

# LIQUIDITY COMPENSATION PLAN

## 1 Liquidity's Commission Structure:

### 1.1 Liquidity's Monthly Commission

1. Monthly Production Bonus
2. Quarterly Production Bonus
3. Annual Production Bonus

#### 1.1.1 Rules that govern the monthly commissions

1. The monthly commission plan will have a total of 12 periods. Liquidity's monthly bonus will be paid for a volume period on the 15<sup>th</sup> of the following month.
2. All of the monthly commissions will be paid on the 15<sup>th</sup> of each month, or the first business day prior to the 15<sup>th</sup> if the 15<sup>th</sup> falls on a weekend or holiday. The pay period for these commissions will be from the 1<sup>st</sup> of the previous month through the last day of the previous month.

### 1.2 Liquidity's Weekly commissions include the following:

1. Weekly Production Bonus (also known as a Binary Plan)
  - The weekly production bonus is a 1/3 -2/3 Plan.
  - Positions have high cap on earning potential.
  - The weekly production bonus has up to a 70% payout.
2. Diamond Gold Production Bonus
3. Crown Diamond Platinum Production Bonus

#### 1.2.1 Rules that will govern the weekly commissions

1. The weekly commission plan will have a total of 52 periods and will be paid out each Friday. Liquidity's week is from Monday -Sunday at midnight CST, and it is run two weeks in arrears.

## 2 Liquidity's Weekly Production Commissions

Payout under the Weekly Production Commission is only triggered by points generated from predetermined sets of products known as packs:

- Initial Pack:
  - Initial \$495.00 Packs count for 1 point and fully qualify any distributor at their current rank in the Monthly and the Weekly Plan for the month in which the Initial \$495.00 Pack is purchased.
  - Initial \$250.00 Packs count for ½ point and when 2 half packs are purchased putting them at 1 total point in purchases it will fully qualify any distributor at their current rank in the Monthly and the Weekly Plan for that month.
  - Initial \$125.00 Packs count for 1/4 point and when 4 quarter packs are purchased putting them at 1 total point in purchases it will fully qualify any distributor at their current rank in the Monthly and the Weekly Plan for that

- month.
- Initial \$495.00 Packs include 400 Group Business Volume (GBV), Initial \$250.00 Packs include 200 Group Business Volume (GBV) and Initial \$125.00 Packs include 100 Group Business Volume (GBV) which counts towards Rank Advancement and the Quarterly and Annual Bonuses in the Monthly Plan.
- 1 point is credited to all positions upline who are Bronze and higher when an Initial \$495.00 Pack is purchased, .5 point is credited to all positions upline who are Bronze and higher when an Initial \$250.00 Pack is purchased and .25 point is credited to all positions upline who are Bronze and higher when an Initial \$125.00 Pack is purchased
- Subsequent Packs
  - They do NOT qualify an Associate Partner in the Monthly Plan OR the Weekly Plan.
  - They do, however include 400 Group Business Volume (GBV) for the \$495.00 Pack, 200 GBV for the \$250.00 Pack and 100 GBV for the \$125.00 Pack which is counted towards Rank Advancement and the Quarterly and Annual Bonuses in the Monthly Plan.
  - Only Silver and Higher Ranks receive points for Pack purchases past 1 full point. Points equal to the value assigned a pack are credited to upline Silver ranks and higher when a member of their team has purchases past 1 full point.

## 2.1 Qualifications for Monthly and Weekly:

- When you sign up to become an Associate Partner and purchase a \$45 business kit, you are given a position in the Weekly Plan and in the Monthly Plan. Both positions start with the Rank of AP (Associate Partner).
- Activate your Weekly position to begin accumulating points from downline sales by purchasing 1 full point of product in your name.
- An associate must maintain a minimum Personal Business Volume (PBV) of 200 (or 100 PBV on autoship) in the Monthly Plan each month after initial qualification in order to receive benefits from the Weekly Plan. (Such as cycle bonuses, Gold and Platinum Bonuses, Direct Commissions, and to continue accumulating points from downline sales.)
- An Associate Partner who has 200 regular PBV or 100 PBV on autoship as a qualification for receiving bonuses in the Monthly Plan also meets the “Monthly Personal Production Qualifications” for the FOLLOWING month in the Weekly Program.
- If the end of a binary week pay period crosses over a month boundary then that week’s qualifications will be based upon the previous month’s volume.

## 2.2 Additional Qualifications and Payout for the Weekly Plan

- To achieve the rank of Bronze, an Associate Partner must have 1 full point purchased in their name. Once this is accomplished, a counter begins to accumulate points from Initial Pack purchases up to the first full point in each of the 2 legs in your organization down to the bottom level. An Associate Partner

must be qualified in the previous month in the Monthly Plan in order to continue to accumulate points.

