business entity be divided. Similarly, under no circumstances will XIMO Health split commission and bonus checks between divorcing spouses or Distributors of dissolving entities. XIMO Health will recognize only one Downline Organization and will issue only one commission check per XIMO Health business per commission cycle. Commission checks shall always be issued to the same individual or entity. In the event that parties to a divorce or dissolution proceeding are unable to resolve a dispute over the disposition of commissions and ownership of the business, the Distributor Agreement may be involuntarily canceled. If a former spouse or a former entity Distributor has completely relinquished all rights in their original XIMO Health 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 Distributors in their former organization or to any former retail Customer. They must develop the new business in the same manner, as would any other new Distributor.

4.26 — Sponsoring

All active Distributors in good standing have the right to sponsor and enroll others into XIMO Health. Each prospective Distributor has the ultimate right to choose his or her own Sponsor. If two Distributors claim to be the Sponsor of the same new Distributor, the new Distributor shall have 30 days to inform the Company who the Sponsor should be. Thereafter, the Company shall regard the first application received by the Company as controlling.

4.27 — Stacking

The term “stacking” includes: (a) the failure to transmit to XIMO Health, or the holding of an Independent Distributor Application and Agreement in excess of two business days after its execution; (b) the placement or manipulation of Independent Distributor Applications and Agreements for the purpose of maximizing compensation pursuant to XIMO Health’s Marketing and Compensation Plan; or (c) providing financial assistance to new Distributors for the purpose of maximizing compensation pursuant to XIMO Health’s Marketing and Compensation Plan. Stacking constitutes a material breach of these Policies and Procedures, and is strictly and absolutely prohibited.

4.28 — Succession

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

- a) Execute a new Distributor Agreement;
- b) Comply with terms and provisions of the Agreement; and
- c) Meet all of the qualifications for the deceased Distributor’s status.

Bonus and commission checks of a XIMO Health business transferred pursuant to this section will be paid in a single check jointly to the devisees. The devisees must provide XIMO Health 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. XIMO Health will issue all bonus and commission checks and one IRS Form 1099 to the business entity.

4.28.1 - Transfer Upon Death of a Distributor To effect a testamentary transfer of a XIMO Health business, the successor must provide the following to XIMO Health: (1) an original death certificate; (2) a notarized copy of the will or other instrument establishing the successor’s right to the XIMO Health business; and (3) a completed and executed Distributor Agreement.

4.28.2 - Transfer Upon Incapacitation of a Distributor

To effect a transfer of a XIMO Health business because of incapacity, the successor must provide the following to XIMO Health: (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 XIMO Health business; and (3) a completed Distributor Agreement executed by the trustee.

SECTION 5 — RESPONSIBILITIES OF DISTRIBUTORS

5.1 — Change of Address or Telephone

To ensure timely delivery of Products, support materials, and commission checks, it is critically important that the XIMO Health’s files are current. Street addresses are required for shipping since UPS cannot deliver to a post office box. Distributors planning to move should send their new address and telephone numbers to XIMO Health’s Corporate Offices to the attention of the Distributor Services Department. To guarantee proper delivery, two weeks advance notice must be provided to XIMO Health on all changes. Special Note: If you are presently on the Auto-Ship program, you must submit a new Auto-Ship Agreement. If more than one change of address notice or Auto-Ship Agreement has been submitted to XIMO Health, the most recent one will supersede previous notices or Agreements. Please allow thirty (30) days after the receipt of the notice or Agreement by XIMO Health for processing.

5.2 — Continuing Development Obligations

5.2.1 - Ongoing Training

Any Distributor who sponsors another Distributor into XIMO Health agrees to perform a bona fide assistance and training function to ensure that his or her Downline is operating his or her XIMO Health business properly. Distributors must have ongoing contact and communication with the Distributors 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 Distributors to XIMO Health meetings, training sessions and other functions. Upline Distributors are also responsible to motivate and train new Distributors in XIMO Health Product knowledge, effective sales techniques, the XIMO Health Marketing and Compensation Plan, and compliance with Company Policies and Procedures. Communication with, and the training of, Downline Distributors must not, however, violate Section 4.2 (regarding the development of Distributor-produced sales aids and promotional materials).

