

SHAREHOLDERS' AGREEMENT

FOR

[Company Name]

THIS SHAREHOLDERS' AGREEMENT (the "Agreement") is made this ____ [day] of _____ [month], 20__ [Year] (the "Effective Date") by and between _____ [name of company], a _____ [state of incorporation] Corporation, whose principal offices are located at _____ [address] (the "Company"), and the individuals and entities whose names, addresses, and shares are listed on Exhibit A ("Shareholders").

WHEREAS, the Company was duly incorporated on _____, 20__ [date] under the laws of the state of _____ [state of incorporation];

WHEREAS, the Company's articles of incorporation authorize the Company to issue _____ [number of shares] shares of common stock ("Share" or "Shares");

WHEREAS, the parties agree that it would be desirable to make this Agreement concerning the conduct of the Company, the limitations on transfer of Shares, the disposition of Shares upon the occurrence of certain events, and other matters concerning the Company and the Shares;

NOW, THEREFORE, in consideration of the promises herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Directors. The Company shall have ____ [number] number of directors unless changed by majority vote of the Shareholders. Each Shareholder shall be entitled to elect one director to the Board of Directors of the Company so long as each is a Shareholder, and each Shareholder shall have the right to serve as a director of the Company or to designate another person to serve as his, her, or its nominee. In the event that a nominee to the Board by one of

the Shareholders shall fail to vote and act as a director, the Shareholders may remove such nominee by majority vote. The Shareholder whose nominee has been removed shall appoint a successor within fourteen (14) days of such nominee's removal.

2. Officers. The election, appointment and determination of officers of the Company, and the defining of their duties and the salaries and remuneration paid to them, shall be a function of the Board of Directors. Unless changed by the Board of Directors, the officers of the Company and their annual salaries shall be the following:

Office Held: _____ Name: _____ Salary:\$ _____

Office Held: _____ Name: _____ Salary:\$ _____

Office Held: _____ Name: _____ Salary:\$ _____

3. Limitations on the Company Regarding Shares. Except as otherwise permitted by this Agreement, the Company shall not, without the unanimous consent of all of the Shareholders, do any of the following: (i) issue additional Shares of any class or any securities convertible into Shares of any class; (ii) merge or participate in a Share exchange with any other business entity; or (iii) transfer ownership of or pledge, assign, or encumber in any way Shares held by the Company.

4. Limitations on the Shareholders' Transfer of Shares. 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 any of his/her/its Shares unless in accordance with this Agreement. Any purported or attempted transfer of Shares that do not comply with the provisions of this Agreement shall be null and void, and the purported transferee shall not be deemed to be a Shareholder of the Company and shall not be entitled to receive a stock certificate or any dividends or other distributions with respect to such Shares.

5. Sale of Shares and Right of First Refusal. The sale of Shares by any Shareholder shall comply with the following procedure:

- a. Any Shareholder intending to sell Shares (the "Transferor") to a third party shall give at least _____ [number of days] days' advance written notice ("Sale Notice") of such

proposed sale to the Company and to the other Shareholders. The Sale Notice shall: (i) identify the name and address of the proposed purchaser of the Shares; (ii) the number of Shares proposed to be sold and the class of Shares (“Sale Shares”); (iii) the proposed purchase price per Share (“Purchase Price”); and (iv) the purchase terms (“Purchase Terms”) upon which such transfer is intended to be made.

- b. Within ____ [number of days] business days following receipt of the Sale Notice, the Company may notify the Transferor and the Shareholders of its intent to purchase the Sale Shares at the same Purchase Price offered to the third party. Any such offer by the Company shall be made in writing and shall offer to purchase the Sale Shares in cash, payable within _____ [number of days to pay] days of the offer. If any such offer is made to the Transferor by the Company, the Company’s offer of purchase must be accepted by the Transferor.
- c. Within _____ [number of days] business days following expiration of the time for the Company to make an offer for the Sale Shares, the Transferor must issue a Second Sale Notice notifying the Company and other Shareholders of the Company’s offer or non-offer. If no offer was made by the Company for the Transferor’s Shares, then within ____ [number of days] days after the expiration of the time for the Company to make an offer, all other Shareholder shall be entitled to purchase the Sale Shares pro rata in proportion to the number of Shares then owned by each such Shareholder. Any such offer shall be made in writing and shall offer to purchase the Sale Shares in cash, payable within ____ [number of days to pay] days of the offer. If such offer is made to the Transferor by another Shareholder, the Shareholder’s offer of purchase must be accepted by the Transferor.
- d. If any Shares are not purchased by the Company or another Shareholder pursuant to the foregoing offers, then the Transferor shall thereafter be free to transfer the Sale Shares to the third party at the Purchase Price and the Purchase Terms so named, provided that the buyer of the Sale Shares shall thereafter be bound by all of the provisions of this Agreement.