

URM CREDIT AND RETURN POLICY

Acceptable Request for Credit

<u>Damaged full case merchandise:</u>	Product that has been damaged during order selection, loading, unloading and in transit.
<u>Damaged partial case merchandise:</u>	Product damaged and noticed at the time of delivery; driver to credit partial items only.
<u>Mispicked merchandise:</u>	Item ordered and invoiced, incorrect item received.
<u>Store ordering error:</u>	Incorrect item or quantity ordered (except special orders).
<u>Short on delivery:</u>	Product that is invoiced but not received (except cigarettes).
<u>Inferior quality:</u>	Perishable items that are shipped with less than our stated guarantee.
<u>Smokeless tobacco:</u>	U.S. Tobacco items only.

Returnable Condition

Returned merchandise must be in a salable condition or credit will not be issued. Whenever possible, the case should be unopened. In the event the case has been cut, the original lid must be taped on with clear packaging tape. Caution should be used to prevent damage to the product. Do not mark on the outside of the case.

To prevent loss and damage to repacked items, your driver will verify and seal all red totes with plastic clips. This will ensure that all items remain intact and your store will receive the proper credit.

Approved Return Authorization

Your drivers are instructed not to return product from a previous delivery without an approved pick up document generated in Customer Service. Your driver may issue a credit for the current delivery exception only.

Credit Request Reporting Periods

<u>Mispicked Grocery, GM, Repack, Cigarettes:</u>	48 hours from delivery date
<u>Mispicked Perishable product and Frozen:</u>	24 hours from delivery date
<u>Store Ordering Errors:</u>	2 weeks from delivery date
<u>Short on Delivery:</u>	24 hours from delivery date
<u>Damaged on Delivery:</u>	48 hours from delivery date
<u>Miscellaneous Perishable Returns:</u>	24 hours from delivery date

For deliveries Friday through Sunday, the requests must be made by the following Tuesday at 7:30 a.m.

Mispicked Merchandise

Upon notification within the appropriate time limit, Customer Service will reconcile all mispicks. In addition to receiving full credit for the item not shipped, customers keeping the product will receive an incentive credit of \$4.00 per case, not to exceed \$40.00 per item code. GM and HBC items that exceed \$10.00 cost (per item code) are eligible for the incentive credit. Customers requesting to return the product should complete the upper portion of the "Request for Pickup" form and fill in the following:

1. Quantity to be returned.
2. Item number or UPC code invoiced.
3. Pack/size, UPC code and description of the item received.
4. Invoice number and date.

A credit will be issued for the item invoiced when the merchandise is returned to URM.

Store Order Errors

Special orders, In/Out items, Pre-Order Commitments, Cross-dock, Direct Shipments and Show Orders may not be returned.

Store ordering errors will be assessed a restock fee of \$4.00 per case, not to exceed \$40.00 per item code. Pallet misorders will be assessed a fee of \$15.00. Use the lower portion of the "Request for Pickup" form and fill in the following:

1. Quantity to be returned.
2. Item number or UPC code invoiced.
3. Credit code #2.
4. Invoice number and date.

Short on Delivery

Except for cigarettes, the customer must call the Customer Service Department for credit. The item number, invoice number and date will be required when reporting shortages.

Cigarette Shortages

Cigarettes are to be verified by the driver and store personnel. The carton count should be listed on the delivery receipt. Any discrepancy will be listed by the driver on a credit form. Shortage credits for cigarettes will not be honored at a later time.

Damaged Merchandise

Damage observed at time of delivery will be written up on a credit memo and returned to URM for credit. The driver should leave the undamaged portion and write credit for the damaged portion only.

Damaged full case merchandise that was concealed at delivery can be returned if none of the contents can be salvaged. Use the lower portion of the "Request for Pickup" form and fill in the following:

1. Quantity to be returned.
2. Item number or UPC code invoiced.
3. Credit code #4.
4. Invoice number and date.

Please do not destroy any damaged product until you have obtained authorization for credit and disposition of the product from the Customer Service department.

Credit for hidden damage of single items (less than a full case) should be sent to the URM Reclaim Center. Credit for these items will be issued based on the reclaim center's policies.

Perishables

Due to the expiration of perishable items, a store cannot write in for credit or return. Please call the Customer Service Department within 24 hours (weekend exception applies). Please have the item number, invoice number, date and any applicable lot/pack date information for fresh/deli meat.

Please note our dated product guarantee:

<u>Deli Meat items:</u>	14 days shelf life from delivery date.
<u>Deli Salads:</u>	10 days shelf life from delivery date.
<u>Deli Grocery Retail:</u>	10 days shelf life from delivery date.
<u>Frozen Bake off items:</u>	10 days shelf life from delivery date.
<u>Cross-Dock Dairy items:</u>	10 days shelf life from delivery date.
<u>In house Dairy items:</u>	10 days shelf life from delivery date.
<u>In house Buttermilk:</u>	10 days shelf life from delivery date.

Fresh Meat:

Invoice date should be no more than:

Boxed Beef	25 days from production date
Course Ground	6 days prior to expiration date
Grnd Beef Chubs	6 days prior to expiration date
Case Ready Grnd Bf	4 days prior to expiration date
Bone-in Pork	15 days from production date
Boneless Pork	18 days from production date
Variety Meats	18 days from production date
Southern Poultry	10 days from production date
WA Poultry	7 days-Call Draper @ (800) 562-2012
Fresh Turkey	6 days prior to expiration date

If product is received with less than our guarantee, credit will be issued by URM. Please contact customer service within 24 hours of your delivery date.

Our fresh meat vendors now require lot/pack date information when requesting reimbursement for spoiled or inferior product. The information can be found on the box end labels from the manufacturer. An example of the box end labels can be found in the monthly fresh meat order guide. If you experience any issue related to spoiled or inferior product, please provide the following information within 24 hours from date of invoice (weekend exception applies):

- Store Number
- URM Item number or UPC code
- Invoice Number and Date
- Box End Label Information

Spoilage Allowances: As vendors designate items eligible for spoilage allowances, URM will reflect the appropriate percentages on the URM invoice. In the right column on the URM invoice, a “Y” will represent all eligible line items as well as a total on the last page. Please refer to the front of your URM order guide for a list of products and their spoilage allowance rate.

Funds are available to cover cross-dock dairy items that arrive in an unsalable condition, leakers, product recalls and consumer complaints. URM cannot issue credit for outdated store stock or product damaged by store personnel. Over orders and mispicks cannot be returned or refused at time of delivery.

Moist, Smokeless Tobacco (Snuff)

U.S. Tobacco has established a credit policy to cover damaged and out-dated smokeless tobacco. It credits you for 100% of your cost of goods, including the applicable state tax. The policy covers the following brands: Copenhagen, Skoal, W.B. Cut and Rooster.

Requests for credit on these products must be phoned in to the customer service department. U.S. Tobacco monitors these returns and will advise you if, according to their standards, your requests are excessive. They reserve the right to deny credit at their discretion. U.S. Tobacco does not participate in reclaim programs.

Please note: *The date printed on the bottom of the U.S. Tobacco snuff cans is the manufacture date and not the pull date. The shelf life of snuff from U.S. Tobacco is eight weeks.*

When phoning in your request for credit, please have the following information available:

1. Item number
2. Quantity to be returned
3. Manufacture date

THE RECLAIM POLICY

Authorized Product: Warehouse invoiced and shipped product only, DSD items do not qualify for credit.
Product must have an UPC code in order to receive credit.

Types of Unsalable Items:

Manufacturers' Responsibility-credit given

- Unlabeled or Mislabeled product
- Improperly sealed product
- Over/Short weight or partially filled containers
- Broken glass
- Crushed, dented or collapsed containers
- Swollen cans
- Manufacturer withdrawal
- Moldy package
- Rusted cans
- Leakers
- Soiled, stained, sticky, etc.

Retail Responsibility-no credit given

- Cut packages
- Produce items
- Meat items (bulk or processed)
- Bakery products
- Deli Meats
- Tobacco items
- DSD items
- Excess merchandise in a salable condition
- Magazines or books
- Seasonal, holiday or special order items
- Items without UPC codes
- Infested items

Shared Responsibility-credit given with manufacturer/broker approval

- Defaced items
- Expired product as determined by expiration dates
- Spoiled or perishable frozen, dairy and deli

Note: Shared responsibility means that the retailer and the manufacturer or broker must agree the product can be sent back through the reclaim process.

Perishable and frozen product must be dumped, return only the product container.

If the product qualifies for return through the reclaim center, it must be prepared as follows:

- Product must be in banana boxes. These boxes provide the uniformity and strength needed for transporting.
- Each box must be labeled with a reclaim label. List your account number, store name and date on each sticker and tear off the matching number label for your records.
- Tape bagged items to prevent further leakage.
- Place broken glass items in a bag to prevent further damage or remove the label with the UPC and just return the label.
- If UPC is missing, it can be written on the product or taped to the product. Credit cannot be issued without an UPC code.
- Separate boxes for food, non-food, pet food and hazardous items. **Do not co-mingle pesticides, bleaches, aerosols or any other hazardous items with other unsalable items.**
- Arrange banana boxes with lids on a URM pallet with the labels facing out. Unlabeled boxes should not be returned and credit will not be issued. The driver can pick up the boxes without a pickup slip.
- All reclaim boxes will be returned to URM to be re-loaded on a trailer to be transported to the reclaim center. URM will not open the boxes to verify.

Credit for Unsalable Product

Credit will be issued on a monthly basis through the Miscellaneous Billing Program. The amount of the credit issued for each item is 50% of the published "AC" retail price if the vendor participates in the program. A store recap of all items will be attached to the credit issued. Unauthorized items will show on the recap as "no credit". The credit will be applied to your URM account.

Please Note: If the reclaim center finds spoiled, open and leaking or infested product inside the boxes, they will not scan anything. URM cannot research or issue any credit for missing boxes under these circumstances.

Cigarettes

NOT ALL MANUFACTURERS ALLOW STALE CIGARETTE RETURNS

Cigarette manufacturers have changed and are strictly enforcing their procedures and policies covering the return of unsaleable cigarettes. In response, URM must strictly enforce the procedures and policies covering the return of unsaleable cigarettes to the reclamation center.

RJReynolds Tobacco Company (RJRT)

RJRT has announced a new RETURN GOODS POLICY that eliminates the return of outdated and damaged product to URM's Reclaim center. All close dated product will be discounted at retail for accelerated sell through to the consumer. Your RJRT sales representative will buy down and sticker close dated product. If you have not been contacted by RJRT and/or you feel you have close dated product in your store, call the RJRT help desk at (800) 862-4338.

RJRT brands: Camel, More, Salem, Vantage, Winston, Century, Doral, Monarch, Best.

All Other Manufacturers

Each cigarette manufacturer's representative is responsible for removing unsaleable cigarettes from your racks. They will remove the product from sale; sticker it with an unsaleable returns sticker; pack the cigarettes by price point and prepare the 'Return Goods Authorization Form for Stale and Outdated Cigarettes'. The sales representative territory I.D. number must be entered on the form. **Only stickered product will receive credit regardless of the fact you returned them to the reclaim center. They cannot be returned to you.**

Your local cigarette representative contact is listed below:

Brown-Williamson	Leslea Warnick	509-326-7413
Philip Morris	Trent Taylor	509-928-2225 ext 107
RJReynolds	Ron Ricard	800-757-8255 ext 77973
Liggett Victor	Mary Martin	800-793-2294 ext 5724
Lorillard	Anthony Pope	509-646-6299

Only full cartons may be returned, they can be mixed within a carton but each carton must contain only one price point. Cigarettes must be in cartons; packs taped together in carton quantities will not receive credit. No credit will be issued for single packs, partial cartons or returned without the appropriate authorization.

Pack the cigarettes into a separate banana box. Do not mix your cigarette returns with other unsaleable product. Place a copy of the return form in the box. Cover the cigarettes with a grocery bag and seal the box. Label the box with a green reclaim label. List your account number and account name on the label and remove the matching label for your records. Your driver does not need a credit slip to return the boxes for you. Credit will process to your URM statement along with the monthly unsaleable credit. You will receive average cost of each price point plus tax.

Recalled Items

Recalled product must be packaged exactly as the unsalable items but you must return all the product by the stated deadline in your recall notification letter. Product returned after the cut off will not receive credit since the return deadlines are established with the vendors providing the refund.

Please use the pick reclaim labels and as you fill each out, mark “Recall” on each.

You will receive 100% of member cost for each eligible return. The credit will process to your URM statement once a month.

Continuity Items

Continuity items are guaranteed by the vendor, so your returns must arrive at the reclaim center no later than the stated return date on your continuity forms. **Product returned late will not receive credit and cannot be returned to you.**

Label each box with a pink reclaim sticker. List your account number, account name and date. Put the boxes on a separate pallet and label the pallet ‘Continuity returns for Reclaim’. Your driver does not need an authorized pickup slip to return the boxes to the reclaim center.

Store credit will coincide with the cut off for other unsalable returns. Store credit will be based on what is actually scanned (not what is listed on the forms) and based on the terms stated on the continuity forms.

Summary

URM's credit policy is designed to be fair and cost effective to all member-owners. Members should receive credits within 10 days after approval. When a store has a problem that does not fall into a particular category, please call Customer Service for assistance.

To assist in requesting a credit by phone, please have the following available:

1. URM customer account number.
2. Invoice number and date.
3. Item number or UPC code of the item invoiced.
4. Quantity
5. Reason for the credit request.
6. Mispicked item number; UPC code or description.

You may request credit via fax by providing the above information to:
(509) 462-9487

Whom to Call List

Credit requests for all store departments must be made through the URM Customer Service Department.

URM Customer Service Retail	(800) 541-0752
Local Direct Numbers	(509) 467-3669

Office Hours: Monday through Friday 6:00 a.m. to 4:30 p.m.