

August 26, 200X

Shannon P. Kelley, DVM
Nelson Parkway,
Our Town, USA

Dear Doctor Kelly:

This informal, but legally binding letter agreement is intended to set forth the details of your employment with Veterinary Care Associates, LLC, (Employer), Heights Road Anytown, USA.

If this agreement meets with your approval, please sign two copies and return them to me at your earliest convenience.

1. EMPLOYMENT:

Employer agrees to employ you and you agree to accept employment from Employer and render veterinary medicine services in a manner determined by the Director of Medicine and permitted by the laws of the State of New York and the applicable canons of the highest standards of professional ethics and practice.

2. TERM:

The term of your employment with Employer will be for a twenty four (24) month period commencing September 3, 200X and terminating August 31, 200Y. Although this letter agreement speaks to a twenty four (24) month term of employment of, if the state of your employment is mutually satisfactory, then, we may extend the terms of this employment agreement for an additional employment period.

Your employment is subject to your representation you are duly licensed to practice veterinary medicine pursuant to Article 135, Title 8 of the Education Law of the State of New York and contingent on you maintaining a license to practice veterinary medicine in the State of New York; fulfilling the continuing education requirements and other requirements for licensure set forth by the New York Board of Veterinary Medical Examiners and the Director of Veterinary Medicine of Employer.

This Agreement shall be subject to termination without cause by Employer upon two (2) weeks written notice that specifies the date of termination. Said notice shall be sent to you by certified mail, return receipt requested.

This agreement shall also be subject to immediate termination with cause by Employer if:

- A. You are not authorized to practice veterinary medicine in the State of New York or are sanctioned or otherwise disciplined by any duly constituted authority.
- B. You have become ineligible for standard premium professional liability insurance.
- C. You are absent on account of disability, sickness or any other reason that prevents you from discharging the scope of your duties for a period of more than thirty (30) days.
- D. You act in a manner contrary to the professional code of ethics or are arrested and convicted of a felony or a crime.
- E. Your professional or personal conduct is detrimental to or inconsistent with the best interests of Employer.

If Employer terminates your employment in accordance with the with cause provisions described in paragraph 2, you will not receive any salary continuance; if your employment is terminated without cause, your salary will continue for two (2) weeks or until you obtain other employment or engage in self employment practice, whichever occurs first.

Upon termination of this employment agreement, the restrictive covenant and non-solicitation provision as well as the applicable professional insurance premium recovery provisions of this agreement will become effective.

3. SCOPE OF DUTIES

During the period of your employment, you will work a clinical schedule of forty hours or five days a week including two nights each week and two Saturdays every month.

In addition to your regular schedule, you agree your professional duties may require you to work on Sunday in accordance with a schedule as directed and determined by the Director of Medicine.

You shall also be required to answer emergency calls and be on emergency call during the term of this agreement.

In the event you elect to take vacation time during a period when you are scheduled to work on either a Saturday or Sunday, you agree to work or answer emergency call for an equal number of said days during the vacation of another staff veterinarian or at any other such time as may be required by Director of Medicine.

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You're clinical and on call schedule and off day will be set forth and scheduled by Director of Medicine and may be changed from time to time as deemed necessary by Employer.

In addition to your clinical schedule, you will also schedule administrative hours that will enable you to discharge the duties enumerated below.

- A. Taking X-rays and performing diagnostic investigations required in the clinical treatment of patients. The records of said tests and investigations will be the sole property of Employer and must be maintained in the office of Employer.
- B. Keeping and maintaining current and appropriate records that relate to the professional services you render. Said records are the sole property of Employer.
- C. Proof read all reports or other patient or client correspondences within one (1) working day. X-ray interpretations, written reports and telephone consultations and follow up will be done on the same day X-rays are received or taken and patients are seen.
- D. Attending all staff meetings.
- E. Attending and giving testimony at any investigative or judicial hearing or proceeding that is required in the normal course of clinical practice.
- F. Following through on all patients in distress.
- G. Performing any other duties the Director of Medicine may reasonably direct.

