

Martignetti Decision

February 18, 2010

Dear MassPack Member:

We write to you today in reference to the recent Martignetti decision to reduce credit terms over the course of the next year. We realize that this recent decision comes at a period of very difficult times. We recognize the fact that this serves as an additional business obstacle to an industry that is already feeling the impact of a newly imposed sales tax. You are all doing your best to make ends meet during this economic downturn. With that said, We assure you that MassPack is doing all it can to provide you with the most updated and helpful information we can gather, and we will keep you notified of any findings. We are also working to develop programs designed to help retailers survive and grow in a changing marketplace.

In the meantime, you should keep a couple of basic business issues in mind as you make the transition to 45 day credit terms. First of all, the cost of doing business is definitely affected by the power of your money. Paying for inventory over a shorter period of time is an example of your money doing less for you. You may want to consider whether or not price increases are necessary to cover your increased costs. To keep your business running smoothly, you certainly might want to speak with your Martignetti salespeople and your suppliers and ask them if they intend to reduce the quantities necessary for maximum discount. It is only reasonable to ask that if you are paying for your inventory more quickly, that the cost of that inventory be reduced by lowering the purchase levels.

Secondly, the transition, as we understand it, comes in three phases – March 1, 2010, September 1, 2010, and March 1, 2011. At each transition point, two invoices will come due for payment at the same time. For example, products you purchase during the last week of February of 2010 will be due for payment on April 22-25 (60 days). Products you purchase during the first week of March will also be due on April 25 (55 days). You should carefully consider what, and how much, product you purchase during that time period so you don't put yourself at risk of delinquency. You may have to consider such things as what products to purchase before they go off post versus what products that are coming on post in March. Remember that you will be subjected to this situation three times during the transition, as mentioned above.

MassPack will continue to have important information to offer regarding this situation, and we will communicate this information to you in a timely manner. You can receive this information in a more timely manner by checking our website at <http://www.masspack.org>.

Sincerely,

Frank Anzalotti

Executive Director