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

5.2.2 - Increased Training Responsibilities

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

5.2.3 - Ongoing Sales Responsibilities

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

5.3 — Nondisparagement

Distributors agree to not disparage XIMO Health, other XIMO Health Distributors, XIMO Health's Products, the Marketing and Compensation plan, or XIMO Health's directors, officers, or employees. The disparagement of XIMO Health, other XIMO Health Distributors, XIMO Health's Products, the Marketing and Compensation plan, or XIMO Health's directors, officers, or employees constitutes a material breach of these Policies and Procedures.

5.4 — Reporting Policy Violations

Distributors observing a Policy violation by another Distributor should submit a written report of the violation directly to the attention of the XIMO Health 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 XIMO Health Marketing and Compensation Plan is based upon the sale of XIMO Health Products to end consumers. Distributors must fulfill personal and Downline Organization retail sales requirements (as well as meet other responsibilities set forth in the Agreement) to be eligible for bonuses, commissions and advancement to higher levels of achievement. The following sales requirements must be satisfied for Distributors to be eligible for commissions:

- a) Distributors must satisfy the Personal Sales Volume and Group Sales Volume requirements to fulfill the requirements associated with their rank as specified in the XIMO Health Marketing and Compensation Plan.
- b) "Personal Sales Volume" includes purchases made by the Distributor and purchases made by the Distributor's Direct Customers. Group Sales Volume shall include the total Sales Volume of all Distributors in his or her marketing organization and includes the Distributor's Personal Sales Volume.
- c) At least 70% of a Distributor's total monthly personal sales volume must be sold to personal retail Customers and/or Direct Customers. By reordering, a Distributor certifies that he or she has complied with this policy.

6.2 — Territory Restrictions

There are no exclusive territories granted to anyone. No franchise fees are required.

6.3 — Sales Receipts

All Distributors must provide their retail Customers with a sales receipt at the time of the sale. Distributors must maintain all retail sales receipts for a period of two years and furnish them to XIMO Health at the company's request. Records documenting the purchases of Distributors' Direct Customers will be maintained by XIMO Health.

If a sale qualifies as a "door-to-door" sale, Distributors 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 Distributor.

Remember, Distributors 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 involves "consumer goods or services" will depend upon the ultimate purposes of the purchaser.

"Door-to-door" sales do not include a transaction:

- a) 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
- b) 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 — BONUSSES AND COMMISSIONS

7.1 — Bonus and Commission Qualifications

A Distributor must be active and in compliance with the Agreement to qualify for bonuses and commissions. So long as a Distributor complies with the terms of the Agreement, XIMO Health will pay commissions to such Distributor in accordance with the Marketing and Compensation plan. The minimum amount for which XIMO Health will issue a check is \$10.00. If a Distributor's bonuses and commissions do not equal or exceed \$20.00, the Company will accrue the commissions and bonuses until they total \$20.00.

7.2 — Adjustment to Bonuses and Commissions

Distributors receive bonuses and commissions based on the actual sales of Products to end consumers. When a Product is returned to XIMO Health 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 Distributors who received bonuses and commissions on the sales of the refunded Products. In the event that any such Distributor terminates his or her Distributorship, and the amounts of the bonuses or commissions attributable to the returned Products have not yet been fully recovered by the company, the remainder of the outstanding balance may be set off against any amounts owed to the terminated Distributor pursuant to Section 8.2.

7.3 — Unclaimed Commissions

Distributors must deposit or cash commission and bonus checks within six months from their date of issuance. A check that remains uncashed after six months will be void. There shall be a \$10.00 charge for reissuing a check, deducted from the balance owed to the Distributor.

7.4 — Online and Telephonic Activity Reports

All information provided by XIMO Health in online or telephonic Downline activity reports, including but not limited to personal and group sales volume (or any part thereof), Downline sponsoring activity and/or accrued bonuses and 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 XIMO Health or any persons creating or transmitting the information.

ALL VOLUME AND SPONSORING ACTIVITY 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, XIMO HEALTH AND/OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION WILL IN NO EVENT BE LIABLE TO ANY DISTRIBUTOR OR ANYONE ELSE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES THAT ARISE OUT OF THE USE OF, OR ACCESS TO, VOLUME AND SPONSORING ACTIVITY 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 XIMO Health 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, XIMO HEALTH 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 XIMO Health's online activity reporting services and the information obtained thereby is at the Distributor's own risk. All such information is provided to the Distributor "as is." If a Distributor is dissatisfied with the accuracy or quality of the information, the Distributor's sole and exclusive remedy is to discontinue use of and access to XIMO Health's online and telephone activity reporting services.

