

# SHAREHOLDER AGREEMENT

## POTATO INSURANCE CORPORATION

This Shareholder Agreement (the "Agreement") is made and entered into by and between:

**Potato Insurance Corporation**, a corporation organised under the laws of the Commonwealth of Redmont (the "Corporation"), and

**undatheradar**, as the sole initial shareholder of the Corporation (the "Shareholder").

## 1. OWNERSHIP AND EQUITY DISTRIBUTION

**1.1 Authorised Capital:** The Corporation is authorised to issue 1,000,000 shares of common stock with a par value of \$1.00 per share.

**1.2 Initial Issuance:** The Corporation has issued 1, 000,000 shares of common stock to undatheradar, representing 100% ownership of the Corporation.

**1.3 Future Equity Issuance:** Any issuance of new shares shall be first offered to existing shareholders in proportion to their current shareholding (pre-emptive rights). The Board of Directors may authorise the issuance of additional shares, subject to this right.

**1.4 Share Certificates:** The Corporation shall issue certificates representing the shares held by the Shareholder.

## 2. MANAGEMENT AND DECISION-MAKING

**2.1 Board of Directors:** The Corporation shall be managed by a Board of Directors. Initially, the Board shall consist of one (1) Director, who shall be undatheradar.

**2.2 Expansion of Board:** The Board may be expanded to include additional Directors as determined necessary. Any expansion of the Board must be approved by shareholders holding a majority of outstanding shares.

**2.3 Voting Rights:** Each share of common stock shall entitle the holder to one vote on all matters submitted to a vote of the shareholders.

**2.4 Major Decisions:** The following decisions shall require approval by shareholders holding at least 75% of the outstanding shares:

- (a) Amendment of the Articles of Incorporation or this Agreement
- (b) Merger, consolidation, or sale of substantially all assets
- (c) Dissolution of the Corporation
- (d) Creation of new classes of shares with superior rights

## 3. ROLES AND RESPONSIBILITIES

**3.1 Shareholder Responsibilities:** The Shareholder shall:

- (a) Participate in shareholder meetings
- (b) Vote on matters requiring shareholder approval
- (c) Elect the Board of Directors
- (d) Monitor the performance of the Corporation

**3.2 Board Responsibilities:** The Board of Directors shall:

- (a) Set the strategic direction of the Corporation
- (b) Appoint and supervise officers
- (c) Approve major business decisions
- (d) Ensure compliance with applicable laws and regulations

## 4. TRANSFER OF SHARES

**4.1 Restrictions on Transfer:** No shares may be transferred without first being offered to the Corporation and then to other shareholders at fair market value.

**4.2 Right of First Refusal:** If a shareholder wishes to sell their shares, they must first offer them to the Corporation. If the Corporation declines, the shares must be offered to other shareholders in proportion to their ownership.

**4.3 Valuation:** In the event of a share transfer, the value of the shares shall be determined by:

- (a) Mutual agreement between the parties, or
- (b) An independent valuation by a qualified appraiser selected by the Board of Directors.

## 5. DIVIDENDS AND DISTRIBUTIONS

**5.1 Dividend Policy:** The Board of Directors shall determine when and if dividends are declared. Dividends shall be distributed to shareholders in proportion to their shareholding.

**5.2 Profit Distribution:** After meeting all financial obligations and setting aside reasonable reserves, the Board may distribute profits to shareholders as dividends.

## 6. DISPUTE RESOLUTION

**6.1 Mediation:** Any dispute arising between shareholders or between shareholders and the Corporation shall first be addressed through mediation.

**6.2 Arbitration:** If mediation fails, disputes shall be resolved through binding arbitration in accordance with the laws of the Commonwealth of Redmont.

## 7. EXIT STRATEGIES

**7.1 Buy-Sell Provisions:** In the event of a shareholder's incapacity or desire to exit, the Corporation shall have the option to purchase their shares at fair market value.

**7.2 Drag-Along Rights:** If shareholders holding at least 75% of the shares approve a sale of the Corporation, all shareholders must sell their shares on the same terms.

**7.3 Tag-Along Rights:** If a shareholder sells shares to a third party, all other shareholders have the right to sell a proportionate amount of their shares on the same terms.

## **8. CONFIDENTIALITY AND NON-COMPETE**

**8.1 Confidentiality:** All shareholders shall maintain the confidentiality of the Corporation's proprietary information, trade secrets, financial data, and customer information.

**8.2 Non-Compete:** While a shareholder and for 6 months thereafter, shareholders shall not engage in any business that directly competes with the Corporation within the Commonwealth of Redmont.

## **9. FINANCING ARRANGEMENTS**

**9.1 Capital Contributions:** Additional capital contributions may be requested from shareholders. No shareholder shall be obligated to provide additional capital beyond their initial investment.

**9.2 Outside Financing:** The Corporation may seek debt or equity financing from external sources. Any dilution of existing shareholdings shall be done proportionately unless otherwise agreed.

## **10. PARTIES**

**10.1 Corporation:** Potato Insurance Corporation, a corporation organized under the laws of the Commonwealth of Redmont.

**10.2 Shareholders:** Initially, undatheradar is the sole shareholder. Additional shareholders may join pursuant to this Agreement.

## **11. BOARD OF DIRECTORS**

**11.1 Composition:** Initially, the Board shall consist of one (1) Director. The Board may be expanded as necessary.

**11.2 Meetings:** The Board shall meet at least quarterly. Special meetings may be called with reasonable notice.

**11.3 Selection and Replacement:** Directors shall be elected by shareholders at the annual meeting. Directors may be removed with or without cause by shareholders holding a majority of shares.

## **12. RESERVED MATTERS**

**12.1 Unanimous Approval:** The following matters require unanimous shareholder approval:

- (a) Changing the fundamental nature of the Corporation's business
- (b) Entering into transactions with related parties exceeding **\$500,000**
- (c) Creating liens on substantially all of the Corporation's assets
- (d) Voluntary dissolution or liquidation of the Corporation

## **13. SHAREHOLDER INFORMATION AND MEETINGS**

**13.1 Annual Meeting:** An annual shareholder meeting shall be held at a time and place determined by the Board.

**13.2 Special Meetings:** Special meetings may be called by the Board or by shareholders holding at least 25% of the shares.

**13.3 Information Rights:** Shareholders shall have reasonable access to the Corporation's books and records upon request.

**13.4 Financial Statements:** The Corporation shall provide shareholders with quarterly financial statements and an annual report.

## **14. INITIAL PUBLIC OFFERING (IPO)**

**14.1 Future IPO:** The Corporation may pursue an Initial Public Offering in the future, subject to market conditions and business requirements.

**14.2 Pre-IPO Rights:** Prior to an IPO, existing shareholders shall have certain rights, including:

- (a) Right to participate in the offering
- (b) Right to review offering documents
- (c) Right to approve the timing and terms of the IPO

## **15. GENERAL PROVISIONS**

**15.1 Amendment:** This Agreement may be amended only by written consent of shareholders holding at least 75% of the outstanding shares.

**15.2 Governing Law:** This Agreement shall be governed by the laws of the Commonwealth of Redmont.

15.3 **Entire Agreement:** This Agreement constitutes the entire understanding among the parties and supersedes all prior agreements.

15.4 **Severability:** If any provision of this Agreement is found to be invalid or unenforceable, the remaining provisions shall remain in full force and effect.