

Base Commission Structure

The chart below outlines the base commission percentages and specifies the corresponding Business Type (e.g., New Business vs. FSL Business) for each commission level.

| Base Commission Chart | | | | |
|--|-----------|------------------|---------------|-------------------|
| Commission Program Effective January 1, 2025 | | | | |
| Field Title | Rep Title | Career CPO Level | Business Type | Base Commission % |
| Trainee | SR0 | 0 - 1,000 | New | 10% |
| SR - Sales Representative | SR1 | 1,001 - 3,000 | New | 15% |
| ASR - Advanced Sales Representative | SR2 | 3,001 - 6,000 | New | 20% |
| ADV - Advisor | SR3 | 6,001 - 10,000 | New | 25% |
| SADV - Senior Advisor | SR4 | 10,001 - 20,000 | New | 30% |
| FSL - Field Sales Leader | FS0 | 20,001 - 30,000 | New | 30% |
| SFSL - Senior Field Sales Leader | FS2 | 30,001 - 50,000 | FSL | 30% |
| FSM - Field Sales Manager | FS3 | 50,001 - 150,000 | FSL | 30% |
| FS4 - Senior Field Sales Manager | FS4 | 150,000+ | FSL | 30% |

Exact Level Commission Method

The company uses the "exact level" commission method to calculate commissions. When a Sales Rep reaches a higher commission level, the order is "split" at the exact promotion point, with the appropriate portion paid at the old rate and the remainder paid at the new rate.

For Example:

- A sales rep starts the week with a Career CPO Level of \$2,900 (Rep's Base Commission percentage is 15%)
- The rep submits an order for 200 CPO, increasing their Career CPO Level to \$3,100.
- The CPO earned on this order pushes the rep into a new commission level. The commission is calculated as follows:
 - o The rep is paid 15% on the first 100 CPO that brings them up to \$3,000.
 - o The rep is paid 20% on the remaining 100 CPO, as this is their new Base Commission percentage.

HOUSE ORDER COMMISSION/CPO

Customers can place orders for CUTCO by contacting Olean directly through phone, Cutco.com, email, regular mail, or in person. The company actively markets to some customers, while others are not targeted. The commissions and CPO for these orders are paid as follows:

| <u>Orders for customers that the company DOES market to</u> | |
|--|--|
| <u>Customer</u> | <u>Commissions/CPO</u> |
| 1. Currently assigned an active rep of record | Sales rep & **Manager both get paid 10% |
| 2. Currently not assigned an active rep of record | <p>**Manager paid 10% commissions (but no tab credit). No DVM overrides.</p> <p><i>**The DM or DVM closest to the customer's zip code (within 100 miles) will be paid commissions.</i></p> |

House Order Commission/CPO is paid during the third tab week of each month, based on the order shipments from the previous month.

| <u>Orders for customers that the company DOES NOT market to</u> | |
|--|--|
| <u>Customer</u> | <u>Commissions/CPO</u> |
| 1. Currently assigned an active rep of record | Sales rep is paid full CPO credit and commissions; Full **Manager overrides |
| 2. Currently not assigned an active rep of record | <p>**Manager paid 25% commission (no CPO credit); No DVM overrides</p> <p><i>**NOTE: The DM or DVM closest to the customer's zip code (within 100 miles) will be paid commissions.</i></p> |

- Fall Catalog commissions are paid in mid-December and at the end of January.
- Spring Catalog commissions are paid at the end of May.
- Summer Catalog commissions are paid at the end of August.

Sales Rep Monthly Bonuses

A sales representative can qualify for one of three CPO-based monthly bonuses in addition to their base commissions. Eligibility for these bonuses depends on the Career CPO Level, CPO earned during the month, and the pay percentage for Assistant Managers or Sales Managers. The three available CPO-based bonuses are:

1. FSL/FSM Monthly Bonus
2. Assistant Manager Monthly Bonus
3. Sales Manager Monthly Bonus

These bonuses are paid during the first tab week of each month, based on the previous month's CPO. Further details on each bonus are provided on the following pages.

Field Sales Leader/Field Sales Manager Monthly Bonus

This bonus is available throughout all three campaigns.

FSLs and FSMs become eligible for a monthly commission bonus by achieving at least \$6,000 in CPO during the tab month.