SECTION 8 — PRODUCT GUARANTEES, RETURNS AND INVENTORY REPURCHASE

8.1 — Product Guarantee

8.1.1>Returns by First Time Direct Customers – Initial Purchase

XIMO Health offers a Special Unconditional Ninety (90) Day Money-Back Guarantee to First Time Direct Customers on their Initial Purchase of any XIMO Health Product, including original Shipping and Handling charges. If, on his or her Initial Purchase, a First Time Direct Customer is dissatisfied with any XIMO Health Product for any reason, he or she may return that Product to the Company within ninety (90) days, for a replacement, exchange or a full refund of the purchase price.

8.1.2 - Returns by Direct Customers – Subsequent Purchases

If a Direct Customer is dissatisfied with any XIMO Health Product purchased subsequent to his or her Initial Purchase, he or she may return that Product to the Company within thirty (30) days, for a replacement, exchange or a full refund of the purchase price, less any Shipping and Handling charges.

8.1.3 - Returns by New Distributors – Initial Purchase (Products Purchased for Personal Consumption)

XIMO Health offers a Special Ninety (90) Day Money-Back Guarantee to New Distributors on their Initial Purchase of any XIMO Health Product purchased for personal use, including original Shipping and Handling charges. If, on his or her Initial Purchase, a New Distributor is dissatisfied with any XIMO Health Product purchased for personal use, the Company offers a 100% 90-day money-back guarantee. This guarantee is limited to \$160.00 for New Distributors.

8.1.4 – Returns by Distributors – Subsequent Purchases (Products Purchased for Personal Consumption)

If a Distributor is dissatisfied with any XIMO Health Product purchased subsequent to his or her Initial Purchase, he or she

may return that Product to the Company within thirty (30) days, for a replacement, exchange or a full refund of the purchase price, less any Shipping and Handling charges. This guarantee is limited to \$160.00 for Distributors.

8.1.5 – Returns by Distributors – Subsequent Purchases in Excess of \$160.00 (Products Purchased for Personal Consumption)

If a Distributor wishes to return merchandise exceeding \$160.00 purchased subsequent to his or her Initial Purchase, in any 12-month period, the return will be deemed an inventory repurchase and the Company shall repurchase the inventory pursuant to the terms of Section 8.2, and the Distributor's Agreement shall be canceled.

8.1.6 - Returns by Distributors (Products Returned by Personal Retail Customers)

If a Person Retail Customer returns a Product to the Distributor from whom it was purchased, the Distributor may return it to the company for an exchange or refund. 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 Distributor along with the Sales Receipt the Distributor gave to the Customer, the Customer's name and telephone number, the reason for the return, and the Customer's signature.

8.2 — Return of Inventory and Sales Aids by Distributors

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

8.2.1 - Montana Residents

A Montana resident may cancel his or her Distributor Agreement within Fifteen (15) Days from the date of 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 Distributor or Customer who purchased it directly from XIMO Health.
- b) All Products to be returned must have a Return Authorization Number, which can be obtained by calling the Distributor Services Department. This Return Authorization Number must be written on each carton returned. The return is accompanied by:
 - 1) A completed and signed Consumer Return Form;
 - 2) A copy of the original dated retail Sales Receipt; and
 - 3) The unused portion of the Product in its original container.
- c) 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 XIMO Health shipping pre-paid. XIMO Health does not accept shipping-collect packages. The risk of loss in shipping for returned Product shall be on the Distributor. If returned Product is not received by the Company's Distribution Center, it is the responsibility of the Distributor to trace the shipment.
- d) If a Distributor is returning merchandise to XIMO Health that was returned to him or her by a personal retail Customer, the Product must be received by XIMO Health within ten (10) days from the date on which the retail Customer returned the merchandise to the Distributor, and must be accompanied by the sales receipt the Distributor gave to the Customer at the time of the sale. No refund or replacement of Product will be made if the conditions of these rules are not met.

