



DISTRIBUTION AND SERVICE AGREEMENT

This Distribution and Service Agreement (“Agreement”) is made and entered into between Branch Out Marketing Inc., an Ontario Corporation (“Branch Out Marketing Worldwide”) with offices at 45 Melbourne Ave Suite #1, Toronto ON, M6K1K4

and _____ (the “Venue Owner”),

with offices at _____

as of _____ (“Effective Date”).

1) Purpose: Branch Out Marketing Inc. owns and operates a system of marketing which includes a network of distribution points (“Venues”) contracted to accept advertising materials sold by Branch Out Marketing Inc, to its media and advertising clients (collectively “Clients”). Branch Out Marketing Inc. maintains a central Web site currently accessed through branchoutmarketing.com, napads.com. The parties wish to incorporate the Venue Owner into the distribution network for the purpose of allowing Affiliates’ Clients to place ads through Branch Out Marketing Inc.

2) Responsibilities of the Parties: Branch Out Marketing Inc. agrees to supply to Venue Owner on a monthly basis, or on a different schedule as agreed above, and agrees that product will be delivered in good and serviceable condition.

Venue Owner agrees to accept every delivery according to the agreed schedule, to use the product in the Venue Owner’s usual course of business, to employ the product to its good and customary use in serving customers on a day-to-day basis, and to refrain from putting the product to a wasteful use for which it is not intended or using the product in any way which would subject the advertising Client(s) to ridicule or otherwise portray the advertised product in a negative manner.

All parties agree that, notwithstanding any other provisions of this Agreement, Branch Out Marketing Inc. reserves the right, in its sole discretion, to discontinue deliveries of the product to any Venue Owner whose actions with respect to the product are disrespectful of the product or the advertising Client(s), or hold up to ridicule the advertising Client(s) or Branch Out Marketing or its Affiliates. In such a situation, Branch Out Marketing Inc. would have no further contractual obligation under this Agreement.

3) Fees The expressed concept of this distribution agreement is that Branch Out Marketing Inc. will provide advertising materials to Venue Owners without charge, and Venue Owners will use these materials in day-to-day service of their customers without charge to Branch Out Marketing Inc. or its Affiliates.

4) Representations and Warranties, Disclaimers, and Advertising Acceptability: Each party represents and warrants to the other that it has the right and authority to enter into and perform all obligations under this Agreement, and that its execution and performance of this Agreement does not and will not violate any agreement to which such party is bound. In the event of an error, delay, defect, failure to deliver, or other occurrence which prohibits distribution of advertising materials to Venue Owners or to their customers, the obligation of the nonperforming party shall be limited to using its reasonable efforts to correct the problem and restore its operations as soon as feasible.

Branch Out Marketing Inc. represents and warrants to Venue Owner that the Web sites of Branch Out Marketing Inc. and its Affiliates do not and will not contain any content or material, (excluding advertisements) that infringes any proprietary right of any third party, including, without limitation, any copyright, trademark, patent or trade secret, or that violates any law or governmental regulation.

The Venue Owner and Branch Out Marketing Inc. reserve the right to refuse to distribute any advertisement, including, without limitation, any advertisement which would or might violate any law or governmental

regulation; would or might violate or infringe any right of any third party; it determines is inappropriate or might subject it to liability or adverse publicity; or is otherwise injurious to its interests; provided that, neither party shall be responsible for, or be obligated to review, any content, advertisement, or other material on the other's Web site.

EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, NEITHER PARTY MAKES, AND EACH PARTY HEREBY SPECIFICALLY DISCLAIMS, ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, REGARDING ANY MATTER SUBJECT TO THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND IMPLIED WARRANTIES ARISING FROM COURSE OF DEALING OR COURSE OF PERFORMANCE.

5) *Indemnity: Each party will defend, indemnify, save and hold harmless the other party, Branch Out Marketing Inc.'s Clients and Affiliates, and Venue Owner's customers, and their officers, directors, agents and employees, from any and all third-party claims, demands, liabilities, costs or expenses, including, without limitation, reasonable attorneys' fees ("Liabilities"), resulting from the indemnifying party's breach of any representation or warranty contained in this Agreement. Each party agrees to (a) promptly notify the other party in writing of any identifiable claim or demand, and (b) give the other party the opportunity to defend or negotiate a settlement of any such claim or demand at such other party's expense and cooperate fully with the other party, at that other party's expense, in defending or settling such claim or demand. The indemnifying party will not settle a claim or demand for the indemnified party without the prior written consent of the indemnified party, which consent shall not be unreasonably withheld. Each party reserves the right, at its own expense, to participate in the defense of any matter otherwise subject to indemnification by the other party.*

6) *Term and Termination: The initial term of this Agreement will be for the period of two (2) years from the Effective Date and will automatically renew for successive one year periods unless terminated by either party. Either party may terminate this Agreement after the initial term for any reason on sixty (60) days' prior written notice. Notwithstanding the foregoing, either party may terminate this Agreement with immediate effect if the other party is in breach of a material obligation hereunder and fails to cure such breach within thirty (30) days of notice from the non-breaching party, or fails to promptly, after notice from the non-breaching party, begin to cure such breach and diligently pursue its cure if such breach is curable but is not capable of being cured within thirty (30) days of notice from the non-breaching party. Upon termination, each party shall promptly return to the other all of the confidential information (as defined above) of the other party in its possession or control.*

7) *Amendment: No change, amendment or modification of any provision of this Agreement shall be valid unless set forth in a written instrument signed by both parties. This Agreement contains the entire agreement among the parties and supersedes all prior oral or written agreements or understandings with respect to the matters provided herein.*

8) *Notice: Any notices given by one party to another shall be given to the appropriate party at the address specified above or at such address as the party shall specify in writing. Notice shall be deemed given: upon personal delivery; if sent by fax, upon confirmation of receipt; or if sent by certified or registered mail, postage prepaid, upon receipt.*

9) *Governing Law: This Agreement will be governed by and construed in accordance with the laws of the province of Ontario without giving effect to principles of conflicts of law. The parties agree that any legal action arising under this Agreement shall be instituted exclusively within the courts situated in Toronto, Canada.*