STATE OF NEW HAMPSHIRE
NH LIQUOR COMMISSION
RFP 2013-14
Transportation of Product

Proposal Offer

The undersigned hereby offers to provide to the New Hampshire State Liquor Commission the services indicated in this Proposal at the pricing quoted herein in complete accordance with all conditions of the Commission's Request For Proposal.


Name: Jim Gehr

Address: 570 Polaris Parkway
Westerville, Ohio
43802

Telephone: 614 865-8279


By: _____

Jim Gehr, President, Retail

THIS PROPOSAL OFFER IS NOT VALID UNLESS SIGNED BY A PERSON AUTHORIZED TO LEGALLY BIND THE VENDOR.

This Proposal offer must be executed by the Vendor and attached to the front of its submission. This Proposal is to remain valid for a period of 180 days from the proposal due date.

Execution of Proposal Offer form signifies agreement to enter into a contract with the NHSLC which contains the General Provisions described in APPENDIX E

570 Polaris Parkway
Westerville, OH 43082

Telephone 905 366-7691
Mobile: 416 417-2537
Facsimile 905 366-7701

www.Exel.com

**NH State Liquor Commission**
PO Box 503,
50 Storrs Street,
Concord, NH, 03302-0503

Craig W. Bulkley
Director, Division of Administration

May 14, 2013

Dear Mr Bulkley:

Enclosed please find our submission to Request for Proposal 2013 – 14 Transportation Services for Spirit & Wine and Related Product, Equipment & Supplies.

There are strong synergies to having the same provider for both the warehouse and transportation services. These manifest into better service and lower costs for the NHSLC.

The team that will manage this operation is very experienced in transportation. Across their careers they have been exposed to many different situations and challenges. They will use their collective experience to ensure the transportation operations perform consistently well.

We have extensive transportation expertise. Across North America Exel operates approximately 50 dedicated fleets with close to 800 tractors, utilizing just under 2,000 trailers, employing over 1,400 drivers.

There are two main IT transportation systems that will be seamlessly integrated into our Warehouse Management System (WMS). The first is the Airclic Electronic Proof of Delivery System, and the second is the XRS Fleet Management Solution. Among many features of these of these two systems is the ability to capture Proof of Deliveries (PODs) electronically and constantly track the location of the vehicles through GPS. This will reduce store labor, improve the accuracy and timeliness of deliveries, and enhance customer service.

Most importantly, we are very excited by the strong fit we see between our two organizations. It is this fit that we believe provides the foundation for us to assist the NHSLC with achieving its objectives today and into the future.

Sincerely,

Scott Lyons
Senior Director, Business Development

V072009

Raising Expectations for

# NHSLC

RFP Response | May 14, 2013

exel

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Raising Expectations for

# NHSLC

RFP Response | May 14, 2013

Exel. Raising Expectations for NHSLC

# 1) EXECUTIVE SUMMARY

Our goal in this RFP response is fourfold. First, we wish to demonstrate that we have an intimate understanding of your needs. Next, we will highlight how we could be a strategic resource for the NHSLC. Third, and what we are most excited about, is the close fit between our two organizations. To conclude, we will discuss the merits of our solution.

## THE NHSLC'S MOTIVATION FOR CHANGE

### Improving Net Income

The role of the NHSLC has in generating revenues for the state of New Hampshire is critical. Unlike most other states, New Hampshire does not have an income tax on individual's wages, or a general sales tax. Accordingly, the disbursements from the NHSLC are a critical source of revenues for the State. This is an important responsibility. Many less fortunate citizens in New Hampshire depend on the state and consequently the NHSLC for support. The higher the net income the NHSLC generates the more New Hampshire can do for its citizens.

### Minimizing Risk

The NHSLC recognizes that a disruption in the supply chain is unacceptable. Products not getting to the stores will have negative impact on sales and net income. It is not only the government that will be hurt. And, if it gets this far, it is also expensive and disruptive for the NHSLC to switch providers during the term of the contract. Thus, the NHSLC is looking to understand how it can both minimize the risk of the transition, and how to minimize the risk of service issues across the term of the contract.

### Simplifying your Supply Chain

The NHSLC is working to streamline and simplify its supply chain and realize the associated savings and service improvements. Recently, the Warehouse Services RFP enabled the NHSLC to consolidate its warehouse operations, improve service, and reduce its costs significantly. As we understand it, a major goal of the Transportation Services RFP is to find further savings through simplification and synergies in transportation and especially through the close coordination of the warehouse and transportation operations.

### Quality of Service

The quality of service provided by the NHSLC is pivotal to its success. A better shopping experience leads to higher profits. The Commission is continually looking for new and novel ways to entice customers to shop in NHSLC stores. For example, the New Hampshire State Liquor Commission

is aggressively remodeling its stores and building new ones. The Commission will be looking to see how the transportation provider intents to enhance service quality.

## EXEL AS A STRATEGIC RESOURCE

We believe we have a number of unique capabilities that will assist the NHSLC with taking its supply chain to the next level. Below we highlight what we feel are our core strengths and our relevant experience. We would suggest that our ability to be a strategic resource lies in three areas. First is our ability to reliably deliver the services. Second, it is our experience that systems capability is often the secret to unlocking superior performance, and we have the largest and most capable IT team in the industry. Third, the methods we employ to continuously bring forward best practices to minimize costs and enhance service over the entire length of our relationship.

### Our Customers are Industry Leaders

Exel is providing innovative warehouse and distribution services to market leaders like Walmart, Dow, Kraft, Bayer Healthcare, GE… among others. Of the top Fortune 500 companies globally over half are customers of ours. These relationships exist in North America and globally as well. Our relationships are long-term. For example our relationship with a leading global consumer products goods company is 25 plus years and we manage over half of their supply chain globally. Our rate of renewals is higher than 93%. We humbly suggest that we have the opportunity to work with these industry leaders because we are the leader in our industry. We believe these customers remain loyal because we deliver the best service / cost equation and continuously improve our operations.

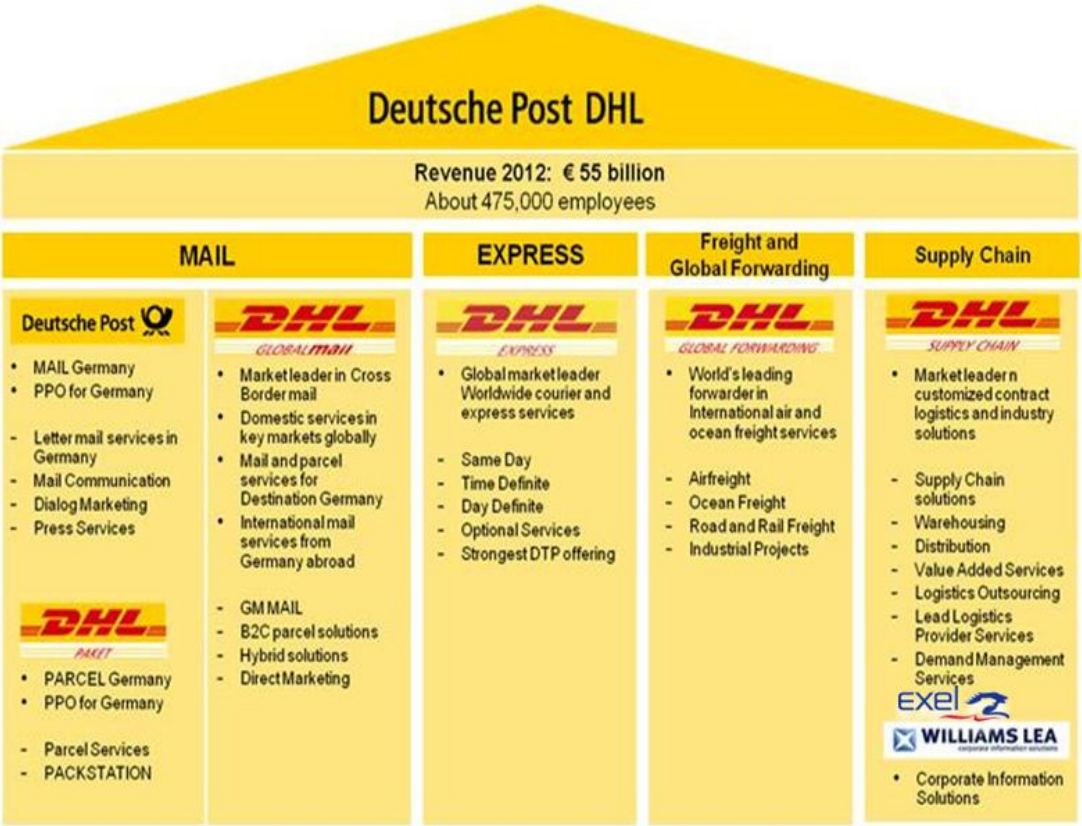
### Industry Specific Experience and Knowledge

Exel has extensive experience in the beverage alcohol industry. Our experience includes working with both retailers and producers. We have experience operating with bailment inventory for the Alberta Gaming and Liquor Commission. We provide all the services required by the industry, and finally we operate in North America, and in other countries around the world. Delivery of products is a key component of the services we provide with all of the companies listed above. Exel will bring the best of all of our experience within the beverage alcohol industry to assist the NHSLC with achieving the right balance between service and cost.

## Stability and Presence

Deutsche Post DHL is publicly traded as DPW on the DAX, the German stock index. About one quarter of our shares are owned by North Americans. In 2012, our revenues were €m 55,512; our profit from operating activities (EBIT) was €m 2,665. As of December 31, 2012, our net liquidity was €m 1,952, and our return on equity before taxes in 2012 was 19.2%.

➲ **Overview of Deutsch Post DHL**




Deutsche Post DHL is comprised of two main businesses: The German Post Office and DHL. DHL itself is comprised of four divisions.

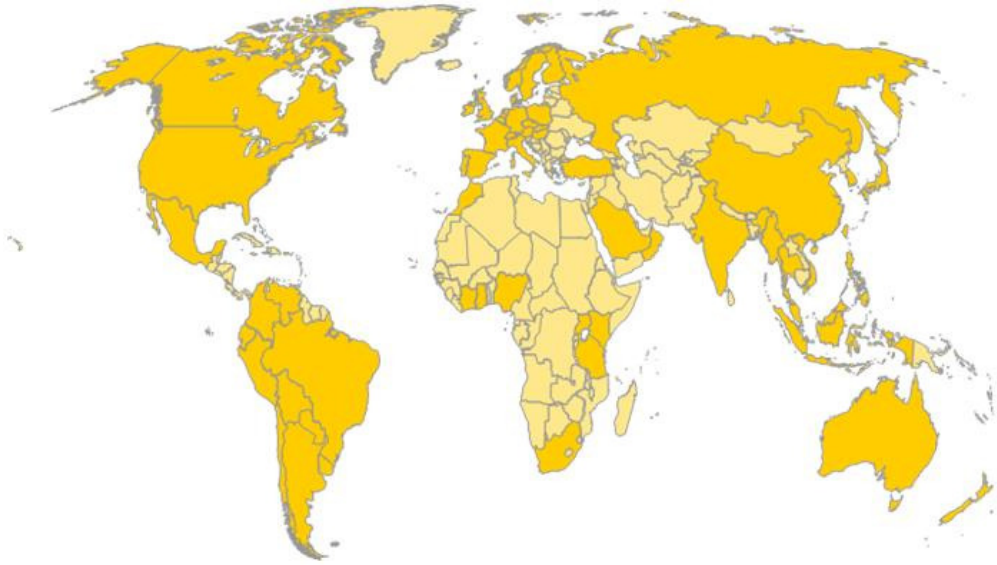
- DHL Express is the global market leader in the international express business
- DHL Global Forwarding ranks amongst the world's leading providers of air and ocean freight, as well as overland freight transport in Europe
- DHL Supply Chain (DSC) designs and implements customized supply chain

As a point of clarification, we wish to explain the relationship between DHL Supply Chain and Exel. Internationally, our supply chain division is known as DHL Supply Chain. Although we are the same organization, within North America our brand name is Exel.

## ➲ Exel

Exel is the Global market leader in supply chain services with an 8.3% market share – four times our closest competitor. We have a network of 155,000 experts. We operate in more than 60 countries and territories as shown in the graphic below, and provide our services through 2,400 logistic centers, warehouses, and terminals that equates to over 23 million

square meters of warehouse space. In 2012, DHL Supply Chain's revenues were €m 14,340.



Within the US we employ over 21,000 associates. We operate 329 facilities, and utilize 85 million square feet of warehouse space. We have the scale and scope to support the NHSLC now and into the future.

## Living Responsibly

At DHL Supply Chain/Exel, we believe that economic and social imperatives are not mutually exclusive. To the contrary – the future belongs to companies who embrace corporate responsibility as an integral part of their business model. We've done exactly that with our Living Responsibility program. With its three focus areas of environmental protection (GoGreen), disaster management (GoHelp) and championing education (GoTeach), Living Responsibility ensures we meet our goals within the context of a broader mandate.

### ➲ Go Green: Environmental protection knows no boundaries

We were the first global logistics company to set a quantifiable climate protection target. We plan to reach our goal of improving our carbon efficiency – and that of our subcontractors – by 30 % by the year 2020 through more efficient transports, optimized planning and the use of alternative energy sources, innovative technologies and ideas. Carbon-neutral shipping for our customers is just one example.

### ➲ Go Help: Expediting relief efforts through logistics

Our partnership with the United Nations focuses on helping people in need. This includes the work of our Disaster Response Teams at disaster-site airports as well as our disaster preparedness training program that helps airports ready themselves for emergency situations. Our efforts also

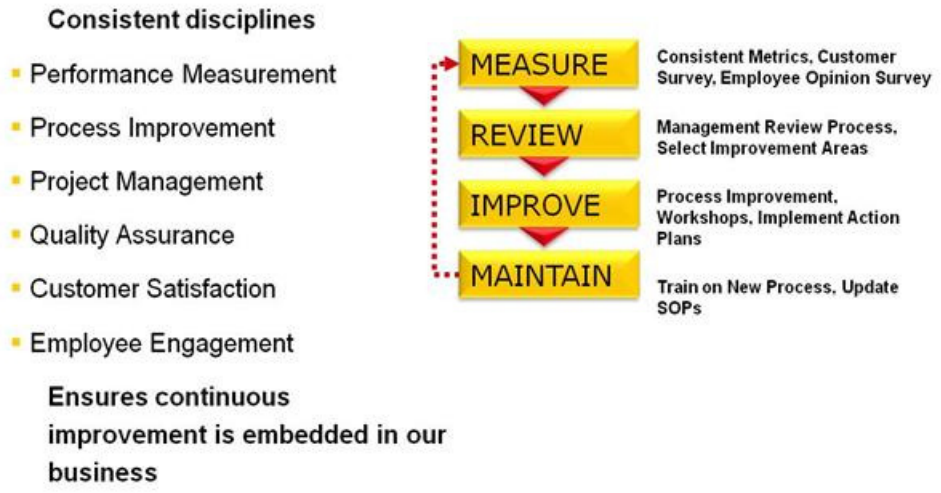
extend to post-disaster recovery with our We Help Each Other fund. Our teams, all made up of volunteers, can be on the ground at disaster-site airports within 72 hours. The support we provide the UN through our GoHelp program is free of charge.

### ➲ Go Teach: A valuable investment in the future

Together with our partner Teach For All, we work towards equal opportunity in educational systems. In addition to this, our partnership with the SOS Children's Villages helps improve career chances for young people. We know that every investment in education helps secure the economic success of both organizations and the larger community.

## Creating Certainty

The reliability of our services is one of the most important benefits the NHSLC will receive from working with Exel. We pride ourselves on our ability to consistently perform over time, and if service failures do occur to recover expediently. We feel that there are 6 key consistent disciplines that ensure our performance is consistent.




The overriding concept across these disciplines is that we constantly measure our performance, review our results for opportunities to improve, develop and implement action plans, and follow-up to ensure the improvement sticks. This ensures that continuous improvement is embedded in our business. The resulting ability to deliver consistently reliable service and consistently improve our performance is at the heart of why we can achieve better than a 93% renewal rate.

### ➲ Performance Measurement

We have a Global Metrics Scorecard in place to alert the business to potential issues. It also identifies sites that are not achieving best-in-class performance levels. As the name indicates, on a global basis, we track and report key performance indicators for all sites. Our management

team reviews these results on a weekly conference call. At month end we also evaluate the results and establish corrective actions if necessary.

