



Supplier Inventory Buyback Agreement FAQ

- 1) Q: What is the timeline for key milestones in the buyback process?
 A: • A WebEx meeting will be held on December 20, 2011 at 9:00 a.m. to answer questions about the Supplier Inventory Buyback Agreement.
 • Suppliers must sign the agreement by Dec. 28, 2011. Suppliers that have not sent a signed agreement to the WSLCB by December 28, 2011 can expect to see their product be delisted and discounted to ensure all remaining product in the stores sells before May 31, 2012.

- 2) Q: Regarding the “per case” charge associated with the shipping and handling: Is this per standard case? Will there be a pro rata amount applied for less than a full case?
 A: The “per case” charge is applied equally to both full and partial cases, and the various case configurations. This is because the costs are primarily fixed, regardless of how many bottles are in each case.

- 3) Q: What is the basis for the shipping and handling charge?
 A: The charge is \$4.97 per case. This includes only the cost of packaging materials and transportation. The labor cost is already covered under current funding, so it is being absorbed by the WSLCB. The full cost breakdown for the process is:

Cost	
Box	\$ 1.63
Labels	\$ 0.15
Tape	\$ 0.09
Transportation (from stores to DC dock, includes unloading)	\$ 3.10
Materials and transportation cost	
	\$ 4.97
Labor Cost - Retail	\$ 2.34
Labor Cost - DC	\$ 2.10
Labor cost absorbed by WSLCB	
	\$ 4.44
Total Reverse Logistics Cost per Case	
	\$ 9.41

- 4) Q: Will all pallets be separated by SKU?
 A: Yes, unless the supplier requests otherwise in writing.
- 5) Q: How will the pallets be configured?
 A: The WSLCB will take all reasonable efforts to mirror the supplier case configuration, block and tier pattern, as of January 1, 2012.
- 6) Q: If suppliers provide empty cases, can product be repacked in supplier branded cases, and will cases be in a physical state acceptable for resale?
 A: The WSLCB will not be able to accept empty boxes from suppliers in which to re-pack product. This would logistically be too difficult. When product is still in original cases, those cases will be used. Otherwise product will be packed in WSLCB-provided generic cases, which conform to WSLCB Delivery Standards.



7) Q: Can a supplier pick up bailment inventory and product returned from the retail stores at the same time?

A: Yes.

8) Q: Will suppliers that enter into a Buyback Agreement be able to participate in any of the retail programs that were suspended in November?

A: Yes, suppliers with a Buyback Agreement will be able to participate in the retail programs that the WSLCB is re-starting.

Special Orders:

- New special orders to suppliers with a buyback agreement can be placed until April 6, 2012. The products may be sold in retail stores by the bottle.
- Orders must be delivered to the Distribution Center no later than May 4, 2012, but can be sold through May 31, 2012.

Sampling:

- The Sampling pilot program will re-start in January 2012.
- Any supplier participating in the buyback agreement may submit a request to sample up to 4 products in a specific store during one of the designated sampling event times. Requests will be approved on a first-come, first-served basis.
- Special order products may be sampled in any store that currently has the product, or has demand for the product.
- The store inventory requirement has been reduced to one case per product. Suppliers must bring bins or other equipment to professionally display the product during the sampling event.
- All other existing standards and regulations remain in place.

Unique Displays:

- Unique displays can be requested for any product that is covered under a buy-back agreement.
- All existing standards for unique display assignments will remain in place, including the requirement that product required for a display must be 2 months or less of average store sales.