

Goodwin Procter LLP

This document and the other form legal documents provided by Goodwin Procter LLP for use in the Stanford GSB Search Fund Primer are intended for illustrative purposes only and should not be used without consulting an attorney. If you have questions about these documents, or if you want to discuss Goodwin's search fund practice or search funds generally, please reach out to any of the following:

Jon Herzog, Partner, Boston – jherzog@goodwinlaw.com; 617-570-1109

Steve Lee, Partner, Los Angeles – stephenlee@goodwinlaw.com; 213-289-7710

Andy Lock, Partner, Boston – alock@goodwinlaw.com; 617-570-1162

Peter Hanoian, Partner, Boston – phanoian@goodwinlaw.com; 617-570-3965

Disclaimer of Warranties

This document is being provided on an “as is” and “as available” basis. None of Goodwin Procter LLP, its affiliates, subsidiaries or its or their respective officers, directors, employees or agents (collectively, the “Goodwin Procter Parties”) guarantees the accuracy, completeness, timeliness, reliability suitability or usefulness of any portion of this documents. None of the Goodwin Procter Parties warrant that this document will be error free. None of the Goodwin Procter Parties makes any, and each Goodwin Procter Party hereby disclaims any, representation, endorsement, guarantee and/or warranty, express or implied, regarding this document. Any use of this document or the information contained within this document is at your own risk.

Limitation of Liability

Under no circumstances will any of the Goodwin Procter Parties be liable for any loss or damage caused by your reliance on the information contained in this document. Because some jurisdictions do not allow the exclusion or limitation of liability for negligence, consequential, incidental or other types of damages, in such jurisdictions the Goodwin Procter Parties' liability is limited to the greatest extent permitted by law.

SUBSCRIPTION AGREEMENT

As of [_____] , [_____]

[_____]
[_____]
[_____]

To [_____]:

I understand that [_____] , a limited liability company organized under the laws of the State of Delaware (together with any successor, the "Company"), proposes to issue and sell units of the Company's membership interests, designated as preferred units (the "Preferred Units") at a purchase price of \$[_____] per Preferred Unit. Such sale is being made for purposes of covering the start-up and operating expenses of the Company.

I agree with the Company as follows:

1. On the terms and subject to the conditions set forth in this Subscription Agreement ("Agreement"), I hereby agree to purchase _____ Preferred Units at a purchase price of \$[_____] per Preferred Unit for an aggregate purchase price of \$ _____ (my "Contributed Capital"). The closing of my purchase of Preferred Units (the "Closing") shall occur on a date to be determined by the Manager (as defined below). The Manager will give me no less than five (5) business days advance written notice of the Closing.
2. I understand that it is the intention of the Company to complete an acquisition of a company or business through a merger, purchase of assets, purchase of equity securities, or other reorganization involving the Company and/or the holders of Preferred Units (an "Acquisition") and that it is intended that the target of the Acquisition will be located in North America. I understand that, in connection with an Acquisition, the Company intends to raise additional debt and/or equity financing from investors (the "Financing"). I understand and agree that, in connection with the Financing, I will be entitled to receive in exchange for my Preferred Units, as part of the Financing and without payment of additional consideration, that number and kind of securities sold in the Financing that would be purchasable for an amount equal to 150% of my Contributed Capital. The amount and type of such securities will be determined based on the amount and type of securities issued in the Financing. For clarification purposes, the right to receive securities in connection with the Financing for no additional consideration pursuant to this Section 2 is separate and apart from my right to purchase my pro rata share of any newly issued securities of the Company pursuant to Section 9.07(a) of the Restated Limited Liability Company Agreement (as defined below). In addition, the Company and I understand and agree that, upon any such Financing in connection with an Acquisition, the Restated Limited Liability Company Agreement may be amended and restated (or a similar agreement or agreements may be entered into by the members of the Company).
3. I understand and acknowledge that if the Company fails to complete an Acquisition, the Preferred Units may be worthless and the money invested by me in the Company will not be returned to me.
4. In connection with my receipt of the Preferred Units, I acknowledge that I have reviewed the following information concerning the Company:

- a. the Certificate of Formation of the Company, a copy of which has been furnished to me;
- b. the Private Placement Memorandum, a copy of which has been furnished to me; and
- c. the Amended and Restated Limited Liability Company Agreement of the Company to be effective as of the Closing attached as Exhibit A (the “**Restated Limited Liability Company Agreement**”).

In addition, I have had an opportunity to acquire additional information concerning the Company and its affairs from [] (the “**Manager**”).

- 5. As consideration for the issuance of the Preferred Units, at the Closing I will provide the Company with (a) my check or will wire funds in the amount equal to my Contributed Capital, (b) my executed signature page to the Restated Limited Liability Company Agreement and (c) a completed and signed accredited investor questionnaire. I understand and acknowledge that this Agreement may be terminated by the Company in its sole discretion if I do not perform my obligations under this Section 5.
- 6. I represent to the Company:
 - a. I am aware of the Company’s business affairs and financial condition and have acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Preferred Units. I understand that the Preferred Units being purchased by me represent a speculative investment. I am purchasing the Preferred Units for my own account for investment purposes only and not with a view to, or for the resale in connection with, any distribution thereof for the purposes of the Securities Act of 1933, as amended (the “**Securities Act**”).
- 7. I further understand and acknowledge the following:
 - a. That the Preferred Units have not been registered under the Securities Act by reason of a specific exemption therefrom which exemption may depend upon, among other things, the bona fide nature of my investment intent as expressed herein.
 - b. That the Preferred Units are “restricted securities” under applicable federal and state securities laws and must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. I further acknowledge and understand that the Company is under no obligation to register the Preferred Units. In addition, I understand that any certificate evidencing the Preferred Units will be imprinted with a legend which prohibits the transfer of the Preferred Units unless they are registered or such registration is not required in the opinion of counsel for the Company.
 - c. That Rule 144, promulgated under the Securities Act, permits limited public resale of securities acquired in a non-public offering subject to the satisfaction of certain conditions.
 - d. That if the Company is not in compliance with the current public information requirement of Rule 144 at the time I wish to sell the Preferred Units, I would be precluded from selling the Preferred Units under Rule 144 even if the minimum holding period had been satisfied.

