

**SHAREHOLDERS AGREEMENT
OF
(COMPANY NAME)**

THIS SHAREHOLDERS AGREEMENT (the "Agreement") is made this ____ day of _____, 2013, by and among _____ (each referred to herein individually as "Shareholder" and collectively as the "Shareholders") and _____ a _____ (State) corporation (the "Corporation"). Transferees of Shareholders are also referred to as Shareholders.

BACKGROUND

The Corporation has one class of common stock (the "Shares") issued and outstanding. The Shareholders own all of the issued and outstanding Shares (**Split of Shares**). The Shareholders have determined that it is necessary and appropriate for certain matters concerning the harmony in the management, policies and operations of the Corporation to be set forth in this Agreement. The Shareholders have further determined that it is in their mutual best interest to agree upon certain rights and duties with respect to the Shares now or later owned by them. The Corporation and the Shareholders believe that the provisions of this Agreement are desirable to ensure the stability of the Corporation. This Agreement supersedes and replaces any other shareholders' agreement.

Each Shareholder has consented in writing to the Corporation's election to be an S corporation for income tax purposes and the Corporation has filed that election with the Internal Revenue Service. The Corporation and the Shareholders wish to keep the Corporation's S election in force until it is revoked, if ever, pursuant to this Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and undertakings of the parties herein set forth, it is agreed as follows:

AGREEMENT

1. **Directors of the Corporation; Book and Records; Financial Statements.** The Shareholders agree at all times to vote their Shares and/or instruct their nominees or designees to vote their Shares so that the Board of Directors of the Corporation, during the period those persons own Shares, shall consist of _____ or a nominee of _____; _____ or a nominee of _____. _____ has been elected as the President, _____ as Vice President, and _____ serves as the Secretary/Treasurer of the Corporation. The Directors shall cause the officers of the Corporation to make the book and records available to any Shareholder within five (5) business days of receipt of a written demand for inspection. The Board of Directors shall cause the Corporation to prepare monthly financial statements and reports (including balance sheets, income statements, and statements of cash flow) and will provide them to each Shareholder as promptly as practical after the close of each month or within five (5) business days of receipt of a written demand for them.

2. **Major Decisions.** No act shall be taken or sum expended or obligation incurred which is legally binding on the Corporation or any of its subsidiaries with respect to a matter within the scope of any of the major decisions ("Major Decisions") affecting the Corporation by

any officer, director or shareholder in whatever capacity such person is acting unless such Major Decision has been approved by Shareholders who own a majority **[2/3]** of the Shares of the Corporation. The Major Decisions consist of the following:

(a) Authorization of contracts that involve an extraordinary commitment (not occurring in the ordinary course of business operations of the Corporation) on the part of the Corporation.

(b) Incur, in excess of **[\$ Amount]**, any indebtedness for borrowed money, any contingent liability, or sign, mortgage, pledge, encumber, grant any security interest in or transfer any of the Corporation's assets, whether now owned or hereafter acquired, save and except, if the Board of Directors agree that the Corporation is in need of operating capital and any shareholder refuses to contribute that shareholder's pro rata share of the Corporation's needs then the Corporation may borrow the refusing Shareholder's pro rata share from any other Shareholder to be repaid upon demand with interest at the rate of 10% per annum which loan is to be secured by a security interest in the Corporation's assets. For the purpose hereof, the sale or assignment of accounts receivable and execution of leases, option agreements, installment sales contracts, or rental agreements shall constitute incurring indebtedness for borrowed money, and the execution of any guaranty or letter of credit agreement shall constitute the incurrence of a contingent liability.

(c) Lend money or credit to, or make or permit to be outstanding, loans, or advances to any person, firm or corporation, other than accounts receivable in the ordinary course of business.

(d) Sell, lease, transfer or otherwise dispose of all or any substantial part of the corporate assets (any asset having the greater of fair market value or book value, in excess of **(\$ Amount)** whether now owned or hereafter acquired.

(e) Make distributions of cash or other property to Shareholders in their capacity as a shareholder.

(f) Establish or change the compensation of any officer, director or Shareholder of the Corporation.

(g) Purchase fixed assets individually costing more than **(\$ Amount)** during any consecutive six (6) month period.

(h) Expend cash or other liquid assets in excess of **(\$ Amount)** for any single asset, expense or liability.

(i) Establish, change or alter any name, trademark or trade name under which the Corporation conducts any of its business activities.

(j) Change the general type of business activity of the Corporation.

(k) Enter into or modify any agreement between the Corporation and any person that is related by blood or marriage to a Shareholder (or the principal of a Shareholder in the case of a Shareholder that is an entity), or a person with whom a Shareholder is a partner or co-owner in another venture.

(l) Issuance, exchange or redemption of stock or securities in the Corporation.

3. **Confidential Information**. Each Shareholder agrees to the following terms and restrictions:

(a) The Shareholders acknowledge that they have had direct access to and knowledge of the Corporation's trade secrets and other confidential and proprietary information and documents, including but not limited to the Corporation's customer list, customer requirements and information, price lists, all training materials, product information, operating procedures, marketing information, selling strategies, and supplier information (collectively "Confidential Information"). Each Shareholder agrees that all Confidential Information shall remain the property of the Corporation, shall be kept in the strictest of confidence, used solely for the benefit of the Corporation and shall not be disclosed, either directly or indirectly, to any other person or entity except as is required in the furtherance of the Corporation's business and for the Corporation's benefit. Each Shareholder further agrees that all such Confidential Information (and any copies thereof regardless of how maintained, including that which has been reduced to electronic memory) shall be returned to the Corporation upon the termination of such Shareholder's equity interest in the Corporation for whatever reason. The terms of this Section 3 are in addition to, and not in lieu of, any common law, statutory or other contractual obligations that the Corporation may have relating to the Corporation's Confidential Information. Further, the terms of this Section 3 shall survive indefinitely the termination of this Agreement.

(b) Each Shareholder acknowledges and agrees that the covenants set forth in this Section 3 are necessary and reasonable to protect the Corporation's Confidential Information, its legitimate business interests and goodwill. Such Shareholder expressly acknowledges and agrees that the Corporation would not have an adequate remedy at law in the event of his breach, and or threatened breach of the covenants set forth in this Section 3. Consequently, in addition to such other remedies as the Corporation may have, the Corporation, without posting any bond, shall be entitled to obtain equitable relief, including, but not limited to, injunction and specific performance.

