

**MERCHANDISING PROGRAM AGREEMENT
MANDATORY CRITERIA**

FOR

**VALUE PRICED FROZEN FRESH WHOLE TURKEY
FRESH TURKEY PARTS
BUTTERBALL FROZEN WHOLE TURKEY BRAND**

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

a. 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 paying. This agreement must have a start date of no later than August 1, 2010, and be established in sufficient time to allow for the stores to initiate orders under this program. The supplier must have the ability to transmit electronic price quotes to DeCA using the EDI 879 transaction set. Failure to meet this requirement shall be cause for removal of the supplier from further consideration under this program.

b. Provide your ROA Number for Grocery Random Meat or indicate new supplier.

ROA Number _____ **New Supplier** _____

c. Electronic Data Interchange (EDI) Pricing is required. **EDI monthly** price quotes (1st – end of the month) must be transmitted by the close of business on the 10th of the previous month. The selling price should be rounded upward to the nearest whole cent. The selling price should reflect your company's EDLP. Vendor Credit Memorandums (VCM) will be used to reduce the price of product during the key period October 1, 2010 – December 31, 2010. There will be no need to EDI your special pricing for the period noted above.

d. Delivery Ticket Invoicing, Electronic Funds Transfer, and Central Contractor Registration are required.

e. Price quotes in the presentations will be for the entire year. Product must be netted, pre-priced with labels showing weight, price per pound, and total price prior to delivery at DeCA commissaries.

f. For this merchandising program agreement, there will be 12 pricing periods for fresh turkey parts, one for each month; and 12 pricing periods for frozen whole turkeys, nine pricing periods for the months of January - September, and three pricing periods during the key period, October – December (attachments 3-5). VCMs will be used for reduction in price during key period, October – December. Reduced pricing, for any period, on any core item will be authorized if you choose. Please remember, the intent of the program is to offer our patrons a value priced frozen whole turkey during the key period noted above. Considerable emphasis will be given in the selection process of the VPR pricing submitted for the period October – December. For evaluation purposes, in addition to the technical criteria specified herein, DeCA shall consider the pricing for the key period shown above to be *significantly more important*

than the pricing for all other items and periods offered under this program agreement. As such, the evaluation weight assigned to this key period will be significantly more than that assigned to all other periods.

g. Vendor stocker support is required. Vendor stocker shall be available to stock product from opening to closing of the store. Display cases **MUST** be fully stocked with product at least 2 hours before store opening. During the period October – December, frozen whole turkeys must be priced by your vendor stocker to reflect the reduced price offered. Vendor representatives shall ensure that VCMs are written and signed no later than October 15, 2010.

h. Provide distribution and past sales history of product performance in commercial grocery chains and military commissaries DeCA-wide.

i. Quarterly Reports will be forwarded to the Marketing Business Unit, ATTN: Chief, Category Management Division, and to each region director. Failure to provide these reports will reflect against your past performance.

(1) First Report: Quarterly business review to the MBU must include an update of the individual DeCA geographical zones participation in the program. This report shall include the following information with bottom line totals:

Item Number	Total LBS Sold Per SKU	Total Dollar Sales Per SKU

(2) Second Report: Quarterly report shall provide commercial retail prices versus DeCA core item prices for the same pricing period for locations as shown in attachment 2.

j. You shall provide summarized sales data and patron savings on request for specified timeframes by DeCA personnel.

k. All Class 1 and 2 stores will receive a minimum of two deliveries a week for fresh turkey parts and one delivery a week for frozen whole turkeys with the exception of the 4 weeks prior to the Thanksgiving holiday where a minimum of three deliveries a week will be required. Additional deliveries to high volume stores shall be coordinated with each respective region and store.

l. Delivery times and schedule for overseas locations will be coordinated with respective region, CDC, and store. At attachments 3-5, product to be sold during our key period of October – December may need to be shipped well in advance of that time. Product shipped overseas, to be sold during the October – December period, will be pre-priced at the agreed upon price for the period October – December.

m. Special point of sale (POS) material/support to maximize sales: You shall provide professional retail POS material for day-to-day image enhancement, such as banners, signs, etc.

You shall be required to provide additional advertising, as needed, to promote the special savings available during the key period October – December.

n. Suppliers will provide an 84-hour “maximum delivery time” from order date/time to arrival at store for all commissaries, excluding Sundays and overseas locations.

o. This agreement may be terminated for cause at anytime for the benefit of the government. Poor or nonperformance of the mandatory criteria 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 nonperformance 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 to replace the incumbent for that Marketing Area, provided they are able to perform in accordance with the terms of this agreement. In the event the second 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 this agreement. In the event that Butterball is unable to meet the terms of this agreement, DeCA may also select without notification to Industry, a source to supply product for the remainder of this agreement. Any cost that the government incurs to obtain a replacement supplier will be the responsibility of the previous supplier.

p. When applicable, provide DeCA an opportunity to take advantage of overproduced product at substantially reduced prices that add customer value. VCMs shall be used for price reductions.

q. All frozen whole turkeys and fresh turkey parts are required to bear the USDA Grade A label. This includes all sizes.

r. All products in the merchandising agreement are 100 percent guaranteed sales. In other words, any product not sold for any reason (e.g., damaged, out of date) will be bought back by the supplier. On-pack coupons or product markdowns may be “25 percent or more,” 3 days prior to expiration at the supplier’s discretion and expense to minimize losses. Consideration will be given to the supplier when DeCA employees, equipment, or facilities are involved or in some way contributed to the loss.

s. All products shall be delivered with 50 percent of their guaranteed shelf life remaining upon delivery at the commissary. Commissary holiday closure will allow for 1-day additional delivery time the day following closure, unless otherwise specified. All tray pack product will require an “open code sell by date” or a “use or freeze by date.” Ensure all products are properly labeled in accordance with the USDA guidelines.

t. All deliveries must be made in temperature-controlled vehicles capable of maintaining proper temperatures as specified in the ROA Terms and Conditions, Section XII, Inspection Requirements. Poultry and poultry products that are purchased as “fresh” must be delivered at a temperature of 27 to 32 degrees Fahrenheit. Poultry and poultry products that are purchased as “frozen” must be delivered at a temperature of 0 degrees Fahrenheit or less. Vehicles must be capable of meeting all sanitation requirements.

u. Provide company's name(s), address(es), phone number(s), fax number(s), and e-mail addresses of regional office account managers and DeCA Headquarters personnel for communication and coordination as required.

v. Turkey suppliers must adhere to all the Mandatory Criteria elements (a through v) set forth in this NTT/Merchandising Program Agreement. Any supplier that is habitually not adhering to elements of the mandatory criteria will be put on written corrective notice. The supplier will have a set number of days to correct the problem based on the mandatory criteria element. If the mandatory criteria 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 costs the Government incurs to obtain a replacement supplier will be the responsibility of the previous supplier.