

PERIODIC BONUS PLAN

The Periodic Bonus Plan is designed to reward a lawyer for his extra efforts that benefit the entire firm. It is not intended to pay out to each lawyer exactly what he brought in after sharing the overhead. The Plan recognizes the concept that all the lawyers are benefiting by working together as a firm and should benefit from the efforts and good fortune of any individual member, while at the same time, the individual member, whose efforts and good fortune has benefited all others, is rewarded.

Essentially, the Plan pays bonuses to the lawyer who makes enough money to cover his share of the common overhead expenses, his salary, and a certain percentage designed to cover increased expenses or as a fudge factor against other lawyers not making at least their overhead allocation and salary.

Periodic bonuses shall be computed and paid as hereinafter set forth at the end of every four (4) months.

Four Month's Bonus

The amount of a lawyer's periodic bonus at the end of the first four (4) months shall be equal to 50% of the amount that the lawyer's fee compilation for said four (4) month period exceeds the total of

- a. that lawyer's share of overhead expenses for said period,
- b. that lawyer's base salary for said period, and
- c. 10% of the total of 1 and 2.

Eight Month's Bonus

The amount of a lawyer's periodic bonus at the end of eight (8) months shall be equal to

50% of the amount that the lawyer's fee compilation for said eight (8) month period exceeds the total of

- a. that lawyer's share of overhead expenses for said period,
- b. that lawyer's base salary for said period, and
- c. 10% of the total of 1 and 2.

LESS any amounts previously received as a periodic bonus during the current year.

Twelve Month's Bonus

The amount of a lawyer's periodic bonus at the end of twelve months shall be equal to

50% of the amount that the lawyer's fee compilation for said twelve (12) month period exceeds the total of

1. that lawyer's share of overhead expenses for said period,
2. that lawyer's base salary for said period, and
3. 10% of the total of 1 and 2

LESS any amounts previously received as a periodic bonus during the current year.

If the amount of a lawyer's periodic bonus, as computed at the end of twelve months, is a negative figure, then such lawyer shall be indebted to the firm for such amount. The lawyer shall sign a promissory note to the firm for said amount, bearing interest at the rate of 7% per annum from the last day of said twelve month period. The full amount of said obligation, together with accrued interest shall be due and payable one year from the last day of said twelve month period.

Any lawyer so indebted to the firm may not receive any amounts as a year end bonus or periodic bonus until the full amount of such indebtedness, together with accrued interest, is paid. Any amounts for year end bonuses or periodic bonuses to which such lawyer would otherwise be entitled shall be applied to such indebtedness so as to first pay the accrued interest and then reduce the principal.

If any lawyer has received a periodic bonus during a twelve month computation period and leaves the employment of the firm for any reason prior to the end of such twelve month computation period, then such lawyer shall be indebted to the firm for any such amount received as a periodic bonus during such twelve month computation period. Such indebtedness shall accrue interest at the rate of 7% per annum from the date such lawyer leaves the firm and shall become due and payable upon demand. Such lawyer shall not be entitled to any bonuses during any twelve month computation period that the lawyer leaves the firm prior to the end of that twelve month computation period.

If the computations at the end of either four or eight months indicate a lawyer could receive a periodic bonus, such lawyer can elect not to receive any or all of such periodic bonus until after the computations are final at the end of the twelve month computation period.

In no event shall any lawyer receive in excess of \$15,000.00 as a periodic bonus prior to the computation at the end of the twelve month computation period.

FEE COMPILATION

A monthly fee compilation shall be maintained by the designated Office Manager. Such compilation shall list, for each lawyer, the fees received from each client by name during each

calendar month. The compilation shall be updated at least weekly and finalized at the end of each month.

When more than one lawyer has done work for a particular client, the lawyers involved should attempt to agree upon the appropriate allocation of the fee and inform the designated Office Manager of any necessary adjustments to the fee compilation.

If at the end of any month, there are any unresolved disagreements as to how a fee should be allocated, the same shall be resolved at the next firm meeting immediately following the end of the month. Each lawyer shall present his reasoning to the entire firm and the appropriate allocation shall be determined by the firm.

After any adjustments are made, the monthly fee compilation shall be approved by the firm and the totals thereon shall be the figures used in salary and bonus computations.

OVERHEAD ALLOCATIONS

Each lawyer's overhead allocation shall be equal to _____ of the actual expenditures of the firm during the particular computation period but not including expenditures for lawyer's salaries.

A monthly Profit and Loss statement shall be prepared and presented at the first firm meeting of each month and all expenditures explained. At the first firm meeting after the end of any four month computation period, the firm shall agree upon the total expenditures that shall be used to determine the overhead allocation.

OWNERSHIP

Ownership percentages shall be as follows:

Attorney	Percentages
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Percentages for _____ shall be purchased from _____, the value of the stock being based upon the fair market value of the assets of the firm. Suitable arrangements shall be made for such purchase.

The percentages only reflect ownership interest and voting power. They are not intended to reflect the relative salary positions of the lawyers or entitlement to bonuses.

YEAR END BONUS

The compensation plan is designed to encourage each lawyer to at least cover his/her base salary and allocation of overhead as well as contribute a certain percentage for growth or fudge factor. If each lawyer does exceed those amounts, then it is intended that the 10% growth or fudge factor not be utilized to declare year end bonuses for the lawyers.

Year end bonuses for the lawyers should come out of any amounts remaining after all lawyers' salaries, overhead, and 10% factor are covered and all periodic bonuses are paid to the lawyers earning the same. When there are any amounts so remaining, then those amounts should be divided equally among all lawyers.