

Compensation Plan

Inside:

1. Residual Commissions
2. Bonuses
 - ✔ Fast Start
 - ✔ Enroller
 - ✔ Car
 - ✔ Generational
 - ✔ CAB
3. Retail



Introduction:

The purpose of any compensation plan is twofold:

- 1) To define the amount of compensation you, as a distributor, can earn from any given volume of business or level of performance.
- 2) To serve as a guide for your goals and to help you set realistic, achievable benchmarks for building your business.

At It Works! Marketing, we were not content to stop there. We wanted our compensation plan to do more. We established three specific objectives we wanted to accomplish with our plan:



Allow you as a new distributor to make meaningful income immediately.



Provide a simple, duplicable system for you to follow that will allow you to stay qualified and “in the money”.



Enable you to create a serious business and be rewarded accordingly.

We believe the It Works! Compensation Plan, described in the next few pages does all of these things, and more. It represents the latest thinking in compensation plan design, but at the same time, it is based upon principles that have been proven in practice over many years. Like our products, we believe the It Works! Compensation Plan is the very best available. We hope you will find it both lucrative and easy to share with others.

FAST START BONUSES

How can I earn Fast Start Bonuses from It Works! Marketing? It's very simple....everytime a Fast Start Bonus Qualified Distributor* personally enrolls a new \$199 Distributor he/she will receive \$100 when the new Distributor completes the following in 30 days....



- **PERSONALLY SELECTS AUTO-SHIP AND RECEIVES AN AUTO-SHIP** (minimum \$80 BV)
The new Distributor can select one of the convenient easy picks or create their own.
- **ENROLLS TWO NEW LOYAL CUSTOMERS**
The new Distributor can host a Wrap Party as an easy way to find their first two customers.**

*see glossary page 11

**Loyal Customers must fulfill the three month commitment or the bonus will be recovered

FOUR WAYS TO EARN INCOME

1. Residual Income
See page 3
2. Car Program
See page 4
3. Generation Bonuses
See pages 5, 7, 8
4. CAB Bonuses
See pages 6, 10

I believe that many of this next decade's 10 million new millionaires will be those who are operating a direct selling business.

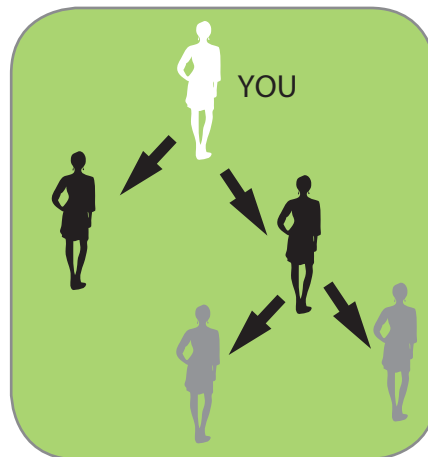
—Paul Zane Pilzer
"The Next Millionaires"

