

EXHIBIT C

MILITARY DELIVERY AGENT AGREEMENT

Kraft Foods - Retail Products

This Military Delivery Agent Agreement, dated March 25, 2003, is by and between such operating units and subsidiaries of Kraft Foods North America, Inc., a Delaware corporation, as shall execute this Agreement (collectively "Kraft") and Fleming Companies, Inc., Lincoln Division, an Oklahoma corporation ("Agent").

WHEREAS, Kraft is a manufacturer of branded food products to the retail grocery industry, including military commissaries, exchange shopettes and other military installations, and Agent is a distributor and/or delivery agent of food products; and

WHEREAS, Kraft wishes to engage the services of Agent to deliver its products to certain military installations, and Agent wishes to accept such engagement, all pursuant to the following terms and conditions set forth below;

NOW, THEREFORE, for good, valid and mutual consideration, receipt of which is hereby acknowledged, the parties agree as follows:

1. Nature and Scope of Relationship.

(a) During the term of this Agreement, Agent shall serve as a non-exclusive delivery agent for the military commissaries, exchange shopettes and other installations set forth in Exhibit A attached hereto and incorporated herein by this reference (hereinafter individually or collectively the "Military Customers"). Exhibit A may be amended from time to time on written notice from Kraft to Agent. This Agreement shall relate to all products that are now or may in the future be designated by Kraft as available for sale to Agent for Military Customers (the "Products").

(b) The parties acknowledge and agree that Agent's relationship with Kraft hereunder is solely that of a delivery agent. Agent may also distribute Products to non-military Customers, and the terms of this Agreement shall not apply to such distribution relationships.

(c) Agent understands and agrees that Kraft reserves the unrestricted right to solicit and make direct sales and deliveries of Products to any Military Customer and to appoint such additional agents or brokers for the delivery of the Products, whether for the Military Customers or for other military or retail customers, as in Kraft's sole judgment may be desirable, without obligation to Agent of any kind.

(d) Agent acknowledges that Kraft does not require that Agent handle Kraft Products exclusively.

2. Operations and Procedures. In servicing the Military Customers hereunder, the parties shall perform in accordance with the following procedures:

(a) Agent shall purchase every Product that is authorized by the Government for stockage in the Military Customers' stores.

(b) Agent shall maintain a quantity of Military authorized Products adequate to fulfill a 95% service level to Kraft's Military Customers. This includes new Products that Kraft is introducing to the Military market.

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(c) As agent for Kraft, Agent shall perform all warehousing, order fill and distribution services necessary to effect delivery to all assigned Military Customers. Agent shall accept orders from and deliver Products promptly to the Military Customers in quantities and at locations designated by such Military Customers.

(d) Agent shall comply with all aspects of the Military Customer's Frequent Delivery System (FDS) program or DIBS Overseas Order Placement System (DOORS), as published by the Defense Commissary Agency's Central Headquarters, the terms of any Memorandum of Understanding between Agent and the applicable Military Customer and any exchange market delivery regulations.

(e) Upon receipt of an order from a Military Customer for shipment to a commissary or upon the direction of Kraft in the event that Kraft receives such order for Products, Agent shall deliver Products to the applicable commissary or exchange as required by the Military Customer.

- Military Commissary Customers may require daily deliveries over a weekly period or bimonthly period (first to fifteenth, or sixteenth through end of the month)
 - On a daily basis, consistent with daily Military deliveries, the Agent shall transmit to Kraft a copy of the Advanced Shipping Notice (ASN /EDI 856) generated for all Government deliveries.
 - In addition, after every weekly or bimonthly delivery period, within the time period specified on Exhibit B hereto, the Agent will electronically submit a consolidated delivery receipt (EDI 867-Product Transfer and Resale transaction) that "Rolls-up" the daily deliveries to the commissaries into a consolidated delivery receipt covering such weekly or bimonthly periods (the "Roll-up Receipt").
 - The Roll-Up Receipt shall contain the following information: (1) military outlet name, address and DODACC number, (2) roll-up period, (3) call number, contract number (PINN number), vendor name and any other information required by the military for processing invoices, and (4) quantity delivered by roll-up period.
 - Every Roll-Up receipt must be reconciled by the Agent with the DeCA "Pre-Roll" (DeCA's confirmation of delivery acceptance) to verify quantities, totals and Purchase Order numbers are in agreement with the Military's receiving records. The Agent will be responsible for resolving claims by the Military against Kraft for any quantity discrepancy.
 - "Reconciled" roll-ups must be received by Kraft within five (5) business days (or within the negotiated time period listed in Exhibit B) following the end of each roll-up cycle.
- Military Exchange Customers may also require daily deliveries, however, no "Roll-Up" process will be performed. With respect to Exchange deliveries, Agent shall submit to Kraft signed Delivery Tickets as evidence of delivery ("Proof of Delivery") within ten (10) working days of the actual delivery.
- Agent shall receive no delivery service fee as described in Section 4(d) hereof when Agent submits Roll-Up Receipts or the Proof of Deliveries more than thirty (30) days after the specified due dates.

