



kynect

# Compensation Plan

OCTOBER 7, 2019

# Compensation Plan



## Immediate Sales Equals Immediate Income

Independent Associates can earn two forms of Immediate Income\*: Personal Customer Bonuses and Team Customer Bonuses. Kynect pays Personal Customer Bonuses when an Associate successfully enrolls new customers in Kynect's service offerings. Kynect pays Team Customer Bonuses when a Qualified Director or above helps their personally-sponsored Associates enroll new customers in Kynect's service offerings. Personal and Team Customer Bonuses are triggered every Friday on pending or active service accounts. All bonuses will be reviewed and may be held.

### PERSONAL CUSTOMER BONUSES

New Associates can earn up to \$1200 in their first 90 days through Personal Customer Bonuses by marketing and selling Kynect's service offerings and enrolling new customers. You can become a Qualified Director and earn a Personal Customer Bonus of \$100 when you personally market and sell Kynect's service offerings and enroll a total of 4 pending, or active Personal Customer Points within 30 days of your start date.\* Unless your personal account has been used toward another Associate's same bonus, your personal account may count towards this bonus. You will need to enroll at least one customer outside of your household to achieve Qualified Director and trigger your Personal Customer Bonus. Earn a Personal Customer Bonus of (\$100) when you personally market and sell Kynect's service offerings and enroll a total of 7 pending or active Personal Customer Points within your first 60 day of your start date. Earn a Personal Customer Bonus of (\$500) when you personally market and sell Kynect's service offerings and enroll a total of 10 pending or active Personal Customer Points within your first 60 days of your start date. Earn a Personal Customer Bonus of (\$500) when you personally market Kynect's service offerings and enroll a total of 15 pending or active Personal Customer Points within the first 90 days of your start date.\*

### TEAM CUSTOMER BONUSES

Qualified Directors or any higher ranking Associates can earn a Team Customer Bonus of \$100 on sales of Kynect's service offerings by each personally-sponsored Associate who also sells services and has a total of 4 pending or active Personal Customer Points within 30 days of their start date.\*\*

\*See Immediate Income chart (Figure 2) for details  
 \*\*See Qualification Point Values (Figure 1) for details

## Qualification Point Values

| Point values apply toward rank advancement, qualification, immediate income, and leadership bonuses. |   | CUSTOMER POINT VALUE |
|--|---|----------------------|
|  | Electricity (Residential)               | 1                    |
|  | Georgia Gas (Residential)               | 1                    |
|  | Northeast Gas (Residential)             | .5                   |
|  | Wireless - Transferring Existing Number | 1                    |
|  | Wireless - New Number*                  | .5                   |
|  | Protective services                     | 0                    |
|  | Digital Voice                           | 0                    |

\*After 90 days, accounts in good standing will be upgraded to 1 point.

Figure 1

## Immediate Income

| LEVEL | NAME                       | BONUS QUALIFICATION  | BONUS |
|-------|----------------------------|--|-------|
| YOU   | Personal Customer Bonus 4  | • Enroll a total of 4 Personal Customer Points in your first 30 days (1 pt. outside household)   | \$100 |
| YOU   | Personal Customer Bonus 7  | • Enroll a total of 7 Personal Customer Points in your first 60 days (2 pts. outside household)  | \$100 |
| YOU   | Personal Customer Bonus 10 | • Enroll a total of 10 Personal Customer Points in your first 60 days (4 pts. outside household)   | \$500 |
| YOU   | Personal Customer Bonus 15 | • Enroll a total of 15 Personal Customer Points in your first 90 days (7 pts. outside household)   | \$500 |
| 1     | Team Customer Bonus 4      | Your personally sponsored IAs achieve Qualified Director by marketing and selling Kynect's service offerings with a total of 4 Customer Points in your new Associate's first 30 days | \$100 |

Figure 2

## Team Customer Bonuses

You can earn Team Customer Bonuses by meeting certain sales requirements and by reaching any of five leadership positions. At each leadership position, you can begin to build a new customer leadership organization and may earn Team Customer Bonuses on sales of your leadership organization.

