POLICIES, PROCEDURES AND COMPENSATION PLAN

United States

At AdvoCare®, not only are we committed to producing and selling world class nutritional products, we are also committed to providing an opportunity for Distributors to build their own independent direct selling businesses. Towards that end, the Policies and Procedures in Section I outline rules that AdvoCare Independent Distributors must follow to protect that opportunity for everyone and to ensure that the AdvoCare business is conducted with integrity. The Compensation Plan in Section II is designed so Distributors have the opportunity to earn income by selling AdvoCare products. That is the foundation of the AdvoCare business.

Whatever your reason for becoming a Distributor – whether you wish to develop an AdvoCare business selling AdvoCare products or simply buy AdvoCare products at a discount to share with your friends – it is our sincere desire that you succeed. Your success and satisfaction are at the heart of our success.

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SECTION I: POLICIES AND PROCEDURES

CHAPTER 1: INTRODUCTION

1.1 Policies Incorporated into Distributor Agreement

The Policies, Procedures and Compensation Plan ("Policies"), in their current form and as amended periodically at the sole discretion of AdvoCare International, L.P. ("AdvoCare"), are incorporated into the AdvoCare Distributor Agreement. The parties agree that good and valuable consideration exists for the Policies and Distributor Agreement. It is the responsibility of each AdvoCare Independent Distributor ("Distributor") to read, understand, adhere to, and ensure that he or she is aware of and operating under the most current version of these Policies. The most current version of the Policies is available online through your AdvoCare Distributor Website. Any amendments to the Policies shall apply only prospectively, not retrospectively, shall be communicated directly to Distributors via email, and shall be effective fourteen (14) days after online posting by AdvoCare. AdvoCare reserves the right to amend the Policies in its sole discretion. By executing the AdvoCare Distributor Agreement, each Distributor agrees to abide by all amendments or modifications made by AdvoCare. The continuation of a Distributor's AdvoCare business following the effective date of amended Policies, including but not limited to a Distributor's acceptance of compensation under the Compensation Plan or acceptance of discounted AdvoCare products ("Products"), shall constitute acceptance of all amendments to the Policies.

1.2 Purpose

The Purpose of the Policies is to define the relationship between AdvoCare and the Distributor, to set standards of acceptable business practices, and to support Distributors in building and protecting their AdvoCare direct selling businesses in a manner that is in compliance with these Policies. Any violation of the Policies may result in disciplinary action including probation, suspension, and/or termination at the sole discretion of AdvoCare.

1.3 Integrated Contract

Together the Distributor Agreement and the Policies, as they may be amended, constitute the contractual agreement ("Contract") between AdvoCare and each Distributor. The Contract sets forth the entire agreement between AdvoCare and the Distributor and supersedes any and all prior oral or written agreements or understandings between AdvoCare and the Distributor, including any representations by AdvoCare or its Distributors not explicitly made in the Contract or in official AdvoCare publications. The Contract may not be altered or amended, except as provided in the Policies, as amended from time to time, or by other written notice by AdvoCare. Should any discrepancy exist between the terms of the Contract and verbal representations made to any Distributor by any AdvoCare employee, the terms and requirements of the Contract will prevail. Should any discrepancy exist between the terms of the AdvoCare Distributor Agreement and the Policies, the terms of the Policies will prevail, unless otherwise provided in these Policies.

1.4 No Waiver

AdvoCare never forfeits its right to require the compliance of a Distributor with the terms of the Contract, or with applicable laws and regulations governing business conduct. No failure by AdvoCare to exercise any right under the Contract or to insist upon strict compliance by a Distributor with any obligation or provision of the Contract shall operate as a waiver of AdvoCare's right to demand exact compliance with the Contract. The existence of any claim or cause of action of a Distributor against AdvoCare shall not constitute a defense to AdvoCare's enforcement of any term or provision of the Contract.

1.5 Policies and Provisions Severable

Any provision of the Contract that is judicially invalidated or otherwise rendered unenforceable in any jurisdiction is ineffective only to the extent of such invalidation or unenforceability in that jurisdiction, and only within that jurisdiction. Any prohibited, judicially invalidated, or unenforceable provision of the Contract is severable and will not invalidate or render unenforceable any other provision of the Contract, nor will such provision of the Contract be invalidated or rendered unenforceable in any other jurisdiction. In the event any provision of the Contract is deemed invalid or unenforceable in any particular proceeding, such provision shall be reformed to effectuate its original intent and purpose to the fullest extent possible.

1.6 Notices and Other Communications

Any notice or other written communication required under this Contract shall be delivered personally, by email or mail. Unless otherwise provided in the Contract, such notice shall be deemed given when delivered personally, or, if transmitted by email, one (1) day after the date of such email, or, if mailed, five (5) days after the date of mailing, to the principal address of the AdvoCare Corporate Office or to the Distributor's

address. Notice to a Distributor will be mailed to his or her address or email address of record with AdvoCare. AdvoCare shall have the right, as an alternative method of notice, to use mailers or other normal channels of mass communication with its Distributors. This provision does not apply to notice of amendments to the Policies, which are effective upon posting as described herein and/or upon receipt of notification of the amendments via email or other alternative. It is the sole responsibility of the Distributor to maintain their correct address, email address, phone number, and other contact information on file with AdvoCare.

CHAPTER 2: BECOMING AN ADVOCARE INDEPENDENT DISTRIBUTOR

2.1 Definition of Independent Distributor

AdvoCare Independent Distributors are one of AdvoCare's distribution channels for Products. AdvoCare retains its right to sell its Products through other online or in store retail channels or from its own web site. Distributors have the ability to purchase Products directly from AdvoCare and personally consume or sell the Products to their customers. Throughout the Policies, the terms "Distributor," "Independent Distributor," and "you," shall refer to any person whose Distributor Agreement has been signed, received, and accepted by AdvoCare in its sole and absolute discretion.

2.2 Requirements to Become an Independent Distributor

In order to become a Distributor, you must:

(1) Be at least 18 years of age;
(2) Reside in a geographic area where AdvoCare conducts its direct selling business;
(3) Submit a signed Distributor Agreement; and
(4) Purchase a Distributor Kit.

A signed Distributor Agreement constitutes your agreement with AdvoCare, and acknowledges your understanding that you must adhere to the AdvoCare Policies, which are incorporated into the Distributor Agreement as part of the Contract. AdvoCare reserves the right to refuse any application in its sole discretion.

2.3 Renewal of Distributorship

Annual renewal of Distributorship is required. A Distributor must renew his or her Distributorship on an annual basis by paying the current renewal fee of $50, subject to change, and agreeing to be bound by the then-current Policies. AdvoCare reserves the right to review and accept or reject any renewal of any Distributorship. The due date for the renewal fee will be the anniversary date of the Distributor's execution of his or her Distributor Agreement, unless the Distributor joined AdvoCare on or before October 4, 2004, for whom the anniversary date is set at December 31.

Each year the Distributor wants to renew, he or she must do so by paying the current renewal fee and agreeing to the current Policies on or before such anniversary date. Paying the renewal fee constitutes the Distributor's acceptance of all terms and conditions of his or her Contract with AdvoCare, including the then-current Policies. A renewal application is not required. If a Distributor fails to timely pay the renewal fee, AdvoCare may, in its sole discretion, cancel the Distributorship.

While AdvoCare encourages all Distributors to renew on or before their anniversary date, AdvoCare generally provides (but is under no contractual obligation to provide) a 60-day grace period before the Distributorship is purged for non-renewal. Failure to timely renew on or before the 61st day after the renewal date may result in the cancellation of the Distributorship at the sole discretion of AdvoCare.

If at any time the individual wishes to become a Distributor after his or her Distributorship has been cancelled for non-renewal, the individual must sign up as a new Distributor. They must enter into a new Distributor Agreement with AdvoCare, receiving a new Distributor Kit, new ID number, and the twenty percent (20%) discount level unless purchases and sales qualify the Distributor for a higher discount level.

AdvoCare currently offers, at its discretion, an "Auto Renewal" option that allows a Distributor to enroll and have their renewal fees automatically charged to their credit card on file on the first day of their anniversary month, automatically renewing their Distributorship for another year. To enroll, the Distributor may login to their Distributor Website and accept the auto-renewal option or contact Customer Service at 1-800-542-4800. To stop auto renewal, the Distributor may contact Customer Service.

2.4 Change of Contact Information

You may change your contact information (including your mailing address, phone number and/or email address) online through your Distributor Website or by contacting AdvoCare Customer Service. In the event your contact information changes and you fail to notify AdvoCare of such changes, the existing contact

information you provide is proper and binding upon you for purposes of notice.

CHAPTER 3: INDIVIDUAL LIMITED TO ONE ADVOCARE ACCOUNT

3.1 One AdvoCare Account per Individual

A Distributor shall only participate directly or indirectly in the operation and development of one account with AdvoCare, whether it is a Distributorship, Preferred Customer membership, or Registered Retail Customer account. A Distributor shall not retail, recruit, promote, train, educate, or otherwise assist in the development of any other AdvoCare Distributorship other than their own. An exception to this restriction is if the Distributor is serving as a trustee on another Distributorship.

AdvoCare will only accept a Distributor Agreement in the name of the individual(s). Applications in the name of a corporation, partnership, or business entity will not be accepted.

3.2 Determination and Penalty for Multiple Accounts

If an individual is found to be enrolled or participating in two or more Distributorships simultaneously, the first Distributorship will be considered the valid Distributorship. If AdvoCare determines that an individual is operating two or more active Distributorships, AdvoCare has sole and absolute discretion to determine the disposition of the affected Distributorships, as well as any penalties or sanctions it deems necessary and appropriate for the Distributorship. An individual that signs more than one Distributor Agreement, or operates in more than one Distributorship, may have any and all Distributorships suspended or terminated in AdvoCare's sole discretion.

CHAPTER 4: SPOUSAL DISTRIBUTORS

4.1 One AdvoCare Account per Married Couple

Spouses may only participate directly or indirectly in the operation and development of one account with AdvoCare, whether it is a Distributorship or a Preferred Customer membership. A Distributor may not retail, recruit, promote, train, educate or otherwise assist in the development of any other AdvoCare Distributorship other than their own. An exception to this restriction is if the Distributor is serving as a trustee on another Distributorship. If one spouse has an AdvoCare Distributorship, then the other spouse may not have an AdvoCare Preferred Customer membership.

4.2 Income Tax for Married Distributors

AdvoCare will issue one IRS Form 1099 per Distributorship to the primary Applicant on each account.

4.3 Co-Applicant

Only the spouse of a Distributor may become a Co-Applicant on the Distributorship. If an individual enrolls as a Distributor and his or her spouse also wishes to become a Distributor, the spouse must enroll as a Co-Applicant on the Distributorship. Spouses may be added as a Co-Applicant at the same time the individual becomes a Distributor, or at a later date. Both the Primary Applicant and the Co-Applicant have the same rights and access to the Distributorship.

4.4 Liability of Married Distributorship

The liability of two (2) married Distributors who operate a Distributorship together shall be joint so that both Distributors shall be responsible, accept liability for, and be bound by, any act or omission of either Distributor. Any payment by AdvoCare to one such Distributor shall be deemed as payment to both such Distributors.

4.5 Divorce or Separation

Divorced Distributors may not remain on the same Distributorship. Once a court renders a final divorce decree, a temporary hold may be placed on the Distributorship until AdvoCare is in receipt of either (1) a court order designating ownership of the Distributorship, or (2) an executed resignation form from one party to the Distributorship.

Neither AdvoCare nor its employees shall be liable for any loss, damage or injury resulting from AdvoCare's compliance with a court order or decree pursuant to this section. Any court order addressing the ownership of a Distributorship in the event of a separation or divorce must adhere to the AdvoCare Policies in order to be enforceable by AdvoCare.

CHAPTER 5: PROTECTING YOUR DISTRIBUTORSHIP

5.1 Distributorship as a Corporation or Limited Liability Company (LLC)

AdvoCare recognizes that there may be certain advantages to operating a Distributorship as a corporation or as a limited liability company (LLC). Any Distributor who wishes to operate his or her AdvoCare Distributorship as a corporation or LLC must get prior

approval from AdvoCare and comply with the following requirements and conditions:

Submit a request to assign your Distributorship to the AdvoCare Legal Department (email **legal@advocare.com**);

(1) The corporation or LLC must be owned 100 percent by the individual Distributor (and
(2) Co-Applicant, if applicable);
(3) The sole business purpose of the corporation or LLC must be the operation of an AdvoCare Distributorship pursuant to the Policies. A Distributorship may not be transferred into an existing corporation or LLC that conducts any other business;
(4) No change in the ownership structure of the corporation or LLC may be made without the prior written approval of the AdvoCare Legal Department;
(5) The name of the corporation or LLC may not be the same or similar to any AdvoCare trademarks, service marks, product names, logos, slogans, taglines, or any other proprietary name or phrase owned or used by AdvoCare (for questions concerning this requirement, contact the AdvoCare Legal Department);
(6) The Distributorship must remain in an individual's name (and Co-Applicant's name, if applicable), and the name(s) of the individual(s) must be present on all marketing materials, business cards, websites, advertising, and contact information. The name of the corporation or LLC may not be used on any of the items listed above; and
(7) Must receive approval by the AdvoCare Legal Department.

Upon forming such an entity, the Distributorship will remain in the name of the individual(s). The earnings of the Distributorship will be reported in the name and tax identification number of the LLC or corporation from the date the Distributorship was assigned to the LLC or corporation. If the Distributorship was assigned to an individual for a portion of the year, then the earnings will be reported partially to the individual and partially to the corporation. A business entity formed in connection with a Distributorship, as well as all shareholders, members, managers, partners, trustees, or other parties with any ownership interest in, or management responsibilities for, the business entity are individually, jointly, and severally liable for any indebtedness to AdvoCare, compliance with the Contract, including these Policies, and all other obligations of the Distributor to AdvoCare.

5.2 Insurance

A Distributor may obtain third party insurance coverage for Distributor business activities. Please refer to the Distributor Website for the most current information about insurance coverage offerings to protect a Distributorship.

AdvoCare maintains product liability insurance to protect against certain product liability claims, as long as the Distributor is storing, marketing, and selling Products in accordance with applicable laws, regulations, and the Policies. Product liability policy coverage excludes claims that arise as a result of a Distributor's misconduct in storing, marketing, or selling Products. Additionally, claims that arise out of any Products purchased on a website other than an official AdvoCare Distributor Website are excluded from this coverage.

5.3 Assumption of Risk

A Distributor understands that while traveling to or from AdvoCare-related meetings, events, activities, workshops, retreats, incentive trips, or other gatherings, the Distributor does so as a part of his or her own independent business and not in any manner as an employee, agent, or functionary of AdvoCare. This assumption of risk is not affected by whether or not the Distributor's attendance may be based in whole or in part by invitation from, or agreement with, AdvoCare to attend. The Distributor assumes all risk and responsibility for such travel.

CHAPTER 6: DISTRIBUTOR CONDUCT

6.1 Distributors are Independent Contractors

Distributors are independent contractors, not employees of AdvoCare. Distributors may not do anything that would lead someone to believe that they are an employee or an agent of AdvoCare. As an independent contractor, Distributors are responsible for the following:

(1) Setting retail prices for Products sold to Retail Customers (although, in order to maintain AdvoCare's premium brand image, business goodwill, and the integrity of its sales channel, AdvoCare strongly encourages Distributors to charge Retail Customers the suggested retail price);
(2) Establishing working hours;
(3) Conducting the day-to-day business; and

(4) Reporting to the IRS any income earned from the Distributorship (See Section II: Compensation Plan for more details).

The services performed by you, as an AdvoCare Independent Distributor, are performed pursuant to the Contract between you and AdvoCare, and such Contract provides that you will not be treated as an employee with respect to such services for Federal tax purposes. If a Distributor has any employees, they will have no rights against or relationship with AdvoCare. Such employees do not have any authority to resell any AdvoCare products.

6.2 Distributors Must Identify Themselves as an AdvoCare Independent Distributor

When a Distributor uses his or her name on business cards, checks, advertising, social media, websites, email correspondence, on the telephone, or any other communications related to his or her AdvoCare business, it must be stated as follows: "[John Doe], AdvoCare Independent Distributor."

6.3 Distributors Must Follow All Laws

Distributors are responsible for complying with all local, state, and federal laws and regulations including those concerning the operation of a Distributorship, marketing and selling practices, and the distribution of Products. Distributors should familiarize themselves with the applicable local, state, and federal laws and regulations that affect the operation of their Distributorships. AdvoCare shall not be liable for any conduct of Distributors contrary to such laws and regulations. AdvoCare employs robust and consistent monitoring and enforcement procedures to review and sanction Distributors who do not comply with this policy.

6.4 Truthful and Ethical Conduct

All statements made by Distributors regarding AdvoCare, the business opportunity, the Products, past earnings, or product results must be truthful, accurate, and not misleading. Distributors shall always conduct their business in an ethical manner and in compliance with the Direct Selling Association's Code of Ethics (See **www.dsa.org/code-of-ethics**) and all local, state, and federal laws and regulations. AdvoCare employs robust and consistent monitoring and enforcement procedures to review and sanction Distributors who do not comply with this policy.

6.5 Complaints or Concerns

AdvoCare values constructive comments and input from Distributors, and in part relies on its Distributors to report Distributor conduct that could detrimentally affect its business, the business of other AdvoCare Distributors, or the reputation of AdvoCare. AdvoCare encourages all complaints or concerns regarding other Distributors to be reported to **legal@advocare.com**. Complaints or concerns regarding Products may be directed to Customer Service.

6.6 Professional Conduct and Business Practices

Distributors shall use their best efforts to promote the positive reputation of AdvoCare, its products, its business opportunity, and its Distributors. Distributors are prohibited from engaging in high-pressure selling. Distributors must always conduct themselves in a professional, ethical, courteous, and considerate manner when representing AdvoCare.

6.7 Disruptive Conduct

If a Distributor behaves in a manner that, in the sole discretion of AdvoCare, causes disruption to the conduct of the normal business of AdvoCare, or that of any other Distributor, or that is injurious to the image or reputation of AdvoCare, or that of any other Distributor, then the behavior will be considered a violation by the Distributor and AdvoCare may take immediate disciplinary action. AdvoCare reserves the right to pursue legal remedies to protect its reputation.

6.8 Actions of Household Members

Every Distributor is responsible for the actions of his or her immediate household members. If any such household member engages in any activity which, if performed by the Distributor, would violate the Distributor Agreement and/or the Policies, the activity will be considered a violation by the Distributor and AdvoCare may take action pursuant to the Contract as well as any other legal remedies against the Distributor.

6.9 News or Media Inquiries

Distributors must refer all media inquiries relating to AdvoCare, Products, AdvoCare testimonials, and any Distributor, representative, or employee of AdvoCare to the AdvoCare Communications Department at **media@advocare.com**. This may include, but is not limited to, programs or publications aired on television, radio, podcasts, and online or printed material. Failure to comply with this provision may result in the immediate suspension or termination of your Distributorship, at the sole discretion of AdvoCare.

6.10 Commingling AdvoCare with Another Enterprise, Product, Service or Other Activity

Distributors may participate in other direct selling or business ventures if they choose. However, Distributors are prohibited from mixing the AdvoCare business opportunity or Products with another business opportunity, product, service, or other activity.

6.11 Confidential Information

In connection with a Distributor's AdvoCare business, AdvoCare may make available to Distributors certain information and reports regarding AdvoCare's business, Products, trade secrets, intellectual property, its network, identity and contact information of Distributors and Customers, sales information, achievements, and other information needed to run and grow the Distributor's business (collectively, "Confidential Information"). This information is constantly updated and made available through AdvoCare's password protected Distributor website.

Distributors hereby stipulate and agree that Confidential Information belongs solely and exclusively to AdvoCare and constitutes its proprietary business trade secrets. Distributors have no claim, right, or title to any Confidential Information. Such Confidential Information is provided to Distributors in strictest confidence and is made available to Distributors for the sole purpose of assisting Distributors in their AdvoCare businesses. Distributors hereby agree to the disclosure of their information to other Distributors for this purpose. Distributors acknowledge that, but for this agreement of confidentiality and nondisclosure, AdvoCare would not provide Confidential Information to Distributors. For more information about how AdvoCare uses Distributor information, review the current Privacy Policy on advocare.com.

To protect Confidential Information, Distributors shall not, on his or her own behalf or on behalf of any other person or entity, directly or indirectly: (1) disclose or disseminate any Confidential Information to any other person or entity; (2) provide access to any password-protected section of the AdvoCare website containing Confidential Information to any other person or entity, including providing any password to such section to any other person or entity; (3) use Confidential Information for any purpose other than the conduct and promotion of the Distributor's AdvoCare business as contemplated in these Policies and the Contract, including but not limited to recruiting any AdvoCare Distributor for any Competing Activities or competing in any way with AdvoCare; or (4) use Confidential Information to attempt to influence or induce any Distributor, Customer, or employee of AdvoCare to cease or alter his or her business relationship with AdvoCare.

Upon the cancellation or termination of the Contract, regardless of the reason for such cancellation or termination, a Distributor shall immediately return to the Company any and all Confidential Information in his or her possession, custody, or control, including all copies of documents, files, or other media containing any Confidential Information and any derivative thereof. This requirement applies automatically and is not dependent on any demand being made by AdvoCare.

Each Distributor stipulates that if he or she violates the terms of this section, AdvoCare will be irreparably harmed and calculation of the full extent of AdvoCare's damages will be difficult. Distributor therefore stipulates that AdvoCare shall be entitled to immediate temporary, preliminary, and permanent injunctive relief against Distributor and all those acting in concert with him or her to prevent and enjoin any violation of this section. This remedy is in addition to any other legal remedies to which AdvoCare may be entitled, including disciplinary sanctions under the Contract and recovery of damages caused by a Distributor's breach. The provisions of this section shall survive termination of the Contract.

CHAPTER 7: BUYING AND SELLING PRODUCTS

7.1 Reasons to Purchase Products

Distributors may purchase Products for their own use and that of their families, as well as for resale to Customers who are purchasing Product for their own use and that of their families.

Distributors may not purchase Products for the purpose of qualifying for incentives, bonuses, discount level advancement, compensation paid by AdvoCare, or to sell in a manner not in accordance with the Policies.

Distributors are not required to carry inventory of Products for their own use or in order to service their customers, but they may choose to do so as a convenience for themselves and their customers. However, Distributors may not maintain inventories in amounts which are in excess of what they themselves reasonably determine is necessary for those purposes. AdvoCare employs robust and consistent monitoring and enforcement procedures to review and sanction Distributors who do not comply with this policy.

7.2 Selling Products

Distributors may sell Products only person-to-person or through the AdvoCare Distributor Website. As many Products have age recommendations and dosage instructions best adhered to by adults, Distributors are prohibited from selling Products directly to minors (or anyone under the age of 18). Distributors cannot repackage, tamper with, relabel, misbrand, or adulterate Products. Distributors must store Products in a cool, dry place. Distributors are responsible for proper storage and Product condition prior to sale.

7.3 Manipulation of the Compensation Plan

AdvoCare prohibits conduct and actions which are, or may be perceived as, manipulation of the Compensation Plan primarily for the purpose of qualifying for incentives, bonuses, discount level advancement, and/or compensation paid by AdvoCare. This prohibited conduct may include, but is not limited to placing, or encouraging the placement of, orders under customer accounts in a fraudulent, manipulative, or deceptive manner. AdvoCare employs robust and consistent monitoring and enforcement procedures to review and sanction Distributors who do not comply with this policy.

7.4 Retail Sales Receipts

A "Retail Customer" is a non-Distributor customer who purchases AdvoCare Product(s) directly from a Distributor. Federal law requires that Distributors provide each Retail Customer with a completed Retail Sales Receipt at the time of sale. If you sell directly to a Retail Customer, you must provide a completed Retail Sales Receipt. AdvoCare requires the use of official AdvoCare Retail Sales Receipts, which are included in the Distributor Kit, and can be obtained by logging into the AdvoCare website or contacting Customer Service.

In addition, Distributors must keep copies of each Retail Sales Receipt issued for four years after the date of the sale. AdvoCare may, at any time, request submission of Retail Sales Receipts in order to verify retail sales for any given pay period. Distributors must fully complete all information for each Retail Sales Receipt, including customer contact information, Product(s) sold, price, and Distributor information. Failure to provide accurate, verifiable, and complete Retail Sales Receipts to AdvoCare within ten (10) days of a request is a violation of these Policies.

If, at the sole discretion of AdvoCare, it is determined that a Distributor has violated any policy relating to the purchase or sale of Products, then any discount level, commission, bonus, or incentive earned by the Distributor during that period may be forfeited and/or disgorged back to AdvoCare. AdvoCare reserves the right to take disciplinary action, deduct from compensation, and adjust qualifications whenever it is the necessary and appropriate action. Any commission, bonus, or incentive forfeited by the Distributor may be reclaimed by AdvoCare at its sole discretion, including as damages in any necessary litigation.

7.5 Unauthorized Sales

AdvoCare places some limitations on the manner in which Distributors may sell Products in order to protect the safety of consumers and the reputation of AdvoCare. These unauthorized sales include, but are not limited to, the following:

(1) Unauthorized Payment Methods: All payments made by credit card, debit card, or personal check must be authorized by the customer at the time of the purchase. Unauthorized usage of a customer's credit card or other form of payment will not be tolerated;
(2) E-commerce Sites or Auction Sites: In order to maintain AdvoCare's premium brand image and business goodwill, as well as to preserve the unique aspects of the Distributor sales channels in which AdvoCare's Products are sold, including person-to-person interaction, Distributors are prohibited from selling or advertising the sale of Products on e-commerce sites, auction sites, and websites trading in products or services using the internet. Some examples of these prohibited websites include, but are not limited to: eBay, Amazon, and Craigslist.
(3) Social Media or Personal Websites: Distributors are prohibited from selling Products on social media sites or their personal website(s);
(4) Supplying Products to be Sold in an Unauthorized Manner: Distributors are prohibited from supplying any other person or entity with Products that the Distributor knows or should reasonably know are likely to be sold in an unauthorized manner; and
(5) Selling Products to Other Distributors: Distributors are prohibited from selling Products to others who plan to resell the Products, including selling to other AdvoCare Distributors.

The Distributor hereby agrees if there is a violation of this provision, the Distributor shall forfeit, and be required to return, all compensation paid during the period in which any sale is made through improper means, which includes, but is not limited to, the sales listed above. Distributor agrees it would be extremely difficult for

AdvoCare to estimate the amount of damages incurred from their time of entry because of the difficulty of distinguishing between compensation from legitimate and illegitimate sales. Therefore, Distributor agrees that forfeiture of compensation is appropriate. Distributor further agrees that AdvoCare shall be entitled to recover attorneys' fees incurred relating to the investigation of such a breach, and in recovery any compensation forfeited hereunder.

7.6 Ordering Products

Distributors may order Products directly from AdvoCare and may pay for orders with a credit or debit card, cash (if paying at Will Call), check, or money order. To place a Product order, a Distributor may:

(1) Place an order online at advocare.com;
(2) Contact AdvoCare Customer Service at 800-542-4800; or
(3) Visit Will Call at the AdvoCare Corporate Office.

For frequently asked questions, such as hours of operation or Product pricing, please visit advocare.com.

Once an order is entered, it cannot be changed. It is immediately transmitted to the Distribution Center to be filled and shipped.

7.7 Sales Tax

AdvoCare charges sales tax on the Product order based on the shipping destination. Sales tax charges will vary by product and by state. AdvoCare remits the sales tax to each state in which Products are shipped. Distributors may not provide false information in order to avoid payment of relevant tax. Distributors should compute and collect sales tax on their retail sales. AdvoCare shall not be liable or responsible for Distributors' own collection and remittance of sales tax on Distributors' retail sales.

7.8 Shipping or Picking Up Products

Products may be picked up at Will Call anytime during regular Will Call hours. When an order is shipped, it incurs shipping and handling. Please see advocare.com or contact Customer Service for current shipping rates and information.

Failure to notify AdvoCare of any shipping discrepancy or damage within thirty (30) days of shipment will cancel the Distributor's right to request a correction. If an order must be rerouted, it will be at the Distributor's expense. Please contact AdvoCare Customer Service at 1-800-542-4800 to correct a shipping discrepancy.

7.9 Insufficient Funds

If a Distributor issues a check that is returned to AdvoCare due to insufficient funds, that Distributorship will be suspended until the debt on the Distributor's account is paid. A Distributor may replace an insufficient funds check with a cashier's check, money order, debit card or credit card issued in the name of the Distributor, however, the Distributor will be charged a $25 fee for the returned check. If any insufficient funds payment remains outstanding at the close of business for any pay period, all compensation for that pay period will be forfeited.

7.10 Pay Periods

The calendar year is divided into twenty-four (24) pay periods. Pay periods end on the first and third Tuesdays of each month, with the closing of the pay period effective that Wednesday at 12 am Pacific Standard Time. Most pay periods are two weeks long, but a few are three weeks long.

7.11 Receiving Compensation

AdvoCare utilizes a third-party payment service, AdvoCare RapidPay, to pay Distributors. Distributors must enroll in the service in order to be paid. The service charges a nominal monthly fee, and only if the Distributor earns compensation during that month. For more information, including how to enroll and AdvoCare RapidPay terms and conditions, login to your Distributor Website.

7.12 Excessive Purchase of Inventory

Distributors are not required to carry inventory of Products or sales aids other than the initial Distributor Kit. AdvoCare prohibits the excessive purchasing and stockpiling of Products in order to: (1) qualify for incentives, bonuses, or discount level advancement and/or compensation paid by AdvoCare; or (2) sell in a manner not in accordance with AdvoCare's Policies.

AdvoCare employs robust and consistent monitoring and enforcement procedures to review and sanction Distributors who do not comply with this policy. To ensure that the Products purchased are being consumed or sold in compliance with the Policies, AdvoCare may request at any time verifiable Retail Sales Receipts and other documentation to review alongside a Distributor's order history of up to one year.

7.13 Reporting Adverse Reactions or Consumer Complaints

If a Distributor, Preferred Customer, or Retail Customer experiences, or becomes aware of, any adverse reaction

to an AdvoCare Product or receives a consumer complaint, they should contact Customer Service as soon as possible at 1-800-542-4800.

CHAPTER 8: RETURNING OR EXCHANGING PRODUCTS

8.1 Return or Exchange Policies for Orders through AdvoCare: Distributors, Preferred Customers, or Registered Retail Customers (Satisfaction Guarantee)

If an AdvoCare Distributor, Preferred Customer, or Registered Retail Customer is not completely satisfied with the Products they purchased from AdvoCare (via AdvoCare website, Will Call, or, AdvoCare Customer Service), they may request a refund or exchange within thirty (30) days from the date of purchase by returning the unused portion of the Product back to AdvoCare. The refund or exchange amount is based upon the price paid at the time of sale, sales tax (if applicable), and shipping costs.* Product refunds are made in the same form of payment as the Product purchase. Product exchanges will be for Product(s) of equal or lesser value of the price paid at the time of sale.

**Refunded shipping costs are calculated as the lesser of 5% retail value of the items returned or $75, but no less than the current standard flat shipping rate.*

To be entitled to a refund, the following requirements must be met:

(1) The returned Products must be accompanied by a Returned Merchandise Authorization (RMA) number provided by AdvoCare Customer Service and an inventory list of the Product(s) returned;
(2) The returned Products must appear on the individual's order history; and
(3) The returned Products must have been purchased within thirty (30) days preceding the date of the return.

Returned Product that does not meet the criteria listed above shall not be eligible for a refund or exchange. All Product returned to AdvoCare shall be retained by AdvoCare, regardless of whether the return meets the criteria for receiving a refund or exchange.

Sales aids and other training materials for purchase from AdvoCare are eligible for a refund if purchased within thirty (30) days preceding the date of the return with record of the purchase reflected in the Distributor's order history.

8.2 Retail Customer Return Policy for Purchases Direct from a Distributor (Satisfaction Guarantee)

A Retail Customer who purchases directly through a Distributor is entitled to a refund on any Product purchased in the last thirty (30) days. Distributors must refund a Retail Customer's money immediately if asked to do so. After issuing a refund to a Retail Customer, Distributors must return the unused portion of the Product along with a copy of the Retail Sales Receipt and a completed Retail Customer Product Return form in order to receive a replacement for the Product from AdvoCare. Retail Customer Product Return forms are available online by logging on to your Distributor Website or in person at the AdvoCare Will Call desk. Distributors must request the replacement Product within thirty (30) days of the refund.

If a Retail Customer calls AdvoCare Customer Service to request a refund for Product sold by a Distributor, AdvoCare will notify the appropriate Distributor. If the Distributor fails to refund the Retail Customer within ten (10) days, then that Distributor is in violation of these Policies.

8.3 Retail Customer's Right to Cancel a Transaction

A Retail Customer may cancel a transaction, without any penalty or obligation, within THREE (3) BUSINESS DAYS from the date of the Retail Sales Receipt.

If a Retail Customer cancels a transaction, any payments made by the Retail Customer as part of the sale shall be returned within TEN (10) BUSINESS DAYS following receipt by the seller of the cancellation notice.

If a Retail Customer cancels a transaction, he or she must make available to the Distributor at the Retail Customer's residence, any Products delivered to the Retail Customer as part of this sale, in substantially as good condition as when received, or the Retail Customer may comply with the instructions of the Distributor regarding the return shipment of the goods at the Distributor's expense and risk. If the Retail Customer makes the Products available to the Distributor and the Distributor does not pick them up within twenty (20) days of the date of the Notice of Right to Cancel, the Retail Customer may retain or dispose of the goods without any further obligation. If the Retail Customer fails to make the goods available to the Distributor, or if the Retail Customer agrees to return the goods to the Distributor and fails to do so, then the Retail Customer remains liable for the Product.

To cancel a transaction, the Retail Customer must mail or deliver a signed and dated copy of the Retail Receipt or

any other written notice, or send a certified letter, to the Distributor at the address on the front of the Retail Receipt NOT LATER THAN MIDNIGHT OF THE 3RD BUSINESS DAY.

8.4 Exclusions from Return and Exchange Policies

Only Products and sales aids purchased directly from AdvoCare or a Distributor are eligible for a refund or exchange. Products purchased on any non-AdvoCare website are not eligible for a refund from AdvoCare. Sales aids purchased through third parties are excluded from refund by AdvoCare. AdvoCare may refuse to issue a refund if it finds in its sole discretion that any of the conditions in this section have been met.

8.5 Adjustments for Refunds

AdvoCare will adjust compensation or discount level for any return by your or your customers, deducting any amounts owed as a result of the returned Product from any future compensation payable to the Distributor.

CHAPTER 9: ADVERTISING AND MARKETING OF ADVOCARE PRODUCTS AND THE BUSINESS OPPORTUNITY

9.1 Distributor Advertising in General

What follows are general principles to help guide Distributors in the decisions they may make regarding advertising and promotion of the AdvoCare opportunity (for more resources on how to advertise and promote your AdvoCare business, login to your Distributor Website). AdvoCare considers any direct or indirect statement or graphic using its name, logo, or trademarks or regarding its Products, results of its Products, its business opportunity, and results with its business opportunity to be forms of advertising covered by this Chapter.

Distributors may utilize various forms of advertising so long as their business activities comply with all terms of these Policies and all local, state, and federal laws and regulations. AdvoCare employs robust and consistent monitoring and enforcement procedures to review and sanction Distributors who do not comply with this Chapter

9.2 No Deceptive or Misleading Advertising

It is the obligation of each Distributor to ensure that all advertisement activities are truthful, not deceptive, and do not mislead customers or potential Distributors in any way. Advertisements and marketing activities should be professional and appropriate. Any Distributor who engages in abusive language or inappropriate conduct that causes disruption to the normal business of AdvoCare or that of any Distributor, or that is injurious to the image or reputation of AdvoCare or that of any Distributor, is in violation of these Polices.

9.3 Professionalism in Advertising

When a Distributor is representing AdvoCare, whether in person or in a social network community, they must be respectful and conduct themselves with professionalism. Distributors must promote AdvoCare in an appropriate manner to maintain brand integrity. It is within AdvoCare's sole discretion to determine what is unprofessional activity. Violations of these Policies may be reported to the Business Ethics Team at **legal@advocare.com**.

9.4 Testimonial Claims

AdvoCare considers any statement or assertion about its Products, results on Products, use of Products, its business opportunity, and results with its business opportunity to be a claim within the scope of this Chapter. When discussing or promoting AdvoCare, Distributors may make only those claims or representations found on product packaging, the AdvoCare Website, or in current literature published by AdvoCare. There are many types of claims, including Product Claims, Weight-Loss Claims, Weight-Gain or Muscle-Mass Claims, and Income or Lifestyle Claims as further defined below.

Product Claims:

AdvoCare products are foods or dietary supplements. Product Claims are statements that describe what a product contains, what it is for, or what benefits it provides. You may only make claims that appear on AdvoCare Product literature, such as Product catalogues, labels, or webpages. AdvoCare has substantiated and approved only these claims, so it is important that you never deviate from these claims. Even if you have obtained results that are better or different than those stated in AdvoCare materials, you cannot say so because (1) certain claims are not permitted for certain kinds of products under the FDA, and (2) all claims must be supported by scientific evidence, which means more than an individual's experience.

It is important that Distributors help consumers understand that dietary supplements are not drugs. A dietary supplement is a product that contains a dietary ingredient intended to add further nutritional value to supplement the diet.

To help consumers avoid confusing a dietary supplement from a drug, the FDA requires use of the following disclaimer, also known as the DSHEA statement, to be used with many types of structure/function product claims for dietary supplements: This statement has not been evaluated by the Food and Drug Administration (FDA). This product is not intended to treat, cure, or prevent any disease. If you see this disclaimer with an authorized claim in AdvoCare's materials, you must use it any time you make the same claim in writing.

Medical claims state or suggest that a Product will treat or prevent a disease or other medical condition. Making unauthorized medical claims is dangerous to consumers who could abandon proper medical treatment for their conditions. It can also be a liability for a Distributorship and can personally expose the Distributor to fines and other legal action, even criminal action. Medical claims may not be used in association with AdvoCare's products.

Distributors should always caution customers to see their doctor before beginning an AdvoCare product regimen, and may state that Products are safe when the directions for use on the product labels are followed**.**

Weight-loss Claims:

It is well established that losing weight requires burning more calories than you take in by reducing the amount of calories in your diet, increasing the amount of calories you burn through exercise and healthy lifestyle, or both. AdvoCare weight-management programs are based on Products that help people reduce caloric intake with better eating habits and physical activity. One to two pounds a week is considered to be healthy, sustainable weight-loss by the Centers for Disease Control and Prevention.

You may make claims about weight-loss results achieved through AdvoCare programs. However, any claims must (1) include reference to balanced diet and regular physical activity consistently implemented into a healthy lifestyle routine, (2) be truthful, accurate, and not misleading, (3) include a time-frame that depicts healthy, sustainable weight-loss over time, and (4) be accompanied by the current weight-loss disclaimer: *Results vary with individual effort, consistency of use, body composition, eating patterns, and exercise. The AdvoCare One/80TM is a program to jumpstart long-term weight loss, health, and wellness.*

The full text of this disclaimer must be shown in all written materials, such as a Distributor presentation, written materials, or social media posts that contain weight-loss claims.

If you are speaking to someone casually and wish to tell them about your success on the Products, you can use a more abbreviated version of the weight-loss disclaimer, for example:

Consumers use the AdvoCare ONE/80™ as part of a healthy lifestyle change to help support weight-management. I was able to lose 15 pounds by swapping my fast-food breakfast for meal replacement shakes, eating healthier, and walking thirty minutes a day.

Distributors may use before-and-after images when promoting their personal Product results. These are considered claims about AdvoCare's weight-management programs because they show body changes while on Products. Before-and-after images must provide (1) reference to balanced diet and regular physical activity consistently implemented into a healthy lifestyle routine, (2) truthful, accurate, and not misleading depiction, (3) a period that depicts healthy, sustainable weight-loss over time, and (4) the current weight-loss disclaimer.

Distributors who wish to share the results of others must first receive explicit written permission from the individual. Distributors must disclose to that individual what content they will be sharing and on what platform they will be sharing. The Distributor must ensure that the shared information to the public: (1) references balanced diet and regular physical activity consistently implemented into a healthy lifestyle routine, (2) is truthful, accurate, and not misleading, (3) provides a time frame that depicts healthy, sustainable weight-loss over time (4) includes the current weight-loss disclaimer.

Weight-gain or Muscle-mass Claims:

Weight-gain claims are acceptable if the amounts discussed are reasonable and connected with products containing protein. Claims about increased muscle mass must be truthful, substantiated, and include reference to exercise as part of the program.

Opportunity or Income (Including Lifestyle) Claims:

AdvoCare offers a business opportunity for those seeking to make a small amount of supplemental income during their spare time. The majority of Distributors do not earn any income from AdvoCare. The business opportunity

requires time, commitment, and effort. **Distributors are not authorized to make any income or lifestyle claims related to selling AdvoCare Products.** The only mention of income you may provide to any person is AdvoCare's official, current, complete, unaltered Income Disclosure Statement that shows the full picture of the income earned in AdvoCare. A "lifestyle claim" is any express or implied statement about past, current or future purchases or transactions you made with income from AdvoCare or your AdvoCare business. In other words, a lifestyle claim tells others what AdvoCare income has allowed you and your family to buy or do (e.g., purchase cars, take vacations, or buy homes).

9.5 Advertisements Must Identify the AdvoCare Independent Distributor

Distributors must clearly identify themselves as an "AdvoCare Independent Distributor" in all advertisements, including but not limited to, social media posts and websites. Distributors are self-employed independent contractors. Distributors are not employees of AdvoCare. It is important to make this distinction and always disclose your relationship to AdvoCare as that of a Distributor.

9.6 Distributors Must Advertise Products at the Suggested Retail Price

Although Distributors alone are responsible for setting prices for Products they sell to their customers, in order to maintain AdvoCare's premium brand image, business goodwill, and the integrity of its sales channel, all AdvoCare-related public marketing must advertise Products at the suggested retail price. Advertising Product discounts is prohibited.

9.7 Combined Business Advertising

Advertisements and marketing may not be combined, commingled, or in any way cross-promoted with any other products or business ventures that are not officially associated with AdvoCare. Advertising other direct selling companies, opportunities, supplements or weight-loss products while advertising AdvoCare is prohibited.

9.8 Company-Created Advertising Materials

On occasion AdvoCare may itself produce materials, videos or sales aids and make them available for use by Distributors. Generally, if a logo, graphic or AdvoCare Sales Aid is intended for Distributor use, it will be posted or made available for download on the Distributor Website after login. These company-created materials may not be edited or manipulated in any way other than to add contact information for the Distributor or an event.

9.9 Use of Logos, Trademarks and Copyrighted Material

AdvoCare owns all AdvoCare trademarks, trade names, logos, and copyrighted images and content. Distributors may not use AdvoCare trademarks, trade names, or copyrighted images without express written approval from AdvoCare. Distributors have a limited license to use approved materials and logos to promote their AdvoCare business, which are made available through their Distributor Website.

9.10 Use of Distributor's Name, Likeness, or Image

Distributors shall be deemed to consent to AdvoCare's use of his or her name, testimonial, and image or likeness in connection with advertising, promoting, and publicizing the AdvoCare opportunity, Products, or any AdvoCare-related event. Unless otherwise published in official AdvoCare publications, Distributors are prohibited from using the name, testimonial, and image or likeness of other Distributors, Preferred Customers, or Retail Customers without express written consent from those Distributors.

9.11 Video and Audio Recordings and Use

AdvoCare encourages Distributors to utilize current corporate videos and audio files available on its website. These videos and audio recordings are owned by AdvoCare and may not be edited or manipulated in any way.

The recording of speakers at corporate events is prohibited. At Distributor-led events, training calls, or meetings, Distributors seeking to record must first get permission from the speaker(s). Recordings may not be sold, distributed, or uploaded to the internet. It is the responsibility of the Distributor to ensure that any of the material they are recording is in compliance with these Polices as well as local, state, and federal laws and regulations.

9.12 Marketing to Minors

Although many Products are suitable for children as provided online in the AdvoCare Age Guidelines for Products, Distributors are prohibited from marketing, selling, or distributing Products directly to minors (or anyone under the age of 18).

9.13 Mass Media Advertising

Distributors are not permitted to advertise their business, Products, or the AdvoCare business

opportunity on television, radio, billboards, national print, within published articles, online publications, mass mailings, or through channels otherwise deemed inappropriate by AdvoCare. Subject to the other terms of this Chapter, Distributors are permitted to advertise in their local newspaper, community newsletters, local opportunities, through local Chamber of Commerce, and/or telephone book listings, provided the advertisement does not exceed $700 per ad and otherwise follows these Policies.

9.14 Advertisements and Marketing Must Abide By the Law

Promotion of AdvoCare Products by Distributors is considered commercial speech, or speech done on behalf of a company or individual for the intent of making a profit. This type of speech has the intent of convincing consumers to take part in a particular action, such as purchasing Products. Therefore, advertisements and marketing must be truthful and must not be deceptive or misleading.

Government agencies have established guidelines and rules for what may and may not be communicated in commercial speech, and even a Distributor's personal experience may not conform to these guidelines. Distributors are responsible for complying with these legal requirements as well any relevant local, state, and federal laws and regulations.

9.15 Endorsers and Sponsorships

AdvoCare Endorsers and Sponsorships are subject to change. For the most current and accurate information, please consult the AdvoCare website.

Distributors may not use an Endorser's image or likeness, upload or add any videos, photos, commercials, or information about any AdvoCare Endorser without the express written consent of AdvoCare, unless published by AdvoCare specifically for Distributor use or sharing purposes.

Endorsers receive free Product in exchange for their endorsement and are compensated for their time and appearances.

9.16 Distributor-Created Contests

Distributors are responsible for complying with all local, state, and federal laws and regulations associated with any contests they choose to host. Contests are games of skill whereby entrants compete against one another based on specified metrics. Distributors are encouraged to speak with their personal attorney and/or consult the IRS and FTC websites to ensure compliance with relevant laws and IRS reporting requirements.

In addition to complying with all applicable laws and regulations, all contests must provide the name(s) of the sponsoring Distributors, disclose details regarding the contest, and indicate that the contest is not sponsored or approved by AdvoCare. Contests shall also provide rules specific to the contest, incentive or sweepstakes, such as who can enter, how to enter, the start and end of the promotion period, the nature and value of the prize, number of prizes awarded, how to win, etc. Distributors must award all prizes earned or won. Participants of the promotion must also disclose in any marketing or advertisement, whether on social media or in person, that they are participating in a promotion.