RESIDUAL COMMISSIONS

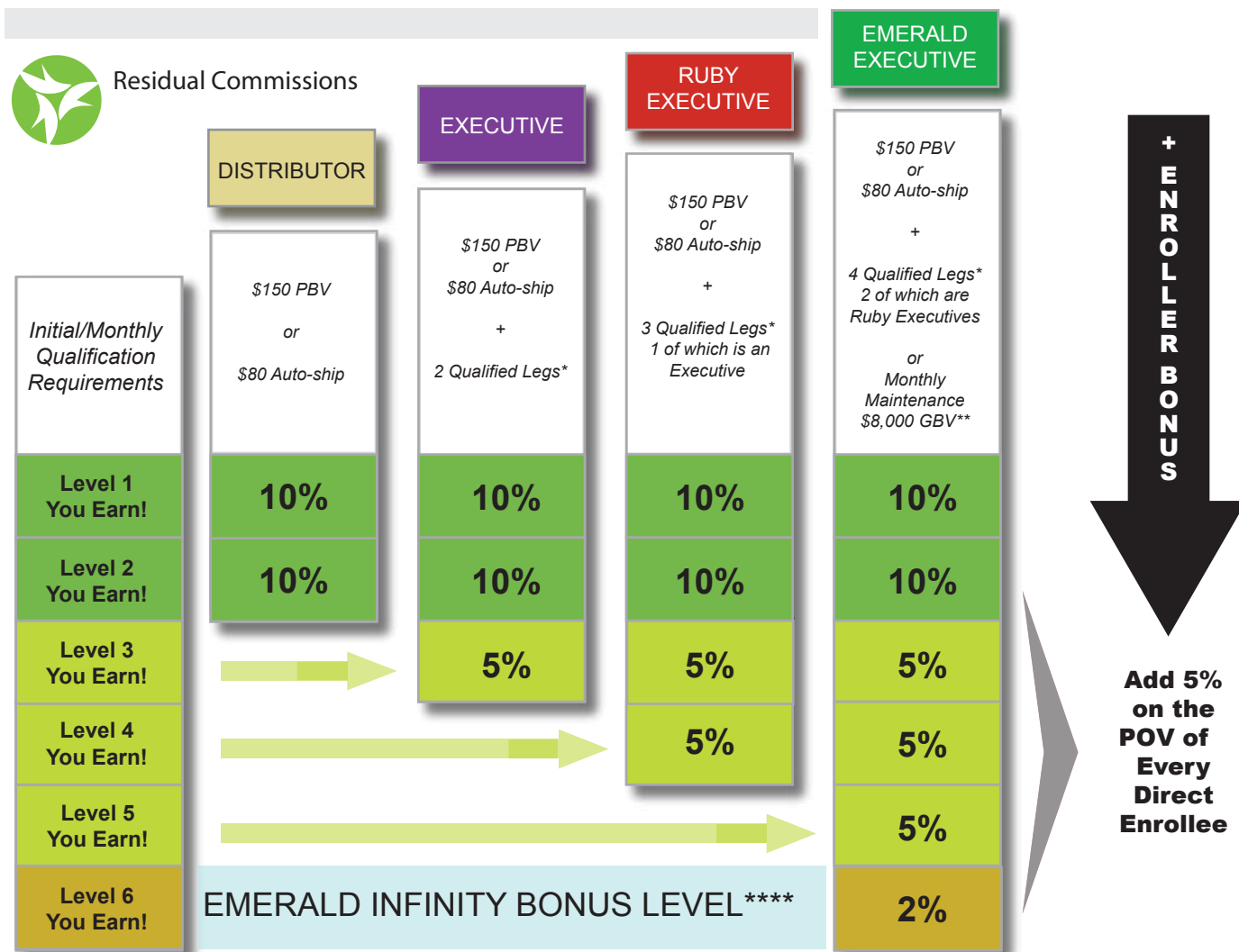
Successful business people know the secret and power of residual income. With a direct selling business you can create significant residual income that doesn't require more effort, but is the result of your earlier effort.

As a Distributor when you start your organization and begin to promote your number of pay levels will increase and your residual commissions will continue to grow.

(See Page 7 for a Residual Commission Example)



Example of residual building



*No more than 50% Group Bonus Volume (GBV) from any on Leg may be used for qualification.

** You (as an Emerald Executive or higher) are eligible to receive a 2% bonus of the PBV generated by your organization from your 6th level through unlimited depth or through the 5th level of the next Emerald or higher.

CAR BONUS

Is gathering customers your talent?

Share the It Works! products with the people that you meet and you will find yourself behind the wheel of a new car! Gather 60 customers and build your personal volume to \$3,000 a month and you will earn a \$600 monthly car bonus.

Car Bonus/Loyal Customer Example

YOUR CAR PLAN!



- 1) Enroll 60 Loyal Customers
- 2) Earn $60 \times \$72 \times 15\% = \648 in monthly residual income



=



$\$600$ (Car Bonus) + $\$648$ (Residual on your customers) = $\$1,248$ per month!

*Average monthly Loyal Customer BV.

Car Program Rules and Regulations

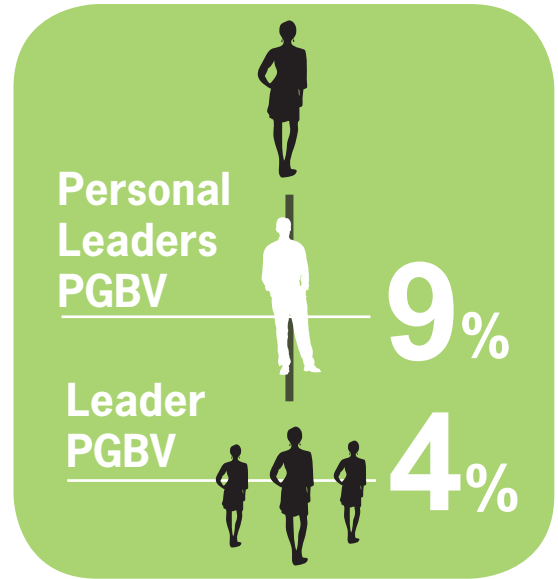
- 1) Distributor must sign-up 60 new Loyal Customers - (no time limits).
- 2) Once the 60 new Loyal Customers have been added the Distributor is now considered Car Bonus Qualified.
- 3) In order to receive a Car Bonus of \$600, the Distributor (after signing 60 new Loyal Customers) must have a minimum of \$3,000 PBV each month in order to receive a Car Bonus.
- 4) If the Distributor fails to reach \$3,000 PBV for a month after being Car Bonus Qualified, they do not lose their qualified status, but they do not receive the Car Bonus for that month. The next time they achieve over \$3,000 PBV for a month they will receive their next Car Bonus for that month only-not for any non-qualifying months.
- 5) It Works! reserves the right to monitor all activity and use any unauthorized product returns, charge-backs or fraudulent events as grounds for nullifying Car Bonus Qualified status and or termination of Distributor status.

