

LAWYER METRICS, LLC

Proposed Terms

- Classes of Ownership Units**
- Class A* – To be owned by investors wishing to benefit the Maurer School of Law
 - Class B* – To be owned by investors seeking a traditional investment return
 - Class C* – To be issued as profits interests to key employees and other service providers
 - Units entitled to up to 15% of operating profits and up to 30% of capital gains would be reserved for Class C Units

In most cases, only Class A units and Class B units would have the right to vote on any issue submitted to members for a vote (other than amendments that would have a specific adverse effect on the Class C units).

- Management**
- LM would be managed by a Board of Managers elected by the holders of Class A units and Class B units. The Board of Managers would be empowered to appoint persons to an Advisory Board as well.

- Distributions**
- The Board will determine each year what amount of cash is available for distribution, except that each year mandatory distributions would be made sufficient to cover federal and state income taxes on allocated operating income.

Class C units in the aggregate would be entitled to up to 15% of operating profits and up to 30% of gain on sale (that is, each Class C unit is entitled to twice the percentage of gain on sale as the percentage of operating profit). The balance would go pro rata to the Class A units and Class B units.

Any distributions in excess of mandatory tax distributions would be at the Board's discretion and would be distributed pro rata by percentage shares, with distributions in full to Class B units and Class C units, and excess distributions to the Class A units potentially reduced by the Law School contribution amount, as discussed below.

- Law School Contributions**
- Excess distributions (*i.e.*, amounts exceeding tax distributions) due to the Class A unit holders would be distributed to the Class A unit holders until the amount returned for each Class A unit is equal to the capital contribution for such unit. Above that threshold, such excess distributions due to holders of Class A units would be contributed directly by LM to the I.U. Foundation for the benefit of the Law School. The corresponding charitable deduction would be specially allocated to the Class A units. While the default would be donation of 100% of the Class A unit excess distributions above the threshold, a special Donation Committee elected by Class A members could decrease that percentage for any given year. Although a portion of the mandatory tax distributions to holders of Class A units would likely be unneeded due to the special allocation of the charitable contribution to them, any decision to contribute such additional funds to the Foundation would be left to the holders individually.

Holders of Class B units and Class C units would, of course, be free to contribute any distributions they received to the Foundation, but such contributions would be neither expected nor required and would be handled

individually rather than through LM.

Conversion of Units.....

Class A units would be individually convertible by the holder at any time to Class B units on a 1-for-1 basis, and Class B units would be individually convertible by the holder at any time to Class A units on a 1-for-1 basis, to allow for changes of investor circumstances and variations in levels of donative intent.

Purchase Options on Transfer and Class C Unit Vesting.....

Transfers of any class of units would require Board approval except for (1) transfers of Class A units or Class B units for estate planning or family gift purposes to an affiliate controlled by the holder or (2) transfers of any class of units to the Foundation or other nonprofit entity for the benefit of the Law School. All units would be subject to optional repurchase by LM upon any voluntary or involuntary transfer (other than transfers of Class A or Class B units to one of the permitted transferees specified in the preceding sentence) or upon death. Class C units would also be subject to repurchase by LM upon a cessation of service for LM. Class A units and Class B units would be purchased at fair market value. The purchase price for Class C units would be subject to vesting, as described below.

Class C units would vest beginning 3 years after issuance, with vesting at the rate of 12.5% of such units per quarter starting in the fourth year after issuance with full vesting at the end of the fifth year. Vesting would be accelerated upon the sale of the LM business. To the extent unvested, a Class C unit could be repurchased by LM for its capital account value (which would represent only undistributed profits). To the extent vested, a Class C unit could be purchased at fair market value, except that upon a purchase arising from a voluntary termination of service with LM or a termination by LM for cause, a 50% discount would be applied to the fair market value. The purchase price would be paid by a promissory note from LM payable over 5 years with interest at 4% per annum, with no prepayment penalty.

Unit Treatment Upon Sale of the Business.....

Upon the sale of the LM business, Class C units would be entitled as a class to a double pro rata share (*i.e.*, up to 30%) of the gain. The CEO, subject to Board approval, would also be authorized to cause LM to enter into individual bonus agreements in advance with key personnel providing for incentive cash bonuses upon sale triggered by achievement of sale proceeds exceeding specified internal rate of return and/or dollar threshold amounts.

Upon the sale of the LM business, Class A units and Class B units would each be entitled as a class to their pro rata share of the remaining gains. Holders of Class A units and Class B units would also receive a return of their capital to the extent not already returned. However, distributions to holders of Class A units in excess of return of capital with a 3% per annum return and any amounts required for payment of federal and state income taxes would be donated directly by LM to the Foundation for the benefit of the Law School unless the Donation Committee determined otherwise, and the charitable deduction for this donation would be specially allocated to the holders of the Class A units.

Covenant Not to Compete.....

Holders of Class C units would be subject to a covenant not to compete (and corresponding confidentiality and non-solicitation covenants) during the period when they hold Class C units and continuing for one year after the termination of the relationship between the holder and LM.

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