## ➲ Process Improvement

We have a disciplined, quantifiable and repeatable process to drive and achieve continuous improvement. At the heart of our process is a dedicated team of advisors focused on conducting Continuous Improvement Process (CIP) workshops. These workshops employ a variety of quality, measurement, and process improvement techniques to minimize defects and waste in targeted processes. Exel applies workshops to individual operations, customer accounts, and the overall business. Some of the sources for CIP workshop topics include:

- Performance against our Global Metrics Scorecard
- Results on the KPIs
- Feedback from the stores and licensees

We believe our process is unique. It is consistent with both Six Sigma and lean methodologies and it incorporates tools from both schools—emphasizing employee involvement and management engagement throughout the whole process.

As an example of quantifiable benefits realized by Exel for customers implementing this process, the Process Improvement team conducted almost 400 CIP workshops in 2012 – resulting in annual savings of over $m 60 for our customers. It is interesting to note that almost 40% of these workshops had customers in attendance, and almost 4,000 Exel team members participated.

## ➲ Project Management

Implementation of projects is a very important aspect of our business. For example, Exel in North America averages starting up a new operation each week. We developed our DePICT project management approach to ensure successful implementation of all types of projects. DePICT is proprietary to Deutsch Post DHL and is based on the Project Management Body of Knowledge principles. The DePICT acronym represents the five phases of a project: define, plan, implement, control and transition. We have over 20 certified project managers housed in our Americas Service Center. We have trained over 2,500 of our associates on our DePICT process.

## ➲ Quality Assurance

The mission of our QMS is to ensure achievement of expectations and business objectives, and compliance with any regulatory requirements. The process is tailored to our customers' needs because our QMS is founded on the principles of Six Sigma, ISO 9001:2000, and TQM with an

emphasis on customer focus, associate involvement, process, and continuous improvement. As far as we are aware, no major competitor has a QMS that is as comprehensive as ours. Numerous regulatory agencies at federal and state levels have audited and tested our QMS. These include, but are not limited to the Food and Drug Administration (FDA), Drug Enforcement Agency (DEA), California and other state Boards of Pharmacy, Alcoholic Beverage Control Boards (Alberta), Alcohol Tobacco and Firearms (ATF), US Customs, etc. We have never been the recipient of any serious findings or actions by any agency. We currently have over 160 current and active certifications to recognized standards including, ISO 9001:2000, ISO 13485, TS 16949, HACCP, CFIA, USDA and AIB. Not all of these agencies or standards are applicable to this operation. We listed them to demonstrate the strength and breadth of our program.

### ➲ Customer Satisfaction

Globally, across all business units of Deutsch Post DHL we survey our customers annually. The results of these surveys are then shared with our customers and action plans established to improve our performance. It is our experience that these discussions lead to very frank and open dialogue about the quality of our services, and what we need to do to improve. Completion of these action plans is an element of our managers' bonus program.

### ➲ Employee Engagement

Globally, across all business units of Deutsch Post DHL we conduct annual employee opinion surveys to better understand and address the concerns of our team members. These results are shared with our associates and action plans established to improve the results. Completion of these action plans is carefully tracked, and an improvement in the scores each year is an element of our managers' bonus program.

## A Culture Based on Mutual Respect

Ours is a people intensive business. Leading people is a key requirement for our success. It is so important that being an Employer of Choice is one of three bottom lines that define our success. It is our experience that the building and maintaining a respectful culture is the key to being an Employer of Choice. Working in a respectful culture, team members have high aspirations, an external focus, an ownership attitude, and a bias to action. They value collaboration, and strive for the exceptional. It is this respectful culture that truly drives long term results. Establishing and preserving a respectful culture is a core competency at Exel. We have defined standard operating procedures for building and maintaining a respectful culture. To ensure we are being successful, on an annual basis we conduct an Employee Opinion Survey across the entire Deutsch Post

DHL organization. The results of these surveys are shared with the team members and action plans created to improve the results. Completion of these action plans is carefully tracked. As a result, our team members drive the outstanding performance our customers have come to rely on from Exel.

## Systems Capability

It is our experience that systems capability is often the secret to unlocking superior performance. At Exel, systems are a core competency. We have the largest and most capable IT team in the industry that includes a staff of over 400 IT professionals focused on supply chain management solutions. Exel exchanges about 110 million EDI transactions per year (via VAN or AS2) with 650 partners, 190 customers at 270 sites. We have a portfolio of supply chain execution and planning software applications that we use, and we have strategic partnerships with a number of software leaders including Manhattan, Red Prairie, IBM, Infor, and Oracle. We do not build software. We focus our efforts on system integration. We use industry standard transaction formats so integration into ERP systems is simplified. We have proven experience integrating with SAP, Oracle, Microsoft Dynamics, JDA and numerous legacy ERP systems. Over the past three years, we completed over 115 implementations. 96% were on time and 93% were under budget. We operate numerous world class technology centers to operate our systems. All employ an aggressive approach to information security, and our global network is redundant with divergent network access points.

## Account Management

Exel strives for excellence in our operations every day. We understand, however, that earning and retaining satisfied customers takes more than sound supply chain operational metrics. It's about providing tangible business value through collaboration, innovation and strong relationships year after year.

Account management is where we take the long-term view of our partnership. And it’s the foundation for everything we achieve together – from the big picture to the smallest details. At Exel, comprehensive account management plans are established and customized for each customer, but they all start from a common platform and commitment to high levels of customer satisfaction. During the course of our relationship, we hold regular business reviews to ensure alignment between our solution and your key business strategies.

Exel typically has several consistent roles to serve accounts. These professionals and in some cases teams of professionals provide ongoing support and advocacy. They also help ensure that everyone serving your

account – from the president of a business unit to the frontline team member – knows what's important to you and your customers.

### Flexibility

Flexibility is a key need of the NHSLC. We believe flexibility is important as we formulate a solution to meet your unique needs at the start of our relationship. It is also critically important that we are able to change the solution to meet your changing requirements over time. We run approximately 500 sites in the Americas. No two sites are exactly alike. While we have consistent disciplines across all our sites, our processes are tailored to meet each customer's unique circumstances. Likewise, our commercial approach and account management process gives our clients the flexibility and control to make changes to over the operations that we manage on your behalf.

## THE STRONG FIT BETWEEN OUR ORGANIZATIONS

Our goal is to develop long term strategic relationships with our customers. In this type of relationship we become a trusted advisor to our clients. We are often called upon to counsel them on how their supply chain can be utilized to accomplish their broader organizational goals. We believe such a relationship is a function of the fit between ourselves and our customer. We are very excited by the strong fit we see between our two organizations. It is this fit that we believe provides the foundation for us to assist the NHSLC with achieving its objectives.

The fit between our organizations is built first and foremost on a common set of values. As an example one of our 7 Core Values is "To deliver excellent quality". One of the ways we are manifesting this value is by continuously challenging and improving our structures and production processes. We see the same commitment to customer services and continuous improvement at the NHSLC. Outstanding service and striving to improve is a strong common thread between our two organizations.

The beverage alcohol industry is unique. Alcohol is a controlled substance, and regulatory and safety goals are a very important aspect of our industry. The NHSLC's sole focus is regulating the sale, distribution and consumption of alcoholic beverages in New Hampshire. Though our organization is diverse we have a strong footprint within the beverage alcohol industry and team focused on this industry. Thus, our two organizations share a common understanding of what is required to successfully operate in this unique industry.

A third pillar of the fit between our organizations is a strong match between your needs and the value we deliver. As we understand it, the NHSLC wishes to modernize and simplify its supply chain and realize the associated savings and service improvements. Our diverse capabilities will support your efforts to both update your supply chain, and find

greater efficiencies – especially now that we will be providing warehouse services. Working with Exel will facilitate the NHSLC to meeting its objectives.

## OVERVIEW OF OUR SOLUTION

Using the data from Revised Appendix M and our sophisticated routing software we created a series of routes each day that require an average of 8 tractors, a combination of 8 to 13 trailers with tailgates (depending on the week) and 16 trailers without tail gates for drop deliveries. We expect to operate the majority of the tractors ourselves, and will use a combination of common carriers, and rentals with part-time drivers to manage peak volumes. These routes are well optimized and make use of all the available store operating hour to minimize the assets required. We considered used tractors, but our analysis showed that the maintenance and higher fuel consumption outweighed the lower purchase price. We believe the compensation levels for our drivers strikes the right balance between competitive wage rates and labor stability.

The team that will manage this operation is very experienced in transportation. Across their careers they have been exposed to many different situations and challenges. They will use their collective experience to ensure the transportation operations perform consistently well.

We believe there are strong synergies in having a single provider managing both the warehouse and the transportation. A single provider will respond faster and more effectively when managing time sensitive issues such as expedited orders, or inclement weather. In addition, if there is a service failure such as a late delivery there is no opportunity to suggest someone else is responsible. The single entity is always responsible. Also, there are cost savings for the NHSLC from a single provider because certain tasks are not required, and synergies are available. Examples include validation of case counts, management of trailer seals, common management team, storage of tractors and trailers on the warehouse property.

There are two main IT transportation systems that will be seamlessly integrated into our WMS system. The first is the Airclic Electronic Proof of Delivery System. Primarily, this system allows us to track Proof of Delivery electronically and communicate with our drivers. The second is the XRS (formerly Xata) Fleet Management Solution. The role of this system is to minimize vehicle costs and repairs. The GPS feature allows us to know where our vehicles are at any time which helps with customer service and security.

Raising Expectations for

# NHSLC

RFP Response | May 14, 2013

exel

# 2) GLOSSARY OF TERMS AND ABBREVIATIONS

We attempted to define all terms, acronyms, and abbreviations within the document when they were first used.

Raising Expectations for

# NHSLC

RFP Response | May 14, 2013

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# 3) RFP RESPONSE

## Part 1 General Instructions to Vendors

### Definition of Terms (1.0)

- Reviewed and understood

### Purpose (1)

- Reviewed and understood

### Schedule of Events (1.2)

- There have been multiple changes to the deadlines as listed in the Clarifications and Amendments

### Issuing Office (1.3)

- Reviewed and Understood

### Vendor's Conference (1.4 & 1.4.2)

- 1.4 clarified by Mar 14th Clarifications and Amendments
- Reviewed and understood
- Vendor's Conference attended by Exel

### Terms of Submission (1.5, 1.5.1 a-e)

- As listed in our RFP response we have taken exceptions to some of the General Conditions and to some of the RFP Terms and Conditions as we feel these strengthen the agreement, and as a result, are in the best interest of the NHSLC. Therefore, we accept this is a firm and binding offer to the extent the exceptions we have noted in this proposal are resolved to both parties mutual satisfaction
- Reviewed and understood 1.5.1 a through 1.5.1 e

### Proposal Offer (1.5.2)

- Unfortunately, we are unable to follow the reference to section 1.20 (b). For the avoidance of doubt, Exel accepts Appendix E to the RFP, subject to the issues listed in that section of this Proposal

### Amendments to this RFP (1.5.3) – Public Information (1.5.6)

- Reviewed and understood

### Liability (1.5.7)

- Exel understands this provision to constitute a waiver of any claim against the State or the NHSLC relating to the competitive bidding process. With this understanding, Exel accepts this provision. If the

NHSLC intended that this provision address something further, Exel reserves the right to address during contract negotiations the provisions of this provision

## Inspection of Records (1.5.8)

- Reviewed and understood

## Proposal Submission (1.6)

- Reviewed and Understood

## Preparation of Submission (1.7 and components)

- 1.7.3 amended twice by Mar 29th Clarifications and Amendments
- Reviewed and Understood

## The Americans with Disabilities and USA Patriot Acts (1.8)

- Reviewed and Understood

## Contract Performance Bond (1.9)

- Reviewed and Understood
- We have researched obtaining documented evidence that a surety can be furnished. The surety will not provide this evidence without understanding the bond form so they can determine the triggers for the bond and their possible exposure. Given the financial position of our company there will be no issue obtaining a performance bond
- Exel assumed a performance bond of $1,000,000 for purposes of providing the costs in Appendix D
- Exel attached documented evidence that a surety can be furnished to this RFP response
- Exel takes an exception to the penalty of up to $10,000 "…if successful Vendor misses more than three (3) scheduled deliveries within a span of a three-month period…" We believe that it is in the best interest of the NHSLC to establish a more comprehensive list of Key Performance Indicators to evaluate the performance of the services similar to what Exel and the NHSLC established in the warehouse contract. We will work with the NHSLC during the evaluation and negotiation phase of the RFP process to agree to appropriate Key Performance Indicators

## Duration of the Contract (1.10.1)

- Reviewed and Understood. Exel will be ready to perform the services as of November 1, 2013

## Extension of Contract (1.10.2)

- Reviewed and understood. It is our desire to have a successful long-term relationship with the NHSLC

## Rate Changes (1.10.3)

- Amended by Apr 12th Clarifications and Amendments
- As stated in the Apr 12th Clarifications and Amendments last paragraph of page 1 "The NHSLC has made clear that the problem scenario is not what will ultimately be used once the system is up and running and a myriad of details have been worked out." To the extent that the actual delivery schedule varies materially from the proposed delivery schedule provided in the RFP and associated Clarifications and Amendments at any point during the contract, either party should have the right to request a rate review. In addition, if there is a material change in the delivery schedule after April 2015, there should be a corresponding change in prices. Please note that this could result in an increase or decrease in rates. A good example is conversion from case to pallet deliveries. Once a material number of stores have converted there should be a corresponding reduction in rates. As we believe this is in the best interest of the NHSLC, Exel takes an exception to the rates only being reviewed once during the term of the contract – April 2015.

## Intentionally Left Blank (1.11)

- Reviewed and understood

## Supportive Materials (1.12)

- Reviewed and understood

## Property of NHSLC (1.13)

- Reviewed and understood

## Disclosure of Proposal (1.14)

- Reviewed and understood.

## News Release (1.15)

- Reviewed and understood

## Use of Electronic Versions of the RFP (1.16)

- Reviewed and understood

## Proposal Format (1.17)

- Reviewed and understood
- Regarding the request for a signed statement from a licensed insurance agent or broker that an insurance company authorized to write insurance in New Hampshire will insure said Vendor – our

certificate of insurance shows that our insurance is valid in all States. If the NHSLC believes it still requires this letter we will obtain it

- Regarding the NHSLC Liquor Carrier License, Exel has begun the process of applying for the license, and have been told it will be 4 to 6 weeks to process our request

## Confidentiality / Sensitive Information (1.18)

- Reviewed and understood

## Form of Contract (1.19)

- Reviewed and understood
- As listed in our response to Appendix E below, we have taken exceptions to some of the terms and conditions contained in Appendix E. We feel these strengthen the agreement, and as a result, are in the best interest of the NHSLC

## Conditional Nature of Agreement (1.20)

- Addressed in Mar 29th Clarifications and Amendments
- Exel is taking an exception to this clause and prefers the wording in Appendix E, Exhibit C, Section 4. It would be our expectation that the State take all the actions listed in Appendix E to obtain funds for our contract. The wording in paragraph 1.20 of the RFP does not state that Exel has the right to stop performing the services if it is not getting paid as does Appendix E. Also, the wording in paragraph 1.20 of the RFP can result in termination at the discretion of the NHSLC. This opens up a loophole that Exel's contract could be terminated, and when funds are available another provider is utilized. Thus, Appendix E is a more balanced approach and more consistent with developing a relationship that is in the best interest of the NHSLC

## Subcontractor (1.21)

- Reviewed and understood
- Exel will accept complete responsibility for all services including those services which will be subcontracted by Exel
- We have had discussions and obtained quotes from four potential common carrier partners (see note 1 in Section V – Vendor Confidential Information) regarding providing support for our operations. Typically we utilize this extra capacity to manage peaks either day-to-day peaks such as the first delivery after weekend sales or week-to-week peaks as occur in the summer and the holiday season. In addition, we may choose to offer a consistent level of work to the common carrier across the entire year. This is to ensure a

strong relationship and enhances our ability to draw upon the common carrier when needed.

