



USANA<sup>®</sup>

Compensation Plan



# Binary Compensation Plan

USANA is dedicated to helping you get the most out of life—and this includes giving you the opportunity to create your own engaging, sustainable, and ultimately financially successful USANA business. Our compensation plan reflects this dedication, as it gives every Independent USANA Associate the best opportunity for direct-selling success—a plan that establishes a departure from the traditional multi-level marketing requirements of heavy sponsoring and large group volumes.

The USANA Binary Compensation Plan eliminates many of the pitfalls that plague traditional direct-selling plans. Here are some of the benefits of USANA's unique Binary Compensation Plan:

- By building a team of Associates and developing a strong base of customers, you can begin to realize financial success.
- There is no limit to the depth from which you can earn commissions.
- Commissions are paid weekly.
- Team members are incentivized to help you build a successful team.
- Success among Associates is widespread and evenly distributed; the plan is fair to everyone involved.

## AREAS OF INCOME

There are six ways to earn income with the USANA Binary Compensation Plan:

- Retail Sales
- Weekly Commissions
- Lifetime Matching Bonus
- Incentives
- Leadership Bonus
- Elite Bonus

## RETAIL SALES

Associates are distributors of USANA products. This means you can purchase products at our special Preferred Price, and when you sell these products to your customers at retail price, you earn an immediate profit. The difference between what you pay for the product and the price at which you sell the product is your retail profit. The importance of selling cannot be overemphasized. It is the best way for you and your new team members to earn immediate income while building a long-term base of satisfied customers for your business. In fact, many of your best Associates will likely come from the ranks of your retail customers.

## WEEKLY COMMISSIONS

With USANA's Binary Compensation Plan, you build your business by placing team members on both the left and

right side of your organization. Each product has a point value, and the points from product sales will begin to flow up through your business when you and your team members purchase product for personal use and re-sell to customers. The points accumulated by your team are known as **Group Sales Volume**, and you'll receive weekly commissions based on where the Group Sales Volume on the left side of your business matches the Group Sales Volume on the right. Unlike other compensation plans, extra volume (up to 5,000 points per side) will roll over into the next commission period.

## LIFETIME MATCHING BONUS

You can begin receiving Lifetime Matching Bonus when you and your new team members each reach a certain PaceSetter status within your first eight weeks as an Associate. (To learn more about the PaceSetter program, go to [USANAtoday.com](http://USANAtoday.com), click on "Menu," and then select "PaceSetter Program" from the Recognition column.)

Lifetime Matching Bonus will pay you up to a 15-percent match on the base commissions of your new Associate for the life of his or her USANA business.\* And here's the best part—you can receive a bonus for each qualifying Associate you personally sponsor, putting you on the pathway to residual income.

*\*As long as you are commission qualified and in compliance with the Associate Agreement. Please see official rules on [USANAtoday.com](http://USANAtoday.com).*

## INCENTIVES

No matter your rank, you can be rewarded with luxury travel, prizes, and even extra cash when you participate in USANA's generous incentive programs.

## LEADERSHIP BONUS

A portion of USANA's *total* Group Sales Volume is divided among qualifying Associates. This incredible bonus—more than \$14 million in 2012—is typically paid weekly to leaders who have reached a certain rank, continue to sponsor new Associates, and have built large businesses. Your portion of this bonus depends on your rank, the size of your business, and the volume your business generates over a specific period of time.

## ELITE BONUS

Every three months, over \$1 million US is divided among USANA's top 40 income earners.\* The Elite Bonus is a percentage of USANA's total Group Sales Volume for the quarter, distributed among five different tiers of qualifying Associates, and is a powerful way to increase your earnings potential.

