

10/21 Lynn, Jim, Fran, Richard, Doug

maybe 20% of cust are aware of AS right now

Prod avail

offered to all retailers, or only those on contract?

All ret. - once they make a decision they have to fulfill req. of contract
mdsg.

It is avail to all retailers

What is incentive

Earned if in stock on key styles of WCS-D

per carton allow pd on all WCS-D volume

proprietary, competitive info

measured against in stock on top 25% (vary by state)

2 0-0-5 → no payment

Pd study

Effective 1/1/04

Does this mean you're not paying any RDAs - correct

Any mdsg pymts? - accts have opp'ty to earn more disc \$

Bottom line is - no pymt for space

3 contract levels

general rule

\$1.50	max	→ EDLP + overindented space (max. presence)
\$1.00	nat'l +	proprietary disc. levels
	nat'l	
gap		→ no EDLP but max presence
	no EDLP + min presence	EDLP + avg. presence

If not on contract, do you pay any disc? no

Not sending out letter that contracts being term. yet

Cancellation notice will go out Nov. 1

Communicated as appts. are made

Old contracts term 12/28

P/L | M | BV

effective 11/1

letter went out 10/15 to Sales

Customer letter 11/1 (need to give 30 days notice)

All wholesalers know by now

Retail presentations started 10/20

M/BV from 16.09 to 12.66 →

terms - on avg. diff. of \$.25

RDA's

\$.50 allow - pd to retailers on chgs of M/BV

P/L - \$13.59 → 12.65 (diff. of \$.24)

terms

RDA

allow. - elim 40¢ retail accrual

Share of category pymt. charged

net, we expect on avg. same retail price to consumer

wholesale buydown - end Dec / beg. Jan - 1 wk. (5 days)

Cash flow to retailers is steady - every wk

Wholesale prog. changes

Already comm. to elim - marketplace - lawsuit
then back-end tied to SOC

mid-Nov - comm. add'l changes

① Cost-based delivery model - ~~upcharge for order~~ charge for
minimum order 15 cs. delivering up to 135 cs.

Incentive to order less often

Cost per shipment - \$34 for 15 cs. + \$2 for 134
↳ 3¢/ctn.

Not
yet
comm.

What % of vol. will now incur upchgs? < 10% of volume
88% of our vol. currently buys > 135 cs.
but may be doing it in 5 orders

Do you think this will result in price increase?

② min. conditions for being a direct acct.

a) arbitration clause - can't sue

b) technology - all orders must be EDI / Internet

of bonded whses - charges @ yls fr. 36 → 24