

PARTNERSHIP AGREEMENT

This partnership agreement is effective on the ____ day of ____, ____.

1. General Provisions

1.1. The Partnership is a general partnership. The Partnership shall be named "PARTNERSHIP NAME", and it will have a business purpose of providing engineering consulting services to clients.

1.2. The Partnership's general partners and their ownership percentage are: Partner #1 (60%), Partner #2 (30%), and Partner #3 (10%).

1.3. The principal place of business of the Partnership is _____, Oakland, CA 94612, and will continue there until a majority of the Partnership votes otherwise.

2. Organization And Administration

2.1. Voting. All substantial Partnership decisions will be made by a majority vote of the partners, with each partner receiving one vote. The percentage of ownership of each partner shall not be considered.

2.2. The Managing Partner. The partners shall elect a managing partner. Though all partners are entitled to take part in all decisions of the Partnership, the partners agree that the managing partner will have the authority to make day-to-day decisions on behalf of the partners, consulting with the other partners to the extent feasible under the circumstances. Any decision made by the managing partner can be overridden by a majority vote of the Partnership.

2.3. Expenses. Reasonable expenses incurred by the partners on behalf of the Partnership, exclusive of personal travel expenses, are subject to reimbursement. Where there is a dispute whether any such expense should be reimbursed by the Partnership or borne by the Party, such disputes shall be resolved pursuant to paragraph 2.1 above.

2.4. Amendments. This Partnership agreement may be amended from time to time by a majority vote of the partners pursuant to paragraph 2.1 above.

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2.5. Meetings. Each partner shall be entitled to attend all Partnership meetings.

3. Capital

3.1. Capital Contributions. Each partner has been required to make an initial capital contribution to the Partnership to be used for Partnership purposes. The amount of each partner's capital contribution is as follows: Partner #1 (\$____), Partner #2 (\$____), and Partner #3 (\$____). It is recognized by the partners that the contribution amount of Partner #1 reflects the agreed fair value of office furniture, computer equipment and software contributed by him to the partnership at inception. Each partner shall pay his respective cash contribution at the time of his execution of this agreement.

3.2. Interest. No interest shall be paid or charged on amounts owed by the Partnership to any partner nor by any partner to the Partnership.

4. Determination and Distribution of Income, Payment of Expenses, Losses, and Partner Draws of Estimated Net Income.

4.1. Determination of Gross Income. As used herein, the term "Gross Income" shall mean all income made by the Partnership by any means.

4.2. Determination of Net Income. The remaining balance after deducting all expenses, excluding any draw of anticipated net income made by any partner as described hereafter in paragraph 4.3, and losses from Gross Income shall be called Net Income.

4.3. Partner Draws of Anticipated Net Income.

(a) In any period in which it is estimated by the Partnership that there will be net income, each partner may draw funds from the Partnership prior to distribution of the net income. Such draws shall be subject to the Partnership retaining sufficient cash to pay expenses and losses for the period. The maximum draw for any partner shall be the lower of his proportionate share or net income, or, the hours worked on billable Partnership projects times the following agreed upon rates per hour of work:

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Partner #1 (\$____), Partner #2 (\$____), and Partner #3 (\$____). Draw requests shall be supported by weekly time sheets prepared by the partner, detailing his billable hours worked on each Partnership project. Marketing efforts on behalf of the Partnership are considered non-billable responsibilities of each partner, and are not considered for draw purposes or otherwise compensated by the Partnership.

4.4. Distribution of Net Income.

(a) Net Income shall be distributed at least at the end of each calendar year to each partner in accordance with his or her Partnership percentage, as set forth in paragraph 1.2 above. Notwithstanding, the managing partner will attempt to distribute net income more frequently, when and if any exist. Such provisional distributions shall be at the discretion of the managing partner, or shall be made if commanded by a majority vote.

(b) The percentages set forth on paragraph 1.2 above may be changed by a unanimous vote of the partners.

(c) The Partners shall bear net losses and expenses, excluding draws of anticipated net income by any partner, in the same ratio as they share Net Income. No partner shall be required to contribute additional capital in order to pay salaries or draws of anticipated net income for any other partner.

(d) Any partner's distribution of net profits shall be net of any draws by that partner of anticipated net profits.

4.5. Payment of Operating Expenses and Losses. It is anticipated that the partnership shall regularly incur operating expenses or other losses. It is anticipated that these ongoing operating expenses may exceed the Partnership's gross profits for a given period, and that each partner may be required to regularly fund, in addition to that partner's capital contribution, that partner's percentage share of the ongoing expenses or other losses. Such expenses or losses shall not include partner's draws of anticipated net income, or salaries paid by the Partnership to a partner. Each partner agrees to provide his or her payment pursuant to this paragraph within 7 days' notice from the managing partner. Habitual or substantial failure to provide the

Partnership with such provisional payments will be grounds for expulsion.

5. Withdrawal, Expulsion, or Death of a Partner

5.1. Termination of a Partner's Interest. A partner's interest in the Partnership shall terminate upon any of the following occurrences:

(a) Withdrawal of the partner upon thirty days' written notice to the other partners.

(b) Expulsion of the partner by a majority vote pursuant to paragraph 2.1 above.

(c) Death of the partner.

5.2. Payments Upon Termination of a Partner. Upon the termination of a partner's interest in the Partnership, the partner may either sell his Partnership share to any other partner for any agreed-upon sum, or with unanimous vote of the remaining partners, to a non-partner for an agreed upon sum, or shall be entitled to payment by the Partnership for the fair market value of his or her interest in the partnership. If, after termination, there is a dispute as to the fair market value of the terminated partner's share, the terminated partner, a representative of the Partnership, and a neutral economist designated by mutual agreement of the Partnership and the terminated partner shall meet to discuss the value. After this meeting the economist shall render a binding opinion as to the value and that opinion shall be nonappealable. Any payment upon termination of a partner's interest shall be paid in three equal sums over three years from the date of termination.

(a) Current Year's Net Profits. The terminated partner shall also be entitled to outstanding but as yet not distributed net income, if any exists.

(b) Loans to Firm. The amount of any loan from a terminated partner to the firm is payable within 30 days after the date of termination.

5.3. Repayment of Loans on Termination. A terminated partner shall repay any loan from the Partnership immediately upon termination. No payments shall be made to a terminated partner under paragraph 5.2 until all loans from the Partnership to the partner have been repaid.

6. Indemnification and Insurance

6.1. General Indemnification Provision. The Partnership agrees, to the extent of its Partnership assets, to indemnify and hold each partner harmless from and against, and to reimburse each Party on demand for, any damage, loss, cost, or expense (including attorney fees and costs of investigation incurred in defending against and/or settling such damage, loss, cost, or expense) reasonably incurred by the partner arising out of or in connection with the ordinary and proper conduct of the business of the Partnership, or incurred by the partner for the preservation of the partner business or property. Except to the extent explicitly provided in this Partnership Agreement, no partner, when acting in an ordinary and proper conduct of business of the Partnership or for the preservation of its business or property, shall have any liability to the Partnership or to any other partner for any loss suffered by the Partnership that arises out of any action or inaction of the partner if the partner acted in good faith and the partner's conduct did not constitute gross negligence, willful or wanton misconduct, or breach of any duty of loyalty to the Partnership.

7. Dissolution

7.1. Election to Dissolve. The Partnership may be dissolved by a majority vote of the partners pursuant to paragraph 2.1 above.

7.2. Accounting on Dissolution. Upon dissolution, each partner shall fully repay the Partnership for any outstanding balance on all loans made by the Partnership to that partner. The assets of the Partnership will be liquidated, and the proceeds shall then be used first to pay debts (including loans by any partner to the Partnership), and the remainder then distributed to the partners in the percentages set forth in paragraph 1.2 above.

8. Miscellaneous

8.1. Partner Access to Partnership Proprietary Software.

All partners shall have access to the Partnership's software when performing engineering services on behalf of the Partnership. Any personal use of the Partnership's software is strictly prohibited.

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8.2. Use of Non-Partnership Software or Computer Hardware.

Any use by other partners or employees of the Partnership of software personally owned or developed by a partner, or of computer hardware personally owned by a partner, is strictly prohibited. Such software and computer hardware shall in no event become the property of the Partnership, or entitle the Partnership to any rights thereto.

8.3. Non-Partnership Engineering Services.

Each partner agrees to inform the Partnership prior to engaging in any non-Partnership engineering projects from which the partner will receive compensation, income, or any other benefit.

8.4. Entire Agreement and Governing Law.

This Agreement contains the entire understanding among the partners and supersedes any prior understandings and agreements among them respecting the within subject matter. This Agreement and its effect shall be interpreted under the laws of California.

8.5. Titles and Interpretation.

Any titles contained in this Agreement are for convenience only and shall not be deemed part of the context of this Agreement. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identification of the person, persons, entity or entities may require.

8.6. Binding Effect.

Except as otherwise herein provided, this Agreement shall be binding upon and inure to the benefit of the partners, their heirs, executors, administrators, successors and all persons hereafter holding or having an interest in the Partnership, whether as assignees, partners or otherwise.

8.7. Severability.

If any provisions of this Agreement or any portion thereof is held to be void, invalid or inoperative, the balance of the provision and of this Agreement shall remain in full force and effect.

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8.8. Counterparts.

This Agreement may be executed in multiple counterparts and by different Partners on different counterparts, each of which shall be deemed an original Agreement and all of which together shall constitute one and the same Agreement.

Partner #1

Date: _____

Partner #2

Date: _____

Partner #3

Date: _____