

PSM

December 7, 2004

NOTICE TO THE TRADE - DeCA NOTICE 05-27

SUBJECT: Revised Placement of 45-Day "Live" Advance Orders Initiative

The purpose of this Notice to the Trade is to announce the implementation of the 45-day advance "live" order effective with the CY 2005 promotional program, which begins on December 30, 2004. Participation in this initiative, by DeCA commissaries, will not be mandatory and is contingent upon adherence to the following parameters.

Participating commissaries will place their "live" order 45 days in advance of the first available delivery date prior to the start of the display period for the initial display build only. This may include, at the discretion of the participating stores, additional one/two-days sales. This initial "live" order will not include items not on display nor quantities required to maintain the display for the entire two/three week display period. Commissaries participating in the program will not be required to provide a manual spreadsheet inclusive of all promotional items listed on the promotional package.

As in the past, if an item is not in stock when the "live" order is shipped, the store will not be responsible for the entire quantity commitment. If EDI pricing is not transmitted to support the promotion, the item will be dropped from the promotional package and the quantity commitment will be canceled.

The process relies on the availability of promotional items at distributors. Placing a 45-day "live" advance order will ensure that our industry partners have sufficient product available to support the promotional event. Effective implementation of the 45-day "live" advance order will help produce a more consistent level of promotional activity throughout the Agency and ultimately build sales as well as savings throughout the system. The key is to establish a smooth flow of product from the manufacturer to the point of sale.

Thank you in advance for your assistance and efforts in providing input as we pursue this important initiative. Points of contact on this action are Mary Michael, Promotions Manager, at (804) 734-8228, and John Madar, CAO Project Manager, at (804) 734-8228.

/s/

Scott E. Simpson
Chief Operating Officer