



FREQUENTLY ASKED QUESTIONS ABOUT PEPPERIDGE FARM INDEPENDENT DISTRIBUTORSHIPS

1. What are the basics of Pepperidge Farm independent distributorships?

Since it began in 1937, Pepperidge Farm, Incorporated has used a direct-store-delivery (DSD) system to get its products to market. Pepperidge Farm currently has a network of over 3,700 independent distributors operating over 4,000 distribution routes for the distribution of snacks products (cookies and crackers) and bakery products (fresh bread and stuffing) throughout the United States. Independent distributors enjoy the exclusive right to distribute *Pepperidge Farm*[®] products at store level within defined geographic territory boundaries. Independent distributors earn commissions related to the sale of or directly resell *Pepperidge Farm*[®] branded products to retail customers.

2. Are there different types of Pepperidge Farm independent distributorships?

There are primarily two types of Pepperidge Farm independent distributorships: snacks or bakery. Many independent distributors have the right to distribute either certain specified *Pepperidge Farm*[®] bakery products, such as bread, buns, rolls and stuffing, or certain specified *Pepperidge Farm*[®] snack products, such as cookies and crackers. Such products are generally distributed to traditional grocery stores, mass merchandisers, military commissaries and other retail stores. There are also “combination” distributorships, under which independent distributors have the right to distribute both *Pepperidge Farm*[®] bakery and snacks products. Unless otherwise agreed upon with Pepperidge Farm, independent distributors do not have the right to deliver to warehouse locations (including for e-commerce transactions), in-store bakeries, food-service accounts, Pepperidge Farm thrift stores or other non-retail store locations.

3. What are the responsibilities of Pepperidge Farm independent distributors?

While the day-to-day responsibilities of independent distributors may vary, generally speaking, independent distributors sell, distribute, merchandize and provide service to retail customers in a defined geographic territory in order to realize the full sales potential of *Pepperidge Farm*[®] products by fully servicing the needs of retail customers. Independent distributors are required to provide adequate equipment and facilities for the receipt, handling, storage and delivery of *Pepperidge Farm*[®] products, including a handheld computer and any other systems as may be necessary.

4. What hours and days of the week do I work?

Independent distributors determine their own hours and who services the route. Keep in mind that retail customers may have set receiving hours. In addition, independent distributors have certain contractual obligations to provide adequate service to retail customers and actively solicit all retail stores whose accounts can be profitably handled.

5. How much revenue does an independent distributorship generate?

It depends on the weekly sale volume. Pepperidge Farm pays 20% commissions on all chain billed customers. Conversely, an independent distributor is charged 80% of the wholesale value of inventory sold to non-chain billed (also called “cash”) customers and is responsible for collecting payment from those customers. The commission percentage is paid off wholesale sales. Independent distributors receive commission weekly based on the amount of sales volume for a given week, thus the exact commission will vary. **Pepperidge Farm does not make any representations about a distributorship’s past or future financial performance. Interested parties must exercise appropriate due diligence in obtaining verification of these figures from the prior owner(s). Past performance cannot guarantee future results and Pepperidge Farm makes no representation that actual performance will be able to equal or improve upon the sales history. Actual results are likely to differ and Pepperidge Farm cannot estimate the results of any particular distributorship.**

6. How much does a Pepperidge Farm independent distributorship cost and is there anything else that needs to be purchased to own and operate the route?

Pepperidge Farm does not set the sale price of independent distributorships. The cost of an independent distributorship is negotiated between the buyer and the seller, but the price of an independent distributorship can vary significantly, depending on location, sales volume, etc. In addition to purchasing the route, some of the other initial costs that are associated with operating an independent distributorship business include:

- A special handheld computer and printer costing up to approximately \$5,000.00. The cost of the computer equipment required to operate the independent distributorship depends on the source from which the computer equipment is purchased.
- Route delivery vehicle. This can be a used vehicle, but must be operated in accordance with food safety standards. Pepperidge Farm does not offer or otherwise become involved in the purchase, sale or financing of the vehicle. Depending on the size or specific characteristics of a distributorship, independent distributors may choose to utilize more than one vehicle.
- Insurance. Independent distributors must maintain adequate public liability, property damage and, where appropriate, worker's compensation insurance, to protect Pepperidge Farm against any and all claims of personal injury, death or property damage, other than damage to consigned products in the independent distributor's possession.

7. Does Pepperidge Farm offer any financing programs for the acquisition of an independent distributorship?

Independent distributors are expected to make their own financing arrangements. However, to facilitate financing for prospective independent distributors, Pepperidge Farm has entered into arrangements with one or more third party lenders. Independent distributors are not obligated in any way to obtain financing from these lenders.

8. Are there any closing costs or other fees as part of purchasing a route?

There are no closing costs or fees charged by Pepperidge Farm to either the buyer or the seller.

9. Where/How do independent distributors receive product?

Product is ordered through independent distributors' handheld computers and delivered as follows:

- Snacks: Generally, product is delivered to an authorized location about once per week.
- Bakery: Bakery depots generally have deliveries five days a week from Pepperidge Farm bakeries.

Depending on the location, independent distributors may be responsible for the operation and associated costs of the storage unit / warehouse.

10. Is a Pepperidge Farm independent distributorship a franchise?

No. For a variety of reasons, Pepperidge Farm independent distributorships are not franchises, including:

- There are no royalties or franchise fees related to owning a Pepperidge Farm route.
- Independent distributors have only a very limited right to use Pepperidge Farm's trademarks.
- Pepperidge Farm does not exercise control with respect to the operation of an independent distributor's business.

11. What is the process to buy a route?

- We encourage interested parties to conduct due diligence to research and understand the territory and sales volume of routes that are for sale and discuss/negotiate directly with the owners of such routes regarding a sale price.
- The time period for the entire process may vary depending on the route transaction taking place and any number of other factors.
- Additional information about the process and contact information may be found at <http://pfroutes.com/>
- [View Routes for Purchase](#)
- [View Featured Routes](#)

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The foregoing is only a summary of frequently asked questions pertaining to owning a Pepperidge Farm independent distributorship. Pepperidge Farm does not make any representations about an independent distributorship's future financial performance or the past financial performance of company-owned or distributor-owned distributorships.

NEITHER PEPPERIDGE FARM, INCORPORATED NOR ANY OF ITS RESPECTIVE EMPLOYEES OR REPRESENTATIVES MAKES ANY REPRESENTATIONS OR GUARANTEES WITH RESPECT TO THE SALES OR OTHER INFORMATION REGARDING THE PURCHASE OF A PEPPERIDGE FARM INDEPENDENT DISTRIBUTORSHIP, INCLUDING WITHOUT LIMITATION THE FAIR MARKET VALUE OF ANY EXISTING PEPPERIDGE FARM INDEPENDENT DISTRIBUTORSHIP OR WITH RESPECT TO THE TAX, FINANCIAL, OPERATIONAL OR LEGAL OUTCOMES OF ANY TRANSACTIONS OR ARRANGEMENTS TO ACQUIRE ANY SUCH DISTRIBUTORSHIP FROM ANY CURRENT PEPPERIDGE FARM INDEPENDENT DISTRIBUTOR. ANY INVESTMENT IN SUCH DISTRIBUTION RIGHTS INVOLVES POTENTIAL RISKS. EACH PROSPECTIVE PURCHASER SHOULD CONSULT WITH HIS, HER OR ITS OWN ADVISORS AS TO LEGAL, TAX, BUSINESS, FINANCIAL AND RELATED ASPECTS OF THE PURCHASE OF SUCH DISTRIBUTION RIGHTS. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RETURN.

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