

RETENTION AGREEMENT

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This Retention Agreement (this "**Agreement**") is entered into as of [EFFECTIVE DATE] (the "**Effective Date**") by and between:

[COMPANY LEGAL NAME], a [STATE] [ENTITY TYPE, e.g. corporation] with its principal place of business at [COMPANY ADDRESS] (the "**Company**"); and

[EMPLOYEE NAME], an individual residing at [EMPLOYEE ADDRESS] (the "**Employee**").

The Company and the Employee are each a "**Party**" and together the "**Parties**."

Recitals. The Employee holds a position the Company considers critical, and the Company wishes to incentivize the Employee to remain employed and engaged through a defined period, particularly during a transition, integration, financing, sale process, or other event of importance to the Company. In consideration of the Retention Bonus described below and the mutual promises in this Agreement, the Parties agree as follows. Nothing in this Agreement changes the at-will nature of the Employee's employment except as expressly stated.

1. Definitions

1.1 Retention Bonus. "**Retention Bonus**" means the total special compensation of [AMOUNT] that the Company agrees to pay the Employee, subject to the conditions in this Agreement, in addition to the Employee's regular base salary, benefits, and any other compensation.

1.2 Retention Period. "**Retention Period**" means the period beginning on the Effective Date and ending on [RETENTION END DATE], unless ended earlier under Section 4.

1.3 Retention Date. "**Retention Date**" means each date on which a portion of the Retention Bonus becomes earned and payable, as set out in Section 2.

1.4 Cause. "**Cause**" means, as reasonably determined by the Company: (a) the Employee's material breach of this Agreement or of any other written agreement with the Company; (b) willful misconduct, fraud, or dishonesty in connection with employment; (c) conviction of, or plea of guilty or no contest to, a felony or a crime involving moral turpitude; (d) material violation of a Company policy after written notice; or (e) continued failure to perform assigned duties after written notice and a reasonable opportunity to cure.

1.5 Good Reason. "**Good Reason**" means, if elected by the Parties below, a material reduction in the Employee's base salary, a material diminution of duties, or a relocation of the Employee's primary work location by more than [NUMBER] miles, in each case without the Employee's consent and not cured by the Company within [NUMBER] days after written notice. [OPTIONAL — delete if Good Reason is not offered.]

2. Retention Bonus and Payment Schedule

2.1 Earning the Retention Bonus. The Employee earns the Retention Bonus only by remaining continuously employed by the Company in good standing through the applicable Retention Date and by satisfying the other conditions of this Agreement. The Retention Bonus is not earned in advance and does not accrue on a daily or pro-rata basis except as expressly stated.

2.2 Installment schedule. Subject to Section 2.1, the Company will pay the Retention Bonus as follows: (a) **[AMOUNT OR PERCENTAGE]** on **[FIRST RETENTION DATE]**; (b) **[AMOUNT OR PERCENTAGE]** on **[SECOND RETENTION DATE]**; and (c) the remaining balance on **[FINAL RETENTION DATE]**. The Parties may instead use a single lump-sum payment on the Retention End Date by deleting the unused installments.

2.3 Timing of payment. The Company will pay each earned installment through its regular payroll within **[NUMBER, e.g. 30]** days after the applicable Retention Date, less applicable withholdings under Section 3.

2.4 No advance. The Retention Bonus is not a loan or an advance. The Employee has no obligation to repay any installment that was properly earned and paid under this Agreement.

3. Taxes and Withholding

3.1 Withholding. All payments under this Agreement are subject to withholding and deduction for taxes and other amounts the Company is required or authorized to withhold under applicable law.

3.2 Tax treatment. The Retention Bonus is treated as supplemental wages and reported as required by applicable law. The Company makes no representation regarding the tax consequences to the Employee, who is solely responsible for any taxes owed and is encouraged to consult a tax advisor.

3.3 Section 409A. The Parties intend that payments under this Agreement either comply with or are exempt from applicable deferred-compensation rules, and this Agreement will be interpreted accordingly. **[Discuss Section 409A treatment with counsel before use.]**

4. Termination of Employment During the Retention Period

4.1 Voluntary resignation or termination for Cause. If the Employee resigns without Good Reason, or the Company terminates the Employee's employment for Cause, before a given Retention Date, the Employee forfeits any portion of the Retention Bonus not yet earned as of the termination date, and no further amounts are payable.

4.2 Termination without Cause; death; disability. If, before a given Retention Date, the Company terminates the Employee's employment without Cause, or the Employee's employment ends due to death or disability, the Employee (or the Employee's estate) will receive **[the full Retention Bonus / a pro-rata portion through the termination date / the next scheduled installment]**, payable within **[NUMBER]** days after the termination date, subject to Section 5 where applicable.

4.3 Resignation for Good Reason. If the Employee resigns for Good Reason, the Employee will be treated as terminated without Cause under Section 4.2. **[Delete if Good Reason is not offered.]**

4.4 At-will status preserved. Nothing in this Agreement guarantees employment for any period or alters the at-will employment relationship, except that the Company's payment obligations on a no-Cause termination are as stated in Section 4.2.

5. Release of Claims as a Condition of Payment

5.1 Release requirement. As a condition to receiving any accelerated or post-termination payment under Section 4.2, the Employee must sign, and not revoke, a separation and general release of claims in a form

reasonably acceptable to the Company within **[NUMBER, e.g. 45]** days after the termination date.

5.2 No release for earned amounts. A release is not required for any installment that was already earned and payable before the termination date.

5.3 Effect of failure to sign. If the Employee does not timely sign and let the release become effective, the Company's obligation to make the payments conditioned on the release will lapse.

6. Confidentiality and Continuing Obligations

6.1 Confidentiality of this Agreement. The Employee will keep the existence and terms of this Agreement confidential and will not disclose them except to the Employee's spouse, legal or financial advisors, or as required by law, in each case on a confidential basis.

6.2 Other obligations unaffected. This Agreement does not supersede or limit the Employee's continuing obligations under any confidentiality, invention assignment, non-solicitation, or similar agreement with the Company, all of which remain in full effect.

6.3 Cooperation. During and after the Retention Period, the Employee will provide reasonable cooperation in any transition, knowledge transfer, or matter in which the Employee has relevant knowledge, subject to the Employee's other obligations.

7. General Provisions

7.1 Entire agreement; amendment. This Agreement is the entire agreement between the Parties on the subject of the Retention Bonus and supersedes prior discussions on that subject. It may be amended only by a writing signed by both Parties. It does not supersede the agreements referenced in Section 6.2.

7.2 No assignment by Employee. The Employee may not assign this Agreement or any right to payment, except that amounts due on death pass to the Employee's estate. The Company may assign this Agreement to a successor or affiliate.

7.3 Governing law and venue. This Agreement is governed by the laws of the State of **[STATE]**, without regard to its conflict-of-laws rules. The Parties submit to the exclusive jurisdiction of the state and federal courts located in **[COUNTY, STATE]**.

7.4 Severability and waiver. If any provision is unenforceable, the rest remains in effect. A Party's failure to enforce a provision is not a waiver of that provision or any other.

7.5 No guarantee of employment. This Agreement does not constitute a contract of employment for any fixed term and does not limit either Party's right to end the employment relationship, subject only to the payment provisions stated here.

7.6 Counterparts and electronic signature. This Agreement may be signed in counterparts and by electronic signature, each of which is an original and all of which together form one agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

COMPANY

EMPLOYEE

Signature: _____

Signature: _____

Printed name: **[NAME]**

Printed name: **[EMPLOYEE NAME]**

Title: **[TITLE]**

Title: N/A

Date: _____

Date: _____

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