

**Private Label Financial Analysis**

	Year 1 (5% Market Share)		Year 2 (10% Market Share)		Year 3 (15% Market Share)		Year 4 (20% Market Share)		Comments	Source
	Best Case Scenario	Worst Case Scenario	Best Case Scenario	Worst Case Scenario	Best Case Scenario	Worst Case Scenario	Best Case Scenario	Worst Case Scenario		
DeCA Total Sales	\$5,500,000,000	\$5,500,000,000	\$5,500,000,000	\$5,500,000,000	\$5,500,000,000	\$5,500,000,000	\$5,500,000,000	\$5,500,000,000		
Share of Private Label	\$275,000,000	\$275,000,000	\$550,000,000	\$550,000,000	\$825,000,000	\$825,000,000	\$1,006,500,000	\$1,006,500,000	Will take DeCA 3-5 years to build an 18.3% market share	IRI Trend and Time January 2016 Study
DeCA Total Estimated Sales	\$5,431,250,000	\$5,431,250,000	\$5,362,500,000	\$5,362,500,000	\$5,293,750,000	\$5,293,750,000	\$5,248,375,000	\$5,248,375,000	PL will trade down category dollars resulting in lower total sales. Assumes no displacement of National Brands	
<b>Total Private Label Estimated Profit at 25%</b>	<b>\$68,750,000</b>	<b>\$68,750,000</b>	<b>\$137,500,000</b>	<b>\$137,500,000</b>	<b>\$206,250,000</b>	<b>\$206,250,000</b>	<b>\$251,625,000</b>	<b>\$251,625,000</b>		
<b>Additional DeCA Costs Incurred due to PL</b>										
Estimated Cost of Drayage support at 3.5% to 7.0%	\$9,625,000	\$19,250,000	\$19,250,000	\$38,500,000	\$28,875,000	\$57,750,000	\$35,227,500	\$70,455,000	Additional cost to support private label through supply chain/Anticipate PL would pay more than 3.5% based on business size and value price	Military distributor validated
Private Label Vendor Stocking best case scenario at \$.35 cents and worst case scenario at \$1.00	\$670,250	\$1,915,000	\$1,340,500	\$3,830,000	\$2,010,750	\$5,745,000	\$2,453,115	\$5,745,000	\$.35 cents/case x 38.3MM cases x 18.3 share for private label. DeCA pays at least double for contract stocking and could pay upwards of \$1 per case	Industry average.
Salvage at .73%	\$2,007,500	\$2,007,500	\$4,015,000	\$4,015,000	\$6,022,500	\$6,022,500	\$7,347,450	\$7,347,450		2013 DeCA Sourced Information
Brokerage/Coverage at 2.5%	\$6,875,000	\$6,875,000	\$13,750,000	\$13,750,000	\$20,625,000	\$20,625,000	\$25,162,500	\$25,162,500		Daymon Representative
Vendor Trade Fund Accrual Loss between 13.7% and 20%	\$37,675,000	\$55,000,000	\$75,350,000	\$110,000,000	\$113,025,000	\$165,000,000	\$137,890,500	\$201,300,000	Promotional funding loss from manufacturers to enhance patron savings	Acosta Study
<b>Total DeCA Costs Incurred due to PL</b>	<b>\$56,852,750</b>	<b>\$85,047,500</b>	<b>\$113,705,500</b>	<b>\$170,095,000</b>	<b>\$170,558,250</b>	<b>\$255,142,500</b>	<b>\$208,081,065</b>	<b>\$310,009,950</b>	The total opportunity of Private Label. This does not include the work involved to create and implement the program. And the disruption to current business. Replacing existing sku's, adding new private label items, resets, discontinued item process etc. And the assumption is that the DeCA patron will like the program. If not, they shop another store and more volume is lost. Robinson Patman implications. If DeCA changes from a Benefit to a for profit retailer, they are subject to anti-trust law implications. Vendor Stocking, Secondary transportation/drayage, pricing based on volume/bracket pricing. In-store coupons. They would be subject to the same pricing considerations offered all other retailers. NO exceptions.	
<b>Private Label Net Loss Impact</b>	<b>\$11,897,250</b>	<b>-\$16,297,500</b>	<b>\$23,794,500</b>	<b>-\$32,595,000</b>	<b>\$35,691,750</b>	<b>-\$48,892,500</b>	<b>\$43,543,935</b>	<b>-\$58,384,950</b>		
<b>Other Support Reduction Considerations</b>										
Lower overall sales									\$1B net loss to national brands. Private Label will replace lower tiered brands resulting in potential impact small businesses. Trade down in category dollars will reduce surcharge.	
Coupon Redemption Loss	\$3,592,192	\$3,592,192	\$7,184,385	\$7,184,385	\$10,776,577	\$10,776,577	\$13,147,424	\$13,147,424	Coupon redemption loss due to no PL coupons/2015 Total Coupon dollars x market share in year	DeCA 2015 Coupon Data
Military Media Support Reduction at 1%	\$2,750,000	\$2,750,000	\$5,500,000	\$5,500,000	\$8,250,000	\$8,250,000	\$10,065,000	\$10,065,000	Family Magazine, Maxi Saver, Coupon Connection, Commissary Specials support reduction	Estimated
Shopper Marketing Budget Decline at 1%	\$2,750,000	\$2,750,000	\$5,500,000	\$5,500,000	\$8,250,000	\$8,250,000	\$10,065,000	\$10,065,000	Manufacturer resources to drive store traffic and category conversion	Estimated
<b>Total Support Reduction Loss</b>	<b>\$9,092,192</b>	<b>\$9,092,192</b>	<b>\$18,184,385</b>	<b>\$18,184,385</b>	<b>\$27,276,577</b>	<b>\$27,276,577</b>	<b>\$33,277,424</b>	<b>\$33,277,424</b>		
<b>Net Potential Loss to DeCA</b>	<b>\$2,805,058</b>	<b>-\$25,389,692</b>	<b>\$5,610,116</b>	<b>-\$50,779,385</b>	<b>\$8,415,173</b>	<b>-\$76,169,077</b>	<b>\$10,266,511</b>	<b>-\$91,662,374</b>		
<b>4 Year Best Case Scenario</b>	<b>\$27,096,858</b>									
<b>4 Year Worst Case Scenario</b>	<b>-\$244,000,527</b>									