

# EQUITY SHARE AGREEMENT

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

## Parties:

Shareholder 1 Full Name: \_\_\_\_\_

Shareholder 1 Address: \_\_\_\_\_

Shareholder 2 Full Name: \_\_\_\_\_

Shareholder 2 Address: \_\_\_\_\_

## Recitals:

WHEREAS, the Shareholders collectively own all issued and outstanding shares (the “Shares”) of [Company Name], a corporation organized and existing under the laws of the State of \_\_\_\_\_; AND WHEREAS, the Shareholders desire to enter into this Equity Share Agreement (the “Agreement”) to set forth their respective rights, obligations, and restrictions with respect to the Shares and the Company.

## Section 1 – Definitions

For purposes of this Agreement, the following terms shall have the meanings set forth below: “Affiliate” means any person or entity that directly or indirectly controls, is controlled by, or is under common control with a Shareholder; “Board” means the Board of Directors of the Company; “Shares” means all issued and outstanding shares of the Company's capital stock held by the Shareholders.

## Section 2 – Share Ownership

The Shareholders own the Shares as follows: [Name] \_\_\_\_\_ shares; [Name] \_\_\_\_\_ shares. The ownership percentages shall be calculated based on the total Shares outstanding. Shareholders agree not to encumber, pledge, or dispose of their Shares except as permitted under this Agreement.

## Section 3 – Voting Rights

Each Shareholder shall have voting rights proportionate to their ownership interest in the Company. Shareholders agree to vote their Shares in a manner consistent with this Agreement and to take such actions as necessary to carry out its provisions.

## Section 4 – Transfer Restrictions

No Shareholder shall sell, assign, pledge, or otherwise transfer any Shares except in accordance with the terms and conditions of this Agreement. Any proposed transfer shall be subject to a right of first refusal by the other Shareholders and the Company.

## Section 5 – Right of First Refusal

If a Shareholder (the “Selling Shareholder”) desires to transfer Shares, the other Shareholders and the Company shall have the right to purchase the Shares on the same terms and conditions offered by a bona fide third party. The Selling Shareholder shall give written notice of the offer specifying the price and terms.

## Section 6 – Tag-Along Rights

If any Shareholder proposes to transfer Shares to a third party, the other Shareholders shall have the right to participate in such sale on a pro rata basis under the same terms and conditions.

### **Section 7 – Drag-Along Rights**

If Shareholders holding a majority of the Shares approve a sale of the Company, the minority Shareholders agree to sell their Shares on the same terms and conditions.

### **Section 8 – Dividends and Distributions**

Dividends and other distributions shall be declared and paid at the discretion of the Board in proportion to Share ownership, subject to applicable law and the Company's governing documents.

### **Section 9 – Management and Operation**

The Shareholders agree to manage and operate the Company in accordance with its governing documents and applicable law. Major decisions shall require approval by Shareholders holding at least a majority of the Shares.

### **Section 10 – Financial Information and Inspection Rights**

The Company shall provide Shareholders with regular financial statements, budgets, and other information reasonably requested. Shareholders shall have the right to inspect Company records as permitted by law.

### **Section 11 – Confidentiality**

Each Shareholder agrees to keep confidential all non-public information concerning the Company and other Shareholders, except as required by law or agreed in writing.

### **Section 12 – Dispute Resolution**

Any disputes arising under this Agreement shall be resolved first by negotiation. If unresolved, disputes shall be submitted to mediation, and if still unresolved, to binding arbitration under the rules of the American Arbitration Association.

### **Section 13 – Representations and Warranties**

Each Shareholder represents and warrants that they have full authority to enter into this Agreement, that the Shares are owned free and clear of liens, and that this Agreement does not violate any existing obligations.

### **Section 14 – Indemnification**

The Company shall indemnify Shareholders to the fullest extent permitted by law against any losses or liabilities arising in connection with the Company or this Agreement.

### **Section 15 – Amendment**

This Agreement may be amended only by a written instrument signed by Shareholders holding at least a majority of the Shares.

### **Section 16 – Term and Termination**

This Agreement shall continue in effect until terminated by Shareholders owning all Shares or as otherwise provided herein.

### **Section 17 – Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the State of \_\_\_\_\_, without regard to conflict of law principles.

### **Section 18 – Entire Agreement**

This Agreement, including any schedules or exhibits hereto, constitutes the entire agreement among the Shareholders with respect to the subject matter hereof and supersedes all prior agreements or understandings.

### **Section 19 – Notices**

All notices under this Agreement shall be in writing and deemed delivered when hand-delivered, sent by nationally recognized overnight courier, certified mail return receipt requested, or by electronic means capable of confirming receipt to the addresses set forth herein.

**Section 20 – Severability**

If any provision of this Agreement is held invalid or unenforceable, the remaining provisions shall remain in full force and effect.

**Section 21 – Counterparts**

This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one agreement.

**Section 22 – Signatures**

The Shareholders have executed this Agreement as of the Effective Date first written above.

**SHAREHOLDER 1 SIGNATURE**

**SHAREHOLDER 2 SIGNATURE**

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

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

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