

INDIVIDUALITY

INTEGRITY

OPPORTUNITY

POLICIES & PROCEDURES



4LIFE RESEARCH™

STATEMENT OF POLICIES & PROCEDURES

EFFECTIVE DECEMBER 2005

TABLE OF CONTENTS

1. INTRODUCTION	1
1.1. Policies Incorporated into Distributor Agreement	1
1.2. Purpose of Policies	1
1.3. Changes to the Distributor Agreement, Policies and Procedures, or Marketing and Compensation Plan	1
1.4. Delays	1
1.5. Policies & Provisions Severable	1
1.6. Titles Not Substantive	1
1.7. Waiver	1
2. BECOMING A DISTRIBUTOR	1
2.1. Requirements to Become a Distributor	1
2.2. Inventory and Distributor Kit	2
2.3. New Distributor Registration by Telephone, Facsimile or Internet ..	2
2.4. Distributor Benefits	2
2.5. Renewal of Your 4Life™ Business	2
3. OPERATING A 4LIFE BUSINESS	2
3.1. Adherence to the 4Life Marketing and Compensation Plan.	2
3.2. Advertising	2
3.3. Participation in 4Life's Corporate Marketing Efforts	3
3.4. Telemarketing Techniques	3
3.5. Trademarks and Copyrights	3
3.6. Media and Media Inquiries	3
3.7. Business Entities	3
3.8. Changes to the 4Life Business	3
3.9. Addition of Co-Applicants	4
3.10. Change of Sponsor	4
3.11. Cancellation and Re-application.	4
3.12. Indemnification for Unauthorized Claims and Actions	4
3.13. Product Claims	4

3.14.	Income Claims	4
3.15.	Commercial Outlets	5
3.16.	Trade Shows, Expositions and Other Sales Forums	5
3.17.	Conflicts of Interest / Nonsolicitation	5
3.18.	Downline Activity Reports.	5
3.19.	Cross-Sponsoring.	6
3.20.	Errors or Questions	6
3.21.	Excess Inventory Purchases Prohibited	6
3.22.	Right of Publicity	6
3.23.	Governmental Approval or Endorsement	6
3.24.	Income Taxes.	6
3.25.	Independent Contractor Status	6
3.26.	International Marketing	6
3.27.	Adherence to Laws and Ordinances	7
3.28.	Compliance with Laws and Ethical Standards	7
3.29.	One 4Life Business Per Distributor	7
3.30.	Actions of Household Members or Affiliated Individuals	7
3.31.	Re-packaging and Re-labeling Prohibited	7
3.32.	Requests for Additional Records	7
3.33.	Roll-up of Marketing Organization.	7
3.34.	Sale, Transfer or Assignment of 4Life Business.	7
3.35.	Separation of a 4Life Business	8
3.36.	Sponsoring.	8
3.37.	Transfer Upon Death of a Distributor	8
3.38.	Transfer Upon Incapacitation of a Distributor	9

4. RESPONSIBILITIES OF DISTRIBUTORS 9

4.1.	Change of Address or Telephone	9
4.2.	Continuing Development Obligations and Ongoing Training.	9
4.3.	Increased Training Responsibilities	9
4.4.	Ongoing Sales Responsibilities	9
4.5.	Nondisparagement	9
4.6.	Providing Documentation to Applicants	9
4.7.	Reporting Policy Violations	9

5. SALES REQUIREMENTS	9
5.1. Product Sales	9
5.2. No Price or Territory Restrictions	10
5.3. Sales Receipts	10
6. BONUSES AND COMMISSIONS	10
6.1. Bonus & Commission Qualifications	10
6.2. Adjustment to Bonuses and Commissions for Returned Products and Services	10
6.3. Unclaimed Commissions and Credits	10
7. PRODUCT GUARANTEES, RETURNS AND INVENTORY REPURCHASE	10
7.1. Product Guarantee	10
7.2. Returns by Distributors (Products Returned by Personal Retail Customers)	10
7.3. Return of Inventory and Sales Aids by Distributors	10
7.4. Procedures for All Returns	11
8. DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS	11
8.1. Disciplinary Sanctions	11
8.2. Grievances and Complaints	11
8.3. Appeals of Sanctions	11
8.4. Arbitration	11
8.5. Governing Law, Jurisdiction and Venue	12

9. ORDERING	12
9.1. Purchasing 4Life Products	12
9.2. General Order Policies	12
9.3. Shipping and Backorder Policy	12
9.4. Confirmation of Order	12
9.5. Payment and Shipping Deposits	12
9.6. Insufficient Funds	12
9.7. Restrictions on Third Party Use of Credit Cards and Checking Account Access	12
9.8. Sales Taxes	13
 10. INACTIVITY AND CANCELLATION - TERMINATION	 13
10.1. Effect of Cancellation and Termination	13
10.2. Cancellation Due to Inactivity	13
10.3. Involuntary Cancellation (Termination)	13
10.4. Voluntary Cancellation	13
10.5. Non-renewal	13
 DEFINITIONS	 14
 NOTES	 15-18

1. INTRODUCTION

1.1. POLICIES INCORPORATED INTO DISTRIBUTOR AGREEMENT

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

1.2. PURPOSE OF POLICIES

4Life Distributors are required to comply with all of the Terms and Conditions set forth in the Agreement which 4Life may amend at its sole discretion from time to time, as well as all applicable laws governing their 4Life business and their conduct. Because you may be unfamiliar with many of these standards of practice, it is very important that you read and abide by the Agreement. Please review the information in this manual carefully. It explains and governs the relationship between you, as an independent contractor, and the Company.

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

Because applicable national and local laws, as well as the business environment, periodically change, 4Life reserves the right to amend the Agreement and its prices in its sole and absolute discretion. By signing the Distributor Agreement, a distributor agrees to abide by all amendments or modifications that 4Life elects to make. Notification of amendments shall appear in official materials. Amendments shall be effective upon publication in official 4Life materials, including but not limited to, posting on 4Life.com, E-mail distribution, publication in 4Life’s newsletter, product inserts, or any other commercially reasonable method. The continuation of a distributor’s 4Life business or a distributor’s acceptance of bonuses or commissions constitutes acceptance of any and all amendments.

1.4. DELAYS

4Life shall not be responsible for delays and failures in performance of its obligations when performance is made commercially impracticable due to circumstances beyond its reasonable control.

This includes, without limitation, strikes, labor difficulties, riot, war, fire, flood, death, curtailment of a party’s source of supply, or government decrees or orders.

1.5. 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.

1.6. TITLES NOT SUBSTANTIVE

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

1.7. WAIVER

The Company never gives up its right to insist on compliance with the Agreement and with the applicable laws governing the conduct of a business. No failure of 4Life to exercise any right or power under the Agreement or to insist upon strict compliance by a distributor with any obligation or provision of the Agreement, and no custom or practice of the parties at variance with the terms of the Agreement, shall constitute a waiver of 4Life’s right to demand exact compliance with the Agreement. Waiver by 4Life can be effectuated only in writing by an authorized officer of the Company. 4Life’s waiver of any particular breach by a distributor shall not affect or impair 4Life’s rights with respect to any subsequent breach, nor shall it affect in any way the rights or obligations of any other distributor. Nor shall any delay or omission by 4Life to exercise any right arising from a breach affect or impair 4Life’s rights as to that or any subsequent breach.

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

2. BECOMING A DISTRIBUTOR

2.1. REQUIREMENTS TO BECOME A DISTRIBUTOR

To become a 4Life Distributor, each applicant must:

- Be the age of Majority in his or her country of residence;
- Reside in the United States, the Philippines or other countries which have been officially opened by 4Life;
- Have a valid Taxpayer Identification Number;
- Submit a properly completed and signed Distributor Application and Agreement to 4Life (the Company reserves the right to reject any applications for new distributorships or applications for renewal);

- Purchase a Distributor Kit.

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

2.2. INVENTORY AND DISTRIBUTOR KIT

No person is required to purchase 4Life products or services to become a distributor. However, to familiarize new distributors with 4Life products, services, sales techniques, sales aids, and other matters, the purchase of a Distributor Kit is required. 4Life will repurchase resalable kits from any distributor who terminates his or her Distributor Agreement pursuant to the terms in the "Return of Inventory and Sales Aids by Distributors" section.

2.3. NEW DISTRIBUTOR REGISTRATION BY TELEPHONE, FACSIMILE OR INTERNET

A Sponsor or the new distributor may call the 4Life Home Office during regular business hours to receive a temporary Distributor Identification Number (DIN). (See the front of the Distributor Application and Agreement for phone numbers.) The caller must be able to provide all necessary Distributor Agreement information over the telephone. An online, fax or original hard-copy of the Distributor Agreement must be received by the Company within 30 days from the date of the telephone enrollment. If no application is received, the new enrollee's Distributor Agreement will be cancelled. For purposes of 4Life's Policies and Procedures, signatures on applications submitted through these electronic methods shall be deemed original signatures. Faxed applications must include both the front and back of the application. Volume generated through distributors enrolled over the telephone will not count toward qualification, or for contest purposes, if subsequently canceled for failure to submit an online, fax, or original hard copy application as stated above.

2.4. DISTRIBUTOR BENEFITS

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

- Purchase 4Life products and services at the wholesale price;
- Retail 4Life products or resell services, which are described in the 4Life product catalog, and profit from these sales;
- Participate in the 4Life Marketing and Compensation Plan (receive bonuses and commissions, if eligible);
- Sponsor other individuals as retail customers or distributors into the 4Life business and thereby build a marketing organization and progress through the 4Life Marketing and Compensation Plan;

- Receive periodic 4Life literature and other 4Life communications;
- Participate in 4Life-sponsored support service training, motivational and recognition functions, under terms and conditions mutually agreed upon and upon payment of appropriate charges, if applicable;
- Participate in promotional and incentive contests and programs sponsored by 4Life for its distributors.

2.5. RENEWAL OF YOUR 4LIFE BUSINESS

The term of the Distributor Agreement is one year from the date of its acceptance by 4Life. Distributors must renew their Distributor Agreement each year by paying an annual renewal fee as determined by the company on or before the anniversary date of their Distributor Agreement. If the renewal fee is not paid within 30 days after the expiration of the current term of the Distributor Agreement, the Distributor Agreement may be canceled, however, in the absence of extenuating circumstances, all agreements are renewed under the Automatic Renewal Program ("ARP"). Under the ARP, the renewal fee will be deducted from the distributor's bonus check for the anniversary month of the Distributor Agreement. If the bonus check does not have sufficient funds to cover the renewal fee, a debit shall remain against the distributor's account until such funds are available.

3. OPERATING A 4LIFE BUSINESS

3.1. ADHERENCE TO THE 4LIFE MARKETING AND COMPENSATION PLAN

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

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

3.2. ADVERTISING

All distributors shall safeguard and promote the good reputation of 4Life and its products. The marketing and promotion of 4Life,

the 4Life opportunity, the Marketing and Compensation Plan, and 4Life products and services shall be consistent with the public interest, and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices. 4Life specifically prohibits the use of mass unsolicited telephone autodialing, faxing, e-mail (“spam”), and “boiler-room” telemarketing operations.

To promote both the products and the opportunity 4Life offers, distributors must use the sales aids and support materials produced by 4Life. If 4Life Distributors develop their own sales aids and promotional materials (which includes Internet advertising), notwithstanding distributors’ good intentions, they may unintentionally violate any number of statutes or regulations affecting a 4Life business. These violations, although they may be relatively few in number, could jeopardize the 4Life opportunity for all distributors. Accordingly, distributors must submit all written sales aids, promotional materials, advertisements, websites and other literature to the Company for approval. Unless the distributor receives specific written approval to use the material, the request shall be deemed denied.

3.3. PARTICIPATION IN 4LIFE’S CORPORATE MARKETING EFFORTS

4Life encourages distributor participation in the Company’s marketing efforts and distributors may submit their marketing ideas to the Company. Likewise, distributors are encouraged to participate in all company-sponsored telephone calls to interact and share ideas with company leadership as well as other distributors. All submissions to the company, including those coming by way of verbal participation in company-sponsored telephone calls, become the property of 4Life.

