

EXCHANGE™ **Trade Promotion Management**

Agenda:

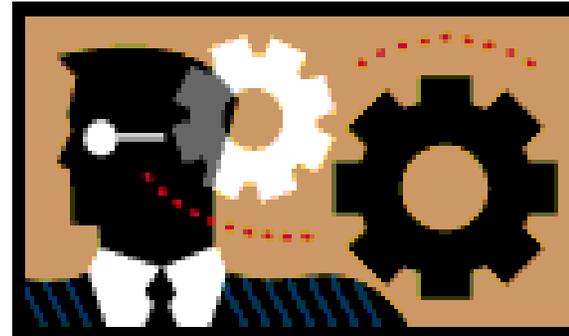
- › TPM Function**
- › AAFES Advertising Policy**
- › Vendor Compliance**
- › Accruals**
- › Duty Drawback**
- › TPM Forms**
- › Post Audit**

Trade Promotion Management

TPM Function

- › **Support team for the buying staff**
 - › Advertising
 - › Performance
 - › Non Conformance

- › **Only group that creates claims in SD**
 - › Advertising
 - › Logistics
 - › Promotion
 - › Merchandising





EXCHANGE™

Driving The Business Through Partnership

- › **Business changes, it's dynamic**
- › **Proactively collaborate to drive the business**
- › **Ensure we are negotiating the proper allowances to increase sales:**
 - › Sales Promotion Events
 - › Digital Advertising Opportunities
 - › Merchandising and Display Opportunities
 - › Distribution and Transportation Allowances
 - › Volume Rebates
 - › Margin Protection
 - › And many more!





TPM Claims



CO-OPERATIVE ADVERTISING CLAIM

Army & Air Force Exchange Service
 ATTN: Co-operative Advertising SD-M4
 3911 S. Walton Walker Blvd
 Dallas, TX 75238-1598
 TEL: (214)312-8102 FAX: (214)312-8302

Claim Number: BS000297019
 Invoice Date: 04 FEB 2010

TERMS: Net 30 Days

BILL TO:
 CADBURY ADAMS USA LLC
 ATTN: GREG CLEMENS
 ED 4 BOX 854 JUNIATA SPRINGS
 ALTOONA PA 16601

REMIT TO:
 Army & Air Force Exchange Service
 ATTN: FA-C/CA
 P.O. BOX 660792
 DALLAS, TX 75266-0792
 E-Mail: coop@aafes.com

Customer Number: 807510-09954300

Media Dates	Media Type	Week	Quantity	Unit Cost	Media Amount	Amount Due
01 JAN 10-07 JAN 10	A.BI.SPS02/10					
Billback/scanback offer for a defined sales promotion week. Auto Allocation						

ITEM NBR	ITEM DESCRIPTION	QTY SOLD	RATE	TOTAL COST
420321063	TRIDENT ORIGINAL 3 PACK	337	0.400	134.80 F
420321064	TRIDENT SPEARMINT 3PK	372	0.400	148.80 F
420321065	TRIDENT TROPICAL TWIST 3PK	619	0.400	247.60 F
420321066	TRIDENT WATERMELON TWIST 3PK	497	0.400	198.80 F

This claim is a result of your firm's Co-op program.

If Payment or response is not received within 60 days from the date of this invoice, then the invoice amount will be deducted from a future accounts payable payment.

Remit in U.S. Dollars by CHECK or Electronic Funds Transfer ONLY. Indicate the claim number and Customer Number on your payment.

If you use EFT, the wire transfer information is:
 Wachovia Bank, N.A.
 Atlanta, GA
 ABA, Bank Routing Number 061000227
 Credit: Army & Air Force Exchange Service (AAFES)
 Account Number 2000014830701

Media Cost:

Discount:

Vendor Agreement: 730.00

Amount Due: 730.00

AAFES FORM TA2000-20 (REV 5 DEC 2005)(Prev Editions Obsolete) Page 1



AAFES Advertising Policy

- **SPS promotions are billed based on tabloid/catalog measured space per AAFES Corporate advertising policy unless buyer indicates alternate negotiation or direction**
- **Suppliers are provided a copy of the tabloid as proof of performance**
- **Claim Invoices are system generated based on buyer keyed SPS bulletins**

Advertising Policy

AAFES has the expectation of supplier support for all advertising it performs in its media channels to promote and sell suppliers' products. As such, advertising costs associated with the promotion of a suppliers products will be billed to that supplier via claims with terms of Net 30 days. After that period if the obligation is not met, the claim will be deducted from the next processed payment.

If there are existing advertising accrual programs, the costs associated with the advertising will be debited to those accrual programs. Advertising rates for AAFES' media are contained in the AAFES Rate Card which is available by request to the AAFES Trade Promotion Management group at this address:

AAFES SD - P/Trade Promotion Mgmt
3911 S. Walton Walker Blvd
Dallas, TX 75236 1598

Questions regarding advertising in AAFES' media channels or requests for the Rate Card may be directed to the above address or coop@aafes.com tel: 214-312-6401

☒ Your Channel to Greater Sales - Exchange TV

Vendor Compliance

- **Implemented in August of 2010 to automate Early Late VNC Program**
 - 7 Day ship window for origin or destination
 - Only includes Purchase Orders over or equal to \$300
 - Only includes Vendors with more than \$1M in annual purchase orders
 - CONUS Only
- **System uses a six week sync time to allow for data reconciliation**
- **Benefits**
 - Reduced third party audit claims
 - Timely product shipments
 - Optimal Inventory Levels



Automated Vendor Compliance

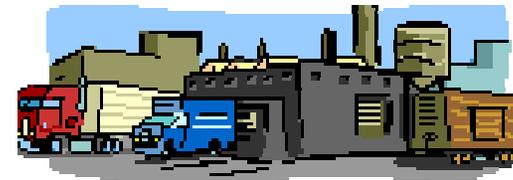
Threshold for automated early/late compliance to be reduced from \$1 million suppliers to \$500k suppliers by mid 2011.

Benefit

Optimizes supply chain efficiencies, ultimately increasing sales for both the Exchange and our Suppliers.

Impact

- 350 vendors added to the program
- 18% additional Purchase Orders will be reviewed
- Identifies optimal transportation mode for 905 suppliers



Automated Scanbacks

All scanback deals negotiated with the Exchange will be calculated and claimed through an automated process.

Benefit

Reduced or eliminated post audit or 3rd party claims from missed promotions.

Impact

- Sales data by item will be detailed in the body of the claim
- Store detail is available from the Exchange Partners On Line site
- Deal offer form should be submitted to ensure terms of the deal are clearly outlined

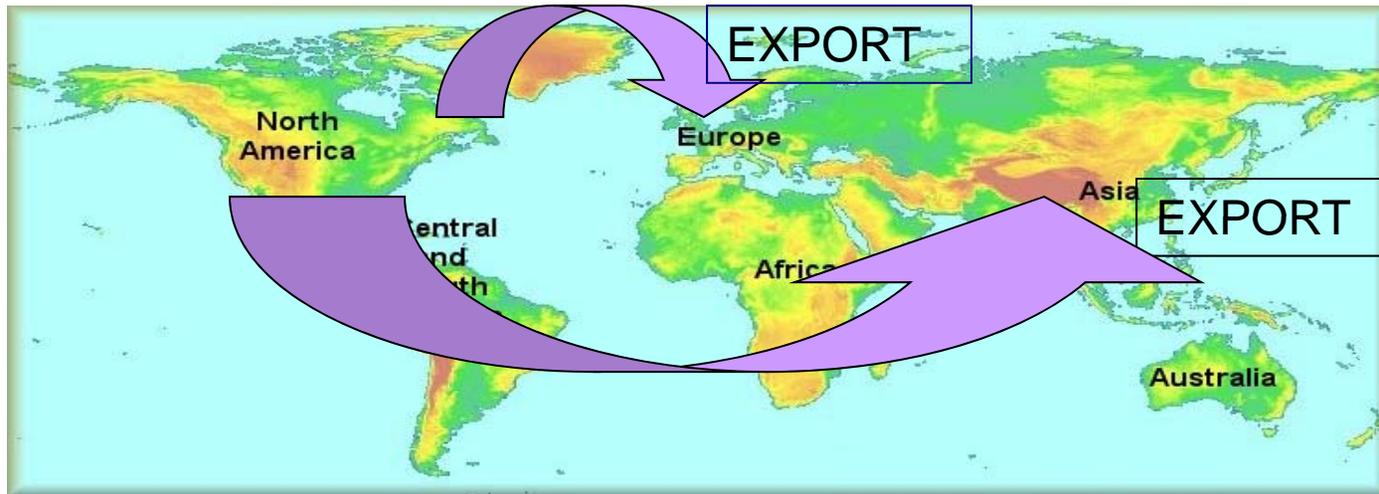
Accrual Allowances

- **Allowances are based on vendor/buyer negotiation**
 - Advertising
 - Defective
- **Various time frames available**
 - Annual
 - Bi-Annual
 - Quarterly
 - Monthly
- **November 2010, AAFES change from Vendor Orders to Vendor Receipts**
 - Reduction of claim adjustments

Duty Drawback

Duty Drawback

- › **Duty Drawback is a duty refund due AAFES for exporting product that has been imported**
- › **We export over 30% of our purchases**
- › **We need your help in providing import records to our broker - records are kept confidential**



Negotiation Documents

Business Terms Agreement

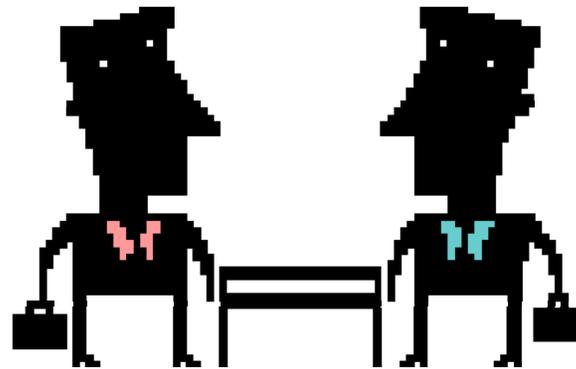
- **The AAFES Business Terms Agreement, BTA, will be used to develop effective Annual Marketing Plans to meet the needs of our Core Customers and make AAFES their destination of choice**
 - Business Terms Agreement should be updated annually with your buyer
- **With proper documentation the vendor should see a decrease in third party claims**
- **The Business Terms Agreement is a broad form designed to accommodate most vendors. Not all allowances will be relevant for each vendor**

Electronic BTA

- **TPM is actively working with IT to develop an Electronic Business Terms Agreement**
- **Status:**
 - Vendor solicitation mailed out for digital signature component
 - ETA late 2011



- › **Created to communicate in-store services to Store Management:**
 - › Provides Points of Contacts for these services
 - › Provides guidance on how often in-store services will be performed
 - › Should be completed when the BTA is negotiated



Post Audit

The EXCHANGE exercises the right to post audit as legally afforded by the Contract Disputes Act and does not recognize supplier imposed limitations to that right.

- Post audit claims should be negotiated and settled with the post auditor**
- Post auditors are required to provide proof for any claim they send**
- AAFES Trade Promotion will participate as referees if all channels have been exhausted**

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- **AAFES Trade Promotion will participate as referees if all channels have been exhausted**
- **AAFES**
 - Audits claims for first year
- **PRG**
 - Audits claims during the second year
 - Sandra Jones
 - (972) 398-3585
- **Connolly Consulting**
 - Third year audit
 - Thomas Fisher
 - (404) 261-7800

› **All Claim Questions/ Issues**

› coop@aafes.com

› **Advertising**

› Cathy Nelson

› nelsonca@aafes.com

› 214-312-6401

› **ARA/ Business Terms Agreement/DOF**

› Amanda Leroy

› leroya@aafes.com

› 214-312-4412

› **Post Audit/Accruals**

› Dawn Walker

› walkerdaw@aafes.com

› 214-312-4422

We need your support in building proactive marketing and merchandising plans. We want to work with you to drive sales, making AAFES the destination of choice to our customers.

Goal Sharing will allow us to build stronger organizations for both your company and AAFES!