

Chaga International Compensation Plan Overview - Rev May 07

Chaga International's Membership Compensation Plan is designed to create powerful opportunities for financial rewards and personal fulfillment. Our exciting and revolutionary Compensation Plan incorporates nine streams of income through Retail Sales, Uni-Level Fast Start Commissions, Binary Commissions, Binary Matching Check Bonuses, and Global Bonus Pools that provide each and every Member the opportunity to earn a share of Chaga's worldwide product sales and overall company success.

Our entire marketing program is built to support and inspire your success, and to help you to reach your financial aspirations, whatever they may be. While working within the Chaga marketing program, you determine when you work, how you work, with whom you work and how much money you earn. From earning some extra part-time income to achieving true Financial FREEDOM – YOU ARE IN CONTROL!

Please review the details below and understand why our Compensation Plan is one of the most exciting things that has happened in Network Marketing in years! The Chaga Compensation Plan offers tremendous opportunity, personal freedom and rewards those who are willing to work hard to reach levels of success you've only dreamed of.

Chaga Offers you 9 Powerful INCOME STREAMS

- 1. RETAIL SALES**
- 2. FAST START BONUSES**
- 3. BINARY CYCLE COMMISSIONS**
- 4. BINARY MATCHING CHECK BONUSES**
- 5. NEW BUSINESS BUILDERS BONUS – GLOBAL BONUS POOL**
- 6. EXECUTIVE EXPENSE ACCOUNT – GLOBAL BONUS POOL (coming Jan 08)**
- 7. LEADERSHIP BONUS – GLOBAL BONUS POOL**
- 8. MILLION DOLLAR CLUB BONUS – GLOBAL BONUS POOL**
- 9. TOP ACHIEVER'S BONUS – GLOBAL BONUS POOL (coming Jan 08)**

Getting Started with Chaga International – Easy as 1-2-3!

Step 1. Enroll in Chaga International

There is no product purchase required to become an Independent Distributor / Member with Chaga International. To become a Member, you must simply complete the online application process and purchase (for just \$39.95) access to your own personal Virtual Business Center Back Office as well as your own on-line store/self-replicated website. The \$39.95 is an annual fee, which covers your Chaga International Membership, and your access to your Virtual Business Center Back Office and replicated website for one year, and is billed on your anniversary date.

Step 2. Order Your Product (optional)

Chaga International is a product driven company. Any and all earned commissions and bonuses are based on the sale and consumption of product. While there is no product purchase required to join Chaga, you will need to order or sell some products in order keep your Binary "Business Center" in a Non-Flushing "Active" status. You may also wish to have products on hand to share with others, to sell, or for your own consumption. We recommend that you choose the Chaga Business Introduction Product Package that best suits the goals and needs of your business as well as your own health and well being.

Step 3. Generate an Income with Chaga International

The Chaga International Compensation Plan is built around the promotion and retail sales of our products.

Commission Volume (CV) begins to accumulate for every sale or purchase from the Company at the time a new Member enrolls, and continues to accumulate as long as the Member's Business Center remains active. 62% of all CV is paid back to our Members in the form of Commissions and Bonuses. Full roll up and compression are built into Chaga's Compensation Plan to insure a full 62% CV payout to our Membership organization.

Every time a new Member enrolls into Chaga, they will be placed simultaneously into three pay plans:

- 1 – The UNI -LEVEL, where you earn FAST START Bonuses and;
- 2 – The BINARY, where you earn BINARY Cycle Commissions and Matching Check Commissions and;
- 3 – Our Five Global Bonus Incentive Pools

Creating Your Chaga Business Center

Your sponsor places you in an open position in his or her sales organization. This open position is called a Business Center. Each Business Center has a left and right side, in which sales volume accumulates.



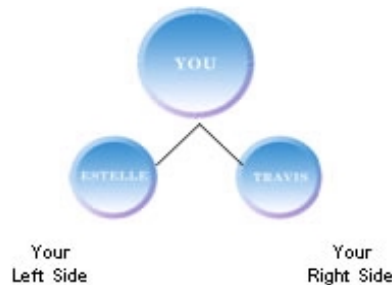
Activate your Business Center - Earn Commissions and Bonuses

Order Products or generate retail sales through your personal replicated website to activate your Business Center. These products may be for personal use and for retail sale, and may be ordered once or multiple times. Each Product and Business Introduction Package has a Commission (CV) associated with it, which is accumulated as points within the Chaga Compensation Plan.

