

Team National/National Companies

COMPENSATION PROGRAM AND BONUS QUALIFICATIONS EXPLANATION

This summary of the Team National/National Companies Compensation Program is provided in order to give new Independent Marketing Directors an overview of how they will be paid in the Membership Program. Compensation paid to IMD's is the direct result of retail sales. There is no financial benefit in sponsoring alone. Commissions and Bonuses carry specific performance requirements that must be met before the IMD is eligible to receive any commission or bonus. Each Commission and Bonus is designed to encourage the training and leadership, which promotes retail sales activity. The activity in each case is what we believe will insure a level of growth in the IMD's organization that will result in continued compensation for that IMD. All commissions are paid weekly with the exception of the Market Place commissions, which are paid monthly. This is intended as a summary only.

Earnings and Payment: Each week's business will begin on Monday and end on Friday at 5:00 PM Eastern Time. A faxed application must be received with the **correct** funds by this deadline to be counted for that week's business. Any application received with inadequate funds will be counted for the week's business in which the funds are submitted. Please do not fax any application with out the proper funds; they will not be counted for business until the funds are submitted. If you are sending in a wire request or deposit, please be certain that it is legible. It is very helpful if you make a darker copy of the wire request or deposit before you fax it into us. We will not process a wire or deposit if we cannot read the copy. For application that you choose to process yourself online, the deadline will be extended through Sunday midnight. Please read those instructions located at the home page of Processing applications on the My Big N Business site. There is also a Tutorial on Information on Demand (Genealogy). There are no extensions to the deadlines for any reason.

For credit card purchases that decline we will attempt one phone call to the purchaser and if we are unable to contact them, a letter will be sent to the purchaser, requesting correct information or another form of payment.

If an application is received with correct funds by 5 pm, EST, on Friday, but has incorrect or incomplete information, you will have until 3 pm, EST on the following Tuesday to correct the information. If it is not corrected by this time it will be posted to the business week in which it is resolved. Applications that are complete and accurate delivered by 3 pm EST. each day will show in your Information on Demand (Genealogy) by 7 pm EST. There is also a Tutorial on Information on Demand (Genealogy) that will explain in greater detail. It is solely the responsibility of the host to verify completion and posting of an application. **Please Note:** Silver and above Presidential Directors have a special privilege. Their deadline for personally hosted sales is 12 pm EST. Tuesday. The words "Backdate per Silver and above" must be on the top right hand corner of the paperwork for it to be backdated.

Checks will be mailed on Friday for any earnings through Friday of the previous week. If your commission amount is less than \$25, it will be held in your account until it reaches that amount.

The types of compensation paid from the Membership Program are as follows:

1. **Commissions:** This commission is for a direct sale by an IMD of a Premium Membership or a Standard Membership.

\$2195	Full Pay Premium Membership with collected funds	\$100.00
\$2195	Full Pay Premium Membership on credit card	\$ 50.00
\$795	Full Pay Standard Membership with collected funds	\$ 50.00
\$795	Full Pay Standard Membership on credit card	\$ 25.00
\$895	Financed Premium Membership initial down in collected funds	\$ 50.00
\$895	Financed Premium Membership initial down on credit card	\$ 25.00
\$395	Financed Standard Membership initial down on cc or collected funds	\$ 25.00

No commissions are earned until the second sale is received by Team National/National Companies. After the second sale, commissions are paid as earned.

2. **Regular Progression Bonuses:** \$500 is paid each and every time a Pay Point reaches 5 and 5. The Points are held. When the Pay Point reaches 10 and 10, an additional \$1000 is paid, for a total of \$1500. Any additional points do not carry over.
3. **Regular Progression Bonuses Paid on earned Presidential Pay Points.** These Pay Points are \$2500.00 Pay Points. For each 10 and 10 progression they pay \$1500.00 plus the \$1000.00 hosting bonus all at the same time.
4. **Hosting Bonus:** \$1000 will be earned by the Host of a Pay Point each time that Pay Point reaches 10 and 10. If a Pay Point progresses at 10 and 10 and the Host of that Pay Point is not Hosting Bonus Qualified, the \$1000 Hosting Bonus will roll up the hosting lineage to the next qualified Host.
5. **Presidential Director Bonus:** This bonus is to reward those IMD's who have a growing organization, which is the direct result of their training and management efforts. To the extent an IMD progresses through the Presidential Director program faster than others in his/her organization; he/she will earn an override on their efforts. The total amounts paid out are \$50.00 and \$100.00 on the sale of a Standard Membership and a Premium Membership, respectively.
6. **Big N Marketplace:** These commissions are earned from purchases made on line using our Big N Marketplace. To participate in the Big N Marketplace an IMD must have a computer, be online, and purchase a personal website. You have the choice of paying for this website monthly or on an annual basis. The cost for a website is \$7 per month or \$75 per year. Non Customer IMD's personal website cost is \$495.00 per year.

