

FOR DISCUSSION PURPOSES ONLY

LIMITED RISK DISTRIBUTOR AGREEMENT

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LIMITED RISK DISTRIBUTOR AGREEMENT

BY AND BETWEEN

1. _____, a private company with limited liability incorporated and existing under the laws of _____ and having its registered office at _____, in _____, _____, hereinafter referred to as the “Principal;”

and

2. _____, a private company with limited liability incorporated and existing under the laws of _____, and having its registered office at _____ in _____, hereinafter referred to as the “Distributor.”

Principal and Distributor being collectively referred to hereinafter as the “Parties”.

PRELIMINARY STATEMENTS

- A. The Principal is a manufacturer of certain Products (as defined below) and has been selling its Products directly to distributors located in various countries throughout Europe.
- B. The Principal has decided that it is cost effective to centralize the distribution of its Products with respect to [state territory or region] through the Distributor. For a definition of the territory, see Appendix B.
- C. The Distributor will purchase the Products and re-sell the same to Customers (defined below) via its _____ (defined below) located throughout Europe.
- D. The Distributor will hold legal title to the Products but most of the commercial risks with respect to such Products will remain with the Principal and only limited risks will be assumed by the Distributor.
- E. Parties have discussed in sufficient detail the organization necessary to meet the objectives set forth in this Agreement, the related costs, and have verified the reciprocal benefit pursuant to the signing of this Agreement.

- F. Consequently, Principal and Distributor desire to enter into an agreement for an indefinite term subject to the terms and conditions set forth herein.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS CONTAINED HEREIN, PRINCIPAL AND DISTRIBUTOR AGREE AS FOLLOWS:

Section 1 Definitions

1.1 For the purpose of this Agreement, the following terms shall have the meaning assigned to them below unless the context requires otherwise:

- a) Agreement means this Limited Risk Distributor Agreement together with the Appendices hereto, as may be amended, modified or supplemented by the Parties from time to time.
- b) Bank Account means an account or accounts established with a bank designated by the Principal which shall be in the name of the Distributor for receipt of Customer payments.
- c) Compensation Percentage means a percentage, as calculated in Appendix C, representing the discount that the Distributor will receive from the recommended Price List attached hereto as Appendix E.
- d) Confidential Information means any information disclosed by one Party to the other Party pursuant to this Agreement which is written, graphic, machine readable, or in other tangible form and is marked "Confidential," "Company Secret," or disclosed under such circumstances which indicate that information is confidential. Confidential Information may also include secret and confidential oral information disclosed by one Party to the other Party pursuant to this Agreement.
- e) Customer means any customers with whom the Distributor enters into a sales contract for the Products.
- f) Customer Specifications means any and all requirements, directions, criteria, procedures and other specifications established by Principal and furnished to Distributor from time to time concerning the selection of Customers to which Distributor is authorized to market the Products and terms for the sale of Products on credit. The Customer Specifications may specifically identify some, all or none of the Customers.
- g) Effective Date means the date first hereinabove written.

- h) Intellectual Property Rights means the Patents, Trademarks, Tradenames and other intellectual property rights covering or associated with the Products.
 - i) Price List means the recommended Product prices attached hereto as Appendix E which may be revised from time to time by agreement between the Parties.
 - j) Price Specifications means any and all requirements, directions, criteria, procedures and other specifications established by Principal and furnished to Distributor concerning the prices, ranges of prices or price structures for the Products subject to this Agreement.
 - k) Products means the products purchased by the Distributor from the Principal and listed on Appendix A.
 - l) Specifications means the Customer Specifications, the Price Specifications, the Standard Terms and Conditions, and any and all other requirements, directions, criteria, procedures and other specifications established by Principal and furnished to Distributor from time to time concerning any aspect of Distributor's performance under this Agreement.
 - m) Standard Terms and Conditions means the standard terms and conditions for sales of the Products to the Customers, including but not limited to terms of payment, credit, shipment, warranties, security and title transfer, as set forth in Appendix D, as may be amended by the Parties from time to time.
 - n) Territory means the area within the geographic boundaries as set forth in Appendix B, as may be amended by the Parties from time to time.
 - o) Trademarks means the current and future trademarks, service marks and trade names of Principal and/or any affiliate of Principal, or any other entity that produces the Products.
- 1.2 Unless there is something inconsistent in the subject or context, words denoting the singular number include the plural and vice versa; words denoting one gender include the other genders; words denoting individuals include corporations and vice versa; and references to "person" include a firm or corporation.