- A Bronze Rank or Higher becomes Cycle Qualified in the Weekly Plan by personally purchasing 1 full point in packs and sponsoring two Associate Partners, one in each of your right and left legs in your Organization, that does the same. At this point they become cycle qualified.
- The Rank of Bronze, and all higher ranks, who have met the conditions to be cycle qualified mentioned above, can qualify to receive cycle bonuses.
- Once you are cycle qualified a cycle bonus is paid each time that you accumulate 6 points from downline sales with at least two (2) points on one side. Each cycle bonus pays the Associate Partner up to \$140. An Associate Partner's own purchases do NOT count as points for that Associate Partner.

### 2.3 Diamond Gold Production Bonus Qualification and Payout Commissions:

- To receive your Diamond Gold Production Bonus, one must achieve the rank of qualified Diamond in the monthly plan and achieve a minimum of 20 cycles personally during that same volume month.
- The Diamond Gold Bonus Program will pay the Diamond Gold Associate Partner:
  - a. \$10.00 for every full point in their organization for that month down to and including the First (1<sup>st</sup>) Diamond Gold Bonus Qualified distributor or above.
  - b. \$5.00 for every full point for that month after the first Diamond Gold Bonus Qualified distributor or above down to and including the second Diamond Gold Bonus Qualified distributor or above.
  - c. \$5.00 for every full point for that month after the second Diamond Gold Bonus Qualified distributor or above down to and including the third Diamond Gold Bonus Qualified distributor or above.

### 2.4 Crown Diamond Platinum Production Bonus Qualifications and Payout Commissions:

- To receive your Crown Diamond Platinum Production Bonus, one must achieve the rank of qualified Crown Diamond in the monthly plan and achieve a minimum of 40 cycles personally during that same volume month. In addition to the Diamond Gold Bonus, The Rank of Crown Diamond Platinum can participate in the Crown Diamond Platinum Bonus Program when weekly production requirements are met.
- The Crown Diamond Platinum Bonus Program will pay the Crown Diamond Platinum Associate the following bonuses:
  - d. \$10.00 for every full point in their organization for that month down to and including the First (1<sup>st</sup>) Diamond Gold Bonus Qualified distributor or above.
  - e. \$5.00 for every full point for that month after the first Diamond Gold Bonus Qualified distributor or above down to and including the second Diamond Gold Bonus Qualified distributor or above.
  - f. \$5.00 for every full point for that month after the second Diamond Gold Bonus Qualified distributor or above down to and including the third Diamond Gold Bonus Qualified distributor or above.

## 2.5 Direct Commissions from Packs:

- When an Associate Partner that you have personally sponsored purchases a Pack for \$495, you receive a direct commission of \$100 up through 2 full points for that distributor. Direct commissions for any pack purchases past 2 full personal points will be reduced by 50%. A \$250 Pack will pay a direct commission of \$50 and a \$125 Pack will pay a direct commission of \$25. Again, direct commission for any partner pack purchases past 2 full personal points will be reduced by 50%.
- You do not need to purchase any packs yourself to receive direct commissions from pack sales but you must be qualified in the Monthly Plan in the previous month with 100 PBV from autoship or 200 regular PBV. If you were not qualified the previous month you may still participate by qualifying the month prior to any downline pack purchases.

## 3 Liquidity's Monthly Plan

- The second independent compensation plan is the Monthly Plan (also known as a unilevel plan) The BV from pack sales will count toward monthly rank advancements and quarterly and annual bonuses. The BV will not, however, pay bonuses in both plans on the same sale.

### 3.1 Qualifying Steps for Bonuses under the Monthly Plan.

- To receive bonuses under the Monthly Plan, an individual must complete each of the following steps:
  1. Become an Associate Partner by having your application accepted by Liquidity and purchasing a \$45 business kit. There is no purchase required to become a Liquidity Associate, however to purchase products you must first purchase a business kit. Once you become an Associate Partner, you must maintain your status as an active Associate Partner by purchasing 200 PBV between renewal dates and by paying the annual renewal fee of \$45. The renewal fee is waived for Associate Partners that order 100 PBV on autoship for ten months out of the membership year.
  2. Qualify to receive bonuses under the Monthly Plan by accumulating 200 Personal Business Volume (PBV) from regular orders or 100 PBV from autoship orders each month. Your Personal Business Volume (PBV) is the sum of your personal purchases and the purchases of your Customers and Preferred Customers. The amount of PBV that you need in a month is called Qualifying Business Volume (QBV).

#### 3.1.1 Calculating Bonuses in the Monthly Plan

- An Associate Partner receives 8% on the purchases by Associate Partners that are members of his or her team that are on the first, second or third qualified level of that Associate Partner's organization in the Monthly Plan. Each Associate Partner in your organization that orders 100 BV or more of product in a month is counted as one qualified generation in your organization. Each

Associate Partner in your organization that orders less than 100 BV of product in a month is not counted as a qualified generation in your organization even though his or her purchases are included in your organization or group business volume (GBV) for the month.

- For example, if Tim (directly below you in the Monthly Plan), Samantha (directly below Tim), Alison (directly below Samantha) and George (directly below Alison) ordered 150, 120, 50 and 180 BV worth of product in a month, you would receive 8% on each of their orders totaling 500 BV or \$40. Even though Alison did not order 100 BV for the month, her volume would be included in calculating your bonus. Moreover, because her order did not reach 100 BV, she was not counted as a qualified generation and you were paid on George as if Alison were not there. Had Alison ordered 100 BV or more, you would not have received any bonus for George's order (assuming the other orders stayed the same and you had no leadership rank). The bonus percentages for an Associate Partner and each leadership level are set out in the accompanying diagram.

