


Employee Stock Bonus Plan & Agreement

- 🔊 Employee Stock Bonus Plan and Agreement are documents used in a specific type of employee incentive special compensation program. This program is designed to allow key employees to purchase stock from their corporate employer at a discount of not less than 85% of the fair market value of the stock. The employees also get a tax break when they sell the stock in the future.
- 🔊 This type of employee incentive program is used to attract and keep talented employees. You should use an Employee Stock Bonus Plan and Agreement when you want to provide an incentive compensation plan and this type of program meets your tax needs.

- 🔊 There are many requirements to consider when establishing any type of employee incentive compensation plan. You should consult with your attorney, your accountant, or a benefits consultant if you are contemplating some type of employee incentive compensation plan. Use this agreement to get a general understanding of how an Employee Stock Bonus Plan works.
- 🔊 There are different tax consequences to the employer and employee depending upon the type of incentive compensation plan you use. When you consult you lawyer, accountant or benefits consultant, you should ask for a clear explanation of the types of plans and their consequences.

Employee Stock Bonus Plan & Agreement

🔊 The first part of the Memorandum should be completed and distributed to the Board of Directors along with a copy of the Employee Stock Bonus Plan and Agreement.

Date: [Month, Day, Year]

To: [Name of Director]

From:  Owner/Founder]
[Company]

Subject: **Employee Stock Bonus Plan and Agreement**

Attached is an Employee Stock Bonus Plan and Agreement to provide incentive based compensation to key Employees.

I believe that it embodies everything we discussed.

Please read the agreement carefully.

We recommend that you also have it reviewed by your own qualified legal counsel.

Time is of the essence.

Please sign and return it to me asap.

Thank you very much!

From JIAN

NOTICE:

We wish we could provide an agreement that was tailored *exactly* to your business. While this is not always possible, we feel that we've come very close and that this document provides you with the head-start that you need to get your deal moving. Nevertheless, we must make this disclaimer:

- 🔴 **Do Not Use This Agreement 'As-Is.'**
- 🔴 **This Agreement Is Not Legal Advice.**
- 🔴 **Read it Thoroughly and Make All Appropriate Changes to Fit Your Requirements.**
- 🔴 **You Should Have this Agreement Reviewed and Approved by a Qualified Attorney at Law Before Using It.**
- 🔴 **JIAN Accepts No Liability for the Effectiveness of This Document For Your Purposes.**

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We're building a network of business experts who are eager to help you when you need it. They can review your work, make suggestions, handle unique situations and introduce you to influential people. On our website you can search by expertise and location, then e-mail or jump straight to their website. Although they are professionals and charge for their services, most offer an initial consultation free of charge. They're in your area and you can contact them directly.


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- Please visit our website under [Updates](#).
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Editing Your Sample Contract

Since this entire agreement is formatted in Word, you can edit it like any other Word document. You can jump from variable to variable by clicking the above  green arrows (JIAN Menu) which will take you forward / backward and highlight the entire sample text identified within the “[]” brackets – simply edit / type-over with your information.

To make sure you have filled in all the variables, use Word's 'FIND' function to locate any “[]” which may contain an unedited variable.

- Click the  icon in the JIAN menu above to turn the expert comments on/off.
- Upon completion, delete any unnecessary blank lines that remain.
- You may format this document any way you like.
- Delete this page.

Employee Stock Bonus Plan & Agreement

1. Purpose

This Employee Stock Bonus Plan (“Plan”) is designed to advance and promote the best interests of [Company] and its stockholders by providing an incentive program for key Employees.

2. **Definitions**
Various definitions are used throughout the Plan that makes the language of the Plan easier to follow.

The following definitions shall apply to the terms used in the Plan:

“**Bonus Stock**” shares of common stock of [Company] that are subject, upon issuance, to the restrictions set forth in Section 9 of this Plan.

“**Corporation**” The [Name of  Corporation].

“**Eligible Employee**” Any Employee of [Company] who is eligible to be awarded and issued Bonus Stock under the terms of this Plan.

“**Employee Participant**” Any eligible Employee who is granted and accepts Bonus Stock.

“**Review Board**” A Review Board of [xx] Directors (neither of whom is an Eligible Employee) appointed by the Board of Directors to implement, interpret, and administer the Plan, subject at all times to the approval of the entire Board of Directors. The Board of Directors may remove, at any time and in its sole discretion, any member of the Review Board and appoint another Director who is not an Eligible Employee to fill any vacancy on the Review Board.

3. Plan Adoption

- The Plan will only be effective for a 10 year period. Also, the Plan must be adopted by the Board of Directors and approved by the shareholders within a certain period of time. The requirements of the shareholder approval can differ from state to state. If for some reason the shareholders do not approve the Plan within the applicable period, then the stock issued to the Employee reverts to [Company].

