

SAMPLE HOURLY FEE AGREEMENT

Privileged Attorney-Client Communication

Via Hand Delivery

Mr. John Doe
123 Park Place
Houston, TX 77002

[date]

Re: Proposed Engagement of Fulkerson Lotz LLP

Dear John:

This agreement sets forth the terms and conditions under which Fulkerson Lotz LLP (“FL,” “we,” or “us”) will undertake representation of John Doe (the “Client” or “you”) in connection with the pending investigations by the Securities Exchange Commission and the Department of Justice and the pending class action and derivative shareholder lawsuits with respect to your activities while employed at Acme Co. (hereinafter “the Matters”). Services rendered after our engagement but before the signing of this agreement will be covered by these terms and conditions. You agree to the terms and conditions of this letter either by signing it in the space provided below, or by paying the first invoice sent to you by the firm.

1. Professional Undertaking – Limited Scope of Engagement

FL has undertaken to represent you only in connection with the Matters. FL has not undertaken to represent you in connection with your dispute with Acme Co. relating to your employment or payment of severance or other benefits or upon any other dispute or issue.

Although we endeavor to represent your interests vigorously and efficiently, we cannot guarantee success in any given case. You acknowledge that FL has made no promises or guarantees concerning the outcome of the Matters, and nothing in this agreement, or in any prior discussions we may have had, can be construed as such a promise or guarantee.

You acknowledge that FL's performance depends, in part, upon:

- a. Our prompt receipt of documentation, information, authorization, and instructions from you;
- b. Your prompt review and execution of documents; and
- c. Your cooperation in general.

You therefore agree to cooperate with FL:

- a. In the investigation, preparation, and defense of the Claims;
- b. By providing us with all requested documents and information;
- c. In disclosing truthfully and fully all facts and information;
- d. In keeping us advised of all developments relating to the Matters; and
- e. By attending meetings, hearings, and other proceedings upon request.

2. Fees and Billing

I will be primarily responsible for this Matter, but to economize, others at our firm may perform significant work on the case. Our hourly rates are as follows:

As appropriate, we may also delegate projects to other FL attorneys and staff. Hourly rates may be adjusted annually as we respond to increasing costs.

FL will send invoices on a monthly basis for services rendered and costs and expenses incurred (see below) during the preceding month. Client agrees to review the bills and promptly let us know if there are any problems, complaints or disagreements with the bills. Otherwise, the invoices are to be paid within 30 days of the day they are issued.

Should Client wish to pay invoices to FL electronically, rather than by check, please contact us for banking instructions to wire the funds or make direct-payment (ACH) debits to our operating account. If a change in our banking relationship occurs, we will provide updated wire transfer information and such new account shall become the destination for electronic payment of invoices hereunder.

After the engagement, if we are called upon to do work in connection with the representation, such as facilitating the efforts of another attorney, responding to subpoenas, or appearing at hearings or depositions relating to our work during the engagement, we shall be entitled to bill for such time and be paid in accordance with the provisions of this engagement as though the engagement were continuing.

3. Costs and Expenses

It is often necessary for us to incur expenses for items such as travel, lodging, meals, telephone calls, transcription, and the like. Similarly, some matters require substantial amounts of costly ancillary services such as photocopying, messenger and delivery services, and computerized legal research. In order to allocate these expenses fairly and to keep hourly rates as low as possible for those matters that do not involve such expenditures, these items are separately invoiced on our statements as “costs and expenses.” You agree to reimburse FL for all such costs and expenses incurred in connection with the Matters, including, but not limited to, photocopying, messenger and delivery services, expert witnesses, court reporter fees, computerized research, travel (including mileage, parking, air fare, lodging, meals, and ground transportation), long-distance telephone calls, telecopying, court costs, filing fees, and other similar expenses. Certain of the preceding items may be charged at more than FL’s direct costs in order to cover overhead.

Generally, these expenses are of the magnitude that we advance them from time to time and incorporate them in the following month’s bill. If, however, any one out-of-pocket cost for a month exceeds \$2,500, we reserve the right to provide you the invoice or other evidence of cost directly. If we do so, you will pay the cost upon the terms and at the times set out for such invoice.

4. Payment of Fees by Acme Co.

Pursuant to the terms of your employment agreement, Acme Co.’s Articles of Incorporation, and the Delaware Business Corporations Act, Acme Co. is obligated to, among other things, pay as incurred, to the full extent permitted by law, all legal fees and expenses which you may reasonably incur in connection with the Matters. We agree to seek interim payments of fees and expenses (including the retainer) on your behalf from Acme. However, in the event that (1) Acme fails to pay any or all reasonable fees and expenses as agreed or (2) we are unable to recover any or all such fees and expenses from the retainer, you agree to pay the balance of such fees and expenses.

