

ADVERTISING AGENCY AGREEMENT

This Advertising Agency Agreement (the "Agreement") is made and effective this [DATE],

BETWEEN: [ADVERTISER NAME] (the "Advertiser"), a corporation organized and existing under the laws of the [STATE/PROVINCE], with its head office located at:

AND: [AGENCY NAME] (the "Agency"), a corporation organized and existing under the laws of the [STATE/PROVINCE], with its head office located at:

Agency is in the business of providing advertising agency services for a fee. Advertiser desires to engage Agency to render, and Agency desires to render to Advertiser, certain advertising agency services, all as set forth.

NOW, THEREFORE, in consideration of the mutual agreements and covenants herein contained the parties hereto agree as follows:

1. ENGAGEMENT

Advertiser engages Agency to render, and Agency agrees to render to Advertiser, certain services in connection with Advertiser's planning, preparing and placing of advertising for certain of Advertiser's products as follows:

- a. Analyze Advertiser's current and proposed products and services and present and potential markets.
- b. Create, prepare and submit to Advertiser for its prior approval advertising ideas and programs.
- c. Prepare and submit to Advertiser for its prior approval estimates of costs and expenses associated with proposed advertising ideas and programs.
- d. Design and prepare, or arrange for the design and preparation of, advertisements.
- e. Perform such other services as Advertiser may request from time to time such as, but not limited to, direct mail advertising preparation, speech writing, publicity and public relations work, market research and analysis.
- f. Order advertising space, time or other means to be used for publication of Advertiser's advertisements, at all times endeavoring to secure the most efficient and advantageous rates available.
- g. Proof for accuracy and completeness of insertions, displays, broadcasts, or other forms of advertisements.
- h. Audit invoices for space, time, material preparation and charges.

2. PRODUCTS

Agency's engagement shall relate to the following products and services of Advertiser: [PRODUCTS]

3. EXCLUSIVITY

Agency shall be the [EXCLUSIVE OR NON-EXCLUSIVE] advertising agency in the [COUNTRY] for Advertiser with respect to the products described in Section 2 above.

4. COMPENSATION

- a. Agency shall receive an amount equal to [MEDIA COMMISSION RATE] of the gross charges levied by media for advertising placed therewith by Agency pursuant to this Agreement; and [NON-MEDIA COMMISSION RATE] after volume discount, of the charges of suppliers of services or properties, such as finished art, comprehensive layouts, type composition, photostats, engravings, printing, radio and television programs, talent, literary, dramatic and musical works, records and exhibits, purchased by Agency on Advertiser's authorization during the term of this Agreement; provided that:
 - (i) No percentage will be added to Agency charges for packing, shipping, express, postage, telephone, telex, fax, travel expenses and other out of pocket expenses of Agency personnel; and
 - (ii) Agency's commission for outdoor advertising will be the standard rate allowed advertising agencies when such rate is less than [OUTDOOR ADVERTISING COMMISSION RATE].
- b. For those items where Agency is not compensated on a commission basis, Advertiser shall pay Agency on an hourly basis for services provided hereunder. The rate will be determined by the type of services provided and the person or persons providing such services, but in no event shall the rate exceed [MAXIMUM HOURLY RATE] per hour. Advertiser may elect in advance to be charged on this hourly rate basis. If Advertiser fails to notify Agency of its choice, it shall be presumed that Advertiser elected to be charged on an hourly rate basis.
- c. In the event that Agency undertakes, at Advertiser's request subject to Advertiser's prior approval, special projects such as those described in Section 1.F above, Agency shall prepare an estimate of total charges for any such special project, including therein any charges for materials or services purchased from outside sources. In the event that Advertiser elects to proceed with the special project based upon Agency's estimated cost, Agency shall perform the services with respect to such special project at its estimated cost, subject to modification as mutually agreed by the parties.
- d. For any special project or other services provided by Agency pursuant to this Agreement upon which the parties have not agreed as to charges, Advertiser shall pay Agency at its regular hourly rates, not to exceed [AMOUNT] per hour.
- e. Advertiser shall not be obligated to reimburse Agency for any travel or other out-of-pocket expenses incurred in the performance of services pursuant to this Agreement unless expressly agreed by Advertiser in advance.

5. BILLING

- a. Agency shall invoice Advertiser for all media costs where possible in advance of Agency's payment date to allow for prepayment by the Advertiser so that Advertiser may receive the benefit of any available prepayment or similar discount. For any media purchase or service for which Agency is not entitled to a commission, Agency shall ensure that the charges to Advertiser are net of all agency commissions and discounts.
- b. Charges for production materials and services shall be billed by Agency upon completion of the production job or, if cash discounts are available, upon receipt of the supplier's invoice.