



IW Marketing International Australia PTY LTD

# COMPENSATION PLAN



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# WELCOME TO



***Welcome to the IW Marketing International Australia (hereafter “It Works!”) Compensation Plan,  
your guide to achieving your optimum earnings potential, reaching your financial goals,  
and fulfilling your dreams for a life filled with friendships, fun, and, best of all, FREEDOM!  
Whether your goal is to pay off your mortgage, send your kids to college, or quit your job  
to spend your days however you choose, the It Works! Compensation Plan can help you achieve it!***

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## ARE YOU READY TO LEARN HOW? WELL, LET’S GET STARTED!

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### **RELATIONSHIP BUILDING—AND EARNING!**

At It Works!, we believe in the power and potential of people. Connecting with people is how you, as a Distributor, can build a successful business and income with It Works! How you earn and how much you earn starts with the three distinct people that make up your It Works! business.

- **Retail Customers:** These are customers who make a onetime, retail price purchase of It Works! products. When you make a retail customer sale, you earn your individual markup (the difference between the recommended retail price and the wholesale price of the product) on that sale. That means you purchase the product in your name and resell it in your name and on your account.
- **Loyal Customers:** Loyal Customers are your customers who sign up with It Works! for the minimum three month auto-ship agreement for their product orders and receive wholesale pricing on all of these products. With sales to Loyal Customers, you earn a percentage commission for your mediation. This commission will be paid by It Works! Every Loyal Customer order immediately qualifies you to participate in the Compensation Plan. The main pillar of the It Works! Business is the sale to Loyal Customers. The more customers you have the more you will earn—directly through your own commissions and indirectly by the sales commissions of your team of Distributors.
- **Distributors:** Distributors are members of your team who have completed the Distributor enrollment process and want to build a business. You will earn commissions on their orders and the orders in their downline for the levels that you are qualified for. As you build your organization of Distributors and start to promote, the number of pay levels will increase and your income will continue to grow. The bigger the team that you build, the more money you can make. This is why building your team by investing your effort, energy, and time in others will help you maximize your earnings. It Works! allows Distributors to split the enrollment and placement of Distributors but does not allow split enrollment and placement of Loyal Customers. It Works! recommends that to maximize your earnings, Distributors should maintain the enrollment of their Distributors and Loyal Customers. If you choose to change placement of a Distributor, it may impact your commissions.

If you choose to build your organization of Distributors and start to promote, the number of pay levels will increase and your income will continue to grow. The bigger the sales team that you build, the more money you can make. This is why building your sales team by investing your effort, energy, and time in others will help you maximize your earnings.

It Works! allows Distributors to split the enrollment and placement of Distributors but does not allow split enrollment and placement of Loyal Customers. It Works! recommends that to maximize your earnings, Distributors should maintain the enrollment of their Distributors and Loyal Customers. If you choose to change placement of a Distributor, it may impact your commissions.

<sup>1</sup>The examples set forth herein are hypothetical examples that are intended to explain the components and operation of the It Works! Compensation Plan. These hypothetical examples are not representative of the income, if any, that an It Works! Distributor can or will earn through his or her participation in the It Works! Compensation Plan. These figures should not be considered as guarantees or projections of your actual earnings or profits. Any guarantee of earnings, whether made by It Works! or a Distributor, would be misleading. Success with It Works! results only from successful sales efforts, which require hard work, diligence, and leadership. Your success will depend upon how effectively you exercise these qualities.

# YOUR FIRST 30 DAYS AS A DISTRIBUTOR

## 1 BECOME COMMISSION QUALIFIED

In order to start earning your commissions on your It Works! business, you need to be Distributor Commission Qualified. This enables you to earn commissions on the **Sales Bonus Volume** from your Loyal Customer and Distributor sales.

If you purchased the Business Builder Kit (0 BV), congratulations, you are already Commission Qualified for the month you were supplied. If you didn't, or if it is after your first month, you must complete the following to be commission qualified:

- Have at least 150 **Personal Sales Bonus Volume** for the month.

OR

- Choose to process a minimum 80 BV auto-shipment (optional).

### VOLUME DEFINITIONS:

#### Personal Sales Bonus Volume (PBV):

PBV is the sum of the bonus volume from a Distributor's personal retail sales and all personally supplied loyal and retail customer sales.

#### Group Sales Volume (GV):

GV is the sum of your PBV plus the PBV of every Distributor in your downline organization.

## 2 EARN FREE PRODUCT WITH THE DISTRIBUTOR REBATE CREDIT

Build your business by supplying Loyal Customers and you can earn free It Works! products for your business—or yourself! That's the Distributor Rebate Credit—\$135 in product credit that rewards you for gathering four Qualified Active Loyal Customers within your first 30 days.<sup>2</sup> If you fail to have 150 PBV or the optional 80 BV auto-shipment and gather four qualified Active Loyal Customers within your first 30 days, you will not receive the Distributor Rebate Credit.

### QUALIFIED ACTIVE LOYAL CUSTOMER:

This is a Loyal Customer who is in the process or has fulfilled the It Works! Loyal Customer agreement and who does not share an address with the supplier, any other Distributor, or any other Loyal Customer. A Qualified Active Loyal Customer counts towards Distributor bonuses and rewards. The Qualified Active Loyal Customer does not need to have an active auto-shipment profile if they have already completed the Loyal Customer agreement. Any Loyal Customer who is counted towards a bonus, reward, or credit but fails to complete the Loyal Customer agreement must be replaced within 14 days or the bonus, reward, or credit that was earned using this Loyal Customer will be recovered. A Loyal Customer is not the same as a Distributor and the same individual cannot be both a Distributor and Loyal Customer at the same time.

<sup>2</sup>Distributor Rebate Credit expires in 60 days from the day it is credited to the Distributor's account. It can only be used up to the amount of available Rebate Credit. Distributors are responsible for paying all shipping and taxes on Distributor Rebate Credit orders. If the new Distributor does not process 150 PBV or the optional minimum 80 BV auto-shipment order within their first 30 days, the Distributor rebate credit will be recovered through a commission adjustment.

# HOW TO EARN THE DISTRIBUTOR REBATE CREDIT

## DISTRIBUTOR:



- Purchase the Business Builder Kit (0 BV) within your first 30 days.
- Generate 150 in PBV or set up and process your optional minimum 80 BV auto-shipment within your first 30 days.<sup>3</sup>
- Have 4 Qualified Active Loyal Customers<sup>4</sup> within your first 30 days.



QUALIFIED ACTIVE Loyal Customer (1)



QUALIFIED ACTIVE Loyal Customer (2)



QUALIFIED ACTIVE Loyal Customer (3)



QUALIFIED ACTIVE Loyal Customer (4)

## 3

### GET REWARDED WITH WRAP REWARDS!

As you continue to supply Loyal Customers you'll earn Wrap Rewards you can use to purchase the It Works! Ultimate Body Applicator™ or the Facial™ at a reduced price. You earn one Wrap Reward for every two Qualified Active Loyal Customers you supply. These rewards are good for 60 days from the date they are applied to your account.



DISTRIBUTOR

+



QUALIFIED ACTIVE Loyal Customer (1)

+



QUALIFIED ACTIVE Loyal Customer (2)

=



WRAP REWARD

Your Wrap Rewards will be calculated and applied to your account nightly, based upon supply, using this formula:



NUMBER OF QUALIFIED ACTIVE Loyal CUSTOMERS

÷

2

-



NUMBER OF APPLICATOR REWARDS ALREADY APPLIED

=

CURRENT WRAP REWARDS

<sup>3</sup> Please note: If a Distributor Rebate Credit is applied but the auto-shipment fails to process in the allotted time, the Rebate Credit will be recovered.