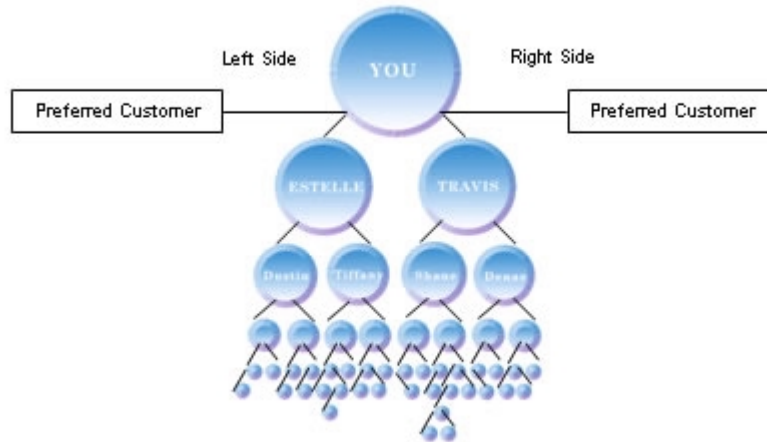
The Chaga International compensation plan provides an excellent opportunity to earn money by simply sharing the product and product packages with others as you introduce them to the Chaga business model, and through teaching others how to enjoy a healthier lifestyle through their own use of our product.

How Your Business Center Generates Income for You

The income you receive from your Chaga business is based on your ability to retail Chaga International's products to your customers, as well as your ability to build an organization of Members, and then simply help them to duplicate your efforts. As you sponsor/enroll new Members, you place them in open positions in your downline organization; remembering to first place one on your left side and one on your right side.



Building an organization is a team effort. As your upline helps you build your organization, you will in turn assist your downline to build theirs. As sales are generated and new Members are added downline, they flow into your sales organization as well as that of your downline. This approach fosters a team effort with everyone working together to add new Members and generate new and repeat sales. There's no free-riding, but for those who do their part, they will benefit each time a new Member is added to the organization or sales are generated. The team will work together to achieve faster growth, stronger sales, and faster rewards for everyone in the downline organization.



As you introduce Chaga to more people, you will add more customers and Members to your organization. Customers can either order directly from you, through your online store or enroll for AutoShip - offering them convenience and savings. *(These customers are called Preferred Customers).*

Always be reminded that your success is built on sharing the products with others, generating customers, and on sponsoring/enrolling Members in your organization and then simply teaching others to do the same thing, all while having an entire company supporting you every step of the way.

Commissions and Bonuses are awarded based on accumulated Commission Volume (CV) points, as well specific qualifications for each Commission or Bonus payout within the Chaga Compensation Plan. The accumulation of the Commission Volume (CV) is based on each Product purchased/sold by you and your customers, as well as every Member in your entire downline sales organization, and their customers.

OVERVIEW of 9 INCOME STREAMS

1 - RETAILS SALES

As a Chaga International Member, you may purchase products at wholesale and resell them at retail to your customers earning the difference between the wholesale and retail price (Retail Profit). As a Member you can sell our products to your customers person to person or through your very own Online Store/Replicated Website. You may also have your customers sign up on line as Preferred Customers to take advantage of AutoShip savings and convenience. The Company then would ship product directly to your Preferred Customers while you still earn the same Retail Profits for as long as your Preferred Customer purchases product. Retail Commissions accumulated from sales through your Online Store/Replicated Website are paid to you as Retail Commissions and are included in your weekly Commissions pay.

2 - UNI-LEVEL FAST START BONUSES (weekly)

Chaga offers you the ability to earn up to 3 generations of FAST START Bonuses on all CV generated by your new Members and their customers in your Uni-Level sales organization during their first week of activity. This allows you and your new downline Members to make weekly Bonuses FAST! This Uni-Level program is designed to promote helping new Members establish their business and to develop customers for Chaga products quickly.

In the Uni-level plan, the Members you personally sponsor or enroll will always be your 1st generation or level. The new Members that they sponsor are your 2nd generation and so on. The FAST START Bonus is paid only on a Member's first weekly commission period's CV which is accumulated from their own personal purchases, retail sales and the online sales generated through their own Chaga replicated website store.

50% of the CV generated by a new Member and their customers (up to a maximum of 200 CV) will be paid as FAST START Bonuses.

10% of this initial CV generated (up to 200 CV), by new Member's during their first week of activity is paid through the Binary Cycle Commissions, Binary Match Check Commissions and 2% is accumulated toward our Global Bonus Pools.

