

## Statement of Average Gross Compensation Paid by Nature's Sunshine to U.S. Members in 2014

### OVERVIEW

Nature's Sunshine Products, Inc. (Nature's Sunshine) is a leading natural health and wellness company that markets and distributes nutritional and personal care products through a global direct sales force of over 600,000 independent Managers, Distributors and customers in more than 40 countries. We believe that natural health and wellness has the power to change lives; and through our products, our people and our business opportunity, we work to make it a reality every day. Nature's Sunshine manufactures most of its products through its own state-of-the-art facilities to ensure its products continue to set the standard for the highest quality, safety and efficacy on the market today. Proven quality, expertise and results are why we are trusted and recommended by natural health practitioners and customers around the world.

### DISTRIBUTORS

Nature's Sunshine markets its products through independent contractors, called Distributors. For purposes of this statement, an "Active Distributor" is a Distributor who has placed an order for products, sales aids, or services during the calendar year of 2014. In the United States, the Nature's Sunshine had an average of 46,351 Active Distributors during 2014.

### COMPENSATION

Distributors are invited to participate in the Sunshine Rewards program, where they can receive free shipping and points toward free products. In 2014 approximately 14.32% of the Active Distributors participated in this program.

There are three fundamental ways in which a Distributor can earn compensation through reselling Nature's Sunshine products:

- 1) Through retail markup on the sale of products purchased at the wholesale price.
- 2) Through receiving a rebate on any personal product purchases, for consumption or resale.
- 3) Through commissions, or bonuses, paid on personal product purchases and the sales of other Distributors in their downline sales network.

As is the case with all sales businesses, the compensation earned by Distributors will vary significantly based on the amount of time and effort Distributors put into running their independent business, etc. There is a minimal cost to enroll with Nature's Sunshine; the annual membership fee is \$40 USD, which is waived with the purchase of \$40 USD or more in product. There are many reasons why people choose to become Nature's Sunshine Independent Distributors. Many Distributors join simply to enjoy purchasing Nature's Sunshine quality products at wholesale prices for their own consumption. Because of the positive experiences people have in using Nature's Sunshine products, some choose to manage their own sales business, through retail channels or other methods. Others choose to join the business to improve their own skills and build their own business, assisting others to also become Nature's Sunshine business builders. Due to these varied experiences, many Distributors never qualify to earn commissions.

To generate meaningful earnings as a Distributor requires a significant level of commitment, time, and effort. It is hard work. There is no fast track to financial freedom, and no guarantee of success. However, for those who are willing and able to devote the energy and time into developing a loyal customer base, and mentor others to do the same, the opportunity exists for success with an attractive part-time or full-time income.

### RETAIL MARKUP

Distributors can purchase products from Nature's Sunshine at the wholesale price for personal consumption, or to resale to customers. Nature's Sunshine suggests a retail markup of approximately 33% above the wholesale price, however, this is a suggested price, as Independent Distributors are able to set their own retail prices for their customers. As a result, Nature's Sunshine does not provide an estimate of average compensation from retail sales, nor include retail markup earnings in the included average compensation statement.

### COMMISSIONS

Distributors also earn commissions from the sale of products by other Distributors who are enrolled/sponsored by them, whom are called their downline, or successline. These commissions can come in the form of rebates, as well as a percentage of overall group sales. As these downline Distributors also build a customer base, and enroll/sponsor others, a downline network is formed, from which Distributors can earn commissions. In 2014, the number of Active Distributors who earned commissions was 24,518, representing 52.90% of the Active Distributor base.<sup>1</sup>

In 2014, Nature's Sunshine paid approximately \$64,920,000 in rebate and commissions to Distributors living in the United States.

The average commission paid to Active Distributors living in the United States who earned commissions was \$229.64 monthly or \$2,755.72 annualized.<sup>2</sup>

Note: this does not represent total profit, as it does not include any retail markup earned by the Distributor, nor consider any expenses incurred by the Distributor in the promotion of their business. During 2014, Active Distributors represented an average of 25.20% of Total Distributors.<sup>3</sup>

Any questions regarding this information can be addressed to Nature's Sunshine at (800)223-8225.

Title	Monthly Avg. Commission Income Per Level-2014	Annualized Commissions	Average Percentage of Paid Distributors <sup>4</sup>
Active Distributor Earning a Check (Non-Manager)	\$25.98	\$311.79	81.11%
Manager	\$270.48	\$3,245.70	11.12%
Star	\$592.87	\$7,114.48	3.11%
District	\$1,258.64	\$15,103.70	2.49%
Area	\$2,726.86	\$32,722.33	1.21%
Regional	\$5,514.96	\$66,179.55	0.61%
Divisional	\$8,735.54	\$104,826.53	0.13%
Sr. Divisional	\$10,845.60	\$130,147.22	0.06%
National	\$14,572.13	\$174,865.55	0.09%
Sr. National	\$36,645.63	\$439,747.61	0.07%

<sup>1</sup> This number was calculated by dividing the total average monthly Distributor payee count by the total average monthly Active Distributors.

<sup>2</sup> This number was calculated by taking the total average monthly commission earned and dividing by the average monthly number of Distributors paid.

<sup>3</sup> This number was calculated by dividing the total average monthly Active Distributor count and dividing it by the Total Distributors, including those who did not place any orders.

<sup>4</sup> These percentages were calculated by taking the average of the total Distributor payee count at each level and dividing it by the total number of monthly Active Paid Distributors.