

HEALTH DISCOVERY CORP
Form 424B3
September 18, 2009

Prospectus Supplement
Filed Under Rule 424(b)(3)

Registration No. 333-150878

Prospectus Supplement No. 7 dated September 18, 2009
(to Prospectus dated September 19, 2008, as amended and restated April 30, 2009 and supplemented May 8, 2009,
May 15, 2009, July 7, 2009 and August 17, 2009)

HEALTH DISCOVERY CORPORATION

70,549,868 Shares of Common Stock to be issued upon exercise of Warrants
352,746 Shares of Common Stock

This prospectus supplement to the prospectus, dated September 18, 2009, as amended and restated April 30, 2009 and supplemented May 8, 2009, May 15, 2009, July 7, 2009 and August 17, 2009, relates to the resale of up to 70,549,868 shares of Health Discovery Corporation common stock to be issued upon the exercise of warrants and 352,746 shares of Health Discovery Corporation common stock, which are being offered for resale from time to time by the selling shareholders.

This prospectus supplement should be read in conjunction with the prospectus, dated April 30, 2009, as supplemented, which is to be delivered with this prospectus supplement. The information in this prospectus supplement updates and supersedes certain information contained in the prospectus, dated April 30, 2009.

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. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

On September 18, 2009, Health Discovery Corporation filed with the Securities and Exchange Commission the attached Current Report on Form 8-K.

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): September 15, 2009

Health Discovery Corporation
(Exact name of registrant as specified in charter)

Georgia
(State of incorporation)

333-62216
(Commission File Number)

74--3002154
(IRS Employer
Identification No.)

2 East Bryan Street, Suite #601, Savannah, GA 31401
(Address of principal executive offices / Zip Code)

912-443-1987
(Registrant's telephone number, including area code)

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.
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act.
 - Pre-commencement communications pursuant to Rule 14d—2(b) under the Exchange Act.
 - Pre-commencement communications pursuant to Rule 13e—4(c) under the Exchange Act.
-

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

(c) On September 15, 2009, Health Discovery Corporation (the “Company”) entered into an employment agreement with Mr. John A. Norris for his employment as Chief Operating Officer.

Mr. Norris brings more than 20 years of healthcare industry and consulting expertise to the Company. He has advised the senior management of numerous global businesses in the life sciences, healthcare, pharma, diagnostics and healthcare-IT industries, among them Pfizer, Merck, Johnson & Johnson, Glaxo, the AMA, The Adventist Healthcare System, The Caritas Christi Healthcare System, and Partners Health Care System. He also has extensive management experience, including leading the team responsible for the billion dollar turn-around and sale of laser-eye-surgery pioneer Summit Technology. He received a B.A. in Economics from the University of Rochester, his M.B.A. and J.D. from Cornell University and a Certificate in Government from Harvard University, where he also taught for twelve years. He is the founder and faculty-editor-in-chief of the American Journal of Law & Medicine, a leading healthcare policy, law, and regulation journal. Mr. Norris will be responsible for business development, primarily creating new strategic partnerships, licenses and contracts to complement the company’s existing agreements with Quest Diagnostics, Abbott Molecular, Pfizer, Bruker and Clariant.

Mr. Norris’ employment agreement is attached to this Form 8-K as Exhibit 10.1. The employment agreement has an initial term of four months, effective September 1, 2009. Mr. Norris will receive a monthly salary of \$10,000. If Mr. Norris’ employment is terminated without Cause, as defined in the employment agreement, or if Mr. Norris terminates the employment agreement for Good Reason, as defined in the employment agreement, then Mr. Norris will receive as severance the amount of his base salary for the remainder of the term of the agreement. If the employment agreement is otherwise terminated, Mr. Norris is not eligible to receive severance, and will only receive his base salary accrued up to the effective date of the termination and reimbursement of expenses, if any. The employment agreement also generally provides that Mr. Norris will keep confidential information confidential and that he will not compete with us in our business nor solicit our customers or employees for a period of ninety days following termination of employment.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

10.1 Employment Agreement between the Company and John A. Norris, dated as of September 1, 2009

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 thereunto duly authorized.

HEALTH DISCOVERY CORPORATION

Dated: September 18, 2009

By: /s/ Stephen D. Barnhill,
M.D.
Stephen D. Barnhill,
M.D.
Chief Executive Officer

EMPLOYMENT AGREEMENT

THIS AGREEMENT (the "Agreement") is to be effective as of September 1, 2009 (the "Effective Date"), between Health Discovery Corporation (the "Company"), and John A. Norris (the "Executive").