### Proposal Guaranty (1.22)

- Please find attached a certified check for $50,000
- We would like to clarify that failure to enter into a contract because the exceptions we have noted in this proposal are not resolved to both parties mutual satisfaction, will be considered just cause

### Venue – Merrimack County (1.23)

- Reviewed and understood

### RFP Protest Process (1.24)

- Amended by Mar 29th Clarifications and Amendments
- Reviewed and understood

### Contract Transition Period (1.25)

- Amended by Mar 29th Clarifications and Amendments
- Reviewed and understood
- Please note that Exel will make commercially reasonable efforts to comply with any NHSLC request, but we may not be able to continue the services if the NHSLC does not provide sufficient notice of the request, for example leases have expired and cannot be extended

## Part 2 General

### Main Proposal (1.0)

- In paragraph 3 there is reference to a freight charge being paid by the NHSLC for store transfer invoices moving product back to a warehouse. The charge must be preauthorized by the NHSLC purchasing agent. This rate is not listed in Appendix D Pricing Worksheets. We will include this rate in our Appendix D Pricing Worksheet submission

### Transportation between Concord and Bow (2.1)

- Reviewed and understood

### Initial Transportation from Nashua to Bow and from Concord to Bow (2.2)

- Reviewed and understood

### Delivery Schedule (2.3)

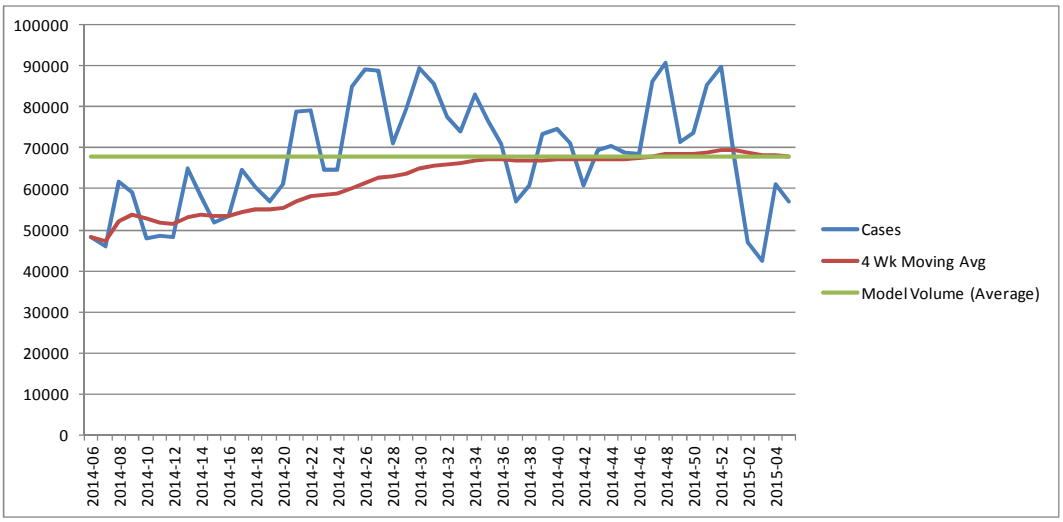
- Exel is using Revised Appendix M as the delivery schedule as instructed in the Apr 12th Clarifications and Amendments and further clarified Apr 15th and 16th
- The attainment of the delivery schedule in the Revised Appendix M requires working closely with the stores to both rationalize the delivery days and equalize the volume of cases across all the delivery days for stores receiving multiple deliveries each week. In our analysis we did notice that there is still an opportunity to rationalize more deliveries. We compared the volume of cases per delivery in the Revised Appendix M against the largest delivery the store had received. Using this as the maximum delivery size it appears that a further 31 deliveries can be removed from the schedule. This will reduce costs by roughly 2% or about $40,000 per year. While reducing these deliveries may or may not be implemented, this is an example of the continuous improvement activities Exel engages in on behalf of our clients

## Project Deliverables (2.4)

- Reviewed and understood. Below we describe the analysis we completed to meet to understand the requirements to meet the project deliverables. We included an Excel Spreadsheet with our submission (on CD ROM). It has the full details of our routes, but is too large to print. If there are any questions associated with this file we would make ourselves available to answer them

### ➲ Volume Profile:

Based on the revised Appendix M provided in the Q&A responses, annual case volume from 2/3/2014 through 1/29/2015 will be 3,536,189 cases. The graph below shows the volumes by week.



We evaluated the four weeks requested to create a proposed route design and delivery schedule.

| Week | 7 | 20 | 42 | 50 |
|---|---|---|---|---|
| Date | Feb. 10-14 | May 12-16 | Oct. 13-17 | Dec. 8-12 |
| Volume % From Average | -48% | -11% | -12% | 8% |
| Cases | 46,070 | 61,159 | 60,922 | 73,802 |
| Pallets | 1,013 | 1,313 | 1,314 | 1,582 |

## Design Assumptions:

Exel took the time to visit all 77 stores in NH in order to better understand the delivery process, unloading time by type of delivery, and store delivery restrictions to account for in the route design. Based on our observations and feedback from the store personnel combined with our operational experience, we came up with following design assumptions:

1. The pallet count by store is based on dividing each store's case volume by 50 cases and rounding up to a whole number to still account for the partial pallet.
2. For pallet deliveries, unload time of 15 min. fixed time plus 2 minutes per pallet
3. For case deliveries, unload time of 15 min. fixed time plus 250 cases per hour
4. Store receiving hours match operating hours (unless there's a special requirement for an early delivery) – must arrive no later than 1 hour before close (or earlier if it is a hand unload and delivery stop time is greater than 1 hour)
5. There will be some flexibility in scheduling deliveries with stores before the open time. The majority of stores seemed willing to accept a delivery at least an hour before their open time as long as it's scheduled that way and they are notified in advance.
6. Based on the Q&A responses, the NHSLC acknowledges that the schedule changes throughout the year. For purposes of providing a cost per case, Exel's route design is based on the store delivery frequency, days, and volumes as outlined in the revised Appendix M. In accordance with the revised Appendix M data, store delivery volumes are level across the delivery days each week. If this assumption does not hold, i.e. there are larger day-to-day variances in volume then provided in revised Appendix M, then Exel reserves the right to re-price and/or redesign its solution. From Revised Appendix M the daily volumes are

| Delivery Day | Cases | % of Volume |
|---|---|---|
| Mon | 686,402 | 19.4% |
| Tue | 760,722 | 21.5% |
| Wed | 690,004 | 19.5% |
| Thu | 706,359 | 20.0% |
| Fri | 692,702 | 19.6% |
| Total | 3,536,189 | 100.0% |

7. Stores with a maximum pallet delivery size, as outlined in the revised Appendix M were taken into account in the route design. There are either two stops to the same location (one at the beginning and one at the end of the route) or there are two stops split between two routes with at least two hours spaced between the scheduled deliveries. If the store's maximum pallet delivery size was exceeded by only one pallet, we assumed that we could work with the store to accommodate the last pallet in order to avoid a second stop. This occurred in week 50 for stores 8 and 59. For example, store 59 showed 6 pallets for this week and Appendix M indicated a maximum delivery size of 5 pallets. Our store visit to store 59 confirmed that they can accommodate 6 pallets at a maximum.
8. Maximum capacity of 23 pallets per 48' trailer (We can pinwheel the last 2 rows of pallets and we lose one pallet position for the electric pallet jack)
9. Maximum capacity of 24 pallets for drop trailer locations (these stores have pallet jacks so they are not required on these routes). Trailer drop locations will be serviced by trailers without tailgates
10. 50 cases per pallet
11. 35 pounds per case
12. We took the time to visit each store and analyze the delivery location. The incumbent provider may choose to use trailers with side doors for several locations, but we do not believe any store locations require trailers with side doors. It raises costs to service a small number of stores with side doors because the correct trailer type has to be assigned to the correct route each day. In addition, trailers with side doors represent more security risks with another point of entry into the trailer for theft. It is our responsibility to successfully deliver to each store location so if we do have difficulties with standard trailers than we will utilize trailers with side doors where necessary. In order to reduce the cost of delivery for the NHSLC, Exel is

taking an exception to the requirement for trailers with side doors.

13. Stores provide the roller conveyors for the hand unload locations

14. All routes (excluding the 7 drop trailer routes) will require an electric pallet jack inside the trailer for the driver to be able to move pallets around inside the trailer and to maneuver the pallets at some delivery locations.

15. All trailers are 48' in length

    - For purposes of this RFP response we assumed the current maximum trailer size of 48' because given the weight of the products, 53' trailers could not hold more product than a 48' trailer, and therefore would not reduce routes or therefore costs. In addition, 48' trailers can deliver to all stores reducing the complexity of routing and therefore costs

    - In addition, we took the time to visit each store and analyze the delivery location. The incumbent provider may choose to use 45' trailers for several locations, but we do not believe any store locations require 45' trailers. It is our responsibility to successfully deliver to each store location so if we do have difficulties with 48' trailers than we will utilize 45' trailers where necessary. In order to reduce the cost of delivery for the NHSLC, Exel is taking an exception to the requirement for 45' trailers

16. For 48' trailers with rail lift-gates, lift-gate specifications include a 5,500 pound weight capacity and a platform size of 72" x 84".

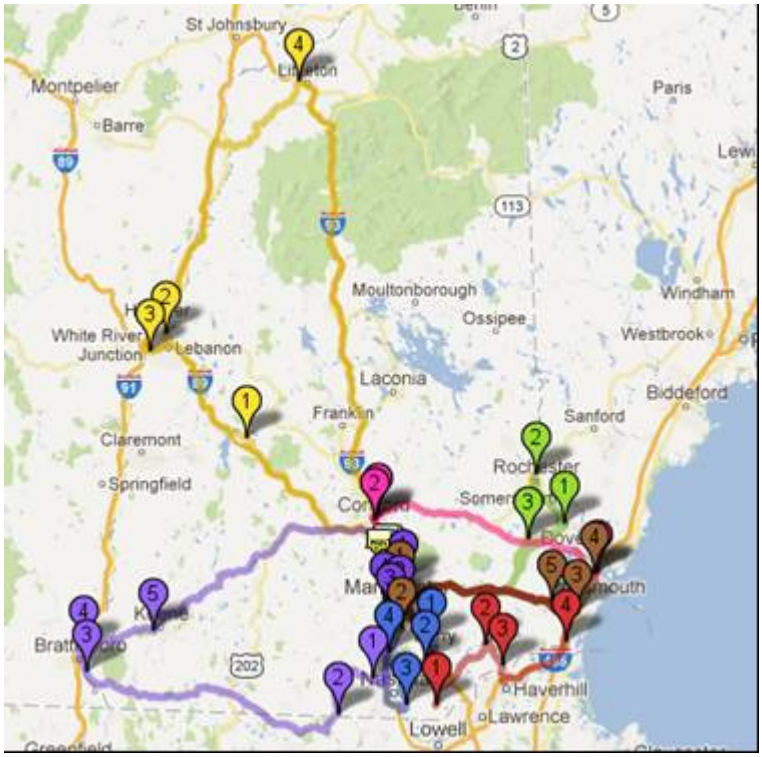
## ➲ Route Summary:

The table below summarizes the key statistics for each of the four weeks requested. We also included two other weeks. Week 45 that was closest to the average, and week 48 which was the peak week.

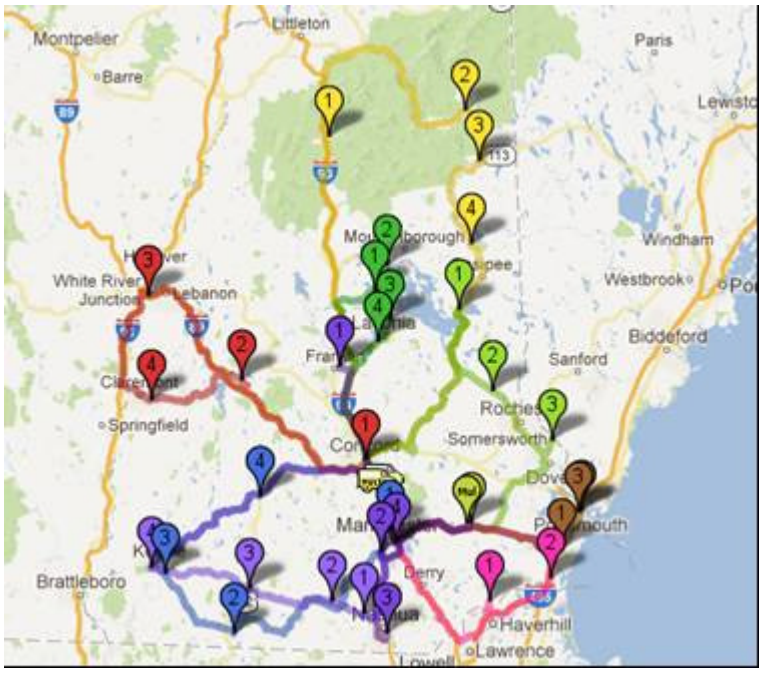
| | | | | | | |
|---|---|---|---|---|---|---|
| Volume % From Average | -48% | -11% | -12% | 8% | 1% | 25% |
| Week | 7 | 20 | 42 | 50 | 45 | 48 |
| Cases | 46,070 | 61,159 | 60,922 | 73,802 | 68,753 | 90,870 |
| Pallets | 1,013 | 1,313 | 1,314 | 1,582 | 1,462 | 1,908 |
| # of Routes | 71 | 76 | 76 | 88 | 83 | 94 |
| # of Stops | 197 | 197 | 197 | 199 | 202 | 205 |
| Average Pallets Per Route | 14 | 17 | 17 | 18 | 18 | 20 |
| Miles | 7,042 | 7,795 | 7,665 | 8,565 | 8,377 | 9,571 |
| Drive Time | 160:32 | 176:44 | 173:30 | 192:52 | 188:54 | 215:04 |
| Stop Time | 182:36 | 207:15 | 205:10 | 237:07 | 223:55 | 260:00 |
| Drivers Required | 7 | 8 | 8 | 8 | 8 | 9 |
| Tractors Required | 7 | 8 | 8 | 8 | 8 | 9 |
| 48' No Lift-gate Trailers | 16 | 16 | 16 | 16 | 16 | 16 |
| 48' Lift-gate Trailers | 8 | 9 | 9 | 11 | 10 | 13 |
| Total Trailers | 24 | 25 | 25 | 27 | 26 | 29 |
| Average Routes per Driver per Day | 2.03 | 1.90 | 1.90 | 2.20 | 2.08 | 2.09 |
| Average Work Time per Driver per Week | 49:01 | 47:59 | 47:20 | 53:45 | 51:36 | 52:47 |

The maps below illustrate the routes by day for week 20 as an example:

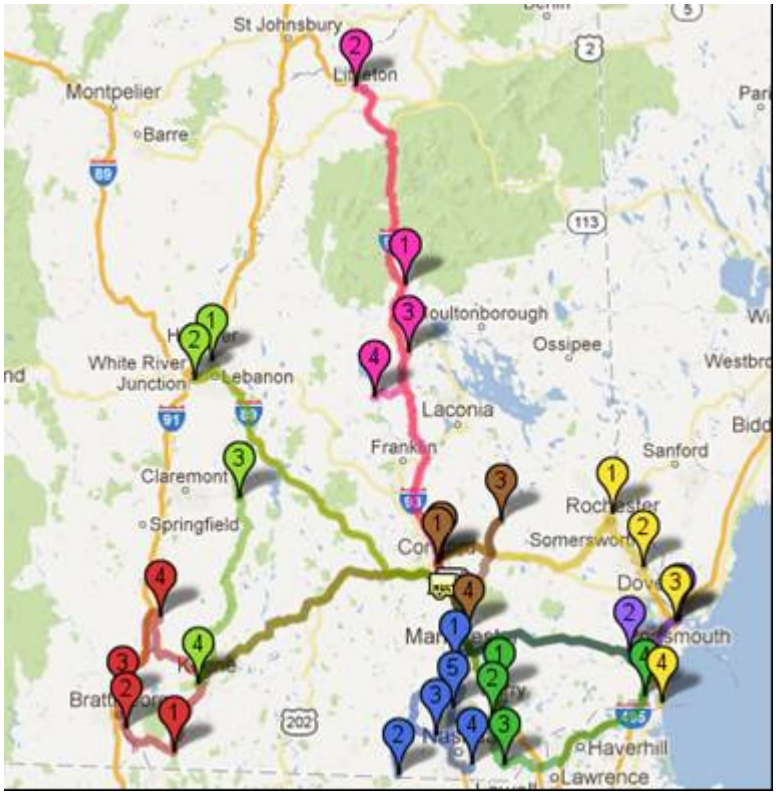
*Monday:*



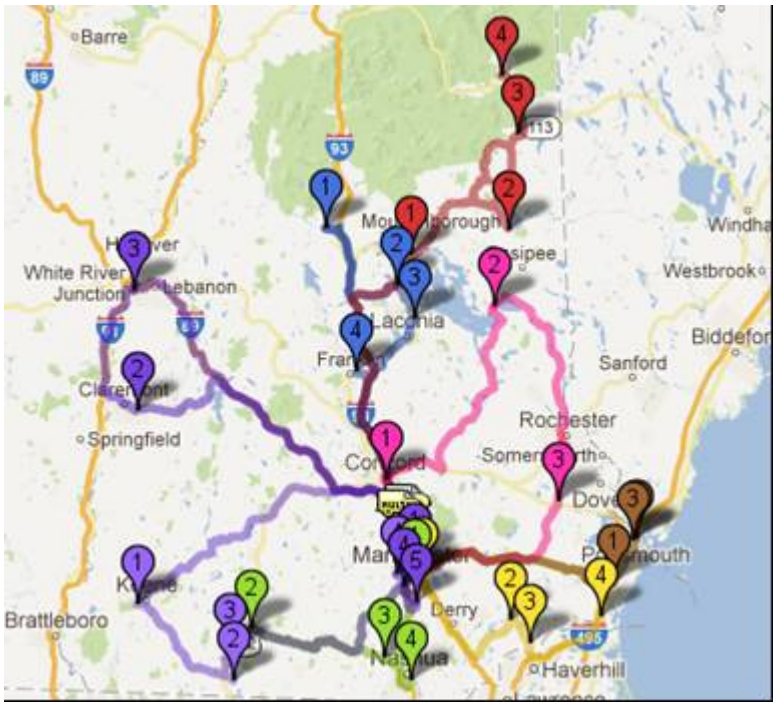

*Tuesday:*



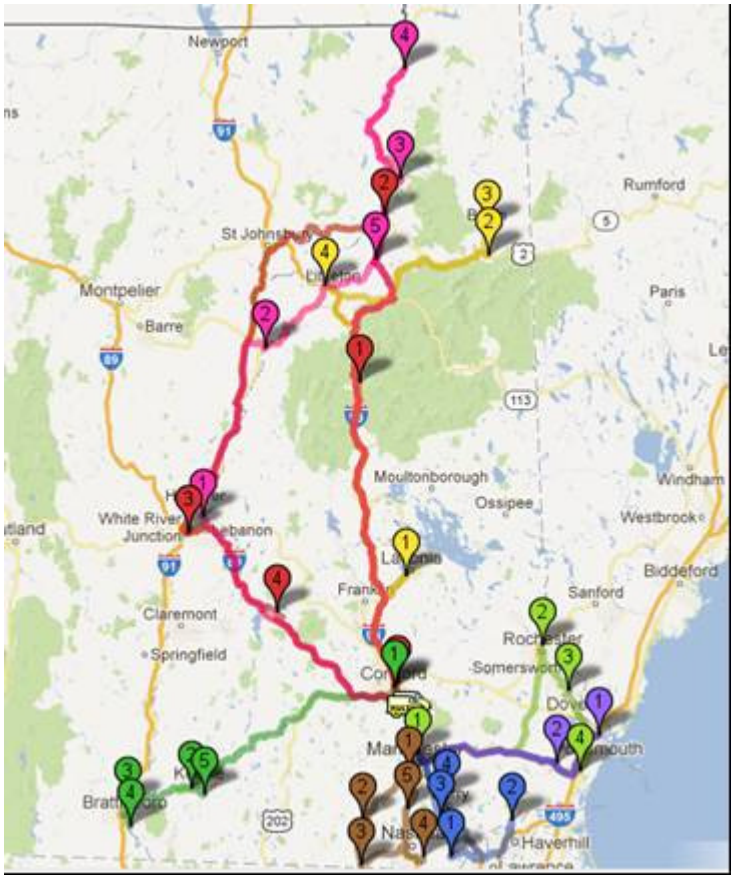

*Wednesday:*




*Thursday:*

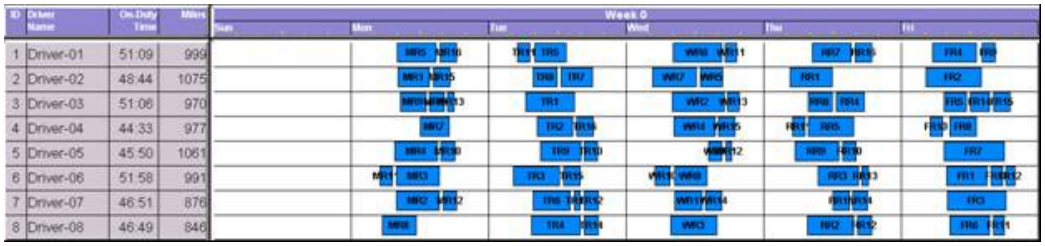



Friday:




## ➲ Driver and Tractor Schedule:

Once all routes were designed, we determined the earliest and latest time that each route could dispatch taking into account any delivery time requirements specified in the revised Appendix I and store open and close times. Using a transportation resource scheduling tool, we came up with the most efficient schedule for drivers and tractors to minimize cost. The table below is an example driver/tractor schedule for week 20:



| ID | Driver Name | On-Duty Time | Miles |
|---|---|---|---|
| 1 | Driver-01 | 51:09 | 999 |
| 2 | Driver-02 | 48:44 | 1075 |
| 3 | Driver-03 | 51:06 | 970 |
| 4 | Driver-04 | 44:33 | 977 |
| 5 | Driver-05 | 45:50 | 1061 |
| 6 | Driver-06 | 51:58 | 991 |
| 7 | Driver-07 | 46:51 | 876 |
| 8 | Driver-08 | 46:49 | 846 |

## Trailer Requirements:

If a route's first stop has a 6am delivery requirement and dispatches early (about 05:00), the trailer has to be in the door by 21:00 the night before. For drop trailer routes, the trailer has to be in the door by 01:00 the morning of dispatch. For all other routes, the trailer has to be in the door at 04:00. There are about 2-3 routes per day with a special requirement and early dispatch. Of the remaining routes, about half dispatch between 07:45 and 09:00 and the other half dispatch from 12:00 to 19:00. All routes that require a lift-gate (so drop trailer routes excluded) are complete by 17:00, making the requirement 1 trailer per route. In the diagram below, routes MR1 through MR9 are lift-gate routes and routes MR10 through MR16 are drop trailer (non lift-gate) routes.

| | Load | | Start | | End | | Unload | | Route | Monday | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Route | Day | Time | Day | Time | Day | Time | Day | Time | Total | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| | | | | | | | | | 0:00 | | | | | | | | | | | | | | | | | | | | | | | | |
| MR1 | M | 4:00 | M | 08:17 | M | 13:51 | M | 15:51 | 5:34 | | | | | L | L | L | L | D | D | D | D | D | D | U | U | | | | | | | | |
| MR2 | M | 4:00 | M | 07:59 | M | 15:28 | M | 17:28 | 7:29 | | | | | L | L | L | D | D | D | D | D | D | D | D | D | U | U | | | | | | |
| MR3 | M | 4:00 | M | 07:57 | M | 15:34 | M | 17:34 | 7:37 | | | | | L | L | L | D | D | D | D | D | D | D | D | D | U | U | | | | | | |
| MR4 | M | 4:00 | M | 07:38 | M | 15:12 | M | 17:12 | 7:34 | | | | | L | L | L | D | D | D | D | D | D | D | D | D | U | U | | | | | | |
| MR5 | M | 4:00 | M | 08:08 | M | 14:59 | M | 16:59 | 6:51 | | | | | L | L | L | L | D | D | D | D | D | D | D | U | U | | | | | | | |
| MR7 | M | 4:00 | M | 12:00 | M | 17:16 | M | 19:16 | 5:16 | | | | | L | L | L | L | L | L | L | L | D | D | D | D | D | D | U | U | | | | |
| MR8 | U | 21:00 | M | 05:30 | M | 11:30 | M | 13:30 | 6:00 | L | L | L | L | L | D | D | D | D | D | D | D | D | U | U | | | | | | | | | |
| MR9 | M | 4:00 | M | 08:35 | M | 13:11 | M | 15:11 | 4:36 | | | | | L | L | L | L | D | D | D | D | D | D | U | U | | | | | | | | |
| MR10 | M | 1:00 | M | 15:42 | M | 18:09 | M | 20:09 | 2:27 | | L | L | L | L | L | L | L | L | L | L | L | L | L | L | D | D | D | D | U | U | | | |
| MR11 | U | 21:00 | M | 05:08 | M | 07:21 | M | 9:21 | 2:13 | L | L | L | L | L | D | D | D | U | U | | | | | | | | | | | | | | |
| MR12 | M | 1:00 | M | 16:00 | M | 18:34 | M | 20:34 | 2:34 | | L | L | L | L | L | L | L | L | L | L | L | L | L | L | L | D | D | D | U | U | | | |
| MR13 | M | 1:00 | M | 16:51 | M | 18:03 | M | 20:03 | 1:12 | | L | L | L | L | L | L | L | L | L | L | L | L | L | L | L | D | D | D | U | U | | | |
| MR14 | M | 1:00 | M | 13:41 | M | 16:21 | M | 18:21 | 2:40 | | L | L | L | L | L | L | L | L | L | L | L | L | D | D | D | D | U | U | | | | | |
| MR15 | M | 1:00 | M | 14:21 | M | 17:21 | M | 19:21 | 3:00 | | L | L | L | L | L | L | L | L | L | L | L | L | L | D | D | D | D | U | U | | | | |
| MR16 | M | 1:00 | M | 15:30 | M | 18:30 | M | 20:30 | 3:00 | | L | L | L | L | L | L | L | L | L | L | L | L | L | D | D | D | D | D | U | U | | | |
| | | | | | | | | | 0:00 | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | Total Tractors: | 8 | 0 | 0 | 0 | 0 | 0 | 2 | 2 | 5 | 7 | 7 | 7 | 7 | 7 | 8 | 7 | 8 | 7 | 6 | 4 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | | | Total Trailers: | 15 | 2 | 8 | 8 | 8 | 15 | 15 | 15 | 15 | 15 | 15 | 14 | 14 | 14 | 14 | 13 | 13 | 11 | 10 | 7 | 6 | 4 | 0 | 0 | 0 |

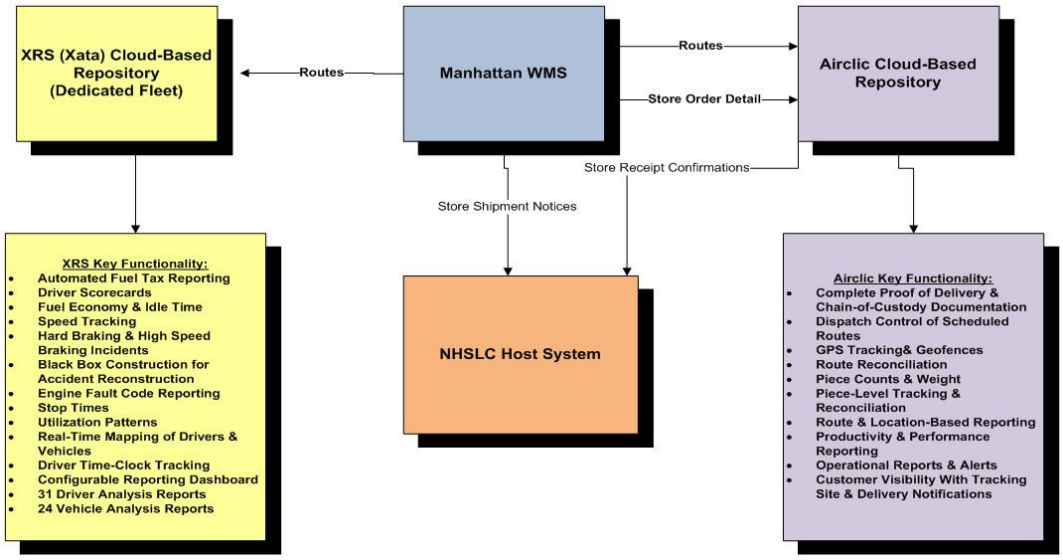
Each of the weeks routed has seven routes that remain static each day for the seven drop trailer stores. As defined in the Q&A response on April 12, the seven drop trailer stores are 34, 50, 66, 67, 69, 73 and 76. The driver will drop the loaded trailer and then hook to the empty trailer from the day before and return to the DC. Each of these stores

has a dock and does not require a lift-gate on the trailer. The store personnel are responsible for unloading the trailer. Fourteen of the sixteen non lift-gate trailers are required for the seven drop trailer routes daily.

We also included a drop trailer at the Concord warehouse for the daily trip between Concord and Bow. The Concord stop is included with the route to store 66 in Hooksett. The driver will deliver a loaded trailer to store 66, pick up the empty trailer, drop the trailer at Concord, pick up the loaded trailer at Concord and return to the Bow DC. A drop trailer has also been included to stage at store 49 for cardboard collection. The route design includes an additional trip every two weeks to pick up the full trailer and drop an empty.

## ➲ Concept of Systems:

**NHSLC Transportation Systems Overview**




Once the trailer is closed the WMS will send a message to the Commission indicating what product is on each pallet and destined for delivery to a particular store. Likewise, the WMS will provide this information to the Airclic system. Once the delivery is completed the Airclic system will send a delivery confirmation message to the NHSLC, and the warehouse WMS. In this way we will be able to track inventory at all times and at all stages in the process

There are two main IT transportation systems that will be seamlessly integrated into our WMS system. The first is the Airclic Electronic Proof of Delivery System. Primarily, this system allows us to track

Proof of Delivery electronically and communicate with our drivers. Key features of this system include:

- Tracks deliveries from point of origin until arrival at final destination
- Drivers send real-time documentation for proof of delivery
- Scanning at point of delivery significantly reduces potential of delivery errors. Overages, Shortages & Damages can be reconciled onsite
- Can reduce or eliminate paper
- NHSLC will have access to an easy-to-navigate tracking site to check delivery status
- System can generate timely delivery notifications
- Compatible with most mobile devices, including Android smartphone
- Records GPS location:
    - "Breadcrumb" trail
    - Associated to an event: i.e. Make delivery, record GPS
- Route and stop history reports available online and can be exported to various formats for sharing

The second is the XRS (formerly Xata) Fleet Management Solution. The role of this system is to minimize vehicle costs and repairs. The GPS feature allows us to know where our vehicles are at any time which helps with customer service and security. Key features of this system include:

- Planned vs. actual route reporting
- Safety and compliance logs
    - Reduce HOS violations and near-misses
    - Reduce hard braking
    - Reduce rapid speed changes
    - Reduce skipped inspections
- Optimize fuel economy
    - Reduce idle time
    - Improve MPG
    - Reduce speeding

    - Optimize driving techniques, such as shifting, braking, cruise control
- Reduce maintenance costs
    - Diagnose where & when problems occurring
    - Monitor diagnostics by vehicle
    - Catch critical maintenance issues before they become critical problems.
- Robust reporting
    - 31 different driver analysis reports
    - 24 different vehicle analysis reports

## Separate Second Proposal for Co-Mingling Product Loads (2.5)

- Exel will not be submitting a Second Proposal that includes Transportation of Product to NHSLC Licensees. There are three reasons making such a proposal is not in the best interest of the NHSLC

  1. To minimize the NHSLC's costs, we designed the routes servicing the NHSLC's stores to be at or near capacity and therefore there is limited or no capacity to serve licensees. Further, any excess capacity that does exist is available inconsistently which limits the value for licensees
  2. The RFP does not provide data upon which we can develop costs
  3. Even if we had data for licensee orders there is no way to predict how much licensees would utilize our service. They are free to pick up their orders or have any licensed carrier deliver their order on their behalf. Without an understanding of potential volumes we cannot develop costs

## Separate Third Proposal for Co-mingling Non-Product Loads (2.6)

- Exel will not be submitting a Third Proposal that includes Transportation of items that are compatible with the transportation of Product. There are two reasons making such a proposal is not in the best interest of the NHSLC
- To minimize the NHSLC's costs, the routes servicing the NHSLC's stores will be at or near capacity and therefore there is limited or no capacity to carry compatible non-Products with deliveries to stores. Again, to minimize the NHSLC's costs, many of the routes include a return to the yard for a second trailer of Products. This maximizes use

of the available drive time of our drivers and minimizes the number of tractors in the fleet. Running to pickup backhauls of compatible non-products is inconsistent with this strategy

- The delivery schedule has not been finalized. Finding opportunities to include shipments of compatible non-Products can only begin once the delivery schedule and corresponding routes are finalized. There may be opportunities for backhauls for some of the routes into Northern New Hampshire, and once the delivery schedule is finalized we will investigate those possibilities and bring them forward to the NHSLC

## Part 3 Basic Information Required From the Vendor

### Management Summary (3.1)

- In the Executive Summary under the section titled Stability and Presence we describe our organization. For brevity we will not repeat that overview here
- Jim Lowe will be leading this operation. He works with Exel and has over 30 years of transport experience with customers such as Kimberly Clarke
- We will also work closely with the team operating the warehouse and starting-up its operations. This will ensure that all opportunities for synergies with the warehouse operations are maximized. This includes Robert Maclellan with over 25 years experience, Paul Ledger with almost 30 years experience, and Chase Kevand with over 8 years experience
- In the section below (3.2) we provide details about our transportation operations. As required we will draw upon the experts within our approximately 50 dedicated fleets across the US for support. If needed we will fly them into this operation to ensure a successful start-up
- In addition, the team running the transportation operations will be supported by multiple members of the Exel management team. This team consists of managers with greater than 20 years experience in the beverage alcohol industry. Across their careers they have been exposed to many different situations and challenges. They will use their collective experience to ensure the transportation operations have a successful start-up and perform consistently well over the long term. Examples include Nigel Mathew with over 35 years experience, and Greg Foreman with over 20 years experience
- In addition, we have extensive functional resources. They are experts in their respective fields. Their experience will go a long way to avoiding issues or addressing potential concerns before they manifest.