Team Customer Bonuses are paid when a new Associate enters your leadership organization on any level and earns PCB 4, PCB 10 and/or PCB 15 by selling Kynect's service offerings.

In order to receive Personal and/or Team Customer Bonuses, you must have the required pending or active Customer Points based on your leadership position on the monthly qualification date. Team Customer Bonuses are triggered every Friday on sales to pending or active service accounts and paid one week later on the following Friday. All bonuses are subject to review and may be held. The qualification date for the weekly bonuses is every Friday.

### TEAM CUSTOMER BONUSES

| REGIONAL DIRECTOR  | MANAGING DIRECTOR  | SENIOR DIRECTOR   | EXECUTIVE DIRECTOR  | NATIONAL DIRECTOR   |
|--|--|---|---|---|
| <p><b>\$25</b></p> <p>5 Customer Points<br/>(1 outside household)</p> <p>↓</p> | <p><b>+\$75</b></p> <p>10 Customer Points<br/>(4 outside household)</p> <p>↓</p> | <p><b>+\$100</b></p> <p>15 Customer Points<br/>(7 outside household)</p> <p>↓</p> | <p><b>+\$50</b></p> <p>20 Customer Points<br/>(12 outside household)</p> <p>↓</p> | <p><b>+\$50</b></p> <p>20 Customer Points<br/>(12 outside household)</p> <p>↓</p> |
| TO UNLIMITED LEVELS  |  |   |   |   |

## Position Qualifications

### DIRECTOR

- Enroll as an Independent Associate for \$199.

### QUALIFIED DIRECTOR (QD)

- Personally sell services to and enroll a total of 4 pending or active Personal Customer Points, one of which must be outside of your household.
- Your subscription to Kynect Pro can count as 2 Personal Customer Points towards qualification

### REGIONAL DIRECTOR (RD)

- Be a Qualified Director.
- Personally sell services to and enroll a total of 5 pending or active Personal Customer Points, 1 of which must be out of your household.
- Personally sponsor 2 Directors.

- Acquire a total of 6 pending or active Team Customer Points. Up to 2 points from Kynect Pro can count towards the 6.
- If you promote to RD in your first 120 days, you will receive a Regional Director Fast Start Bonus of \$300, and your coded RD will receive a Regional Director Fast Start Matching Bonus of \$300.

### MANAGING DIRECTOR (MD)

- Be a Regional Director.
- Personally sell services to and enroll a total of 10 pending or active Personal Customer Points, 4 of which must be outside of your household.
- Personally sponsor 2 Directors in your Regional Director organization.
- Develop 2 Regional Directors in the first 5 levels of your coded Regional Director organization. At least 1 must be active.
- Acquire a total of 40 pending or active coded Team Customer Points. Up to 8 points from Kynect Pro can count towards the 40.\*
- If you promote to MD within your first 120 days, you will receive a Managing Director Fast Start Bonus of \$500, and your coded MD will receive a Managing Director Fast Start Matching Bonus of \$500.

### SENIOR DIRECTOR (SD)

- Be a Managing Director.
- Personally sell services to and enroll a total of 15 pending or active Personal Customer Points, 7 of which must be outside of your household.
- Personally sponsor 2 additional Directors in your coded MD organization.
- Develop 2 Managing Directors in the first 5 levels of your coded MD organization. At least 1 must be active.
- Acquire a total of 140 pending or active coded Team Customer Points. Up to 16 points from Kynect Pro can count towards the 140.\*

### EXECUTIVE DIRECTOR (ED)

- Be a Senior Director.
- Personally sell services to and enroll a total of 20 pending or active Personal Customer Points, 12 of which must be outside of your household.
- Develop 5 Senior Directors in any level of your coded SD organization. At least 1 must be active.
- Acquire 1,000 pending or active coded Team Customer Points. Up to 100 points from Kynect Pro can count towards the 1,000.\*

### NATIONAL DIRECTOR (ND)

- Be an Executive Director.
- Personally sell services to and enroll a total of 20 pending or active Personal Customer Points, 12 of which must be outside of your household.
- Develop 5 active EDs in your coded organization or personally sponsored with at least 1 in your ED code OR 3 active EDs in your ED code.
- Acquire 5,000 pending or active customers that you are paid MEI on within your whole organization. Not including 2nd and 3rd generation customers.\*

\*Each downline Associate can only contribute a maximum of 33% coded Team Customer Points towards the rank required amount.

