

Distributor Compensation Basics

This is an infinitely wide 3 generation deep compensation model.

| | | | | | | |
|-------------------------------|----------|----------|----------|----------|----------|--------------------|
| 1 ST GENERATION | <u>X</u> | <u>X</u> | <u>X</u> | <u>X</u> | <u>X</u> | ... TO INFINITY |
| 2 ND GENERATION | <u>Y</u> | <u>Y</u> | <u>Y</u> | <u>Y</u> | <u>Y</u> | ... TO INFINITY |
| 3 RD GENERATION | <u>Z</u> | <u>Z</u> | <u>Z</u> | <u>Z</u> | <u>Z</u> | ... TO INFINITY |

First Order Bonus

- You receive 20% of the 1st order placed by anyone you personally sponsor. Wholesale and Private Label transactions excluded.

First Generation Bonus

- You receive 10% on all additional orders placed by anyone that you directly sponsor. This is your 1st generation commission.

Second Generation Bonus

- You receive 10% of the orders placed by anyone that your 1st generation sponsors. If you sponsor X and X sponsors Y, Y is your 2nd generation. You receive 10% of what Y orders. This is your 2nd generation commission.
- X receives also receives 10% of Y's order because Y is in X's 1st generation.

Third Generation Bonus

- You receive 5% of the orders placed by anyone your 2nd generation sponsors. If you sponsor X, X sponsors Y and Y sponsors Z, Z is your 3rd generation. You receive 5% of what Z orders. This is your 3rd generation commission.
- X receives 10% of Z's orders because Z is X's 2nd generation.
- Y receives 10% of Z's because Z is Y's 1st generation.

(See the following pages for a complete explanation of the compensation plan)

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1st Generation Explanation

Your 1st generation consists of everyone you directly sponsor, it builds infinitely wide. See example below.

1st Generation Compensation – 10%

In the example below, Distributor #433594 has sponsored 5 Distributors. The 5 Sponsored Distributors are represented as:

A1, B1, C1, D1 AND E1.

Distributor #433594 can continue to sponsor 1st generation Distributors to infinity. For this example, assume that none of the 2nd or 3rd generation positions have been filled.

| | | | | | | |
|--------------------------------------|------------------|------------------|------------------|------------------|------------------|----------------------------|
| 1ST GENERATION | <u>A1</u> | <u>B1</u> | <u>C1</u> | <u>D1</u> | <u>E1</u> | ... TO INFINITY |
| 2ND GENERATION | <u>X</u> | <u>X</u> | <u>X</u> | <u>X</u> | <u>X</u> | ... TO INFINITY |
| 3RD GENERATION | <u>X</u> | <u>X</u> | <u>X</u> | <u>X</u> | <u>X</u> | ... TO INFINITY |

- Distributor #433594 receives 20% on initial orders. Wholesale and Private Label transactions excluded.
- Distributor #433594 receives 1st generation commissions of 10% on additional orders.
- The 5 new Distributors (A1, B1, C1, D1 and E1) place their initial order and the average Distributor order is \$100.00 each; the compensation paid to Distributor #433594 would be \$100.00 total (20% of \$500.00, \$20.00 x 5).
- Imagine if Distributor #433594 had signed up 10 or 100 people and their average order was \$100.00! Then the commissions would be \$200.00 or \$2,000 in just 1 month. If those 5, 10 or 100 people continue to order monthly you would receive 10% on each subsequent order. That would be \$650, \$1,300 or even \$13,000 a year in just 1st generation commissions!
- You can easily see how the goal of generating enough commissions to pay for your own quality products can easily be achieved by referring a few people to us.
- Generating enough commissions to cover the cost of your purchases is great, but with just a bit more effort you can work towards earning a few hundred dollars per month!
- In addition to building a 1st Generation, a Distributor interested in creating a healthy residual income should support, develop, train and motivate his/her 1st generation to do what he/she does in order to build a 2nd generation.



