

Health Fitness Corp /MN/  
Form 424B3  
February 04, 2008

**Table of Contents**

**Filed Pursuant to Rule 424(b)(3)  
Registration No. 333-131045**

**PROSPECTUS SUPPLEMENT NO. 1  
(To Prospectus dated December 19, 2007)**

**HEALTH FITNESS CORPORATION  
6,681,000 Shares of Common Stock**

This Prospectus Supplement No. 1 should be read in conjunction with the Prospectus dated December 19, 2007 relating to the offer and sale from time to time by the selling shareholders identified in the Prospectus of up to 6,681,000 shares of the common stock of Health Fitness Corporation. We will not receive any of the proceeds from the sale of the common stock covered by the Prospectus.

**On February 4, 2008, we filed with the U.S. Securities and Exchange Commission the attached Form 8-K with respect to the retirement of Jerry V. Noyce as Vice Chairman, the appointment of John E. Griffin as Chief Operations Officer and the appointment of James O. Reynolds as Chief Medical Officer.**

The information contained herein, including the information attached hereto, supplements and supersedes, in part, the information contained in the Prospectus. This Prospectus Supplement No. 1 should be read in conjunction with the Prospectus, and is qualified by reference to the Prospectus except to the extent that the information in this Prospectus Supplement No. 1 supersedes the information contained in the Prospectus.

**Investing in our common stock is speculative and involves risk. You should read the section entitled Risk Factors beginning on page 10 of our annual report on Form 10-K for the fiscal year ended December 31, 2006, as amended, and in the update to such section beginning on page 25 of our quarterly report on Form 10-Q for the quarter ended September 30, 2007, both of which are incorporated by reference herein, for a discussion of certain risk factors you should consider before investing in our common stock.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this Prospectus Supplement No. 1. Any representation to the contrary is a criminal offense.**

**The date of this Prospectus Supplement No. 1 is February 4, 2008.**

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**Table of Contents**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 8-K  
CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934  
Date of Report (Date of earliest event reported): January 31, 2008  
Health Fitness Corporation  
(Exact name of Registrant as Specified in its Charter)  
Minnesota  
(State or Other Jurisdiction of Incorporation)**

0-25064  
(Commission File Number)

41-1580506  
(IRS Employer  
Identification No.)

1650 West 82<sup>nd</sup> Street, Suite 1100  
Bloomington, Minnesota 55431  
(Address of Principal Executive Offices and Zip Code)  
(952) 831-6830

(Registrant's telephone number, including area code)  
3600 American Blvd. W., Suite 560  
Bloomington, Minnesota 55431  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**TABLE OF CONTENTS**

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Item 8.01 Other Events.

Item 9.01 Financial Statements and Exhibits.

**SIGNATURES**

**EXHIBIT INDEX**

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**Table of Contents**

**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

**5.02(b), (c) and (e)**

*Jerry V. Noyce Retirement*

On February 4, 2008, Health Fitness Corporation (the Company) announced that Jerry V. Noyce retired from the Company and his employment as Vice Chairman was terminated, effective January 31, 2008, but he will continue to serve as a director on the Company's Board of Directors.

The Company entered into an Agreement for Separation From Employment (the Agreement) with Mr. Noyce. The Agreement provides that the Company will pay Mr. Noyce (i) a lump sum equal to his base salary for 2007, or \$275,000, and (ii) a bonus payment for 2007 of \$15,000. In addition, Mr. Noyce's Restricted Stock Agreement with the Company, dated June 1, 2007, will be amended such that Mr. Noyce will receive a fully vested allocation of the appropriate number of shares of restricted stock for achievement of 2007 performance objectives set by the Board of Directors. There will be no vesting of shares of restricted stock relating to 2008 and 2009 performance objectives; accordingly, the maximum number of shares of restricted stock held by Mr. Noyce under the Restricted Stock Agreement that will vest will be reduced from 125,000 to a number based upon the final 2007 audit of the applicable performance objectives. Mr. Noyce will also receive a lump sum payment of approximately \$3,000 to compensate him for accrued but unused vacation time through the end of his employment. The Agreement also provides for the payment by the Company of group health coverage premiums under COBRA for 18 months or until Mr. Noyce reaches age 65, whichever occurs first. In return, Mr. Noyce has granted the Company a general release of any past claims by Mr. Noyce against the Company, including, but not limited to, any discrimination or other employment-related claims. The Company has also entered into a Consulting Agreement with Mr. Noyce, pursuant to which Mr. Noyce will perform consulting services for the Company from time to time, until the Consulting Agreement is terminated by either party, at a rate of \$200 per hour, with the hours in any calendar year not to exceed 19.9% of the hours he worked in 2007.

The foregoing descriptions of the Agreement and the Consulting Agreement are intended to be a summary of these agreements and are qualified in their entirety by reference to the Agreement and the Consulting Agreement, which are attached to this Report as Exhibit 10.1 and Exhibit 10.2, respectively, and incorporated by reference as if fully set forth herein.

*Appointment of John E. Griffin as Chief Operations Officer*

On February 4, 2008, the Company announced that John E. Griffin has been appointed as the Company's Chief Operations Officer, effective February 1, 2008. Mr. Griffin will be responsible for overseeing the Company's information technology, account services functions and operations, other than sales and marketing, finance, human resources and research, development and outcomes.

Mr. Griffin, age 51, has served as President of The Meridian Group, a consulting company he founded that focused on health case financial forecasting, budgeting, strategic planning and

**Table of Contents**

operational management, since August 2006 and from September 1995 to April 2003. From July 2007 through January 31, 2008, the Company engaged Mr. Griffin as an operations consultant. From April 2003 to July 2006, Mr. Griffin served as Chief Operating Officer of Gordion Health Solutions, a Nashville-headquartered population health management organization. Mr. Griffin has also served as Chief Operating Officer of eClickMD, Inc. and Computer Sentry Software, Inc. None of the entities for which Mr. Griffin has served are affiliated with the Company, and Mr. Griffin has no family relationships with any director or executive officer, or person nominated or chosen to become a director or executive officer, of the Company.

The Company entered into an employment agreement with Mr. Griffin, effective February 1, 2008. Under the employment agreement, Mr. Griffin will serve for an indefinite term until his employment is terminated in accordance with the terms of the agreement. The Company will pay Mr. Griffin an annual salary of \$215,000, and Mr. Griffin will be eligible to participate in an annual bonus program, subject to the specific terms and conditions developed each year by the Board of Directors. Mr. Griffin will be also entitled to participate in all employee and executive benefit plans of the Company. On February 1, 2008, the Company granted Mr. Griffin 50,000 stock options, subject to the terms of the Company's Amended and Restated 2005 Stock Option Plan and the terms of an Incentive Stock Option Agreement to be entered into between the Company and Mr. Griffin. The options will vest over four years, and the exercise price of the options is equal to the fair market value on the date of the grant. Mr. Griffin has elected to participate in the Company's 2007 Equity Incentive Plan, pursuant to which the Company made a grant of 71,840 shares of restricted common stock to Mr. Griffin. This grant vests in whole or in part at the time of completion of the Company's 2009 annual audit, subject to the achievement of performance objectives set by the Board of Directors. If the Company terminates Mr. Griffin's employment without cause or within six months of a change in control, he will receive an amount equal to nine months of his then current base salary. Mr. Griffin has agreed to a covenant not to compete and a non-solicitation covenant following termination of his employment.

The foregoing description of the employment agreement with Mr. Griffin is intended to be a summary of this agreement and is qualified in its entirety by reference to the employment agreement, which is attached to this Report as Exhibit 10.3 and incorporated by reference as if fully set forth herein.

