

The P3 Distributor Protection Program's goals and objectives are to protect KCP Distribution partners who pioneer new end user business with KCP in three different categories:

- 1) Three year no quote on new local/regional contract end user business that meets requirements
- 2) Five year buy-out protection on new end user proprietary dispenser placements that meet requirements
- 3) Three year marketing allowance on select new national accounts end users that meet requirements

## **DEFINITIONS**

- Distributor: A KCP customer that stocks and ships K-C Products to End Users
- DSR: a distributor sales representative who is an employee of the Distributor who is tasked with managing End User Accounts or National Accounts
- End User: A customer that purchases and uses K-C Products directly from the Distributor.
- KCP: Kimberly-Clark Professional
- K-C Products: Kimberly-Clark branded products.
- NASS End User: A customer that purchases and uses products directly from the Distributor and is part of a signed KCP National Contract. Note: Wholesale Redistribution customers do not qualify as NASS End Users under the NASS Program
- NASS Program: the National Accounts Sales and Service Program outlined in this document.
- National Account: Members of eligible National Accounts with KCP (see Exhibit A)
- POS: Point of Sales
- Product Categories: products as listed in Exhibit B.
- SAD: Sales after discount
- SFDC: Salesforce.com
- Wholesale Redistribution: K-C Products that are not sold to End Users but sold to another distributor for resale

## **CONTRACT PRICING PROTECTION PROGRAM DETAILS**

- The Distributor will ask for price protection on new End User business that meets the minimum requirements of \$20,000 SAD annually and a minimum of two skus for three consecutive years
- Pricing under this Pricing Protection Program is not transferable
- Mandatory "Pricing Protection" field to be checked in SFDC by KCP Sales Professional and must be requested by the DSR
  - New Business will not automatically be included in Contract Pricing Protection Program
  - KCP has full discretion to decide whether or not a new business will be covered under the Price Protection Program
- Enhanced equity report will be created that clearly defines all new closed-won business that qualifies for Contract Pricing Protection Program as well as closed-won business that does not qualify. Such report will be available to KCP Sales Professional and the Distributor partners who have accounts covered by this Pioneering Protection Program.
- End Users Contract Pricing Protection stipulate the following conditions ("Conditions"):
  - Distributor cannot show competitive products at the End User that is covered by this program
  - KCP Sales Professional has full access to new End User (in person or via phone/email)

- If the new End User falls below the \$20,000 annual and 2 sku threshold, the account will no longer be covered by this Program and price protection shall be lost
- Distribution must not be in violation of the Master Distribution Agreement
- KCP Director of Sales and/or KCP Vice President of Sales may, at their sole discretion, waive any of the Conditions above
- All new Business will be tracked in SFDC, including the following minimums, to qualify for this Program:
  - \$20,000 SAD Annually
  - 2 skus
- Distribution Equity Reporting will be created to track all new closed-won business that is protected
- Should DSR perform any of the following, the Program may be discontinued and pricing protection withdrawn at KCP’s discretion:
  - Show competitive product or switch any KCP sku to competitive product in an existing KCP Protected Account
  - Limit KCP Sales Representative’s access to End User customer.
  - End User provides documented proof of services issues.
- KCP National Account and Wholesale Redistribution business does not qualify for this program.

### **DISTRIBUTOR DISPENSER PROTECTION PROGRAM DETAILS**

- The Distributor Dispenser Protection Program (“Dispenser Program”) goal is to protect Distributors who lead with, and invest at prevailing dispenser program rates, on KCP proprietary dispenser (“KCP Proprietary Dispenser”) placements to End Users.
- No End User signature is required for the Dispenser Protection Program to be effective
- Distribution must provide full point of sale (“POS”) data for all End Users business monthly and include dispenser placements, see example below:

<b>End User Name</b>	<b>End User Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Country</b>	<b>SKU</b>	<b>Quantity</b>	<b>COGS</b>
Joe’s Manufacturing	1234 Jones Street	Atlanta	GA	30076	US	34346	30	\$2.00
						25702	100	\$65.24
						4007	60	\$41.80
						9604	150	NA

- Dispenser Buy-out are for KCP Proprietary Dispenser only and subject to change at any time
- Dispensers Buy-out is initiated when the Distributor under the Distributor Dispenser Program (the “Protected Distributor”) informs KCP of End Users having a written request to change distribution in which they purchase K-C Products. Once KCP is notified and verifies with End Users, buyout is calculated for raiding distribution (the “Raiding Distributor”).
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- Dispenser Buy-out Protection stipulate the following conditions (“Conditions”):
  - The Protected Distributor cannot show competitive products at the end user that is covered by this program
  - KCP Sales Professional has full access to new end user (in person or via phone/email)
  - Distribution must not be in violation of the Master Distribution Agreement
- KCP Director of Sales and/or KCP Vice President of Sales may, at their sole discretion, waive any of the Conditions above
- KCP will upload this POS data into our internal systems to track where dispenser placements were made and at what price and by which distributors.
- KCP National Account and Wholesale Redistribution business does not qualify for this program.

