



STATEMENT OF POLICIES
and
PROCEDURES
Effective October 2009

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SECTION 1 - INTRODUCTION

1.1 - Policies and Compensation Plan Incorporated into IBO Agreement

These Policies and Procedures, in their present form and as amended at the sole discretion of Pinnaclife, Inc. (hereafter “Pinnaclife” or the “Company”), are incorporated into, and form an integral part of, the Pinnaclife Independent Business Owner (“IBO”) Agreement. Throughout these Policies, when the term “Agreement” is used, it collectively refers to the Pinnaclife IBO Application and Agreement, these Policies and Procedures, the Pinnaclife Marketing and Compensation Plan and the Pinnaclife Business Entity Application (if applicable). These documents are incorporated by reference into the Pinnaclife IBO Agreement (all in their current form and as amended by Pinnaclife).

1.2 - Changes to the Agreement

Pinnaclife reserves the right to amend the Agreement and its prices in its sole and absolute discretion. By signing the IBO Agreement, an IBO agrees to abide by all amendments or modifications that Pinnaclife elects to make. Amendments shall be effective thirty (30) days after publication of notice that the Agreement has been modified. Notification of amendments shall be published by one or more of the following methods: (1) posting on the Company’s official Web site; (2) electronic mail (e-mail); (3) inclusion in Company periodicals or (4) special mailings. The continuation of an IBO’s Pinnaclife business or an IBO’s acceptance of bonuses or commissions constitutes acceptance of any and all amendments.

1.3 - Policies and Provisions Severable

If any provision of the Agreement, in its current form or as may be amended, is found to be invalid, or unenforceable for any reason, only the invalid portion(s) of the provision shall be severed and the remaining terms and provisions shall remain in full force and effect. The severed provision, or portion thereof, shall be reformed to reflect the purpose of the provision as closely as possible.

1.4 - Waiver

The Company never gives up its right to insist on compliance with the Agreement and with the applicable laws governing the conduct of a business. No failure of Pinnaclife to exercise any right or power under the Agreement or to insist upon strict compliance by an IBO with any obligation or provision of the Agreement, and no custom or practice of the parties at variance with the terms of the Agreement, shall constitute a waiver of Pinnaclife’s right to demand exact compliance with the Agreement. The existence of any claim or cause of action of an IBO against Pinnaclife shall not constitute a defense to Pinnaclife’s enforcement of any term or provision of the Agreement.

SECTION 2 - BECOMING AN IBO

2.1 - Requirements to Become an IBO

To become a Pinnaclife IBO, each applicant must:

- Be of the age of majority in his or her state of residence;
- Reside in the United States or U.S. Territories or country that Pinnaclife has officially announced is open for business;
- Have a valid Social Security or Federal Tax ID number;
- Purchase a Pinnaclife Starter Kit (optional in North Dakota);
- Submit a properly completed IBO Application and Agreement to Pinnaclife either in hard copy or online format;
- Submit a properly completed IRS form W-9.

2.2 - IBO Benefits

Once an IBO Application and Agreement has been accepted by Pinnaclife the benefits of the Marketing and Compensation Plan and the IBO Agreement are available to the new IBO. These benefits include the right to:

- Sell Pinnaclife products and services;
- Participate in the Pinnaclife Marketing and Compensation Plan (receive bonuses and commissions, if eligible);
- Sponsor other individuals as Customers or IBOs into the Pinnaclife business and thereby, build a marketing organization and progress through the Pinnaclife Marketing and Compensation Plan;
- Receive periodic Pinnaclife literature and other Pinnaclife communications;
- Participate in Pinnaclife-sponsored support, service, training, motivational and recognition functions, upon payment of appropriate charges, if applicable and
- Participate in promotional and incentive contests and programs sponsored by Pinnaclife for its IBOs.

2.3 - Term and Renewal of Your Pinnaclife Business

The term of the IBO Agreement is one (1) year from the date of its acceptance by Pinnaclife. IBOs must renew their IBO Agreement each year by paying an annual renewal fee on or before the anniversary date of their IBO Agreement. If the renewal fee is not paid within thirty (30) days after the expiration of the current term of the IBO Agreement, the IBO Agreement will be canceled. IBOs may elect to utilize the Automatic Renewal Program (“ARP”). Under the ARP, the renewal fee will be charged to the IBO’s credit card on file with the Company.

SECTION 3 - OPERATING A PINNACLIFE BUSINESS

3.1 - Adherence to the Pinnaclife Marketing and Compensation Plan

IBOs must adhere to the terms of the Pinnaclife Marketing and Compensation Plan as set forth in official Pinnaclife literature. IBOs shall not offer the Pinnaclife opportunity through, or in combination with, any other system, program or method of marketing other than that specifically set forth in official Pinnaclife literature. IBOs shall not require or encourage other current or prospective Customers or IBOs to execute any agreement other than official Pinnaclife agreements in order to become a Pinnaclife IBO. Similarly, IBOs shall not require or encourage other current or prospective Customers or IBOs to make any purchase from, or payment to, any individual or other entity to participate in the Pinnaclife Marketing and Compensation Plan other than those identified in official Pinnaclife literature.