### 3.2 Leadership Bonuses Under the Monthly Plan.

- As you increase the Business Volume (BV) of your Group Business Volume (GBV), you may qualify for additional level and leadership bonuses.
- Your beginning rank is the highest rank in which you will be eligible to receive payment for that month. If you earn a promotion of rank during a given month, you will be eligible to receive pay at that rank the following month.

**TABLE IV - MONTHLY PLAN COMPENSATION BASED ON BUSINESS VOLUME**

<b>Level 0</b>	<b>Associate</b>	<b>Director</b>	<b>Ruby</b>	<b>Emerald</b>	<b>Diamond</b>	<b>Crown</b>
<b>Level 1</b>	<b>8%</b>	<b>8%</b>	<b>8%</b>	<b>8%</b>	<b>8%</b>	<b>8%</b>
<b>Level 2</b>	<b>8%</b>	<b>8%</b>	<b>8%</b>	<b>8%</b>	<b>8%</b>	<b>8%</b>
<b>Level 3</b>	<b>8%</b>	<b>8%</b>	<b>8%</b>	<b>8%</b>	<b>8%</b>	<b>8%</b>
<b>Level 4</b>		<b>8%</b>	<b>8%</b>	<b>8%</b>	<b>8%</b>	<b>8%</b>
<b>Level 5</b>			<b>6%</b>	<b>6%</b>	<b>6%</b>	<b>6%</b>
<b>First Generation</b>		<b>Then 2% down to the Next Director</b>	<b>Then 2% down to the Next Ruby</b>	<b>Then 2% down to the Next Emerald</b>	<b>Then 2% down to the Next Diamond</b>	<b>Then 2% down to the Next Crown</b>
<b>Second Generation</b>		<b>Then 1% down to the Next Director</b>	<b>The 1% down to the Next Ruby</b>	<b>Then 1% down to the Next Emerald</b>	<b>Then 1% down to the Next Diamond</b>	<b>Then 1% down to the Next Crown</b>

<b>Third Generation</b>		<b>Then 1% down to the Next Director</b>	<b>Then 1% down to the Next Ruby</b>	<b>Then 1% down to the Next Emerald</b>	<b>Then 1% down to the Next Diamond</b>	<b>Then 1% down to the Next Crown</b>
<b>Fourth Generation</b>				<b>Then 1% down to the Next Emerald</b>	<b>Then .5% down to the Next Diamond</b>	<b>Then .5% down to the Next Crown</b>
<b>Fifth Generation</b>					<b>Then .5% down to the Next Diamond</b>	<b>Then .5% down to the Next Crown</b>

- Each of the leadership bonuses is paid down to the next leader of that level, inclusive of that next leader's volume. A Director is paid 2% on all volume in his/her organization (excluding his/her own volume) down to and including the first Director. In addition, a Director is paid 1% on all volume in his organization from the first Director down to and including the second Director and 1% from the second Director down to an including the third Director.

### 3.3 Quarterly Production Bonus

A pool equal to two percent (2%) of the dollar amount of Liquidity International Inc.'s total Business Volume (BV) will be placed in the lock box and disbursed quarterly. All qualified Emeralds, Diamonds and Crown Diamonds will share on a prorated basis with respect to their total downline GBV. Emeralds will receive one thousand (1000) points for each 1000 GBV, Diamonds will receive fifteen hundred (1500) points for each 1000 GBV and Crown Diamonds will receive two thousand (2000) points for each 1000 GBV on the volume for each month that they qualified at that rank. The Associate Partner will be paid at the highest rank for which he or she qualified for two out of three months during that quarter. Quarterly bonus is included in your monthly commission check following the end of the quarter.

### 3.4 Annual Production Bonus

A pool equal to two percent (2%) of the dollar amount of Liquidity International Inc.'s total Business Volume (BV) will be placed in the lock box and disbursed annually. All qualified Diamonds and Crown Diamonds will share on a prorated basis with respect to their total downline GBV. Diamonds will receive one thousand (1000) points for each 1000 GBV, Crown Diamonds will receive fifteen hundred (1500) points for each 1000 GBV on the volume for each month that they qualified at that rank. The Associate Partner will be paid at the highest rank for which he or she qualified for eight months or 2/3 of the months from the time that he or she became Diamond or Crown Diamond during that calendar year. Annual bonus is personally issued by the owners of Liquidity International, Inc.

## 4 Summary

### 4.1 Weekly Plan Ranks:

The following are the Rank Titles (There is no time limit to advance to any of the ranks):

- Associate
- Bronze - When an Associate Partner generates 1 full point they are promoted to Bronze.
- Silver - When a Bronze generates a third full point they are promoted to the Rank of Silver.
- Diamond Gold – When an Associate Partner is qualified as a Diamond in the monthly plan and has personally generated 20 cycles in the weekly plan in that same month.
- Crown Diamond Platinum – When an Associate Partner is qualified as a Crown Diamond in the monthly plan and has personally generated 40 cycles in the weekly plan in that same month.

