

March 26, 2010

To: Our Valued Suppliers

Subject: Industry Unsaleables Protocol Changes

Sobeys Inc. will be implementing the following changes to the Industry Unsaleables Protocol, as approved by the Food & Consumer Products of Canada (FCPC) and the Canadian Council of Grocery Distributors (CCGD), as of May 2, 2010.

- Effective May 2<sup>nd</sup> the handling rate for damaged products will be .43 cents per item.
- To ensure consistency with the 3 month rolling average used to calculate the industry benchmark the following benchmarks will be used as the industry transitions from the current benchmark of 10.5 items per \$10,000 of eligible sales to the 9.75 items per \$10,000 of eligible sales:
  - For the period ending (April 30) the benchmark will be 10.5 items per \$10,000 eligible sales.
  - For the period ending (May 30) the benchmark will be 10.25 items per \$10,000 eligible sales.
  - For the period ending (June 30) the benchmark will be 10.0 items per \$10,000 eligible sales.
  - For the period ending (July 30) and future periods the benchmark will be 9.75 items per \$10,000 eligible sales.

All other aspects of the protocol including categories covered in grocery, frozen, and in-line general merchandise will remain the same.

**Atlantic**



Craig Sutherland, Vice President, Category Management & Shared Services

**Quebec**



Yves Laverdière, Senior Vice President, Procurement and Merchandising

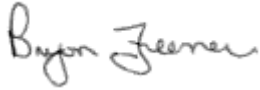
**Ontario**



Mohamed Ibrahim, Vice President, Merchandising, Price Chopper



Tony Morello, Vice President, Merchandising Services, Grocery, Produce, Ethnic & Specialty Foods



Bryon Feener, Vice President, Fresh Merchandising Services



Mike Lund, Vice President, Merchandising Bakery

**West**



Trevor Bartlett, Senior Vice President, Merchandising

**Thrifty Foods**

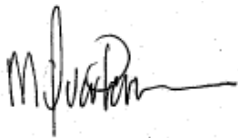


Grant Burke, Vice President, Consumer Goods

**National**



Dale MacDonald, Senior Vice President, National Procurement



Michael Quartermain, Vice President, Procurement Non-Resale