Section 2 Appointment as Distributor

- 2.1 Appointment. Parties hereby agree that Distributor will act as Principal's distributor for the sale of the Products within the Territory, subject to the terms and conditions set forth herein.
- 2.2 Independent. Distributor is authorized to perform all its duties as distributor for the Sale of the Products under this Agreement, independently and using its own discretion unless approval is otherwise expressly required under this Agreement.

- 2.3 Non-exclusivity. Distributor's appointment as a Distributor shall be non-exclusive and nothing in this Agreement shall limit the right of the Principal to appoint other distributors, commissionaires or agents of any kind in the Territory at any time without notice and with no liability to Distributor. Distributor is allowed to provide non-competing services to third parties for its own account or the account of third parties in the Territory at any time without notice and with no liability to the Principal. If the activities mentioned above are competing with the sale of the Products, the Principal reserves the right to make the activities subject to prior written approval of the Principal.
- 2.4 Sub-appointments. Distributor shall have the right to appoint commissionaires, agents, or sub-distributors for the sale of the Products in the Territory, subject to prior approval of the Principal.

Section 3 Duties of Distributor

- 3.1 Marketing Plan. Distributor shall consult with and assist Principal in developing marketing plans for the sale of the Products in the Territory. Distributor shall promptly convey to Principal general market data available to it, including but not limited to customer requirements with respect to the Products, market analyses, competition, and market driven requests for new Products, modification of Products, new packaging and packaging modifications.
- 3.2 Advertising and Marketing Efforts. Distributor shall follow any Specifications regarding the content, frequency, media selection and other aspects of advertising and marketing of the Products.
- 3.3 Customer Contracts. Distributor shall purchase the Products from the Principal and re-sell the same to Customers. Prior to Distributor's acceptance of any such contracts with Customers, Principal may provide Distributor with any desired Specifications. Distributor shall proceed in accordance with the Price Specifications, Standard Terms and Conditions and any other Specifications in accepting orders from the Customers. Distributor undertakes to sell the Products exclusively to Customers who meet the guidelines and specifications of the Customer Specifications.
- 3.4 Customer Relations. Distributor shall be responsible for maintaining good relations with the Customers. Distributor shall notify Principal of material inquiries and complaints by Customers.
- 3.5 Standard of Conduct. Distributor, in the performance of its duties and obligations under this Agreement, shall not engage in any deceptive, misleading, illegal or unethical business practice.

- 3.6 Services. In addition to the sales distribution services that will be provided by the Distributor, the Distributor shall provide the following services to the Principal: (i) _____; (ii) _____; (iv) _____; (v) _____;
- 3.7 Administration of Payments. Distributor shall require their Customers to remit payments for Products to the Bank Account. Out of the proceeds received in the Bank Account, the Distributor shall: (i) pay to the Principal the purchase price for the Products as determined in Appendix C; (ii) retain for its own account the remaining amounts.

Section 4 Ordering of Products by Distributor

- 4.1 Semi-annual forecast. Prior to each semi-annual period, Distributor shall provide Principal with a semi-annual forecast setting forth its estimate of required monthly shipments of Products. This forecast shall reflect Distributor's best good faith estimate of its needs based upon, among other things, historic sales figures as well as orders received or reasonably anticipated. These forecasts will be for planning purposes only and will not require Distributor to order particular Products or quantities, and no liability will arise from a failure to place orders in accordance with such forecasts.
- 4.2 Purchase Orders. All purchase orders for Products placed by Distributor shall be in writing, or if placed orally, shall be confirmed in writing within eight (8) business days after such oral order.
- 4.3 Acceptance of Purchase Orders. All purchase orders for Products placed by Distributor shall be subject to acceptance by Principal and shall not be binding on Principal until the earlier of confirmation or shipment, and, in the case of acceptance by shipment, only as to the portion of the order actually shipped.

Section 5 Shipping, Title and Storage

- 5.1 Shipment. All shipments hereunder will be made in Principal's standard packaging and shipping materials. All Products delivered pursuant to this Agreement shall be marked for shipment at Distributor's business address in the Territory or any other address as provided by Distributor or specified in Distributor's written purchase order, and delivered to a carrier or forwarding agent chosen by Distributor.
- 5.2 Title and Risk. Distributor shall purchase the Products in its own name and for its own account from the Principal. Title and risk of loss and damage of the Products

will pass to Distributor upon delivery of the Products at the destination ordered by Distributor.

