

## **Sabbatical Program** (Revised 5/2/2002)

Farleigh, Wada & Witt, P.C. ("FWW") believes it is in its best interests of the professional corporation that its shareholders take a sabbatical on a periodic basis in order to renew enthusiasm and explore opportunities outside the practice of law.

Therefore, FWW has adopted a sabbatical program by unanimous vote of its shareholders as stated below. This policy may be amended in writing at any time by appropriate shareholder approval.

1. *Entitlement.* Each shareholder of FWW shall be allowed to enjoy a sabbatical on the terms and conditions set forth herein.

2. *Purpose of Sabbatical.* The purpose of the sabbatical program is to allow shareholders an opportunity to revitalize their enthusiasm for the practice of law by being away from the practice of law for a period longer than a routine vacation. It is the express purpose of this sabbatical that it not be used for legally related activities and participants are encouraged to spend such time in nonlegal related activities.

3. *Length.* Each sabbatical shall be for a period of time not to exceed eight (8) weeks. If an attorney desires to take additional vacation time which is consecutive with the sabbatical leave, such attorney shall get specific Executive Committee approval prior to doing so.

Any shareholder who has worked a reduced hourly schedule for any year between the year immediately following the last sabbatical taken (or if there was no preceding sabbatical, for any year as a shareholder) through the year preceding the next sabbatical year, is subject to sabbatical reduction. This reduction is determined by calculating the average Reduced Time Percentage (as that term is defined in FWW's Reduced Hour Formula) for the years between the last sabbatical taken (or all years as a shareholder if no prior sabbatical has been taken) and the year preceding the next sabbatical year and multiplying that percentage by the number of weeks allowed full-time shareholders.

4. *Timing of Sabbatical.* Not more than three shareholders shall be entitled to a sabbatical in any one year. The shareholders shall be entitled to take his or her sabbatical anytime during the calendar year as approved by the Executive Committee of the firm. Absent an Executive Committee determination otherwise, there shall be five (5) years between sabbaticals. There should be no more than a two (2) week overlap of sabbaticals by shareholders sharing a sabbatical year without Executive Committee approval. The sabbatical schedule is subject to override and revision in any given year at the discretion of the shareholders.

5. *Order of Priority.* In the event two or more shareholders are in line for their sabbaticals in any given year and the Executive Committee determines that the sabbatical schedule will not accommodate all of them for the upcoming year, then the attorney who has not yet taken a sabbatical and has been a shareholder for the longest period of time shall have first priority to the sabbatical for the upcoming year. In addition, a shareholder must have been employed a minimum

of five (5) years as a shareholder to be eligible for a first sabbatical. In the event two shareholders have been shareholders for equal periods of time, the shareholder who has been with the firm the longest shall be first entitled to the sabbatical. In the event two shareholders have been with the firm for the same period of time and have been shareholders for an equal period of time, and in the event they cannot mutually agree as to who will take first priority, priority shall be decided by a flip of a coin.

6. *Election to Take Sabbatical.* Although strongly encouraged, the sabbatical program is not a mandatory program. In the event an attorney who is next eligible for sabbatical elects not to take it in the upcoming calendar year, such attorney shall have first priority for the next calendar year. In the event such attorney does not elect to take his or her sabbatical within the two (2) calendar years after eligibility, such attorney shall automatically drop to the lowest priority. Each attorney shall notify the firm by August 1 as to whether he or she will elect to take advantage of the sabbatical for the upcoming year. In the event such attorney elects to defer the sabbatical for an additional year, the next eligible attorney shall have thirty (30) days to notify the firm as to whether such attorney elects to take his or her sabbatical.

7. *Financial Arrangements.* FWW believes it is in the long-term interest of the firm that its attorneys take sabbaticals, and it is therefore encouraging such attorneys to do so without significant economic penalty. Except for the production bonus component of the shareholder compensation structure (which production bonus is modified in a sabbatical year pursuant to the Shareholder Production Bonus Formula adopted by FWW), any bonus or compensation structure (including but not limited to salary and profit share) which may be in place which depends upon reaching certain hourly goals shall *not* be altered or modified by the taking of a sabbatical. Furthermore, in setting compensation for the next year, the attorney's performance in the year in which the sabbatical is taken will be considered as if the attorney had practiced without taking off the sabbatical period.

8. *Firm Stability.* The sabbatical program shall continue so long as the stability of the firm is not threatened. The shareholders shall have the authority to cancel or modify the sabbatical program as the shareholders deem appropriate given the financial conditions of the firm at any time.