

CAPTAIN VENDING SERVICES

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Marietta, GA 30067
(770)955-8888

www.captainvending.com

What We Believe

- Clean
- Filled
- Working
- Fresh
- Consistent
- Courteous

Since 1989

Vendor of Choice

Atlanta
Community
Food Bank

2004 - 2007

March 1, 2007

In an unparalleled move by both Coca-Cola and Pepsi-Cola, stating increasing commodity and transportation costs, both have issued a 12-15% price increase effective no later than February 17, 2007. This represents close to a total two year 20-22% increase in 2006 and now 2007.

This price increase was so dramatic that it has made the news in various channels nationwide. Some companies and areas were increased by as much as 30% just this year .

The beginning of this price movement was seen at the retail and convenience store level last September when 20 oz bottles increased from \$1.09 to \$1.19 and then again to the standard \$1.29 - \$1.39 depending on the outlet.

This is also an important time to remind our customers that we are responsible for sales tax on vended items. Effective March 21, 2007, we have no choice but to increase our 20 oz bottle pricing to \$1.16 plus tax (\$.09) for a \$1.25 vend point. All other premium products will also receive a 15% price modification to match our underlying cost increases.

2007 / 2008 Pricing	Price	Vend Point
12 oz Cans / Dasani	\$0.61 + \$.04 Sales Tax	\$0.65
20 oz Soda / Bottled Water	\$1.16 + \$.09 Sales Tax	\$1.25
20 oz Gatorade / 15 oz Juice	\$1.35 + \$.10 Sales Tax	\$1.45

We understand that no one likes price increases, neither do we. It is a tremendous amount of work to re-price and reprogram our equipment. We will provide supporting documentation, not only from Coca-Cola and Pepsi, but other trade sources as well.

We know that educating your employees is paramount. Most of them probably don't even know that sales tax is "included", and that they are still receiving value and pricing (15% less than the cheapest convenience store).

For our customers that wish to maintain the \$1.00 Vend Point for their employees, we will have a "subsidy" program available. We can bill your company for \$.25 per bottle to subsidize the drink price. Please feel free to discuss the options with your Team Leader.

Thank you for your business, and more importantly, your relationship with us.

Sincerely,

Preston Humphries
President - Captain Vending Services