4. **Restriction on Transfer**. Except as otherwise provided in this Agreement, no Shareholder shall sell, assign, transfer, mortgage, alienate, hypothecate or in any way encumber or dispose of the Shares which he or she now owns or which he or she may hereafter acquire. The transferee of any Shares transferred as provided in this Agreement shall become a party to this Agreement and shall agree to be bound by its terms.

5. **Subchapter S Provisions.**

(a) Applicability of this Section and Relation to the Other Sections in this Agreement. This Section 5 shall apply as long as the Shareholders agree that the Corporation should be taxed as a "small business corporation" under Subchapter S of the Internal Revenue Code. If this Section 5 is operative, the other Sections of this Agreement apply to the extent they are not inconsistent with the provisions of this Section 5.

(b) Effecting, Maintaining, or Terminating Subchapter S Election.

(i) The election to be taxed as an S Corporation under Subchapter S of the Internal Revenue Code shall be made only with unanimous consent of all the Shareholders.

(ii) After the election is effective, and before Shares that are proposed to be issued to or transferred to a Qualified Subchapter S Trust under Section 1361(d) of the Internal Revenue Code shall be issued, the beneficiary of the Trust shall furnish evidence satisfactory to legal counsel for the Corporation that the beneficiary has consented to the election of the Corporation to operate under Subchapter S of the Internal Revenue Code.

(iii) Except as otherwise authorized by this Section 5, each Shareholder agrees that he or she shall not, without the consent of every other Shareholder, take any action, or make any transfer of Shares which will result in the termination or revocation of the Subchapter S election.

(iv) Any Shareholder who causes or authorizes a revocation or transfer that terminates the Subchapter S election in violation of this Section 5 (whether in the Shareholder's capacity as a Shareholder, director, officer, employee, or agent for the Corporation or otherwise) shall be liable to the Corporation and to every other Shareholder for any and all damages, liabilities, or costs resulting directly and indirectly therefrom, including, without limitation, any additional federal or state tax liability incurred by the Corporation or any other Shareholder as a result of the improper revocation or termination, and any attorneys' fees or other costs incurred in computing and collecting any such damages.

(a) The additional federal and state tax liability caused by the improper revocation or termination shall be computed by the accountant that regularly prepares the Corporation's tax returns and the accountant's determination of such liability shall (unless patently erroneous or fraudulent) be conclusive and binding on all parties hereto for all purposes.

(b) In making such computations, the accountant shall determine the present value of the difference between the projected estimated federal and state income taxes of the Corporation and the Shareholders for the five (5) taxable years following the revocation or termination and the estimated federal and state income taxes the Corporation and the Shareholders would have to pay during this five (5) year period had the Subchapter S election remained in effect. For this purpose, the accountant shall base his or her projection on the following assumptions:

(1) that each Shareholder will be taxed at the maximum marginal rate applicable to that Shareholder for the taxable year preceding the taxable year in which the termination or revocation is effective;

(2) that the Corporation distributes all of its net income each year; and

(3) that if the Corporation has projected net losses or deductions that the net deductions for the five (5) year computational period will not exceed the sum of a Shareholder's tax basis at the time of the revocation or termination plus any contributions to capital made by the Shareholder between the revocation or termination date and the accountant's determination of the damages.

(c) Provided, however, that if a waiver of the termination is granted pursuant to Section 1362(f) of the Internal Revenue Code, then the total tax adjustments, including interest and any applicable penalties required by the Internal Revenue Service as a prerequisite for granting the waiver plus any attorneys' fees and other costs and expenses incurred by the Corporation and the other Shareholders in obtaining the waiver, shall be paid as damages by the Shareholder who caused the improper termination.

(v) The Shareholders agree to take appropriate action to cause the Corporation to again qualify as a "small business corporation" pursuant to Section 1361(b) of the Internal Revenue Code and to cause the Corporation to file a timely request for a waiver of the termination pursuant to Section 1362(f), if the Shareholder whose action caused the improper termination satisfies the following conditions:

(1) he agrees to cooperate fully with the other Shareholders in seeking to obtain requalification, including, without limitation, instituting or joining in an action to rescind any transfer that caused the termination;

(2) he provides an indemnity bond or other security satisfactory to the Corporation and the remaining Shareholders covering all of the anticipated costs and expenses involved in requalifying as a "small business corporation" and obtaining the waiver; and

(3) he obtains a written legal opinion that the Corporation once again qualifies as "a small business corporation" and that there is a reasonable basis for believing the Internal Revenue Service will grant the waiver.

(vi) In addition to the liability specified above, any Shareholder who wrongfully terminates the Corporation's Subchapter S election shall, if the Corporation regains its Subchapter S election under Section 1362(f) or re-elects Subchapter S status under Section 1362 (g) of the Internal Revenue Code within sixty-three (63) months after the wrongful termination, be personally liable for the payment of any tax on built-in gains assessed pursuant to Section 1374 of the Internal Revenue Code.

(c) Mandatory Dividends.

(i) While the Subchapter S election is in effect, the Corporation shall use its best efforts to make pro rata distributions to the Shareholders at least equal to the estimated federal and state income taxes attributable to their pro rata share of the Corporation's net long-term and Section 1231 capital gains and non-separately computed income pursuant to Section 1366(a) of the Internal Revenue Code.

(a) This estimated tax liability, which shall be computed by the accountant who regularly prepares the Corporation's tax returns, shall be computed on the basis of the highest marginal rate applicable to individuals on capital gains and other taxable income for the tax year in question.

(b) Unless prevented from making any distributions under applicable state law, or the Shareholders unanimously otherwise agree, the total amount of the minimum mandatory dividend required by these provisions shall be declared and paid no later than March 15 of the calendar year following the close of the Corporation's taxable year.

(c) The total pro rata distributions made to the Shareholders during the prior taxable year of the Corporation shall be taken into account in determining the amount, if any, of additional distributions that must be made by the following March 15th in order to meet the requirements of this Section.

(ii) If the Subchapter S election is revoked or terminated, the Corporation shall, except to the extent the Shareholders unanimously agree to the election authorized by Section 1371(e)(2) of the Internal Revenue Code, or unless prevented from doing so by applicable state law, declare and pay pro rata cash distributions during the post-termination transition period equal to the Corporation's accumulated adjustments account.

(d) Special Shareholder Elections.