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 Distributor may result, at XIMO Health's discretion, in one or more of the following corrective measures:

- a) Issuance of a written warning or admonition;
- b) Requiring the Distributor to take immediate corrective measures;
- c) 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) XIMO Health may withhold from a Distributor all or part of the Distributor's bonuses and commissions during the period

that XIMO Health is investigating any conduct allegedly in violation of the Agreement. If a Distributor's business is canceled for disciplinary reasons, the Distributor will not be entitled to recover any commissions withheld during the investigation period;

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

g) Involuntary termination of the offender's Distributor Agreement;

h) Any other measure expressly allowed within any provision of the Agreement or that XIMO Health deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by the Distributor's policy violation or contractual breach;

I) In situations deemed appropriate by XIMO Health, the Company may institute legal proceedings for monetary and/or equitable relief.

9.2 — Grievances and Complaints

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

9.3 — Arbitration

Any controversy or claim arising out of or relating to the Agreement, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. If a Distributor wishes to bring an action against XIMO Health 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 Distributor against XIMO Health for such act or omission. Distributor waives all claims that any other statute of limitation applies. Distributors waive all rights to trial by jury or to any court. All arbitration proceedings shall be held in Salt Lake City, Utah, unless the laws of the state in which a Distributor resides expressly require the application of its laws, in which case the arbitration shall be held in the capital of that state. 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 that the American Arbitration Association provides. Each party to the arbitration shall be responsible for its own costs and expenses of arbitration, including legal and filing fees. The decision of the arbitrator shall be final and binding on the parties and may, if necessary, be reduced to a judgment in any court of competent jurisdiction. This agreement to arbitrate shall survive any termination or expiration of the Agreement.

Nothing in these Policies and Procedures shall prevent XIMO Health 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 XIMO Health'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.

9.4 — Governing Law, Jurisdiction and Venue

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

SECTION 10 — ORDERING

10.1 — Direct Customers

Distributors are encouraged to promote XIMO Health's Direct Customer Program to retail Customers. The Direct Customer Program allows retail Customers to purchase their Products directly from XIMO Health through a Distributor's replicated Web sites. Direct Customers may not place an order except at a Distributor's XIMO Health replicated Web site.

10.2 — Purchasing XIMO Health Products

Each Distributor should purchase his or her Products directly from XIMO Health online only.

10.3 — Shipping and Back Order Policy

XIMO Health will normally ship Products within two (2) businesses day from the date on which it receives an order. XIMO Health 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 XIMO Health receives additional inventory. Distributors will be charged and given Personal Sales Volume on back ordered items unless notified on the invoice that the Product has been discontinued. XIMO Health will notify Distributors and Direct Customers if items are back-ordered and are not expected to ship within 30 days from the date of the order. An estimated shipping date will also be provided. Back ordered items may be canceled upon a Direct Customer's or Distributor's request. Direct Customers and Distributors may request a refund, credit on account, or replacement merchandise for canceled back orders. If a refund is requested, the Distributor'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

A Distributor and/or recipient of an order must confirm that the Product received matches the Product listed on the shipping invoice, and is free of damage. Failure to notify XIMO Health of any shipping discrepancy or damage within ten (10) days of shipment will cancel a Distributor's right to request a correction.

SECTION 11 — PAYMENT AND SHIPPING

11.1 — Deposits

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

11.2 — Insufficient Funds

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

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

Distributors shall not permit other Distributors or customers to use his or her Credit Card or permit debits to their Checking Accounts to enroll or to make purchases from the company.

11.4 — Sales Taxes

Distributors are solely responsible for compliance with collection and remittance of applicable local sales taxes for sales made and delivered directly by a Distributor to a Customer. As independent contractors, Distributors are responsible to collect and remit the appropriate sales tax on all Products that they sell to their personal retail Customers. You should consult with your local sales tax authority to ensure that the tax is properly remitted.

For sales made by the Company to a Distributor or Customer for delivery to a Utah address, the Company will collect and remit applicable Utah sales tax. If a Distributor has submitted, and XIMO Health has accepted, a current Sales Tax Exemption Certificate and Sales Tax Registration License, sales taxes will not be added to the invoice and the responsibility of collecting and remitting sales taxes to the appropriate authorities shall be on the Distributor. Exemption from the payment of sales tax is applicable only to orders which are shipped to a state or province for which the proper tax exemption papers have been filed and accepted. Any sales tax exemption accepted by XIMO Health is not retroactive.