INTRODUCTION

The Company and the Executive now desire to enter into this Agreement as to the terms of his employment by the Company.

NOW, THEREFORE, the parties agree as follows:

1. Terms and Conditions of Employment.

(a) Employment. During the Term, Company will employ the Executive, and the Executive will serve as Chief Operating Officer (COO) of the Company with such responsibilities and authority as may from time to time be assigned to the Executive by the CEO and/or the President of the Company. The Executive shall be responsible for strategic direction and strategic alliances (in conjunction with the CEO and the President and the Board of Directors of the Company) through performing the duties listed in Exhibit A; and as may be requested by the CEO or the President, such customary, appropriate and reasonable executive duties as are usually performed by a chief operating officer. In this capacity, the Executive will provide services to the Company and be privy to the Company's Confidential Information and Trade Secrets. The Executive will report to the CEO and the President of the Company. The Executive's primary office will be at the Company's headquarters in such geographic location within the United States as may be determined by the Company.

(b) Exclusivity. Throughout the Executive's employment hereunder, the Executive shall devote the Executive's time, energy and skill to the performance of the duties of the Executive's employment, shall faithfully and industriously perform such duties, and shall diligently follow and implement all management policies and decisions of the Company; provided, however, that this provision is not intended to prevent the Executive from managing his investments, or engaging in other activities outside of the Company, whether or not compensable, so long as he gives his duties to the Company first priority and such activities do not interfere with his performance of duties for the Company. Notwithstanding the foregoing, other than with regard to the Executive's duties to the Company and those companies with which the Executive is already affiliated including Norris Capital, Inc., the Executive will not accept any other employment during the Term, perform any consulting services during the Term, or serve on the board of directors or governing body of any other business, except with the prior written consent of the Board of Directors or the CEO or the President of the Company. Further, the Executive has disclosed on Exhibit B hereto, all of his nonpublic company bio-discovery related investments, and agrees during the Term not to make any investments during the Term hereof except as a passive investor. The Executive agrees during the Term not to own directly or indirectly equity securities of any public healthcare related company (excluding the Company) that represents five percent (5%) or more of the value of voting power of the equity securities of such company. The Executive also warrants that no company with which he is already affiliated is currently a Competing Business and that there is no existing conflict of interest between his activities in connection with those companies with which he is already affiliated and the Business of the Company.

2. Compensation.

(a) Base Salary. The Company shall pay the Executive base salary of \$10,000.00 per month (the “Base Salary”), The Base Salary shall be payable in equal installments, no less frequently than twice per month, in accordance with the Company’s regular payroll practices.

(b) Expenses. The Executive shall be entitled to be reimbursed in accordance with Company policy in effect for reasonable and necessary travel and entertainment expenses incurred by the Executive in connection with the performance of the Executive's duties of employment hereunder; provided, however, the Executive shall, as a condition of such reimbursement, submit verification of the nature and amount of such expenses in accordance with the reasonable reimbursement policies from time to time adopted by the Company. Any travel by Executive on behalf of the Company shall be at the Company's expense and shall include, but not be limited to, all costs for the Executive's transportation, lodging, meals, and with respect to air fare at lowest available nonstop coach rates for domestic flights and at lowest available nonstop business class rates for all international flights.

(c) Director & Officer Insurance. The Company, at its expense, shall maintain director and officer insurance covering Executive at levels consistent with past practice with a reputable carrier. The Executive shall be entitled to indemnification, including advancement of expenses (if applicable), in accordance with and to the fullest extent permitted by law, and as provided by the Company's bylaws and articles of incorporation, and any separate indemnification agreement, if any.

(d) Reimbursement Conditions. All expenses eligible for reimbursement under this Agreement must be incurred by the Executive during the Term of this Agreement to be eligible for reimbursement. All reimbursements shall be paid as soon as administratively practicable, but in no event shall any reimbursement be paid after thirty days following the last day of the calendar year.

(e) Withholding. All payments pursuant to this Agreement shall be reduced for any applicable state, local, or federal tax withholding obligations.

3. Term, Termination and Termination Payments.

(a) Term. The term of this Agreement shall begin as of the Effective Date. It shall continue through December 31, 2009 or until sooner terminated pursuant to Section 3(b) hereof (the "Term").

