

BROADCAST EMAIL

D-210

May 27, 2008

DISTRIBUTION INFORMATION

TO: STORE MANAGERS
 FROM: RAY KERNAGIS, VP SUPPLY CHAIN
 SUBJECT: **ROTATIONAL BUYBACK POLICY IMPROVEMENT
 EFFECTIVE JUNE 1, 2008**

In order to increase the flexibility with returning slow moving store inventory and improve the ease of doing business with your Distribution Center, the Supply Chain team is revising the Rotation Buyback Policy. Effective June 1, 2008, the policy will change as shown below:

Current ROPO Policy	New ROPO Policy
3% of the previous 12 months' total DC purchases.	<p>10% of the previous 12 months' total DC purchases.</p> <p>20% if DC sales exceed 55% of total Cooperative purchases of the previous 12 months total DC purchases.</p>
Only one submission is allowed	In the event the approved list is less than the store's authorized return allowance, the store will be given the opportunity to submit a second list in the attempt to obtain the full return allowance.
Immediately upon receipt and processing of the merchandise, the Corporate Office will issue credit to the Member's account, valued at current store cost, less the 25% restock charge.	<p>Immediately upon receipt and processing of the merchandise, the Corporate Office will issue credit to the Member's account, valued at current store cost, less the 15% restock charge.</p> <p>In the event the store's return contains invalid items such as broken standard packs, expired date codes, damaged or unsellable products, and/or unauthorized items then a 20% restock charge will apply. The 20% restocking charge will apply to the total amount returned, not the total amount allowed. The authorized items (i.e., broken standard packs, expired date codes, damaged or unsellable products, and/or unauthorized items) will be returned to the store.</p>
The return must be shipped freight prepaid on or before the ship date designated in the notification. <i>(This is to ensure timely handling of all returns received at the DC's)</i> The returned product must ship to the store's normal servicing Distribution Center and arrive during the assigned week of return.	If a store does not achieve the authorized return percentage, a store may elect to submit a second Rotational buyback request to a secondary Distribution Center after the initial Rotational buyback has been processed. Submissions must be sent to the Inventory Control Department following the original procedures previously outlined above. The secondary Distribution Center return must be shipped freight prepaid on or before the ship date designated in the notification.

Please ensure all relevant store employees are notified of this policy change.

To schedule returns, please contact Dilbar Downing at (503-419-9056) or Brian Heath (503-419-9103). E-mail addresses are dilbar.downing@johnstonesupply.com or brian.heath@johnstonesupply.com

To view the entire Rotational Buyback Program, the file is in JEN / Jem tab, Section 1 Purchasing and Inventory / 1.6-4 Rotational Buyback Program.

We appreciate your continued support as we make things happen within your supply chain that add greater value.

We want you to know, we hear you.

Regards,
 Ray Kernagis
 V.P. Supply Chain