3.2 - Advertising

3.2.1 - General

All IBOs shall safeguard and promote the good reputation of Pinnaclife and its products. The marketing and promotion of Pinnaclife, the Pinnaclife opportunity, the Marketing and Compensation Plan and Pinnaclife products must avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices.

To promote both the products and services, and the business Pinnaclife offers, IBOs must use only official Company materials. IBOs may not produce their own literature, advertisements, sales tools and promotional materials, or Internet Web pages.

3.2.2 - IBO Web sites

If an IBO desires to utilize an Internet Web page to promote his or her business, he or she may do so through the Company's official web site templates.

3.2.3 - Trademarks and Copyrights

Pinnaclife will not allow the use of its trade names, trademarks, designs or symbols by any person, including Pinnaclife IBOs, without its prior, written permission. IBOs may not produce for sale or distribution any recorded Company events and speeches without written permission from Pinnaclife, nor may IBOs reproduce for sale or for personal use any recording of Company-produced audio or video tape presentations. IBOs may not use or attempt to register any of Pinnaclife's trade names, trademarks, service names, service marks, product names, the Company's name or any derivative thereof, for any Internet domain name.

3.2.4 - Media and Media Inquiries

IBOs may not respond to media inquiries regarding Pinnaclife, its products or services or their independent Pinnaclife business. All inquiries by any type must be immediately referred to Pinnaclife's Marketing Department.

3.2.5 - Unsolicited Email

IBOs shall not use mass email (spam) as a means of promoting their businesses. IBOs may send email to prospective customers and IBOs only if they have a personal or business relationship with such individual or if they have received permission from the recipient to send them an email relating to the Pinnaclife products or program.

3.2.6 - Unsolicited Faxes

Except as provided in this section, IBOs may not transmit unsolicited faxes or use an automatic telephone dialing system to promote their Pinnaclife businesses. The term "automatic telephone dialing system" means equipment which has the capacity to: (a) store or produce telephone numbers to be called, using a random or sequential number generator and (b) to dial such numbers. The term "unsolicited faxes" means the transmission via telephone facsimile of any material or information advertising or promoting Pinnaclife, its products, its compensation plan or any other aspect of the Company which is transmitted to any person, except that these terms do not include a fax or e-mail: (a) to any person with that person's prior express invitation or permission or (b) to any person with whom the IBO has an established business or personal relationship. The term "established business or personal relationship" means a prior or existing relationship formed by a voluntary two-way communication between an IBO and a person, on the basis of: (a) an inquiry, application, purchase or transaction by the person regarding products offered by such IBO or (b) a personal or familial relationship that has not been previously terminated by either party.

3.2.7 - Telephone Book Listings

IBOs may list themselves as an “Independent Pinnaclife IBO” in the white or yellow pages of the telephone directory under their own name as follows:

IBO’s Name

Independent Pinnaclife IBO

No IBO may place telephone directory display ads using Pinnaclife’s name or logo. IBOs may not answer the telephone by saying “Pinnaclife”, “Pinnaclife Incorporated” or in any other manner that would lead the caller to believe that he or she has reached the corporate offices of Pinnaclife.

3.3 - Business Entities

A corporation, limited liability company, partnership or trust (collectively referred to in this section as a “Business Entity”) may apply to be a Pinnaclife IBO by submitting an IBO Application and Agreement along with a properly completed Business Entity Registration Agreement and a properly completed IRS form W-9. The Business Entity, as well as all of the shareholders, members, partners, trustees or other parties with any ownership interest in, or management responsibilities for, the Business Entity (collectively “Affiliated Party”) are individually, jointly and severally liable for any indebtedness to Pinnaclife, compliance with the Pinnaclife Policies and Procedures, the Pinnaclife IBO Agreement and other obligations to Pinnaclife.

If any Affiliated Party wants to terminate his or her relationship with the Business Entity or Pinnaclife, the Affiliated Party must terminate his or her affiliation with the Business Entity, notify Pinnaclife in writing that he or she has terminated his or her affiliation with the Business Entity, and must comply with the provisions of Section 3.17. In addition, the Affiliated Party foregoing their interest in the Business Entity may not participate in any other Pinnaclife business for six (6) consecutive months in accordance with Section 3.4. If the Business Entity wishes to bring on any new Affiliated Party, it must adhere to the requirements of Section 3.17.

The modifications permitted within the scope of this paragraph *do not* include a change of sponsorship. Changes of sponsorship are addressed in Section 3.4, below. There is a \$25.00 fee for each change requested, which must be included with the written request and the completed IBO Application and Agreement.

3.4 - Change of Sponsor

An IBO may legitimately change organizations by voluntarily canceling his or her Pinnaclife business and remaining inactive (*i.e.*, no purchases of products for resale, no sales of products, no sponsoring, no attendance at any Pinnaclife functions, or operation of any other Pinnaclife business) for six (6) full calendar months. Following the six calendar-month period of inactivity, the former IBO may reapply under a new sponsor, however, the former IBO’s downline will remain in their original line of sponsorship.

