

# XANGO™

## **Distributor Policies and Procedures for XanGo Distributors in Canada**

# Table of Contents

Section 1 – Becoming a XanGo Distributor .....	1
Section 2 – Restriction against Multiple Beneficial Interests .....	2
Section 3 – Obligations of a XanGo Distributor.....	2
Section 4 – Sponsorship.....	4
Section 5 – Obligations of a Sponsor .....	4
Section 6 – Changes in Distributorship Status.....	4
Section 7 – Compensation .....	5
Section 8 – Breach-of-Contract Procedures.....	6
Section 9 – Sponsor & Placement Changes .....	7
Section 10 – Selling or Transferring a Distributorship.....	8
Section 11 – Ordering Company Products .....	9
Section 12 – Automatic Delivery Program (ADP).....	10
Section 13 – Seventy (70) Percent Rule.....	11
Section 14 – Cooling-Off Period.....	11
Section 15 – Product-Exchange Policy.....	12
Section 16 – Initial-Purchase Guarantee.....	12
Section 17 – Refund Policy .....	12
Section 18 – Product Liability Claims.....	13
Section 19 – Taxation .....	13
Section 20 – Positioning of Company Leads.....	14
Section 21 – Special Requests .....	14
Section 22 – Privacy Policy & Confidentiality Obligations .....	14
Section 23 – Sales Tools .....	15
Section 24 – Distributor Advertising.....	15
Section 25 – Retail and Service Establishments, Tradeshows, and Company Events .....	17
Section 26 – Legal Claims and Disputes.....	18
Section 27 – Unauthorized International and/or Territorial Expansion .....	18
Section 28 – Entire Agreement .....	19
Section 29 – Modifications by the Company .....	19
Section 30 – Waiver.....	19
Section 31 – Severance.....	19
Section 32 – Governing Law and Arbitration.....	19
Section 33 – Successors and Claims .....	20
APPENDIX .....	21

# Policies & Procedures

The following Policies and Procedures replaces and succeeds all previous versions. XanGo no longer recognizes, accepts or considers valid, any course of dealing, course of performance, or express term outlined under any previous version of the Policies and Procedures. By signing a Distributor Agreement or accepting Commissions from XanGo, a Distributor demonstrates that it has read, understood and consented to abide by the Policies and Procedures stated in this manual.

The right to make changes to the Contract is reserved by XanGo; however, notice of any change will be published by XanGo at least thirty (30) days before the change is made effective. It is the responsibility of all Distributors to review, on a regular basis, the most recently published Policies and Procedures, located at [www.xango.net](http://www.xango.net). XanGo will also provide a copy of its most current Policies and Procedures upon the Distributor's request.

Throughout this manual, certain defined terms appear in title capital letters. These terms and their definitions are described in the Appendix at the end of the document, which is incorporated herein by reference.

---

## Section 1 – Becoming a XanGo Distributor

- A. In order to become a Distributor, all Applicants must have reached the age of majority, usually eighteen (18) years of age, in the jurisdiction in which they reside.
- B. To become a XanGo Distributor, an Applicant must purchase a distributor kit and return to XanGo an original signed Distributor Agreement pertaining to the Applicant's permanent country of residence. (This Distributor Agreement and other necessary forms are available on XanGo's website at [www.xango.net](http://www.xango.net).) Electronic reproductions of a Distributor Agreement bearing an original signature may be considered an original at the sole discretion of XanGo.
- C. The only purchases required to obtain and maintain a Distributorship are the distributor kit and the annual renewal and materials fee. Product purchases are optional.
- D. Applicants are conditionally authorized as Distributors once they have applied and, at that time, will be bound by the terms and conditions of the Contract. Upon XanGo's receipt of the completed Distributor Agreement, a Distributor identification number will be issued. Failure of the Distributor to submit a complete and correct Agreement or to provide appropriate documentation, when requested, may result in the Distributor Agreement being rejected by XanGo. The right to accept or renew any Distributor Agreement remains solely with XanGo.
  1. In order to be accepted by XanGo, a Distributor Agreement and any other required document of the Contract must be complete and correct in every respect and submitted by the Distributor in its country of residence.
  2. A Distributor may be required to provide XanGo with proof of residency, work authorizations, and ability to legally conduct business in the country stated on the Distributor Agreement.
- E. A temporary Distributorship will be created for those Distributor Agreements processed via the Internet or telephone until such time as XanGo has received the completed Contract. This temporary Distributorship is subject to all the terms and conditions of the Contract and, while the original documentation is being received and processed, allows the Applicant to order Product for thirty (30) days. If the Applicant fails to provide XanGo with an original, signed Distributor Agreement or electronic copy of the same within the thirty (30) days, the temporary Distributorship may be terminated.
- F. An Applicant will be deemed to be a Distributor as of the Date of Sign-up.
- G. If the Applicant is a Business Entity, the original signature on the Distributor Agreement must be of a person authorized to bind the Business Entity. Once the Distributor Agreement for a Business Entity has been completed, the following must also be submitted:

1. a Federal Tax Identification Number for the Business Entity, and
2. a Statement of Beneficial Interest, which must include the signature and tax identification number of every Person having a Beneficial Interest in the Business Entity.

To verify the form of the Business Entity, Beneficial Interest holders, and authorized signatories, XanGo may require, at any time, the Applicant to submit a copy of its articles of organization, articles of incorporation or other documentation.

- H. For tax and identification purposes, XanGo requires Applicants to provide social security and/or entity tax identification numbers. Failure to provide these numbers may result in cancellation of the Distributorship.
- I. If XanGo determines that the Distributor Agreement or the Statement of Beneficial Interest contains inaccurate or false information, it may immediately terminate a Distributorship, or declare the Distributorship null and void from its beginning. Further, it is the obligation of the Distributor to report to XanGo on an ongoing basis any changes which affect the accuracy of the Distributor Agreement, the Statement of Beneficial Interest, or any other document required under the Contract.
- J. A Distributorship is valid for the period of one (1) year from the Date of Sign-up. Each year after that, the Distributorship must be renewed. The annual renewal and materials fee charged by XanGo per Distributor is 20 USD plus applicable sales tax, if any. This fee must be paid by the Distributor on the annual anniversary of the Date of Sign-up when the Distributorship is required to be renewed. The purpose of this fee is to support Distributors by providing them with materials and information on XanGo's Products, programs, Policies and Procedures, and related information.
  1. The Distributor expressly authorizes XanGo to collect the annual renewal and materials fee using any payment method available, including charging any credit card on file for the Distributor or withholding from Commissions.
  2. A Distributor may be converted to a Customer under the current Sponsor, may lose its Downline Organization, and may forfeit the right to participate in the Compensation Plan, if the annual renewal and materials fee is not paid within sixty (60) days of the renewal date.

## **Section 2 – Restriction against Multiple Beneficial Interests**

- A. A Distributor is prohibited from having a Beneficial Interest in more than one Distributorship.
- B. If a Person with a Beneficial Interest in an existing Distributorship wishes to become a Distributor under another Sponsor, the Person must first terminate the Beneficial Interest in the existing Distributorship and wait six (6) months before applying to be a Distributor.

## **Section 3 – Obligations of a XanGo Distributor**

- A. A Distributor must comply completely with all terms and conditions of the Contract.
- B. A Distributor is an independent contractor, and, as such, is responsible for its own business expenses, decisions, and actions.
  1. A Distributor may not represent itself as an agent, employee, partner, or joint venturer with XanGo. A Distributor will not make purchases or enter into any transactions in XanGo's name.
  2. A Distributor's work hours, business expenditures, and business plans are not dictated by XanGo. A Distributor will make no printed or verbal representations which state or imply otherwise.
  3. The Distributor agrees to indemnify XanGo against any claims, damages, or other expenses, including attorneys' fees, arising from any representations or actions made by the Distributor that are outside the scope of the Contract. The provisions of this section survive the termination of the Contract.

- C. A Distributor must be ethical and professional at all times when conducting Distributor Business. A Distributor may not make false statements or misrepresentations of any kind. This includes but is not limited to: untruthful or misleading representations or sales offers relating to the quality, availability, grade, price, or performance of Products. A Distributor may not make statements regarding actual income figures and may not disclose actual, copied, or representative Commission checks. A Distributor may not make income guarantees of any kind and may not make unrepresentative, unreasonable, or misleading earnings claims.
- D. In conducting its Distributor Business, a Distributor must comply with all applicable national and local laws, regulations, and ordinances. A Distributor shall not violate any statutes which apply to unfair competition or business practice, including any statute or ordinance which prohibits the advertising, offer to sell, or sale of Products at less than the Wholesale Cost of the product.
- E. A Distributor may not offer or promote any non-XanGo plans, products, incentives, opportunities, or non-approved Sales Tools in conjunction with the promotion of Products.
- F. A Distributor must conduct all Distributor Business with the understanding that the Distributor's success is only achieved through the regular and repeated Retail Sale of Products and the regular and repeated Retail Sales by its Downline Organization.
- G. A Distributor will make no disparaging, misleading, inaccurate, or unfair statements, representations, claims, or comparisons with regard to:
  - 1. XanGo, its Products, its commercial activities, or its Distributors; or
  - 2. other companies, including competitors, their services, products or commercial activities.
- H. A Distributor has the right to operate in any Authorized Country where the Distributor may lawfully conduct Distributor Business. XanGo does not grant exclusive franchises or territories to its Distributors, nor are its Distributors allowed to make such claims.
  - 1. XanGo shall specify those Authorized Countries or countries subject to a Pre-Launch Period in which Distributors may also conduct Distributor Business.
  - 2. A Distributor has no authority to introduce or establish XanGo's business or Product in a non-Authorized Country or any country that is not the subject of a Pre-Launch Period announced by XanGo. This includes, but is not limited to: any attempts to secure approval for Products or business practices; register or reserve XanGo names, trademarks, trade names, or Internet domain names; or establish any kind of business or governmental contact on behalf of XanGo.
  - 3. It is a Distributor's responsibility, when conducting Distributor Business, to comply with all national and local laws, ordinances, and regulations.
- I. If a Distributor did not personally sponsor another Distributor on its Front Line, it is prohibited from soliciting or enticing that Distributor to sell or purchase products or services other than those offered by XanGo. To do so constitutes an unreasonable and unwarranted interference with the contractual relationship between XanGo and its Distributors. The Distributor agrees that a violation of this rule inflicts irreparable harm on XanGo and agrees that the appropriate remedy to prevent that harm is immediate injunctive relief without bond. The provisions of this section survive the termination of the Contract.
- J. A Distributor must conduct all activity in the best interests of XanGo. Any personal disputes between Distributors must be resolved quickly and in the best interests of XanGo.
- K. A Distributor may not allege or imply that it has a unique relationship with, advantage with, or access to XanGo executives or employees that other Distributors do not have.
- L. Penalties up to and including termination may be imposed by XanGo on any Distributor that solicits, entices or assists another Distributor to transfer to a different Sponsor. This includes, but is not limited to, offering financial or other incentives to persuade another Distributor to terminate an existing Distributorship in order to re-apply under a different Sponsor.

- M. If any conduct by a Distributor or any participant in the Distributorship is determined by XanGo to be injurious, disruptive, or harmful to XanGo or to other Distributors, XanGo may take appropriate action against a Distributorship as outlined in the Contract, including Section 8 of these Policies and Procedures.
- N. A Distributor may not rely on XanGo to provide legal, financial, or other professional advice.

#### **Section 4 – Sponsorship**

- A. To act as a Sponsor, a Distributor must meet all requirements and accept all responsibilities as outlined in the Contract.
- B. Persons wishing to become Distributors may be referred as Applicants to XanGo by a Sponsor. A Sponsor may enroll new Distributors only in Authorized Countries or in those countries subject to a Pre-Launch Period, as announced by XanGo.
- C. Once a sponsored Applicant is accepted by XanGo as a new Distributor, the new Distributor is placed in the Sponsor's Downline Organization. A Sponsor may place the new Distributor on its Front Line or anywhere else in the Sponsor's Downline Organization.
- D. A Sponsor may not place a new Distributor outside its Downline Organization. If this occurs, XanGo retains the right to make adjustments to the organization to allow for correct payout and to ensure that all lines are complete.

#### **Section 5 – Obligations of a Sponsor**

In order for a Sponsor to be a dependable head of its Downline Organization, it should:

- A. make certain that all Distributors in its Downline Organization fully comprehend and meet the terms and conditions of the Contract and all applicable national and local laws, regulations, and ordinances;
- B. provide regular training and support in the development of its Downline Organization's business and the sale of Products;
- C. provide appropriate education and instruction so that Product sales and opportunity meetings conducted by its Downline Organization are conducted in accordance with the Contract, and with any applicable national and local laws, regulations, and ordinances;
- D. give guidance and encouragement to its Downline Organization;
- E. settle any dispute arising in its Downline Organization by intervening and making every attempt to resolve the dispute in a prompt and amicable manner; and
- F. maintain an ongoing, positive, professional association with other Distributors while also maintaining responsibility for providing ongoing service to all of the Sponsor's Customers.

#### **Section 6 – Changes in Distributorship Status**

- A. Dissolution of a Distributorship in which there is more than one Beneficial Interest holder must occur in a way that does not disturb the income or interests of the Upline or Downline Organizations. When dissolving such a Distributorship, Distributors should be aware of the following:
  - 1. the departing Beneficial Interest holder(s) must relinquish all rights to, and interests in, the Distributorship;
  - 2. XanGo may not divide nor reassign any of the Downline Organization; and
  - 3. XanGo may not split Commissions between the prior or current Beneficial Interest holders of the Distributorship.

- B. In the case of a Distributor's death, Distributor rights will be transferred to the legal successor to the Distributorship in accordance with applicable laws. XanGo requires certified copies of the death certificate (or a doctor's statement) and a certified will, court order, or other appropriate legal documentation before the transfer can be effective. Successors in interest must agree in writing to be bound by and to comply with the terms and conditions of the Contract, including these Policies and Procedures. Upon notice of demise, XanGo reserves the right to make payments to the estate of the deceased Distributor. If the legal successor wishes to terminate the account, a written, signed statement of request to terminate must be submitted along with appropriate legal proof of death. If the legal successor to the Distributorship is already an existing Distributor, XanGo will allow the multiple Beneficial Interest through inheritance for up to six (6) months, by which time the existing Distributor must have sold or otherwise transferred either the existing or the inherited Distributorship.
- C. The Contract can be terminated by a Distributor for any reason, at any time, by providing written notice to XanGo signed by all Person(s) listed on the Distributor Agreement. The following stipulations will be in effect:
1. the termination is effective on the date XanGo receives the written notice, although processing of the termination request may be delayed until the following month if there is current Volume in the Distributorship;
  2. upon termination, the former Distributor must immediately cease to represent itself as a XanGo Distributor;
  3. upon termination, the former Distributor's Downline Organization will compress to the Upline;
  4. certain commitments made by the Distributor survive termination of the Contract, including the Distributor's commitment to maintain the confidentiality of, and to not use outside of XanGo's business, the Distributor's prior Downline Organization or any information relating to other Distributorships;
  5. the voluntarily terminated Distributor may re-apply for a new Distributorship under a new Sponsor no earlier than six (6) months from the date XanGo receives written notice of the termination. During this six- (6-) month period, the voluntarily terminated Distributor is not permitted to participate in any Distributor Business; and
  6. a terminated Distributor who successfully re-applies for a new Distributorship will not reacquire prior Commissions, Rank, Title, Downline Organizations, or Sponsorships.

## **Section 7 – Compensation**

- A. A Distributor's success is only achieved through the regular and repeated Retail Sale of Products and the regular and repeated Retail Sales by its Downline Organization. As the success of any Distributor depends largely on the personal efforts of that Distributor, XanGo cannot guarantee any level of profit or success, nor can it guarantee a Distributor a specific income.
- B. XanGo will pay Commissions to Distributors on Product orders which: 1) are received by XanGo before the end of the Commission period, and 2) have been fully paid with appropriate payment. A Distributor does not receive compensation for sponsoring or recruiting other Distributors.
- C. Commissions are paid in the name of the Business Entity listed on the Distributor Agreement. When no Business Entity is listed, Commissions are paid to the personal name of the first Distributor listed on the Agreement.
- D. If a Distributor believes that there is an error in the computation of Commissions and/or program qualifications, the error must promptly be brought to the attention of XanGo. If such problems are not presented to XanGo in writing within forty-five (45) days after the end of the relevant Commission period, the Distributor waives all recourse with respect to such alleged error.

- E. In the event that a Commission check must be reissued to a Distributor, XanGo will charge the Distributor a fee of 15 USD. If a check must be reissued because of XanGo's error, no additional charge will be applied. Checks reissued after one-hundred eighty (180) days will include an additional 5 USD processing fee.
- F. Manipulation of the Compensation Plan is not permitted and may result in disciplinary action. Manipulation of the Compensation Plan includes, but is not limited to, a Distributor purchasing, to qualify for various Ranks or Commissions, large quantities of Product that are not sold through the direct marketing channel and any other actions that may violate state, federal or foreign anti-pyramid scheme laws. Such manipulations may, in the discretion of XanGo, result in the suspension of Commissions and termination of the Distributorship.
- G. The Distributor authorizes XanGo to deduct fees, fines, and/or penalties from its Commissions as deemed appropriate in accordance with Section 8 herein or of any term or condition of the Contract. Any fees, fines, and/or penalties will be assessed at the sole discretion of XanGo.

## **Section 8 – Breach-of-Contract Procedures**

- A. XanGo's obligations to a Distributor are conditioned upon the Distributor meeting all of the terms and conditions of the Contract, including these Policies and Procedures. XanGo, in its sole discretion, will determine if a Distributor is compliant with the Contract and will determine the appropriate discipline, up to and including termination, of any non-compliant Distributor. Lesser remedies may also be used, such as withholding payment of Commissions. In addition to, or instead of, terminating the Contract, XanGo may decide to:
  - 1. ensure that the Distributor is performing its contractual duties by monitoring its conduct over a specified period of time;
  - 2. notify the Distributor either in writing or verbally of the non-compliance and/or of the intended discipline should the Distributor's non-compliance continue;
  - 3. request from the Distributor additional assurances that its future compliance will comply with the Contract;
  - 4. require the Distributor to take specific steps to cure the non-compliance;
  - 5. refuse to offer various opportunities sometimes awarded to Distributors, such as participation in XanGo events and reward trips, and recognition through XanGo events, literature, or media;
  - 6. levy a fine contingent on the severity of the breach of Contract;
  - 7. cease performing certain of XanGo's obligations under the Contract, including paying all or a portion of the Commissions owed to the Distributor from the Distributorship, promoting the Distributor under the terms of the Compensation Plan, allowing the Distributor to act as a Sponsor, and accepting the Distributor's orders of Product;
  - 8. remove the whole or any portion of the Distributor's Downline Organization to a different Sponsor; and/or
  - 9. seek injunctive or other available legal remedies.
- B. Any violation of the terms and conditions of the Contract other than cross-company recruiting must be brought to XanGo's attention for review within eighteen (18) months of the start of the alleged violation; cross-company recruiting violations must be brought to XanGo's attention within six (6) months of the alleged violation. Failure to report a violation within that time period will result in XanGo not pursuing the allegations in order to prevent Distributor Business from being disrupted due to stale claims. All reports of policy violations must be in writing and sent to the attention of XanGo's Distributor Education & Conduct Department.
- C. When XanGo investigates a potential violation of the Contract, the following procedure will be in effect:

1. the Distributor will receive from XanGo a verbal and/or written notice of the potential breach of Contract;
  2. if XanGo sends a written notice of the potential breach, the Distributor is allowed fifteen (15) business days from the date the notice is sent to present to XanGo all information related to the incident. Information received after this date will not be considered;
  3. while the investigation is pending, XanGo reserves the right to prohibit any Distributor Business by the Distributor and/or to suspend payment of Commissions;
  4. XanGo will render a decision regarding the potential violation and will determine any appropriate remedy, up to and including termination;
  5. XanGo will determine appropriate remedies for breaches of the Contract on a case-by-case basis, which remedies may not be the same for similar violations;
  6. the Distributor will be notified in a timely manner by XanGo of its decision; and
  7. XanGo may, upon request by the Distributor, review the decision.
- D. For purposes of determining non-compliance with the Contract, XanGo, in its sole discretion, may attribute to a Distributor the act of any Person having a Beneficial Interest in that Distributor's Distributorship.
- E. A Distributor terminated by XanGo must wait one (1) year before submitting a written petition to apply for a new Distributorship.
- F. Distributors violating any of the terms of the Contract, including these Policies and Procedures, may be required to cease to use or to destroy any advertising and/or literature relating to the Distributor's Business, regardless of any previous authorization which may have been granted. Further disciplinary action may be taken in case of non-compliance to such requirements. The Distributor shall be liable to XanGo for any damages, including attorney fees, resulting from policy violations.
- G. If a Distributor observes or is aware of another Distributor's violation of any term or condition of the Contract, the Distributor should submit a written complaint to XanGo's Distributor Education & Conduct Department.

## **Section 9 – Sponsor & Placement Changes**

- A. A Distributor may apply to change the Sponsor and/or Placement of itself or a personally sponsored Distributor.
- B. A Distributorship may be moved to a new Placement within the Distributor's Downline Organization if it obtains the written authorization of the original Sponsor and the Distributor itself, provided that:
1. the move is within ninety (90) days from the Date of Sign-up;
  2. the move is three (3) levels or less below the Distributor; and
  3. the Distributor's Downline Organization has not surpassed 2,500 USD in monthly group Volume.
- C. A Distributorship may be moved to a new Placement upline provided it obtains written authorization from each Distributorship it moves above in Placement.
- D. A Distributorship may be moved to a new Sponsor within its original Sponsor's Downline Organization if it obtains the written authorization of the original Sponsor and the Distributor itself, provided that:
1. the move is within six (6) months from the Date of Sign-up; and
  2. the Distributor has not reached the Rank of 20K.

- E. A Distributor is permitted only one Sponsor and one Placement change, and the respective change will be final.
- F. A fee of 35 USD will be charged for each Sponsor/Placement change request submitted. This fee will be charged even if the request is rejected by XanGo. Change-request forms must be completed and received at XanGo by 5 p.m. Mountain Time on the 20th day of the month. Requests received after this deadline will be processed for the following month. A discounted fee of 25 USD will apply to all Sponsor/Placement changes submitted and received at XanGo by 5 p.m. Mountain Time on the 15th day of the month.
- G. Because of the need to maintain the integrity of Downline Organizations, a Sponsor/Placement change may not be feasible.
- H. A current and accurate Distributor Agreement and Statement of Beneficial Interest, if applicable, must be on file for all Distributors requesting a Sponsor/Placement change.

## **Section 10 – Selling or Transferring a Distributorship**

- A. A Distributorship sale or transfer occurs when a Person transfers ownership or control of a Distributorship to another Person. A Distributor may sell, assign, or otherwise transfer its rights or position only after receiving the express written approval of XanGo, which may be denied for any or no reason.
- B. An existing Distributor may not purchase another Distributorship.
- C. A Distributor who sells its Distributorship may not reapply to become a Distributor under another Sponsor for a period of not less than six (6) months after XanGo has approved the sale.
- D. A Person may not merge with, or acquire an interest in, a pre-existing Distributorship if the Person has engaged in Distributor Business within the past two (2) years.
- E. A current and accurate Distributor Agreement and Statement of Beneficial Interest must be on file for all Business Entities requesting a Sale/Transfer.
- F. A Distributor may transfer its Distributorship to a Business Entity Applicant only if, after the completion of the transfer, all Persons listed on the Statement of Beneficial Interest for the Business Entity Applicant are non-Distributors and are not Beneficial Interest holders.
- G. Specific documentation available on XanGo's website, <http://www.xango.net>, must be submitted in order to process a transfer of a Distributorship.
- H. An application for a sale/transfer of ownership must be received at XanGo by the 20th day of a month in order for the change to be effective for the given month.
  - 1. Any requests received after the 20th will be processed for the following month.
  - 2. There is a 100 USD fee assessed per request.
  - 3. An additional 35 USD fee may be assessed for any application that is incomplete, incorrect, or rejected.
- I. The transferred Distributor will retain the same Downline Organization and the same Rank/Title held before the approved transfer.
- J. If a Distributor permanently changes its country of residence, the change will be considered a sale/transfer. A signed and dated notification must be submitted to XanGo accompanied by an authoritative documentation of the move (e.g., copy of driver's license). All other policies, procedures, and fees associated with the sale/transfer are applicable. The Distributor will be responsible for complying with all terms and conditions of the Contract, including those specific to the new country of residence. A Distributor is permitted one (1) permanent change of country of residence.

- K. A Distributor may change its status from an individual to a Business Entity or from a Business Entity to an individual but must notify XanGo in writing and provide any documents required by the Contract. A written, dated statement of the transfer must also be submitted to XanGo and must be signed by all Beneficial Interest holders involved in the change.

## **Section 11 – Ordering Company Products**

- A. Since XanGo imposes no specific inventory requirement on its Distributors, a Distributor must use its own judgment to determine the amount of inventory it will need to sustain its projected Retail Sales and personal use.
  - 1. High volume orders containing twenty (20) or more cases must be pre-approved by XanGo.
  - 2. All orders exceeding one hundred (100) cases must be paid for via wire transfer.
- B. Products can be ordered by telephone, mail, facsimile, Internet, or by direct request at XanGo's corporate headquarters.
  - 1. Faxed, mailed, or personally delivered orders must be submitted using a current Distributor price list and a fully completed order form.
  - 2. Payment must be the exact amount of the order and may be made by cashier's check, money order, credit card, cash, direct debit, Automated Clearing House (ACH) (available in some countries), personal or business check or Electronic Funds Transfer (High-Volume Orders only).
  - 3. Orders need to be paid in full prior to shipping. All shipping and handling costs are based on delivery location and the amount of Products ordered.
  - 4. Unauthorized use of another Person's credit card is prohibited.
- C. Where will call service is available, a Distributor may pick up the order at the will call location. XanGo will ship, at the Distributor's expense, Product that has been marked for will call pick-up if the Product has not been picked up by the Distributor within ninety (90) business days of the scheduled ADP date, or the end of the calendar month, whichever is latest. If the Product is shipped to the Distributor from the will call location, XanGo may use any payment method noted on file to collect the shipping fees.
- D. Distributors, as independent contractors, may set their own price for Retail Sales; however, certain laws may prohibit below-cost selling, which is defined as the Wholesale Cost of Product.
- E. XanGo has the right to change Product pricing without prior notice.
- F. An ACH option for the purchase of Products and payment of Commissions is available to qualified Distributors in the United States and certain other Authorized Countries. When a Distributor sets up ACH to purchase product or receive Commissions, it is authorizing XanGo to electronically debit or credit its bank account on a recurring basis for the amount of any designated purchase or payment.
  - 1. In order to establish ACH as a purchase or payment method, an eligible Distributor must submit the required forms to a XanGo customer service representative. The forms vary by country, and are located on XanGo's corporate website under the specific country link. There may be a waiting period for ACH implementation.
  - 2. ACH may be used for all orders except for a Distributor's Initial Order. For the first ninety (90) days, orders using ACH may be subject to a shipping hold of up to five (5) business days in order to verify funds.
  - 3. A Distributor's use of a bank account belonging to another person for ACH purchases requires written, notarized authorization by the owner of the account.

- G. Any ACH payment that is not supported by sufficient funds or that is returned uncollected constitutes a breach of the Contract. XanGo will assess a handling fee of 20 USD for all payments lacking sufficient funds.
1. The Distributor is responsible to maintain adequate funds in the ACH or debit account. When there are not sufficient funds, the Distributor is responsible for all bank charges plus XanGo's handling fee. The Distributor understands that when the Company's first attempt to receive ACH payment is unsuccessful, the bank will automatically make a second attempt within three (3) days. The Distributor's bank may charge an insufficient funds fee for each unsuccessful attempt. If there are insufficient funds, XanGo will put a hold on the Product or cancel the shipment. If the Product has already been shipped, the Distributor will be expected to use an alternate means of payment for the Product. If payment is not received within a reasonable amount of time, XanGo may proceed with collection measures, stop the future shipment of orders, and take any other recovery available to it under the Contract.
  2. Any uncollected amount may be deducted from the Distributor's present or future Commissions. All outstanding payments must be resolved by the last business day of the month for the Volume of the sales to be included in the computation of the Distributor's Commissions for that month.
  3. After a second returned check or bank draft, the Distributor may lose the privilege of placing orders by check, ACH, or bank draft for a period of six (6) months. During that six- (6-) month period, the Distributor must use credit card, money order, cashier's check, debit card, or cash to place orders.
  4. Any returned check or insufficient ACH that is not resolved in a timely manner is grounds for disciplinary action.
  5. The Distributor understands that all Persons listed on the Distributor Agreement, or any Person having a Beneficial Interest in the Distributorship, will be held jointly and severally liable for the outstanding amount. It is expressly understood by the Distributor that this joint and several liability supersedes any limitations of liability otherwise available to the Distributorship or its Beneficial Interest holders.

## **Section 12 – Automatic Delivery Program (ADP)**

- A. A Distributor may choose to participate in the Automatic Delivery Program (ADP). ADP may be established at any time through the submission of the ADP application or with a written request to XanGo indicating the amount of Product to be shipped each month and the method of payment to be used. When instituting ADP at the time of enrollment, the Distributor Agreement serves as confirmation for the setup. An ADP account will be charged at a set time during the month, and the Product will be shipped beginning approximately two (2) days after the charge is placed. The Distributor may obtain tracking numbers from XanGo after the Product is shipped.
- B. During winter months, XanGo may utilize a cold-weather shipping program in certain geographic regions. This program is designed to prevent damage to Products from exposure to extreme weather conditions in certain regions. Under this program, ADP processing and Product shipping dates may be affected.
- C. A Distributor may choose between two (2) types of ADP:
1. Backup ADP: While enrolled on "Backup ADP," if a Distributor places any orders between the 1st day and three (3) business days before the 14th day of the month, and if the Volume of the order(s) equals or exceeds the Volume of the ADP for that month, then the order(s) will replace the ADP for that month. Orders placed after ADP has been process and all orders placed before ADP has been processed that do not equal or exceed the Volume of ADP for that month will not be credited toward the ADP for that month or any subsequent month; and
  2. Unconditional ADP: Upon establishing "Unconditional ADP," the Distributor will receive the ADP shipment every month, regardless of the Volume ordered by that Distributor at other times of any given month.

- D. Payments will be verified prior to processing orders and ADP. In the event authorization is declined, XanGo may attempt to contact the Distributor and reattempt to obtain authorization. If authorization is not obtained by the end of the month, the order will be considered “unprocessed” and will not be included in Commission computation and processing. XanGo will not be held responsible for Volume shortfalls due to unprocessed orders.
- E. To change or terminate one’s ADP, the Distributor must submit a written request (including the date, the Distributor’s name, identification number and the authorizing signature of the Distributor whose information is to be changed) to XanGo no less than three (3) business days before the 14th of any given calendar month. Any requests received after this date will be applied to the following month. Such requests include, but are not limited to, changing the number of cases, shipping address, the payment method, etc.
- F. Upon cancellation of the ADP, a Distributor may return the most recent shipment, provided that the shipment is not older than ninety (90) days and the Distributor follows all other provisions of the Refund Policy (see Section 17). Simply returning Product or refusing shipment is insufficient to cancel ADP. The Distributor must submit a signed cancellation request. The cancellation notice must be received in writing via fax, mail, personal delivery, or e-mailed with a scanned signature.

### **Section 13 – Seventy (70) Percent Rule**

The Distributor certifies that it has sold or consumed at least 70% of all Product purchased in a given month prior to purchasing additional Product from XanGo. Each Distributor that receives Commissions and orders additional Product agrees to retain documentation that demonstrates compliance with this policy, including evidence of Retail Sales, for a period of at least four (4) years. A Distributor agrees to make this documentation available to XanGo at XanGo’s request. Failure to comply with this requirement constitutes a breach of the Contract. Furthermore, a breach of this requirement entitles XanGo to recover any Commissions paid to the Distributor for any period of time during which such documentation is not maintained or for which this provision has been breached.

### **Section 14 – Cooling-Off Period**

- A. The Federal Trade Commission has initiated a regulation to protect Customers entitled “The Cooling-Off Period.” This regulation is designed to allow Customers the opportunity to reconsider a purchase from a direct seller. Customers are allowed to cancel the sale within three (3) business days of the purchase, without explanation, for the full purchase price and must return all unused Product. A Distributor is responsible to verbally disclose this law to Customers. The Distributor must also provide the designated XanGo sales receipt to the Customer, while retaining a copy for personal records. The receipt must include written disclosure of this law. The designated receipt is available in the distributor kit and may be downloaded by Distributors from XanGo’s website at [www.xango.net](http://www.xango.net).
- B. Distributors shall provide all Customers with an official sales receipt which includes the Distributor’s name, address, phone number, the date of the sale, a complete list of Products sold, their prices, and the “The Cooling-Off Period” or cancellation notice information as applicable. The amount of sales tax must be recorded on the sales receipt. The sales receipt shall conform to all local, regional, state, and country requirements.
- C. XanGo encourages Distributors to honor a request for a refund or Product exchange even if it is made more than three (3) business days after purchase. XanGo supports this policy by providing replacement products for a refund or product exchange with a Customer up to thirty (30) days after the date of sale to the Customer.
  - 1. XanGo will instruct the Distributor on the correct procedure and provide authorization for returning the Products to XanGo. The Distributor should contact Customer Service to obtain authorization and instructions for returns.
  - 2. To receive replacement Products after obtaining authorization, the unused portion of Product and the Retail Sales Receipt must be returned to XanGo within thirty (30) days of the date of the sale to the Customer.

## **Section 15 – Product-Exchange Policy**

- A. Product should not be consumed if the seal is broken or tampered with in any way.
- B. XanGo will exchange Product if the Product is damaged in shipment, incorrectly sent due to a Company error, or of substandard quality.
  - 1. If Product is damaged or defective, a Distributor should contact XanGo within ten (10) days of receipt of the order. XanGo will issue a call tag for the Product and immediately send a replacement order. XanGo will inspect the Product upon receipt.
  - 2. Whenever possible, returned Product will be replaced with undamaged Product. However, when an exchange is not feasible, XanGo will refund the amount of the returned Product.

## **Section 16 – Initial-Purchase Guarantee**

- A. All Distributors have thirty (30) days to return the Initial Order purchase under XanGo's 100% satisfaction guarantee. XanGo will refund the net purchase price and applicable tax amount less shipping charges. Initial Orders of two (2) cases or less do not need to be returned to XanGo. All Product in excess of two (2) cases must be returned in resalable condition to XanGo in order to receive the refund. A 100% refund will be given on all returned cases included in the Initial Order. In order to receive this refund, the Distributor must contact XanGo within thirty (30) days of receiving the Initial Order to inform XanGo of the return. Returned Product must be sent through a form of delivery that can be traced (e.g., UPS) and must be received within seven (7) days of contacting XanGo. Upon receipt, the return will be noted and a refund will be issued to the Distributor within thirty (30) days. Any additional orders made within thirty (30) days of the Date of Sign-up will be subject to all standard return Policies. This Initial-Order guarantee also applies to Customers who purchase Product directly from XanGo.

## **Section 17 – Refund Policy**

- A. In order for a Distributor to obtain a refund for returned Product, the Distributor must do the following:
  - 1. obtain a return merchandise authorization number, which is provided by XanGo to track the return of Product and is valid for thirty (30) days;
  - 2. be able to provide verification of the original orders, receipts, or proofs of purchase; and
  - 3. ship the Product, prepaid, to XanGo in a protective container or carton. The Distributor's return address and return merchandise authorization number should be printed clearly on the outside of the package.
- B. All Product returns must be made within ninety (90) days of purchase. Returned Product must be unopened, unaltered, resalable and unexpired as determined by XanGo and must include current labels and intact seals.
  - 1. Subject to the restrictions included herein, any distributor kit, opened or unopened, may be returned within thirty (30) days of the shipping date for a full refund, minus shipping costs.
  - 2. Written notice of a Distributor's voluntary termination is required to return the distributor kit.
- C. After the Initial Order, XanGo will refund 90% of the net cost, minus shipping costs plus applicable tax of any returned Product. Any Commissions paid to the Distributor's Upline on the Product being returned may be debited from the respective Upline Distributor's account or withheld from present or future Commission payments. When an Upline Distributor orders Product on a downline Distributor's account and the Product is returned, XanGo may also apply to the refund a set off of all Commissions paid on that order.
- D. All shipping or courier costs for the return of Product will be borne solely by the Distributor. Any damage or loss that occurs to returned Product during shipping will be the responsibility of the Distributor. Should the Product arrive at XanGo damaged (thereby rendering it non-resalable), XanGo will reject the shipment. It is

recommended that a reliable, traceable courier service be used for shipping. Partial case returns will not be accepted or refunded.

- E. Product sent to XanGo without prior authorization will not qualify for a refund and will be returned to the Distributor at the Distributor's expense.
- F. A Customer may return Product to the Distributor who is then responsible for issuing a refund to the Customer. Customers who order directly from XanGo will need to obtain a return merchandise authorization number from XanGo and return the Product following the return procedures outlined above.
- G. Extension of the refund policy as required by applicable law, or instances in which Distributor misconduct, misrepresentation, or other extenuating circumstances necessitates a refund in excess of the stated refund policy, will be considered on a case-by-case basis. Previously given Commissions or Ranks may be reversed when the circumstances necessitate.
- H. Acceptable refund alternatives include, but are not limited to, the following: XanGo credit, bank check, bank transfer, or credit card charge back. The actual form of refund will be based upon local payment procedures and the original form of payment.
- I. Customized "print on demand" items are not returnable or refundable unless XanGo makes an error in printing, in which case the return must be made within thirty (30) days. "Print on demand" orders with errors made by Distributors cannot be returned.

## **Section 18 – Product Liability Claims**

- A. In the event that a Distributor learns of any potential or actual third-party product liability claims against the Distributor, XanGo will indemnify the Distributor from such claims if the Distributor:
  - 1. immediately notifies XanGo in writing of the potential or actual claim;
  - 2. has complied with all terms and conditions of the Contract, including its provisions regarding the sale and/or distribution of Products;
  - 3. has properly represented the Product by having not made claims regarding the Product's efficacy, health benefits, or other uses contrary to XanGo's approved literature;
  - 4. has not re-packaged, altered or mishandled the Product in question;
  - 5. has not settled or attempted to settle the claim without obtaining XanGo's written approval or otherwise prejudiced XanGo's ability to defend or settle the lawsuit; or
  - 6. allows XanGo to assume the sole defense of the claim.
- B. XanGo carries a commercially reasonable amount of product liability insurance. However, XanGo does not distribute copies of the policy nor does it disclose the amount of the insurance. Since laws differ according to jurisdiction, XanGo encourages its Distributors to consult with an attorney regarding the extent of their personal legal liability with respect to their independent businesses.
- C. XanGo extends no product warranties, either expressed or implied, beyond those specifically articulated in the Contract. XanGo disclaims and excludes all warranties regarding possible infringement of any United States or foreign patent, trademark, trade name, copyright, or trade secret by the Distributor's operations and the Distributor shall not have claim therewith.

## **Section 19 – Taxation**

If a Distributor has registered as a withholding agent through a local sales tax agency and submitted a "Sales and Use Tax Exemption Certificate" or equivalent document to XanGo, the collection of sales tax, value-added tax, goods and services tax, indirect tax, or any other sales tax equivalent will be the responsibility of the Distributor. If the Distributor does not provide certification from the appropriate taxing

authority, XanGo will collect sales tax based on the suggested retail price. The amount of tax is calculated based on the Distributor's local tax rate. It is the responsibility of the Distributor to provide an updated copy of its certification for exemption from sales tax each year.

## **Section 20 – Positioning of Company Leads**

Persons who are outside XanGo network often make inquiries to XanGo about its Products. If XanGo is able to determine that the inquiring Person received the information from a specific Distributor or that there is a particular Distributor that the Person is acquainted with, every attempt will be made to refer the Person to that Distributor. If an association with a particular Distributor cannot be determined, the Person will be randomly positioned under an existing "Premier"- level Distributor. Final judgments with respect to the positioning of leads remains the right of XanGo.

## **Section 21 – Special Requests**

- A. XanGo provides numerous services to its Distributors without charge. However, Distributors occasionally make requests that require special time and effort to fulfill. Requests in this category would include copies of receipts, paperwork, in-depth Commission information that must be calculated or extracted, research, banking instructions, stop-payment requests, etc. These and other special requests are available to the Distributor for a cost of forty (40) USD per hour, plus actual costs, with a minimum charge of forty (40) USD per request. Costs would include banking fees, photocopy expenses, professional fees, etc.
- B. Distributors may be asked for a signed confirmation of special work requests before the work is started. If a special service is requested due to an error caused by XanGo, charges for this request may be waived.

## **Section 22 – Privacy Policy & Confidentiality Obligations**

- A. All information provided by an Applicant on a Distributor Agreement will be used solely for the purposes of evaluating the Distributor Agreement and for related activities of the Distributor.
- B. All information held by XanGo with reference to Downline Organizations or Upline Distributors, including Distributor names and contact information, is the confidential, proprietary property of XanGo and all Distributors are required to treat it as such. The Distributor maintains no ownership with reference to this information and/or data. It may not be sold, disseminated, or provided to any other party. Improper and unauthorized use of XanGo's confidential information by a Distributor may be cause for termination and/or any other legal remedy available to XanGo. These obligations survive the termination of a Distributorship.
- C. A Distributor authorizes XanGo to disclose, in XanGo's sole discretion, its contact information to the Distributor's Upline, and to the Distributor's Downline three (3) levels below or to those Distributors for whom the Distributor is the closet Upline "Premier." The contact information may only be used for Distributor Business.
- D. XanGo may supply data-processing information and reports to the Distributor concerning its Downline Organization. Accordingly, the Distributor understands and agrees:
  - 1. the information is provided for the exclusive and limited use of the Distributor to facilitate the training, support and servicing of the Distributor's Downline Organization for furtherance of Distributor Business only;
  - 2. it will not disclose such information to a third party directly or indirectly (including other Distributors) and that doing so constitutes misuse, misappropriation, and a violation of the Contract, which causes irreparable harm to XanGo;
  - 3. it will not use the information to compete with XanGo directly or indirectly; and
  - 4. the information is, and remains, the property of XanGo.

- E. The Distributor agrees that any violation of this confidentiality requirement is grounds for termination and will require immediate injunctive relief without bond as an appropriate remedy under applicable law. These obligations survive the termination of a Distributorship.

### **Section 23 – Sales Tools**

- A. A Distributor may only use Sales Tools approved by XanGo for an Authorized Country or a country subject to an announced Pre-Launch Period.
- B. A Distributor must submit all Sales Tools to XanGo for approval prior to use. The approval process generally requires a minimum of three (3) weeks to complete. XanGo has total discretion whether to approve or reject a proposed Sales Tool.
- C. Material generated by a Distributor for use as a Sales Tool is approved only if:
  - 1. the material has been reviewed and approved by XanGo,
  - 2. the material has received a unique Sales Tool approval number and logo provided by XanGo, and
  - 3. the Distributor receives a written authorization from XanGo specifically stating that the Sales Tool may be distributed.
- D. To comply with changing laws and regulations, XanGo may rescind its prior approval of a Sales Tool, and may require the Distributor to remove from the market at its own cost and obligation a previously approved Sales Tool.
- E. The only claims and representations Distributors may make regarding Products are those found in the literature distributed by XanGo. Any third-party material used for Distributor Business must comply with all federal and local laws and regulations. All Distributors must read and abide by the concepts taught in the “Distributor Advertising Guide,” which is posted on XanGo’s website at [www.xango.net](http://www.xango.net).
- F. No Distributor may imply that the promotion, operation, or organization of XanGo has been approved, sanctioned, or endorsed by any governmental regulatory authority. No Distributor should claim or imply that any Product is approved by the FDA. The FDA does not require or grant specific approval for individual nutritional products, nor are such products intended to diagnose, treat, cure, or prevent any disease.
- G. A Distributor may not make any expressed or implied medical claims relating to any Product. Under no circumstances may a Distributor prescribe any Product as suitable for a particular ailment. No claims may be made as to therapeutic or curative properties of any Product offered by XanGo.
- H. The Distributor agrees that if it uses a fulfillment house or other third party to sell or distribute Sales Tools, the Distributor will enter into a contract, to be provided by XanGo, with the fulfillment house or third party to ensure that all Distributor and Customer information is protected from disclosure and remains the sole property of XanGo.
- I. A Distributor shall not communicate disparaging comments about competitors’ products to others and is strictly prohibited from communicating to others slanderous, libelous and derogatory statements about competitors or Distributors.

### **Section 24 – Distributor Advertising**

- A. The following trademarks are the sole property of XanGo:

**XANGO**



- B. Distributors may not use XanGo's XANGO or other trademarks, or any confusingly similar variations of its marks, in a manner that is likely to cause confusion, mistake, or deception as to the source of the products or services advertised.
1. A Distributor may not use XanGo's trademarks or any confusingly similar variation of its trademarks (e.g., Zango, XNGO, Xan2go, xang, etc.), in a business name, e-mail address, Internet domain name or sub-domain name, telephone number, or in any other address or title.
  2. The Distributor agrees to immediately re-assign to XanGo any registration of XanGo names, trade names, trademarks, or Internet domain names registered or reserved in violation of this policy. The provisions of this section survive the termination of the Contract.
  3. Distributors may not use XanGo's trademarks on non-approved Sales Tools.
  4. XanGo, in its sole discretion, will determine whether a variation of its trademark is confusingly similar.
- C. XanGo's literature and media are copyrighted by XanGo and may not be duplicated without written consent.
- D. Distributors shall not re-label, alter or repackage any Products.
- E. If a Distributor selects a business title, the title must clearly state that the Distributor is a "XanGo Independent Distributor." A Distributor's title may not imply that the Distributor is an employee or agent of XanGo. Each time XanGo's logo or name is used in writing and in relation to the Distributor, the Distributor must identify itself as a "XanGo Independent Distributor."
- F. Distributors may advertise using the following means:
1. Newspaper: A Distributor may place a generic business opportunity advertisement in the classified section of a local newspaper, provided the advertisement conforms to all applicable laws and regulations.
  2. Phone Directory: Any Distributor may place a text listing of its name in the white or yellow pages of a telephone directory followed by "XanGo Independent Distributor." Graphical and display ads in telephone directories are prohibited.
  3. Electronic Mail Advertisements: All advertisements sent via e-mail, telephone, or facsimile must comply with all anti-spamming laws for the state or country where the intended recipient resides. The Distributor is under obligation to research and comply with all laws concerning unsolicited commercial e-mail. Under United States law, it is unlawful "to use any telephone, facsimile machine, computer, or other device to send an unsolicited advertisement. Electronic mail advertisement means any e-mail message, the principal purpose of which is to promote, directly or indirectly, the sale or other distribution of goods or services to the recipient." (CAN-SPAM Act of 2003.)
- G. XanGo encourages Distributors to utilize personal media coverage to expand and build their business; however, certain situations require the Distributor to contact XanGo's Public Relations Department. These would include:
1. instances where the story has national potential;
  2. cases where the story calls for a wider company/Product perspective; and/or
  3. when the Distributor is questioned about sales figures and/or business strategies.

Distributors are prohibited from disclosing or including any sales figures or projections, income amounts, or health claims of any kind.

- H. A Distributor may not use a celebrity endorsement without written approval from XanGo and the specific, prior, written approval of the endorsing celebrity for each use of the celebrity's name.
- I. Distributors may use only XanGo-licensed Internet websites to promote Products or the business opportunity over the Internet. Promoting Products or the business opportunity through an unlicensed Internet website is strictly prohibited. Distributors that wish to operate licensed websites must meet the following criteria:
  - 1. A Distributor may not enter into a website licensing agreement until it has completed a website training course given by XanGo.
  - 2. All licensed websites are subject to a one-time initial fee and yearly maintenance fees, regardless of the date the website was created. The fees are described in the Internet licensing agreement, which is available upon request. These fees are necessary for XanGo to provide training and personnel to monitor Distributor Internet websites for compliance with these Policies and Procedures.
  - 3. All licensed websites must first be reviewed and approved by XanGo as Sales Tools, in accordance with Section 23. Licensed websites must be XanGo-specific and may not advertise, promote, or link to any other product or opportunity. However, all such sites, and any changes thereto, must first be reviewed and approved by XanGo as Sales Tools, in accordance with Section 23. If approved, the Distributor must enter into a licensing agreement with XanGo and the site must display a company-generated "licensed" designation. Changes made to the site after obtaining the initial license require written authorization from a representative of XanGo's Distributor Education & Conduct Department.
  - 4. Distributors may not use any key words or meta tags to advertise any licensed website on the Internet if the search words or meta tags explicitly or implicitly present illegal or unsubstantiated health or income claims.
  - 5. Distributors must obtain written approval from XanGo before initiating any sponsored links on Internet search engines to direct Internet traffic to an authorized XanGo-licensed Internet website.
  - 6. XanGo may revoke the license for any previously approved website at any time and for any reason, including changes to federal and local laws and regulations.

## **Section 25 – Retail and Service Establishments, Tradeshows, and Company Events**

- A. A Distributor may not sell Products or promote the business opportunity through Retail Establishments. A Distributor is also prohibited from selling Products to any Person who the Distributor knows, or has reason to suspect, will ultimately sell those Products through Retail Establishments.
- B. The display of Independent Distributor information within the premises of a Retail Establishment is acceptable if it complies with the restrictions in this and other Sections of the P&P. It is permissible to incorporate *one bottle* per retail establishment, and/or several images of the bottle, into a display for the sole purpose of advertising. *No bottles, including the display, may be sold on the premises of the Retail Establishment.* No retail establishment shall display or advertise Company product(s) or opportunities in a manner that is visible from outside the store. The Company-designated disclaimer must be prominently posted near the displayed bottle. The disclaimer may not be altered in size, color, content, etc. The disclaimer may be downloaded at [www.xango.net](http://www.xango.net) and should state the following:

“Thank you for your interest in XanGo. As a direct selling company, XanGo® Juice is distributed and sold by Independent Distributors and not in retail stores. Please contact (Distributor's Name) at (Distributor's Contact Information) in order to purchase your bottle of XanGo Juice.”
- C. A Distributor may conduct Distributor Business through Service-related Establishments under approved conditions. The following conditions apply for approved Distributor Business in a Service-related Establishment:

1. no Product banners or other Sales Tools may be displayed to the general public in a manner that would attract the public into the Service-related Establishment,
2. if the Service-related Establishment is a restaurant, café, juice bar or the like, XanGo's XanGo<sup>®</sup> Juice beverage may be sold by the glass, but not by the bottle, and
3. the Distributor provides ongoing support to its Customers from the establishment.

XanGo alone has total discretion whether an establishment is a service-related establishment and a proper place for the sale of Products.

- D. A Distributor may not sell or promote Products at bazaars, flea markets, fairs, swap meets, or other similar gatherings. A Distributor may promote and sell Products at tradeshow, except those where XanGo announces on its website ([www.xango.net](http://www.xango.net)) it will have an exclusive presence.
- E. At XanGo-sponsored events, Distributors may not sell or promote non-XanGo products or services, or use any form of promotion deemed inappropriate by XanGo.
- F. A Distributor may not sell or facilitate the sale of Product on Internet websites where an auction is the mode of selling or buying (e.g., eBay). A Distributor may not use a third party to place Product on auction websites. The provisions of this section survive the termination of the Contract.

## **Section 26 – Legal Claims and Disputes**

- A. A Distributor shall immediately notify XanGo's legal department in writing of any potential or actual legal claims from third parties against the Distributor arising from, or associated with, the Distributor's Business or its Downline Organization that may adversely affect XanGo. After notifying the Distributor, XanGo may take any action necessary to protect itself, including controlling any litigation or settlement of the legal claims. If XanGo takes action in the matter, the Distributor shall not interfere or participate in the matter without XanGo's consent, which shall not be unreasonably withheld.
- B. Alleged violations of the Contract by a Distributor will first be handled under the procedures outlined in Section 8 of these Policies and Procedures.
- C. Any recourse sought by a Distributor against XanGo for any reason or against another Distributor for reasons related to the business shall be subject to the arbitration provisions noted in Section 32.

## **Section 27 – Unauthorized International and/or Territorial Expansion**

- A. XanGo will formally announce a Pre-Launch Period for a future Authorized Country at least thirty (30) days prior to the official opening of the country. No information regarding business development in a non-Authorized Country will be available until the official announcement of the Pre-Launch Period.
- B. Prior to an announced Pre-Launch Period, Distributor Business in an unopened country is strictly limited. A Distributor may only hand out business cards and participate in small meetings not exceeding eight (8) total persons personally acquainted with the Distributor or the Distributor's contacts. Any other Distributor Business in the unopened country is prohibited, including:
  1. importing, distributing, offering, or advertising Products;
  2. advertising a Distributor's travel schedule within the country;
  3. seeking financial or other commitments or arrangements from residents of the country regarding any aspect of a Distributorship; and
  4. participating, either directly or indirectly, in any financial or other commitments or arrangements relating to Distributor Business in the country.

- C. A Distributor who violates these provisions for unopened countries is subject to the remedies outlined in Section 8 or any other applicable section of these Policies and Procedures. In addition, XanGo may also:
1. withhold from the Distributor, in all markets, traditionally afforded privileges such as recognition at XanGo events or in XanGo literature for a period of up to one year;
  2. deny any claim of Sponsorship the Distributor may have to a resident of the country;
  3. refuse to pay Commissions to the Distributor and its Upline from Volume generated in the country from the Distributor's Downline Organization; and
  4. exclude the Distributor from participating in the country for a specific period of time determined by XanGo, after which the Distributor must petition XanGo in writing for permission to conduct Distributor Business in the country.

## **Section 28 – Entire Agreement**

The Contract contains the entire understanding concerning the subject matter hereof between XanGo and the Distributor, and is intended as a final, complete, and exclusive expression of the terms of the parties. This Contract supersedes and replaces all prior negotiations and proposed, but unexecuted agreements, either written or oral. Any prior agreements, promises, negotiations, or representations, either written or oral, relating to the subject matter of this Contract, are of no force or effect. If there is any discrepancy between verbal representations made to the Distributor by any employee or agent of XanGo and the terms of the Contract, the express written terms and requirements of the Contract will prevail.

## **Section 29 – Modifications by the Company**

XanGo reserves the right to make any modifications to the Contract, provided that the modifications are communicated by XanGo to the Distributor at least thirty (30) days prior to taking effect. XanGo may communicate these modifications by posting any portion of the modified Contract on XanGo's website at [www.xango.net](http://www.xango.net), or by any other method of communication. The Distributor is deemed to have accepted the modification to the Contract if the Distributor engages in any Distributor Business, renews its Distributorship, or accepts Commissions after the thirty- (30-) day period is ended.

## **Section 30 – Waiver**

Any waiver by XanGo of a Distributor's breach of a Contract provision must be in writing and will not be construed as a waiver of any subsequent or additional breach by the Distributor. The failure by XanGo to exercise any right or privilege under the Contract will not constitute a waiver of that right or privilege.

## **Section 31 – Severance**

If any term or condition of this Contract is judicially invalidated, prohibited, or otherwise rendered unenforceable in any jurisdiction, it is unenforceable only to the extent of the invalid, prohibited or unenforceable provision in that jurisdiction only, and it will not render unenforceable or invalidate any other provision of the Contract, nor will the Contract be rendered unenforceable or invalidated in another jurisdiction.

## **Section 32 – Governing Law and Arbitration**

- A. The State of Utah is the place of origin of this Contract, and is where XanGo accepted the offer of an Applicant to become a Distributor and where the Distributor entered into the Contract with XanGo. The Contract is therefore to be construed in accordance with the laws of the State of Utah as to Contracts made and to be wholly performed within the State.
- B. Any controversy or claim arising out of or relating to the Contract or the breach thereof, or any controversy or claim relating to the business arising between Distributors shall be settled by mandatory, final, binding, non-appealable arbitration in Salt Lake City, Utah, in the United States of America. The arbitration shall be administered by the American Arbitration Association under its Commercial Arbitration Rules and shall be

governed by Utah state law. Judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof and enforcement of the judgment shall be governed by Utah state law.

- C. If any suit, action or proceeding is brought to enforce any term or provision of this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees, costs, and expenses incurred, in addition to any other relief to which such party may be legally entitled.

### **Section 33 – Successors and Claims**

The Contract will be legal and binding upon and inure to the benefit of the parties and their respective successors and assigns.

### **Addendum (for Xango International Canada Company only)**

A. Privacy. A Distributor may be required from time to time to provide the Company with personal information relating to his or her Distributorship and/or the Distributor Contract. The Company's rights to use this information and the Distributor's right to access and correct his or her personal information is in accordance with the Personal Information Protection and Electronic Documents Act.

B. Typical Earnings Statement. A Distributor is required to disclose the typical earnings of a distributor in Canada whenever making a compensation claim or reference to earnings, life style, or compensation plan. The Company does not in any way guarantee a minimum amount of earnings for any Distributor. Earnings are based upon individual efforts and market conditions. The average annual earnings of typical distributors operating in Canada in 2006 was \$1,086. A "Typical Distributor" means 55% of active XanGo distributors who have been distributors for at least one year.

## APPENDIX

The following defined terms apply throughout the Contract, where they are signified by title capital letters:

Applicant	A Person who has submitted a Distributor Agreement.
Authorized Country	A country that XanGo has, in writing, specifically acknowledged and sanctioned to be available to all Distributors for Distributor Business.
Automated Clearing House (ACH)	An optional program that authorizes XanGo to electronically debit a Distributor's bank account for the amount of an order.
Automatic Delivery Program (ADP)	An optional program that authorizes XanGo to automatically ship Product to a Distributor on a recurring monthly basis.
Beneficial Interest	A person or Business Entity is deemed to have a Beneficial Interest in a Distributorship if he/she/it has: (1) any direct or indirect ownership in a Distributorship as an individual, partner, shareholder, member, beneficiary, trustee, officer, director or principal of a Distributorship; (2) has any actual or de facto control over a Distributorship; (3) receives any income directly or indirectly from a Distributorship (other than the receipt of income pursuant to the Compensation Plan by an Upline Distributor); (4) the receives familial support from a Distributorship; (5) receives spousal support derived from a Distributorship; or (5) has any other similar financial interest in a Distributorship. A spouse or Co-habitant of a Distributor is deemed to have a Beneficial Interest in the Distributor's Distributorship.
Business Entity	Any type of business association authorized under the laws of the jurisdiction in which it was organized. This includes, but is not limited to, legally formed: corporations, partnerships, trusts, and limited-liability companies.
Co-habitant	A person who is 18 years of age or older who shares with another person a common residency and marriage-like relationship.
Commissions	Compensation paid to a Distributor based on the Volume of Products sold by the Distributor and its Downline Organization. Eligibility to receive Commissions is determined by the monthly sales requirements currently in effect, as outlined in the Compensation Plan.
Compensation Plan	The specific plan used by XanGo that details the requirements and benefits of the compensation structure for Distributors.
Contract	The documents describing the specific relationship between a XanGo Distributor and XanGo, comprising the Distributor Agreement, the Statement of Beneficial Interest, the Compensation Plan, the Policies and Procedures and any country or situation-specific addendum(s) thereto, and any other written agreement between the Distributor and XanGo, which documents are incorporated herein by reference.
Customer	A non-Distributor that purchases Products at retail price.
Date of Sign-up	The date XanGo receives and accepts an Applicant's Distributor Agreement bearing an original signature or electronic copy of an original signature.
Distributor	A Person who has entered into the Contract with XanGo. If more than one individual is listed on the Distributor Agreement, then "Distributor" may refer to all individuals collectively, with each individually retaining all Distributor rights and obligations.

Distributor Agreement	The agreement submitted by an Applicant to become a Distributor. In signing the Distributor Agreement, an Applicant certifies that it has read and will abide by the terms and conditions of the Contract.
Distributor Business	Activities determined at the sole discretion of XanGo to be a promotion of XanGo's Products or business opportunity. Some of these activities include, but are not restricted to: signing a Distributor Agreement; advertising, selling or exhibiting Product; hosting, conducting, or speaking at XanGo-related meetings or events; purchasing, exchanging, or returning Products; and sponsoring new Distributors.
Distributorship	The relationship between a Distributor and XanGo as defined by the Contract, including the Distributor's Downline Organization and the right to Commissions.
Downline Organization	An organization comprised of Distributors who have been personally sponsored or recruited by those in a direct chain of Sponsorship to any particular Distributor.
Front Line	The Distributors who appear on the first level of the immediate Downline Organization of any particular Distributor through Sponsorship and/or Placement.
Initial Order	A Distributor's first Product order, shipped to a single address and placed within thirty (30) days of the Date of Sign-up.
Person	A formal or legal context referring to an individual, a Business Entity, or any other entity with a distinct separate existence.
Placement	The positioning of a Distributor in a Downline Organization by a Sponsor.
Policies and Procedures	The policies and procedures of XanGo contained herein, as the same may be amended from time to time by XanGo.
Pre-Launch Period	A period of time announced by XanGo prior to a country becoming an Authorized Country during which a Distributor may begin Distributor Business within that country.
Product	Any product or service offered by XanGo.
Rank	The current level of the Distributorship according to the Compensation Plan. The Rank of a Distributor, which will affect the Distributor's Commissions, may fluctuate and depends on the Distributor meeting various qualifications outlined in the Compensation Plan.
Retail Establishment	Any enterprise where the sale of merchandise constitutes a portion of its regular business, including unlicensed Internet websites, or any permanent place of sale freely accessible to the public.
Retail Sales	Sales made to Customers.
Sales Tool	Any information, material or product created by the Distributor for Distributor Business.
Service-related Establishment	An enterprise where the general public does not have ready access unless through appointment or membership, and/or where the primary-function of the enterprise is the rendering of professional services rather than selling merchandise. These establishments would include private or restricted-access offices, businesses, or private associations.
Sponsor	A Distributor who has directly recruited another Distributor in its Downline Organization.
Statement of Beneficial Interest	A document required as part of the Contract if an Applicant is applying as a Business Entity. The Statement of Beneficial Interest must list all persons who are partners, shareholders, principals, officers, directors, trustees, beneficiaries, or who otherwise have any direct or indirect Beneficial Interest in or control over the Business Entity.

Title	The highest level achieved by a Distributor in accordance with the requirements of the Compensation Plan.
UniLevel Commission	A monthly Commission paid to qualified Distributors according to the Compensation Plan.
Upline	The single-line hierarchy of Sponsors and/or Distributors extending upward from the Placement of a Distributor.
Volume	A value assigned to a Product for Commission purposes.
Wholesale Cost	The price XanGo charges Distributors for Products plus applicable shipping and tax.
XanGo	XanGo, LLC, a Utah limited liability company, or any lawful assignee, successor, subsidiary, or affiliate regardless of geographic location.