Examples of the functional areas covered include transportation, IT, labor relations, health and safety, engineering, and inventory control

## Prior Experience (3.2)

### ➲ Overall

Across North America Exel operates approximately 50 dedicated fleets with close to 800 tractors, utilizing just under 2,000 trailers, employing over 1,400 drivers.

Exel Direct, one of our operating divisions, provides coast-to-coast, white glove service to homes and businesses on behalf of many of the largest US furniture, appliance, and office equipment retailers. Our services include delivery scheduling, 2 man delivery with a liftgate to home, business or job sites, and connection to a linehaul and delivery network consisting of over 500 trucks. Exel Direct has its own unique vehicle tracking technology. Combining the help desk with this technology enables us to tell customers exactly when their delivery will arrive and make appropriate adjustments on the fly.

Our managed transportation group - operating from multiple Transportation Management Centers - provides services from helping clients find capacity, managing a network of carriers on our client's behalf, to offering a total outsourced transportation solution that includes strategic and execution support.

### ➲ Automotive Clients

Exel has an extensive footprint supporting many of the major automotive industry participants. Exel is currently operating over 20 fleet solutions for automotive customers utilizing more than 45 sites. Regarding a particular North American automotive client - we transport over 300 million units annually for them. We manage short- and long-haul transportation including the planning, collection and delivery of auto parts to the plant from their suppliers nationwide. The solution includes a Just In Time transport operation supporting the delivery of local supplier parts directly into production and assembly line points within the plant. We have also developed a web-based communication and visibility system to ensure inventory availability and continued operations. In 2012 the team was awarded the "The Clients Group Award 2011" in recognition of its strategic supply chain services and performance.

### ➲ Industry Specific

Exel operates the warehousing and distribution services for the Alberta Gaming and Liquor Commission (AGLC).

Mr. Alain Maisonneuve has agreed to provide a reference on our behalf. Please see confidential Note 2 in Section V Vendor Confidential Information for his telephone number and e-mail address

DIAGEO

Diageo is a global alcoholic beverages company. It is the world's largest producer of spirits and a major producer of beer and wine. Some of their brands include: Smirnoff, Crown Royal, J&B, Johnnie Walker, Baileys, and Guinness.

Mr. Gian St. Angelo has agreed to provide a reference on our behalf. Please see confidential Note 2 in Section V – Vendor Confidential Information for his telephone number and e-mail address

7-Eleven is part of an international chain of convenience stores. 7-Eleven, primarily operating as a franchise, is the world's largest operator, franchisor and licensor of convenience stores, with more than 48,000 outlets. 7-Eleven branded stores, are located in 16 countries, with its largest markets being Japan (15,000), the United States (8,200), Thailand (6,800), Canada, the Philippines, Hong Kong, Taiwan, Malaysia.

Ms. Christi Clinger has agreed to provide a reference on our behalf. Please see confidential Note 2 in Section V – Vendor Confidential Information for her telephone number and e-mail address

Tradeteam, an affiliate of Exel's, was created in 1995 when the former Bass Brewery opted to sell it distribution service. Today, Tradeteam is a joint venture with Molson Coors that is 50.1% owned by Deutsche Post DHL (parent of Exel). Tradeteam operates a multi-customer supply chain service for brewers, drinks suppliers, and retailers throughout the U.K. Through a nationwide network of 30 operations, 550 vehicles and over 2,300 employees, Tradeteam delivers to more than 30,000 'on trade' outlets each week and carries out more than 150,000 loads every year into the off-trade retail and on-trade wholesale channels. It picks 50 million items per year – including 4 million wines and spirits cases from 1,500 SKUs and Tradeteam's pick accuracy on these items is 99.88%.

Tradeteam's customer portfolio is a balance of brewers and pubco's including Molson Coors, InBev, Diageo, Brains, and Greene King.

Giorgio Gori is part of the Deutsche Post DHL group of companies. They are 100% dedicated to the wines and spirits market, and are experts in the international transportation, and importation of beverage alcohol. They hold a greater than 50% share of the global market for wine and spirits. Giogio Gori has offices and warehouses in all producing countries and specialized teams in all consumer markets.

## Work Plan (3.3)

- The work plan below is based on our solution design and our DePict project management methodology. A dedicated project management will be assigned to this start-up
- The timeline below lists the tasks and dates required for a successful launch on November 1st. A key milestone is the driver training. An important aspect to this training is completing having the drivers complete dry runs of their delivery routes

| Task Name | Duration | Start | Finish |
|---|---|---|---|
| **NHSLC Transport Timeline** | **110 days** | **Fri 5/31/13** | **Thu 10/31/13** |
| Contract Award | 1 day | Fri 5/31/13 | Fri 5/31/13 |
| **Start-Up Project Plan** | **30 days** | **Fri 5/31/13** | **Thu 7/11/13** |
| Identify all Groups/Working Teams Involved | 15 days | Fri 5/31/13 | Thu 6/20/13 |
| Form Start-Up team | 15 days | Fri 5/31/13 | Thu 6/20/13 |
| Develop a list of key Client Contacts | 5 days | Fri 5/31/13 | Thu 6/6/13 |
| Plan Steering Group Meeting Schedule | 1 day | Fri 5/31/13 | Fri 5/31/13 |
| Scheduled Steering Group Meeting | 10 days | Fri 5/31/13 | Thu 6/13/13 |
| Verify prior study information | 10 days | Fri 5/31/13 | Thu 6/13/13 |
| Confirm customer service information | 30 days | Fri 5/31/13 | Thu 7/11/13 |
| Definition of each service reason code | 30 days | Fri 5/31/13 | Thu 7/11/13 |
| Confirm Expectation | 1 day | Fri 5/31/13 | Fri 5/31/13 |
| **Business Issues** | **25 days** | **Fri 5/31/13** | **Thu 7/4/13** |
| Compile Draft Contract & SLA | 10 days | Fri 5/31/13 | Thu 6/13/13 |
| Registration Tax Authorities | 10 days | Fri 5/31/13 | Thu 6/13/13 |
| Insurance, | 25 days | Fri 5/31/13 | Thu 7/4/13 |
| **Operating Budget** | **35 days** | **Mon 9/2/13** | **Fri 10/18/13** |
| Payroll System | 30 days | Mon 9/2/13 | Fri 10/11/13 |
| Mechanism for billing for services | 30 days | Mon 9/9/13 | Fri 10/18/13 |
| **Human Resource Implementation** | **108 days** | **Fri 5/31/13** | **Tue 10/29/13** |
| Determine current pay scales/ job function | 5 days | Fri 5/31/13 | Thu 6/6/13 |
| Offer Contracts of Employment | 1 day | Fri 5/31/13 | Fri 5/31/13 |
| Establish Corporate Culture & Goals | 20 days | Fri 5/31/13 | Thu 6/27/13 |
| Define overall Corporate Culture (Develop strategy to promote to Team) | 20 days | Fri 5/31/13 | Thu 6/27/13 |
| Review Client and Exel Expectations | 20 days | Fri 5/31/13 | Thu 6/27/13 |
| Develop Mission Statement | 25 days | Fri 5/31/13 | Thu 7/4/13 |
| Communicate Corporate Culture & Goals | 1 day | Fri 5/31/13 | Fri 5/31/13 |
| Communicate Mission Statement to Management | 1 day | Fri 5/31/13 | Fri 5/31/13 |
| Communicate Mission Statement to Team Leaders | 1 day | Fri 5/31/13 | Fri 5/31/13 |

| | | | |
|---|---|---|---|
| Communicate Mission Statement to Team Members | 1 day | Fri 5/31/13 | Fri 5/31/13 |
| Develop HR Site Policies | 75 days | Fri 5/31/13 | Thu 9/12/13 |
| Review Local Labor Legislation | 75 days | Fri 5/31/13 | Thu 9/12/13 |
| Review Exel core HR Policies | 75 days | Fri 5/31/13 | Thu 9/12/13 |
| Develop, customize site specific Policies | 75 days | Fri 5/31/13 | Thu 9/12/13 |
| Produce site specific HR Policy and Procedure Manual | 15 days | Fri 5/31/13 | Thu 6/20/13 |
| Communicate HR Policies & Procedures Manual to all Mgmt. Staff. | 1 day | Fri 5/31/13 | Fri 5/31/13 |
| Communicate HR Site Policies | 1 day | Fri 5/31/13 | Fri 5/31/13 |
| Develop Team Member Handbook | 75 days | Fri 5/31/13 | Thu 9/12/13 |
| Communicate Team Member Handbook | 1 day | Fri 5/31/13 | Fri 5/31/13 |
| Develop Compensation Strategy | 45 days | Fri 5/31/13 | Thu 8/1/13 |
| Establish Compensation and Benefits for Salaried Staff | 45 days | Fri 5/31/13 | Thu 8/1/13 |
| Establish Compensation and Benefits for Team Members | 45 days | Fri 5/31/13 | Thu 8/1/13 |
| Define Profile for Management and Team Members | 45 days | Fri 5/31/13 | Thu 8/1/13 |
| Develop Recruitment Processes for Management and Team Members | 45 days | Fri 5/31/13 | Thu 8/1/13 |
| Obtain generic Management offers/contracts from Exel | 45 days | Fri 5/31/13 | Thu 8/1/13 |
| Maintain Recruitment Statistics | 90 days | Fri 5/31/13 | Thu 10/3/13 |
| Develop Management Orientation Plan | 45 days | Fri 5/31/13 | Thu 8/1/13 |
| Health & Safety Training | 10 days | Wed 10/16/13 | Tue 10/29/13 |
| Develop Detailed Health and Safety Program | 45 days | Fri 5/31/13 | Thu 8/1/13 |
| Communicate Health & Safety Program to Team Members | 10 days | Wed 10/16/13 | Tue 10/29/13 |
| Develop Vehicle/Vehicle Training Program | 45 days | Fri 5/31/13 | Thu 8/1/13 |
| Review & Evaluate Vehicle/Vehicle Training Program | 15 days | Thu 8/1/13 | Wed 8/21/13 |
| Schedule Driver/Vehicle Training | 15 days | Mon 9/2/13 | Fri 9/20/13 |
| Perform Actual Driver/Vehicle Training | 10 days | Wed 10/16/13 | Tue 10/29/13 |
| Review & evaluate Emergency Response training | 5 days | Tue 10/1/13 | Mon 10/7/13 |
| **Systems Issues** | **75 days** | **Fri 5/31/13** | **Thu 9/12/13** |
| Establish points of information exchange with client | 75 days | Fri 5/31/13 | Thu 9/12/13 |
| List of PC and equipment to be employed | 75 days | Fri 5/31/13 | Thu 9/12/13 |
| Determine routing system | 75 days | Fri 5/31/13 | Thu 9/12/13 |
| Install and Interface with WMS & Client system | 75 days | Fri 5/31/13 | Thu 9/12/13 |
| Training | 75 days | Fri 5/31/13 | Thu 9/12/13 |
| POD training | 75 days | Fri 5/31/13 | Thu 9/12/13 |
| Determine supporting systems - how | 75 days | Fri 5/31/13 | Thu 9/12/13 |
| Order and install necessary equipment | 75 days | Fri 5/31/13 | Thu 9/12/13 |
| Implement Communications Strategy | 75 days | Fri 5/31/13 | Thu 9/12/13 |
| Contingency Plans | 75 days | Fri 5/31/13 | Thu 9/12/13 |
| Track & Trace system failure | 75 days | Fri 5/31/13 | Thu 9/12/13 |
| **Health & Safety/LP Implementation** | **90 days** | **Fri 5/31/13** | **Thu 10/3/13** |
| Establish Procedures, Training, Implementation and Audit | 90 days | Fri 5/31/13 | Thu 10/3/13 |
| H&S Committee | 90 days | Fri 5/31/13 | Thu 10/3/13 |
| Yard and Traffic Procedures | 90 days | Fri 5/31/13 | Thu 10/3/13 |
| Establish Contact with Emergency Services | 90 days | Fri 5/31/13 | Thu 10/3/13 |
| Police and Security Services | 90 days | Fri 5/31/13 | Thu 10/3/13 |
| Medical Response Services | 90 days | Fri 5/31/13 | Thu 10/3/13 |
| Off Site Medical Facility | 90 days | Fri 5/31/13 | Thu 10/3/13 |
| **Operational Handover** | **99 days** | **Fri 5/31/13** | **Wed 10/16/13** |
| **Vehicles** | **99 days** | **Fri 5/31/13** | **Wed 10/16/13** |
| Identify Vehicle design | 1 day | Fri 5/31/13 | Fri 5/31/13 |
| Order vehicles | 1 day | Fri 5/31/13 | Fri 5/31/13 |
| Vehicle delivered | 99 days | Fri 5/31/13 | Wed 10/16/13 |
| Vehicle maintenance contracts signed | 35 days | Fri 5/31/13 | Thu 7/18/13 |

| | | | |
|---|---|---|---|
| Vehicle maintenance logs in place | 5 days | Thu 10/10/13 | Wed 10/16/13 |
| **Security Requirements** | **35 days** | **Fri 5/31/13** | **Thu 7/18/13** |
| Determine security requirements | 35 days | Fri 5/31/13 | Thu 7/18/13 |
| Get Security group to assess | 35 days | Fri 5/31/13 | Thu 7/18/13 |
| **Operations & SOPs** | **110 days** | **Fri 5/31/13** | **Thu 10/31/13** |
| Weekly Review Meetings | 110 days | Fri 5/31/13 | Thu 10/31/13 |
| Develop SOP's | 90 days | Fri 5/31/13 | Thu 10/3/13 |
| Transportation Capacity Forecasting | 90 days | Fri 5/31/13 | Thu 10/3/13 |
| Determine Method of Loading & delivery | 35 days | Fri 9/13/13 | Thu 10/31/13 |
| Develop Control of Documentation | 35 days | Fri 9/13/13 | Thu 10/31/13 |
| Exception Reporting | 35 days | Fri 9/13/13 | Thu 10/31/13 |
| Yard and Traffic Procedures | 35 days | Fri 9/13/13 | Thu 10/31/13 |
| Develop Training Program to Roll-Out SOP's | 35 days | Fri 9/13/13 | Thu 10/31/13 |
| Review government requirements - documentation etc | 35 days | Fri 9/13/13 | Thu 10/31/13 |
| Hazardous goods requirements | 35 days | Fri 9/13/13 | Thu 10/31/13 |
| Current emergency procedures | 35 days | Fri 9/13/13 | Thu 10/31/13 |
| **Transport Operations** | **110 days** | **Fri 5/31/13** | **Thu 10/31/13** |
| Develop Driver Training Program | 35 days | Fri 9/13/13 | Thu 10/31/13 |
| Driver Training/DC, Customer Orientation | 35 days | Fri 9/13/13 | Thu 10/31/13 |
| Exel Orientation | 35 days | Fri 9/13/13 | Thu 10/31/13 |
| Develop Process Mapping of Transport Operations | 35 days | Fri 9/13/13 | Thu 10/31/13 |
| Develop Process Mapping of Transportation Administration | 35 days | Fri 9/13/13 | Thu 10/31/13 |
| Develop Transport Service Reporting ( KPI's) | 35 days | Fri 9/13/13 | Thu 10/31/13 |
| DOT Compliance training | 20 days | Fri 5/31/13 | Thu 6/27/13 |
| Establish DOT Compliance Files | 35 days | Fri 5/31/13 | Thu 7/18/13 |
| Train in DOT Requirements if required | 15 days | Fri 5/31/13 | Thu 6/20/13 |
| Process Mapping DOT Compliance | 35 days | Fri 5/31/13 | Thu 7/18/13 |
| Audit DOT Compliance Systems | 35 days | Fri 5/31/13 | Thu 7/18/13 |
| **Routing** | **35 days** | **Thu 8/1/13** | **Wed 9/18/13** |
| **Destinations** | **35 days** | **Thu 8/1/13** | **Wed 9/18/13** |
| Location of all destinations with proper names, ID's, postal / zip codes, cities etc | 35 days | Thu 8/1/13 | Wed 9/18/13 |
| Operating Hours | 35 days | Thu 8/1/13 | Wed 9/18/13 |
| Special Equipment Arrangements (i.e. 345Foot, Side door, tail gate lift, etc) | 35 days | Thu 8/1/13 | Wed 9/18/13 |
| Delivery Windows / Schedules | 35 days | Thu 8/1/13 | Wed 9/18/13 |
| Special Delivery arrangements | 35 days | Thu 8/1/13 | Wed 9/18/13 |
| Receiving constraints (i.e. cannot receive mixed product groupings) | 35 days | Thu 8/1/13 | Wed 9/18/13 |
| Unload rates at store | 35 days | Thu 8/1/13 | Wed 9/18/13 |
| 1st call commitments | 35 days | Thu 8/1/13 | Wed 9/18/13 |
| Routing defaults per stop / per trip / yard time | 35 days | Thu 8/1/13 | Wed 9/18/13 |