## Monthly Earned Income

You will earn a Monthly Earned Income (MEI) by marketing and selling Kynect's service offerings and enrolling customers and maintaining their accounts. You can also earn MEI from the customer accounts enrolled by the Associates in your leadership organization.

MEI is paid on or before the 15th of the month following the month the customer's payment is received by Kynect. MEI payments are subject to review and may be held. You must meet both one-time and monthly qualification requirements to receive MEI. MEI qualifications are met once by leadership position obtained and monthly by pending or active Personal Customer Points on the qualification date. The qualification date is the last day of each month.

### STANDARD MEI

You will earn standard MEI on sales to your personal active customer accounts with a half-point or greater value, as well as from the active service accounts of the customers enrolled by the Associates in your organization to 5 levels. You must be a Qualified Director to be eligible to earn MEI on your first level. To be eligible to earn MEI on your personal level, you must first reach 15 Personal Customer Points. You must obtain and maintain an RD, MD, SD, ED or ND leadership position to be eligible to earn MEI through 5 levels.

### LEADERSHIP MEI

You will earn Leadership MEI on sales to your personal active customer accounts with a one or half point customer value, as well as from the active service accounts of the customers enrolled by the Associates in your RD, MD, SD, ED, and ND leadership organizations to unlimited levels.

## Monthly Earned Income

| ORGANIZATION LEVEL | STANDARD MEI <sup>1</sup> | MEI QUALIFICATION  |  |   |   |   | LEADERSHIP MEI             |               |               |               |               |
|--------------------|---------------------------|--|--|---|---|---|----------------------------|---------------|---------------|---------------|---------------|
| <b>YOU</b>         | \$0.50                    | Must have 15 Personal Customer Points to earn personal MEI               |  |   |   |   | <b>LEADERSHIP POSITION</b> |               |               |               |               |
| <b>1</b>           | \$0.25                    | <b>QD</b><br>AND<br><b>4</b><br>CUSTOMER POINTS<br>(1 outside Household) | <b>RD</b><br>AND<br><b>5</b><br>CUSTOMER POINTS<br>(1 OUTSIDE HOUSEHOLD) | <b>MD</b><br>AND<br><b>10</b><br>CUSTOMER POINTS<br>(4 OUTSIDE HOUSEHOLD) | <b>SD</b><br>AND<br><b>15</b><br>CUSTOMER POINTS<br>(7 OUTSIDE HOUSEHOLD) | <b>ED/ND</b><br>AND<br><b>20</b><br>CUSTOMER POINTS<br>(12 OUTSIDE HOUSEHOLD) | <b>RD</b>                  | <b>MD</b>     | <b>SD</b>     | <b>ED</b>     | <b>ND</b>     |
| <b>2</b>           | \$0.50                    |  |  |   |   |   | <b>\$0.10</b>              | <b>\$0.15</b> | <b>\$0.50</b> | <b>\$0.75</b> | <b>\$0.50</b> |
| <b>3</b>           | \$0.75                    |  |  |   |   |   | ↓                          | ↓             | ↓             | ↓             | ↓             |
| <b>4</b>           | \$1.00                    |  |  |   |   |   | ↓                          | ↓             | ↓             | ↓             | ↓             |
| <b>5</b>           | \$2.00                    |  |  |   |   |   | ↓                          | ↓             | ↓             | ↓             | ↓             |