3.1 Upon the adoption by the Board of Directors of [Company], the Plan shall become effective as of [Month, Day, Year], and shall terminate on ten years thereafter, provided, however, that, unless the Plan is approved by the stockholders of [Company] before [Month, Day, Year], any shares awarded to an Eligible Employee shall automatically revert in ownership to [Company], effective for all purposes and in all respects as of the date of the award of those shares to the Eligible Employee; that Eligible Employee shall immediately redeliver the certificate or certificates representing the shares to [Company] and shall be deemed conclusively never to have been a Employee Participant.

3.2 Any action taken by the Review Board or by the Board of Directors with respect to the implementation, interpretation, or administration of the Plan shall be final, conclusive, and binding, except as provided in Section 4.

4. Eligibility for Participation

- The Review Board selects the employees and the number of shares granted to each. However, the Board of Directors of [Company] has the final say.

Subject to approval at the Board of Directors, the Review Board shall from time to time, which Employees are Eligible Employees, the number of shares of Bonus Stock that an Eligible Employee may be awarded, and the terms on which each share of Bonus Stock shall be awarded and issued.

5. Employee Stock Bonus Agreement

- ☞ The actual issuance of Bonus Stock is accomplished through an Employee Stock bonus Agreement between the Employee and [Company]. That Agreement incorporates the terms of this Plan.

A written Agreement (“Employee Stock Bonus Agreement”) in the general form of the attached Exhibit A shall incorporate by reference the provisions of this Plan and set forth the terms and conditions for issuance of Bonus Stock to the Eligible Employee, and contain modifications to the Plan and other provisions as the Review Board may determine in its sole discretion.

6. Total Number of Shares or Bonus Stock

- ☞ The number of shares that can be issued pursuant to this Plan is limited. These shares can be any type of common stock of [Company].

The total number of shares of Bonus Stock that may be under this Plan shall not exceed [x] (Enter number) shares of common stock. Initially, [x] (Enter number) shares shall be put into, or renewed for, the Plan. The total number of shares of Bonus Stock that may be awarded and issued may be increased only by a resolution adopted by the Board of Directors of [Company] and approved by the stockholders of [Company] within the period prescribed by applicable law. The Bonus Stock may be authorized and unissued or reacquired Common Stock of [Company].

7. Issuance of Shares of Bonus Stock

- ☞ After the Review Board selects the Employees, they notify the Employees and give them a copy of the Employee Stock Bonus Agreement.

7.1 After the determination of the Eligible Employees and the number of shares an Eligible Employee may be awarded and issued, the Review Board shall give written or oral notice to each Eligible Employee, along with an the Employee Stock Bonus Agreement to be executed by that Eligible Employee. Upon receipt of that notice, an Eligible Employee may exercise his right to be issued, Bonus Stock by executing that Employee Stock Bonus Agreement and returning it to the Review Board.

- ☞ The Review Board sets the fair market value of the stock.

7.2 The value for each share of Bonus Stock issued pursuant to Section 7.1 shall be the fair market value, as determined by the Review Board.

8. Delivery of Shares of Bonus Stock

- ☞ Once the Employee signs the Employee Stock Bonus Agreement, the Employee owns Bonus Stock. Their ownership of that stock is represented by a certificate provided by [Company]. The Employee will have the regular rights of an ordinary stockholder except as otherwise provided in the Employee Stock Bonus Agreement or by state law. If another Corporation buys all the stock or assets of the Employer Corporation, then restrictions placed on the Bonus Stock may not apply.

[Company] shall deliver to each Employee Participant the share certificates registered in the name of the Employee Participant and representing that number of shares of Bonus Stock as the Employee Participant elects to accept after [Company] receives the executed Employee Stock Bonus Agreement. Those shares shall be fully paid and non-assessable upon their issuance, and shall be stamped with an appropriate legend referring to the restrictions on the shares set forth in the Employee Stock Bonus Agreement. Subject to applicable law and the terms of the Employee Stock Bonus Agreement an Employee Participant shall have all the rights of a stockholder including the right to vote the shares and to receive

all dividends or other distributions subject to the restrictions set forth below. In the event of an acquisition of a majority of the issued and outstanding shares of common stock of [Company] involving an exchange or a substitution of stock, or any transfer of all or substantially all of the assets of [Company] in exchange for stock, the acquiring Corporation alone shall determine whether the stock of the acquiring Corporation so received shall be subject to the restrictions set forth in Section 9 of this Plan.


