

# MAGNECEUTICAL HEALTH WELLNESS ADVISOR APPLICATION & AGREEMENT

*Version 1.9*

## **1. Authorization and Contract.**

By executing the Magneceutical Health Wellness Advisor Agreement (“Agreement”), you apply for legal authorization to become a Magneceutical Health independent business owner (or “Wellness Advisor” or “Wellness Advisor Trainee”) and enter into contract with Magneceutical Health, LLC, (or “Company”). You acknowledge that you have received, read and understood the Magneceutical Health Income Disclosure Statement, that you have read and understood the terms of the Magneceutical Health Compensation Plan, and that you have read and understood the Magneceutical Health Policies and Procedures, which are incorporated into this Agreement and made part of it as Addendum A, B, and C, or as they may be changed from time to time, at the Company’s discretion and as posted on <http://www.magneceutical.com/>, and that you have read and agree to all terms set forth in this Agreement. Company reserves the right to reject any application for any reason within 30 days of receipt.

## **2. Expiration, Renewal, and Termination.**

The term of this Agreement is one year (subject to prior cancellation or disqualification as provided in the Policies and Procedures). If you fail to annually renew your Magneceutical Health business, or if it is canceled or terminated for any reason, you understand that you will permanently lose all rights as a Wellness Advisor. You shall not be eligible to sell Magneceutical Health products nor shall you be eligible to receive commissions, royalties, bonuses, or other income resulting from your activities or the activities of your former downline sales organization. In the event of cancellation, termination or nonrenewal, you waive all rights you have, including but not limited to property rights, to your former downline organization and to any bonuses, commissions or other remuneration derived through the sales and other activities of your former downline organization. Company reserves the right to terminate all Wellness Advisor Agreements upon thirty (30) days’ notice if the Company elects to: (1) cease business operations; (2) dissolve as a business entity; or (3) terminate distribution of its products via direct selling channels. A Wellness Advisor may cancel this Agreement at any time, and for any reason, upon written notice to Company at its principal business address. Company may cancel this Agreement for any reason upon thirty (30) days advance written notice to the Wellness Advisor. Company may also take actions short of termination of the Agreement, if the Wellness Advisor breaches any of its provisions.

## **3. Independent Contractor Status.**

You agree this authorization does not make you an employee, agent, or legal representative of Magneceutical Health or your Sponsoring Wellness Advisor. As a self-employed independent contractor, you will be operating your own independent business, buying and selling products available through Magneceutical Health on your own account. You have complete freedom in determining the number of hours that you will devote to your business, and you have the sole discretion of scheduling such hours. You will receive IRS Form 1099-MISC reflecting the amount of income paid to you during the calendar year. By agreeing to these terms, you agree to receive the 1099-MISC form via electronically. It will be your sole responsibility to account for such income on your individual income tax returns.

## **4. Refunds and Product Returns.**

You agree that if you resell a HALO system directly to a retail customer (“Customer”), you will adhere to Magneceutical Health’s thirty (30) day, satisfaction guarantee policy and shall provide Customer a refund of monies due if the Customer returns the product to you or the Company within thirty (30) days of the sales transaction (refer to Sales and License Agreement for specific terms and conditions of return and refund process). If you are not satisfied with HALO’s that you have purchased for resale (ie not your qualifying first HALO purchase), you may return the items for a refund if neither you nor we have terminated the Agreement and the products were purchased within twelve (12) months and remain in resalable condition (as defined in the Policies and Procedures). The refund shall be 90% of the purchase price, less shipping and handling. Additionally, Wellness Advisor agrees to incur shipping charges, for the return of the product.

## **5. Presenting the Plan.**

You agree when presenting the Magneceutical Health Compensation Plan to present it in its entirety as outlined in official Magneceutical Health materials, emphasizing those sales to end consumers (or Customers) are required to receive compensation in the form of bonuses on downline volume. In presenting the plan to prospects, you agree not to utilize any literature, materials or aids not produced or specifically authorized in writing by Magneceutical Health, as further described in the Policies and Procedures addendum A. You agree to instruct all prospective Wellness Advisors to review the Magneceutical Health Income Disclaimer Statement, addendum C.

## **6. Selling Product.**

You agree to make no representations or claims about any products beyond those shown on product labels and/or in official Magneceutical Health literature. You further agree to sell products available through Magneceutical Health only in authorized territories. Magneceutical Health products are classified as Class 1 Medical Devices under the Food and Drug Administration Act. Nevertheless, *Magneceutical Health products are intended to “enhance feelings of relaxation” and NOT intended to diagnose, treat, cure or prevent any disease.* Therefore, a Wellness Advisor should never make any product claim so as to indicate directly or indirectly that Magneceutical Health products can diagnose, treat, cure or prevent any disease. For more information, see the Company Policies and Procedures.

## **7. Magneceutical Health’s Proprietary Information and Trade Secrets.**

You recognize and agree that, as further set forth in the Policies and Procedures, information compiled by or maintained by Company, including Line of Sponsorship (LOS) information (i.e., information that discloses or relates to all or part of the specific arrangement of sponsorship within the Magneceutical Health business including, without limitation, Wellness Advisor lists, sponsorship trees, and all Wellness Advisor information generated therefrom, in its present or future forms), constitutes a commercially advantageous, unique and proprietary trade secret of Magneceutical Health, which it keeps as proprietary and confidential and treats as a trade secret. During the term of your contract with the Company, Magneceutical Health grants you a personal, non-exclusive, non-transferable and revocable right to use trade secret, confidential, and proprietary business information (Proprietary Information), which includes, without limitation, LOS information, business reports, manufacturing and product developments, technical or scientific information about Company’s products or services, and Wellness Advisor sales, earnings and other financial reports to facilitate your Magneceutical Health business. The Wellness Advisor specifically acknowledges that the Company’s products are covered by patents and/or pending patent applications either owned by or licensed to the Company. Wellness Advisor agrees that it will not take any action or assist others in any action that could constitute an infringement of any of these patents or any patent applications depending therefrom.

## **8. Non-Competition Agreement.**

In accordance with the Policies and Procedures, you agree that during the period while you are a Wellness Advisor, and for one (1) calendar year following resignation, non-renewal, or termination of your business, you will not compete with Magneceutical Health. This covenant shall survive the expiration or termination of your authorization and contract with Magneceutical Health.

## **9. Non-Solicitation Agreement.**

In accordance with the Policies and Procedures, you agree that during the period while you are a Wellness Advisor, and for one (1) calendar year following resignation, non-renewal, or termination of your business, you will not encourage, solicit, or otherwise attempt to recruit or persuade any other Wellness Advisor terminate their relationship with Magneceutical Health or to compete with the business of Magneceutical Health.

## **10. Images / Recordings / Consents.**

You agree to permit Magneceutical Health to obtain photographs, videos, and other recorded media of you or your likeness. You acknowledge and agree to allow any such recorded media to be used by Magneceutical Health for any lawful purpose, and without compensation.

## **11. Modification of Terms.**

With the exception of the dispute resolution section in Policies and Procedures, which can only be modified by way of mutual consent, the terms of this Agreement may be modified as specified in section 1 of the Policies and Procedures.

## **12. Jurisdiction and Governing Law.**

The formation, construction, interpretation, and enforceability of your contract with Magneceutical Health as set forth in this Wellness Advisor Agreement and any incorporated documents shall be governed by and interpreted in all respects under the laws of the State of Florida without regard to conflict of law provisions. You and the Company irrevocably and unconditionally agree that it will not commence any action against one another way arising from or relating to this Agreement in any forum other than the US District Court for the Middle District of Florida or, if such court does not have subject matter jurisdiction, the courts of the State of Florida sitting in Pinellas or Hillsborough County, Florida. Louisiana residents: notwithstanding the foregoing, Louisiana residents may bring an action against Magneceutical Health, LLC with jurisdiction and venue as provided by Louisiana law.

## **13. Fax or Electronic copy.**

A faxed copy or Electronic version of the Agreement shall be treated as an original in all respects.

## **14. Dispute Resolution.**

Refer to section 13 of the Policies and Procedures agreement for specific terms and conditions. Generally all disputes and claims relating to the Company, its products, the rights and obligations of a Wellness Advisor and Magneceutical Health, or any other claims or causes of action relating to the performance of either a Wellness Advisor or Magneceutical Health under the Agreement or the Magneceutical Health Policies and Procedures shall be settled totally and finally by arbitration as enumerated in the Policies and Procedures in Clearwater, Florida, or such other location as Company prescribes, in accordance with the Federal Arbitration Act and the Commercial Arbitration Rules of the American Arbitration Association, except that all parties shall be entitled to discovery rights allowed under the Federal Rules of Civil Procedure. **Additionally, you agree not to initiate or participate in any class action proceeding against Magneceutical Health, whether in a judicial or mediation or arbitration proceeding, and you waive all rights to become a member of any certified class in any lawsuit or proceeding.** This agreement to arbitrate shall survive any termination or expiration of the Agreement. Nothing in the Agreement shall prevent Company from applying to and obtaining from any court having jurisdiction a writ of attachment, garnishment, temporary injunction, preliminary injunction, permanent injunction or other equitable relief available to safeguard and protect its 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.

## **15. Time Limitation.**

If a Wellness Advisor wishes to bring an action against Magneceutical Health for any act or omission relating to or arising from the Agreement, such action must be brought within one year from the date of the alleged conduct giving rise to the cause of action. A Wellness Advisor waives all claims that any other statutes of limitations apply.

## **16. Miscellaneous.**

If any provision of the Agreement is held to be invalid or unenforceable, such provision shall be reformed only to the extent necessary to make it enforceable and the balance of the Agreement will remain in full force and effect. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument. The provisions of this Agreement, including all documents incorporated herein by reference, embody the whole agreement between you and Magneceutical Health and supersedes any prior agreements, understandings and obligations between you and the Company concerning the subject matter of this contract.

## **17. Montana residents:**

A Montana resident may cancel his or her Wellness Advisor Agreement within fifteen (15) days from the date of enrollment and may request a full refund within such time period. Additionally, all Montana residents are entitled to a twelve (12) month refund on all unsold and resalable (as described in the Policies and Procedures) inventory and sales aids in the event of resignation or termination.

## **18. Notice of Right to Cancel.**

You may request a refund on your enrollment fee if it's done within five (5) calendar days from the date of enrollment. If you cancel, any enrollment fees paid will be returned within TEN BUSINESS DAYS following receipt by the Company of your cancellation notice. To cancel this transaction, mail or deliver written notice, to Magneceutical Health, LLC, 611 Druid Rd E.,

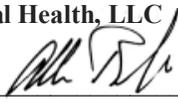
Suite 713, Clearwater, Florida 33756, or email notification to [custservice@magneceutical.com](mailto:custservice@magneceutical.com), not later than midnight of the fifth calendar day following the date of this Agreement.

**19. Submission of Electronic W-9.**

Under penalty of perjury, you certify that (1) the number shown on this form is your correct taxpayer identification number (or you are waiting for a number to be issued), and (2), You are not subject to backup withholding because: (a) You are exempt from backup withholding, or (b) You have not been notified by the Internal Revenue Service (IRS) that you are subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified you that you are no longer subject to backup withholding, and (3) You are a U.S. Citizen or other U.S. person.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date written below (the latest such date, the "Agreement Date"):

**Magneceutical Health, LLC**

By: 

Print Name: Allen S Braswell, Jr.

Title: Chief Executive Officer

Date: \_\_\_\_\_

**Wellness Advisor:**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## MAGNECEUTICAL HEALTH POLICIES AND PROCEDURES

### TABLE OF CONTENTS

#### **1.0 INTRODUCTION**

- 1.1 Mutual Commitment Statement
- 1.2 Magneceutical Health Policies and Procedures and Compensation Plan Incorporated into the Wellness Advisor Agreement
- 1.3 Power of the Policies
- 1.4 Changes, Amendments, and Modifications
- 1.5 Delays
- 1.6 Effective Date

#### **2.0 BASIC PRINCIPLES**

- 2.1 Becoming a Wellness Advisor
- 2.2 New Wellness Advisor Registration
- 2.3 Rights Granted
- 2.4 Identification Numbers
- 2.5 Renewals and Expiration of the Wellness Advisor Agreement
- 2.6 Business Entities
- 2.7 Independent Business Relationship; Indemnification for Actions
- 2.8 Insurance
- 2.9 Errors or Questions

#### **3.0 WELLNESS ADVISOR RESPONSIBILITIES**

- 3.1 Correct Addresses
- 3.2 Training and Leadership
- 3.3 Constructive Criticism; Ethics
- 3.4 Reporting Policy Violation
- 3.5 Sponsorship
- 3.6 Cross Sponsoring Prohibition
- 3.7 Adherence to the Magneceutical Health Compensation Plan
- 3.8 Adherence to Laws and Ordinances
- 3.9 Compliance with Applicable Income Tax Laws
- 3.10 Compliance with Medical Devices Act
- 3.11 One Magneceutical Health Business Per Dwelling
- 3.12 Actions of Household Members or Affiliated Parties
- 3.13 Solicitation for Other Companies or Products
- 3.14 Presentation of the Magneceutical Health Opportunity
- 3.15 Presentation of the Magneceutical Health Device
- 3.16 Sales Requirements Are Governed by the Compensation Plan

#### **4.0 ORDERING**

- 4.1 General Order Policies
- 4.2 Insufficient Funds
- 4.3 Sales Tax Obligation

#### **5.0 PAYMENT OF COMMISSIONS & BONUSES**

- 5.1 Bonus and Commission Qualifications
- 5.2 Computation of Commissions and Discrepancies

## Addendum A

- 5.3 Adjustments to Bonuses and Commissions for Returned Products
- 6.0 REFUND POLICY**
- 6.1 Return Process (Please refer to the Sales and License Agreement for specific instructions and process)
- 7.0 PRIVACY POLICY**
- 7.1 Introduction
- 7.2 Expectation of Privacy
- 7.3 Restrictions on the Disclosure of Account Information
- 8.0 PROPRIETARY INFORMATION AND TRADE SECRETS**
- 8.1 Business Reports, Lists, Patents and Proprietary Information
- 8.2 Obligation of Confidentiality
- 8.3 Breach and Remedies
- 8.4 Return of Materials
- 9.0 ADVERTISING, PROMOTIONAL MATERIAL, USE OF COMPANY NAMES AND TRADEMARKS**
- 9.1 Labeling, Packaging, and Displaying Products
- 9.2 Use of Company Names and Protected Materials
- 9.3 Faxes and E-mail Limitations
- 9.4 Internet and Third-Party Website Restrictions
- 9.5 Advertising and Promotional Materials
- 9.6 Testimonial Permission
- 9.7 Telemarketing - Limitations
- 10.0 INTERNATIONAL MARKETING**
- 10.1 International Marketing Policy
- 11.0 CHANGES TO A WELLNESS ADVISOR’S BUSINESS**
- 11.1 Modification of the Wellness Advisor Agreement
- 11.2 Change Sponsor or Placement for Inactive Wellness Advisors
- 11.3 Change Organizations
- 11.4 Unethical Sponsoring
- 11.5 Sell, Assign or Delegate Ownership
- 11.6 Separating a Magneceutical Health Business
- 11.7 Succession
- 11.8 Resignation/Voluntary Termination
- 11.9 Involuntary Termination
- 11.10 Effect of Cancellation
- 12.0 DISCIPLINARY SANCTIONS**
- 12.1 Imposition of Disciplinary Action – Purpose
- 12.2 Consequences and Remedies of Breach
- 13.0 DISPUTE RESOLUTION**
- 13.1 Grievances
- 13.2 Arbitration
- 13.3 Severability
- 13.4 Waiver
- 13.5 Successors and Claims
- 14.0 MAGNECEUTICAL HEALTH GLOSSARY OF TERMS**

## MAGNECEUTICAL HEALTH POLICIES AND PROCEDURES

### 1.0 INTRODUCTION

#### 1.1 Mutual Commitment Statement

Magneceutical Health, LLC, Pico-Tesla Magnetic Therapies LLC., Applied Magnetics LLC, its Licensors, Directors, Managers, Officers and Employees (“hereafter as “Magneceutical Health” or simply the “Company”) is a direct sales company that markets its products through a network of business owners (hereafter referred to as “Wellness Advisors”). To clearly define the relationship that exists between the Company and its Wellness Advisors and to explicitly set forth standard(s) for acceptable business conduct and practices for the support of retail customers (“Customers”), Magneceutical Health has established these Policies and Procedures.

- A. In the spirit of mutual respect and understanding, the Company is committed to:
  - I. Providing prompt, professional and courteous service, communication and care to all of its Customers and Wellness Advisors;
  - II. Providing the highest level of quality products, at fair and reasonable prices;
  - III. Exchanging or refunding the purchase price of any product in accordance with the *Return Policy* provided herein;
  - IV. Delivering orders promptly and accurately;
  - V. Paying commissions accurately and on a timely basis;
  - VI. Expediting orders or checks in the event error(s) or unreasonable delay(s) occur;
  - VII. Rolling out new products and programs with Wellness Advisor input and planning;
  - VIII. Implementing changes in the Compensation Plan and/or Policies and Procedures with input from Wellness Advisors;
  - IX. Supporting, protecting and defending the integrity of the Magneceutical Health business and opportunity;
  - X. Offering all business owners the opportunity to grow with the Company and achieve personal and financial goals.
  