GENERATION BONUSES

The Generation Bonus Program allows you to be a “talent” scout.

You can earn up to 9% of the PGBV of your Personal Leaders and up to 4% of the leaders anywhere in your organization.

(See Pages 7,8 for Generation Bonus Examples)



	DIAMOND	DOUBLE DIAMOND	TRIPLE DIAMOND	PRESIDENTIAL DIAMOND	AMBASSADOR DIAMOND
Initial Qualification Requirements	Qualified* + 5 Qualified Legs** with 1 Ruby Leg and 1 Emerald Leg	Qualified* + 5 Qualified Legs** with 1 Emerald Executive Leg + 1 Diamond	Qualified* + 5 Qualified Legs** with 2 Diamond Legs + 1 Double Diamond Leg	Qualified* + 5 Qualified Legs** with 2 Diamond Legs + 1 Double Diamond Leg + 1 Triple Diamond Leg	Qualified* + 5 Qualified Legs** with 2 Diamond Legs + 2 Triple Diamond Legs + 1 Presidential Leg
Monthly Maintenance	Same as above or \$10,000 GBV***	Same as above or \$25,000 GBV***	Same as above or \$50,000 GBV***	Same as above or \$100,000 GBV***	Same as above or \$250,000 GBV***
1st Generation You Earn!	2% PGBV	2% PGBV	2% PGBV	2% PGBV	2% PGBV
2nd Generation You Earn!		4% PGBV	4% PGBV	4% PGBV	4% PGBV
3rd Generation You Earn!			2% PGBV	2% PGBV	2% PGBV
4th Generation You Earn!				1% PGBV	1% PGBV
5th Generation You Earn!					1% PGBV

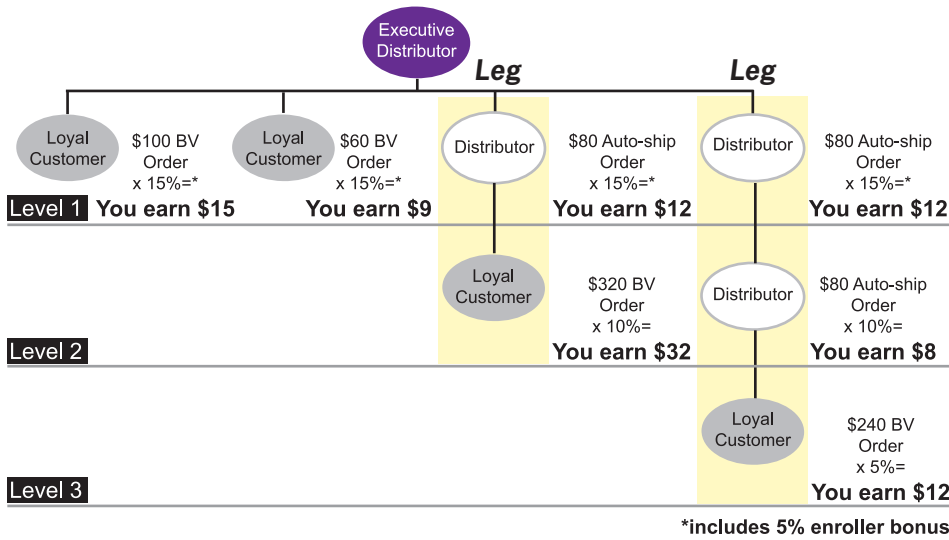
+ ENROLLER BONUS

Add 5% on the PGBV of Every Directly Enrolled Diamond or Higher

*No more than 50% Group Bonus Volume (GBV) applied from any on Leg may be used for qualification.