*\*Actual payout amounts vary each quarter.*

## BEFORE YOU BEGIN

Before you begin building a business, you'll need to fill out the proper paperwork. First, complete and sign an Associate Application and Agreement form. Then, submit the original to USANA's Data Processing office with appropriate payment for a Business Development System (BDS). You may also submit this information electronically through Online Enrollment. Once we've received and processed your application, you may begin building a USANA business by sponsoring other people as Associates or Preferred Customers. USANA Associates may immediately begin purchasing products at Preferred Pricing for their personal consumption and have the added benefit of being allowed to resell products purchased at Preferred Pricing for a retail profit.

## GETTING STARTED

When you purchase products—both for your personal use and to re-sell to retail customers—you'll begin to accumulate points from each product. You'll need to generate a certain number of points each month to keep your business active—this is Personal Sales Volume.

But don't worry, you're not alone. USANA's Binary Compensation Plan is built to help you succeed, and it centers around teamwork. The points your team members accumulate individually are pooled together into Group Sales Volume. It's your Group Sales Volume—the amount of points your team accumulates together—that determine the size of your commissions.

## STEP 1: OPEN YOUR BUSINESS CENTER(S)

The Binary Compensation plan is centered around Business Centers. A **Business Center** is the hub of your business-building activity, through which your product purchases, volume, and sales accumulate; it's similar to opening a store for your business. To begin, you can choose to build your team around one or three Business Centers, based on whether you'd like to start a small business or a large business—it's up to you.

### Opening One Business Center

To open one Business Center and begin earning commissions, you'll need to generate 200 points in Personal Sales Volume. You can generate the required volume through a single order for your personal use and/or for your customers, or it can be accumulated through many orders—just remember, your Business Center won't open until you generate enough Personal Sales Volume. The name of your first Business Center is BC1.

### Opening Three Business Centers

To open three Business Centers (BC1, BC2, and BC3), you must generate 400 points in Personal Sales Volume within your first six Fridays as a new Associate. Failure to generate the required volume will result in the loss of your second and third Business Centers (BC2, BC3). If your initial product purchase is equal to at least 400 points, your order will be automatically distributed among the three Business

Centers, with 200 points in Personal Sales Volume placed in BC1, 100 points placed in BC2, and 100 points placed in BC3. This means you will immediately begin with 100 points in both the left and right sides of BC1, so you'll already be that much closer to getting your first commission check. This is one of the benefits of opening three Business Centers.

## STEP 2: SIGN UP FOR AUTO ORDER

Before you sell USANA's top-rated products, you really should use them yourself. And although this step isn't required, it's important to become a product of the product—there's no easier way to do that than by setting up an Auto Order.

Available to Associates and Preferred Customers, an Auto Order is a reoccurring shipment sent directly to you on a regular basis. The products you order, and the frequency with which they ship, are all up to you. It's the perfect way to keep on top of your product supplies and will help you maintain consistency in your own daily product regimen, and it can also help increase your earnings potential by ensuring you have a minimal inventory from which to re-sell to your retail customers. Best of all, you will receive an additional 10 percent off the already reduced Preferred Price on qualifying products purchased through Auto Order.

To take advantage of this program, simply complete an Auto Order form or fill out an order on [USANAtoday.com](http://USANAtoday.com) and specify the products and sales tools you would like to automatically receive every four weeks. We'll make sure your order is filled and shipped directly to your home or place of business. Place your Auto Order today!

*Please note: You must cancel your participation in the Auto Order program if you do not sell or personally consume at least 70 percent of your purchased products.*

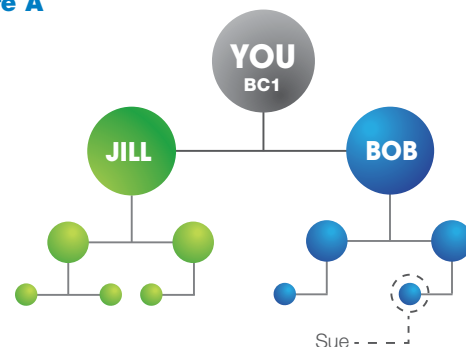
## STEP 3: BEGIN TO BUILD

Whether you decide to open one Business Center or three Business Centers, the most important step is to get started.

