

EMPLOYMENT AGREEMENT

(Version 2)

The first part of the Memorandum should be completed and distributed to the Employee along with a copy of the Employment Agreement (Short Version).

Memorandum

To: (Name of Employee)

From: (Your Name)

Date: (Month, Day, Year)

Subject: Employment Agreement

Attached to this memorandum is an Employment Agreement (Short Version), the purpose of which is to establish our Employer-Employee relationship.

Warning: The information in this document is designed to provide an outline that you follow. This agreement does not constitute legal advice. Due to the variances of many local, city, county and state laws, we recommend that you seek professional legal counseling before entering into any contract or agreement.

Employment Agreement (Short Form)

These first three paragraphs are standard introductory paragraphs that list the date and the parties to the Agreement.

This Agreement is effective (Month, Day, Year) by and between (Name of company) a (Name of State) corporation, hereinafter called ("Employer") and (Name of Employee), an individual (hereinafter called "Employee").

Inasmuch as the Employer is desirous of employing the Employee in the position, and

upon the terms, stated in this Agreement; and, whereas, the Employee is desirous of providing services to the Employer as an Employee.

Now, therefore, in consideration of the mutual promises stated in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Employer and the Employee hereby agree as follows:

[] Section 1 establishes the Employer-Employee contractual relationship. Also, the Employer reserves the right to set the location of employment. If the location is known you can edit this section accordingly.

1. Employment. The Employer hereby employs the Employee and the Employee hereby accepts employment at such location as may be reasonably determined by the Employer.

[] Section 2 allows the Employer to change the duties of the Employee at will. The duties held by the Employee and the initial duties of the Employee are to be included in Exhibit A attached to this Agreement. Note, that this section sets the term for employment and the Employer may terminate the employment relationship for causes stated in Section 6. One of those causes is "without cause," meaning the Employer can terminate the Employee for any reason.

2. Office, Duties and Term. The Employee shall hold the office and perform the duties of such office as described on Exhibit A attached to this Agreement. The duties of the Employee may be changed from time to time by the Employer. The term of this Agreement shall be [x], (Insert term of employment) and such employment shall continue uninterrupted until terminated as provided in Section 6 below. The Employee shall devote the Employee's entire time, attention, energies and skill to the business of the Employer during the term of this Agreement.

[] Section 3 states that the compensation and benefits to be paid to the Employee will be described in an attached Exhibit B. Make sure Exhibit B is accurate and complete.

3. Compensation and Benefits. The Employer shall pay to the Employee and the Employee accepts as full compensation for all services to be rendered to the Employer the compensation and benefits described in full on Exhibit B attached to this Agreement.

[] Section 4 states that the Employee will be entitled to reimbursement of expenses according to the Employer's policies. Those policies should either be included in this Agreement or made known to the Employee.

4. Expenses. The Employer agrees to reimburse the Employee from time to time for a reasonable business expenses incurred by the Employee in performing the Employee's duties for the Employer under this Agreement in accordance with the Employer's policies provided that the Employee presents to the Employer adequate records and other

documented evidence required by the Employer for reimbursement of such expenses incurred on its behalf.

Section 5 is a non-competition clause. While this clause states that it will "survive expiration or termination of this Agreement," some states will not enforce non-competition provisions after termination of the Employer-Employee relationship.

5. Non Competition. During the term of the Employee's employment and for such long period as the Employee may receive employment severance payments, the Employee shall not, directly or indirectly, as an Employee, Employer, consultant, advisor, agent, principal, partner, officer, director or in any other individual or representative capacity engage or participate in any business or activity that is competitive in any manner whatsoever with the activities and business of the Employer; nor shall the Employee, during the term of the Employee's employment induce or attempt to induce any Employee of the Employer to leave such employ for the purpose of joining any organization in competition with the Employer. This Section 5 shall survive expiration or termination of this Agreement.

Section 6 establishes the grounds upon which the Employer can terminate the Agreement. Generally, the Employer can terminate the Agreement for any reason, for death or disability, or for wrongdoing provided written notice is given.

6. Termination. This Agreement may be terminated by the Employer upon (Enter number) days prior written notice to the Employee or the Employee's personal representative in the event that:

In this next section, the Employer reserves the right to terminate the Agreement for wrongful acts or for neglecting duties.

6.1 (1) The Employee commits any misfeasance in office (including gross negligence or recklessness) or any act of dishonesty or fraud against the Employer; (2) the Employee commits any unlawful or criminal act involving moral turpitude; (3) the Employee willfully breaches this Agreement or habitually neglects the Employee's duties to the Employer

In Section 6.2, the Employer reserves the right to terminate the Agreement if the Employee dies or becomes disabled and cannot perform the required duties.

6.2 The Employee dies during the term of the employment created hereby or is disabled permanently or otherwise in a manner that prevents the Employee from discharging the Employee's duties under this Agreement; or

Section 6.3 gives the Employer the right to terminate this Agreement for any reason provided proper notice is given.

6.3 The Employer determines to terminate this Agreement without cause which it may at any time upon [x] (Enter number) days written notice to Employee.

[] Section 7 allows the Employee to terminate the Agreement by resignation.

7. Resignation. The Employee may resign and terminate this Agreement upon [x] (Enter number) days written notice to the Employer.