Certain promotions, such as lotteries, are prohibited by AdvoCare and have been banned or heavily regulated in most states. Lotteries are games of luck or chance that require an entry fee, payment, product order, substantial effort (i.e. filling out a form or completing a questionnaire), activity requirement, or some other form of consideration. An example of a lottery is a raffle drawing where participants must pay to play for a chance to win a prize.

9.17 Marketing Products through Professional Service Establishments

Distributors may not market and sell Products through AdvoCare stores. However, if the business's primary purpose is to provide a professional service separate from AdvoCare, then the Distributor may request and receive approval from the AdvoCare Legal Department to market and sell products through that establishment.

The Distributor must submit the establishment's name and the primary professional service to **legal@advocare.com** prior to marketing or selling Products at the establishment. AdvoCare retains the sole discretion to restrict its Products from being sold anywhere that it does not deem acceptable and may revoke its approval at any time.

If pre-approved to market and sell through a professional services establishment, the authorized Distributor must adhere to the following practices:

(1) The Distributor must own or be employed by the establishment and specifically authorized to sell or market Products in the establishment;

(2) Products must not be marketed or sold to anyone under the age of 18;

(3) AdvoCare sales must be separate and apart from the primary business transactions of the establishment. Products may not be combined with any other offers;
(4) Only the Distributor may conduct the sale of Products;
(5) Products must be offered at the AdvoCare suggested retail price;
(6) The Distributor must provide each customer with an AdvoCare Retail Sales Receipt separate and apart from any receipt of the establishment; and
(7) The Distributor must keep records of all sales, including a completed AdvoCare Retail Sales Receipt for each sale of a Product.

9.18 Exhibitions, Fairs or Trade Shows

Distributors may be approved to sell Products in certain limited-duration exhibitions, fairs, home shows, trade shows, and other seasonal or annual events. For these events, a request with information about the exhibition must be submitted for approval to the AdvoCare Legal Department at **legal@advocare.com** at least 7-10 business days prior to the expected event. Exhibition Request Forms may be found on your Distributor Website.

9.19 International Sales and Advertising

You may not sell any Products, distribute any literature, place any advertisement, or conduct any other activity toward the promotion or establishment of the AdvoCare business or Products in any country other than the United States.

9.20 Use of Personal Independent Websites

AdvoCare provides Distributors with a Distributor Website from which they can market AdvoCare Products and the opportunity as well as receive training. Distributors are prohibited from owning, establishing, and/or operating their own independent websites to market the Products, promote the AdvoCare business opportunity, or offer AdvoCare-related training.

AdvoCare reserves the right to classify a Distributor's social media and online presence as the functional equivalent of operating an independent website. For example, a website developed on a blogging platform through a third party or other social media presence that is developed for the primary purpose of marketing or promoting the Products and/or the AdvoCare opportunity, gain leads, or to offer AdvoCare-specific training may be considered the functional equivalent of an independent website.

9.21 AdvoCare-Related Domain Names and Email Addresses

Distributors are not permitted to own, create, or maintain domain names, email addresses, and/or online aliases that utilize AdvoCare's trademarks or tradenames, could cause confusion, or be misleading or deceptive to consumers by appearing to be connected to the AdvoCare Corporate Office. AdvoCare will determine, in its sole discretion, whether such could cause confusion or be misleading or deceptive.

9.22 Unsolicited Communications Sent By Fax, Text, or Email

A Distributor may not, directly or through a third party, use or transmit unsolicited faxes, mass email distribution, unsolicited bulk email, unsolicited texts, auto dialers, unsolicited phone calls, or engage in spamming in connection with promoting the Products or AdvoCare opportunity. Distributors must comply with the requirements of the CAN-SPAM Act, related FTC regulations, and any other applicable laws or regulations.

Individuals must be allowed to opt-in to any such communications. Appropriate communications must clearly disclose that the message is an advertisement or solicitation and identify the AdvoCare Distributor as the sender and must include a functioning return method of communication to the sender. The communication must also include language describing a method by which the receiving party may "opt-out" or "unsubscribe." All such requests must be honored. Failure to honor within ten (10) business days of receiving the request is a violation of these Policies.

9.23 Web Applications ("Apps")

AdvoCare offers web applications ("Apps") for Distributor and customer use. Distributors are prohibited from owning, establishing and/or operating their own independent App(s) to market or sell the Products.

9.24 Search Engine Marketing

Distributors may choose to use paid search engine marketing (such as Google AdWords). Distributors agree to cooperate fully with AdvoCare so that Search Engines list the AdvoCare website as the top search result when a user makes a query containing the name "AdvoCare" and any AdvoCare trademark or AdvoCare owned content. Distributors may not bid on or purchase (or encourage or solicit any third party to bid on or purchase) any AdvoCare trademark or AdvoCare owned content as a meta-tag, keyword, paid search term, sponsored advertisement, or sponsored link used to trigger search results. If Distributors wish to use any such meta-tags or

search-based advertising programs to advertise AdvoCare Products or the opportunity, they may do so only using generic, unbranded search terms such as "supplements," "energy," "health," etc.

Before purchasing a search engine marketing advertisement, Distributors must register the advertisement with AdvoCare by sending a full copy of the ad to **legal@advocare.com**. Additionally, Distributors must provide AdvoCare with access to the ad word account as a reader or reviewer. Distributors may not use AdvoCare trademarks or other information that would lead a consumer to believe that they are accessing AdvoCare's website and not a Distributor's personal website or their Distributor Website. The advertisement must include the Distributor's information. At any time, AdvoCare may request immediate removal of search engine marketing that is confusing, misleading, or deceptive to consumers. All search engine marketing must comply with all terms of the Policies, including this Chapter.

9.25 Social Networking and Social Media

Distributors may use social media and other forms of internet communication to find new prospective customers. These online social networks may be used to drive traffic to the Distributor's AdvoCare Website.

It is the Distributor's obligation to ensure that all content they post on social networks is current, and that any old content that is out of compliance with any terms of the Policies is immediately and permanently removed. Distributors who use social networking sites must also comply with the rules associated with that particular website or network. AdvoCare employs robust and consistent monitoring and enforcement procedures to review and sanction Distributors who do not comply with this policy.

9.26 Distributors are Responsible for Their Postings

Distributors are personally responsible for their postings and all other online activity related to AdvoCare. Therefore, even if a Distributor does not own or operate a social media site, if a Distributor makes a post that relates to AdvoCare, or which can be traced back to AdvoCare, the Distributor is responsible for the posting. Distributors are also responsible for postings which occur on any blog or social media site the Distributor owns, operates or controls.

9.27 Use of Videos on Social Media

Distributors are encouraged to use AdvoCare corporate videos to advertise or promote the Products. AdvoCare corporate videos must be reposted in their entirety and may not be modified in any way.

For Distributor created videos, it is the responsibility of the Distributor to ensure any of the material he or she is recording or providing is current and in compliance with these Policies, as well as any local, state, and federal laws and regulations. Any Distributor created business training must first be approved by AdvoCare prior to publication. Streaming services, such as Facebook Live, may be used by a Distributor to share their AdvoCare Product story only. Product stories must be in compliance with these Policies. Any video that discusses or mentions the Products must include this additional disclaimer:

> *Personal testimonials reflect individual experiences of AdvoCare Independent Distributors and are not necessarily typical of the results you may obtain. Results vary with individual effort, consistency of use, body composition, eating patterns, and exercise. AdvoCare makes no guarantee as to the results that you may experience. AdvoCare encourages healthy, sustainable weight loss with consistent healthy lifestyle activities over a period of time. If an individual has a medical condition or is pregnant or nursing, AdvoCare recommends that the individual consult his or her healthcare professional before starting an AdvoCare Product regimen. Individuals should always read the product label before use.*

9.28 Post-Termination Social Media Presence

If the Distributor Agreement is terminated, cancelled, or the Distributor resigns, the Distributor must discontinue use of the AdvoCare name, trademarks, copyrighted images, trade names, and other intellectual property and all derivatives in any postings and on all social media sites. If the Distributor posts on any social media site on which she or he has previously identified as an AdvoCare Distributor, then the Distributor must conspicuously disclose that they are no longer an AdvoCare Distributor.

The Distributor must also remove from public view all references and posts regarding AdvoCare from social networking profiles within five (5) business days from the date they are no longer a Distributor. If the Distributor has an AdvoCare-related social networking group presence, they are also required to remove the group from public view. The Distributor may transfer the administration rights to another AdvoCare Distributor in good standing.

CHAPTER 10: DISCIPLINARY ACTION AND DISPUTE RESOLUTION

10.1 Notice of Disciplinary Action

Should it become necessary for AdvoCare to place a Distributorship on probation, suspension, or termination ("Disciplinary Action"), the probation, suspension, or termination becomes effective on the date AdvoCare sends notice to the Distributor against whom disciplinary action is taken. The notice will be sent to the Distributor's mailing address and/or email address of record.

10.2 Forms of Disciplinary Action

The Policies are in place to protect AdvoCare and the business opportunity for all Distributors. Violations of the Policies are considered extremely serious and may subject a Distributor to disciplinary action, at the sole discretion of AdvoCare. AdvoCare may attempt to address a violation by counseling the Distributor; however, depending on the particular situation, more severe disciplinary measures may be required including, but not limited to, the following:

(1) **Legal Hold**: a period of time in which a Distributor's account is frozen during an investigation of a possible Policy violation. During this time, the Distributor may not buy or order Products, sign up new Distributors, or earn compensation through the Compensation Plan. AdvoCare agrees to investigate the violation within a reasonable amount of time and release the legal hold upon the determination that the Distributor's conduct is not subject to further disciplinary action. Withheld compensation that would have been earned by the Distributor during the legal hold period is forfeited, and may be retained by AdvoCare while the Legal Hold is pending investigation, unless and until the Distributor is found not at fault, and then the compensation may be returned to the Distributor upon request;

(2) **Warning**: issued to clarify the meaning and application of a specific Policy and advise that continued violation will result in further disciplinary action;

(3) **Probation**: a defined period of time in which the Distributor is considered *not in good standing*, but may continue to conduct certain aspects of their Distributorship, unless otherwise communicated by AdvoCare, including buying Products, placing orders on his or her Distributor Website, earning compensation through the Compensation Plan, and signing up new Customers. However, while a Distributor is considered *not in good standing* he or she will not be eligible for certain Distributor privileges, including but not limited to earning incentives, receiving recognition for advancement, or taking part in the Leads program. It is within the sole discretion of AdvoCare to restrict or allow certain Distributor rights and privileges within the probationary period;

(4) **Suspension**: a defined period of time, or until certain specified conditions are met, where a Distributor is considered *not in good standing*. During a suspension, the Distributor's account is frozen and all rights to conduct the AdvoCare business and participate in Distributor events, along with any eligibility for earning incentives and compensation, are revoked. Withheld compensation that would have been earned by the Distributor during the suspension period is forfeited and may be retained by AdvoCare; or

(5) **Termination**: the complete cancellation of a Distributor Agreement and revocation of the Distributor's rights, including the right to receive any further compensation, whether accruing before or after the termination date. Upon termination, the Distributor must immediately cease to represent himself or herself as a Distributor.

AdvoCare reserves the right to take disciplinary action against a Distributor at any time, with or without prior notice, whenever it is determined to be the necessary and appropriate action. Upon disciplinary action, a Distributor's earnings and incentives may be forfeited at the sole discretion of AdvoCare. AdvoCare reserves the right to recoup damages and pursue legal action for violation of its Policies or its Distributor Agreement.

Notwithstanding the foregoing section, any probation, suspension, or termination invoked by AdvoCare becomes effective on the date AdvoCare sends notice to the affected Distributor(s). The notice will be mailed and/or emailed to the Distributor's physical address and/or email of record with AdvoCare. Legal holds are the exception to this notification process as they are the most minor forms of disciplinary action, and will be effective immediately with or without notification.

10.3 Termination for Convenience

AdvoCare reserves the right at any time to terminate for convenience in its sole discretion any Distributorship upon thirty (30) days written notice. Cancellation shall be effective on the date on which written notice is mailed, emailed, or delivered to an express courier, to the Distributor's last known address, email address, or to his or her counsel, or when the Distributor receives actual

notice of cancellation, whichever occurs first. AdvoCare shall not be required to have any reason, nor to prove any cause in order to terminate any Distributorship with any Distributor. If and when any Distributorship with any Distributor is terminated, the Distributor shall have no claim against AdvoCare, its affiliates, or their respective officers, directors, agents, employees, servants, and representatives, nor any right to claim or collect lost profits, lost opportunities, or any other damages. Termination will result in the loss of all benefits as a Distributor. The terms hereof are in satisfaction of any and all statutory and common law claims, including without limitation, any right to reasonable notice of termination of the contractual relationship.

10.4 Procedures for Appeal

A Distributor may appeal the withholding of compensation, probation, suspension, or termination by sending a written explanation to the AdvoCare Legal Department addressing why the disciplinary action should not be taken. In order to be considered, appeals must be sent by certified or registered mail to the AdvoCare Corporate Office (attention: Legal Department) or by email to **legal@advocare.com**. Appeals must be received by AdvoCare no later than twenty (20) days from the date of the notice of disciplinary action. Any sanction(s) shall remain in place during the appeals process. AdvoCare will review all timely appeals and notify the Distributor of the final decision. The appeal decision is final and is not subject to further review.

10.5 Repurchases Associated with a Terminated Distributorship

A Distributor whose Distributorship is involuntarily terminated by AdvoCare may request, within thirty (30) days of a notice of termination, that AdvoCare repurchase unused Products in the Distributor's possession. Any request for repurchase must be sent to the AdvoCare Legal Department via email at **legal@advocare.com** and will need to be able to meet the requirements set forth in these Policies.

10.6 Pre-Cancellation and Post-Cancellation Defamation or Disparagement

A Distributor or former Distributor shall not defame AdvoCare at any time. A Distributor or former Distributor also shall not disparage AdvoCare or its current Distributors during the period of any disciplinary actions pending against the Distributor, and for a period of one (1) year following the conclusion of their Distributorship. This provision shall survive termination of the Contract.

10.7 Post-Termination Reapplication

If a former Distributor who has been terminated by AdvoCare seeks to become a Distributor again, that individual must first wait twelve (12) months from the date of termination to be considered for reapplication. At that time, the Applicant must submit a letter to the AdvoCare Legal Department at **legal@advocare.com** stating why he or she should be allowed to operate a Distributorship once again. It is within the sole discretion of AdvoCare whether or not to permit the individual to contract into a new Distributorship. If approved, the individual will have no right to any discount level, and must execute a new Distributor Agreement as well as purchase a new Distributor Kit. If a former Distributor's reapplication is denied, then the former Distributor must wait a full calendar year before following the same reapplication process set forth above.

10.8 Limitation of Remedies

TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, NEITHER ADVOCARE NOR ANY OF ITS OFFICERS, DIRECTORS, MANAGERS, EMPLOYEES, AGENTS, OR AFFILIATES SHALL BE LIABLE TO ANY DISTRIBUTOR, OR ANYONE ELSE, FOR ANY INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL, OR PUNITIVE DAMAGES THAT ARISE OUT OF OR RELATE TO THE CONTRACT, INCLUDING BUT NOT LIMITED TO: ALLEGED DAMAGES RELATING TO DELAYS OR FAILURES WITH REGARD TO THE ORDERING, DELIVERY, AND QUALITY OF ADVOCARE PRODUCTS; THE PAYMENT OR NON-PAYMENT OF COMPENSATION UNDER THE COMPENSATION PLAN; AND ANY INFORMATION PROVIDED BY ADVOCARE TO DISTRIBUTORS, INCLUDING INFORMATION RELATING TO CUSTOMERS, DISTRIBUTOR LISTS AND EARNINGS, AND OTHER SIMILAR INFORMATION. NEITHER ADVOCARE, NOR ANY OF ITS OFFICERS, DIRECTORS, MANAGERS, EMPLOYEES, AGENTS, OR AFFILIATES, SHALL BE LIABLE UNDER ANY THEORY FOR ANY CONDITION OR CIRCUMSTANCE CAUSED BY *FORCE MAJEURE*, INCLUDING, BUT NOT LIMITED TO, STRIKES, LABOR DIFFICULTIES, RIOTS, WAR, FIRE, NATURAL DISASTERS, DEATH, CURTAILMENT OR INTERRUPTION OF A SOURCE OF SUPPLY, OR GOVERNMENT DECREES OR ORDERS.

10.9 Mandatory Arbitration and Dispute Resolution

EXCEPT AS MAY BE EXPRESSLY PROVIDED OTHERWISE BY THESE POLICIES, ANY CLAIM OR CONTROVERSY ARISING OUT OF OR RELATING TO THE CONTRACT, WHETHER SUCH CLAIM ARISES IN TORT, CONTRACT, EQUITY, OR OTHERWISE, SHALL BE RESOLVED BY BINDING AND CONFIDENTIAL ARBITRATION ADMINISTERED BY THE AMERICAN ARBITRATION ASSOCIATION IN ACCORDANCE

WITH ITS THEN EXISTING COMMERCIAL ARBITRATION RULES BEFORE A SINGLE ARBITRATOR. THE ARBITRATOR SHALL HAVE EXCLUSIVE AUTHORITY TO DETERMINE WHETHER ANY PARTICULAR CLAIM OR CONTROVERSY IS ARBITRABLE AND COVERED BY THIS PROVISION. DISTRIBUTORS HEREBY WAIVE THEIR RIGHTS TO TRIAL BY JURY OR BY ANY COURT EXCEPT AS EXPRESSLY PROVIDED HEREIN. THE HEARING SHALL OCCUR NOT LATER THAN ONE HUNDRED AND EIGHTY (180) DAYS FROM THE DATE THE DEMAND IS MADE, ABSENT AGREEMENT BY THE PARTIES OR EXTRAORDINARY CIRCUMSTANCES, WITH A JUDGMENT ON THE AWARD ENTERED WITHIN THIRTY (30) DAYS AFTER THE CONCLUSION OF THE HEARING. THE ARBITRATION SHALL BE CONDUCTED IN COLLIN COUNTY, TEXAS, WHICH SHALL BE THE EXCLUSIVE LOCATION OF THE ARBITRATION ABSENT AGREEMENT BY THE PARTIES OR EXTRAORDINARY CIRCUMSTANCES. HOWEVER, THE JUDGMENT ON THE AWARD MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF.

EACH PARTY TO THE ARBITRATION PROCEEDING SHALL BE ENTITLED TO NO MORE THAN TWENTY (20) REQUESTS FOR PRODUCTION, TEN (10) INTERROGATORIES, AND FIVE (5) DEPOSITIONS. ALL RESPONSES TO REQUESTS FOR PRODUCTION AND INTERROGATORIES ARE DUE WITHIN TEN (10) DAYS FROM THE DATE THEY ARE SERVED. ALL DOCUMENTS MUST BE PROVIDED WITHIN THREE (3) DAYS AFTER THE RESPONSES TO REQUESTS FOR PRODUCTION ARE DUE. THE FOREGOING DISCOVERY LIMITATIONS AND DEADLINES MAY BE MODIFIED OR EXPANDED AT THE DISCRETION OF THE ARBITRATOR FOR GOOD CAUSE SHOWN. THE ARBITRATOR HAS THE DISCRETIONARY AUTHORITY TO AWARD THE COSTS OF THE ARBITRATION, THE ARBITRATOR'S FEES, AND ANY REASONABLE AND NECESSARY LEGAL FEES INCURRED IN CONNECTION WITH A DISPUTE RESOLVED IN FAVOR OF THE PREVAILING PARTY. THE COSTS OF INITIATING THE ARBITRATION SHALL BE BORNE BY THE PARTY INITIATING ARBITRATION. THE COSTS OF BRINGING ANY COUNTERCLAIMS SHALL BE BORNE BY THE PARTY ALLEGING THE COUNTERCLAIMS. ALL REMAINING COSTS AND FEES SHALL BE SPLIT EQUALLY BETWEEN THE PARTIES UP THROUGH ISSUANCE OF A FINAL AWARD. WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW ANALYSIS, THE PARTIES AGREE THE CONTRACT, AND ANY MATTER ARISING OUT OF, RELATING TO, OR INVOLVING THE CONTRACT, INCLUDING TORT CLAIMS, WILL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS AND IN ACCORDANCE WITH U.S.C.A., TITLE 9, UNITED STATES ARBITRATION ACT (THE "FAA"), AND/UNLESS OTHERWISE CONFLICTING, WITH THE TAA, THE TEXAS ARBITRATION ACT, TEX. CIV. PRAC. & REM. CODE §171.001 ET SEQ. THE ARBITRATOR SHALL HAVE EXCLUSIVE AUTHORITY TO RESOLVE ANY DISPUTE RELATING TO THE ENFORCEABILITY OF THIS ARBITRATION PROVISION, INCLUDING, BUT NOT LIMITED TO, ANY CLAIM THAT ALL OR PART OF THIS PROVISION IS VOID OR VOIDABLE.

UNLESS OTHERWISE STIPULATED BY ALL PARTIES THERETO, THE PARTIES AND THE ARBITRATOR SHALL MAINTAIN THE CONFIDENTIALITY OF THE ARBITRATION PROCEEDINGS AND SHALL NOT DISCLOSE TO ANY THIRD PARTY: THE SUBSTANCE OF, OR BASIS FOR, THE CONTROVERSY, DISPUTE, OR CLAIM; THE SUBSTANCE OR CONTENT OF ANY SETTLEMENT OFFER, SETTLEMENT DISCUSSIONS, OR OFFERS ASSOCIATED WITH THE DISPUTE; THE PLEADINGS, OR THE CONTENT OF ANY PLEADINGS, OR EXHIBITS THERETO, FILED IN ANY ARBITRATION PROCEEDING; THE CONTENT OF ANY TESTIMONY OR OTHER EVIDENCE PRESENTED AT AN ARBITRATION HEARING OR OBTAINED THROUGH DISCOVERY IN AN ARBITRATION; THE TERMS OR AMOUNT OF ANY ARBITRATION AWARD; AND THE RULINGS OF THE ARBITRATOR ON ANY PROCEDURAL AND/OR SUBSTANTIVE ISSUES INVOLVED IN THE CASE. IN THE EVENT A PARTY FAILS TO PAY THE FULL AMOUNT OF ANY AWARD, INFORMATION RELATING TO THE AWARD MAY BE USED IN CONFIRMATION OF THE AWARD, WITH EACH PARTY AGREEING TO UTILIZE THE APPROPRIATE STATE OR FEDERAL PROCEDURAL SAFEGUARDS TO PROTECT THE CONFIDENTIALITY OF THE ARBITRATION.