All company-sponsored telephone calls are copyrighted material owned by 4Life and are intended for distributors’ individual use. Any rebroadcast, reproduction or distribution of this copyrighted material without the express written consent of 4Life, is prohibited.

3.4. TELEMARKETING TECHNIQUES

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

3.5. TRADEMARKS AND COPYRIGHTS

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

Distributor’s Name
Independent 4Life Research Distributor

If a distributor uses the name 4Life and/or any of 4Life’s products in his or her advertising, the distributor must identify the mark as the property of 4Life Research, LC. All distributors may list themselves as an “Independent 4Life Distributor” in the white or yellow pages of the telephone directory under their own name. No distributor may place telephone directory display ads using 4Life’s name or logo. Distributors may not answer the telephone by saying “4Life”, “4Life Research”, or in any other manner that would lead the caller to believe that he or she has reached corporate offices of 4Life. Distributors may not produce for sale, or any other purpose, any recorded Company events and speeches without written permission from 4Life; nor may distributors reproduce for sale or for personal use any recording of Company-produced audio or video tape presentations.

In accordance with a distributor’s strict adherence to the foregoing instruction on the use of 4Life’s trademarks, 4Life grants to each distributor so adhering, permission to use said marks. The permission to use said marks is strictly for the purpose of distributing, promoting and marketing the items produced by the Company. No licenses are granted or implied in this Agreement over 4Life’s proprietary trade names, trademarks and service marks. Said permission may be revoked at any time at the discretion of 4Life.

3.6. MEDIA AND MEDIA INQUIRIES

Distributors must not attempt to respond to media inquiries regarding 4Life, its products or services, or their independent 4Life business. All inquiries by any type of media must be immediately referred to 4Life’s Corporate Offices.

3.7. BUSINESS ENTITIES

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

3.8. CHANGES TO THE 4LIFE BUSINESS

Distributors must immediately notify 4Life of all changes to the information contained on his or her Distributor Application and Agreement. Distributors may modify their existing Distributor Agreement (i.e., change of Taxpayer Identification 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. If applicable, each business will receive a separate tax certificate from 4Life,

in the form prescribed by the Bureau of Internal Revenue, as proof that income payments have been made to said business.

3.9. ADDITION OF CO-APPLICANTS

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

There is a Php1,400 fee for each change requested, which must be included with the written request and the completed Distributor Application and Agreement. 4Life may, at its discretion, require notarized documents before implementing any changes to a 4Life business. Please allow thirty (30) days after the receipt of the request by 4Life for processing.

3.10. CHANGE OF SPONSOR

The transfer of a 4Life business from one sponsor to another is rarely permitted. Requests for change of sponsorship must be submitted in writing to the Distributor Services Department, and must include the reason for the transfer. Transfers will only be considered in the following three (3) circumstances:

- Within 10 days without cause.
- 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, and must be submitted to the Company in writing within 60 days from the enrollment date. The request must include a detailed description of why the distributor believes his/her enrollment was fraudulently induced.
- The distributor seeking to transfer submits a properly completed and fully executed Sponsorship Transfer Form which includes the written approval of all parties whose income will be affected by the transfer. Photocopied or facsimile signatures are not acceptable. All distributor signatures must be notarized. The

distributor who requests the transfer must submit a fee of Php2,800 for administrative charges and data processing. Transferring distributors must allow thirty (30) days after the receipt of the Sponsorship Transfer Forms by 4Life for processing and verifying change requests. A transferring distributor's down line shall remain in the original genealogy and shall not be moved with the transferring distributor; however 4Life reserves the right to make downline genealogy changes at its discretion for reasonable business purposes.

3.11. CANCELLATION AND RE-APPLICATION

A distributor may legitimately change organizations by voluntarily canceling his or her 4Life business and remaining inactive (i.e., no purchases of 4Life products for resale, no sales of 4Life products, no sponsoring, no attendance at any 4Life functions, participation in any other form of distributor activity, or operation of any other 4Life business) for six (6) full calendar months. Following the six month period of inactivity, the former distributor may reapply under a new sponsor.

3.12. INDEMNIFICATION FOR UNAUTHORIZED CLAIMS AND ACTIONS

A distributor is fully responsible for all of his or her verbal and/or written statements made regarding 4Life products, services, and the Marketing and Compensation Plan which are not expressly contained in official 4Life materials. Distributors agree to indemnify 4Life and hold it harmless from any and all liability including judgments, civil penalties, refunds, attorney fees, court costs or lost business incurred by 4Life as a result of the distributor's unauthorized representations or actions. This provision shall survive the cancellation of a Distributor's Agreement.

3.13. PRODUCT CLAIMS

No claims as to any products offered by 4Life may be made except those contained in official 4Life literature. In particular, no distributor may make any claim that 4Life products are useful in the cure, treatment, diagnosis, mitigation or prevention of any diseases. Such statements can be perceived as medical or drug claims.

3.14. INCOME CLAIMS

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

While distributors may believe it beneficial to provide copies of checks, or to disclose the earnings of themselves or others, such approaches have legal consequences that can negatively impact

4Life as well as the distributor making the claim unless appropriate disclosures required by law are also made contemporaneously with the income claim or earnings representation. Because 4Life Distributors may not have the data necessary to comply with the legal requirements for making income claims, a distributor, when presenting or discussing the 4Life opportunity or Marketing and Compensation Plan to a prospective distributor, may not make income projections, income claims or disclose his or her 4Life income (including the showing of checks, copies of checks or bank statements).

In a presentation where hypothetical income examples are used to explain the operation of the Marketing and Compensation Plan, distributors shall use the Income Disclosure Chart published in the annual January Issue of the Summit Magazine or posted on the Company website.

3.15. COMMERCIAL OUTLETS

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

3.16. TRADE SHOWS, EXPOSITIONS AND OTHER SALES FORUMS

Distributors may display and/or sell 4Life products at trade shows and professional expositions. Distributors may not display and/or sell 4Life products at swap meets, garage sales, flea markets or farmer's markets without the prior written consent of the Company.