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2nd Generation Explanation

Your 2nd generation consists of everyone your 1st generation sponsors, it builds infinitely wide. See example below.

2nd Generation Compensation – 10%

In the example below, Distributor #433594's 1st generation Distributors have each sponsored only 2 Distributors. The 10 Sponsored Distributors are represented as **A2,B2,C2,D2,E2,F2,G2,H2,I2 and J2. For this example, assume that none of the 3rd generation positions have been filled.**

| | | | | | | |
|--------------------------------------|----------------------|----------------------|----------------------|---------------------|----------------------|----------------------------|
| 1ST GENERATION | <u>A1</u> | <u>B1</u> | <u>C1</u> | <u>D1</u> | <u>E1</u> | ... TO INFINITY |
| 2ND GENERATION | <u>A2, B2</u> | <u>C2, D2</u> | <u>E2, F2</u> | <u>G2,H2</u> | <u>I2, J2</u> | ... TO INFINITY |
| 3RD GENERATION | <u>X</u> | <u>X</u> | <u>X</u> | <u>X</u> | <u>X</u> | ... TO INFINITY |

- Distributor# 433594 receives 2nd generation commissions of 10%.
- The 10 new 2nd generation Distributors (A2,B2,C2,D2,E2,F2,G2,H2,I2 and J2) each place an average order of \$100.00, the compensation paid to Distributor# 433594 would be \$100.00 (10% of \$1,000, \$10.00 X 10).
- Imagine if each of the five 1st generation Distributors had signed up 5, 10 or 100 2nd generation Distributors. Then the commissions would be \$250, \$500 or even \$5,000. If those 5, 10 or 100 people continue to order monthly that would be more than \$3,000, \$6,000 or \$60,000 a year in just 2nd generation commissions!
- Clearly you can see the benefit of supporting, developing, training and motivating your 1st generation. Growth is exponential. Distributor #433594 started with 5 Distributors. Those 5 each got 2 and now Distributor# 433594 has a down line of 15 people! Network marketing is amazing!
- It should be clear to you now that earning a few hundred dollars per month is quite achievable. For many a few hundred dollars makes a real difference. It could mean a new car, less credit card debt, more meals out with the family or actually having money to put into that savings account. While some choose to settle for less, there are those who achieve more.
- Those who wish to work towards a serious residual income should encourage his/her 2nd generation to support, develop, train and motivate his/her down line to do what he/she does in order to build a 3rd generation. Building wide and deep is the key to serious money. Share the Health and Build your Wealth!

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3rd Generation Explanation

Your 3rd generation consists of everyone your 2nd generation sponsors, it builds infinitely wide. See example below.

3rd Generation Compensation – 5%

In the example below, Distributor #433594's 10 2nd generation Distributors have each sponsored only 2 Distributors. The 20 Sponsored Distributors are represented as **A3, B3, C3, D3, E3, F3, G3, H3, I3, J3, K3, L3, M3, N3, O3, P3, Q3, R3, S3, and T3. We are unable to show the 4th and 5th Distributors and down lines due to space limitations.**

| | | | | |
|-------------------------------|---------------------------|---------------------------|---------------------------|---|
| 1 ST GENERATION | <u>A1</u> | <u>B1</u> | <u>C1</u> | Unable to show D1 and E2 due to lack of space |
| 2 ND GENERATION | <u>A2, B2</u> | <u>C2, D2</u> | <u>E3, F3</u> | |
| 3 RD GENERATION | <u>A3,B3,C3,D3</u> | <u>E3,F3,G3,H3</u> | <u>I3,J3,K3,L3</u> | |

- Distributor# 433594 receives 3rd generation commissions of 5% of the order amount.
- The 20 new Distributors (A3,B3,C3,D3,E3, F3, H3, I3, J3, K3,L3, M3, N3, O3, P3,Q3, R3, S3, T3) each place an average order of \$100.00, the compensation paid to Distributor# 433594 would be \$100.00 (5% of \$2,000, \$5.00 X 20).
- Imagine if each of the ten 2nd generation Distributors each had signed up 5, 10 or 100 3rd generation Distributors. Then the commissions would be \$250, \$500 or \$5,000. If those 5, 10 or 100 distributors continue to order monthly that would be more than \$3,000, \$6,000 or even \$60,000 a year in just 3rd generation commissions!
- Clearly you can see the benefit of supporting, training and developing your 1st and 2nd generations. They do the recruiting work and you cash the checks.
- Remember that Distributor #433594 started with 5 Distributors. Those 5 each got 2 and those 10 each got 2. Distributor# 433594's down line has grown to 35 people and he/she is receiving commissions on every order placed!
- Total annual bonuses for this model equal between \$6,650 and \$132,000. Obviously not everyone will earn \$132,000; however, I think we could all use an additional \$6,800-\$10,000 a year. With some work and determination that is definitely attainable.

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Non Distributor Commission %'s

The % of compensation received depends on the status of the individual placing an order. For instance, you will earn more from a Distributor order than you will from a VIP Customer order.

| Status | Distributor | VIP Customer | Retail Customer | Wholesaler | Private Label |
|----------------|-------------|--------------|-----------------|------------|---------------|
| 1ST GENERATION | <u>10%</u> | <u>10%</u> | <u>10%</u> | <u>5%</u> | <u>5%</u> |
| 2ND GENERATION | <u>10%</u> | <u>5%</u> | <u>5%</u> | <u>5%</u> | <u>5%</u> |
| 3RD GENERATION | <u>5%</u> | <u>5%</u> | <u>5%</u> | <u>5%</u> | <u>5%</u> |

- Our Compensation Plan encourages Distributors to sponsor other Distributors. The greatest commission is paid on orders placed by Distributors.
- This program is based on supporting, developing, training and motivating others to do what you do. If you train and motivate your down line to sponsor others, you receive additional bonuses, i.e., 2nd and 3rd generation bonuses.
- There is also a huge opportunity for individuals who consider themselves builders. A builder bonus is paid in addition to the commissions above. Builders have unlimited earning potential. Some are already earning thousands of dollars per month. Are you a builder?
- We are happy to have all customers. We pay commissions regardless of the status of the individual you refer to Healthy Habits. However, Retail Customers, VIP Customers, Wholesalers and Private Labelers are not recruiting and/or promoting Healthy Habits, therefore, less commission is paid on these buyers.

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Additional Programs of Interest

Are you a Health Food store owner or a Distributor who's interested in working to get Healthy Habits products into retail stores? Then make sure you are well informed regarding our Wholesale program.

Wholesale Benefits and Stipulations

- A Wholesale account receives a discount of 60% off the Retail price.
- Wholesale customers are required to order product by the case (12).
- Wholesaler customers must have a minimum order amount of \$350.00.
- There is no mix and match of products in order to reach the case quantity.
- Wholesale customers do not participate in the commission program.
- Must have a physical location zoned for retail business; provide copy of Tax ID number, business card and letter head.

Private Label Program

Do you know an owner of several Health Food Stores? Are you a member of a small community? Can you organize a group of people who are willing to purchase a large qty to save 70+% off of retail prices?

The private label program is an exciting addition to the Healthy Habits Distributorship. It is available to all Distributors. A minimum order of 1,000 items is required to qualify for private label pricing. Private label pricing may be as much as 70+% off of retail prices. This is a great opportunity for those of you who are interested in organizing groups to purchase in volume in order to receive significant discounts. Think about getting 50 people to commit to 20 bottles each. This is a great program and we hope you take full advantage of it.

- Private labelers will pay actual shipping cost.
- Orders are non refundable.
- Customers must furnish labels or we can do it for an additional fee.
- The entire order must be shipped to a single address.
- Call for additional details.

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