### Building with One Business Center

You can start building your business by finding new customers. You'll also need to sponsor two new Associates to join your organization (for example, Jill and Bob in Figure A). These new team members will form the left and right sides of your Business Center, and as the three of you find new customers and sponsor new team members, your Business Center will begin to grow.

**Figure A**



For example, suppose you sponsored a third new Associate named Sue. You must place Sue in an open position somewhere in your organization, so you place her on the right side of your Business Center under Bob. Not only will you benefit from the volume Sue generates as she builds her own business, but Bob will benefit from her efforts as well. The cooperative structure of USANA's unique Binary Compensation Plan allows you and your team members to build successful businesses by working together.

### How do I add a new team member to my organization?

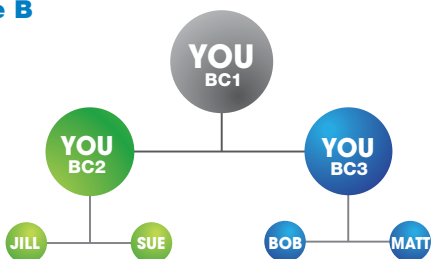
Placement must be identified on the Associate Application and Agreement, so you will need to work with your new team member as he or she fills out this form. If you are the sponsor, then be sure to record your own Associate number in the section titled "Your Sponsor Information." Next to this section is "Your Placement Information," where you will indicate the Associate number of the person your new team member will be placed directly under. You will also need to indicate the Business Center and side where you will be placing your new Associate. For example, if you were sponsoring Sue Smith—your new Associate—and placing her directly under you on the right side of your BC1, then under "Your Placement Information" you would write down your Associate number, BC1 (or 001) in the Business Center field, and then check the box that says "Right Side."

*Note: Be absolutely certain to fill out the placement information correctly. The Home Office cannot change the placement of new team members once they have been entered into the system.*

### Building with Three Business Centers

Beginning a USANA business with three Business Centers is essentially the same as beginning with one, only now you have two Business Centers in which to place new team members (see Figure B).

**Figure B**



Once you have opened all three of your Business Centers, you may begin building BC2 and BC3 in the same way you would build BC1 had you started with just one Business Center. You can place four new team members in the open positions directly below your second and third Business Centers, and you can also continue to generate volume through personal sales. The advantage of having three Business Centers is that you will build your team under two Business Centers, but get paid on three. In other words,

you will build your business by adding new team members to BC2 and BC3, but you will receive commissions based on all three of your Business Centers as the Group Sales Volume from BC2 and BC3 roll up to BC1. Confused? Keep reading. It'll make sense in a minute.

### Earning Commissions from Your Business Center(s)

As your organization begins to grow, Group Sales Volume will accumulate. Group Sales Volume is a collection of the Personal Sales Volume points you and your team members earn individually in a single Business Center. (Note: Group Sales Volume doesn't include Personal Sales Volume from your BC1. These points are required on a monthly basis to keep all of your Business Centers active, and while they count toward your sponsor's Group Sales Volume, these points do not count toward your own. However, in the case of three Business Centers, Personal Sales Volume points from your BC2 and BC3 will roll up to your BC1 to count toward your BC1 Group Sales Volume.) Once everyone's Personal Sales Volume points are pooled together into Group Sales Volume, you will begin to earn commissions.

*Note: To receive commissions from Group Sales Volume, you must be an active USANA Associate generating sales totaling 100 points in Personal Sales Volume in your BC1 every four-week rolling cycle (or 200 points to receive commissions from multiple Business Centers), and each side of your Business Center(s) must generate a cumulative minimum of Group Sales Volume points. You must also meet the sales requirements stipulated in your Associate Agreement.*

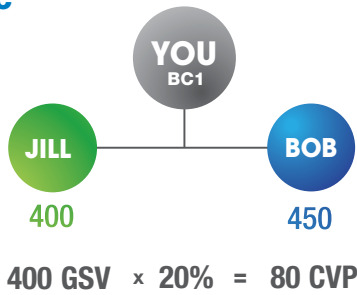
USANA's Binary Compensation Plan is all about symmetry and teamwork, which means it's important that the volume on the left side of your Business Center comes as close as possible to matching the volume on the right side of your Business Center. The side of your Business Center generating fewer points in Group Sales Volume is called your small side, which means it's the side of your business that needs to be built in order to help the two sides match. Either side of a Business Center can be your **small side**, and they can switch back and forth as you build your business.