<sup>4</sup> Please note: Loyal Customers may not share an address with either the supplier, any other Distributor, or another Loyal Customer and any Loyal Customer used for a credit, reward, or bonus who cancels prior to completing the agreement must be replaced or the credit, reward, or bonus will be recovered through a commission adjustment.

# 4

## BECOME FAST START BONUS QUALIFIED

The Fast Start Bonus is a cash bonus equal to the AUD equivalent of \$100 USD that you can earn by supplying new Distributors who meet the Fast Start Bonus qualifications in their first 30 days. To earn the Bonus, you need to be Fast Start Bonus qualified.

# HOW TO BE FAST START BONUS QUALIFIED

### DISTRIBUTOR:



- Purchase the Business Builder Kit (0 BV) within your first 30 days.
- Generate 150 in PBV or set up and process your optional minimum 80 BV auto-shipment within your first 30 days.
- Supply 2 Qualified Active Loyal Customers within your first 30 days.



QUALIFIED ACTIVE LOYAL CUSTOMER (1)



QUALIFIED ACTIVE LOYAL CUSTOMER (2)

Once you have met all of the requirements, you can earn Fast Start Bonuses on any of your qualified Distributors that are still active and within their first 30 days.<sup>5</sup>

<sup>5</sup> You don't have to be Fast Start qualified yourself when you supply a new Distributor, but you do need to become Fast Start Bonus Qualified within your new Distributor's first 30 days in order to collect a Fast Start Bonus on the new Distributor. If the new Distributor does not process 150 PBV or the optional minimum 80 BV auto-shipment order within their first 30 days, the Fast Start Bonus will be recovered through a commission adjustment.

# START CLIMBING THE RANKS

All new Distributors will start with the title of Distributor once they have completed the supplier process and purchased an It Works! Distributor Business Builder Kit (0 BV). All Distributors must be sales commission qualified for the month in order to earn commissions. All Distributors will earn 10% commission on their first two levels and a 5% supply bonus for the personally supplied Distributor's sales or Loyal Customer's sales. To earn commissions on additional levels you will need to promote to a higher rank. The following pages provide the qualifications that must be met to be paid at each rank along with the monthly commissions and bonuses that you will be paid at those ranks. All monthly commissions are paid by the end of the day on the 15th of the following month and are based on the paid ranks of Distributors for the current month.

## **Compression:**

During the commission process, commissions are "compressed" to allow you to earn commission on sales originating further down in your organization if there are Distributors above those sales that are not commission qualified. Only Distributors that are commission qualified will count as a level during the commission calculation process. Any Personal Bonus Volume generated from Distributors who are not commission qualified is compressed up and paid out as first level residual commissions to the next commission qualified Distributor in the genealogy. Distributors and Loyal Customers are never physically moved up in the genealogy if a Distributor above them cancels their distributorship or is not commission qualified for any reason. Only the Personal Sales Bonus Volume will compress up. This Personal Sales Bonus Volume that is compressed up cannot be used by the upline Distributor for qualification purposes. Supplier bonuses do not compress.

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## **Leg:**

Each Independent Distributor on your first level represents a separate "Leg" in your team. Legs in your organization grow as your first-level Distributors begin to build their own teams (downlines).

## **Qualified Leg:**

A Qualified Leg is one with at least 400 total Group Sales Volume coming from anywhere in the depth of the Leg. The top Distributor of a Leg does not have to be Commission Qualified for the Leg to be considered a Qualified Leg.



*Please note: A Distributor does not earn commissions on personal orders or on personal orders that other Distributors place directly under them.*

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# MANAGEMENT LEVELS

## EXECUTIVE

To qualify to be paid as an Executive, you must complete the same steps as a Distributor AND have a minimum of 2 Qualified Legs.

As an Executive, you are eligible to be paid on three levels of your downline orders after compression.  
See *Management Bonuses chart, page 7*.

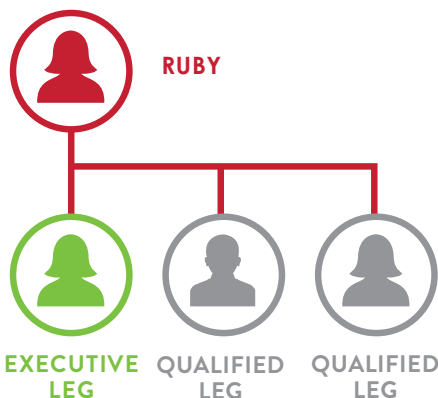


## RUBY

To qualify to be paid as a Ruby, gather and build to 3 Qualified Legs with at least 1 of the 3 Legs being an **Executive Leg**.

**Executive Leg:** a Leg with an Executive somewhere in the depth of the Leg.

As a Ruby, you are eligible to be paid on four levels of your downline orders after compression.  
See *Management Bonuses chart, page 7*.



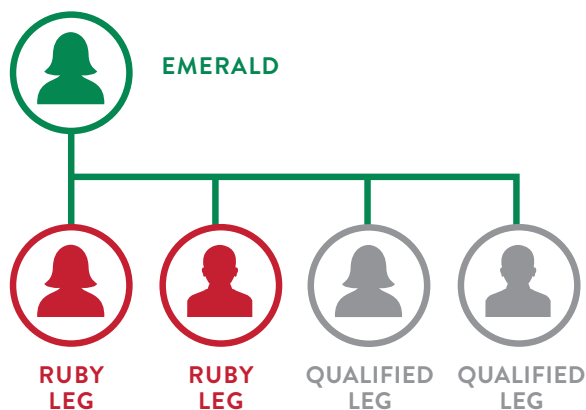
## EMERALD

To qualify to be paid as an Emerald, gather and build to 4 Qualified Legs with at least 2 of the 4 Legs being **Ruby Legs**.

**Ruby Leg:** a Leg with a Ruby somewhere in the depth of the Leg.

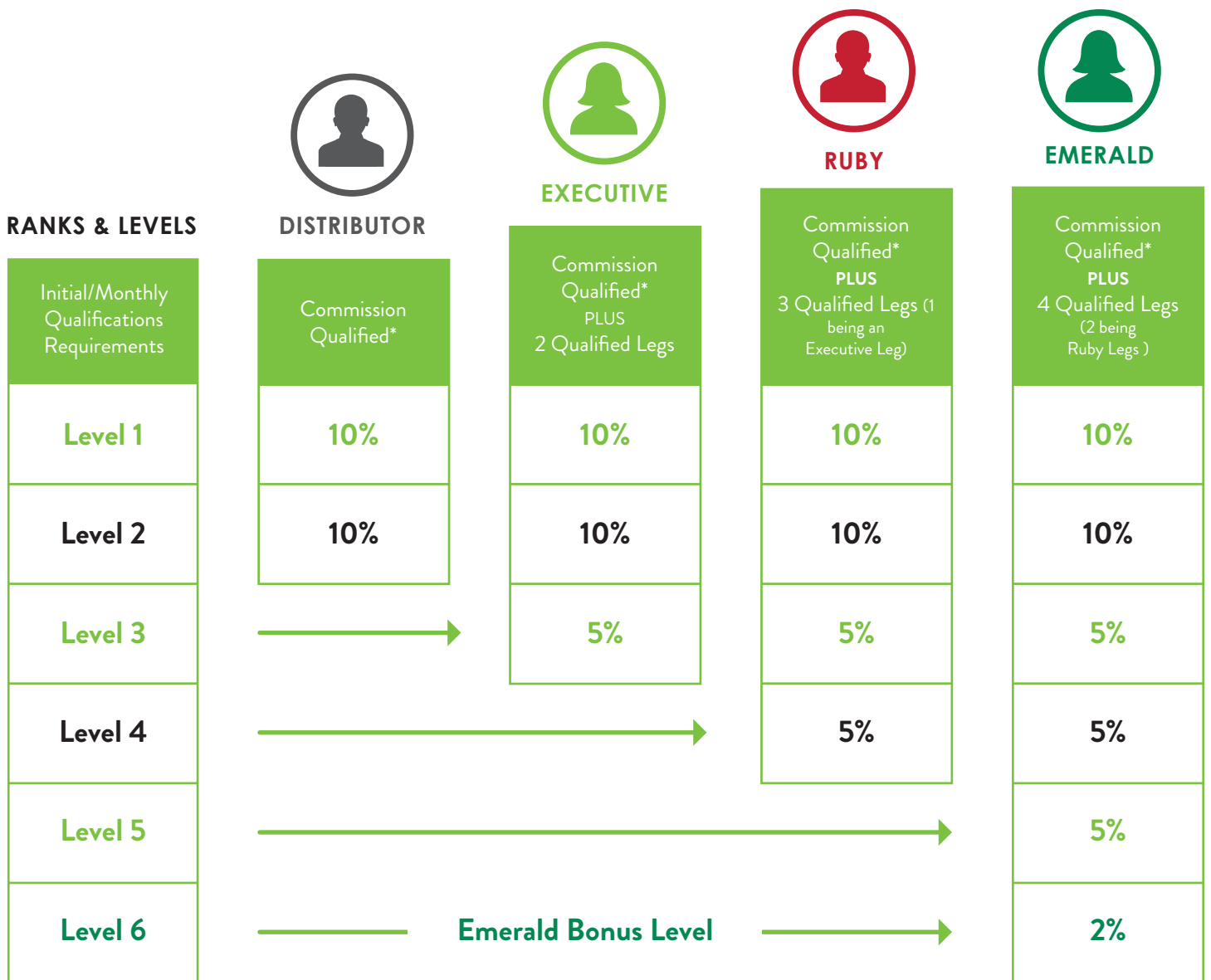
As an Emerald, you are eligible to be paid on five levels of your downline orders after compression.  
See *Management Bonuses chart, page 7*.

As an Emerald, you will also earn the Emerald Bonus. With the Emerald Bonus, you'll earn an additional 2% payout on the Sales Bonus Volume on unlimited levels starting with the sixth level and going through the fifth level of the first Emerald or higher in any Leg after compression is applied.





# MANAGEMENT BONUSES



All qualified Distributors also earn a 5% supply bonus on sales placed by personally supplied Distributors or Loyal Customers.

\*Please note: The chart refers to levels after Compression has been applied. See Glossary of Terms for definitions of Compression and Commission Qualified.

# LEADERSHIP LEVELS



*When you reach Diamond you've reached the Leadership Level,  
a "Whole' Notha Level" of bonuses and income earnings potential!*

## GENERATION BONUSES

Every new Diamond is a new generation—literally! Each new Diamond that promotes in a Distributor's downline starts a new **Generation** in that Leg and the generation is made up of the Diamond's **Personal Group Sales Volume**.

### **Generation:**

Each new Diamond that promotes in your downline starts a new generation in that Leg and the generation is made up of the Diamond's PGV.

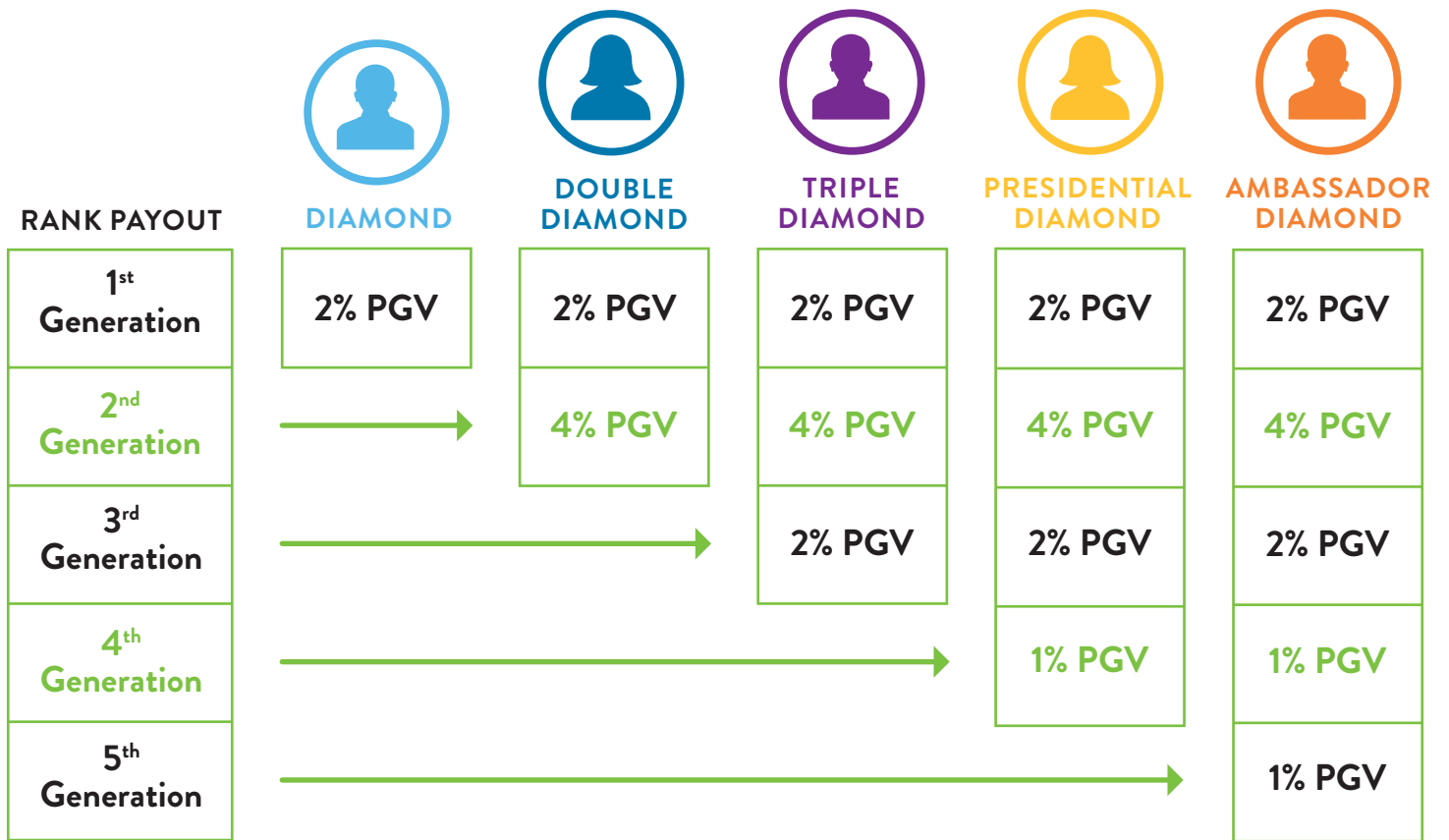
### **The Personal Group Volume (PGV):**

The PGV is your Personal Sales Bonus Volume combined with the Personal Sales Bonus Volume of all Distributors in your downline outside of any Diamonds or higher in each Leg.

