



### **What are the details of the announcement?**

Wal-Mart Stores Inc. announced a long-term agreement with 1-800 CONTACTS that will bring contact lenses to more Americans at lower costs. The alliance combines Wal-Mart savings and 1-800 CONTACTS convenience to help customers save money and live better, healthier lives.

Wal-Mart, Sam's Club and 1-800 CONTACTS will combine their call centers, websites, purchasing, and distribution efforts – resulting in savings the companies estimate could reach \$400 million over the next 3 years. By offering greater accessibility and savings on contact lenses, the alliance aims to make it easier for patients to follow their doctors' advice and replace their lenses as recommended - and save customers as much as \$400 million over the next 3 years.

The companies expect to integrate store, web, and phone service this fall so customers can order when they want, how they want, and have their lenses delivered quickly to wherever they want.

### **What, exactly, is the logic behind this alliance that will improve customer's health?**

Consistent with the Federal Trade Commission, we see this agreement with 1-800 CONTACTS providing a solution that makes it easier to follow doctors' orders for better eye health. By offering greater accessibility and savings on contact lenses, the alliance aims to make it easier for patients to follow their doctors' advice and replace their lenses as recommended.

### **Doesn't Wal-Mart have an online contact lens store now?**

This alliance will enhance the previous [walmart.com](http://walmart.com) contact lens portals significantly. 1-800 CONTACTS has an efficient Web Operation that is specifically suited to the contact lens purchasing process. It will be integrated into the [wal-mart.com](http://wal-mart.com) and [sam'sclub.com](http://sam'sclub.com) sites to maximize our customer's contact lens purchasing experience. Efficiencies created by the alliance will allow customers to receive their contact lenses faster than with [walmart.com](http://walmart.com) in the past.

### **Will new products or new prices be available?**

The companies expect to integrate store, web, and phone service this fall so customers can order when they want, how they want, and have their lenses delivered quickly to wherever they want. Stay tuned for details. We are not announcing specifics around products or pricing at this time.

### **Will this alliance enable Wal-Mart to lower prices for contact lenses like it has for generic prescription drugs?**

Yes. This fall, Wal-Mart and 1-800 CONTACTS will combine their call center, website, purchasing, and distribution efforts for contact lenses to lower costs and provide better service to their shared customers. The alliance will pass the savings on to patients through lower prices for contact lenses while providing superior service.

### **Who will benefit the most from this alliance?**

Contact lens wearers will benefit most from this alliance with lower costs and greater convenience when purchasing contact lenses.

The companies expect to integrate store, web, and phone service this fall so customers can order when they want, how they want, and have their lenses delivered quickly to wherever they want.

### **How do customers take advantage of the alliance?**

Customers will take advantage of this alliance by ordering contact lenses through the method that is most convenient to them. Store, web, and phone service will all be integrated. A customer in the store may have lenses delivered to her home or office, just as a customer ordering online may have her order delivered to the store. The customer will be able to order when she wants, how she wants, and have her lenses delivered quickly to wherever she wants.



### **Why are you partnering with 1-800 CONTACTS now?**

We are committed to finding new ways to make healthcare more affordable. Our \$4 prescription program is proof that Wal-Mart is committed to meeting America's healthcare challenges. Our commitment to affordable eye care is no different.

We've read the Federal Trade Commission's report on the large numbers of Americans who don't replace their contact lenses as often as they should because of inconvenience and cost. We see this alliance with 1-800 CONTACTS as a solution that will make it easier for patients to follow their doctors' advice and replace their lenses as recommended.

### **Can consumers go online and see the benefits of this alliance today? If not, when will they see the benefits?**

The companies expect to integrate store, web, and phone service this fall so customers can order when they want, how they want, and have their lenses delivered quickly to wherever they want.

### **What are the cost savings to consumers?**

Wal-Mart, Sam's Club and 1-800 CONTACTS will combine their call centers, websites, purchasing, and distribution efforts. By offering greater accessibility and savings on contact lenses, the alliance aims to make it easier for patients to follow their doctors' advice and replace their lenses as recommended - and save customers as much as \$400 million over the next 3 years.

### **How do consumers get contact lens prescriptions filled online, via phone or in-store? How does the process work?**

We have a lot of work to do before we can announce details on the customer offerings.

### **What if a consumer doesn't have vision benefit coverage?**

Many of our customers are without this benefit and will be attracted to the proposition provided by this alliance. With the ultimate goal of improving one's health, a primary benefit of the alliance is the expected savings with respect to contact lens costs. We believe consumers who pay for contact lenses out-of-pocket will be particularly pleased with this alliance.

### **Can a prescription be refilled online or via mail-order?**

Yes. Store, web, and phone service will all be integrated. A customer in the store may have lenses delivered to her home or office, just as a customer ordering online may have her order delivered for free to the store. The customer will be able to order when she wants, how she wants, and have her lenses delivered quickly to wherever she wants.

### **Is this meant to hurt the independent and local optometrists?**

No. This is about providing contact lenses at an affordable price and in a convenient manner. According to a 2004 Federal Trade Commission report, a McKinsey & Company survey showed that contact lens wearers use lenses longer than their doctor prescribed. Consumers in that same survey specifically cited cost and "purchasing them is inconvenient" as reasons for over-wearing their lenses.