(b) Termination. This Agreement and the employment of the Executive by the Company hereunder shall only be terminated: (i) by expiration of the Term; (ii) by the Company without Cause; (iii) by the Executive for Good Reason; (iv) by the Company or the Executive due to the Disability of the Executive; (v) by the Company for Cause; (vi) by the Executive for other than Good Reason or Disability, upon at least ninety (90) days prior written notice to the Company; or (vii) upon the death of the Executive. Notice of termination by any party shall be given prior to termination in writing and shall specify the basis for termination and the effective date of termination. Further, notice of termination for Cause by the Company or Good Reason by the Executive shall specify the facts alleged to constitute termination for Cause or Good Reason, as applicable. Except as provided in Section 3(c), the Executive shall not be entitled to any payments or benefits after the effective date of the termination of this Agreement, except for Base Salary pursuant to Section 2(a) accrued up to the effective date of termination, and expenses required to be reimbursed pursuant to Section 2(b) and (d).

(c) Termination by the Company without Cause or by the Executive for Good Reason.

(i) If the employment of the Executive is terminated by the Company without Cause or by the Executive for Good Reason and such termination constitutes a Termination of Employment, the Company will pay the Executive (his Base Salary pursuant to Section 2(a) hereof for the remainder of the Term. Such amount shall be paid in arrears in substantially equal installments not less frequently than monthly over the remainder of the Term commencing within thirty (30) days following the effective date of termination; provided, however, if the Executive is a "specified employee" within the meaning of Section 409A of the Internal Revenue Code, as amended (the "Code"), at the date of his Termination of Employment, then such portion of the payments that would result in a tax under Code Section 409A if

paid during the first six (6) months after Termination of Employment shall be withheld, starting with the payments latest in time during such six (6) month period, and paid to the Executive during the seventh month following the date of his Termination of Employment. Notwithstanding the foregoing, if the total payments to be paid to the Executive hereunder, along with any other payments to the Executive, would result in the Executive being subject to the excise tax imposed by Code Section 4999, the Company shall reduce the aggregate payments to the largest amount which can be paid to the Executive without triggering the excise tax, but only if and to the extent that such reduction would result in the Executive retaining larger aggregate after-tax payments. The determination of the excise tax and the aggregate after-tax payments to be received by the Executive will be made by the Company. If payments are to be reduced, the payments made latest in time will be reduced first.

(ii) If the original Term is not extended or the Company or the Executive terminates the Executive's employment in accordance with the Agreement upon or following expiration of the Term, such termination shall not be deemed in and of itself to be a termination of the Executive's employment by the Company without Cause or a resignation by Executive for Good Reason.

(iii) Notwithstanding any other provision hereof, as a condition to the payment of the amounts in this Section, the Executive shall be required to execute and not revoke within the revocation period provided therein, the Release.

(d) Survival. The covenants in this Section 3 hereof shall survive the termination of this Agreement and shall not be extinguished thereby.

4. Ownership and Protection of Proprietary Information.

(a) Confidentiality. All Confidential Information and Trade Secrets and all physical embodiments thereof received or developed by the Executive while employed by the Company are confidential to and are and will remain the sole and exclusive property of the Company. Except to the extent necessary to perform the duties assigned by the Company hereunder, the Executive will hold such Confidential Information and Trade Secrets in trust and strictest confidence, and will not use, reproduce, distribute, disclose or otherwise disseminate the Confidential Information and Trade Secrets or any physical embodiments thereof and may in no event take any action causing or fail to take the action necessary in order to prevent, any Confidential Information and Trade Secrets disclosed to or developed by the Executive to lose its character or cease to qualify as Confidential Information or Trade Secrets.

(b) Return of Company Property. Upon request by the Company, and in any event upon termination of this Agreement for any reason, as a prior condition to receiving any final compensation hereunder (including any payments pursuant to Section 3 hereof), the Executive will promptly deliver to the Company all property belonging to the Company, including, without limitation, all Confidential Information and Trade Secrets (and all embodiments thereof) then in the Executive's custody, control or possession.

(c) Survival. The covenants of confidentiality set forth herein will apply on and after the date hereof to any Confidential Information and Trade Secrets disclosed by the Company or developed by the Executive while employed or engaged by the Company prior to or after the date hereof. The covenants restricting the use of Confidential Information will continue and be maintained by the Executive for a period of two years following the termination of this Agreement. The covenants restricting the use of Trade Secrets will continue and be maintained by the Executive following termination of this Agreement for so long as permitted by the governing law.

