

PSM

July 28, 2005

NOTICE TO THE TRADE – DeCA NOTICE 05-130

SUBJECT: 2006 Dollar Day Promotions

The purpose of this Notice to the Trade is to advise Industry that DeCA will promote three - dollar day sales in 2006.

The implementation of the “dollar days” concept in 2005 was a joint effort between DeCA and Industry to capitalize on the latest industry trends and reflect changes in consumer purchase patterns. Their overwhelming success exceeded our expectations. To continue this trend, the MBU will expand the dollar day promotions in 2006 from two to three. The first dollar day sale will be held during promotional period #3 “Super Bowl of Savings” from January 27 – February 9. The second dollar day sale will be from April 13 – 26 as part of period #8 “Spring into Savings” sale. The third dollar day sale will be from August 1- 23 in conjunction with period #16 “Back to School Bargains” sale.

Industry should again focus on seasonally appropriate high indexing category leading items, which provide commissary patrons with maximum savings over retail. While the selection of items in dollar stores consists primarily of private label/store brands, second- and third-tier brands, deleted items, and special sizes designed to meet a certain price point, increasingly there are products that can be found on any grocery store shelf. We can continue to maintain a competitive advantage by differentiating product selection from that traditionally carried in dollar stores.

Dollar price points and dollar multiples will again headline our promotion. Dollar multiples must be evenly divisible by the number of units. It is critical that industry focus on price points that reflect an increased savings over the normal VPR price. Additionally, in keeping with the latest industry trends, additional focus will be on 10 / \$10. We have noted that in many instances industry may round up significantly to reflect a dollar or dollar multiple price point. It is not our intention to increase pricing. Inflated prices only jeopardize the image that we are trying to convey to our commissary patrons. Industry generated signage should reflect the regular price of one unit in the regular price field (the most recent non-promoted price). Examples of how the dollar multiple should be reflected in the sale price field are as follows: 10/\$10.00 or 3/\$4.00.

Points of contact for this action are Delbert Myrick, Deputy Director of Sales, at (804) 734-8240 and Mary Michael, Promotions Manager, at (804) 734-8228.

/s/

Scott E. Simpson  
Chief Operating Officer