

DEFINITION OF TERMS

For purposes of this Nikken marketing/compensation program, the following terms shall have the definitions set forth below: A (Symbol for Nikken Points) Signifies points used to calculate the qualifications for the Nikken compensation plan.

Active Consultant

Any Consultant who places A100 PPV in any month during one six-month period.

Breakaway

The point at which a Consultant reaches the qualification to become a Silver Consultant. From this point on, his/her Personal Group Point Volume no longer counts toward the Personal Group Point Volume of his/her sponsor but is used in calculating the sponsor's Leadership Bonus.

Bypass Provision

A Consultant can bypass his/her sponsor when an upline Consultant is advancing to Silver and has a downline Consultant who also qualifies to advance to Silver, but if the upline Consultant does not have the minimum requirements to advance to Silver, the upline Consultant must complete the Silver rank requirements of 6,000 PGPV in one, two or three consecutive months with 1,000 OPV outside the primary leg and 500 OPV outside the primary and secondary leg by the end of the next calendar month. If the upline sponsor has not fulfilled the requirements during the time period

Claw back

The process of commission deduction based on commission/ bonus paid to any distributor (including upline) on the volume of the returned product(s).

Consultant / Distributor

Refers to any person or legal entity currently authorized to distribute Nikken products and participate in the compensation plan.

Note: Consultants should read and understand all Nikken Policies and Procedures and keep updated on all amendments.

Downline

All Consultants sponsored, directly or indirectly, by a given Consultant. For example, if A sponsors B, who sponsors C, who sponsors D, who sponsors E, then B, C, D and E are all downline from A.

Downline Roll Up

Any expired, resigned or cancelled distributorship (with the exception of Diamond and above distributorships) will forfeit its downline, which automatically rolls up to the upline sponsor of the expired, resigned or cancelled distributorship.

Leadership Bonus

A bonus that is based on a percentage of the Personal Group CV of the Silver or above Consultants in a Consultant's downline through as many as six qualified levels — not merely the first six downline levels, but the first six levels on which qualified Silver Consultants or above are found. Meaning if a downline leg has 20 levels, all 20 levels will be assessed, until the appropriate number of qualified Silver or above Consultants are found.

Leadership Downline

All Consultants in a Consultant's downline who have attained the rank of Silver Consultant or above.

Leg

See Primary Leg, and Secondary Leg.

Level

A relative term referring to specific positions in a Consultant's downline. A Consultant's first level is the group of Consultants directly sponsored by him/her. The second level consists of the Consultants directly sponsored by those first-level Consultants, and so on.

Market Unit or Market Area

The area in which a Consultant is qualified to operate. International Consultant may add other market units or areas outside his/her home country.

Personal Commission Volume (PCV) Rebates

The monies returned to a Consultant on the monthly earnings statement based on a percentage of Personal Commission Volume.

Personal Group

All Direct and Executive Consultants in a downline, excluding breakaways.

Personal Group CV Override

An override earned on the Personal Group CV of all the Consultants in the Personal Group. The override equals the difference between the rebate percentage that the individual Consultant earns and the rebate percentage earned by the personally-sponsored Consultant.

Example: A Qualified Silver Consultant (20 percent) would receive 10 percent override on the Personal Group CV of a personally sponsored Executive Consultant (10 percent; because 20 percent less 10 percent equals 10 percent). The Executive Consultants would receive 0 percent on the Personal Group CV of a personally sponsored Executive Consultant (10 percent less 10 percent equals 0 percent), thus creating added incentive for that Executive Consultant to reach the Silver level.

Pin Rank

Consultants advance in the Nikken compensation plan from one level up to the next. The Direct and Executive pin ranks are achieved based on Personal Group Point Volume. The leadership pin ranks, Silver through Royal Diamond, are achieved based on PPV, PGPV, OPV, and OPV outside the primary and secondary legs.

For example, a Silver Consultant advances to the Gold pin rank by doing 100 PPV, 1,500 PGPV, 15,000 OPV and with specific OPV outside the primary and secondary legs; a Gold Consultant may advance to Platinum by doing 100 PPV, 1,000 PGPV, 30,000 OPV and with specific OPV outside the primary and secondary legs.

Primary Leg (Hi-Leg)

A primary leg is identified as the leg that contains the highest OPV in a Consultant's organization.

Qualified Buyer

A buyer, who among other things, has equivalent experience in network marketing or has similar sales and leadership experience as the selling Nikken Consultant.

