

Explanation of Common Deductions – Associated Grocers, Inc.

The following deduction types are taken directly off of your invoice and appear on our payment to your company with your invoice number followed by a dash (-) and one of the letters below.

B (Billback) occurs when there is a pre-existing deal between our buyer and your vendor/broker representative for certain items during a specified date range. Billbacks are similar to off invoice allowances except that they are “billed back” to the vendor and are not included on the vendor’s invoice.

E (EDI Non-Compliant Charge) occurs when inventory vendors submit paper/emailed invoices. This charge is intended to cover a portion of the costs associated with manually processing paper/emailed invoices. (If your company is not currently sending EDI invoices, please see about getting setup, as this charge will continue for each manual invoice. Please visit www.agbr.com > Vendors > EDI for more information.)

I (Invoice Surcharge) occurs when there are list cost and/or off invoice discrepancies between our purchase order and the vendor’s invoice. This surcharge is intended to cover a portion of the cost associated with researching and reconciling these pricing differences.

P (List Cost & Off Invoice Deduction) occurs when the list cost or off invoice allowance on the vendor’s invoice is different from what we were expecting based on our purchase order. When reviewing the discrepancy, the buyer has chosen to pay the purchase order list cost and/or take the purchase order off invoice allowance instead of the invoiced amount.

Q (Shortage Deduction) occurs when we are invoiced for product that we did not receive.

S (Shorted Deals)

It is the policy of Associated Grocers, Inc. that vendor deals entail not only getting the agreed upon discount on merchandise received, but also receiving the quantities that we order for that deal. If there is no product, then we cannot successfully profit from the original deal or successfully promote the movement of your items. We do this to discourage shortages; therefore, making sure that your product is in stock at all times and offered to our consumers as opposed to the competitors' product.

(Billback, Freight, & Off Invoice) occurs when there is a pre-existing billback, freight, or off invoice allowance setup on an item and that item is either cut or shorted from the order.

(Price Increase) occurs when there is an item that is cut or shorted from our purchase order and that item has an upcoming price increase. The system takes the difference between the upcoming price and the current price to deflect the higher cost that would result from reordering this product.

The following deduction types are not taken directly off of your invoice and appear on our payment to your company beginning with two letters, followed by a dash (-), and six or seven numbers.

AW (listed as AW-#####) is an Ad Week Billback for advertising allowances setup between our buyer and your vendor/broker representative. Our retailers book the product through an ad survey with the promise of a per-case allowance if they feature the product in their weekly ad.

DG (listed as DG-#####) is a Damaged Goods Billback that is generated by our Reclamation Center Servicer, Carolina Logistics. When a new vendor is setup with Associated Grocers, Inc., they either choose how they want damaged goods to be handled, or they are setup on the default option. When damaged product is returned to our warehouse by a retailer, it is processed by Carolina Logistics according to the option setup for that vendor, and the vendor is billed accordingly.

EP (listed as EP-#####) is an Extended Purchases Billback for billback allowances associated with a deal window that have been extended (2 days before and 1 day after for meat and poultry and 7 days before and 3 days after for all other departments).

ES (listed as ES-#####) is an Extended Sales (Movement) Billback for allowances setup between our buyer and your vendor/broker representative. Our retailers book the product through a promotional survey with the promise of a per-case allowance if they accept delivery of the product within a certain delivery window, which is usually linked to a promotional event.

MB (listed as MB-#####) is a "Miscellaneous Billback" that is generated by our buyers and/or their support staff for deductions that cannot be taken elsewhere.

OI (listed as OI-#####) is an Extended Off Invoice Billback for off invoice allowances associated with a deal window that have been extended (2 days before and 1 day after for meat and poultry and 7 days before and 3 days after for all other departments).

SD (listed as SD-#####) is a Scan Down Billback for allowances that are passed along to our retailers for scan downs. Your vendor/broker representative agreed to pass along a certain allowance per unit sold of a particular product or product line for a certain time frame if the product is featured at a certain retail price. If the retailer participates, they track and report their unit sales to us for the specified time frame, and we reimburse them for the per-unit allowance for every unit sold.

Requests for backup or repayment of any of these deductions must be emailed to Accounts Payable at AP@agbr.com.