## Business Continuity (3.4)

### ➲ Overview

The main business continuity concerns related to transportation relate to not having equipment, drivers or fuel. As discussed below, we will develop a specific plan for the NSHLC as part of our overall Standard Operating Procedures during the start-up phase. We wish to point out that Exel's scale and scope which includes the capabilities below provides us with the unique ability to secure resources if circumstances warrant. This capability will be detailed in our Business Continuity Plan (BCP)

- We have a dedicated operation in Wrentham NH we operate for another customer
- Contacts with common carriers both within the state of New Hampshire and states close to New Hampshire
- Other sectors within Exel, e.g. our managed transportation group, our extensive operations on behalf of our automotive customers, and our Exel Direct operations
- Common carriers utilized by our managed transportation operations
- Other operating divisions, e.g. DHL Express

The business continuity concerns related to IT systems that could cause a material service disruption are related to the warehouse operations and will be covered off under the BCP for the warehouse. The transportation IT systems include an electronic POD and electronic communication with the driver. A formal BCP will be developed as part of the process outlined below, but the transportation IT systems are not mission critical and manual means will suffice until the systems are recovered.

In addition, there are synergies from operating both the warehouse and transportation when it comes to addressing business continuity. A good example is the ability to flex our staffing levels and share resources. It is also easier to coordinate a response and implement joint contingency plans.

## ➲ Approach

In order to maintain operations during a catastrophic event, Exel has developed a Best Practice approach to developing a Business Continuity Plan (BCP) for each of its businesses.

Exel will develop. While, we cannot supply a completed BCP without consultation, we can describe how we will develop in collaboration with you a detailed BCP.

Exel has a risk management department. One of their roles is to support the development of site-specific disaster recovery plans. In the development of the plan, we will complete an assessment including the following items.

- Risk Identification
- Business Impact Rating (BIR)
- Risk Probability & Expected Scope of Damage
- External Risk Analysis
- Internal Risk Analysis

- Supplier/Service Provider Risk Mitigation
- Site Critical Programs Risk Mitigation
- Operating Location Risk Analysis
- IT/IS Risk Mitigation

Through consultation, Exel will determine which elements are appropriate for NHSLC based on risk-cost analysis. Exel has developed BCP's for Clients which including identifying backup capacity, developing IT redundancy, organizing alternate locations, and formulating substitute transportation options.

The BCP will include an operations communications command plan, systems backup, and communications backup strategies. In addition, an output of the BCP will be specific emergency response steps. It is a living document, and the site will review it on a scheduled basis. The site leadership will have a copy and conduct drills to rehearse the response. Exel will adjust the plan and training program to identify gaps found in the drill.

Other advantages Exel offers to the NHSLC are an IT department of more than 400 employees available to help reinstate the systems and a large footprint across North America and globally if required. Additionally, the services of DHL Express, Exel Transportation Solutions and DHL Global Forwarding will be in the BCP. Finally, we will leverage our position as the largest customer of our equipment suppliers to ensure equipment availability. NHSLC can count on the full resources of Exel, our sister companies, and our suppliers to the aid of this site.

Step 1 – Develop an Overall BCP Strategy

All effective Business Continuity Plans require a thorough understanding of the level of importance that a given operating location has to your business as an organization and its customers. This is accomplished by identifying what exposures are present and how the accumulations of these exposures will determine the planning and preparation required.

Step 2 - Analyze Risk

An operations exposure to risks that could create business interruptions must be analyzed so that the likelihood of occurrence and the impact to the business is understood. The tools in this step will help you identify these exposures and assign a level of risk so the appropriate mitigation and planning actions can be identified.

Step 3 - Supplier/Service Provider Risk Mitigation

Dependence on outside suppliers, contractors, and service providers may be essential in today's business environment, but along with this dependence comes risk. This step provides guidance for identifying those

risks by identifying your critical suppliers, contractors and service providers.

Step 4 - Site Critical Programs Risk Mitigation

Critical Programs such as Loss Prevention, Fire Protection, and other Safety Health and Environmental programs can mitigate many threats reducing the likelihood of business interruptions. The effectiveness of these Critical Programs is evaluated regularly and, if needed, improvements identified. In this step you will verify that the Critical Programs for your site are up to date, periodically audited and that all incomplete critical programs that could influence business interruption risk are identified.

Step 5 – IT/IS Risk Mitigation

Given that may of Exel Logistics' operating locations are heavily dependent on Information Systems and Technology, sites need to verify that IT contingency plans, including Disaster Recovery Plans (DRP) and their operations Manual Work-Around Procedures, are up to date and sufficient to support their operation during a business interruption. In this step, the site management team will work with their Internal or External IT contacts to understand and verify IT contingency plans exist and that they are sufficient.

Step 6 - Document Business Continuity Plan (BCP)

A Business Continuity Plan is a guide for managing an interruption to your operation. It consists of three key components: Crisis Management, Business Resumption and Business Recovery. Each of these key components will contain a set of integrated procedures and the resource information needed to manage, and minimize the impact of a business interruption.

So that it is readily available, members of the site management team will keep a hard copy of the BCP in their home or automobile.

Step 7 - Perform Initial Test of the BCP

No BCP can be considered complete until it has been tested to insure that it delivers the required results. Each sites management team will conduct an annual simulation or tabletop test of their operating locations BCP.

Step 8 - BCP Review and Approval

To insure that the resulting BCP is adequate and meets the planning requirements, each operating locations BCP, test results and revisions must be reviewed and approved by your sectors Business Continuity Program Coordinator and the appropriate Director(s) of Operations.

Step 9 - Ongoing Plan Maintenance and Testing

The final step in the BCP process is to make the Business Continuity Program part of the daily management activities of your operation. At a minimum, all associates and their backups, who have a role to play in the BCP, should receive training in BCP concepts and the specifics of the plan. In order to insure the accuracy of contact and resource information, and that response, resumption and recovery procedures are still relevant, each BCP should be updated quarterly or as changes in the business environment warrant.

### Appendix A (3.5) – Appendix L (3.16)

- Exel's comments to each Appendix are outlined in the Appendix section below

## Part 4. Evaluation Process

### General (4.1)

- Reviewed and understood

### The evaluation shall be conducted in three phases: (4.2)

Reviewed and understood

### EC Preliminary Review (4.3)

- Reviewed and understood

### Phase I – Initial Analysis Review and Ranking (4.4)

- Reviewed and understood

### Phase II Oral Interviews and Documentation Supplementation (4.5)

- Reviewed and understood

### NHSLC Evaluation and Approval (4.6)

- Reviewed and understood

### Best and Final Offers (4.7)

- Reviewed and understood

### Contract Negotiation (4.8)

- Reviewed and understood

### Contract Execution (4.9)

- Reviewed and understood

## Appendix A Background Information

### Project Overview (A-1)

- Reviewed and understood

### NH State Liquor Commission (A-2)

- Reviewed and understood

### Related Documents Required (A-3)

- Clarified by Mar 29th Clarifications and Amendments
- Reviewed and understood

## Appendix B Minimum Standards for Proposal Consideration

### Proposal Submission (B-1)

- Reviewed and understood

### Compliance with Requirements (B-2)

- Reviewed and understood

### Transportation Costing Information (B-3)

- Reviewed and understood

## Appendix C Requirements and Deliverables

### Background

- Amended multiple times by Mar 29th Clarifications and Amendments
- Reviewed and understood

### General Requirements

#### ➲ The Vendor will cooperate… (1)

Coordination of the warehouse provider and the transportation provider is critical to deliver the best possible service for the NHSLC at lowest attainable cost.

There are many points of coordination between the warehouse and transportation. A short and not exhaustive list includes:

- Routing of deliveries
- Delivery and spotting of trailers
- Condition of the trailers, e.g. clean and road worthy
- Validation of case counts
- Correctly loading trailers (both securing loads and correct order of stops)
- Establishment of seals

- Management of off-loading and re-loading rollers and pallet jacks
- Coordination of routes requiring a re-loading of the trailer
- Taking responsibility for shorts and overages
- Storage of trailers and tractors
- Maintenance of the snow scraper
- Handling of expedited orders
- Management of inclement or severe weather

While we fully expect to be in close coordination with another Vendor if one is selected, it is easier to synchronize the warehouse and transportation when they are operated by a single entity. A single provider will respond faster and more effectively when managing time sensitive issues such as expedited orders, or inclement or severe weather, or an issue such as IT outage. In addition, if there is a service failure such as a late delivery or a shortage there is no opportunity to suggest another provider is responsible. The single entity is always responsible.

There are cost savings for the NHSLC from a single provider operating the warehouse and transportation because certain tasks are not required. Examples include validation of case counts, management of trailer seals, storage of tractors and trailers on the warehouse property.

We would suggest that one of the largest advantages to a single provider comes from the ability to develop and implement continuous improvement activities. Often the overall costs for the NHSLC might be reduced by a suggested improvement, but the warehouse and/or transportation provider cost structure will change. Thus, gaining consensus on improvements becomes harder.

Building on the important role of culture, Exel prides itself on having a culture build on service and continuous improvement. Unless another Vendor has a similar philosophy these positive attributes will be watered down.

### ➲ Restocking of retail stores… (1.a.)

- Reviewed and understood

### ➲ The Transportation Vendor… (1.b.)

- Reviewed and understood

### ➲ The Warehouse, the… (1.c.)

- Reviewed and understood

### ➲ The loading of… (1.d.)

- Amended by Mar 24th Clarifications and Amendments

- Reviewed and understood

### Exel plans a… (1.e.)

- Amended by Apr 2nd Clarifications and Amendments
- Reviewed and understood

### The Trailer shall (1.f)

- If the Transportation Contract is awarded to Exel, the use of seals will not be necessary, as the NHSLC will have a single point of contact for both the warehousing and transportation services. Exel will be solely responsible for all shortages, overages, or miss picks regardless of where in the logistics chain the mistake occurs. Elimination of the seal requirement will simplify the operation for both Exel and the store personnel as the NHSLC will not need to maintain a truck seal log. It also eliminates issues that might arise because multiple entities are handling goods. As the use of seals will be unnecessary and superfluous if the Transportation Contract is awarded to Exel, Exel takes an exception to this provision.

### The Vendor will… (2.)

- Reviewed and understood

### The Vendor shall… (3.)

- Reviewed and understood
- We took the time to visit each store and analyze the delivery location. The incumbent provider may choose to use 45' trailers for several locations, but we do not believe any store locations require 45' trailers. It is our responsibility to successfully deliver to each store location so if we do have difficulties with 48' trailers than we will utilize 45' trailers where necessary. In order to reduce the cost of delivery for the NHSLC, Exel is taking an exception to the requirement for 45' trailers

### All loads to… (4.)

- Reviewed and understood

### The Vendor will… (5.)

- Reviewed and understood
- We would like to clarify that our responsibility under this section is subject to the terms in the contract, i.e. Sections 14 and any other negotiated terms in the contract that limit our liability

### The Vendor is… (6.)

- Reviewed and understood

### The Vendor shall… (7)

- Reviewed and understood

### ➲ The quantity of… (8)

- Reviewed and understood

### ➲ The Vendor shall… (9)

- If the Transportation Contract is awarded to Exel, the requirement to count and receive Products, supplies… will not be necessary, as the NHSLC will have a single point of contact for both the warehousing and transportation services. Exel will be solely responsible for all shortages, overages, or miss picks regardless of where in the logistics chain the mistake occurs. Elimination of the requirement to count and receive Products, supplies… will simplify the operation and eliminates issues that might arise because multiple entities are handling goods. As the requirement to count and receive Products, supplies… will be unnecessary and superfluous if the Transportation Contract is awarded to Exel, Exel takes an exception to this provision

### ➲ At the time… (10.)

- If the Transportation Contract is awarded to Exel, the requirement to sign and date the bills of lading… will not be necessary, as the NHSLC will have a single point of contact for both the warehousing and transportation services. Exel will be solely responsible for all shortages, overages, or miss picks regardless of where in the logistics chain the mistake occurs. Elimination of the requirement to sign and date the bills of lading… will simplify the operation and eliminates issues that might arise because multiple entities are handling goods. As the requirement to sign and date the bills of lading… will be unnecessary and superfluous if the Transportation Contract is awarded to Exel, Exel takes an exception to this provision

### ➲ The Vendor shall (11.)

- Reviewed and understood
- Please note that assuming Exel is successful with this Transportation RFP then we will be both the warehouse and transportation provider and coordination of picking up loads at the scheduled times becomes much simpler. It also eliminates issues that might arise because multiple entities are handling goods

### ➲ RFP responses must… (12)

- Amended by multiple Clarifications and Amendments.
- Based on these amendments, we do not believe there is a requirement to accept the current delivery schedule any longer

- We do understand and will comply with the requirement to obtain prior written approval before changing the established delivery schedule

### ➲ Changes to delivery… (13.)

- Reviewed and understood

### ➲ Vendor shall unload… (14.)

- Amended by Apr 12th Clarifications and Amendments (first paragraph at top of page 4)
- Reviewed and understood

### ➲ The driver shall… (15.)

- Reviewed and understood
- Each driver will be equipped with a smartphone (Airclic system) to be used for:
    - Notifying store manager if scheduled delivery time is to be delayed by 1 hour or more
    - Scanning products at point of delivery
    - Capturing electronic signatures
    - GPS tracking
    - Real-time transmission of electronic proof-of-delivery to web portal, accessible by both NHSLC and the warehouse

### ➲ Delivery services shall… (16., 16a – 16d)

- Reviewed and understood
- Regarding 16 - if the Transportation Contract is awarded to Exel, the requirement to sign and date the bills of lading… will not be necessary, as the NHSLC will have a single point of contact for both the warehousing and transportation services. Exel will be solely responsible for all shortages, overages, or miss picks regardless of where in the logistics chain the mistake occurs. Elimination of the requirement to sign and date the bills of lading… will simplify the operation and eliminates issues that might arise because multiple entities are handling goods. As the requirement to sign and date the bills of lading… will be unnecessary and superfluous if the Transportation Contract is awarded to Exel, Exel takes an exception to this provision
- Regarding 16b. – 16d. Please note that Exel will be meeting these requirements through electronic means.