3.17. CONFLICTS OF INTEREST / NONSOLICITATION

4Life Distributors are free to participate in other multilevel or network marketing business ventures or marketing opportunities. However, during the term of this Agreement, distributors may not recruit other 4Life Distributors or Customers for any other multilevel or network marketing business. During the term of this Agreement and, for a period of six months following the cancellation thereof, a distributor or former distributor may not recruit any 4Life Distributor or Customer for another multilevel marketing business. Because network marketing is often conducted over the telephone and via the internet through networks of individuals spanning the U.S. and internationally, any narrow geographic limitation on the scope of this non-solicitation policy would render

it ineffective. Therefore, this policy shall apply to all countries where 4Life is officially open for business. The term "recruit" means actual or attempted solicitation, enrollment, encouragement or effort to influence in any way, either directly or through a third party, a 4Life Distributor or Customer to enroll or participate in another multilevel marketing, network marketing or direct sales opportunity. If the distributor or former distributor directly or indirectly responds to an inquiry by a 4Life Distributor, this also constitutes recruiting.

Distributors may not display 4Life products or services with any other non-4Life products or services. If operating from a physical retail location, 4Life products or services must be displayed separately from non-4Life products or services. Distributors may not offer the 4Life opportunity, products or services to prospective or existing customers or distributors in conjunction with any non-4Life program, opportunity, product or service. Distributors may not offer any non-4Life opportunity, products or services at any 4Life-related meeting, seminar or convention.

3.18. DOWNLINE ACTIVITY REPORTS

All Downline Activity Reports and the information contained therein are confidential and constitute proprietary business trade secrets information belonging to 4Life. Downline Activity Reports are provided to distributors in strictest confidence and are made available to distributors for the sole purpose of assisting distributors in working with their respective Downline Organizations in the development of their 4Life business. Distributors should use their Downline Activity Reports to manage, motivate and train their downline distributors. The distributor and 4Life agree that, but for this agreement of confidentiality and nondisclosure, 4Life would not provide Downline Activity Reports to the distributor. Accordingly, distributors shall not, on his or her own behalf, or on behalf of any other person, partnership, association, corporation or other entity:

- Directly or indirectly disclose any information contained in any Downline Activity Report to any third party;
- Use the information to compete with 4Life or for any purpose other than promoting his or her 4Life business; recruit or solicit any distributor or customer of 4Life listed on any report, or in any manner attempt to influence or induce any distributor or customer of 4Life, to alter their business relationship with 4Life;
- Use or disclose to any person, partnership, association, corporation or other entity any information contained in any Downline Activity Report;
- Upon demand by the Company, any current or former distributor will return the original and all copies of Downline Activity Reports to the Company. The provisions of this policy shall survive the termination or cancellation of a Distributor's Agreement with 4Life.

3.19. CROSS-SPONSORING

Actual or attempted cross-group sponsoring is strictly prohibited. “Cross-group sponsoring” is defined as the enrollment, indirect or otherwise, of an individual or entity that already has a current Customer or Distributor Agreement on file with 4Life, or who has had such an agreement within the preceding six calendar months, within a different line of sponsorship. The use of a spouse’s or relative’s name, trade names, DBAs, assumed names, corporations, partnerships, Taxpayer Identification Number or fictitious ID numbers to circumvent this policy is prohibited. This policy shall not prohibit the transfer of a 4Life business in accordance with the “Sale, Transfer or Assignment of 4Life Business” section.

3.20. ERRORS OR QUESTIONS

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

3.21. EXCESS INVENTORY PURCHASES PROHIBITED

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

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

3.22. RIGHT OF PUBLICITY

Distributors authorize 4Life to use their name, photograph, personal story and/or likeness in the Company’s advertising and/or promotional materials and waive all claims for remuneration for such use.

3.23. GOVERNMENTAL APPROVAL OR ENDORSEMENT

Philippine government authorities do not approve or endorse any direct selling or network marketing companies or programs. Therefore, distributors shall not represent or imply that 4Life or

its Marketing and Compensation Plan have been “approved,” “endorsed” or otherwise sanctioned by any government agency.

3.24. INCOME TAXES

If applicable, 4Life will provide a tax certificate in the form prescribed by the Bureau of Internal Revenue to each distributor.

Each distributor is responsible for paying local and national taxes on any income generated as an Independent Distributor. If a 4Life business is tax exempt, official written proof of such exemption must be provided to 4Life.

3.25. INDEPENDENT CONTRACTOR STATUS

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

All contracts, expenses, and liabilities in connection with the promotion, advertisement, marketing, sale, distribution, supply and support of 4Life products by a distributor shall be made, paid and undertaken exclusively by the distributor as an independent contractor, in its own name and for its own account, and not as representative or agent or employee of the Company. A distributor will obtain, at its own expense, and in its own name and for its own account, all consents, licenses (including a license for home solicitation sales from the Department of Trade and Industry, if applicable), certificates, or other permissions or waivers from any authority, body, or association, which may be necessary or advisable to properly market, use, and support the 4Life products.

3.26. INTERNATIONAL MARKETING

Because of critical legal and tax considerations, 4Life must limit the resale of 4Life products and services, and the presentation of the 4Life business opportunity to prospective customers and distributors located within the United States and U.S. Territories and other authorized countries. Moreover, allowing a few distributors to conduct business in markets not yet opened by 4Life would violate the concept of affording every distributor the equal opportunity to expand internationally.

Accordingly, distributors are authorized to sell 4Life products and services, and enroll customers or distributors only in the countries in which 4Life is authorized to conduct business, as announced in

official Company literature. No distributor may sell, give, transfer, import, export or distribute 4Life products or sales aids in any unauthorized country. In addition, no distributor may, in any unauthorized country: (a) conduct sales, enrollment or training meetings; (b) enroll or attempt to enroll potential customers of distributors; or (c) conduct any other activity for the purpose of selling 4Life products, establishing a marketing organization, or promoting the 4Life opportunity.