With every new generation comes a Generation Sales Bonus. Diamonds and above can earn Generation Sales Bonuses on up to five generations based on their paid-as rank. As a Diamond, you will be paid a 2% sales commission on your first generation, your PGV. Reach Double Diamond and you're paid a 4% sales commission on your second generation, and so on. With each promotion comes another generation you can earn sales bonuses on. These sales bonuses are paid on the Personal Group Sales Volume and are paid with the monthly commissions. *See the Diamond Generation Payouts chart, page 9.*

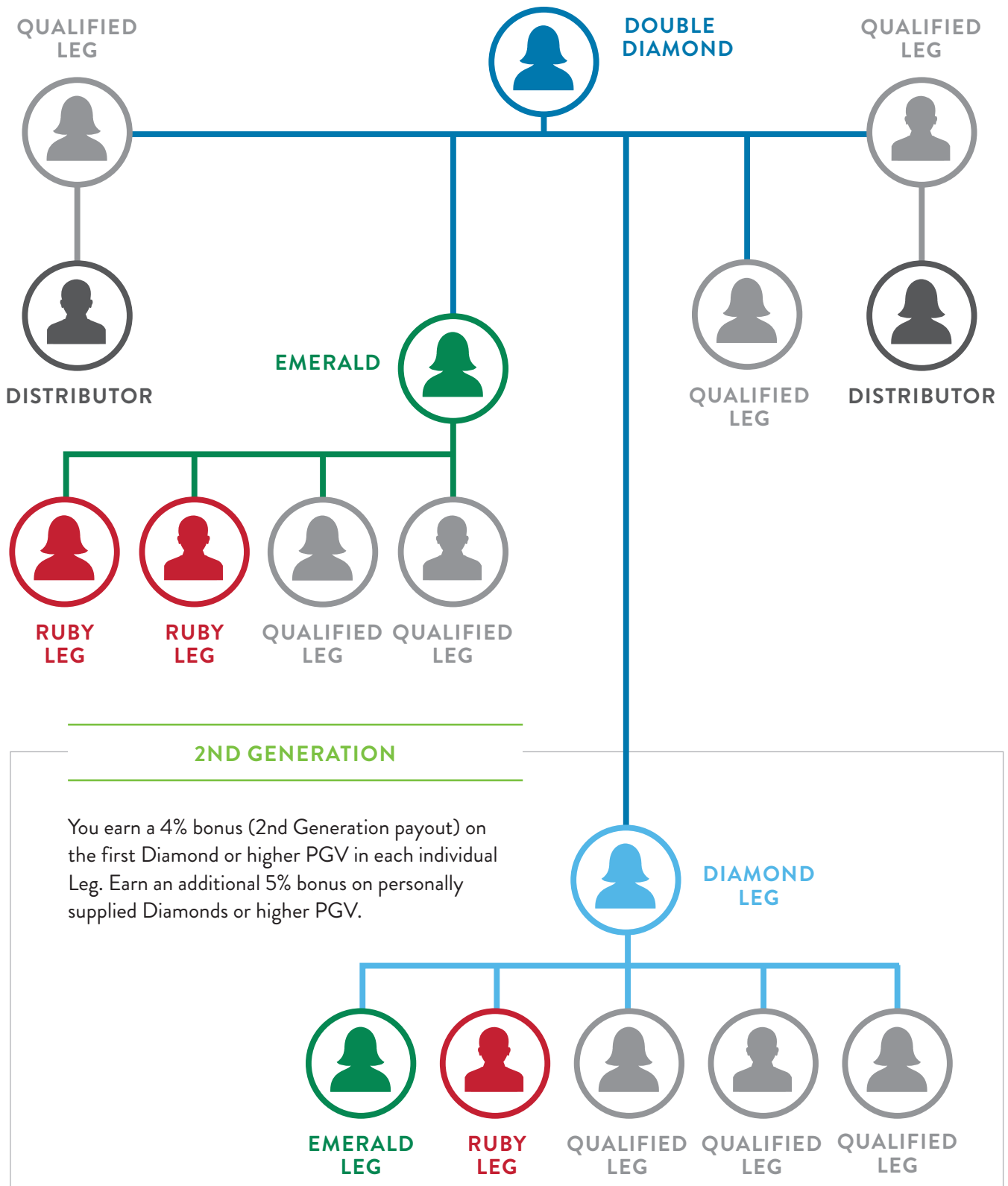
When members in your team that you have personally supplied achieve the rank of Diamond or higher and you are also a Diamond or higher, you receive a 5% Generational Supplier Bonus on their PGV.

# DIAMOND GENERATION PAYOUTS



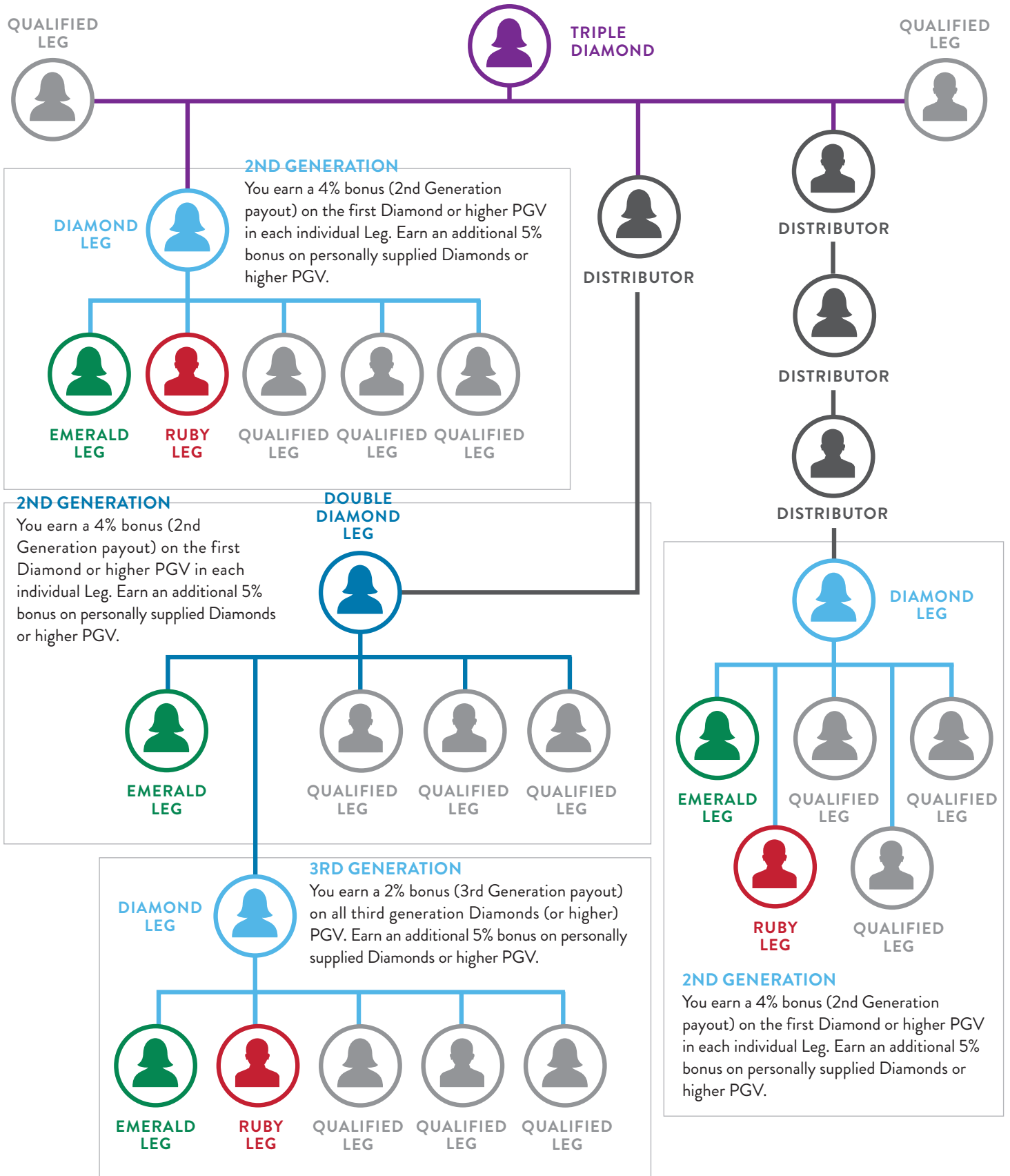
# DOUBLE DIAMOND GENERATION PAYOUTS

You earn a 2% 1st Generation on PGV.



# TRIPLE DIAMOND GENERATION PAYOUTS

You earn a 2% 1st Generation on PGV.



# DIAMOND BONUS

Congratulations, as a Diamond or above, you have now reached the Leadership Levels. You're meeting your goals, building your team, and increasing your earnings. Your leadership skills have brought you this far and we believe you should be rewarded with a bonus that is just for our Leadership Level Distributors.

By reaching the Leadership Level, you now have the chance to seriously impact your monthly earnings by taking advantage of our Diamond Bonuses. Diamond Bonuses are paid to the Leadership Level Sponsors of a new Distributor who meets the qualifications listed below. By promoting to the Diamond level, you now get the chance to become a Leadership Level Sponsor and are able to tap into a whole new stream of bonuses.

Every new Distributor is assigned a Leadership Level Sponsor for each Leadership Level, from Diamond up to Ambassador Diamond. These five Leadership Level Sponsors might be five different Sponsors or they might all be the same Sponsor depending on who the Distributor's supplier is. If the supplier of the new Distributor is not a Diamond or higher, then the Leadership Level Sponsors for the new Distributor will match that of the supplier. If the supplier of the new Distributor is a Diamond or higher the supplier will be the Leadership Level Sponsor for each level up to their rank and the rest of the Sponsors will match that of the supplier.

If you are at the Diamond rank, then any new Distributors you supply after reaching the rank of Diamond will have you listed as their Diamond Level Sponsor. You will also be the Diamond Level Sponsor of every new Distributor supplied under these new Legs until a new Diamond promotes anywhere in the downline. At that time, the new Diamond will become the Diamond Level Sponsor for any new Legs they create but you will continue to be the Diamond Level sponsor for all of their previous Legs.

If you are at the Double Diamond rank, then any new Distributors you supply after reaching the rank of Double Diamond will have you listed as their Diamond and Double Diamond Level Sponsor. You will also be the Diamond and Double Diamond Level Sponsor of every new Distributor supplied under these new Legs until a new Diamond promotes anywhere in the downline. At that time, the new Diamond will become the Diamond Level Sponsor for any new legs they create but you will continue to be the Double Diamond Sponsor in the new Legs and both the Diamond and Double Diamond Level sponsor for all of their previous Legs. Leadership Level Sponsorship follows this pattern up through the Ambassador Diamond rank.

# DIAMOND BONUS

## Diamond Bonus Qualifications:

Within the first 30 days a new Distributor must be supplied with a Business Builder Kit (0 BV), supply two Qualified Loyal Customers, and generate 150 in PBV or process an optional minimum 80 BV auto-shipment. The bonus will be paid with the monthly commissions for the month that all of these qualifications have been met. These bonuses will be recovered if either of the two Loyal Customers fails to complete the Loyal Customer agreement or if the Distributor cancels their distributorship.

In order to earn the Diamond Bonus, you must be In order to earn the Diamond Bonus, you must be Fast Start Bonus qualified and be qualified at the Paid As bonus level for the month the bonus is paid. For example, if you were previously a Paid As Triple Diamond but during one month you only qualified as a Diamond, during that month you would only be paid your Diamond Bonuses and you would lose any Double or Triple Diamond Bonuses that would have paid out if you qualified as a Triple Diamond.

Diamond Bonuses are paid out according to the Leadership Level Sponsors for each new Distributor who meets the qualifications within the time limits. As Distributors promote up through the Leadership Level ranks, it's important to create new Legs at each rank to take advantage of being the assigned Leadership Level Sponsor at the new rank. With each Leadership Level promotion, you will be creating Legs where you are the assigned Leadership Level Sponsor for more levels and additional bonuses are paid at each level.

Leadership Level Sponsors are assigned based on lifetime title, not paid-as rank. This means that if your lifetime rank is a Triple Diamond but you only qualified as a Diamond for a month, the new Distributors you supply during that month will still list you as their Diamond, Double Diamond, and Triple Diamond Level Sponsors.

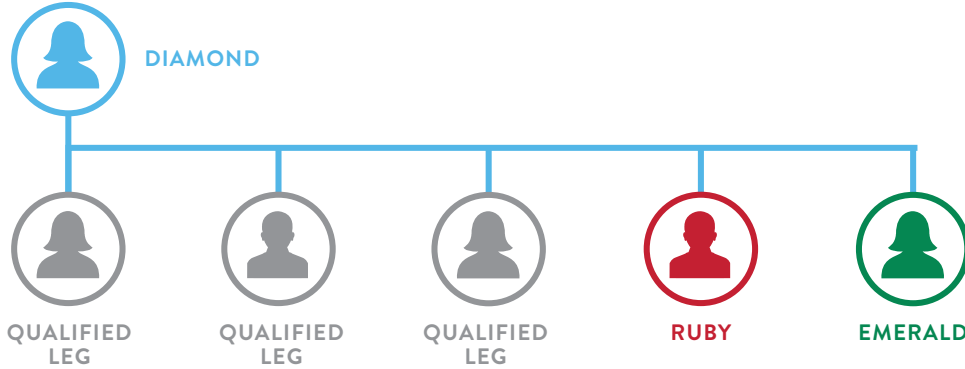
## DIAMOND BONUS PAYOUT WITH EACH LEVEL

Rank	Diamond Bonus
DIAMOND	The AUD equivalent of \$80 USD for each new qualifying Distributor who is in the Diamond Leadership Level Sponsor Leg.
DOUBLE DIAMOND	The AUD equivalent of \$40 USD for each new qualifying Distributor who is in the Double Diamond Leadership Level Sponsor Leg.
TRIPLE DIAMOND	The AUD equivalent of \$15 USD for each new qualifying Distributor who is in the Triple Diamond Leadership Level Sponsor Leg.
PRESIDENTIAL DIAMOND	The AUD equivalent of \$10 USD for each new qualifying Distributor who is in the Presidential Diamond Leadership Level Sponsor Leg.
AMBASSADOR DIAMOND	The AUD equivalent of \$5 USD for each new qualifying Distributor who is in the Ambassador Diamond Leadership Level Sponsor Leg.

# DIAMOND RANKS

## DIAMOND

To qualify to be paid as a Diamond, you must have 5 Qualified Legs with at least 1 of the 5 Legs being a Ruby Leg and 1 of the 5 Legs being an Emerald Leg.<sup>6</sup> The Ruby and Emerald must be in separate Legs.