## Levels of Protection based on distributor investment levels on dispensers:

- **Prevailing Program Price (Promo pricing)**
  - Protection is for 5 years.
  - Rate of protection is not amortized, and protection will be provided at the Protected Rate in the attached schedule
  - For the Raiding Distributor to quote on the piece of protected business, the Raiding Distributor would need to sign a promissory note agreeing to pay the buyout (number of dispensers x Protected Rate of each dispenser) if they are awarded the business.
    - Example:
      - Assuming Prevailing Program Price (i.e. Price paid per dispenser by the Protected Distributor) = \$8
      - Protected Rate (i.e. Price per dispenser to be paid by the Raiding Distributor) = \$125
      - Assuming 100 dispensers, the buyout to be paid by the Raiding Distributor would be:  $100 \times \$125 = \$12,500$
  - KCP will not quote the Raiding Distributor contract pricing which may be in effect if the promissory note is not signed.
- **Less Than Prevailing Program Price (dispenser exception)**
  - Protection is for 5 years.
  - Rate of protection is not amortized, and protection is at the Prevailing Program Price at the time of the buyout.
  - For the Raiding Distributor to quote on the piece of protected business, the Raiding Distributor would need to sign a promissory note agreeing to pay the buyout (number of dispensers x Prevailing Program Price at the time of the buyout of each dispenser) if they are awarded the business.
    - Example:
      - Less than Prevailing Program Price (i.e. Price paid per dispenser by the Protected Distributor) = \$1
      - Prevailing Program Price at the time of buyout = \$8
      - Assuming 100 dispensers, the buyout will be:  $100 \times \$8 = \$800$
  - KCP will not quote the Raiding Distributor contract pricing which may be in effect if the promissory note is not signed.

Once the Distributor agrees to the below terms and conditions, dispenser protection will apply as this is an agreement between KCP and the Distributor who places KCP Proprietary Dispensers at End User accounts.

### **Distributor Dispenser Protection Program – Additional Terms and Conditions**

The Distributor Dispenser Protection Program (“Dispenser Program”) is only applicable to new business relating to KCP Proprietary Dispensers.

Any Distributor who purchases or is rebated back to a price less than KCP’s dispenser list pricing MUST only provide K-C Products into such dispensers. Should distributor refill such discounted dispensers with product other than K-C Products, KCP reserves the right to withdraw protection and charge distributors for full list price amount of the dispensers.

Distributor to provide **monthly** POS as outlined above. KCP will periodically monitor throughput to make sure our product refills are flowing through the dispensers placed. If it is determined by KCP the Distributor is not providing K-C Product refills into the dispensers the Distributor will be invoiced at current list price for those dispensers.

Protection applies to the dispensers which are found on the attached excel spreadsheet.

# **NATIONAL ACCOUNT SALES AND SERVICE**

## **Program Objective**

To reward Distributors for their investment of time and resources in actively pioneering new National Accounts business, KCP offers the NASS Program. This Program provides Distributors with the benefits outlined below for three consecutive years:

## **ELIGIBILITY**

In order to be eligible for the NASS Program:

1. The Distributor must:
  - a. Register NASS End User accounts through their KCP Distributor/Sales Specialist for participation in the NASS Program (tracked in SFDC)
  - b. Provide unbatched, ship to POS data (customer name, address, city, state, country, zip)
  - c. Sell the full National Account contract bundle (at least two skus) and commit to leading only with K-C Products in all eligible Product Categories per the National Account agreement, unless otherwise approved by the KCP Sales Specialist in advance
  - d. Demonstrate at least 1-2 new K-C Products to the NASS End User each year
  - e. Provide in-service training to the End User as needed
  - f. Notify KCP within 30 days if they lose the business registered with this NASS Program
  - g. Make in person sales calls with KCP Sales Professional to NASS End User
2. The NASS End User must:
  - a. Be a member or an affiliate of a National Account (see Exhibit A)
  - b. Have had no purchases of K-C Products from the Product Categories in the prior 12 months
  - c. Purchased a total of \$20,000 SAD per location of K-C Products per year, verified by POS information and contract rebated data provided by the Distributor