- B. In return, Magneceutical Health expects all of its Wellness Advisors to:
  - I. Conduct themselves in a professional, honest, and considerate manner;
  - II. Present the Company and the Company’s product information in an accurate and professional manner;
  - III. Present the Compensation Plan and *Return Policy* in a complete and accurate manner prior to sales made with Customers or enrollment of Wellness Advisor(s);

## Addendum A

- IV. Refrain from exaggerated income claims;
- V. Make reasonable effort(s) to support and train Customers and downline Wellness Advisors;
- VI. Not engage in cross-line recruiting, unhealthy competition or unethical business practices;
- VII. Provide positive guidance, training and support to Customers and Wellness Advisors in their downline while exercising caution to avoid interference with the downline of other Wellness Advisors. As such, a Wellness Advisor is discouraged from providing cross-line training to a Customer or Wellness Advisor in a different organization without first obtaining consent of the Customer's or Wellness Advisor's sponsor ("Sponsor" as defined in the Glossary of Terms);
- VIII. Support, protect, and defend the integrity of Magneceutical Health business and opportunity;
- IX. Accurately complete and submit the Wellness Advisor Agreement and any requested supporting documentation in a timely manner.

### 1.2 Magneceutical Health Policies and Procedures and Compensation Plan Incorporated into the Wellness Advisor Agreement

- A. Throughout these Policies, when the term "Agreement" is used, it collectively refers to the Wellness Advisor Application and Agreement, these Policies and Procedures, the Magneceutical Health Compensation Plan, and a Sales and License Agreement if the Wellness Advisor owns a Company product.
- B. It is the responsibility of a Sponsoring Wellness Advisor to provide the most current version of these Policies and Procedures and the Magneceutical Health Compensation Plan to each applicant prior to his, her and/or its execution of a Wellness Advisor Agreement.

### 1.3 Power of the Policies

Wellness Advisors are required to comply with: (i) all of the terms and conditions set forth in the Wellness Advisor Agreement, which Magneceutical Health may amend from time to time in its sole discretion; (ii) all federal, state and/or local laws governing his, her and/or its Magneceutical Health business; and (iii) these Policies and Procedures. Wellness Advisors must review the information in these Policies and Procedures carefully. Should you have any questions regarding a policy or rule, you should seek an answer from your Sponsor. If further clarification is needed, you may contact the Company Customer Service Department.

### 1.4 Changes, Amendments, and Modifications

- A. Because federal, state, and local laws, as well as the business environment, periodically change, Magneceutical Health reserves the right to amend the Agreement and the prices in its Product Price List in its sole and absolute discretion. Notification of amendments shall appear in Official Magneceutical Health Materials. ***This provision does NOT apply to the arbitration clause found in Section 13, which can only be modified via mutual consent.***
- B. Any such amendment, change, or modification shall be effective immediately upon notice by one of the following methods:
  - I. Posting on any official Magneceutical Health website;
  - II. Electronic mail (e-mail); or

## Addendum A

- III. In writing through the Magneceutical Health newsletters or other Corporate communication channels including, but not limited to, the Magneceutical Health back office.

### **1.5 Delays**

Magneceutical Health shall not be responsible for delays or failures in performance of its obligations when such failure is due to circumstances beyond its reasonable control. This includes, without limitation, strikes, labor difficulties, transportation difficulties, internet or website interruption, riot, war, fire, and/or weather, curtailment of a source of supply, or government decrees or orders.

### **1.6 Effective Date**

These Policies and Procedures shall become effective as of August 1, 2018, and, at such time, shall automatically supersede any prior terms found in past Policies and Procedures (“Old Policies and Procedures”).

## **2.0 BASIC PRINCIPLES**

### **2.1 Becoming a Wellness Advisor**

- A. To become a Wellness Advisor of Magneceutical Health, an applicant must comply with the following requirements:
  - I. Be of the age of majority (not a minor) in his or her state of residence;
  - II. Reside or have a valid address in the United States or U.S. territory;
  - III. Have a valid taxpayer identification number (i.e. Social Security Number, Federal Tax ID Number, ITIN, etc.);
  - IV. Submit a properly completed and signed Wellness Advisor Agreement to the Company;
  - V. Submit an administrative and non-commissionable enrollment fee; and
  - VI. Successfully complete Company’s Magneceutical University course (Online) within thirty (30) days of enrollment

### **2.2 New Wellness Advisor Registration**

- A. A potential new Wellness Advisor may self-enroll on his, her or its Sponsor’s website, or on the Company’s website. In doing so, the Company will accept the Wellness Advisor’s electronic signature. The electronic signature will effectuate the Wellness Advisor’s web-enrollment and his, her or its acceptance of the terms and conditions of the Wellness Advisor Agreement. Please note that such electronic signature constitutes a legally binding agreement between you and the Company.
- B. The Company reserves the right to require signed paperwork for any account, regardless of origin.
- C. If requested, a signed Wellness Advisor Agreement must be received by the Company within ten (10) business days from the date of a Wellness Advisor’s enrollment.
- D. The Wellness Advisor Agreement is a legally binding contract which must not be altered, tampered with or changed in any manner after execution. False or misleading information, forged signatures or alterations to

## Addendum A

any document, including business registration forms, made after a document has been signed may lead to sanctions which may include but is not limited to termination of a Wellness Advisor's Magneceutical Health business.

### **2.3 Rights Granted**

- A. Magneceutical Health hereby grants to a Wellness Advisor the non-exclusive right (based upon the Terms and Conditions contained in the Wellness Advisor Agreement and these Policies and Procedures) to:
  - I. Purchase Magneceutical Health products;
  - II. Promote and sell Magneceutical Health products; and
    - a. Commercial products (Magnesphere and HALO Pro), require an additional level of certification and training over and above the training described above in 2.1(A)(VI). Commercial Sales Certification (as defined in the Compensation Plan) is required to be successfully completed before a Wellness Advisor may discuss with a prospective Wellness Advisor who is primarily engaged in Professional Services, and product sales are secondary (i.e., doctors' offices, chiropractors, clinics, health clubs, spas, or other healthcare professionals).
  - III. Sponsor new Customers and Wellness Advisors in the United States and in countries so designated in the Company Back Office, as of the effective date of these Policies and Procedures.

### **2.4 Identification Numbers**

- A. Each Wellness Advisor is required to provide his or her Social Security Number or Federal Tax Identification Number, if located in the United States or any of its territories, to Magneceutical Health on the Wellness Advisor Agreement. The Company reserves the right to withhold commission payments from any Wellness Advisor who fails to provide such information or who provides false information.
- B. Upon enrollment, Magneceutical Health will provide an Identification Number to each Wellness Advisor. This number will be used to place orders, structure organizations, and track commissions and bonuses.

### **2.5 Renewals and Expiration of the Wellness Advisor Agreement**

- A. If you allow your Wellness Advisor Agreement to expire due to nonpayment of the annual renewal fee (as described more fully herein), you will lose any and all rights to your downline organization unless re-activation occurs within ninety (90) days following the expiration of the Agreement.
- B. If a former Wellness Advisor re-activates within the ninety (90) day time limit, he, she or it will resume the rank and position held immediately prior to the expiration of the Agreement. However, such Wellness Advisor's paid as level will not be restored unless he, she and/or it (an entity) qualifies at that payout level in the new month. The Wellness Advisor is not eligible to receive commissions for the time period during which his, her or its business was expired.
- C. Any Wellness Advisor who was terminated or whose Agreement has expired and lapsed the ninety (90) day grace period is not eligible to re-apply for a Magneceutical Health business for six (6) months following the expiration of the Wellness Advisor Agreement.
- D. The downline of the expired Wellness Advisor will compress to the upline Sponsor, as per the process detailed in the Compensation Plan.

## Addendum A

### 2.6 Business Entities

- A. A corporation, partnership, LLC, or trust (collectively referred to as a “Business Entity”) may apply to be a Wellness Advisor. This Wellness Advisor business and position will remain *temporary* until the proper documents are submitted. The Business Entity must submit one of the following documents: Certificate of Incorporation, Articles of Organization, Partnership Agreement or appropriate Trust documents. In addition to one of the documents described above, Wellness Advisor shall also submit a “certificate of good standing” from the State of incorporation, or a similar document from a licensed CPA or Attorney attesting to said status. Magneceutical Health must receive these documents within ten (10) business days from the date of the Agreement’s execution.
- B. A Wellness Advisor may change their status under the same Sponsor from an individual to a partnership, LLC, corporation, trust or from one type of business entity to another. To complete said status change, Wellness Advisor must provide the related documentation described above in 2.6(a).
- C. A Wellness Advisor has a duty to notify the Company in writing, of any status change in the Business Entity, within 30 days of said change in status.

### 2.7 Independent Business Relationship; Indemnification for Actions

- A. A Wellness Advisor is an independent contractor, and not a purchaser of a franchise or business opportunity. Therefore, your success depends entirely upon your own independent efforts.
- B. The Agreement between Magneceutical Health and its Wellness Advisors does not create an employer/employee relationship, agency, partnership, or joint venture between you and the Company.
- C. A Wellness Advisor shall not be treated as an employee of Magneceutical Health for any purposes, including, without limitation, for federal and state tax purposes. All Wellness Advisors are responsible for paying local, state, and federal taxes due from all compensation earned as a Wellness Advisor. Any other compensation received by Wellness Advisors from the Company will be governed by applicable U.S. tax laws (or the tax laws of any other applicable jurisdiction). A Wellness Advisor has no express or implied authority to bind Magneceutical Health to any obligation or to make any commitments by or on behalf of the Company. Each Wellness Advisor, whether acting as management of a Business Entity or represented as an individual, shall establish his, her or its own goals, hours, and methods of operation and sale, so long as in compliance with the terms of the Wellness Advisor Agreement, these Policies and Procedures and applicable state and federal laws.
- D. You are fully responsible for all of your verbal and written communications made regarding Magneceutical Health products and the Compensation Plan that are not expressly contained within official Magneceutical Health materials. Wellness Advisors shall indemnify and hold harmless the Company, its directors, officers, employees, product suppliers and agents from and against any and all liability including judgments, civil penalties, refunds, attorney fees and court costs incurred by Magneceutical Health as a direct or indirect result of Wellness Advisor’s unauthorized representations or actions. This provision shall survive the termination of the Wellness Advisor Agreement.

## Addendum A

### **2.8 Insurance**

The Company encourages all Wellness Advisors to arrange insurance coverage for their business. A homeowner's insurance policy does not cover business related injuries, or the theft of or damage to inventory or business equipment. Wellness Advisors need to contact their insurance agent to make certain their business property is protected. In most instances, this may be accomplished with a "Business Pursuit" endorsement to an existing homeowner's policy.

### **2.9 Errors or Questions**

If a Wellness Advisor has questions about, or believes any errors have been made regarding commissions, bonuses, business reports, orders, or charges, he, she or it must notify the Company in writing within thirty (30) days from the date of the error or incident in question. Any such errors, omissions or problems not reported within 30 days shall be deemed waived by the Wellness Advisor

## **3.0 WELLNESS ADVISOR RESPONSIBILITIES**

### **3.1 Correct Addresses**

- A. It is the responsibility of the Customer and/or Wellness Advisor to make sure the Company has the correct shipping address before any orders are shipped.
- B. A Customer/Wellness Advisor will need to allow up to thirty (30) days for processing after the receipt by the Company of any notice of address change.
- C. A Customer/Wellness Advisor may be assessed a \$200 fee for returned shipments due to an incorrect shipping address.

### **3.2 Training and Leadership**

- A. Any Wellness Advisor who sponsors another Wellness Advisor (known as Sponsoring) into the Company must perform authentic assistance and training functions to ensure those in the Wellness Advisor's downline properly operate their respective Magneceutical Health businesses. Sponsoring Wellness Advisors should have ongoing contact and communication with those in their downline organizations. Examples of communication may include, but are not limited to, the following: newsletters, written correspondence, telephone, contact, team calls, voice-mail, e-mail, personal meetings, in-person accompaniment to Magneceutical Health meetings, training sessions and any other related functions.
- B. A Sponsoring Wellness Advisor should monitor those in their downline organizations to ensure that downline Advisors do not make improper product, business, or medical claims or engage in any illegal or inappropriate conduct. Upon request, such Wellness Advisor should be able to provide documented evidence to the Company of his or her ongoing fulfillment of Sponsor responsibilities.
- C. Upline Wellness Advisors are encouraged to motivate and train new Wellness Advisors about Company products and services, effective sales techniques, the Magneceutical Health Compensation Plan, and compliance with the Company Policies and Procedures.

## Addendum A

- D. Marketing product is a required activity and must be emphasized in all Magneceutical Health recruiting presentations. The Company emphasizes the need for Wellness Advisors to sell Company products to ultimate users.
- E. Use of Sales Aids. To promote both the products and the opportunity Magneceutical Health has to offer, Wellness Advisors must only use the sales aids and support materials provided and produced by the Company. If Wellness Advisors develop their own sales aids and promotional materials -- includes Internet advertising -- they may unintentionally violate any number of statutes or regulations affecting the Magneceutical Health business regardless of their good intentions. These violations, although relatively few in number, could jeopardize the Magneceutical Health opportunity for *ALL* Wellness Advisors. ACCORDINGLY, YOU MUST SUBMIT ALL WRITTEN SALES AIDS, PROMOTIONAL MATERIALS, ADVERTISEMENTS, WEBSITES AND OTHER LITERATURE TO THE COMPANY FOR PRIOR WRITTEN APPROVAL BEFORE USE. Unless you receive specific written approval to use the material, the request shall be deemed denied. All Wellness Advisors shall safeguard and promote the good reputation of Magneceutical Health and its products. The marketing and promotion of Magneceutical Health, the Magneceutical Health opportunity, the Compensation Plan, and Magneceutical Health products and services shall be consistent with the public interest, and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices.

### **3.3 Constructive Criticism; Ethics**

- A. The Company desires to provide you with the best products and Compensation Plan in the industry. As a result, Magneceutical Health values constructive criticism and encourages the submission of written comments.
- B. Negative and disparaging comments about Magneceutical Health, its products, or Compensation Plan by any Wellness Advisor serve no purpose other than to dampen the enthusiasm of other Wellness Advisors. Wellness Advisors must not belittle the Company, other Magneceutical Health Wellness Advisors, the products or services, the Compensation Plan, or Magneceutical Health directors, officers, or employees, product suppliers or agents. Further, disruptive behavior at Company events will not be tolerated. Such conduct represents a material breach of these Policies and Procedures and may be subject to sanctions as the Company deems appropriate, up to and including termination as a Wellness Advisor.
- C. **Magneceutical Health endorses the following as its Code of Ethics:**
  - I. Every Wellness Advisor must show fairness, tolerance, and respect to all people associated with the Magneceutical Health opportunity, regardless of race, gender, social class, religion, or sexual orientation, thereby fostering an atmosphere of teamwork, good morale and community spirit.
  - II. Every Wellness Advisor must strive to resolve business issues, including situations with upline and downline Advisors, by emphasizing tact, sensitivity, and good will and with the goal of not creating additional problems.
  - III. Every Wellness Advisor must act with honesty, responsibility, and professionalism and conduct themselves with integrity.
  - IV. Every Wellness Advisor shall refrain from disparaging statements about Magneceutical Health, other Advisors, Company employees, product suppliers or agents, the Company's products, its sales and marketing campaigns, and the Compensation Plan. Moreover, Wellness Advisors must never make statements that unreasonably offend, mislead or coerce others.

## Addendum A

- D. Magneceutical Health may take appropriate action against any Wellness Advisor, up to and including termination as a Wellness Advisor, if Company determines, in its sole discretion, that the Advisor's conduct is detrimental, disruptive, or injurious to the Company or any other Advisor, or Customer.

### 3.4 Reporting Policy Violation

- A. A Wellness Advisor who observes a policy violation by another is encouraged to submit an e-mail chronicling said violation directly to the Company Compliance Department at "compliance@magneceutical.com". The letter shall set forth the details of the incident in the following manner:
  - I. A description of the nature of the violation and specific facts to support the allegations;
  - II. Dates and the number of occurrences;
  - III. The persons involved; and
  - IV. Any other supporting documentation.
- B. Once the matter has been brought to the Company's attention, it will be researched thoroughly. If needed, the Compliance Department will take appropriate action.
- C. This section refers to the general reporting of policy violations as observed by other Wellness Advisors in order to support, protect, and defend the integrity of the Magneceutical Health business and opportunity. If a Wellness Advisor has a grievance or complaint against another Advisor which directly relates to his or her Magneceutical Health business, the Advisor should follow the procedures set forth in these Policies.

### 3.5 Sponsorship

- A. The Sponsor is the person who introduces either a Customer or Wellness Advisor to Magneceutical Health, helps them complete their enrollment, and supports and trains those in their downline.
- B. Magneceutical Health recognizes the Sponsor as the name(s) shown on the first electronically signed Wellness Advisor Agreement.
- C. Although the Company recognizes that each new prospect has the right to ultimately choose his or her own Sponsor, Magneceutical Health will not allow Wellness Advisors to engage in unethical sponsoring activities. However, geographic, relational, or personal preference can dictate that a prospective Wellness Advisor chooses to work with a Sponsor other than the Wellness Advisor that originally introduced the prospective Wellness Advisor to the Company.
- D. All active Wellness Advisors in good standing have the right to sponsor and enroll others into Magneceutical Health. While engaged in sponsoring activities, it is not uncommon to encounter situations when more than one Wellness Advisor will approach the same prospect. It is reasonable practice that the new prospect will be sponsored by the first Wellness Advisor who presented a comprehensive introduction to the Magneceutical Health products and opportunity.
- E. A *Protected Prospect* is a guest of any Customer or Wellness Advisor who attended a Magneceutical Health event. For thirty (30) days following such event, a Protected Prospect cannot be solicited or sponsored by any other Wellness Advisor who attended the same event. A Magneceutical Health event can be defined as the following:

## Addendum A

- I. Any Magneceutical Health training sessions, including, but not limited to, online webinars;
- II. Fly-in meetings; or
- III. Presentations, including but not limited to a Magneceutical Health at home or in office presentation, whether sponsored by the Company, a Wellness Advisor, a Customer, or an agent or agency designated by the Company.

