

Case Study

Prepared For: Legal Education Society of Alberta
Deconstructing Unanimous Shareholder Agreements

For Presentation In:
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NOTE: This precedent has been put together in order to provide examples of typical USA clauses. The reader should not assume that all provisions herein are necessarily compatible in concept or that they are advisable in all cases or that they should necessarily appear in an agreement that fits the needs of a particular situation. Also there has been only a cursory attempt to match paragraph references and there may be errors in that regard.

ABC WIDGETS LIMITED

UNANIMOUS SHAREHOLDER AGREEMENT

made effective as and from the day of , 20 .

BETWEEN: ABC Widgets Limited (hereinafter referred to as the “**Corporation**”) and the shareholders of the Corporation and their Controlling Persons from time to time.

WHEREAS:

- A. The Corporation is a body corporate incorporated under and governed by the laws of the Province of Alberta.
- B. The Shareholders wish to determine their rights and responsibilities to purchase the shares of one another in various circumstances and to otherwise deal with those matters permitted to be dealt with under the Alberta Business Corporations Act.
- C. The parties intend this Agreement to solely govern the matters herein contemplated and intend that all parties shall accept and abide by its terms and by the decisions and results obtained through the methods and procedures herein provided.
- D. The undersigned shareholders are presently all the Shareholders in the Corporation.

SECTION I - DEFINITIONS

Article 1.01 - Definitions

1.01.01 In this Agreement:

- (a) “**ABC Company**” means the Corporation or any subsidiary of the Corporation.
- (b) “**Act**” means the Alberta Business Corporations Act as amended from time to time.
- (c) “**Agreement**” means this agreement including all its Schedules

- (d) **“Common Shares”** means common Shares in the Corporation, voting or non-voting.
- (e) **“Constitution”** means the Corporation’s bylaws and articles of incorporation.
- (f) **“Control”**
 - (i) when applied to the relationship between a Person and a body corporate, means the beneficial ownership by that Person at the relevant time of shares of that body corporate carrying either (A) a majority of the voting rights ordinarily exercisable at meetings of shareholders of that body corporate or (B) the percentage of voting rights ordinarily exercisable at meetings of shareholders of that body corporate that are sufficient to elect a majority of the director;
 - (ii) when applied to the relationship between a Person and a partnership or joint venture, means either the beneficial ownership by that Person at the relevant time of more than 50% of the ownership interests of the partnership or joint venture in circumstances where it can reasonably be expected that that Person directs the affairs of the partnership or joint venture, or that such Person otherwise directs the affairs of the partnership or joint venture as a result of being the general partner or managing partner of the partnership or joint venture;
 - (iii) when applied to the relationship between a Person and a trust, means the holding of the office of trustee (either alone or together with other persons) in relation to that trust or, if exercisable by a Person other than such trustee, the authority to exercise any rights to vote, dispose of or otherwise deal with any Shares held by that trust or by any Shareholder that that trust Controls;
 - (iv) when applied to the relationship between one Person and another Person (the “Incapacitated Person”) that is under an Incapacity that is in the nature of a mental disability, means the authority of the first said Person whether through enduring power of attorney, guardianship or other means, to exercise any rights to vote, dispose of or otherwise deal with any Shares held by the Incapacitated Person or by any Shareholder that, but for such Incapacity, the Incapacitated Person would Control; and
 - (v) when applied to the relationship between one Person and the estate of another Person that is deceased (the “Estate”) means the authority of the first said Person whether through executorship, letters of administration or other means, to exercise any rights to vote, dispose