The Big N Marketplace is a grouping of stores where you can make online purchases, and receive commissions off of those purchases. Each store has a different commission structure ranging anywhere from 0 – 35%. Every purchase you make online from your website is electronically tracked. We receive reports and the commission amounts for all of the purchases, and in turn, pay the commissions to the field.

The exciting side of this compensation program is that you can direct friends and family to your website to make their purchases, and you earn the commissions off of their purchases. Team National does not keep any part of your commissions for this service to you. We pay 100% of what you have earned from your purchases. What a great way to make some money on the items you are already planning to buy!

There is a 90-120-day float between purchases and the issuance of commission checks, as it takes this amount of time for us to receive the reports and commissions from the stores. For example, commission earned on purchases made in January, are paid in May. If your commission amount is less than \$15, it will be held in your account until you make additional purchases that brings your total commission account to \$15 or greater. No checks will be cut until your account has earned a minimum of \$15.00.

TO RECEIVE TEAM NATIONAL/NATIONAL COMPANIES BONUSES AN IMD MUST BE BONUS QUALIFIED!

Make two retail Membership sales, one of which must be on the left side of his/her 000 Paypoint and one of which must be on the right. There is no time frame in which this must occur, but once it does, the computer automatically records a "Y" in the field which designates that this requirement has been met. Once you "Have Been" Bonus Qualified your pay point will be considered "Having Been" Bonus Qualified, even if for some reason one of these cancel or in the case of a finance plan, stop paying. Please read "Rollup Policy" for more detail. The requirement to remain Bonus Qualified is for the IMD to make two retail Membership sales every 12 months (renewals of Memberships do NOT count for bonus or hosting bonus qualifications). In determining whether or not an IMD is Bonus Qualified as of any given date, the computer will first look to see if the answer in the field described above is "N" or "Y" as to ever meeting the basic requirement of two sales, or otherwise being Bonus Qualified. If the answer is "N," then the computer looks no further.

If the answer is "Y," then the computer looks backward from the date of inquiry. If one sale is found within the last six months, then the IMD is Bonus Qualified. If no sale is found in the last six months, then the computer searches the previous 12 months. If two sales are found during the last twelve months, then the IMD is Bonus Qualified.

For example, if an IMD made his first sale on March 1, 2007, and his second sale on April 15, 2007, he would be Bonus Qualified through February 28, 2008.

By contrast, suppose an IMD made his first sale on March 1, 2007, and made his second sale August 9, 2008. He will be Bonus Qualified for six months from August 9, 2008.

Hosting Bonus Qualified

To become Hosting Bonus Qualified for the first time, an IMD must have any two of the people he/she personally hosted become Bonus Qualified. For example, if an IMD hosts 10 people over an 11-month period, when any two of the 10 become Bonus Qualified, the IMD will become Hosting Bonus Qualified. Assuming no other activity; that IMD will remain Hosting Bonus Qualified for 12 months from the date the second person from his pool of ten people becomes Bonus Qualified.

To remain Hosting Bonus Qualified, the IMD must have at least one person from among all of the people he/she personally hosted become Bonus Qualified for the first time during the next 12 months. If a person becomes Bonus Qualified and then loses that status, regaining his/her Bonus Qualified status will not count as one of the requirements for his/her host to maintain or become Hosting Bonus Qualified.

When an IMD becomes Hosting Bonus Qualified, the computer will automatically place a "Y" in the field which indicates that status.

In determining whether or not an IMD is Hosting Bonus Qualified, the computer will first check to see whether or not he/she has an "N" or "Y" in that field. If an "N" is indicated, the computer stops, as that person has never met the basic requirements to become Hosting Bonus Qualified. If the computer reads a "Y" in that field, it will then look back 12 months from the date of the inquiry to see if any personally-hosted person in the IMD's organization became Bonus

Qualified for the first time during that period. If one is found, then the IMD is Hosting Bonus Qualified. Conversely, if one or more is not found, then the IMD is not qualified.

Presidential Director Bonus Qualified

The requirements to become and remain qualified to receive Presidential Director Bonuses are the same as for Hosting Bonuses. If an IMD is Hosting Bonus Qualified, he/she is automatically Presidential Director Bonus Qualified.

Remember, even if an IMD is Hosting Bonus Qualified and Presidential Director Bonus Qualified, that IMD must still be Bonus Qualified in order to receive any compensation from Team National/National Companies, Inc.

All IMD's who achieve Platinum will be exempt from all hosting requirements and will remain qualified to receive all bonuses.

BONUS ROLLUPS

There are certain instances where there is sufficient activity and volume in an IMD's organization to cause a PayPoint to progress to five and five or to ten and ten and the IMD is not qualified to receive that Bonus. Team National/National Companies' policy on such occurrences is based on certain logic and assumptions, which should be understood concerning the possible rollup of a given Bonus payment.

