

SHAREHOLDERS AGREEMENT

THIS AGREEMENT is made effective the ____ day of _____, _____ by and among [list shareholders] and any subsequent person or entity holding common stock of the Company, (hereinafter sometimes referred to individually as a "Shareholder" and collectively as the "Shareholders") and [COMPANY], a [jurisdiction] corporation (the "Company").

WHEREAS the parties hereto wish to ensure the successful management and control of the Company, and to provide for an orderly and fair disposition of shares of common stock of the Company now or hereafter owned by any Shareholder;

NOW THEREFORE, in consideration of the mutual promises of the parties hereto, and intending to be legally bound, the parties hereby agree as follows:

1. Definitions

Unless otherwise provided herein, wherever used in this Agreement, the following words or phrases shall have the following meanings:

- (a) "Buyer" means any party to this Agreement who purchases an Offering Shareholder's Shares pursuant to this Agreement;
- (b) "Continuing Shareholders" means all Shareholders other than an Offering Shareholder;
- (c) "Disability" of a particular person means the inability, either physically or mentally, of such person to maintain his employment or other relationship with the Company (including without limitation, fulfilling his duties as an officer, director, consultant, joint venturer, independent contractor, or promoter to or of the Company) or to conduct his normal daily activities on behalf of the Corporation for any six (6) consecutive month period;
- (d) "Management Shareholder" means [names of shareholders acting as management];
- (e) "Non-management Shareholder" means any Shareholder other than a Management Shareholder;
- (f) "Offering Shareholder" means any Shareholder or [his/her] personal representatives, heirs, administrators and executors, as the case may be, who offers to sell all or any portion of his Shares to the Company, the Continuing Shareholders or a third party, pursuant to the terms hereof;
- (g) "Shares" means shares of Common Stock of the Company now or hereafter owned by any Shareholder.

2. Purchase for Investment

Each Shareholder represents and warrants that he is acquiring and has acquired his Shares for his own account for investment and not for resale or distribution thereof or with any present intent of selling any portion thereof.

3. Transfers of Shares

A Shareholder may not transfer, give, convey, sell, pledge, bequeath, donate, assign, hypothecate, mortgage, encumber or otherwise dispose of any Shares except as hereinafter set forth:

- (a) *Transfers to the Company.* Notwithstanding anything to the contrary contained in this Agreement, a Shareholder may give, sell, transfer or otherwise dispose of all or any portion of his Shares to the Company at such price and on such terms and conditions as the Shareholder and the Board of Directors of the Company may agree.

- (b) *Transfer to Third Parties.* Except as provided for in subparagraph (a) above, a Shareholder desiring to dispose of some or all of his Shares (the "Offered Shares") may do so only pursuant to a bona fide offer to purchase (the "Offer") and upon compliance with the following provisions. The Offering Shareholder shall first give written notice to the Company and the other Shareholders of his intention to dispose of his Shares, setting out the number of Offered Shares, the proposed purchase price per Offered Share and the name of the proposed purchaser and attaching an exact copy of the Offer received by the Offering Shareholder.