### **3.6 Cross Sponsoring Prohibition**

- A. “Cross sponsoring” is defined as the enrollment of an individual or Business Entity who has already signed a Wellness Advisor Agreement into a different line of sponsorship. Actual or attempted cross sponsoring is not allowed. If cross sponsoring is verified by the Company, sanctions up to and including suspension or termination of a Wellness Advisor’s business may be imposed immediately.
- B. The use of a spouse’s or relative’s name, trade names, assumed names, DBA names, corporation, partnership, trust, Federal ID numbers, or fictitious ID numbers to evade or circumvent this policy is not permitted and will be considered efforts to Cross Sponsor.
- C. This Policy does not prohibit the transfer of a Magneceutical Health business in accordance with these Policies and Procedures. For more details, please see Section 11.

### **3.7 Adherence to the Magneceutical Health Compensation Plan**

- A. A Wellness Advisor must adhere to the terms of the Company Compensation Plan as set forth in these Policies and Procedures and official Magneceutical Health literature. Deviation from the Compensation Plan is strictly prohibited.
- B. A Wellness Advisor shall not offer the Magneceutical Health opportunity through, or in combination with, any other system, program, or method of marketing other than that specifically set forth in official Magneceutical Health literature.
- C. A Wellness Advisor shall not require or encourage a current or prospective Customer/Advisor to participate in Magneceutical Health in any manner that varies from the Compensation Plan or the directions found within Company literature.
- D. A Wellness Advisor shall not require or encourage a current or prospective Customer/Advisor to make a purchase from or payment to any individual or other entity as a condition to participating in the Company Compensation Plan, other than such purchases or payments required to naturally build their business.

### **3.8 Adherence to Laws and Ordinances**

- A. Many cities and counties have laws regulating certain home-based businesses. In most cases, these ordinances do not apply to Wellness Advisors because of the nature of the business. However, you should nonetheless check your local laws and obey those that apply.
- B. A Wellness Advisor shall comply with all local, state and federal laws and regulations in their conduct of their Magneceutical Health business.

## Addendum A

### 3.9 Compliance with Applicable Income Tax Laws

- A. Magneceutical Health will automatically provide a complete 1099 Miscellaneous Income Tax form (nonemployee compensation) to each Wellness Advisor whose earnings for the year are \$600 or more, who has purchased more than \$5,000 of Magneceutical Health products for resale, or who received trips, prizes or awards valued at \$600 or more. If earnings and purchases are less than stated above, IRS forms will be sent only at the request of the Wellness Advisor, and a minimum charge of \$20 may be assessed by the Company.
- B. A Wellness Advisor accepts sole responsibility for and agrees to pay all federal, state, and local taxes on any income generated through Magneceutical Health, and further agrees to indemnify the Company from any failure to pay such tax amounts when due.
- C. If a Wellness Advisor's business is tax exempt, the Federal Tax Identification number must be provided to the Company in writing.
- D. Magneceutical Health encourages all Wellness Advisors to consult with a tax advisor for additional information for their business.

### 3.10 Compliance with Medical Devices Act

- A. The Medical Devices Act governs the traceability of medical devices. With the possibility of safety defects in devices or components, it's vital recall measures are put in place. Until an item is eventually resold, the Act places obligations on commercial dealers.
- B. As a Company, Magneceutical Health adheres to its legal obligation of documenting the serial number on each and every product sold. In doing so, the Company can link every sold product to a Customer or Wellness Advisor. A failure to abide by any obligations under the Medical Devices Act may result in relevant authorities applying disciplinary measures against the Company or a Wellness Advisor.

### 3.11 One Magneceutical Health Business Per Dwelling

A Wellness Advisor may only operate or have an ownership interest, legal or equitable, as a sole proprietorship, partner, shareholder, trustee, or beneficiary, in **one (1) Magneceutical Health business**. A Wellness Advisor's dwelling may only have, operate or receive compensation from one Magneceutical Health business. A "dwelling" is any private home or residence, or any building or structure occupied and resided in by members of a family unit. A "family unit" is defined as spouses and dependent children living in or doing business at the same address.

### 3.12 Actions of Household Members or Affiliated Parties

If any member of a Wellness Advisor's immediate household engages in any activity which, if performed by the Wellness Advisor would violate any provision of the Agreement, such activity will be deemed a violation by said Advisor and the Company may take disciplinary action against Advisor pursuant to these Policies and Procedures. Similarly, if any individual associated in any way with a corporation, partnership, LLC, trust or other entity (collectively "Business Entity") violates the Agreement, such action(s) will be deemed a violation by the Business Entity, and the Company may take disciplinary action against said Business Entity. Similarly, if a Wellness Advisor enrolls in Magneceutical Health as a Business Entity, each affiliated party of the Business Entity shall be personally and individually bound to, and must comply with, the terms and conditions of the Agreement.

## Addendum A

### **3.13 Solicitation for Other Companies or Products**

- A. A Wellness Advisor, up to and including the rank of Senior Manager, may participate in other direct sales, multilevel, network marketing or relationship marketing business ventures or marketing opportunities. A Wellness Advisor, at a rank of Associate Director or above, may not participate in other direct sales, multilevel, network marketing or relationship marketing business ventures or marketing opportunities that are competing products with Magneceutical Health. However, during the term of this Agreement and for one (1) year thereafter, a Wellness Advisor may not recruit any Magneceutical Health Customers or Wellness Advisors for any other direct sales or network marketing business unless Customer(s) or Wellness Advisor(s) were personally sponsored by such Advisor.
- B. 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 Customer/Wellness Advisor to enroll or participate in any direct sales or network marketing opportunity. This conduct represents recruiting even if the Wellness Advisor’s actions are in response to an inquiry made by another Customer/Wellness Advisor.
- C. During the term of this Agreement and for a period one (1) year thereafter a Wellness Advisor must not sell, or entice others to sell, any competing products or services, including training materials, to Magneceutical Health Customers or Wellness Advisors. Any product or service in the same category as Magneceutical Health products or services is deemed to be competing (i.e., any competing product or service regardless of differences in cost or quality).
- D. However, a Wellness Advisor may sell non-competing products or services to Magneceutical Health Customers and Wellness Advisors that they personally sponsored.
- E. A Wellness Advisor may not display or bundle Magneceutical Health products or services, in sales literature, on a website or in sales meetings, with any other products or services to avoid confusing or misleading a prospective Customer or Wellness Advisor into believing there is a relationship between Magneceutical Health and non- Magneceutical Health products and services.
- F. A Wellness Advisor may not offer any non- Magneceutical Health opportunity, products or services at any Company related meeting, seminar or convention, or immediately following a Company event.
- G. A violation of any of the provisions in this section shall constitute unreasonable and unwarranted contractual interference between you and Magneceutical Health and would inflict irreparable harm on the Company. In such event, Magneceutical Health may, at its sole discretion, impose any sanction it deems necessary and appropriate against such Wellness Advisor or Advisor’s business, including termination, or seek immediate injunctive relief without the necessity of posting a bond.

### **3.14 Presentation of the Magneceutical Health Opportunity**

- A. In presenting the Magneceutical Health opportunity to potential Customers and Wellness Advisors, you are required to comply with the following provisions:
  - I. A Wellness Advisor shall not misquote or omit any significant material fact about the Compensation Plan.
  - II. A Wellness Advisor shall make it clear that the Compensation Plan is based upon sales of Magneceutical Health products and services and upon the sponsoring of other Wellness Advisors.
  - III. A Wellness Advisor shall make it clear that success can be achieved only through substantial independent efforts.

## Addendum A

- IV. A Wellness Advisor shall not make unauthorized income projections, claims, or guarantees while presenting or discussing the Magneceutical Health opportunity or Compensation Plan to prospective Customers/Advisors.
- V. A Wellness Advisor may not make any claims regarding products or services of any products offered by Magneceutical Health, except those contained in official Company literature, website and social media channels.
- VI. A Wellness Advisor may not use official Company material to promote the Magneceutical Health business opportunity in any country where Magneceutical Health has not authorized said country in the Company Back Office.
- VII. In an effort to conduct best business practices, Magneceutical Health has developed an income disclaimer (“Income Disclaimer”). The Magneceutical Health Income Disclaimer is designed to convey truthful, timely, and comprehensive information regarding the income that Wellness Advisors can earn. In order to accomplish this objective, a copy of the Income Disclaimer must be presented to all prospective Wellness Advisors.

A copy of the Income Disclaimer must be presented to a prospective Wellness Advisor anytime the Compensation Plan is presented or discussed, or any type of income claim, or earnings representation is made.

The terms “income claim” and/or “earnings representation” (collectively “income claim”) includes any of the following: (1) statements of average earnings, (2) statements of non-average earnings, (3) statements of earnings ranges, (4) income testimonials, (5) lifestyle claims, and (6) hypothetical claims. Examples of “statements of non-average earnings” includes, “Our number one Wellness Advisor earned over three million dollars last year” or “Our average ranking Wellness Advisor makes eight thousand per month.” An example of a “statement of earnings ranges” is, “The monthly income for our higher-ranking Wellness Advisors is twelve thousand dollars on the low end to forty thousand dollars a month on the high end.”

### 3.15 Presentation of the Magneceutical Health Device

- A. In a presentation to a Customer or Prospective Wellness Advisor, a Wellness Advisor may not discuss the Magneceutical Health device in a way different than its description in Company marketing materials. Additionally, a Wellness Advisor shall never use marketing materials on the Magneceutical Health device not already provided or pre-approved by the Company.
- B. A Wellness Advisor must adhere to all appropriate FDA Rules and Guidelines.

Examples of appropriate health claims of and concerning the Magneceutical Health device and its ability to enhance well-being:

- I. Our technology “Enhances Feelings of Relaxation”
- II. A state of Relaxation may help address issues often associated with Chronic Stress, such as
  - a. Inflammation
  - b. Pain
  - c. Digestion
  - d. Energy Level
  - e. Sleep

## Addendum A

- III. Managing Chronic Stress through relaxation, as part of a healthy lifestyle, may help you live well with certain chronic diseases or conditions.
- IV. Our technology does not diagnose, treat, cure, or prevent any disease.
- V. Always follow the advice and prescriptions from your Doctor. Do NOT USE our technology “instead of” your Doctor’s advice/prescription. Use our technology “in addition to” your Doctor’s advice/prescription, i.e., as a complementary approach. If you have any questions or concerns about our technology and your health condition, please discuss this with your Doctor and follow his advice.

Examples of inappropriate Magneceutical Health device claims that a Wellness Advisor *SHALL NOT MAKE NOR REPRESENT* to a Customer or prospective Wellness Advisor include the following examples:

- I. Intended use claims in which the Magneceutical Health device prevents, cures, heals, or treats a disease or medical condition;
  - II. Indirect claims arising out of the use of images or testimonials;
  - III. Attempted explanations of the meaning of various medical terminology;
  - IV. Using unapproved before and after images;
  - V. Using third-party testimonials other than those provided by the Company, but only if such third-party testimonials be used in conjunction with appropriate disclaimer;
  - VI. The use of any terms or expressions such as: improvement of blood and lymphatic microcirculation; body remodeling; body firming; fibromyalgia treatment; restless leg treatment; headache treatment; breast cyst reduction; increased cell membrane permeability; increased tissue elasticity; the treatment and diagnosis of obesity; the treatment of an eating disorder; the treatment of anxiety; the diagnosis or treatment of autism; the treatment of muscle atrophy or erectile dysfunction; and the restoration of a structure or function impaired by a disease; and any more terms or expressions listed within Company materials.
- C. With regards to wellness and fitness claims following FDA guidelines, Magneceutical Health prohibits a Wellness Advisor from connecting any disease state or the elimination or reduction of prescription drugs to the use of Company products. A Wellness Advisor must limit their statements to terms related to health, or general wellness claim and to terms like:
- I. Less discomfort, greater wellbeing, feeling stronger, rested, powerful, focused, fit, stressless, energized, more relaxed;
- D. For any Wellness Advisor who markets the Magneceutical Health Products, the Wellness Advisor must include the following disclaimer:

### **FTC Endorsement Disclaimer:**

Results expressed in video and print may not be typical, nor are they a representation of what you could experience. Representations may be based on the experiences of a few people and you may not have similar results. The typical person will experience an enhanced feeling of relaxation. Independent Distributors (or Wellness Advisors) are paid by Magneceutical Health when they sell our products. Their results could be biased as a result of financial incentives. The representations of income, lifestyle or financial wellbeing are specific to the individual. There is no guarantee of income or success with Magneceutical Health and your results are purely based on your own organizational skills and efforts to market our products to individuals.

## Addendum A

### **FDA Disclaimer:**

None of the statements in our marketing and educational materials or web site have been evaluated by the Food and Drug Administration (FDA). Our technology or systems are not intended to diagnose, treat, cure or prevent any disease. Furthermore, none of the statements should be construed as dispensing medical advice, making claims regarding the cure of diseases, nor can these products prevent or cure any disease state. You should consult a licensed health care professional before starting any health protocol or using any health device such as Magneceutical Health's Magnesphere or Halo, especially if you are pregnant or have any pre-existing injuries or medical conditions. Magneceutical Health products are in no way a substitute for medical care. Do not stop following or change your health care professional's advice and use our system instead. Our products are FDA registered Class I medical devices, and our claim is that our system may "enhance feelings of relaxation."

### **3.16 Sales Requirements Are Governed by the Compensation Plan**

- A. A Wellness Advisor may purchase Magneceutical Health products and then re-sell them at any price they choose unless otherwise specified by the Company or by any/its product suppliers on a per product basis. Magneceutical Health will provide suggested selling prices. There are no exclusive territories granted to anyone. No franchise fees are applicable to a Magneceutical Health business.
- B. The Magneceutical Health program is built on sales to the ultimate consumer (ie a Customer). Magneceutical Health encourages Wellness Advisors to only purchase inventory that they and their family will personally consume, will be used as a sales tool, or will be resold to others for their ultimate consumption. Wellness Advisors must never attempt to influence any other Advisor to buy more products than they can reasonably use or sell to retail Customers in a month.
- C. Purchasing Product solely for the purpose of collecting commissions or achieving rank is prohibited.

## **4.0 ORDERING**

### **4.1 General Order Policies**

- A. "Bonus Buying" is strictly and absolutely prohibited. Bonus Buying includes: (1) the enrollment of individuals or entities without the knowledge of and/or execution of an Agreement by such individuals or Business Entities; (2) the fraudulent enrollment of an individual or entity as a Customer/Wellness Advisor; (3) the enrollment or attempted enrollment of non-existent individuals or Business Entities as Customers/Wellness Advisors ("phantoms"); (4) purchasing Magneceutical Health products or services on behalf of another Customer/Wellness Advisor, or under another Customer's or Wellness Advisor's ID number, to qualify for commissions or bonuses; (5) purchasing excessive amounts of products or services that cannot reasonably be used or resold in a month; and/or (6) any other mechanism or artifice to qualify for rank advancement, incentives, prizes, commissions, or bonuses that is not driven by bona fide product or service purchases by end user consumers.

A Wellness Advisor shall not use another Customer's or Wellness Advisor's credit card or debit checking account to enroll in Magneceutical Health or purchase products or services without the account holder's *written permission*. Such documentation must be kept by the Wellness Advisor indefinitely in case Magneceutical Health needs to reference this.

## Addendum A

- B. Regarding an order with an invalid or incorrect payment, the Company will attempt to contact the Wellness Advisor by phone, mail or e-mail in order to obtain another form of payment. If these attempts are unsuccessful after ten (10) business days, the order will be canceled
- C. If a Wellness Advisor wants to move an order to another Advisor's position, he or she must have prior authorization, of all parties involved. The Company may charge the Wellness Advisor a \$100.00 fee for processing.
- D. Prices are subject to change without notice.
- E. A Customer or Wellness Advisor who is a recipient of a damaged or incorrect order must notify the Company within fourteen (14) calendar days from receipt of the order and follow the procedures as set forth in these Policies.

### **4.2 Insufficient Funds**

If a credit card order or automatic debit is declined the first time, the Customer or Wellness Advisor will be contacted via Email or other electronic notification for an alternate form of payment. Until a payment is received, Customer or Wellness Advisor may be deemed ineligible to purchase Magneceutical Health products (which may or may not affect a Wellness Advisor's commission status).

### **4.3 Sales Tax Obligation**

- A. You shall comply with all state and local taxes and regulations governing the sale of Magneceutical Health products and services.
- B. Magneceutical Health will collect and remit sales tax on Wellness Advisor orders unless a Wellness Advisor furnishes the Company with the appropriate Resale Tax Certificate form. When orders are placed with the Company, sales tax is prepaid based upon the suggested retail price. Magneceutical Health will remit the sales tax to the appropriate state, and local jurisdictions. You may recover the sales tax when you make a sale. Wellness Advisors are responsible for any additional sales taxes due on products marked up and sold at a higher price.
- C. The Company encourages all Wellness Advisors to consult with a tax advisor for additional information for his or her business.