THE PARTIES FURTHER AGREE THAT NO ARBITRATOR HAS THE AUTHORITY TO: (1) AWARD RELIEF IN EXCESS OF WHAT THIS AGREEMENT PROVIDES; (2) AWARD CONSEQUENTIAL OR PUNITIVE DAMAGES OR ANY OTHER DAMAGES NOT MEASURED BY THE PREVAILING PARTY'S ACTUAL, DIRECT DAMAGES; OR (3) ORDER CONSOLIDATION OR CLASS ARBITRATION, CONSOLIDATE MORE THAN ONE PERSON'S CLAIMS, AND MAY NOT OTHERWISE PRESIDE OVER ANY FORM OF A REPRESENTATIVE OR CLASS PROCEEDING. IN THIS REGARD THE PARTIES SPECIFICALLY AGREE THAT THEY MAY BRING DISPUTES AGAINST THE OTHER PARTY, ITS PARENTS, SUBSIDIARIES, AFFILIATES, OFFICERS, DIRECTORS, MEMBERS, MANAGERS, AGENTS, DISTRIBUTORS, EMPLOYEES, ATTORNEYS, SUCCESSORS, AND ASSIGNS ONLY IN AN INDIVIDUAL CAPACITY AND NOT AS A CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING INCLUDING WITHOUT LIMITATION ANY CLASS ACTION OR CLASS ARBITRATION. AN ARBITRATOR SHALL NOT COMBINE OR CONSOLIDATE

MORE THAN ONE PARTY'S CLAIM WITHOUT THE WRITTEN CONSENT OF ALL AFFECTED PARTIES TO AN ARBITRATION PROCEEDING.

NOTWITHSTANDING THE FOREGOING, NOTHING IN THESE POLICIES OR THE CONTRACT SHALL PREVENT ADVOCARE FROM APPLYING TO AND OBTAINING FROM ANY COURT HAVING JURISDICTION A WRIT OF ATTACHMENT, TEMPORARY RESTRAINING ORDER, PRELIMINARY OR PERMANENT INJUNCTION, RELIEF PURSUANT TO TEXAS RULE OF CIVIL PROCEDURE 202, OR OTHER RELIEF TO SAFEGUARD AND PROTECT ADVOCARE'S INTERESTS AND RIGHTS, INCLUDING WITHOUT LIMITATION, RIGHTS WITH RESPECT TO CONFIDENTIAL INFORMATION, LOGOS, TRADEMARKS, AND COPYRIGHTED MATERIALS AT ANY TIME PRIOR TO, DURING, OR FOLLOWING THE FILING OF ANY ARBITRATION PROCEEDING.

THE INSTITUTION OF ANY ACTION FOR EQUITABLE RELIEF UNDER THIS PROVISION OR TO ENFORCE AN AWARD OR ORDER, SHALL NOT CONSTITUTE A WAIVER OF THE RIGHT OR OBLIGATION OF ANY PARTY TO SUBMIT ALL CLAIMS TO ARBITRATION.

IF ANY DISTRIBUTOR INITIATES LITIGATION OUTSIDE OF ARBITRATION IN VIOLATION OF THE PROVISIONS OF THIS SECTION, AND UPON DEMAND BY ADVOCARE FAILS TO SUBMIT THE MATTER TO ARBITRATION, THE DISTRIBUTOR SHALL BE LIABLE TO ADVOCARE FOR ALL COSTS, EXPENSES, AND LEGAL FEES INCURRED IN COMPELLING ARBITRATION OF THE MATTER.

ANY AMENDMENTS TO THIS ARBITRATION PROVISION SHALL APPLY ONLY PROSPECTIVELY, NOT RETROSPECTIVELY, AND SHALL BE EFFECTIVE FOURTEEN (14) DAYS AFTER POSTING ONLINE BY ADVOCARE, OR OTHER MECHANISM DESIGNED TO PROVIDE NOTICE TO DISTRIBUTORS. ANY AMENDMENTS TO THIS ARBITRATION PROVISION SHALL NOT APPLY TO ANY CLAIM OR CONTROVERSY FOR WHICH A DISTRIBUTOR HAS PROVIDED ADVOCARE ACTUAL, EXPRESS, WRITTEN NOTICE PRIOR TO THE EFFECTIVE DATE OF THE AMENDMENTS.

THIS SECTION SHALL INURE TO THE BENEFIT OF ADVOCARE AND ALL OF ITS PARENTS, SUBSIDIARIES, AFFILIATES, OFFICERS, DIRECTORS, MEMBERS, MANAGERS, AGENTS, EMPLOYEES, ATTORNEYS, SUCCESSORS, AND ASSIGNS, ANY OF WHOM SHALL BE ENTITLED TO INVOKE OR SEEK ENFORCEMENT OF THESE PROVISIONS, AND SHALL COVER ALL CLAIMS ASSERTED AGAINST ANY OF THEM THAT ARISE OUT OF OR RELATE TO THE CONTRACT.

TO THE EXTENT THIS ARBITRATION PROVISION OR ANY PORTION THEREOF IS DETERMINED TO BE IN VIOLATION OF, OR UNENFORCEABLE TO ANY EXTENT UNDER, ANY STATE OR FEDERAL LAW, THE PARTIES AGREE THAT SUCH PROVISION OR PORTION IS SEVERABLE AND MAY BE REVISED TO BE CONSISTENT WITH APPLICABLE LAW, AND TO EFFECTUATE TO THE MAXIMUM EXTENT POSSIBLE THE ORIGINAL TERMS AND INTENT OF THIS PROVISION.

10.10 Governing Law, Jurisdiction and Venue

The Contract, its interpretation and enforcement, and all claims arising out of or relating to the Contract, whether asserted in law or equity, contract-based, tort-based, or otherwise, and including substantive claims or defenses asserted within any arbitration proceeding, shall be governed by the laws of the State of Texas without regard to choice of law or conflicts of law principles. Procedural matters in any arbitration proceeding shall be governed by the FAA and, unless otherwise conflicting with the FAA, the TAA. Mandatory and exclusive jurisdiction and venue of any claim, dispute, matter, controversy, or action between AdvoCare and any Distributor(s) that is not subject to arbitration shall be in the courts of Collin County, Texas and/or the United States District Court, Eastern District of Texas, to the exclusion of all other venues and forums, and Distributor hereby waives any and all objections to such venue, including personal jurisdiction and forum non conveniens. The institution of an action or proceeding by a Distributor against AdvoCare in another venue or forum in violation of this provision shall be a material breach of the Contract causing AdvoCare irreparable harm, and Distributor agrees and stipulates that AdvoCare shall be entitled to temporary, preliminary, and permanent anti-suit injunctive relief to enforce this provision.

CHAPTER 11: ASSIGNMENT OR SALE OF DISTRIBUTORSHIP

11.1 Assignment or Sale of Distributorship Agreement Prohibited

No Distributor may sell, assign, or encumber any interest in its Distributorship, without the prior written consent by the AdvoCare Legal Department, which may be denied in the sole discretion of AdvoCare. If a Distributorship is inherited or held in trust or held on behalf of a legally incapacitated Distributor, a new Distributor Agreement must be signed by the

beneficiary, trustee, or person holding the Distributorship on behalf of a legally incapacitated Distributor and is subject to the approval or rejection of AdvoCare in its sole discretion. AdvoCare may assign this Agreement at any time, without advanced notice.

CHAPTER 12: DISPOSITION OF A DISTRIBUTORSHIP – DEATH OR LEGAL INCAPACITY

12.1 Passing on Your Distributorship

Subject to the automatic rights of a surviving spouse (who is an Applicant or Co-Applicant), a Distributor may choose to pass their Distributorship on to a beneficiary(ies) in the event of their death in a valid will or testamentary document. A Distributorship does not automatically pass down to a Distributor's beneficiary(ies) without it being expressly written in a valid will or other testamentary document. Instead, all Distributorships that are not included in a valid will or testamentary document (including a testamentary trust) may be terminated, in the sole discretion of AdvoCare.

Notice of a Distributor's death must be provided to the AdvoCare Legal Department at **legal@advocare.com** within thirty (30) days of the date of death to prevent the Distributor's account from being purged. A certified copy of the death certificate must be provided upon request.

Distributors are encouraged to seek professional legal assistance from an attorney to ensure the proper transfer of the Distributorship. Inheritance of a Distributorship does not guarantee that a beneficiary will receive any earnings at any particular level. Success in AdvoCare is dependent upon successful sales efforts, which require hard work, diligence, and leadership. The success of a beneficiary will depend upon how effectively he or she exercises these qualities.

12.2 Surviving or Capable Spouse

When a Distributorship consists of a married couple (Applicant and Co-Applicant) and one person dies or becomes legally incapacitated, the Distributorship will remain in the name of the surviving or capable spouse. The surviving or capable spouse must forward a certified copy of the death certificate or declaration of legal incapacity, as the case may be, to AdvoCare to change the ownership of the Distributorship.

12.3 Eligibility Requirements to Inherit or Operate an Existing Distributorship

(1) Must be least 18 years of age;
(2) Must not be a current AdvoCare Independent Distributor or Customer;**
(3) Must reside in a geographic area where AdvoCare operates its direct selling business;
(4) Must read and accept the Policies; and
(5) Must agree to and submit a signed Distributor Agreement.

***If a beneficiary has an existing Distributorship or Customer membership, the beneficiary may decide within a reasonable amount of time which account to operate, and which to terminate. This requirement does not apply to a trustee designated to operate a Distributorship on behalf of a beneficiary.*

12.4 Distributorship Left to a Single Beneficiary in a Valid Will

When a Distributorship is disposed of in a will transferring it to a single beneficiary, AdvoCare will transfer ownership of the Distributorship in accordance with the terms of the will. In order to inherit a Distributorship, the beneficiary must meet the eligibility requirements in this Chapter. Failure of the single beneficiary to meet the eligibility requirements within sixty (60) days, or completion of probate following the death of the original Distributor, may result in the termination of the Distributorship unless the Distributorship is held in trust.

12.5 Distributorship Left to Multiple Beneficiaries in a Valid Will

If a will designates more than one beneficiary, AdvoCare will place the Distributorship in one name as decided by all named beneficiaries. If all named beneficiaries cannot agree among themselves in whose name to place the Distributorship, AdvoCare shall make that decision in its sole discretion. The chosen named beneficiary must meet the eligibility requirements in this Chapter within sixty (60) days of the death of the original Distributor or upon completion of probate. A Distributorship cannot be divided. Upon earning compensation, the designated party will be issued payment. AdvoCare will not divide funds earned from the Distributorship. The beneficiaries shall have no claim or recourse against AdvoCare for how any compensation paid to the Distributorship is allocated among the beneficiaries.

12.6 Distributorships Left in Trust

A trust created in the will of the Distributor may be established in order to leave a Distributorship to beneficiaries at the time of the Distributor's death. For example, a testamentary trust may be established for the benefit of minor children or incapacitated adults.

The terms of the trust should designate a trustee who will operate the Distributorship or appoint a third party to do so. AdvoCare reserves the right to deny the transfer of a Distributorship to a trust created under the will of a Distributor if it determines the trustee does not meet the eligibility requirements in this Chapter, or is not sufficiently authorized or capable of operating the Distributorship in compliance with the Policies.

Upon the transfer of a Distributorship, the beneficiary is eligible to earn compensation pursuant to the Policies. Upon dissolution of the trust, if applicable, pursuant to the will of the Distributor that created the trust, the beneficiaries and trustee must decide who will be named on the Distributorship in order for it to continue operating. AdvoCare will continue to issue compensation to the designated party on the Distributorship.

12.7 Procedure for Beneficiary or Trustee to Operate a Distributorship

(1) In order for a beneficiary or trustee to operate a Distributorship, he or she must satisfy the following requirements:
(2) Provide AdvoCare with a certified copy of the death certificate and a fully executed copy of the will or other instrument establishing the beneficiary's valid right to the AdvoCare business;
(3) The single beneficiary or trustee must sign a Distributor Agreement;
(4) The beneficiary or trustee must meet the eligibility requirements in this Chapter;
(5) The beneficiary or trustee must comply with the Distributor Agreement and the Policies;
(6) If a Distributorship is left to more than one beneficiary or if it is left to minor(s), then the beneficiaries or trustee must establish a business entity and acquire a Federal Tax ID Number. AdvoCare will issue one IRS Form 1099 to the business entity or single person designated; and
(7) Provide AdvoCare with an address or account of record.

