

(letterhead)

June 1, 0000

Mr. William Prospect
Vice President, Sales
Breakthrough Medical Products
198 Swansea Drive
Dayton, OH 45427

Dear Bill:

This letter will constitute an agreement for Squeamish Graphics to develop a single-page magazine advertisement and a Web page announcing the introduction of the CleanSlice Ligament Cutter. Placement of the ad in appropriate magazines and implementation of the web page on Breakthrough's web site will be handled by Breakthrough.

Schedule: The project will include the following on approximately the dates indicated:

July 1—Fact gathering meeting with your staff and appropriate personnel from the product development group.

July 10—Presentation of our ideas and conceptual approaches for review and input.

July 18—Presentation of final ad and Web page layouts.

July 19/August 1—Photography, artwork preparation, copywriting, electronic file development, and coding.

August 1/8—Approval routing at Breakthrough.

August 8/15—Final modifications and changes by Breakthrough.

August 15—Electronic files sent to Breakthrough's multimedia department for Web implementation.

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September 1—Ad films sent to appropriate magazines by Squeamish from a list supplied by Breakthrough.

Fees: The following is an estimate of our fees for this project based on the information you've provided. Please note that if conditions or the schedule changes, the actual price may be higher or lower. We will, however, keep you informed of any change which exceeds 10 percent of the estimate.

Phase I—Research and concept development	\$1,750
Phase II—Photography, copywriting, and artwork	\$3,250
Phase III—Art direction, typography, and layouts	\$2,500
Phase IV—Electronic file and films	\$1,600

Expenses: Out-of-pocket expenses will be billed at a 25 percent mark up, which covers our handling costs. Such items normally include deliveries, service bureau charges, and long-distance phone calls.

We estimate total expenses for this project will be: \$ 250

Estimated project cost: \$9,350

Ownership. All original photographic film, including transparencies and negatives, remain the property of the photographer selected. All preparation materials, including original artwork and electronic files and printing films, remain the property of Squeamish Graphics. All ideas and concepts not used remain the property of Squeamish Graphics and may be used in the future as they deem appropriate.

Terms: Approximately one third of this estimate (\$3,000) to be billed upon acceptance; approximately one third (\$3,000) upon acceptance of final layouts; the balance upon completion of the project. If any phase of the project is delayed for longer than sixty days, we will bill for work completed.

All invoices are net, payable within 30 days of receipt. Interest of 1.5 percent per month may be charged on past-due accounts.

As I have previously indicated, I believe my firm's experience handling similar projects provides Squeamish Graphics with the expertise necessary to do an outstanding job for Breakthrough.

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SQUEAMISH TO PROSPECT—3

If this proposal meets with your approval, please indicate by signing and returning one copy to me. A purchase order should be initiated as soon as possible.

If you have any questions, please call.

Thanks for the opportunity to submit this proposal. I'm looking forward to working with you.

Sincerely,

I. M. Squeamish
Principal