(f) For Military Commissary deliveries, Agent shall maintain and make available to Kraft on request, copies of the "Pre-Roll" issued by DeCA as proof of

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delivery for product delivered to the assigned Military Commissary Customer within ten (10) business days of said request.

(g) Agent shall tender to Kraft for Military Exchange Customers, a signed copy of proof of delivery with every Delivery Ticket submission for reimbursement.

(h) Agent agrees to comply with the supplemental operating procedures set forth in Exhibit C and the warehousing practices set forth in Exhibit D, each of which is attached hereto and incorporated herein by reference.

(i) Agent shall maintain adequate facilities for the warehousing and timely distribution of the Products. Agent, at its own expense, shall pay and discharge all charges, costs, fees and taxes arising out of its business.

(j) Agent shall comply with all applicable federal, state and local laws relating to the services to be provided hereunder, including but not limited to those relating to permitting or licensing and to the distribution or sale of product for human consumption. Agent must also comply with Kraft rules, regulations, policies and standards communicated to the Agent by Kraft from time to time, including but not limited to those relating to quality assurance.

(k) Kraft shall have the sole responsibility for soliciting sales from Military Customers hereunder and shall also be solely responsible for soliciting the participation of such Military Customers in Kraft's merchandising and promotional programs. Agent has no responsibility under this Agreement for soliciting Military Customers on behalf of Kraft.

(l) Kraft shall designate and assign the Military Customers to be serviced by the Agent and notify the Agent of the locations to which orders are to be delivered.

(m) Agent will make every reasonable effort to maintain good trade relations so that Kraft's relationships and reputation with Military Customers is enhanced. Agent will handle special orders and/or provide special services when necessary to meet the unique circumstances or business contingencies of Military Customers. Agent shall safeguard, promote and maintain high quality for all products distributed to Military Customers.

(n) At any time during the term hereof or for one (1) year after any termination hereof, during normal business hours and upon reasonable oral or written notice, Agent shall permit Kraft and its agents and employees to enter Agent's facilities where Products are handled, stored, transported or displayed for the purpose of inspecting such facilities, taking samples, conducting inventory or auditing Agent's books and records. Agent shall cooperate with Kraft in connection with such inspections and/or audits and shall provide Kraft with such information or documentation as it shall reasonably request.

3. Product Responsibilities.

(a) Agent shall bear all risks of loss with respect to the Products from either (i) the time of delivery of the Products to Agent's receiving dock in the event that Kraft is responsible for shipment and transit insurance for the Products or (ii) the time

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that Agent picks up the Products at Kraft's dock in the event that Agent is responsible for shipment and transit insurance for the Products, to the time of Agent's delivery of such Products to the applicable Military Customer.

(b) Agent shall accept and make note of all shortages, overages and damaged products on shipments received from Kraft and notify the appropriate operating company's claims department of these discrepancies within twenty-four (24) hours of receipt. Shortages/overages will be billed or credited at the Purchase Price (as defined in Section 4(a) hereof) on the day that Product was delivered. If the shortage/overage can be related to a specific invoice, then the price stated on the invoice will apply.

(c) All risks of credit, collection and return of merchandise (and such other risks, if any, as a seller customarily bears in the food distribution industry) shall be the responsibility of Kraft; provided, however that Agent shall be solely responsible for (i) any delivery of Product which is less than or greater than the order associated with shipments to the Military Customer, (ii) any damage incurred to Product not specifically noted and reported at the time of receipt of the shipment from Kraft, and (iii) losses in Product value due to improper code rotation or any other issue related to code dates or unsalability. Should any of above mentioned over, short or damage situation arise on an Agents delivery to the Military, Kraft will not pay or amend delivery service fees (as described in Section 4d). Delivery service fees will be based strictly on the delivered quantities submitted on the Roll-ups or the signed delivery receipts.

4. Pricing; Payment.

(a) Kraft shall sell Products to Agent, and Agent shall purchase Products from Kraft at a purchase price (Price list price less applicable off invoice allowances) established at the order date of the shipment from Kraft to the Agent.

- The Agent's price list price will be based on the Agent purchase order size, in accordance with Kraft's standard Bracket Price Structure. Based on expected efficient delivery practices, full truckload orders should normally be established as the Agent's minimum order weight.
- The Agent's purchase price may also include off invoice allowances available to commercial customers such as: trade deals, customer allowance, backhaul, direct plant shipment and swell allowance.

(b) Kraft shall invoice Agent upon delivery to or pick-up by Agent for Products sold. Payment terms for Kraft products are as set forth in Exhibit B.

(c) Within ten (10) business days of Kraft's receipt from Agent of an acceptable Roll-Up Receipt or Proof of Delivery, Kraft shall pay the Agent for product delivered as evidenced by the Military Roll-Up or Delivery Receipt.

- Payment will be made by credit memo or check at Kraft's sole discretion.
- The payment re-purchase price (price list price less applicable off invoice allowances such as trade deals and swell allowance) will be based on the prices in effect on the first day of the calendar month for the Roll-Up period or Delivery Ticket receipt date.
- The Agent's re-purchase price bracket will be a full truckload purchase bracket, as determined by the Agent's historical purchase records. Exceptions to compensation at a full truckload re-purchase bracket (i.e.

