

**ADVERTISING AGENCY/CLIENT AGREEMENT**

As of \_\_\_\_\_, 2003

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attention: \_\_\_\_\_

Ladies and Gentlemen:

This will set forth the terms and conditions on which you agree to engage us and we agree to serve as your exclusive advertising agency in the United States.

**I. BASIC SERVICES**

We are available to provide to you, at your request, the following services in connection with your advertising efforts:

- (a) Formulate and submit for your approval advertising campaigns and recommendations.
- (b) After approval by you, create and prepare advertising for all consumer and trade print, broadcast, and outdoor media.
- (c) Plan media commitments consistent with budgeted and approved funds and support these media commitments with advertising strategy and rationales and submit detailed media cost estimates.
- (d) Purchase all materials and services necessary for the production of finished advertisements and commercials.
- (e) Execute advertising in finished form.
- (f) Order advertising space and time or other means for transmitting your advertising and forward advertising material to media with proper instructions.
- (g) Look after necessary checking of advertisements and publications for appearance, date, position, size, and mechanical reproduction.
- (h) Pay all charges incurred and assumed by us on your behalf.

*This form is not a substitute for legal advice and may not be suitable in a particular situation.  
Consult your attorney for legal advice. For more information, contact FKK&S at (212) 980-0120.*

(i) Endeavor to do all of the above on the most advantageous rates, terms, and conditions available.

## II. MINIMUM GUARANTEED COMPENSATION

Our compensation for advertising services will be based on the standard agency commission procedure specified below, and these commissions will be credited against a minimum monthly fee of \$\_\_\_\_\_, which you agree to pay the \_\_\_\_\_ of each month commencing \_\_\_\_\_. The total minimum monthly fees paid in each contract year will be credited against the total commissions earned in that contract year. If our services terminate on a date other than the \_\_\_\_\_ of a month, a prorated share of the minimum monthly fee will be due for the final month.

## III. MEDIA, PRODUCTION, AND OTHER CHARGES

(a) You agree to pay us under the standard agency commission procedure for the following costs incurred on your behalf:

1. All media charges for advertising run in all media at the current standard, published, or negotiated rates, except that if a medium allows no agency commission or a commission of less than 15%, or if you place advertising other than through us or on a barter basis, you will make up the difference to yield us 15% of the total normally charged by the medium, before any prompt payment discount. If, in a medium having a schedule of graduated rates, you use a different amount of space or time than contracted for, the amount payable by you will be adjusted to reflect the charges for the space or time actually used.

2. All third party charges for the production and purchase of advertising materials and programs including, without limitation, typography, engraving, printing, photographs, artwork, comprehensive layouts, paste-ups, mechanicals, photoboards, film, video tapes, musical compositions and arrangements, radio and television programs and facilities, talent, props, scenery, sound and lighting effects, software, research, rights, royalties, and producers' or packagers' fees at our cost plus an amount, which after deduction of our cost, will yield us 15% of the gross amount, before deduction of any prompt payment discounts, as an agency commission

(b) You also agree to pay us in accordance with our standard charges, which may be adjusted by us from time to time, for any studio functions performed by us including, without limitation, for any paste-ups, mechanicals, comprehensive production storyboards and photoboards, printing, typography, retouching, illustration, graphics, animation, designs, computer aided design, digital image research, portable media, and color output and prints prepared or produced by our personnel.

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(c) You also agree to pay us for: reasonable travel expenses, including transportation, hotels, meals, etc., of our personnel; charges originating with us for costs of forwarding, storing, shipping, mailing, telephoning, telegraphing, telecopier, facsimile transmissions, duplicating, and courier and messenger services; charges for talent payment services; and charges for legal services including, without limitation, legal review of advertising and other materials, trademark and copyright advice and registrations, negotiation of talent and other extraordinary contracts, and representation before industry and governmental regulatory agencies.

#### IV. PAYMENTS

We will bill you for charges in connection with our services upon your approval of estimates for such charges, and you agree to pay these charges within ten (10) days, except that any payments we must make on your behalf must be collected from you no later than the earliest dates on which we must commit to making payment on your behalf. Billing adjustments will be made for differences between estimated charges previously billed and charges actually incurred upon completion of each job or project and you shall pay us any additional amounts within thirty (30) days of our invoice. We shall have the right to require reasonable assurance of the availability of your funds in advance of undertaking commitments on your behalf. If any payment is not received on a timely basis we will have the right to assess a finance charge of up to 1½% per month on the unpaid balance.

#### V. SPECIAL SERVICES

In addition to the basic services, we are prepared to render special services to you in support of traditional media advertising. Any special services agreed upon will be rendered in accordance with any special terms agreed upon in writing and will be charged to you in accordance with estimates which we will supply to you. Compensation for special services will not be credited against any minimum fees. Special services include, without limitation, the following:

(a) Design and production of sales promotion material such as point-of-sale, direct mail, leaflets, inserts, catalogs, brochures, sales films, training films, sales manuals, and other materials prepared for use other than in traditional advertising media.

(b) Research services, other than copy development, such as studies of your products or services, studies of consumer or trade attitudes and behavior, and analysis of studies done by others.

(c) Design services such as packaging, trademarks, and corporate identity programs.

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