EXAMPLES

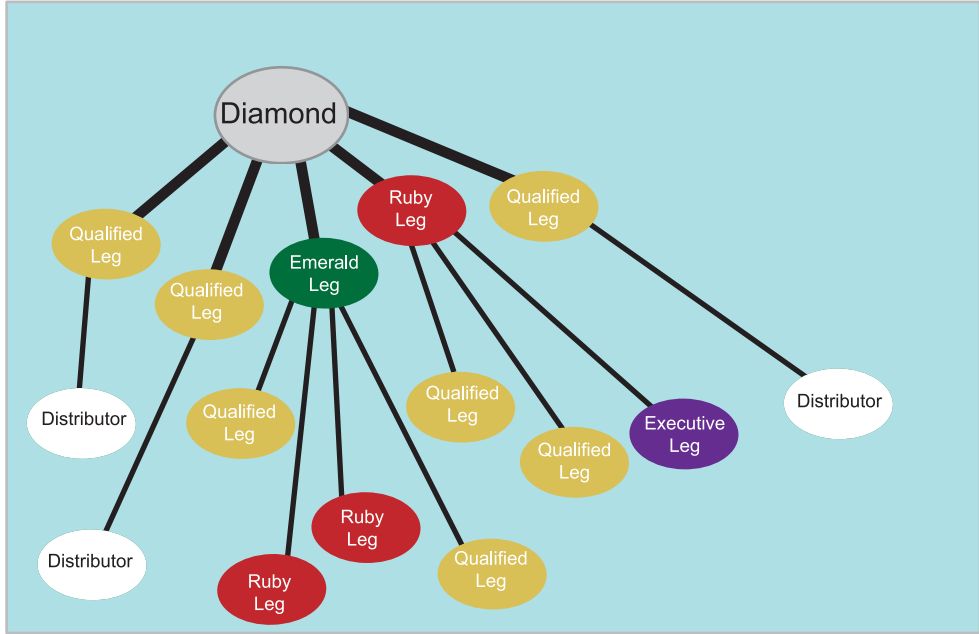
Example of Residual Income - Executive Distributor



What is a Leg?

Each Independent Distributor on your first level is part of your total Downline and is a separate leg. You and your entire Sales Organization (Downline) are one leg to your immediate upline Distributor. A qualified leg contains at least \$400 BV somewhere in the depth of the leg. (yellow shaded area)

Diamond Generational Payout Example

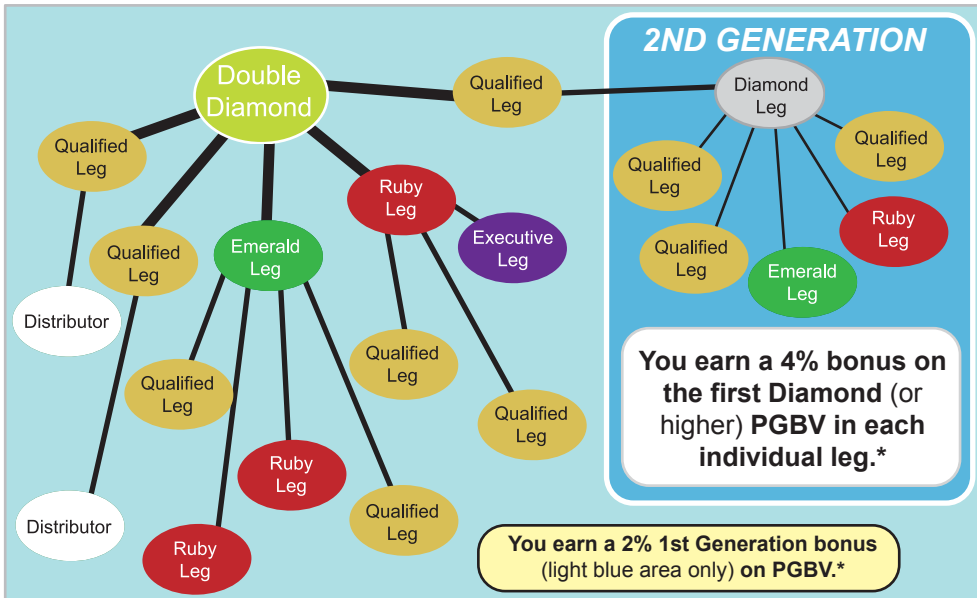


When you become a Diamond you earn a 2% 1st Generation bonus (blue shaded area) on PGBV.*

NOTES:

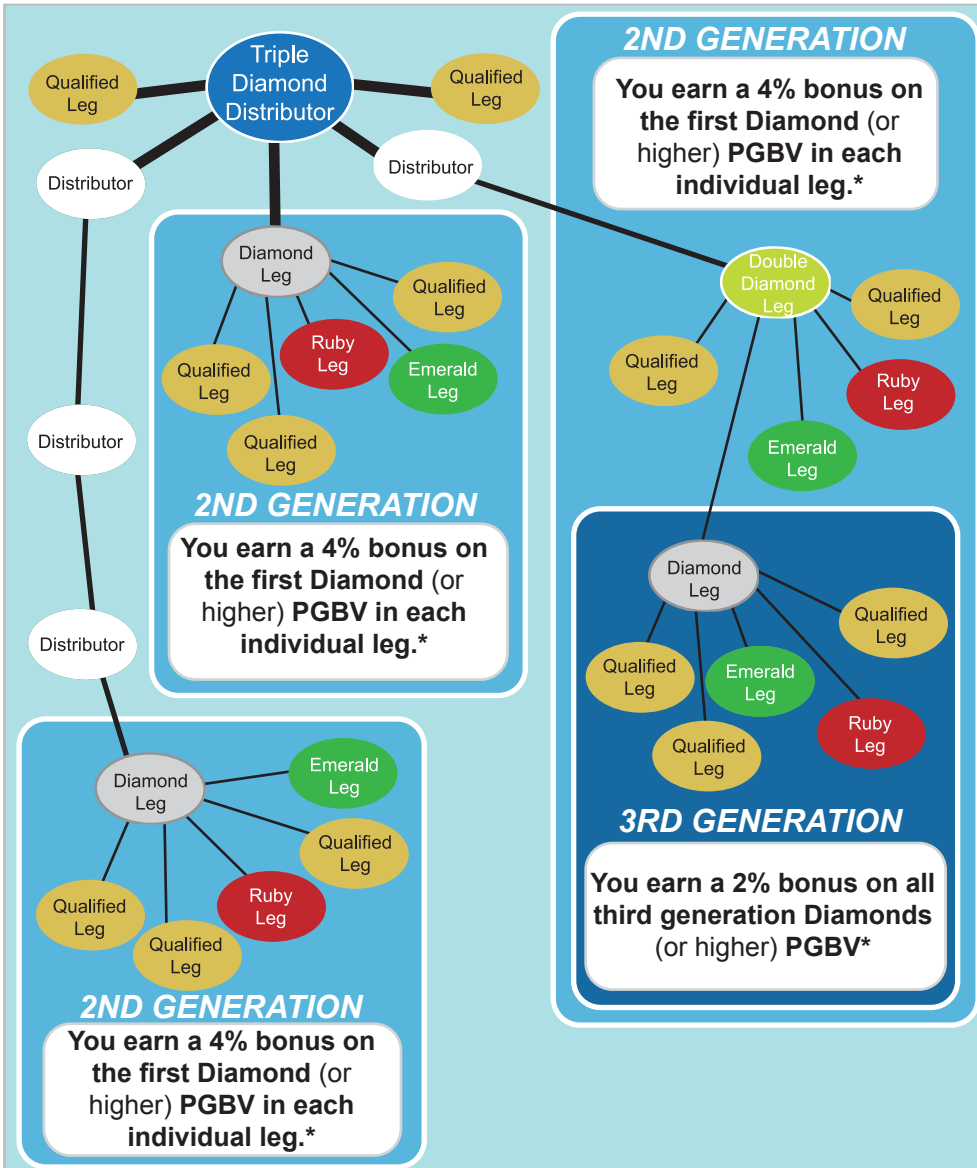
*please see glossary for PGBV definition

Double Diamond Generational Payout Example



NOTES:

Triple Diamond Generational Payout Example



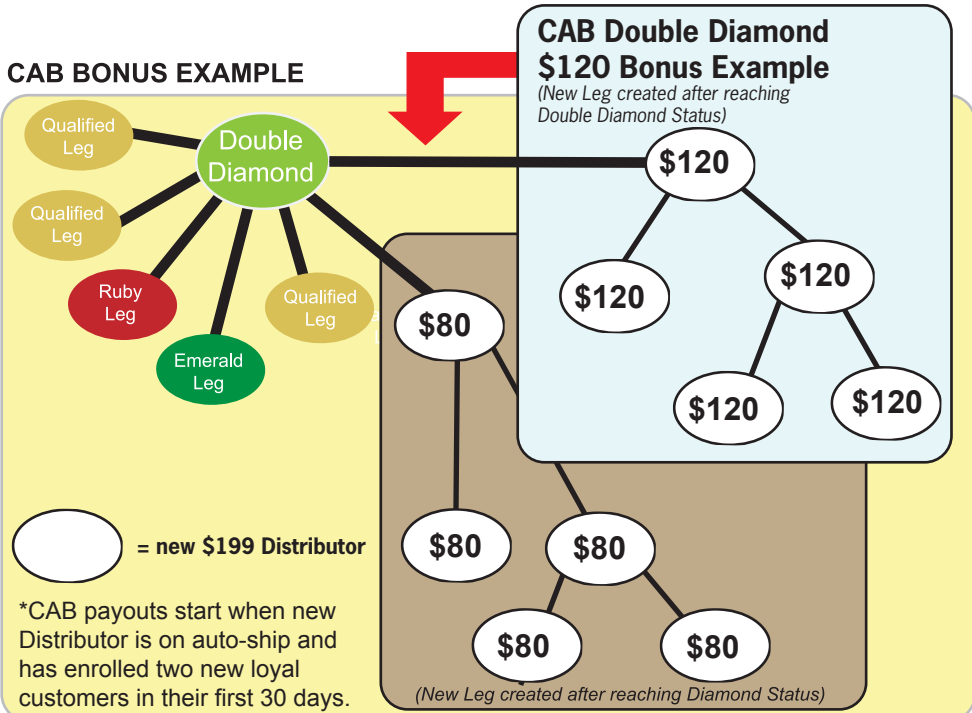
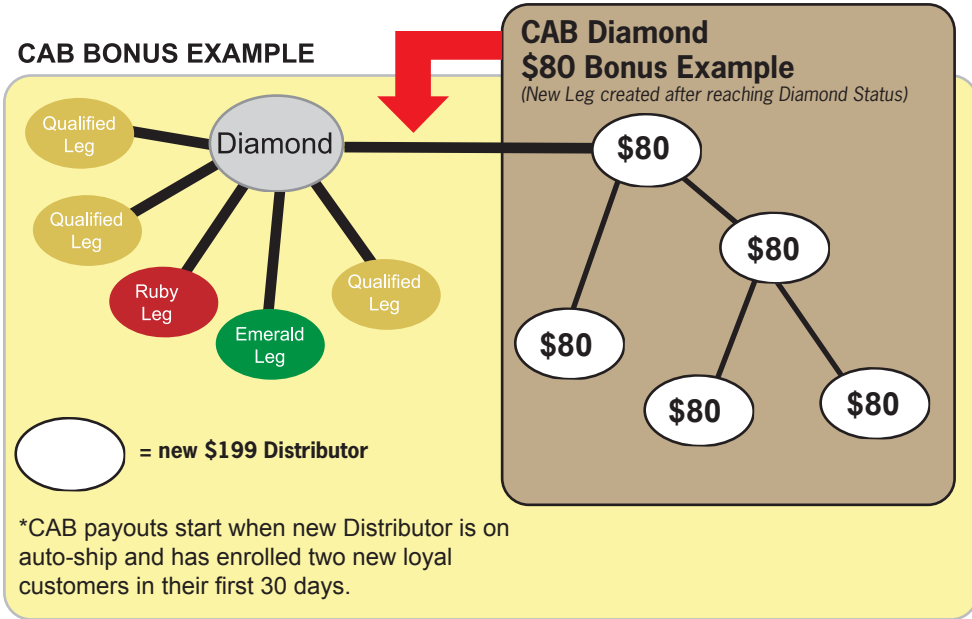
QUICK TIPS:

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

*Earn an additional 5% on personally enrolled Diamonds (or higher) PGBV

CAB Bonus Payout Examples

NOTES:



 Pre-Diamond Status No CAB Bonuses
 Post-Diamond Leg \$80 CAB Bonuses
 Post-Double Diamond Leg \$120 CAB Bonuses

Please note: Up to \$150 in CAB bonuses will be paid on any new \$199 Distributor.

GLOSSARY

ACTIVE: An Independent Distributor is considered “Active” in a particular pay period when they have maintained the minimum Personal Bonus Volume requirement applicable to the rank that they are qualifying for and have an \$80 minimum Autoship or \$150 PBV or have purchased a Business Builders Kit during the month.

APPLICATION AND/OR AGREEMENT FORM: This is a legal binding agreement between you and It Works Marketing, which covers your rights, duties, and responsibilities and those of the Company. The Policies & Procedures manual is an extension of this Agreement and should be read carefully.

AUTOSHIP PROGRAM: The Autoship program provides for products to be automatically shipped and billed against a credit card on a monthly basis.

BONUS QUALIFIED:

FAST START (Enroller): Purchase a Business Builder Kit or accumulate \$500 PBV, enroll two new Loyal Customers and have at least one \$80 BV Auto Ship.

FAST START (Enrollee): Purchase a Business Builder Kit, sign up and receive a minimum \$80 BV Auto Ship, and enroll two new Loyal Customers who must complete the three-month minimum or bonuses will be recovered. All requirements must be met within 30 days of enrollment.

CAR: Enroll 60 Loyal Customers (no time limit) and maintain \$3000 PBV during monthly commission period.

EMERALD INFINITY: When you achieve the rank of Emerald Executive or higher, you become eligible to receive a special Emerald Infinity Bonus of 2% of the PGBV generated by your entire organization, from your sixth level through unlimited depth or until the 6th level of the next Emerald or higher is reached.

GENERATION – Maintain Paid As Leader Rank

GENERATION ENROLLER – Maintain Paid As Leader Rank and have a Personal Leader anywhere in your organization.

CUSTOMER ACQUISITION BONUS (CAB) - Maintain Paid As Leader Rank for the applicable CAB Bonus level

BONUS VOLUME: The assigned value of a product for the purpose of qualification and calculation of bonuses and commissions.

BUSINESS BUILDERS KIT: An optional start-up kit available to purchase when a person joins It Works! This kit contains product, brochures, DVD's and other material to help the distributor start his/her business. Purchase of the Business Builders Kit also automatically makes the new distributor Residual Commission Qualified for that month they purchased the kit in and gives them free access to e-Office, FITworks! and Customer Generator for one month.

COMMISSION – RETAIL: Defined as the difference between a product's retail sales price and wholesale price. The remainder is your retail commission. For example, a box of Ultimate Applicators sells for \$89 retail and is purchased by a distributor for \$49 at the wholesale price. The difference \$40 (\$89 - \$49) is your retail commission. No other qualifications must be met in order to receive retail commissions.

COMMISSION – RESIDUAL: Are the percentages earned on Bonus Volume of sales in your organization in accordance with the respective provisions of the compensation plan.

COMMISSION – BONUSES: Additional earnings above and beyond residual and retail commissions that can be earned by meeting specified qualifications. Including Fast Start, Customer Acquisition, Generation, Enroller, Car & Emerald Infinity. (See Bonus Qualified)

COMPENSATION PLAN: (Sometimes called the “Marketing Plan”) The official set of definitions and performance requirements, as published in It Works Marketing Independent Distributor Manual by which It Works Marketing pays Distributors. This can be downloaded in the It Works Marketing e-Office Downloads Section.

COMPRESSION: A mechanism for bypassing unqualified or inactive distributors when determining payout so that the upline is paid on the number of active levels. Only Active distributors count as levels in the commission plan.

DIRECT: Refers to an Independent Distributor that you have personally and directly enrolled. (See “Leg”)

DISTRIBUTOR: The generic name for an independent contractor who has signed a Distributor Application and Agreement form with the Company, and whose Distributor Application and Agreement has been accepted by the Company. Upon acceptance of such Agreement by the Company, a Distributor is eligible to purchase the Company's products at a wholesale price for resale and can enroll and mentor other people into their Downline Sales Organization. A Distributor is eligible to earn Commissions and Bonuses in accordance with the terms and provisions of the Compensation Plan.

DOWNLINE: Your Downline consists of all Independent Distributors and Loyal Customers on your Level 1, Level 2, Level 3, etc, through unlimited depth. (See “Level”)

EMERALD INFINITY BONUS: (See Bonus Qualified)

ENROLL: To sign and submit an Independent Distributor Application or Loyal Customer Agreement form to It Works Marketing for the purpose of becoming an Independent Distributor or Loyal Customer for the Company.

ENROLLEE: An enrolling or newly enrolled Independent Distributor or Loyal Customer.

ENROLLER: An Independent Distributor who enrolls a new Independent Distributor or Loyal Customer.

ENROLLER GENERATIONAL BONUS: (See Bonus Qualified).

ENROLLER BONUS: When you are an Active Distributor of any rank and you enroll a Distributor or Loyal Customer, you earn a 5% Enroller Bonus on that Enrollees entire Personal Order Volume.

FRONT LINE: Refers to all Independent Distributors that are personally enrolled and/or placed (Level 1) by a particular Distributor or by the Company. (See “Direct”)

GENEALOGY: The complete set of relationships (as defined by “Levels” and “Legs”) between an Independent Distributor and his or her Upline and Downline. It is the “family tree” of any Independent Distributor.

GENEALOGY REPORT: A computer printout of your Downline.

GENERATION: The total organization, including all Distributors and Loyal Customers, beginning with each Independent Distributor through the first Leader in all legs of the organization. A Distributor's 2nd Generation would begin with the first Leader in any leg.

GROUP BONUS VOLUME (GBV): The combined PBV (Personal Bonus Volume) of everyone in a Downline, including the PBV of the Independent Distributor at the head of that Downline.

I.D.#: The identification number used by the Company to identify each Independent Distributor for Compensation Plan purposes.

INVENTORY: A supply of It Works Marketing products and merchandise in sufficient quantities to supply your customers and your personal needs. (NOTE: It Works Marketing Policies & Procedures Handbook defines specific guidelines as to appropriate inventory levels. You should not exceed these guidelines.)

INDIRECT: All Independent Distributor's in your Downline that are not directly enrolled by you. (See also "Downline").

LOYAL CUSTOMER PROGRAM: The Customer Loyalty program is an auto-ship program that guarantees you wholesale pricing in return for a three month order commitment.

LEADERS: Any Distributor of rank Diamond or higher.

LEG: Each Independent Distributor on your first level is part of your total Downline and is a separate "Leg." You and your entire Sales Organization (Downline) are one "Leg" to your immediate upline distributor.

LEVEL: The people you personally enroll and/or mentor are your first level. The ones they enroll and/or mentor are your second level. The ones your second level mentors are your third level, etc.

MAINTENANCE: The standard of performance an Independent Distributor that must achieve to continue being "Paid As" a particular rank after meeting the initial qualification requirements for that rank.

MULTI-LEVEL MARKETING (MLM): Another name for network marketing. (See "Network Marketing")

NETWORK MARKETING: A non-storefront type of selling where a manufacturer, or its Distributor (a network marketing company) sells directly to the consumer through a "network" of independent contractors rather than through conventional outlets. Independent Distributors multiply themselves directly and indirectly by placing other Independent Distributors and are paid accordingly on multiple levels.

OPPORTUNITY MEETING: a periodic meeting or gathering of MLM Independent Distributors for the purpose of introducing and explaining the business opportunities to prospects.

PAID AS: The rank by which an Independent Distributor has qualified for a given pay period as defined by the Compensation Plan.

PERSONAL GROUP BONUS VOLUME (PGBV): For the purposes of this compensation plan the PGBV of a distributor consists of the PBV of the Distributor plus the PBV of every Distributor Downline of him or her through each leg until a Leader ends each particular leg.

PERSONAL ORDER VOLUME (POV): For purposes of this compensation plan the POV of a distributor consists of the sum of the order volumes of the distributor's personal orders and the distributor's retail customer orders. It does not include the order volume of a distributor's Loyal Customer. The POV of a Loyal customer is simple the sum of the volume from the Loyal Customer's orders. POV is used for the enroller bonus.

POLICIES & PROCEDURES: The governing rules of It Works Marketing that define the relationship between the Company and its Independent Distributors, as well as between Independent Distributors and other Independent Distributors. The Policies & Procedures are specifically incorporated into and made a part of the Independent Distributor's Agreement, which each Independent Distributor must sign in order to enroll.

QUALIFIED LEG: A Qualified Leg is one that contains at least \$400 in BV somewhere in the depth of the leg.

RANK: A new title or rank is claimed at each level with increased percentages of bonus participation. You will always carry the title of the highest rank you reach, but are paid at the rank for which you qualify each month.

RECORDS: This is an accounting or the descriptions of purchases, gas mileage, meals, trips, meetings attended, training, etc. usually to be used a proof of the tax deductions available for the home based business.

RECRUITING: Inviting others to join your organization to share the same opportunity.

RENEWAL: It Works Marketing Independent Distributors must renew their Distributor Agreement each year no later than the anniversary date of their joining It Works Marketing. If a Distributor does not renew their relationship with It Works Marketing, they will be cancelled. If they wish to rejoin It Works Marketing at a later date, they may not reclaim their previous rank or Downline, but must join at the standard entry level in the program. (See "Roll-up")

SALES ORGANIZATION: Your Sales Organization consists of you and the people that you directly enroll as Independent Distributors or Loyal Customers, and the people that they enroll as Independent Distributors or Loyal Customers, and so on, and so on, and so on. There is no limit to how wide or deep that your Sales Organization can grow. (See "Downline" and "Leg")

UPLINE: The term "Upline" refers to that portion of either your Enroller or Placement genealogy that precedes you. Your upline consists of the Independent Distributor who is your Enroller and/or Placement, and his Enroller and/or Placement, and his Enroller and/or Placement, etc., all the way to the Company.

WHOLESALE PRICE: The price charged to Distributors by It Works Marketing for the Company's products. When a product is purchased at Distributor Wholesale and sold at Suggested Retail, the Distributor earns a profit.