

Bashas'®

Supplier Proposal Packet

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Welcome

Thank you for your interest in becoming a partner with the Bashas' Family of Stores. You have just taken the first step in developing a potential life long business partner with one of the leading grocery retailers in the state of Arizona. Please take a few minutes to review the information provided, and familiarize yourself with the process behind establishing a partnership with Bashas'.

Purpose of the Supplier Proposal Packet

This packet of information is designed to expedite the process of developing a business partnership with the Bashas' Family of Stores. The information within contains: a brief introduction to Bashas', our four distinct formats, our policies, business philosophies, and expectations from our suppliers.

What the Supplier Proposal Packet Will Do for You

Understanding the process of conducting business with Bashas' is the first step in achieving a partnership status. It is important for the potential supplier to understand how their product will align itself within the Bashas' store formats, and equally important for Bashas' to understand how to help the vendor in achieving this alignment.

What Happens Once the Supplier Proposal Packet Has Been Completed

Upon completing the Supplier Proposal Packet, and submitting it to the Bashas' Distribution Center, the packet is forwarded to the appropriate Category Manager. Once the Category Manager reviews the requested information, he/she makes the decision on whether or not to pursue a business relationship. Regardless of the decision made by the Category Manager, a verbal or written response informing you of our decision will be issued within 60 days.

Bashas' and Its Members

Thousands of Bashas' members have poured labor and love into the company since its founding. Like any family, the personality of Bashas' is a reflection of the quality people who work for and grow with the company. Bashas' has survived the competitive demands of the supermarket industry, because our members are committed to providing quality service and products to our customers. Many members have chosen to remain with Bashas' for decades, which is indicative of a company which inspires loyalty in the people who are at its heart, our members.

Bashas' Today

The company now has more than 125 stores serving every county in Arizona, as well as Needles, California and Crownpoint, New Mexico. Bashas' Family of Stores includes five distinct formats: AJ's Fine Foods, Bashas', Bashas' Diné Markets, Eddie's Country Store, and Food City. The varying formats enable the company to serve niche markets with the appropriate mixture of products and services designed to meet customer needs.

The Bashas' Family of Stores

Bashas'

Bashas' stores are traditional grocery stores emphasizing quality goods and excellence in customer service. The primary retail focus of the stores is to reach out to the immediate neighborhood customer base.



AJ's Fine Foods stores are gourmet and upscale specialty stores catering to discriminating tastes. The stores feature chef-prepared entrees, an extensive wine collection with knowledgeable cellar staff, fully stocked humidors, specialty baked goods, and the highest levels of customer service and attention to detail.



Food City, with a 50-year reputation for service to the Hispanic community in Phoenix, was purchased by Bashas' in 1993 and continues with its mission unchanged. Since acquiring the original Food City store, several Bashas' stores have been converted to this format to better meet the changing needs of their surrounding communities. Food City offers a full range of ethnic and Hispanic food varieties.



Diné Markets, The Bashas' Diné Markets are located on the Navajo Reservation in Arizona. They specialize in the needs of the Navajo customer with products such as mutton, wool, and Blue Bird flour for fry bread. Signs in the store are in the native language.

Required Information

To develop a business relationship with Bashas', potential suppliers must follow the steps below. Upon receipt of all requested information, the data will be reviewed and a notification of our decision will be delivered. The following steps will outline how to complete a proposal, and include a list of the information and forms we require.

Familiarize Yourself with the Bashas' Family of Stores

Understanding the Bashas' customer will allow partners to interpret their needs and indicate how to cater your offerings to better meet those needs. By visiting each distinct format, a whole new medium might reveal itself to you. The Bashas' Family of Stores reaches out to every community within the state of Arizona.

The following suggestions may assist future partners in catering their offerings to our formats and customers

- Visit our web page at www.bashas.com; there you will find detailed information about our history, community involvement, and other unique offerings.
- Visit each distinct format store and become familiarized with the product assortment and layout of each store.
- Note the appropriate category for your product, and conduct a comparison between similar products within that department.
- Understand the needs of our customer base.

Complete and Include the Following Information

The following information is necessary to process a partnership request. All information must be submitted in its entirety.

- Completely fill out the Supplier Questionnaire. (pp. 9)
- Answer the five questions about your product. (pp. 6)
- Submit a photocopy of your liability insurance form. (pp. 6)
- Submit your information from the Uniform Code Council. (pp.6)

Product Information

Any additional information about your product that will help in the decision process is always appreciated. Information to consider includes, and is not limited to the following:

- Product literature
- Price sheets (including economy of scale break down)
- Samples of product (maximum of two, which become property of Bashas' Inc.)

Putting It All Together

Once all of the information has been assembled, make photo copies of all documents submitted for your records. Check to ensure all required information has been properly completed and supplied. Mail your Supplier Proposal Packet to the following address:

Bashas' Distribution Center
Attn: Procurement/Vendor Development
P.O. Box 488
Chandler, AZ 85244

Supplier Questionnaire

In addition to the actual product, and the information supplied about your company, the supplier questionnaire (found on pp. 9) will assist us in making a fair decision with regard to a future business venture. It is important that the entire questionnaire be filled out, and that the information is accurate as well as current.

Marketing Information

Please be sure to include the pertinent marketing information about your product that will help in the decision process. The information should cover the following topics;

1. In what regions of the U.S. is your product currently selling?
2. Who is the target market (including geographic location, age, gender, family size, annual income, etc.)?
3. What other similar products exist in the marketplace?
4. What separates your product from those that are similar?
5. How will demand for your product shift over time?

