

Monday 7th April 2014

Dear Member,

As many of you will be aware, since my letter of 31 March updating you all on the two key issues that had arisen as we got further in to transition, the last week has seen a great deal of work and extra resource having to be expended by some of you and your store teams towards a successful transition. This has been matched by your partners at Costcutter Supermarkets Group, and in turn The Buyco and P & H, and I do not underestimate what our partnership has asked of you.

We have to address now the fact that there is still a great deal to do, and we have made the decision to delay transitioning 23 stores until Period 7. But I wanted to take this opportunity to remind everyone of the commitments we made to you when we first all got together in January to start the transition process.

- We promised that we would provide you with the most comprehensive range that offers the best choice and value in the independent and symbol group sector, bar none.
- We asked for your confidence in our partnership. We gave you our total assurance that we are able to respond to your needs, now that we have full control of the range, promotions, and pricing.
- We had a clear plan for the transition to be complete by the end of Period 5.
- We were clear that our promotions would be better than ever.

There is no doubt that our work on setting the range, which we finalized last November leaving ample time to source suppliers, agree pricing and promotions, and get 100% availability in to the distribution centres, has fallen short of your needs. The 7,600 unique lines that we announced to you in January has fallen short, and we are now working very hard to introduce a further 2,743 in a rapid timeframe, and thereby meet our commitments to you.

This was down to a process issue in determining the extended range and we are moving at pace to ensure we can bring the lines into the depot effectively and efficiently to be able to get the extended range back into your stores.

The logistics to achieve this means that we have reformulated our transition plans in great detail, so that we now complete the transition by the beginning of Period 7. Increasing the range to this extent in such a short time frame will likely have some impact on promotions and availability, but we are pulling out all the stops, and more, to plan for minimum disruption to your business. We will, through our daily emails, keep updating you of each step of progress over the next six weeks, and I am pleased to announce today that the Period 6 Chill & Freeze promotions will cover an additional 122 SKU's over Period 5.

This whole process was clearly not what we had planned, but your needs are serving as the strongest possible test of our New World and we are focused on getting it right for Northern Ireland to ensure you receive the commitments we made as quickly as possible.

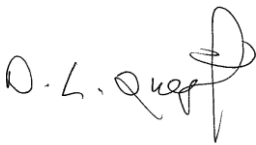
We of course recognize that this delay, which may impact your business through reduced promotional support or the advantage of our new prices, and the disruptions that some of you are experiencing through availability, has an immediate profit impact on your business. In order to compensate you for this, we will be applying an additional 2% override on all your purchases via the depot through to the start of Period 7 which will be paid direct to you within the Period 7 promotional timeframe.

In summary, we have a revised and deliverable plan to now complete transition by the beginning of Period 7, but there is a great deal more work to do and we are applying all the extra resource to achieve this. The plan covers the key areas of delivering the additional range SKU's as outlined above, improving the chill and freeze promotions in line with what you historically received from Costcutter, ensuring all products can be ordered and any system issues are rectified as well as the improvements in availability and delivery service from the Belfast depot.

We will be updating you on the key elements of the plan over the coming days through the daily communications and will share as much information as we can once we can guarantee the dates of each of the deliverables will go live in store.

There will continue to be more bumps, but as each day goes by and we work through the challenges with clear prioritization and focus, it will start to get better. The whole team at Costcutter Supermarkets Group, The Buyco and P&H truly appreciate your patience and support.

Yours Faithfully,



Daniel Quest
Retail Director