



It Works Marketing, Inc.  
United States

# COMPENSATION PLAN



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# WELCOME TO



*Welcome to the It Works! Compensation Plan,<sup>1</sup> 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 can build a successful business and unbelievable 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. Commissions are paid to the enrolling Distributor on retail orders even if the enrolling Distributor is not Commission Qualified.
- **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.

<sup>1</sup>All references to income, implied or stated, through the It Works! Compensation Plan are for demonstration purposes only. It Works! does NOT guarantee any level of income or earnings to any Distributor. Earnings from this Compensation Plan depend solely on sales and each Distributor's skill, ability, and personal application. This Compensation Plan is subject to change.

# YOUR FIRST 30 DAYS



## 1 BECOME COMMISSION QUALIFIED

In order to start earning your commissions on your It Works! business, you need to be Commission Qualified. This enables you to earn commissions on the **Bonus Volume** from your Loyal Customer and Distributor orders. If you enrolled with the Business Builder Kit (0 BV), congratulations, you are already Commission Qualified for the month you enrolled. If you didn't, or if it is after your enrolling month, you must complete one of the following to be Commission Qualified:

- Have at least 150 **Personal Bonus Volume** for the month.
- Process your minimum 80 BV auto-shipment

### VOLUME DEFINITIONS:

#### Bonus Volume (BV):

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

#### Personal Bonus Volume (PBV):

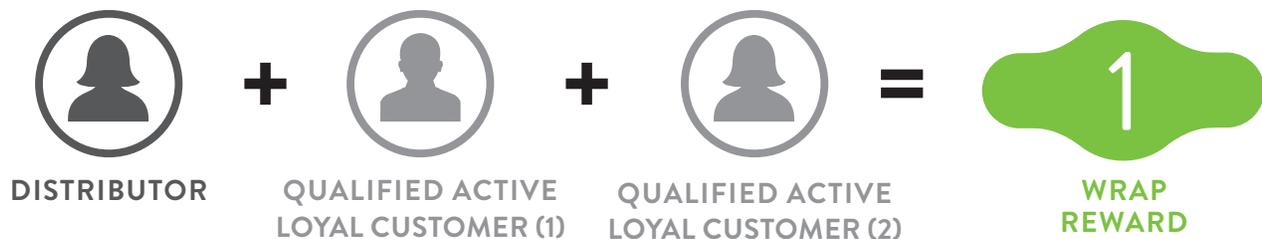
PBV is the sum of the Bonus Volume from a Distributor's personal orders and all personally enrolled Loyal and Retail Customer orders.

#### Group Volume (GV):

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

## 2 GET REWARDED WITH WRAP REWARDS!

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



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



# 3

## BECOME FAST START BONUS QUALIFIED

The Fast Start Bonus is a \$100 cash bonus you can earn by enrolling 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) during the first 30 days.
- Accumulate 150 PBV or set up and process your optional minimum 80 BV auto-shipment during the first 30 days.
- Enroll 2 Qualified Active Loyal Customers during the 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 within their first 30 days.<sup>2</sup>

<sup>2</sup> You don't have to be Fast Start qualified yourself when you enroll 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 enrolling Distributors will start with the title of Distributor once they have completed the enrollment process. In order to earn commissions for the month, you must be Commission Qualified. You will earn 10% commission on your first two levels and a 5% enroller bonus for the personally enrolled Distributor or Loyal Customer 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 15<sup>th</sup> of the following month and are based on your paid rank for the current month.

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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 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.

## **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 even if the Distributor above them cancels their distributorship or is not Commission Qualified for any reason. Only the Personal Bonus Volume will compress up. The Personal Bonus Volume that is compressed up cannot be used by the upline Distributor for qualification purposes. Enroller bonuses do not compress.



# 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 6.



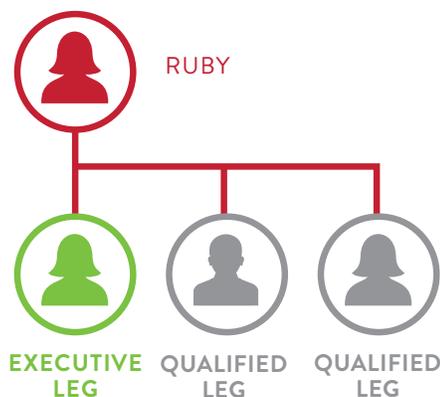
## RUBY

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 6.



