

PSS

November 15, 2007

NOTICE TO THE TRADE – DeCA NOTICE 08-16

SUBJECT: 2008 Case Lot Promotions

The purpose of this Notice to the Trade is to advise industry that the MBU will hold two case lot sales in 2008.

The “Case Lot Sale/Mothers Day/Memorial Day” sale will be held in May 2008 and the “Case Lot Sale/Falling Leaves and Falling Prices” sale will be held in September 2008. Stores may select the 2-day time frame that best meets their needs in which to conduct their case lot sales. These dates will be coordinated with local industry representatives in advance of the sales.

Presentations for these case lot sales should be made to Lou Kennedy from December 3 to December 14, 2007 for May; and March 31 to April 11, 2008 for September. The case lot sale packages will be published in conjunction with the May/September promotional packages. The attached Case Lot Presentation Form (DeCA Form 40-15) must be utilized for all case lot promotional offers to ensure that pricing offers are clearly stated.

Industry should focus on high indexing, category leading items that provide commissary patrons with maximum savings over retail. One time buy case lot items that provide value to the commissary patron will also be considered for this promotion. Industry may elect to provide off invoice pricing on participating case lot items. This will require a minimum of 45 days for the May case lot sale (April 16 – 31, 2008) and 45 days for the September case lot sale (August 16 – September 30, 2008).

In the May and September case lot sales, we will utilize DIBS to load the PLUs for those items selected for the annual case lot sale. The PLUs will be added as UPC codes with pricing which will flow into the store cash register systems. This procedure will reduce the workload at store level since store personnel will not have to load the items. This will also improve the accuracy of our scanning data as we will be able to ensure that all stores are utilizing the same PLUs. There will be no scan downs so store personnel will receive manual VCMs from local sales representatives for items not received at the VPR price.

Pricing oversight will be critical to protect the integrity of this initiative. Prior to publication, sales representatives will be notified that their items have been tentatively selected for promotion. Industry will be required to EDI a price for all PLU items within 48 hours of notification. Pricing for PLU items will differ dramatically from current pricing in that we will

now be dealing with case lot pricing. Additionally the 1 percent markup will also be applied at the case level and not at the unit level.

Store level VCMs will be utilized to lower the price of a case of items to the sale price listed in the promotional package. These VCMs will also be used for pallets and shippers. The final sale price will include the 1 percent and is listed in block 21 of the 40-15 form.

Once selected for inclusion in the case lot sale package, changes to pricing will not be authorized. Consideration must be given to regular 2-week promotional offers presented for the April to June and August to October timeframes to ensure that EDI prices are not affected during the VPR periods for the May and September case lot sales. Coupon support will also be considered in item selection; however, the primary focus for all offers will be off invoice or manual VCM pricing.

The MBU is committed to providing full marketing support for the 2008 worldwide case lot sale promotions. DeCA and our industry partners can continue to send the message to all commissary patrons that commissaries have great sales. With these semiannual events that have proven to be a great success, we can continue to show our customers that we have the best items at the best prices.

Points of contact for this action are Charles Dowlen, Promotions Manager, at DSN 687-8385 or (804) 734-8385, Louis Kennedy, Assistant Promotions Manager, at DSN 687-8232 or (804) 734-8232.

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Randall Chandler
Director of Sales