

ABC COMPANY
Fiscal Year 2003 Sales Incentive Plan

Plan Summary

SECTION I. PURPOSE

The purpose of the Sales Incentive Plan (the “Plan”) is to enable ABC Company (the “Company”) to attract, retain, and motivate key members of the sales team by providing total annual cash compensation that is competitive with the market and has the following objectives:

- *Focus sales efforts on the overall growth and profitability of the Company.*
- *Encourage individual performance and teamwork by providing rewards for individual sales and team financial results.*

SECTION II. ELIGIBILITY CRITERIA

Plan participants are selected by the sales team leader (“Manager”), subject to the approval of the senior management the Company. Performance Consultants currently employed by the Company on a full-time basis are the only positions eligible for participation in the Plan.

SECTION III. AWARD LEVELS

Participants have the opportunity to earn cash payments under the Plan based on the achievement of pre-established sales and financial objectives for the fiscal year. Awards are generally allocated on an objective basis (as described in Section IV).

The minimum individual award for any fiscal year is \$0. There is not a maximum individual award for any fiscal year.

SECTION IV. AWARD CALCULATION & DETERMINATION

Awards are calculated and determined based on the following three objectives.

<u>Objective</u>	<u>Payment Timing</u>	<u>Approx. % of Total Incentive¹</u>
Individual Sales Results	Monthly	85%
“Mini-Team” Sales Results	Quarterly	10%
Company Financial Results	Annually	5%

Each of the objectives and their corresponding calculations are described below.

¹ *Approximations assume a target payout of all three objectives of the plan.*

A) Individual Sales Results

Individual Sales Results represent approximately 85% of each participant's total incentive opportunity, and they are tracked, measured, and paid for on a monthly basis. Individual Sales Results are determined by the gross profit² generated through client sales.

The annual gross profit targets and corresponding payment tiers for fiscal year 2003 are provided in the table below. For tracking and measurement purposes, annual goals will be prorated to fit a monthly schedule.

Percent of Goal	Payment Tier	Targeted Annual Payment @ \$625,000 Goal & 65% Gross Margin
0%-50%	9.25% of Profits	\$0-\$18,790
51%-90%	10.25% of Profits	\$21,235-\$37,475
91%-99%	11.5% of Profits	\$42,514-\$45,703
100%-110%	13% of Profits	\$53,340-\$58,093
111%+	14.5% of Profits	\$65,385+

All payment tier amounts will be applied back to dollar one. For example, if a participant exceeds their monthly gross margin target of \$32,500 by 5% and generates a gross profit of \$34,125, they will receive 13% of the total (\$4,436). The following formula illustrates the Individual Sales Results calculation.

$$\text{Gross Margin (\$)} \times \text{Appropriate Payment Tier (\%)} = \text{Individual Sales Commission (\$)}$$

B) "Mini-Team" Sales Results

Mini-Team Sales Results represent approximately 10% of each participant's total earnings opportunity, and they are tracked, measured and paid for on a quarterly basis. Teams will be assigned by the Manager on a quarterly basis.

The annual gross profit targets for each team and the corresponding individual payment tiers for fiscal year 2003 are provided in the table below. For tracking and measurement purposes, annual goals will be prorated to fit a quarterly schedule.

Percent of Goal (by team)	Payment Tier	Annual Estimated Payment
0% - 75%	0%	\$0
76%-90%	.30% of Gross Margin	\$2,400-\$2,843
91%-99%	.40% of Gross Margin	\$3,833-\$4,212
100%-120%	.55% of Gross Margin	\$5,849 - \$6,950
121%+	.70% of Gross Margin	\$8,919+

² Gross margin is defined as gross revenue minus the costs of delivering the products & services sold per an approved sales order

The following formula illustrates the Mini-Team Sales Results calculation.

$$\text{Gross Margin by Team (\$)} \times \text{Appropriate Payment Tier (\%)} = \text{Sales Commission (\$)}$$

Similar to the Individual Sales Results calculation, all payment tier amounts will be applied back to dollar one.

C) Company Financial Results

Company financial results represent approximately 5% of each participant's total incentive opportunity, and they are tracked, measured and paid for on an annual basis. Company Financial Results are determined by the net income generated by the Company.

The annual net income targets and corresponding payment tiers for fiscal year 2003 are provided in the table below. For tracking and measurement purposes, annual goals will be prorated to fit a monthly schedule.

Percent of Goal	Annual Payment
0% -99%	\$0
100% - 120%	\$1,000
121% +	\$1,500

The following formula illustrates the Company Financial Results Calculation.

$$\text{Appropriate Payment Tier (\%)} = \text{Company Fncl. Results Bonus (\$)}$$

SECTION V. ACCOUNT ASSIGNMENT & NON-INCENTIVE ELIGIBLE ITEMS

Accounts will be assigned by the Manager. Should any account sit idle (no sales, direct contact or activity by the assigned participant) for more than 90 days, it may be moved to an open pool of target accounts for other participants to pursue. New prospects not currently assigned must be registered to the Company database. In order to register new accounts, participants are required to have had at least one discovery session with the client and pre-qualified the opportunity.

Incentives will not be provided for Scheduled Open Sessions defined as follows: An assigned calendar date scheduled to attract individual attendees to experience the programs of the Company. The schedule will be published and made available to participants. Common sessions that are used to create an economical offering will be credited as account sales and not Scheduled Open Sessions.

SECTION VI. PLAN ADMINISTRATION

The Plan is administered by the Manager and the Company.

Awards are generally calculated and distributed as described in Section IV, however, the Manager reserves the right to modify the calculations at his or her discretion. Reasons for modification may include (but are not limited to) new client assignments, significant underperformance of financial goals, and/or external economic factors.

To be eligible to receive any award, a participant must be in good standing and be actively employed through the last day of the performance period being measured. Participants who are hired during the fiscal year may be eligible to participate in any or all of the components of the Plan on a prorated basis at the discretion of the Manager.

SECTION VII. PARTICIPANT RIGHTS

This Plan is not intended to be a contract of employment. Both the participant and the Company have the right to end their employment relationship with or without cause or notice.

SECTION VIII. AMENDMENT & TERMINATION

Except as otherwise stated in this plan, the Company reserves the power to amend or wholly revise the Plan, prospectively, at any time with or without prior notice.

The Company may terminate the Plan at any time and reserves the right to interpret all provisions of the Plan. The terms of this document shall supersede all terms and provisions of any and all such prior plan documents.