### Calculating Commissions

Commissions are awarded in **Commission Volume Points**, which are converted to your local currency. To calculate your commissions, simply find where the Group Sales Volume on the left side of your Business Center matches the Group Sales Volume on the right side, and multiply it by 20 percent (or 0.2). Or in other words, take the Group Sales Volume on your small side and multiply it by 20 percent. To receive a commission check, each side of your Business Center must reach a minimum of 125 points in Group Sales Volume. When you do, you'll earn 25 Commission Volume Points, which will be converted to your local currency and paid to you!

Let's look at an example: Suppose you chose to build a business with one Business Center (see Figure C). In a single week, the left side of your Business Center accumulated sales that total 400 Group Sales Volume points, and the right side had 450. First, we have to make sure you've reached a minimum of 125 Group Sales Volume on each side. Since you have, we can calculate your commissions by multiplying the Group Sales Volume on your small side by 20 percent. In this case, your small side is your left side. 400 Group Sales Volume Points X 20% (0.2) = 80 Commission Volume Points. This will be converted into your country's currency and paid to you.

**Figure C**



Remember, in calculating commissions, we don't count levels, we only count point volume. For example, if Jill and everyone under her generated 2,100 points in Group Sales Volume (left side) and Bob and everyone under him generated 2,100 points in Group Sales Volume (right side) during a single week, you would earn 420 Commission Volume Points, regardless of the level in your organization at which this volume occurred. If your goal is to earn 1,000 Commission Volume Points a week, you will need to build a Business Center where both the left and right sides generate 5,000 points per week in Group Sales Volume.

At USANA, commissions are calculated and paid weekly, so you are rewarded for your success almost immediately. In most direct-selling plans, commissions are calculated monthly and usually not paid until the latter part of the following month. This means people often wait almost two months to be paid for volume generated in the first part of each month. This single feature of the USANA Binary Compensation Plan will do wonders to keep your team members motivated and working toward continued success.

### INCOME COMPARISON: ONE BUSINESS CENTER VS. THREE BUSINESS CENTERS

Assume that each Business Center (including your own) in Figure D is active and commission qualified for the current week. In the top example of Figure D, you have one Business Center. You and your team members have worked together and generated 1,200 points in Group Sales Volume on both the left and right sides of your Business Center. Since both sides match, commissions will be calculated by multiplying 1,200 points by 20 percent: this equals 240 Commission Volume Points, which will be converted into your country's currency and paid to you.

To find your total weekly commissions with three Business Centers (bottom example of Figure D), simply add the Group Sales Volume from each Business Center and then multiply the total by 20 percent. In this example, your second and third Business Centers (BC2, BC3) each have 600 points in Group Sales Volume on the left side and 600 points on the right. Because the points on both sides of BC2 match, there isn't really a small side—we'll take 600 points and add it to our column on the right. We'll follow the same steps for BC3, which means we'll add another 600 points in Group Sales Volume to the column on the right. But we're not done—now we need to include the volume for your first Business Center as well. Because BC2 and BC3 are located under your BC1, the total group volume from your second and third Business Centers roll up into your first. This is what makes building with three Business Centers so powerful—you're essentially getting paid twice.

**Figure D**



Remember, the total Group Sales Volume on the left side of your first Business Center includes all of the group volume from BC2 (a total of 1,200 points). The group volume on the right side (flowing up through BC3) also has 1,200 points. Since both sides of BC1 match, we can simply take 1,200 points and add it to the column on the right as well.



