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October 18, 1999

BY CERTIFIED MAIL/RETURN RECEIPT REQUESTED

Office of Pension and Welfare Benefit Programs
Labor Management-Services Administration
US Department of Labor
Top Hat Plan Exemption
Room N-5638
200 Constitution Avenue, NW
Washington, DC 20216

Re: Employer: Somerset Oral and Maxillofacial
Surgery Group, P.A.
Employer ID No.: 222068442
Employer Address: 85 West High Street
Somerville, NJ 08876

Dear Sir/Madam:

This document constitutes the statement required by 29 C.F.R. 2520.104-23(a)(1) to be filed with the Secretary of Labor with respect to Deferred Compensation maintained by the above employer.

#1706557

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2001/10/18/09

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**WILENTZ
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& SPITZER**
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A PROFESSIONAL CORPORATION

10/18/99

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The employer currently maintains Deferred Compensation Agreements for executives who are members of a select group of management or who are highly compensated.

The number of participants in each plan is now: Three (3).

A copy of the Deferred Compensation Agreement for the additional participant is enclosed.

Very truly yours,

WILENTZ, GOLDMAN & SPITZER, P.A.
Attorneys for Employer

By: 

NICOLE HUBERFELD

Enclosures

cc: Robert L. Albin, D.D.S. (wo/enc.)
Michael F. Schaff (wo/enc.)

DEFERRED COMPENSATION AGREEMENT

THIS DEFERRED COMPENSATION AGREEMENT (the "Agreement") entered into on this 1st day of July, 1999 by and between SOMERSET ORAL AND MAXILLOFACIAL SURGERY GROUP, P.A., a New Jersey professional service corporation, having its principal place of business at 85 West High Street, Somerville, New Jersey 08876 (the "Company") and ALAN HECHT, D.M.D. having an address at 14 Cypress Court, Clinton, New Jersey 08809 (the "Employee").

W I T N E S S E T H:

WHEREAS, the Employee is a Stockholder of the Company and is employed by the Company as an oral and maxillofacial surgeon; and

WHEREAS, the Employee performs his duties in a capable and efficient manner, which will result in substantial growth and progress to the Company; and

WHEREAS, the services which the Employee is performing are of a specialized nature and are essential to the successful operation, growth, and profits of the Company and the Company desires to compensate the Employee for such services by the payment to the Employee or his designees of certain benefits in accordance with the provisions and conditions hereinafter set forth.

NOW, THEREFORE, as compensation for these continuing services to be performed by the Employee to the Company, the Company hereby agrees as follows:

1. Payment of Deferred Compensation. In addition to the Employee's compensation under his Employment Agreement, the Company agrees to pay the Employee additional compensation pursuant to the terms of this Agreement as hereinafter set forth.

2. Deferred Compensation. Upon termination of the Employee's employment due to the Employee's disability or Retirement ("Retirement" shall only occur if Employee gives at least twelve (12) months prior notice and will be at least fifty-five (55) years old on the date of Retirement) the Employee or his personal representative, as the case may be, shall be entitled to receive payments of deferred compensation (the "Deferred Compensation") in consideration of past services

rendered to the Company not fully compensated as follows:

(a) The amount of Deferred Compensation shall equal one and three-tenths (1.3) multiplied by the Weighted Average of the total of the W-2 compensation, pension plan contributions, and undistributed Company revenue allocated to the Employee during the last thirty-six (36) full months of employment from the Company. The Weighted Average shall be computed as the sum of (i) three (3) times the most recently completed twelve (12) month period following the Triggering Event (the "First Year"), plus (ii) two (2) times the twelve (12) month period preceding the First Year (the "Second Year"), plus (iii) one (1) times the twelve (12) month period preceding the Second Year, and then divided by six (6).

(b) The parties recognize that the success of the Company is based, in part, upon the Employee's commitment to be employed pursuant to the terms of Employee's Employment Agreement with the Company until such time as he is no longer practicing medicine, and the Employee recognizes that if the Employee ceases to be employed by the Company for any reason, then the Company will suffer substantial, irreparable, and continuing damage. The Employee further recognizes that such damage is greater during the earlier years of employment with the Company. To that end, the amount of Deferred Compensation, as determined in Subparagraph 2(a) above, shall be multiplied by a fraction, the numerator of which shall equal the number of Full Years during which the Employee was employed by the Company (not to exceed twenty (20) years), and the denominator of which shall be twenty (20).

(c) For purposes of this Agreement, the Employee is deemed to have become an employee of the Company (or its predecessor) as of July 1, 1998 (the "Employment Date") and a "Full Year" shall be each period of time covering twelve (12) full months from the Employment Date.

(d) The Deferred Compensation determined pursuant to this Paragraph 2 shall be paid to the Employee or his personal representative, as the case may be, in sixty (60) equal consecutive monthly installments (the "Payment Period") without interest, with the first installment due sixty (60) days after the last day of the Employee's employment.