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Bracket 2 or Bracket 3) must be requested in writing by the Agent to Kraft with the business rationale documented. Exceptions may or may not be granted at Kraft's sole discretion.

- The re-purchase price will not recapture allowances paid to the Agent for efficient supply chain practices such as, customer allowance, backhaul, direct plant shipment and efficiency bracket pricing.
- The re-purchase price will recoup swell allowances, freshness allowances and applicable trade deals.
- The Agent's payment for product delivered to the Military will coincide with Kraft's invoicing of the Military Customer for such delivered products.

(d) Kraft shall pay to Agent a delivery service fee at an established per case rate as set forth on Exhibit B on all Products purchased from Kraft and redistributed to Military Customers. Such delivery fee shall cover Product redelivery costs and other handling, warehousing and administrative expenses related to the Military Customer's Frequent Delivery System (FDS) or DIBS Overseas Order Placement System (DOORs) requirements and to activities required by Kraft to service Military Customers. Payment of such delivery fee will be made at the time of Agent reimbursement for Military delivered products. Delivery fee payments will be added to credit memos or checks issued to the Agent for reconciled Military Roll-Ups and supported Delivery Tickets.

(e) Agent shall take no deductions for Military products or delivery service fees unless authorized by a credit memo from Kraft. Kraft shall have the right to offset any balance due Kraft against any credits or monies due the Agent, under this Agreement or any other agreement between the parties, in the event Agent files for bankruptcy or fails to pay bills when due.

(f) Kraft recognized that Agents have the right to review invoicing and credit records. Agents review of such records must comply with the Post Audit procedures and timelines set forth in Exhibit G which is attached hereto and incorporated herein by reference.

(g) Kraft shall have sole responsibility for invoicing the Military Customer, and the Military Customer shall make payment directly to Kraft. Agent shall have no obligation to perform any services related to billing or collection, unless requested to do so by Kraft.

(h) Agents shall not quote prices or make any other representation to the Military Customer with respect to price or allowances. It is the sole responsibility of Kraft to discuss pricing issues with the Military Customers. If Agent complies with a Military Customer's request for a price reflection on the delivery ticket, Roll-Up Receipt and/or Proofs of Delivery, Agent shall remain financially accountable to Kraft for any subsequent billing problems that may occur where Agent's negligence or willful conduct has resulted in the Products being incorrectly priced.

(i) In the event Agent distributes Products both to Military Customers and the commercial retail market, with respect to each shipment, tonnage of Products purchased by Agent for Military distribution may be submitted as a single shipment from

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Kraft. The Agents bracket price eligibility will be determined based on the total tonnage associated with the shipment, regardless of the final store level distribution.

(j) Agent will be financially responsible to Kraft for any non-payment or short payment of a Kraft invoice to a Military Customer if the basis for non-payment is a dispute regarding the validity of the delivery documents, including, but not limited to, a failure by the Agent to provide a Proof of Delivery or Roll-Up Receipt acceptable to the military. (This does not include pricing disputes.)

5. Term and Termination.

(a) This Agreement shall commence on the date of execution hereof and shall continue until terminated in accordance with Section 5(b) or (c). Although the parties desire this Agreement to be mutually profitable, Agent acknowledges and agrees that Kraft has made no representation or warranty that this Agreement will continue for any period of time. Accordingly, all investments made by Agent are at its own risk and not in reliance on the expectation of the continuation of this relationship.

(b) Either party may terminate this Agreement at any time, without cause and for any reason, upon thirty (30) days prior written notice to the other party. In the event of such termination, neither party shall have any further rights or obligations thereunder, except for (i) the obligations set forth in Section 4(a) with respect to outstanding orders from Agent not yet delivered and existing Agent inventory for which Kraft has not yet received payment, (ii) the obligations set forth in Section 4(c) with respect to Products delivered by Agent to the Military Customers for which Agent has not yet received payment and (iii) and the obligations set forth in Sections 6, 7 and 10 hereof, all of which shall survive any termination of this Agreement for any reason. Additionally, in the event of such termination, existing product inventory may be repurchased from the Agent by Kraft under the conditions set forth in Exhibit F.

(c) This Agreement may be terminated immediately by either party in the event of Default by the other party. The term "Default" shall mean any of the following:

(i) failure by a party to comply with or to perform any provision or condition of this Agreement and continuance of such failure for ten (10) days after written notice thereof to such party; or

(ii) a party becomes insolvent, is unable to pay its debts as they mature or is the subject of a petition in bankruptcy, whether voluntary or involuntary, or of any other proceeding under bankruptcy, insolvency or similar laws; or makes an assignment for the benefit of creditors; or is named in, or its property is subject to a suit for appointment of a receiver; or is dissolved or liquidated; or

(iii) Kraft determines that Agent has diverted product or acquired product from another Customer and redistributed the diverted product to the military; or

(iv) any warranty made in this Agreement is breached, false, or misleading in any material respect.