SECTION 12 — INACTIVITY AND CANCELLATION

12.1 — Effect of Cancellation

So long as a Distributor remains active and complies with the terms of the Distributor Agreement and these Policies and Procedures, XIMO Health will pay commissions to such Distributor in accordance with the Marketing and Compensation Plan. A Distributor's bonuses and commissions constitute the entire consideration for the Distributor's efforts in generating sales and all

activities related to generating sales (including building a Downline organization). Following a Distributor's non-renewal of his or her Distributor Agreement) cancellation for inactivity, or voluntary or involuntary cancellation of his or her Distributor Agreement (all of these methods are collectively referred to as "cancellation"), the former Distributor shall have no right, title, claim or interest to the marketing organization that he or she operated, or any commission or bonus from the sales generated by the organization. A Distributor whose business is canceled will permanently lose all rights as a Distributor. This includes the right to sell XIMO Health Products and services and the right to receive future commissions, bonuses, or other income resulting from the sales and other activities of the Distributor's former Downline sales organization. In the event of cancellation, Distributors 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, and to cease use of any all trademarks or other intellectual property rights of XIMO Health.

The former Distributor shall not hold himself or herself out as a XIMO Health Distributor and shall not have the right to sell XIMO Health Products or services. A Distributor whose Distributor Agreement is canceled shall receive commissions and bonuses only for the last full pay period he or she was active prior to cancellation (less any amounts withheld during an investigation preceding an involuntary cancellation).

12.2 — Cancellation Due to Inactivity

Distributors who personally produce less than \$60.00 of personal sales volume for any pay period will not receive a commission for the sales generated through their marketing organization for that pay period. If a Distributor has not placed an order for a period of three consecutive calendar months (and thus become "inactive"), his or her Distributor Agreement shall be canceled for inactivity. The cancellation will become effective on the day following the last day of the third month of inactivity. Written confirmation of the cancellation will not be provided by XIMO Health.

12.3 — Involuntary Cancellation

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

12.4 — Voluntary Cancellation

A XIMO Distributor has a right to cancel at any time, regardless of reason. Cancellation must be submitted in writing to the company at its principal business address. The written notice must include the Distributor's signature, printed name, address, and Distributor I.D. number.

SECTION 13 — XIMO HEALTH'S MARKETING AND COMPENSATION PLAN

13.1 – Retail Sales

There are two ways to earn profits on retail sales. You keep the difference between wholesale and retail price by purchasing XIMO Health products at wholesale and selling at retail. When a personally-sponsored person orders product from your XIMO Health website, you will be paid the difference between wholesale and retail. Retail profits are paid weekly.

You may also earn profits on retail sales through the XIMO Health compensation plan.

13.2 Great Start Commissions

The XIMO Health Great Start Bonus is paid on a new enrollee's first commissionable purchase order. Subsequent purchases are paid through the Uni-level plan. Great Start Commissions are paid weekly.

When you have at least \$60 PV purchased within 40 days before the end of a Great Start commission week, you will receive a 35% Great Start bonus on the purchase PV of the first order of a new XIMO Health Customer or Distributor you have personally enrolled.

If you made your qualifying PV purchase through the monthly autoship plan, then you are also qualified to receive two generations of Great Start Bonus (35% first, 15% second).

Uni-level commission is not paid on PV for which Great Start Bonus is paid.

13.4 Uni-level Commission

The XIMO Health Uni-level compensation pays up to eight levels of commission on your downline organization. Standard compression applies to all levels, meaning that a distributor who is not active with qualifying PV is excluded and downline Group Volume rolls up to the next higher level. In addition, Dynamic Compression applies to all levels, meaning that the compensation engine will attempt to pay out all eight levels of commission on each commissionable purchase to the nearest upline placement distributor who is qualified to receive the next available level of commission on such purchase. Uni-level commissions are paid monthly.

Associate

Minimum monthly PV qualification: \$60+ PV

An Associate is paid a percentage of GV on:

Level 1: 10%, Level 2: 15%

Manager

Monthly PV requirement: \$60+ PV

Monthly GV requirement \$300

A Manager is paid a percentage of GV on:

Level 1: 10%, Level 2: 15%, Level 3: 8%

Senior Manager

Monthly autoship PV requirement: \$60+ PV

Monthly GV requirement: \$1,800 GV

A Senior Manager is paid a percentage of GV on:

Level 1: 10%, Level 2: 15%, Level 3: 8% , Level 4: 8%

Director

Monthly autoship PV requirement: \$60+ PV

Monthly GV requirement: \$5,000 GV

Three Legs Required with at least \$60 PV within levels 1-5

For Rank Qualification Only, Maximum Allowed GV from Largest Leg: \$3,000 GV

For Rank Qualification Only, at least \$500 GV from outside two largest legs

A Director is paid a percentage of GV on:

Level 1:10%, Level 2: 15%, Level 3: 8% , Level 4: 8%, Level 5: 5%

Senior Director

Monthly autoship PV requirement: \$60+ PV

Monthly GV requirement: \$10,000 GV

Three Legs Required with at least \$60 PV within levels 1-5

For Rank Qualification Only, Maximum Allowed GV from Largest Leg: \$6,000 GV

For Rank Qualification Only, at least \$1,000 GV from outside two largest legs

A Senior Director is paid a percentage of GV on:

Level 1: 10%, Level 2: 15%, Level 3: 8% , Level 4: 8%, Level 5: 5%, Level 6: 5%

Executive Director

Monthly autoship PV requirement: \$60+ PV

Monthly GV requirement: \$25,000 GV

Three Legs Required with at least \$60 PV within levels 1-5

For Rank Qualification Only, Maximum Allowed GV from Largest Leg: \$15,000 GV

For Rank Qualification Only, at least \$2,500 GV from outside two largest legs

An Executive Director is paid a percentage of GV on:

Level 1: 10%, Level 2: 15%, Level 3: 8% , Level 4: 8%, Level 5: 5%, Level 6: 5% Level 7: 5%

Vice President

Monthly autoship PV requirement: \$60+ PV

Monthly GV requirement: \$50,000 GV

Three Legs Required with at least \$60 PV within levels 1-5

For Rank Qualification Only, Maximum Allowed GV from Largest Leg: \$30,000 GV

For Rank Qualification Only, at least \$5,000 GV from outside two largest legs

A Vice President is paid a percentage of GV on:

Level 1: 10%, Level 2: 15%, Level 3: 8% , Level 4: 8%, Level 5: 5%, Level 6: 5% Level 7: 5% Level 8: 1%

Executive Vice President

Monthly autoship PV requirement: \$60+ PV

Monthly GV requirement: \$100,000 GV

Three Legs Required with at least \$60 PV within levels 1-5

For Rank Qualification Only, Maximum Allowed GV from Largest Leg: \$60,000 GV

For Rank Qualification Only, at least \$10,000 GV from outside two largest legs

An Executive Vice President is paid a percentage of GV on:

Level 1: 10%, Level 2: 15%, Level 3: 8% , Level 4: 8%, Level 5: 5%, Level 6: 5% Level 7: 5% Level 8: 2%

Infinity Bonus: A bonus of 1% of GV on levels 9 and deeper until a qualified distributor of equal or higher rank in the downline.

President

Monthly autoship PV requirement: \$60+ PV

Monthly GV requirement: \$250,000 GV

Three Legs Required with at least \$60 PV within levels 1-5

For Rank Qualification Only, Maximum Allowed GV from Largest Leg: \$150,000 GV

For Rank Qualification Only, at least \$25,000 GV from outside two largest legs

A President is paid a percentage of GV on:

Level 1: 10%, Level 2: 15%, Level 3: 8% , Level 4: 8%, Level 5: 5%, Level 6: 5% Level 7: 5% Level 8: 4%

Infinity Bonus: A bonus of 2% of GV on levels 9 and deeper until a qualified distributor of equal or higher rank in the downline, whereupon the Infinity Bonus will be 1% until the next qualified distributor of equal or higher rank in the downline.

13.5 GLOBAL BONUS POOL

When you achieve the rank of Executive Director, Vice President, Executive Vice President, or President, you may participate in the Global Bonus Pools based on company sales excluding Great Start PV. Up to 3% of total company GV will be disbursed pro rata among eligible participants based on total shares in the Global bonus Pool each month and funds availability. In no event will the Company pay out more than a total of 60% of net total company sales for a calendar month. Shares will be allocated to qualifying distributors and paid pro rata as follows:

Executive Director: 1 share, Vice President: 2 shares, Executive Vice President: 4 shares, President: 8 shares

For example, if there are one ED, one VP, one EVP, and one P qualified for the GBP, then the ED would be paid 1/15th of the GBP, the VP would be paid 2/15ths of the GBP, the EVP would be paid 4/15ths of the GBP, and the P would be paid 8/15ths of the GBP.

The Global Bonus Pool is paid monthly.

13.6 Bonus and Commission Payment processing

A processing and remittance fee of \$1.00 is payable for each check issued for bonuses and/or commissions.