## **5.0 PAYMENT OF COMMISSIONS & BONUSES**

### **5.1 Bonus and Commission Qualifications**

- A. A Wellness Advisor must be active and in compliance with the Company Policies and Procedures to qualify for bonuses and commissions. So long as a Wellness Advisor complies with the terms of the Agreement, the Company shall pay commissions to such Advisor in accordance with the Compensation Plan.
- B. Magneceutical Health will not issue a payment to a Wellness Advisor without the receipt of a completed and signed Wellness Advisor Agreement or the submission of an Electronic Authorization.
- C. Magneceutical Health reserves the right to postpone bonus and commission payments until such time the cumulative amount exceeds \$10.00 USD.

## Addendum A

### 5.2 Computation of Commissions and Discrepancies

- A. In order to qualify to receive commissions and bonuses, a Wellness Advisor must be in good standing and comply with the terms of the Agreement and these Policies and Procedures. Commissions, bonuses, overrides, and achievement levels are calculated each month.
- B. A Wellness Advisor must review his or her monthly statement and bonus/commission reports promptly and report any discrepancies within thirty (30) days of receipt. After the thirty (30) day “grace period,” no additional requests will be considered for commission recalculations.
- C. For additional information on payment of commissions, please review the Compensation Plan.

### 5.3 Adjustments to Bonuses and Commissions for Returned Products

- A. A Wellness Advisor receives bonuses and commissions based on the actual sales of products and services to end consumers. Generally, these commissions and bonuses will not be paid to a Wellness Advisor until after the return period for a Product has expired. But when a product or service is returned to the Company for a refund from the end consumer, the bonuses and commissions attributable to the returned product or service will be deducted from the Wellness Advisor who received bonuses or commissions on such sales. Deductions will occur in the month in which the refund is given and continue every pay period thereafter until the bonus/and or commission is recovered.
- B. In the event that a Wellness Advisor terminates his, her or its business, and the amounts of the bonuses or commissions attributable to the returned products or services have not yet been fully recovered by the Company, the remainder of the outstanding balance may be offset against any other amounts that may be owed by the Company to the terminated Wellness Advisor.
- C. If the Agreement is terminated and a balance is owed by the Wellness Advisor to the Company, the Wellness Advisor agrees to pay said amount within thirty (30) days of termination. The Company reserves the right to collect the outstanding balance.

## 6.0 REFUND POLICY

### *Customer Sales*

Magneceutical Health offers a thirty (30) day Satisfaction Guarantee for Customers of our home-based products (the HALO). If a Customer purchased a product directly from a Wellness Advisor or the Company and is not satisfied with the product, the Customer may request a refund directly from said Advisor or the Company so long as the purchase remains in acceptable and undamaged condition and is returned in its original manufacturer’s packaging along with all manuals, and subcomponents. The refund amount shall be reduced by a \$650 restocking fee (and the shipping and handling charge on the original purchase). Customer shall be responsible for following all steps in the Return Process detailed in the Sales and License Agreement (which includes but is not limited to: safely packaging the system and shipping it back to Wellness Advisor or Company depending upon which entity made the original

## Addendum A

sale). Accordingly, Customer retains the risk of loss or damage during the return process until the system is delivered to Wellness Advisor or Company, which if incurred may reduce the refund amount significantly.

### ***Wellness Advisor Purchases***

For the initial purchase or qualifying sale of a HALO System, a Wellness Advisor must provide notice of cancellation and request a refund within five (5) calendar days of receipt. The refund shall be ninety percent (90%) of the purchase price, less the original shipping and handling charge. Wellness Advisors agree to incur the expense of shipping and packaging charges, for the return of the product, and shall follow the procedures described below and in the Sales and License agreement. Note: this section shall also apply to *Halo Demo Kit* purchases.

If a Wellness Advisor is unable to sell New Product that was purchased from Magneceutical Health (other than the initial purchase or qualifying sale described above), he or she may return the item for a refund as long as he or she is: (1) in good standing with Magneceutical Health; (2) the products were purchased within twelve (12) months; and (3) ***the products remain in Resalable Condition*** (as defined in the Glossary of Terms).

The refund shall be ninety percent (90%) of the purchase price, less the original shipping and handling charge. Wellness Advisors agree to incur the expense of shipping and packaging charges, for the return of the product.

### **6.1 Return Process (Please refer to the Sales and License Agreement for specific instructions and process)**

- A. Generally all returns, whether by a Customer or Wellness Advisor, must be made as follows:
  - I. Obtain Return Merchandise Authorization (“RMA”) from the Company;
  - II. Within seven (7) days, ship items to the address provided by Company when you are given your RMA.
  - III. Provide a copy of the invoice with the returned products. Such invoice must reference the RMA and include the reason for the return.
  - IV. Ship back product in manufacturer’s box exactly as it was delivered.
- B. All returns must be shipped to the Company pre-paid, as Magneceutical Health does not accept shipping collect packages. The Company recommends shipping returned product by UPS or FedEx with tracking and insurance as risk of loss or damage in shipping of the returned product shall be borne solely by the Customer or Wellness Advisor. If returned product is not received at the Company Distribution Center, it is the responsibility of the Customer or Wellness Advisor to trace the shipment and no credit will be applied.

## **7.0 PRIVACY POLICY**

### **7.1 Introduction**

This Privacy Policy is to ensure that all Customers and Wellness Advisors understand and adhere to the basic principles of confidentiality.

## Addendum A

### 7.2 Expectation of Privacy

- A. Magneceutical Health recognizes and respects the importance its Customers and Wellness Advisors place on the privacy of their financial and personal information. The Company will make reasonable efforts to safeguard the privacy of and maintain the confidentiality of its Customers' and Wellness Advisors' financial, account, and nonpublic personal information.
- B. By entering into the Wellness Advisor Agreement, you authorize Magneceutical Health to disclose your name and contact information to upline Wellness Advisors solely for activities related to the furtherance of Company business. You hereby agree to maintain the confidentiality and security of such information and to use it solely for the purpose of supporting and servicing your downline organization and conducting the Magneceutical Health business.

### 7.3 Restrictions on the Disclosure of Account Information

Magneceutical Health will not share non-public personal information or financial information about current or former Customers or Wellness Advisors with third parties, except as permitted or required by laws and regulations, court orders, or to serve the Customers' or Wellness Advisors' interests or to enforce its rights or obligations under these Policies and Procedures, the Wellness Advisor Agreement, or with written permission from the accountholder on file.

## 8.0 PROPRIETARY INFORMATION AND TRADE SECRETS

### 8.1 Business Reports, Lists, Patents and Proprietary Information

- A. By completing and signing the Wellness Advisor Agreement, you acknowledge that Business Reports, lists of Customer and Wellness Advisor names and contact information, and any other information which contains financial, scientific, technical or other information both written or otherwise circulated by Magneceutical Health pertaining to the business and products or services of Magneceutical Health (collectively, "Reports"), are confidential and proprietary information and trade secrets belonging to Magneceutical Health.
- B. The Wellness Advisor specifically acknowledges that the Company's products are covered by patents and/or pending patent applications either owned by or licensed to the Company. Wellness Advisor agrees that it will not take any action or assist others in any action that could constitute an infringement of any of these patents or any patent applications depending therefrom.

### 8.2 Obligation of Confidentiality

- A. During the Term of the Wellness Advisor Agreement and for a period of five (5) years after the termination or expiration of the Agreement between the Wellness Advisor and Magneceutical Health, the Wellness Advisor shall not:
  - I. Use the information in the Reports to compete with Magneceutical Health or for any purpose other than promoting his or her Magneceutical Health business;
  - II. Use or disclose to any person or entity any confidential information contained in the Reports, including the replication of the genealogy in another network marketing company.

## Addendum A

### 8.3 Breach and Remedies

The Wellness Advisor acknowledges that such proprietary information is of such character as to render it unique and that disclosure or use thereof in violation of this provision will result in irreparable damage to Magneceutical Health and to independent Magneceutical Health businesses. The Company will be entitled to injunctive relief or to recover damages against any Wellness Advisor who violates this provision in any action to enforce its rights under this section. The prevailing party shall be entitled to an award of attorney's fees, court costs and expenses.

### 8.4 Return of Materials

Upon demand by the Company, any current or former Wellness Advisor will return the original and all copies of all "Reports" to Magneceutical Health together with any Company confidential information in such person's possession.

## 9.0 ADVERTISING, PROMOTIONAL MATERIAL, USE OF COMPANY NAMES AND TRADEMARKS

### 9.1 Labeling, Packaging, and Displaying Products

- A. A Wellness Advisor may not re-label, re-package, refill, or alter labels of any Company product, information, materials or program(s) in any way. Magneceutical Health products must only be sold in their original containers from the Company. Such re-labeling or re-packaging violates federal and state laws, which may result in criminal or civil penalties or liability.
- B. A Wellness Advisor shall not cause any Magneceutical Health product or any Magneceutical Health trade name to be sold or displayed in retail establishments except:
  - I. Where professional services are the primary source of revenue and the product sales are secondary (e.g., doctor's offices, clinics, health clubs, spas).
  - II. Where the retail establishment is owned or managed by the Wellness Advisor and the store does not exceed \$1 million in annual gross revenue, and there are 5 or fewer stores under common ownership of management.
- C. A Wellness Advisor may sell Magneceutical Health products and display the Magneceutical Health trade name at any appropriate display booth (such as trade shows) only upon **prior written approval from Magneceutical Health**.
- D. The Company 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 and services, or the Magneceutical Health opportunity.

### 9.2 Use of Company Names and Protected Materials

- A. A Wellness Advisor must safeguard and promote the good reputation of the Company and the products and services it markets. The marketing and promotion of Magneceutical Health, the Magneceutical Health opportunity, the Compensation Plan, and Magneceutical Health products and services will be consistent

## Addendum A

with the public interest, and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct and practices.

- B. All promotional materials supplied or created by the Company must be used in their original form and cannot be changed, amended or altered except with prior written approval from the Company.
- C. The name of Magneceutical Health, each of its product and service names and other names that have been adopted by the Company in connection with its business are proprietary trade names, trademarks and service marks of Magneceutical Health. As such, these marks are of great value to the Company and are supplied to Wellness Advisors for their use only in an expressly authorized manner.
- D. A Wellness Advisor's use of the name "Magneceutical Health" is restricted to protect the Company's proprietary rights, ensuring that the Magneceutical Health protected names will not be lost or compromised by unauthorized use. Use of the Magneceutical Health name on any item not produced by the Company is prohibited except as follows:
  - I. [Wellness Advisor's name] Advisor of Magneceutical Health; or
  - II. [Wellness Advisor's name] Advisor of Magneceutical Health products and services.
- E. Further procedures relating to the use of the Magneceutical Health name are as follows:
  - I. All stationary (i.e. letterhead, envelopes, and business cards) bearing the Magneceutical Health name or logo intended for use by the Wellness Advisor must be approved in writing by the Company ahead of time.
  - II. Wellness Advisors may list "Magneceutical Health Independent Distributor" or "Wellness Advisor" in the white pages of the telephone directory under his or her own name.
  - III. Wellness Advisors may not use the name "Magneceutical Health," "Magneceutical Health, LLC," or "Magneceutical Health Corporate" in answering his or her telephone, creating a voice message or using an answering service, such as to give the impression to the caller that they have reached the corporate office. They may state, "Wellness Advisor of Magneceutical Health."
- F. Certain photos and graphic images used by the Company in its advertising, packaging, and websites are the result of paid contracts with outside vendors that do not extend to a Wellness Advisor. If a Wellness Advisor wants to use these photos or graphic images, they must negotiate individual contracts with the vendors for a fee.
- G. A Wellness Advisor shall not appear on or make use of television, radio or any other media to promote or discuss Magneceutical Health or its programs, products or services without prior written permission from the Company.
- H. A Wellness Advisor may not produce for sale or distribution any Company event or speech, nor may a Wellness Advisor reproduce Magneceutical Health audio or video clips for sale or for personal use without prior written permission from the Company.
- I. Magneceutical Health reserves the right to rescind its prior approval of any sales aid or promotional material to comply with changing laws and regulations and may request the removal from the marketplace of such materials without financial obligation to the affected Wellness Advisor.

## Addendum A

- J. A Wellness Advisor shall not promote non-Company products or services in conjunction with Magneceutical Health products or services on the same websites or same advertisement without prior approval from the Company. Unless said website or advertisement relates to an Advisor's professional services which are the primary source of revenue and the product sales are secondary (e.g., doctor's offices, clinics, health clubs, spas).
- K. **Claims (which include personal testimonials) as to therapeutic, curative or beneficial properties of any products offered by Magneceutical Health may not be made except those contained in official Company literature or as approved in writing by the Company Compliance Department.** While Magneceutical Health products are wellness-oriented systems, as well as FDA registered medical devices, **no Wellness Advisor may make any claim that Magneceutical Health products are useful in the cure, treatment, diagnosis, mitigation or prevention of any diseases.** Such statements can be perceived as medical or drug claims. Not only do such claims violate the Company policies, but also they potentially violate federal and state laws and regulations, including the federal Food, Drug, and Cosmetic Act and Federal Trade Commission Act. A Wellness Advisor in violation of this section is subject to disciplinary action that may include termination.

### 9.3 Faxes and E-mail Limitations

- A. Except as provided in this section, a Wellness Advisor may not use or transmit unsolicited faxes, email, mass email distribution, or "spamming" that advertises or promotes the operation of his or her Magneceutical Health business. The exceptions are:
  - I. Faxes or e-mailing any person who has given prior permission or invitation;
  - II. Faxing or e-mailing any person with whom the Wellness Advisor has established a prior business or personal relationship.
- B. In all states or territories where prohibited by law, a Wellness Advisor may not transmit, or cause to be transmitted through a third party (by telephone, facsimile, computer or other device) an unsolicited advertisement to any equipment that has the capacity to transcribe text or images from an electronic signal received over a regular telephone line, cable line, ISDN, T1 or any other signal carrying device, except as set forth in this section.
- C. All faxes, e-mail or computer broadcasted documents subject to this provision shall include each of the following:
  - I. A clear and obvious identification that the fax or e-mail message is an advertisement or solicitation. The words "advertisement" or "solicitation" should appear in the subject line of the message;
  - II. A clear return path or routing information;
  - III. The use of legal and proper domain name;
  - IV. A clear and obvious notice of the opportunity to decline to receive further commercial facsimile or e-mail messages from the sender;
  - V. Unsubscribe or opt-out instructions should be the very first text in the body of the message box in the same size text as the majority of the message;

## Addendum A

- VI. The true and correct name of the sender, valid sender's fax or e-mail address, and a valid sender physical address;
  - VII. The date and time of the transmission;
  - VIII. Upon notification by recipient of his or her request not to receive further faxed or e-mailed documents, a Magneceutical Wellness Advisor shall not transmit any further documents to that recipient.
- D. All e-mail or computer broadcasted documents subject to this provision shall not include any of the following:
- I. Use of any third-party domain name without permission;
  - II. Offensive, obscene, or sexually explicit materials.

### **9.4 Internet and Third-Party Website Restrictions**

- A. A Wellness Advisor may not use or attempt to register any of Magneceutical Health's trade names, trademarks, service names, service marks, product names, URLs, advertising phrases, the Company's name or any derivative thereof, for any purpose including, but not limited to, Internet domain names (URL), third party websites, e-mail addresses, web pages, or blogs.
- B. A Wellness Advisor may not sell Magneceutical Health products, services or offer the Magneceutical Health opportunity using "online auctions," such as eBay®, or "online marketplaces" like Amazon.
- C. Only Wellness Advisors or Customers that own and operate a commercial unit and provide professional services that are the primary source of revenue and product sales are secondary (e.g., doctor's offices, clinics, health clubs, spas) may have an approved third-party website. Wellness Advisors that own a HALO, or non-commercial unit, may NOT have a third-party website. A third-party website is a Magneceutical Health-approved personal website that is hosted on non-Company servers and has no affiliation with Magneceutical Health. Any Wellness Advisor who wishes to develop their own third-party website must submit a properly completed third-party website application and Agreement along with the proper website registration fee and receive Company's prior written approval before going live with their third-party website. Third-party websites may be used to promote your business and Company's products so long as the third-party website adheres to Magneceutical Health's advertising policies. Moreover, no orders may be placed through third-party websites, and no enrollments may occur through a third-party website. If you wish to use any third-party website, you must do the following:
  - a. Identify yourself as a Wellness Advisor for Magneceutical Health;
  - b. Use only the approved images and wording authorized by Magneceutical Health;
  - c. Adhere to the branding, trademark, and image usage policies described in this document.
  - d. Adhere to any other provision regarding the use of a third-party website described in this document;
  - e. Agree to give the Compliance Department at Magneceutical Health access to the third-party website and, if the website is password protected, the Compliance Department must receive passwords or credentials allowing unlimited access.
  - f. Agree to modify your website to comply with current or future Magneceutical Health policies.
- D. All marketing materials used on a Wellness Advisor's third-party website must be provided by the Company or approved in writing by the Company.