*Appointment of James O. Reynolds, M.D. as Chief Medical Officer*

On February 4, 2008, the Company announced that James O. Reynolds, M.D. has been appointed as the Company's Chief Medical Officer, effective February 1, 2008. Dr. Reynolds will have oversight of all clinical aspects of the Company's programs and services and the Company's Research, Development and Outcomes division.

Dr. Reynolds, age 60, served from October 2005 to January 2008 as Principal and Senior Healthcare Consultant for Mercer Human Resource Consulting, a global provider of consulting, outsourcing and investment services, where he served as a senior clinical consultant on Mercer's Health and Productivity Management specialty practice. From September 2003 to October 2005, Dr. Reynolds served as Vice President and Medical Director, Integrated Care Solutions, for CorSolutions Medical, Inc., a provider of disease management and related services to employers, health plans and government-sponsored healthcare programs that was acquired by Matria Healthcare, Inc. in 2005. From January 2001 to September 2003, Dr. Reynolds served as Co-

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**Table of Contents**

Founder, Chief Operating Officer and Executive Vice President of Health and Productivity Corporation of America, which was acquired by CorSolutions in 2003. Prior to these positions, Dr. Reynolds served in various positions in the healthcare industry, was in private practice as an internal medicine physician, and served as an Associate Professor of Medicine at the University of Missouri Hospital and Clinics. None of the entities for which Dr. Reynolds has served are affiliated with the Company, and Dr. Reynolds has no family relationships with any director or executive officer, or person nominated or chosen to become a director or executive officer, of the Company.

The Company entered into an employment agreement with Dr. Reynolds, effective February 1, 2008. Under the employment agreement, Dr. Reynolds will serve for an indefinite term until his employment is terminated in accordance with the terms of the agreement. The Company will pay Dr. Reynolds an annual salary of \$250,000, and Dr. Reynolds will be eligible to participate in an annual bonus program, subject to the specific terms and conditions developed each year by the Board of Directors. Dr. Reynolds will be also entitled to participate in all employee and executive benefit plans of the Company. On February 1, 2008, the Company granted Dr. Reynolds 50,000 stock options, subject to the terms of the Company's Amended and Restated 2005 Stock Option Plan and the terms of an Incentive Stock Option Agreement to be entered into between the Company and Dr. Reynolds. The options will vest over four years, and the exercise price of the options is equal to the fair market value on the date of the grant.

Dr. Reynolds has elected to participate in the Company's 2007 Equity Incentive Plan, pursuant to which the Company made a grant of 71,840 shares of restricted common stock to Dr. Reynolds. This grant vests in whole or in part at the time of completion of the Company's 2009 annual audit, subject to the achievement of performance objectives set by the Board of Directors. If the Company terminates Dr. Reynolds's employment without cause or within six months of a change in control, he will receive an amount equal to nine months of his then current base salary. Dr. Reynolds has agreed to a covenant not to compete and a non-solicitation covenant following termination of his employment.

The foregoing description of the employment agreement with Dr. Reynolds is intended to be a summary of this agreement and is qualified in its entirety by reference to the employment agreement, which is attached to this Report as Exhibit 10.4 and incorporated by reference as if fully set forth herein.

**Item 8.01 Other Events.**

On January 31, 2008, the Company issued a press release relating to new clients and health risk assessments in 2007. The full text of the press release is set forth in Exhibit 99.1 attached hereto and is incorporated in this Report as if fully set forth herein.

On February 4, 2008, the Company issued a press release announcing the matters described in Item 5.02 of this Report. The full text of the press release is set forth in Exhibit 99.2 attached hereto and is incorporated in this Report as if fully set forth herein.

**Item 9.01 Financial Statements and Exhibits.**

(a) Financial statements: None.

(b) Pro forma financial information: None.

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**Table of Contents**

(c) Shell Company Transactions. None.

(d) Exhibits:

- Exhibit 10.1 Agreement for Separation From Employment, dated January 31, 2008, between the Company and Jerry V. Noyce.
  - Exhibit 10.2 Consulting Agreement, dated January 31, 2008, between the Company and Jerry V. Noyce.
  - Exhibit 10.3 Employment Agreement, dated February 1, 2008, between the Company and John E. Griffin.
  - Exhibit 10.4 Employment Agreement, dated February 1, 2008, between the Company and James O. Reynolds.
  - Exhibit 99.1 Press release dated January 31, 2008.
  - Exhibit 99.2 Press release dated February 4, 2008.
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**Table of Contents**

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 4, 2008

HEALTH FITNESS CORPORATION

By /s/ Wesley W. Winnekins  
Wesley W. Winnekins  
Chief Financial Officer

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**Table of Contents**

EXHIBIT INDEX  
Health Fitness Corporation  
Form 8-K Current Report

Exhibit Number	Description
10.1	Agreement for Separation From Employment, dated January 31, 2008, between the Company and Jerry V. Noyce.
10.2	Consulting Agreement, dated January 31, 2008, between the Company and Jerry V. Noyce.
10.3	Employment Agreement, dated February 1, 2008, between the Company and John E. Griffin.
10.4	Employment Agreement, dated February 1, 2008, between the Company and James O. Reynolds.
99.1	Press release dated January 31, 2008.
99.2	Press release dated February 4, 2008.

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**Table of Contents**

**Exhibit 10.1**

**HEALTH FITNESS CORPORATION**  
**AGREEMENT FOR SEPARATION FROM EMPLOYMENT**

This Agreement for Separation from Employment ( Agreement ) is entered into this 31st day of January, 2008, between Jerry V. Noyce ( Noyce ) and Health Fitness Corporation ( HFC or Company ).

**I. RECITALS**

- A. Noyce has been employed by HFC as its Vice Chairman.
- B. In connection with his employment by HFC, Noyce executed an Employment Agreement dated November 30, 2000, as amended from time to time (the Employment Agreement ).
- C. Also in connection with his employment by HFC, Noyce executed (i) a Restricted Stock Agreement dated June 1, 2007 (the Restricted Stock Agreement ) granted to Noyce pursuant to the Company's 2007 Equity Incentive Plan (the Plan ) and (ii) numerous stock option agreements under which a total of 484,000 options to acquire common stock of HFC remain outstanding and unexercised as of the date hereof (the Option Agreements ).
- D. Noyce and the Company have agreed that Noyce shall retire from his position as Vice Chairman of the Company and the parties have agreed that Noyce's employment as Vice Chairman shall be deemed to have been terminated effective January 31, 2008 (the Termination Date ).

**II. AGREEMENTS**

For the consideration described below, the adequacy of which the parties acknowledge, the parties agree as follows:

1. **Retirement and Termination of Employment.** Noyce's retirement from the Company and his termination of employment as Vice-Chairman shall be deemed to have been effective as of the close of business on the Termination Date.
  2. **Severance Payment.** HFC will pay Noyce \$275,000 within three (3) business days following satisfaction of the conditions in Section 8, which sum is equal to Noyce's base salary for 2007. The parties acknowledge that such payment represents mutually negotiated consideration for Noyce's contributions to the Company and for his continued support and consulting activities and that Noyce would not have been entitled to such severance under the Employment Agreement in the case of voluntary, as opposed to mutually negotiated, retirement.
  3. **Vacation Pay.** Within ten (10) days after the effective date of the Release (as defined in Section 5 herein), HFC shall pay to Noyce a lump sum in the amount of \$2,985.34 to compensate him for his 22.58 days of accrued but unused paid PTO time through January 11, 2008, together with the sum of \$132.21 per hour for each additional hour of PTO time that accrues after January 11, 2008, through the Effective Date.
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**Table of Contents**

4. **Benefits After Termination Date.** Except as provided in this Paragraph 4 and in Paragraph 7 below, Noyce's rights and benefits under any and all of the Company's employee benefits plans and policies shall be deemed to terminate in their entirety after the Termination Date, including without limitation any automobile expense allowances, club memberships and similar perquisites.