(i) In the event a Shareholder terminates his or her entire interest in the Corporation while it is operating as a Subchapter S corporation, the Corporation shall (unless the Shareholders otherwise decide) elect, pursuant to Section 1377(a)(2) of the Internal Revenue Code, to have the rules in Section 1377(a)(1) applied as if the Corporation's taxable year consisted of two (2) short taxable years with the first one ending on the date of the Shareholder's termination.

(ii) If the Corporation is operating as an S corporation and for any reason has earnings and profits, then (unless the Shareholders otherwise decide) an election, pursuant to Section 1368(e)(3) of the Internal Revenue Code, to have any distribution made to the Shareholders applied to reduce such earnings and profits until they have been eliminated shall be made.

(iii) If the Corporation's Subchapter S election is effectively terminated or revoked before the end of a taxable year, then (unless the Shareholders otherwise decide) the

election, pursuant to Section 1362(e)(3) of the Internal Revenue Code, to use the Corporation's accounting records rather than a pro rata allocation for the purpose of computing the income tax consequences to the Shareholders and the Corporation for the period it was an S Corporation and the period it was a C Corporation during the year in question shall be made.

(e) Elections. If any of the elections in Paragraphs (i), (ii) or (iii) above is made, each Shareholder, including a Shareholder who may have disposed of Shares before the election is filed, will cause the Corporation to execute and file in a timely manner with the appropriate federal and, if required, state tax officials, the necessary form or forms for exercising the election, and in addition shall execute the necessary Shareholders' consents.

(f) Year End Shareholders' Meeting. Unless the Shareholders otherwise agree, at least one (1) month prior to the end of each taxable year a Shareholders' meeting shall be held at which one (1) of the items on the agenda will be a review of the Corporation's operations during the taxable year in question from a tax perspective and consideration of possible action that might be taken to eliminate or ameliorate any tax problems that in the opinion of the accountant who regularly handles the Corporation's tax matters and the Corporation's general counsel (or, if applicable, the attorney retained to advise the Corporation on tax matters) require remedial action. Notice of the tax review will be included in the notice of this meeting. The Corporation's accountant and appropriate legal counsel shall be invited to attend this meeting.

(g) Tax Matters Shareholder. If the Corporation is operating as an S Corporation, and, pursuant to Sections 6241-6245 of the Internal Revenue Code and applicable Regulations, it is required to have a Tax Matters Shareholder, and _____ shall serve in that capacity. If _____ ceases to be a Shareholder or resigns or is unable for any reason to serve in this capacity, a replacement Tax Matters Shareholder will be elected by vote of the Shareholders. The Tax Matters Shareholder shall have the exclusive authority to negotiate a settlement or agreement with the Internal Revenue Service with respect to any item relating to the taxes of the Corporation and the Shareholders during the time the Corporation is an S Corporation which is raised in an entity level audit pursuant to Sections 6241-6245; provided, however, that the Tax Matters Shareholder shall not finalize any such settlement or agreement without first informing each Shareholder in writing of the issues in question and the Shareholder's proposed recommendations as to each issue, and obtaining the written consent of one hundred percent (100%) of the Shareholders to the Shareholder's recommended action. Violation of the limitations in this Section shall be grounds for termination of the Shareholder for cause pursuant to this Agreement.

(h) Special Provisions for Share Purchases. If a Shareholder sells any of the Shareholder's Shares pursuant to section 6, 7 or 8 hereof and at the time of the sale the Corporation is operating as an S Corporation, the following special provisions shall be operative, to the extent they are applicable:

(i) Disputes. Any distributions made by the Corporation to the selling Shareholder between the effective date the price for the Shares is established and the date of

Closing, which is paid from the Corporation's accumulated adjustments account, shall be deducted from the formula price determined pursuant to this Agreement.

(i) The selling Shareholder's pro rata amount of any taxes required to be paid by the Corporation under Section 1374 of the Internal Revenue Code and on excessive passive income under Section 1375 for the taxable year in which the sale takes place shall be deducted from the price determined pursuant to this Agreement. The amount of these taxes attributed to the selling Shareholder shall be calculated on the basis of the amount that would have been due if the Corporation's taxable year had ended on the Closing date and shall be paid to the Purchaser within thirty (30) days after the selling Shareholder receives written notice of the amount due. If not paid when due, the unpaid amount shall bear interest at the rate of eight percent (8%) per annum until paid in full.

(ii) Appropriate adjustments will be made to any capitalized earnings price formula that is applicable so as to convert the Corporation's earnings to what they would have been had the Corporation been operating as a C Corporation taxed under Subchapter C of the Internal Revenue Code. For this purpose, the amount of any penalty taxes under Sections 1374 and 1375 of the Internal Revenue Code paid by the Corporation shall be added to, and, if the capitalized earnings price formula is based on after-tax earnings, the amount of the federal and state taxes that would have been paid had the Corporation been a C Corporation shall be deducted from, the income shown on the Corporation's income statements for the years in question. These and the other appropriate adjustments shall be made by the accountant that regularly prepares the Corporation's financial statements.

(j) Section 1363(c) Tax Elections. Any election affecting the computation of items derived from an S Corporation required to be made by the Corporation, pursuant to Section 1363(c) of the Internal Revenue Code, shall be approved by an affirmative vote of one hundred percent (100%) of the outstanding Shares.

(k) Delivery of Tax Information to Shareholders. The Corporation shall deliver to the Shareholders copies of the K-1 Schedules and any other information the Shareholders need to include the tax results of the Corporation in their individual tax returns by no later than one (1) month prior to the Shareholders' deadline for filing their returns. The person or persons responsible for violating this provision will pay any interest or penalties, or additional professional fees incurred by the Shareholders because such information was not timely sent to them.

6. Reciprocal Buy-Sell Options. The Shareholders hereby agree that the following set of reciprocal options will be in effect and may be exercised at any time:

(a) Any Shareholder ("Demanding Shareholder") will have the right, at any time, and at his or her sole option, to offer to purchase all of, and not less than all, the Shares of another Shareholder (an "Affected Shareholder") at a single, lump sum price per share to be payable in cash or collected funds at the Closing (as defined in Section 9 hereof), and under such ancillary terms and conditions (if any) as that party may care to propose. That option may be exercised by the delivery of a written demand on the Affected Shareholder at any time

designating the price per share, with a copy to every other Shareholder upon whom a similar demand is not being made (an "Option Shareholder") and the other appropriate terms and conditions under which the Demanding Shareholder is willing to sell all of his or her Shares or to purchase all of the Shares of the Affected Shareholder. Any other provision of this Agreement to the contrary notwithstanding, any offer to purchase any interest in the Corporation under this Section 6 must be conditioned upon (i) the full payment to the selling Shareholder, at or before the Closing, of all principal and interest amounts then owed the Corporation on loans made to it by the selling Shareholder, and (ii) the purchasing Shareholder (or Shareholders) obtaining an effective release of the selling Shareholder, as of the Closing, from any and all guaranty obligations and/or other personal liabilities to third parties (if any) with respect to mortgages and/or other contract obligations of the Corporation to such third parties.