1 Effective 1/14/18, Standard MEI amounts apply to 1 point (full MEI value) or .5 point (half MEI value) Kynect services for all markets, the following conditions apply to customers enrolling after January 1, 2015:  
 (a) MEI Commissions are triggered on Georgia residential Gas customers who bill 10 Therms or more per month.  
 (b) MEI Commissions are triggered on Northeast residential Gas customers who bill 25 Therms or more per month.  
 (c) MEI Commissions are triggered on Electricity customers who bill 250 kWh or more per month.  
 (d) MEI Commissions are triggered at 1.5 x Standard MEI on Georgia customers who bill 200 Therms or more per month.  
 (e) MEI Commissions are triggered at 1.5x Standard MEI on TX and Northeast residential electricity customers who bill 3,000 kWh or more per month.

(f) MEI Commissions are triggered at 2x Standard MEI on Northeast residential Gas customers who bill at 250 therms or more per month.  
 2 All NE residential Gas customers standard MEI multiplier will equate to 0.5 points and apply toward the payout of MEI  
 3 Effective 3/7/2019, Customer Point values for the following services will equate to zero (0) and the MEI Multiplier will equate to 1 point and apply toward the payout of MEI:  
 • Digital Voice • Virtual MD • Roadside Assistance • Tech Support • Identity Theft Protection  
 4 Customer accounts must be pending or active.

## Grace Period

You must remain qualified on a monthly basis to receive commissions. If you do not qualify at month's end, then a one-month Grace Period will apply for that month. During the Grace Period, you will receive commissions for that month as if you were qualified. This Grace Period applies to all commission.\*

\* National Directors are paid despite end of month qualification.

## Active vs. Inactive

You must maintain an "Active" position to be eligible to earn commissions. Maintain Active status by fulfilling one of the following requirements:

1. Subscribe and pay for Kynect Pro  
**OR**
2. Have 10 qualified Personal Customer Points (Kynect Pro points may count toward the 10)  
**OR**
3. Personally sponsor an active Associate or active customer within the last 120 days

These requirements will be monitored in line with current system evaluations on End of Month (EOM) Qualifications. The 120-day audit will only occur for those who are not subscribed to Kynect Pro or do not have 10 Personal Customer Points. Please note, you must be Active and qualified within your specific rank in order to earn compensation. In the event you reach Inactive status, all pending commissions will be forfeited.\*\* To regain Active status, fulfill one of the three requirements above prior to the next EOM qualification date.

\*\*The Active vs. Inactive status check is NOT applicable during an Associate's first year. Audits only apply to those who have been in the business for 13 months or longer.

## Incentives

As a Managing Director or above, you can earn incentives for the following calendar year by completing qualification requirements for your rank by December 31 at 11:59 p.m. CT of the current calendar year. Qualifying members must be in good standing to receive benefits. Good standing is defined as (1), an IA who has not been determined to have violated Kynect's Policies & Procedures pursuant to an investigation, or, (2) has not failed to cooperate in a Policies & Procedures investigation.

Incentives do not constitute IA compensation. Therefore, incentive terms and conditions are subject to potential changes without 30 days notice.

## Qualification Requirements

| LEADERSHIP RANK | A.P.C.* | A.C.C.* | P.L.C.* |
|-----------------|---------|---------|---------|
| <b>MD</b>       | 10      | 300     | 20      |
| <b>SD</b>       | 10      | 300     | 20      |
| <b>ED</b>       | 5       | 300     | 20      |
| <b>ND</b>       | 0       | 300     | 20      |

| PRESIDENT'S CLUB | A.P.C.* | A.C.C.* | P.L.C.* |
|------------------|---------|---------|---------|
|                  | 0       | 300     | 20      |

\*A.P.C. - Annual Personal Customer Points

\*A.C.C. - Annual Coded Customer Points

\*P.L.C. - Personal Lifetime Customer Points

If you become a Top 50 Income Earner, you may earn a place in the President's Club. The club is not an incentive itself, but as a member you may be awarded a Mercedes-Benz, gifted with a President's Club ring, and be invited to attend Kynect Getaway and a special President's Club retreat. You may also earn other incentives, such as the Top Performers Trip, MEI Bonus and Kynection Perks by completing qualification requirements by December 31 at 11:59 p.m. CT of the current calendar year.

