

Growth Incentive Sharing Plan (GISP)



We deliver objectives

The purpose of the Growth Incentive Sharing Plan (GISP) offered by Beason & Nalley is to provide incentives to top employees in order to promote the continued growth of a Company and to share the benefits of that growth in value with select employees.

Top Hat Plan and How it Works

The plan is designed to be a *top hat* plan whereby owners choose to cover only a select group of management or highly compensated employees. Not only is the plan considered to be an unfunded deferred compensation plan, but is also exempt from all ERISA requirements except for minor reporting and disclosure requirements.

Operations

The Company is valued on a *Measurement Date*, typically the first of the year. Selected employees are granted "Units" sometime during the year and before a designated cutoff date. Units are then allocated a percentage of the growth of the Company (determined by the Board). On Date of Grant, the Unit has no value, although the value of each Unit will increase (or decrease) on an annual basis. Upon a triggering event, the participants are compensated based on the value of the unit's value they have been awarded to that date.

Example

If the plan percentage is 5%, 1,000 Units are awarded on January 1, 2005 when the Company is valued at \$1,000,000.

On January 2, 2005, the initial 1,000 Units have a value of \$0. Then on January 1, 2006, 1,000 additional Units are awarded when the Company is valued at \$2,000,000.

Then on January 2, 2006, the Units granted January 1, 2005 will have a value of \$50.

This amount is determined by subtracting \$1,000,000 from \$2,000,000, then the sum is multiplied by 5% and then divided by 1,000.

The additional 1,000 Units awarded January 1, 2006 will have a value of \$0.

Distributions

Events that can trigger distributions from the Plan are:

- Sale of the company assets or stock
- Merger with a publicly traded company
- Corporate liquidation
- Termination of employment by:
 - Participant reaching normal retirement age
 - Total disability of participant
 - The Company, if not for cause
- Death of participant
- Plan termination

Flexibility

The Plan has some flexibility to fit the needs of each individual company. If the Plan meets the top heavy qualifications, it is not subject to ERISA requirements except for minor reporting and disclosure requirements. The number of Units Granted can vary for each participant. The Plan can be adapted to fit all forms of business entities and competitive environments.

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