

PSS

October 26, 2006

NOTICE TO THE TRADE – DeCA NOTICE 07-03

SUBJECT: Seasonal Calendar – 2007/2008

The purpose of this Notice to the Trade is to provide industry with the seasonal calendar for 2007/2008.

The attached calendar, in addition to display dates, provides pricing requirements for both “O” items as well as regularly carried items. It is requested that our industry partners focus additional efforts on promotional pricing to meet these time requirements. The deadline for submitting pricing for “K” items has been advanced by one roll-up period to minimize pricing restages. Industry will be required to EDI a price for all “O” coded items within 48 hours of notification to ensure items are priced correctly during their respective seasonal timeframe. This advance also reduces item deletes which ultimately have a negative impact on DeCA, Industry, and our commissary patrons. It is critical that industry adheres to this pricing schedule.

Completion of blocks #14 through #16 on the Display Presentation & New Item Form is mandatory. In block #14, you must annotate whether the promotion and/or item selection is worldwide, regional, or store specific. In the remarks section (block #35) if regional, identify the applicable regions, or if store specific identify the applicable stores. All items presented for inclusion in the seasonal packages require a guaranteed sell through provision. Consequently, the guaranteed sale provision in block #15 must be checked. In block #16, you must indicate whether or not there is a minimum ship quantity for each applicable brand and manufacturer and whether or not a distributor has been set up to handle the item. If the item has not yet been set up at the distributor, annotate the set-up date. It is critical that block #16 be filled out correctly and in particular includes the date that product will be available to ship to all commissaries worldwide.

The support that our OCONUS commissaries receive continues to be less than satisfactory. During the shipment confirmation process, there has been a substantial increase in the number of orders that are cut or zero filled. This negatively impacts our ability to provide seasonal products to our OCONUS commissary patrons that they otherwise cannot find. To minimize this impact, if manufacturer/distribution issues will prevent industry from meeting the ship date annotated in block #16, the MBU must be notified in advance. This will provide us with the opportunity to adjust orders in a timely manner. Failure to provide advance notification will indicate a non-commitment from industry and the item will be deleted from the seasonal package.

At the conclusion of the seasonal display period, all seasonal one-time buys will be required to participate in the scan-down program. Items that are normally stocked in DeCA

commissaries and items that have been allocated to stores outside their current level of stockage will be excluded from the automated scan-down process. The markdown period will commence the day after the seasonal period ends and will run for 14 calendar days. Markdowns for all seasonal merchandise, regardless of participation in the automated scan-down program, will remain consistent with the current practice of 50 percent or better. One-time buys remaining after the 14 day seasonal markdown period will be picked up at store level via VCM. Other seasonal items that have been allocated outside their store classification will be processed at the local level as noted above utilizing store level VCMs. At stores that normally carry these seasonal items, markdowns will be processed utilizing store level VCMs on an as needed basis.

While the automated scan down portion of this program applies only to the 48 contiguous states, the guaranteed sell through provision applies to all commissaries worldwide. Stores located outside of the 48 contiguous states will utilize VCMs in lieu of the automated scan-down program.

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

/s/
J. T. Kinsey
Director, HQ Operations

Attachment:
As stated