6. EXCLUSIVE EMPLOYMENT:

During the period of your employment, you will practice veterinary medicine as an employee of Veterinary Care Associates, LLC and devote your entire time, effort, knowledge and skill to said practice.

Although you will not engage in any outside veterinary medical employment, you may engage in non-veterinary employment if said employment does not interfere with your in-office clinical hours or the scope of duties set forth by the Director of Medicine. Employer must approve in writing any request regarding outside employment.

During the initial twelve month term of your employment, you will be paid a salary equivalent to \$85,000 per annum or \$7,083.33 per month; during the subsequent twelve month employment term, you will be paid a salary equivalent to \$90,000 per annum or \$7,500 per month.

You are also eligible for Tier One bonus compensation in an amount up to 15% of your annual salary or \$12,750.

The specific amount of bonus compensation will be determined by a performance review conducted within thirty (30) to forty five (45) days after the end of each calendar quarter of the employment period. Eligibility will be determined based upon the goals and objectives are set forth in paragraph 8.

8. PERFORMANCE REVIEW:

During the period of your employment, the Director of Medicine will evaluate how you perform the scope of your duties. In addition to informal discussions, we will schedule a formal performance review in accordance with the time-table set forth in paragraph 5.

In addition to your clinical competence, there are several other performance standards which are essential to your professional success:

- A. Acceptance of you by clients, practice personnel and professional referents.
- B. Productivity as well as efficiency in handling matters that concern clients and patients.
- C. Willingness to provide cost-effective patient treatment.
- D. Willingness to comply with veterinary medicine quality assurance parameters, review criteria and practice guidelines set forth by the Director of Medicine.
- E. Willingness to enroll in continuing education courses in order to maintain licensure and keep abreast of the latest advances in clinical medicine
- F. Willingness to obtain membership and maintain active participation in such veterinary medical societies the Director of Medicine may direct.
- G. Willingness and desire to accept the clinical as well as administrative, management and marketing responsibilities of practice.

In addition to these qualitative expectations, we must also establish performance objectives for you and Employer for the initial twelve (12) month period of your employment.

During the initial twelve month period of your employment, your production should approximate \$435,000 or \$36,325 per month. You should also maintain an average charge per client transaction (ACT) of \$145.00.

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Director of Medicine will establish performance objectives for the second year of your employment within thirty (30) to forty five (45) of the end of the first year of your employment.

9. BUSINESS EXPENSES:

Employer will pay for the cost of your professional liability insurance as well as other professional expenses, such as AVMA, AAHA and state association dues, New York State license fees as well as New York State and federal drug license fees et cetera.

Employer will also pay for health insurance in amount not to exceed \$4,500 per year.

You will also eligible for customary continuing education reimbursement during the period of your employment. Employer will reimburse you for travel expense and tuition up to \$1,500 to attend professional education program(s) you request and the Director of Medicine approves. Employer will also authorize a three (3) day continuing-education leave-of-absence for you to attend said continuing education program(s).

You may forgo customary continuing education and register for a twenty two (22) day continuing education program in acupuncture with the stipulation you will enroll in said course during year two of your employment period.

You agree to accrue the requisite continuing-education leave-of-absence for said program in the following manner: six (6) days year one and year two continuing-education leave-of-absence; ten (10) days year one and year two sick leave and six (6) scheduled off days.

In the event you or Employer do not extend the terms of this employment agreement for an additional employment period, the customary continuing education reimbursement provision set forth in this agreement will become effective.

You agree to reimburse Employer for any additional continuing-education-leave-of absence cost incurred for you to attend the aforementioned acupuncture program.

Unused continuing education days can not be carried over to a succeeding year nor will they be paid for.

10. VACATION & HOLIDAY POLICY:

You shall be entitled to two (2) weeks paid vacation during each continuous twelve (12) month employment period. Upon the completion of the fifth year of your employment, you shall be entitled to three (3) weeks paid vacation per annum.

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You must take vacation in two (2) one (1) week periods. It is further understood that you must request vacation time twelve (12) weeks in advance of said vacation.

