

# TRILOGY

## Compensation Plan

Trilogy International, Inc. - 3/09

## **HOW TO EARN MONEY BUILDING A CUSTOMER BASE**

### **BUILDING A CUSTOMER BASE**

There are three ways to earn money building a customer base: (1) Retail Profit, (2) Quick Start Bonuses and (3) Retail Bonuses.

### **RETAIL PROFIT**

Retail Profit is the difference between the Wholesale cost and the Retail price. If your customers purchase directly from the company over the phone or on your Replicator web site, you will receive the Retail Profit in your monthly commission check.

### **PERSONAL INVENTORY**

Field Representatives can purchase products at Wholesale cost from Trilogy. By reselling these products at the suggested Retail price, you can earn up to a 30% Retail Profit.

Under no circumstances should you buy more products than you can resell or use in one month.

### **DISCOUNTS**

Whenever there is a discount on a product, the commission is also proportionately discounted. For example, if a product is reduced in price by 10%, the commission is also reduced 10%.

For the lowest price on products, buy them by the case. This simply means that you buy a designated number of units for a discounted case price, instead of buying one unit at a time. It's like buying a twelve-pack of soda instead of one can. When you purchase products by the case, you can receive a 10% discount on those products.

### **QUICK START BONUSES**

To help you build a customer base more quickly and to help you get back your promotional expenditures, we have created a Quick Start Bonus. This Bonus is always greater than the maximum Retail Bonus on any product. For more information, see the Quick Start Bonus section of this document.

## **RETAIL BONUS**

The Retail Bonus rewards you for building a customer base. You are paid a Retail Bonus on your personal purchases and the purchases of your personally sponsored customers.

### **HOW TO QUALIFY FOR RETAIL BONUS**

As a Field Representative, you must fulfill the following monthly requirements to receive retail bonuses:

You must have at least \$50 in Personal Sales (PS). Personal Sales (PS) means the total wholesale value of all commissionable products purchased by you and your customers in a given month.

Adhere to all the Trilogy policies, as described in the Policies document.

### **HOW DO I EARN RETAIL BONUSES?**

Personal Sales or PS is the total wholesale value of all commissionable products purchased by you and your customers in a given month. Your monthly Personal Sales (PS) is used to determine whether you are eligible for a 5%, 10%, 15% or 20% Retail Bonus, which is calculated on your Personal Commissionable Sales or PCS amount in any given month.

Before we explain Personal Commissionable Sales (PCS), it is important to understand Commissionable Sales or CS. Each product has a Commissionable Sales (CS) amount. The CS amount for each product varies. This is due to many factors, including different manufacturing costs and the need to make sure the Trilogy products are competitively priced in the market place.

The CS amount on each product is listed on the price list in your Trilogy Starter Kit and an updated list is also available in the "Documents and Training" section of the Internet.

The CS amount from the products you purchase, added to the CS amount from the products purchased by your customers, is called Personal Commissionable Sales or PCS. Each month, you can receive a Retail Bonus. The bonus percentage is determined by your PS and calculated on your PCS.

As you can see from the chart below when your PS increases, the percentages used to calculate the bonus increase.

<b><u>Monthly Retail Bonuses</u></b>	
<b><u>Personal Sales or PS</u></b>	<b><u>Personal Commissionable Sales or PCS</u></b>
<b>\$ 50.00 - \$249.99 PS</b>	<b>Entitles You to 5% of your PCS</b>
<b>\$250.00 - \$499.99 PS</b>	<b>Entitles You to 10% of your PCS</b>
<b>\$500.00 - \$749.99 PS</b>	<b>Entitles You to 15% of your PCS</b>
<b>\$750.00 &amp; Up PS</b>	<b>Entitles You to 20% of your PCS</b>

## **HOW TO EARN MONEY BUILDING A SALES FORCE**

In addition to earning Retail Profits and Retail Bonuses, the Trilogy commission plan compensates you for building your own sales force of Field Representatives. There are four types of bonuses you can qualify for when building a sales force: Foundation, Star Club, Performance and Quick Start.

In order to understand the rest of the compensation plan, you must first understand Ranks, since the percentages you earn on the rest of the bonuses are based on your Rank.

### **RANKS**

The Trilogy Compensation Plan has nine (9) Ranks. The lowest Rank is 1 Star and the highest Rank is 9 Star. To achieve a Rank, you must achieve certain qualifications. There are four (4) qualifications, as described below:

**PERSONAL SALES (PS):** The total wholesale value of all commissionable products purchased by you and your customers in a given month.

