

REVERSE LOGISTICS IN SEARS



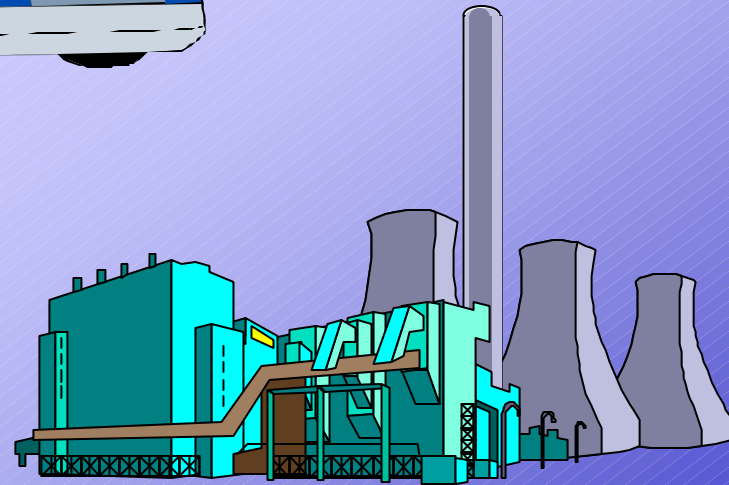
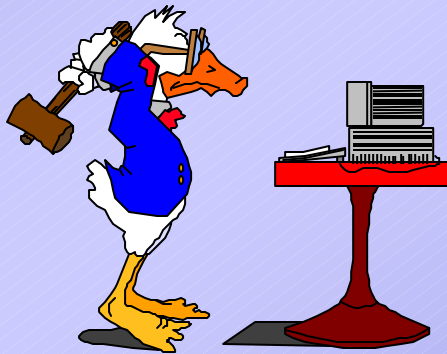
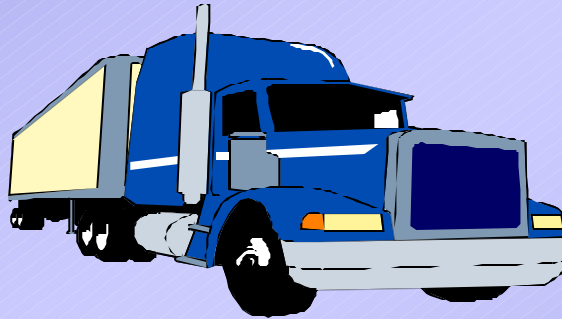
Zaragoza (Spain) May 2001

GUS PAGONIS
Executive V.P. and President SLS

SEARS

CENTRAL RETURN CENTER

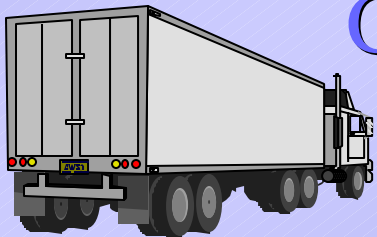
- Operated by coalition partner
- Three Locations
 - Atlanta
 - Columbus
 - Sacramento
- Sears Liaison on site to monitor Store Compliance



SEARS

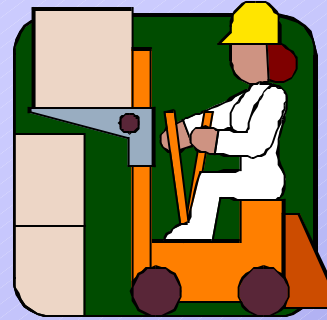
What can Reverse Logistics do for the Business?

- Receive, process and consolidate customer returned merchandise
- Optimize cost recovery
- Provide Data on product processed through a central facility
- Process Marketing Returns/Recalls
- Recycle Apparel Hangers/Garment Plastic/Craftsman Tool Barrels



What can the CRC Provide for the Vendor?

- Consolidated, palletized, stretch wrapped shipments
- Consolidated Return Goods Invoices
 - Eliminates Store specific invoices from 860 plus Stores
- Ability to review product issues with the Buying Team at a centralized location
- A detailed manifest with each shipment (Division/Item/SKU/Total Quantity)





Buyer/Vendor Negotiation

- Negotiate the recourse agreement with the Vendor
 - Vendor must take responsibility for defective product
- Vendor Choices
 - Credit and return merchandise to the Vendor
(Consolidation fee plus outbound transportation and inbound transportation)
 - Credit and allow CRC to salvage
(Inbound transportation plus cost of merchandise only)
 - Credit and destroy or charity
(Consolidation fee plus landfill fee plus inbound transportation)



Summary

