

**PRIVILEGED AND CONFIDENTIAL
FOR SETTLEMENT PURPOSES ONLY PURSUANT TO [INSERT APPLICABLE
EVIDENCE RULE]**

[Date]

To: [Name of Officer/Director]
[Company Name]
[Address]
[City, State, Zip Code]

Re: Notice of Intent to Initiate Derivative Action and Offer of Good Faith Settlement

Dear [Name],

This letter is formal notice on behalf of [Shareholder Name], a shareholder of [Company Name] (the "Company"). Based on our investigation, we have identified potential breaches of fiduciary duty, including [list brief examples, e.g., waste of corporate assets, self-dealing, or gross negligence] involving [Names of Involved Parties].

We believe these actions have resulted in significant financial damage to the Company, estimated at [Dollar Amount]. Pursuant to [Applicable State Statute/Corporate Law], this letter serves as a final demand for the Board of Directors to take corrective action or, in the alternative, to enter into good faith negotiations to resolve these claims before a formal derivative lawsuit is filed.

The Proposed Basis for Settlement:

- [Requirement 1: e.g., Resignation of specific officers]
- [Requirement 2: e.g., Financial restitution to the Company]
- [Requirement 3: e.g., Implementation of new governance oversight]

The Shareholder is prepared to resolve this matter without the necessity of public litigation, which would likely result in significant legal costs and reputational harm to the Company. However, if we do not receive a substantive response by [Date], we will proceed with the filing of a derivative complaint in [Name of Court].

Please note that this communication is protected under [Rule Number] and cannot be used as evidence in any subsequent legal proceeding.

We look forward to your prompt response.

Sincerely,

[Your Name/Attorney Name]
[Law Firm Name, if applicable]
[Contact Information]

cc: [Board of Directors/General Counsel]