(a) Noyce's rights pursuant to the Restricted Stock Agreement and Plan shall be revised as set forth in Exhibit A hereto effective upon satisfaction of the conditions in Section 8, with the intent that (i) Noyce shall receive a fully vested allocation of the appropriate number of shares of Restricted Stock for achievement of the 2007 Performance Objectives (as defined in such Agreement) as if he were still employed through December 31, 2009 (to the extent that such fully vested allocations are made to other Plan participants for achievement of such 2007 Performance Objectives), which shares shall be distributed to Noyce upon determination of the number of shares to which he is entitled after completion of the 2007 audit and provided that the conditions in Section 8 herein have been satisfied.

(b) The Company shall pay Noyce \$15,000 under the 2007 Bonus Program applicable to Noyce three (3) business days following satisfaction of the conditions in Section 8.

5. **Consulting Agreement.** Effective immediately following the Effective Date of the Release, Noyce and HFC shall enter into a Consulting Agreement in the form attached as Exhibit B hereto.

6. **Release by Noyce.** At the same time that he executes this Separation Agreement, Noyce shall execute the release that is attached as Exhibit C (the Release).

7. **Health Coverage.** Subject to the conditions stated in Paragraph 11 below, if after the Termination Date, Noyce elects to continue his group health coverage (including dental) pursuant to COBRA, HFC shall pay the full cost (i.e., both the employer's and employee's portion of the applicable premiums) for coverage for the applicable COBRA period at the premium levels paid for such coverage in the case of employees electing similar coverage, until 18 months following the Termination Date, or the date on which Noyce reaches age 65, whichever first occurs.

8. **Conditions.** HFC need not make the payments or provide the benefits described in Paragraphs 2, 4, or 7 above unless and until both of the following conditions have been satisfied:

(a) Noyce executes the Release and delivers it to HFC within the time specified in the Release.

(b) The applicable rescission period for the Release expires without Noyce's rescission thereof.

9. **Exclusive Payments.** Noyce shall not be entitled to any compensation or other payments from HFC except as provided in this Agreement.

**Table of Contents**

10. **Protection of Trade Secrets and Confidential Business Data.** Noyce agrees that his obligations set forth in Article IV of the Employment Agreement shall continue in full force and effect as to all Confidential Information (as defined therein) known to Noyce as of the Termination Date or learned by Noyce at any time thereafter.

11. **Restrictive Covenants.** Noyce agrees that provisions of Sections 5.01 and 5.02 of the Employment Agreement shall continue in effect for a period of one year following the later of the Termination Date of this Agreement, or the date on which Noyce ceases to serve on the Board of Directors of the Company, or the date on which the Consulting Agreement terminates; provided that Section 5.01 of the Employment Agreement shall be modified to replace the words "25-mile radius of any HFC site as of the date of termination" with the words "United States". The provisions of Sections 5.04, 5.05, 5.06, 5.08, and all the provisions of Article VI, of the Employment Agreement, shall continue in full force and effect indefinitely.

12. **Acknowledgement and Remedies.** Noyce hereby acknowledges that the provisions of Paragraphs 10 and 11 above are reasonable and necessary to protect the legitimate interests of HFC and that any violation of Paragraphs 10 or 11 by Noyce would cause substantial and irreparable harm to HFC to such an extent that monetary damages alone would be an inadequate remedy. In the event that Noyce violates any provision of Paragraphs 10 or 11 above, HFC shall be entitled to an injunction, in addition to all other remedies it may have, including without limitation (i) in the case of violations that are or reasonably may be expected to be material to the Company, prospective termination of any and all payments and benefits provided by this Agreement, and (ii) restraining Noyce from violating or continuing to violate such provision.

13. **Right to Consult with an Attorney.** Noyce understands and acknowledges that he is hereby being advised by HFC to consult with an attorney prior to signing this Agreement and the Release.

14. **Consideration and Rescission.** The periods described in the Release during which Noyce may consider whether to sign or may rescind the Release and the procedures stated in the Release for accepting or rescinding the Release also apply to this Agreement. The Release and this Agreement must be accepted or rescinded together. Rescission of one of these documents will be deemed a rescission of both of them.

15. **Entire Agreement.** This Separation Agreement and the Release supersede all prior oral and written agreements, representations, and promises between the parties except that the Restricted Stock Agreement and Option Agreements shall continue in full force and effect according to its terms. This Agreement, the Release, the Restricted Stock Agreement, and such other benefit plans as continue in force hereunder constitute the entire agreement between the parties with respect to Noyce's employment with HFC and the termination of that employment. Noyce acknowledges that there were no inducements or representations leading to the execution of this Agreement or the Release, except as stated in this Agreement.

16. **Voluntary and Knowing Action.** The parties acknowledge that they understand the terms of this Agreement and that they are voluntarily entering into this Agreement. The

**Table of Contents**

parties intend to be legally bound. Noyce represents that he is legally able and entitled to enter into this Agreement and the Release and to receive the payments described in above.

17. **Governing Law.** All matters relating to the interpretation, construction, application, validity and enforcement of this Agreement shall be governed by the laws of the State of Minnesota without giving effect to any choice or conflict of law provision or rule, whether of the State of Minnesota or any other jurisdiction, that would cause the application of laws of any jurisdiction other than the State of Minnesota.

18. **Jurisdiction and Venue.** Noyce and HFC consent to the jurisdiction of the courts of the State of Minnesota and the United States District Court for the District of Minnesota for the purpose of resolving all issues of law, equity, or fact, arising out of or in connection with this Agreement. Any action involving claims of a breach of this Agreement shall be brought in such courts. Each party consents to personal jurisdiction over such party and venue in the state and federal courts identified above.

19. **Tax Matters.**

(a) HFC may withhold from any payments due to Noyce pursuant to this Agreement required taxes and other deductions.

(b) Noyce acknowledges and agrees that neither HFC nor anyone acting on its behalf has made any representations to him concerning the tax consequences of entering into this Agreement and receiving the consideration specified in it and that he has not relied on any tax advice from HFC or anyone acting on its behalf.

**HEALTH FITNESS CORPORATION**

/s/ Jerry V. Noyce

By /s/ Gregg O. Lehman

Jerry V. Noyce

Its President and CEO

**HEALTH FITNESS CORPORATION**  
**CONSULTING AGREEMENT**

**CONFIDENTIALITY AND NONCOMPETITION**

This CONSULTING AGREEMENT (the **Agreement** ), is made and entered into effective January 31, 2008, by and between Health Fitness Corporation ( **Company** ), and Jerry V. Noyce ( **Consultant** ).

**RECITALS:**

WHEREAS, Consultant desires to be engaged to perform certain consulting services ( **Consulting** ) periodically for the Company; and

WHEREAS, the Company believes that it is in the best interest of the Company to engage Consultant to perform Consulting periodically for the Company; and

WHEREAS, Consultant has read and is fully familiar with the terms of this Agreement; Consultant has had a reasonable opportunity to consider this Agreement and to seek legal counsel, and after such review, Consultant believes that the promises and considerations provided by Consultant in this Agreement are reasonable and appropriate for the protection of the Company's goodwill and legitimate business interests.