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In the event of such termination, the non-defaulting party shall be entitled to pursue any remedy provided in law or equity, including injunctive relief and the right to recover any damages it may have suffered by reason of such Default.

6. Confidentiality. Agent shall regard as confidential and proprietary all of the information communicated to it by Kraft in connection with this Agreement (which information shall at all times be the property of Kraft). Agent shall not, without Kraft's prior written consent, at any time (a) use such information for any purpose other than in connection with the Kraft Products or (b) disclose any portion of such information to third parties. Agent shall promptly at the termination of this Agreement return to Kraft all such information which is in written or tangible form (including, without limitation, all copies, summaries and notes of the contents thereof), regardless of the party causing the same to be in such form. Agent shall cause each of its employees, agents and representatives who has access to such information to comply with the terms and provisions of this Section in the same manner as it is bound by this Section.

7. Indemnification.

(a) Kraft shall indemnify, defend and hold Agent harmless from all liabilities, damages, injuries, suits, judgments, claims, causes of action and expenses (including reasonable attorneys' fees, court costs and out-of-pocket expenses) suffered or incurred by Agent as a result of (i) a breach of any representation, warranty or covenant made thereunder, (ii) except with respect to products liability, any act or deed, whether by way of tort or contract, committed or omitted by Kraft, its employees or agents in the performance of this Agreement or (iii) in connection with product liability, a failure to comply with all valid federal, state or local laws, ordinances and regulations or a breach of warranty, express or implied, as to the quality of the Product at the time of delivery to Agent if such quality does not comply or is defective through causes arising in the production, packaging, delivery or storage by Kraft or for tort damages arising out of negligence or omission by Kraft or its employees in producing, packing, or storing or delivering the Product.

(b) Agent shall indemnify, defend and hold Kraft harmless from all liabilities, damages, injuries, suits, judgments, claims, causes of action and expenses (including reasonable attorneys' fees, court costs and out-of-pocket expenses) suffered or incurred by Kraft as a result of (i) a breach of any representation, warranty or covenant made thereunder, (ii) any act or deed, whether by way of tort or contract, committed or omitted by Agent, its employees or agents in the performance of this Agreement or (iii) that in any way arise in connection with the Product, except if such liability arises as a result of Kraft's breach of any of its obligations under this Agreement.

8. Insurance. Agent shall maintain at all times during the term of this Agreement, comprehensive automobile and general liability insurance, including product liability insurance, each covering bodily injury and property damage in the amount of five million dollars (\$5,000,000) combined single limit, from carriers satisfactory to Kraft. Such policies shall designate Kraft as an additional insured therein. The policy for such insurance shall be endorsed to provide contractual liability insurance in the amount specified above, specifically covering Agent's obligations to Kraft pursuant to Section 7 above. Agent shall also maintain workers' compensation insurance as required by law and employer's liability insurance in the amount of three

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hundred thousand dollars (\$300,000). All such insurance shall provide for thirty (30) days' prior written notice to Kraft from the insurer in the event of any material modification, cancellation or termination. A certificate of insurance for such coverage shall be delivered to Kraft prior to the delivery of any Products to the Military Customers and annually thereafter.

9. Independent Contractor. Nothing contained herein shall be deemed or construed to create any partnership or joint venture between Kraft and Agent. All activities by Agent or its subcontractors under the terms of this Agreement shall be carried on by Agent or its subcontractors, as an independent contractor and not as an agent for or employee of Kraft. Under no circumstances shall any employee of Agent or employee of its subcontractors be deemed or construed to be an employee of Kraft. Kraft shall not be liable for any injuries or damages incurred by Agent, or its subcontractors, as a result of its activities in the performance of this Agreement.

10. Use of Trademarks. Neither Agent nor any agent acting under Agent shall have the right to use the brand names and trademarks in any way or manner whatsoever, including, without limitation, use on buildings, equipment, vehicles or stationery, without the written approval of Kraft. Agent shall be responsible for assuring that any such permitted uses conform at all times with the standards necessary to promote and maintain the excellent reputation for high quality now associated with such trademarks. In the event of any termination pursuant to Section 5 hereof, any permitted uses of trademarks must cease immediately on the effective date of such termination.

11. Additional Legal Obligations. Agent recognizes that Kraft is subject to various statutes, regulations, Executive Orders, and other legal obligations as set forth in Exhibit E and incorporated herein by this reference, and agrees to abide by such provisions, as applicable. All obligations of Agent and all rights of Kraft expressed herein shall be in addition to and not in limitation of those provided by applicable law.

12. Force Majeure. Except for payment obligations hereunder, neither party to this Agreement shall be held liable for failure to comply with any of the terms of this Agreement, nor shall any such failure be deemed a default or give rise to a right to terminate this Agreement when such failure has been caused solely by fire, labor dispute, strike, war, insurrection, government restrictions, force majeure or act of God beyond the control and without fault on the part of the party involved, provided such party uses due diligence to remedy such default. However, if such failure to comply continues for more than thirty (30) days, the party not in default shall have the right to terminate this Agreement.

