

LETTER OF CONTINUED EMPLOYMENT WITH PHANTOM EQUITY

[ON COMPANY LETTERHEAD][

date]

[Name of employee]

[Address]

Dear [Sir/Madam]:

Further to our recent meeting and discussion, [Name of Company] appreciates the dedication and commitment you have displayed during your employment with us. The purpose of this letter is to offer you an opportunity to share in the future of [Name of Company] with some of the benefits of "ownership", but without most of the risks that accompany such ownership.

This will confirm our agreement to continue your employment with the Company on the terms set out below:

1. Base Salary

Your base salary of \$#####.## per year will continue, subject to the usual statutory deductions. Your base salary will be reviewed not more often than once per year. Any further increases will be at the discretion of the Company.

2. Bonus Program

In addition to this base compensation package, you will be included in any surplus profit distribution taken by the owners of the Company. You will receive ___% of the total monies they receive as and when they receive it. It will be paid to you as a bonus, and will be subject to source deductions.

Obviously these monies will come out of the Company profits, so the more we can do to make the Company profitable, the more opportunity there will be to distribute such monies.

We cannot guarantee when monies will be distributed. Companies need a certain amount of cash in the bank to provide a stable base for growth, unexpected expenses, delayed payments from clients, and hard times. If we grow the Company, which is definitely our objective, the cash requirements will stay pretty strong for a while. However, the long term benefits will be good for all of us.