Qualified Consultant

There are monthly qualification requirements for a Consultant to earn income from Nikken. All Consultants at Direct and above ranks **must have A100 in Personal Point Volume (PPV) each month to be eligible for rebates and overrides.** If a Consultant fails to achieve A100 PPV in any month, the Consultant is considered inactive for that month and will not be qualified to receive any rebates and overrides. For leadership pin ranks (Silver through Royal Diamond) there are

For example, a Silver level Consultant must have 100 PPV, 1,500 PGPV and 4,000 OPV each month to be eligible to receive Leadership Bonus. Silver and above Consultants who meet the pin rank PPV and PGPV requirements are considered as qualified Consultants and count toward leadership bonus pay level in the leadership compression.

Registered Customer

Customers who are registered with Nikken and have their own ID number. Consultants are not allowed to create Registered Customer accounts for themselves. In all cases, the Company will decide if a Registered Customer account is bona fide or not.

Retail Profit

The difference between the retail price and the Consultant cost of products. When products are drop-shipped to retail customers, Nikken will pay the home market retail profit based on suggested retail in a weekly payment for total profits of \$5 or greater. Retail profits from non-home markets will be included in the monthly commission payout.

Retail Sale

The Nikken program is built on retail sales to the ultimate consumer. A retail order will be defined by the answer to the following question: "Does the person making the purchase benefit in any way from the compensation plan?" If the answer is yes, then it will be treated as a wholesale order regardless of the price level used.

70-Percent Rule

To satisfy regulatory agencies and to observe the DSA code of ethics, Nikken periodically screens Consultants whose ordering patterns are deemed unreasonable or excessive (at the company's sole discretion) to submit documentation providing evidence that a Consultant has sold or used 70 percent of previously purchased products before a new order may be placed. Nikken reviews all orders and seeks verification based upon two criterias: Does the order or ordering pattern appear to be unreasonable; and Does the pattern or order quantity appear to be excessive. 70-Percent Rule Enforcement Suspension and/or cancellation may result from non adherence to the 70-percent rule if verification is not submitted upon request by the fifth day of the following month. Adherence may be substantiated by retail sales receipts or a personal use statement.

Secondary Leg (2nd Hi-Leg)

A secondary leg is identified as the leg that contains the 2nd highest OPV in a Consultant's organization.

Sponsor

Someone who enrolls a new Consultant into the Nikken business and accepts the responsibility for properly informing and training the new Consultant about Nikken products, the compensation plan, Policies and Procedures, and the professional guidelines of the network-marketing industry.

Upline

Refers to a person's sponsor, his/her sponsor's sponsor and so on.

Volume

Point Volume (PV)

Point value assigned to each Nikken product purchase which is used to determine Personal Point Volume, Personal Group, Point Volume, and

Organizational Point Volume.

These volumes are used to determine rank advancement and monthly qualification. Retail orders carry retail PV and orders at Consultant prices carry wholesale PV. The terms Consultant price and wholesale price may be used interchangeably. In Canada, retail PV is subject to currency exchange rates. Refer to mynikken.com for the current exchange rate.

Personal Point Volume (PPV)

Personal Point Volume is used to determine rank advancement and monthly qualifications. It is the accumulated Personal Point Volume of product orders placed under a Consultant's distributorship account.

Personal Point Volume Requirements

The monthly Personal Point Volume required of individual Consultants I is at least 100 PPV in order to receive earnings for personal commission volume rebates and personal group commission volume override bonuses.

Personal Group Point Volume

Consultant's PPV plus all point volume contributed by downline Direct and Executive Consultants excluding all breakaway volume within a calendar month that is used to calculate monthly PGPV qualification. Compression volume from unqualified breakaways does not count toward Personal Group Point Volume, Silver 1,500, Gold 1,500, Platinum 1,000, Diamond 1,000, Royal Diamond 1,000

Consultants who meet monthly PPV and PGPV requirements will receive up to 20% PGCV Override. Otherwise Consultants will receive up to 15% PGCV Override if monthly PPV is met and PGPV is not met.

Organizational Point Volume (OPV)

A Consultant's Personal Group Point Volume (PGPV) plus point volume from his/her breakaway downline organization.

Commission Volume (CV)

Volume upon which all bonuses, rebates and overrides are paid.

Personal Commission Volume (PCV)

The sum of the commission value that is assigned to the products personally purchased by a Consultant within a calendar month.

Personal Group Commission Volume (PGCV)

The sum of the commission value that is assigned to the products personally purchased by a Consultant plus the products purchased by downline Direct and Executive Consultants excluding all breakaway volume within a calendar month.

Rollup Volume

When a breakaway Silver or above Consultant fails to satisfy monthly qualification requirements, his/her personal and group volume will roll up to the next qualified Silver and above Consultant. Rollup volume does not count toward breakaway Consultant's monthly PGPV qualification requirement.

Volume Month

The calendar month for which an order's volume is assigned for purposes of computing commissions, rebates, overrides and bonuses. "The month" is defined as the first day of the calendar month through the last day of the same calendar month. the