## MAINTAINING QUALIFICATIONS

Once you achieve your qualification requirements, they must be maintained throughout the current calendar year for you to continue receiving incentives. Meaning, monthly qualifications of 300 or more Coded Customer Points from the current and previous year must be maintained.

Kynect will perform monthly evaluations to determine if qualifications have been maintained. If you fall out of qualifications, you will be granted a period of "Grace" to bring yourself back up to 300 Coded Customer Points before the next evaluation period.

"Grace" begins the same day an evaluation is performed and finds you unqualified, and ends on the last day of the same month. Failure to re-qualify by the end of a "Grace" period will result in disqualification of incentives for the remainder of the year.

Example: If found unqualified on April 1, 2019, "Grace" will extend to April 30, 2019. On May 1, 2019, another evaluation will be performed. If not requalified by the May 1 evaluation, then you are determined as disqualified for incentives the remainder of the year.

## MERCEDES CAR PROGRAM

Qualifying Managing Directors through National Director can earn a Mercedes-Benz on a 12-month lease, held by Kynect. Mercedes-Benz Car Program participants must hold valid United States drivers' licenses. The lease begins on the day you receive your car. At the end of every calendar year, you must complete your qualification requirements to have the lease extended. To participate in this particular incentive program, you must also sign the Kynect Mercedes Program Acknowledgement form and comply with its provisions.

## KYNECT GETAWAY

Qualifying, newly-promoted Senior Directors in the current qualifying period and existing Managing Directors and above who meet the end of year qualifications can earn this trip.

## TOP PERFORMERS TRIP

Qualifying, newly-promoted Executive Directors in the current qualifying period and existing Executive Directors and above who meet the end of year qualification requirements can earn this trip.

## KYNECTION PERKS

Qualifying Executive Directors and above receive extra perks and gifts at Kynect's annual national conference Kynection.

## MEI BONUS\*

Qualifying Managing Directors and above earn an additional MEI payment on first generation coded customers, plus the second and third generation customers of Associates that have coded you out. MEI Bonus is calculated by multiplying the standard MEI multiplier times the dollar amount specified for each rank's generational payout. Once an IA qualifies for MEI Bonus, they must maintain their qualification status on a monthly basis in order to continue receiving MEI Bonus.

## MEI Bonus Table

| MANAGING DIRECTOR |         | SENIOR DIRECTOR |         | EXECUTIVE DIRECTOR |         |
|-------------------|---------|-----------------|---------|--------------------|---------|
| <b>1st Gen</b>    | +\$0.20 | <b>1st Gen</b>  | +\$0.25 |                    |         |
| <b>2nd Gen</b>    |         | <b>2nd Gen</b>  | +\$0.15 | <b>2nd Gen</b>     | +\$0.30 |
| <b>3rd Gen</b>    |         | <b>3rd Gen</b>  | +\$0.15 | <b>3rd Gen</b>     | +\$0.30 |

\*Please note that Kynect shareholders, current employees, and/or former employees, do not qualify for MEI Bonus at anytime. IAs who attained the status of Senior Director or above within two weeks of joining Kynect must have a current status of National Director or above in order to qualify for MEI Bonus. Customers who do not pay their full invoice will not count toward MEI Bonus. In order for Annual Coded Customers to apply toward MEI Bonus qualification, no more than 33% of the Annual Coded Customers can come from a single downline Associate.