- 5.4 Storage of Products. _____ shall arrange for the safe and secure storage of the Products pending delivery of the Products to Customers.
- 5.4 Local Transportation. _____ shall arrange and procure local transportation of the Products to Customers within the Territory.
- 5.6 Import / Export. If Products are to be imported or exported, Distributor shall be responsible for all actions necessary to obtain clearance to import or export the Products.

Section 6 Obligations of Principal

- 6.1 Access to Customer Lists. The Principal shall furnish the Distributor with the necessary materials in order to assist the Distributor in performing its obligations under this Agreement. The Principal shall provide the Distributor access to the list of clients and potential clients. Principal retains the rights to any client list used or developed by Distributor.
- 6.2 Repurchase of Products. Distributor may require the Principal to repurchase any Product sold by the Principal to Distributor. The repurchase price for Products in the Distributor's inventory will be at an amount equal to the original purchase price of such Product so long as such Product is in substantially the same condition as it was when it was originally sold.
- 6.3 Product Liability. Principal shall assume all liabilities relating to the Products and shall reimburse Distributor for any claims that Distributor as a seller might be liable for.

Section 7 Pricing and Payment

- 7.1 Recommended Prices. Distributor shall price the Products by taking into consideration the recommended prices as set forth in the Price List attached hereto as Appendix E.
- 7.2 Compensation Percentage. The Distributor shall be entitled to an arm's length Compensation Percentage, as specified in Appendix C, which shall be a discount from the recommended Price List, attached hereto as Appendix E. The Compensation Percentage may be adjusted at any time by agreement between the Parties.

- 7.3 Payment for Products. Distributor shall pay for the Products within thirty (30) days of receipt of the proceeds for the sale of such Products in the Bank Account.
- 7.4 Acceleration of Indebtedness. Principal reserves the right, upon written notice to Distributor, to declare all sums immediately due and payable in the event of a breach by Distributor of any of its obligations to the Principal, including the failure of Distributor to comply with credit terms and limitations. Furthermore, Principal reserves the right to vary, change, or limit the amount or duration of credit to be allowed to Distributor, either generally or with respect to a particular order.

Section 8 General Payment Terms

- 8.1 Exclusive VAT. All payments between the Principal and Distributor are considered to be exclusive of VAT. If applicable, VAT shall be charged in addition.
- 8.2 Exchange Rates. All risks with regard to exchange rates will be borne by the Principal.
- 8.3 Currency. Except as otherwise agreed by the Parties, payments made by one Party to the other Party under this Agreement will be calculated in _____.

Section 9 Insurance

- 9.1 Insurance of the Products. Principal shall obtain and maintain during the term of this Agreement, product liability insurance with respect to all liabilities, including but not limited to bodily harm and death, caused by any defective Products. Principal shall obtain and maintain insurance covering any claims, demands, suits, losses, damages and liabilities including without limitation interest and reasonable attorney's fees arising out of, relating to, or resulting from the activities of Distributor under this Agreement. Such insurance shall be adequate in scope and coverage considering the potential liability exposure, and shall include Distributor as an additional insured. Principal shall use its best efforts to obtain a waiver of subrogation in favor of Distributor.
- 9.2 Additional Insurance. Principal shall obtain and maintain any other types of insurance commonly obtained and maintained by a company selling products similar to the Distributor.

Section 10 Records and Reporting Requirements

- 10.1 Inspection of Records. Distributor shall maintain such records and accounts as are requested by Principal relating to the performance of Distributor's obligations under this Agreement. Principal shall have access to Distributor's premises for inspection during normal business hours. Distributor shall also comply with all other reporting requirements imposed by Principal under this Agreement.
- 10.2 Audit. Distributor agrees to permit an auditor appointed by Principal to inspect the Distributor's records upon reasonable notice during normal and customary working hours.

Section 11 Intellectual Property Rights

Distributor shall use all Intellectual Property Rights made available to Distributor by the Principal solely in accordance with the terms and conditions and within the scope of this Agreement. All Intellectual Property Rights made available to Distributor by or on behalf of Principal during the term of this Agreement and as developed during the term of this Agreement, are and shall remain the property of Principal and shall be returned upon termination of the Agreement.

Section 12 Quality Control

In order to ensure that the Distributor shall sell the Products within the scope of this Agreement and in accordance with the quality standards of Principal, Principal shall have the right, at its option, sole cost, expense, and upon reasonable notice to the Distributor, to visit Distributor's offices during regular business hours to observe and assist in quality control.