## **BENEFITS OF THE NASS PROGRAM**

### **Distribution**

Once the eligibility requirements are met, the Distributor will receive a Sales and Service Commission on all new sales of K-C Products in the eligible Product Categories for the enrolled NASS End User(s). Commission will be paid quarterly in the form of Marketing Allowance. NASS Program to remain in effect for three years from the date of NASS End User Registration. New end users with qualifying National Accounts are not automatically registered for NASS, KCP has full discretion to decide whether or not a qualifying National Account End User will be covered under NASS Sales and Service Commission will be paid at the following level:

<b>PRODUCT CATEGORY</b>	<b>SALES AND SERVICE COMMISSION RATE</b>
Commodity Towels & Tissue	2%
Proprietary Towel and Tissue, Wipers	4%

Skincare	6%
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### **PROGRAM TERMINATION/CANCELATION**

KCP may cancel any or all of this NASS Program at any time without reason or for reasons including, but not limited to:

1. Evidence that the NASS End User account is using competitive product in place of K-C Products (i.e. stuffing dispensers with non K-C Products);
2. Change of ownership or control of a Distributor;
3. Change of ownership or control of the NASS End User;
4. Distribution must not be in violation of the Master Distribution Agreement
5. Three documented service issues with a Distributor within any 12 month period from End Users

## Exhibit A – Eligible National Accounts

Qualifying National Accounts
Care Purchasing
Foodbuy (excluding Skin Care)
HPSI
Premier (excluding Ascend)
Vizient (formerly MedAssets & Novation)
ABM
Yardi / Site Stuff
ABM
Smithfield
Kraft Foods

## Exhibit B – Eligible Products (finalize)

Category	SKU	Product Description	
Proprietary Towels	01032	SCOTT,RL CTL,RTWL,WH,6PK,700	
	02000	SCOTT,HRT,RTWL,WH,6PK,950	
	04442	KLX,SLMFLD,HNDTWL,WH,24PK,90	
	12388	SCOTT,HRT,RTWL,WH,6PK,580	
	25630	KLX,HRT-MOD,RTWL,GRWH,6PK,700	
	25637	KLX,HRT-MOD,RTWL,BUWH,6PK,700	
	25639	KLX,HRT-MOD,RTWL,GYWH,6PK,700	
	25700	SCOTT,HRT-MOD,RTWL,GRWH,6PK,1150	
	25702	SCOTT,HRT-MOD,RTWL,BUWH,6PK,1150	
	25703	SCOTT,HRT-MOD,RTWL,GYWH,6PK,1150	
	29575	SCOTT,SLMFLD,HNDTWL,WH,24PK,110	
	43959	SCOTT,HRT-MOD,RTWL,MOCBLU,6PK,800	
	43960	SCOTT,HRT-MOD,RTWL,MOCGRY,6PK,800	
	50500	KLX,HRT,RTWL,WH,12PK,425	
	50606	KLX,HRT,RTWL,WH,6PK,600	
	Proprietary Bath Tissue	04007	SCOTT,CORLES,TT,WH,-,1000
		07001	KLX,CORLES,TT,WH,-,800
		07005	SCOTT,JRT JR,TT,WH,-,2300
		07006	SCOTT,JRT JR,TT,WH,-,1150
07007		SCOTT,JRT JR,TT,WH,-,1000	
41884		SCOTT,JRT JR,TP,EGGSHL,RL,1150	
48180		SCOTT,I-FOLD,BT,WH,-,500	
48280		KLX,I-FOLD,BT,-,-,250	
Proprietary Facial Tissue	21286	KLX,AV,FT,WH,-,68	
	30893	KLX,AV,FT,WH,-,68	
	32679	KLX,AV,FT,WH,-,68	
	35551	KLX,AV,FT,WH,3PLY,68	
	37303	KLX,AV,FT,WH,27PK,68	
Wipers	06001	KIMTECH* WETTASK* WIPERS,HKN	
	06211	KIMTECH* WETTASK* WIPERS,SPUNLACE	
	06411	KIMTECH* WETTASK* WIPERS,MB	
	06471	KIMTECH* WETTASK* WIPERS,MB	
	77320	KIMTECH* WETTASK* WIPERS,MB	
	06006	KIMTECH* WETTASK* WIPERS,HKN	
	09361	KIMTECH* WETTASK* WIPERS,3.5GAL	
	36101	KIMTECH* WETTASK* WIPERS,MB DUAL	
	05701	WYPALL* L40 WIPER	
05770	WYPALL* L40 PROF TOWEL		