9. Restrictions on Shares of Bonus Stock

☞ The Employee will keep the Bonus Stock for investment purposes only.

Each Employee Participant shall acquire his shares of Bonus Stock for investment, not for resale or other distribution.

10. Plan Binding Upon Transferees

☞ If the Employee transfers the stock by will or otherwise, the transferees will be bound by the terms of the Plan.

If, any shares of Bonus Stock are transferred to any party (other than [Company]), the transferee shall agree in writing to be bound by all provisions of this Plan. The foregoing shall not apply where [Company] is the transferee. 

11. Costs & Expenses

☞ [Company] will pay all Plan costs and expenses such as administration expenses.

All costs and expenses related to the Plan shall be borne by [Company].

12. Amendment or Termination

☞ The Board of Directors can amend or terminate the Plan, but they cannot revoke any rights already granted to the Employees under the Plan.

The Plan may be amended or terminated in whole or in part by the Board of Directors of [Company]. Any such action shall not adversely affect or alter any right or obligation with respect to any award made up to that time.

3. Terms & Conditions

- ☞ This next section incorporates the terms and conditions of the Plan into this Agreement. The terms based on conditions of the Plan take precedence over this Agreement.

The terms and conditions included in the Plan are incorporated by reference in this Agreement; and take precedence over any conflicting terms into this Agreement

4. Restrictions

- ☞ The Employee agrees to take the Bonus Stock for investment purposes only.

The Employee Participant acquires the shares for investment, not for resale or distribution, and hereby warrants same

5. Agreement Binding Upon Transferees

If, at any time or from time to time, the shares are transferred to any party, the foregoing shall not apply where [Company] is the transferee.

6. Employment of Employee Participant

- ☞ Participating in the Employee Stock Bonus Plan does not confer any special rights to or guarantee the employment of the Employee.

Nothing in this Agreement constitutes or shall be construed as constituting a commitment, guarantee, or understanding of any kind that the Employee Participant may maintain employment with [Company]. This Agreement shall not affect in any way the right of [Company] to terminate the employment of the Employee Participant at any time.

7. Rights of Stockholder

- ☞ The Employee will have the regular rights of an ordinary stockholder, except otherwise provided in this Agreement or by state law.

Subject to the terms and provisions of this Agreement and of applicable law, the Employee Participant shall have all the rights of a stockholder of [Company], including the right to vote the shares and to receive all dividends or other distributions.

8. Acquisition

- ☞ If another Corporation buys all the stock or assets of the Employer Corporation, then restrictions placed on the Bonus Stock may not apply.

In the event of an acquisition of a majority of the issued and outstanding shares of common stock of [Company] involving an exchange or a substitution, or any transfer of all or substantially all of the assets of [Company] in exchange for the acquiring Corporation alone shall determine whether the stock of the acquiring Corporation received shall be subject to the restrictions stated in this Agreement.

9. Governing Law

- ☞ The next section covers which state governs this Agreement. Generally, it is the state where the employer Corporation is located.

This Agreement shall be construed and enforced in accordance with the laws of the State of [State].

10. Modifications

- ☞ The parties must agree in writing to any modifications.

Any change or modifications of this Agreement must be in writing and signed by the parties to this

Agreement.

11. Notices

- ☞ All notices between the parties must be in writing and delivered or mailed certified, return receipt requested.

Any and all notices under in this Agreement shall be addressed to the principal executive office of [Company], or in writing and to the address of the Employee Participant as reflected in the stock records of [Company], as applicable. Such notices shall be delivered or mailed certified, return receipt requested.

12. Severability

- ☞ If any part of this Agreement is unenforceable or invalid, the balance of the Agreement should be enforced. Basically, ignore any sections that are invalid.

The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provision of this Agreement, and this Agreement shall be construed in all respects as if that invalid or unenforceable provision were omitted.

13. Entire Agreement

- ☞ The following section states that this Agreement is intended to be the only Agreement between the parties regarding this particular matter, and that no other documents or communications, whether oral or written, are binding. It is important, therefore, that this Agreement is complete.

This Agreement represents the entire together with the Investment Letter executed by the Employee Participants sets forth, and is intended to integrate, all or the promises, Agreements, conditions, understandings, warranties, and representations between the Parties with respect to the subject matter in this Agreement, and there are no other promises, Agreements, conditions, understandings, warranties, or representations, oral or written, express or implied, between them with respect to the subject matter herein other than as set forth in this Agreement or in the Plan.

Understood, Agreed & Accepted

In witness of this, [Company] and the Employee Participant have executed this Agreement as of the Effective Date first written above.

[Company]

Employee Participant

[Owner/Founder]

Witness

 (Inpress your Corporate Seal Below)

