



## Letter of Intent for a Business Transaction

TO: Holcim Cement  
FROM: Davao Unified Corporation AKA The Paper Tree  
DATE: February 14, 2012  
SUBJECT: Intent To Do Long-Term Business With Your Company

### Dear Mr. Billy Nudas:

We are Davao Unified Corporation ("DUC"), also known as The Paper Tree. Our company is engaged in the importation, manufacturing, distribution and trade of various paper and office supplies as well as some selected grocery items.

Our company would like to offer this letter of intent ("Letter"), outlining the mutual intent of both parties to enter into the following business transaction between DUC and Holcim in regard to: supplying your company with its paper, office supplies, printing requirements and pantry goods.

This letter sets forth the terms and conditions that DUC seeks to use as material terms for the proposed agreement. This letter supersedes in its entirety any and all communications that previously occurred between the parties. This letter is non-binding and requires further consideration and a final contract or agreement as executed by the parties in order to be held legally enforceable.

The Terms and Conditions proposed are as follows:

### 1. Overall Structure:

DUC aims to satisfy Holcim's need for a reliable, fast, friendly and cost-effective vendor of paper, office supplies, printing and pantry goods. To do this, DUC will have to rely on close relationships and open communications with Holcim as well as implement best practices that it has learned through years of doing business and use the best possible processes and technologies to enable the best possible service and prices for Holcim.

In order to effectuate this transaction the parties agree to complete the respective tasks, obligations, or requirements:

### DUC Agrees To:

- Abide by the policies of Holcim
- Extend price guarantees as agreed upon by both parties. Price guarantees are usually extended for non-volatile products, examples of which include non-paper office supplies, non-petrochemical-based products as well as non-agricultural-based products.
- Extend credit terms of 45 days and credit line of P100,000 per month.

- Help Holcim perform its purchasing activities in a collaborated and efficient manner.
- Assign a dedicated sales team composed of a Field Account Manager (FAM) and a Sales Desk Officer (SDO) to answer queries and concerns on regular business hours (and beyond as needed).

Holcim Agrees To:

- Buy items from DUC either on an exclusive or non-exclusive contract, at Holcim's discretion.
- Pay DUC on the stated due dates.
- Help DUC perform its supplier obligation through coordinating and collaborating activities.

## **2. Confidentiality:**

In the case that any confidential information should be exchanged between the Parties, resulting from negotiations under the Terms and Conditions of this Letter, both parties shall agree to make any necessary efforts to keep all information confidential.

## **3. Time:**

Parties shall make all reasonable efforts to finalize transaction within ninety (30) days of the receipt of this letter by [*Receiving Party*].

## **4. Governing Law:**

All matters arising from this Letter and any subsequent negotiations shall be governed by the laws of Philippines and other local applicable laws..

## **5. Additional Terms of Transaction:**

- Free delivery is to be extended to Holcim
- Coverage of Free delivery includes Davao City and other Mindanao areas that include the cities of Tagum, General Santos, Cotabato, Butuan, Cagayan De Oro, Bukidnon cities and towns, Agusan cities and towns.
- Free delivery is run on a scheduled basis. In case of special deliveries, special conditions apply on a case to case basis. Conditions include volume of order and distance of delivery destination.
- DUC allows withholding tax deductions of 1% from the VAT-able component of invoices.
- Withholding Tax Certificates and accompanying purchase information by Holcim may be provided by DUC for free to Holcim upon latter's request.
- DUC may also provide online store and online order tracking access to Holcim should latter wish to avail of this free service.
- DUC provides free mobile phone-based order tracking free to Holcim.
- Other services may become available at a later time, which DUC may offer Holcim for approval.

If Holcim finds the terms and conditions of this Letter to be acceptable and a reflection of the intentions of both parties, please demonstrate this intent by signing and returning this letter at the principal place of business of Holcim. DUC will be more than happy to set a meeting with Holcim to discuss further details and/or questions or inquiries.

Very Sincerely,

Mr. Michael Gimenez  
Davao Unified Corporation  
Field Account Manager  
+63905.223.9884

Ms. Casill T. Acevedo  
Davao Unified Corporation  
Sales Desk Officer  
+6382.227.4313 up to 15

Robert Chong  
Davao Unified Corporation  
Chief Operating Officer  
+63917.701.1887

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TO: Davao Unified Corporation through Mr. Michael Gimenez  
The Terms and Conditions set forth in the above-signed letter are acceptable and reflect the intentions of [Receiving Party Name].

Mr. Billy Nudas  
Purchasing Manager, Holcim Philippines

Date