

## LETTER OF INTENT FOR DISTRIBUTORSHIP

*[on company letterhead of distributor]*

September 4, 2008

**[name of manufacturer / supplier]**  
[street address]  
[city, state, postcode]

Attention: [name of contact person]

Dear Sirs:

In furtherance of the discussions between [Name of manufacturer / supplier] (the "Supplier") and [Name of distributor] (the "Company") regarding an exclusive business relationship, this Letter of Intent is intended to summarise the preliminary understanding between the parties with respect to the terms and conditions upon which a formal agreement would be drawn up.

1. **Distribution Rights.** Company and Supplier are negotiating the terms and conditions of a distribution agreement under which Company will distribute various Supplier products, including but not limited to *[insert brief description of products to be distributed by Company]* ("Products"). The parties intend that the agreement will include an exclusive right of distribution in *[set out what territories will be covered by the agreement]*, with first right of refusal for other territories.

2. **Term.** The initial term of the agreement will be for a period of \_\_\_\_ years, with the option to renew for \_\_\_\_ additional term(s) of \_\_\_\_ year(s).

3. **Termination.** Either party will have the right to terminate the agreement upon \_\_\_\_ months notice in writing to the other party.

4. **Fees.** *[set out how fees are to be calculated and paid]*

5. **Minimum Fee.** Company will pay a minimum fee during each year of the term of the agreement, payable as follows:

*[set out amount of minimum fee and how it is to be paid]*

6. **Minimum Number of Units.** The parties have identified the following number of Product units as the minimum number of Product units for which Company will sell during the term:

Year 1:

Year 2:

*[etc]*

**THIS IS A 2-PAGE FORM.**