### 4.2 Monthly Ranks

The following are the Rank Titles:

- Associate
- Director
- Ruby
- Emerald
- Diamond
- Crown Diamond

### 4.3 Monthly Rank Qualifications and its benefits:

#### 4.3.1 Director Qualifications

To qualify for the increased bonuses as a Director, an Associate Partner must complete each of the following steps:

1. **Meet the Qualifying Business Volume** of 200 PBV or 100 PBV on autoship. The Qualifying Business Volume (QBV) requirement can be met by any combination of personal purchases or purchases by Customers and Preferred Customers. The total amount purchased by you and your Customers and Preferred Customers comprises your Personal Business Volume (or PBV).
2. **Develop at least two (2) legs**, each of which has (a) one personally sponsored Associate Partner; (b) group business volume (GBV) of 500.
3. **Achieve Total Group Business Volume (GBV)** of 1,500. Total Group Business Volume means the sum of your BV in all legs plus your PBV.

#### Director Benefits

Every month that a distributor's beginning rank is Director or above and

qualifies as a Director, sales activity in his or her business will earn:

- 8% of BV on the first 4 qualified levels of his or her Monthly Plan organization.
- In addition, a Director earns a 2% leadership bonus on all levels of his or her group volume down to and including the next qualified Director (the first generation of Directors)
- 1% down to and including the next qualified Director after that (the second generation of Directors)
- 1% down to and including the next qualified Director after that (the third generation of Directors).

Please note that any leader is considered a Director for purposes of determining Director generations. Thus, a Ruby is considered both a Ruby and a Director.

The first month that an Associate Partner qualifies as a Director, he is recognized as a Director by Liquidity and will continue to be considered a Director until he or she earns a higher rank. Directors are only paid as Directors, however, in the months in which they meet all the qualifications of Directors. All Associate Partners start each month with a zero volume in the Monthly Plan.

#### **4.3.2 Ruby Qualifications**

To qualify for increased bonuses as a Ruby, an Associate Partner must complete each of the following steps:

1. **Meet the Qualifying Business Volume** of 200 PBV or 100 PBV on autoship. The Qualifying Business Volume (QBV) requirement can be met by any combination of personal purchases or purchases by Customers and Preferred Customers.
2. **Develop at least two (2) legs**, each of which has (a) one personally sponsored Associate Partner; (b) Group Business Volume (GBV) of 2,500.
3. **Achieve Total Group Business Volume (GBV)** of 7,500.
4. **Must have a minimum of 5 Associate Partners** in your organization.

#### **Ruby Benefits**

Every month that a distributor's beginning rank is Ruby or above and qualifies as a Ruby, sales activity in his or her business will earn:

- 8% of BV on the first 4 qualified levels of his or her Monthly Plan organization and 6% of BV on the 5<sup>th</sup> qualified level
- 2% leadership bonus on all levels of his or her group volume down to and including the next qualified Ruby (the first generation of Rubies)
- 1% down to and including the next qualified Ruby after that (the second generation of Rubies)
- 1% down to and including the next qualified Ruby after that (the third generation of Rubies).

The Ruby leadership bonus is a separate independent bonus. A Ruby qualifies for the Director and Ruby leadership bonus.

### 5.3.3 Emerald Qualifications

To qualify for increased bonuses as a Ruby, an Associate Partner must complete each of the following steps::

1. **Meet the Qualifying Business Volume** of 200 PBV or 100 PBV on autoship. The Qualifying Business Volume (QBV) requirement can be met by any combination of personal purchases or purchases by Customers and Preferred Customers.
2. **Develop at least two (2) legs**, each of which has (a) one personally sponsored Associate Partner; (b) group business volume (GBV) of 5,000.
3. **Achieve Total Group Business Volume (GBV)** of 15,000.
4. **Must have a minimum of 10 Associate Partners** in your organization.

### Emerald Benefits

Every month that a distributor's beginning rank is Emerald or above and qualifies as an Emerald, sales activity in his or her business will earn:

- 8% of BV on the first four qualified levels of his or her Monthly Plan organization and 6% on the 5<sup>th</sup> qualified level.
- 2% leadership bonus on all levels of his or her group volume down to and including the next qualified Emerald (the first generation of Emeralds)
- 1% down to and including the next qualified Emerald after that (the second generation of Emeralds)
- 1% down to and including the next qualified Emerald after that (the third generation of Emeralds),
- 1% down to and including the next qualified Emerald after that (the fourth generation of Emeralds).

The Emerald leadership bonus is a separate independent bonus. An Emerald qualifies for the Director, Ruby and Emerald leadership bonus.

### 5.3.4 Diamond Qualifications

1. **Meet the Qualifying Business Volume** of 200 PBV or 100 PBV on autoship. The Qualifying Business Volume (QBV) requirement can be met by any combination of personal purchases or purchases by Customers and Preferred Customers.
2. **Develop at least three (3) legs**, each of which has (a) one personally sponsored Associate Partner; (b) group business volume (GBV) of 15,000.
3. **Achieve Total Group Business Volume (GBV)** of 60,000.
4. **Must have a minimum of 50 Associate Partners** in your organization.

### Diamond Benefits

Every month that a distributor's beginning rank is Diamond or above and qualifies as a Diamond, sales activity in his or her business will earn:

- 8% on the first four qualified levels of his or her Monthly Plan organization and 6% on the 5<sup>th</sup> qualified level.

- 2% leadership bonus on all levels of his or her group volume down to and including the next qualified Diamond (the first generation of Diamonds)
- 1% down to and including the next qualified Diamond after that (the second generation of Diamonds)
- 1% down to and including the next qualified Diamond after that (the third generation of Diamonds)
- 0.5% down to and including the next qualified Diamond after that (the fourth generation of Diamonds)
- 0.5% down to and including the next qualified Diamond after that (the fifth generation of Diamonds)

The Diamond leadership bonus is a separate independent bonus. A Diamond qualifies for the Director, Ruby, Emerald and Diamond leadership bonus.

### **5.3.5 Crown Diamond Qualifications**

1. **Meet the Qualifying Business Volume** of 200 PBV or 100 PBV on autoship. The Qualifying Business Volume (QBV) requirement can be met by any combination of personal purchases or purchases by Customers and Preferred Customers.
2. **Develop at least four (4) legs**, each of which has (a) one personally sponsored Associate Partner; (b) group business volume (GBV) of 30,000.
3. **Achieve Total Group Business Volume (GBV)** of 150,000.
4. **Must have a minimum of 125 Associate Partners** in your organization.

### **Crown Diamond Benefits**

Every month that a distributor's beginning rank is Crown Diamond or above and qualifies as a Crown Diamond, sales activity in his or her business will earn:

- 8% on the first four qualified levels of his or her Monthly Plan organization and 6% on the 5<sup>th</sup> qualified level.
- 2% leadership bonus on all levels of his or her group volume down to and including the next qualified Crown Diamond (the first generation of Crown Diamonds)
- 1% down to and including the next qualified Crown Diamond after that (the second generation of Crown Diamonds)
- 1% down to and including the next qualified Crown Diamond after that (the third generation of Crown Diamonds)
- 0.5% down to and including the next qualified Crown Diamond after that (the fourth generation of Crown Diamonds)
- 0.5% down to and including the next qualified Crown Diamond after that (the fifth generation of Crown Diamonds).

The Crown Diamond leadership bonus is a separate independent bonus. A Crown Diamond qualifies for the Director, Ruby, Emerald, Diamond and Crown Diamond leadership bonus.

### **Summary of all the Ranks and their Qualifications:**

	<b>Associate</b>	<b>Director</b>	<b>Ruby</b>	<b>Emerald</b>	<b>Diamond</b>	<b>Crown</b>
<b>PBV if not from Autoship</b>	<b>100 PBV</b>	<b>200 PBV</b>	<b>200 PBV</b>	<b>200 PBV</b>	<b>200 PBV</b>	<b>200 PBV</b>
<b>PBV if from Autoship</b>	<b>100 PBV</b>	<b>100 PBV</b>	<b>100 PBV</b>	<b>100 PBV</b>	<b>100 PBV</b>	<b>100 PBV</b>
<b>Number of Legs</b>	<b>NA</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>4</b>
<b>Number of Personally Sponsored APs per leg</b>	<b>NA</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Total Number of APs</b>	<b>NA</b>	<b>2</b>	<b>5</b>	<b>10</b>	<b>50</b>	<b>125</b>
<b>Organizational BV per leg</b>	<b>NA</b>	<b>500</b>	<b>2,500</b>	<b>5,000</b>	<b>15,000</b>	<b>30,000</b>
<b>Total organizational BV combined for all legs</b>	<b>NA</b>	<b>1,500</b>	<b>7,500</b>	<b>15,000</b>	<b>60,000</b>	<b>150,000</b>

## 5 Pricing and Volume

### 5.1 Minimum Check & Processing Fee

Minimum check amount

**\$3.00**

If an Associate Partner generates a total payout less than \$1.00 then a check will not be generated and the amount will carry over and be added to a subsequent commission run. In other words, if an Associate Partner has a \$1.00 commission payout to generate for three months in a row no check will be generated for that distributor until the third month (when total earnings are \$3.00. At that time a check will be generated and there will be a \$2.00 check fee charged (as with EVERY check) so the total payout for that person will be \$1.00.

Each time an Associate Partner has commissions to generate and not pay out because it is under the minimum check amount it will be considered "unpaid earnings" and will accumulate until there is enough money to exceed the minimum check amount.

## 6. Commonly Asked Questions

### 6.1 Can an Associate Partner advance more than one rank in a given month?

- Yes

### 6.2 In a given period, can an Associate Partner's "paid as" rank be lower than their "beginning rank"?

- Yes, if the qualification requirements for their beginning rank are not met for the Bonus Period.

### 6.3 In a given period, can an Associate Partner's "paid as" rank be higher than their "beginning rank"?

- No, you are only eligible to receive pay at the rank you were at the beginning of the month. If you earn a promotion in a month, you will be eligible to receive pay at that rank the following month.

6.4 Will the bonus process ever demote an Associate Partner's beginning recognition rank?

- No

6.5 How many ranks can an Associate Partner earn in a month?

- As many as possible

### Definitions

The following is a list of terms that are used in this document.

- **Activate:** To satisfy the requirements for qualification under the Weekly Plan to start accumulating points from downline pack sales.
- **Annual Production Bonus:** A pool equal to two percent (2%) of Liquidity International Inc.'s total Business Volume (BV) will be placed in the lock box and disbursed annually. All Diamonds and Crown Diamonds will share on a prorated basis with respect to their total downline GBV. Diamonds will receive one thousand (1000) points for each 1000 GBV, Crown Diamonds will receive fifteen hundred (1500) points for each 1000 GBV. The Associate Partner will be paid at the highest rank for which he or she qualified for 8 of the 12 months of that calendar year.
- **Associate Partner:** This is the title of an independent distributor with Liquidity International, Inc. You become an Associate Partner by having your application accepted by Liquidity. Once your application has been accepted you must purchase a \$45 business kit in order to purchase product from Liquidity. Once you become an Associate Partner, you will have a position in both the Monthly Plan and the Weekly Plan. As an Associate Partner, you will be eligible for direct commissions on the sale of packs to Associate Partners you personally sponsor, commissions on purchases by your Preferred Customers and 8% commissions on three compressed levels of qualified generations' sales in the Monthly Plan.
- **Binary Plan:** A compensation plan that requires an Associate Partner to have two legs of about the same volume. The Weekly Plan is a 1/3-2/3 plan that requires at least 1/3 of the volume to be in one of the two legs. This plan has a weekly payout.
- **Business Volume (BV):** A measurement of sales volume under both the Monthly Plan and Weekly Plan. BV is usually set at 80% of the wholesale price of a product. See related terms of Personal Business Volume (PBV), Qualifying Business Volume (QBV) and Group Business Volume (GBV).
- **Cap:** A limit on the payout of a commission or bonus. **In the Weekly Plan there are two caps.**  
**First,** no Associate Partner can earn more than \$30,000 per week under the Weekly Plan. This cap is not intended to suggest that it is reasonable to expect

that this cap will ever be reached.

**Second**, total payments under the Weekly Plan of commissions and all bonuses are limited to 70% of the BV for the sale of packs in the relevant week.

In the event that the aggregate of Direct Commissions and Cycle Bonuses, Gold Bonuses and Platinum Bonuses exceed the 70% BV cap for the relevant week, the Platinum Bonuses will be reduced on a pro-rata basis. If additional reductions are necessary because Direct Commissions, Cycle Bonuses, or Gold Bonuses by themselves exceed the 70% BV cap for the relevant week, then the Gold Bonuses will be reduced on a pro-rata basis. In the event that additional reductions are necessary because Direct Commissions and Cycle Bonuses by themselves exceed the 70% cap then Cycle Bonuses will be reduced on a pro-rata basis excluding Associate Partners who have cycled 10 times or less since becoming an Associate Partner (less than \$1400 in cycle bonuses). In other words, Associate Partners who have received 10 or less Cycle Bonuses of \$140 while at Liquidity are not subject to reduction by virtue of the 70% BV cap on Weekly Plan bonuses (\$1400 or less in cycle bonuses). Direct Commissions are not subject to reduction because of the cap.

**There is no cap as such under the Monthly Plan** because each commission is set for a specific level and each leadership bonus is limited to a specific number of leadership generations.

- **Commission:** Payments earned by Associate Partners for purchases of product by certain portions of their team or downline. Under the Monthly Plan, set commissions of 6-8% are earned on up to five levels of your organization or downline. Commissions are distinguished from leadership bonuses also available under the Monthly Plan. Under the Weekly Plan, set Direct Commissions of \$25 \$50 and \$100 respectively, are earned whenever someone you personally sponsor purchases a \$125, \$250 or \$495 Pack. Direct Commissions are distinguished from Cycle Bonuses, Diamond Gold Bonuses & Crown Diamond Platinum Bonuses also available under the Weekly Plan.
- **Compensation plan:** A compensation plan is the method for calculating an Associate Partner's commission or bonus payment in a network marketing company. References to a compensation plan, a marketing plan or a commission plan often are just different names for the same payment calculation method. Liquidity has two compensation plans: (a) the first is the Weekly Plan (a binary plan) with a weekly payout and (b) the second is the Monthly Plan (a unilevel plan) with a monthly payout.
- **Compression:** In the Monthly Plan, "compression" refers to the counting of only Associate Partners who order 100 BV or more in a particular month as generations for the purpose of determining the commissions earned on the first 3-5 levels.
- **Crown Diamond:** The fifth and ultimate leadership rank in the Monthly Plan. Crown Diamond status requires 4 legs of one personally sponsored Associate Partner per leg, 30,000 GBV per leg, 150,000 total GBV and 125 total Associate Partners. Crown Diamond rank pays flat commissions on five compressed levels

of qualified generations of (8%, 8%, 8%, 8% and 6%) and leadership bonuses of up to 2% Director, 2% Ruby, 2% Emerald, 2% Diamond and 2% Crown Diamond on total Group Business Volume (GBV).

- **Cycle:** A Cycle takes place each time 6 points are achieved by your team in the Weekly Plan with at least 2 points occurring in each of your two legs. This balanced combination of 6 points is a cycle and generates a cycle bonus of up to \$140.
- **Diamond:** The fourth leadership rank in the Monthly Plan. Diamond rank requires 3 legs with one personally sponsored Associate Partner in each leg, 15,000 GBV per leg, 60,000 total GBV and 50 total Associate Partners. Diamond rank pays flat commissions on five compressed levels of qualified generations (8%, 8%, 8%, 8% and 6%) and leadership bonuses of up to 2% Director, 2% Ruby, 2% Emerald and 2% Diamond on total GBV.
- **Director:** The first leadership rank. Director rank requires 2 legs with one personally sponsored Associate Partner in each leg, a minimum of 500 GBV per leg, 1,500 total GBV and 3 total Associate Partners. Director rank pays commissions of 8% on four compressed levels of qualified generations' sales and leadership bonuses of up to 2% Director on total GBV.
- **Distributor:** An independent marketing individual in a network marketing company; within Liquidity, known as Associate Partners.
- **Downline:** All of the Associate Partners who are descended from a single Associate Partner and are placed underneath him or her in both the Weekly Plan and the Monthly Plan. Your downline might also be referred to as your "team" or your "organization".
- **Emerald:** The third leadership rank. Emerald rank requires 2 legs with a personally sponsored in each leg, a minimum of 5,000 GBV per leg, 15,000 total GBV and 10 total Associate Partners. Emerald rank pays commissions of five compressed levels of qualified generations' of (8%, 8%, 8%, 8% and 6%) and leadership bonuses of up to 2% Director, 2% Ruby and 2% Emerald on total GBV.
- **Genealogy:** Each commission plan has a diagram or genealogy showing all of the Associate Partners of Liquidity and how they relate to each other. The diagrams are used to determine commission payment percentages for each product purchased.
- **Gold Bonus:** A bonus in the Weekly Plan that pays \$15 and \$5 on each full point in addition to the Cycle Bonuses.
- **Group Business Volume (GBV):** The Business Volume (or BV) of a leg or of an Associate Partner's entire downline plus the Personal Business Volume (PBV) of the Associate Partner. GBV is an important component of qualifying for the leadership ranks in the Monthly Plan and for Production Bonuses. GBV is not

relevant to the Weekly Plan.

- **Leadership rank or leadership level:** Any of the five grades of leadership status earned under the Monthly Plan including Director, Ruby, Emerald, Diamond and Crown Diamond. Each rank carries increased commission levels or leadership bonuses or both.
- **Leg:** A branch or part of an Associate Partner's downline that encompasses one Associate Partner directly under him and everyone under that first line Associate Partner. Legs are an important part of qualifying for ranks in the Monthly Plan. An Associate Partner must have 2 legs to be a Director, a Ruby or an Emerald, 3 legs to be a Diamond, and 4 legs to be a Crown Diamond. Each rank requires those legs to have a specified minimum volume. In the case of a Director, each of the two legs must generate at least 500 GBV. For a Crown Diamond, each leg must generate at least 30,000 GBV.
- **Lifetime Rank:** This is the nominal rank that an Associate Partner has achieved in the Monthly Plan. Once you have obtained a rank, you are known as that rank even though you may not be paid at that rank (depending on qualifications met in a given month).
- **Liquidity Marketing and Compensation Plan:** Liquidity's compensation plans encompassing both the Weekly Plan and the Monthly Plan.
- **Packs:** Groups of product that are sold under the Weekly Plan and generate commissions and bonuses. Each pack has a specified amount of points assigned to it.
- **Paid Rank:** The leadership level that an Associate Partner earns in a given month and at which he or she is paid. Even though Associate Partners may earn a particular rank, they will not be paid at that rank unless they qualify for that rank in the current month. Although an Associate Partner may not necessarily be paid at a previously earned rank, he or she continues to be referred to at that rank.
- **Partner Pack:** The basic \$495 pack that is the basis for the Weekly Plan. There are several different types of packs, one being  $\frac{1}{2}$  packs that are worth .5 point and  $\frac{1}{4}$  packs that are worth .25 point.
- **Weekly Bonuses:** The Cycle Bonus, Gold Bonus and Platinum Bonus in the Weekly Plan.
- **Weekly (Binary) Placement:** Physical placement in the binary structure.
- **Weekly Plan:** One of Liquidity's two compensation or marketing plans. The Weekly Plan is Liquidity's binary plan. Only points trigger commissions or bonuses under the Weekly Plan.
- **Weekly Plan Genealogy:** The organization diagram of Associate Partners that shows all Associate Partners in a simple, branching tree structure with a

maximum of 2 legs under each Associate Partner. Every Associate Partner that is connected to a given Associate Partner and is under that Associate Partner is part of that Associate Partner's team or organization or downline. Every Associate Partner that is connected to a given Associate Partner and is above that Associate Partner is part of that Associate Partner's upline.

- **Point Flush:** In the Weekly Plan, "point flushing" refers to the reduction of the accumulating, but unused, pack sales in the "strong" leg of an Associate Partner. Six months after an Associate Partner qualifies for a Cycle Bonus, the unused pack sales that have accumulated in his "strong" leg are reduced by 70%. This is repeated every 90 days thereafter. But to never reduce below 10 points.
- **Personal Business Volume (PBV):** The volume of personal purchases you make in a month plus the business volume of your Customers, Preferred Customers or PC80 Customers.
- **Platinum Bonus:** A bonus in the Weekly Plan that Platinum Rank associates can qualify to receive. This bonus pays \$10 on each full point accumulated during the relevant week in addition to the Cycle Bonuses and Gold Bonuses.
- **Preferred Customers:** These are the customers you sign up with Liquidity in the Monthly Plan that choose not to become Associate Partners, but elect to purchase Liquidity products directly from the company on autoship at the preferred price of 10% less than the retail price. As an Associate Partner, you earn the difference between the discounted retail price paid by your Preferred Customers and the wholesale price. Once the autoship generates, this discount will apply to all subsequent orders until the same date of the following month.
- **Preferred Customer 80 (PC80):** These are Preferred Customers whose autoship has a full retail value of \$80 or more in which case they will receive a 15% discount off the full retail price of that order. Once the autoship generates, this discount will apply to all subsequent orders until the same date of the following month.
- **Quarterly Production Bonus:** A pool equal to two percent (2%) of the amount of Liquidity International Inc.'s total Business Volume (BV) will be placed in the lock box and disbursed quarterly. All Emeralds, Diamonds and Crown Diamonds will share on a prorated basis with respect to their total downline GBV. Emeralds will receive one thousand (1000) points for each 1000 GBV, Diamonds will receive fifteen hundred (1500) points for each 1000 GBV and Crown Diamonds will receive two thousand (2000) points for each 1000 GBV. The Associate Partner will be paid at the highest rank for which he or she qualified for two of three months during that quarter.
- **Qualified:** An Associate Partner who has met all the requirements to be paid a commission in the current month. The requirements to qualify vary between the Weekly Plan and the Monthly Plan and among the bonuses of the Weekly Plan

and leadership ranks of the Monthly Plan.

- **Qualifying Business Volume (QBV):** The volume of PBV required to qualify for bonuses under both the Weekly Plan and the Monthly Plan. The QBV for the Weekly Plan and for non-leadership ranks in the Monthly Plan is set at 100 BV and the same purchases satisfy the qualifications under both plans. The QBV for Directors and Rubies under the Monthly Plan is also set at 200 BV (or 100 BV on autoship) and the QBV for Emerald, Diamond or Crown Diamond status is 300 BV (or 150 BV on autoship). QBV may be met by personal purchases and/or the purchases of your Customers, Preferred Customers, and Preferred Customers 80 (all of which comprise Personal Business Volume or PBV). Preferred Customers & Preferred Customers 80 autoship orders will count toward your autoship volume.
- **Rank:** See leadership rank or leadership level
- **Monthly (Unilevel) Placement:** Physical placement in the unilevel structure.
- **Monthly Plan:** One of Liquidity's two compensation plans. This is the company's unilevel plan and pays out set commission levels for up to the first five levels and then up to 10% of leadership bonuses depending upon the rank of the Associate Partner.
- **Monthly Plan Genealogy:** The organizational diagram for Liquidity's Monthly Plan (unilevel). When you sponsor a new Associate Partner, you will place that person below you in your organization.
- **Retail Advantage Coupons:** Coupons received from certain product purchases which allow you to purchase specified Liquidity products at a discount.
- **Retail Advantage Program:** A program designed to inexpensively put product in the hands of Associate Partners that purchase a minimum of 100 BV on their PERSONAL autoship in a month.
- **Ruby:** The second leadership rank. Ruby rank requires 2 legs with 10 Associate Partners per leg (one of whom must be personally sponsored in each leg), 2,500 GBV per leg and a 7,500 total GBV. Ruby rank pays commissions of five compressed levels of qualified generations' of (8%, 8%, 8%, 8% and 6%) and leadership bonuses of up to 4% of GBV.
- **Silver:** A level an Associate Partner may reach in the Weekly Plan to qualify to receive points on pack sales after the first full point purchase in one's downline.
- **Sponsor:** The person who enrolls a new distributor and assumes the responsibility to help the new associate achieve success at the level of their choice.

- **Unilevel:** Refer to Monthly Plan
- **Upline:** Includes every distributor or Associate Partner above you in an organizational chart. Your upline may be different in the Monthly Plan and your upline in the Weekly Plan.