Employer must approve in writing any vacation request. You understand said approval is subject to change should an unforeseen event(s) arise.

You shall also be entitled to six (6) paid holidays: New Years, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas.

You shall follow through on all patients in distress on the aforementioned holidays in accordance with a call schedule set forth by Director of Veterinary Medicine.

11. SICK PAY:

In the case of any absence due to illness or injury, your weekly compensation will continue for a period not to exceed five (5) days in any continuous twelve (12) month employment period.

Sick leave in excess of five (5) days will be without pay. Unused sick days cannot be carried over to a succeeding year without the written consent of Employer.

In the case of absence due to partial or complete disability, your compensation will continue two (2) weeks during any continuous twelve (12) month employment period.

12. NO OWNERSHIP INTEREST:

During the twenty four (24) month period of your employment, said employment will not entitle you to a financial interest in any tangible or intangible practice asset of Employer.

13. RESTRICTIVE COVENANT:

During the course of your employment, Employer will introduce you to his veterinary medical contacts, referents, clients et cetera.

Upon cessation of employment, if you practice in the prime catchments area of Employer, you will cause damage to the practice of Employer.

Therefore, you agree not to enter into the practice of veterinary medicine in any manner or capacity within a radius of eight (8) miles of any office then maintained by Employer or its successors for a period of two (2) years from the date of said cessation of employment.

You agree this restriction will apply if your employment is terminated at any time and for any reason during the period covered by this agreement.

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You expressly agree that Employer is empowered to enforce this restrictive covenant by obtaining an injunction in a court of law or equity. Whatever portion of the two (2) year period that has not expired as of the date the covenant was first violated shall run from the date of final adjudication of the claim for injunctive relief.

In the event of your actual or threatened breach of the provisions of this paragraph, Employer shall be entitled to an injunction restraining you there from. Nothing shall be construed as prohibiting the Employer from pursuing any other available remedies for such breach or threatened breach, including the recovery of damages from you.

You agree you will be liable for any cost Employer incurs to enforce this agreement.

You also agree that any breach of this contract, including but not limited to a failure to complete the contract period, will result in forfeiture of any and all monies held as retainer against any bonus money due you.

15. NON-SOLICITATION COVENANT:

If your employment terminates at any time and for any reason during the period covered by this agreement, you agree that in no event will you use direct mail, personal correspondence, telephone calls or personal meetings, et cetera, to solicit, directly or indirectly, any client served by Employer nor will you solicit, directly or indirectly, any professional referent or third party who has entered into a contract with Employer or any staff person employed by Employer for a period of at two (2) years from the date of termination of your employment.

16. CONFIDENTIAL INFORMATION. You acknowledge you and Employer have a relationship of trust and confidence. In the course of your employment, you will have access to proprietary information of Employer which includes, but is not limited to: names and addresses of clients; patient records; financial records; fee and billing information; marketing data; names and addresses of employees of Employer as well as human relations records and other information such as vendor names, addresses and other information and additional confidential information belonging to Employer.

You further acknowledge this confidential and proprietary information is the property of Employer. It is essential it be kept secret for the protection of Employer and his competitive market position.

You agree to hold and safeguard said confidential, proprietary information in trust for Employer, its successors and assigns. During and subsequent to the period of your employment, you agree you will not use or divulge said confidential, proprietary information directly or indirectly without prior written consent of Employer.

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You acknowledge you have fully discussed the terms and conditions of your employment with Employer prior to the execution of said agreement and you understand and accept these terms and conditions as a member of the professional staff of Employer.

You also covenant and agree you will not discuss the financial terms of this Employment Agreement with anyone except Employer or Director of Medicine.

I trust that this proposed employment agreement meets with your approval. If you wish to discuss any of the details of the agreement, please call me.

Sincerely,

Gordon V. Christopher, DVM
Director of Medicine

MP/h

Agreed and accepted this _____ day of _____, 200X.

By: Gordon V. Christopher, DVM
Director of Medicine

By: Shannon P. Kelley, DVM