

SHAREHOLDER AGREEMENT

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This Shareholder Agreement (this "**Agreement**") is entered into as of [EFFECTIVE DATE] (the "**Effective Date**") by and among:

[COMPANY LEGAL NAME], a [STATE] corporation with its principal place of business at [COMPANY ADDRESS] (the "**Company**"); and

each person or entity who signs this Agreement as a holder of shares in the Company and is listed on the signature pages or on **Schedule A** (each a "**Shareholder**" and collectively the "**Shareholders**").

The Company and the Shareholders are each a "**Party**" and together the "**Parties**."

Recitals. The Shareholders own all or a portion of the issued and outstanding shares of capital stock of the Company (the "**Shares**"). The Parties wish to set the terms governing their relationship as shareholders, including the management of the Company, the transfer of Shares, the resolution of disputes, and the rights and obligations of the Shareholders among themselves and toward the Company. In consideration of the mutual promises below, the Parties agree as follows.

1. Definitions and Shareholdings

1.1 Shares. "**Shares**" means all shares of capital stock of the Company now owned or later acquired by a Shareholder, together with any securities issued in exchange for, or in respect of, those shares through a stock split, dividend, recapitalization, conversion, or similar event.

1.2 Ownership schedule. The name of each Shareholder, the class and number of Shares each holds, and each Shareholder's percentage ownership as of the Effective Date are set out on **Schedule A**. The Parties will update Schedule A to reflect permitted transfers and issuances.

1.3 Transfer. "**Transfer**" means any sale, assignment, gift, pledge, encumbrance, hypothecation, or other disposition of Shares or of any legal or beneficial interest in Shares, whether voluntary, involuntary, or by operation of law.

1.4 Permitted Transferee. "**Permitted Transferee**" means a transferee approved under Section 4, including, where the Parties so elect, a Shareholder's spouse, lineal descendants, or a trust or entity wholly owned and controlled by the Shareholder for estate-planning purposes.

2. Governance and Voting

2.1 Board composition. The Company will be managed by a board of directors (the "**Board**") consisting of [NUMBER] directors. The Shareholders will vote their Shares so that the Board is composed as described on **Schedule B**, which may allocate designation rights among the Shareholders by ownership level or class.

2.2 Voting agreement. Each Shareholder agrees to vote its Shares, and to take any other shareholder action within its control, in a manner consistent with this Agreement, including to elect the directors designated under Section 2.1.

2.3 Reserved matters. The Company will not take any of the following actions without the prior approval of Shareholders holding at least **[PERCENTAGE, e.g. two-thirds]** of the outstanding Shares (or such higher threshold as applicable law requires): (a) amending the articles or bylaws; (b) issuing additional Shares or securities convertible into Shares; (c) incurring indebtedness above **[AMOUNT]**; (d) selling all or substantially all of the Company's assets; (e) merging, consolidating, or dissolving the Company; or (f) declaring or paying a dividend.

2.4 Information rights. The Company will deliver to each Shareholder annual financial statements within **[NUMBER]** days after each fiscal year-end and such other information as a Shareholder reasonably requests, subject to the confidentiality obligations in Section 8.

3. Restrictions on Transfer

3.1 General restriction. A Shareholder may not Transfer any Shares except in compliance with this Agreement and applicable securities laws. Any purported Transfer in violation of this Agreement is void and will not be recorded on the Company's books.

3.2 Right of first refusal. Before Transferring Shares to any person other than a Permitted Transferee, a Shareholder (the "**Selling Shareholder**") must first offer those Shares in writing to the Company and then to the other Shareholders, on the same price and terms offered by the proposed third-party purchaser, as further described in Section 4.

3.3 Legend. Each certificate or book-entry record for Shares will bear a legend referencing the transfer restrictions in this Agreement and applicable securities laws.

4. Right of First Refusal and Tag-Along

4.1 Notice of proposed Transfer. The Selling Shareholder will give the Company and the other Shareholders written notice (the "**Transfer Notice**") stating the number of Shares offered, the price, the identity of the proposed purchaser, and all material terms.

4.2 Company option. The Company may elect, within **[NUMBER]** days after the Transfer Notice, to purchase all or part of the offered Shares on the stated terms.

4.3 Shareholder option. Any Shares the Company does not elect to purchase may be purchased by the other Shareholders, pro rata to their holdings, within a further **[NUMBER]** days.