**AGREEMENT:**

NOW, THEREFORE, for and in consideration of the above premises and the mutual covenants and agreements contained herein, the parties agree as follows:

1. **Engagement.** The Company hereby engages Consultant to perform Consulting from time to time as requested by the Company through December 31, 2008, unless sooner terminated by Consultant effective upon written notice to the Company, and thereafter until this Agreement may be terminated by either party effective upon written notice to the other party.

2. **Compensation.** The Company will pay Consultant for Consulting performed at the Company's written request at the rate of \$200 per hour, not to exceed a number of hours of service in any calendar year equal to 19.9% of the number of hours worked by Consultant in 2007 while he was an employee of the Company. The Company will reimburse Consultant for reasonable and appropriate expenses incurred while performing Consulting in accordance with Company policy.

3. **Confidentiality, Nonsolicitation and Noncompetition.** Consultant acknowledges that he is subject to the provisions of Section 11 of the Agreement for Separation From Employment between the Company and Noyce of even date hereof.

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**Table of Contents**

4. Waiver and Amendment. Any waiver of any term of condition of this Agreement by either party shall not operate as a waiver of any continued breach of such term or condition, or any other term or condition, nor shall any failure to enforce a provision of this Agreement operate as a waiver of such provision or of any other provision of this Agreement. This Agreement may not be modified or amended except in writing executed by both parties.

5. Governing Law and Jurisdiction. This Agreement shall for all purposes be governed and interpreted in accordance with the laws of the State of Minnesota, and Consultant hereby consents to the jurisdiction of the state and federal courts of Minnesota for the purpose of enforcing this Agreement.

Each of the parties hereto have executed this Agreement in the manner appropriate to each, all as of the date first above written.

**HEALTH FITNESS CORPORATION**

( Company )

By /s/ Gregg O. Lehman

Its President and CEO

**CONSULTANT**

/s/ Jerry V. Noyce

**Jerry V. Noyce**

2

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**Table of Contents**

**Exhibit 10.3**

**EMPLOYMENT AGREEMENT**

THIS AGREEMENT is made effective as of February 1, 2008 (the Effective Date ), by and between Health Fitness Corporation, a Minnesota corporation (hereinafter called HFC or the Company ), and John Griffin (hereinafter called Executive ).

**RECITALS**

WHEREAS, Executive desires to be employed by HFC and HFC desires to employ Executive on the terms stated in this Agreement;

WHEREAS, Executive acknowledges that Executive has been notified and recognizes that the execution of this Agreement, including specifically the restrictive covenants contained in Article IV of this Agreement, is an express condition of his employment with HFC;

NOW, THEREFORE, in consideration of HFC hiring Executive and the continuation of his employment, any promotions, increases in compensation, and/or other benefits now or hereafter paid or made available to Executive by HFC, Executive and HFC agree as follows:

**ARTICLE I**

**EMPLOYMENT, COMPENSATION AND BENEFITS**

**1.01 Employment With HFC.**

(a) HFC hereby agrees to employ Executive initially in the position of Chief Operations Officer, and Executive hereby accepts such employment with HFC. Such employment shall continue indefinitely until terminated in accordance with Article II of this Agreement.

**1.02 Duties.**

(a) Executive agrees, during Executive s employment, to devote Executive s full time and best efforts to the business of HFC, including, without limitation, the performance of those duties and responsibilities reasonably and customarily associated with Executive s position, which duties and responsibilities may change from time to time. Executive s duties and responsibilities shall be subject to determination by HFC s Chief Executive Officer.

(b) Executive shall report to, and at all times shall be subject to the direction of, HFC s Chief Executive Officer.

(c) Executive, at all times during Executive s employment with HFC, shall comply with HFC s reasonable standards, regulations and policies as determined or set forth by HFC from time to time and as applicable to employees of HFC.

**Table of Contents**

(d) HFC has agreed to allow Executive to work out of a home office at his Tennessee residence. Executive will cover all costs and expenses regarding the furnishing and all other costs and expenses incurred in regard to the home office, including but not limited to any rent, and he will not be reimbursed by HFC for such costs or expenses, except as set forth below in this subsection 1.02(d). Executive agrees to provide ergonomic furnishings for the home office suitable for a standard office environment. HFC will supply, or reimburse Executive for, certain equipment and supplies the Company deems necessary for Executive to do business from the home office, including a computer, printer, fax capability, voice mail, high speed internet service, installation costs for initial office and cell telephone set-up and monthly service and call charges, office supplies, and other miscellaneous items.

Executive agrees to set up the home office in such a way as to ensure that he can effectively conduct HFC business in a confidential manner and to ensure that information, communications, documents and materials relating to HFC, its business and its customers are treated in a confidential manner and are not accessible to non-HFC personnel.

Executive will comply with HFC instructions as the Company may provide from time to time regarding the handling of such information, communications, documents and materials at his home office or which are accessible on computer or other electronic equipment at his home office during his employment and upon his resignation or termination of employment. Executive understands and agrees that all telephone numbers used in connection with his conduct of HFC business are the property of HFC and Executive will comply with any instructions related to the discontinuance or transfer of such numbers during his employment and upon his resignation or termination of employment. HFC may in the future and in its discretion determine that the home office arrangement does not meet HFC's business needs and direct Executive to work on a regular basis out of one of HFC's locations.

(e) Executive will be required to spend an appropriate amount of time each month working out of the HFC home office in Minnesota and out of the Plano, Texas office, as directed from time to time by the Chief Executive Officer. Executive shall also be required to frequently travel to other locations as needed for business purposes.

1.03 Outside Activities. Executive shall not engage in any outside activities that conflict or appear to conflict with HFC's interests, or that interfere in any way with Executive's performance of Executive's duties hereunder. In addition, Executive shall not engage in any activity that might subject HFC to criticism or adverse publicity, that might interfere with Executive's normal work schedule, or that might interfere with Executive's job duties. Moreover, Executive shall not, and hereby agrees not to accept remuneration of any kind from Executive's participation in any outside activity without the express written approval of HFC.

1.04 Annual Base Salary. Executive shall be paid a bi-weekly gross salary of \$8,269.23 (which is U.S. \$215,000 on an annual basis), less withholding for income and FICA taxes and any other proper deductions. Executive's base salary will be paid to Executive in accordance with HFC's

**Table of Contents**

normal payroll practices. Executive's performance shall be reviewed annually for base salary increase each March, and such increase, if any, shall be determined by HFC in its sole discretion.

1.05 Fringe Benefits. HFC shall provide the following fringe benefits to Executive so long as Executive is employed by HFC:

(a) Executive shall be eligible to participate in an annual calendar year bonus program subject to the specific terms and conditions of the program developed each year. Bonus eligibility for 2008 shall be prorated based on Executive's start date.

(c) Executive shall be eligible to participate in employee benefit plans and programs offered by HFC from time to time, including, but not limited to, any medical, dental, short-term disability, long-term disability and life insurance coverage, or retirement plans, in accordance with the terms and conditions of those benefit plans and programs.

(d) Executive shall be eligible to accrue up to 23 days of paid time off per anniversary year in accordance with HFC's standard Paid Time Off practices and policies. In addition, Executive may be eligible for additional paid time off in accordance with HFC's standard holiday practices and policies.

1.06 Expenses. During the term of this Agreement, Executive shall be entitled to prompt reimbursement by HFC for all reasonable, ordinary and necessary travel, entertainment and other business related expenses incurred by Executive (in accordance with the policies and procedures established by HFC for employees from time to time) in the performance of Executive's duties and responsibilities under this Agreement; provided, however, that Executive shall properly account for such expenses in accordance with federal, state and local tax requirements and HFC's policies and procedures.