13. Assignment. Agent acknowledges that the services to be rendered by it to Kraft are unique and personal. Accordingly, Agent may not assign any of its rights or delegate any of its obligations under this Agreement without the prior written consent of Kraft. This Agreement shall inure to the benefit of Kraft and to Kraft's successors, assigns or affiliates.

14. Waiver. The failure of either party to enforce any provision of this Agreement for any period of time shall not be a waiver of any such provision or of such party's right to enforce it and all other provisions hereof. In the event that any material provision of this Agreement is held to be unenforceable, either party may terminate this Agreement.

MILITARY DELIVERY AGENT AGREEMENT**Kraft Foods - Retail Products**

15. **Notices.** All notices pursuant to this Agreement shall be in writing and delivered personally or sent by overnight courier or by registered or certified mail, postage prepaid, return receipt requested, as follows:

If to Agent:

DIRECTOR OF MILITARY
FLEMING
PO BOX 299013 LEWISVILLE TX 75029
Attention: Mike Dawson

If to Kraft:

Kraft Foods, Inc. _____
84 NE Loop 410, Ste.100 _____
San Antonio, TX 78216 _____
Attn.: Joel Wilks _____

Any notice delivered personally shall be deemed to have been given on the date it is so delivered, and any notice delivered by overnight courier or registered or certified mail shall be deemed to have been given on the date it is received. Either party by notice in writing delivered or mailed to the other may change the name or address or both to which future notice to such party shall be delivered.

16. **Choice of Law.** This Agreement shall be construed in accordance with the laws of the State of Illinois.

17. **Merger, Amendment.** This Agreement expresses fully the understanding of the parties and supersedes and merges all prior agreements and discussions between the parties relating hereto. No changes in the terms of this Agreement shall be valid, except when and if reduced to writing and signed by both Agent and Kraft.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective duly authorized officers on the day and year first above written.

[Kraft OPERATING UNIT OR
SUBSIDIARY]

[AGENT]

By: _____

Title: Region Manager

By: M. Dawson

Title: DIRECTOR OF MILITARY

EXHIBIT A

Military Customer(s) :

[illegible]

EXHIBIT B**1. Time Period for Receipt of Roll-Up Receipts and Proofs of Delivery**

<u>Transaction or Required Document</u>	<u>Due Date</u>
Advanced Shipping Notice (EDI ASN 856)	Upon release of the shipment to the Military Customer
Reconciled Roll-Ups (EDI 867)	Within 5 Business Days after the end of the Roll-Up cycle.
Pre-Roll Proof of Delivery	Within 10 Business after request
Exchange Delivery Tickets	Within 10 days after Delivery is completed
Signed Proof of Delivery for Exchanges	Submitted in conjunction with the Delivery Ticket or within 5 days after submission of the Delivery Ticket

2. EDI Transactions and Non-EDI Delivery Receipts

The Following is the Business Unit ID, Interchange ID and the Duns Number to be used for transmitting delivery receipts and daily ASN's:

<u>Interchange ID (ISA08)</u>	<u>Group Receiver Code (GS03)</u>	<u>Duns Number</u>
001 339 035	914 335 7552	001 339 036

Non EDI Delivery Receipts are to be sent to: Kraft Foods North America, Inc.
2202 North Irving Street
Allentown, PA 18103
Attn: Military Customer Service

3. PINN Numbers

The following PINN Numbers are covered under the terms of this contract

<u>PINN Number</u>	<u>PINN Contract Name</u>
00G2078	Oscar Mayer Meat
00G2079	Claussen Pickles
00G2080/00G2081	Random Weight Oscar Mayer
00G2082/00G2083	White Plains Dry
00G2084/00G2085	Kraft Frozen
00G2086	Kraft Refrigerated
00G2088	Kraft Dry
00G2089/00G2090	Kraft Cultured

EXHIBIT B

99G0036	Boca Products
99G0053/99G0054/02G2656	Planters, Produce Nuts and Confections
00G2097	Callard & Bowser
99G0055	Marshmallows and Baking Nuts
03G2773	Fresh Prep

4. Kraft Payment Terms

<u>Business Unit</u>	<u>Standard Terms</u>	<u>EFT Terms</u>
Kraft Retail	Net 10	Net 10, Good Funds in Bank
day 15		

5. Delivery Service Fee Per Case Rate

Fees will be added to credit memos or checks issued by Kraft to the Agent for reconciled roll-ups and supported Delivery Tickets.

