

FRED MEDART MANUFACTURING CO.

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Dr. Forrest C. Allen
Lawrence, Kansas

The above suggestion calls for a little give-and-take on both sides, with the Company giving by far the most of the few cents involved between the straight 5% and the suggested compensation mentioned above. For example, on No. 907 standard as listed in the catalog in your possession at \$29.50, which would be the price that would apply if sold direct to the user without an agent or salesman entering the picture, except for the fact that freight would be deducted (we will ignore freight for the moment and just apply the 5% royalty commission to the \$29.50 figure), you would earn, under the old 5% basis, \$1.47. On our suggested change-over we would pay you \$1.40.

On the sale of this same standard through a dealer at \$29.50 less 30%, or at a net price of \$20.65 (again not considering the freight for the moment) you would earn, on the basis of 5%, \$1.03, as compared to our proposal of paying you a straight royalty commission of \$1.00.

Swinging over to the less expensive Goal-Hi standards, our No. 918, No. 919, No. 920, and No. 917, your royalty commission at a straight 5% on a \$21.75 price, would be \$1.08 as compared to the \$1.40 we are prepared to pay you. And if these same numbers were sold through a dealer your commission on the basis of a net cost of \$15.23 (list less 30% selling commission) would be 76 cents as compared to the \$1.00 we offer you.

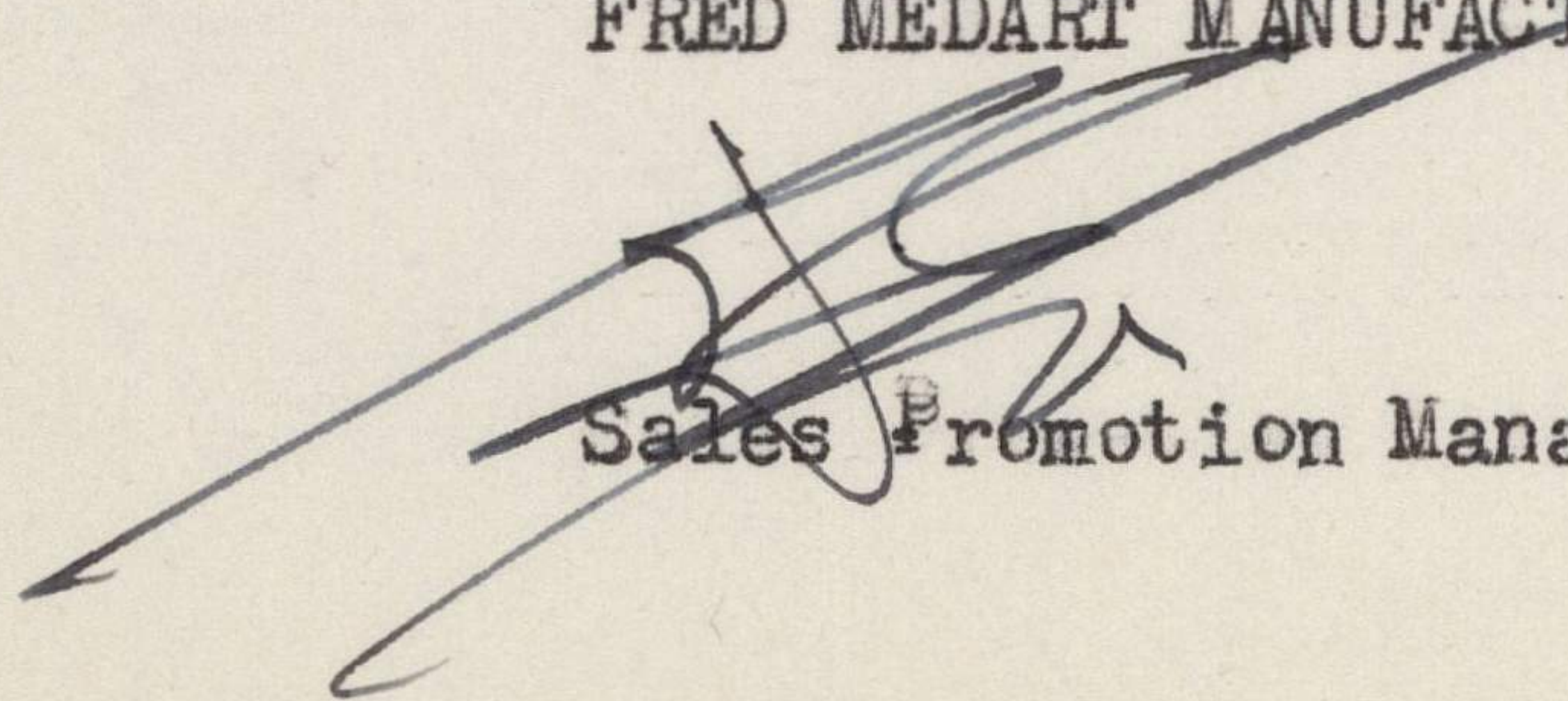
You understand that in no case have I deducted the freight from the St. Louis prices, which would, of course, be done if you hold to the contract as it now exists between us.

Frankly, Phog, I am hopeful that you will accept this proposition. I think it is favorable to you and it would certainly simplify our auditing problem if we credited you with a flat sum of either \$1.40 or \$1.00 per standard, regardless of any other factors. Will you please give this some consideration and let me hear from you at your early convenience? I think it hardly necessary to tell you that we would not offer this counter proposition to you if we did not think it was equitable to you and worth the slight difference in commission in your favor without a compensating factor in the way of our auditing expense. Incidentally, I also think it hardly necessary to point to the fact that our books are always open to you for an audit at any time you should consider such a move necessary. We have been in business for about 67 years and our 80 or more sales representatives have had ample reasons to place confidence in us just as we believe you will have in us as our association develops.

Kindest regards.

Yours very truly,

FRED MEDART MANUFACTURING CO.


Sales Promotion Manager

REW/AC