



MEL -  - CREAM® DONUTS

... Setting the standard in donuts since 1932!

Mel-O-Cream Donuts International, Inc. Broker Commission Policy

Brokers are paid a percentage of the Mel-O-Cream® Donuts International, Inc. standard, Zone A, F.O.B. price, less allowances and promotion costs for all invoices the customer pays during a QWP. (See Promotion Costs listed below.) The percent of commission is based on the amount stated in the broker agreement for each account.

PROMOTION COSTS

(Costs that will be deducted from gross sales amounts.)

- All off invoice and bill back allowances at any customer level including:
 - All wholesale or distributor allowances deducted from invoice payment.
 - All retail customer allowances deducted from invoice payment or in the form of a check request.
 - Food show bonus bucks.
 - All rebates or special pricing given to a customer in the form of a per case accrual or percent of sales in place of allowances.
 - All deductions for free product at any level of sales including slotting fees.
 - All samples taken from customer inventory.
 - All sales spiffs offered in place of an allowance. This will include telemarketing allowances and sales staff spiff at customer or broker level.
 - All corporate rebate programs.
 - All costs of free product when customer will accept free product for slotting fees or any approved function where free product is offered.
 - Any bill backs offered to sell manufacturer overstocks or short code product. (i.e. Reduced price sales/ Spoilage)

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MARKETING COSTS

(Costs that will not be deducted from gross sales)

- All non promotional costs of marketing product including:
 - All food show costs for booth fees. (Tables, electrical costs or any additional pre-approved costs of a food show.)
 - All deductions for quality control or delivered damaged. This does not include code problems due to slow movement or poor rotations, or customer damaged product.
 - All deductions or check requests for approved ad programs at all levels.
 - All samples that are delivered at no cost to the customer for any approved use.
 - All costs that are approved for any function such as meal sponsorship, golf outings, or seminars.
 - All premiums used to promote product sales.
 - Any pre-approved costs of flyers or booth signs incurred by the broker. (All requests must be approved every time prior to printing or billing.)

If for some reason you have a question about a cost that is not clearly outlined in this listing, please contact your Mel-O-Cream® Donuts International, Inc. representative to clarify.

Commission checks are normally sent within 3 weeks following the end of each QWP. Checks will be mailed following receipt of the QWP Broker Report.

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