



It Works Marketing, Inc.
United States

COMPENSATION PLAN



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WELCOME TO



Welcome to the It Works! Compensation Plan¹ -- this is your game plan to making the income you want on the schedule you choose! Whether your goal is to pay off debt, save more money, or simply make another stream of income... we're confident that the It Works! Compensation Plan can help you hit it!

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

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 from your own inventory you earn the individual markup (the difference between the recommended retail price and the wholesale price on the product) on that sale. For retail sales fulfilled by the company, commissions are paid to the enrolling Distributor, even if the Distributor is not Commission Qualified.
- **Loyal Customers:** Loyal Customers are customers who receive discounted pricing on their product orders by agreeing to the terms of the then existing Loyal Customer Agreement. With sales to Loyal Customers, you earn a percentage commission on the product purchased. The commission will be paid by It Works!. The main pillar of the It Works! business is the sale of products to its customers. The more customers you have, the more money you will earn--directly through commissions on product sales of your personal customers and, indirectly, by the product sales 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.

It Works! allows Distributors to split enrollment and placement of both Distributors and Loyal Customers. It Works! recommends that to maximize your earnings over the long run, you maintain enrollment of all Distributors and Loyal Customers, and keep them on your first level. If you choose to place Loyal Customers somewhere other than your first level, they will not be eligible to be used for some bonuses.

¹All 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 optional 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 Customer Volume (PCV):

PCV is the sum of the BV from all personally enrolled level one Loyal Customers. PCV does not include a Distributor's personal orders, Retail Customer orders, or personally enrolled Loyal Customers that have been placed anywhere other than level one.

Personal Bonus Volume (PBV):

PBV is the sum of the BV from orders from the following - personally enrolled Retail Customers, all level one Loyal Customers, Distributor's personal orders that are not moved, and any orders that have been moved under the Distributor from a Distributor in the upline.

Group Volume (GV):

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

2 GET REWARDED WITH PRODUCT REWARDS!

As you continue to enroll Personally Enrolled Qualified Active Loyal Customers, you'll earn Product Rewards you can use to purchase various eligible products as seen in your eSuite at a reduced price.



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

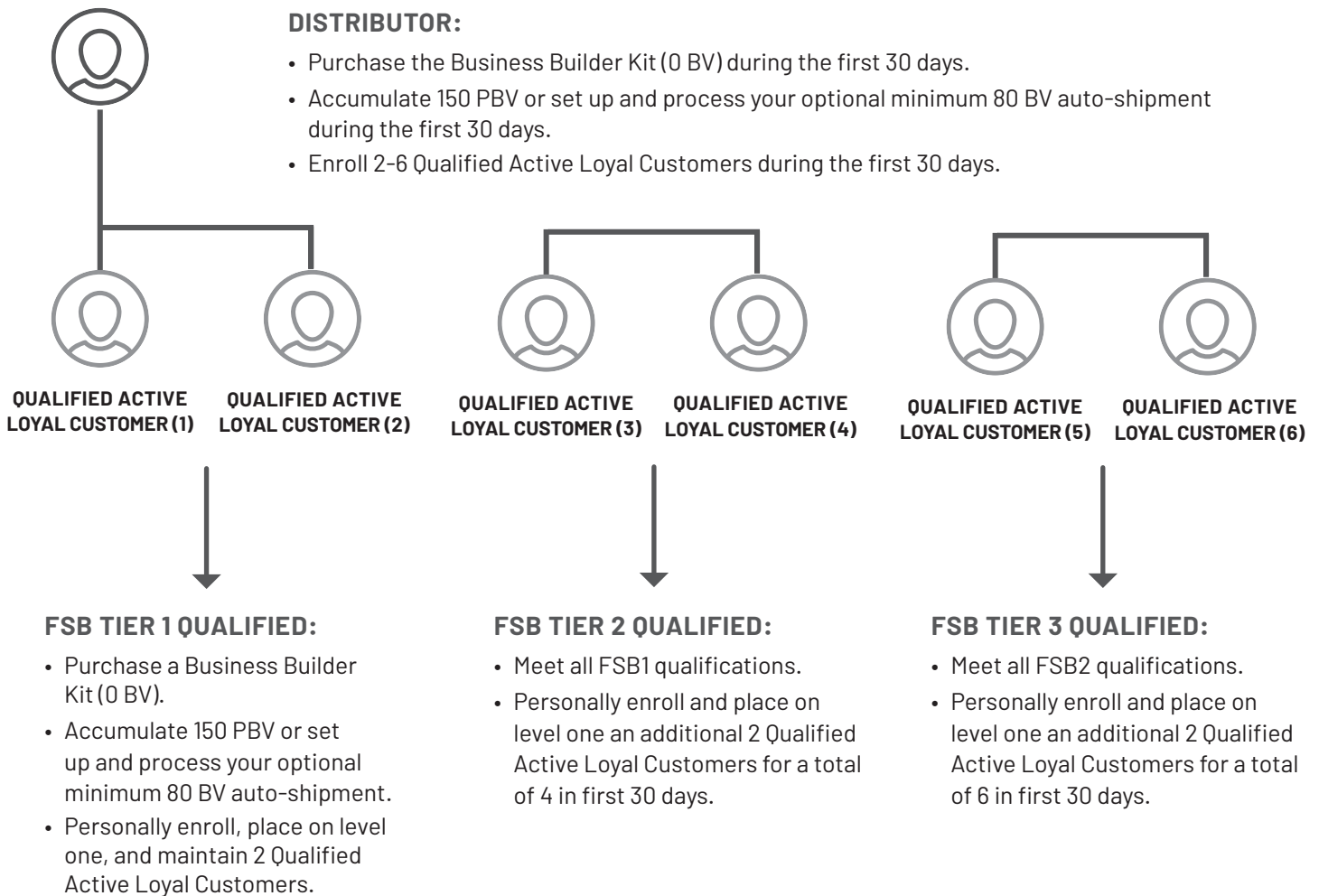


3

BECOME FAST START BONUS QUALIFIED

The Fast Start Bonus program is a multi-tier bonus that can be earned by enrolling new Distributors who meet the different tiers of qualifications in their first 30 days. To earn a Fast Start Bonus, you need to be Fast Start Bonus Tier One (FSB1) qualified. Each tier met in the new Distributor's first 30 days will trigger an additional \$50 bonus to be paid to the enroller providing the enroller is FSB1 qualified. Fast Start bonuses are paid weekly. Any Loyal Customers who do not complete the Loyal Customer Agreement must be replaced.

HOW TO BE FAST START BONUS QUALIFIED



Once you have met All of the FSB Tier 1 requirements, you can earn Fast Start Bonuses on any of your qualified Distributors that are still within their first 30 days.²

² You don't have to be Fast Start Bonus 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 accumulate 150 PBV or process the optional 80 BV auto-shipment order within their first 30 days, the Fast Start Bonus will be recovered through a commission adjustment. Please note, Fast Start Bonus qualifications may vary by market.

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 commission on your first two levels and a Enroller Bonus for the personally enrolled Distributor or Loyal Customer product 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 your paid rank for the current month.

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 an Active Distributor and 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.

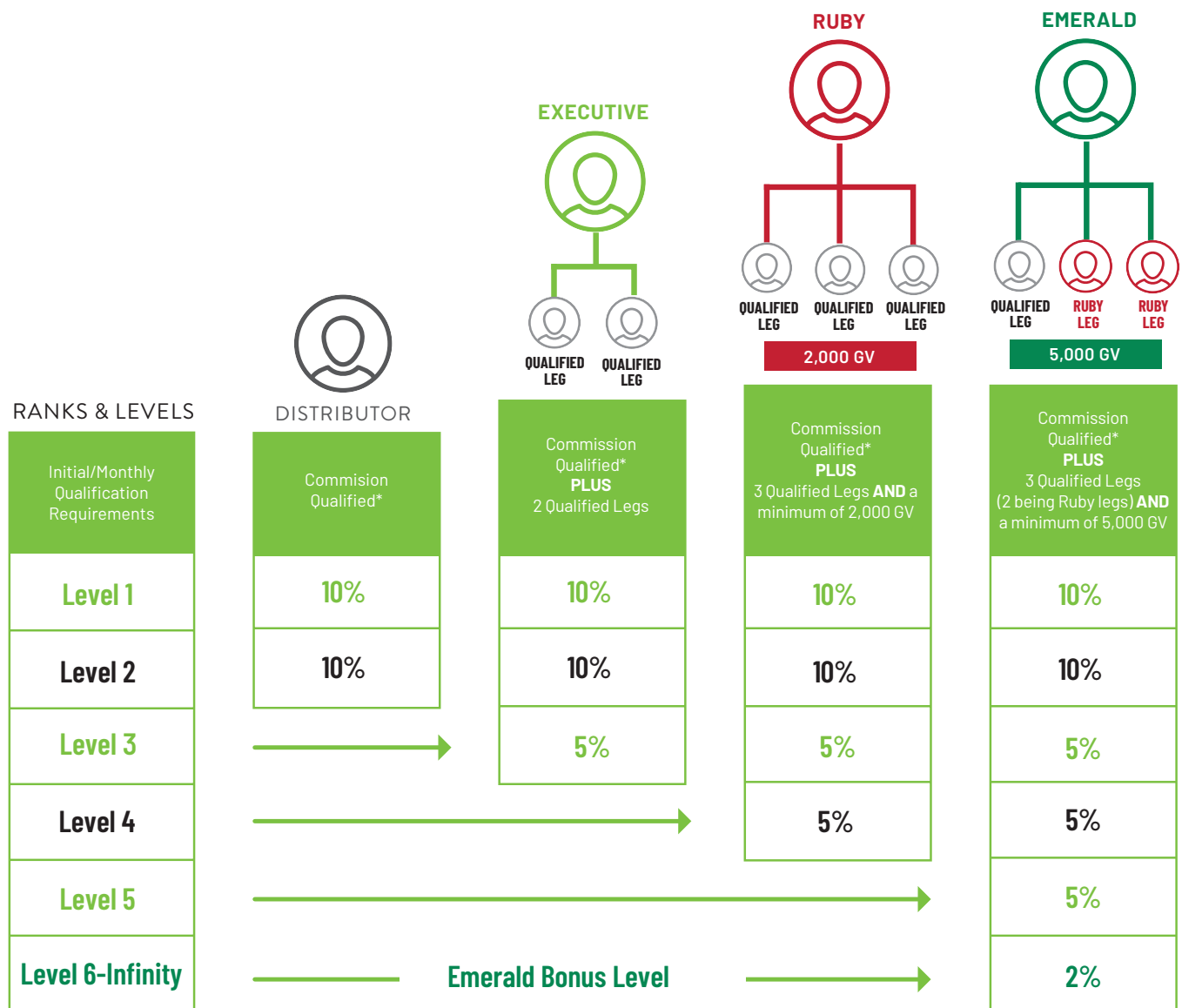
Compression:

During the commission process, Personal Bonus Volume from any Distributor who is not commission qualified is “compressed” up to the next Commission Qualified Distributor in the genealogy and paid as first level residual commissions to that Distributor. Only Distributors who are Commission Qualified will count as a level during the commission calculation process. During the commission process, Distributors and Loyal Customers are never physically moved up in the genealogy, even if their distributorship is canceled or not Commission Qualified for any reason. Only the PBV 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.

If a Distributor account is under Compliance review, Personal Bonus Volume may not compress for a period of up to three (3) months to allow for chargebacks, product returns, or disputes that may arise regarding the account under review.



IT WORKS! RANK & BONUS STRUCTURE

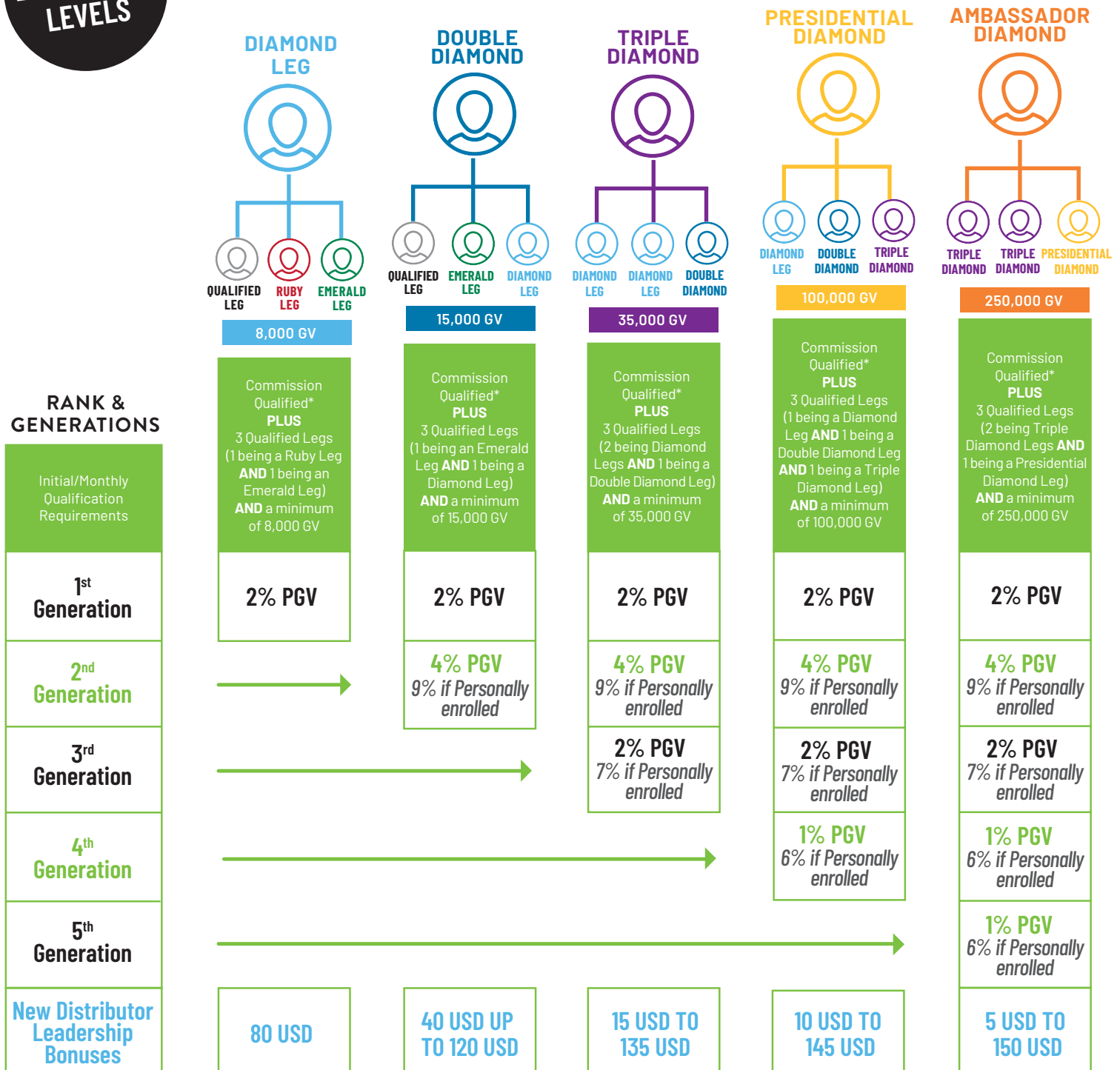


Emerald Bonus: The Emerald Bonus allows Distributors to earn an additional 2% payout on the BV on unlimited levels starting with Level 6 and going through the 5th Level of the first paid-as Emerald or higher in any Leg after Compression is applied.

All qualified Distributors also earn a 5% Enroller Bonus on volume orders placed by personally enrolled Distributors or Loyal Customers.

IT WORKS! RANK & BONUS STRUCTURE

LEADERSHIP LEVELS



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

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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

DOUBLE AMBASSADOR DIAMOND

To qualify to be paid as a Double Ambassador Diamond, your primary account and your 2.0 account must both be paid as an Ambassador Diamond and you must accumulate a minimum of 500,000 GV on your primary account. You must maintain these requirements monthly to continue to be paid at the Double Ambassador Diamond rank.

As a Double Ambassador Diamond, you can earn a 0.5% bonus on all GV in your primary account, excluding all other Double Ambassador Diamonds. This means you can earn additional commission on volumes in levels and generations you may not have been eligible to earn on previously.

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 25 months.³ 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!

³ 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 until the full bonus of \$100,000 has been paid. If the Distributor falls below \$100,000 in earnings in any month, the \$4,000 payment for that particular month will not be paid.

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 an 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).

Compression:

During the commission process, Personal Bonus Volume from any Distributor who is not commission qualified is "compressed" up to the next Commission Qualified Distributor in the genealogy and paid as first level residual commissions to that Distributor. Only Distributors who are Commission Qualified will count as a level during the commission calculation process. During the commission process, Distributors and Loyal Customers are never physically moved up in the genealogy, even if their distributorship is canceled or not Commission Qualified for any reason. Only the PBV 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.

If a Distributor account is under Compliance review, Personal Bonus Volume may not compress for a period of up to three (3) months to allow for chargebacks, product returns, or disputes that may arise regarding the account under review.

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.

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.

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.

Group Volume (GV):

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

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).

Level 1 Loyal Customers:

These Loyal Customers are in your immediate 1st level of your downline.

Personal Bonus Volume (PBV):

PBV is the sum of the BV from orders from the following – personally enrolled Retail Customers, all level one Loyal Customers, Distributor's personal orders that are not moved, and any orders that have been moved under the Distributor from a Distributor in the upline.

Personal Customer Volume (PCV): PCV is the sum of the BV from all personally enrolled level one Loyal Customers. PCV does not include a Distributor's personal orders, Retail Customer orders, or personally enrolled Loyal Customers that have been placed anywhere other than level one.

Personally Enrolled Level 1 Loyal Customers:

These Loyal Customers are in your immediate 1st level of your downline and are personally enrolled by you.

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.

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 their original enroller.

Qualified Leg:

A Qualified Leg is one with an Active Distributor and 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.

Ruby Leg:

This is 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.

COMPENSATION EXPLAINED



***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 11.

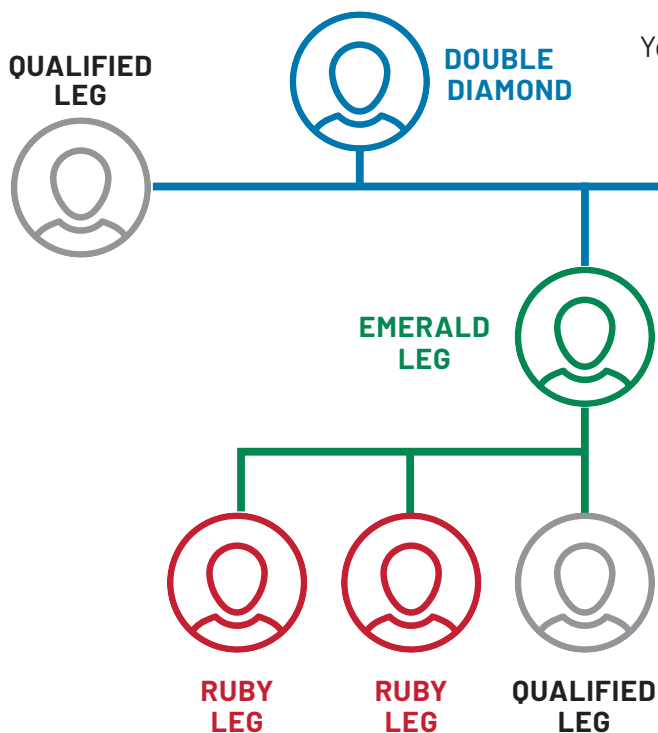
When members in your team that you have personally enrolled achieve the rank of Diamond or higher and you are also a Diamond or higher, you receive a 5% Generational Enroller Bonus on their PGV.

DOUBLE DIAMOND GENERATION PAYOUTS

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

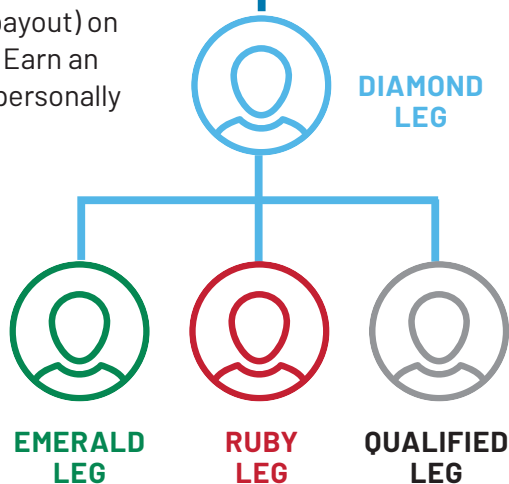
1ST GENERATION

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



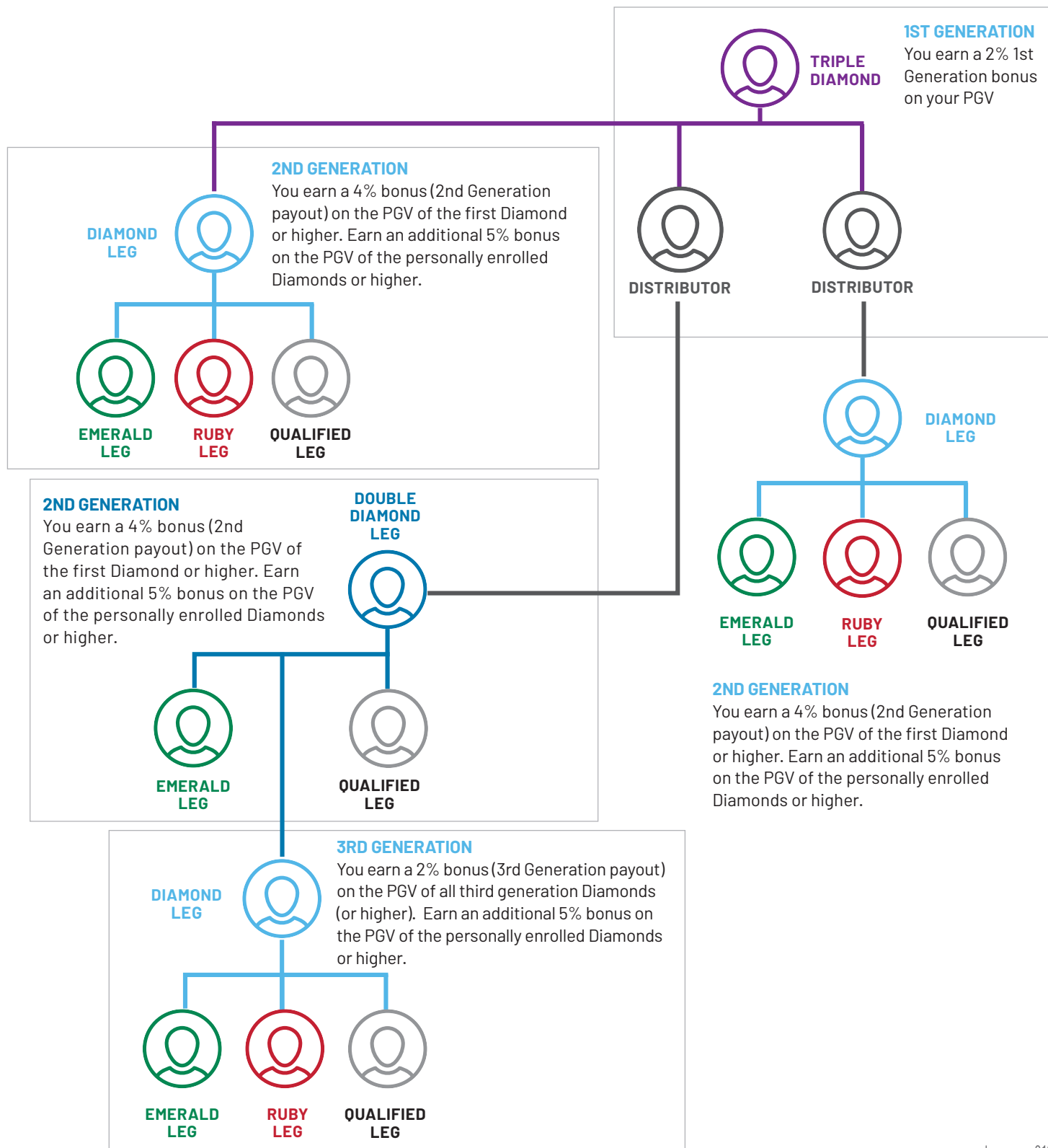
2ND GENERATION

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 your PGV. 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.



NEW DISTRIBUTOR LEADERSHIP BONUSES

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 New Distributor Leadership Bonuses. New Distributor Leadership 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.

NEW DISTRIBUTOR LEADERSHIP BONUSES

As you move forward as an It Works! Leader, your organization grows and more training and leadership are expected from you. Therefore, It Works! created Leadership Bonuses to recognize the responsibility that accompanies running a larger organization and training new Distributors.

New Distributor Leadership Bonus Qualifications:

In order for a New Distributor Leadership Bonus to be paid on a new Distributor in the new Distributor's first 30 days they must enroll with a Business Builder Kit (0 BV), accumulate 150 in PBV or set up and process their optional minimum 80 BV auto-shipment and have 2 Qualified Active Loyal Customers on their 1st level during their first 30 days. These bonuses will be recovered if either of the two Loyal Customers fail to complete the Loyal Customer Agreement.

In order to earn the New Distributor Leadership Bonuses, you as a Leadership Level Sponsor must be Fast Start Bonus Tier One 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 New Distributor Leadership Bonuses and you would lose any Double or Triple

Diamond New Distributor Leadership Bonuses that would have paid out if you qualified as a Triple Diamond.

New Distributor Leadership Bonuses are paid out according to the Leadership Level Sponsors for each new Distributor who meets the qualifications within the first 30 days. 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 have you listed as their Diamond, Double Diamond, and Triple Diamond Level Sponsors.

NEW DISTRIBUTOR LEADERSHIP 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.

2018 Income Disclosure Statement

Months in Company						
DISTRIBUTOR PAID RANK	% of All Distributors	% of Active Distributors	Active Distributor Monthly High	Active Distributor Monthly Low	Active Distributor Monthly Average	
DISTRIBUTOR	83.20%	80.36%	\$2,828	\$1	\$47	1
EXECUTIVE	6.53%	7.58%	\$5,008	\$9	\$223	56
RUBY	5.88%	6.81%	\$4,567	\$89	\$471	81
EMERALD	1.49%	1.70%	\$34,759	\$282	\$1,084	60
DIAMOND	1.58%	1.81%	\$21,023	\$270	\$2,036	57
DOUBLE DIAMOND	0.96%	1.11%	\$21,248	\$1,487	\$4,710	60
TRIPLE DIAMOND	0.33%	0.38%	\$52,996	\$1,592	\$9,491	55
PRESIDENTIAL DIAMOND	0.17%	0.19%	\$79,587	\$3,885	\$13,880	62
AMBASSADOR DIAMOND	0.05%	0.06%	\$115,473	\$8,919	\$24,798	79
Total	100.00%	100.00%			\$208	40

The income statistics above are reflected in US dollar amounts and exclude Distributors in Japan and Korea. Income is defined as commissions received from It Works! and does not include income received from personal sales. "Active Distributor" is defined as a Distributor who earned at least one commission in 2018. Distributors who were inactive in 2018 did not earn commission in 2018, but had earned at least one commission prior to 2018 and had renewed their annual distributorship in 2018. The average monthly income for all Distributors (active and inactive) in 2018 was **\$173**. Out of all Distributors that signed up as Distributors since the beginning of 2018, **92%** were still active 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 2018, and how long it took from enrollment date to date of first achieving that rank.

In 2018, **95.44%** of all Distributors (active and inactive) received income from It Works! and **4.56%** 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 the operation or promotion of his or 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. 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 selling It Works! products, which requires hard work, diligence, and leadership. Your success will depend upon how effectively you exercise these qualities.