## EMERALD

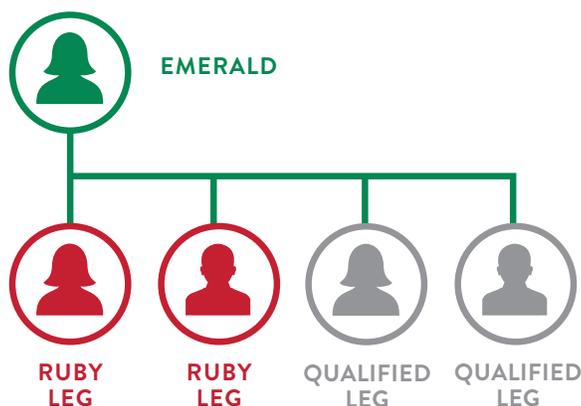
To qualify to be paid as an Emerald, gather and build to 4 Qualified Legs with at least 2 of the 4 Legs being **Ruby Legs**.

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

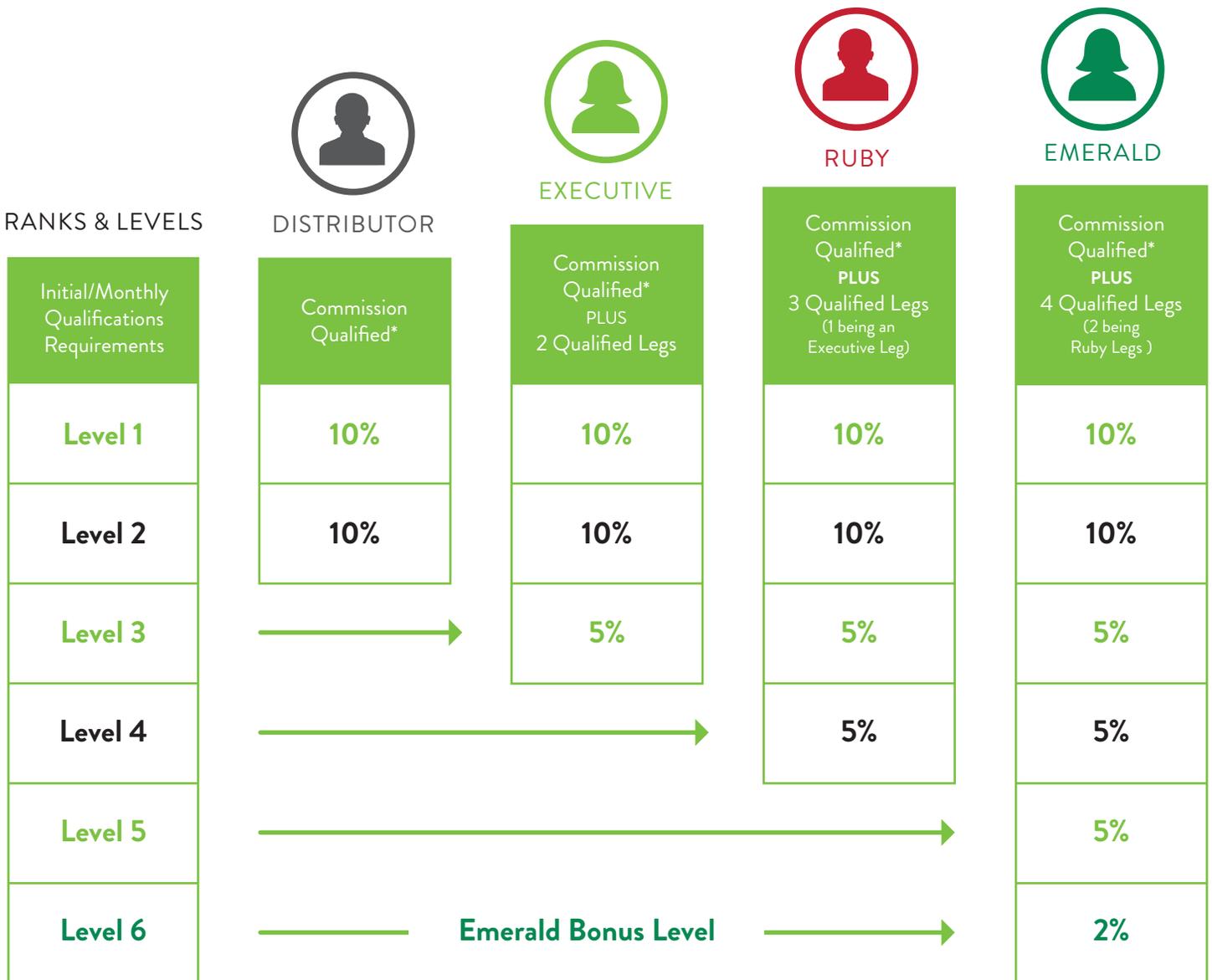
As an Emerald, you are eligible to be paid on five levels of your downline orders after compression.