**PERSONAL GROUP SALES (PGS):** Includes your Personal Sales (PS) and the Personal Sales (PS) of all the Field Representatives in your organization.

**QUALIFYING 4-9 STAR LEGS:** In order to become a 5 Star, you must have at least one 4 Star Rep in at least two legs. Each one of your personally sponsored Field Reps is the head of their own organization and each one of those organizations is considered a "leg." For example, if you personally recruited four Field Reps, you have four legs. So in order to qualify as a 5 Star, you need two personally sponsored Field Reps that each have someone ranked 4 Star or above in their organizations.

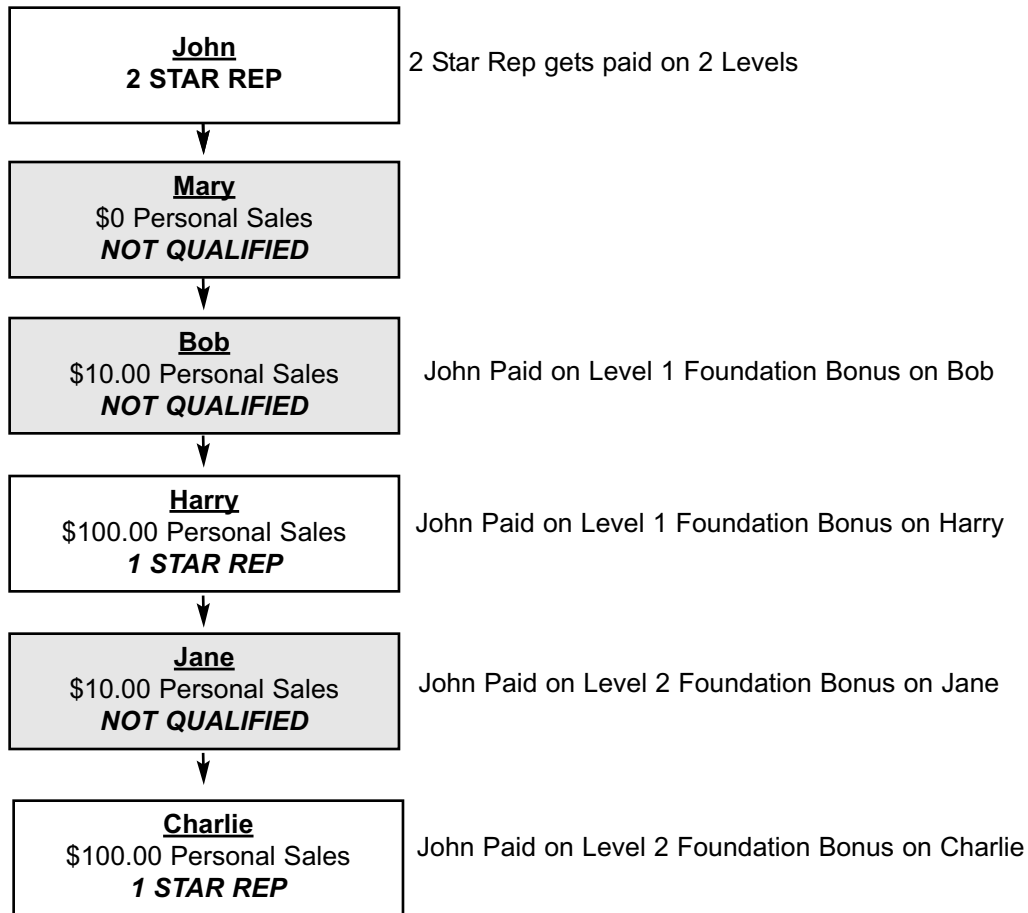
**QUALIFYING 5-9 STAR LEGS:** This qualification applies to becoming a 6 through 9 Star Rep. You need to have between two (2) to eight (8) 5-9 Star qualifying legs to achieve these Ranks. Each one of your personally sponsored Field Reps is the head of their own organization and each one of those organizations is considered a "leg." For example, if you personally recruited four Field Reps, you have four legs. So in order to qualify as a 6 Star, you need two personally sponsored Field Reps that each have someone ranked 5 Star or above in their organizations.

Field Representative Rank	1 Star	2 Star	3 Star	4 Star	5 Star	6 Star	7 Star	8 Star	9 Star
Personal Sales (PS)	\$50	\$50	\$50	\$50	\$100	\$100	\$100	\$100	\$100
Personal Group Sales (PGS) 1-5 Star	\$50	\$250	\$500	\$750	\$0	\$0	\$0	\$0	\$0
Number of Qualifying 4-9 Star Legs	0	0	0	0	2	0	0	0	0
Number of Qualifying 5-9 Star Legs	0	0	0	0	0	2	4	6	8

# FOUNDATION BONUSES

The Foundation Bonuses are designed to reward you for building a solid foundation. You do that by helping your Field Representatives build their sales forces.