3.27. ADHERENCE TO LAWS AND ORDINANCES

Philippine cities, municipalities and other local government units may have ordinances that affect certain home-based businesses, such as zoning regulations. These ordinances may not be applicable to distributors because of the nature of their business. However, it is the responsibility of the distributor to be aware of ordinances relevant to his business, and distributors must obey those ordinances that do apply to them. If a government official tells a distributor that an ordinance applies to him or her, the distributor shall be polite and cooperative, and immediately send a copy of the ordinance to the Compliance Department of 4Life. There may be exceptions to the ordinance that apply to 4Life Distributors.

3.28. COMPLIANCE WITH LAWS & ETHICAL STANDARDS

Distributors shall comply with all applicable laws and regulations in the conduct of their businesses. In connection with the operation of a distributor's 4Life business, the violation of any law, or any conduct that is unethical or, in 4Life's sole discretion, may tend to damage its reputation or goodwill, shall be grounds for appropriate sanctions.

3.29. ONE 4LIFE BUSINESS PER DISTRIBUTOR

A distributor may operate or have an ownership interest, legal or equitable, as a sole proprietorship, partner, shareholder, or beneficiary, in only one 4Life business. No individual may have, operate or receive compensation from more than one 4Life business. Individuals of the same family unit may each enter into or have an interest in their own separate 4Life businesses, only if each subsequent family position is placed frontline to the first family member enrolled. A "family unit" is defined as spouses and dependent children living at or doing business at the same address.

3.30. ACTIONS OF HOUSEHOLD MEMBERS OR AFFILIATED INDIVIDUALS

If any member of a distributor's immediate household engages in any activity which, if performed by the distributor named on the application, would violate any provision of the Agreement, such activity will be deemed a violation by the distributor and 4Life may impose appropriate sanctions pursuant to the Statement of Policies on the named distributor. Similarly, if any individual associated in any way with a corporation, partnership, or other entity (collectively

"affiliated individual") violates the Agreement, such action(s) will be deemed a violation by the entity, and 4Life may impose appropriate sanctions on the entity.

3.31. RE-PACKAGING AND RE-LABELING PROHIBITED

Distributors may not re-package, re-label, refill or alter the labels on any 4Life products, information, materials or programs in any way. 4Life products must be sold in their original containers only. Such re-labeling or re-packaging would likely violate applicable laws, which could result in severe criminal penalties. You should also be aware that civil liability can arise when, as a consequence of the repackaging or re-labeling of products, the persons using the products suffer any type of injury or their property is damaged.

3.32. REQUESTS FOR ADDITIONAL RECORDS

Any request from a distributor for additional or replacement copies of invoices, applications or other records will require a fee of Php56 per page per copy. This fee covers the expense of mailing and time required to research files and make copies of the records.

3.33. ROLL-UP OF MARKETING ORGANIZATION

Upon cancellation of a distributor, all individuals on the first level of the canceling distributor shall move into the vacated position. This shall not affect the status of Enrollers.

3.34. SALE, TRANSFER OR ASSIGNMENT OF 4LIFE BUSINESS

Although a 4Life business is a privately owned, independently operated business, the sale, transfer or assignment of a 4Life business is subject to certain limitations. Unless otherwise agreed to in writing, if a distributor wishes to sell his or her 4Life business, it must comply with the requirements of the Bulk Sales Law, if applicable, and other applicable laws, and meet the following criteria:

- The distributor shall offer the Company the right of first refusal to purchase the business on the same terms as it would be offered to any third party. If the company purchases the business, it is up to the company's discretion whether to retain the business or allow a roll-up to occur;
- Protection of the existing line of sponsorship must always be maintained so that the 4Life business continues to be operated in that line of sponsorship;
- A buyer or transferee must become a qualified 4Life Distributor. If the buyer is an active 4Life Distributor, he or she must first terminate his or her 4Life business and remain inactive for six (6) full calendar months before becoming eligible for a purchase, transfer, assignment or acquisition of any interest in the 4Life business;
- Before the sale, transfer or assignment can be finalized and

approved by 4Life, any debt obligations the selling distributor has with 4Life must be satisfied;

- The selling distributor must be in good standing and not in violation of any of the terms of the Agreement in order to be eligible to sell, transfer or assign a 4Life business;
- Prior to offering a 4Life business for sale, the selling distributor must notify 4Life's corporate offices of his or her intent to sell the 4Life business.

3.35. SEPARATION OF A 4LIFE BUSINESS

Distributors sometimes operate their 4Life businesses as husband-wife partnerships, regular partnerships, or corporations. At such time as a marriage is declared null and void ab initio, or annulled, or the spouses are legally separated or a corporation or partnership (the latter two entities are collectively referred to herein as "entities") is dissolved, 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 distributors that are involved in the proceedings for declaration of nullity, annulment, legal separation, or dissolution, as the case may be, fail to provide for the best interests of other distributors and the Company, 4Life will involuntarily terminate the Distributor Agreement and roll-up their entire organization pursuant to the "Roll Up of Marketing Organization" section.

During the pendency of proceedings for the declaration of nullity or annulment of a marriage, legal separation or entity dissolution, the parties must adopt one of the following methods of operation:

- For spouses, one of the parties may, with written consent of the other(s), operate the 4Life business pursuant to an assignment in writing whereby the relinquishing spouse, authorizes 4Life to deal directly and solely with the other spouse or the spouses may continue to operate the 4Life business jointly whereupon all compensation paid by 4Life will be paid in the joint names of the distributor-spouses. .
- For corporations and partnerships, the corporation may prior to its dissolution and subject to compliance with applicable law, (a) assign the 4Life business to one or some of its stockholders or partners, as the case may be, and authorize 4Life to deal directly with such stockholder(s) or partner(s), or (b) continue operating the 4Life business.

If the spouses, corporation or partnership elect neither of the foregoing, 4Life will continue to pay commissions to the same individual(s), corporation or partnership to whom commissions were paid prior to the filing of the annulment or dissolution proceeding.