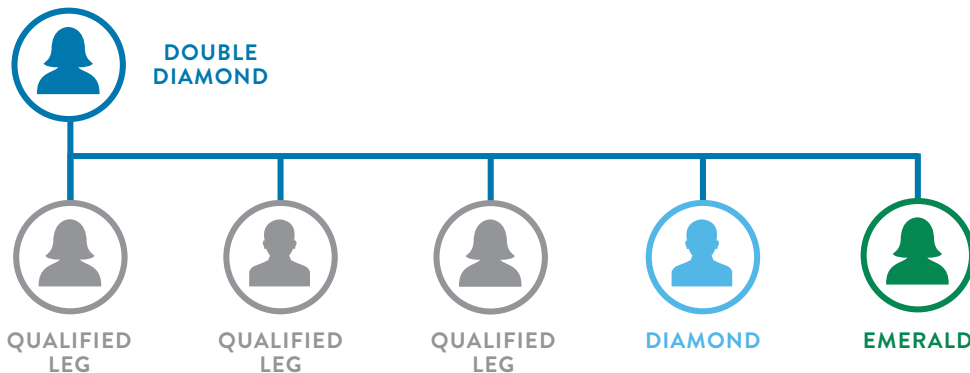


As a Diamond you will earn all of the same residual commissions and Bonuses as an Emerald plus your new Leadership Level Generation and Diamond Bonuses:

- An additional 2% Generation 1 Bonus on your own Personal Group Volume.
- A 5% Generational Supplier Bonus on the Personal Sales Group Volume of any personally supplied Diamonds (or higher) .
- Diamond Bonus of the AUD equivalent of \$80 USD for each new personally supplied qualifying Distributor who is in the Diamond Leadership Level Sponsor Leg and the downline Distributors that you are the Diamond Level Sponsor for in these new Legs.

## DOUBLE DIAMOND

To qualify to be paid as a Double Diamond you must build on the requirements for Diamond by having 5 Qualified Legs with at least 1 of the Legs being an Emerald Leg and 1 of the Legs being a Diamond Leg.<sup>7</sup> The Emerald and Diamond must be in separate Legs.



As a Double Diamond you will earn the same residual commissions and Bonuses as a Diamond plus:

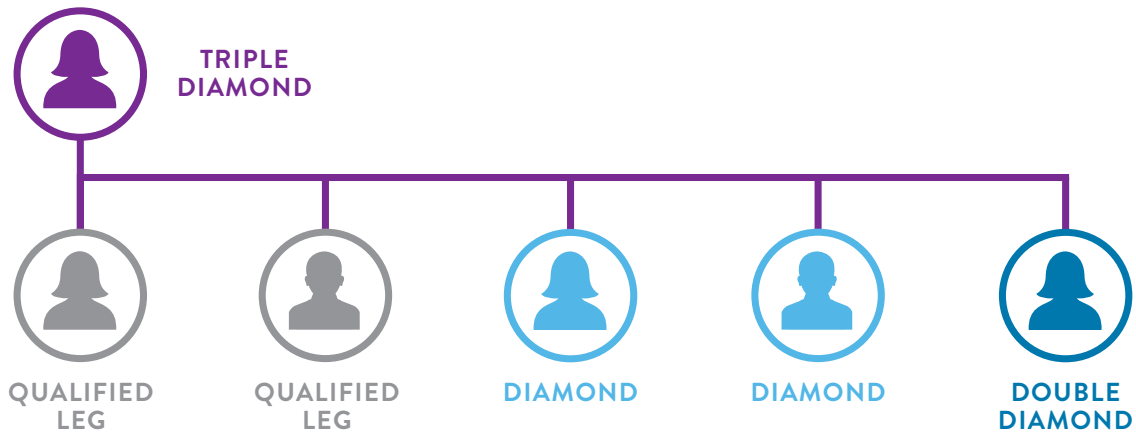
- An additional 4% Generation 2 Bonus on the Personal Group Volume of your 2nd generation Diamonds (first paid-as Diamond or higher in each individual Leg).
- An additional Double Diamond Bonus of the AUD equivalent of \$40 USD for each new personally supplied qualifying Distributor who is in the Double Diamond Leadership Level Sponsor Leg and the downline Distributors that you are the Double Diamond Level Sponsor for in these new Legs.

<sup>6</sup>A Emerald Leg is a Leg with a Emerald somewhere in the depth of the Leg.  
<sup>7</sup>A Diamond Leg is a Leg with a Diamond somewhere in the depth of the Leg.



## TRIPLE DIAMOND

To qualify to be paid as a Triple Diamond you need to build on what you've accomplished as a Double Diamond by having 5 Qualified Legs with at least 2 of the 5 Legs being Diamond Legs, and 1 of the 5 Legs being a Double Diamond Leg.<sup>8</sup> The 2 Diamonds and 1 Double Diamond must all be in separate Legs.

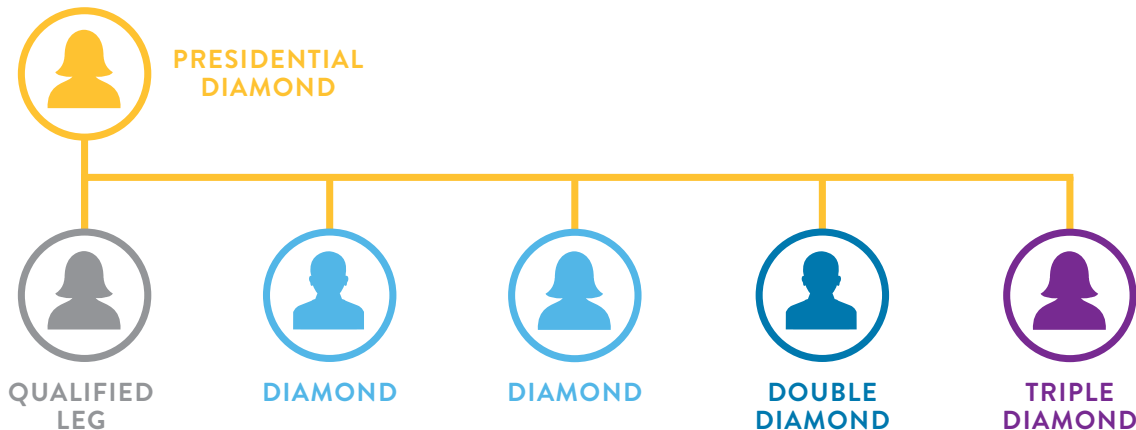


As a Triple Diamond you will earn the same residual commissions and bonuses as a Double Diamond plus:

- A 2% Generation 3 Bonus on the Personal Group Volume of your 3rd Generation Diamonds or higher (second paid-as Diamond or higher in each individual Leg).
- An additional Triple Diamond Bonus of the AUD equivalent of \$15 USD for each new personally supplied qualifying Distributor who is in the Triple Diamond Leadership Level Sponsor Leg and the downline Distributors that you are the Triple Diamond Level Sponsor for in these new Legs.

## PRESIDENTIAL DIAMOND

To qualify to be paid as a Presidential Diamond you need to build on what you've accomplished as a Triple Diamond by having 5 Qualified Legs with at least 2 of the 5 Legs being Diamond Legs, 1 of the 5 Legs being a Double Diamond Leg, and 1 of the 5 Legs being a Triple Diamond Leg.<sup>9</sup> The 2 Diamonds, 1 Double Diamond, and 1 Triple Diamond must all be in separate Legs.