### ➲ The Vendor shall… (17)

- Reviewed and understood

- We would like to discuss a claims process that will be followed before the NHSLC can offset any claims from our invoices. In the absence of a standard operating procedure offsets can become unmanageable

### ➲ The Vendor shall… (18)

- Amended by multiple Clarifications and Amendments
- Based on these amendments, we do not believe there is a requirement to follow Appendix H and we are utilizing the Revised Appendix M

### ➲ The Vendor shall… (19)

- Exel understands and accepts that it is responsible for the delivery until the shipment arrives at the NHSLC store
- If the Transportation Contract is awarded to Exel, the use of seals will not be necessary, as the NHSLC will have a single point of contact for both the warehousing and transportation services. Exel will be solely responsible for all shortages, overages, or miss picks regardless of where in the logistics chain the mistake occurs. Elimination of the seal requirement will simplify the operation for both Exel and the store personnel as the NHSLC will not need to maintain a truck seal log. It also eliminates issues that might arise because multiple entities are handling goods. As the use of seals will be unnecessary and superfluous if the Transportation Contract is awarded to Exel, Exel takes an exception to this provision.

### ➲ If product arrives… (19.a.)

- Clarified by Mar 29th Clarifications and Amendments
- Exel understands and accepts that it is responsible for the delivery until the shipment arrives at the NHSLC store
- Exel is not delivering Product to licensees. Licensees either pick up their Product or they hire a provider to pick it up on their behalf. Thus, either the licensee or its provider will sign for the Product upon receipt at the warehouse. At this point Exel's responsibility ends. As a result, Exel will not accept returns of damaged Product from licensees except in the case of dry leakers

### ➲ It is the… (19.b.)

- Exel understands and accepts that it is responsible for the delivery until the shipment arrives at the NHSLC store
- If the Transportation Contract is awarded to Exel, the requirement to count and receive Products, supplies… will not be necessary, as the NHSLC will have a single point of contact for both the warehousing and transportation services. Exel will be solely responsible for all shortages, overages, or miss picks regardless of where in the logistics

chain the mistake occurs. Elimination of the requirement to count and receive Products, supplies… will simplify the operation and eliminates issues that might arise because multiple entities are handling goods. As the requirement to count and receive Products, supplies… will be unnecessary and superfluous if the Transportation Contract is awarded to Exel, Exel takes an exception to this provision.

### ➲ The Vendor shall… (20.)

- Reviewed and understood

### ➲ Liability: The Vendor… (21.)

- Reviewed and understood
- Our liability will be limited according to Section 14, Insurance

### ➲ Shortages/Breakages: Liability… (22.)

- Assuming Exel is successful with this Transportation RFP then we will be both the warehouse and transportation provider and Exel is responsible for shortages, overages, or miss picks regardless of where they occur. This simplifies the operation and eliminates issues that might arise because multiple entities are handling goods

### ➲ All overages from… (23.)

- Assuming Exel is successful with this Transportation RFP then we will be both the warehouse and transportation provider and Exel is responsible for shortages, overages, or miss picks regardless of where they occur. This includes returning overages to the warehouse at no cost. This simplifies the operation and eliminates issues that might arise because multiple entities are handling goods.

### ➲ All employees engaged… (24.)

- Addressed by Mar 29th Clarifications and Amendments
- We prefer the following language to cover this issue: "Our employees are qualified to perform the services, and are properly licensed and otherwise authorized to do so under all applicable laws". This change passes responsibility to us for managing this issue and is therefore in the best interest of the NHSLC.

### ➲ All Vendors must… (25.)

- Please see our response to Part 3. Basic Information Required From the Vendor, Prior Experience (3.2) for an demonstration of our extensive experience in the transportation of like goods

### ➲ It is understood… (26.)

- Reviewed and understood

- We believe that it is in the best interest of the NHSLC to establish a comprehensive list of Key Performance Indicators to evaluate the performance of the services similar to what Exel and the NHSLC established in the warehouse contract. In addition, there must be an appropriate cure period for a breach as provided for in the State's standard contract. We will work with the NHSLC during the evaluation and negotiation phase of the RFP process to agree to appropriate Key Performance Indicators. Thus, Exel takes an exception to "failure to render proper and efficient service" provides the NHSLC the opportunity to "cancel all agreements".

### ➲ An assignment for… (27.)

- Reviewed and understood

### ➲ Equipment and personnel… (28.)

- Reviewed and understood

### ➲ While the NHSLC… (29.)

- Multiple amendments by Mar 29th Clarifications and Amendments
- Reviewed and understood

### ➲ In addition to… (30.)

- Clarified by Mar 29th Clarifications and Amendments
- Reviewed and understood

## Specific Requirements

### ➲ Proposals should include… (1.)

Written Narrative

- This process begins on Sunday afternoon and repeats each day of the week until the Friday deliveries are completed. The process will start again on the following Sunday afternoon
- During the afternoon shift empty trailers will be staged at the loading dock in preparation for the next shift that will be picking the store orders. This will be accomplished by our personnel assigned to this task. In addition, our personnel will remove the delivery equipment from the trailer to facilitate loading of the trailer. They will plug in the pallet jacks so they may charge will the trailer is loaded. At this time, our personnel will also be responsible to remove garbage, empty pallets, and ensure the trailer is clean and ready for loading. These trailers will not be attached to tractors while they are being loaded. We will have a yard tractor to facilitate the staging of trailers. The trailer will then be loaded by the warehouse team. Once a trailer is loaded our personnel secure the load and put the delivery equipment

into the trailer. The trailer will either be picked up by a tractor and taken immediately out of the yard to make deliveries or moved to a staging area within the yard by the yard tractor. In any event, staged trailers will be picked up by a tractor to commence deliveries as soon as possible after loading is complete. Either the yard jockey or the driver – whoever move the trailer away from the dock will close the trailer doors and lock them. During the shift picking the store orders this process of staging, loading, and removing trailers at the dock will be repeated as necessary until the deliveries are complete

- Orders will be sent by the NHSLC and received by Exel by 2335 hours. Our transportation team will develop routes to deliver the orders, and communicate the routes to the warehouse team by 0400 if not sooner. The routes will respect any time windows in place to ensure smooth operations or respect local delivery restrictions. Our warehouse team will plan the picking of the orders and provide the transportation team the times the trailers will be available for delivery by 0500 if not sooner. If a trailer needs to make an early delivery the warehouse team will make the trailer available at the appropriate time
- At a hand off store the driver and store personnel will set up the rollers. The driver will then place the cases on to the top of the roller for the store personnel to offload at the bottom. At pallet stores the driver is responsible to move the pallet onto the lift gate or the delivery dock. The store personnel will then take the pallet into the store. Except in the case of a drop trailer, the driver will wait unit the store personnel confirm the number of cases on each pallet for pallet deliveries or a count of the total cases for hand off deliveries. Upon store delivery completion, the driver will pick up any totes, empty pallets, returns or transfers as required. The store personnel will confirm the delivery by signing the electronic POD device. Eventually, the totes, empty pallets, returns and transfers will be captured in the handheld. This will facilitate asset tracking and electronic Return Authorization. Upon the driver placing the handheld device back in its cradle in the truck the delivery confirmation will be uploaded to the warehouse and the NHSLC.
- The driver will then proceed to their next retail store where the process will be repeated. Once all the stops on a route are delivered, the driver will return to the warehouse. At this point, the driver will follow the End of Route Standard Operating Procedure
- 7 trailers will be dropped at specific stores overnight. The remainder of the trailers not staged at the dock and the tractors will be parked in the yard
- Pre and post trip Driver Vehicle Inspection Report (DVIR) will be completed by the driver to and upon return to the warehouse each

day. The Transportation Supervisor will be responsible to review the DVIR's daily, and report any safety and maintenance issues to the appropriate vendors for immediate repairs. Any units that are found to be unsafe and/or dysfunctional, will be red tagged (out of service) until repaired and signed-off by a certified mechanic

- Each route driver will be trained to follow developed Standard Operating Procedures and Best Practices to ensure customer satisfaction. During the training process, we will educate our associates on certain obstacles that they may face upon making a delivery and interacting directly with the customer. Store specific parking lot maps and delivery strategies will be provided to drivers in the form of a route reference guide, i.e. turn by turn instructions, store specific delivery requirements, and any information relevant to customer delivery requirements and service.
- The Transport Supervisor will be responsible for reviewing all of the reports upon return of each driver. They will be verifying delivery accuracy, times, signatures, delivery check-off's, and any notes written down by the driver and/or the Store Associate.
- Preventative maintenance will be conducted during the evenings and weekends so as not to disturb the delivery operations

Irregular Deliveries

- We have had discussions with four potential common carrier partners (see note 1 in Section V – Vendor Confidential Information) regarding providing support for our operations. Typically we utilize this extra capacity to manage peaks either day-to-day peaks such as the first delivery after weekend sales or week-to-week peaks as occur in the summer and the holiday season. In addition, we may choose to offer a consistent level of work to the common carrier across the entire year. This is to ensure a strong relationship and enhances our ability to draw upon the common carrier when needed such as emergencies, holidays, weekends, or other irregularities
- We will also establish relationships with preferred local companies so that we can rent tractors and trailers on short notice. For seasonal peaks we will utilize our preferred local vendors, and we will be able to draw upon our preferred national accounts for assistance as well
- We will also build a pool of reserve or part-time drivers who would be available to substitute for our regular drivers on short notice or compliment our regular team on weekends or holidays, for day-to-day or seasonal peaks, and in case of emergencies or other irregularities

Truck Security on Route

- The trailer doors will be locked to prevent unauthorized entry

- As per our Standard Operating Procedures the driver will follow proper security procedures for stops on the road, and taking breaks, for example they must lock the vehicle and take the keys. Also, during breaks the vehicle cannot be out of their line of site. Our XRS system tracks the tractor and we can monitor that the driver is following the correct routing
- Drop trailers will have kingpin locks
- The XRS onboard system contains a GPS and each vehicle is tracked at all times. The driver is also able to contact their dispatcher using the Airclic and the XRS systems as well

**➲ Bids must be… (2.)**

- Reviewed and understood

**➲ All loads shall… (3.)**

- Reviewed and understood that all loads shall be exclusively comprised of NHSLC merchandise, supplies or equipment…
- If the Transportation Contract is awarded to Exel, the use of seals will not be necessary, as the NHSLC will have a single point of contact for both the warehousing and transportation services. Exel will be solely responsible for all shortages, overages, or miss picks regardless of where in the logistics chain the mistake occurs. Elimination of the seal requirement will simplify the operation for both Exel and the store personnel as the NHSLC will not need to maintain a truck seal log. It also eliminates issues that might arise because multiple entities are handling goods. As the use of seals will be unnecessary and superfluous if the Transportation Contract is awarded to Exel, Exel takes an exception to this provision.
- Exel will not be submitting a Second Proposal that includes Transportation of Product to NHSLC Licensees. There are three reasons making such a proposal is not in the best interest of the NHSLC.
    1. To minimize the NHSLC's costs, we designed the routes servicing the NHSLC's stores to be at or near capacity and therefore there is limited or no capacity to serve licensees. Further, any excess capacity that does exist is available inconsistently which limits the value for licensees.
    2. The RFP does not provide data upon which we can develop costs
    3. Even if we had data for licensee orders there is no way to predict how much licensees would utilize our service. They are free to pick up their orders or have any licensed carrier deliver their order on

their behalf. Without an understanding of potential volumes we cannot develop costs

### ➲ Vendor must assume… (4.)

- Reviewed and understood
- The trailers and tractors will be stores at the warehouse in Bow. We can accommodate 30 trailers and up to 15 tractors. This capacity exceeds the forecast requirements, but if more additional parking is required Exel will work with our trailer provider for additional space. There is no need to store loaded trailers offsite. In fact loaded trailers will only be stored for a minimal time on site before heading out on their route. During weather of extreme temperatures – either hot or cold – the warehouse will more closely coordinate loading of the trailers to the availability of the tractor for delivery. This will ensure products are in the trailer a minimum of time and therefore will not be subject to temperature extremes. We do not envision the need for temperature controlled trailers. It is outside the scope of this RRP, but for certain products that are temperature controlled in the warehouse we will be able to make temperature controlled shipping pallets available to maintain their temperature during transportation. We can discuss this service if we are the successful Vendor

### ➲ All overages from… (5.)

- Assuming Exel is successful with this Transportation RFP then we will be both the warehouse and transportation provider and Exel is responsible for shortages, overages, or miss picks regardless of where they occur. This includes returning overages to the warehouse at no cost. This simplifies the operation and eliminates issues that might arise because multiple entities are handling goods

### ➲ All vendors must… (6.)

- Clarified by Mar 29th Clarifications and Amendments
- All the tractors will be new. The lease term will be 7 years from November 1, 2013. The trailers with tail gates will be new. The lease term will be 5 years from November 1, 2013. The trailers without tail gates will be used with an age of between 6 and 10 years. The lease term will be 5 years from November 1, 2013.
- All vehicles conform to all applicable state and federal laws and regulations including passing inspections
- The Xata onboard computers will track the actual vehicle usage. The GPS feature will show the route travelled by the truck. The reports from this system will be utilized to ensure proper preventative maintenance of the tractors

- We took the time to visit each store and analyze the delivery location. The incumbent provider may choose to use trailers with side doors for several locations, but we do not believe any store locations require trailers with side doors. It raises costs to service a small number of stores with side doors because the correct trailer type has to be assigned to the correct route each day. In addition, trailers with side doors represent more security risks with another point of entry into the trailer for theft. It is our responsibility to successfully deliver to each store location so if we do have difficulties with standard trailers than we will utilize trailers with side doors where necessary. In order to reduce the cost of delivery for the NHSLC, Exel is taking an exception to the requirement for trailers with side doors.
- As we are leasing the equipment, we requested a letter of intent to from our supplier indicating the available date of the equipment. They do not provide letters of intent for these purposes. They provided a letter confirming our relationship with them and that the equipment will be available in time for the commencement of this contract
- We took the time to visit each store and analyze the delivery location. The incumbent provider may choose to use trailers with side doors for several locations, but we do not believe any store locations require trailers with side doors. It raises costs to service a small number of stores with side doors because the correct trailer type has to be assigned to the correct route each day. In addition, trailers with side doors represent more security risks with another point of entry into the trailer for theft. It is our responsibility to successfully deliver to each store location so if we do have difficulties with standard trailers than we will utilize trailers with side doors where necessary. In order to reduce the cost of delivery for the NHSLC, Exel is taking an exception to the requirement for trailers with side doors.

