

PSM

May 4, 2006

NOTICE TO THE TRADE – DeCA NOTICE 06-91

SUBJECT: 2007 Winter Club Pack Program

The purpose of this Notice to the Trade is to advise industry that DeCA will promote a winter club pack program in 2007.

DeCA implemented its first winter club pack program in 2005. This program has contributed to the growth in sales and savings as well as increased customer satisfaction. The results achieved warrant DeCA continuing the winter club pack program in 2007. The third annual winter club pack program will be held from January 1 to April 30. The VPR pricing period will be from December 16, 2006 to May 15, 2007. This will ensure that the items are available when the stores order the merchandise as well as allow sufficient time for sell through.

Presentations should be made to Mr. Tom Muehlbauer from June 19 to 30, 2006. Industry presentations should focus on high indexing category leading items, which provide commissary patrons with maximum savings over retail. Industry should utilize the promotional matrix as a guide when making presentations. Coupon support will be considered in item selection; however, the primary focus for all offers will be off invoice pricing.

While the club pack program has been a success, many lessons have been learned. Industry must clearly identify whether or not the club pack items may be ordered as open stock or pallets. In many cases, distributors continue to communicate to stores that open stock items are available only as pallets, which has negatively impacted the program. In addition, many of the previously offered items were not set up with the distributors. Product was delayed in getting to the distributors in time for the stores to order and receive the items for their highly advertised club pack sales. Please ensure that the items accepted for the program are set up with the distributors. The winter club pack program will be published in August. Commissaries will be queried on a monthly basis in conjunction with the concurrent promotional package to obtain precommitted quantities. These precommitted quantities will also be provided to industry.

The points of contact for this action are Ms. Mary Michael, Promotions Manager, at (804) 734-8228 and Mr. Tom Muehlbauer, Assistant Promotions Manager, at (804) 734-8232.

/s/

Scott E. Simpson
Chief Operating Officer