

MERCHANDISING PROGRAM AGREEMENT
MANDATORY REQUIREMENTS
FOR
BRAND NAME TURKEY PARTS
(SOUTHERN & MIDWEST MARKETING SALES AREA)

The following criteria are mandatory requirements to participate in this merchandising agreement. Each of these requirements should be **addressed in the exact order** in your written proposals.

1. Each supplier must have or obtain a Resale Ordering Agreement (ROA) prior to the implementation of this program. The ROA shall be used as the contractual instrument for ordering, receiving, and payment. This ROA must have a start date of no later than August 1, and be established in sufficient time to allow the stores to initiate orders under this program. The supplier must have the ability to transmit electronic price quotes to Defense Commissary Agency (DeCA) using the Electronic Data Interchange (EDI) 879 transaction set. Failure to meet this requirement shall be cause for removal of the supplier from further consideration under this program.

2. Provide your ROA number for grocery random meat or indicate new supplier.

ROA Number	New Supplier
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3. Under this proposed Notice to the Trade (NTT), Delivery Ticket Invoicing (DTI), Electronic Funds Transfer (EFT), Central Contractor Registration (CCR), and EDI pricing are all required.

4. DeCA has 24 pricing periods. Prices shall be provided for the 1st - 15th and the 16th through end of the month. All pricing will be based on the date of delivery.

5. Price quotes (special factors) offered in the presentations will be for the entire merchandising program. Fresh turkey parts shall be pre-priced with labels showing weight, price per pound, and total price prior to delivery at DeCA commissaries.

6. After the initial pricing period, the supplier shall utilize the Daily Urner Barry price effective on the 5th day of the previous month for pricing effective for the 1st - 15th; and the Daily Urner Barry price effective on the 20th day of the previous month for pricing effective for the 16th - end of the month, in determining the net selling price (i.e., March 5th Urner Barry price will be used for submitting pricing effective on April 1st – 15th; March 20th Urner Barry price will be used for submitting pricing effective on April 16 – end of the month). If the 5th or 20th is on a Saturday, Sunday, holiday, or the Urner Barry price for an item is not published, then the supplier shall use the last Urner Barry published price. Supplier's shall not exceed the special factor offer per item per pound when adjusting price.

Attachment 2

7. Supplier will provide promotions based on 1st - 15th and 16th through end of the month for the base period. There will be a minimum of two (2) Voluntary Price Reductions (VPR) on each core item during the year. Base period VPRs will be part of the grading criteria and all VPRs cents off should be annotated on attachment 4. This attachment should be included in your presentation proposal.
8. Vendor stocker support is required. Vendor stocker shall be available to stock cases from opening to closing. Turkey display cases must be fully stocked with fresh turkey parts at least 2 hours before store opening.
9. All stores (Class 1 through 5) shall receive a minimum of two deliveries a week for fresh turkey parts. Additional deliveries to high volume stores shall be coordinated with each respective region and store.
10. Stores will be allowed to adjust their orders (increase or decrease) up to 24 hours after the initial order is placed.
11. Suppliers will deliver ordered product no later than 96 hours from the date/time of the order. This time period shall apply to each individual order placed, and shall apply for each commissary in the Southern and Midwest marketing sales area, excluding Sundays. The fill rate must be 98% or better and will be calculated by store not as an average for the marketing area.
12. All deliveries must have a minimum of 50 percent shelf life remaining (or no less than 7 days remaining) on the product at time of delivery to the commissary.
13. All suppliers for this program must have a 100 percent guaranteed buy-back for all unsold fresh turkey parts. Suppliers may markdown product a minimum of 25 percent starting 3 days prior to the "sell by date." DeCA encourages suppliers to utilize instant redeemable on-pack-coupons to facilitate the sale of this product, and to reduce the need for Vendor Credit Memorandums (VCM). Consideration will be given for circumstances beyond the reasonable control of the contractor (i.e., employee's negligence, equipment failure, facilities).
14. This agreement may be terminated for cause at any time for the benefit of the government. Poor or nonperformance of the mandatory requirement elements of this agreement as documented can result in termination. Poor or nonperformance may result from not achieving sales growth, missed deliveries, late deliveries, shorted deliveries, lack of savings, lack of timely processing of VCMs, etc. Notice of poor or non-performance will be given to the supplier in writing. In the event of termination of this agreement, the supplier that was rated as second in the overall evaluation process may be given the opportunity to be selected for that marketing area, provided they are able to perform in accordance with the terms of this agreement. Any cost that the government incurs to obtain a replacement supplier will be the responsibility of the previous supplier. In the event the second rated supplier is unable to meet the terms of this agreement, then DeCA may select without further advance notification to Industry, a source to supply

product for the remainder of the current year and option years or until a new merchandising agreement can be put into place.

15. All packages of turkey parts will have an "open code sell by date" or a "use or freeze by date."

16. Ensure all products, with the exception of bone-in products, be labeled "FRESH". No product shall be delivered without proper labeling. No exceptions will be granted for improper labeling.

17. All core and discretionary items are required to bear the USDA label. This includes all sizes.

18. When applicable, provide DeCA an opportunity to take advantage of any over produced product at lower VPR prices.

19. All suppliers will have a marketing program of their own in place to promote their products during commissary special events and grand openings.

20. All deliveries must be made in temperature controlled vehicles capable of maintaining proper temperatures as specified in the ROA Terms & Conditions, Section XII, Inspection Requirements. Poultry and poultry products shall be purchased as fresh (delivery temperature 27 to 32 degrees F). Vehicles must be capable of meeting all sanitation requirements.

21. Provide your company's fresh turkey "Brand Name" tonnage of products sold in each commercial retail outlet; include a copy of an invoice showing the retailers name, cost of product to the retailer for all items, with your original presentation. List the tonnage sold by each retail outlet.

22. During the initial program implementation period, supplier will provide weekly updates on program status for the first 3 weeks. At the end of each month, two monthly reports will be forwarded to the MBU, Attention: Chief of Perishables.

23. First Report: Monthly business review to the MBU and to the specific region. The report must include update on the stores' participation in the program. This report shall include the following:

- Marketing Sales Area
- Item Every Day Low Price (EDLP) and VPR price
- Total pounds
- Total dollars
- DeCA PLU Number and case UPC from your company

24. Second Report: Monthly report will provide commercial retail prices versus DeCA's prices for the same pricing period by geographical locations as shown in Attachment 1.

25. Supplier will provide summarized sales data with comparison to previous year and current patron savings no less than quarterly to the Category Manager. The report should be received no later than the 10th business day of the month following the quarter. The supplier will be provided historical sales data to assist them with this report.

26. Supplier shall provide professional retail POS material for day-to-day image enhancement as well as any mandatory signage required by law. This includes but is not limited to nutritional labeling beginning no later than January 2012. Signage will be purchased and maintained at the expense of the supplier, and displayed by the supplier's work force.

27. Supplier will provide company name(s), address(es), fax number(s), e-mail address(es), and phone number(s) of headquarters and region account managers who serve as points of contact for this program.

28. Turkey suppliers must adhere to all the mandatory requirements elements (1 through 28) set forth in this NTT-Merchandising Agreement. Any supplier that is habitually not adhering to elements of the mandatory requirements will be put on written corrective notice. The supplier will have a set number of days to correct the problem based on the mandatory requirement element. If the mandatory requirement element is not corrected within the set number of days, or was corrected and later resurfaced, the government will have the unilateral right to remove the supplier from that specific marketing area and will pursue other alternatives. Any cost the government incurs to obtain a replacement supplier will be responsibility of the incumbent supplier.