## Addendum A

- E. To avoid confusion, the following three elements must also be prominently displayed at the top of every page of your third-party website:
1. The Magneceutical Health Logo
  2. Your Name, Title and Wellness Advisor Identification Number
  3. The Corporate Website Redirect Button
- F. A Wellness Advisor may not use third-party sites that contain materials copied from corporate sources (such as Magneceutical Health brochures, CDs, videos, tapes, events, presentations, and corporate websites). This Policy ensures brand consistency, allows Customers and Wellness Advisors to stay up-to-date with changing products, services and information, facilitates enrollment under the correct Sponsor, and assists in compliance with government regulations.
- G. If the business of a Wellness Advisor who has received authorization to create and post a third-party website is voluntarily or involuntarily canceled for any reason, or if the Company revokes its authorization allowing the Wellness Advisor to maintain a third-party website, the Wellness Advisor must assign the URL to his/her third-party website to the Company within three (3) days from the date of the cancellation and/or re-direct all traffic to the site as directed by the Company. Magneceutical Health reserves the right to revoke any Wellness Advisor's right to use a third-party website at any time if the Company believes that such revocation is in the best interest of the Company, its Wellness Advisors, and Customers. Decisions and corrective actions in this area are at the Company's sole discretion.
- H. Social Media sites may not be used to sell or offer to sell Magneceutical Health products or services. PROFILES A WELLNESS ADVISOR GENERATES IN ANY SOCIAL COMMUNITY WHERE MAGNECEUTICAL HEALTH IS DISCUSSED OR MENTIONED MUST CLEARLY IDENTIFY THE WELLNESS ADVISOR AS A WELLNESS ADVISOR OF MAGNECEUTICAL HEALTH, and when a Wellness Advisor participates in those communities, he or she must avoid inappropriate conversations, comments, images, video, audio, applications or any other adult, profane, discriminatory or vulgar content. The determination of what is inappropriate is at the Company's sole discretion, and offending Wellness Advisors will be subject to disciplinary action. Banner ads and images used on these sites must be current and must come from the Company's approved library. If a link is provided, it must link to the posting Wellness Advisor's replicated website or an approved third-party website.
- I. Anonymous postings or use of an alias on any Social Media site is prohibited, and offending Wellness Advisors will be subject to disciplinary action.
- J. Wellness Advisors may not use blog spam, spamdexing or any other mass-replicated methods to leave blog comments. Comments Wellness Advisors create or leave must be useful, unique, relevant and specific to the blog's article.
- K. Wellness Advisors must disclose their full name on all Social Media postings, and conspicuously identify themselves as an independent distributor of Magneceutical Health. Anonymous postings or use of an alias is prohibited.
- L. Postings that are false, misleading, or deceptive are prohibited. This includes, but is not limited to, false or deceptive postings relating to the Magneceutical Health income opportunity, Company products and services, medical claims, and/or your biographical information and credentials.
- M. Wellness Advisors are personally responsible for their postings and all other online activity that relates to Magneceutical Health. Therefore, even if a Wellness Advisor does not own or operate a blog or Social Media site, if a Wellness Advisor posts to any such site that relates to the Company or which can be traced

## Addendum A

to the Company, the Advisor is responsible for the posting. Wellness Advisors are also responsible for postings which occur on any blog or Social Media site that the Wellness Advisor owns, operates, or controls.

- N. As a Wellness Advisor, it is important to not converse with any person who places a negative post against you, other Wellness Advisors, or the Company. Report negative posts to the Company's Compliance Department. Responding to such negative posts often simply fuels a discussion with someone carrying a grudge that does not hold themselves to the same high standards as Magneceutical Health, and therefore damages the reputation and goodwill of the Company.
- O. The distinction between a Social Media site and a website may not be clear-cut, because some Social Media sites are particularly robust, the Company therefore reserves the sole and exclusive right to classify certain Social Media sites as third-party websites and require that Wellness Advisors using, or who wish to use, such sites adhere to the Company's policies relating to third-party websites.
- P. If your Magneceutical Health business is cancelled for any reason, you must discontinue using the Magneceutical Health name, and all of Magneceutical Health's trademarks, trade names, service marks, and other intellectual property, and all derivatives of such marks and intellectual property, in any postings and all Social Media sites that you utilize. If you post on any Social Media site on which you have previously identified yourself as a Wellness Advisor, you must conspicuously disclose that you are no longer a Wellness Advisor of Magneceutical Health.
- Q. Failure to comply with these Policies for conducting business online may result in the Wellness Advisor losing their right to advertise and market Magneceutical Health products and services and the Company opportunity online in addition to any other disciplinary action available under the Policies and Procedures.

### 9.5 Advertising and Promotional Materials

- A. You may not advertise any Magneceutical Health products or services at a price LESS than the highest company published, established retail price plus shipping, handling and applicable taxes. No special enticement advertising is allowed. This includes, but is not limited to, offers of free Magneceutical Health businesses, free shipping, or other such offers that grant advantages beyond those available through the Company.
- B. Advertising and all forms of communications must adhere to principles of honesty and propriety.
- C. All advertising, including, but not limited to, print, Internet, computer bulletin boards, television, radio, etc., are subject to prior written approval by the Company Compliance Department.
- D. All requests for approvals with respect to advertising must be directed in writing to the Company Compliance Department.
- E. Company approval is not required to place blind ads that do not mention Magneceutical Health, its employees, any of its products, services, designs, symbols, programs, and trademarked, copyrighted, or otherwise protected materials.
- F. The Company reserves the right to rescind its prior approval of submitted advertising or promotional materials in order to comply with changing laws and regulations and may require the removal of such advertisements from the marketplace without obligation to the affected Wellness Advisor.

### 9.6 Testimonial Permission

## Addendum A

By signing the Wellness Advisor Agreement, you give Magneceutical Health permission to use your testimonial or image and likeness in corporate sales materials, including but not limited to print media, electronic media, audio and video. In consideration of being allowed to participate in the Magneceutical Health opportunity, you waive any right to be compensated for the use of your testimonial or image and likeness even though the Company may be paid for items or sales materials containing such image and likeness. In some cases, a Wellness Advisor's testimonial may appear in another Wellness Advisor's advertising materials. If a Wellness Advisor does not wish to participate in Magneceutical Health sales and marketing materials, he or she should provide a written notice to the Company Compliance Department to ensure that his or her testimonial or image and likeness will not be used in any corporate materials, corporate recognition pieces, advertising or recordings of annual events.

### 9.7 Telemarketing - Limitations

- A. A Wellness Advisor must not engage in telemarketing in relation to the operation of the his or her Magneceutical Health business. The term "telemarketing" means the placing of one or more telephone calls to an individual or entity to induce the purchase of Company products or services, or to recruit them for the Magneceutical Health opportunity.
- B. The Federal Trade Commission ("FTC") and the Federal Communications Commission ("FCC") each have laws that restrict telemarketing practices. Both federal agencies, as well as a number of states have "do not call" regulations as part of their telemarketing laws.
- C. While a Wellness Advisor may not consider himself or herself a "telemarketer" in the traditional sense, these regulations broadly define the term "telemarketer" and "telemarketing" so that the unintentional action of calling someone whose telephone number is listed on the Federal "Do Not Call" registry could cause the Wellness Advisor to violate the law. These regulations must not be taken lightly, as they carry significant penalties (up to \$11,000 per violation).
- D. "Cold calls" or "state-to-state calls" made to prospective Customers or Wellness Advisors that promote either Company products, services or the Magneceutical Health opportunity is considered telemarketing and is prohibited.
- E. Exceptions to Telemarketing Regulations

A Wellness Advisor may place telephone calls to prospective Customers or Wellness Advisors under the following limited situations:

- I. If the Wellness Advisor has an established business relationship with the prospect;
- II. In response to the prospect's personal inquiry or application regarding a product or service offered by the Wellness Advisor, within three (3) months immediately before the date of such a call;
- III. If the Wellness Advisor receives written and signed permission from the prospect authorizing the Wellness Advisor to call;
- IV. If the call is to family members, personal friends, and acquaintances. However, if a Wellness Advisor makes a habit of collecting business cards from everyone he/she meets and subsequently calls them, the FTC may consider this a form of telemarketing that is not subject to this exemption;
- V. Wellness Advisors engaged in calling "acquaintances," must make such calls on an occasional basis only and not as a routine practice.

## Addendum A

- F. A Wellness Advisor shall not use automatic telephone dialing systems in the operation of his or her Magneceutical Health businesses.
- G. Failure to abide by Magneceutical Health policies or regulations as set forth by the FTC and FCC regarding telemarketing may lead to sanctions against the Wellness Advisor's business, up to and including termination of said business.
- H. By signing the Wellness Advisor Agreement, or by accepting commission checks, other payments or awards from the Company, a Wellness Advisor gives permission to Magneceutical Health and other Wellness Advisors to contact them as permitted under the Federal Do Not Call regulations.
- I. In the event a Wellness Advisor violates this section, Magneceutical Health reserves the right to institute legal proceedings to obtain monetary or equitable relief.

### **10.0 INTERNATIONAL MARKETING**

#### **10.1 International Marketing Policy**

- A. A Wellness Advisor is authorized to sell Magneceutical Health products and services and enroll or attempt to enroll potential Customers and Wellness Advisors in any country so designated in Magneceutical Health's Back Office, according to the Policies and Procedures of each country.
- B. A Wellness Advisor may not, in any country without prior Company approval, conduct sales, enrollment or training meetings, enroll or attempt to enroll potential Customers or Wellness Advisors, nor conduct any other activity for the purpose of selling Company products and services, establishing a sales organization, or promoting the Company opportunity.

### **11.0 CHANGES TO A WELLNESS ADVISOR'S BUSINESS**

#### **11.1 Modification of the Wellness Advisor Agreement**

A Wellness Advisor may modify his or her existing Wellness Advisor Agreement (i.e., change a social security number to a Federal ID number, add a spouse or partner to the account, or change the form of ownership from an individual to a Business Entity owned by the Wellness Advisor) by re-submitting a new Business Registration Form, with fresh signatures (not a "crossed out" or "white-out" version of the first Agreement), and any appropriate supporting documentation.

#### **11.2 Change Sponsor or Placement for Inactive Wellness Advisors**

- A. At the discretion of the Company, Wellness Advisors who neither sold nor ordered products or services for at least six (6) months, and who have not tendered a letter of resignation, are eligible to re-enroll in Magneceutical Health under the Sponsor of their choice.
- B. Such Wellness Advisor does not retain former rank, downline, or rights to commission checks from his or her former organizations.

## Addendum A

- C. The Company reserves the right to correct Sponsor errors at any time and in whatever manner it deems necessary.

### 11.3 Change Organizations

- A. If a Wellness Advisor wishes to transfer organizations, he or she must submit a letter of resignation to the Company and remain inactive (neither sell nor personally order) with or in Magneceutical Health for six (6) months from the receipt of the letter before being eligible to re-enroll under a different Sponsor
- B. The Company retains the right to approve or deny any request to re-enroll after a Wellness Advisor's resignation.
- C. If re-enrollment is approved, the former Wellness Advisor will be issued a new Wellness Advisor ID number and will be required to submit a new Wellness Advisor Agreement. The Wellness Advisor will not be entitled to keep any former rank, downline, or rights to commission checks from any prior organization.
- D. Transfers may not be done outside of the original organization.

### 11.4 Unethical Sponsoring

- A. Unethical sponsoring activities include, but are not limited to, enticing, bidding or engaging in unhealthy competition in trying to acquire a prospect or new Wellness Advisor from another Wellness Advisor or influencing another Wellness Advisor to transfer to a different sponsor.
- B. Allegations of unethical sponsoring must be reported in writing to the Company Compliance Department within the first thirty (30) days of enrollment. If the reports are substantiated, the Company may transfer the Wellness Advisor or the Wellness Advisor's downline to another sponsor, Placement or organization without approval from the current up-line Sponsor or Placement Wellness Advisors. The Company remains the final authority in such cases.
- C. The Company prohibits the act of "Stacking." Stacking is the unauthorized manipulation of the Magneceutical Health Compensation Plan and/or the marketing plan in order to trigger commissions or cause a promotion off a downline Wellness Advisor in an unearned manner. One example of stacking occurs when a Sponsor places participants under an inactive downline without his or her knowledge in order to trigger unearned qualification for commissioning. Stacking is unethical and unacceptable behavior, and as such, it is a punishable offense with measures up to and including the termination of the Wellness Advisor positions of all individuals and/or entities found to be directly involved.
- D. Should Wellness Advisors engage in solicitation and/or enticement of members of another direct sales company to sell or distribute Magneceutical Health products and services to, they bear the risk of being sued by the other direct sales company. If any lawsuit, arbitration, or mediation is brought against a Wellness Advisor alleging that they engaged in inappropriate recruiting activity of another company's sales force or Customers, Magneceutical Health will not pay any of the Wellness Advisor's defense costs or legal fees, nor will Magneceutical Health indemnify the Wellness Advisor for any judgment, award, or settlement.

### 11.5 Sell, Assign or Delegate Ownership

- A. In order to preserve the integrity of the hierarchical structure, it is necessary for Magneceutical Health to place restrictions on the transfer, assignment, or sale of a business.
- B. A Wellness Advisor may not sell or assign his or her rights or delegate his or her position and business as a Wellness Advisor without *prior written approval by the Company*, which approval will not be

## Addendum A

unreasonably withheld. Any attempted sale, assignment, or delegation without such approval may be voided at the discretion of Magneceutical Health.

- C. Should the sale be approved by Company, the Buyer assumes the position of the Seller at the current qualified title, but at the current “paid as” rank, at the time of the sale and acquires the Seller’s Downline.
- D. To request corporate authorization for a sale or transfer of a Magneceutical Health business, the following items must be submitted to the Company:
  - I. A Sale/Transfer of Business Form properly completed, with the requisite signatures.
  - II. A copy of the Sales Agreement signed and dated by both Buyer and Seller.
  - III. A Wellness Advisor Agreement completed and signed by the Buyer;
  - IV. Payment of the \$400.00 USD administration fee; and
  - V. Any additional supporting documentation requested by Wellness Advisor.
- E. Any debt obligations that either Seller or Buyer may have with the Company must be satisfied prior to the approval of the sale or transfer of the Magneceutical Health business.
- F. A Wellness Advisor who sells his or her business is not eligible to re-enroll as a Wellness Advisor in any organization for six (6) full calendar months following the date of the sale except as otherwise expressly set forth in these Policies and Procedures.

### **11.6 Separating a Magneceutical Health Business**

- A. Pending a divorce or dissolution of a partnership or other business entity, the parties must adopt one of the following methods of operation:
  - I. One of the parties may, with the written consent of the other(s), operate the Magneceutical Health business whereby the relinquishing spouse, shareholders, partners, members or trustees authorize the Company to deal directly and solely with the other spouse, non-relinquishing shareholder, partner, member or trustee;
  - II. The parties may continue to operate the Magneceutical Health business jointly on a “business as usual” basis, whereupon all compensation paid by the Company will be paid in the name designated as the Wellness Advisors or in the name of the entity to be divided, as the parties may independently agree between them. If no name is stipulated, the Company will pay compensation to the name on record and in such event; the Wellness Advisor named on the account shall indemnify the Company from any claims from the other business owner(s) or the other Spouse with respect to such payment.
- B. The Company recognizes only one Downline organization and will issue only one commission check per Magneceutical Health business per commission cycle. Under no circumstances will the Downline of an organization be divided, nor will the Company split commission and/or bonus checks.

## Addendum A

- C. If a relinquishing Spouse, partner or owner of the business has completely relinquished (“Relinquishing Party”), in writing, all rights to the original Magneceutical Health business, he or she may immediately thereafter re-enroll under the Sponsor and Placement of his or her choice. In such cases, however, the Relinquishing Party shall have no rights to, and shall not solicit, any Wellness Advisor or active Customer in the former organization and must develop a new business in the same manner as any other new Wellness Advisor. A Wellness Advisor in the Relinquishing Party’s former Downline who wishes to transfer to the Relinquishing Party’s new organization or to any other organization, must comply with the requirements in Section 13.5.

### 11.7 Succession

- A. Upon the death or incapacity of a Wellness Advisor, the Advisor’s business may be passed on to his or her legal successors in interest (successor). Whenever a Magneceutical Health business is transferred by will or other testamentary process, the successor acquires the right to collect all bonuses and commissions of the deceased Wellness Advisor’s sales organization. The successor must:
  - I. Complete and sign a new Wellness Advisor Agreement; and
  - II. Comply with the terms and provisions of the Wellness Advisor Agreement; and
  - III. Meet all of the qualifications for the last rank achieved by the former Wellness Advisor.
- B. Bonus and commission checks of a Magneceutical Health business transferred based on this section will be paid in a single check to the successor. The successor must provide Magneceutical Health with an “address of record” to which all bonus and commission Payments will be sent. Payments will be based on the current performance of the business, not the highest rank or volume achieved.
- C. If the business is bequeathed to joint devisees (successors), they must form a business entity and acquire a Federal taxpayer identification number. The Company will issue all bonus and commission payments and one 1099 Miscellaneous Income Tax form to the managing business entity only.
- D. Appropriate legal documentation must be submitted to Company Compliance Department to ensure the transfer is done properly. To affect a testamentary transfer of a Magneceutical Health business, the successor must provide the following to Company Compliance Department:
  - I. A certified copy of the death certificate; and
  - II. A notarized copy of the will or other appropriate legal documentation establishing the successor’s right to the Magneceutical Health business.
- E. To complete a transfer of the Magneceutical Health business because of incapacity, the successor must provide the following to the Company Compliance Department:
  - I. A notarized copy of an appointment as trustee;
  - II. A notarized copy of the trust document or other appropriate legal documentation establishing the trustee’s right to administer the Magneceutical Health business; and
  - III. A completed Wellness Advisor Agreement executed by the trustee.
- F. If the successor is already an existing Wellness Advisor, Company will allow such Wellness Advisor to keep his or her own business plus the inherited business active for up to six (6) months. By the end of the

## Addendum A

six-month period, the Wellness Advisor must have compressed (if applicable), sold or otherwise transferred either the existing business or the inherited business.