***There is no FAST START Bonus paid on any CV generated through a Member's Business Center after 200 CV the first weekly commission period. All CV generated after the first month, will be paid through the Binary Cycle Commissions, Binary Match Check Commissions and Global Bonus Pools.**

FAST START I: Any Member qualified for **FAST START I** will be qualified to earn a FAST START Bonus of 20% on their 1st generation new Members and their retail customers CV (up to 200CV).

Qualifications for FAST START I: Have at least 1 Active Personally Sponsored Member and have at least 40 Personal CV (personal or generated through online retail sales) during the previous 30 days leading up to the current commission pay period.

FAST START II: In addition to earning the same FAST START commissions as a FAST START I, as a **FAST START II** you will also now earn 15% FAST START Bonuses on your 2nd generation of new Members and their retail customers as well.

Qualifications for FAST START II: Have at least 3 Active Personally Sponsored Members and have at least 40 Personal CV (personal or generated through online retail sales) during the previous 30 days leading up to the current commission pay period.

FAST START III: In addition to earning the same FAST START commissions as a FAST START I and FAST START II, as a **FAST START III** you will also now earn 15% FAST START Bonuses on your 3rd generation of Members and their retail customers as well.

Qualifications for FAST START III: Have at least 5 Active Personally Sponsored Members and have at least 40 Personal CV (personal or generated through online retail sales) during the previous 30 days leading up to the current commission pay period.

***Personal CV requirements for FAST START Bonuses also include online retail sales through a Member's replicated website store.**

3 - BINARY CYCLE COMMISSIONS (weekly)

You can earn up to \$25,000.00 per week from Chaga's Binary Cycle Commissions.* Our Chaga Binary is a 1/3-2/3 **Non-Flushing Binary with a 62% payout cap. Your Business Center in the Binary plan has a right and a left leg. CV is generated in each leg of your Business Center. Every time you have at least 360 CV in your weaker leg and 720 CV in your stronger leg, this will create a \$50.00 Cycle bonus for you.

* This is not an income representation or guarantee. While earning \$25,000 per week is mathematically possible, it is extremely unlikely that anyone will ever earn the maximum payout. Your actual earnings will depend on your own efforts and skill, and your ability to exercise these qualities as a leader in your organization.

** Volume will only flush if a Member is inactive during the previous 30 days.

Commission Volume (CV)		Binary Cycle Commission Dollars
<u>Left</u>	<u>Right</u>	\$50
360	720	

***Binary Cycle CV is calculated from the group sales of every Chaga Member in your entire left or right Binary leg all the way down through infinity!**

Cycle Example Group Commission Volume			Binary Cycle Commissi on Dollars
	<u>Left</u>	<u>Right</u>	
CV / Points	18,000	39,000	\$2,500
Remaining CV after commission	0	3,000	

You may complete up to 500 cycles per week, earning as much as \$25,000 per week. Commissions are calculated weekly and paid one week in arrears. The end of the commission period is Sunday at 11:59 PM. All unused volume after the commissions are calculated carries forward to the next commission pay period.

*At no time will more than 62% of the Commission Volume be paid out. If in any given week there has not been enough collected in CV to meet the commission pay out, the total number of cycles achieved will be divided into the amount of money available, and the resulting amount will be the new per cycle payout for the current week. All Binary Commissions and Binary Matching Check Commissions will be adjusted accordingly.

Binary Rank Qualifications:

TEAM MEMBER - Be an Active Qualified Team Member (40CV) and have at least 1 Active Personally Sponsored Member Left and 1 Active Personally Sponsored Member Right = Earn up to \$5,000 per week* in Binary Commissions.

DIRECTOR - Be an Active Qualified Director (80CV) and have at least 3 Active Personally Sponsored Members Left and 3 Active Personally Sponsored Members Right = Earn up to \$15,000 per week* in Binary Commissions.

EXECUTIVE - Be an Active Qualified Executive (120CV) and have at least 5 Active Personally Sponsored Members Left and 5 Active Personally Sponsored Members Right = Earn up to \$25,000 per week* in Binary Commissions.

** These figures are mathematical possibilities only and are not representations of amounts you should expect to earn. It is extremely unlikely that anyone will earn the maximum compensation available at any rank. Your success will depend on your own efforts and skill, and how well you exercise these qualities as a leader within your organization.

4 – BINARY MATCHING CHECKS (weekly)

Earn unlimited Bonuses by actually matching the Binary cycle earnings on up to 3 Generations of Chaga Members in your Uni-level downline organization. Think about the potential of matching commission checks of a global sales organization.

Binary Matching Check Qualifications:

TEAM MEMBER – Be an Active Qualified Team Member (40CV) and have at least 1 Active Personally Sponsored Member Left and 1 Active Personally Sponsored Member Right = Earn 20% Match on all Active 1st Generation Member's Binary Commissions

DIRECTOR - Be an Active Qualified Director (80 CV) and have at least 3 Active Personally Sponsored Members Left and 3 Active Personally Sponsored Members Right = Earn 20% Match on all Active 2nd Generation Member's Binary Commissions

EXECUTIVE - Be an Active Qualified Executive (120 CV) and have at least 5 Active Personally Sponsored Members Left and 5 Active Personally Sponsored Members Right = Earn 10% Match on all Active 3rd Generation Member's Binary Commissions

GLOBAL BONUS INCENTIVE POOLS

Each active Member has the opportunity to qualify for any or all Global Bonus Pools. These exciting and lucrative incentive pools are designed to encourage leadership, duplication, team effort and cooperation and provide great rewards for those that work hard.

5 - NEW BUSINESS BUILDER'S BONUS POOL (monthly)

"New business builders" can quickly earn a piece of Chaga's worldwide sales! 1/2% of Chaga International's Worldwide Commissionable Volumes (CV) will be divided on a PRO RATA basis between the TOP 20 Business Builders each calendar month.

Qualifications: Based upon the total amount of CV generated by all newly sponsored Chaga Members and their retail customers during the qualification month. **Personal Qualifications:** Must be an Active Member on Autoship at any rank during the period of qualification. Paid Monthly.

6 - EXECUTIVE BONUS POOL (monthly) - coming in 2008!

Like having your own expense account! 1/2% of Chaga International's Worldwide Commissionable Volumes (CV) will be divided equally between qualified Executive Members to use for business expenses each calendar month you qualify. This money can go towards business expenses or even used as car allowance for the car of your dreams!

Qualifications: Must be an Active Qualified Executive during the period of qualification. Paid Monthly.

7 - LEADERSHIP BONUS POOL (quarterly)

Leaders learn to duplicate and our Leadership Bonus Pool rewards Members for that achievement! 1/4% of Chaga International's worldwide Commission Volume (CV) will be paid quarterly (every 3 months), divided equally between those Members that have 20 or more personally sponsored Active Executive Members.

Qualifications: Help 20 or more of your personally sponsored Members to reach and maintain the rank of Executive. **Personal Qualifications:** Must be an Active Executive during the period of qualification. Paid Quarterly.

8 - MILLION DOLLAR CLUB BONUS POOL (quarterly)

A special bonus to our top business builders! 1/4% of Chaga International's worldwide Commissionable Volume (CV) will be paid quarterly (every 3 months), divided equally between those Members that have 40 or more personally sponsored Active Executive Members.

Qualifications: Help 40 or more of your personally sponsored Members to reach and maintain the rank of Executive. **Personal Qualifications:** Must be an Active Executive during the period of qualification. Paid Quarterly.

9 - TOP ACHIEVERS BONUS POOL (annually) - coming in 2008!

Imagine being given as an annual bonus, a share of Chaga's Global sales. The potential is enormous! 1/2% of Chaga International's worldwide Commissionable Volume (CV) will be divided on a PRO RATA basis, between the TOP 10 Earners Annually.

Qualifications: Be one of the TOP 10 money earners during the annual qualification period. This includes the total of all money earned from all phases of the Compensation Plan including of Online Retail Commissions, Fast Start, Binary and Binary Matching Bonuses. **Personal Qualifications:** Must be an qualified as an active Executive Member at least 6 months prior to the end of the annual qualification period. Paid Annually.

Qualifications to be Considered Active for Membership Ranks:

TEAM MEMBER: To be an Active Qualified Team Member you must have at least 1 Active Personally Sponsored Member Left and 1 Active Personally Sponsored Member Right and you must have at least 40 CV during your first 30 days and then each 30-day period thereafter. This 40 CV can be generated by either sales from your Online Store/Replicated Website, personal purchases or your AutoShip. As

an active Team Member, you will keep your Business Center active and in NON-FLUSHING status. As an active Team Member, you can qualify to earn the 1st level FAST START Bonuses, you can qualify to earn Binary Cycle Commissions of up to \$5,000.00 per week,** and you can also qualify to earn Binary Matching Checks of 20% on your 1st level Members Binary Cycle Commissions.