Universal Product Code (UPC)

Bashas' requires that each product be registered with the Universal Code Council and be assigned a specific UPC number. The UPC number allows us to document and follow the products throughout our entire supply chain. If you haven't already, you must first register your product with the Uniform Code Council. More information about the process can be found on the web at www.upccode.net.

Liability Insurance

The following insurance requirements must be satisfied in order to conduct business with Bashas' Inc.:

- All policies must be written with companies that carry a Best rating of not less than A-VIII
- All policies shall carry a 30 day cancellation notice provision
- Policies shall maintain a primary minimum liability limit of \$1,000,000 AND \$2,000,000 excess/umbrella limit or a combined single limit of \$3,000,000
- Vendor must maintain Statutory Worker's Compensation Coverage; proof must be indicated on the Certificate of Insurance
- All policies must name Bashas' Inc. as an additional insured
- Certificate Holder shall be:
Bashas' Inc.
Risk Management
P.O. Box 488
Chandler, AZ 85244

Dun & Bradstreet

It is preferred that any party wishing to do business with Bashas' Inc. be registered with Dun & Bradstreet. The registration number assigned to you by Dun & Bradstreet will be the number Bashas' uses to identify your company for internal purposes, as well as facilitating the Electronic Data Interchange process. More information about Dun & Bradstreet can be found on the web at www.dnb.com.

If You Become a Supplier

Once a supplier is approved to do business with Bashas', the following requirements apply.

Electronic Data Interchange (EDI)

At Bashas' we prefer to communicate common business documents with our suppliers via Electronic Data Interchange. The EDI data sets that Bashas' utilizes the most include but are not limited to; OG875-Grocery Products Purchase Order, GP880-Grocery Products Invoice, and FA997-Functional Acknowledgement. Currently, Bashas' uses GXS Inovisworks for our VAN service. For smaller companies without EDI capabilities there are several third party EDI providers that can offer EDI services at a low cost, or Bashas' may agree to conduct the exchange of documents via fax machine. We look forward to developing strategic partnerships whenever they arise, and are willing to work together with you to nurture these partnerships.

Lead Time Requirements

The amount of lead time required on Bashas' behalf varies by category. This issue is one that will be discussed with the Category Manager in the event that supplier status is granted.

Timely Shipping

Because of the volatility associated with the retail marketplace, late shipments and/or inaccurate shipments can at times be irreparable when passed on to our consumers. For this reason, we expect our suppliers to ship products in a timely fashion, and for the order to be accurate and complete.

Industry Knowledge and Integrity

Throughout the state of Arizona, we are known for our integrity, solid business ethics, innovation, and dedication to quality. We appreciate every partnership we have developed, and are constantly looking for new relationships and opportunities, while continuously refining our existing partnerships.

Bashas' boasts an experienced buying staff with over 300 years of collective buying experience. Each category is assigned to a specific Category Manager with their own dedicated staff, which allows each department to be flexible and responsive.

Transportation and Logistics

The procurement department operates out of a centrally located, state of the art distribution center located in Chandler, Arizona. The distribution center spans an impressive 800,000 square feet (approximate), and supports all three major states of operation; dry, frozen, and refrigerated. We currently run and maintain a private trucking fleet, allowing us to make daily deliveries to each of our stores.

Gifts and Gratuities

Suppliers may donate gifts for charities, non-profit organizations, and fund-raisers.

Community Involvement

The success of Bashas' Supermarkets would not be possible without the support of the communities we serve. That's why, year-round, we reciprocate. Cooperation is always appreciated and encouraged from our business partners, and here are a few examples of some of the fundraisers we facilitate.

Annual Food Drives

Bashas' holds two major food drives – a Peanut Butter & Jelly Drive in the summer and a Turkey Tuesday Drive during the holiday season. With help from our customers, we've contributed more than a half a million pounds of food, providing meals for those in need. Both drives are a major boon for St. Vincent de Paul and other local food banks.

Charity of the Month

Customers have an opportunity to give back to a local non-profit just about every month in a Bashas' store – whether it be donating food or making a donation at the register. This kind of fundraising has garnered more than \$500,000 for local children's hospitals and local chapters of the Boys & Girls Clubs, Juvenile Diabetes Research Foundation and American Heart Association.

Community Support Card

Bashas' Community Support Card is a great way to generate funds for a charity or non-profit organization. Here's how it works:

- The organization purchases the Community Support Card and receives a 6% discount. The Community Support Card offers their supporters a choice where to shop, as it is accepted at all Bashas', Food City and AJ's stores.
- The organization then sells the Community Support Card to supporters at face value and receives a 6% profit.
- The organization's supporters can reload their Community Support Card at Bashas', Food City and AJ's Fine Foods stores and the organization will earn 6% of the reload amount.
- Earnings from reloaded Community Support Cards will be distributed once a month.
- To enroll, they simply submit a letter with their organization's name and address stating their interest in participating in our program, plus a copy of the notice from the IRS stating that they are registered as a charitable organization under IRS code section 501(c)3 to: communitycard@bashas.com or call 1-866-292-6407.

The aforementioned fundraisers represent a small taste of how Bashas' gives back to the community. Once approved as a vendor, the dedicated Category Manager will be more than happy to sit down with you and discuss your potential involvement in charity events.