1.07 Stock Options. Executive and HFC shall enter into a separate Incentive Stock Option Agreement ( ISOA ) under the Company's Amended and Restated 2005 Stock Option Plan (the Option Plan ), pursuant to which HFC will grant to Executive, effective on the Effective Date (the date of grant ), options to purchase 50,000 shares of common stock of HFC. Under the ISOA, such options will vest 25% on each of the first four anniversaries of the date of grant (subject to Executive's continued employment), will expire on the sixth anniversary of the date of grant, and will have an exercise price equal to the fair market value of HFC's common stock on the date of grant. The full terms and conditions of such stock option will be set forth in the ISOA and shall be subject to the Option Plan, and such ISOA shall also set forth provisions regarding the termination of such options following the termination of Executive's employment for any reason. Additional annual grants of stock options shall be as determined by the Board of Directors in accordance with and subject to the Option Plan and the terms of the stock option agreement for each such grant.

1.08 Cash/Equity Incentive Plan. Executive will be eligible to elect to participate in either the Company's 2007 Equity Incentive Plan or Cash Incentive Plan for the performance period beginning January 1, 2008 and ending on December 31, 2009 (the Performance Period ). The performance objectives, terms of awards, vesting schedule and all other terms and conditions of

**Table of Contents**

Executive's awards under the 2007 Equity Incentive Plan or Cash Incentive Plan shall be determined by the Board of Directors in accordance with each such plan, as applicable; provided, that (i) if Executive elects to participate in the Cash Incentive Plan, the maximum aggregate potential cash payment to Executive under such plan for the Performance Period shall be \$178,164, (ii) if Executive elects to participate in the 2007 Equity Incentive Plan, the maximum aggregate number of shares of restricted stock issuable to Executive under such plan for the Performance Period shall be determined by dividing \$178,164 by the fair market value of the Company's common stock on the Effective Date, and (iii) the determination of cash payments or vesting of restricted stock, as applicable, for the Performance Period under such plans shall be determined at the time of completion of the Company's 2009 annual audit (subject to Executive's continued employment at such time). The full terms and conditions of Executive's awards shall be as further set forth in and subject to the Cash Incentive Plan, the 2007 Equity Incentive Plan, and, if applicable, a separate Restricted Stock Agreement.

**ARTICLE II**  
**TERMINATION**

2.01 Events of Termination. Executive's employment with HFC:

- (a) May be terminated by mutual written agreement of HFC and Executive.
- (b) Shall terminate immediately upon the death of Executive.
- (c) May be terminated immediately upon written notice from HFC to Executive for Cause, which shall mean the following:
  - (i) (a) Executive's material failure or neglect, or refusal to perform, the duties and responsibilities of his position, or
  - (b) Executive's failure to take reasonable direction consistent with Executive's position from HFC's Chief Executive Officer; or
  - (ii) Failure of Executive to comply with the reasonable policies, regulations and directives of HFC as in effect from time to time; or
  - (iii) Any act or omission on the part of Executive which constitutes a failure to comply with the provisions of this Agreement; or
  - (iv) Any act or omission on the part of Executive which is harmful to the reputation or business of HFC, including, but not limited to, personal conduct of Executive which is inconsistent with federal and state laws respecting harassment of, or discrimination against, one or more of HFC's employees; or
  - (v) Conviction of Executive of, or a guilty or nolo contendere plea by Executive with respect to, any crime punishable as a felony; or any bar against Executive from serving as a director, officer or executive of any firm the securities of which trade publicly.

**Table of Contents**

Executive's termination for Cause shall be determined in good faith by and in the sole discretion of HFC's Chief Executive Officer.

(d) May be terminated upon Executive's inability to perform the essential functions of Executive's position due to physical or mental disability, with or without reasonable accommodation, as determined in the good faith judgment of HFC's Chief Executive Officer, or as may otherwise be required by applicable law.

(e) Shall terminate at the end of the month during which Executive reaches the normal retirement date established by HFC for management employees of HFC, but in no event earlier than the compulsory retirement age permitted under applicable federal or state law for management employees.

(f) May be terminated by Executive for any reason on thirty (30) days' written notice to HFC.

(g) May be terminated by HFC at any time, for any reason, immediately upon written notice to Executive.

(h) May be terminated by HFC immediately upon written notice to Executive at any time within (6) months after a Change of Control as defined in Section 2.03 below.

**2.02 Compensation Upon Termination of Executive's Employment.** In the event that Executive's employment with HFC terminates, the following provisions shall govern as applicable:

(a) If termination occurs pursuant to subparagraph 2.01(a), (b), (c), (d), (e), or (f), Executive's receipt of base salary and fringe benefits shall terminate as of the date of termination (except Executive shall have the right to continue certain benefits at Executive's expense under COBRA), unless the parties agree in writing otherwise. If termination occurs pursuant to subparagraph 2.01(d), Executive acknowledges and agrees that Executive's receipt of salary compensation between the date of disability and date of termination shall be governed by HFC's employee benefit programs, as may be amended from time to time, to the extent Executive is eligible to participate in such programs.

(b) If termination occurs pursuant to subparagraph 2.01(g), Executive's receipt of base salary and fringe benefits shall terminate as of the date of termination (except Executive shall have the right to continue certain benefits at Executive's expense under COBRA). However, Executive shall receive as separation pay the equivalent of nine (9) months of Executive's then current base salary. Executive shall be required to execute a release agreement prepared by HFC to include a general release of any and all claims in favor of HFC in exchange for Executive's receipt of separation pay under this subparagraph 2.02(b). Any separation pay due to Executive under this subparagraph 2.02(b) shall be payable to Executive in a lump sum thirty (30) days after receipt by the Company of the signed release agreement and the expiration of any rescission periods

**Table of Contents**

in such agreement without rescission by Executive. Notwithstanding the foregoing, if any of the payments described in this Section 2.02 are subject to the requirements of Section 409A of the Code, and the Company determines that Executive is a specified employee as defined in Section 409A of the Code, such payments shall not be made earlier than the date that is six (6) months after Executive's termination, but shall be paid during the calendar year following the year in which such termination occurs and within thirty (30) days of the earliest possible date permitted under Section 409A of the Code.

(c) All payments made to Executive under this Section 2.02 shall be reduced by amounts (i) required to be withheld in accordance with federal, state and local laws and regulations in effect at the time of payment, and (ii) owed to HFC by Executive for any amounts advanced, loaned or misappropriated in accordance with applicable law.

**2.03 Termination in the Event of a Change of Control.**

(a) **Change of Control Payments.** If termination occurs pursuant to subparagraph 2.01(h), Executive's receipt of base salary and fringe benefits shall terminate as of the date of termination (except Executive shall have the right to continue certain benefits at Executive's expense under COBRA). However, Executive shall receive as separation pay the equivalent of nine (9) months of Executive's then current base salary. Executive shall be required to execute a release agreement prepared by HFC to include a general release of any and all claims in favor of HFC in exchange for Executive's receipt of separation pay under this subparagraph 2.03(a). Any separation pay due to Executive under this subparagraph 2.03(a) shall be payable to Executive in a lump sum thirty (30) days after receipt by the Company of the signed release agreement and the expiration of any rescission periods in such agreement without rescission by Executive. Notwithstanding the foregoing, if any of the payments described in this Section 2.03 are subject to the requirements of Section 409A of the Code, and the Company determines that Executive is a specified employee as defined in Section 409A of the Code, such payments shall not be made earlier than the date that is six (6) months after Executive's termination, but shall be paid during the calendar year following the year in which such termination occurs and within thirty (30) days of the earliest possible date permitted under Section 409A of the Code.

(b) **Limitation on Change of Control Payments.** Executive shall not be entitled to receive any Change of Control Action (as defined below), which would constitute an excess parachute payment for purposes of Section 280G of the Code, or any successor provision, and the regulations thereunder. In the event that any Change of Control Action payable to Executive would constitute an excess parachute payment, then the acceleration of the exercisability of any stock options and the payments to Executive pursuant to this Section 2.03 shall be reduced to the largest amount as will result in no portion of such payments being subject to the excise tax imposed by Section 4999 of the Code. For purposes of this Section 2.03, a Change of Control Action shall mean any payment, benefit or transfer of property in the

**Table of Contents**

nature of compensation paid to or for the benefit of Executive under any arrangement which is considered contingent on a Change of Control for purposes of Section 280G of the Code, including, without limitation, any and all salary, bonus, incentive, restricted stock, stock option, compensation or benefit plans, programs or other arrangements, and shall include benefits payable under this Agreement.

(c) Definition. For purposes of this Agreement, a Change of Control shall mean any of the following events occurring after the date of this Amendment:

(1) A merger or consolidation to which the Company is a party, an acquisition by the Company involving the issuance of the Company's securities as consideration for the acquired business, or any combination of fully closed and completed mergers, consolidations or acquisitions during any consecutive twenty-four (24) month period, if the individuals and entities who were shareholders of the Company immediately prior to the effective date of such merger, consolidation, or acquisition (or prior to the effective date of the first of a combination of such transactions) have, immediately following the effective date of such merger, consolidation or acquisition (or following the effective date of the last of a combination of such transactions), beneficial ownership (as defined in Rule 13d-3 under the Securities Exchange Act of 1934) of less than fifty percent (50%) of the total combined voting power of all classes of securities issued by the surviving corporation for the election of directors of the surviving corporation; or

(2) The purchase or other acquisition by any one person, or more than one person acting as a group, of substantially all of the total gross value of the assets of the Company during the twelve (12) month period ending on the date of the most recent purchase or other acquisition by such person or persons. For purposes of this subparagraph 2.03(c), gross value means the value of the assets of the Company or the value of the assets being disposed of, as the case may be, determined without regard to any liabilities associated with such assets.

**ARTICLE III**

**PROTECTION OF TRADE SECRETS AND  
CONFIDENTIAL BUSINESS DATA**

3.01. Confidential Information. For the purposes of this Agreement, Confidential Information means any information not generally known to the public and proprietary to HFC and includes, without limitation, trade secrets, inventions, and information pertaining to research, development, purchasing, marketing, selling, accounting, licensing, business systems, business techniques, site processes and manuals, customer information and lists, prospective customer information and lists, pricing information and lists, fee schedules, business strategies and plans, information pertaining to the benefits HFC provides to its customers and employees, pending patentable materials and/or designs, design documentation, discoveries, improvements, ideas,

**Table of Contents**

documentation of meetings, tests and/or test standards, employee compensation, or manuals whether or not in document, electronic, computer or other form. For example, Confidential Information may be contained in HFC's customer lists, prospective customer lists, the particular needs and requirements of customers, the particular needs and requirements of prospective customers, and the identity of customers or prospective customers. Information shall be treated as Confidential Information regardless of its source, and any information which is labeled or marked as being confidential or trade secret shall be presumed to be Confidential Information. The definition of Confidential Information is not intended to be complete; from time to time during the term of Executive's employment, Executive may gain access to other information not generally known to the public and proprietary to HFC concerning HFC's business that is of commercial value to HFC, which information shall be included in the definition of Confidential Information above, even though not specifically listed in that definition. The definition of Confidential Information and the provisions of this Article III apply to any form in which the subject information, trade secrets, or data may appear, whether written, oral, or any other form of recording or storage.

3.02 Maintain in Confidence. Executive shall hold the Confidential Information, including trade secrets and/or data, in the strictest confidence and will never, without prior written consent of HFC, (directly or indirectly) disclose, assign, transfer, convey or communicate to any person or entity (including without limitation a competitor of HFC, the press, other professionals, corporations, partnerships or the public), or use for Executive's own or another's benefit, at any time prior to or during Executive's employment with HFC or at any time after Executive's termination of employment with HFC, regardless of the reason for Executive's resignation or termination of employment, whether voluntary or involuntary. Executive further promises and agrees that Executive will faithfully abide by any rules, policies, practices or procedures existing or which may be established by HFC for insuring the confidentiality of the Confidential Information, including, but not limited to, rules, policies, practices or procedures: (a) limiting access to authorized personnel; (b) limiting copying of any writing, data or recording; (c) requiring storage of property, documents or data in secure facilities provided by HFC and limiting safe or vault lock combinations or keys to authorized personnel; and/or (d) checkout and return or other procedures promulgated by HFC from time to time.

3.03 Return of Information/Property. Upon Executive's resignation or termination of employment, whether voluntary or involuntary, or prior to or during Executive's employment upon request by HFC for any reason, Executive will return to HFC any and all written or otherwise recorded form of all Confidential Information (and any copies thereof) in Executive's possession, custody or control, including, but not limited to, notebooks, memoranda, specifications, customer information and lists, prospective or potential customer information and lists, and pricing information and lists, and will take with him, upon leaving HFC's place of business or employment with HFC, no such documents, data, writings, recordings, or reproduction in any form which may have been entrusted or obtained by him during the course of Executive's employment or to which he had access, possession, custody or control, except with the express, written permission of HFC's Board of Directors. Moreover, in the event of Executive's resignation or termination of employment, whether voluntary or involuntary, all corporate documents, records, files, credit cards, computer disks and tapes, computer access cards, codes and keys, file access codes and keys, building and office access cards, codes and keys, materials, equipment and other property of HFC which is in Executive's possession, custody or control shall be returned to HFC at its principal business offices on the date of Executive's resignation or termination of employment, or within five business days thereafter if termination occurs without notice. Executive



**Table of Contents**

may copy, at Executive's expense, documents, records, materials and information of HFC only with the express, written permission of HFC's Board of Directors.

3.04 Irreparable Harm. The parties acknowledge that HFC will suffer irreparable harm if Executive breaches Sections 3.02 or 3.03, either during or after Executive's employment with HFC. Accordingly, HFC shall be entitled, in addition to any other right and remedy it may have, at law or equity, to a temporary restraining order and/or injunction, without the posting of a bond or other security, or with the posting of a minimal bond or security where required by applicable law, enjoining or restraining Executive from any violation of Sections 3.02 or 3.03, and Executive hereby consents to HFC's right to seek the issuance of such injunction. If HFC institutes any such action against Executive, alone or in conjunction with any third party or parties to enforce any terms or provisions of Sections 3.02 or 3.03, then the party that prevails in such action shall be entitled to receive from the opposing party (or parties) in the action the prevailing party's reasonable attorneys' fees incurred in such action and all costs and expenses incurred in connection therewith in accordance with Section 7.08

3.05 Survival of Provisions. The parties agree that the provisions in this Article III shall survive the termination of this Agreement and Executive's resignation or the termination of Executive's employment for any reason.

**ARTICLE IV**

**NON-COMPETE; NON-SOLICITATION; NON-DISPARAGEMENT**

4.01 Non-Compete Agreement.

(a) During Executive's employment with HFC and for a period of twelve (12) months after Executive's resignation or termination of employment, whether voluntary or involuntary, Executive shall not render services of any kind, directly or indirectly, to any Conflicting Organization (as defined below) in the United States, or in any foreign country or territory, except that Executive may accept employment with a Conflicting Organization whose business is diversified and which is, as to that part of its business in which Executive accepts employment, not a Conflicting Organization, provided that HFC, prior to Executive's accepting such employment, shall receive separate written assurances satisfactory to HFC from such Conflicting Organization and from Executive, that Executive will not render services directly or indirectly, for a 12-month period, in connection with any Conflicting Product. Executive also agrees that during Executive's employment with HFC and for a period of 12 months thereafter, Executive will not render services to any other organization or person in a position in which Executive could use Confidential Information to the detriment of HFC.

(b) Conflicting Organization means any person or organization that is engaged in (or about to become engaged in) research on, consulting regarding, or development, production, marketing or selling of a Conflicting Product.

**Table of Contents**

(c) **Conflicting Product** means any product, process, technology, invention or service relating to employee health improvement, wellness, or health and fitness management which is competitive with those offered by HFC, or which is in development and will be competitive with those offered by HFC; and any other product, process, technology, invention or service which is competitive with those offered by HFC.

4.02 **Non-Solicitation Agreement**. During Executive's employment with HFC and for a period of twelve (12) months after Executive's resignation or termination of employment, whether voluntary or involuntary, Executive shall not,

(a) solicit HFC's current or former customers or potential or prospective customers on behalf of himself or any other business, person or entity for the purpose of selling, offering, providing or otherwise making available products or services that are the same as or similar to those products and services that were offered by HFC at any time during Executive's employment with HFC;

(b) exploit or use contacts, developed or made during Executive's employment with HFC, for the purpose of soliciting HFC's current or former customers or potential or prospective customers on Executive's behalf or the behalf of any other business, person or entity for purpose of selling, offering, providing or otherwise making available products or services that are the same as or similar to those products and services that were offered by HFC at any time during Executive's employment with HFC; or

(c) directly or indirectly, induce or attempt to induce, any of HFC's then current employees or independent contractors to terminate their employment, contractual or other relationship with HFC, or otherwise interfere or attempt to interfere with that existing employment or other relationship with HFC.

4.03 **Non-Disparagement**. During Executive's employment with HFC and at all times thereafter, Executive shall not disparage or defame, or allow or cause others to disparage or defame, HFC, its Board of Directors, directors, officers, employees, customers, or vendors.

4.04 **Irreparable Harm**. The parties acknowledge that HFC will suffer irreparable harm if Executive breaches Section 4.01, 4.02 or 4.03. Accordingly, HFC shall be entitled, in addition to any other right and remedy it may have, at law or equity, to a temporary restraining order and/or injunction, without the posting of a bond or other security, or with the posting of a minimal bond or security where required by applicable law, enjoining or restraining Executive from any violation of Section 4.01, 4.02 or 4.03 and Executive hereby consents to HFC's right to seek the issuance of such injunction. If HFC institutes any such action against Executive, alone or in conjunction with any third party or parties to enforce any terms or provisions of Section 4.01, 4.02 or 4.03 then the party that prevails in such action shall be entitled to receive from the opposing party (or parties) in the action the prevailing party's reasonable attorneys' fees incurred in such action and all costs and expenses incurred in connection therewith in accordance with Section 7.08.

**Table of Contents**

4.05 Limit to Extent Enforceable. In the event that a court of competent jurisdiction determines that any of the provisions of Section 4.01, 4.02 or 4.03 are unreasonable, it may limit such provision to the extent it deems reasonable, without declaring the provision of Section 4.01, 4.02 or 4.03 invalid in its entirety. This provision shall not be construed as an admission by HFC, but is only included to provide HFC with the maximum possible protection for its business, Confidential Information, trade secrets and data, consistent with the right of Executive to earn a livelihood subsequent to the termination of Executive's employment.

4.06 Compliance. To enable HFC to monitor Executive's compliance with the obligations imposed by this Agreement, including Sections 4.01, 4.02 and 4.03, Executive shall, during the twelve (12) months following Executive's termination or resignation, inform HFC of the identity of any new employer of Executive and of Executive's job title and responsibilities with any such employer.

4.07 Survival of Provisions. The parties agree that the provisions in this Article IV shall survive termination of this Agreement and Executive's resignation or the termination of Executive's employment for any reason.

**ARTICLE V**  
**INVENTIONS**

5.01 Invention. For purposes of this Agreement, the term "Invention" means ideas, discoveries, and improvements whether or not shown or described in writing or reduced to practice and whether patentable or not, relating to any of HFC's present or future sales, research, or other business activities, or reasonably foreseeable business interests of HFC.

5.02 Disclosure. Executive shall promptly and fully disclose to HFC and will hold in trust for HFC sole right and benefit any Invention which Executive, during the period of Executive's employment (including during non-working hours), makes, conceives, or reduces to practice or causes to be made, conceived, or reduced to practice either alone or in conjunction with others that: (a) relates to any subject matter pertaining to Executive's employment; (b) relates to or is directly or indirectly connected with the business, products, projects, or Confidential Information of HFC; or (c) involves the use of any time, material, or facility of HFC.

5.03 Assignment of Ownership. Executive hereby assigns to HFC all of Executive's right, title, and interest in and to all such inventions as described in Section 5.02 and, upon HFC's request, Executive shall execute, verify, and deliver to HFC such documents including, without limitation, assignments and applications for Letters Patent, and shall perform such other acts, including, without limitation, appearing as a witness in any action brought in connection with this Agreement that is necessary to enable HFC to obtain the sole right, title, and benefit to all such inventions.

5.04 Excluded Inventions. It is further agreed, and Executive is hereby so notified, that the above agreement to assign inventions to HFC does not apply to any invention for which no equipment, supplies, facility, or Confidential Information of HFC was used, which was developed entirely on Executive's own time, and (a) which does not relate (i) directly to the business of HFC or (ii) to HFC's

**Table of Contents**

actual or demonstrably anticipated research or development, or (b) which does not result from any work performed by Executive for HFC.

5.05 Prior Inventions. Attached to this Agreement and initialed by both parties is a list of all of the inventions, by description, if any, in which Executive possesses any right, title, or interest prior to this employment and the execution of this Agreement, which are not subject to the terms of this Agreement.

5.06 Specific Performance: Attorney Fees. Executive expressly acknowledges and agrees that any violation of any terms of Sections 5.02 or 5.03 may result in the issuance of a temporary restraining order and/or injunction against Executive to effect specific performance of the terms of Sections 5.02 or 5.03. If HFC institutes any action against Executive, alone or in conjunction with any third party or parties, to enforce any term or provision of Sections 5.02 or 5.03, then the party that prevails in such action shall be entitled to receive from the opposing party (or parties) in the action the prevailing party's reasonable attorneys' fees incurred in such action and all costs and expenses incurred in connection therewith in accordance with Section 7.08.

5.07 Survival of Provisions. The parties agree that the provisions in this Article V shall survive termination of this Agreement and Executive's resignation or the termination of Executive's employment for any reason.

**ARTICLE VI**  
**ARBITRATION**

6.01 Agreement to Arbitrate. With the exception of HFC's right to seek injunctive relief in connection with breaches by Executive of Sections 3.02, 3.03, 4.01, 4.02, 4.03 and/or 5.02 or 5.03 of this Agreement, all disputes or claims arising out of or in any way relating to this Agreement, including the making of this Agreement, shall be submitted to and determined by final and binding arbitration before the American Arbitration Association (AAA) under the AAA's National Rules for the Resolution of Employment Disputes. The award of the arbitrator(s), or a majority of them, shall be final and judgment upon such award may be entered in any court of competent jurisdiction. This arbitration provision shall continue in full force and effect after Executive's resignation or termination of employment under this Agreement.

6.02 Discovery. In addition to any other procedures provided for under the rules of the AAA, upon written request, each party shall, at least 14 days prior to the date of any hearing, provide to the opposite party a copy of all documents relevant to the issues raised by any claim or counterclaim and a list of all witnesses to be called by that party at the hearing and each party shall be permitted to take at least one deposition at least 14 days prior to any hearing.

6.03 Costs. The costs of proceedings under Article VI shall be paid in accordance with the provisions of Article VII below.

**Table of Contents**

**ARTICLE VII**  
**MISCELLANEOUS**

7.01 Governing Law. This Agreement shall be governed according to the laws of the State of Minnesota without reference to its conflict of laws principles.

7.02 Captions. The captions set forth in this Agreement are for convenience only and shall not be considered as part of this Agreement or as in any way limiting or amplifying the terms and conditions hereof.

7.03 No Conflicting Obligations. Executive represents and warrants to HFC that he is not under, or bound to be under in the future, any obligation to any person, firm, or corporation that is or would be inconsistent or in conflict with this Agreement or would prevent, limit, or impair in any way the performance by him of Executive's obligations hereunder. Specifically, but without limiting the generality of the foregoing, Executive warrants and represents to HFC that he is not currently bound and will not be bound in the future by any confidentiality agreements and/or restrictive covenants that may and/or will restrict Executive's ability to perform Executive's duties hereunder. Moreover, Executive agrees that he will not enter into any confidentiality agreements and/or restrictive covenants during Executive's employment with HFC that may or will restrict Executive's ability to perform Executive's duties hereunder, with the exception of any confidentially agreements and/or restrictive covenants entered into by and between Executive and HFC.

7.04 Successors. This Agreement is personal to Executive and Executive may not assign or transfer any part of Executive's rights or duties hereunder, or any compensation due to him hereunder, to any other person. This Agreement may be assigned by HFC. This Agreement is binding on any successors or assigns of HFC.

7.05 Waiver. The waiver by any party of the breach or nonperformance of any provision of this Agreement by any other party will not operate or be construed as a waiver of any future breach or nonperformance under any provision of this Agreement or any similar agreement with any other employee.

7.06 Notices. Any and all notices referred to herein shall be deemed properly given only if in writing and delivered personally or sent postage prepaid, by certified mail, return receipt requested, as follows:

(a) To HFC by notice to the Chief Executive Officer

(b) To Executive at Executive's home address as it then appears on the records of HFC, it being the duty of Executive to keep HFC informed of Executive's current home address at all times.

The date on which notice to HFC or Executive shall be deemed to have been given if mailed as provided above shall be the date on the certified mail return receipt. Personal delivery to Executive

**Table of Contents**

shall be deemed to have occurred on the date notice was delivered to Executive personally or deposited in a mail box or slot or left with security or administrative personnel, at Executive's residence by a representative of HFC or any messenger or delivery service.

7.07 Survival of Provisions. The parties agree that the provisions in Articles III, IV, V, VI, and VII shall survive termination of this Agreement and Executive's resignation or termination from employment for any reason.

7.08 Payment of Fees and Expenses. If any party initiates or becomes a party to a formal proceeding in law or equity, or under Article VI, involving this Agreement, and if either party obtains a substantial portion of the relief requested by that party (the prevailing party), then the non-prevailing party shall pay all of its and the prevailing party's reasonable costs and expenses, including reasonable attorneys' fees and expenses, incurred with respect to such proceeding. If neither party obtains a substantial portion of the relief requested each shall bear its/his own expenses. In the event Executive is terminated pursuant to Section 2.01(c) and challenges HFC's determination of Cause, HFC and Executive shall each bear its/his own expenses in connection with any proceeding initiated by Executive with respect to the determination as to Cause.

7.09 Term. This Agreement shall be effective from the Effective Date (Executive's first day of employment) and shall continue until terminated in accordance with the provisions set forth in this Agreement.

7.10 Modification. This Agreement supersedes any and all prior oral and written understandings and agreements, if any, between the parties relating to the subject matter hereof. This Agreement sets forth the entire understandings and agreements between and among the parties and is the complete and exclusive statement of the terms and conditions thereof. No modification, termination, discharge or attempted waiver of any provision of this Agreement will be valid unless it is made in writing and signed by the party against whom the same is sought to be enforced, and is specifically identified as a modification, termination, release, waiver or discharge of this Agreement. Notwithstanding anything in this Agreement to the contrary, HFC expressly reserves the right to amend this Agreement to the extent necessary to prevent the income tax and excise tax and interest penalties set out in Code Section 409A as it may be amended from time to time, and the regulations, notices and other guidance of general applicability issued thereunder from being applied to the Executive.

7.11 Counterparts. More than one counterpart of this Agreement may be executed by the parties hereto, and each fully executed counterpart shall be deemed an original.

**Table of Contents**

IN WITNESS WHEREOF, the parties have hereunto set their hands as of the date written above.

**HEALTH FITNESS CORPORATION**

By /s/ Gregg Lehman

Gregg Lehman  
Its: Chief Executive Officer

**EXECUTIVE**

/s/ John Griffin  
John Griffin

- 15 -

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**Table of Contents**

**Exhibit 10.4**

**EMPLOYMENT AGREEMENT**

THIS AGREEMENT is made effective as of February 1, 2008 (the Effective Date ), by and between Health Fitness Corporation, a Minnesota corporation (hereinafter called HFC or the Company ), and James Reynolds (hereinafter called Executive ).

**RECITALS**

WHEREAS, Executive desires to be employed by HFC and HFC desires to employ Executive on the terms stated in this Agreement;

WHEREAS, Executive acknowledges that Executive has been notified and recognizes that the execution of this Agreement, including specifically the restrictive covenants contained in Article IV of this Agreement, is an express condition of his employment with HFC;

NOW, THEREFORE, in consideration of HFC hiring Executive and the continuation of his employment, any promotions, increases in compensation, and/or other benefits now or hereafter paid or made available to Executive by HFC, Executive and HFC agree as follows:

**ARTICLE I**

**EMPLOYMENT, COMPENSATION AND BENEFITS**

**1.01 Employment With HFC.**

(a) HFC hereby agrees to employ Executive initially in the position of Chief Medical Officer, and Executive hereby accepts such employment with HFC. Such employment shall continue indefinitely until terminated in accordance with Article II of this Agreement.

**1.02 Duties.**

(a) Executive agrees, during Executive s employment, to devote Executive s full time and best efforts to the business of HFC, including, without limitation, the performance of those duties and responsibilities reasonably and customarily associated with Executive s position, which duties and responsibilities may change from time to time. Executive s duties and responsibilities shall be subject to determination by HFC s Chief Executive Officer or his designee.

(b) Executive shall report to, and at all times shall be subject to the direction of, HFC s Chief Executive Officer or his designee.

(c) Executive, at all times during Executive s employment with HFC, shall comply with HFC s reasonable standards, regulations and policies as determined or set forth by HFC from time to time and as applicable to employees of HFC.



**Table of Contents**

(d) HFC has agreed to allow Executive to work out of a home office at his Colorado residence. Executive will cover all costs and expenses regarding the furnishing and all other costs and expenses incurred in regard to the home office, including but not limited to any rent, and he will not be reimbursed by HFC for such costs or expenses, except as set forth below in this subsection 1.02(d). Executive agrees to provide ergonomic furnishings for the home office suitable for a standard office environment. HFC will supply, or reimburse Executive for, certain equipment and supplies the Company deems necessary for Executive to do business from the home office, including a computer, printer, fax capability, voice mail, high speed internet service, installation costs for initial office and cell telephone set-up and monthly service and call charges, office supplies, and other miscellaneous items.

Executive agrees to set up the home office in such a way as to ensure that he can effectively conduct HFC business in a confidential manner and to ensure that information, communications, documents and ma