

LETTER OF INTENT FOR DISTRIBUTORSHIP

[on company letterhead of distributor]

September 4, 2008

[name of manufacturer / supplier]
[street address]
[city, province, postal code]

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 summarize 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.