The bonus is paid only on the sales rep's Career CPO over \$20,000. For example, if a sales rep begins the tab month with a Career CPO of \$18,500 and achieves \$6,000 in REG Orders for the month, the bonus is calculated on \$4,500 in CPO (\$24,500 - \$20,000 = \$4,500).

The bonus calculation is based on the sales rep's assigned commission structure. The chart below shows a side-by-side comparison of the FSL/FSM bonus levels from 2020 to 2024 and the new bonus levels for 2025.

| Commission Program Effective January 1, 2020 | | | | Commission Program Effective January 1, 2025 | | | |
|--|------------------|---------------|-------------|--|------------------|---------------|-------------|
| Rep Title | Career CPO Level | Month CPO | FSL Bonus % | Rep Title | Career CPO Level | Month CPO | FSL Bonus % |
| FS0 - Field Sales Leader | 20,001 - 30,000 | 5,000+ | 5% | FS0 - Field Sales Leader | 20,001 - 30,000 | 6,000+ | 5% |
| FS2 - Senior Field Sales Leader | 30,001 - 50,000 | 5,000+ | 10% | FS2 - Senior Field Sales Leader | 30,001 - 50,000 | 6,000+ | 10% |
| FS3 - Field Sales Manager | 50,001 - 150,000 | 5,000 - 5,999 | 10% | FS3 - Field Sales Manager | 50,001 - 150,000 | 6,000 - 7,999 | 10% |
| | | 6,000+ | 15% | | | 8,000+ | 15% |
| FS4 - Senior Field Sales Manager | 150,000+ | 5,000 - 5,999 | 10% | FS4 - Senior Field Sales Manager | 150,000+ | 6,000 - 7,999 | 10% |
| | | 6,000 - 7,999 | 15% | | | 8,000 - 9,999 | 15% |
| | | 8,000+ | 20% | | | 10,000+ | 20% |

Important Notes:

1. Bonus payouts are calculated using the "exact level" method (similar to the method used for base commissions).

For example:

- An FSL starts the month with a Career CPO of \$28,000 and sells \$6,000 in regular orders during the month. The bonus calculation would be:
 - o $2,000 \times 5\% = \$100$ (The first 2,000 CPO brings the rep from a Career CPO Level of \$28,000 to \$30,000)
 - o $4,000 \times 10\% = \$400$ (The remaining 4,000 CPO accounts for the Career CPO Level between \$30,001 and \$33,000)
 - o Total bonus = \$500
- 2. CPO earned from Wellness Mats and Nonstick Cookware is included in the total CPO for bonus eligibility, but no bonus is paid on the CPO from these products.

For example:

- o An FSL sells \$6,000 in CPO during the month, which includes 300 CPO from Wellness Mats and 100 CPO from Nonstick Cookware. The rep is eligible for a bonus since they earned at least 6,000 CPO during the month.
- o The bonus calculation would be:
 - $5\% \times 5,600 \text{ CPO} = \280
- o Since no bonus is paid on CPO from Wellness Mats or Nonstick Cookware, the 300 CPO from Wellness Mats and the 100 CPO from Nonstick Cookware are excluded from the bonus calculation's

FSL/FSM Bonus for Managers Opening or Closing an Office During A Month

If an FSL/FSM becomes a BM/DM during a tab month, or if a DM/DVM returns to FSL/FSM status during a tab month, they are eligible for the FSL/FSM Bonus based on their total personal CPO for the month. The bonus percentage will depend on the base commission percentage used to calculate commissions for the CPO earned each week of the month. Additionally, some CPO may be reclassified from NEW Business to FSM Business depending on when the orders were tabbed.

Examples:

1. An FSM with a Career CPO of \$60,000 tabs \$3,000 as an FSM, then promotes to DM and tabs an additional \$3,000. Total CPO for the month = \$6,000. The rep should receive a total of 35% on their CPO for the month. The FSM Bonus would be calculated as follows:
 - o $\$3,000 \times 15\%$ (since the rep was paid 30% base commission)
 - o Plus $\$3,000 \times 10\%$ (since the rep is now receiving 35% base commission)
 - o The \$3,000 CPO is switched from NEW Business to FSM Business under the new DM's office number.
2. A DM with a Career CPO of \$26,000 tabs \$1,000 as a DM, then switches to FSM status and tabs \$5,000 more. Total CPO for the month = \$6,000. The rep should receive a total of 35% on their CPO for the month. The FSL Bonus would be calculated as follows:
 - o $\$1,000 \times 5\%$ (since the rep is already receiving 35% base commission)
 - o Plus $\$5,000 \times 10\%$ (since the rep was paid 30% base commission)
 - o The \$1,000 CPO is switched from NEW Business to FSM Business under the closed office number.