3. Payment Limitations. Notwithstanding the foregoing,

the total Deferred Compensation payable to all employees or former employees of the Company (inclusive of the Employee) in any given calendar year shall not exceed seven and one-half percent (7.5%) of the gross revenue of the Company for the prior fiscal year (the "Maximum Percentage"). To the extent that the Company's Deferred Compensation obligations are in excess of the Maximum Percentage: (i) the payments of Deferred Compensation to be paid by the Company shall be reduced pro rata among the employees or former employees entitled to receive such payments and (ii) the Payment Period shall be extended until such time as is necessary to complete the payout due to the Employee. Any payments of Deferred Compensation so deferred shall bear interest at the Default Rate (as set forth below).

4. Payment on Death. In the event of the death of the Employee during the course of payment of the Deferred Compensation, the Company shall continue to pay to the Employee's estate the Deferred Compensation in the same amounts under the same terms as would have otherwise been payable to the Employee under and pursuant to Paragraphs 2 and 3 above.

5. Withholding. The Company shall take all necessary withholdings from the Deferred Compensation payments provided for herein as required by Federal and State law.

6. Default. The occurrence of any one or more of the following events shall constitute a default under this Agreement:

(a) the failure of the Company to pay or perform any of their obligations, liabilities, or indebtedness to the Employee, whether under this Agreement or any other agreement, note, or instrument now or hereafter existing, within thirty (30) days of its due date, whether at maturity or by acceleration, or the date by which it should have been performed, after written notice and a five (5) day opportunity to cure;

(b) a proceeding being filed or commenced against the Company for dissolution or liquidation, or the voluntary or involuntary termination or dissolution of the Company; or

(c) insolvency of, business failure of, the appointment of a custodian, trustee, liquidator, or receiver for, or for any of the property of, or an assignment for the

benefit of creditors by, or the filing of a petition under bankruptcy, insolvency, or debtor's relief law, or for any readjustment of indebtedness, composition, or extension by or against the Company.

7. Remedies. Upon occurrence of a default under this Agreement, the Employee may, at his or her option, exercise any one or more of the following remedies, all of which shall be cumulative and not in the alternative:

(a) The Employee may declare the total unpaid installments of Deferred Compensation due hereunder or under any other obligations or indebtedness to the Employee of the Company and any endorser, surety, or guarantor, including but not limited to the obligations hereunder to be immediately due and payable.

(b) The Employee may impose interest on the remaining payments required hereunder at 10% per annum (the "Default Rate").

(c) The Employee may exercise any other right or remedy provided for in any other document, instrument, or agreement evidencing, securing, or otherwise relating to the indebtedness evidenced hereby in accordance with the terms thereof or other applicable law, all of which rights and remedies shall be cumulative and not in the alternative.

(d) The Company shall pay all costs of collection of any and all sums not paid as agreed under the terms of this Agreement, including but not limited to all costs, charges, reasonable counsel fees, paralegal and legal assistant fees, disbursements and court costs incurred by the Employee, whether or not suit has been commenced, and the same shall be added to the deferred compensation payments due hereunder and shall bear interest at the Default Rate.

8. Restrictive Covenant.

(a) Employee acknowledges that payment of the Deferred Compensation shall be expressly conditioned on Employee complying with the terms of the restrictive covenant, as set forth in Paragraph 9 of the Employment Agreement entered into by the Employee and the Company (the "Restrictive Covenant") except that the term of the restrictive covenant shall be extended to five (5) years. The Company's obligation to make payments of

Deferred Compensation hereunder shall be subject to the Employee's written affirmation of the covenants and agreements contained in the Restrictive Covenant.

(b) Employee's violation of the provisions of the Restrictive Covenant once payments on account of the Deferred Compensation commence shall cause an immediate cessation of all payments of Deferred Compensation and an immediate obligation of Employee to repay all payments of the Deferred Compensation received to that date with interest as set forth in the Employment Agreement.

9. Governing Law and Consent to Jurisdiction. This Agreement is delivered in and shall be construed under the laws of the State of New Jersey. The Company and the Employee consent to and confer personal jurisdiction on the courts of the State of New Jersey and expressly waive any objections as to venue in any of such courts, and agree that service of process may be made on the parties by mailing a copy of the summons to their respective addresses.

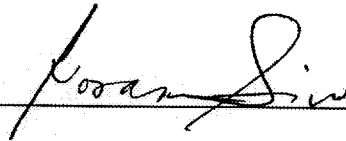
10. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Company, their successors and assigns, and the Employee and his heirs, executors, administrators, and legal representatives.

11. Modification. This Agreement shall be revocable or amendable in whole or in part by a writing signed by both the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the date and year first above written.

WITNESS:


EMPLOYEE:




_____ Alan Hecht, D.M.D.

ATTEST:

SOMERSET ORAL AND
MAXILLOFACIAL SURGERY GROUP, P.A.


_____ Robert L. Albin, D.D.S.,
Secretary

By: 
_____ Joel Efron, D.M.D.,
President