

Distribution Agreement

1. **Parties:** These are the terms and conditions under which we will distribute your audio or video ("Title(s)"). This agreement and Appendix A ("Agreement") attached hereto (if applicable) is entered into on the date written below and/or your Title(s) is submitted. This Agreement is between you ("Vendor") and Deep Distribution Worldwide, Inc ("Distributor").

VENDOR'S CONTACT INFORMATION

Record Label Name:	Contact:
Your Position w/ Label:	Checks Made Payable to:
Pmt Mailing Street:	City: State: Zip:
Phone Nr:	Cell: eMail:
Artist:	Title:

2. **Term:** The term of this Agreement shall continue for an initial term of twenty-four (24) months ("Term"). The Term shall commence from commercial release by Distributor. Upon the expiration of the initial Term, the Term shall automatically be extended for successive two (2) year terms until terminated by either you or us. Termination requires thirty (30) days prior written notice to the other party before the end of the Term. In the event Vendor's account is in the negative full reimbursement to Distributor shall be required before Vendor can terminate this Agreement.

3. **Title(s) Name and Artist:** The specific Title(s), Distributor's cost, and quantities of the Products(s) ordered shall be dictated by demand or shall be determined by mutual agreement of the parties and by purchase orders issued by Distributor to Vendor.

4. **Title(s), Contact and Payee Information:** Vendor information shall be provided by Vendor, above. Vendor is responsible for informing Distributor of current contact information. For Vendor's protection, Distributor shall only issue information regarding this account to the Vendor Contact on file. Vendor may change the contact by notifying Distributor in writing.

5. **Right to Distribute:** Distributor shall have the **exclusive** right to distribute Title(s): 1) through any digital medium now known or hereafter invented including, without limitation, the Internet, mobile telecommunications networks or satellite networks and Vendor hereby grants Distributor any and all licenses reasonably necessary to achieve the same, including the right to sublicense third parties as reasonably necessary; and 2) on CD; and 3) in all formats to any reseller in the world for the Term. Distributor shall have exclusive sync rights and video game rights. Distributor shall solicit Title(s) to appropriate resellers. All final decisions relating to the acceptance or placement of Title(s) into a particular retailer's store, however, are at the sole discretion of that retailer. Distributor shall recommend to retailers the best markets to place Title(s). Distributor does not guarantee placement of Title(s) into any particular retailer's store. Distributor shall have the "First Right of Refusal" to distribute Vendor's future audio and video Title(s). Distributor may assign this Agreement and its obligations hereunder.

6. **Vendor Communications to Retailers Exclusively Through Distributor:** All issues regarding distribution of Title(s), payment for Title(s) distributed, returns of Title(s), or similar issues are to be addressed by Vendor to Distributor. Vendor shall NOT contact retailers or customers of Distributor directly regarding these or similar issues as to Title(s). Violation of this provision is grounds for immediate termination of this Agreement by Distributor (notwithstanding paragraph 2) and liquidated damages of \$5,000. With Distributor's permission, Vendor may contact retailers directly for the limited purpose of promoting Title(s) and supplying related promotional materials. Distributor agrees to handle all of the complaints of its customers. The Distributor agrees to make every reasonable effort to satisfy its customers. The Distributor shall promptly report to the Vendor all complaints which it is unable to resolve.

7. **Payment to Vendor:** (a) Unless otherwise stated in Appendix A attached hereto or Distributor's purchase orders, subject to recoupment of any advance paid to Vendor by Distributor, **Distributor shall pay YOU (Vendor) 70% of Distributor's selling price** for all units shipped, but in no event shall Distributor's earned amount per CD be less than \$2.00 for single disc Title(s) or \$3.00 for multiple disc Title(s). (b) Subject to the following, payment shall be made for each unit; 1) the retailer has sold; 2) Distributor has collected payment; and, 3) Distributor does not have good cause to believe Title(s) shall be returned. (c) In retail accounts, Distributor shall retain a reserve of not less than then twenty (20) percent against the amount due in the current quarter and for thirty (30) days following each period until such time Distributor decides that a reserve is no longer necessary or this Agreement is terminated and the account settled. (d) Distributor shall only issue payments when it owes Vendor one hundred dollars \$100 or more. Payments of less than \$100 shall be made upon termination and settlement of account. (e) Neither this Agreement nor Distributor shall guarantee actual sales of Title(s), and other than described herein Distributor is not responsible for the number of actual sales of Title(s). The number of units shipped by Vendor to Distributor does not indicate the number of actual sales. Distributor shall not accept Soundscan as an accurate representation of sales.

8. **Payment to Distributor:** Vendor shall pay Distributor on execution of this Agreement two hundred fifty dollars (\$250.00) to setup each Title(s). Any marketing, promotions, selling or other services requested by Vendor shall be by separate agreement. Any payments made by Distributor to third parties at the request of the Vendor shall be subject to a twenty percent (20%) administrative fee added to the amount paid out on Vendor's behalf. Any monies due to Distributor shall be paid to Distributor from first sales of Title(s), or immediately if Vendor or Distributor want to terminate this Agreement. All monies due to Distributor shall be secured by Vendor's rights and ownership in the Title(s) and if amounts due Distributor are not paid within three (3) months after demand was made, Distributor shall have the right to foreclose on its security interest without further notice.

9. **Reports:** Distributor shall provide information to Vendor if so available quarterly if sales of Title(s) are one hundred (100) units per month or more. Report shall details sales, inventory counts, and placement Title(s). Title(s) of less than one hundred (100) units per month shall be made only on written request by Vendor, but in no event more than quarterly.

10. **Free Goods:** Distributor shall count two (2) units out of every thirty (30) units in inventory as "Free Goods." These units shall be accounted for as "Free Goods" and physically identified as "Free Goods" by Vendor. Distributor shall use "Free Goods" in soliciting Title(s) to prospective buyers.

11. **Duplication:** Vendor hereby gives distributors any and all rights Distributor may need to reproduce CDs, artwork and other media as Distributor may need to satisfy orders.