

# SHAREHOLDER AGREEMENT

Location: \_\_\_\_\_ Date: \_\_\_\_\_

## Parties:

This Agreement is made by and between the Shareholders listed in Schedule A attached hereto (each a “Shareholder” and collectively,

## Recitals:

WHEREAS, the Shareholders are the owners of all issued and outstanding shares of the Company; and WHEREAS, the Shareholders desire to set forth their agreement regarding their respective rights and obligations as Shareholders of the Company.

## 1. Definitions

Capitalized terms used but not otherwise defined herein shall have the meanings set forth in Schedule B attached hereto.

## 2. Share Ownership and Transfers

2.1 Ownership. The Shareholders own the shares set forth opposite their names in Schedule A. 2.2 Restrictions on Transfer. No Shareholder shall transfer any shares except in accordance with this Agreement. 2.3 Right of First Refusal. Before any shares may be sold or transferred to a third party, the Company and remaining Shareholders shall have a right of first refusal to purchase such shares on the terms offered.

## 3. Management of the Company

3.1 Board of Directors. The business and affairs of the Company shall be managed by or under the direction of its Board of Directors. 3.2 Voting. Shareholders agree to vote their shares to elect Directors in accordance with the terms set forth in Schedule C.

## 4. Dividend Policy

The Board of Directors may declare and pay dividends on the shares from time to time, subject to laws and the financial condition of the Company.

## 5. Financial Reporting

The Company shall provide each Shareholder with quarterly and annual financial statements prepared in accordance with generally accepted accounting principles (GAAP).

## 6. Confidentiality

Each Shareholder agrees to maintain the confidentiality of the Company’s proprietary and confidential information and not to disclose such information except as required by law or authorized in writing.

## 7. Non-Competition and Non-Solicitation

During the term of this Agreement and for a period of two years thereafter, no Shareholder shall engage in a Competitive Business, solicit customers or employees of the Company, or otherwise compete with the Company.

## 8. Dispute Resolution

8.1 Negotiation. The parties agree to attempt in good faith to resolve any dispute arising under this Agreement by negotiation. 8.2 Mediation. If negotiation fails, the parties shall submit the dispute to mediation. 8.3 Arbitration. If mediation fails, the dispute shall be resolved by binding arbitration in accordance with the rules of the American Arbitration Association.

**9. Term and Termination**

This Agreement shall remain in effect until terminated by the unanimous written consent of the Shareholders or upon dissolution of the Company.

**10. Governing Law; Jurisdiction**

This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without regard to its conflict of laws principles. The parties consent to the exclusive jurisdiction of the state and federal courts located in New Castle County, Delaware.

**11. Indemnification**

The Company shall indemnify and hold harmless the Shareholders and Directors to the fullest extent permitted by law against any claims or liabilities arising out of their status or actions as Shareholders or Directors.

**12. Amendments**

This Agreement may be amended only by a written agreement signed by Shareholders holding at least seventy-five percent (75%) of the outstanding shares.

**13. Notices**

All notices under this Agreement shall be in writing and delivered by hand, certified mail, or overnight courier to the addresses set forth in Schedule A or to such other address as a party may designate by notice.

**14. Entire Agreement**

This Agreement, including all Schedules, constitutes the entire agreement among the parties regarding the subject matter hereof and supersedes all prior agreements and understandings.

**15. Counterparts; Execution**

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

**COMPANY**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**SHAREHOLDER**

Name: \_\_\_\_\_

Shareholder Signature:

\_\_\_\_\_

Date: \_\_\_\_\_

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