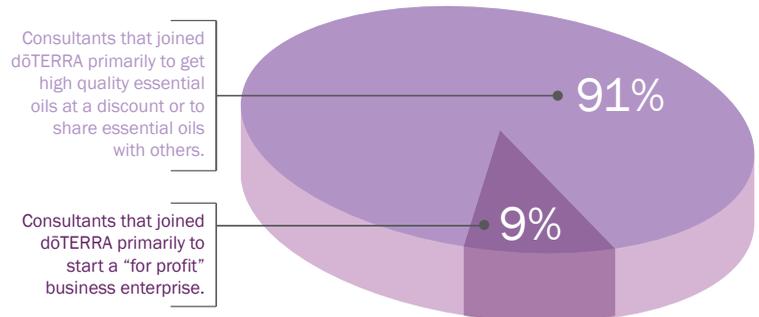


During dōTERRA's fifth year of operation in 2013, the company commissioned a national research study by a reputable third party organization. The study highlighted various aspects of the growth opportunity of dōTERRA in the coming years in the United States. Key takeaways from this study include the following:

- 69 percent of the general population looks to natural products to improve some aspect of their health.
- 48 percent of the general population has used essential oils.
- Of the general population that have used essential oils, only 7 percent have ever used dōTERRA essential oils.
- The most popular method to find out which natural product to use and how to use those products comes from the recommendation of a friend. This method is twice as common as referring to an advertisement.

Because of the tremendous potential for the continued growth of dōTERRA, and because word of mouth or personal referral is the most common method of people learning about essential oils, dōTERRA is very committed to direct selling as the vehicle by which its CPTG® essential oils are marketed. Direct selling is generally defined as the selling of goods away from a fixed retail location and includes personal involvement by someone experienced in the use of the goods being sold.

dōTERRA is an essential oils company that markets through direct selling. The above referenced study also explored dōTERRA's direct selling channel and revealed that 91 percent of the people that joined dōTERRA as a consultant did so primarily to get high quality essential oils at a discount or to share essential oils with others. Only 9 percent of consultants joined primarily to start a "for profit" business enterprise.



Therefore, the vast majority of the several hundred thousand dōTERRA Independent Product Consultants (IPCs) are primarily focused on getting access to high quality essential oils and other products offered by dōTERRA at the most reasonable price possible. dōTERRA supports this desire by having a very generous Loyalty Rewards Program that has extremely high participation rates and a near 100 percent point redemption rate by loyal consumers. Additionally, dōTERRA offers regular promotions and other opportunities for IPCs to purchase products at a discount. The above referenced study of IPCs showed that after the quality of the company's essential oils, the next three things that the company does best are: the Loyalty Rewards Program, regular promotions, and exceptional customer support—all of which support extensive product consumption.

Supporting this extremely high focus on products, the dōTERRA compensation plan provides a robust earnings opportunity for all IPCs. While more than 90 percent of all IPCs join dōTERRA to focus primarily on Loyalty Rewards Points, other purchasing benefits, and profits from retail sales of products, they can and do earn commissions for their efforts based on the sales of product within their organization. During 2013, the company paid a commission check to approximately 90,000 people throughout the world. The majority of those IPCs earned enough to pay for a portion or all of their own product purchases each month.

Specifically, entry level IPCs classified by the ranks of Consultant, Manager, Director and Executive earn up to \$1,600 annually in commissions. At the mid-level ranks of Elite and Premier, IPCs learn about participating in doTERRA as a business and are almost always doing the business on a part-time basis. Average annual earnings for these ranks range from \$3,900 to \$9,600 per year.

The highest levels in the commission plan are the leadership ranks and the 2013 average annual earnings for these ranks are shown in the following chart. This chart shows the rank, the average annual earnings of IPCs paid at that rank during 2013, and the percent of people within the leadership rank who were paid at that specific rank in the United States:

Rank	Average Annual Earnings	Percent of Leaders
Silver	\$26,000	62%
Gold	\$57,000	22%
Platinum	\$106,000	5%
Diamond	\$203,000	8%
Blue Diamond	\$499,000	2%
Presidential Diamond	\$1,372,000	1%

dōTERRA experienced tremendous growth during 2013 in large part due to an increase in the number of people achieving leadership ranks globally. During the year, the company recognized several thousand new IPCs that achieved leadership ranks with details as follows:

Rank	Number of First Time Rank Achievement in 2013
Silver	1,357
Gold	358
Platinum	147
Diamond	158
Blue Diamond	38
Presidential Diamond	3

The dōTERRA business opportunity is robust and growing. While the vast majority of IPCs are focused on the use of essential oils for the benefit of their family and friends, for those IPCs that desire to focus on developing a “for profit” business by working full time and achieving the leadership ranks, there is a significant earnings opportunity as noted above. Of course, each IPC’s results will depend on the time and effort they put into building their own dōTERRA business.