### ➲ All vendors must… (7.)

- The principals in our organization who will be directly involved in operating this site include Jim Gehr, Nigel Mathew, Greg Foreman, Robert Maclellan, Paul Ledger, Jim Lowe, and John Flanagan. Their work experience in the transportation field follows below. In addition, we have many other individuals within our organization that have extensive transportation experience. Though not directly assigned to this operation we will tap their expertise as required.
- Jim Gehr
    - Over 25 years experience in the Logistics & Transportation industry
    - Role - President of Retail, and Managed Transportation

    - Exel. Responsible for directing the business unit's growth strategy, development and operations
- Nigel Mathew
    - Over 35 years experience in the Logistics & Transportation industry
    - Role - SVP of Operations
    - Exel. Responsibility for several businesses in North America including deliveries to 70% of 7 Eleven stores in the United States 365 days a year operations, vehicle design, network and routing design
    - Wincanton (UK). Total responsibility for three distribution centres supplying regional warehouse and transportation services to Tesco (UK's largest supermarket group)
    - Express Food Group (UK) - A subsidiary of Grand Metropolitan - now Diageo. Total responsibility for 1000 vehicle transport fleet including ex farm milk collection, bulk liquid tanking, and finished product delivery to customer distribution centers or direct to store. Role included vehicle specification and procurement
- Greg Foreman
    - Over 20 years experience in beverage alcohol and the Logistics & Transportation industry
    - Role - VP Operations
    - Exel. Complete responsibility in the areas of Senior Leadership, Strategy, Contract Negotiations, Operations (including transportation for the Alberta Gaming and Liquor Commission), Growth and Business Development
    - SAB Miller. Complete responsibility in the areas of Senior Leadership, Strategy Development, Sales, Operations (including transportation), HR and Finance for the business unit
- Robert Maclellan
    - Over 20 years experience in the Logistics & Transportation industry
    - Role - Director of Operations
    - Exel. . Provide strategic direction for increased profits, improved service solutions and growth to senior management teams servicing these Clients. Provide oversight in the areas of P&L, Senior Leadership, Strategy, Contract Negotiations,

Operations (including transportation for the Alberta Gaming and Liquor Commission) Safety and Business Development

- Loomis Courier Service. Responsible for the efficient operation and revenue growth of Loomis Courier Service inside the province of Ontario. Direct reports included all Operations, Ground Line Haul, Hub and Customer Service

- Paul Ledger
  - Almost 30 years experience in the Logistics & Transportation industry
  - Role – General Manager
  - Exel. Operated a Pan European solution for new car delivery. All the major European car manufacturers were in the customer base including Ford, GM, Nissan, Peugeot/Citroen, Renault and Volkswagen. Developed a delivery network for Diageo in East and West Africa including a last mile solution in Kenya. More recently Paul has worked closely with 7-Eleven and become their Subject Matter Expert on Grocery delivery. He also has a wide knowledge of their Fresh Food store delivery program. He is also very heavily involved in Port Distribution in Los Angeles handling the distribution of over 850 containers a month
- Jim Lowe
  - 32 years experience in the Logistics & Transportation Industry
  - Role - Transportation Manager
  - Exel. Held positions as Traffic Controller, Warehouse Foreman, Operations Manager and General Manager. Extensive experience in Transportation Management for Kimberly- Clark and GATX
- John Flanagan
  - Over 35 years experience in the Logistics & Transportation industry
  - Role – Project Manager
    - Given the size of this project and the concurrent warehouse start-up, if chosen to operate transportation, Exel will assign another project manager for the transportation startup. We have a pool of 20 project managers to draw from and one will be appointed once we receive the award. They will work under the direction of John Flanagan who is the Project Manager for the warehouse startup

- Exel. 14 years project management, and 8 years third party logistics

### Equipment and personnel… (8.)

- Amended through multiple Clarifications and Amendments. Exel is using Revised Appendix M to determine routes and associated equipment requirements

### The State of… (9.)

- Exel is taking an exception to this requirement. In order to gain the highest level of efficiency and the lowest cost possible for the NHSLC all shipments must be provided Exel. Thus, in order to offer the prices listed in our response we must have the exclusive right to deliver to the NHSLC stores. If the NHSLC exercises this capability than Exel reserves the right to re-price and/or redesign its solution

### For Purposes of… (10.)

- Reviewed and understood

### Any agreement resulting… (11.)

- Reviewed and understood

### The above charges… (12.)

- Reviewed and understood

### If Vendor receives… (13.)

- Reviewed and understood

### Inclement/Severe Weather… (14.)

- Reviewed and understood. Exel will not attempt deliveries that it deems to be unsafe

### Contract Transition Period… (15.)

- Amended by Apr 2nd Clarifications and Amendments
- Reviewed and understood
- Please note that Exel will make commercially reasonable efforts to comply with any NHSLC request, but we may not be able to continue the services if the NHSLC does not provide sufficient notice of the request, for example leases have expired and cannot be extended

### Trailers must be… (16.)

- Reviewed and understood

### Other than emergencies… (17.)

- Reviewed and understood

### ➲ The Vendor shall… (18.)

- Amended by Apr 12th Clarifications and Amendments
- Reviewed and understood as amended

### ➲ The Vendor shall… (19.)

- Reviewed and understood

### ➲ The NHSLC may… (20.)

- Reviewed and understood

## Appendix D Pricing Worksheets

- Clarified and amended by Mar 29th Clarifications and Amendments
- This Appendix is being submitted separately as required
- The assumptions underlying the discounted rate for movement of the remaining cases from Nashua to Bow, and the remaining cases from Concord to Bow are below. If these assumptions are not accurate than Exel reserves the right to re-price this work.
    - 500,000 cases transferred from Nashua to Bow, and 40,000 cases transferred from Concord to Bow
    - 20,000 cases being moved each day
    - 1,000 cases per trailer load
- In per Part 2 General, 1.0 Main Proposal, paragraph 3 there is reference to a freight charge being paid by the NHSLC for store transfer invoices moving product back to a warehouse. The charge must be preauthorized by the NHSLC purchasing agent. This rate is not listed in Appendix D Pricing Worksheets. We will include this rate in our Appendix D Pricing Worksheet submission
- As there are no planned deliveries on weekends or holidays we could not develop a cost for this service. Therefore, we could we not build the cost for weekend or holiday deliveries into our overall prices per case. As a result, we have provided a separate price for weekend or holiday deliveries. The price is based on an estimate of the lower productivity normally associated with delivery on off days. If deliveries on weekends do become scheduled we will be able to develop a better estimate of the costs and associated price to complete this work
- The challenge with determining a price per case for pallet deliveries and a price per case for case unload deliveries is that it requires an allocation of fixed costs. In order to split the costs between pallet deliveries and case unload deliveries we completed the following analysis

- We used the number of cases provided in the revised Appendix M along with revised Appendix I that designates each store as a pallet or case delivery. Based on this analysis, we determined the following percentage split between pallet and case delivery volume.

| | Annual Cases | |
|---|---|---|
| Pallet Unload | 2,579,088 | 73% |
| Case Unload | 957,101 | 27% |
| Total | 3,536,189 | |

- We then calculated the driver stop time, which is directly related to the unloading productivity associated with either a pallet or case delivery. We determined that 42% of the total drivers' stop time is associated with pallet delivery and 58% to case delivery. We allocated the stop time using these percentages. For the remaining total cost of the fleet, we used the percentage split in the table above to allocate the costs between pallet and case deliveries

- There is no "right" way to allocate costs. Therefore, we recommend that the NHSLC compare the Vendor submission based on the total annual cost to complete the work. We included this figure in our Appendix D submission
- All value added opportunities to be explored and revenue sharing discussed

## Appendix E General Standards and Requirements

- Reviewed and understood. It is our understanding that the General Standards and Requirements cannot be amended except through Exhibit C. We will make our comments in our response to Exhibit C below

## Exhibit C

- Reviewed and understood. Any exceptions to Exhibit C are listed below

### ➲ State Funding… (4)

- Addressed in Mar 29th Clarifications and Amendments
- Reviewed and understood. Exel prefers the wording in this clause versus the wording in clause 1.20. It would be our expectation that the State take all the actions listed in Appendix E to obtain funds for our contract. The wording in paragraph 1.20 of the RFP does not state that Exel has the right to stop performing the services if it is not getting paid as does Appendix E. Also, the wording in paragraph 1.20

of the RFP can result in termination at the discretion of the NHSLC. This opens up a loophole that Exel's contract could be terminated, and when funds are available another provider is utilized. Thus, Appendix E is a more balanced approach and more consistent with developing a relationship that is in the best interest of the NHSLC

### ➲ Rates… (5.2)

- Amended in Mar 29th Clarifications and Amendments
- Exel takes an exception to the rates only being reviewed once during the term of the contract – April 2015. As stated in the Apr 12th Clarifications and Amendments last paragraph of page 1 "The NHSLC has made clear that the problem scenario is not what will ultimately be used once the system is up and running and a myriad of details have been worked out." To the extent that the actual delivery schedule varies materially from the proposed delivery schedule provided in the RFP and associated Clarifications and Amendments at any point during the contract, either party should have the right to request a rate review. In addition, if there is a material change in the delivery schedule after April 2015, there should be a corresponding change in prices. Please note that this could result in an increase or decrease in rates. A good example is conversion from case to pallet deliveries. Once a material number of stores have converted there should be a corresponding reduction in rates. We believe this is in the best interest of the NHSLC

### ➲ The State reserves… (5.3)

- We would like to discuss a claims process that will be followed before the NHSLC can offset any claims from our invoices. In the absence of a standard operating procedure offsets can become unmanageable

### ➲ All Risk insurance… (14.1.3)

- Exel is taking an exception to the requirement to provide coverage of $2,000,000 per occurrence. The product is covered under Exel's warehouse insurance policy until it leaves the warehouse. At this point, the likely value of a trailer load of product is approximately $280,000. We assumed 23 pallets on a 48' trailer with 50 cases per pallet (1,150 cases), and $20 per bottle acquisition cost with 12 bottles per case. We utilized $500,000 per occurrence coverage in developing our prices. We feel this is in the best interest of the NHSLC because $2,000,000 coverage is not required and is adding cost to the NHSLC with no corresponding benefit.

### ➲ Performance Bond… (14.1.4)

- Exel would like to discuss the specific events that would trigger the NHSLC to draw on the performance bond and include a statement such as the one below

  In the event the Vendor owes damages due to a material breach or…, the Vendor shall pay the damages or liquidated damages. If the Vendor fails to pay the damages or liquidated damages within a reasonable time, the NHSLC shall recover the damages or liquidated damages hereinafter from the Performance Bond (as here and after defined), provided, however, that the Vendor restores the bond to its original or any increased amount within a reasonable time.

### ➲ Transition Bond for… (14.1.7)

- The cost of a transition bond is not included in our prices
- Exel would like to discuss the specific events that would trigger the NHSLC to draw on the transition bond and include a statement such as the one below.

  In the event the Vendor owes damages due to a material breach or…, the Vendor shall pay the damages or liquidated damages. If the Vendor fails to pay the damages or liquidated damages within a reasonable time, the NHSLC shall recover the damages or liquidated damages hereinafter from the Performance Bond (as here and after defined), provided, however, that the Vendor restores the bond to its original or any increased amount within a reasonable time.

### ➲ Contract Transition Period… (26)

- Amended by Mar 29th Clarifications and Amendments
- Please note that Exel will make commercially reasonable efforts to comply with any NHSLC request, but we may not be able to continue the services if the NHSLC does not provide sufficient notice of the request, for example leases have expired and cannot be extended

### ➲ Items Exel wishes to add

- Force Majeure. Vendor shall not be liable or responsible for delays or failures in performance, or any loss or damage to any liquor and wine Product of the NHSLC resulting from events beyond the reasonable control of the Vendor. Such events shall include, but not be limited to, acts of God, , riots, acts of war, epidemics, acts of government, fire , power failures, nuclear accidents, earthquakes, unusually severe weather, or other disasters, whether or not similar to the foregoing.
- Consequential and Indirect Damages. Notwithstanding any other provision of this agreement to the contrary, neither party, in the

performance of their obligations under this agreement shall be liable to the other for any indirect or consequential damages (such as, but not limited to: loss of profits, loss of business, loss of customer goodwill or exemplary damages or the costs and expenses in providing or securing substitute revenues even if the parties have been advised of the possibility of the same, and without regard to the nature of the claim or the underlying theory or cause of action (whether in contract, tort or otherwise)

- Operating Parameters. We would like to add the operating parameters used by Exel in developing the routes and the budget for its proposal. The purpose of providing the operating parameters is to begin to set the baseline for future rate change discussions

## Appendix F Retail Store Locations

- Reviewed and understood

## Appendix G - Multiple Tables

- These tables were amended by multiple Clarifications and Amendments
- These tables were superseded by Revised Appendix M and were not used in any calculations of costs

## Appendix H – High and Low Delivery Schedules

- Amended by Mar 14th Clarifications and Amendments
- This table was superseded by Revised Appendix M and was not used in any calculations of costs

## Appendix I – Retail Store Delivery Requirements

- Reviewed and understood
- We took the time to visit each store and analyze the delivery location. The incumbent provider may choose to use 45' trailers for several locations, but we do not believe any store locations require 45' trailers. It is our responsibility to successfully deliver to each store location so if we do have difficulties with 48' trailers than we will utilize 45' trailers where necessary. In order to reduce the cost of delivery for the NHSLC, Exel is taking an exception to the requirement for 45' trailers.
- We took the time to visit each store and analyze the delivery location. The incumbent provider may choose to use trailers with side doors for several locations, but we do not believe any store locations require trailers with side doors. It raises costs to service a small number of stores with side doors because the correct trailer type has to be assigned to the correct route each day. In addition, trailers with side

doors represent more security risks with another point of entry into the trailer for theft. It is our responsibility to successfully deliver to each store location so if we do have difficulties with standard trailers than we will utilize trailers with side doors where necessary. In order to reduce the cost of delivery for the NHSLC, Exel is taking an exception to the requirement for trailers with side doors.

## Appendix J Current Transportation Pricing Structure

- Amended by Mar 27th Clarifications and Amendments
- Reviewed and understood

## Appendix K Fuel Surcharges

- Reviewed and understood.
- We did review tractors that utilize compressed natural gas. At this time, the infrastructure in New Hampshire does not make this a viable option. We will continue to monitor the situation. We have found cost savings in other markets, and these tractors are more environmentally friendly

## Appendix L – Links to Various Statutes and Rules

- Reviewed and understood

## Appendix M Estimated Store Deliveries from Bow Warehouse – 2014 to 2015)

- Added by Apr 3rd Clarifications and Amendments
- Amended by multiple Clarifications and Amendments
- Reviewed and understood

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# 4) Documents

## Part 1 General Information for Vendors

### Work in Progress (1.7.4)

- Details of anticipated use of subcontractors. Some information provided in this proposal see note 1 in Section V – Vendor Confidential Information. Further details to be provided as we move through the process include name of firms, names of principal operating officers, routes to be subcontracted, a complete listing of equipment to be used by subcontractors in performance as required hereunder, and what percentage of the deliveries will be performed by subcontractors. Also, statement indicating any contracts the subcontractor currently has with the State of New Hampshire and/or any other parties that may present a conflict of interest, and proof of insurance, including liability and workers' compensation from the subcontractors. Exel recognizes the NHSLC's right to approve the use of any subcontractors with 30 days notice

## Part 3 Basic Information Required From the Vendor

### Specific Requirements

#### ➲ All vendors must… (6.)

- Letters from two suppliers who may lease us the equipment for the operation

## Part 4 Evaluation Process

### The evaluation shall be conducted in three phases (4.2)

- Attached please find our financial statements for 2010, 2011, and 2012

## Appendix A

### A-3.1

- New Hampshire Certificate of Authority or Certificate of Good Standing

### A-3.2

- Certificate of Vote
- We believe this requirement is covered off by our Secretary Certificate lists signing authority granted by our board

### A-3.3

- Two Certificates of Insurance

## A-3.4

- USDOT Common Carrier License

## CONDITIONAL NATURE OF THIS PROPOSAL

This proposal is based upon the information contained in the NHSLC's RFP and on all information contained in correspondence between the parties relative to this project. Should any data or information supplied by the NHSLC be found in error or incomplete, or should any of the assumptions, conditions, or terms of Exel's solution be modified, changed or amended, or found to have material errors, Exel reserves the right to re-price and/or redesign its solution.

This document shall not be construed, in whole or in part, as an agreement between the parties to provide services. Services between the NHSLC and Exel would be performed under a mutually agreed Operating Services Agreement.

This proposal is subject to Deutsche Post World Net (DEUTSCHE POST DHL) Board approval.[1]

1 Exel is the US and Canadian contract logistics organization that is a wholly owned subsidiary of DEUTSCHE POST DHL.

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# 5) Vendor Confidential Information

## Grounds for Exemption from Public Disclosure

Pursuant to R.S.A. 21-I:13-a, Exel understands that its Proposal will be kept strictly confidential until after the transportation contract has been awarded. Exel understands that following the award of the contract, the information in Sections I, II, III, and IV of its Proposal will be subject to disclosure under R.S.A. 91-A.

The information set forth in Section V of Exel's Proposal however must remain confidential, even after the transportation contract is awarded, as it constitutes confidential, commercial, or financial information which is exempt from disclosure under R.S.A. 91-A. Disclosure of the information in Section V of Exel's Proposal could cause irreparable harm to the competitive positions of both Exel and its other customers in the logistics industry.

SIGNED THIS 10th DAY OF MAY 2013.

_____

Scott Lyons

## Note 1

- The four potential common carrier partners that we spoke with include [redacted].

## Note 2

The following individual has agreed to provide a reference on our behalf:

- Mr. Alain Maisonneuve, [redacted]

DIAGEO

The following individual has agreed to provide a reference on our behalf:

- Mr. Gian St. Angelo, [redacted]

The following individual has agreed to provide a reference on our behalf:

Ms. Christi Clinger, [redacted]