

Merchants Distributors, Inc.

January 2, 2012

RE: MDI Preferred LTL Carrier Program

Dear Vendor:

Merchants Distributors, Inc. is pleased to announce a change in our Preferred LTL Carrier Program. As stated in the past, the ultimate purpose of our Preferred LTL Carrier Program is to maintain better in-stock inventory positions that will ensure higher service levels to our Retail Customers.

This program applies to all vendors who ship non-perishable product to MDI's Distribution Center in Hickory, NC in less than truckload (LTL) quantities.

Old Dominion Freight Lines, Estes Express Lines and FedEx Freight have been selected as our Preferred LTL Carriers. Old Dominion, Estes and FedEx have a proven track record of daily on-time deliveries to our facility.

The benefits of this program will result in improved service, competitive freight pricing, decreased transit times and reduced scheduling conflicts. In turn it will require less time tracing shipments, decreased damages, improved turn-around time on product returns and will eliminate all unloading, sorting and segregating charges, detention and rescheduling charges that you may have experienced in the past.

Our Retail Customers will benefit through better in-stock positions and our Distribution Center will be able to streamline the LTL portion of our business. This program is designed to maximize productivity for both of our companies.

We would appreciate your voluntary compliance in our inbound routing program. If you do not currently do business with either Old Dominion, Estes or FedEx if you have any questions or concerns about our Preferred LTL Carrier Program, please contact Jim McCusker in our Traffic Department. He will ensure that you are contacted by a local carrier representative. He can be reached by telephone at (828) 725-4109 or via e-mail at Jim.McCusker@merchantsdistributors.com.

Please forward this letter to your logistics, traffic or transportation department for implementation.

Thank you in advance for your help in making this program the success this it needs to be for both companies.

Sincerely,



Don Garvey
Sr. Vice President of Distribution



Bob McTeir
Sr. Vice President of Sales & Merchandising