SECTION 14 — DEFINITIONS

Active Distributor — A Distributor who satisfies the minimum Personal Sales Volume requirements, as set forth in the XIMO Health Marketing and Compensation Plan, to ensure that he or she is eligible to receive bonuses and commissions.

Active Rank — The term “active rank” refers the current rank of a Distributor, as determined by the XIMO Health Marketing and

Compensation Plan, for any calendar month. To be considered “active” relative to a particular rank, a Distributor must meet the criteria set forth in the XIMO Health Marketing and Compensation Plan for his or her respective rank. (See the definition of “Rank” below.)

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

Cancel — The termination of a Distributor’s business. Cancellation may be either voluntary, involuntary, or through inactivity.

Commissionable Products — All XIMO Health Products on which commissions and bonuses are paid.

Commission Month – Any calendar month.

Commission Week – Any calendar week Monday through Sunday.

Company — The term “Company” as it is used throughout the Agreement means XIMO Health LLC.

Direct Customer — A Customer who purchases XIMO Health Products directly from XIMO Health through the replicated Web site of a Distributor.

Downline — See “Marketing Organization” below.

Downline Activity Report — A monthly report generated by XIMO Health that provides critical data relating to the identities of Distributors, sales information, and enrollment activity of each Distributor’s Marketing Organization. This report contains confidential and trade secret information which is proprietary to XIMO Health.

Downline Leg — Each one of the individuals placed immediately underneath you and their respective marketing organizations represents one “leg” in your marketing organization.

Dynamic Compression – Dynamic Compression applies to all levels, meaning that the compensation engine will attempt to pay out all nine levels of unilevel commission on each commissionable purchase to the nearest upline placement distributor who is qualified to receive the next unpaid level of commission on such purchase.

End Consumer — A person who purchases XIMO Health Products for the purpose of personally consuming them rather than for resale to someone else.

Group Sales Volume (GV) — The Commissionable value of XIMO Health Products generated by a Distributor’s Downline Organization. Group Sales Volume does include the Personal Sales Volume of the subject Distributor.

Immediate Household — Heads of household and dependent family Distributors residing in the same house.

Leg – The downline of any of your first Level Distributors.

Level — The layers of Downline Distributors in a particular Distributor’s Marketing Organization. This term refers to the relationship of a Distributor relative to a particular Upline Distributor, determined by the number of Distributors between them who are related by placement. For example, if A sponsors B, who sponsors C, who sponsors D, who sponsors E, then E is on A’s fourth level.

Marketing Organization — The Distributors placed below a particular Distributor.

Official XIMO Health Material — Literature, audio or video tapes, files, and other materials developed, printed, published and distributed by XIMO Health to Distributors.

Personal Production — Moving Product to an end consumer for personal use.

Personal Sales Volume (PV) — Every XIMO Health Product is assigned a PV value. Distributor commissions are based on the total point value of XIMO Health Products sold by each Distributor and his/her Organization. The commissionable amount of personal product purchase during a calendar month.

Personally Sponsored (Enrolled): XIMO Health Distributors that you have personally sponsored/enrolled and placed in your downline or directly under you.

Rank — The “title” that a Distributor has achieved pursuant to the XIMO Health Marketing and Compensation Plan.

Recruit — For purposes of XIMO Health’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 XIMO Health Distributor to enroll or participate in another multilevel marketing, network marketing or direct sales opportunity. This conduct constitutes recruiting even if the Distributor’s actions are in response to an inquiry made by another Distributor. See “Sponsor” below.

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

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

Sponsor — A Distributor who enrolls another Distributor into the Company, and is listed as the Sponsor on the Distributor Application and Agreement. The act of enrolling others and training them to become Distributors is called “sponsoring.” See “Recruit” above.

Standard Compression – Removes non-active Distributors and compresses volume up, guaranteeing that all levels of commission that you are qualified for have volume. For example, if someone in your 3rd Level makes a purchase, but your Levels 1 & 2 do not, the Level 3 PV is compressed up and is regarded as you 1st Level for that commissionable month.

Upline — The XIMO Health Distributor who is directly above you in the placement tree. Your XIMO Upline consists of Distributors who fall above you in a line of placement. For purposes of sponsorship and payment of Great Start bonuses, your upline is your sponsor, and your sponsorship upline consists of your upline sponsor, that sponsor's sponsor, and so on, regardless of placement.