### **Do you expect your competitors to match or beat your contact lens prices?**

We invite other retailers to join us in bringing affordable contact lenses to customers who need them most. While we can't speak to what our competitors will do specifically, we can say that the Wal-Mart and 1-800 CONTACTS are glad to be leaders in providing affordable contact lenses with maximum convenience.

### **Will the prices online be the same as in the Store? Will Sam's Club pricing be different than the Stores and Online?**



As we grow our alliance with 1-800 CONTACTS, we will look for ways to continue to save our Patients money on their contact lens purchases. Specifics around pricing will be shared as we develop that strategy.

**What about insurance, can patients use their benefits at 1-800 CONTACTS?**

Customers can continue to use their benefits in the stores and clubs. We expect to deliver a solution where they can also use their benefits at 1-800 CONTACTS, but it will take time to develop.

**Since 1-800 CONTACTS will house and ship their own lenses will they be like a “New Lab and Distribution Center”?**

No. 1-800 CONTACTS has developed a state of the art distribution facility for one product – contact lenses. While we plan to learn how we can integrate that function, we have no plans to change any other aspect of our current distribution functions.

**Wasn't 1-800 CONTACTS sanctioned by the Federal Trade Commission (FTC) for not following the Fairness to Contact Lens Consumers Act (FCLCA)?**

The FTC has never suggested, in writing or verbally, that 1-800 CONTACTS was not in compliance with the FCLCA. A letter was sent to 1-800 CONTACTS in 2005, informing them that doctors were complaining about busy fax lines, but did not reference any non-compliance. In response, 1-800 provided its fax line phone records to the FTC which demonstrated that 1-800's fax lines were, in fact, not busy. This response satisfied the FTC and there was no further communication.

1-800 performed its own research at the time and found that a competitor did have busy fax lines. As the brand that defines the category, 1-800 is often misidentified in complaints such as the example above.

**Isn't it true that 1-800 CONTACTS uses a “Robo Caller” to verify prescriptions that ends up harassing doctors and is designed to skirt verification requirements?**

All verification calls are initiated by a live verification specialist. Calls are then handed off to an automated system after a live person answers the phone at the doctor's office. The automated system insures that all required information is communicated to the eye care provider's office and follows a consistent format which over time is easier for the eye care provider's office.

**Does 1-800 CONTACTS verify all prescriptions?**

Yes. 1-800 CONTACTS has a staff of over 100 associates who are dedicated only to prescription verification. The verification department has only one goal – full and unconditional compliance with the Fairness to Contact Lens Consumers Act (FCLCA). Since 2004, when the FCLCA became effective, 1-800 CONTACTS has cancelled over 1.2 million orders worth more than \$150 million in contact lens revenue.

**Doesn't 1-800 CONTACTS actively substitute lenses different from those the doctor has prescribed?**

1-800 CONTACTS is in compliance with the Fairness to Contact Lens Consumers Act (FCLCA) which allows for substitution of Private Label lenses sold under multiple brand names made by the same manufacturer.

**Does 1-800 CONTACTS cancel customer orders when notified by doctors that a customer has an expired or invalid contact lens prescription?**

Yes. Since 2004, when the FCLCA became effective, 1-800 CONTACTS has canceled more than 1.2 million orders worth more than \$150 million in revenue. Annually, 1-800 CONTACTS places approximately 4 million calls to verify prescriptions for 2 million orders. Customers are notified when their orders have been cancelled and encouraged to return to a doctor for an eye exam prior to placing future orders for contact lenses.



**Are 1-800 CONTACTS's verification procedures in compliance with the FCLCA?**

Yes. In fact, 1-800 CONTACTS has demonstrated its verification procedures to the FTC, as well as many in Congress, showing that its practices comply with federal law – and further showed that the company's system goes beyond what is required by the law and the FTC rules.

**Eye care providers have complained that it is difficult to reach someone voice-to-voice when calling 1-800 CONTACTS. How are the phone lines and systems set up for eye care providers?**

1-800 CONTACTS maintains a doctor-specific service line for urgent matters. Through an automated system, messages can be left for 1-800 CONTACTS with a description of the problem the doctor is experiencing. 1-800 CONTACTS's verification specialists typically listen to these messages within five minutes, and respond within 30 minutes.

**Does 1-800 CONTACTS overfill prescriptions, sometimes selling 2 years worth or more, when there is only a day left on the prescription?**

The quantity of lenses the patient ordered is included in the information communicated to eye care provider's offices during the verification process. In all instances, 1-800 CONTACTS follows the eye care providers instructions.

**Why does 1-800 CONTACTS call eye doctors in the middle of the night or when offices are closed?**

1-800 CONTACTS's call center and website are available to customers 24 hours a day, 7 days a week. 1-800 CONTACTS calls within minutes of receiving an order to verify the prescription regardless of the time of day. If the call is after hours for the doctor's office, a message with all the required verification information is left for the office to verify when they reopen. Regardless of the time of day when a verification request is made, the eight hour verification window does not start until 9AM in the eye care provider's time zone.

**Does 1-800 CONTACTS sell novelty contact lenses?**

Despite being some of the most profitable contact lenses in the marketplace, 1-800 CONTACTS does not sell, nor has it ever in its history sold, novelty contact lenses (Wild Eyes, cat eyes, NFL logos, etc).

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