



LYONESS

I. LYONESS LOYALTY PROGRAM BENEFITS:

The LYONESS Loyalty program (“the program”) is based upon LYONESS’s relationships with Loyalty Partners (SME/Chain store companies), which in turn offer a benefit to LYONESS Members and LYONESS Business Members (collectively, “Member”) which may include individuals or business entities. Part of this benefit is reimbursed directly to the Member after purchase, and part of it is reimbursed over time. Cashback and friendship bonuses are also paid out directly to Members after purchases are made within the network, whether they are offline or online, and the remaining LYONESS Loyalty program benefits are paid out over time in varying ways.

The portions of the benefits not paid out directly to Members are called a “Loyalty Bonus” and they accumulate in what is known as a “Loyalty account” as purchases are being made. When a Member’s “loyalty account” accumulates \$75, the program gives the Member a \$75 “accounting unit” that is booked into your LYONESS accounting program. Note: A member’s initial accounting units are booked into the program by his/her recommender, i.e., the person who introduced the Member to LYONESS. From there, the Member books its own accounting units according to the booking rules found in the Member’s back office. There are 5 Accounting categories within the LYONESS accounting program, known as ACI, ACII, ACIII, ACIV and ACV. They represent 5 accounting programs operating simultaneously in the Member’s online back office.

The “Member benefit” consists of “Cashback” and “Loyalty Bonus,” as described below.

As the Member starts to introduce others to the LYONESS Shopping Community it begins to create a “Lifeline.” Those personally introduced by the Member are known as “direct Members” and when a “direct Member” introduces another Member, they are known as an “indirect Member”. Your direct and indirect Members are doing the same and are shopping. As spending occurs, the Loyalty Bonus builds in the Member’s loyalty account leading to the creation of accounting units. The same happens for everyone who shops within the LYONESS network of Loyalty Partners.

LYONESS Loyalty Program benefits

1. Cashback.

1-2% Cashback on all of the Member’s PERSONAL purchases made within the LYONESS Loyalty Partner network depending on the total Member benefit. Example with 2% Cashback: If you spend \$100 in a store, \$2.00 is paid as Cashback into your account. If your cash account has \$15 or more, the money will be automatically deposited via ACH into the Member’s bank account.

2. Friendship Bonus

.5% paid on shopping done by your “direct” Members and another .5% on your indirect Members’ shopping.

Ex: Using the example above, on that \$100 purchase, \$.50 goes to the Member who introduced you to LYONESS, and \$.50 goes to the Member who introduced them.

3. Loyalty Cash.

Your first accounting unit is created when your loyalty account accumulates \$75, and is booked in the LYONESS accounting program. After having 35 accounting units, above and below, following your accounting unit the LYONESS program pays you Loyalty Cash.

4. Loyalty Credit.

An accounting unit can also be created in your accounting program by making a down payment for a specific order of Loyalty Partner gift cards to one of the LYONESS Loyalty Partners in the amount of the Loyalty Bonus. When you get paid for an accounting unit created in this manner, the benefit is in the form of Loyalty Credit to be spent within the network. The Loyalty Cash/Loyalty Credit is paid as follows:

In Accounting category I at 35/35 (above and below):	\$ 675.00
In Accounting category II at 30/30 (above and below):	\$ 1,275.00
In Accounting category III at 25/25 (above and below):	\$ 2,400.00
In Accounting category IV at 25/25 (above and below):	\$ 7,200.00
In Accounting category V at 25/25 (above and below):	\$ 24,000.00

5. Loyalty Commission.

This is paid out to a Member on a gradual basis based on the chart below which indicates how many accounting units must follow the Member’s accounting units. As you go up in the accounting program, i.e. to ACII etc, the payouts increase. The prerequisite to earn Loyalty Commissions is that you first must have at least 4 direct Members in your lifeline who each have at least one accounting unit in your accounting program. Loyalty Commissions will accumulate and be paid out upon having your fourth direct Member who has at least one accounting unit.