Now, we add the Group Sales Volume points from each Business Center and multiply the total number by 20 percent—this comes to a total of 480 Commission Volume Points for the week. Compare this to the 240 CVP you would get for having the same group volume with only one Business Center, and you can easily see the difference.

### ROLLOVER VOLUME

The Group Sales Volume on the left and right sides of your Business Centers aren't always going to match, but that's okay. Any extra Group Sales Volume (up to 5,000 points on each side) will roll over into the next commission period.

Assume that each Business Center (including your own) in Figure E is active and commission qualified for the current week. In the top example of Figure E, you have one Business Center. You and your team have generated a total of 1,400 Group Sales Volume points on the left side, and 1,500 Group Sales Volume points on the right. The left side is currently your small side and you will be paid commissions for the volume on that side. This means you will be paid for 1,400 points on each side, which equals 280 Commission Volume Points (1,400 X 20% = 280). Since you received commissions for all of the points on your left side, that side will carry 0 rollover points in the next commission period. But there are still 100 points remaining on the right side of your Business Center, which will roll over into the next commission period (and each subsequent commission period, until those points are matched with at least 125 points from the left side).

In the bottom example of Figure E, the left and right sides of BC2 match at 700 Group Sales Volume points, and the left and right sides of BC3 match at 750. Group volume from both Business Centers roll up to BC1, but the volume on each side of that Business Center doesn't match. The small side of BC1 is on the left with 1,400 points, so that's the number we'll add to our Group Sales Volume column. Now we can add all of the group volume and then multiply the total by 20 percent, which equals 570 Commission Volume Points. In this situation, the left side of BC1 would have 0 points roll over into the next commission period, while 100 points would roll over on the right.

### KEEPING YOUR BUSINESS CENTER(S) ACTIVE

To receive commissions in the USANA Binary Compensation Plan, you must keep your Business Center(s) active by achieving a minimum Personal Sales Volume requirement. To keep one Business Center active, you must achieve at least 100 points in Personal Sales Volume during each four-week rolling period. To keep two or more Business Centers active, you must achieve at least 200 Personal Sales Volume points during each four-week rolling period. **IMPORTANT:** If you begin your business with three Business Centers, you are not required to achieve 200 points in Personal Sales Volume from the very beginning. Even though you have three Business Centers, you may choose to concentrate on building BC1 early on. Therefore, you can qualify for commissions from this Business Center with

100 points in Personal Sales Volume. As soon as you want to start qualifying for commissions on your second and third Business Centers, you can do so by upgrading your Personal Sales Volume to 200 points for each four-week rolling period. Understand, however, that volume in your second and third Business Centers will not begin to accumulate until you have qualified to receive commissions on three centers with 200 points in Personal Sales Volume.

It is also important to understand that your first 200 points in Personal Sales Volume during any given four-week rolling period will be placed in your first Business Center (BC1). If, at any time, you allow your Business Center(s) to become inactive, all volume within each of your Business Centers will be erased, and the volume will begin at 0 points when the Business Centers are reactivated. Remember that your sales requirements must be met at all times in order to qualify for commissions.

**Figure E**



## FOUR-WEEK ROLLING PERIOD

A four-week rolling period equals four pay periods (four Fridays) after you place a product order of 100 points or more.

## AUTO ORDERS: SAVE MONEY, SAVE TIME

Find convenience and ease of mind by purchasing product through Auto Orders. In addition, Auto Orders qualify for 10 percent off the Preferred Price, so you'll save money and potentially increase your retail profits. To receive the additional savings, you'll need to set up an Auto Order in advance and allow it to process automatically as a weekend-processed order. In addition, only products that generate points qualify for the discount—products like logo merchandise or sales tools generate point values (or volume) of zero, which means they do not qualify for Auto Order savings.