- G. If the successor wishes to terminate the Magneceutical Health business, he or she must submit a notarized statement stating the desire to terminate the business, along with a certified copy of the death certificate, appointment as trustee, and/or any other appropriate legal documentation.
- H. Upon written request, Company may grant a one-month bereavement waiver and pay out at the last “paid as” rank.

### 11.8 Resignation/Voluntary Termination

- A. A Wellness Advisor may immediately terminate his or her business by submitting a written notice or email to the Company Compliance Department. The written notice must include the following:
  - I. The Wellness Advisor’s intent to resign;
  - II. Date of resignation;
  - III. Magneceutical Wellness Advisor Identification Number;
  - IV. Reason for resigning; and
  - V. Signature.
- B. **A Wellness Advisor may not use resignation as a way to immediately change Sponsor and Placement. Instead, the Wellness Advisor who has voluntarily resigned is not eligible to reapply for a business or have any financial interest in a or any Magneceutical Health business for six (6) months from the receipt of the written notice of resignation.**
  - I. A Wellness Advisor may not manipulate the optional purchase of product by refusing the shipment of Magneceutical Health purchased products in order to switch Sponsors. There is not a product purchase required to become a Wellness Advisor. This practice may result in suspension or termination of Wellness Advisor status.

### 11.9 Involuntary Termination

- A. The Company reserves the right to terminate a Wellness Advisor’s business for, but not limited to, the following reasons:
  - I. Violation of any terms and conditions of the Wellness Advisor Agreement;
  - II. Violation of any provision in these Policies and Procedures;
  - III. Violation of any provision in the Compensation Plan;
  - IV. Violation of any provision in the Sales and License Agreement;

## Addendum A

- V. Violation of any applicable law, ordinance, or regulation regarding the Magneceutical Health business; and/or
- V. Engaging in unethical business practices or violating standards of fair dealing.
- B. The Company will notify the Wellness Advisor in writing *by email or certified mail* at his or her last known address of its intent to terminate the Wellness Advisor's business and the reasons for termination. The termination is effective as of the date of the written notification. The Wellness Advisor will then have ten (10) calendar days from the date of mailing of such notice to appeal the termination in writing.
- C. If the Wellness Advisor does file a timely appeal of termination, the Company will review its decision, along with any other information it may deem relevant, reconsider any other appropriate action, and notify the Wellness Advisor of its decision. The decision of the Company is then considered final and not subject to further review.
- D. After termination, the former Wellness Advisor is prohibited from using the names, marks or signs, labels, stationery, advertising, or business material referring to or relating to any Magneceutical Health products or services. The Company will notify the active Upline Sponsor within ten (10) days after termination. The organization of the terminated Wellness Advisor will "roll up" to the active Upline Sponsor on record.
- E. A Wellness Advisor who is involuntarily terminated by the Company may not reapply for a business, either under his or her present name or any other name or entity, without the *express written consent of an officer of the Company*. In any event, such Wellness Advisor may not re-apply for a business for twelve (12) months from the date of termination.

### 11.10 Effect of Cancellation

Following a Wellness Advisor's cancellation for inactivity or voluntary or involuntary termination (collectively, a "cancellation") such Advisor:

- I. Shall have no right, title, claim or interest to any commission or bonus from the sales generated by the Wellness Advisor's former organization or any other payments in association with the Wellness Advisor's former independent business;
- II. Effectively waives any and all claims to property rights or any interest in or to the Wellness Advisor's former Downline organization;
- III. Shall receive commissions and bonuses only for the last full pay period in which he or she was active prior to cancellation, less any amounts withheld during an investigation preceding an involuntary cancellation, and less any other amounts owed to the Company.

## 12.0 DISCIPLINARY SANCTIONS

### 12.1 Imposition of Disciplinary Action - Purpose

It is the spirit of Magneceutical Health that integrity and fairness should pervade among its Wellness Advisors, thereby providing everyone with an equal opportunity to build a successful business. Therefore, the Company reserves the right to impose disciplinary sanctions at any time, when it has determined that a Wellness Advisor has violated the Agreement or any of these Policies and Procedures or the Compensation Plan as they may be amended from time to time by the Company.

## Addendum A

### 12.2 Consequences and Remedies of Breach

- A. Disciplinary actions may include one or more of the following:
  - I. Monitoring a Wellness Advisor's conduct over a specified period of time to assure compliance;
  - II. Issuance of a written warning or requiring the Wellness Advisor to take immediate corrective action;
  - III. Imposition of a fine (which may be imposed immediately or withheld from future commission payments) or the withholding of commission payments ("Commission Hold") until the matter causing the Commission Hold is resolved or until the Company receives adequate additional assurances from the Wellness Advisor to ensure future compliance;
  - IV. Suspension from participation in Company or Wellness Advisor events, rewards, or recognition;
  - V. Suspension of the Wellness Advisor Agreement and business for one or more pay periods;
  - VI. Involuntary termination of the Wellness Advisor's Agreement and business;
  - VII. Any other measure which Magneceutical Health deems feasible and appropriate to justly resolve injuries caused by the Wellness Advisor's Policy violation or contractual breach; OR
  - VIII. Legal proceedings for monetary or equitable relief.

### 13.0 DISPUTE RESOLUTION

#### 13.1 Grievances

- A. If a Wellness Advisor has a grievance or complaint against another Wellness Advisor regarding any practice or conduct relating to their respective Magneceutical Health businesses, he or she is encouraged to resolve the issue directly with the other party. If an agreement cannot be reached, it must be reported directly to the Company Compliance Department as outlined below in this Section.
- B. The Company Compliance Department will be the final authority on settling such grievance or complaint and its written decision shall be final and binding on the Wellness Advisors involved.
- C. The Company will confine its involvement to disputes regarding Magneceutical Health business matters only. The Company will not decide issues that involve personality conflicts or unprofessional conduct by or between Wellness Advisors outside the context of a Magneceutical Health business. These issues go beyond the scope of the Company and may not be used to justify a Sponsor or Placement change or a transfer to another organization.
- D. The Company does not consider, enforce, or mediate third party agreements between Wellness Advisors, nor does it provide names, funding, or advice for obtaining outside legal counsel.
- E. Process for Grievances:
  - I. The Wellness Advisor should submit an email of complaint directly to the Company Compliance Department. The email shall set forth the details of the incident as follows including but not limited to:
    - a. The nature of the violation;

## Addendum A

- b. Specific facts to support the allegations;
  - c. Dates;
  - d. Number of occurrences;
  - e. Persons involved, if possible with Wellness Advisor numbers; and
  - f. Supporting documentation including links.
- II. Upon receipt of the written complaint, Magneceutical Health will conduct an investigation according to the following procedures:
- a. The Compliance Department will send an acknowledgment of receipt to the complaining Wellness Advisor;
  - b. The Compliance Department will provide a verbal or written notice of the allegation to the Wellness Advisor under investigation;
  - c. The Compliance Department will thoroughly investigate the complaint, consider all the submitted information it deems relevant, including information from collateral sources. Due to the unique nature of each situation, determinations of the appropriate remedy will be on a case-by-case basis, and the length of time to reach a resolution will vary.
  - d. During the course of the investigation, the Compliance Department will only provide periodic updates simply stating that the investigation is ongoing. No other information will be released during this time. Wellness Advisor calls, letters, and requests for “progress reports” during the course of the investigation will not be answered or returned.
- F. The Company will make a final decision and timely notify the Wellness Advisors involved.

### 13.2 Arbitration

- A. **Any controversy or claim arising out of or relating to the Wellness Advisor Agreement, these Policies and Procedures, or the breach thereof, the Wellness Advisor’s business or any dispute between the Company and a Wellness Advisor, shall be settled by binding and confidential 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.** Any such arbitration shall be held in Clearwater, Florida. There shall be one arbitrator, who shall have expertise in business law transactions and who shall be knowledgeable in the direct selling industry, selected from a panel provided by the American Arbitration Association.
- B. The prevailing party in any such arbitration shall be entitled to receive from the losing party, all costs and expenses of arbitration, including reasonable attorney’s fees and filing fees. The decision of the arbitrator shall be final and binding on the parties and may, if necessary, be reduced to judgment in any court of competent jurisdiction.
- C. This agreement to arbitration shall survive any termination or expiration of the Wellness Advisor Agreement.
- D. Nothing in these Policies and Procedures shall prevent Magneceutical Health from applying for or 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 Magneceutical Health interests or its Confidential Information prior to, during or following the filing of an arbitration or other proceeding, or pending the rendition of a decision or award in connection with any arbitration or other proceeding.

## Addendum A

**E. NO CLASS ACTION, OR OTHER REPRESENTATIVE ACTION OR PRIVATE ATTORNEY GENERAL ACTION OR JOINDER OR CONSOLIDATION OF ANY CLAIM WITH A CLAIM OF ANOTHER PERSON OR CLASS OF CLAIMANTS SHALL BE ALLOWABLE.**

- F. These Policies and Procedures and any arbitration involving a Wellness Advisor and Magneceutical Health shall be governed by and construed in accordance with the laws of the state of Florida, without reference to its principles of conflict of laws.

### 13.3 Severability

If any provision of these Policies and Procedures is found to be invalid, or unenforceable for any reason, only the invalid provision shall be severed. The remaining terms and provisions hereof shall remain in full force and shall be construed as if such invalid or unenforceable provision never had comprised a part of these Policies and Procedures.

### 13.4 Waiver

- A. Only an officer of Magneceutical Health can, in writing, affect a waiver of the Magneceutical Health Policies and Procedures. The Company's waiver of any particular breach by a Wellness Advisor shall not affect Magneceutical Health's rights with respect to any subsequent breach, nor shall it affect the rights or obligations of any other Wellness Advisor.
- B. The existence of any claim or cause of action of a Wellness Advisor against the Company shall not constitute a defense to Magneceutical Health's enforcement of any term or provision of these Policies and Procedures.

### 13.5 Successors and Claims

The agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

## 14.0 MAGNECEUTICAL HEALTH GLOSSARY OF TERMS

**ACTIVE WELLNESS ADVISOR:** A Wellness Advisor who satisfies the minimum volume requirements, as set forth in the Compensation Plan, to ensure that they are eligible to receive bonuses and commissions.

**AGREEMENT:** The contract between the Company and each Wellness Advisor, which includes: the Wellness Advisor Agreement, the Magneceutical Health Policies and Procedures, the Magneceutical Health Compensation Plan and if applicable a Sales and License Agreement, all in their current form and as amended by the Company in its sole discretion. These documents are collectively referred to as the "Agreement."

**CANCEL:** The termination of a Wellness Advisor's business. Cancellation may be either voluntary, involuntary, or through non-renewal.

**COMPENSATION PLAN:** The guidelines and referenced literature for describing how Wellness Advisors can generate commissions and bonuses.

**CUSTOMER:** A Customer who purchases Magneceutical Health products and does not engage in building a business or retailing product.

**IN GOOD STANDING:** A Wellness Advisor that does NOT have an active suspension by compliance, compliance suspension or disciplinary action within the past ninety (90) days, or a negative balance (debt owed) to Company.

## Addendum A

**LINE OF SPONSORSHIP (LOS):** A report generated by Magneceutical Health that provides critical data relating to the identities of Wellness Advisors, sales information, and enrollment activity of each Wellness Advisor's organization. This report contains confidential and trade secret information which is proprietary to Magneceutical Health.

**ORGANIZATION:** The Customers and Wellness Advisors placed below a particular Wellness Advisor.

**OFFICIAL MAGNECEUTICAL HEALTH MATERIAL:** Literature, audio or video tapes, and other materials developed, printed, published, and distributed by Magneceutical Health to its Wellness Advisors.

**PLACEMENT:** Your position inside your Sponsor's organization.

**RECRUIT:** For purposes of Magneceutical Health's Conflict of Interest Policy, the term "Recruit" means the actual or attempted solicitation, enrolment, encouragement, or effort to influence in any other way, either directly, indirectly, or through a third party, another Magneceutical Health Customer or Wellness Advisor to enroll or participate in another multilevel marketing, network marketing, or direct sales opportunity.

**RESALABLE CONDITION:** Products shall be deemed "resalable" if each of the following elements is satisfied: (1) they are unopened and unused, meaning the tamper evident seal located on the product remains in place; (2) original packaging and labelling has not been altered or damaged; (3) they are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price; and (4) the product contains current Magneceutical Health labelling. NOTE: Any merchandise that is clearly identified at the time of sale as a demonstration kit (e.g., the Demo Kit HALO), nonreturnable, discontinued, or as a seasonal item, shall not be resalable.

**SPONSOR:** A Wellness Advisor who enrolls a Customer, Retailer, or another Wellness Advisor into the Company, and is listed as the Sponsor on the Wellness Advisor Agreement. The act of enrolling others and training them to become Wellness Advisors is called "sponsoring."

**UPLINE:** This term refers to the Wellness Advisor(s) above a particular Wellness Advisor in a sponsorship line up to the Company. It is the line of sponsors that links any particular Wellness Advisor to the Company.

**WELLNESS ADVISOR:** An individual who purchases product, generates retail sales and business building commissions (including those with different ranks, levels, titles, or paid as titles obtained per the Compensation Plan)

MHLLC:  \_\_\_\_\_

Wellness Advisor: \_\_\_\_\_

## **Magneceutical Health Compensation Plan**

Magneceutical Health LLC ("Magneceutical Health") proudly announces our Compensation Plan, which is used to reward our Magneceutical Health team of Independent Advisors, otherwise referred to as Wellness Advisors ("Advisors") for their sales efforts on behalf of Magneceutical Health. Magneceutical Health offers individuals or their companies the opportunity to sell Magneceutical Health products to others, and simply requires the potential ADVISOR to complete and submit the online ADVISOR Agreement to Magneceutical Health, complete our training course and pay the enrollment fee.

The Magneceutical Health business opportunity is attractive as our ADVISORS help people address the key foundations of Health in their lives, be it emotional, physical or financial. Our goal is to establish a solid customer base throughout the United States all while positively impacting their lives. An ADVISOR's main goal is to generate a personal Customer base (outside of their sales organization). Obtaining Customers is the ultimate goal of all ADVISORS. For purposes of this Agreement, "Customer" means an individual who is purchasing the Magneceutical Health device for personal use and who does not participate in the Compensation Plan.

Magneceutical Health operates in the direct selling industry with a focus on direct sales to end users, using network marketing to make such sales. Once an ADVISOR's application has been accepted and the ADVISOR meets the initial requirements necessary for qualification, he or she will be eligible to earn bonuses as outlined below. Additionally, when the ADVISOR has been accepted by Magneceutical Health, an online computer entry is made which allocates the new ADVISOR one position in the structure of that ADVISOR's sponsor. Magneceutical Health's Compensation Plan offers multiple ways of compensating our ADVISOR family. Bonuses are earned from sales of the Magneceutical Health products by ADVISORS. There is never a bonus earned for the recruitment of any ADVISOR.

### **1. Advisor Enrollment**

Once the new ADVISOR has completed the enrollment process, his or her personal Magneceutical Health website will be activated upon registering in the Magneceutical Health Back Office.

### **2. Enrollment Fees**

The current enrollment fee for an ADVISOR is \$99.00, which covers the cost of Magneceutical Health providing Magneceutical Health University training, Magneceutical Health Back Office, the ADVISOR's retail webpage and related documentation and support. The fee is comprised of a \$99.00 administrative fee (non-refundable once the five (5) calendar day timeframe expires, and non-commissionable). In addition, the fee includes a registration fee for one Magneceutical Health University attendance. Additionally, there is an annual administrative fee paid during each subsequent year. Magneceutical Health shall have the right to change the enrollment or annual administrative

## Addendum B

fees in its sole discretion at any time by providing notice of such change to the ADVISORs directly affected by such change.

### 3. Annual Fees

The ADVISOR shall pay an annual fee \$99.00 every year, which covers administrative and technology costs associated with the development and maintenance of Magneceutical Health's online platforms and back office services. The annual fee is due within ninety (90) days from the 1-year anniversary date of the Advisor's original enrollment date, and every year thereafter. Magneceutical Health shall have the right to change the annual fee in its sole discretion at any time by providing notice of such change to the distributors directly affected by such change.

### 4. Qualification Requirements

No feature of the Magneceutical Health opportunity constitutes a personal purchase requirement to become an ADVISOR, move up in rank or otherwise fully participate in the Compensation Plan. The Compensation Plan is built on retail sales to Customers. Magneceutical Health recognizes that ADVISORs may wish to purchase one or more of the products for personal or family use. Pursuant to Magneceutical Health's Terms and Conditions and Policies and Procedures, the purchase of products primarily as an attempt to qualify for advancement in the Compensation Plan is not permitted. ADVISORs are prohibited from representing that there is any obligation to personally purchase products, literature or sales aids to join, move up in rank or earn bonuses under the Compensation Plan.

#### a) Qualification for WELLNESS ADVISOR TRAINEE (WT)

The Magneceutical Health entry position is a WELLNESS ADVISOR TRAINEE (WT). This position allows a person to become an Independent distributor with Magneceutical Health and to enjoy the Magneceutical Health business opportunity (that is, to start making sales to Customers and to build a business) without purchasing a Magneceutical Health system. If an ADVISOR does not make the optional product purchase at the time of agreeing to the ADVISOR Agreement, he or she is classified as an WT.