Section 13 Limitations of Liability

- 13.1 Indemnification By Principal. Principal shall indemnify, defend and hold Distributor harmless against any and all claims, demands, suits, losses, damages and liabilities, including without limitation interest and reasonable attorney's fees arising out of, relating to, or resulting from its activities undertaken pursuant to this Agreement, unless such claims, demands, suits, losses, damages and liabilities are based on Distributor's gross negligence or willful misconduct.
- 13.2 Notice of Claims. Distributor, in order to be eligible to receive an indemnity pursuant to Section 13.1, shall give to Principal the earliest possible notice in writing of any claim being made or action threatened or brought against Principal

in respect of the activities as Distributor under this Agreement which comes to Distributor's notice.

- 13.3 Assistance in Litigation. Distributor shall not act in a manner that is prejudicial to the rights or obligations of Principal without Principal's prior consent. The Distributor shall, at Principal's reasonable request and expense, assist in or conduct any litigation that may ensue with respect to a claim against Principal or any claim Principal may make, threaten, or bring, in the Territory with respect to the activities of Distributor under this Agreement and all negotiations for settlement of such claims. Principal, upon admitting its obligation to indemnify, may elect to assume sole control of the claim.
- 13.4 Remedies against Distributor. In the event that the Principal incurs any loss, damage, cost or expense arising from Distributor's gross negligence or willful misconduct in Distributor's performance of its duties under this Agreement, Principal shall be entitled to pursue available legal remedies against Distributor to recover the actual losses, damages, costs or expenses incurred by Principal.
- 13.5 Own Business. All financial, legal and other obligations associated with Distributor's own ordinary course of business other than its activities as Distributor under this Agreement are the sole responsibility of Distributor except as provided in this Agreement.

Section 14 Term and Termination

- 14.1 Term. This Agreement is entered into with effect as from [state date] for an indefinite period of time.
- 14.2 Termination by Notice. Either Party may terminate this Agreement at any time, upon sixty (60) days written notice.
- 14.3 Events of Termination. Notwithstanding the provisions of Sections 14.1 and 14.2, either Party may terminate this Agreement at any time with immediate effect, upon written notice to the other Party and without incurring any liability to the other Party:
- a) in the event of filing a petition in bankruptcy or the suspension of payments of the other Party, liquidation or composition with creditors of the other party, and in case of attachment (in Dutch: "*beslag*") maintained for at least one (1) month in respect of substantial assets of the other Party;
 - b) in the event the other party becomes insolvent or unable to pay its debts as they mature or cease to pay its debts as they mature in the ordinary course of business or makes an assignment for the benefits of its creditors;

- c) in the event the other Party fails to perform any material obligations under this Agreement after having been notified of such default and has not cured the default within a reasonable period;
- d) in the event of a change of control of Distributor.

Section 15 Obligations on Termination

- 15.1 Termination Obligations. Upon termination of this Agreement, the Distributor shall:
- a) deliver to Principal all records, reports and materials pertaining to the Distributor's performance of its obligations under this Agreement. If, for statutory or tax reasons, the Distributor must retain such documents, the Distributor is obliged to deliver copies of these documents to Principal;
 - b) execute all documents necessary to enable Principal to carry out the Distributor's obligations and shall cooperate fully in making the necessary transitions;
 - c) return or destroy, to the sole discretion of Principal, all Confidential Information and Intellectual Property Rights relating to Principal;
 - d) shall make a final account, which balance, after approval by Principal, shall be paid within sixty (60) days by the appropriate Party.
- 15.2 Costs of Termination. All costs related to the performance of Section 15.1 above are for the account of the terminating Party with respect to Section 14.2 and for the account of the Party whose action or failure to act relates to the cause for termination with respect to an event set forth in Section 14.3 (a)-(d) and Section 18.
- 15.3 Outstanding Payments. The termination of this Agreement shall not release the Parties from their obligations to pay any sums then owing to the other Party or from the obligation to perform any other duty or to discharge any other liability that has been incurred prior thereto.
- 15.4 Liability on Termination. Subject to the foregoing, however, neither Party shall be liable to the other Party, by reason of the termination of this Agreement, for consequential damages, including but not limited to, compensation of damages resulting from the loss of present or prospective profits on sales, or expenditures, investments or commitments made in connection therewith.

