



Manufacturer Pricing Agreements

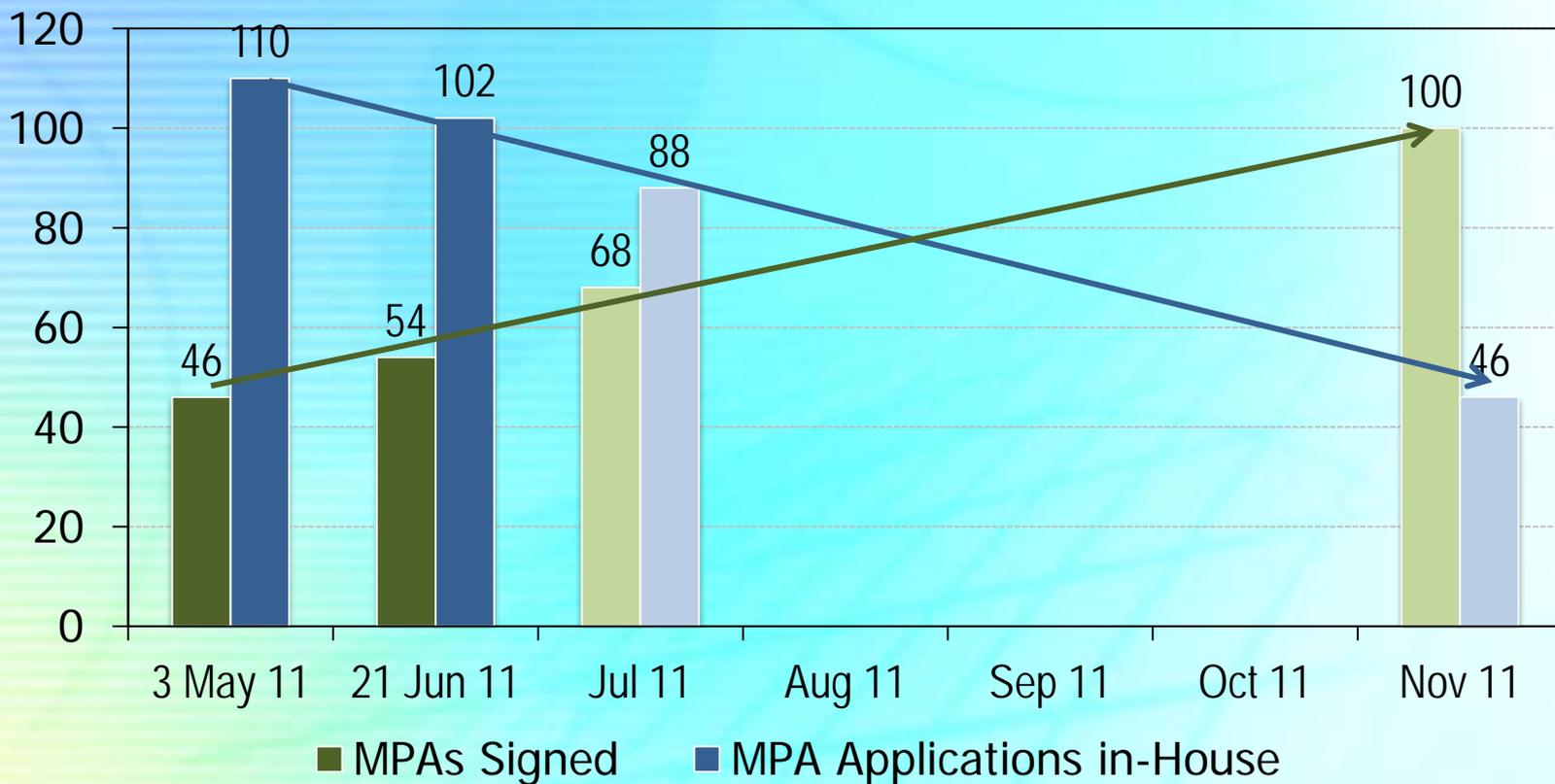


Manufacturer Pricing Agreements (MPA)

- Agreements with manufacturers to set pricing for products purchased by OCONUS Subsistence prime vendors
 - One price for all Subsistence Prime Vendor contracts
- Prices determined to be fair and reasonable up-front
 - FOB origin (mfr facility) or FOB destination if nationally priced
- Monthly updates
- Replace non-MPA items with MPA items on all Subsistence Prime Vendor catalogs
- MPA holders agree to be audited



MPA Processing Status



- Both arrows signify positive trend... less applications in-house and more applications being signed
- Jul estimate... 14 MPAs awaiting signatures (vendor)
- It takes approximately 3 months from the date of the signed agreement to realize an actual cost savings



MPA Risk Assessment

- Pricing
 - Lessens risk of contractor fraud
 - More transparent process
 - DLA negotiates detailed agreements
 - MPA file... signed MPA, ORCA, D&B, catalog (if applicable)
 - Government assumes larger share of pricing risk
 - Provides fair & reasonable price... not necessarily lowest
- Sourcing
 - Multi-sourcing lessens performance risk



MPA Status

- Contract status... currently on 3 of 13 OCONUS contracts
 - Korea
 - Iraq & Kuwait
 - Japan
 - Next... Okinawa
- MPA status
 - 16 Feb 2011 letter to industry signed by CAPT Hansen
 - Resulted in significant increase in applications and approvals
 - 54 Agreements signed
 - All food segments covered... 2563 stock numbers

DEFENSE LOGISTICS AGENCY

AMERICA'S COMBAT LOGISTICS SUPPORT AGENCY