Before we talk about the Foundation Bonuses in detail, it's important for you to understand Compression. The Foundation Bonuses have compression built into them. Compression prevents reps from being penalized for having non-performers in their organization. For example, the chart below displays one leg of John's organization. John is a 2 Star Rep and can get paid up to two (2) Levels of Foundation Bonus. So John gets paid a Level 1 Foundation Bonus up to and including the first ranked Field Rep in the leg below and he gets paid a Level 2 Foundation Bonus up to and including the second ranked field Rep in the leg below. As you can see from the chart below, without compression John would have gotten paid on Mary as his Level 1 and Bob as his Level 2. With compression, Mary and Bob do not count as Levels, which enables John to get paid all the way down to Charlie.



# **FOUNDATION BONUSES**

The Foundation Bonus was designed to reward you for building a solid foundation. You do that by helping your Field Representatives build their sales forces.

## ***What Does The Foundation Bonus Pay?***

You get paid based on your rank ... a 1 Star is the lowest rank and a 9 Star is the highest rank. For example, a 1 Star gets paid on one level, a 2 Star gets paid on 2 levels ... all the way up to a 9 Star who gets paid on nine levels, as illustrated below. The amount you get paid is based on the commissionable sales (CS) of that the Field Rep and their customers on that level.

The Foundation Bonus is paid in addition to any other bonus.

		Field Representative Rank								
		1 Star	2 Star	3 Star	4 Star	5 Star	6 Star	7 Star	8 Star	9 Star
<b>F O U N D A T I O N  B O N U S E S</b>	LEVEL 1	10%	10%	10%	10%	10%	10%	10%	10%	10%
	LEVEL 2	→	8%	8%	10%	10%	10%	10%	10%	10%
	LEVEL 3	→	→	8%	8%	10%	10%	10%	10%	10%
	LEVEL 4	→	→	→	5%	5%	5%	5%	5%	5%
	LEVEL 5	→	→	→	→	4%	4%	4%	4%	4%
	LEVEL 6	→	→	→	→	→	3%	3%	3%	3%
	LEVEL 7	→	→	→	→	→	→	3%	3%	3%
	LEVEL 8	→	→	→	→	→	→	→	2%	2%
	LEVEL 9	→	→	→	→	→	→	→	→	1%

## ***How Do I Qualify For and Continue to Receive the Foundation Bonuses?***

The ranks you achieve in the Trilogy Commission Plan are “Paid As” Ranks. That means if you qualify as a 9 Star one month, you are paid as a 9 Star. If the following month you qualify as an 8 Star, you are paid as an 8 Star, even though you previously attained the rank of 9 Star. So every month you are paid all your bonuses in accordance with the rank you achieved that month.

## **STAR CLUB BONUS POOLS**

There are three pools: the 7, 8 and 9 Star Club Bonus Pools. Trilogy has put 2-1/4% of all total monthly Commissionable Sales (CS) into these Pools.

These Pools were designed to let you share in the efforts of other Field Representatives even if they are not in your organization. They help create a sense of team spirit among all Trilogy's Field Representatives.

All Field Representatives that achieve the rank of 7 Star in any given month will share in the 7 Star Club Bonus Pool. All Field Representatives that achieve the rank of 8 and 9 Star, respectively, will share in the 8 and 9 Star Club Bonus Pools. These Bonus Pools are exclusive, that is, only 7 Star Reps will share in the 7 Star Pool, only the 8 Star Reps will share in the 8 Star Pool and only the 9 Star Reps will share in the 9 Star Pool.

The first 50% of each Star Club Bonus Pool is shared equally among Pool members. The remaining 50% of each Star Club Bonus Pool is prorated based on each rep's total Personal Group Sales. This is to reward Field Reps proportionately based on their success on building their organizations. All 7 Stars will share in 1/2% of Trilogy's monthly Commissionable Sales. All 8 Stars will share in 3/4% and all 9 Stars will share in 1%.

<b>7 Star Club Bonus Pool</b>	<b>8 Star Club Bonus Pool</b>	<b>9 Star Club Bonus Pool</b>
1/2% of total CS	3/4% of total CS	1% of total CS

### ***How Do I Qualify For and Continue to Receive the Star Club Bonuses?***

The ranks you achieve in the Trilogy Commission Plan are "Paid As" Ranks. That means if you qualify as a 9 Star one month, you are paid as a 9 Star. If the following month you qualify as an 8 Star, you are paid as an 8 Star, even though you previously attained the rank of 9 Star. So every month you are paid all your bonuses in accordance with the rank you achieved that month.