See *Management Bonuses chart*, page 6.

As an Emerald, you will also earn the **Emerald Bonus**. With the Emerald Bonus, you'll earn an additional 2% payout on the 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% Enroller Bonus on volume orders placed by personally enrolled 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 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.

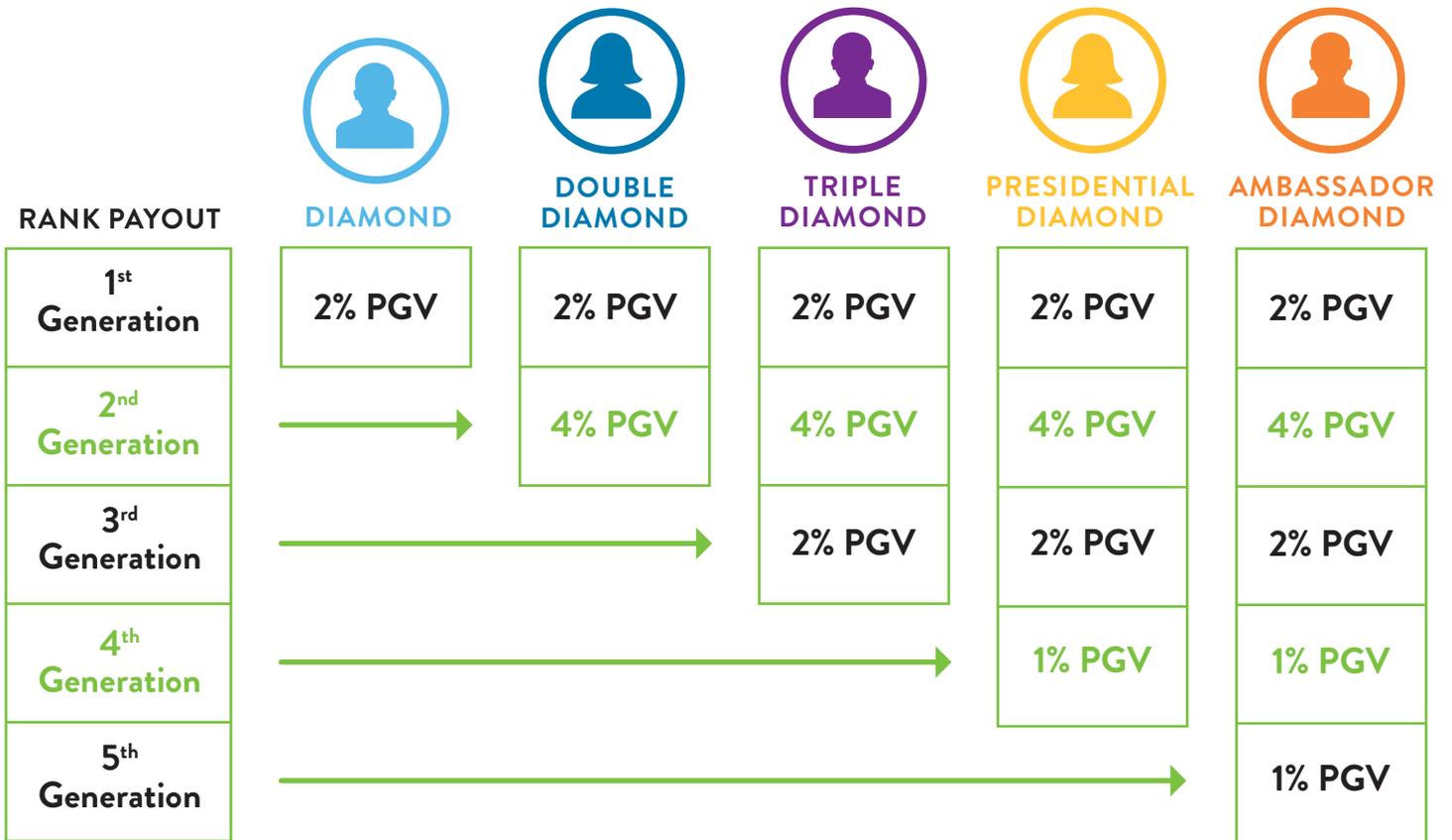
### **Personal Group Volume (PGV):**

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

With every new generation comes a Generation Bonus. Diamonds and above can earn Generation Bonuses on up to five generations per leg