

REELFOOT AREA CONSORTIUM

Date Submitted: June 11, 2014

Name of Firm Submitting Proposal: US Foods

Mailing Address: 5900 East Holmes Road

Telephone: (501) 412-5821 FAX: (870) 886-6919

TOTAL FROZEN MEAT EXTENSION	<u>604003.78</u>
TOTAL FROZEN FRUIT & VEGETABLE EXTENSION	<u>118548.61</u>
TOTAL FROZEN & CHILLED MISCELLANEOUS EXTENSION	<u>116874.90</u>
TOTAL BREAKFAST EXTENSION	<u>395154.40</u>
TOTAL – PROPOSAL I	<u>1234581.30</u>
TOTAL CANNED VEGETABLE, FRUIT & MEATS EXTENSION	<u>272314.92</u>
TOTAL STAPLES EXTENSION	<u>344140.80</u>
TOTAL CLEANING SUPPLIES EXTENSION	<u>18994.28</u>
TOTAL NON-FOOD SUPPLIES EXTENSION	<u>160664.40</u>
TOTAL – PROPOSAL II	<u>770120.12</u>
GRAND TOTAL	<u>2004701.40</u>

I certify by my signature below that the costs quoted in the proposal are correct and that I have the authority to obligate the company to perform under the conditions outlined in the contract.


Signature

Jimmy Green

Print or Type Name

Bid Sales Manager

Title

(501) 412-5821

Telephone Number



US Foods, Inc. ("US Foods") Addendum to the Reelfoot Area Consortium Bid (the "Bid")

Bid Due Date: June 12, 2014

Bidder: US Foods, Inc.

Bid Period: July 1, 2014 – June 30, 2015

After careful review of the Bid, US Foods is pleased to submit its response.

With regards to pricing, the product prices in US Foods' submission reflect all applicable discounts, rebates and credits, which by the terms of this bid are only those discounts, rebates and credits provided to US Foods specifically for this procurement by manufacturers, private label holders and/or redistributors with the understanding of all parties that they are to be passed along to the customer.

Additionally, with regards to product pricing, the following definitions and terms will apply:

a. Sell Price. Sell Price is the price at which we will sell products to you. The markup or fee per unit of sale we will use to calculate Sell Price will be as stated in the Bid. You will be responsible for all customs, duties, fees, taxes or other payment for such products. The Sell Price is calculated as follows for products that are marked up by a stated percentage:

$$\text{Sell Price} = \text{Delivered Price} \times (1 + \text{Mark-Up})$$

b. Delivered Price. The Delivered Price refers to our Supplier's invoice or quote, which may include a transportation fee for inbound shipment to our distribution center. For purposes hereof, "Supplier" means manufacturers, vendors, suppliers, packers, brokers, redistributors, consolidators, transaction service providers and USF business units and affiliates. When our Supplier's invoice or quote does not include a fee for transporting products, Delivered Price will include compensation to us for inbound shipment to our distribution centers and, in such situations, the transportation fee will not exceed the average market freight price, for comparable products, shipping methods and quantities. We may use our logistics expertise to manage freight and consolidate orders and may earn income and profit from those freight management activities; provided that Delivered Price will not exceed the f.o.b. origin unit price plus the transportation fee for inbound shipments to our distribution center that would have been payable at the quantities ordered had we not managed freight. For products sold under trademarks owned and licensed by us ("Exclusive Brand Products"), Delivered Price may be calculated based on our published price list plus any applicable service charge. If there is a national agreement between us and a Supplier that specifies the price we must charge our customers for certain products, the Sell Price, which is the price at which we will sell products to you, will be governed by such national agreements. Delivered Price will include any duties, taxes or fees we are charged by a Supplier. All manufacturer's discounts on the face of the invoice or that are otherwise designated by a Supplier to be passed on to you will be applied when determining the Sell Price. Delivered Price is a price, not an actual product cost, and may include Earned Income.

c. Earned Income. "Earned Income" is the income and profit we make from value-added services we provide, such as regional and national marketing, freight management, procurement

leverage, consolidated warehousing, quality assurance, and performance-based product marketing. We also receive income and make a profit from the sale of our Exclusive Brand Products, from our Suppliers through promotional allowances, cash discounts, prompt pay discounts, growth programs, and from other transactional payments and our management of competitive conditions. All of this income and profit is referred to as "Earned Income." We may negotiate or set the invoice price and amount of earned income we receive from our Suppliers. The Sell Price is not adjusted for Earned Income.

d. Selection of Invoice to Set Delivered Price. We may select the invoice price to be used for determining Delivered Price from our Supplier's purchase orders for product currently available for sale or from confirmed purchase orders for product due to be received no later than Wednesday of the following week for weekly priced items and for product due to be received no later than the seventh business day of the following calendar month for monthly priced items.

e. Price Adjustments. The Supplier invoice price based upon the pricing in this Agreement is guaranteed for 1 month (effective the first calendar day of that month), except for products that are commodities in nature, which will be priced weekly unless otherwise provided in this Agreement. Products that are commodities in nature are: Beef, Cheese, Dairy, Eggs, Fresh Produce, Coffee, Orange Juice, Flour, Sugar, Rice, Oils & Shortening, Veal, Lamb, Pork, Poultry, Seafood, Specialty Meats, Mayonnaise, and other items mutually deemed as commodity in nature, shall be priced weekly. Notwithstanding the foregoing, we may at any time adjust the Sell Price of any products if the Delivered Price of such products increases by 2% or more over the Delivered Price, in which case the Sell Price shall be re-established by applying the applicable markup or fee per unit of sale to the increased Delivered Price.

By awarding the bid to US Foods, the Reelfoot Area Consortium acknowledges that the terms of the resulting contract are governed by and construed by the terms and clarifications of this Addendum, which shall become part of the resulting contract.