**Retention Bonus Agreement**

[Date]

[Employee name]

[Address]

Dear [Employee name]:

This retention bonus agreement establishes the terms of your continued employment with [Company name], following the closing of the current merger with/acquisition of [merged/acquired company name]. We will refer to the date that the merger/acquisition is closed as the closing date.

**Duration**

The term of this agreement will begin on the closing date and end two years later, unless your employment is terminated earlier.

**Title**

You will be employed as [position title], devoting your best professional efforts, time and skill to the performance of the duties under your job description. You will continue to report to [insert position title].

**Compensation**

Your annual base salary will remain [amount of salary], and you will be paid in accordance with [company name]’s normal payroll procedures. Salary adjustments may occur including merit increases, equity adjustments, salary reductions or other changes as deemed necessary.

**Retention Bonus**

You will be eligible for a retention bonus of up to [amount], subject to the terms described below. One half of that amount will be paid to you only if you are still employed by [company name] on the first anniversary of the closing date. The second half of that amount will be paid to you only if you are still employed by [company name] on the second anniversary of the closing date. Both sums will be paid to you through the next reasonable payroll cycle following the respective anniversary dates.

**Termination**

If [company name] terminates your employment before the end of the duration of this agreement, [company name] will be obligated to pay you only the retention bonus amount up to that point. For example, if [company name] terminates your employment 18 months from the beginning of this agreement, you will have earned the first half of the retention bonus (at the 12-month mark). No fraction of a retention bonus will be paid even though you worked six months into the second of the two years agreed upon.

If you resign from [company name] without good reason at any point before the end of the duration of this agreement, you will be obligated to repay to [company name] any part of the retention bonus paid to you up to that point within 60 days. For example, if you resign after 18 months from this agreement, you will be obligated to reimburse [company name] for the first half of the retention bonus you received six months earlier.

If you are terminated for cause at any point before the end of this agreement, you will be obligated to reimburse any earned retention bonus.

*For purposes of this Agreement, cause means:*

* Your willful and continued failure to perform substantially your duties with [company name].
* Your willful engagement in illegal conduct or gross misconduct.

*For purposes of this Agreement, good reason means:*

* [Company name] fails to maintain fiscal strength enough to retain your employment.
* [Company name] unlawfully discriminates against you.

Your employment remains at will and nothing in this agreement shall be interpreted to be in conflict with or to eliminate or modify in any way your at-will employment status.

**Governing Law**

The validity, interpretation and performance of this agreement shall, in all respects, be governed by the relevant laws of [state].

**Modification**

No provision of this agreement may be modified, altered or amended, except by collective agreement between [company name] and you in writing.

**Arbitration**

By signing this agreement, you agree that any claims or disputes covered by this agreement or resulting from your employment during the term of the agreement must be submitted to binding arbitration and that this arbitration will be the only remedy for resolution of any such claim or dispute. This promise to resolve claims by arbitration is equally binding upon both you and [company name].

Any arbitration will be administered by the American Arbitration Association under its Commercial Arbitration Rules. [Company name] will be responsible for any costs of arbitration, and each party shall bear its own expenses.

If you accept the terms of this agreement, please sign below in the space provided.  
  
  
Printed name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature:  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_