based on their paid-as rank. As a Diamond, you will be paid a 2% commission on your first generation, your PGV. Reach Double Diamond and you're paid a 4% commission on your second generation, and so on. With each promotion comes another generation you can earn bonuses on. These bonuses are paid on the Personal Group Volume and are paid with the monthly commissions. *See the Diamond Generation Payouts chart, page 8.*

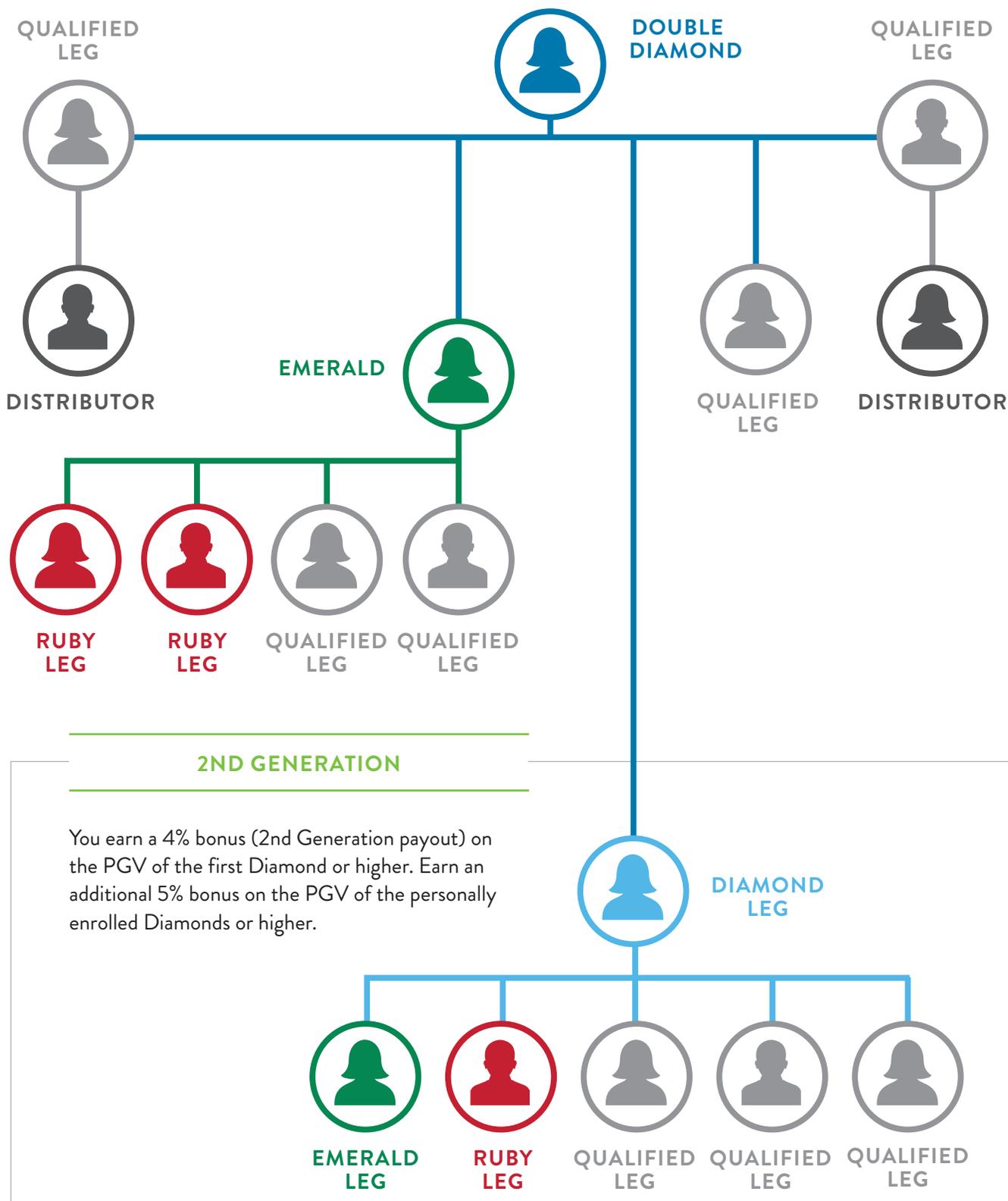
When members in your team that you have personally enrolled achieve the rank of Diamond or higher and you are also a Diamond or higher, you receive a 5% Generational Enroller Bonus on their PGV.