- e. That no public market now exists for the Preferred Units, and that the Company has made no assurances that a public market will ever exist for the Preferred Units.
 - f. That: (i) if the undersigned is an individual, the undersigned resides in the state identified in the address for notice set forth on the signature page hereto; and (ii) if the undersigned is a partnership, corporation, limited liability company or other entity, the office or offices of the undersigned that constitute its principal place of business is identified in the address for notice set forth on the signature page hereto.
8. The Company represents to me that the following is true:
- a. The Company has been duly formed, is validly existing, and in good standing, with all requisite power and authority to execute, deliver and perform its obligations under this Agreement.
 - b. The execution and delivery of this Agreement have been authorized by all necessary action on behalf of the Company, and this Agreement constitutes a valid and binding obligation of the Company, and is enforceable against the Company in accordance with its terms.
 - c. The execution and delivery of this Agreement and the consummation of the transactions contemplated herein will not conflict with, or result in any violation of or default under, any provision of the Restated Limited Liability Company Agreement or other governing instrument applicable to the Company or under any material agreement or other instrument to which the Company is a party or by which the Company, or any of its property, is bound, or any permit, franchise, judgment, decree, statute, order, writ, rule or regulation applicable to the Company or its business or property.
 - d. The Preferred Units, when issued, sold and delivered in accordance with the terms of this Agreement to me, will be duly and validly issued and will be free of restrictions on transfer, other than restrictions on transfer under this Agreement, the Restated Limited Liability Company Agreement and applicable provisions of federal or state securities laws.
 - e. Except for the rights set forth in Section 2 of this agreement and the other subscription agreements executed on or about the date hereof by and between the Company and each of the Investors (as defined in the Restated Limited Liability Company Agreement), as of the date of this Agreement, there are no outstanding equity interests in the Company, nor any options, warrants or other securities convertible into or exercisable or exchangeable for any such equity interests.
9. The certificates, if any, evidencing the Preferred Units shall bear the following legend:
- THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE BEEN
ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN
CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH
SALE OR DISPOSITION MAY BE EFFECTED WITHOUT AN EFFECTIVE
REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF
COUNSEL FOR THE COMPANY THAT SUCH REGISTRATION IS NOT
REQUIRED UNDER THE SECURITIES ACT OF 1933, AS AMENDED.
10. All representations, warranties and covenants contained herein shall survive the execution and delivery of this Agreement and the sale and issuance of the Preferred Units.

11. I agree that I will keep confidential and will not disclose, divulge or misuse any confidential, proprietary or secret information which I may obtain from the Company pursuant to financial statements, reports and other materials provided to me by the Company (“**Confidential Information**”), unless such Confidential Information is known, or until such Confidential Information becomes known, to the public (other than as a result of my breach of this Section 11); provided, however, that I may disclose Confidential Information (a) to my attorneys, accountants, consultants, and other professionals to the extent necessary to enforce this Agreement or obtain their services in connection with monitoring my investment in the Company or (b) as may be required by law. It is understood and agreed that nothing set forth in this Agreement shall prevent me from making investments in entities which conduct businesses that are the same or similar to the business conducted by the Company, provided that there is no violation of this Section 11. This Agreement and the Restated Limited Liability Company Agreement, together with their respective exhibits, represent the entire agreement and understanding between me and the Company concerning the purchase of the Preferred Units and supersedes and replaces any and all prior agreements and understandings.
12. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of Delaware.
13. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.
14. All notices and other communications hereunder shall be in writing and shall be deemed to be delivered if delivered in person, by telecopy or fax, by mail or through electronic transmission (including e-mail), in each case, to the mailing address, fax number or e-mail address of the recipient set forth on the signature page to this Agreement, or to such other mailing address, fax number or e-mail address as such recipient shall provide to the Company or to the Members (as defined in the Restated Limited Liability Company Agreement), as applicable.

(Signature Page Follows)

Executed as of the date set forth above.

Number of Preferred Units subscribed for: _____

Total purchase price @ \$[_____] per Preferred Unit: \$ _____

PLEASE SIGN AND PRINT YOUR NAME BELOW IN THE EXACT MANNER IN WHICH YOU WOULD LIKE YOUR NAME TO APPEAR IN THE COMPANY'S RECORDS:

For Individuals:

For Entities:

(Signature)

(Name)

(Typed or Printed Name)

By: _____

Name: _____

Title: _____

SSN: _____

EIN: _____

Address for notice:

Mailing Address: _____

Fax: _____

E-Mail: _____

The foregoing Subscription Agreement is hereby confirmed and accepted as of the date first above written.

[]:

MANAGER:

By: _____

Name: []

Title: []

By: _____

Name: []

Address for notice:

[]

[]

[]

Email: []

Address for notice:

[]

[]

[]

Email: []

EXHIBIT A

AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT