

SHAREHOLDERS AGREEMENT

This Shareholders' Agreement ("Agreement") is made and entered into _____ among and between:

_____ ("Company"), which is incorporated in _____ and which carries on the business of _____ at its registered office, situated at _____, and

Each of the individuals listed on Schedule A attached hereto (each a "Shareholder"), to include the undersigned shareholders ("Initial Shareholders") as well as each other person who acquires Shares in the Company and becomes party to this Agreement by executing a Joinder Agreement (collectively the "Shareholders").

WHEREAS, the Shareholders have formed the Company for the purposes of conducting and operating the Business;

WHEREAS, the Company has authorized _____ Shares;

WHEREAS, the Shareholders and the other parties hereto deem it in their best interests and in the best interests of the Company to set forth in this Agreement their respective rights and responsibilities;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

1. Purpose. The Shareholders have entered into this Agreement to act together with respect to the management and supervision of the Company.

2. Definitions. The following terms shall have the following definitions:

"Agreement" has the meaning set forth in the preamble.

"Applicable Law" means all applicable provisions of: (a) constitutions, treaties, statutes, laws (including the common law), rules, regulations, decrees, ordinances, codes, proclamations, declarations, or orders of any Governmental Authority; (b) any consents or approvals of any Governmental Authority; and (c) any orders, decisions, advisory or interpretative opinions, injunctions, judgments, awards, decrees of, or agreements with, any Governmental Authority.

"Articles of Incorporation" means the articles of incorporation of the Company.

"Board" means the Board of Directors of the Company.

"Company" has the meaning set forth in the preamble.

"Effective Date" has the meaning set forth in the preamble.

"Governmental Authority" means any federal, state, local, or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations, or orders of such organization or authority have the force of law), or any arbitrator, court, or tribunal of competent jurisdiction.

"Governing Documents" means the Bylaws and the Articles of Incorporation.

"Initial Public Offering" means any offering of Shares pursuant to a registration statement filed in accordance with the Securities Act.

"Initial Shareholders" has the meaning set forth in the preamble.

"Person" means an individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association, or other entity.

"Representative" means, with respect to any Person, any and all directors, managers, members, partners, officers, employees, consultants, financial advisors, counsel, accountants, and other agents of such Person.

"Shareholders" has the meaning set forth in the preamble.

"Shares" means all issued and outstanding shares of the Company.

"Transfer" means to, directly or indirectly, sell, transfer, assign, gift, pledge, encumber, hypothecate, or similarly dispose of, either voluntarily or involuntarily, by operation of law or otherwise, or to enter into any contract, option, or other arrangement or understanding with respect to the sale, transfer, assignment, gift, pledge, encumbrance, hypothecation, or similar disposition of, any Shares owned by a Person or any interest (including a beneficial interest) in any Shares owned by a Person. "Transfer" when used as a noun shall have a correlative meaning.

ARTICLE II

1. Board of Directors. (a) The Company shall be governed by a Board of Directors (the "Board") appointed by the Shareholders as defined in this Agreement. The number of directors on the Board shall initially be _____. Each member of the Board shall be referred to as a "Director."

(b) Each Shareholder who owns at least _____% of the issued and outstanding Shares shall have the right to sit on the Board or appoint a member to the Board.

(c) The Board will be responsible for appointing the President of the Company who shall be referred to as the Chief Executive Officer (the "CEO") and who shall report to the Board regularly.

(d) The Board will appoint a Chairman who will preside over Board meetings and liaise between the CEO and other Directors and Shareholders.

(e) The President will, with Board approval, recruit other senior managers and executives of the company.

2. Meetings of the Board. (a) The Board shall meet on a ☐ weekly ☐ monthly ☐ quarterly ☐ other: _____ basis. Meetings of the Board may be held by telephone conference, electronic communication, or other

communication facility, so long as all directors participating in the meeting may simultaneously hear and communicate with all other participating directors.

(b) A quorum required for the transaction of any business at a meeting of the Board shall be _____ Directors.

3. Authority of the Board. Subject to this Agreement, the Articles of Incorporation, applicable law, and any matters expressly reserved for approval by the Shareholders, the Board of Directors shall have full authority to manage the business and affairs of the Company and may exercise all powers of the Company that are not required by law or this Agreement to be exercised by the Shareholders. If applicable, this shall include the following specified authorities: _____

4. Limitations. The Board may not perform the following acts without the unanimous written consent of all the Shareholders: (check all that apply)

- ☐ Merge, sell, or transfer all, or substantially all, of the assets of the Company
- ☐ Issue additional shares of any class or any rights related to shares of any class
- ☐ Voluntarily dissolve the Company
- ☐ Other: _____

5. Expenses. All expenses in connection with the management and organization of the Company will be paid by the Company.

6. Books and Records. The Company shall maintain complete and accurate accounts in proper books of all transactions. The Company shall maintain at its principal office the following:

- (a) the full name and last known business or residence address of each Shareholder;
- (b) records detailing all capital accounts, including entries for contributions and distributions, ownership interest, and percentage ownership;
- (c) a copy of the articles of formation of the Company and any and all amendments;
- (d) copies of all federal, state, and local income tax or returns and reports for the six most recent taxable years;
- (e) a copy of this Agreement and any amendments;
- (f) copies of financial statements of the Company for the six most recent fiscal years;
- (g) the books or records as related to the internal affairs of the Company; and
- (h) true and full information regarding the status of the business and financial conditions of the Company.

ARTICLE III

1. Profits and Losses. For accounting and tax purposes, net profits or net losses shall be determined on an annual basis. Profits and losses will be distributed in proportion to each Shareholder's percentage or ownership interest in the Company as set forth in Schedule A.

2. Distributions. The Company shall distribute net income at ☐ monthly ☐ quarterly ☐ annually ☐ semi-annually ☐ other: _____ intervals.

ARTICLE IV

1. Transfer of Interests. (a) No Shareholder, without the prior written consent of the remaining Shareholders, shall sell, assign, transfer, dispose of, donate, mortgage, pledge, hypothecate, charge, or otherwise encumber or deal with any of their Shares. (b) The provisions of this section shall not apply to any of the following Transfers by any Shareholder of any of its Shares: to a Permitted Transferee; or pursuant to a merger, consolidation, or other business combination of the Company with a Third Party Purchaser that has been approved in compliance with this Agreement. (c) Prior notice shall be given to the Company by a Shareholder of any Transfer of Shares, including Transfers to a Permitted Transferee. Prior to consummation of any Transfer by any Shareholder of any of its Shares, including a Transfer to a Permitted Transferee or a Third Party Purchaser, such Shareholder shall cause: (i) any transferee who is not already a party to this Agreement to execute and deliver to the Company a Joinder Agreement and in which such transferee agrees to be bound by the terms and conditions of this Agreement; and (ii) if the transferee is an individual, any Spouse of such transferee to execute and deliver to the Company a Spousal Consent.

2. Right of First Refusal. (a) If any Shareholder intends to sell or transfer any Shares, such Shareholder shall first offer to the remaining Shareholders the option to purchase the offered Shares at the price and in accordance with the same terms being offered to the third party. (b) The remaining Shareholders shall have _____ days to exercise this right of first refusal. If the remaining Shareholders elect to purchase less than all of the offered Shares, the offering Shareholder may sell any remaining Shares to the third party.

3. Pre-Emptive Rights. (a) Notwithstanding the articles of incorporation of the Company, the following shall apply to the allotment and issuance by the Company of any Shares: (b) If the Company proposes to issue further shares (the "Issued Shares"), the Issued Shares shall be offered to the Shareholders at a price and upon terms determined by the Board of Directors. The Company shall give written notice (the "Issuing Notice") to each of the Shareholders, setting forth the price at which, and terms on which the Issued Shares are being offered. (c) Each Shareholder wishing to purchase part or all of the Issued Shares should notify the Company in writing.

4. Tag-Along Clause. (a) If any shareholder (the "Selling Shareholder") receives a bona fide offer from a third party (the "Third Party") to purchase any or all of their shares (the "Offered Shares"), and the Selling Shareholder wishes to accept such offer, the Selling Shareholder shall promptly give written notice (the "Sale Notice") to the other

shareholder(s) (the "Non-Selling Shareholder(s)"), specifying the identity of the Third Party, the number of Offered Shares, the price per share, and the terms and conditions of the proposed sale.

(b) Each Non-Selling Shareholder shall have the right, exercisable within _____ days (the "Tag-Along Period") from the date of receipt of the Sale Notice, to participate in the sale of the Offered Shares on the same terms and conditions by notifying the Selling Shareholder in writing of their intention to exercise their tag-along right (the "Tag-Along Notice"). Each Non-Selling Shareholder may sell a proportionate number of their shares equal to the proportion of shares being sold by the Selling Shareholder to the Third Party.

(c) If any Non-Selling Shareholder exercises their tag-along right, the Selling Shareholder shall cause the Third Party to purchase the shares of the Non-Selling Shareholders on the same terms and conditions as those offered to the Selling Shareholder. The Selling Shareholder and the Non-Selling Shareholders shall cooperate to complete the sale of the shares to the Third Party.

(d) The closing of the sale of shares pursuant to this section shall take place within _____ days following the end of the Tag-Along Period, at a date and location mutually agreed upon by the parties. At the closing, the selling shareholders shall deliver to the Third Party duly endorsed share certificates or other instruments of transfer, free and clear of all liens, charges, and encumbrances, against payment of the purchase price in immediately available funds.

(e) The tag-along right shall not apply to (i) transfers by gift to any immediate family member of the Selling Shareholder, (ii) transfers to a trust for the benefit of the Selling Shareholder or immediate family members, (iii) transfers pursuant to a shareholder's will or the laws of descent and distribution, or (iv) any other transfers approved in writing by the Non-Selling Shareholders holding a majority of the Company's outstanding shares.

5. Shotgun Clause. (a) If at any time, a shareholder (the "Initiating Shareholder") wishes to trigger the buy-sell provisions of this Agreement, the Initiating Shareholder may deliver a written notice (the "Offer Notice") to the other shareholder(s) (the "Recipient Shareholder(s)") specifying the price per share (the "Offer Price") at which the Initiating Shareholder is willing to either buy or sell all of the shares of the Company held by the Recipient Shareholder(s).

(b) Upon receipt of the Offer Notice, the Recipient Shareholder(s) shall have the option, exercisable within _____ days (the "Election Period") from the date of receipt of the Offer Notice to either: (i) sell all of their shares to the Initiating Shareholder at the Offer Price; or (ii) purchase all of the shares held by the Initiating Shareholder at the Offer Price.

(c) If the Recipient Shareholder(s) fails to make an election within the Election Period, they shall be deemed to have elected to sell all of their shares to the Initiating Shareholder at the Offer Price.

(d) The closing of the purchase and sale of shares shall take place within _____ days following the end of the Election Period, at a date and location mutually agreed upon by the parties. At the closing, the selling shareholder(s) shall deliver to the purchasing shareholder(s) duly endorsed share certificates or other instruments of

transfer, free and clear of all liens, charges, and encumbrances, against payment of the Offer Price in immediately available funds.

(e) In the event there are multiple Recipient Shareholders, each Recipient Shareholder shall have the right to participate in the purchase of the Initiating Shareholder's shares in proportion to their respective shareholdings. If any Recipient Shareholder elects not to participate, the remaining Recipient Shareholder(s) may purchase the remaining shares in proportion to their respective shareholdings or as they may otherwise agree.

(f) The provisions of this Section shall not apply to transfers of shares that are otherwise permitted under this Agreement, such as transfers to family members, trusts, or affiliates, provided such transfers are made in accordance with the terms of this Agreement.

ARTICLE V

1. Termination. This Agreement shall terminate on the occurrence of any of the following events:

- (a) the Company is dissolved, surrenders its charter, makes an assignment in bankruptcy, makes a proposal to its creditors, or has a receiving order made against it;
- (b) the unanimous agreement of the Shareholders; or
- (c) the sale of the Company to another party.

2. Amendments. This Agreement may be amended or modified only by a written agreement signed by all of the parties.

3. Notices. Any notice or other communication given or made to any party under this Agreement shall be in writing and delivered by hand, sent by overnight courier service or sent by certified or registered mail, return receipt requested, to the Company at the address stated above and to the Shareholders at the address in the Company's records.

4. No Waiver. No party shall be deemed to have waived any provision of this Agreement or the exercise of any rights held under this Agreement unless such waiver is made expressly and in writing. Waiver by any party of a breach or violation of any provision of this Agreement shall not constitute a waiver of any other subsequent breach or violation.

5. Assignment. No party hereto shall have the right to assign its rights or delegate its duties hereunder without the written consent of the other parties, which consent shall not be unreasonably withheld.

6. Severability. If at any time any one or more of the provisions hereof is or becomes illegal, invalid, or unenforceable in any respect under the applicable laws of any jurisdiction, neither the legality, validity, or enforceability of the remaining provisions hereof nor the legality, validity, or enforceability of such provision under the applicable laws of any other jurisdiction, shall in any way be affected or impaired.

7. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective legal representatives, heirs, administrators, executors, successors and permitted assigns.

8. Headings. The section headings herein are for reference purposes only and shall not otherwise affect the meaning, construction or interpretation of any provision in this Agreement.

9. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of _____.

10. Disputes. Any dispute, controversy, difference, or claim arising out of or relating to this Agreement, including the existence, validity, interpretation, performance, breach, or termination thereof or any dispute regarding non-contractual obligations arising out of or relating to it shall be referred to and finally resolved by ☐ mediation ☐ arbitration ☐ litigation ☐ other _____.

11. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together, shall constitute one and the same document.

12. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto and supersedes any previous agreement, understanding, arrangement, communication, or expression of intent with respect to the subject matter hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

Representative Signature: _____

Representative Name: _____

Representative Title: _____

Shareholder Signature: _____

Shareholder Name: _____

Shareholder Signature: _____

Shareholder Name: _____

Shareholder Signature: _____

Shareholder Name: _____

Shareholder Signature: _____

Shareholder Name: _____

Shareholder Signature: _____
Shareholder Name: _____

Shareholder Signature: _____
Shareholder Name: _____

Shareholder Signature: _____
Shareholder Name: _____

Shareholder Signature: _____
Shareholder Name: _____

Shareholder Signature: _____
Shareholder Name: _____

Shareholder Signature: _____
Shareholder Name: _____

Schedule A (Shareholders)

Name: _____

Address: _____

Number of Shares: _____

Percentage Ownership: _____ %

Name: _____

Address: _____

Number of Shares: _____

Percentage Ownership: _____ %

Name: _____

Address: _____

Number of Shares: _____

Percentage Ownership: _____ %

Name: _____

Address: _____

Number of Shares: _____

Percentage Ownership: _____ %

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Number of Shares: _____

Percentage Ownership: _____ %

Name: _____

Address: _____

Number of Shares: _____

Percentage Ownership: _____ %