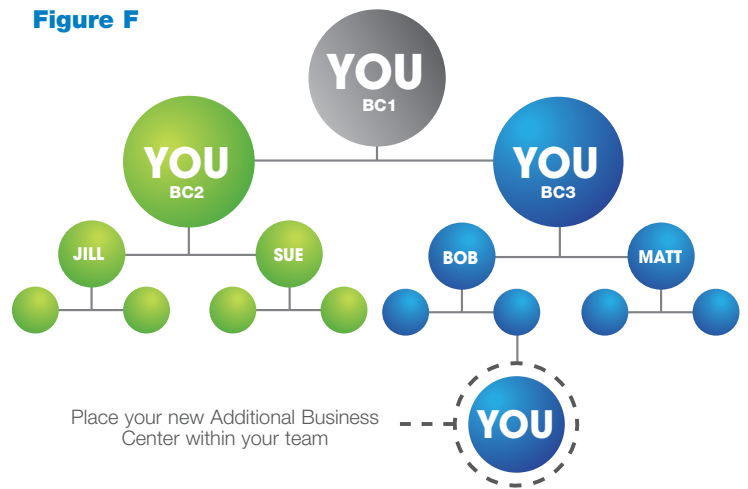
## PREFERRED CUSTOMERS

Another way to accumulate Group Sales Volume is by adding Preferred Customers to the left and right sides of your Business Centers. Preferred Customers are able to order products at our Preferred Pricing (and even qualify for additional savings by ordering products through Auto Order), but they do not earn commissions. Although you do not earn retail commissions from Preferred Customers, their orders do earn you points, which are added to your total Group Sales Volume for the Business Center in which they have been placed.

## OPEN ADDITIONAL BUSINESS CENTERS

When you maximize a Business Center (by generating 5,000 points in Group Sales Volume on both the left and right sides of the Business Center), you will be issued an electronic Additional Business Center Certificate. You can receive a total of up to two certificates to open Additional Business Centers for each existing Business Center you have maxed. With this certificate, you may open a new Business Center at the bottom of your organization. This allows you to help others in your team by being involved at a deeper level. Once you establish where you want to open your Additional Business Center (see Figure F), the next step is to send a written request to Distributor Services with information about where you would like the new Business Center to be placed. Your written request must be attached to a product order form. Additional Business Center Certificates will not expire. Your first two Additional Business Centers may be placed at the bottom of any side in your organization, however, future Additional Business Centers must be placed at least 10 active Associates' BC1 Business Centers away from any of your previously existing Business Centers.

Figure F



For purposes of placing Additional Business Centers, an active Associate is defined as an Associate that is qualified to earn commissions. You can then activate the new Business Center by generating 200 points in Personal Sales Volume, as indicated in Step 1 (this must be in addition to the 100 or 200 Personal Sales Volume points required to keep your existing Business Centers active during the four-week rolling period). Once you have opened your new Business Center, you can keep it and all other Business Centers active during each four-week rolling period by generating 200 points in Personal Sales Volume. Regardless of the number of Business Centers you have, your personal volume requirement will never exceed 200 points. Once you open a new Business Center, you may begin building a team under it. When you have achieved 5,000 Group Sales Volume points on each side of your new Business Center in a single commission period, you will receive a new Additional Business Center Certificate to open yet another Business Center. Because you can receive up to two Additional Business Center Certificates for each of your original Business Centers, as well as two Additional Business Center Certificates for each new Business Center, there truly is no limit to the number of Business Centers you can have in your organization. Because sales in each new Business Center will generate commissions not only for itself, but also for all the Business Centers you may have above it in your organization, developing new Business Centers will strengthen your entire team.

## MOVING AN ADDITIONAL BUSINESS CENTER

Once an Additional Business Center has been placed, it may not normally be moved. However, USANA reserves the right to allow placement changes as long as the new Business Center has had no activity (either Group Sales Volume or Personal Sales Volume) within the last six months and all other rules for the placement of a Business Center are followed. Any such request must be in writing and can only be approved by the Compliance Committee.



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