

EXCLUSIVE DISTRIBUTOR AGREEMENT

THIS AGREEMENT made effective as of the ____ day of _____, _____.

BETWEEN:

[NAME OF MANUFACTURER]

a corporation duly incorporated under the laws of _____ with an office address
at _____ [address]
("Supplier")

- and -

[NAME OF DISTRIBUTOR]

a corporation duly incorporated under the laws of _____ with an office address
at _____ [address]
("Distributor")

WHEREAS:

- A. Manufacturer _____ manufactures _____ and _____ wholesales _____ [describe products];
- B. Manufacturer wishes to appoint Distributor as its sole and exclusive distributor of Manufacturer's Products (as hereinafter defined) throughout Canada (the "Territory");
- C. Distributor wishes to be the exclusive distributor for Manufacturer's Products in the Territory.

NOW THEREFORE, in consideration of the mutual covenants herein and other good and valuable consideration given by each party to the other, the receipt and sufficiency of all of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. DEFINITIONS

In this Agreement the following terms shall have the following meanings:

- (a) "Products" - means all _____ sold or manufactured by Manufacturer;
- (b) "Current Product List" - the document attached hereto and incorporated herein, as Exhibit "A";
- (c) "Territory" means all provinces and territories of Canada;
- (d) "Person" - any natural person, corporation, partnership, or other entity or association.

2. GRANT OF DISTRIBUTORSHIP

On the terms provided herein, Manufacturer hereby appoints Distributor as its sole and exclusive distributor for the Products, whether for resale, lease, or rent, throughout the Territory. Distributor accepts such appointment upon the terms and conditions set out herein.

3. TERM

- (a) Unless sooner terminated in accordance with the provisions hereof, this Agreement commencing on the date hereof shall expire on _____.

- (b) At or before the expiration of this Agreement the parties shall negotiate in good faith for the renewal or extension of this Agreement, provided that Distributor has, upon the expiration of the term hereof, fully complied with its obligations hereunder.

4. DISTRIBUTOR'S GENERAL OBLIGATIONS

Distributor shall:

- (a) devote its best efforts to promoting, selling, leasing, renting, and servicing the Products purchased from Manufacturer pursuant hereto to customers within the Territory;
- (b) within one hundred twenty (120) days of the signing of this Agreement, display the Products in a minimum of _____ (____%) per cent of the gross displayed square footage in the Distributor's _____ location, located at _____;
- (c) refrain from selling, leasing, renting or shipping any Products to any Person outside the Territory or for use outside the Territory;
- (d) use its best efforts to enact and carry out a merchandising policy designed to preserve the good will that is associated with the name and reputation of Manufacturer and the Products;
- (e) conduct any and all sales activities in connection with the Products in a lawful manner, consistent with the highest standards of fair trade, fair competition and business ethics and shall keep the interior and exterior of its business premises in a good state of repair and in a clean and orderly manner and all Products shall be neatly and properly displayed to the retail public; and
- (f) use its best efforts to diligently and faithfully develop demand for the Products and to solicit purchases thereof so as to maintain a substantial and increasing volume of sales of the Products, Distributor further agrees that, at all times hereunder, it will maintain adequate working capital, inventory, facilities and personnel to accomplish this purpose.

5. MANUFACTURER'S GENERAL OBLIGATIONS

Manufacturer shall:

- (a) unless excused by circumstances beyond Manufacturer's reasonable control in accordance with Section 8 hereof, promptly deliver to Distributor those Products for which Distributor places orders, to a maximum value not to exceed _____, by shipment to Distributor's main retail location, being, as at the date of this Agreement, located in _____ (city, province) ("Distributor's Main Location");
- (b) so long as Distributor is not in breach of any term of this Agreement, refrain from selling any Product to any person, other than Distributor, who is engaged in the business of reselling, leasing or renting products similar to the Products within the Territory; or to any person for direct use if delivery thereof will be made to a location within the Territory;
- (c) promptly refer to Distributor all leads, prospects, and related information which are directed to it or which it receives regarding potential purchasers of any Product within the Territory;
- (d) in the event Manufacturer discontinues the manufacture of any of the Products, continue, for a reasonable time after such discontinuance, to make available to Distributor replacement parts for such discontinued Products, to the extent necessary to service such discontinued Products previously sold to Distributor;
- (e) provide Distributor with suggested retail list prices for each of the Products sold to Distributor, but such prices shall in all cases be suggestions only and shall not be binding upon Distributor;
- (f) in addition to the provisions of paragraph 6 hereof, supply Distributor with all Products reasonably required by Distributor.

6. PURCHASE AND SALE OF PRODUCTS

- (a) **Initial Purchase.** Distributor hereby agrees to purchase the following items (hereinafter referred to as the "Initial Purchase Items") from Manufacturer:
- (b) **Minimum Purchase Obligations.** In order to maintain its exclusivity in the Territory, Distributor shall, in addition to the initial purchase provided in Section 6(a) above, place firm purchase orders with Manufacturer, during the term of this Agreement as follows:
- (c) **Custom Orders.** Notwithstanding the obligation on Distributor pursuant to Section 6(b) hereof, Distributor may, subject to the prior approval of Manufacturer, which may not be unreasonably withheld, substitute custom or non-Manufacturer manufactured parts and components for parts and components for _____.

7. PRICES AND TERMS OF PAYMENT

- (a) For all Products listed on the Current Product List, Manufacturer shall charge Distributor the prices indicated thereon, unless and until such prices are changed in accordance with the provisions hereof.
- (b) Manufacturer may change the prices for its Products but only if it first gives Distributor written notice of any increase at least thirty (30) days before the change takes effect. In the event of any increase, Manufacturer shall charge the unincreased price for any Products for which orders from Distributor are postmarked prior to the expiration of such thirty (30) day notice period.
- (c) The prices Manufacturer charges Distributor for its Products at any time during the term of this Agreement, including those set forth on the Current Product List, shall be no greater than the lowest prices Manufacturer charges any of its other dealers or distributors anywhere in _____ for the same Product at the same time.
- (d) Payment of the purchase price for Products delivered to Distributor by Manufacturer shall be payable within _____ (____) days of the date of invoice so long as the maximum amount owing by Distributor to Manufacturer at any point in time, inclusive of interest charges, is equal to or less than \$_____. If the sum owing to Manufacturer by Distributor at any point and time exceeds \$_____, Manufacturer may or may not choose to ship Products to Distributor, to be decided by Manufacturer at its sole discretion, and any such shipment if made, shall be payable upon delivery or in accordance with the terms of Manufacturer's invoice as established by Manufacturer from time to time. Interest shall accrue on all outstanding and overdue accounts at the rate of _____ (____%) per cent per annum, calculated monthly.

THIS IS A 9-PAGE DOCUMENT.