



RATIONALE FOR VALUE DISTRIBUTION MODEL

This document explains the intent, structure, and design choices behind the **Value Distribution Model**.

It is not part of any agreement unless expressly incorporated. It does not create obligations, modify agreements, or grant rights. It is explanatory and governance-oriented.

1.0 Why this model exists

The Value Distribution Model exists because determining Alescent's Value Realization Share is not the same as allocating that share among eligible participants.

The Value Realization Model determines value and Alescent's share of that value. The Value Distribution Model determines how Alescent allocates that share internally and among eligible Team Members, partners, contributors, products, platforms, practices, and leadership roles.

2.0 Why distribution starts after Value Realization Share is determined

The customer-facing economic question is: what Value Realization Share has Alescent earned or become entitled to?

The internal or participant-facing economic question is: how should that amount be distributed?

Keeping these questions separate prevents customer-facing entitlement language from being confused with internal allocation logic.

3.0 Why Distributable Value Realization Share is distinct

Not every dollar of Alescent's Value Realization Share should automatically be distributable.

Alescent may need to retain amounts for firm risk, reserves, platform costs, unrecovered expenses, administration, quality assurance, governance, intellectual property, or other firm-level needs.

The Distributable Value Realization Share therefore represents the portion actually available for allocation.

4.0 Why Delivery Share is emphasized

The visual distribution model uses Delivery Share as the primary category because the largest share should generally flow to those who directly contribute to the realization of value.

This reflects the operating philosophy that value should be distributed toward those who materially help create, enable, implement, or validate value.

5.0 Why Margin Share is separated from Delivery Share

Margin Share is separated from Delivery Share because leadership, origination, account stewardship, engagement governance, practice contribution, platform contribution, product contribution, and firm-level participation are different economic categories than direct delivery.

Separating these categories prevents role-based allocation from crowding out delivery contribution and prevents delivery contribution from obscuring leadership or firm-level economics.



RATIONALE FOR VALUE DISTRIBUTION MODEL

6.0 Why roles create eligibility but assignments create entitlement

A role title should not, by itself, create a payment claim.

This model preserves the distinction between:

- qualification to participate;
- role-based eligibility;
- assignment-based entitlement; and
- statement-based calculation.

This is consistent with the broader legal framework: schedules qualify roles, role assignments classify authority, and discrete assignments activate scope and economics.

7.0 Why Account Leadership and Engagement Leadership are treated specially

Account Leadership and Engagement Leadership are commonly one-person roles, but the model allows those roles to be split where the applicable assignment or schedule expressly states the split.

The exception is practical rather than conceptual. It recognizes that account and engagement leadership frequently receive defined shares, while still preserving the rule that entitlement requires written assignment or schedule treatment.

8.0 Why products, platforms, practices, and intellectual property can be contribution categories

Value may be realized through more than labor. Products, platforms, practices, patterns, frameworks, methods, intellectual property, and prior developed assets may materially contribute to value realization.

The model therefore allows contribution categories that are not tied only to named persons.

9.0 Why contributor classes are needed

A single Value Realization Element may involve multiple types of contribution. Different contributor classes may require different rules.

Contributor classes allow the applicable schedule to define different qualification, weighting, allocation, timing, and survivorship rules.

10.0 Why no side deals are permitted

The model excludes informal side deals because value distribution can become contentious if entitlements are not traceable.

All distribution rights should be recorded in a schedule, assignment, statement, or other written instrument recognized by Alescent.

11.0 Why no-double-counting discipline is required

The model includes multiple possible allocation categories, including retained share, delivery share, contribution share, margin share, expenses, disbursements, and participant allocations.

Without a no-double-counting rule, a single contribution or value amount could be counted multiple times.



RATIONALE FOR VALUE DISTRIBUTION MODEL

12.0 Why Value Distribution Statements are needed

The Value Distribution Statement records actual calculation and allocation. It makes the model auditable.

It should show the distribution base, deductions, retained amounts, shares, participant allocations, holdbacks, and adjustments.

13.0 Relationship to participant-facing documents

This model can support participant-facing documents such as Account Assignments, Engagement Assignments, Product Assignments, Contribution Assignments, Value Distribution Schedules, and Value Distribution Statements.

The model should not itself promise payment. It provides the method by which payment may be calculated once entitlement is established elsewhere.