5. Non-Competition and Non-Solicitation Provisions.

(a) The Executive agrees that during the Applicable Period, the Executive will not (except on behalf of or with the prior written consent of the Company, which consent may be withheld in Company's sole discretion), within the Area either directly or indirectly, on his own behalf, or in the service of or on behalf of others, provide managerial services or management consulting services substantially similar to those Executive provides for the Company to any Competing Business. The Executive acknowledges and agrees that the Business of the Company is conducted in the Area.

(b) The Executive agrees that during the Applicable Period, he will not, either directly or indirectly, on his own behalf or in the service of or on behalf of others solicit any individual or entity which is an actual or, to his knowledge, actively sought prospective client of the Company or any of its Affiliates (determined as of date of termination of employment) with whom he had material contact while he was an Executive of the Company, for the purpose of offering services substantially similar to those offered by the Company.

(c) The Executive agrees that during the Applicable Period, he will not, either directly or indirectly, on his own behalf or in the service of or on behalf of others, solicit for employment with a Competing Business any person who is a management level employee of the Company or an Affiliate with whom Executive had contact during the last year of Executive's employment with the Company. The Executive shall not be deemed to be in breach of this covenant solely because an employer for whom he may perform services may solicit, divert, or hire a management level employee of the Company or an Affiliate provided that the Executive does not engage in the activity proscribed by the preceding sentence.

(d) The Executive agrees that during the Applicable Period, he will not make any statement (written or oral) that could reasonably be perceived as disparaging to the Company or any person or entity that he reasonably should know is an Affiliate of the Company.

(e) In the event that this Section 5 is determined by a court which has jurisdiction to be unenforceable in part or in whole, the court shall be deemed to have the authority to strike any unenforceable provision, or any part thereof or to revise any provision to the minimum extent necessary to be enforceable to the maximum extent permitted by law.

(f) The provisions of this Section 5 shall survive termination of this Agreement.

6. Remedies and Enforceability.

The Executive agrees that the covenants, agreements, and representations contained in Sections 4 and 5 hereof are of the essence of this Agreement; that each of such covenants are reasonable and necessary to protect and preserve the interests and properties of the Company; that irreparable loss and damage will be suffered by the Company should the Executive breach any of such covenants and agreements; that each of such covenants and agreements is separate, distinct and severable not only from the other of such covenants and agreements but also from the other and remaining provisions of this Agreement; that the unenforceability of any such covenant or agreement shall not affect the validity or enforceability of any other such covenant or agreements or any other provision or provisions of this Agreement; and that, in addition to other remedies available to it, including, without limitation, termination of the Executive's employment for Cause, the Company shall be entitled to seek both temporary and permanent injunctions to prevent a breach or contemplated breach by the Executive of any of such covenants or agreements.

7. Notice.

All notices, requests, demands and other communications required hereunder shall be in writing and shall be deemed to have been duly given if delivered or if mailed, by United States certified or registered mail, prepaid to the party to which the same is directed at the following addresses (or at such other addresses as shall be given in writing by the parties to one another):

If to the Company:

2 East Bryan Street, Suite 601
Savannah, GA 31401

If to the Executive:

531 West Washington Street
Hanson, MA 02341

Notices delivered in person shall be effective on the date of delivery. Notices delivered by mail as aforesaid shall be effective upon the fourth calendar day subsequent to the postmark date thereof.

8. Miscellaneous.

(a) **Assignment.** The rights and obligations of the Company under this Agreement shall inure to the benefit of the Company's successors and assigns. This Agreement may be assigned by the Company to any legal successor to the Company's business or to an entity that purchases all or substantially all of the assets of the Company, but not otherwise without the prior written consent of the Executive. In the event the Company assigns this Agreement as permitted by this Agreement and the Executive remains employed by the assignee, the "Company" as defined herein will refer to the assignee and the Executive will not be deemed to have terminated his employment hereunder until the Executive terminates his employment with the assignee. The Executive may not assign this Agreement.

(b) **Waiver.** The waiver of any breach of this Agreement by any party shall not be effective unless in writing, and no such waiver shall constitute the waiver of the same or another breach on a subsequent occasion.

(c) **Governing Law.** This Agreement shall be governed by and construed in accordance with the internal laws of the State of Georgia. The parties agree that any appropriate state or federal court located in Chatham County, Georgia shall have jurisdiction of any case or controversy arising under or in connection with this Agreement and shall be a proper forum in which to adjudicate such case or controversy. The parties consent to the jurisdiction of such courts.

(d) **Entire Agreement.** This Agreement and other agreements referenced herein embody the entire agreement of the parties hereto relating to the subject matter hereof and supersede all oral agreements, and to the extent inconsistent with the terms hereof, all other written agreements.

(e) **Amendment.** This Agreement may not be modified, amended, supplemented or terminated except by a written instrument executed by the parties hereto.

(f) **Severability.** Each of the covenants and agreements hereinabove contained shall be deemed separate, severable and independent covenants, and in the event that any covenant shall be declared invalid by any court of competent jurisdiction, such invalidity shall not in any manner affect or impair the validity or enforceability of any other part or provision of such covenant or of any other covenant contained herein.

(g) **Captions and Section Headings.** Except as set forth in Section 9 hereof, captions and section headings used herein are for convenience only and are not a part of this Agreement and shall not be used in construing it.

(h) **Dispute Resolution.** If a dispute arises between the Company and the Executive regarding the interpretation of this Agreement, the parties agree to negotiate in good faith regarding a resolution of the issues involved for at least thirty days prior to either party initiating proceedings to enforce their rights. Within sixty (60) days after a final determination (excluding any appeals) is made with respect to the proceedings, unless the parties agree otherwise, the losing party will reimburse the winning party's reasonable attorney's fees and costs incurred in the litigation. **ALL DISPUTES ARISING OUT OF OR RELATED TO THIS AGREEMENT OR TO THE COMPANY'S EMPLOYMENT OF THE EXECUTIVE OR THE TERMINATION OF THE EXECUTIVE'S EMPLOYMENT SHALL BE SUBMITTED EXCLUSIVELY TO BINDING ARBITRATION IN SAVANNAH, GEORGIA, PURSUANT TO THE NATIONAL RULES FOR THE RESOLUTION OF EMPLOYMENT DISPUTES OF THE AMERICAN ARBITRATION ASSOCIATION,** provided however that the Company shall be entitled to injunctive relief from any court of jurisdiction against the Executive's breach of any covenant in Articles 4 and 5, and further provided that this Agreement shall not require arbitration of any claim for workers' compensation benefits or any claim for unemployment compensation. The Executive understands that agreeing to arbitration waives the right to a

jury trial. Arbitral awards shall be enforceable by any court of competent jurisdiction.

9. Definitions.

- (a) “Affiliate” means any person, firm, corporation, partnership, association or entity that, directly or indirectly or through one or more intermediaries, controls, is controlled by or is under common control with the Company.
- (b) “Applicable Period” means the period commencing as of the date of this Agreement and ending 90 days after the termination of the Executive’s employment with the Company or any of its Affiliates.
- (c) “Area” means the United States.
- (d) “Business of the Company” means any business that uses or provides consulting services related to support vector machines or fractal genomic modeling.
- (e) “Cause” the occurrence of any of the following events:
- (i) willful failure or refusal to perform the duties as set forth in Section 1(a) as determined by the Board of Directors or implement a directive from the Board of Directors, in each case remaining uncured for a period of fourteen (14) days after receipt of written notice from the Board of Directors specifying such failure or refusal;
- (ii) intentional disclosure by the Executive to an unauthorized person of Confidential Information or Trade Secrets, which causes material harm to the Company;
- (iii) any act by the Executive of fraud against, material misappropriation from, or significant dishonesty to either the Company or an Affiliate, or any other party, but in the latter case only if in the reasonable opinion of at least two-thirds of the members of the Board of Directors of the Company (excluding the Executive), such fraud, material misappropriation, or significant dishonesty could reasonably be expected to have a material adverse impact on the Company or its Affiliates;
- (iv) conviction of, or plea of nolo contendere to, a felony which adversely and materially affects the Company;
or
- (v) a material breach of this Agreement by the Executive, provided that the nature of such breach shall be set forth with reasonable particularity in a written notice to the Executive who shall have ten (10) days following delivery of such notice to cure such alleged breach, provided that such breach is, in the reasonable discretion of the Board of Directors, susceptible to a cure.
- (f) “Competing Business” means the entities listed below and any person, firm, corporation, joint venture, or other business that is engaged in the Business of the Company:
- (g) “Confidential Information” means data and information relating to the Business of the Company or an Affiliate (which does not rise to the status of a Trade Secret) which is or has been disclosed to the Executive or of which the Executive became aware as a consequence of or through his relationship to the Company or an Affiliate and which has value to the Company or an Affiliate and is not generally known to its competitors. Confidential Information shall not include any data or information that has been voluntarily disclosed to the public by the Company or an Affiliate (except where such public disclosure has been made by the Executive without authorization) or that has been independently developed and disclosed by others, or that otherwise enters the public domain through lawful means without breach of any obligations of confidentiality owed to the Company or any of its Affiliates by the Executive.