<u>Kraft Product Classification</u>	<u>Mainland Rate</u>
Frozen	\$0.75
Grocery	\$0.69
Oscar	\$0.85
Fresh Prep	\$0.85
Refrigerated	\$0.72

Kraft Product Classification defined:

Grocery	Hot and Cold Cereals, Coffee, Rice, Stuffing's, Baking, Canning, Coatings, Toppings, Viscous, Pourables, Box Dinners, Taco Bell, Gelatin, Pudding & Pie Filling, RTE Shelf Stable Desserts, Barbecue Sauces, Bacon Bits, Powdered Soft Drinks, Capri Sun, Kool Aid Bursts, Mr. Freeze, A1 Steak Sauce, Knox, Grey Poupon, Planters, Farleys Marshmallows, Caramels, Life Savers, Milk Bone, Balance Bar, Oasis, Terry's, Trolli, Milka, Toblerone and Altoids.
Refrigerated	Cottage Cheese, Yogurt, Dips, Sour Cream, DiGiorno, R-T-E Jell-O, Horseradish Sauces, Process Slices, Natural Cheese, Cream Cheese, Other Cheese, Velveeta Slices, Velveeta Loaf, Handi Snacks, Grated Cheese, Cheez Whiz, Off the Block Cheese, Harvest Moon Exact Weight Cheese Knudsen Sour Cream, Knudsen Cottage Cheese, Knudsen Yogurt, Pollio

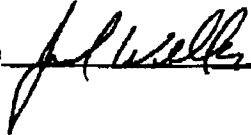
EXHIBIT B

Oscar Mayer Oscar Mayer, Louis Rich, Claussen

Fresh Prep Dinner Kits

Frozen Cool Whip, Retail Frozen Cheesecake, Boca

Kraft Foods Signature



Customer

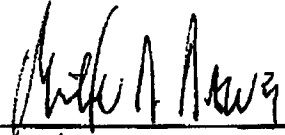

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EXHIBIT C

MILITARY DELIVERY AGENT'S AGREEMENT SUPPLEMENTAL OPERATING PROCEDURE

ITEM STOCKAGE

All items authorized by the Military Customer's buying department and chosen by military outlets as stockage items will be regularly purchased and stocked by the Agent to service military store orders. The commercial retail market availability and movement history of these same items must not impede the stocking of these products to service the Military Customers. New products being introduced into the military market are included in this stipulation.

DISCONTINUED ITEMS AND DEAD STOCK ISSUES

Military Stocked exclusive items showing no military store order activity over a forty-five (45) day period should be brought to Kraft Military Sales' attention before being considered for delistment by the Agent. DeCA operating procedure provides a set period of time within which discontinued stocks can be liquidated through special commissary sales action. Saleable, full case-lots of product remaining at the end of the special commissary liquidation effort can be accepted for return and credit by the appropriate Kraft operating unit upon Kraft Military Sales approval.

STOCK LEVELS

Agent inventory levels must always be adequate to fully support the military's regular orders and promotional needs. Agent must consistently deliver no less than at ninety-five percent (95%) service level, which shall be calculated by dividing the quantity shipped by the quantity ordered. Prior to scheduled Military Customer promotional events, stock levels must be increased on appropriate items to adequately service every store throughout the promotional event. Kraft Military Sales recognizes its responsibility to provide proper notification, promotional order lead-time and recommended order quantities for each Military promotion commitment.

PRODUCT ROTATION

Proper stock rotation of product is the sole responsibility of the Agent. No reimbursement or credit will be issued by Kraft for any out-of-date code warehouse product that is a result of poor or improper Agent stock rotation.

SERVICE LEVEL REPORTS

Agent agrees to provide, on a "cases ordered versus cases delivered" basis, monthly service level reports for every assigned Military Store. Any Kraft caused "Out of Stock"(OOS) must be so noted when explaining actual store service levels. Additionally, as normal operating practice, Agent will immediately bring to Kraft Military Sales' attention any anticipated distributor O.O.S. condition which is expected to last three (3) or more days.

EXHIBIT C**MILITARY DELIVERY AGENT'S AGREEMENT
SUPPLEMENTAL OPERATING PROCEDURE****WAREHOUSE SLOTTING ALLOWANCES**

Kraft Military Sales will not pay any surcharge to the Agent's for warehouse slotting of products required to service assigned military customers. Agent acknowledges such warehousing, and any/all associated costs are part and parcel of doing business in this specialized market.

DAMAGE AND UNSALABLE POLICY

Kraft unconditionally guarantees the salable condition of its product at the time the merchandise is shipped from any Kraft location direct to Customers. Any claims for the following reason will be reimbursed or credited provided they are disclosed upon receipt of delivery at the Agents warehouse:

- Broken glass
- Crushed, dented or collapsed products
- Solled, stained or sticky products

The following product conditions are the Agents responsibility and are not eligible for reimbursement by Kraft:

- Undamaged, salable product
- Product damaged at a Agents warehouse or in transit to the Military
- Agents warehouse overstocking
- Outdated product from mishandling and misrotation
- Product not purchased direct from Kraft

At no time should the Agent accept or encourage the return of outdated, broken, unsalable, etc. product from the Military Commissary or Exchange to an Agent's warehouse or reclamation center. Kraft will not reimburse the Agent for any unsalable or distressed product returned from a government facility.