4.4 Right to complete the sale. If the Company and the Shareholders do not elect to purchase all offered Shares within the applicable periods, the Selling Shareholder may complete the Transfer to the proposed purchaser, on terms no more favorable to the purchaser than those in the Transfer Notice, within **[NUMBER]** days, after which the restrictions of this Section reapply.

4.5 Tag-along right. If one or more Shareholders propose to Transfer Shares representing more than **[PERCENTAGE]** of the outstanding Shares to a third party, each other Shareholder may elect to include a proportionate number of its Shares in the Transfer on the same terms.

5. Drag-Along Right

5.1 **Approved sale.** If Shareholders holding at least [PERCENTAGE, e.g. a majority] of the outstanding Shares (the "Approving Holders") approve a sale of the Company to a bona fide third party, the Approving Holders may require all other Shareholders to participate in that sale.

5.2 **Obligations of dragged Shareholders.** Each other Shareholder will vote for the sale, sell its Shares on the same per-share terms, and execute reasonable documents, provided that no Shareholder is required to give representations beyond its own ownership or to bear liability disproportionate to its proceeds.

6. Valuation and Buyout

6.1 **Buyout events.** A Shareholder's Shares become subject to purchase by the Company and the other Shareholders on the occurrence of a "Buyout Event," which the Parties may define to include death, permanent disability, bankruptcy, divorce affecting the Shares, or a material uncured breach of this Agreement.

6.2 **Purchase price.** The price for Shares purchased on a Buyout Event will be their **Fair Value**, determined as of the date of the Buyout Event by [METHOD, e.g. agreement of the Parties; failing agreement, an independent appraiser selected under Schedule C].

6.3 **Payment terms.** The purchase price will be paid [IN A LUMP SUM / IN EQUAL INSTALLMENTS OVER [NUMBER] MONTHS WITH INTEREST AT [RATE]], as set out on **Schedule C**.

7. Dividends and Distributions

7.1 **Policy.** The Company will declare and pay dividends or distributions only as approved under Section 2.3 and as permitted by applicable law, and will treat Shares of the same class equally on a per-share basis.

7.2 **Tax distributions.** If the Parties so elect on **Schedule C**, the Company will use commercially reasonable efforts to distribute to Shareholders amounts sufficient to cover taxes attributable to Company income allocated to them, to the extent funds are lawfully available.

8. Confidentiality

8.1 **Obligation.** Each Shareholder will keep confidential all non-public information about the Company obtained in its capacity as a Shareholder and will use that information only in connection with its investment, except as required by law or with the Company's written consent.

8.2 **Survival.** This Section survives a Shareholder ceasing to hold Shares for a period of [NUMBER] years.

9. General Provisions

9.1 **Governing law and venue.** This Agreement is governed by the laws of the State of [STATE], without regard to its conflict-of-laws rules. The Parties submit to the exclusive jurisdiction of the state and federal courts located in [COUNTY, STATE].

9.2 **Dispute resolution.** Before filing suit, the Parties will attempt in good faith to resolve any dispute through senior-level discussion within [NUMBER] days of written notice. [OPTIONAL: arbitration clause — discuss with counsel.]

9.3 **Specific performance.** The Parties agree that money damages may be inadequate for a breach of the transfer and voting provisions, and that the non-breaching Parties may seek specific performance or injunctive relief in addition to other remedies.

9.4 **Amendment and waiver.** This Agreement may be amended only by a writing signed by the Company and by Shareholders holding at least [PERCENTAGE] of the outstanding Shares. A waiver is effective only if in writing

and signed by the waiving Party.

9.5 **Notices.** Notices must be in writing and sent to the addresses on Schedule A (or as updated in writing) and are effective on receipt.

9.6 **Entire agreement.** This Agreement, together with its Schedules, is the entire agreement among the Parties on its subject and supersedes prior discussions.

9.7 **Severability.** If any provision is unenforceable, the rest remains in effect, and the Parties will replace the unenforceable provision with an enforceable one that best reflects their intent.

9.8 **Counterparts and electronic signature.** This Agreement may be signed in counterparts and by electronic signature, each of which is an original and all of which together form one agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

COMPANY

SHAREHOLDER

Signature: _____

Signature: _____

Printed name: **[NAME]**

Printed name: **[NAME]**

Title: **[TITLE]**

Title: **[TITLE / N/A]**

Date: _____

Date: _____

SHAREHOLDER

SHAREHOLDER

Signature: _____

Signature: _____

Printed name: **[NAME]**

Printed name: **[NAME]**

Title: **[TITLE / N/A]**

Title: **[TITLE / N/A]**

Date: _____

Date: _____

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