Above / Below	AC I	AC II	AC III	AC IV	AC V
3/3	\$ 12.00	\$ 36.00	\$ 120.00	\$ 360.00	\$ 1,200.00
5/5	\$ 18.00	\$ 54.00	\$ 180.00	\$ 540.00	\$ 1,800.00
10/10	\$ 24.00	\$ 72.00	\$ 240.00	\$ 720.00	\$ 2,400.00
15/15	\$ 36.00	\$ 108.00	\$ 360.00	\$ 1,080.00	\$ 3,600.00
20/20	\$ 48.00	\$ 144.00	\$ 480.00	\$ 1,440.00	\$ 4,800.00
25/25	\$ 60.00	\$ 180.00	\$ 600.00	\$ 1,800.00	\$ 6,000.00

6. Loyalty Partner Bonus.

You will receive an 18.75% bonus on all Loyalty Commissions that your “direct” Members earn and 6.25% Loyalty Partner Bonus on all Loyalty Commissions that your “indirect” Members earn.

If any of your direct or indirect Members do not qualify for Loyalty Commission, meaning they do not have at least 4 directs having at least one accounting unit, then any Loyalty Partner Bonuses they might have earned go to the first

qualified person upline.

7. Bonus Units.

As accounting units follow above and below any of your accounting units, whether they are yours or those of other Members in your lifeline, bonus units are passively created for you by the program. Each accounting unit generates 4 new bonus accounting units as follows:

- a) 5/5-A bonus unit is created for you and booked in the American Accounting program. It is booked in the American Accounting program, from left to right, top to bottom.
- b) 10/10- A bonus unit is created for you and booked in your Personal Accounting program from top to bottom, left to right.
- c) 15/15- A bonus unit is created for you and booked in the National Accounting program from top to bottom, left to right.
- d) 20/20- A bonus unit is created for you and booked in the American Accounting program, from left to right, top to bottom.

*Bonus Units do not pay Loyalty Cash or Loyalty Credit. They pay Loyalty Commissions and Loyalty Partner Bonuses on Loyalty Commissions. In addition, they are rebooked onto the next Accounting category and create bonus units.

8. Accounting Unit Rebooking.

Upon the payment of either the Loyalty Cash or Loyalty Credit, your accounting units will be rebooked into an accounting unit within the next accounting category. There, they will be eligible for Loyalty Commission, Loyalty Partner Bonus, Bonus Units, and further rebooking. They will not be eligible for further Loyalty Cash or Loyalty Credit.

9. Volume Commission.

The Career Level program is a volume based program having 8 different Career Levels. Each Career Level requires a minimum amount of new volume per month. In addition, the first month you reach a new Career Level is your qualification month. Then you must repeat that Career Level's requirement the subsequent month to "confirm" that "qualified" Career Level. For Career Level 1 you will get paid the month you confirm it, AND FOR THE SUBSEQUENT 12 MONTHS. If during those 12 months you reconfirm that Career Level once again, it will "prolong" your Career Level Status for an additional 12 months. Volume comes from the Member's entire lifeline to an infinite level.

To qualify for a Career Level, the Member may use no more that 50% of the required career units needed for that Career Level from any one direct line. This is known as the 50% Rule. The value per accounting unit is as follows:

Accounting category	I	II	III	IV	V
Accounting unit in \$ <small>(Loyalty Bonus/Down Payments)</small>	75	225	600	1,800	6,000
Career units per category	1	3	8	24	80

Career Level	1	2	3	4	5	6	7	8
Total Career units	100	200	500	1,200	3,000	8,000	20,000	50,000
\$ per Career unit	1,875	2,437	2,813	3,187	3,563	3,937	4,313	4,687

The payment on your Volume Commission is paid at the difference between

your confirmed Career Level and that of your “directs” Career Level. For example, if you are level 3 and are getting paid \$2.813 per career unit and you have a direct at level 1, you will get paid the difference on his direct line, i.e. \$2.813-\$1.875 per career unit.

One can “perfect” a level as well, meaning locking in a Career Level whereby if you don’t meet production requirements you will not drop down levels. Perfection can take place for level 4 and above per the chart below. Minimum requirements for the levels of perfection 4 to 8

Level	1	2	3	4	5	
8	7	7	6	6	5	Results in level of perfection 8
7	6	6	5	5	4	Results in level of perfection 7
6	5	5	4	4	3	Results in level of perfection 6
5	4	4	3	3	2	Results in level of perfection 5
4	3	3	2	2	1	Results in level of perfection 4

10. Volume Bonus.

Levels 2 and above have a monthly Volume Bonus associated with them. If you meet the required production for that level once you have confirmed it, LYONESS will pay you a monthly Volume Bonus per below.

Career Level	1	2	3	4	5	6	7	8
Volume Bonus -	\$ 300	\$ 750	\$ 1,800	\$ 4,500	\$ 12,000	\$ 30,000	\$ 75,000	

Receipt of Payment of Member Benefits:

THE LYONESS LOYALTY PROGRAM WORKS ON PRODUCTION WEEKS ENDING EACH SUNDAY AT 5:00 PM. MONIES ARE PAID OUT THE SECOND TUESDAY FOLLOWING THE END OF THE PRODUCTION WEEK.

NOTE, THE VOLUME COMMISSION AND VOLUME BONUS ARE MONTHLY CALCULATIONS MADE AT THE END OF THE LAST PRODUCTION WEEK FOR THAT MONTH PER THE SCHEDULE POSTED IN THE BACKOFFICE. PAYMENTS ARE MADE THE SECOND TUESDAY THEREAFTER.

II. WAYS TO BENEFIT FROM THE LYONESS LOYALTY PROGRAM:

1. Original Loyalty Partner gift cards purchased from LYONESS

1.1 The LYONESS Member may order LYONESS gift cards (issued by the LYONESS Loyalty Partner and purchased exclusively at LYONESS) in 3 different ways:

A) LYONESS Online Store: To place an order on the LYONESS website, the Member must log into his Online office using his/her personal username and password and, additionally, accept the terms and conditions for Online Shopping with LYONESS which can be found under Downloads. The order can be placed via the LYONESS Online store and is submitted once the Member confirms it with his/her 4-digit PIN Code, providing there are sufficient funds in the Member’s purchase account.

B) Email: The form “Gift card order” can be found in the Online office under “Downloads”. Once the form is completed it can be emailed to: office@lyoness.us. After receipt of the total payment for the amount of gift cards ordered they will be sent by mail to the Member’s address.

C) Fax: The form “Gift card order” can also be faxed (see contact details on www.lyoness.us).

1.2 LYONESS gift cards can only be redeemed by the Member with the relevant LYONESS Loyalty Partner; to do so it is essential for the gift card to be presented.

1.3 LYONESS gift cards give entitlement solely to the purchase of goods and services from the respective LYONESS Loyalty Partner shown on the LYONESS gift card for the amount shown on it. Redemption of the LYONESS gift card in cash, with other LYONESS Loyalty Partners or with LYONESS or any other company within the LYONESS Loyalty Partner network is not possible, nor is it possible for LYONESS to refund the gift card or offset it against any claims whatsoever.

1.4 Once the order of LYONESS Loyalty Partner gift cards has been processed it is no longer possible for the order to be cancelled by the LYONESS Member, nor can the ordered gift cards be exchanged for other gift cards, or refunded or returned.

1.5 Validity: The LYONESS Loyalty Partner gift cards are valid for the duration specified or according to federal/state law.

2. LYONESS Cashback Card in conjunction with accepted methods of payment by the Loyalty Partner:

The LYONESS Cashback Card is intended to simplify recording and transmission of Member data by electronic means using card-reading equipment; it cannot be used for payment. The LYONESS Member gives the LYONESS Cashback Card to the LYONESS Loyalty Partner when paying the bill; the essential data is being read off (LYONESS Loyalty Partner, Member, date, amount of purchase) via a terminal and is transmitted to the LYONESS server. As agreed with the LYONESS Loyalty Partner, LYONESS subsequently transmits a commission calculation to the LYONESS Loyalty Partner; after receipt of payment, the LYONESS Member receives the agreed benefits from LYONESS.

3. Credit and Debit Card

Credit and Debit Card payment can be used for Online Shopping as well as offline in conjunction with the Cashback Card (check for special conditions with LYONESS Loyalty Partners offline).

4. Bank transfer and Checks

Both can be used to transmit funds onto a Member's purchasing account, to be used for any purchases within the Lyoness program. Benefits will be transmitted to a Member using either method.