EXHIBIT D**GOOD WAREHOUSING PRACTICES**

1. The Agent records the trailer seal number, product and trailer temperature of each lot of product received and range of code dates. Lot arrival records are retained for a period of at least one (1) year.
2. Whenever frozen/refrigerated foods are received by the Agent with product temperatures that exceed standards established by the processor, the Agent should immediately notify the appropriate Kraft operating company and request instructions for special handling. These procedures may consist of any available method for effectively lowering temperatures such as blast freezing, low temperature rooms and proper use of dunnage in stacking. The product is not released to a carrier or other agent unless specifically directed by a Kraft designated agent.
3. Ensure that embargoed or damaged product not be released for shipment.
4. Frozen/refrigerated foods are promptly moved through loading and unloading areas to minimize exposure to elevated temperature or other adverse conditions.
5. During cooler/freezer defrosting, product must be effectively protected from thermal abuse and removed from areas of accumulated frost.
6. Storage temperatures required are as follows:

Dry Goods	34° to 95°F
Frozen Materials	-15° to 0°F
Refrigerated Materials	34° to 40°F
7. Frozen foods, when picked for order assembly, are maintained at a uniform temperature of 0°F or colder.
8. Refrigerated foods, when picked for order assembly, are maintained at a uniform temperature range of 34° to 40°F.
9. Dry Food must be protected against freezing or temperatures above 95°F.
10. If slip sheets are employed, the bottom units must be supported from the floor of the warehouse by a pallet or other means.
11. All vehicles used to transport frozen/refrigerated foods beyond the Agent's docks/warehouse must meet the following standards. If they fail to meet these standards, the Agent should reject them and advise Kraft.
 - a) Constructed and properly insulated so proper temperatures are maintained during the entire time of transit.
 - b) Equipped with an appropriate calibrated temperature measurement device to accurately indicate air temperature inside the vehicle.
 - c) Equipped with tight fitting doors with all security devices and latches in good operating condition and suitable closures for drain holes to prevent air leakage.

EXHIBIT D**GOOD WAREHOUSING PRACTICES**

- d) Free from dirt of any kind, debris and offensive odors that could with reasonable possibility contaminate the foods.
 - e) Be pre-cooled prior to loading.
 - f) No holes in floor, side walls, roof (water leaks).
 - g) Product temperature must be 34° - 40°F for refrigerated product or 0°F or colder for frozen product when tendered to the carrier. The warehouse does not tender to a carrier any box, case, pail or other container, which has been damaged or defaced to the extent that it is in an unsalable condition.
 - h) Product loaded for transport must not block, inhibit, or in any way jeopardize the functioning of the refrigeration equipment.
12. The thermostat on the vehicle's refrigeration unit must be set at 0°F or colder for frozen shipments or at 34° to 36°F for refrigerated shipments and documented by the Operator on the bill of lading.
13. Stock Rotation is the responsibility of the Agent to assure. Stock must be rotated by product code dates.
14. Agent must have an adequate pest control program to maintain Kraft product in saleable condition. Kraft reserves the right to review all pest control reports.

EXHIBIT E

PURCHASE OF GOODS OR SERVICES

For purposes of this Appendix, "Contractor" shall mean the provider of goods and/or services. "Company" shall mean Kraft Foods North America, Inc. (or an operating unit thereof as specified in the Agreement) and "Agreement" shall mean the agreement to which this Appendix is attached and of which it is a part.

1. **Equal Opportunity**

(a) **Equal Opportunity Clause**

Contractor certifies that it is, and will remain, in compliance with the provisions of the Equal Opportunity clause prescribed by Executive Order 11246, as amended by Executive Order 11373 and 12906 as implemented by Title 41, Code of Federal Regulations, Section 60-1.4, which are incorporated herein by specific reference.

(b) **Certification of Non-Segregated Facilities**

Contractor certifies that it is in compliance with Title 41, Section 60-1.8, Code of Federal Regulations, as pertains to non-segregated facilities. Contractor certifies that it does not and will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not and will not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. As used in the certification, the term "Segregated Facilities" means any waiting rooms, work areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom or otherwise. Contractor further agrees that (except where it has obtained identical certifications from proposed subcontractors for specific time periods) it will obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding \$10,000 which are not exempt from the provisions of the Equal Opportunity clause: that it will retain such certifications in its files; and that it will notify proposed subcontractors and suppliers that it is subject to the provisions of the certification requirements.

2. **Veterans' Employment Rights**

Contractor certifies that it is, and will remain, in compliance with the provisions of the Vietnam Era Readjustment Assistance Act of 1974, relating to affirmative action for qualified disabled veterans and qualified Vietnam Era veterans, as implemented by Title 41, Code of Federal Regulations, Chapter 60, Part 60-250, which are incorporated herein by specific reference.

3. **Employment of the Handicapped**

Contractor certifies that it is, and will remain, in compliance with the provisions of Section 503 of the Rehabilitation Act of 1973, relating to affirmative action for the handicapped, as implemented by Title 41, Code of Federal Regulations, Chapter 60, Part 60-741, which are incorporated by specific reference.

4. **Utilization of Small Business Concerns and Small Owned and Controlled by Socially and Economically Disadvantaged Individuals**

Contractor certifies that it is, and will remain, in compliance with the provisions of Executive Order 11625 and Section 211 of Public Law 95-507, relating to

EXHIBIT E**PURCHASE OF GOODS OR SERVICES**

assistance to minority business enterprises, as implemented by Federal Acquisition Regulations, Title 48, Code of Federal Regulations, Chapter 1, Part 52, which are incorporated herein by specific reference.