DIRECTOR: To be an active qualified Director you must have at least 80 CV, of which 40 CV must be generated from online retail sales; and be on Autoship or "Conditional AutoShip" that will only process if you do not have at least 80 CV in either sales from your Online Store/Replicated Website, or personal purchases during the previous 30 days; and you must have at least 3 Active Personally Sponsored Members Left and 3 Active Personally Sponsored Members Right; and 2000 CV Uni-Level GSV. As an active Director, you will keep your Business Center active and in NON-FLUSHING status. As an active qualified Director, you can qualify to earn the 1st and 2nd level FAST START Bonuses, you can qualify to earn Binary Cycle Commissions of up to \$15,000.00 per week**, and you will also be qualified to earn Binary Matching Checks of 20% on your 1st level Member's Binary Cycle Commissions, and 20% Binary Matching Checks on your 2nd level Member's Binary Cycle Commissions. \$2000 Uni-Level GSV

EXECUTIVE: To be an Active Qualified Executive you must have at least 120 CV, of which at least 50% or 60 CV must be generated from online retail sales; and be on Autoship or "Conditional AutoShip" that will only process if you do not have at least 120 CV in either sales from your Online Store/Replicated Website, or personal purchases during the previous 30 days; and you must have at least 5 Active Personally Sponsored Members Left and 5 Active Personally Sponsored Members Right; and 5000 CV Uni-Level GSV.

As an active qualified Executive, you will keep your Business Center active and in NON-FLUSHING status. As an active Executive, you can qualify to earn the 1st, 2nd, and 3rd level FAST START Bonuses, you will be qualified to earn Binary Cycle Commissions up to \$25,000.00 per week**, and you will also be qualified to earn Binary Matching Checks of 20% on your 1st level Member's Binary Cycle Commissions, 20% on your 2nd level Member's Binary Cycle Commissions, and 10% Binary Matching Checks on your 3rd level Member's Binary Cycle Commissions.

**There may be additional requirements for qualification for each Commission or Bonus program. Please review that section for further details.*

*** These figures are mathematical possibilities only and are not representations of amounts you should expect to earn. It is extremely unlikely that anyone will earn the maximum compensation available at any rank. Your success will depend on your own efforts and skill, and how well you exercise these qualities as a leader within your organization.*

****Chaga International may at anytime make changes to the Chaga International Compensation Plan, at its sole and absolute discretion as Chaga management feels is in the overall best interest of the company and its Independent Distributors.*

Definitions:

Active – A Member who has at least 40 Personal CV in a 30-day period is considered "Active" and is then called a Team Member. Other ranks may have higher CV requirements to be considered "Active" at that rank.

Autoship – A standing product order that processes automatically.

Binary Group Sales Volume (BGSV) – The total CV points accumulated within a binary leg of your Binary sales organization.

Commissionable Volume (CV) - In order to keep our products competitively priced at the retail level and to ensure a profitable wholesale to retail margin for our Membership base, we assign a point value, called Commission Volume, or CV, to each of our products, and the compensation program is based on the accumulation of these points. Chaga International gives each product the maximum points possible to create the ideal balance between significant retail profits and substantial earnings paid to our Members.

Conditional Autoship – A Autoship order that will only process if you do not have the required CV for the current rank, in either sales from your Online Store/Replicated Website, or personal purchases during the previous 30 days.

Member – By enrolling as a Chaga International Independent Distributor, you become a Member of our team and participate in the many benefits of our marketing program.

Non-Flushing – Any Member who is Active with at least a 40 Personal CV in the previous 30-day period, will maintain a Non-Flushing status on their Binary Business Center.

Personal CV – The amount of combined CV for any Member, calculated from all personal purchases and retail sales generated through a Member's Online Store/Replicated Website.

Preferred Customer – A retail customer that has set up a standing Autoship product order through your replicated Online Store/Replicated Website. The Preferred Customer qualifies for a discount each month however the commission to the Member remains the same.

Product Introduction Packages – Chaga International provides product packages that fit different business and health needs. These packages are designed to maximize profits and business success.

Retail Commissions – The difference between the wholesale price that a Member would pay for products and the price at which a customer or Preferred Customer purchase product through a Member's Online Store.

Retail Profit – The difference between the wholesale price that a Member purchases products for and the price at which the Member sells products.

Rank – Rank is the earning level attained within the Chaga marketing program. A Member through building their business can achieve Team Member, Director or Executive Rank.

Uni-level Group Sales Volume (UGSV) – The accumulative CV of all the Member's and their customers within 3 generations of active Members in your Uni-level sales organization.