

Distribution Agreement Overview

DISTRIBUTION AGREEMENT

This **DISTRIBUTION AGREEMENT** (“Agreement”) is made effective _____, 20__ (“Effective Date”) by and between _____ with its principal office at 255 Business Center Drive, Horsham, Pennsylvania 19044 (“**BAKERY**”) and _____ with its principal office at _____ (“**DISTRIBUTOR**”).

- Agreement is effective between BFBD (Bakery) and your business (Distributor).
- Agreement is the exclusive right to sell Products to Outlet in the Sales Area by Direct Store Delivery.
- Effective date is usually the first day of the week (Sunday) after the closing.

Schedule A

- Schedule A is the geographic boundaries of your Sales Area.
- The Sales Area is the inside of every boundary line.
- There are no additions or exceptions to the Sales Area unless noted on the document.
- Location of Outlets is determined by its street address.

SCHEDULE "A" SALES AREA DESCRIPTION

Depot: Anywhere, USA

Sales Area # 1234

Distributor: I LIKE TO SELL BREAD, INC.

Unless otherwise expressly indicated, only the inside (side facing the interior of the Sales Area) of every county line, state line, or other boundary line including, without limitation, roads and highways and natural boundaries such as rivers is included in the Sales Area. There are no additions and exceptions unless noted.

The location of any Outlet (including additions and exceptions) is determined by its street address. Any change in ownership or operation of an Outlet (i.e., change of "banner") is not considered a change in location. Any modification, expansion or other change to the Outlet structure or building is not considered a change of location. Any modification or change to the street address, including, without limitation, postal or emergency service address upgrades, is not considered a change of location.

BEGINNING AT A POINT where Burnt Hickory Rd NW intersects Barrett Pkwy NW
Then proceeding southwest on Barrett Pkwy NW to SR120
Then proceeding east on SR120 to John Ward Rd SW
Then proceeding south on John Ward Rd SW to Cheatham Hill Rd SW
Then proceeding southeast on Cheatham Hill Rd SW to SR360
Then proceeding northeast on SR360 to County Services Pkwy
Then proceeding south on County Services Pkwy to SR5
Then proceeding southwest on SR5 to East-West Connector SW
Then proceeding west on East-West Connector SW to Barrett Pkwy NW
Then proceeding north on Barrett Pkwy NW to Villa Rica Rd
Then proceeding southwest on Villa Rica Rd to W Sandtown Rd SW
Then proceeding northwest on W Sandtown Rd SW to Kennesaw View Dr SW
Then proceeding west on Kennesaw View Dr SW to SR120
Then proceeding northwest on SR120 to Due West Rd NW
Then proceeding north on Due West Rd NW to Burnt Hickory Rd NW
Then proceeding east on Burnt Hickory Rd NW to the POINT AND PLACE OF THE BEGINNING.

ADDITIONS:

This Sales Area also includes the following OUTLET(S) or area.

None

Schedule B

- Schedule B is the contractual definitions in the Sales Area.
- Lists the Products your company has rights to distribute.
- Lists the Channels (type of accounts) your company has rights to distribute to.
- The matrix lists which channels your company has rights to.

SCHEDULE "B"

Sales Center: Anywhere, USA

Sales Area: 1234

CONTRACTUAL DEFINITIONS

The following definitions apply for the purposes of this Distribution Agreement:

OUTLETS: "Outlets" means only those Outlets existing now or in the future identified below by a "check" indicating "yes," and defined herein, or as specifically included or excluded, but only to the extent the Outlet accepts delivery of Products from Distributor at the Outlet by Direct Store Delivery and the Product is either purchased or consumed by the ultimate consumer at that location.

Outlets shall not include bakery thrift stores established or operated by, or contracted with BFBD or its affiliates for the primary purpose of selling damaged, stale, off code products, although such bakery thrift stores may also sell any products, fresh or otherwise, which BFBD or its affiliates, in their sole discretion, deem appropriate to support that purpose.

PRODUCTS: "Products" means: all fresh baked breads, buns, rolls, cakes, muffins, tortillas, and similar fresh baked products intended to be sold as fresh, and sold under the following names and trademarks:

Arnold	Boboli	Sunbeam**	Bimbo FBG*
Ballpark	Colonial	Sara Lee FBG*	Bimbo SBG*
Entenmann's	Marinela SBG*	Thomas'	Bimbo DBG*
Dedicated Bread R&I	The Rustik Oven		

Exhibit 1 OUTLETS	SMALL RETAIL		RESTAURANT INSTITUTION		RESTAURANT INDEPENDENT		DRUG		SMALL HISPANIC		LARGE HISPANIC		MASS MERCHANDISER		GROCERY		CLUB	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Brands			X		X		X		X		X		X		X		X	
Arnold	X		X		X		X		X		X		X		X		X	
Boboli	X		X		X		X		X		X		X		X		X	
Bimbo FBG	X		X		X		X		X		X		X		X		X	
Bimbo SBG	X		X		X		X		X		X		X		X		X	
Bimbo DBG	X		X		X		X		X		X		X		X		X	
Ballpark	X		X		X		X		X		X		X		X		X	
Barcel	X		X		X		X		X		X		X		X		X	
Colonial	X		X		X		X		X		X		X		X		X	
Entenmann's	X		X		X		X		X		X		X		X		X	
Eureka	X		X		X		X		X		X		X		X		X	
Marinela SBG	X		X		X		X		X		X		X		X		X	
Private Label	X		X		X		X		X		X		X		X		X	
Sara Lee FBG	X		X		X		X		X		X		X		X		X	
Thomas'	X		X		X		X		X		X		X		X		X	

Article 4 – Sale of Product by Bakery to Distributor

- 4.1 **TITLE**. All Product is sold by BAKERY to DISTRIBUTOR absolutely and title and risk of loss shall pass to DISTRIBUTOR at the time and place of delivery of Product. For the avoidance of doubt, title and risk of loss shall remain with DISTRIBUTOR even in the case of Product sold by DISTRIBUTOR to Outlets which purchase Product by “scan based trading,” “pay by scan” or a similar method of payment.
- Once product is purchased by your company from Bakery, the product is the property of your company.
 - Your company will bear all risk of the product henceforth.

Article 4 – Sale of Product by Bakery to Distributor

4.2 **DELIVERY.** BAKERY agrees to sell and deliver to DISTRIBUTOR, or to arrange for such sale and delivery by affiliates, and DISTRIBUTOR agrees to buy and accept delivery of Products at such location (typically called a “depot”) as BAKERY may from time to time reasonably designate or approve. BAKERY agrees to use commercially reasonable efforts to fill DISTRIBUTOR’s orders in a reasonable and timely manner. Such efforts may include, without limitation, minimum tray requirement programs. In the case of shortage and/or a Force Majeure event, BAKERY reserves the right to fill orders on such reasonable basis as circumstances then permit. BAKERY AND DISTRIBUTOR ACKNOWLEDGE i) THAT CERTAIN PRODUCT ORDERS CAN ONLY BE FILLED BY BAKERY IN FULL TRAYS, WHICH MAY CAUSE BAKERY TO ROUND A PRODUCT ORDER TO THE NEAREST FULL TRAY and ii) THAT ORDERED CUTS AND PLUSES, AND ON OCCASIONS, CANCELLATIONS OF DELIVERIES, IN WHOLE OR IN PART, ARE AN UNAVOIDABLE ASPECT OF FRESH BAKERY PRODUCTION AND TRANSPORTATION. IN THE EVENT OF PLUSES, DISTRIBUTOR AGREES TO USE REASONABLE EFFORTS TO AFFECT THE SALE OF THE ADDITIONAL PRODUCT TO DISTRIBUTOR’S OUTLETS.

- BBU will round orders from time to time to ensure the ability to bake all product
- Cuts and Pluses of product are a normal part of the business

Article 4 – Sale of Product by Bakery to Distributor

4.4 **DELIVERY PROCEDURES.** DISTRIBUTOR agrees to immediately review the quantities of Product delivered and to promptly advise BAKERY of any difference in the quantities delivered as compared with the quantities indicated on the daily “load sheet” or “load invoice” (or similar document or its electronic equivalent). If DISTRIBUTOR does not notify BAKERY of any difference within the time required by depot policy (and if no such policy, prior to leaving the depot), the load sheet or invoice prepared by or on behalf of BAKERY shall be presumed as conclusively accurate and DISTRIBUTOR shall be charged and obligated to pay for all Product identified thereon. BAKERY may from time to time implement and/or amend programs regarding Product deliveries and/or Product accountability, including depot hours of operation and check-in procedures. DISTRIBUTOR agrees to reasonably cooperate and comply with such programs.

- It is your company’s responsibility to notify BBU of any discrepancies between product quantity delivered and product quantity on the daily load invoice.
- If BBU is not notified the daily load invoice will be presumed accurate and BBU will charge your company for all products purchased as listed.

Article 6 – Distributor’s Obligations

6.1 **RESULTS.** DISTRIBUTOR shall retain exclusive control over the manner and method of operation of DISTRIBUTOR’s business but is responsible for conducting its operations to achieve the results required by this Agreement. Specifically, DISTRIBUTOR agrees to develop and maximize purchases from BAKERY and sales of Products to Outlets within the Sales Area by all reasonable means including:

- (a) Maintaining an adequate and fresh supply of Product to all Outlets;
- (b) Rotating Products to promote sale before they become stale or Overcode;
- (c) Promptly removing all stale or Overcode Product from Outlets;
- (d) Cooperating with BAKERY or its affiliates in marketing programs;
- (e) Selling and distributing Products in a manner that enhances the reputation and goodwill of the Product trademarks, trade names and/or brands;
- (f) Supporting secondary displays and utilizing BAKERY recommended point-of-sale materials;
- (g) Satisfying Outlet requirements, guidelines and expectations including service frequency requests service windows, promotions, merchandising and in scan based trading Outlets, weekly Product inventories;
- (h) Providing service to Outlets on a basis consistent with good industry practice as of the Effective Date and as such practice may change from time to time;
- (i) Maintaining a reasonable rate of Product returns;
- (j) Conducting its business in a professional, honest, ethical and safe manner and ensuring that DISTRIBUTOR’s employees and contractors do so as well; and
- (k) Selling and distributing “Private Label” Product, if applicable, solely to the Outlet which owns such private label
- (l) Cooperating with BAKERY in the event of a Product recall, withdrawal, recovery or similar retrieval due to a Product quality issue, including, promptly removing such Product from Outlets if requested by BAKERY.

- Bakery retains the right to review your company’s performance under the Agreement.
- Out of Stock, low stock, and Overcode conditions, excessive returns, and/or Outlet complaints of improper or unsatisfactory service shall constitute a material breach of the Agreement.

Article 6 – Distributor's Obligations

- 6.2 **NO SALES OUTSIDE SALES AREA.** DISTRIBUTOR agrees not to sell, offer to sell or distribute, either directly or indirectly, Products outside the Sales Area and shall take action to prevent sales and distribution of Products outside the Sales Area by DISTRIBUTOR's employees, contractors and/or representatives. DISTRIBUTOR agrees not to engage in internet sales of Products or sales in any electronic media that may be developed in the future.
- Your company only has the right to distribute product to outlets inside your Sales Area geography as outlined by your Schedule A.
 - Your company only has the right to distribute products to certain channels as outlined by your Schedule B.

Article 6 – Distributor's Obligations

6.6 **OTHER ACTIVITIES AND CONFLICTS OF INTEREST.**

(a) DISTRIBUTOR is free to engage in business and other activities, including selling other products, unless and except to the extent that such other activity is competitive with or could contaminate the Products, such other activity is inconsistent or interferes with the obligations of DISTRIBUTOR hereunder or such other activity presents a reasonable risk of harm to BAKERY's business, brands, or reputation.

- Your company cannot distribute any competitive products or products that could contaminate product purchased from BBU.
- Reach out to your OSL if you have any questions about competitive products.

Article 8 – Bakery Obligations

8.1 **DELIVERY AND COOPERATION**: BAKERY shall use commercially reasonable efforts to deliver to DISTRIBUTOR the Products ordered by DISTRIBUTOR to supply Outlets requesting to purchase Product in the Sales Area, to assist in the development of new Outlets, to pursue the development of new Products, to assist in pursuing promotional opportunities in Outlets, to preserve and develop the quality and marketability of the Products and to cooperate with DISTRIBUTOR's sales efforts.

- Bakery will make every reasonable effort to deliver to your company the Products you order on the correct sales date.
- Bakery will work with your company to develop the Sales Area, create new products, and pursue promotional opportunities in your Outlets.

Article 8 – Bakery Obligations

8.2 **SALES TO CHAINS – BAKERY AS REPRESENTATIVE:** DISTRIBUTOR and BAKERY acknowledge and agree that substantial opportunities for sales of Products to Outlets in the Sales Area depend on satisfying the needs and purchasing requirements of Chains that desire to purchase Products for multiple Outlets, including Outlets within the Sales Area and Outlets outside of the Sales Area that may be served by other distributors of BAKERY or by BAKERY or its affiliates. Both DISTRIBUTOR and BAKERY acknowledge that many Chains, for their own convenience and efficiency, establish uniform prices and promotions and standard terms and conditions of sale. In order to accommodate the purchasing needs and requests of Chains, and thereby maximize the opportunity for DISTRIBUTOR to sell Products to the Chains' Outlets, DISTRIBUTOR hereby requests and agrees that BAKERY and its affiliates may engage in communications with Chains, address subjects such as uniform prices and promotions, service requirements of Chains, standard terms and conditions of sale, centralized billing and similar matters pertaining to the sale and delivery of Products to the Chains' Outlets and hereby appoints BAKERY and its affiliates to act as its non-exclusive Representative. The Representative relationship between BAKERY and DISTRIBUTOR is strictly limited to negotiating commercially reasonable prices, promotions, terms, conditions and authorizations for the sale of Products to Chains, and providing DISTRIBUTOR information regarding Chain authorized prices, promotions and terms and conditions to sell Products in their Outlets. DISTRIBUTOR RETAINS THE RIGHT TO NEGOTIATE PRICES AND TERMS DIRECTLY WITH A CHAIN AND TO SELL PRODUCTS TO THE CHAIN AT WHATEVER PRICES AND TERMS DISTRIBUTOR CAN NEGOTIATE. DISTRIBUTOR may revoke the designation of

- Bakery acts as your company's representative to negotiate chain customer promotions, prices, product authorizations, etc. on your company's behalf.