12.8 Distributor Leaves No Valid Will

When a Distributorship has no Co-Applicant and the Distributor has not expressly provided for the transfer of the Distributorship in a valid will, the Distributorship shall terminate upon notice of the Distributor's death.

12.9 Legal Incapacity

Subject to the automatic rights of a surviving spouse who is an Applicant or Co-Applicant as set out in this Chapter, if a Distributor becomes legally incapacitated and has a valid Power of Attorney for Property or similar Mandate in place or a person has been appointed as the guardian of the Distributor by a court of competent authority, such Attorney appointed under the Power of Attorney document or similar Mandate or court appointed guardian (hereinafter "Personal Representative") may continue to operate the Distributorship on behalf of the legally incapacitated Distributor for the duration of such legal incapacity. Notice of a Distributor's legal incapacity must be provided by the Personal Representative to the AdvoCare Legal Department (email **legal@advocare.com**) within thirty (30) days of the date of the declaration of legal incapacity to prevent the Distributor's account from being purged. A certified copy of the declaration of legal incapacity must be provided by the Personal Representative upon request. AdvoCare reserves the right to deny the continued operation of the Distributorship by the Personal Representative if it determines the Personal Representative does not meet the eligibility requirements in this Chapter or is not sufficiently authorized or capable of operating the Distributorship in compliance with the Policies.

12.10 Bankruptcy

The prohibition on the sale or assignment of a Distributorship applies if a Distributor files for bankruptcy and his or her Distributor position or Distributor Agreement would otherwise become part of an estate in bankruptcy or an asset for sale or disposition as part of the proceedings. Under no circumstances may a Distributorship be transferred to any other person or entity as part of a bankruptcy proceeding, either by the Distributor, the bankruptcy trustee, a court, or otherwise. Unless a Distributor is permitted to retain his or her Distributorship as part of the resolution of the bankruptcy proceedings, such Distributorship shall be deemed cancelled and the Distributor position vacated as of the date of the bankruptcy filing.

CHAPTER 13: RESIGNATION OF A DISTRIBUTOR

13.1 Resigning Your Distributorship

A Distributor may resign his or her Distributorship at any time by submitting a signed Resignation Form (available on the Distributor Website or by contacting Customer Service). If a Distributorship has an Applicant and a Co-Applicant, the Resignation Form must be executed by both parties unless one party desires to continue the Distributorship. If only one party (either Applicant or Co-Applicant) wishes to resign, that party needs to submit a

Resignation Form to have his or her name removed from the account.

13.2 Refunds Associated with a Resignation or Cancellation

Distributors who choose to resign or otherwise cancel their Distributorship may be entitled to receive a refund for the cost of his or her Distributor Kit, plus shipping and handling*, sales tax (if applicable)** as well as a refund or credit for any unused Products purchased by them from AdvoCare. To be entitled to a refund, the following requirements must be met:

(1) Products must be returned to AdvoCare at the time the Resignation Form or Returned Product Inventory Form is submitted, within thirty (30) days from the time your contract with AdvoCare is terminated or canceled;
(2) Returned Products must be accompanied by a Returned Merchandise Authorization (RMA) number provided by AdvoCare Customer Service and an inventory list of Product(s) returned; and
(3) Returned Products must appear in the order history of the Distributor.

Any Product returned that does not meet the criteria listed above shall not be eligible for a refund. All Product returned to AdvoCare with a resignation or inventory return shall be retained by AdvoCare, regardless of whether the return meets the criteria for receiving a refund.

Unless specifically traceable from the order history, the refund amount is based upon the retail price at the time the Product is repurchased minus the applicable Distributor discount, plus shipping and handling* and sales tax (if applicable).** Product refunds are processed in the same form of payment as the Product purchase. If the credit card used for the purchase is no longer valid, AdvoCare will refund any amount owed through AdvoCare RapidPay. Any funds owed to AdvoCare at the time of resignation will be deducted from any potential refund or compensation.

**Refunded shipping costs are calculated as the lesser of 5% retail value of the items returned or $75, but no less than the current standard flat shipping rate.*

***This requirement is not applicable to residents of Maryland, Wyoming, Georgia, Massachusetts and Puerto Rico.*

SECTION II: COMPENSATION PLAN

CHAPTER 1: OVERVIEW OF THE COMPENSATION PLAN

1.1 How Compensation is Earned

At AdvoCare, compensation is earned as Products are purchased and sold to Retail and Preferred Customers. Sales to Retail Customers and Preferred Customers are the foundation of a successful Distributorship. The Compensation Plan is a work plan, and your compensation will depend on how much effort you expend, and to some extent, what area of the country you live in.

1.2 Ways to Earn Income

Distributors may earn income with AdvoCare from:

(1) Retail Profits; and
(2) Wholesale Commissions.

In addition, AdvoCare may offer other promotional incentives and bonuses based on direct sales to customers through which Distributors may earn compensation.

1.3 Eligibility to Earn Compensation

To be eligible to earn compensation from AdvoCare you must provide your Social Security number. You may provide this number at any time and will be eligible to earn compensation from that point forward. If your Distributorship is suspended or terminated due to disciplinary action, then your right to compensation is revoked.

CHAPTER 2: UNDERSTANDING YOUR DISCOUNT

2.1 The Basic Discount Schedule

The basic Discount Schedule determines what discount level you achieve when purchasing Products from AdvoCare. The discount is based on the amount of Products purchased by you and the amount of Products sold to your Preferred Customers and Registered Retail Customers in one to four (1-4) consecutive pay periods. The cost of the product sold before discount is your Qualifying Volume ("QV") amount. As a new Distributor, you qualify for a twenty percent (20%) discount on the suggested retail value.

Basic Discount Chart

Qualifying Volume* (one to four consecutive pay periods)	Basic Discount
0 - 499.99	20%
500 - 999.99	25%
1,000 - 1,999.99	30%
2,000+	40%

* Qualifying Volume is the dollar amount of the products purchased by you and sold to your Preferred Customers and Registered Retail Customers before a discount is applied.

CHAPTER 3: EARNING INCOME FROM RETAIL SALES

3.1 Retail Sales Defined

Retail sales are the simplest way to earn income with AdvoCare. As a Distributor, you purchase Products directly from the company at a discount ranging from twenty to forty percent (20-40%). You then sell the Products to your Retail Customers. The difference between what you paid for the Products (at your discount) and what you sell them for (what your Retail Customer pays you) is your immediate profit, otherwise known as Retail Profits. AdvoCare publishes suggested retail prices for all Products. However, these are suggested prices only and you are not obligated to charge these prices. Each Distributor is entitled to determine independently the prices at which they sell Products to their Retail Customers.

A "retail sale" is defined as the sale of a single unopened Product in its original packaging purchased by a Distributor and sold to a Retail Customer at a commercially reasonable price. A "Retail Customer" is defined as a non-Distributor customer who purchases Product(s) directly from a Distributor in person. A Retail Customer is not permitted to resell product and is unable to participate in the Compensation Plan.

CHAPTER 4: EARNING INCOME FROM WHOLESALE COMMISSIONS

4.1 Wholesale Commissions Defined

Wholesale commissions may be earned from sales to your Preferred Customers or Registered Retail Customers. All Distributors are eligible to potentially earn Wholesale Commissions. The Wholesale Commission is calculated by the difference in discount levels, and is paid directly from AdvoCare to the

Distributor. Note: AdvoCare does not pay Wholesale Commissions on Sales Aids, Distributor Kits, or Preferred Customer fees.

4.2 Wholesale Commissions Earned from Sales to Registered Retail Customers or Preferred Customers

Wholesale Commissions are earned by a Distributor when their Registered Retail Customers or Preferred Customers purchase Product(s) from their AdvoCare website. These Wholesale Commissions, which AdvoCare pays directly to the Distributor, are paid out as the difference between that Distributor's discount and the discount of their Registered Retail Customer(s) or Preferred Customer(s). For example, if the Distributor's discount level is thirty percent (30%) and he or she has a Preferred Customer who has a twenty percent (20%) discount, the Distributor receives a ten percent (10%) Wholesale Commission of the volume by that Preferred Customer.

CHAPTER 5: PAYING YOUR TAXES

5.1 Reporting Your Income

It is important for you to keep records of your earnings from retail sales. You are responsible for reporting this income to the Internal Revenue Service.

Further, you are solely responsible for paying any and all taxes due on any compensation in the form of bonuses, incentives, or Wholesale Commissions you receive from AdvoCare. Annually, AdvoCare will provide a Form 1099 to the federal government reflecting the total amount of such payments made by AdvoCare to you, provided you earn $600 or more in compensation. In addition to any compensation earned, AdvoCare will report as required by law any other benefits received, including, but not limited to, the following: the value of any incentives, bonuses, prizes or other recognition awards earned during the calendar year.

5.2 Paying Sales Tax

AdvoCare adds sales tax to your original order based upon shipping destination and price paid. Distributors who resell products should compute and collect sales tax from their customers and are responsible for following applicable reporting and remittance laws for all applicable tax authorities.

GLOSSARY OF TERMS:

Applicant – an individual who has completely and accurately filled out, executed and submitted the requisite information and application to become an AdvoCare Independent Distributor. Once accepted by AdvoCare, the Applicant is the primary individual listed on the Distributorship.

Auto Renewal – an option that allows Distributors to enroll and have their annual renewal fees automatically charged to their credit card on file on the first day of their anniversary month, automatically renewing their Distributorships for another year.

Co-Applicant – an individual who has completely and accurately filled out, executed and submitted the requisite information and application to become an AdvoCare Independent Distributor on an Applicant's Distributorship. Once accepted by AdvoCare, the Co-Applicant is the secondary individual listed on the Distributorship with the same rights and access to the Distributorship as the Applicant. Only a spouse of the Applicant is eligible to be a Co-Applicant.

Contract – together the Distributor Agreement and the Policies, as they may be amended, constitute the contractual agreement ("Contract") between AdvoCare and each Distributor.

Distributor – refers to any person whose Contract has been executed, received and accepted by AdvoCare in its sole and absolute discretion.

Distributor Kit – the starter materials and sample Products included at the onset of a new Distributorship.

Distributor Website – an AdvoCare-personalized website for each Distributor.

E-commerce – websites prohibited from being used to sell or advertise the sale of AdvoCare Products including but not limited to eBay, Amazon, kijiji, Craigslist, auction sites, garage sales etc.

Policies – the AdvoCare Policies, Procedures and Compensation Plan.

Preferred Customer – a Preferred Customer is a non-Distributor customer that has joined the Preferred Customer Program through a Distributor, and is thereby able to purchase Products at a discount; the Preferred Customer's discount starts at twenty percent (20%) and may increase up to thirty percent (30%) (and in some cases 40% for some former Distributors who had that discount level) depending on the amount of purchases made; the Preferred Customer is not permitted to sell/resell Product(s) or receive compensation from AdvoCare.

Registered Retail Customer – a Retail Customer who registered on the AdvoCare Website as a "Registered Retail Customer" and thus is able to purchase Products online from their Distributor's Website as a Retail Customer. Neither Retail Customers nor Registered Retail Customers are permitted to sell/resell Product(s) or receive compensation from AdvoCare.

Retail Customer – a non-Distributor customer who purchases AdvoCare Product(s) directly from a Distributor in person. Retail Customers are not permitted to sell/resell Product(s) or receive compensation from AdvoCare.

Retail Profits – profits earned from your retail sales; these profits are the difference between what you paid for a Product with your discount level, and what you sell that Product for to your Retail Customer.

Retail Sale – the sale of Product(s) in its original unopened packaging purchased by a Distributor and sold to a Retail Customer at a commercially reasonable price.

Retail Sales Receipts – receipts that you provide to your Retail Customers documenting any retail sale completed; copies of these receipts should be retained by Distributors for Sales Compliance; these receipts may be obtained from your Distributor website.

Wholesale Commissions – commissions earned from the sales to your Registered Retail Customers or Preferred Customers.