



## MENU BOARDS - IT'S YOUR INVESTMENT

### They're Paying for Your Menu Board with Your Money

Please see the correspondence with IDQ on this issue.

September 22, 2006 our letter to Chuck Mooty  
October 6, 2006 response from O. Michael Rinke  
October 11, 2006 our response to O. Michael Rinke  
October 23, 2006 response from O. Michael Rinke

To-date we have not seen either the Coke program or the Pepsi program. Both say that they are yet to be finalized. However, a franchisee in South Bend, Indiana said that her Pepsi representative called upon her and wanted her to sign the new agreement. Duh?

You purchase these products to serve your customers. The \$\$\$ being used to do this "menu board program" is your earned marketing \$\$\$.

Why are we asking to see the programs and documentation between IDQ, Coke, Pepsi and LSI? During the Collins case, Coke "sponsored" the menu board program. When contacted, Coke stated that they had paid IDQ \$2 million to use as IDQ saw fit to promote Coke in the DQ system. The questions arose because a menu board was shipped to franchisees with an actual invoice of approximately \$1,600 – Query: Why then was the \$2 million fund charged approximately \$3,000 per menu board? IDQ's answer was – "For IDQ's service."

It's your money – you should have "full transparency" of the arrangements between IDQ, Coke, Pepsi, and LSI. Don't you agree?

**WE RECOMMEND THAT YOU NOT RUSH INTO A LONG TERM BEVERAGE CONTRACT FOR THE NEW MENU BOARD UNTIL THE DQOA HAS "FULL TRANSPARENCY" AND CAN MAKE A RECOMMENDATION ON A PROGRAM AND SUPPLIER.**

The DQOA – We Protect and Serve You!

Related correspondence follows:

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### ***DQOA'S REQUEST TO IDQ:***

September 22, 2006

Dear Chuck,

The DQ 20/20 Menu Board Replacement System is a much needed and welcome improvement over the current menu board system. The DQOA is supportive of your efforts and those of your staff in bringing this new menu board initiative to the entire DQ system.

At this time, however, the DQOA does not know the specifics of the Coke and Pepsi menu board agreements. Until we are given the specifics of the contracts and are able to evaluate which program is best for the franchisees, the DQOA will advise franchisees not to sign either menu board agreement.

We trust that we will receive the necessary information soon and will make our recommendations accordingly.

Sincerely,  
Harris Cooper  
Executive Director

## *IDQ'S RESPONSE TO DQOA:*

October 6, 2006

Dear Mr. Cooper:

I am responding to your letter of September 22, 2006, to Chuck Mooty. Thank you for your support of the new menu board initiative.

We understand your desire to see the agreements that franchisees will be asked to sign with Coca-Cola and Pepsi. We have asked Gary Steiner at Coca-Cola and Annemarie Boeckman at Pepsi to provide to you copies of these franchisee agreements as soon as they are completed. If you have any questions about that, please contact Gary at 651-681-4170 or Annemarie at 720-920-9057.

Sincerely,

AMERICAN DAIRY QUEEN CORPORATION  
O. Michael Rinke  
Vice President and  
Assistant General Counsel

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## *DQOA'S RESPONSE TO IDQ:*

October 11, 2006

Dear Mr. Rinke,

Thank you for your response to my correspondence of September 22, 2006 to Mr. Mooty regarding the new menu board initiative. The DQOA/DQOC however would also appreciate the opportunity to review all agreements with Coke, Pepsi and LSI pursuant to the menu board program. I am sure that you realize that all of our members, through the purchase of either Coke or Pepsi products, are in reality paying for the boards, thus a "vested interest".

Thank you for your cooperation.

Sincerely,  
Harris Cooper  
Executive Director

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## *IDQ'S RESPONSE TO DQOA:*

October 23, 2006

Dear Mr. Cooper:

Thank you for your letter of October 11, 2006. Unfortunately, we are not in a position to provide for DQOA/DQOC review "all agreements with Coke, Pepsi and LSI pursuant to the menu board program."

Pursuant to your previous request, we have asked that Coca-Cola and Pepsi provide to you copies of the agreements that each of those companies will ask franchisees to sign. In addition, we will of course provide to franchisees (and with respect to some information have already provided) business information relating to the other contracts, as may be appropriate.

Sincerely,

AMERICAN DAIRY QUEEN CORPORATION  
O. Michael Rinke  
Vice President and  
Assistant General Counsel