# DIAMOND GENERATION PAYOUTS



# DOUBLE DIAMOND GENERATION PAYOUTS

You earn a 2% 1st Generation bonus on PGV.

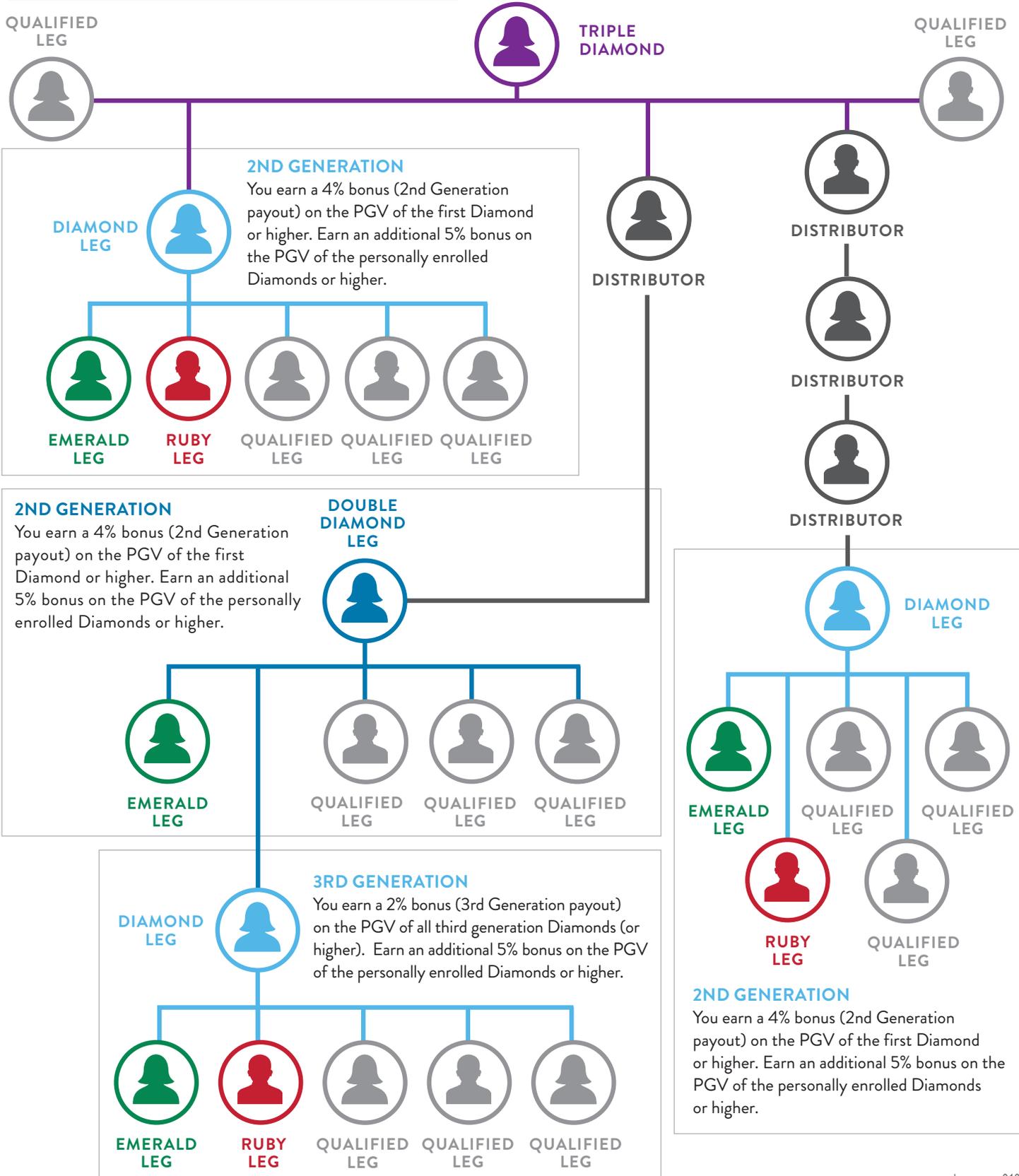


## 2ND GENERATION

You earn a 4% bonus (2nd Generation payout) on the PGV of the first Diamond or higher. Earn an additional 5% bonus on the PGV of the personally enrolled Diamonds or higher.

# TRIPLE DIAMOND GENERATION PAYOUTS

You earn a 2% 1st Generation bonus on PGV.



# DIAMOND BONUS

Congratulations, as a Diamond or above, you have now reached the Leadership Levels. You're meeting their 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 upon enrollment, 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 enroller is. If the enroller of the new Distributor is not a Diamond or higher, then the Leadership Level Sponsors for the new Distributor will match that of the enroller. If the enroller of the new Distributor is a Diamond or higher the enroller will be the Leadership Level Sponsor for each level up to their rank and the rest of the Sponsors will match that of the enroller.

If you are at the Diamond rank, then any new Distributors you enroll 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 enrolled 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 enroll 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 enrolled 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:

In order for a Diamond Bonus to be paid on a new Distributor in the new Distributor's first 30 days they must enroll with a Business Builder Kit (O BV), personally enroll two Qualified Loyal Customers, and accumulate 150 PBV or set up and process their optional minimum 80 BV auto-shipment during the first 30 days. 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 you cancel your distributorship.

In order to earn the Diamond Bonus, you as a Leadership Level Sponsor 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 enroll during that month will still list you as their Diamond, Double Diamond, and Triple Diamond Level Sponsors.

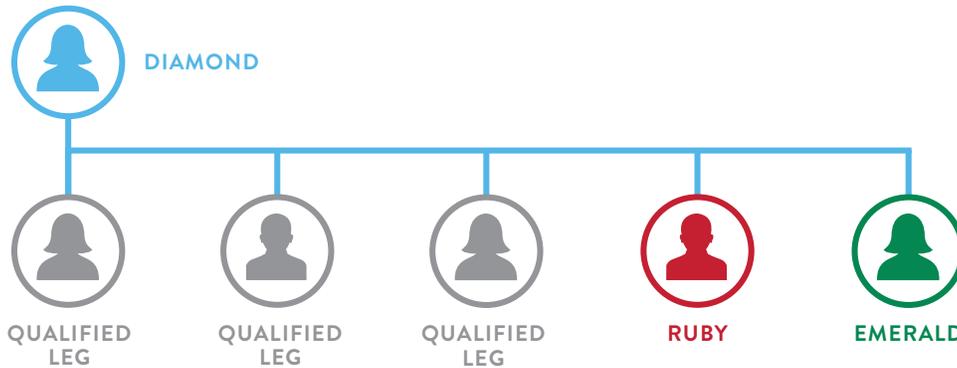
## DIAMOND BONUS PAYOUT WITH EACH LEVEL

Rank	Diamond Bonus
DIAMOND	\$80 for each new qualifying Distributor who is in the Diamond Leadership Level Sponsor Leg.
DOUBLE DIAMOND	\$40 for each new qualifying Distributor who is in the Double Diamond Leadership Level Sponsor Leg.
TRIPLE DIAMOND	\$15 for each new qualifying Distributor who is in the Triple Diamond Leadership Level Sponsor Leg.
PRESIDENTIAL DIAMOND	\$10 for each new qualifying Distributor who is in the Presidential Diamond Leadership Level Sponsor Leg.
AMBASSADOR DIAMOND	\$5 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>3</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 Enroller Bonus on the Personal Group Volume of any personally enrolled Diamonds (or higher).
- Diamond Bonus of \$80 for each new personally enrolled 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>4</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:

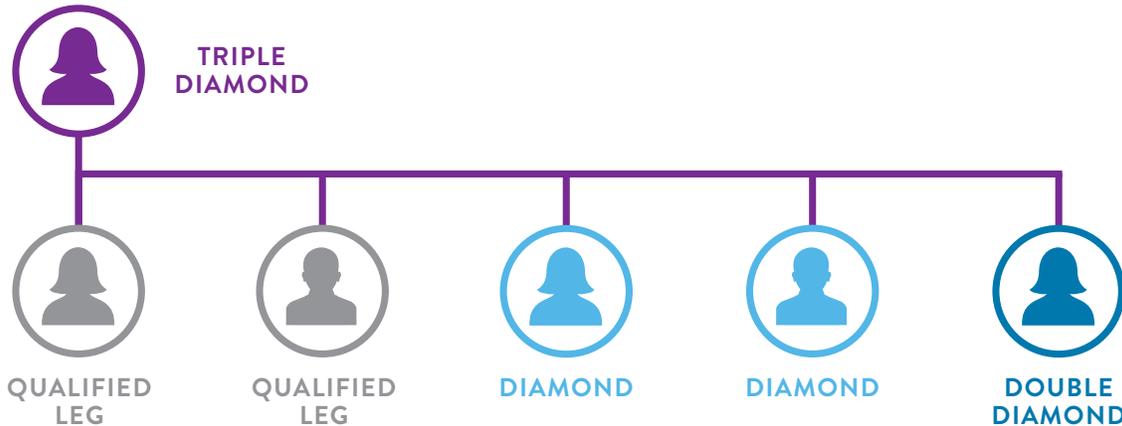
- An additional 4% Generation 2 Bonus on the Personal Group Volume of your 2nd generation Diamonds (first paid-as Diamond or higher in each individual Leg).
- An additional Double Diamond Bonus of \$40 for each new personally enrolled qualifying Distributor who is in the Double Diamond Leadership Level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

<sup>3</sup>A Emerald Leg is a Leg with a Emerald somewhere in the depth of the Leg.

<sup>4</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>5</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 \$15 for each new personally enrolled 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>6</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:

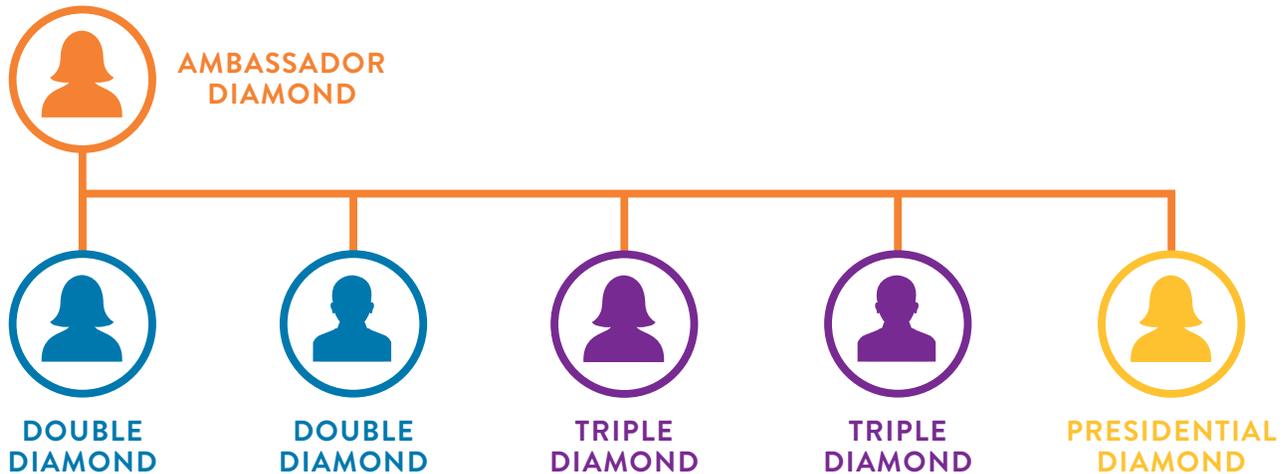
- A 1% Generation 4 Bonus on the Personal Group Volume of their 4th Generation Diamonds or higher (third paid-as Diamond or higher in each individual Leg).
- An additional Presidential Diamond Bonus of \$10 for each new qualifying Distributor who is in the Presidential Diamond Leadership Level Sponsor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

<sup>5</sup>A Double Diamond Leg is a Leg with a Double Diamond somewhere in the depth of the Leg.

<sup>6</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>7</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 Bonus Volume of their 5th Generation Diamonds or higher (fourth paid-as Diamond or higher in each individual Leg).
- An additional Ambassador Diamond Bonus of \$5 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, you must be at the rank of at least Triple Diamond or higher and have earned at least \$100,000 in monthly commissions on one distributorship for a minimum of 6 months in a row. As a Black Diamond, you will receive a bonus of \$100,000 paid out in equal payments of \$4,000 over the next 25 months.<sup>8</sup> In addition to the bonus, there will be a personalized package of incentives including private jet time, custom jewelry, a video documentary of the Black Diamond experience, and more!

