

# NU SKIN ENTERPRISES, INC. DISTRIBUTOR COMPENSATION SUMMARY

## Compensation

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

- Through retail markups on resales of products purchased at wholesale prices; and
- Through commissions (sometimes called bonuses) paid on one's product sales and the sales of other Distributors in one's downline sales network.

As with any other sales opportunity, the compensation earned by Distributors varies significantly and is based upon the time Distributors devote to the business, etc. There is no cost to become a Distributor. People become Distributors for various reasons. Many people become Distributors simply to enjoy the Company's products at wholesale prices. Some join the business to improve their skills or to experience the management of their own business. Others become Distributors, but for various reasons, never purchase products from the Company. Consequently, many Distributors never qualify to receive commissions.

**Generating meaningful compensation as a Distributor requires considerable time, effort, and commitment. This is not a get rich quick program. There are no guarantees of financial success.**

## Retail Markup

Distributors can buy products from the Company at wholesale prices and resell the products to customers. The difference between the price at which they resell the product and the wholesale price is their retail markup. As Distributors set their own pricing on resales of product, the Company does not provide an estimate of average income from product resales by distributors or include it in this commission summary.

## Commissions

Distributors can also earn commissions and retail bonuses based on the purchase of products by their customers and the sale of products by Distributors in his/her network of sponsored Distributors in all countries where the Company does business. The Company also sells promotional materials that do not generate commissions for Distributors.

In 2017, the Company paid approximately \$113,540,355 in commissions to Distributors residing in the United States.

The following table shows the average commissions paid in 2017 to U.S. Distributors at various levels in the Company's Sales Compensation Plan, including the average percentage of total Active Distributors and the average percentage of Executive and above Distributors that earned commissions at each level.

The average commission paid to U.S. Active Distributors each month was \$150.53, or \$1,806.36 on an annualized basis. In 2017, the average monthly commission paid to U.S. Active Distributors who earned a commission check was \$976.18, or \$11,714.13 on an annualized basis. Note that these figures do not represent a Distributor's profit, as they do not consider expenses incurred by a Distributor in the promotion of his/her business. On a monthly basis, an average of 15.42% of U.S. Active Distributors earned a commission check<sup>3</sup>. For purposes of this summary, an "Active Distributor" is a Distributor who placed an order for products, promotional materials or services during the most recent three-month period. In the United States, the Company had an average of 65,778 Active Distributors during 2017. Active Distributors represented an average of 34.43% of total distributors<sup>4</sup>.

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

TITLE	Monthly Average Commission Income at Each Level for 2017	Annualized Commissions <sup>1</sup>	Average Percentage of Active Distributor <sup>2</sup>	Average Percentage of Executive-and-above level Distributors
Active Distributor Receiving Commissions (Non-Executive)	\$36	\$432	6.88%	n/a
Qualifying Executive	124	1,488	2.08%	n/a
Provisional Executive	56	672	0.37%	n/a
Executive	481	5,772	3.56%	58.41%
Gold Executive	912	10,944	1.08%	17.67%
Lapis Executive	1,506	18,072	0.72%	11.88%
Ruby Executive	2,798	33,576	0.28%	4.62%
Emerald Executive	5,325	63,900	0.14%	2.35%
Diamond Executive	9,252	111,024	0.12%	2.05%
Blue Diamond Executive	43,298	519,576	0.18%	3.02%

<sup>1</sup>These numbers are calculated by taking the monthly average commissions and multiplying by twelve.

<sup>2</sup>These percentages are calculated by taking the average of the total monthly Distributor/Executive payee count at each level and dividing it by the total number of monthly Active Distributors.

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

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