As a Presidential Diamond you will earn the same residual commissions and bonuses as a Triple Diamond plus:

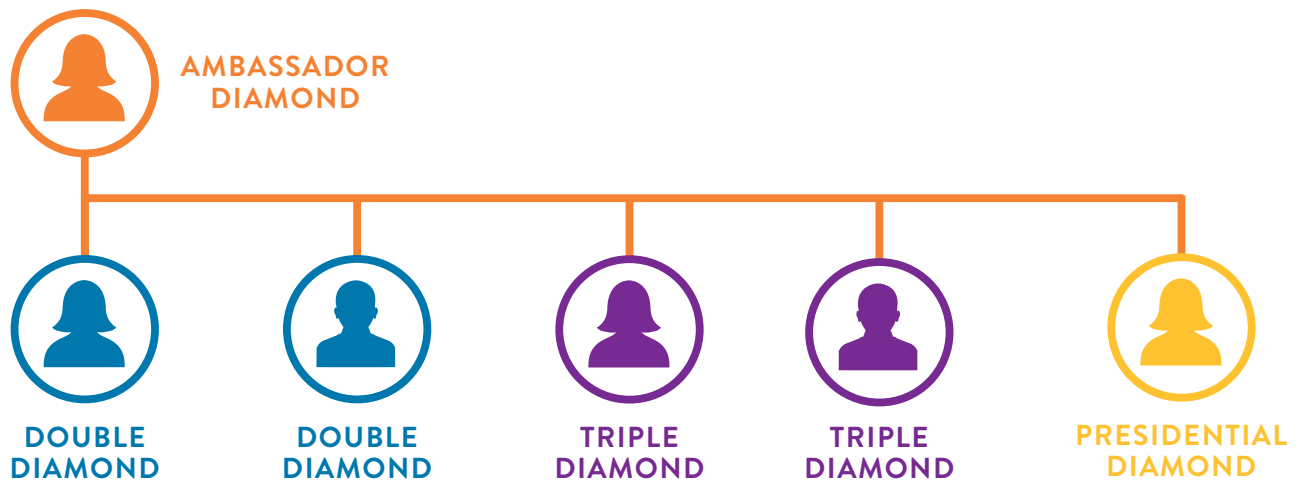
- A 1% Generation 4 Bonus on the Personal Group Volume of their 4th Generation Diamonds or higher (third paid-as Diamond or higher in each individual Leg).
- An additional Presidential Diamond Bonus of the AUD equivalent of \$10 USD for each new qualifying Distributor who is in the Presidential Diamond Leadership Level Sponsor Leg and the downline Distributors that you are the Presidential Diamond Level Sponsor for in these new Legs.

<sup>8</sup>A Double Diamond Leg is a Leg with a Double Diamond somewhere in the depth of the Leg.

<sup>9</sup>A Triple Diamond Leg is a Leg with a Triple Diamond somewhere in the depth of the Leg.

## AMBASSADOR DIAMOND

To qualify to be paid as an Ambassador Diamond you need to build on what you've accomplished as a Presidential Diamond by having 5 Qualified Legs with at least 2 of the 5 Legs being Double Diamond Legs, 2 of the 5 Legs being Triple Diamond Legs, and 1 of the 5 Legs being a Presidential Diamond Leg.<sup>10</sup> The 2 Double Diamonds, 2 Triple Diamonds, and 1 Presidential Diamond must all be in separate Legs.



As an Ambassador Diamond you will earn all the same residual commissions and bonuses as a Presidential Diamond plus the following:

- A 1% Generation 5 Bonus on the Personal Group Sales Volume of their 5th Generation Diamonds or higher (fourth paid-as Diamond or higher in each individual Leg).
- An additional Ambassador Diamond Bonus of the AUD equivalent of \$5 USD for each new qualifying Distributor who is in the Ambassador Diamond Leadership Level Sponsor Leg and the downline Distributors that you are the Ambassador Diamond Level Sponsor for in these new Legs.






## BLACK DIAMOND

Black Diamond is a special level of recognition that celebrates top-earning It Works! Distributors. Black Diamond is not an actual paid rank, but a recognition title only. To reach Black Diamond, a Distributor must be at the rank of at least Triple Diamond or higher and have earned at least the AUD equivalent of \$100,000 USD in monthly commissions on one distributorship for a minimum of 6 months in a row. Once a Distributor has achieved Black Diamond, they will receive a bonus of the AUD equivalent of \$100,000 USD paid out in equal payments of the AUD equivalent of \$4,000 USD over the next 25 months.<sup>11</sup> In addition to the bonus, there will be a personalized package of incentives designed specifically for the Distributor, including private jet time, custom jewelry, a video documentary of the Black Diamond experience, and more!

<sup>10</sup> A Presidential Diamond Leg is a Leg with a Presidential Diamond somewhere in the depth of the Leg.

<sup>11</sup> During the 25 month period once the distributor reaches Black Diamond, the AUD equivalent of \$4,000 USD monthly payment will be paid with the monthly commissions for each month the Distributor earns at least the AUD equivalent of \$100,000 USD in monthly commissions. If the Distributor falls below the AUD equivalent of \$100,000 USD in earnings in any of the 25 months the AUD equivalent of \$4,000 USD monthly payment for that particular month will not be paid.

# LEADERSHIP BONUSES

	 <b>DIAMOND</b>	 <b>DOUBLE DIAMOND</b>	 <b>TRIPLE DIAMOND</b>	 <b>PRESIDENTIAL DIAMOND</b>	 <b>AMBASSADOR DIAMOND</b>
<b>RANK &amp; GENERATIONS</b>					
Initial/Monthly Qualifications Requirements	Commission Qualified* <b>PLUS</b> 5 Qualified Legs (1 being a Ruby Leg AND 1 being an Emerald Leg)	Commission Qualified* <b>PLUS</b> 5 Qualified Legs (1 being an Emerald Leg AND 1 being a Diamond Leg)	Commission Qualified* <b>PLUS</b> 5 Qualified Legs (2 being Diamond Legs AND 1 being a Double Diamond Leg)	Commission Qualified* <b>PLUS</b> 5 Qualified Legs (2 being Diamond Legs AND 1 being a Double Diamond Leg AND 1 being a Triple Diamond Leg)	Commission Qualified* <b>PLUS</b> 5 Qualified Legs (2 being Double Diamond Legs, 2 being Triple Diamond Legs AND 1 being a Presidential Diamond Leg)
<b>1<sup>st</sup> Generation</b>	2% PGV	2% PGV	2% PGV	2% PGV	2% PGV
<b>2<sup>nd</sup> Generation</b>	→	4% PGV	4% PGV	4% PGV	4% PGV
<b>3<sup>rd</sup> Generation</b>	→	→	2% PGV	2% PGV	2% PGV
<b>4<sup>th</sup> Generation</b>	→	→	→	1% PGV	1% PGV
<b>5<sup>th</sup> Generation</b>	→	→	→	→	1% PGV
<b>Diamond Bonus</b>	\$80 USD	\$40 USD	\$15 USD	\$10 USD	\$5 USD

All Leadership Level ranks (Diamond or higher) will also earn a 5% Generational Sales Bonus on the PGV of any Diamond or higher that they have personally supplied.

\*See Glossary of Terms for definition of Commission Qualified.

## MONTHLY MAINTENANCE

Starting with Emerald, you can maintain your paid-as title through **Monthly Maintenance**. Monthly Maintenance allows you to use your Leg volumes to re-qualify for a rank rather than use the Leg requirements. You may not use more than 50% of the maintenance requirement from any one Leg.

### MONTHLY MAINTENANCE CHART

Rank	Monthly Maintenance Requirement
EMERALD	8,000 GV with no more than 4,000 BV counting from any one Leg
DIAMOND	10,000 GV with no more than 5,000 BV counting from any one Leg
DOUBLE DIAMOND	25,000 GV with no more than 12,500 BV counting from any one Leg
TRIPLE DIAMOND	50,000 GV with no more than 25,000 BV counting from any one Leg
PRESIDENTIAL DIAMOND	100,000 GV with no more than 50,000 BV counting from any one Leg
AMBASSADOR DIAMOND	250,000 GV with no more than 125,000 BV counting from any one Leg

## LOYAL CUSTOMER BONUS (formerly Car Bonus)

Gathering Loyal Customers and providing them with excellent service is just as important as building a team of Distributors. The Loyal Customer Bonus rewards you for doing just that!

Supply and maintain a minimum of 60 Qualified Active Loyal Customers<sup>12</sup> and accumulate 3,000 Personal Sales Bonus Volume for the month and you're qualified for the AUD equivalent of \$600 USD Loyal Customer Bonus. This bonus will be paid out every month that both of these requirements are met.

<sup>12</sup>The Loyal Customers do not have to have an active auto-shipment as long as they have completed the minimum three month agreement.

# GLOSSARY OF TERMS



## **Sales Bonus Volume (BV):**

Bonus Sales Volume is the assigned value of a product for the purpose of qualification and calculation of bonuses and commissions for Distributors.

## **Clawback:**

Recovery of commissions from a return order that a Distributor was paid on in a past commission month. Distributors will see the clawback for each return order on their Earnings Statement. If a Distributor earned more than one type of commission or bonus on an order that was later returned, they will see the order listed more than once in the Product Return section of their Earnings Statement. The order will be listed once for each commission or bonus type that the Distributor was paid for on the original order.

## **Commission Qualified**

To be commission qualified during a monthly commission period, a Distributor must complete one of the following:

1. Purchase a Business Builder Kit (0 BV) during the calendar month (one time only)

OR

2. Have at least 150 PBV during the calendar month

OR

3. Successfully process the optional minimum 80 BV auto-shipment during the calendar month. (Just having a minimum 80 BV auto-shipment set up does not make you commission qualified, it must have already processed).

## **Commission Qualified Distributor:**

A Distributor who is commission qualified during the current commission month (see Distributors definition on next page). The Qualification is beyond the purchase of the Business Builder Kit and/or the creation of BV or PBV based on Distributors' revenues.

## **Compression:**

During the commission process, commissions are "compressed" to allow you to earn commission on sales originating further down in your organization if there are Distributors above those sales that are not commission qualified. Only Distributors that are commission qualified will count as a level during the commission calculation process. Any Personal Sales Bonus Volume generated from Distributors who are not commission qualified is compressed up and paid out as first level residual commissions to the next commission qualified Distributor in the genealogy. Distributors and Loyal Customers are never physically moved up in the genealogy if a Distributor above them cancels their distributorship or is not commission qualified for any reason. Only the Personal Sales Bonus Volume will compress up. This Personal Sales Bonus Volume that is compressed up cannot be used by the upline Distributor for qualification purposes. Supplier bonuses do not compress.

**Compression Example:** Sally is commission qualified in the month of March and has an order placed on her 3rd level by Bill who is also commission qualified. One of the two Distributors between Sally and Bill does not become commission qualified in March. This will cause Bill's order to be paid on Sally's 2nd level instead of her 3rd level.

## **Diamond Leg:**

This is a Leg with a Diamond somewhere in the depth of the Leg.

## **Double Diamond Leg:**

This is a Leg with a Double Diamond somewhere in the depth of the Leg.

## **Glossary of Terms (continued)**

**Distributors:**

Distributors are members of your team who have completed the Distributor enrollment process and want to build a business. You will earn commissions on their orders and the orders in their downline for the levels that you are qualified for.

**Emerald Leg:**

This is a Leg with an Emerald somewhere in the depth of the Leg.

**Executive Leg:**

This is a Leg with an Executive somewhere in the depth of the Leg.

**Generation:**

Each new Diamond that promotes in your downline starts a new generation in that Leg and the generation is made up of the Diamond's PGBV.

**Group Sales Volume (GV):**

GV is the sum of your PBV plus the PBV of every Distributor in your downline organization.

**Inactive Distributor:**

A Distributor who is not commission qualified during the commission month but still has the right to distribute It Works! products.

**Leg:**

Each Independent Distributor on your first level represents a separate "Leg" in your team. Legs in your organization grow as your first-level Distributors begin to build their own teams (downlines).

**Personal Sales Bonus Volume (PBV):**

PBV is the sum of the bonus volume from a Distributor's personal sales and all supplied Retail and Loyal Customer sales.

**Personal Group Sales Volume (PGV):**

The PGV is your Personal Sales Volume combined with the Personal Sales Bonus Volume of all Distributors in your downline outside of any Diamonds or higher in each Leg.

**Presidential Diamond Leg:**

This is a Leg with a Presidential Diamond somewhere in the depth of the Leg.

**Qualified Leg:**

A Qualified Leg is one with at least 400 Group Sales Volume coming from anywhere in the depth of the Leg. The top Distributor of a Leg does not have to be Commission Qualified for the Leg to be considered a Qualified Leg.

**Ruby Leg:**

This a Leg with a Ruby somewhere in the depth of the Leg.

**Triple Diamond Leg:**

This is a Leg with a Triple Diamond somewhere in the depth of the Leg.



# 2013 Annual Income Disclosure Statement

by Paid Rank (US Dollars)

Months in Company

DISTRIBUTOR PAID RANK	% of All Distributors	% of Active Distributors	Active DT High	Active DT Low	Active DT Average	Months in Company		
						High	Low	Average
DISTRIBUTOR	75.25%	72.14%	\$39,363	\$0.10	\$752	132	3	12
EXECUTIVE	13.59%	15.29%	\$21,303	\$441	\$3,132	132	4	14
RUBY	6.81%	7.68%	\$36,267	\$522	\$5,603	106	4	15
EMERALD	1.95%	2.19%	\$95,447	\$2,747	\$10,213	138	4	17
DIAMOND	1.58%	1.79%	\$105,093	\$528	\$23,002	152	5	21
DOUBLE DIAMOND	0.55%	0.62%	\$187,741	\$1,926	\$54,309	153	5	24
TRIPLE DIAMOND	0.18%	0.20%	\$659,223	\$26,760	\$104,842	128	10	28
PRESIDENTIAL DIAMOND	0.07%	0.08%	\$412,656	\$63,430	\$193,896	138	11	34
AMBASSADOR DIAMOND	0.02%	0.02%	\$1,847,486	\$259,568	\$585,909	158	17	50
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>			<b>\$937</b>			<b>13</b>

The income statistics above are for all active It Works! Distributors who were eligible to earn downline commissions in 2013. Income is defined as commissions received from It Works! and does not include income received from personal retail sales. "Active Distributor" is defined as a Distributor who earned at least one commission in 2013. Distributors who were inactive in 2013 received no income. The average annual income for all Distributors (active and inactive) in 2013 was **\$833.30**. **17.89%** of all Distributors do not continue with It Works! after their first year. **82.11%** of all Distributors continued with It Works! after their first year.

In **2013**, **85.44%** of all Distributors received income from It Works!, **14.56%** of all Distributors received no income at all. Note that these figures do not represent a Distributor's profit, as they do not consider expenses incurred by a Distributor in operation or promotion of his/her business. The figures above refer to gross income (total income before any expenses are deducted). The expenses a Distributor incurs in the operation of his or her It Works! business vary widely. Expenses for Distributors can be several hundred or thousands of dollars annually. You should factor in estimated expenses when projecting potential profits. Such operating expenses could include advertising and promotional expenses, product samples, training, travel, telephone and Internet costs, business equipment, and miscellaneous expenses. The earnings of the Distributors in this chart are not necessarily representative of the income, if any, that an It Works! Distributor can or will earn through his or her participation in the It Works! Compensation Plan. These figures should not be considered as guarantees or projections of your actual earnings or profits. Any representation or guarantee of earnings would be misleading. Success with It Works! results only from successful sales efforts, which require hard work, diligence, and leadership. Your success will depend upon how effectively you exercise these qualities.