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

<sup>8</sup> During the 25 month period once the Distributor reaches Black Diamond, the \$4,000 monthly payment will be paid with the monthly commissions for each month the Distributor earns at least \$100,000 in monthly commissions. If the Distributor falls below \$100,000 in earnings in any of the 25 months the \$4,000 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>
RANK & GENERATIONS					
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)
1 <sup>st</sup> Generation	2% PGV	2% PGV	2% PGV	2% PGV	2% PGV
2 <sup>nd</sup> Generation	→	4% PGV	4% PGV	4% PGV	4% PGV
3 <sup>rd</sup> Generation	→	→	2% PGV	2% PGV	2% PGV
4 <sup>th</sup> Generation	→	→	→	1% PGV	1% PGV
5 <sup>th</sup> Generation	→	→	→	→	1% PGV
Diamond Bonus	\$80	\$40	\$15	\$10	\$5

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

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

## MONTHLY MAINTENANCE

Starting with Ruby, 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
RUBY	4,000 GV with no more than 2,000 BV counting from any one Leg
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

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!

Personally enroll and maintain a minimum of 60 Qualified Active Loyal Customers<sup>9</sup> and accumulate 3,000 Personal Bonus Volume for the month and you're qualified for the \$600 Loyal Customer Bonus. This bonus will be paid out every month that both of these requirements are met.

<sup>9</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



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

Bonus 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).
2. Have at least 150 PBV; or
3. Successfully process a 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 (0 BV) 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 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 Bonus Volume will compress up. This Personal Bonus Volume that is compressed up cannot be used by the upline Distributor for qualification purposes. Enroller 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.

## **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.

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

### **Double Diamond Leg:**

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

### **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 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 Bonus Volume (PBV):**

PBV is the sum of the Bonus Volume from a Distributor's personal orders and all personally enrolled Retail and Loyal Customer orders.

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

The PGV is your Personal Volume combined with the Personal 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 Active Loyal Customer:**

This is a Loyal Customer who has paid the Membership Fee or is in the process of or has fulfilled the It Works! Loyal Customer Agreement with a minimum monthly 25 BV autoshipment total and who does not share an address with the enroller, any other Distributor, or any other Loyal Customer.

### **Qualified Leg:**

A Qualified Leg is one with at least 400 total Group Bonus 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.



# 2015 Income Disclosure Statement

DISTRIBUTOR PAID RANK	% of All Distributors	% of Active Distributors	Active DT Monthly High	Active DT Monthly Low	Active DT Monthly Average	Months in Company		
						High	Low	Average
DISTRIBUTOR	82.39%	78.70%	\$3,847	\$1	\$54	12	1	1
EXECUTIVE	7.80%	9.43%	\$4,216	\$6	\$231	55	1	3
RUBY	6.36%	7.69%	\$5,387	\$93	\$497	63	1	4
EMERALD	1.35%	1.62%	\$14,088	\$264	\$794	60	1	7
DIAMOND	1.28%	1.55%	\$17,794	\$636	\$1,992	60	1	9
DOUBLE DIAMOND	0.57%	0.70%	\$33,132	\$1,329	\$4,741	70	1	13
TRIPLE DIAMOND	0.16%	0.19%	\$27,472	\$2,437	\$8,946	65	2	17
PRESIDENTIAL DIAMOND	0.07%	0.09%	\$106,789	\$3,267	\$16,295	92	3	22
AMBASSADOR DIAMOND	0.02%	0.03%	\$191,996	\$11,778	\$37,583	69	12	26
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>			<b>\$227</b>			

The income statistics above are reflected in US Dollar amounts and are for all active It Works! Distributors who were eligible to earn downline commissions in 2015. 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 2015. Distributors who were inactive in 2015 received no income. The average monthly income for all Distributors (active and inactive) in 2015 was **\$189**. Out of all Distributors that signed up as Distributors since the beginning of 2015, **93%** were still working for It Works! at the end of the year. Months in Company is calculated by looking at every Distributor who made a new rank for the first time in 2015, and how long it took from enrollment date to date of first achieving that rank.

In 2015, **80.64%** of all Distributors received income from It Works! **19.36%** 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.