U. S. Department of Justice

Antitrust Division

325 7th Street, N.W., Suite 500
Washington, DC 20530

July 18, 1996

By Facsimile: (202) 383-6610
Mark Schechter, Esq.
Howrey & Simon
1299 Pennsylvania Ave., N.W.
Washington, D.C. 20004-2402

Re: Frito-Lay Investigation

Dear Mark:

We appreciate your offer to make available a Frito spokesperson to answer some of concerns about marketing practices in the salty snack food industry. As you requested, we have compiled a short list of the topics we would like that person(s) to be able to address.

Initially, it would be helpful to gain an overview of the following areas:

- Frito's organizational structure for sales, marketing and distribution;
- The types of accounts Frito has and how each type is approached for purposes of sales and marketing and distribution;
- Frito's delineation of geographic areas for purposes of sales and marketing and distribution; and
- Frito's growth and the demise of its competitors (both national and regional) over the past four or five years.

In addition, we would like the person(s) to speak to the following areas within a time frame of the past couple of years:

- Any promotional programs involving payments of any kind (rebates, discounts, bonuses) to retailers in exchange for exclusivity, including the goals of such programs, how successful such programs are/have been in achieving the goals, and how success is measured. If there are differences among the various types if retail channels, it would be helpful to know.

- Any promotional programs involving payments of any kind (rebates, discounts, bonuses) to retailers designed to grow sales of Frito products, including the success of such programs in achieving the goal(s) and how Frito measures success. If there are differences among the various retail channels, again it would be helpful to know.

- Any programs/policies regarding shelf space goals and what those goals are, taking into account, if appropriate, differences among the retail channels. In addition, it would be helpful to know why Frito has such goals, how successful the programs are/have been in reaching the goals, and how Frito measures success.

Obviously, this list is not exhaustive of the questions that may come up during the course of the meeting, but it should be a starting point for discussion. Please give me a call if you have any questions about any of the topic areas listed above.

Very truly yours,

Nina Hale

Nina B. Hale