5. Costs and Expenses

It is often necessary to incur expenses for travel, lodging, meals, telephone calls, filing fees, and other items. Some matters require substantial ancillary services such as photocopying, messenger and delivery services, and computerized legal research. In order to allocate expenses fairly and keep hourly rates as low as possible, these items will be separately invoiced as “costs and expenses.” Client agrees to reimburse FL for all costs and expenses incurred in each Matter, including, but not limited to, photocopying, messenger and delivery services, expert witnesses, court reporter fees, computerized research, travel (including mileage, parking, air fare, lodging, meals, and ground transportation), long-distance telephone calls, copying, court costs, filing fees,

and other similar expenses. Certain items may be charged at more than FL's direct costs to cover overhead.

Generally, these expenses are of the magnitude that we advance them from time to time and incorporate them in the following month's bill. If, however, any single out-of-pocket cost for a month exceeds \$1,000, we reserve the right to provide Client the invoice or other evidence of cost directly. If we do so, Client will pay the cost upon the terms and at the times set forth in such invoice.

6. Termination

You have the right to terminate our representation at any time. You agree that FL will have the same right to withdraw from the representation under the following circumstances:

- a. If you breach this agreement;
- b. If you fail to cooperate with FL in this representation;
- c. If, for professional or ethical reasons (such as a presently unknown conflict of interest), FL cannot proceed with the representation.

If FL elects to withdraw, we shall give you reasonable notice to enable you to secure other counsel, and you agree to execute any documents necessary to complete the withdrawal.

7. Nonpayment

By signing this engagement letter, you agree that FL is relieved from the responsibility of performing any further work in the event you fail to pay the retainer or any monthly statement for fees and expenses (including bills for expenses received from third parties) within thirty (30) days of receipt of such statements. In the event of such default, you agree that we may move to withdraw as your counsel in any matter in which we have made an appearance on your behalf and that you will promptly execute or consent to any motion required to accomplish the withdrawal.

8. Record Retention Policy

FL maintains case files electronically using Net Documents and other software programs. During the normal course of litigation, both paper and electronic files are collected. Upon the conclusion of litigation, FL may retain portions of the case file pursuant to our firm's record retention policy and any applicable confidentiality agreement or protective order. To reduce costs, FL recycles paper products and may discard old case files. If you want FL to return original client documents or send you any portion of the file, you agree to let us know in writing within 30 days of the conclusion of

the matter. FL will not be responsible for file materials that you do not request in writing within 30 days and which are eventually destroyed under our record retention policy.

9. Integration, Choice of Law, Disciplinary Rules, Lawyer's Creed

This agreement represents the entire agreement between us. In entering this agreement, FL has not made, and you are not relying upon, any representations or promises other than those contained in writing in this letter. To avoid any misunderstanding over the terms of this representation, this agreement shall not be modified or waived in any respect except in writing signed by both parties.

This agreement shall be construed under and in accordance with the laws of the state of Texas, excluding any conflicts of law, rule or principle that might otherwise refer to the substantive law of another jurisdiction.

It is our intention to follow the Texas Disciplinary Rules of Professional Conduct, which is published and updated on the Internet by the State Bar of Texas at <http://www.txbars.org>. If, despite that intent and endeavor, any part of this agreement shall for any reason be found unenforceable, the parties agree that (1) all other portions shall nevertheless remain valid and enforceable; and (2) a provision most similar to the stricken provision, but otherwise complying with applicable law, shall be substituted therefor. Since we represent our own interests in crafting this retention agreement, we encourage you to consult other counsel of your own choosing regarding the terms of this agreement. You should also understand that, to the best of our ability, we intend to follow the Texas Lawyer's Creed, in which we commit, among other things, not to engage in abusive litigation or tactics. A copy of the Texas Lawyer's Creed may be obtained at:

<http://www.txethics.org/uploaded/Resources/846921306641139.pdf>.

10. Binding Arbitration

Any dispute arising out of or relating to this agreement, our interactions leading to it, or our performance of the agreement or of the representation of you shall be resolved through binding arbitration in Harris County, Texas. First, sixty (60) days before filing any arbitration proceeding, the party requesting relief must demand and attend mandatory mediation before a mutually acceptable mediator to attempt to resolve any dispute. In the event the parties are unable to resolve such dispute, the affected party shall initiate an arbitration proceeding utilizing the rules of (but not employing) the American Arbitration Association ("AAA") for the arbitration of complex commercial cases. In any dispute of less than \$250,000, the parties shall jointly appoint a single arbitrator. In any dispute of a greater amount, each party shall appoint his/her or its own party arbitrator, and these two-party arbitrators shall in turn appoint a third, neutral arbitrator. All party arbitrators' conduct and tests for eligibility shall be governed by AAA rules of disinterest. The time limits hereunder shall not apply in the event emergency

injunctive relief is required, but only to the extent of such emergency injunctive relief itself. The decision by the arbitration panel will be final and binding.

If the foregoing correctly reflects your understanding of the terms and conditions of our representation, please indicate your acceptance by executing this letter in the space provided below and returning it to me.

Very truly yours,

Fulkerson Lotz LLP

By: _____
Thomas M. Fulkerson, Partner

AGREED TO AND ACCEPTED

this ___ day of _____, _____:

By: _____
John Doe

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Unless otherwise noted in website – not certified by Texas Board of Legal Specialization.