	08512	WYPALL* L30 WIPER
	05860	WYPALL* L40 DRY-UP TOWEL
	35010	WYPALL* X60 SHOWER TOWEL
	35025	WYPALL* X50 WASHCLOTH
	34865	WYPALL* X60 WASHCLOTH
	41083	WYPALL* X60 WASHCLOTH
Skincare	11279	KLX,ESURTCH,ANTBAC,CL,1.5L,2
	11280	KLX,SURTCH,GEN P,PN,1.5L,2
	11285	KLX,FM CASS,SOAP,CL,1.5L,2
	12977	KLX,ALCFREE,HNDSAN,CL,FM CAS,6
	12979	KLX,ALCFREE,HNDSAN,CL,1.2L,2
	29574	BRADY,FM CASS,GEN P,PN,1LTR,4
	29618	BRADY,GP,SOAP,PN,1.2L,4
	29620	BRADY,FM CASS,HBSHAM,BP,1LTR,4
	30313	BRADY,FM CASS,FRGDYF,CL,1LTR,4
	34062	KLX,ABCLR,SOAP,CL,LQ CAS,1
	34643	KLX,FM CASS,HNDSAN,CL,1.2L,2
	34678	KLX,FM CASS,HNDSAN,CL,1.2L,2
	34700	KLX,ULT,HNDANT,CL,FM CAS,6
	35042	KLX,ESURTCH,SOAP,CL,800ML,4
	35362	KLX,SC,H/BLTN,WH,1LTR,6
	35365	SCOTT,SC,HNDLTN,WH,1LTR,6
	35758	KLX,FM CASS,HNDSAN,CL,1000ML,6
	35793	KLX,MOIST,HNDSAN,WH,1000ML,6
	35821	KLX,ANTBACFOAM,HS,CL,1000ML,6
	35881	KLX,FOAM,HNDSAN,CL,1.2L,2
	35882	KLX,ANTBACFOAM,HS,CL,1.5L,2
	40552	SCOTT,CASS,NTOGRT,WH,1.0L,6
	91045	SCOTT,NTO,W/GRIT,WH,8L,1
	91047	SCOTT,NTO,W/GRIT,WH,3.5L,1
	91437	SCOTT,GLDN,LTNSOP,YL,1000ML,3
	91439	SCOTT,PRLIZD,LTNSOP,BU,1000ML,1
	91440	SCOTT,ANTBAC,SOAP,CL,1000ML,1
	91552	KLX,FM CASS,GEN P,PN,1LTR,6
	91553	KLX,FM CASS,HBSHAM,BP,1LTR,6
	91554	KLX,ANTBACFOAM,HS,CL,1000ML,6
	91555	KLX,FM CASS,E2,CL,1LTR,6
	91556	KLX,G-LTN,SOAP,PN,LQ CAS,1
	91557	KLX,H&B,SOAP,YL,LQ CAS,1
	91559	KLX,ABCLR,HS,CL,1000ML,6
	91560	KLX,FM CASS,HNDSAN,CL,1LTR,6
	91562	KLX,CASS,MIHA,WH,1000ML,6
	91565	KLX,FM CASS,GEN P,CL,1LTR,6

	91590	KLX,FOAM,HNDSAN,CL,1.2L,2
	91591	KLX,E-CASS,SOAP,CL,1.2L,2
	91592	KLX,GP,SOAP,PN,1.2L,2
	91594	KLX,ANTBACFOAM,SOAP,CL,1.2L,2
	91595	KLX,E-2FOM,SOAP,CL,FMECAS,2
	91600	KLX,MOIST,HNDSAN,WH,1.2L,2
	91721	SCOTT,LTN,HS,PN,8L,1
	91726	SCOTT,EURO-B,BDYSHM,YL,8L,1
	91748	SCOTT,SUPDTY,CLNGRT,GR,8L,1
	91757	SCOTT,SUPDTY,CLNGRT,-,3.5L,2

All other towel and tissue SKUs not listed above are considered commodity for the NASS Program.