

To: Our Valued Suppliers  
From: The Save Mart Companies  
Date: September 12, 2017  
RE: "SPEED" Retail Merchandising Program 2018

The Save Mart Companies (TSMC) SPEED Retail Merchandising Program is the foundation for execution of schematics and new items across each of our three operating Banners. The SPEED Program drives benefits for both TSMC and our Product-Partners by maintaining schematic relevance to our customers, speed-to-shelf for new items, and ultimately increased unit sales and profitability.

SPEED is Product-Partner funded through UPC specific fees comprised of:

- 1) **Fair Share** maintenance of existing items and schematics; and
- 2) Item-level fees for **New Item** introductions and/or expanded distribution of current items based on inclusion in store-specific schematics.

Both funding fees directly support in-line shelf execution of schematics across all stores, on-going maintenance, remodels, major reset projects, and new stores. The fees are **not related to any promotional activity, slotting, or other fees** and are **non-negotiable**.

## SPEED – 2018

### Included Work

- Schematic development
- Store level New Item Cut-In
- Store level Schematic Execution
- Remodels
- Major Reset Projects
- New Stores

### Excluded Work

- Major Category changes requiring significant incremental resources
- Off-Cycle Category changes driven by one or more suppliers



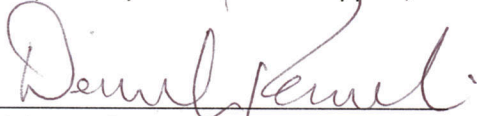
### Fair Share Fees

- All Product Manufacturers with items in **SPEED supported schematics** will participate
- Calculated at 0.60% of cost based on unit movement by banner
  - Cost equals **Manufactures List Cost** on the last day of each monthly movement period
    - EXAMPLE: UPC-specific unit movement of 10,000 items at \$2.00 List Cost
      - 10,000 units @ \$2.00 list cost = \$20,000
      - Fair Share = \$20,000 \* 0.60% = \$120.00 (for the month)
- Payment
  - Monthly Deduction based on previous calendar month unit movement and cost
    - EXAMPLE: January movement is deducted in February
      - Not related to the Schematic Release Schedule (SRS)
      - Not related to timing or frequency of SPEED in-store execution work
  - UPC movement detail will be provided with each deduction

### New Item Fees

- All Product Manufacturers with items in **SPEED supported schematics** will participate
- New Item definition
  - "Items created or newly authorized for Banner(s) or Store(s) through the existing new item process using the Item Management Form (NIF)" (source Save Mart Supplier Portal)
    - [https://supplier.savemart.com/s\\_Item\\_Type\\_Definitions.pdf](https://supplier.savemart.com/s_Item_Type_Definitions.pdf)
  - INCLUDES - expanded distribution of current items
- Calculated at \$6.00 per item/store
  - EXAMPLE: New item authorized in 100-stores = \$600.00 fee
  - EXAMPLE: Existing item authorized to an additional 20-stores = \$120.00 fee
- **Does not replace other administrative and/or warehousing charges associated with new items**
- Payment
  - Deductions will follow completion of each 3-wk SPEED Cycle (16 Cycles per year)
    - New Items cut-ins are executed weekly as each schematic is released
    - Product is automatically ordered upon schematic release
    - Cut-ins occur from 2-weeks to 6-weeks prior to SPEED in-store execution
  - Store count detail will be provided in conjunction with each deduction

Thank you for your continued support,



Derrick Penick  
Executive Director Merchandising Strategies  
The Save Mart Companies

