



October 27, 2015

## 2016 Connect Logistics Service Rate Structure

### To: All Agencies and Suppliers of Alberta

The Alberta Gaming and Liquor Commission (AGLC) Board has approved the 2016 Rate Structure proposed by Connect Logistics Services Inc. (Connect). Under the terms of the agreement between the AGLC and Connect, Connect must supply the AGLC with a Budget to determine the rate structure for the upcoming year, which has been done.

For the last several years the key rates for Agencies and Suppliers remained unchanged. The year 2016 will see changes in the business resulting in higher operational costs. **The AGLC and Connect have taken significant measures to reduce this impact to the industry; however rates for Agents and Suppliers will increase marginally in 2016.** The majority of this cost will be associated with the lease of another warehouse facility, Conn 4, to accommodate 2016 and future volumes. Conn 4 will provide adequate warehouse space to service the industry through transition to the new AGLC warehouse currently being constructed.

Attached for your information is a schedule of the rates effective January 3, 2016.

To further help manage the transition with minimal impact to the industry, Connect will be launching two new free LiquorConnect.com reports. The reports are intended to help Agents and Suppliers identify excess inventory and manage their Days On Hand. Having good inventory management practices will ease the transition and reduce costs. **A new rate category of "greater than 12 months" will be implemented February 28, 2016 to encourage inventory turnover and removal of dated product from the warehouse.**

Connect will continue to support the open Alberta liquor model by offering superior service at the lowest possible cost to Retailers, Agencies and Suppliers in Alberta.

Please contact Connect Logistics Agency Services at 1-800-265-6784 or email: Stephen.Dougans@exel.com should you have any questions.

Regards,

Robert MacLellan  
Director of Operations  
Exel / Connect Logistics Services Inc.

C.C  
Alain Maisonneuve  
Vice President, Liquor Services  
Alberta Gaming & Liquor Commission

## 2016 Connect Logistics Service Rates Structure

	2015	2016	% Diff From 2015
<b>Receiving</b>			
Full Pallet	\$ 8.14	\$ 8.38	2.9%
Floor Loaded - per Case	\$ 0.40	\$ 0.41	2.5%
Mixed Loads - per Case	\$ 0.35	\$ 0.37	5.7%
Kegs	\$ 2.37	\$ 2.48	4.6%
Bar Code	\$ 0.25	\$ 0.26	4.0%
<b>Assembly</b>			
Full Pallet	\$ 8.99	\$ 9.19	2.2%
Cases	\$ 0.97	\$ 1.02	5.2%
Kegs	\$ 2.50	\$ 2.63	5.2%
Beer Cans	\$ 0.97	\$ 1.02	5.2%
Mega Case	\$ 1.93	\$ 2.04	5.7%
Beer Mega Case	\$ 1.93	\$ 2.04	5.7%
<b>Storage</b>			
<b>&lt; 6 Months</b>			
Wine, Beer, Spirits	\$ 0.44	\$ 0.46	4.5%
Kegs	\$ 3.63	\$ 3.79	4.4%
Mega Case	\$ 0.88	\$ 0.92	4.5%
<b>6-12 Months &amp; Type "C" 0-12 Months</b>			
Wine, Beer, Spirits	\$ 0.91	\$ 0.96	5.5%
Kegs	\$ 3.88	\$ 4.09	5.4%
Mega Case	\$ 1.82	\$ 1.92	5.5%
<b>&gt; 12 Months*</b>			
Wine, Beer, Spirits	\$ 0.91	\$ 1.92	New
Kegs	\$ 3.88	\$ 8.18	New
Mega Case	\$ 1.82	\$ 3.84	New
<b>Cooler Storage</b>			
<b>Cooler &lt;6 Months</b>			
Wine, Beer, Spirits (Cooler)	\$ 0.53	\$ 0.70	32.1%
Kegs (Cooler)	\$ 4.36	\$ 6.03	38.3%
Mega Case (Cooler)	\$ 1.06	\$ 1.46	37.7%
<b>Cooler 6-12 Months &amp; Type "C" 0-12 Months</b>			
Wine, Beer, Spirits (Cooler)	\$ 1.09	\$ 1.53	40.4%
Kegs (Cooler)	\$ 4.66	\$ 6.50	39.5%
Mega Case (Cooler)	\$ 2.18	\$ 3.05	39.9%
<b>Cooler &gt;12 Months*</b>			
Wine, Beer, Spirits (Cooler)	\$ 1.09	\$ 3.05	New
Kegs (Cooler)	\$ 4.66	\$ 13.01	New
Mega Case (Cooler)	\$ 2.18	\$ 6.11	New
<b>Miscellaneous</b>			
Administration	\$ 0.25	\$ 0.25	0.0%
SKU Setup	\$ 73.98	\$ 75.00	1.4%
Product Allocation (Reg)	\$ 0.20	\$ 0.21	5.0%
Product Allocation (Private)	\$ 0.20	\$ 0.21	5.0%
Hourly VAS Rate	\$ 62.11	\$ 63.66	2.5%

\* >12 Months rate effective Feb 28, 2016