(b) Upon the receipt of any written demand under subsection (a) of this Section 6, an Affected Shareholder on which it is served will have the right of an Option Shareholder set forth herein, as his or her sole option, to elect either of the following alternatives, on the basis of the per share purchase price and the other terms and conditions specified in the written demand: (i) to sell all of his or her Shares to the Demanding Shareholder; or (ii) to purchase all of the Shares of the Demanding Shareholder. That decision will be indicated by a written notice delivered to the Demanding Shareholder, the Corporation and each Option Shareholder within thirty (30) days following the receipt of the written demand under subparagraph (a) of this Section 6. In the event of any failure to deliver such written notice by the Affected Shareholder within the thirty (30) day period, an Affected Shareholder will be deemed conclusively to have elected to sell all of his or her Shares to the Demanding Shareholder (and possibly the Corporation or each Option Shareholder), on the basis of the designated price and the other ancillary terms and conditions specified in the offer of the Demanding Shareholder. If the Affected Shareholder has elected to sell his Shares (whether through failure to send a timely notice or otherwise) then upon written notice to be delivered within five (5) business days after the expiration of the thirty (30) day period set forth herein, the Corporation shall have the right to purchase the Affected Shareholder's Shares upon the terms set forth in the notice from the Demanding Shareholder. If the Corporation fails to exercise the option to purchase, then upon either receipt of the Affected Shareholder's written notice to buy, or the failure of the Affected Shareholder to give notice of the decision to purchase the Demanding Shareholder's Shares, each Option Shareholder shall have ten (10) business days in which to deliver written notice to all the other Shareholders of the Option Shareholder's election to participate in the purchase of either the Affected Shareholder's Shares or the Demanding Shareholder's Shares, as the case may be, on the same price and terms set forth in the Demanding Shareholder's notice. If an Option Shareholder gives such written notice to participate in the purchase, the Option Shareholder must purchase a portion of the Shares that are subject to purchase that is equal to the product of the number of Shares owned by the Option Shareholder divided by the total number of Shares owned by the other Shareholders who are participating in the purchase times the number of Shares to be purchased. If the Option Shareholder does not deliver timely notice of the right to participate in the purchase, the right shall have been waived for such purchase.

(c) Any Shareholder selling his Shares under this Section 6 hereby irrevocably constitutes and appoints the purchasing Shareholder as its attorney-in-fact, with full power and authority to execute and deliver such documents, and to take such other actions, as may be necessary or appropriate to effect a transfer to a purchasing Shareholder in accordance with the pertinent provisions of this Agreement.

7. **Buy-Out Rights.**

(a) Trigger Events. The following "Triggering Events" trigger a "Buy-Out Right" in regard to all of the Shares of a departing Shareholder (the "Departing Shareholder"), who must divest Shares for any of the following reasons:

(i) Death. Upon the death of an individual Shareholder, the executor or administrator of the Departing Shareholder's estate shall sell and the Corporation shall purchase, or cause to be purchased all (but not less than all) of the Departing Shareholder's Shares in accordance with the procedures set forth in subsection (b) below and at the price and on the other terms set forth in this Section 7.

(ii) Termination of Employment. If any individual Shareholder who is employed by the Corporation on a part-time or full-time basis ceases to be employed by the Corporation for any reason other than death, whether the termination is voluntary or involuntary, and whether the termination is with or without cause, and whether the termination is by either party, that Departing Shareholder shall sell and the Corporation shall purchase, or cause to be purchased all (but not less than all) of the Departing Shareholder's Shares in accordance with subsection (b) below on the other terms set forth in this Section 7.

(iii) Transfers by Operation of Law. In the event any Shareholder:

(a) files a voluntary petition under any bankruptcy or insolvency law or a petition for the appointment of a receiver, or makes an assignment for the benefit of creditors,

(b) is subjected involuntarily to such a petition or assignment or to an attachment or other legal or equitable interest with respect to the Shareholder's Shares and such involuntary petition, assignment, or attachment is not discharged within thirty (30) days after its effective date, or

(c) is subjected to any other possible involuntary transfer of the Shareholder's Shares by legal process not otherwise provided for in this Agreement, Divorce, the receiver or shares will not have voting rights.

the Corporation shall purchase and the Departing Shareholder shall sell all (but not less than all) of the Departing Shareholder's Shares in accordance with subsection (b) and at the price and on the other terms set forth in this Section 7.

(b) Procedural Requirements for Corporate Buy-Out Right. In connection with the purchase by the Corporation of the Shares of a Departing Shareholder pursuant to a Triggering Events in subsection (a) above, the following procedures shall apply:

(i) The Closing date shall be as set forth in section 9 on a date designated by the Corporation upon not less than ten (10) days notice to the Departing Shareholder, or if later, within twenty (20) days following determination of the price of the Shares in accordance with this section 7.

(ii) Within ten (10) days after the Triggering Event the Buy-Out Right written notice shall be delivered on behalf of the Departing Shareholder to the Corporation describing the Shares owned by the Departing Shareholder and demanding that the Corporation purchase all (but not less than all) of the Departing Shareholder's Shares.

(iii) Within ten (10) days after receipt of this Buy-Out Right notice, the Corporation shall call a special Shareholders' meeting, to be held not more than thirty (30) days after the call, to decide whether to allocate some or all of the Shares to one (1) or more of its Shareholders or to other persons. Such an allocation shall be made if: (a) the Corporation cannot legally purchase the Shares; or (b) even if it can legally purchase the Shares, all the Shareholders, exclusive of the Departing Shareholder, agree to the allocation.

(iv) The Shareholders, including the Departing Shareholder, agree to vote their Shares in favor of appropriate action to implement the decision made pursuant to paragraph (b)(iii) above, and to cause the Corporation to take such further action as is necessary to create sufficient corporate funds to enable the Corporation to legally purchase the Shares it is obligated to purchase under this section 7, including, without limitation, to vote their Shares to reduce the Corporation's stated capital, or cause the Corporation's assets and liabilities to be revalued on a fair market value basis and to vote their Shares to use all the Corporation's capital surplus, if necessary, to fund the purchase. To the extent that after such action the Corporation is still unable, in the opinion of its general counsel, legally to purchase all the Shares from the Departing Shareholders, the remaining Shareholders shall purchase the Shares the Corporation cannot legally purchase pursuant to the provisions of this Section 7.

(c) Value of the Shares Purchased: Option A: The Shareholders and the Corporation agree that the value of the Shares determined under this Section 7 results in the Shares being valued at fair market value. "Fair market value" means the value in arms-length transactions consistent with a willing buyer, willing seller standard. Option B: Adjusted Book Value. The value of each of the Shares shall be the Adjusted Book Value of the Corporation's assets and liabilities divided by the number of Shares then issued and outstanding. The following shall apply:

(i) The Adjusted Book Value shall be based upon financial statements prepared as of the last day of the month before the month in which the Triggering Event occurred.

(ii) The independent accountant for the Corporation who regularly prepares or reviews the Corporation's financial statements shall determine Adjusted Book Value.

(iii) The book value of the Corporation assets shall be determined by application of generally accepted accounting principles consistently applied; however an audit is not required and notes may be omitted. The financial statements exhibiting the book value shall be prepared on an accrual basis.

(iv) Following the determination of book value, adjustments to book value shall be made. Book value, as adjusted, is the "Adjusted Book Value" of the Corporation. The following adjustments, if applicable, are to made:

(a) No allowance of any kind shall be made for good will, any trade name, or any similar intangible asset not arising from an acquisition by the Corporation.

(b) All accounts payable shall be valued at face amounts, less discounts and allowances thereon. As accounts payable are paid from accounts receivable and cash, only accounts payable in excess of these amounts shall be accrued as a liability.

(c) All other liabilities shall be valued at face amount, unless a contractual right to a discount has been obtained.

(d) No discount, or valuation adjustment, shall be made for favorable or unfavorable financing terms or interest rates.

(e) All unpaid and accrued federal, state and local taxes, including, but not limited to sales, payroll, unemployment, excise, franchise and income taxes (but only to the extent then applicable to the Corporation) shall be accrued.

(f) Reserves for contingent or undetermined liabilities shall not be treated as liabilities except in accordance with the following:

(1) Contributions to any qualified pension, profit sharing or other qualified retirement plan for the benefit of Corporation employees for the fiscal year of the Corporation in which the date of determination falls shall be accrued as a liability and shall be prorated for such fiscal year to the valuation date.

(2) In the event there are pending or known claims for liability not fully covered by insurance, the accountant shall accrue any estimated loss as a liability of the Corporation, when accrual is required under the current Statement of Financial Accounting Standards applicable to Accounting For Contingencies.

(g) If the Corporation is operating as an S Corporation pursuant to the Internal Revenue Code, book value shall be adjusted to take into account the Corporation's undistributed income or loss for the year in question using the closing of the books method. Any

other adjustment required under this Section 7, because the Corporation is an S Corporation, shall be made.

(h) If the Corporation is not an S Corporation, a special accrual adjustment for Corporation taxes or tax credits, if applicable, shall be made in regard to any losses or gains related to the adjusted value of assets or liabilities.

(i) The value of any life insurance or disability buy-out insurance on the lives of the Shareholders owned by the Corporation for the purposes of funding a Corporate buy-out pursuant to this section 7, shall be limited to the cash surrender value, if any, of such policy or policies.

(j) The supply inventory shall be valued at the lower of cost or market value.

(k) Securities shall be valued at fair market value.

(l) Furniture, furnishings, leasehold improvements, machinery, and equipment shall be valued at book value.

(m) All land and buildings (other than leasehold improvements) shall be valued at their fair market, valued for general commercial purposes.

(d) Insurance. In order to fund the purchase of the Shares of a deceased Departing Shareholder, the Corporation, or a Shareholder, is, or may become, the owner (the "Owner") and named beneficiary and shall possess all incidents of ownership of the insurance policies now or hereafter listed on Schedule A attached to this Agreement and it shall have the right to exercise all rights of ownership with respect to such policies.

(i) The Owner shall have the right to increase the coverage of any existing policy or to purchase additional policies at any time.

(ii) No Shareholder shall vote on the decision to purchase insurance insuring him or her or on any change in any existing such policies. Any policies so purchased shall be listed on Schedule A and shall be subject to the terms and conditions of this Agreement.

(iii) Each Shareholder agrees to do everything necessary to acquire any such insurance, including undergoing a medical examination.

(iv) The Owner shall pay or cause to be paid in a timely fashion the premiums due on all such policies, and at the request of a Shareholder shall deliver written proof of payment within twenty (20) days of its due date.

(a) If a premium has not been paid within twenty (20) days of its due date any Shareholder shall have the right to pay an unpaid premium and to be reimbursed for such payment by the Owner.

(b) If reimbursement is not made within ten (10) days of the payment, the amount of the premium will be considered as a loan to the Owner and shall bear interest from the date of payment until reimbursement is made. Interest shall be computed at a per annum rate of two (2) percentage points above the highest New York money center bank "prime rate" quoted at the time payment is due in the Wall Street Journal, or, if greater, at the minimum rate established pursuant to Sections 483 and 1274 of the Internal Revenue Code, necessary to avoid any imputed interest or original issue discount being attributed to the selling Shareholder

(c) The Owner, in its discretion, may apply any dividends declared on the policies subject to this provision to the payment of premiums, or interest or principal on loans (if any) on such policies.

(v) A Departing Shareholder shall have the option to purchase any insurance policies not matured by the then applicable Triggering Event, insuring him or her and owned by the Owner, as such policies are now or hereafter listed on Schedule A attached to this Agreement, within ninety (90) days after the Closing by tendering to the Corporation in cash, or by other acceptable funds, an amount equal to:

(a) the interpolated terminal reserve of each policy and any paid-up additions, plus

(b) any dividends or dividend accumulations credited to each policy, plus

(c) the unearned portion of any premium paid beyond the date the policy or policies are to be transferred, less

(d) any indebtedness against each policy and any loan interest accrued thereon as of the date of transfer.

(vi) In the event the Departing Shareholder exercises the above option to purchase, the Owner thereof shall promptly deliver to the Departing Shareholder the policy or policies, together with all written documents necessary to convey full title to him. If the Departing Shareholder does not exercise this purchase option, the Owner shall pledge the same as additional collateral for any Owner's note given as security for the purchase of the Shares, but if there is no note, or when the note is paid, the Owner may dispose of or deal with them in any manner the Owner desires.

(e) Payment of Purchase Price. Except as may otherwise be required in this Agreement, the purchase price of any Shares purchased pursuant to Section 7 shall be paid in cash, wire transfer, certified or cashier's check, or other acceptable funds, at the Closing, or, at the option of the purchaser(s), as follows:

(i) Insured Transactions. If the Triggering Event is the death or disability of the Departing Shareholder, and the Departing Shareholder is insured by any life insurance policy (if the event is death) or disability insurance policy (if the event is disability)

designated on Schedule A to this Agreement for use in purchasing the Shares of the Departing Shareholder, the purchase price shall be paid:

(a) At the Closing to the extent of any insurance proceeds (less any federal or state taxes imposed on the insurance proceeds) received by the purchaser from any life or disability insurance policy or policies insuring the Departing Shareholder and designated on a Schedule to this Agreement for use in purchasing the Shares of the Departing Shareholder (In the event a purchaser under this Agreement is the beneficiary of such insurance, no assignment of its right to purchase Shares to the other Shareholders or to others shall reduce the amount of the down payment which would otherwise be based upon the amount of available insurance proceeds); and

(b) In up to sixty- (60) equal monthly installments of principal and interest, to the extent the purchase price exceeds such insurance proceeds. This installment obligation will be evidenced by a promissory note containing the terms specified in the Paragraph entitled "Terms of the Installment Note." The first installment payment will be due one (1) month after the Closing date

(ii) Other Purchases. If the Shares are being purchased in a transaction in which there is no life or disability insurance that wholly or partially funds the purchase, as described above, the following shall apply and the purchase price shall be paid:

(1) By a down payment at the Closing of at least ten percent (10%) of the total purchase price by cash or other acceptable funds, and

(b) the balance of the total purchase price shall be paid in up to sixty- (60) equal monthly installments of principal and interest. This installment obligation will be evidenced by a promissory note containing the terms specified in the Paragraph entitled "Terms of the Installment Note." The first installment payment will be due one (1) month after the Closing date.

(iii) Terms of the Installment Note. The installment note required under this Section 7 to be delivered at the Closing shall be in the amount of the difference between the total purchase price and any down payment required to be made at the Closing.

(a) Interest shall be computed at a per annum rate of two (2) percentage points above the highest New York money center bank "prime rate" quoted in the Wall Street Journal as of the business day preceding the Closing date, or, if greater, at the minimum rate established pursuant to Sections 483 and 1274 of the Internal Revenue Code, necessary to avoid any imputed interest or original issue discount being attributed to the selling Shareholder.

(b) The note shall provide that the maker shall have the privilege at any time to prepay without penalty all or any part of the balance due on the note with interest to the date of prepayment. Partial prepayments shall be applied to the last maturing installments in inverse order.

(c) Security for Unpaid Balance. The installment note required under this Agreement to be delivered at the Closing shall be secured as follows:

(i) By a pledge of the Shares being purchased. The pledge agreement shall contain such terms as shall be reasonable and customary in stock pledge agreements used by banks and other institutional lenders. As long as the note is not in default, the Purchaser shall be entitled to receive all dividends on such Shares and to exercise all voting rights with respect to such Shares. If the Shares pledged are unregistered Shares in the hands of the Purchaser, the pledge agreement shall provide for private sale of the Shares under the provisions of applicable federal and state securities laws dealing with sales of unregistered securities. Such sale shall not waive any right in the holder of the note to a deficiency.

(ii) By the unconditional personal guarantee of each Purchaser, and if the Purchaser is the Corporation, by each Shareholder other than a Selling Shareholder. The guarantee shall be by endorsement of the note as co-maker.

(d) Default. Failure to make any payment required by any installment note delivered at Closing as payment for the Shares being purchased when due shall constitute a default of the note and shall cause the remaining unpaid balance to become immediately due and payable, and the holder of the note shall have all the rights and remedies to enforce payment of the unpaid balance authorized by law; provided, however, that before taking any remedial action to enforce payment, the holder shall deliver written notice of the default to the Purchaser and, if the payment in default is paid in full within ten (10) days from the date this notice is delivered, the default will be deemed not to have occurred. Any person who makes a payment in excess of the Shareholder's allocated portion of the total payment due in order to prevent or cure a default shall be entitled to reimbursement for the excess by way of indemnification from the person who failed to make the required payment.

8. **Share Transfer Restrictions.**

(a) Prohibition Against any Transfers Except as Authorized in this Agreement. Except as otherwise provided in subsections (b) and (c) of this Section 8 and in Sections 6 or 7, an interest in the Shares may not be voluntarily or involuntarily transferred (by operation of law or otherwise).

(i) In the event of a conflict between subsection (b) below and Section 5, the applicable provision in Section 5 will prevail and be operative.

(ii) However, in the event an election to purchase Shares under a right or option granted in this Section 8 is operative, that election shall prevail over any right or option under Sections 6 or 7 that may arise before Closing.

(b) Exempted Transfers. Unless specifically prohibited by another provision of this Agreement, the prohibition in subsection (a) of this Section 8 shall not apply to a transfer of an interest in the Shares in accordance with any of the following:

- (i) to the Corporation.
- (ii) pro rata to all other Shareholder(s).
- (iii) that has been approved in writing by the Shareholders.

(iv) by reorganization in accordance with Section 368 of the Internal Revenue Code (merger, consolidation, or share exchange approved by the Shareholders in accordance with law), or an exchange of existing Shares for other shares of the same, or a different class or series in this Corporation that has been approved by the Shareholders.

(c) Third Party Offers To Purchase.

(i) An interest in the Shares that is not either exempt under subsection (b) of this section 8, or purchased pursuant to a Triggering Event in Section 7 or between the Shareholders provided in section 6, can only be transferred if the Shareholder ("Transferring Shareholder") desiring to make a transfer obtains an offer to purchase the Shares for cash from a "third party" (hereinafter defined) who is eligible to purchase the Shares under this Section 8. The offer by the third party must be in writing in a form that is legally enforceable against the third party and state the offeror's name and address, the number of Shares offered, the offering price per share, and the other terms of the offer. The price per share shall not include any value attributable to any employment contract, consulting contract, or any other side agreement between the third party making the offer and the Transferring Shareholder.

(ii) The Transferring Shareholder shall deliver the third-party offer to the Corporation, and by doing so offers to sell the Shares covered by the offer to the Corporation for the lower of the cash price per share stated in the offer or the price applicable to a sale and purchase under Section 7 of this Agreement. Except for price, the other terms of the third-party offer shall apply. Within twenty- (20) days after the Corporation receives the third-party offer, the Corporation will call a special Shareholders' meeting, to be held not more than twenty- (20) days after the call, to decide whether the Corporation should purchase all (but not less than all) of the offered Shares. The following shall apply:

(a) The offer must be approved by the affirmative vote a majority of the Shares, excluding votes of the Shares covered by the third-party offer.

(b) A written notice of acceptance of the third-party offer by the Corporation shall be delivered to the Transferring Shareholder within sixty- (60) days after receiving the offer or the offer shall be deemed to be rejected.

(c) If the Corporation makes a counter-offer within the time frame for acceptance, the offer will be deemed rejected and the Transferring Shareholder must deliver to the Corporation written notice of acceptance within fifteen- (15) days after receiving the counter-offer or the counter-offer shall be deemed to be rejected.

(d) If the Corporation accepts the original offer or the Transferring Shareholder accepts the Corporation's counter-offer, the Transferring Shareholder shall deliver to the Corporation certificates for the Shares either duly endorsed in blank for transfer or with duly executed stock powers attached, together with applicable documentary tax stamps (or instruct the Corporation in writing to transfer the Shares if they are uncertificated), within twenty-(20) days after the effective date of the notice of acceptance.

(iii) If an offer to purchase pursuant to this Section 8 is accepted, the Corporation may before or after giving the notice of acceptance required above preceding allocate some or all of the offered Shares to one (1) or more of the remaining Shareholders or to other persons if all the Shareholders who voted in favor of the purchase approve the allocation.

(iv) If the offer to purchase Shares pursuant to this Section 8 is rejected, the Transferring Shareholder shall be entitled to sell to the third-party offeror all (but not less than all) of the offered Shares in accordance with the terms of the third-party offer for a period of one hundred-twenty- (120) days after the Corporation receives notification of the offer as set forth in subparagraph (ii) above.

(d) Attempted Transfers in Violation of Share Transfer Restrictions. An attempt to transfer an interest in the Shares, in violation of this Agreement, shall be ineffective and the Corporation shall refuse to register the Shares in question in the name of the transferee.

9. **Closing.**

(a) The closing of a transaction of purchase and sale of Shares pursuant to this Agreement (the "Closing") shall take place at a location mutually acceptable to the seller and buyer at any time within sixty (60) days from the date an offer to purchase or an option to purchase is accepted or exercised, as the case may be, by the Corporation or by a Shareholder, or at such other time and place as shall be mutually agreed upon by the parties (hereinafter referred to as "the Closing Date").

(b) At the Closing, the selling Shareholder, the personal representative of the estate of a deceased Departing Shareholder, the legal representative of a disabled Departing Shareholder, or the Transferring Shareholder as the case may be (the "Selling Shareholder"), shall execute and deliver to the purchaser or purchasers of the Shares of the Selling Shareholder such instruments as may be necessary to convey title to the purchaser or purchasers and shall deliver to the purchaser or purchasers the Share certificates of the Selling Shareholder and shall do and perform all other acts and shall execute any other documents which may be reasonably necessary to consummate the purchase and sale and to transfer good title to the purchaser or purchasers.

(a) The purchaser shall deliver to the Selling Shareholder:

(1) the payment specified;

(2) if applicable, a duly executed installment note, with all applicable documentary stamps affixed thereto, containing the provisions required by this Agreement; and

(3) if required by the Selling Shareholder an attorney's opinion, in form and substance satisfactory to the Selling Shareholder, that the purchase is an exempt transaction under the applicable federal and state securities laws, and

(4) any other documents or agreements required by this Agreement.

(b) Each purchaser other than a Shareholder or the Corporation (each of whom is already bound by this Agreement) shall further execute and deliver a counterpart consent to this Agreement, acknowledging the purchaser's consent to be bound by the terms of this Agreement.

(c) The Selling Shareholder shall deliver to the purchaser:

(1) Certificates for all the Shares that are to be purchased either duly endorsed in blank for transfer or with duly executed stock powers attached;

(2) a certificate, dated as of the Closing date, containing a representation and warranty that on the Closing date the Selling Shareholder has transferred, or caused to be transferred, to the purchaser good and marketable title to all the Shares in question, free and clear of all claims, equities, liens, charges, and encumbrances;

(3) if all the Selling Shareholder's Shares are being purchased, the Shareholder's written resignation from all positions held in the Corporation as an officer, director, employee, or consultant; and, if a nominee of the Selling Shareholder is a director of the Corporation, the written resignation of such nominee; and

(4) any other documents or agreements required by this Agreement.

(c) The purchaser or purchasers shall deliver to the Selling Shareholder, a cashier's or certified check for the purchase price to be paid at the Closing, or as otherwise set forth in this Agreement.

10. **Adequate Corporate Surplus.** In the event that the surplus of the Corporation shall not be sufficient under the then existing laws of the State of **(Insert State)** to allow the Corporation to lawfully make any payment otherwise due to a Selling Shareholder under this Agreement, the Shareholders shall cause the Corporation to promptly take the appropriate action to increase its surplus to an amount sufficient to enable the payment to be made in full. Without limiting the generality of the preceding sentence, it is expressly agreed that any action taken shall include the obtaining of a current appraisal of the assets of the Corporation, provided that the appraisal shall not affect the determination of the purchase price of Shares made pursuant to this

Agreement. This provision shall not be construed as obligating a Shareholder to contribute capital to the Corporation or to loan it funds for the purchase.

11. **Nonrecognition of Certain Transfers.**

(a) Any transfer or acquisition of Shares in violation of this Agreement shall be null and void. Each Shareholder agrees that any such transfer or acquisition may and should be enjoined.

(b) The Corporation will not, nor will it be compelled to, recognize any transfer, or issue any certificate representing any Shares to anyone: (i) who has not delivered to the Corporation a written undertaking to be bound by the Agreement; or (ii) who has received such Shares in a transfer made other than in accordance with the terms of this Agreement.

(c) Any purported transfer of the Shares in violation of this Agreement will not affect the beneficial ownership of the Shares. Any Shareholder making such a purported transfer will retain the right to vote and the right to receive dividends and liquidation proceeds. If a transfer is not permitted pursuant to this Agreement but is purportedly made then the Corporation, and the Shareholders who are not in violation of this Agreement, shall have a continuing option to purchase the affected Shares pursuant to the provisions of Section 7 hereof. If the person who would be the selling Shareholder fails to cooperate in effectuating the sale, then upon the tendering by the purchaser of a purchase price determined by the provisions of Section 10 hereof, the Corporation shall no longer recognize the ownership of such Shares by the former Shareholder regardless of whether the selling Shareholder accepts the payment.

12. **Anti-Dilution.** Each Shareholder agrees that in the event of the sale of further Shares by the Corporation, each Shareholder shall have a preemptive right to purchase sufficient additional Shares at the price and terms then offered so as to allow the Shareholders to maintain their pro rata ownership interests in the Corporation.

13. **Other Business Ventures; Limited Scope.** Except to the extent set forth in any employment agreement with the Corporation, or this Agreement, any Shareholder may engage in or possess an interest in other business ventures. Neither the Corporation nor the Shareholders will have any right by virtue of this Agreement in or to other business ventures or opportunities of a Shareholder or to the income or profits derived therefrom. Unless otherwise agreed to, no Shareholder will be required to devote all of that Shareholder's time or business efforts to the affairs of the Corporation, but is to devote so much of that Shareholder's time and attention to the Corporation as is reasonably necessary and advisable to manage the affairs of the Corporation to the best advantage of the Corporation.

14. **Restrictive Legend.** All certificates for any of the Shares shall contain the following legends, in addition to any legends required by applicable securities laws:

THE SECURITIES EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN TRANSFER RESTRICTIONS CONTAINED IN A SHAREHOLDERS AGREEMENT AMONG THE ISSUER'S

SHAREHOLDERS. THE ISSUER WILL FURNISH TO ANY SHAREHOLDER, UPON REQUEST AND WITHOUT CHARGE, A FULL STATEMENT OF THE RESTRICTIONS.

THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE OFFERED, SOLD, OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL SUCH SHARES ARE REGISTERED UNDER SUCH ACT OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE SO THAT SUCH REGISTRATION IS NOT REQUIRED.

15. **Binding Effect.** This Agreement shall be binding upon the heirs, executors, administrators, successors, assigns, or other personal or legal representatives of the Shareholders, irrespective of their desire to sell their Shares, who shall be bound to carry out the provisions of this Agreement and to sell and transfer the certificates evidencing ownership of the Shares to the Corporation or to the Shareholders in full compliance with the terms and provisions of this Agreement. This Agreement shall inure to the benefit of the heirs, executors, administrators, successors, assigns, or other personal or legal representatives of the Shareholders and to the successors and assigns of the Corporation.

16. **Prohibition on Shareholder Acts.** The Shareholders shall not make any agreement or contract with others that would tend to amend, alter, rescind or abrogate the provisions hereof, nor will they make any will, deed of gift or other testamentary disposition in contravention of this Agreement. In the event any Shareholder violates the terms of this Agreement, the Corporation shall have the right to compel the holder or transferee of its Shares to deliver the Shares in accordance with the provisions of this Agreement.

17. **Equitable Relief.** Each Shareholder acknowledges and agrees that a breach of this Agreement could not be adequately remedied through monetary damages. Each Shareholder therefore agrees that, in the event of a breach, the non-breaching parties shall have the right to seek equitable relief, including, but not limited to, injunction and specific performance.

18. **Severability.**

(a) If for any reason any provision of this Agreement shall be adjudicated to be inoperative by a court of appropriate jurisdiction, the validity and effect of the other provisions of this Agreement shall not be affected thereby.

(b) If any or all of the provisions of this Agreement are adjudicated to be unenforceable by or against any Shareholder, such adjudication shall not affect the rights, duties, and liabilities of any other Shareholder and such other Shareholders shall remain subject to the terms and conditions of this Agreement.

19. **Notices.** All notices and communications required by this Agreement will be in writing and will be deemed to have been duly given if personally delivered to the recipient or

when delivered or mailed (registered or certified mail, postage prepaid, return receipt requested) as follows:

If to the Corporation: _____

If to: Shareholder:

If to Shareholder:

Notices to the Shareholders shall be sent to the address as set forth under their signatures below or to such other addresses that the Shareholders have furnished to the Corporation in the manner described in this Paragraph 23.

20. **Internal Revenue Code.** All references herein to provisions of the Code shall include and refer to such provisions as amended or renumbered from time to time hereafter, and to the regulations issued thereunder.

21. **Amendment and Termination.** This Agreement may be amended or terminated as to any part or in its entirety only by written agreement executed by the Corporation and all of the Shareholders.

22. **Counterparts.** This Agreement may be executed in any number of counterparts with the same effect as if all signatures on such counterparts appeared on one document, and each such counterpart shall be deemed an original.

23. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of **(Insert State)**.

24. **Headings.** The headings in this Agreement are for reference purposes only.

25. **Attorney Fees.** If any party commences an action against any of the other parties arising out of or in connection with this Agreement, to the extent permitted by law, the prevailing party or parties shall be entitled to recover from the losing party or parties' reasonable attorney's fees and costs.

26. **Entire Agreement.** This Agreement constitutes the entire agreement and understanding of the parties with respect to the subject matter hereof and supersedes any and all prior agreements among them, whether written or oral.

27. **Documents Prepared By Corporate Counsel.** By mutual agreement and request of the Shareholders, this Agreement has been prepared by counsel for the Corporation. Each Shareholder has been advised, and understands, that each Shareholder has the right to independent representation, and has exercised that right to the extent the Shareholder deems advisable and appropriate.

28. **Defenses of Litigation and Indemnity.** The Corporation at its expense shall defend all pending and future litigation against the Corporation and/or any of its past, present or future officers or directors and shall indemnify and hold such officers or directors harmless from all damage or loss including attorney's fees to the fullest extent allowed by law.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this instrument on the day and year first above written.

CORPORATION:

NAME

By: _____

Name: _____

Title: _____

SHAREHOLDERS:

Signature

Signature