In cases wherein the appropriate sponsorship change procedures have not been followed, and a downline organization has been developed in the second business developed by an IBO, Pinnaclife reserves the sole and exclusive right to determine the final disposition of

the downline organization. Due to the difficulty in resolving conflicts over the proper placement of a downline that has developed under an organization that has improperly switched sponsors, **IBOS WAIVE ANY AND ALL CLAIMS AGAINST PINNACLIFE, ITS OFFICERS, DIRECTORS, OWNERS, EMPLOYEES AND AGENTS THAT RELATE TO OR ARISE FROM PINNACLIFE'S DECISION REGARDING THE DISPOSITION OF ANY DOWNLINE ORGANIZATION THAT DEVELOPS BELOW AN ORGANIZATION THAT HAS IMPROPERLY CHANGED LINES OF SPONSORSHIP.**

3.4.1 - Product Claims

No claims (that include personal testimonials) as to therapeutic, curative or beneficial properties of any products offered by Pinnaclife may be made except those contained in official Pinnaclife literature. No IBO may make any claim that Pinnaclife products are useful in the cure, treatment, diagnosis, mitigation or prevention of any diseases.

3.4.2 - Income Claims

Because Pinnaclife IBOs do not have the data necessary to make income claims, an IBO, when presenting or discussing the Pinnaclife opportunity or Marketing and Compensation Plan, may not make income claims or disclose his or her Pinnaclife income (including the showing of checks, copies of checks, bank statements or tax records).

3.5 - Commercial Outlets

IBOs may not sell Pinnaclife products from a commercial outlet, nor may IBOs display or sell Pinnaclife products or literature in any retail or service establishment. Notwithstanding the foregoing, Pinnaclife products may be sold through the office of healthcare professionals so long as the individual who owns or operates the facility is an IBO.

3.6 - Conflicts of Interest

3.6.1 - Nonsolicitation

Pinnaclife IBOs are free to participate in other multilevel or network marketing business ventures or marketing opportunities (collectively "network marketing"). However, during the term of this Agreement, IBOs may not directly or indirectly recruit other Pinnaclife IBOs or Customers for any other network marketing business.

Following the cancellation of an IBO's independent IBO Agreement, and for a period of six (6) calendar months thereafter, with the exception of an IBO who is personally sponsored by the former IBO, a former IBO may not recruit any Pinnaclife IBO or Customer for another network marketing business. IBOs recognize that network marketing is conducted through networks of independent contractors dispersed across the entire United States and internationally, and business is commonly conducted via the Internet and telephone, any effort to narrowly limit the geographic scope of this non-solicitation provision would render it wholly ineffective. Therefore, IBOs agree that this non-solicitation provision shall apply to all markets in which Pinnaclife conducts business.

The term "recruit" means the actual or attempted sponsorship, solicitation, enrollment, encouragement or effort to influence in any other way, either directly, indirectly or through a third party, another Pinnaclife IBO or Customer to enroll or participate in another multilevel marketing, network marketing or direct sales opportunity.

3.6.2 - Sale of Competing Goods or Services

IBOs must not sell, or attempt to sell, any competing non-Pinnaclife programs, products or services to Pinnaclife Customers or IBOs. Any program, product or service in the same generic categories as Pinnaclife products or services is deemed to be competing, regardless of differences in cost, quality or other distinguishing factors.

3.6.3 - IBO Participation in Other Direct Selling Programs

If an IBO is engaged in other non-Pinnaclife direct selling programs, it is the responsibility of the IBO to ensure that his or her Pinnaclife business is operated entirely separate and apart from any other program. To this end, the following must be adhered to:

- IBOs shall not display Pinnaclife materials, products or services with or in the same location as any non-Pinnaclife materials, products or services.
- IBOs shall not offer the Pinnaclife opportunity, products or services in conjunction with any non-Pinnaclife program, opportunity, product or service.

3.6.4 - Downline Activity (Genealogy) Reports

Downline Activity Reports are available for IBO access and viewing in the back office of their Web site. IBO access to their back office is password protected. **All Downline Activity Reports and the information contained therein are confidential and constitute proprietary information and business trade secrets belonging to Pinnaclife.** Downline Activity Reports are provided to IBOs in strictest confidence and are made available to IBOs for the sole purpose of assisting IBOs in working with their respective Downline Organizations in the development of their Pinnaclife business. IBOs should use their Downline Activity Reports to assist, motivate and train their downline IBOs. The IBO and Pinnaclife agree that, except for this agreement of confidentiality and nondisclosure, Pinnaclife would not provide Downline Activity Reports to the IBO. An IBO shall not, on his or her own behalf, or on behalf of any other person, partnership, association, corporation or other entity:

- Directly or indirectly disclose any information contained in any Downline Activity Report to any third party;
- Directly or indirectly disclose the password to his or her back office;
- Use the Reports for any purpose other than promoting their Pinnaclife business;
- Recruit or solicit any IBO or Customer of Pinnaclife listed on any report, or in any manner attempt to influence or induce any IBO or Customer of Pinnaclife to alter their business relationship with Pinnaclife; or
- Use or disclose to any person or entity any information contained in any Report.

3.7 - Errors or Questions

If an IBO has questions about or believes any errors have been made regarding commissions, bonuses, Downline Activity Reports or charges, the IBO must notify Pinnaclife in writing within 60 days of the date of the purported error or incident in question. Pinnaclife will not be responsible for any errors, omissions or problems not reported to the Company within 60 days.

3.8 - Governmental Approval or Endorsement

Neither federal nor state regulatory agencies approve any direct selling or network marketing programs. Therefore, IBOs shall not represent that Pinnaclife or its Marketing and

Compensation Plan have been "approved" or sanctioned by any government agency.

3.9 - Holding Applications or Orders

IBOs may not manipulate enrollments of IBOs or product purchases. All IBO Applications and Agreements and product orders must be sent to Pinnaclife within 72 hours from the time they are signed by an IBO or placed by a customer, respectively.

3.10 - Independent Contractor Status

IBOs are independent contractors and are not purchasers of a franchise or a business opportunity. The agreement between Pinnaclife and its IBOs does not create an employer/employee relationship, agency, partnership or joint venture between the Company and the IBO. An IBO shall not be treated as an employee for his or her services or for Federal or State tax purposes. All IBOs are responsible for paying local, state and federal taxes due from all compensation earned as an IBO of the Company. The IBO has no authority (expressed or implied), to bind the Company to any obligation. Each IBO shall establish his or her own goals, hours and methods of sale, so long as he or she complies with the terms of the IBO Agreement, these Policies and Procedures and applicable laws.

3.11 - International Marketing

IBOs are authorized to sell Pinnaclife products and enroll Customers or IBOs in the countries in which Pinnaclife is authorized to conduct business, as announced in official Company literature. IBOs may sell, give, transfer or distribute Pinnaclife products or sales aids only in their home country. No IBO may, in any unauthorized country: (a) conduct sales, enrollment or training meetings; (b) enroll or attempt to enroll potential customers or IBOs; or (c) conduct any other activity for the purpose of selling Pinnaclife products, establishing a marketing organization or promoting the Pinnaclife opportunity.

3.12 - Excess Product Purchases and Bonus Buying

IBOs must never purchase more products than they can reasonably use or sell to retail customers in a month and must not influence or attempt to influence any other IBO to buy more products than they can reasonably use or sell to retail customers in a month.

Bonus buying is strictly prohibited. Bonus buying includes any mechanism or artifice to qualify for rank advancement, incentives, prizes, commissions or bonuses that is not driven by bona fide product purchases by end user consumers.

3.13 - Adherence to Laws and Ordinances

IBOs shall comply with all federal, state and local laws and regulations in the conduct of their businesses. Many cities and counties have laws regulating certain home-based businesses. IBOs must obey those laws that do apply to them. If a city or county official tells an IBO that an ordinance applies to him or her, the IBO shall cooperate fully and immediately send a copy of the ordinance to the Compliance Department of Pinnaclife.

3.14 - One Pinnaclife Business Per IBO and Per Household

An IBO may operate or have an ownership interest in only one Pinnaclife business. No individual may have, operate or receive compensation from more than one Pinnaclife business. Individuals of the same family unit may not enter into or have an interest in more than one Pinnaclife Business. A "family unit" is defined as spouses and dependent children living at or doing business at the same address.

3.15 - Actions of Household Members

If any member of an IBO's immediate household engages in any activity that, if performed by the IBO, would violate any provision of the Agreement, such activity will be deemed a violation by the IBO and PinnacLife may take disciplinary action pursuant to the Statement of Policies against the IBO.

3.16 - Roll-up of Marketing Organization

When a vacancy occurs in a Marketing Organization due to the termination of a PinnacLife business, each IBO in the first level immediately below the terminated IBO on the date of the cancellation will be moved to the first level ("front line") of the terminated IBO's sponsor.

3.17 - Sale, Transfer or Assignment of PinnacLife Business

A PinnacLife business is freely transferable subject to certain limitations. If an IBO wishes to sell his or her PinnacLife business, or interest in a Business Entity that owns or operates a PinnacLife business, the following criteria must be met:

- The selling Distributor must offer PinnacLife the right of first refusal to purchase the business on the same terms as agreed upon with a third-party buyer. PinnacLife shall have fifteen (15) days from the date of receipt of the written offer from the seller to exercise its right of first refusal.
- The buyer or transferee must become a qualified PinnacLife IBO;
- Any debt obligations the selling party has with PinnacLife must be satisfied.
- The selling party must be in good standing and not in violation of any of the terms of the Agreement.

The selling party must notify PinnacLife's Compliance Department in writing of his or her intent to sell, and PinnacLife issue an approval before proceeding with the sale.