#### b) Qualification for WELLNESS ADVISOR (WA)

To become a new WA, a distributor must have a "training / qualifying sale" and at least One (1) Personal Subscription Point ( or PSP, as defined below). A training / qualifying sale constitutes either a HALO system sale to a customer or an "optional product purchase". The "qualifying sale" allows the WT the ability to start making sales to customers and to build their business, if they choose to do so. The case of the applicant who elects to make the optional purchase at the same time as becoming a WT, their personal purchase would be considered the "first sale" or "qualifying sale" at which point the applicant becomes an WA. Once an ADVISOR has made the "qualifying" sale, all subsequent orders will be calculated as usual and the bonuses will be paid in favor of the ADVISOR making the sale. This "qualifying / training" sale creates equality for all, whether or not a person purchases a Magneceutical Health device right away and signs up as an WT or a person elects to become an WT distributor first, and then purchases a Magneceutical Health product (i.e., a HALO system) later, if ever.

## Addendum B

### 5. Magneceutical Health University

Magneceutical Health takes the proper instruction regarding its products and marketing materials very seriously. Magneceutical Health University is a mandatory training program that occur several times per month online. The new ADVISOR shall complete a basic Magneceutical Health University training within thirty (30) days of enrollment with Magneceutical Health. Failure to complete the course will result in deactivation of the ADVISOR's Magneceutical Health Back Office and retail webpage, preventing the ADVISOR from conducting any Magneceutical Health business.

### 6. Compensation Plan Overview

The following overview represents the ADVISOR levels available in Magneceutical Health's Compensation Plan with the requirements and bonuses associated with each position. For purposes of this Compensation Plan, "CV" means "commissionable volume" (see complete definition below in Terms & Conditions). Magneceutical Health currently offers three system packages which are available for new ADVISORs to sell at the point of enrollment. In addition to these system package sales, most systems will be sold with a "Subscription" to their treatment sessions, that afford the Advisor with monthly recurring revenue.

**A. Commissionable Volume (CV):** Note the CV and percentages are based upon the sale of a System and Subscription at current Market pricing (as reflected in Magneceutical Health's standard Sales and License Agreement). CV and percentages are subject to change, with notice from Magneceutical Health.

□ **HALO (residential system)** which earns 1,550 CV

- Plus Monthly Subscription CV = Subscription Dollars Paid x 38.80%
- Note: A full buyout of the system (ie no recurring subscription) doubles the CV Value.

□ **HALO Pro (commercial system)**, which earns 2,000 CV

- Plus Monthly Subscription CV = #Treatment Hours Used\* x \$12.75 x 20%
- Note: A full buyout of the system (ie no recurring subscription) doubles the CV Value.
- Requires Additional Commercial Sales Certification Course completion

□ **Magnisphere (commercial system)**, which earns 3,000 CV

- Plus Monthly Subscription CV = #Treatment Hours Used\* x \$10.20 x 20%
- Note: A full buyout of the system (ie no recurring subscription) doubles the CV Value.
- Requires Additional Commercial Sales Certification Course completion
- \* #Treatment Hours Used = Number of Treatment Hours used during the period that were paid for (i.e. not "free or gifted" treatment sessions to the Commercial Advisor)

## Addendum B

### **B. Ranks (or Titles)**

#### Wellness Advisor Trainee (WT)

- Execution of the ADVISOR Agreement and the payment of the then-current enrollment fee.
- Must complete Magneceutical Health University, within 30 days of enrollment.
- A WT must complete a Qualifying Sale (only to a Customer, not an Advisor) or an Optional Purchase of a system. There is 1 PSP point earned (Personal Subscription Point, see Terms & Conditions below), but no bonus dollars for system sales are accrued to this position.
- The qualifying sale required to advance from this position to a Wellness Advisor (WA), passes the entire system bonus to the person who is the WT's Sponsor.

#### Wellness Advisor (WA)

- Has completed a Qualifying Sale or Optional Purchase.
- Has one (1) PSP, Personal Subscription Points
- Earns 55% bonus on CV for personal sales (systems).
- Earns 50% bonus on CV for personal sales (subscriptions).
- Earns 5% bonus on CV generated in the first tier.
- Earns 5% Fast Start bonus on all CV generated by your first tier in their first 90 days

#### Senior Wellness Advisor (SW)

- Has two (2) PSP, Personal Subscription Points
- Has five (5) DSP, Downline Subscription Points
- Has one (1) DSP-1 Leg, Downline Subscription Point Leg requirement
- OR- Has purchased a commercial system (HALO Pro) and has 10+ active hours for the month. Classified as Commercial 1.
- Earns 55% -65% bonus on CV for personal sales (systems).
- Earns 50% bonus on CV for personal sales (subscriptions).
- Earns 6% bonus on CV generated in the first tier.
- Earns 5% Fast Start bonus on all CV generated by your first tier in their first 90 days

## Addendum B

### Associate Manager (AM)

- Has four (4) PSP, Personal Subscription Points
- Has ten (10) DSP, Downline Subscription Points
- Has two (2) DSP-2 Legs, Downline Subscription Point Leg requirement
- OR- Has purchased a commercial system (Magnesphere) and has 10+ active hours for the month. Classified as Commercial 2.
- Earns 55%-65% bonus on CV for personal sales (systems).
- Earns 50-55% bonus on CV for personal sales (subscriptions).
- Earns 7% bonus on CV generated in the first tier.
- Earns 5% Fast Start bonus on all CV generated by your first tier in their first 90 days
- Earns 5% bonus on CV generated in the second tier.

### Manager (MA)

- Has five (5) PSP, Personal Subscription Points
- Has twenty (20) DSP, Downline Subscription Points
- Has three (3) DSP-3 Legs, Downline Subscription Point Leg requirement
- Earns 65% bonus on CV for personal sales (systems).
- Earns 55-60% bonus on CV for personal sales (subscriptions).
- Earns 8% bonus on CV generated in the first tier.
- Earns 5% Fast Start bonus on all CV generated by your first tier in their first 90 days
- Earns 6% bonus on CV generated in the second tier.
- Earns 5% bonus on CV generated in the third tier.

### Senior Manager (SM)

- Has five (5) PSP, Personal Subscription Points
- Has forty (40) DSP, Downline Subscription Points
- Has three (3) DSP-5 Legs, Downline Subscription Point Leg requirement
- Earns 65% bonus on CV for personal sales (systems).

## Addendum B

- Earns 55-60% bonus on CV for personal sales (subscriptions).
- Earns 9% bonus on CV generated in the first tier.
- Earns 5% Fast Start bonus on all CV generated by your first tier in their first 90 days
- Earns 7% bonus on CV generated in the second tier.
- Earns 6% bonus on CV generated in the third tier.
- Earns 5% bonus on CV generated in the fourth tier.

### Associate Director (AD)

- Has ten (10) PSP, Personal Subscription Points
- Has eighty (80) DSP, Downline Subscription Points
- Has three (3) DSP-10 Legs, Downline Subscription Point Leg requirement
- Earns 65% bonus on CV for personal sales (systems).
- Earns 60-65% bonus on CV for personal sales (subscriptions).
- Earns 10% bonus on CV generated in the first tier.
- Earns 5% Fast Start bonus on all CV generated by your first tier in their first 90 days
- Earns 8% bonus on CV generated in the second tier.
- Earns 7% bonus on CV generated in the third tier.
- Earns 6% bonus on CV generated in the fourth tier.
- As a Leader: Earns 3% bonus on CV generated in Generation One (Senior Manager +).

### Director (DI)

- Has ten (10) PSP, Personal Subscription Points
- Has one hundred fifty (150) DSP, Downline Subscription Points
- Has three (3) DSP-20 Legs, Downline Subscription Point Leg requirement
- Earns 65% bonus on CV for personal sales (systems).
- Earns 60-65% bonus on CV for personal sales (subscriptions).
- Earns 11% bonus on CV generated in the first tier.
- Earns 5% Fast Start bonus on all CV generated by your first tier in their first 90 days

## Addendum B

- Earns 9% bonus on CV generated in the second tier.
- Earns 8% bonus on CV generated in the third tier.
- Earns 7% bonus on CV generated in the fourth tier.
- As a Leader: Earns 4% bonus on CV generated in Generation One (Senior Manager +).
- As a Leader: Earns 3% bonus on CV generated in Generation Two (Senior Manager +).

### Senior Director (SD)

- Has fifteen (15) PSP, Personal Subscription Points
- Has three hundred (300) DSP, Downline Subscription Points
- Has three (3) SM+ Legs, Downline Subscription Point Leg requirement
- Earns 65% bonus on CV for personal sales (systems).
- Earns 65% bonus on CV for personal sales (subscriptions).
- Earns 11% bonus on CV generated in the first tier.
- Earns 5% Fast Start bonus on all CV generated by your first tier in their first 90 days
- Earns 9% bonus on CV generated in the second tier.
- Earns 8% bonus on CV generated in the third tier.
- Earns 7% bonus on CV generated in the fourth tier.
- As a Leader: Earns 5% bonus on CV generated in Generation One (Senior Manager +).
- As a Leader: Earns 4% bonus on CV generated in Generation Two (Senior Manager +).
- As a Leader: Earns 3% bonus on CV generated in Generation Three (Senior Manager +).

### Executive Director (ED)

- Has twenty (20) PSP, Personal Subscription Points
- Has six hundred (600) DSP, Downline Subscription Points
- Has three (3) AD+ Legs, Downline Subscription Point Leg requirement
- Earns 65% bonus on CV for personal sales (systems).
- Earns 65% bonus on CV for personal sales (subscriptions).
- Earns 11% bonus on CV generated in the first tier.

## Addendum B

- Earns 5% Fast Start bonus on all CV generated by your first tier in their first 90 days
- Earns 9% bonus on CV generated in the second tier.
- Earns 8% bonus on CV generated in the third tier.
- Earns 7% bonus on CV generated in the fourth tier.
- As a Leader: Earns 5% bonus on CV generated in Generation One (Senior Manager +).
- As a Leader: Earns 5% bonus on CV generated in Generation Two (Senior Manager +).
- As a Leader: Earns 4% bonus on CV generated in Generation Three (Senior Manager +).
- As a Leader: Earns 4% bonus on CV generated in Generation Four (Senior Manager +).

Monthly Responsibilities	WT	WA	SW	AM	MA	SM	AD	DI	SD	ED
One Time	Enroll & Train	Qualifying Sale or Purchase								
Personal Subscription Points (PSP)		1	2	4	5	5	10	10	15	20
Downline Subscription Points (DSP)		0	5	10	20	40	80	150	300	600
Downline Subscription Point Requirements			1DSP-1Leg	2DSP-2Legs	3DSP-3Legs	3DSP-5Legs	3DSP-10Legs	3DSP-20Legs	3SM+Legs	3AD+Legs
Commercial Advisors			Commercial 1	Commercial 2						
			HaloPro 10hrs	Magnosphere 10hrs						
<b>Monthly Rewards</b>										
<b>Personal Sales Bonus</b> <i>(% of Commissionable Volume or CV)</i>										
Systems		55%	55%-65%	55%-65%	65%	65%	65%	65%	65%	65%
Subscriptions		50%	50%	50%-55%	55%-60%	55%-60%	60%-65%	60%-65%	65%	65%
<b>Multi Level Bonuses from Downline Sales</b> <i>(% of Commissionable Volume or CV)</i>										
<b>Fast Start Bonus</b>		5%	5%	5%	5%	5%	5%	5%	5%	5%
Level 1 Bonus		5%	6%	7%	8%	9%	10%	11%	11%	11%
Level 2 Bonus				5%	6%	7%	8%	9%	9%	9%
Level 3 Bonus					5%	6%	7%	8%	8%	8%
Level 4 Bonus						5%	6%	7%	7%	7%
<b>Generation Bonuses from Downline Sales</b> <i>(% of Commissionable Volume or CV)</i>										
SM+ Generation 1							3%	4%	5%	5%
SM+ Generation 2								3%	4%	5%
SM+ Generation 3									3%	4%
SM+ Generation 4										4%

## Addendum B

### 7. Terms and Conditions (with definitions):

Advisor	A generic term for any person who will be an Independent Contractor with the Company and has completed the Distributor agreement with the company to participate within the career path, has paid their enrollment fee, and completed training requirements.
Cancellation Policy	<p>All Advisors must have a minimum of 3 PSP in a 12-month period and have paid their annual renewal in order to remain an Advisor in good standing and keep their downline. If they fail to meet this requirement in any 12-month period, they will be canceled which causes them to be removed from the company downline organization. Their downline and customers will be compressed to the next upline Advisor who is in good standing.</p> <p>Annual Renewals will be based on the Join Date of the Advisor. Failure to pay any renewal fee will not be cause for advisor cancelation but will result in a temporary suspension where commissions due will be held until their renewal fee has been paid. Cancellation may occur if Advisor's failure to pay exceeds 90 days.</p>
Career Title	An Advisor's Career Title is their recognition title or the highest title they have achieved. An Advisor's Career Title does not change unless they are promoted or demoted (see <a href="#">Requalification Policy</a> ), unlike a <a href="#">Paid-as Title</a> which may vary from month to month.

## Addendum B

<p>Commercial Advisor</p>	<p>Commercial Advisors are a type of Advisor that have purchased Magneceutical Commercial equipment (currently HALO Pro or Magnesphere) and have a place of business that generally provide treatment sessions with their commercial equipment by appointment (such as a Chiropractor’s Clinic, or Health Spa, or Physician’s Office). Commercial Advisors may participate in the Career Path and are allowed to sponsor other Advisors and Commercial Advisors.</p> <p>Commercial Advisors may also bypass some titles within the Career Path by meeting an alternate Commercial Career Path requirement. See Commercial Career Path definition for more details.</p>
<p>Commercial Assistant Lineage</p>	<p>When a customer or Advisor purchases a system from the Company, the sale is sometimes facilitated by another Commercial Advisor assisting the Sponsoring Advisor with the resulting system sale (usually by providing treatment sessions to the Purchaser). The Commercial Advisor who assisted in the sale will be designated as the “Commercial Assistant” and may also be eligible to receive a bonus on the sale of the equipment. See <a href="#">Personal Sales Commission   Equipment</a> for more information. The “Commercial Assistant” may be outside of the Advisor’s downline or upline organization.</p>
<p>Commercial Career Path</p>	<p>Commercial Advisors who meet the Commercial 1 (ie HALO Pro and 10+ active hrs used) or Commercial 2 (ie Magnesphere and 10+ active hrs used). The Commercial Alternate Path requirements within the period will be paid-as their respective career path requirements even if they have not met the respective standard career path title requirements. If the Commercial Advisor has met the title requirements for a title higher than Commercial 1 or 2 then they will be paid-as the highest title for which they do meet the requirements.</p>
<p>Commercial Sales Certification</p>	<p>Prior to an Advisor approaching a prospective Customer or Advisor regarding the purchase of a Commercial System (currently Magnesphere or HALO Pro), they must complete an additional training / certification course (over and above the general Magneceutical University training that all Advisors must complete). No bonuses will be paid on the sales of Commercial Systems/Subscriptions, until said training / certification course is completed.</p>

## Addendum B

<p>Commissionable Volume (CV)</p>	<p>Each inventory item has both a Qualifying Volume (QV) and Commissionable Volume (CV) assigned to it. Commissionable Volume (CV) is the dollar volume on which bonuses are paid.</p>
<p>Compression (General)</p>	<p>When an Advisor’s business is canceled and no longer part of the company, generally their downline is compressed to their upline, filling the gap left by the canceled Advisor. (See Compression rules for AD+ ranks, below)</p> <p>For example, Sarah had three legs: Joseph, Emma, and John. Sarah failed to meet the requirements to maintain her status as an Advisor and was therefore canceled. Because Sarah was canceled, Joseph, Emma, and John, and their respective downlines, were compressed up to Sarah’s upline, Harry. Joseph, Emma, and John are now each considered to be legs to Harry (i.e., they now reside on his first level).</p>
<p>Compression (Associate Director and higher)</p>	<p>If an Advisor that was paid-as an AD or higher in the last four periods is canceled (whether voluntarily or involuntarily), their downline will only be compressed up under the following conditions:</p> <ol style="list-style-type: none"> <li>1. If their <a href="#">Personal Sponsor</a> has been paid-as an AD or higher at least once in the last four periods, then the downline will immediately be compressed up.</li> <li>2. If their Personal Sponsor has not been paid-as an AD or higher at least once in the last four periods, then they will be given the following six periods to be paid-as an AD or higher at least twice. If the Advisor promotes to AD in the last of the six-month period, then they will be given the following period to qualify as an AD again (to meet the 2 periods of being paid-as AD or higher).             <ol style="list-style-type: none"> <li>a. If the Personal Sponsor qualifies under these conditions, then the downline of the canceled Advisor will be compressed up upon the completion of the qualifications but no retroactive commissions will be paid.</li> <li>b. If the Personal Sponsor does not qualify under these conditions, then the position of the canceled Advisor will remain permanently vacant but not removed from the genealogy so that the lineage remains intact and is considered to be one leg to the upline.</li> </ol> </li> </ol>