# Commercial Monthly Earned Income

Commercial accounts pay income the same as residential; however, dollar amounts per level may vary with usage.

| LEVEL          | TEXAS ELECTRICITY                           |   |  |  | NORTHEAST ELECTRICITY                       |   |  |  | NATURAL GAS                              |   |   |  |
|----------------|---|---|--|--|---|---|--|--|--|---|---|--|
|                | TIER A<br>12,001 -<br>60,000 kWh<br>1 POINT | TIER B<br>60,001 -<br>150,000 kWh<br>2 POINTS | TIER C<br>150,001 -<br>300,000 kWh<br>3 POINTS | TIER D<br>300,001 +<br>kWh<br>4 POINTS | TIER A<br>12,001 -<br>60,000 kWh<br>1 POINT | TIER B<br>60,001 -<br>150,000 kWh<br>2 POINTS | TIER C<br>150,001 -<br>300,000 kWh<br>3 POINTS | TIER D<br>300,001 +<br>kWh<br>4 POINTS | TIER A<br>300-1,499<br>Therms<br>1 POINT | TIER B<br>1,500-4,999<br>Therms<br>2 POINTS | TIER C<br>5,000-9,999<br>Therms<br>3 POINTS | TIER D<br>10,000 +<br>Therms<br>4 POINTS |
| <b>YOU</b>     | \$0.50                                      | \$10.00                                       | \$15.00  | \$20.00                                | \$0.50                                      | \$10.00                                       | \$15.00  | \$20.00                                | \$0.50                                   | \$10.00                                     | \$15.00                                     | \$20.00                                  |
| <b>1</b>       | \$0.25                                      | \$0.50  | \$0.75   | \$1.00                                 | \$0.25                                      | \$0.50  | \$0.75   | \$1.00                                 | \$0.25                                   | \$0.50                                      | \$0.75                                      | \$1.00                                   |
| <b>2</b>       | \$0.50                                      | \$1.00  | \$1.50   | \$2.00                                 | \$0.50                                      | \$1.00  | \$1.50   | \$2.00                                 | \$0.50                                   | \$1.00                                      | \$1.50                                      | \$2.00                                   |
| <b>3</b>       | \$0.75                                      | \$1.50  | \$2.25   | \$3.00                                 | \$0.75                                      | \$1.50  | \$2.25   | \$3.00                                 | \$0.75                                   | \$1.50                                      | \$2.25                                      | \$3.00                                   |
| <b>4</b>       | \$1.00                                      | \$2.00  | \$3.00   | \$4.00                                 | \$1.00                                      | \$2.00  | \$3.00   | \$4.00                                 | \$1.00                                   | \$2.00                                      | \$3.00                                      | \$4.00                                   |
| <b>5</b>       | \$2.00                                      | \$4.00  | \$6.00   | \$8.00                                 | \$2.00                                      | \$4.00  | \$6.00   | \$8.00                                 | \$2.00                                   | \$4.00                                      | \$6.00                                      | \$8.00                                   |
| LEADERSHIP MEI |   |   |  |  |   |   |  |  |  |   |   |  |
| <b>RD</b>      | \$0.10                                      | \$0.20  | \$0.30   | \$0.40                                 | \$0.10                                      | \$0.20  | \$0.30   | \$0.40                                 | \$0.10                                   | \$0.20                                      | \$0.30                                      | \$0.40                                   |
| <b>MD</b>      | \$0.15                                      | \$0.30  | \$0.45   | \$0.60                                 | \$0.15                                      | \$0.30  | \$0.45   | \$0.60                                 | \$0.15                                   | \$0.30                                      | \$0.45                                      | \$0.60                                   |
| <b>SD</b>      | \$0.50                                      | \$1.00  | \$1.50   | \$2.00                                 | \$0.50                                      | \$1.00  | \$1.50   | \$2.00                                 | \$0.50                                   | \$1.00                                      | \$1.50                                      | \$2.00                                   |
| <b>ED</b>      | \$0.75                                      | \$1.50  | \$2.25   | \$3.00                                 | \$0.75                                      | \$1.50  | \$2.25   | \$3.00                                 | \$0.75                                   | \$1.50                                      | \$2.25                                      | \$3.00                                   |
| <b>ND</b>      | \$0.50                                      | \$1.00  | \$1.50   | \$2.00                                 | \$0.50                                      | \$1.00  | \$1.50   | \$2.00                                 | \$0.50                                   | \$1.00                                      | \$1.50                                      | \$2.00                                   |

Accounts that fall below Tier A will receive 1 point but no commission.