Section 16 Confidential Information

- 16.1 Confidentiality. Each Party agrees to maintain secret and confidential all Confidential Information that it may acquire from the other Party in the course of this Agreement.
- 16.2 Right to Disclose. The Parties may disclose such Confidential Information only to those of their employees, agents and Distributors who need to know such information in order to enable the respective Parties to perform their obligations under this Agreement.
- 16.3 Exceptions. The obligations of Section 16.1 above shall not apply to information which:
- a) is already known to one Party, other than under obligation of confidentiality, at the time of disclosure by the other;
 - b) is subsequently disclosed to the recipient Party without any obligations of confidence by a third party who has not obtained it directly or indirectly from the other Party;
 - c) is or becomes generally available to the public or otherwise is or becomes part of the public domain after its disclosure other than through any act or omission of either Party or its agents or employees in breach of this Agreement;
 - d) is independently developed by employees of either Party without prior knowledge of the secret and confidential information.
- 16.4 Disclosure to Customers. Notwithstanding the foregoing provisions, either Party shall be entitled to disclose Confidential Information of the other Party to Customers in so far as such disclosure is reasonably necessary to promote the sale or use of the Products and provided that such Party takes adequate measures to ensure the observance by such third party of the secrecy and confidentiality of such Confidential Information.
- 16.5 Term of Confidentiality. The provisions of this Section 16 shall survive five years after the termination of this Agreement.

Section 17 General Compliance

Each Party shall at all times:

- a) strictly comply with all applicable laws, rules, regulations and governmental orders, now or hereafter in effect, relating to its performance of this Agreement;
- b) pay all fees and other charges required by such laws, rules, regulations and orders;

- c) maintain in full force and effect all licenses, permits, authorizations, registrations and qualifications from all applicable governmental departments and agencies to the extent necessary to perform its obligations hereunder.

Section 18 Force Majeure

Neither Party shall be liable to the other for its failure to perform any of its obligations hereunder during any period in which such performance is delayed by circumstances beyond its reasonable control including, but not limited to, fire, flood, war, embargo, strike, riot, inability to secure materials and transportation facilities, or the intervention of any governmental authority, in each case not otherwise invoking a breach of this Agreement. If such delay continues for more than sixty (60) days, the Party damaged by the inability of the other Party to perform shall have the right to terminate this Agreement immediately upon written notice.

Section 19 Notices

All notices and other communications required or permitted hereunder shall be in writing and shall be mailed by registered or certified mail, postage prepaid, or otherwise delivered by hand, messenger or by telecommunication to the address of the applicable Party specified below:

If to **Principal**:

Facsimile no. _____

Attention: _____

If to the **Distributor**:

Facsimile no.: _____

Attention: _____

or to such other address or addresses as either Party may, from time to time, designate as to itself.

Section 20 Applicable Law - Dispute Settlement

20.1 Applicable Law. This Agreement shall be governed by and construed in accordance with and subject to the laws of the [country].

20.2 Dispute Resolution. [state court or arbitration institute]

Section 21 Miscellaneous

- 21.1 Nature of relationship. Nothing contained in this Agreement shall be construed to:
- a) give either Party the power to direct and control the day-to-day activities of the other;
 - b) constitute the Parties as partners, joint venture partners, co-owners or otherwise as participants in a joint or common undertaking;
 - c) constitute Distributor to be an agent within the meaning of the [country] Civil Code or the equivalent mandatory provisions of public order with respect to commercial agents in the laws of _____.
 - d) allow Distributor to create or assume obligations on behalf of Principal except as provided herein.
- 21.2 Hardship. In entering into this Agreement, the Parties recognize that it is practically impossible to make provisions for every contingency which may arise during the validity of this Agreement. Accordingly, the Parties hereby state and acknowledge their mutual intent that this Agreement shall be enforced and implemented between them with fairness and without detriment to either Party's interest, and that if, in the course of performing the obligations and duties as set forth in this Agreement, substantial hardship or unfairness is anticipated by or has occurred to either Party, the Parties shall use their best commercial endeavors to agree upon such action as may be necessary to rectify or remove the causes thereof, and, if deemed necessary, compensate for disadvantages suffered.
- 21.3 Waiver. The failure of either Party to enforce at any time an Section or part thereof of this Agreement, or the failure to require at any time performance by the other Party of an Section or a portion thereof of this Agreement, shall in no way constitute present or future waiver of such Section or portion thereof, nor in any way affect the validity of either Party to enforce each and every Section of this Agreement.
- 21.4 Assignment. Distributor shall not assign or delegate this Agreement or any of its rights or duties under this Agreement without the prior written consent of Principal, which consent shall not be unreasonably withheld.
- 21.5 Entire Agreement. This Agreement shall contain the entire agreement and understanding between the Parties hereto with respect to the subject matter hereof. The Appendices A up to and including E attached to this Agreement form an integral part thereof.
- 21.6 Language. In the event that this Agreement is executed in more than one language, the English language version shall prevail in the case of any discrepancy.