3.18 - Separation of a PinnacLife Business

PinnacLife IBOs sometimes operate their PinnacLife businesses as husband-wife partnerships, regular partnerships, LLCs, corporations, trusts or other Business Entities. At such time as a marriage may end in divorce or a corporation, LLC, partnership, trust or other Business Entity may dissolve, arrangements must be made to assure that any separation or division of the business is accomplished so as not to adversely affect the interests and income of other businesses up or down the line of sponsorship.

During the divorce or entity dissolution process, the parties must adopt one of the following methods of operation:

- One of the parties may operate the PinnacLife business pursuant to an assignment in writing whereby the relinquishing party authorizes PinnacLife to deal directly and solely with the other non-relinquishing party.
- The parties may continue to operate the PinnacLife business jointly on a "business-as-usual" basis, whereupon all compensation paid by PinnacLife will be paid according to the status quo.

Under no circumstances will the Downline Organization of divorcing spouses or a dissolving business entity be divided or will Pinnaclife split commission and bonus payments.

3.19 - Succession

Upon the death or incapacitation of an IBO, his or her business may be passed to his or her heirs. Appropriate legal documentation must be submitted to the Company to ensure the transfer is proper. The successor(s) must execute an IBO Agreement and meet all of the qualifications for the deceased IBO's status.

3.20 - Telemarketing Techniques

Federal agencies (as well as a number of states) have "do not call" regulations as part of their telemarketing laws. These government regulations broadly define the term "telemarketer" and "telemarketing" so that an IBO's inadvertent action of calling someone whose telephone number is listed on the federal "do not call" registry could cause him or her to violate the law. These regulations must not be taken lightly, as they carry significant penalties (up to \$11,000.00 per violation). IBOs must comply with all federal and state telemarketing laws.

SECTION 4 - RESPONSIBILITIES OF IBOS

4.1 - Change of Address, Telephone and E-Mail Addresses

IBOs must ensure that Pinnaclife's files are current. IBOs must amend their contact information through their IBO Back Office as necessary. IBOs and customers will be charged shipping fees for orders that are shipped to an incorrect or outdated address provided to Pinnaclife.

4.2 - Continuing Development Obligations

4.2.1 - Ongoing Training

Any IBO who sponsors another IBO into Pinnaclife must perform a bona fide assistance and training function to ensure that his or her downline is properly operating his or her Pinnaclife business. IBOs must have ongoing contact and communication with the IBOs in their Downline Organizations. Examples of such contact and communication may include, but are not limited to: written correspondence, personal meetings, telephone contact, electronic mail and participation in Pinnaclife meetings. Upline IBOs are also responsible to motivate and train new IBOs in Pinnaclife product knowledge, effective sales techniques, and the Pinnaclife Marketing and Compensation Plan.

4.2.2 - Ongoing Sales Responsibilities

IBOs have an ongoing obligation to continue to personally promote sales through the generation of new customers and through servicing their existing customers.

4.3 - Nondisparagement

Pinnaclife wants to provide its independent IBOs with the best products, compensation plan and service in the industry. Accordingly, we value your constructive criticisms and comments. All such comments should be submitted in writing to the IBO Services Department. However, IBOs must not disparage, demean or make negative remarks about Pinnaclife, other Pinnaclife IBOs, Pinnaclife's products, the Marketing and Compensation plan or Pinnaclife's directors, officers or employees.

SECTION 5 - SALES REQUIREMENTS

5.1 - Product Sales

The Pinnaclife Marketing and Compensation Plan is based on the sale of Pinnaclife products and services to end consumers. IBOs must fulfill personal and Downline Organization retail sales requirements to be eligible for bonuses, commissions and advancement to higher levels of achievement.

5.2 - No Territory Restrictions

There are no exclusive territories granted to anyone. No franchise fees are required.

5.3 - Sales Receipts

IBOs must provide their retail customers with two (2) copies of an official Pinnaclife sales receipt at the time of the sale. These receipts set forth the Customer Satisfaction Guarantee as well as any consumer protection rights afforded by federal or state law. IBOs must maintain all retail sales receipts for a period of two (2) years and furnish them to Pinnaclife at the Company's request.

SECTION 6 - BONUSES AND COMMISSIONS

6.1 - Bonus and Commission Qualifications

An IBO must be active and in compliance with the Agreement to qualify for bonuses and commissions. Commissions and bonuses are paid to IBOs via a Pinnaclife private label debit card. In order to receive commissions and bonuses, IBOs must order the debit card from Payoneer, the debit card vendor. The minimum amount for which Pinnaclife will issue payment to an IBO is \$25.00. If an IBO's bonuses and commissions do not equal or exceed \$25.00, the Company will accrue the commissions and bonuses until they total \$25.00. Payment will be issued once \$25.00 has been accrued, subject to the debit card activation and load fees set forth in Section 6.2.2 below.

6.2 - Adjustments to Bonuses and Commissions

6.2.1 – Adjustments for Returned Products

IBOs receive bonuses and commissions based on the actual sales of products and services to end consumers. When a product is returned to Pinnaclife for a refund or is repurchased by the Company, the bonuses and commissions attributable to the returned or repurchased product(s) will be deducted in the month in which the refund is given, and continuing every pay period thereafter until the commission is recovered, from the upline IBOs who received bonuses and commissions on the sales of the refunded products.

6.2.2 – Payment Card Fees

The Company pays bonuses and commissions to IBOs via direct payment onto a private labeled Pinnaclife debit card. There is a one-time card activation fee of \$6.95. There is also a "load fee" of \$1.00 each time bonuses or commissions are loaded to the IBO's debit card. The one-time activation fee and the recurring load fees will be withheld from the bonuses and commissions payable to the IBO. No funds will be loaded to the card until the IBO has accrued at least \$25.00 in bonuses and commissions. Thus, the first time that funds are transferred to the debit card, there will be a total of \$7.95 in fees withheld. There are additional account maintenance, usage, and customer service fees associated with the debit card that are

withheld from the available balance on the IBO's debit card as set forth in the cardholder agreement entered into between the IBO and the provider of the payment card services.

6.3 - Reports

Due to various factors including but not limited to the inherent possibility of human, digital and mechanical error; the accuracy, completeness and timeliness of orders; denial of credit card and electronic check payments; returned products; or credit card and electronic check charge-backs; the information is not guaranteed by Pinnaclife or any persons creating or transmitting the information.

ALL PERSONAL AND GROUP SALES VOLUME INFORMATION IS PROVIDED "AS IS" WITHOUT WARRANTIES, EXPRESS OR IMPLIED, OR REPRESENTATIONS OF ANY KIND WHATSOEVER. IN PARTICULAR, BUT WITHOUT LIMITATION, THERE SHALL BE NO WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR USE OR NON-INFRINGEMENT.

TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, PINNACLIFE AND/OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION WILL IN NO EVENT BE LIABLE TO ANY IBO OR ANYONE ELSE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES THAT ARISE OUT OF THE USE OF OR ACCESS TO PERSONAL AND/OR GROUP SALES VOLUME INFORMATION (INCLUDING BUT NOT LIMITED TO LOST PROFITS, BONUSES OR COMMISSIONS, LOSS OF OPPORTUNITY AND DAMAGES THAT MAY RESULT FROM INACCURACY, INCOMPLETENESS, INCONVENIENCE, DELAY OR LOSS OF THE USE OF THE INFORMATION), EVEN IF PINNACLIFE OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION SHALL HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. TO THE FULLEST EXTENT PERMITTED BY LAW, PINNACLIFE OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION SHALL HAVE NO RESPONSIBILITY OR LIABILITY TO YOU OR ANYONE ELSE UNDER ANY TORT, CONTRACT, NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY OR OTHER THEORY WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT OR TERMS AND CONDITIONS RELATED THERETO.

SECTION 7 - PRODUCT GUARANTEES, RETURNS AND INVENTORY REPURCHASE

7.1 - Product Guarantee

Pinnaclife offers all customers a 100 percent money back guarantee. If, for any reason, a customer is dissatisfied with any Pinnaclife product or service, the customer may return product for a replacement or full refund within ninety (90) days of purchase. Shipping costs are not refundable. If an IBO returns more than \$300.00 in products in any twelve (12) consecutive month period, it shall constitute the IBO's request to cancel his or her IBO Agreement, and the return shall be treated as an inventory return pursuant to Section 7.2.

7.2 - Return of Inventory and Sales Aids by IBOs Upon Cancellation

Upon cancellation of an IBO's Agreement, the IBO may return his or her Starter Kit and any products and sales aids held in his or her inventory for a refund. IBOs may only return Starter Kits, products and sales aids that he or she personally purchased from Pinnaclife and

which are in Resalable condition and which have been purchased within one year prior to the date of cancellation. Upon receipt of a Resalable Starter Kit and/or Resalable products and sales aids, the IBO will be reimbursed 90 percent of the net cost of the original purchase price(s). Shipping charges are not refundable.

7.2.1 - Montana Residents

A Montana resident may cancel his or her IBO Agreement within fifteen (15) days from the date of enrollment, and may return his or her Starter Kit for a full refund within such time period.

SECTION 8 - DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS

8.1 - Disciplinary Sanctions

Violation of the Agreement, these Policies and Procedures, or any common law duty, any illegal, fraudulent, deceptive or unethical business conduct, may result, at PinnacLife's discretion, in one or more of the following corrective measures:

- Issuance of a written warning or admonition;
- Requiring the IBO to take immediate corrective measures;
- Imposition of a fine, which may be withheld from bonus and commission payments;
- Loss of rights to one or more bonus and commission payment;
- Withholding all or part of the IBO's bonuses and commissions during the period that PinnacLife is investigating any conduct allegedly violating the Agreement;
- Suspension of the individual's IBO Agreement for one or more pay periods;
- Involuntary termination of the offender's IBO Agreement;
- Any other measure expressly allowed within any provision of the Agreement;
- In situations deemed appropriate by PinnacLife, the Company may institute legal proceedings for monetary and/or equitable relief.

8.2 - Mediation

Prior to instituting arbitration, the parties shall meet in good faith and attempt to resolve any dispute arising from or relating to the Agreement through non-binding mediation. One individual who is mutually acceptable to the parties shall be appointed as mediator. The mediator's fees and costs, as well as the costs of holding and conducting the mediation, shall be divided equally between the parties. Each party shall pay its portion of the anticipated shared fees and costs at least ten (10) days in advance of the mediation. Each party shall pay its own attorneys fees, costs and individual expenses associated with conducting and attending the mediation. Mediation shall be held in Iowa City, Iowa, and shall last no more than two (2) business days.

8.3 - Arbitration

If mediation is unsuccessful, **any controversy or claim arising out of or relating to the Agreement, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.** IBOs waive all rights to trial by jury or to any court. All arbitration proceedings shall be held in Iowa City, Iowa. All parties shall be entitled to all discovery rights

pursuant to the Federal Rules of Civil Procedure, and the Federal Rules of Evidence shall apply. There shall be one arbitrator, an attorney at law, who shall have expertise in business law transactions with a strong preference being an attorney knowledgeable in the direct selling industry, selected from the panel that the American Arbitration Panel provides. Each party to the arbitration shall be responsible for its own costs and expenses of arbitration, including legal and filing fees. The decision of the arbitrator shall be final and binding on the parties and may, if necessary, be reduced to a judgment in any court of competent jurisdiction. This agreement to arbitration shall survive any termination or expiration of the Agreement.

Notwithstanding the foregoing, nothing in these Policies and Procedures shall prevent Pinnaclife from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction, permanent injunction or other relief available to safeguard and protect Pinnaclife's interest prior to, during or following the filing of any arbitration or other proceeding or pending the rendition of a decision or award in connection with any arbitration or other proceeding.

8.4 - Governing Law, Jurisdiction and Venue

Jurisdiction and venue of any matter not subject to arbitration shall reside exclusively in Johnson County, State of Iowa or in the United States District Court for the Northern District of Iowa, in Cedar Rapids, Iowa. The Federal Arbitration Act shall govern all matters relating to arbitration. The law of the State of Iowa shall govern all other matters relating to or arising from the Agreement. Notwithstanding the foregoing, and the arbitration provision in Section 8.3, residents of the State of Louisiana shall be entitled to bring an action against Pinnaclife in their home forum and pursuant to Louisiana law.

SECTION 9 - PAYMENT AND SHIPPING

9.1 - Returned Checks

All checks returned by an IBO's bank for insufficient funds will be re-submitted for payment. A \$25.00 returned check fee will be charged to the account of the IBO. After receiving a returned check from a customer or an IBO, all future orders must be paid by Credit Card, money order or cashier's check. Any outstanding balance owed to Pinnaclife by an IBO for NSF checks and returned check fees will be withheld from subsequent bonus and commission payments.

9.2 - Sales Taxes

Pinnaclife is required to charge sales taxes on all purchases made by IBOs and Customers, and remit the taxes charged to the respective states. Accordingly, Pinnaclife will collect and remit sales taxes on behalf of IBOs, based on the suggested retail price of the products according to applicable tax rates in the state or province to which the shipment is destined. If an IBO has submitted, and Pinnaclife has accepted, a current Sales Tax Exemption Certificate and Sales Tax Registration License, sales taxes will not be added to the invoice and the responsibility of collecting and remitting sales taxes to the appropriate authorities shall be on the IBO. Exemption from the payment of sales tax is applicable only to orders that are shipped to a state for which the proper tax exemption papers have been filed and accepted. Any sales tax exemption accepted by Pinnaclife is not retroactive.

SECTION 10 - INACTIVITY, RECLASSIFICATION AND CANCELLATION

10.1 - Effect of Cancellation

An IBO's bonuses and commissions constitute the entire consideration for the IBO's efforts in generating sales and all activities related to generating sales (including building a downline organization). Following an IBO's non-renewal of his or her IBO Agreement, cancellation for inactivity or voluntary or involuntary cancellation of his or her IBO Agreement (all of these methods are collectively referred to as "cancellation"), the former IBO shall have no right, title, claim or interest to the marketing organization which he or she operated, or any commission or bonus from the sales generated by the organization. **In the event of cancellation, IBOs agree to waive all rights they may have, including but not limited to property rights, to their former downline organization and to any bonuses, commissions or other remuneration derived from the sales and other activities of their former downline organization.**

10.2 - Involuntary Cancellation

An IBO's violation of any of the terms of the Agreement, including any amendments that may be made by PinnacLife in its sole discretion, may result in any of the sanctions listed in Section 8.1, including the involuntary cancellation of his or her IBO Agreement. Cancellation shall be effective on the date on which written notice is mailed, emailed, faxed or delivered by an express courier, to the IBO's last known address, email address or fax number, or to his or her attorney or when the IBO receives actual notice of cancellation, whichever occurs first.

PinnacLife reserves the right to terminate all IBO Agreements upon thirty (30) days written notice in the event that it elects to: (1) cease business operations; (2) dissolve as a corporate entity or (3) terminate distribution of its products via direct selling.