Regular Progression Bonuses

If a PayPoint progresses to five and five or to ten and ten and the IMD who owns that PayPoint has **never been** Bonus Qualified, that IMD will be sent a letter from Team National/National Companies informing them of the situation. The IMD will be given 35 days to become Bonus Qualified and claim that specific progression check. If the IMD does not become Bonus Qualified within the 35 day period, they forever forfeit any and all claims to that check. From that point forward, as long as that IMD remains unqualified, they will be notified each time the PayPoint they own progresses to five and five or to ten and ten, and they will be sent the above letter.

As soon as that IMD becomes Bonus Qualified, they will be eligible to receive any future progression checks that may occur, according to the normal compensation program.

Rollup Policy

If any Progression Bonus described above is forfeited by an IMD who **never became** Bonus Qualified, the bonus will roll up to the host of that IMD. If the host is not Bonus Qualified, the bonus will roll up to the next person in the hosting lineage that is Bonus Qualified.

The logic applied here is that since the PayPoint reached a progression cycle, someone obviously had to do some work in that specific organization. The assumption made is that the most likely person to have done that work is the host of that IMD who would have the most to gain by building under that particular PayPoint. The same assumption is continued up the hosting lineage until a Bonus Qualified person is found.

If an IMD becomes Bonus Qualified and then loses that status due to inactivity and that IMD's PayPoint generates a Progression Bonus, the IMD automatically forfeits any right to that Bonus. They will not be notified in any way by Team National/National Companies since there is no way for the IMD to reclaim that Bonus.

The logic applied here is that since the IMD was once Bonus Qualified, he/she is assumed to be responsible for the volume in the PayPoint that generated the Progression Bonus. Since the IMD chose not to maintain his/her Bonus Qualified status, that IMD is considered to have abandoned their business for all practical purposes. If this IMD (who once was Bonus Qualified

but lost their Bonus Qualification) is responsible for the work that created the volume, no one else is entitled to or should be arbitrarily awarded that Bonus, and it is forfeited.

Hosting Bonuses and Presidential Director Bonuses

If an IMD is otherwise entitled to either a Hosting Bonus or a Presidential Director Bonus, he/she must be both Bonus Qualified and Hosting Bonus Qualified in order to receive those bonuses. If that IMD is not qualified to receive either of these bonuses, they will automatically roll up to the IMD's host or upline to the first qualified person in that IMD's hosting lineage.

1ST Tier Hosting Bonus Rule

An IMD who once was Hosting Bonus Qualified but falls out of hosting bonus qualification has 6 months to re-qualify. For example: An IMD loses their Hosting Bonus qualification on January 10th, 2009, they must re-qualify by no later than July 9th, 2009. This can be done by having one personally hosted IMD who has **Never Been** bonus qualified become bonus qualified.

2nd Tier Hosting Bonus Rule

An IMD who once was Hosting Bonus Qualified but has not been Hosting Bonus Qualified for a 6-month period, will become Hosting Bonus Qualified on hostings made prior to that 6-month period by becoming Hosting Bonus Qualified and earning three (3) 10 & 10 Progression Bonuses on his/her 000 Pay Point; in other words if you fall out of hosting bonus qualification you have 6 months before the "2nd tier hosting bonus rules" takes affect. For example: An IMD loses their Hosting Bonus qualification on January 10th, 2009, and remains unqualified through July 10th, 2009. This IMD must become Hosting Bonus Qualified and have three (3) 10 & 10 progressions on his/her 000 Pay Point before he or she will receive Hosting Bonuses on all personal hostings made prior to January 10th, 2009. They will receive Hosting Bonuses as earned on personal hostings made after January 10th, 2009.

**Special Note: If the 2nd Tier Hosting Bonus Rule is applied due to \$95.00 or \$395.00 finance plan canceling or failing to pay, special waiver form may be requested from the corporate office. The waiver does not apply for any other situation*

3rd Tier Hosting Bonus Rule

An IMD who once was Hosting Bonus Qualified but has not been Hosting Bonus Qualified for a 12-month period will become Hosting Bonus Qualified on hosting made prior to that 12-month period by becoming Hosting Bonus Qualified and earning three (3) 10 & 10 Progression Bonuses on his/her 000 Pay Point then move up one Presidential level (Bronze Presidential being the minimum level).

Also, the "3rd Tier Hosting Bonus Rule" applies to any IMD that you have hosted for longer than 12 months and you have **Never Been** Hosting Bonus Qualified. You will become Hosting Bonus Qualified on hostings made prior to that 12-month period by becoming Hosting Bonus Qualified then earning three (3) 10 & 10 Progression Bonuses on his/her 000 Pay Point then move up one Presidential level (Bronze Presidential being the minimum level).