- 21.7 Severability. If any Section, term, provision, or clause thereof in this Agreement is found or held to be invalid or unenforceable in any jurisdiction in which this Agreement is being performed, the remainder of this Agreement shall be valid and enforceable and the Parties shall negotiate in good faith, a substitute, valid and enforceable provision which most nearly effects the Parties' intent in entering into this Agreement.
- 21.8 Amendment. No alteration, amendment, waiver, cancellation or other change in any term or condition of this Agreement shall be valid or binding on either Party unless the same has been agreed to in writing by both Parties.
- 21.9 Counterparts. This Agreement may be executed in two (2) or more counterparts, all of which, taken together, shall be regarded as one and the same instrument.

This agreement is signed by the parties as follows:

Principal

Name:

Title:

Place:

Distributor

Name:

Title:

Place:

Appendix A
to the Limited Risk Distributor Agreement

Products

[To be completed]

Appendix B
to the Limited Risk Distributor Agreement

Territory

[To be completed]

Appendix C

to the Limited Risk Distributor Agreement

Compensation Percentage

This Appendix shall be applicable to the sale of the Products for the period from ____ until _____, or such other period as may be agreed upon by the Parties. The discount that Distributor shall receive for the Products for this period shall be set at an amount that permits the Distributor to earn a net operating margin of X % (the “Agreed Margin”) with respect to the sale and distribution of the Products.

The method to implement the Agreed Margin is set forth below. The transaction price for the Products charged by Principal to the Distributor is calculated based on semi-annual forecasts of revenues with respect to the sale and distribution of the Products, and the general, sales and administration costs incurred by the Distributor. Based on these forecasted numbers a discount percentage on the prices charged to the Customers, as set forth in the recommended Price List in Appendix E, is calculated to determine the transaction price charged by Principal so that the Distributor earns the Agreed Margin of the revenues with respect to the sale and distribution of the Products.

Example

Sales Forecast	1000			A
SG&A Cost Forecast	200	- / -		B
	=====			=====
Balance	800			(A -/- B -) = C
Net operating margin (0.5%)	5	- / -		(X% * A) = D
	=====			=====
Purchase Price	795			(C -/- D) = E
Compensation Percentage ((1000 -/- 795) / 1000)	20.5%			((A -/- E) / A) = F

Compensation Percentage

Compensation Percentage shall mean the percentage calculated by dividing (A) the balance of the Sales Forecast minus the Purchase Price by (B) the Sales Forecast. Every shipment of Products will be accompanied by an original invoice from Principal to Distributor containing the price as mentioned in Section 7.1 and 7.2 of this Agreement.

SG&A Costs and SG&A Cost Forecast

SG&A Costs shall mean all sales, general and administration costs incurred by Distributor, in connection with the sale and distribution of the Products, including but not limited to salaries and wages, social contribution and other related costs, travelling expenses, interest and depreciation with respect to the Products leased or held in inventory, warehousing costs and other logistic expenditures.

SG&A Cost Forecast shall mean the semi-annual cost forecast prepared by Distributor and furnished to Principal, specifying the SG&A Costs which Distributor forecasts that it may incur during such semi-annual period. Distributor shall furnish its SG&A Cost Forecast as soon as it is available but no later than the first day of the month immediately preceding the beginning of the semi-annual period to which the Sales Forecast applies. If Principal does not object to the SG&A Cost Forecast within fifteen (15) days of receipt of the SG&A Cost Forecast, the SG&A Cost Forecast shall be deemed approved.

Sales Forecast

Sales Forecast shall mean the semi-annual sales forecast prepared by Distributor and furnished to Principal, specifying the forecasted revenues with respect to the sale and distribution of the Products, the invoiced Products and quantities thereof. Distributor shall furnish its Sales Forecast as soon as it is available but no later than the first day of the month immediately preceding the beginning of the semi-annual period to which the Sales Forecast applies. If Principal does not object to the Sales Forecast within fifteen (15) days of receipt of the Sales Forecast, the Sales Forecast shall be deemed approved.

Appendix D
to the Limited Risk Distributor Agreement

Standard Terms and Conditions

[To be completed]

Appendix E
to the Limited Risk Distributor Agreement

Recommended Price List

[To be completed]