



VALUE DISTRIBUTION MODEL

1.0 Purpose and Scope

This Value Distribution Model defines how Alescent allocates its Value Realization Share among eligible parties, roles, contributors, partners, products, platforms, practices, and other contribution classes.

The model applies after Alescent's Value Realization Share has been determined under the applicable Value Realization Model, Value Realization Schedule, Value Realization Statement, agreement, statement of work, engagement letter, assignment, or other governing instrument.

This model does not determine what the customer owes Alescent. It determines how Alescent allocates value after Alescent's entitlement has been established.

2.0 Relationship to the Value Realization Model

The Value Realization Model determines value and Alescent's Value Realization Share.

The Value Distribution Model determines the allocation of Alescent's distributable share.

The intended sequence is:

1. Gross Realized Value is articulated.
2. Net Realized Value is calculated where applicable.
3. Alescent's Value Realization Share is determined.
4. Distributable Value Realization Share is calculated.
5. Distribution is allocated according to applicable schedules, assignments, and statements.

3.0 Distributable Value Realization Share

Distributable Value Realization Share means the portion of Alescent's Value Realization Share that is available for allocation under this Value Distribution Model after any retained amounts, unrecovered expenses, reserves, credits, offsets, taxes, or other exclusions stated in the applicable Value Distribution Schedule.

4.0 Distribution Base

The distribution base may include one or more of the following, as stated in the applicable Value Distribution Schedule:

- Value Realization Share;
- Realized Value Participation Amount;
- Portfolio Participation Amount;
- Managed Outcome Retainer;
- Alescent Recoverable Direct Material Investment;
- fixed fees or margin components;
- termination amounts; or
- other amounts expressly included.

No amount is distributable unless the governing instrument expressly includes it in the distribution base.



VALUE DISTRIBUTION MODEL

5.0 Retained Share

Retained Share means the portion of Alescent's Value Realization Share retained by Alescent before or after other distributions, as stated in the applicable Value Distribution Schedule.

Retained Share may reflect:

- firm risk;
- platform investment;
- intellectual property;
- administration;
- reserves;
- governance;
- operating capital;
- quality assurance;
- market development; and
- other firm-level contributions.

6.0 Delivery Share

Delivery Share means the portion of the Distributable Value Realization Share allocated to those who directly deliver, implement, configure, analyze, develop, validate, or otherwise materially contribute to the value-producing work.

Delivery Share is typically the primary distribution category where contributors have materially advanced realization of value.

7.0 Contribution Share

Contribution Share means the portion of the Distributable Value Realization Share allocated to recognized contributions other than ordinary delivery activity.

Contribution Share may recognize contributions from:

- products;
- platforms;
- practices;
- intellectual property;
- patterns;
- methods;
- account origination;
- channel participation;
- contributor content;
- specific Value Realization Elements; and
- other contribution classes expressly stated in the applicable Value Distribution Schedule.

8.0 Margin Share

Margin Share means the portion of the Distributable Value Realization Share remaining after Delivery Share, unrecovered expenses, disbursements, reserves, and other stated amounts are addressed.

Margin Share may be allocated among:

- Alescent;
- Account Leadership;
- Engagement Leadership;



VALUE DISTRIBUTION MODEL

- Product Leadership;
- Practice Leadership;
- Regional Leadership;
- Channel participants;
- Contributor classes; and
- other eligible participants specified in the applicable Value Distribution Schedule.

9.0 Account Leadership and Engagement Leadership

Account Leadership and Engagement Leadership may receive defined shares where the applicable assignment or Value Distribution Schedule expressly states the allocation.

Although each of these roles is typically held by one person or party, the applicable assignment or Value Distribution Schedule may split the role and related allocation among two or more eligible participants.

No person or party is entitled to a leadership share merely because they used a title, participated informally, or supported an account or engagement without an applicable assignment or schedule.

10.0 Assignment Dependency

Eligibility to receive a distribution generally requires an applicable schedule, role assignment, account assignment, engagement assignment, product assignment, contribution assignment, practice assignment, regional assignment, Value Distribution Schedule, or other written instrument.

Roles create eligibility. Assignments and schedules create entitlement.

No side deals, informal arrangements, or implied entitlements apply unless expressly recognized in writing by Alescent.

11.0 Contributor Classes

A **Contributor Class** is a category of contribution that may have distinct distribution rules.

Contributor Classes may include, without limitation:

- delivery contributors;
- account leaders;
- engagement leaders;
- product contributors;
- platform contributors;
- practice contributors;
- intellectual property contributors;
- channel contributors;
- referral contributors;
- analytical contributors;
- advisory contributors; and
- other classes stated in the applicable Value Distribution Schedule.

The applicable Value Distribution Schedule should state:

- the contributor class;
- the qualifying contribution;
- the distribution basis;
- whether the share is fixed, variable, discretionary, capped, or conditional;
- timing and payment conditions; and
- whether the share survives termination, replacement, or reassignment.



12.0 Unrecoverable Expenses and Disbursements

Unrecoverable expenses and disbursements may be deducted from the distribution base before calculating Margin Share or other allocations, as stated in the applicable Value Distribution Schedule.

Such deductions must be identified and not double counted.

13.0 Timing, Accrual, Payment, Holdbacks, and Adjustments

The applicable Value Distribution Schedule or Value Distribution Statement should specify:

- when a distribution accrues;
- when it becomes payable;
- whether it is subject to customer payment receipt;
- whether holdbacks apply;
- whether reserves apply;
- whether clawbacks or reversals apply;
- treatment of disputes;
- treatment of corrections or restatements; and
- treatment following termination, replacement, reassignment, or withdrawal from a role.

14.0 Value Distribution Schedule

A **Value Distribution Schedule** sets the distribution parameters for a specific scope, such as:

- account;
- engagement;
- portfolio;
- program;
- project;
- initiative;
- Value Realization Element;
- contributor class;
- assignment; or
- other agreed scope.

More specific Value Distribution Schedules override less specific schedules only within the scope expressly stated.

15.0 Value Distribution Statement

A **Value Distribution Statement** records the distribution calculation for a period, value realization event, account, engagement, initiative, Value Realization Element, contributor class, or other applicable scope.

A Value Distribution Statement should identify:

- the distribution base;
- excluded amounts;
- retained amounts;
- unrecoverable expenses and disbursements;
- Delivery Share;
- Contribution Share;
- Margin Share;
- participant allocations;
- payment timing;



VALUE DISTRIBUTION MODEL

- holdbacks;
- adjustments; and
- approvals or dispute status.

16.0 No Automatic Entitlement

No person, partner, team member, contractor, contributor, channel participant, account lead, engagement lead, or other party is entitled to any distribution except as expressly provided in an applicable written instrument.

This model is a framework for allocation. It is not, by itself, a promise to pay any person or party.

17.0 No Double Counting

No value, contribution, share, role, entitlement, expense, disbursement, retained amount, holdback, or adjustment may be counted more than once unless expressly stated in the applicable Value Distribution Schedule.

18.0 Open Issues for Canonical Review

The following items require further discussion before this model is promoted from draft:

- standard contributor classes;
- default retained share logic;
- standard Delivery Share / Margin Share splits;
- treatment of products, platforms, practices, and IP as contribution categories;
- payment timing where customer payment is delayed or disputed;
- holdback and clawback defaults;
- treatment of split leadership roles;
- interaction with Account Assignment and Engagement Assignment templates; and
- treatment of distribution statements as internal-only or participant-facing artifacts.