

COMPANY
ADDRESS

DATE

EQUITY RECIPIENT
ADDRESS
PHONE NUMBER
[EMAIL](#)

Re: Equitable Shares in COMPANY

Dear EQUITY RECIPIENT:

As a follow-up to our recent discussions regarding ownership in COMPANY ("Company"), please accept this letter as the acknowledgement of your ownership position in the Company ("Agreement").

The Company recently offered you five percent (5%) ownership stake in the business ("Ownership"). This Ownership position is effective as of EFFECTIVEDATE ("Effective Date") and subject to the following rights and conditions:

- (1) Ownership is subject to vesting. Your Ownership stake is subject to a vesting schedule over the next two years. Two and one half percent (2.50%) of your Ownership shall vest one (1) year from Effective Date. The remaining two and one half percent (2.50%) shall vest on the second year from the Effective Date. The mature vesting of your Ownership shall be equal to five percent (5%). For purposes of this Agreement, the event of vesting is triggered upon your continued employment with the Company at each anniversary of the Effective Date.
- (2) Payment if Company is sold. If the Company is sold prior to the complete vesting term, you will be entitled to a five percent (5%) share payout from the profits.
- (3) Stock Option; Early Election or Election Upon Vesting. Please note that it is our intention to have your stock election trigger as soon as possible as it will be the best capital stock position available to you. At this point, Company has NOT received the proper advice from legal counsel or accountant as how to properly position stock option and how it will be exercised. We want you to know your Ownership is recognized BUT we need to complete our corporate filing, corporate records, vesting schedule, stock plan and other necessary documents for our company.

(4) General Intent. The purpose of this Agreement is to acknowledge your ownership position in the Company and finalize how the stock plan and corporate documents will address the stock option exercise that is subject to vesting.

(5) Execution of Documents. You agree that by acknowledging this Agreement, you will participate in the execution of all necessary documents to formalize the intent of this Agreement

While this is NOT the complete agreement with respect to the proper and necessary documents, the intent of this Agreement is to acknowledge your Ownership in the Company understanding that the details of how the option will be presented, exercised and subject to a vesting schedule needs to be formalized in our corporate documents and stock plan when created.

We are truly excited about your valued team membership with our Company. You have earned every aspect of this Ownership and we are proud to call you our partner. Thank you for also understanding on how long it took to complete this letter.

If you have any questions or comments regarding this Agreement, please do not hesitate to contact me to discuss. If you accept the terms of this Agreement, please sign the acknowledgement below and return a copy to me.

Sincerely,

MANAGER, Member
COMPANY

Agreed To and Acknowledged By:

RECIPIENT