## **PERFORMANCE BONUSES**

Performance Bonuses recognize your outstanding efforts for achieving some of the highest ranks. There are three Performance Bonuses. There is a separate bonus for each of the 7, 8 and 9 Star ranks. As you advance in rank, you can earn all three bonuses.

You can earn up to 3% in Performance Bonuses when you advance to 7, 8 or 9 Star ranks. There is a 1% bonus for the 7 Star rank, a 1% bonus for the 8 Star rank and a 1% bonus for the 9 Star rank. These bonuses start on the level after the Foundation Bonuses end. For a 7 Star, the Performance Bonus starts at level 8, for an 8 Star the Performance Bonus starts at level 9 and for a 9 Star, the Performance Bonus starts at level 10.

Performance bonuses are cumulative with rank difference; therefore, 9 Stars can achieve up to 3% Performance Bonus on 5 to 6 Star Legs.

### ***How Do I Qualify For and Continue to Receive the Performance Bonus?***

To qualify, you must achieve the rank of a 7, 8, or 9 Star and meet the Performance Bonus PGS requirements listed in the table below.

The ranks you achieve in the Trilogy Commission Plan are “Paid As” Ranks. That means if you qualify as a 9 Star one month, you are paid as a 9 Star. If the following month you qualify as an 8 Star, you are paid as an 8 Star, even though you previously attained the rank of 9 Star. So every month you are paid all your bonuses in accordance with the rank you achieved that month.

<b>7 Star Performance Bonus</b>	<b>8 Star Performance Bonus</b>	<b>9 Star Performance Bonus</b>
1%	1%	1%
\$20,000 in PGS	\$100,000 in PGS	\$250,000 in PGS

## **RECRUITING BONUS POOL**

The Recruiting Bonus Pool rewards you for your recruiting efforts. To be eligible to participate in this pool, you must be an Executive Field Representative yourself. Regardless of rank, for each personally sponsored Field Representative that purchases an Executive Field Rep Pack, you will receive \$30.00.

## **QUICK START BONUSES**

The Quick Start Bonuses are very different from the other Bonuses in the Compensation Plan. The concept is simple ... anytime one of your customers or one of your personally sponsored Field Representatives buys a commissionable product for the first time, you receive a Quick Start Bonus. The Quick Start Bonus is usually significantly more than the maximum Retail Bonus on that product and it is paid out once a month. The purpose of the Quick Start Bonuses is twofold: (1) to get more money into your hands to help you recover the costs of customer acquisition more rapidly and (2) to get you that money quicker so you can reinvest and continue to build your organization.

The way we are able to give you more money on the Quick Start Bonuses is that unlike other bonuses, they do not go upline ... so essentially you receive all commissions from that sale.

A Quick Start Bonus is paid on one unit of any product. For example, if a customer makes a first time purchase of three of any commissionable product, you are paid a Quick Start Bonus on one unit only and you receive regular commissions on the remaining two units.

Quick Start Bonuses are paid on commissionable products only. For example, if your customer makes a first-time purchase of one bottle of Agility, the Quick Start Bonus is \$8.40 for that product. If a customer purchases a non-commissionable item, there is no Quick Start Bonus on this item.

### **How do I receive Quick Start Bonuses?**

Since you do not have to qualify to receive a Quick Start Bonus, all you have to do is sell commissionable products to first-time buyers.

## **HOW OFTEN DO I GET PAID?**

### **Regular Monthly Commissions**

Retail Profits, Retail Bonuses, Foundation Bonuses, Star Club Bonuses, Recruiting Bonuses and Performance Bonuses are paid monthly. The pay period on any monthly commission check starts on the first day of the month and ends on the last day of the month at 12:00 PM Eastern Time. Monthly commission checks are cut on the 20th day of the following month. For example, your monthly commission check for commissions earned in January will be mailed on the 20th of February.

### **Quick Start Bonuses**

Quick Start Bonuses are paid once a month. The Quick Start Bonus checks are processed the first week of the following commission month. For example, if a customer of yours makes a first-time purchase of Agility in January, we would send the \$8.40 Quick Start Bonus check the first week of February.

### **Check Minimum**

Trilogy has a \$10.00 commission check minimum. If you earn less than \$10.00 in commissions, your commissions are held until you accumulate enough commissions to surpass the \$10.00 minimum.