5. Utilization of Women-Owned Business Concerns

Contractor certifies that it is, and will remain, in compliance with the provisions of Executive Order 12138, relating to opportunities for women-owned businesses, as implemented by Federal Acquisition Regulations, Title 48, Code of Federal Regulations, Chapter 1, Part 52, which are incorporated herein by specific reference.

6. Wage and Hour Requirements

Contractor certifies that its production and packaging of products and all other matters relating to the performance of the Agreement by it will be done in compliance with all applicable requirements of: (1) Sections 6, 7, and 12 of the Fair Labor Standards Act as amended and of Regulations and Orders of the United States Department of Labor issued pursuant to Section 14 thereof; and (2) Section 1 of the Walsh-Healey Public Contracts Act.

7. Certification Regarding Lobbying

Contractor certifies, in compliance with the provisions of Title 31, United States Code, Section 1352, that no Federal appropriated funds have been paid or will be paid, by or on behalf of the Contractor, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan or cooperative agreement. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with such Section.

8. Exemptions

(a) Contractor need not comply with Section 1 hereof if (i) the Agreement does not exceed \$10,000 or (ii) Contractor reasonably believes that the aggregate amount of contracts between Contractor and Company for a twelve-month period will not exceed \$10,000.

(b) Contractor need not comply with Section 2 hereof if (i) the Agreement does not exceed \$10,000, (ii) Contractor reasonably believes that the aggregate amount of contracts between Contractor and Company for a twelve-month period will not exceed \$10,000, or (iii) all contracts between Contractor and Company relate to performance of personal services.

EXHIBIT E**PURCHASE OF GOODS OR SERVICES**

(c) Contractor need not comply with Section 3 hereof if (i) the Agreement does not exceed \$2,500, (ii) Contractor reasonably believes that the aggregate amount of contracts between Contractor and Company for a twelve-month period will not exceed \$3,500, or (iii) all contracts between Contractor and Company relate to performance of personal services.

(d) Contractor need not comply with Sections 4 and 5 hereof if (i) the Agreement does not exceed \$10,000 or (ii) all contracts between Contractor and Company relate to performance of services which are personal in nature.

(e) Contractor need not comply with Section 7 hereof if the Agreement does not exceed \$100,000.

9. **Contractor's Warranties**

Usual Contractor's warranties, which attach by operation of law, are to remain in full force and effect unless specifically waived in writing by Company.

EXHIBIT F**Inventory Returns and Credits**

In the event of a termination of this Agreement or in the event of a discontinuation of a particular item, the following terms and conditions will apply:

- 1.) **Agent voluntarily terminates the Agreement with Kraft under Section 5(b):**
On-hand inventory for Military exclusive stocked products, if not purchased by the successor Agent, can be authorized for return to a Kraft Distribution Center or other distribution. Product must be "salable, with 45 days of code life remaining and in full case lots (no partially opened cases will be accepted).

Credit will be issued at current Agent purchase price (List price less applicable invoice allowances).

- 2.) **DeCA discontinues items leaving the Agent with residual inventory:**
On-hand inventory, in salable, unopened, full case lots can be authorized for return to a Kraft Distribution Center or other distribution, after Kraft and Agent had collectively exhausted their efforts to liquidate the discontinued items through the commissaries designated for such purposes by DeCA.

(a) Credit will be issued at current Agent purchase price (List price less applicable invoice allowances) on the product the Agent was unable to liquidate through DeCA stores.

- 3.) **Kraft terminates the Agreement with Agent under Section 5(b):**
Military exclusive stocked inventory that could not be sold and transferred to another Agent can be authorized for return. Again, product must be considered "salable" by Kraft and returned in unopened, full case lots.

Reimbursement would be at the current Agent purchase price (List price less applicable invoice allowances)

- 4.) **Kraft terminates the contract under Section 5(c) because of an Agent Default:**

On-hand inventory, purchased to service the military market, will not be authorized for return.

If the Agent also serviced the commercial retail market, the inventory would be "repriced" through a credit memo adjustment so that product net-prices reflected those currently available in the retail market on a "set day", i.e. the day the contract was formally terminated. This would allow the Agent to ship its military inventory into the commercial retail market at a reasonably fair and competitive price.

EXHIBIT G**POST AUDIT PROCEDURES**

- 1) Post Audit claims should be not exceed 18 months from the end of the calendar year of the invoice or credit period. Claims beyond this timeframe will not be researched or paid by Kraft.
- 2) All Post Audit claims must be submitted in writing to the local Kraft Military Sales Representative.
- 3) All claims must be properly documented in order for Kraft to research. Proper documentation includes:
 - Invoice or Credit memo numbers and dates
 - Detailed explanation of the discrepancy
 - Signed Delivery Receipts
- 4) Kraft will investigate claims and respond within 60 days of receipt of the claim.
- 5) Deductions for accepted claims will be permitted after notification to the Customer in writing by Kraft via a credit memo.