Assistant Manager Monthly Bonus (Campaigns I and III only)

During Campaigns I and III, Assistant Managers may qualify for a bonus on their personal sales if they meet the following criteria:

- Must be paid at least 1% assistant pay for the entire tab month
- Career tabs must exceed \$20,000

- Must tab at least 2,500 CPO for the month

The Assistant Manager Monthly Bonus program is not active during Campaign II. During Campaign II, all reps must meet the criteria outlined for the FSL/FSM Monthly Bonus in order to qualify for a monthly bonus on their personal sales.

The commission structure for the Assistant Manager Bonus is defined below.

| Assistant Manager Bonus Percentages (Campaigns 1 & 3 only) | | | |
|---|------------------|-------------------------|-------------------|
| *must be paid minimum 1% AM pay each wk for entire tab month* | | | |
| *must tab at least 2,500 during the month* | | | |
| Commission Program Effective January 1, 2025 | | | |
| Field Title | Rep Title | Career CPO Level | AM Bonus % |
| FSL - Field Sales Leader | FS0 | 20,001 - 30,000 | 5% |
| SFSL - Senior Field Sales Leader | FS2 | 30,001 - 50,000 | 10% |
| FSM - Field Sales Manager | FS3 | 50,001 - 150,000 | 15% |
| SFSM - Senior Field Sales Manager | FS4 | 150,000+ | 20% |

Sales Manager CPO-Based Monthly Bonus (Campaigns 1 and 3 only)

Note: This bonus should not be confused with the Sales Manager Pay Enhancement \$1K Bonus for Pilot Sales Managers or Division Office Managers. For information on that bonus, please refer to the "Sales Manager Pay Enhancements" section. During Campaigns I and III, Sales Managers qualify for a bonus on their personal sales if they are paid at least 3% assistant pay each week of the tab month.

The Sales Manager CPO-Based Monthly Bonus program is not active during Campaign II. During Campaign II, all reps must meet the requirements outlined for the FSL/FSM Monthly Bonus to qualify for a monthly bonus on their personal sales.

Sales Managers earn a bonus amount that ensures they are paid a total of 50% commission on their personal sales for the month. The percentage used to calculate a Sales Manager's CPO-Based bonus depends on their Base Commission Percentage.

Note: This program applies only to Division offices.

| Sales Manager Bonus | | | | |
|---|------------------|-----------------------------|-------------------|------------------------------|
| Commission Program Effective January 1, 2020 | | | | |
| <u>Field Title</u> | <u>Rep Title</u> | <u>Career CPO Level</u> | <u>Commission</u> | <u>Sales Mgr Bonus %</u> |
| Trainee | SRO | 0 - 1,000 | 10% | 40% |
| SR- Sales Representative | SR1 | 1,001 - 3,000 | 15% | 35% |
| ASR- Advanced Sales Representative | SR2 | 3,001 - 6,000 | 20% | 30% |
| ADV- Advisor | SR3 | 6,001 - 10,000 | 25% | 25% |
| SADV- Senior Advisor | SR4 | 10,001 - 20,000 | 30% | 20% |
| FSL - Field Sales Leader | FS0 | 20,001 - 30,000 | 30% | 20% |
| SFSL - Senior Field Sales Leader | FS2 | 30,001 - 50,000 | 30% | 20% |
| FSM - Field Sales Manager | FS3 | 50,001 - 150,000 | 30% | 20% |
| SFSM - Senior Field Sales Manager | FS4 | 150,001 + | 30% | 20% |
| | | | | |

Competitive CPO

Competitive CPO refers to the CPO that is eligible for inclusion in contests. While sales reps receive full commissions on all earned CPO, not all CPO may qualify for inclusion in the CPO totals for certain contests.

To maintain a level playing field, the company has set a maximum of 20,000 CPO from any one order that will count toward the sales rep's Competitive CPO total. Additionally, the company reserves the right to treat multiple orders from the same customer as a single order, capping the total CPO from those orders at 20,000 for competitive purposes.