

COMPENSATION DEFINITION CLAUSE FOR AN EMPLOYMENT AGREEMENT

Compensation for Personal Services.

(a) *Character of the compensation.* Every amount the Company pays the Employee under this Section is compensation in money for the personal services and labor the Employee performs for the Company. No amount payable under this Section is severance, a departure payment, deferred compensation, a return of capital, or a distribution or dividend on any ownership interest in the Company.

(b) *Base salary.* The Company shall pay the Employee a base salary of \$_____ per year, payable in equal installments on the Company's regular payroll dates.

(c) *Productivity compensation.* The Company shall also pay the Employee productivity compensation equal to _____ percent of the fees the Company collects each calendar month on matters on which the Employee personally performed services. Productivity compensation is measured by the results of the Employee's own work. It is not a share of the Company's profits or earnings, is not measured by the work of any other person, and is not measured by any ownership interest.

(d) *Payable during employment.* The Employee earns productivity compensation as the services are performed, and the Company shall pay it on the regular payroll date following the month of collection. No such amount first becomes payable because the Employee resigns, retires, is terminated, or because this Agreement ends. [Fees collected after employment ends, on matters the Employee performed before it ended, remain payable on that same schedule.]

(e) *Terms set by the Company.* The Company sets the base salary and the productivity percentage, and the Employee has no authority, acting alone, to set, increase, accelerate, defer, or waive the Employee's own compensation. The Company shall treat all amounts payable under this Section as wages for payroll purposes and shall withhold from them as required by law.

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