

Mel-O-Cream Donuts International, Inc.

Damage and Credit Policy

Mel-O-Cream's policy on damaged product and/or cartons is as follows:

Product and/or cartons that are damaged during transportation will not be billed or invoiced, provided the receiving warehouse and the Mel-O-Cream driver makes the proper notations concerning damage on the bill of lading that is returned to the office. Disposition of any damage that occurs in transportation will be at the discretion of the Mel-O-Cream driver. (Most will be dumped on the spot or brought back to our plant.)

All remaining product that is received and signed for will be billed to the warehouse and becomes the property of the warehouse. Damage that may occur due to handling at the warehouse, becomes the responsibility of the warehouse.

Mel-O-Cream guarantees its products against manufacturing defects, in that its products will perform throughout the stated shelf life; provided the products are handled properly and not allowed to thaw and be re-froze.

In the unlikely event that product should not perform as expected, credit could be issued provided the following methodology is followed:

- (1) Contact local broker with product complaint.
- (2) Brokers will follow-up and fill out the proper product complaint form, which must include the batch code number on the end of the carton.
****Note: No credits will be allowed without carton code numbers.**
- (3) No credits will be given on out of date product.