[] Employment contracts are personal in nature. Accordingly, the parties agree that they cannot assign their rights under this Agreement to a third party. However, if the Employer were to sell its business, the last sentence allows the Employer to transfer its rights under this Agreement to the subsequent owner.

8. Nonassignability. Neither the Employer nor the Employee shall have the right to assign this Agreement or any rights or obligations contained in this Agreement without the written consent of the other party. Despite the previous, this Agreement shall be binding upon the successors or assigns of that portion of the business of the Employer with which or for which the Employee is employed.

[] All notices between the parties must be in writing and transmitted by hand, wire, telegraph or first class mail.

9. Notices. Any notice required or provided to be given under this Agreement shall be sufficient if in writing, sent by first class mail, to the Employee's residence in the case of notice to the Employee or to its principal office in the case of the Employer. Any such notice shall be effective upon delivery if it is hand delivered; upon receipt if it is transmitted by wire or telegram or upon the expiration of [x] (Enter number) hours after deposit in the United States mail if mailed.

[] If one party does not take legal action against the other party for a specific breach, such waiver does not act as a waiver for other breaches of the same type that may be committed in the future.

10. Waiver of Breach. The waiver by either party of a breach of any provision of this Agreement by the other party shall not operate or be construed as a waiver of any subsequent breach by such other party.

[] In Section 11, you must decide which state's laws govern this Agreement. Generally, it is the state where the Employee will conduct his or her duties. Insert the name of the state and county where indicated.

11. Governing Law. This Agreement shall be interpreted and enforced in accordance with the laws of the State of [x] (State), and any action brought to enforce any provision of this Agreement or to commence any other action in connection therewith shall have its

venue in [x] (County) of [x] (State).

[] Section 12 states that this Agreement is intended to be the entire Agreement between these parties regarding the employment relationship, and that no other documents or communications, whether oral or written are binding. Therefore, it is very important to make sure that everything the parties have agreed to and want to include, is accounted for in the body of and the Exhibits to this Agreement.

12. Entire Agreement. This Agreement contains the entire Agreement of the parties respecting the subject matter of this Agreement. This Agreement may not be changed orally but only by an Agreement in writing executed by both parties.

[] If any part of this Agreement is unenforceable or invalid, the balance of the Agreement should be enforced.

13. Partial Invalidity. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way.

[] In the event of a lawsuit or proceeding involving this Agreement, the losing party agrees to pay the winning party his or her costs and expenses, including reasonable attorney's fees.

14. Attorney Fees. If either party employs an attorney to enforce any provision of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, litigation expenses and costs and expenses incurred in connection with such enforcement or action.

In witness of this, the parties have executed this Employment Agreement as of the date and year first above written.

Company

Employee

By: _____

By: _____

Title: _____

Name _____

Exhibit A
Office and Duties

[] This Exhibit defines the office the Employee is to hold (e.g., Vice President) and the duties the Employee is to perform. Make sure to be as explicit as possible so that both parties know exactly what is expected of the Employee.

During the term of this Agreement, and unless otherwise changed from time to time by

the mutual written consent of the parties, the Employee shall hold the office and perform the duties for such office as described below:

Office: _____

Duties of Office: _____

Exhibit B
Compensation and Benefits

This Exhibit establishes the entire compensation package the Employer will provide to the Employee. Not all of these provisions may apply to you, so select the appropriate provisions and modify them accordingly.

1. The Employer shall pay the Employee the following compensation and benefits during the term of this Agreement:

Section 2 sets the annual salary that is to be paid periodically and reviewed annually.

2. Salary. The Employer shall pay the Employee an annual salary of \$[x], payable periodically in accordance with the Employer's normal compensation schedules. The Employee's salary shall be reviewed on an annual basis.

Section 3 describes the bonus plan. The Employer reserves the right to award bonuses in its discretion and requires the Employee to be employed for a certain period of time (to be filled in by you) before becoming eligible to receive a bonus.

3. Bonus. The Employee may be paid additional compensation, in the form of an annual bonus, as may be determined by the Employer in the Employer's sole and absolute discretion, giving weight to such factors as (1) overall company pre-tax operating profit and (2) progress made by the Employee towards specific goals and objectives set for the Employee's office. The Employee must be employed at [x] (Company name) for [x] (Employee number) full years to be considered eligible for a bonus.

Section 4 provides that the Employer will deduct from the Employee's compensation the amounts required by law.

4. Deductions. The Employer shall deduct from compensation payable to the Employee such amounts as is required by law to deduct, including but not limited to federal and state withholding taxes, social security taxes and state disability insurance, and any other amounts as may be required pursuant to the Employer's benefit programs of which the

Employee is a participant.

Section 5 states that the Employer agrees to compensate the Employee for vacation and sick time. The specifics, such as the number of weeks of vacation, are to be filled by you.

5. Vacation. The Employee shall be entitled to an annual vacation of [x] (Enter number) weeks after being employed for [x] (Enter number) full years. The Employee shall also be entitled to holidays and illness days for the days, and at the pay, as is stated in the Employer's policies from time to time in effect.

This last section defines the other benefits to be provided to the Employee. You will have to list those benefits to be provided. For example, if the Employee is to be given health insurance, that benefit should be listed here.

6. Benefits. The Employee shall also be entitled to participate in all of the Employer's benefit programs of general application to the Employees of [x] (Company name), including the following:

