

PSS

December 19, 2006

NOTICE TO THE TRADE – DeCA NOTICE 07-09

SUBJECT: 2007 Case Lot Promotions

The purpose of this Notice to the Trade is to advise Industry that the Marketing Business Unit (MBU) will again hold two case lot sales in 2007.

The “DeCA Salutes the Red, White, and Blue/Buy Big and Save” case lot sale will be held in May 2007. The “Great Tailgate Party of Savings” case lot sale will be held in September 2007. Stores may select the 2-day timeframe in May and September that best meets their needs to conduct the case lot sales. These dates will be coordinated with local Industry representatives in advance of the sales.

Presentations have been made for the May 2007 “DeCA Salutes the Red, White, and Blue/Buy Big and Save” case lot sale. Presentations should be made to Mr. Tom Muehlbauer, Assistant Promotions Manager, from April 16 to 27, 2007, for the September 2007 “Great Tailgate Party of Savings” case lot sale. 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 may 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 30 days for the May (May 1 – 31, 2007) and 45 days for the September (August 16 – September 30, 2007) case lot sales.

Effective with the May case lot sale, we will utilize DIBS to load PLUs for those items selected for inclusion in the MBU managed case lot sale. This will afford DeCA and our Industry partners with a multitude of benefits. First and foremost, this change will enable us to utilize the “scan down” process to accomplish case lot sale VCMs. Additionally, this will improve the accuracy of our scanning data as we will be able to ensure that all stores are utilizing the same PLUs.

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 PLUs 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. Regular pricing will continue to be the price that will be in

effect during the aforementioned VPR period. This must be multiplied by the number of units in a case to obtain the regular case lot cost price. This is the price that will be requested for EDI transmission to establish the base line for the scan down.

In lieu of store level VCMs, the cost VPR pricing will be applied to the number of units in the case and processed into the system as a scan down utilizing the VPR case lot cost price noted on the DeCA Form 40-15 provided as an attachment. Again the 1 percent will be applied at the case level. VCMs for pallets and shippers will continue to be processed at the store level. The VPR period for scan downs will be the same as the off invoice VPR period to account for the diversity in case lot sale dates. The use of the scan down process in lieu of off invoice pricing is preferable to encourage commissary patrons to buy case lot quantities.

Once selected for inclusion in the case lot sale package, changes to pricing will not be authorized as in the past. Consideration must be given to promotional offers presented for the April to June and August to October timeframes to ensure that the EDI price is 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 scan down pricing.

The MBU is committed to providing full marketing support for the 2007 worldwide case lot promotions. DeCA and our industry partners can continue to send the message to all commissary patrons that the commissary should be their every day store. With these semiannual events that have proven to be a big success, we can continue to bring in new customers and maintain current customers by providing a variety of high indexing items at great prices.

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

/s/  
Scott E. Simpson  
Chief Operating Officer

Attachments:  
As stated