(h) “Disability” means the inability of the Executive to perform the material duties of his position hereunder due to a physical, mental, or emotional impairment, for a ninety (90) consecutive day period or for aggregate of one hundred eighty (180) days during any three hundred sixty-five (365) day period.

(i) “Good Reason” means the occurrence of any of the events listed in either (i), (ii) or (iii) below:

(i) (A) the Company materially breaches this Agreement, including without limitation, a material diminution of the Executive’s responsibilities as Chief Operating Officer (COO), as reasonably modified by the Board of Directors from time to time hereafter, such that the Executive would no longer have responsibilities substantially equivalent to those provided for herein;

(B) the Executive gives written notice to the Company of the facts and circumstances constituting the breach of the Agreement within ten (10) days following the occurrence of the breach;

(C) the Company fails to remedy the breach within ten (10) days following the Executive’s written notice of the breach; and

(D) the Executive terminates his employment within ten (10) days following the Company’s failure to remedy the breach; or

(ii) (A) the Company requires the Executive to relocate the Executive’s primary place of employment to a new location, that is more than fifty (50) miles (calculated using the most direct driving route) from its current location, without the Executive’s consent;

(B) the Executive gives written notice to the Company within ten (10) days following receipt of notice of relocation of his objection to the relocation;

(C) the Company fails to rescind the notice of relocation within ten (10) days following the Executive’s written notice; and

(D) the Executive terminates his employment within ten (10) days following the Company’s failure to rescind the notice.

(j) “Release” means a comprehensive release, covenant not to sue, and non-disparagement agreement from the Executive in favor of the Company, its executives, officers, directors, Affiliates, and all related parties, in the form attached hereto as Exhibit C.

(k) “Term” has the meaning as set forth in Section 3(a) hereof.

(l) “Termination of Employment” means either that (a) the Executive has ceased to perform any services for the Company and all affiliated companies that, together with the Company, constitute the “service recipient” within the meaning of Section 409A of the Code and the regulations thereunder (collectively, the “Service Recipient”) or (b) the level of bona fide services the Executive performs for the Service Recipient after a given date (whether as an employee or as an independent contractor) permanently decreases (excluding a decrease as a result of military leave, sick leave, or other bona fide leave of absence if the period of such leave does not exceed six months, or if longer, so long as the Executive retains a right to reemployment with the Service Recipient under an applicable statute or by contract) to no more than twenty percent (20%) of the average level of bona fide services performed for the Service Recipient (whether as an employee or an independent contractor) over the immediately preceding 36-month period.

(m) “Trade Secrets” means data and information relating to the Business of the Company or an Affiliate including, but not limited to, technical or nontechnical data, formulae, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans or lists of actual or potential customers or suppliers which (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

IN WITNESS WHEREOF, the Company and the Executive have each executed and delivered this Agreement this
16th day of September 2009

THE COMPANY:

Health Discovery Corporation

By: /s/ Stephen D. Barnhill
 Stephen D. Barnhill, Chairman and CEO

THE EXECUTIVE:

/s/ John A. Norris
John A. Norris

EXHIBIT A

·Strategic negotiation, focusing, reassessment, renegotiating, packaging, repackaging, closing, launching, and implementing revenue-generating deals such as out-licenses, mergers, acquisitions, sales, options to buy, and the like; and

·Management of strategy, sourcing, negotiations, oversight and management of correspondence, oral communications, and ongoing day-to-day relationship-building and negotiations with (1) prospective and realized customers, such as out-licensing licensees and co-developers, co-manufacturers, co-marketers, or co-distributors (2) prospective and realized individual and corporate funders/investors, regarding the Series B Preferred offering, (3) prospective and realized corporate partners or alliances, (4) policy-thought-leaders, (5) physician-key-opinion-leaders, (6) networked corporate executives, etc.

EXHIBIT B

Norris Capital, Inc 20+ year-old management and legal consulting and holding company in the overall healthcare product, services, funding, and management space. Norris Capital has seeded, managed, and/or consulted with many successful companies. Headquartered in Boston.