Under no circumstances will the Downline Organization of the former spouses or a dissolving business entity be divided. Similarly,

under no circumstances will 4Life split commission and bonus checks between former spouses or stockholders or members of dissolving entities. 4Life will recognize only one Downline Organization and will issue only one commission check per 4Life business per commission cycle. Commission checks shall always be issued to the same individual or entity. In the event that parties to a proceedings for declaration of nullity or annulment of marriage or legal separation or dissolution proceeding are unable to resolve a dispute over the disposition of commissions and ownership of the business and notify 4Life of such resolution, within six months following the filing or institution of the proceedings for declaration of nullity, annulment, legal separation or dissolution, the Distributor Agreement shall be automatically canceled upon the lapse of such period. If a former spouse in case of a declaration of nullity of marriage or annulment, or a spouse in case of legal separation or a former stockholder or partner has completely relinquished all rights in his/her original 4Life business, he/she is thereafter free to enroll under any sponsor of their choosing, and need not wait six months before re-applying.

In the case of business entity dissolution, the former stockholder(s) or partner(s) that relinquishes its/his interest in the 4Life business must remain completely inactive for six calendar months before they may re-apply under a new sponsor. In case of declaration of nullity or annulment of marriage, legal separation or dissolution of business entity, the relinquishing party(s) 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.

3.36. SPONSORING

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

3.37. TRANSFER UPON DEATH OF A DISTRIBUTOR

Upon the death of a distributor, his or her business may be passed to his or her heirs by will or by operation of law. Appropriate legal documentation must be submitted to the Company to ensure the transfer complies with Philippine laws on succession. Accordingly, a distributor that intends to dispose of his interest in a Distributor Agreement by testamentary disposition should consult an attorney to assist him or her in the preparation of a will or other testamentary instrument. Whenever a 4Life business is transferred by operation of law, or 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. Without prejudice to Philippine succession laws, the successor(s) must:

- Execute a Distributor Agreement;

- Provide an original death certificate and a notarized copy of the will or other instrument establishing the successor's right to the 4Life business;
- Comply with terms and provisions of the Agreement;
- Meet all of the qualifications for the deceased distributor's status;
- Form a business entity and acquire a Taxpayer Identification Number, if the business is bequeathed to or inherited by joint heirs. 4Life will issue all bonus and commission checks and if applicable, the appropriate tax certificate in the form prescribed by the Bureau of Internal Revenue to the business entity. The heirs must provide 4Life with an address of record to which all bonus and commission checks will be sent.

3.38. TRANSFER UPON INCAPACITATION OF A DISTRIBUTOR

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

- Execute a Distributor Agreement;
- Comply with terms and provisions of the Agreement;
- Meet all of the qualifications for the incapacitated distributor's status.

4. RESPONSIBILITIES OF DISTRIBUTORS

4.1. CHANGE OF ADDRESS OR TELEPHONE

To ensure timely delivery of products, support materials and commission checks, it is critically important that 4Life's files are current. Street addresses are required for shipping. Distributors planning to move should send their new address and telephone to 4Life's Corporate Offices to the attention of the Distributors Services Department. To guarantee proper delivery, two weeks advance notice must be provided to 4Life on all changes.

4.2. CONTINUING DEVELOPMENT OBLIGATIONS AND ONGOING TRAINING

Any distributor who is the Sponsor or Enroller of another distributor must perform a bona fide supervisory function to ensure that his or her downline is properly operating his or her 4Life business. Upline distributors are also responsible to motivate and train new distributors in 4Life product knowledge, effective sales techniques, the 4Life Marketing and Compensation Plan, and compliance with Company Policies and Procedures.

4.3. INCREASED TRAINING RESPONSIBILITIES

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

4.4. 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.

4.5. NONDISPARAGEMENT

4Life wants to provide its independent distributors with the best products, compensation plan and service in the industry. Accordingly, we value your constructive criticisms and comments. All such comments should be submitted in writing to our Distributor Services Department. While 4Life welcomes constructive input, negative comments and remarks made by distributors about the Company, its products or compensation plan serve no purpose other than to sour the enthusiasm of other 4Life Distributors. For this reason, and to set the proper example for their downline, distributors must not disparage, demean or make negative remarks about 4Life, other 4Life Distributors, 4Life's products, the Marketing and Compensation plan, or 4Life's directors, officers or employees.

4.6. PROVIDING DOCUMENTATION TO APPLICANTS

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

4.7. REPORTING POLICY VIOLATIONS

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

5. SALES REQUIREMENTS

5.1. PRODUCT SALES

The 4Life Marketing and Compensation Plan is based upon the sale of 4Life products and services to end consumers. Distributors must fulfill personal and Downline Organization retail sales

requirements (as well as meet other responsibilities set forth in the Agreement) to be eligible for bonuses, commissions and advancement to higher levels of achievement. At least 70% of a distributor's total monthly Personal Life Point Volume must be sold to personal retail Customers.

5.2. NO PRICE OR TERRITORY RESTRICTIONS

Distributors are not required to sell 4Life products at the suggested retail prices set by 4Life on the 4Life Price List. However, Effective April 1, 2003, any distributor who advertises and/or offers to sell 4Life brand products at a price less than the wholesale price ("wholesale price" being defined as the amount of a single container of product designated in the 4Life Product Price List as published and modified from time to time) will be terminated, without any cure period.

5.3. SALES RECEIPTS

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

6. BONUSES AND COMMISSIONS

6.1. 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, 4Life shall pay commissions to such distributor in accordance with the Marketing and Compensation plan. The minimum amount for which 4Life will issue a check is determined by the company. If a distributor's bonuses and commissions do not equal or exceed the minimum amount, the Company will accrue the commissions and bonuses until they reach the minimum amount. A check will be issued once this amount has been accrued.

6.2. ADJUSTMENT TO BONUSES AND COMMISSIONS FOR RETURNED PRODUCTS AND SERVICES

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

6.3. UNCLAIMED COMMISSIONS AND CREDITS

Distributors must deposit or cash commission and bonus checks within six months from their date of issuance. A check that remains uncashed after six months will be void. After a check has been voided, 4Life will credit the distributor's account. There shall be a Php840 charge for such a transaction; plus a Php560 monthly maintenance fee.

7. PRODUCT GUARANTEES, RETURNS AND INVENTORY REPURCHASE

7.1. PRODUCT GUARANTEE

4Life offers a 100% 30-day money back satisfaction guarantee (less shipping charges) to all retail customers of its distributors. The customer must return the product to the 4Life distributor from whom it purchased the product for a refund, replacement or exchange. If a distributor is unsatisfied with any 4Life product purchased, the distributor may return the product within 30 days from the date of purchase for a 100% refund, a replacement or exchange (less shipping charges). This guarantee is limited to Php16,800 in any 12 month period. If a distributor wishes to return merchandise exceeding Php16,800 in any 12 month period, the return will be deemed an inventory repurchase and the Company shall repurchase the inventory pursuant to the terms in the "Return of Inventory and Sales Aids by Distributors" section, and the Distributor's agreement shall be canceled.

To the extent allowed by applicable law, the guarantees provided in this Agreement are exclusive and in lieu of all other warranties and guarantees.

7.2. RETURNS BY DISTRIBUTORS (PRODUCTS RETURNED BY PERSONAL RETAIL CUSTOMERS)

If a personal retail customer returns a product to the distributor from whom it was purchased, the distributor may return it to the Company for an exchange or replacement (the distributor returning the product is responsible for all shipping charges).

7.3. RETURN OF INVENTORY AND SALES AIDS BY DISTRIBUTORS

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

7.4. PROCEDURES FOR ALL RETURNS

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

- All merchandise must be returned by the distributor who purchased it directly from 4Life.
- All products to be returned must have a Return Authorization Number which will be obtained by calling the Distributor Services Department. This Return Authorization Number must be written on each carton returned.

The return must be accompanied by:

- A copy of the original dated retail sales receipt (if product was returned to the distributor by a retail customer);
- The unused portion of the product in its original container.

Proper shipping carton(s) and packing materials are to be used in packaging the product(s) being returned for replacement. All returns must be shipped to 4Life shipping pre-paid.

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

If a distributor is returning merchandise to 4Life that was returned to him or her by a personal retail customer, the product must be received by 4Life within ten 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.

8. DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS

8.1. 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 4Life's discretion, in one or more of the following remedial measures:

- Issuance of a written warning;
- Requiring the distributor to take immediate remedial measures immediately;
- Loss of privileges, including but not limited to loss of voice mail privileges;

- Loss of rights to one or more bonus and commission checks;
- 4Life may withhold from a distributor all or part of the distributor's bonuses and commissions during the period that 4Life is investigating any conduct allegedly violative of the Agreement. If a distributor's business is canceled for violations of the Agreement, these Policies and Procedures, or any illegal, fraudulent, deceptive or unethical business conduct, the distributor will not be entitled to recover any commissions withheld during the investigation period;
- Suspension of the individual's Distributor Agreement for one or more pay periods;
- Involuntary Cancellation of the offender's Distributor Agreement;
- Any other measure expressly allowed within any provision of the Agreement or which 4Life deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by the distributor's policy violation or contractual breach;
- In situations deemed appropriate by 4Life, the Company may institute legal proceedings for monetary and/or equitable relief.

8.2. GRIEVANCES AND COMPLAINTS

When a distributor has a grievance or complaint with another distributor regarding any practice or conduct in relationship to their respective 4Life businesses, the complaining distributor should report, in writing, to the Distributor Compliance Department at the Company.

8.3. APPEALS OF SANCTIONS

Following the issuance of a sanction (other than a suspension of the individual's Distributor Agreement pending an investigation of any violations of the Agreement, these Policies and Procedures, or any illegal, fraudulent, deceptive or unethical business conduct), the affected distributor may appeal the sanction to the Company. Distributor's appeal must be in writing and received by the Compliance Department within 15 days from the date of 4Life's sanction notice. If the appeal is not received by 4Life within the 15 day period, the sanction will be final. The distributor must submit all supporting documentation with his or her appeal correspondence and specify in full detail the reasons why he/she believes the Company's initial determination was erroneous. If the distributor files a timely appeal of the sanction, the Company will review and reconsider the Cancellation, consider any other appropriate action and notify the distributor in writing of its decision.

8.4. ARBITRATION

Any legal cause of action 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. Distributors waive all rights to trial by jury or to any court. All arbitration proceedings shall be held in Salt Lake County, Utah, unless the laws of the state country in which a distributor resides expressly require the application of its laws, in which case the arbitration shall be held in the capital city of that state/country.

All parties shall be entitled to all discovery rights pursuant to the Federal Rules of Civil Procedure. There shall be one arbitrator, an attorney at law, who shall have expertise in business law transactions with a strong preference being an attorney knowledgeable in the direct selling industry, selected from the panel that the American Arbitration Panel provides. Each party to the arbitration shall be responsible for its own costs and expenses of arbitration, including legal and filing fees. The decision of the arbitrator shall be final and binding on the parties and may, if necessary, be reduced to a judgment in any court of competent jurisdiction. This agreement to arbitration shall survive any termination or expiration of the Agreement.

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

8.5. GOVERNING LAW, JURISDICTION AND VENUE

Jurisdiction and venue of any matter not subject to arbitration shall reside in Salt Lake County or Utah County, State of Utah, unless the laws of the country in which a distributor resides expressly require the application of its laws, in which case that country's law shall govern all issues relating 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 country in which a distributor resides expressly require the application of its laws.

9. ORDERING

9.1. PURCHASING 4LIFE PRODUCTS

Each distributor should purchase his or her products directly from 4Life. If a distributor purchases products from another distributor or any other source, the purchasing distributor will not receive the personal Life Point Volume associated with that purchase. Purchases made from authorized LP centers are excepted from this policy.

9.2. GENERAL ORDER POLICIES

On mail orders with invalid or incorrect payment, 4Life will

attempt to contact the distributor by phone, and/or mail to try to obtain another payment. If these attempts are unsuccessful after five working days the order will be returned unprocessed. No C.O.D. orders will be accepted. 4Life maintains no minimum order requirements. Orders for products and sales aids may be combined.

9.3. SHIPPING AND BACKORDER POLICY

4Life will normally ship products within one day from the date on which it receives an order. 4Life will expeditiously ship any part of an order currently in stock. If, however, an ordered item is out-of-stock, it will be placed on backorder and sent when 4Life receives additional inventory. Distributors will be charged and given Personal Life Point Volume on backordered items unless notified on the invoice that the product has been discontinued. 4Life will notify distributors and customers if items are backordered and are not expected to ship within 30 days from the date of the order. An estimated shipping date will also be provided. Backordered items may be canceled upon a distributor's request. Distributors may request a refund, credit on account or replacement merchandise for canceled backorders. If a refund is requested, the distributor's Personal Life Point Volume will be decreased by the amount of the refund in the month and bonuses withheld in a subsequent month in which the refund is issued.

9.4. 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 4Life of any shipping discrepancy or damage within 30 days of shipment will cancel a distributor's right to request a correction.

9.5. PAYMENT AND SHIPPING DEPOSITS

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

9.6. 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 Autoship order. 4Life is not required to contact distributors in regard to orders canceled due to insufficient funds or credit. This may result in a distributor's failure to meet his or her Personal Life Point Volume requirements for the month.

9.7. 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.

9.8. VALUE-ADDED TAXES

By virtue of its business operations, 4Life is required to charge value-added taxes on all purchases made by distributors and customers, and remit the taxes charged to the Bureau of Internal Revenue. Accordingly, 4Life will collect and remit value-added taxes on purchases made by distributors, based on the suggested retail price of the products, according to applicable tax rates provided under applicable Philippine tax law. If a distributor has submitted, and 4Life has accepted, an official ruling, certification or similar written proof that its purchases from 4Life are exempt from value-added tax or are subject to zero percent (0%) value-added tax, value-added taxes will not be added to the invoice. Exemption from the payment of value-added tax is applicable only to orders for which the proper tax exemption papers have been filed and accepted.

10. INACTIVITY AND CANCELLATION/TERMINATION

10.1. EFFECT OF CANCELLATION AND TERMINATION

So long as a distributor remains active and complies with the terms of the Distributor Agreement and these Policies and Procedures, 4Life shall pay commissions to such distributor in accordance with the Marketing and Compensation Plan. A distributor's bonuses and commissions constitute the entire consideration for the distributor's efforts in generating sales and all activities related to generating sales (including, but not limited to, building a downline organization). Following a distributor's non-renewal of his or her Distributor Agreement, cancellation for inactivity, or voluntary or involuntary cancellation (termination) of his or her Distributor Agreement (all of these methods are collectively referred to as "Cancellation"), the former distributor shall have no right, title, claim or interest to the downline marketing organization which he or she operated, or any commission or bonus from the sales generated by the organization. Distributors waive any and all rights, including, but not limited to, property rights, in the downline marketing organization which they may have had. Following a distributor's cancellation of his or her Distributor Agreement, the former distributor shall not hold himself or herself out as a 4Life Distributor and shall not have the right to sell 4Life products or services. A distributor whose Distributor Agreement is canceled shall receive commissions and bonuses only for the last full pay period he or she worked prior to cancellation (less any amounts withheld during an investigation preceding an involuntary cancellation).

10.2. CANCELLATION DUE TO INACTIVITY

It is the distributor's responsibility to lead his or her marketing organization with the proper example in personal production of sales to end consumers. Without this proper example and leadership, the distributor will lose his or her right to receive commissions from sales generated through his or her marketing organiza-

tion. Therefore, distributors who personally produce less than the required personal Life Point Volume as specified in the 4Life compensation plan for any pay period will not receive a commission for the sales generated through their marketing organization for that pay period. If a distributor has not fulfilled his or her personal sales requirements for a period of six consecutive calendar months (and thus becomes "inactive"), his or her Distributor Agreement shall be canceled for inactivity on the day following the last day of the sixth month of inactivity. Written confirmation of the cancellation will not be provided by 4Life.

10.3. INVOLUNTARY CANCELLATION (TERMINATION)

A distributor's violation of any of the terms of the Agreement, including any amendments that may be made by 4Life in its sole discretion, may result in any of the sanctions listed in the Agreement, including, but not limited to, the involuntary cancellation of his or her Distributor Agreement. Cancellation shall be effective on the date on which written notice is mailed, faxed or delivered to an express courier, addressed to the distributor's last known address or that of his/her attorney, or when the distributor receives actual notice of cancellation, whichever occurs first. 4Life reserves the right to withhold and/or permanently retain funds and prevent any roll-up depending on the individual circumstances surrounding each case.

10.4. VOLUNTARY CANCELLATION

A participant in this multilevel marketing plan has a right to cancel at any time, regardless of reason. Cancellation must be submitted in writing to the Company at its principal business address. The written notice must include the distributor's signature, printed name, address and DIN. If a canceling distributor is also on the Autoship program, his or her Autoship Agreement will also be canceled. If he or she wishes to remain an Autoship Customer, he or she must submit a new Autoship agreement.

10.5. NON-RENEWAL

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

DEFINITIONS

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

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

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

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

COMPANY — The term “Company” as it is used throughout the Agreement means 4Life Research Philippines, LLC.

DOWNLINE — See “Marketing Organization.”

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

GENEALOGY REPORT — A monthly report generated by 4Life that provides critical data relating to the identities of distributors, sales information and enrollment activity of each distributor's Marketing Organization. This report contains confidential and trade secret information which is proprietary to 4Life.

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

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

LEVEL — The layers of downline customers and distributors in a particular distributor's Marketing Organization. This term refers to the relationship of a distributor relative to a particular upline distributor, determined by the number of distributors between them who are related by sponsorship. For example, if A sponsors B,

who sponsors C, who sponsors D, who sponsors E, then E is on A's fourth level.

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

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

MARKETING ORGANIZATION — Customers and distributors below a particular distributor

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

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

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



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