**Addendum B**

<p>Customer</p>	<p>A Customer is an individual who purchases products for personal or commercial use but HAS NOT signed an agreement with the company to become an Independent Distributor (aka an Advisor).</p> <p>Customers are not allowed to sponsor (i.e., have a downline), do not receive commissions, and are not credited with volume. The volume from a customer’s purchase(s) is credited to the Advisor who sponsored them. Customers do not hold positions in a genealogy. They are considered to be a Level 0 to their sponsor (rather than a Level 1 which an Advisor would be considered to be to their sponsor).</p>
<p>Demo Kits (HALO)</p>	<p>Demo Kit (HALO) are only available to Advisors that have at least 1 NUS (New Unit Sale). Demo units are NOT to be Resold, but are to facilitate Advisors by providing a less expensive option for providing “lease or demonstration” units for their prospective customers. Note: Demo Kits may not be “new” but “recertified” systems that carry the normal new unit Warranty. No QV or CV will be assigned to Demo Kits equipment sales. But there will be QV and CV for subscription points as a result of the Demo units.</p>
<p>Demotion</p>	<p>A Demotion occurs when an Advisor fails to requalify for their Career Title of Senior Manager or higher. Please refer to the <a href="#">Regualification Policy</a>.</p>
<p>Downline</p>	<p>All of the people below you are considered to be part of your downline.</p>
<p>Downline Subscription Points (DSP)</p>	<p>The total Qualifying Volume (QV) from an Advisor and their entire downline organization. It includes the Advisor and their customers and ALL downline Advisors and customers, regardless of their titles.</p>
<p>DSP-x Leg</p>	<p>DSP-x Legs are a career path requirement for Senior Wellness Advisor and above. The number following “DSP-“ represents the minimum amount of DSP that must exist within the leg. For example, to become a Senior Manager they must have 3 DSP-5 Legs which means they need to have three legs where in each leg they have at least 5 DSP within that leg.</p>

Addendum B

<p>Eligible</p>	<p>An Advisor is considered eligible to receive a commission if they meet the <a href="#">Career Title</a> requirements for a particular payout. To receive a payout, an Advisor must be both eligible and qualified. It is possible for an Advisor to be eligible but unqualified (i.e. they have a sufficient Career Title making them eligible for the Bonus but are paid-as an insufficient Paid-as title which makes them unqualified to receive it). Please also refer to the definition of <a href="#">Qualified</a>. An Advisor must be both eligible and qualified to receive a particular payout.</p>
<p>Enroller</p>	<p>The person who introduces an individual to the company is considered to be the “Enroller.”</p>
<p>Equipment Commissions Hold</p>	<p>Commissions generated and to be paid to an Advisor or Clinic Advisor that are based on an equipment sale (HALO, HALO Pro, and Magnesphere) will be held for between 5 and 30 days from the date of the receipt of the system by the Buyer. This is to allow for the 5 to 30-day return window (part of our Satisfaction Guarantee). If the order is not returned within the specified time period of the receipt date the commissions generated from the order can be released and disbursed to the respective PayTo Advisor.</p>
<p>Fast Start Bonus</p>	<p>When you are paid as a WA or higher and sponsor new Advisors, you will receive a Fast Start Bonus on the sales from your new Advisors during their first 90 days. The Fast Start Bonus is paid in addition to the Level Bonuses.</p>
<p>Fee’s – Annual QV or CV</p>	<p>Advisor Enrollment and Annual Renewal Fees will not have any QV or CV assigned to them.</p>
<p>Generation</p>	<p>A Generation is a group that has formed in a downline. It starts with a Career Title Senior Manager or higher and includes everyone below them, down to but not including the next Senior Manager or higher, based on Career Titles. If a SM or higher is not paid-as a SM, they are still considered a Generation to their upline SM or higher.</p>

## Addendum B

<p>Generation Bonuses</p>	<p>When you are qualified as an Associate Director (AD) or above, you can receive a Generational bonus on the new unit sales and subscriptions of the generations that develop below. A generation starts with a Career Title Senior Manager or higher and includes everyone below them, down to but not including the next Career Title Senior Manager or higher. The percentage you earn and the number of generations you are paid on is based on your paid-as title.</p>
<p>Group</p>	<p>An Advisor themselves and their entire downline, down to but not including, the next Senior Manager (<a href="#">Career Title</a>) or higher (which would be the start of a generation). This is sometimes referred to as a “personal group” when talking about a specific Advisor and their group.</p>
<p>HALO</p>	<p>This is a type of equipment is used in a Residential setting, that can be sold by an Advisor.</p>
<p>HALO Pro</p>	<p>This is a type of equipment used in a Commercial setting that can be sold by an Advisor who is Commercial Sales Certified.</p>
<p>Leg</p>	<p>A Leg begins with a first <a href="#">level</a> Advisor and includes all of the Advisors beneath them. An Advisor has as many legs as they have first level Advisors. For example, if Sally has five first level Advisors then she has five legs. Sarah is one of Sally’s first level Advisors. Sarah, and her entire downline, is considered to be one leg to Sally.</p>
<p>Legacy Advisor</p>	<p>An Advisor that holds a Legacy Flag position in the Company, due to their qualification as a Commercial Advisor prior to Jan 1, 2019.</p>
<p>Level</p>	<p>The position an Advisor has in a downline relative to another upline or downline Advisor. Advisors personally sponsored (i.e. first level) are Level One. Those Advisors sponsored by Level One Advisors are Level Two, relative to the original Advisor. Customers are not considered when counting levels and do not occupy a position in an Advisor’s genealogy.</p>

Addendum B

<p>Level Bonuses (Multi-Level Bonus)</p>	<p>Advisors who are paid-as a Wellness Advisor or higher may receive a percentage on the Commissionable Volume (CV) from the sales of their downline. The percentages and number of levels that an Advisor receives is based on their Paid-as Title and is regardless of the title of the people below them. If an Advisor is unqualified or ineligible, then that Level Bonus will not roll upline. Please refer to the definitions of <a href="#">Eligible</a> and <a href="#">Qualified</a>.</p> <p>When you are paid-as a Wellness Advisor (WA) or higher, you can be paid on the sales of the Advisors below you, up to four levels in your organization. The percentages you are paid and the number of levels you are paid on are based on your Paid-as Title, regardless of the titles of the people below you. The Fast Start Bonus and Generation Bonuses are paid in addition to these bonuses.</p>
<p>Magnesphere</p>	<p>This is a type of equipment, used in a Commercial setting, that can be sold by an Advisor who is Commercial Sales Certified (see definition).</p>
<p>Minimum Commission Disbursement amount</p>	<p>\$10 –commission disbursement will not occur until the successful accrual of \$10 or more.</p>
<p>New Unit Sales (NUS):</p>	<p>New Unit Sales (NUS): represent the total Magneceutical Equipment sales made by the Advisor between the join date and period end date of the Advisor (i.e., Lifetime). These sales include their own purchases and sales made to Customers. (NUS sales do NOT INCLUDE sales made to Advisors) HALO and HALO Pro will each count as 1 NUS, the HALO Demo Kit will NOT count towards NUS, but the Magnesphere will count as 2 NUS. (Note for commission calculation purposes the first position filled will be the % and person who is paid the entire amount of the commission... ie IF the sale is the “first qualifying sale” then the entire commission goes to their Upline (per rules described above), and is not split with the Consultant. In this example the next Unit sold will be filling position #3 for the Consultant (ie the Magnesphere counted as 2 NUS).</p>

## Addendum B

<p>Paid As Title (also referred to as Paid-as)</p>	<p>Each Advisor is paid at the title for which they qualify during the period. The requirements to be paid-as a title is the same as the requirements to promote to that title. If in any period they fail to achieve their Career Title level, they are paid at the lower title to which they do qualify for during the period. They retain their Career Title, subject to time limitations described below, but are paid as the title they actually qualify for in that period.</p>
<p>PayOn Advisor</p>	<p>This refers to the Advisor (or the Advisor's customer) upon whom the award or earnings is originating from. This is often times due to an order placed or by a specific milestone reached by the Advisor or the Advisor's customer.</p>
<p>PayTo Advisor</p>	<p>This refers to the Advisor who is receiving a bonus or award, incentive, reward.</p>
<p>Period</p>	<p>A period refers to the specific time frame in which qualifications and payouts are calculated for. In this plan, a period is equal to an actual Calendar month. Six periods would be six calendar months.</p>

Addendum B

<p>Personal Sales Commission   Equipment</p>	<p>When an Advisor achieves a minimum NUS in their lifetime, they will be qualified to receive an additional percentage on their personal and customer equipment sales. The percentage will be paid on the total Commissionable Volume each personal equipment sale and any customer equipment sales they have within the Period. The percentage paid will be based on which sequence the individual sale represented in respect to their Lifetime New Equipment Sales count (i.e. the 3rd sale will be paid a different percentage than their 4th sale would be paid). Commercial Advisors may also receive this bonus, but it will only be paid on their customer sales.</p> <p>If an Advisor is generating their first NUS within the period (i.e. the Advisor purchased their first HALO or one of their customers purchased a HALO machine before the Advisor did) the first sale will be paid to the first upline Advisor with at least 1 PSP within the period (above the Advisor with their 1st NUS). The only exception to this rule is if the Advisor with their first NUS has the PSC   Equipment First Order Flag present. If this flag is present on the Advisor, then that Advisor making the sale (for which this is their first NUS) will receive this bonus.</p> <p>For example: Andi sponsored Brian who Sponsored Charlie who has a customer named Daniel. Andi, Brian, and Charlie are all Advisors. Charlie has not previously purchased a Home HALO but had sold one to his customer Daniel. Because this is the first sale for Charlie this bonus will begin looking at Charlie’s upline (starting with Brian) for the first person with 1 PSP or more within the period. Brian had 0 PSP within the period, but Andi had 3 PSP. Andi will receive this bonus instead of Brian or Charlie because she was the first upline person with 1 or more PSP.</p> <p>Some orders or customers may have a designated “Commercial Assistant” (see “Commercial Assistant Lineage” definition). If the Commercial Assistant is present on the order, then this bonus will be paid to both the respective Advisor and the person identified as the “Commercial Assistant”. See <a href="#">table</a> above in the “If ‘Commercial Assistant’ present on Order” section of the table.</p> <p>Advisors with the “Legacy Advisor” flag present will be paid the highest tier of this bonus regardless of actual NUS metrics achieved on all Magneceutical Equipment sales of their customers.</p> <p>Please refer to the “Personal Sales Commission   Equipment” <a href="#">table</a> for requirements and their related bonus percentages.</p> <p>Explanation: When you share our products with others, you can earn up to 65% on everything that you sell. There is no minimum sales quota in order to receive the Personal Sales Commission.</p>
--	---

## Addendum B

<p>Personal Sales Commission   Subscriptions</p>	<p>When an Advisor achieves a minimum PSP in the period they will be qualified to receive an additional percentage on their personal and customer subscription orders. The percentage will be paid on the total Commissionable Volume of their orders and any customer orders they have from the entire Period.</p> <p>Please refer to the “Personal Sales Commission   Subscriptions” <a href="#">table</a> for specific volume requirements and their related bonus percentage.</p> <p>NOTE: Unlike the Personal Sales Commission (Equipment) described above, an Advisor who generates their first NUS within the period (i.e., the Advisor purchased their first HALO or one of their customers purchased a HALO machine before the Advisor did) of the first subscription will NOT be paid to the first upline Advisor with at least 1 PSP within said period (above the Advisor with their 1st NUS), but will be paid to the Advisor who made the sale. Accordingly, any QV associated with this sale will be credited to the Advisor.</p> <ul style="list-style-type: none"> <li>• Paid on all personal and customer subscription orders, including the 1st one (which may have paid the Personal Sales Commission on the equipment to an upline member)</li> </ul>
<p>Personal Sponsor</p>	<p>The Advisor directly above another Advisor in the genealogy is considered to be the “Personal Sponsor.” If placement is allowed, then the personal sponsor may be different than the Enroller. This may also be referred to as “Sponsor”.</p>
<p>Personal Subscription Points (PSP)</p>	<p>The total Qualifying Volume (QV) of a single Advisor from subscription orders placed personally and by their personally sponsored customers within the period, does NOT include subscriptions from downline Advisors.</p>
<p>Placement Genealogy</p>	<p>The Placement Genealogy follows the line of Personal sponsorship (see also <a href="#">Personal Sponsor</a>). In this plan, Placement of new recruits on an Advisor’s level 2 or below is NOT allowed.</p>

Addendum B

<p>Promote (Promotion)</p>	<p>An Advisor promotes to a new <a href="#">Career Title</a> when they meet all of the qualifications for that title in the period. The promotion is effective the first day of the same period meaning that regardless of what day the promotion was actually qualified for, the new Career Title is effective for the entire period. For example, if an Advisor meets the qualifications for an Associate Director on June 23rd, they “promote” to the title of Associate Director for the entire period of June (effective June 1) and will be paid-as an Associate Director for the entire period of June.</p>
<p>Qualified</p>	<p>An Advisor is considered to be Qualified if they meet the <a href="#">Paid-As</a> requirements for a particular payout and/or title. An Advisor will only receive the payouts that they are both <a href="#">eligible</a> and qualified for. For example, an Advisor may be eligible for a Bonus because they have a Career Title of Senior Manager. However, if they are paid as a Senior Wellness Advisor or below, then they are unqualified for the bonus and would thus not receive it. In a similar manner, an Advisor may be qualified as a Senior Wellness Advisor but ineligible to receive a bonus because the bonus would only pay only to Senior Managers and above.</p>
<p>Qualified Leg</p>	<p>Qualified Legs require that at least one individual in the leg is qualified to be paid as a specific title position (or above) during the month. For example, to be a Senior Director, one needs three legs of which each must have at least one Advisor that is paid-as a Senior Manager or higher. Qualified Legs depend on the monthly Paid-As Title.</p>
<p>Qualifying Volume (QV)</p>	<p>Each inventory item has both a Qualifying Volume (QV) and Commissionable Volume (CV) assigned to it. QV is a currency neutral point value used for Personal Subscription Points (PSP) and Downline Subscription Points (DSP) calculations and is used solely to determine if the Advisor is qualified based on the terms of their respective title.</p>

## Addendum B

<p>Reinstatement Policy</p>	<p>If an Advisor is canceled or resigns, they may request reinstatement at any time and, if approved, will be reinstated under their original sponsor. Their downline organization will not be reinstated nor will their previous title. They will be considered a new Advisor for all intent and purposes. If an Advisor wishes to join under a different sponsor, they must wait for a minimum of six months after termination before reapplying and will start as a new Advisor, without their former downline and title.</p>
<p>Requalification Policy</p>	<p>Senior Managers and higher must be paid-as their Career title at least once every 12 months in order to keep their Career Title. If an Advisor is not paid-as their Career Title at least once within 12 consecutive months, then their Career Title will be demoted to their Paid-As title in the 12th month, to be effective in that same period. There are no demotions for titles lower than Senior Manager. If the title they were paid-as in the 12th month is lower than Manager, the lowest they will be demoted to will be Manager.</p> <p>For example, if you qualify for your SM title in June, you keep your Title until June next year. If, prior to June next year, you qualify again as SM in September, you keep your title until September next year. Title demotions will be effective in the 12th period. If you were not paid-as SM or higher by September, in September your Career Title would be Manager and in September you would not be the beginning of a generation for your upline.</p>
<p>Roll-up</p>	<p>Roll-up refers to the “rolling up” of payouts due to an Advisor being unqualified or ineligible and giving it to an Advisor that is <a href="#">eligible</a> and <a href="#">qualified</a>. In this plan, roll-up is only used in the Personal Sales Commission   Equipment bonus on the first sale.</p>
<p>Starter Kit and Supplies</p>	<p>Starter Kits (a.k.a. Business or Enrollment Kits) and Supplies are the core item to become an Advisor. Starter Kits do not have any QV or CV assigned.</p>

**Addendum B**

7. Selling Bonuses (Equipment and Subscription) Table:

<u>Personal Sales Commission   Equipment</u>				
	PayTo Advisor  Level 0 or Level 1 Upline	Advisor (If "Commercial Assistant" <b>not</b> present on order)	If "Commercial Assistant" present on Order	
			Advisor	Commercial Assistant
1 <sup>st</sup> New Unit Sales (NUS)	Level 1 Upline*	55%	45%	10%
2 <sup>nd</sup> and 3 <sup>rd</sup> New Unit Sales (NUS)	Level 0	55%	45%	
4+ New Unit Sales (NUS) or <u>Legacy Advisor</u> flag	Level 0	65%	55%	

<u>Personal Sales Commission   Subscriptions</u>	
1 - 4 PSP	50%
5 - 9 PSP	55%
10 - 14 PSP	60%
15 PSP	65%

MHLLC: 

Advisor: \_\_\_\_\_

Addendum C

**The Magneceutical Health Income Disclosure**

The Magneceutical Health Compensation Plan is an exciting opportunity that rewards you for selling products & services, and for sponsoring other participants who do the same. Although the opportunity is unlimited, individual results will vary depending on commitment levels and the skills of each participant. Because Magneceutical Health is in the process of compiling enough statistical data to prepare reliable income disclosures, the following numbers below reflect **estimates** prepared by the company pending a more detailed survey to be conducted. Based on industry standards and company projections, the average annual gross income for active participants (“Wellness Advisors”) is projected to be anywhere between **\$600 and \$2,000**. There will certainly be Wellness Advisors who will earn less while others will earn much more. We’re excited about the Magneceutical Health Compensation Plan and we’re confident it will provide you a solid foundation to help you achieve your financial goals.

If income projections were presented to you prior to your enrolment, such projections are not necessarily representative of the income, if any, that you can or will earn through your participation in the Compensation Plan. These income projections should not be considered as guarantees or projections of your actual earnings or profits. Success with Magneceutical Health results only from hard work, building your skills, dedication to the process, and leadership.

MHLLC: 

Wellness Advisor: \_\_\_\_\_