EXHIBIT C

RELEASE, AGREEMENT PURSUANT TO
EMPLOYMENT AGREEMENT

This Agreement (this "Agreement") is made this ___ day of _____, 200_, by _____ (the "Employer") and _____ (the "Employee").

Introduction

Employee and the Employer entered into an Employment Agreement dated _____, 200_ (the "Employment Agreement").

The Employment Agreement requires that as a condition to the Employer's obligation to pay payments and benefits under Section 3(c) of the Employment Agreement (the "Severance Benefits"), Employee must provide a release and agree to certain other conditions as provided herein.

NOW, THEREFORE, the parties agree as follows:

1. Employee has been offered twenty-one (21) days from receipt of this Agreement within which to consider this Agreement. The effective date of this Agreement shall be the date eight (8) days after the date on which Employee signs this Agreement ("the Effective Date"). For a period of seven (7) days following Employee's execution of this Agreement, Employee may revoke this Agreement, and this Agreement shall not become effective or enforceable until such seven (7) day period has expired. Employee must communicate the desire to revoke this Agreement in writing. Employee understands that he or she may sign the Agreement at any time before the expiration of the twenty-one (21) day review period. To the degree Employee chooses not to wait twenty-one (21) days to execute this Agreement, it is because Employee freely and unilaterally chooses to execute this Agreement before that time. Employee's signing of the Agreement triggers the commencement of the seven (7) day revocation period.
2. In exchange for Employee's execution of this Agreement and in full and complete settlement of any claims as specifically provided in this Agreement, the Employer will provide Employee with the Severance Benefits.
3. Employee acknowledges and agrees that this Agreement is in compliance with the Age Discrimination in Employment Act and the Older Workers Benefit Protection Act and that the releases set forth in this Agreement shall be applicable, without limitation, to any claims brought under these Acts.

The release given by Employee in this Agreement is given solely in exchange for the consideration set forth in Section 2 of this Agreement and such consideration is in addition to anything of value that Employee was entitled to receive prior to entering into this Agreement.

Employee has been advised to consult an attorney prior to entering into this Agreement and this provision of the Agreement satisfies the requirement of the Older Workers Benefit Protection Act that Employee be so advised in writing.

By entering into this Agreement, Employee does not waive any rights or claims that may arise after the date this Agreement is executed.

4. This Agreement shall in no way be construed as an admission by the Employer that it has acted wrongfully with respect to Employee or any other person or that Employee has any rights whatsoever against the Employer. The Employer specifically disclaims any liability to or wrongful acts against Employee or any other person on the part of itself, its employees or its agents.
-

5. As a material inducement to the Employer to enter into this Agreement, Employee hereby irrevocably releases the Employer and each of the owners, stockholders, predecessors, successors, directors, officers, employees, representatives, attorneys, affiliates (and agents, directors, officers, employees, representatives and attorneys of such affiliates) of the Employer and all persons acting by, through, under or in concert with them (collectively, the "Releasees"), from any and all charges, claims, liabilities, agreements, damages, causes of action, suits, costs, losses, debts and expenses (including attorneys' fees and costs actually incurred) of any nature whatsoever, known or unknown, including, but not limited to, rights arising out of alleged violations of any contracts, express or implied, any covenant of good faith and fair dealing, express or implied, or any tort, or any legal restrictions on the Employer's right to terminate employees, or any federal, state or other governmental statute, regulation, or ordinance, including, without limitation: (1) Title VII of the Civil Rights Act of 1964, as amended by the Civil Rights Act of 1991 (race, color, religion, sex, and national origin discrimination); (2) the Employee Retirement Income Security Act ("ERISA"); (3) 42 U.S.C. § 1981 (discrimination); (4) the Americans with Disabilities Act (disability discrimination); (5) the Equal Pay Act; (6) the Age Discrimination in Employment Act; (7) the Older Workers Benefit Protection Act; (6) Executive Order 11246 (race, color, religion, sex, and national origin discrimination); (7) Executive Order 11141 (age discrimination); (8) Section 503 of the Rehabilitation Act of 1973 (disability discrimination); (9) negligence; (10) negligent hiring and/or negligent retention; (11) intentional or negligent infliction of emotional distress or outrage; (12) defamation; (13) interference with employment; (14) wrongful discharge; (15) invasion of privacy; or (16) violation of any other legal or contractual duty arising under the laws of the States of Georgia or Massachusetts, or the laws of the United States ("Claim" or "Claims"), which Employee now has, or claims to have, or which Employee at any time heretofore had, or claimed to have, or which Employee at any time hereinafter may have, or claim to have, against each or any of the Releasees, in each case as to acts or omissions by each or any of the Releasees occurring up to and including the Effective Date.
6. The release in the preceding paragraph of this Agreement does not apply to (a) all benefits and awards (including without limitation cash and stock components) which pursuant to the terms of any compensation or benefit plans, programs, or agreements of the Employer are earned or become payable, but which have not yet been paid, and (b) pay for accrued but unused vacation that the Employer is legally obligated to pay Employee, if any, and only if the Employer is so obligated, (c) unreimbursed business expenses for which Employee is entitled to reimbursement under the Employer's policies, and (d) any rights to indemnification that Employee has under any directors and officers or other insurance policy the Employer maintains or under the bylaws and articles of incorporation of the Company, and under any indemnification agreement, if any.
7. Employee promises that he will not make statements disparaging to any of the Releasees. Employee agrees not to make any statements about any of the Releasees to the press (including without limitation any newspaper, magazine, radio station or television station) without the prior written consent of the Employer. The obligations set forth in the two immediately preceding sentences will expire two years after the Effective Date. Employee will also cooperate with the Employer and its affiliates if the