10.3 - Voluntary Cancellation

A participant in this network marketing plan has a right to cancel at any time, regardless of reason. Cancellation must be submitted in writing to the Company at its principal business address. The written notice must include the IBO's signature, printed name, address and IBO ID Number. If an IBO is also a Preferred Customer, the IBO's Preferred Customer Agreement shall continue in force unless the IBO also specifically requests that his or her Preferred Customer Agreement also be canceled.

10.4 - Non-renewal

An IBO may also voluntarily cancel his or her IBO Agreement by failing to renew the Agreement on its anniversary date. The Company may also elect not to renew an IBO's Agreement upon its anniversary date.

SECTION 11 - DEFINITIONS

Active Independent Business Owner — An IBO who has received a commission during the preceding six (6) months and satisfies the minimum Personal Sales Volume requirements, as set forth in the PinnacLife Marketing and Compensation Plan, to ensure that he or she is eligible to receive bonuses and commissions.

Active Rank — The term “active rank” refers to the current rank of an IBO, as determined by the Pinnaclife Marketing and Compensation Plan, for any month. To be considered “active” relative to a particular rank, an IBO must meet the criteria set forth in the Pinnaclife Marketing and Compensation Plan for his or her respective rank. *(See the definition of “Rank” below.)*

Agreement - The contract between the Company and each IBO includes the IBO Application and Agreement, the Pinnaclife Policies and Procedures, the Pinnaclife Marketing and Compensation Plan and the Business Entity Form (where appropriate), all in their current form and as amended by Pinnaclife in its sole discretion. These documents are collectively referred to as the “Agreement.”

Cancel — The termination of an IBO’s business. Cancellation may be either voluntary or involuntary through non-renewal or inactivity.

Genealogy Report — A report generated by Pinnaclife that provides critical data relating to the identities of IBOs, sales information and enrollment activity of each IBO’s Marketing Organization. This report contains confidential and trade secret information that is proprietary to Pinnaclife.

Downline Leg — Each one of the individuals enrolled immediately underneath an IBO and their respective marketing organizations represents one “leg” in the IBO’s marketing organization.

Group Volume — The commissionable value of Pinnaclife products or services sold by an IBO’s Marketing Organization. Group Volume does not include the Personal Volume of the subject IBO. (IBO Kits and sales aids have no Sales Volume.)

Independent Business Owner (or “IBO”) – an independent contractor who is eligible to sell Pinnaclife products and build an independent Pinnaclife business.

Immediate Household — Heads of household and dependent family members residing in the same house.

Level — The layers of downline Customers and IBOs in a particular IBO’s Marketing Organization. This term refers to the relationship of an IBO relative to a particular upline IBO, determined by the number of IBOs between them who are related by sponsorship. For example, if A sponsors B, who sponsors C, who sponsors D, who sponsors E, then E is on A’s fourth level.

Marketing Organization — The Customers and IBOs sponsored up to eight levels below a particular IBO, depending on the IBO’s Rank.

Official Pinnaclife Material — Literature, audio or video tapes, Web sites, and other materials developed, printed, published and distributed by Pinnaclife to IBOs.

Personal Production — Moving Pinnaclife products or services to an end consumer for personal use.

Personal Volume (PV) — An IBO’s Personal Sales Volume includes the commissionable

value of services and products purchased in a month: (1) by the IBO; (2) by the IBO's personally sponsored Preferred Customers and (3) by Retail Customers who purchase products from the IBO's Pinnaclife replicated Web site.

Rank — The "title" at which an IBO is eligible to receive compensation pursuant to the Pinnaclife Marketing and Compensation Plan.

Recruit — For purposes of Pinnaclife's Conflict of Interest Policy (Section 3.6), the term "Recruit" means the actual or attempted sponsorship, solicitation, enrollment, encouragement or effort to influence in any other way, either directly, indirectly or through a third party, another Pinnaclife IBO or Customer to enroll or participate in another multilevel marketing, network marketing or direct sales opportunity.

Resalable — Products and Sales aids shall be deemed "resalable" if each of the following elements is satisfied: 1) they are unopened and unused; 2) packaging and labeling has not been altered or damaged; 3) they are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price and 4) it is returned to Pinnaclife within one (1) year from the date of purchase. Any merchandise that is clearly identified at the time of sale as non-returnable, discontinued or as a seasonal item, shall not be resaleable.

Retail Customer — An individual who purchases Pinnaclife products from an IBO but who is not a participant in the Pinnaclife Compensation Plan.

Roll-Up — The method by which a vacancy in a Marketing Organization left by an IBO whose IBO Agreement has been canceled is filled.

Sponsor — An IBO who enrolls a Customer or another IBO into the Company and is listed as the Sponsor on the IBO Application and Agreement. The act of enrolling others and training them to become IBOs is called "sponsoring."

Starter Kit — A selection of Pinnaclife training materials and business support literature that each new Independent Marketing IBO is required to purchase.

Upline — This term refers to the IBO or IBOs above a particular IBO in a sponsorship line up to the Company. Conversely stated, it is the line of sponsors that links any particular IBO to the Company.