

**BUY-SELL AGREEMENT
(CORPORATE-OWNED INSURANCE - REDEMPTION)**

(for use in Canada, pursuant to the *Income Tax Act (Canada)*)

THIS AGREEMENT made effective as of the ____ day of _____, _____.

BETWEEN:

(list of shareholders)

of the _____ of _____, in the Province of _____
(collectively the "Shareholders" and individually as a "Shareholder")

- and -

[CORPORATION]

a/an _____ corporation incorporated pursuant to the laws of
the Province of _____
(the "Corporation")

WHEREAS:

- A. The authorized capital of CORPORATION is divided into _____ common shares, of which _____ common shares have been issued and are outstanding as fully paid and non-assessable shares in the capital of the Corporation.
- B. The Shareholders are the registered and beneficial owners of the following issued and outstanding common shares in the capital of the Corporation:

(list shareholders and number of shares held by each)
- C. The Shareholders desire to set out in writing their agreement as to the purchase of the shares of a Shareholder in the event of the death of that Shareholder.
- D. The Shareholders acknowledge that a main purpose of the life insurance policies in respect of which the Corporation was beneficiary as set out in Schedule "B" hereto was to fund, directly or indirectly in whole or in part, the redemption, acquisition or cancellation of the issued shares of the Corporation.
- E. The Corporation is authorized to redeem, acquire or cancel issued shares of the Corporation upon the death of a Shareholder.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual covenants and premises contained in this Agreement, the parties hereby for themselves, their respective heirs, executors, administrators, successors and assigns agree as follows:

1. Definitions

1.1 In this Agreement, unless there is something contained within the subject matter or context that would provide a further definition, the following terms shall be defined as follows:

- (a) "Act" means the [applicable legislation], unless otherwise indicated, as amended and re-enacted from time to time;
- (b) "Agreement" means this Agreement including all schedules and exhibits hereto and includes all agreements made at any time and from time to time which amend or supplement or restate this Agreement or any provision hereof;

- (c) "Capital of the Corporation" means the aggregate of contribution made by the Shareholders in the existing Corporation;
- (d) "Grandfathered Shares" in respect of a Shareholder means shares issued prior to April 26, 1995, that qualify for grandfathered relief for purposes of the rules contained within s. 112(3), et seq., of the *Income Tax Act* (Canada) where a main purpose of the life insurance under which the Corporation was a beneficiary as at April 26, 1995, was for the funding of the redemption, acquisition, and cancellation of the issued shares of the Corporation directly or indirectly, in whole or in part;
- (e) "Immediate Family" means, with respect to an individual Shareholder, the Shareholder's spouse, common law spouse, natural or adopted children, natural grandchildren or a child legally adopted by the natural or adopted child of the Shareholder such that the child is considered a grandchild of the Shareholder;
- (f) "*Income Tax Act*" means the *Income Tax Act* (Canada), as amended and re-enacted from time to time;
- (g) "Insurance Proceeds" means the amount to be received upon the death of a Shareholder as set out in Schedule "B" hereto;
- (h) "Party" and "Parties" means a party to this Agreement and shall include any person who becomes bound by this Agreement, and any reference to a Party shall include such Party's successors, heirs, executors and permitted assigns;
- (i) "Permitted Transfer" means a transfer of shares including any sale, exchange, transfer, gift, transmission or other transaction, by which the legal or beneficial ownership of, or a security interest or other interest in, such shares passes from one person to another, or to the same person in a different capacity, or to the personal representative of a deceased Shareholder for so long as the shares continue to be held by the personal representative of such Shareholder, and "Transfer" and "Transferred" and similar expressions have corresponding meanings;
- (j) "Shares" means the common shares of the Corporation;
- (k) "Shareholder" means at any time a person that is or becomes a Party to this Agreement and holds one or more Shares and shall include any personal representative of a deceased Shareholder;
- (l) ["Triggering Event" means death, disability, retirement, bankruptcy, disagreement or termination of employment of a Shareholder;]
- (m) "Value" means the fair market value of the Shares as determined in accordance with the provisions of paragraph [no.] hereof.

2. Restrictions on Disposition of Shares