Employer requests Employee's testimony. To the extent practicable and within the control of the Employer, the Employer will use reasonable efforts to schedule the timing of Employee's participation in any such witness activities in a reasonable manner to take into account Employee's then current employment, and will pay the reasonable documented out-of-pocket expenses that the Employer pre-approves and that Employee incurs for travel required by the Employer with respect to those activities.

8. Except as set forth in this Section, Employee agrees not to disclose the existence or terms of this Agreement to anyone. However, Employee may disclose it to a member of his immediate family or legal or financial advisors if necessary and on the condition that the family member or advisor similarly does not disclose these terms to anyone. Employee understands that he will be responsible for any disclosure by a family member or advisor as if he had disclosed it himself. This restriction does not prohibit Employee's disclosure of this Agreement or its terms to the extent necessary during a legal action to enforce this Agreement or to the extent Employee is legally compelled to make a disclosure. However, Employee will notify the Employer promptly upon becoming aware of that legal necessity and provide it with reasonable details of that legal necessity.
 9. Employee has not filed or caused to be filed any lawsuit, complaint or charge with respect to any Claim he releases in this Agreement. Employee promises never to file or pursue a lawsuit, complaint or charge based on any Claim released by this Agreement, except that Employee may participate in an investigation or proceeding conducted by an agency of the United States Government or of any state. Employee also has not assigned or transferred any claim he is releasing, nor has he purported to do so.
-

10. The Employer and Employee agree that the terms of this Agreement shall be final and binding and that this Agreement shall be interpreted, enforced and governed under the laws of the State of Maryland. The provisions of this Agreement can be severed, and if any part of this Agreement is found to be unenforceable, the remainder of this Agreement will continue to be valid and effective.
11. This Agreement sets forth the entire agreement between the Employer and Employee and fully supersedes any and all prior agreements or understandings, written and/or oral, between the Employer and Employee pertaining to the subject matter of this Agreement.
12. Employee is solely responsible for the payment of any fees incurred as the result of an attorney reviewing this agreement on behalf of Employee. In any litigation concerning the validity or enforceability of this contract or in any litigation to enforce the provisions of this contract, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs, including court costs and expert witness fees and costs.

Employee's signature below indicates Employee's understanding and agreement with all of the terms in this Agreement.

Employee should take this Agreement home and carefully consider all of its provisions before signing it. Employee may take up to twenty-one (21) days to decide whether Employee wants to accept and sign this Agreement. Also, if Employee signs this Agreement, Employee will then have an additional seven (7) days in which to revoke Employee's acceptance of this Agreement after Employee has signed it. This Agreement will not be effective or enforceable, nor will any consideration be paid, until after the seven (7) day revocation period has expired. Again, Employee is free and encouraged to discuss the contents and advisability of signing this Agreement with an attorney of Employee's choosing.

Employee should read carefully. This agreement includes a release of all known and unknown claims through the effective date. Employee is strongly advised to consult with an attorney before executing this document.

IN WITNESS WHEREOF, Employee and the Employer have executed this agreement effective as of the date first written above.

EMPLOYEE

/s/ John A. Norris
Name

Date Signed

EMPLOYER:

By:

Title: