

# NU SKIN

## 2019 SALES COMPENSATION SUMMARY

### U.S. MARKET

#### Compensation

There are two fundamental ways in which a Brand Affiliate can earn compensation:

- Through retail markups on resales of products purchased at wholesale prices; and
- Through sales compensation (sometimes called bonuses) for product sales and the sales by the Brand Affiliate and others on their Team.

As with any other sales opportunity, the compensation earned by Brand Affiliates varies significantly and is based upon factors such as goals, ambition, time, commitment, and skills. There is no cost or purchase requirement to become a Brand Affiliate. People become Brand Affiliates for various reasons. Many people become Brand Affiliates simply to enjoy the Company's products at discounted Member Prices. Some join the business to improve their skills or to experience the management of their own business. Others become Brand Affiliates, but for various reasons, never engage in Business Activities. Consequently, many Brand Affiliates never qualify for payment of sales compensation.

Generating sales compensation as a Brand Affiliate requires considerable time, effort, and dedication. Success will also depend upon your skills, talents, and leadership abilities. There is no guarantee of financial success and results will vary widely among participants.

#### Retail Markup

Brand Affiliates can buy products from the Company at Member Prices and resell the products to customers. The difference between the price at which they resell the product and the Member Price is their retail markup. As Brand Affiliates set their own pricing on resales of product, the Company does not provide an estimate of average income from product resales by Brand Affiliates or include it in this sales compensation summary.

#### Sales Compensation

Brand Affiliates can also earn sales compensation for product sales by the Brand Affiliate and others on their Team in all markets where the Company does business, with the exception of Mainland China. No sales compensation is paid for sales of promotional materials.

In 2019, the Company paid approximately \$118,044,893 in sales compensation to Brand Affiliates residing in the United States.

The following table shows the average sales compensation paid in 2019 to U.S. Brand Affiliates at various levels in the Company's Sales Compensation Plan, including the average percentage of total Active Brand Affiliates and the average percentage of Brand Representative and above that earned sales compensation at each level.

The average sales compensation paid to U.S. Active Brand Affiliates each month was \$123.96. In 2019, the average monthly sales compensation paid to U.S. Brand Affiliates who earned a sales compensation payment was \$694.20. Note that these figures do not represent a Brand Affiliate's profit, as they do not consider expenses incurred by a Brand Affiliate in the promotion of his/her business<sup>2</sup>. On a monthly basis, an average of 17.85% of U.S. Active Brand Affiliates earned a sales compensation payment<sup>3</sup>. For purposes of this summary, an "Active Brand Affiliate" is a Brand Affiliate who either made a personal purchase, sponsored another account, or received a Sharing Bonus during the most recent three-month period. In the United States, the Company had an average of 79,983 Active Brand Affiliates during 2019. Active Brand Affiliates represented an average of 33.93% of total Brand Affiliates<sup>4</sup>.

If you have any questions concerning this information, please contact the company at (800) 487-1000.

Title	Monthly Average Sales Compensation, before expenses	Average Percentage of Active Brand Affiliates <sup>1</sup>	Average Percentage of Brand Representative and above
Brand Affiliate (Non-Brand Representative)	\$33	11.92%	n/a
Qualifying Brand Representative	\$120	1.02%	n/a
Brand Representative	\$545	2.80%	57.03%
Gold Partner	\$979	0.93%	18.89%
Lapis Partner	\$1,805	0.63%	12.73%
Ruby Partner	\$2,657	0.08%	1.67%
Emerald Director	\$4,715	0.20%	3.98%
Diamond Director	\$8,870	0.10%	1.95%
Blue Diamond Director	\$34,260	0.18%	3.75%

<sup>1</sup> These percentages are calculated by taking the average of the total monthly Brand Affiliate/Brand Representative payee count at each level and dividing it by the total number of monthly Active Brand Affiliates.

<sup>2</sup> Common expenses may include, but are not limited to, travel, office supplies, license fees, insurance premiums, and legal or accounting fees.

<sup>3</sup> This number is calculated by adding the average percentage of Active Brand Affiliates in the above table.

<sup>4</sup> This percentage is obtained by taking the total average of monthly Active Brand Affiliates and dividing it by the total average of Brand Affiliates on a monthly basis. "Total Brand Affiliates" includes all U.S. Brand Affiliate accounts currently on file, irrespective of their purchasing products, promotional materials or services or earning commissions. "Brand Affiliate" numbers do not include customer or Member accounts.