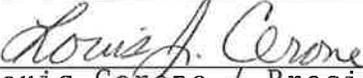


STATE OF NEW HAMPSHIRE
NH LIQUOR COMMISSION
RFP 2012-14
Warehouse Services for Spirits & Wine Product,
Equipment & Supplies

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: XTL-NH, Inc.
Address: 3200 South 70th Street
Philadelphia, PA 19153
Telephone: 215-365-6200 ext. 159
By: 
Louis Cerone / President
Type or print name and title

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 210 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



**NEW HAMPSHIRE STATE LIQUOR COMMISSION
WAREHOUSE SERVICES FOR WINE AND SPIRITS
AND RELATED PRODUCTS
REQUEST FOR PROPOSAL 2012-14**

March 28, 2012

TECHNICAL PROPOSAL



XTL-NH, Inc.

June 7, 2012

Submitted by:

A handwritten signature in black ink, appearing to read "Louis J. Cerone", is written over a horizontal line.

**Louis J. Cerone, Ph.D.
President**



We Deliver.

HAND DELIVERED

Mr. Craig W. Bulkley, Director
Division of Administration
New Hampshire State Liquor Commission
P.O. Box 503
Concord, NH 03302-0503

June 7, 2012

Re: Proposal for RFP 2012-14

Dear Mr. Bulkley,

Please accept XTL-NH, Inc.'s submission in response to the New Hampshire State Liquor Commission's (NHSLC) Request for Proposal, entitled RFP 2012-14 for Warehouse Services for Wine, Spirits, and Related Products, dated March 28, 2012.

As required, XTL-NH's Proposal consists of two (2) separately-sealed submittals:

(i) Technical Proposal in response to the Technical Specifications and Requirements as outlined in the RFP including APPENDICES,

and

(ii) Cost Proposal in response to APPENDIX D and APPENDIX D-1.

XTL-NH in its bid accepts all terms and conditions as outlined in APPENDIX E, as amended by Exhibit C, of the RFP, without exception.

Please be advised that this submission includes three (3) identical and properly executed hard-copy original Proposals, and eight (8) identical copies. Please note that pricing/rate information corresponding to APPENDICES D and D-1 is attached as a sealed, separate packet.

This submission also includes two (2) CD-ROM discs: (1) an electronic copy of the Proposal; and (2) an electronic copy of the pricing/rate information corresponding to APPENDICES D and D-1.

Thank you very much for your attention to this matter.

Respectfully submitted,

A handwritten signature in cursive script that reads "Louis J. Cerone". The signature is written in black ink and is positioned above the printed name.

Louis J. Cerone, Ph.D.
President

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SECTION I

EXECUTIVE SUMMARY

XTL-NH, Inc. (XTL-NH) is pleased to present this Technical Proposal in response to the New Hampshire State Liquor Commission's (NHSLC) Request for Proposal, entitled RFP 2012-14 for Warehouse Services for Wine, Spirits, and Related Products. As a recognized leader in the provision of warehousing solutions, XTL-NH welcomes the opportunity to form a long-term partnership with the State of New Hampshire to bring best practices for modern warehouse system design and supply chain logistics into New Hampshire to foster innovation in the State of New Hampshire's warehousing system for the next twenty (20) years. XTL-NH is unique in that it is one of the very few Warehouse vendors with the vision and capability to offer multifaceted warehousing and supply chain systems proposed with state-of-the-art automation and robotics. By implementing best practices to accomplish the long-term vision outlined in the RFP, XTL-NH will meet the NHSLC's goals of maximizing revenues while lowering costs, maintaining proper controls, operating effectively and efficiently, and serving its customers.

Maximization of Revenues Due to Global Reduction of Costs

XTL-NH has the experience, knowledge, and capability to provide the State of New Hampshire with a comprehensive solution for its warehousing needs that directly translates to maximized profitability at the lowest cost. XTL-NH's proposed solution to the NHSLC's two scenarios, as detailed in RFP section 1.1, is to provide a High Bay Automatic Storage and Retrieval System (AS/RS) distribution center (DC) that

incorporates automation and robotic picking of full cases of Product, and a “Goods-to-Man” work station for bottle pick orders of wines, spirits, and related products. This system will also make accommodations to manually pick items that are over-sized, odd-shaped, have very low shipping volume, and/or are packaged in a manner not conducive to automation. XTL-NH’s proposed facility can serve as either the Single Warehouse with the combined volume of the two existing Warehouses or as one of two separate Warehouses, as outlined in the RFP, as XTL-NH can provide either option to the NHSLC with no difference in cost. The reason for this is because XTL-NH’s facility design has the capacity to accommodate either scenario without affecting the Material Handling System’s costs of operations. Our innovative, cost-effective design of high level automation will not only provide the NHSLC the flexibility it needs to handle volume fluctuations, but also address rapidly changing business needs. XTL-NH also ensures the reliability necessary to provide optimal services to its customers and Suppliers.

XTL-NH’s use of automation and robotics in its operational design breeds innovation. Without any additional costs to the NHSLC and its Suppliers, XTL-NH will have the technology to operate twenty-four (24) hours a day, five (5) days a week, to meet both the NHSLC’s established business protocols and changing Product needs, and to implement real-time tracking of the inventory to the Suppliers and/or Licensees. XTL-NH’s innovative facility will also have the capacity to easily handle increased volume during peak periods and adapt to fluid stock demands. Further, XTL-NH will be able to offer, for the NHSLC’s consideration, an exclusive plan for sharing additional annual revenues with the State of New Hampshire, generated from XTL-NH’s ability to warehouse and ship wines, spirits, and other related Product to other States in the New

England region for fixed rates per case. This partnership will further the State of New Hampshire's profits in a manner that only XTL-NH, through its unique design and expertise, can deliver.

Proper Control of Product through an Effective, Efficient Single Warehouse

XTL-NH will construct a single Warehouse facility, its operational design as referenced above, on currently vacant land of approximately 19.3 acres, located on Mast Road in Merrimack, New Hampshire, off of Exit 10 of the F.E. Everett Turnpike. This site is ideal for the State of New Hampshire's new Single Warehouse complex because it is centrally located to the retail stores with the highest stock demands. The site is next to a four-way ready access to major highways and other primary roadways for comprehensive road-vehicle access, and to the "piggyback" ramp. Importantly, this facility will be rail-served through a rail line adjacent to the site served by Pan Am Railways, so that XTL-NH can receive and offload boxcars of wines, spirits, and other related Product shipped directly from wineries and distilleries across the United States. The site's location, in close proximity to different transportation options, will allow XTL-NH to receive and ship Product efficiently and with low transportation costs. This facility will be properly separated from residential communities.

XTL-NH's facility capacity, automation, and operational design meet the NHSLC's twenty (20)-year growth requirement for storage and throughput, which includes a projected 3.0% annualized growth rate as specified in the RFP. This means that future growth capacity is built into the Single Warehouse facility right from the beginning. This facility will have 182,250 square feet, with the maximum storage

capacity of 25,280 pallets of merchandise (1,000,000+ cases of Product), a full case maximum throughput capacity of 3,600 cases per hour of Product, and an individual bottle pick maximum throughput capacity of 900-1,200 bottles per hour via the “Goods-to-Man” pick station. The facility will maintain the temperature range requirements of 45 degrees to 85 degrees Fahrenheit for appropriate long-term storage of Product, and will set aside five thousand (5,000) square feet of temperature-controlled space at 55 degrees Fahrenheit. XTL-NH can provide a different storage temperature range upon the NHSLC’s request for any specific Product. As safety, security, and sustainability are high priorities, XTL-NH will provide a comprehensive 24/7/365 security system, fire alarm, suppression, and sprinkler system, extensive video surveillance, and implementation of energy efficient and environmentally-conscious protocols.

XTL-NH’s computer systems will be fully compatible with the NHSLC’s existing computer systems and business protocols, having the flexibility to easily adapt to any software and/or computerization changes implemented by the NHSLC over the twenty (20)-year term of the contract. XTL-NH’s Warehouse Management System (WMS) will provide data-transfer capability according to the NHSLC’s specifications at all times (days, nights, weekends, and holidays). XTL-NH will maintain accurate inventory records, traceability, exception reports, First-In/First-Out (FIFO) controls, product recall and quarantine, cycle counting, as well as all other WMS requirements.

Service to Customers

XTL-NH is a newly formed New Hampshire corporation in good standing and is a wholly-owned subsidiary of XTL, Inc. (XTL), located in Philadelphia, Pennsylvania.

XTL-NH's management staff has overall twenty-two (22) years of experience in the handling, storage, order fulfillment, and retail store delivery of wines and spirits. During the periods of 1984-1994 and 2000-2012, we have been the Warehouse vendor for the Pennsylvania Liquor Control Board's (PLCB) Southeastern Pennsylvania distribution center operation, which is the largest of the three (3) PLCB distribution centers. For the PLCB in 2012, XTL will warehouse and deliver with company-owned transportation equipment more than 5.8 million cases of wine and spirits to approximately 170 retail stores in five (5) counties in Southeastern Pennsylvania. Because of our expertise, we delivered 49,000 cases on a single day for the State of Pennsylvania, which Daniel Barnd, Director, Distribution & Logistics of the PLCB, described as "a new daily delivery record."

Through the course of its business, XTL has maintained strong and positive working relationships with a diversity of Suppliers. For example, our Suppliers have described us as a "world class" warehouser, and a company that provides the "highest level of service reliably and consistently." Our recommendations, attached in our Response, demonstrate that we are known for our "true partnership" with our clients, our professional services, and our responsiveness to our customers. XTL-NH will be able to rely on and leverage its relationships with its existing Suppliers and will bring those relationships to the State of New Hampshire for the benefit of the NHSLC. Our substantial experience and past history of success will ensure a seamless transition and minimize any challenges in changing Warehouse vendors, leading to reduced costs to the NHSLC.

While it is a newly formed corporation, XTL-NH has the resources, financial strength, and stability necessary to effectively form a long-term partnership with the State of New Hampshire. For ongoing operations, XTL has a liquid capital of eight million dollars (\$8,000,000) that is more than sufficient to meet the operating needs of the Merrimack, New Hampshire facility. XTL has provided three (3) years of financials as part of its Response. (see SECTION IV, A.1). XTL-NH has been working with two (2) regional banks, Citizens Bank and People's United Bank, that have expressed a willingness in working with and providing financing to XTL-NH for this project. In addition to working with these New Hampshire banks, we also have a long-term relationship with Wells Fargo Bank in Pennsylvania, which is able to provide additional financing if needed.

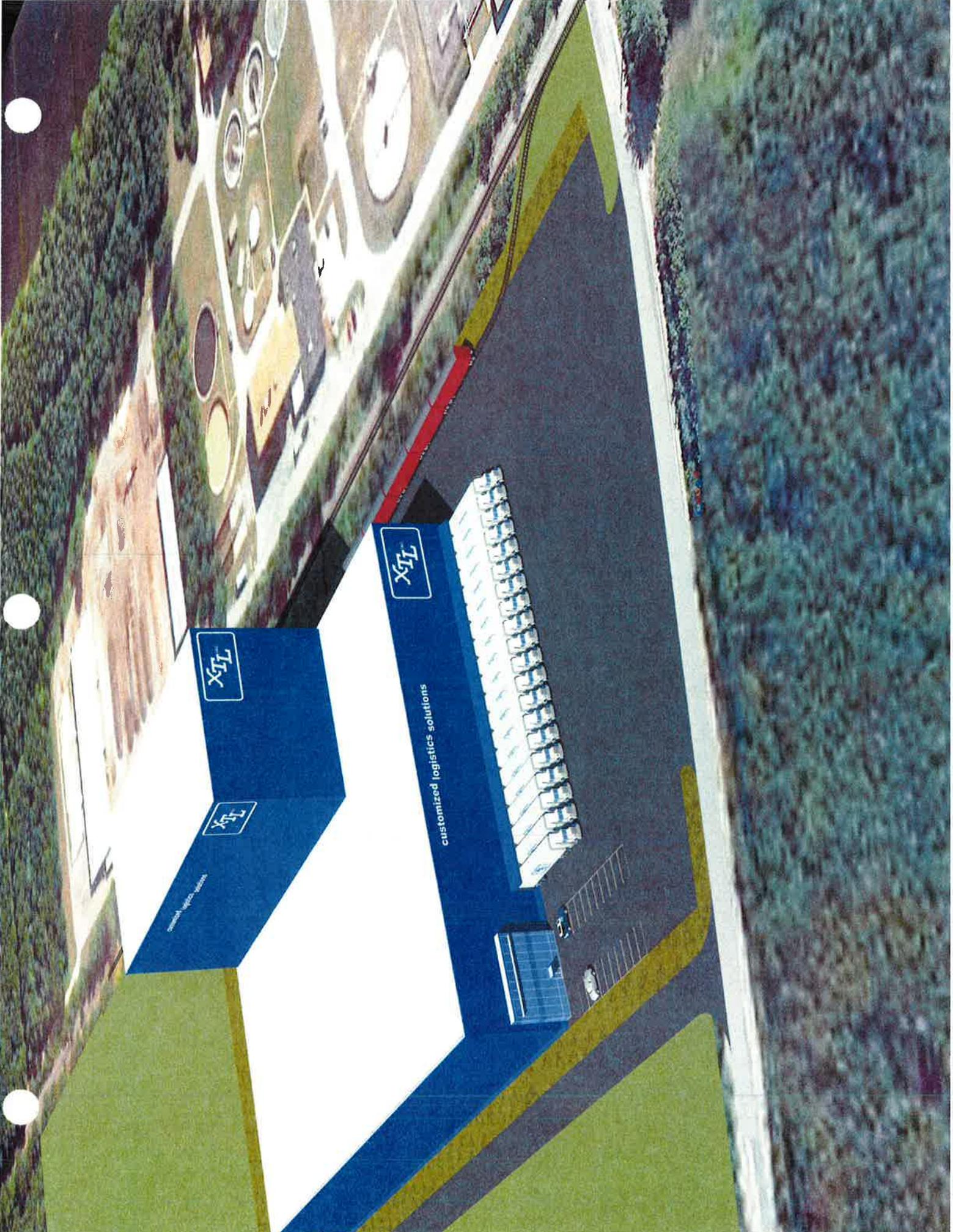
Commitment to New Hampshire's Future

To ensure a smooth transition and successful start-up of operations, the most experienced senior management from XTL will be dedicated to New Hampshire to work on a day-to-day, hands-on basis. Specifically, XTL's senior management team, which includes Louis Cerone, Ph.D., Karl Hilprecht, Keith Hawkes, Christopher Lozzi, and Kenneth Garrett, will work on-site and directly with the project from the construction and building of the warehouse through to its operational phase. Each person's roles will overlap due to the complexity of the operation and the need for a complete facility and automation integration. Detailed resumes showing each person's relevant expertise and years of experience are included in our Response. (see SECTION IV, A.2). Louis Cerone, Ph.D. will be the liaison to the NHSLC.

XTL-NH will also undergo an intensive selection process to find the most experienced and best qualified local senior management who will work alongside of Louis Cerone, Ph.D., Karl Hilprecht, and Keith Hawkes to ensure that they develop a full and complete knowledge of the automation and robotic functioning, expertise in product knowledge, and establish relationships with the NHSLC, Suppliers, and Licensees so that all parties are comfortable and confident with the personnel selection.

Being a newly formed New Hampshire corporation, XTL-NH plans to hire new employees from the local area. All management employees will be full-time employees with a full benefit package as part of their compensation. XTL-NH will undergo an extensive search, interview, and evaluation process so as to find the most qualified, most knowledgeable, and most experienced candidates to join our team. All XTL-NH Warehouse personnel will be fully trained and will undergo continuous improvement training on all policies and procedures for the NHSLC operation. XTL-NH will emphasize compatibility with the NHSLC personnel and overall compatibility within the principles and standards of the XTL organization. With XTL's decades of experience in Pennsylvania, we fully and completely understand all of the requirements and responsibilities that are part of the warehousing and handling of large volumes of wines and spirits in a controlled state bailment environment. That being said, XTL-NH fully understands, accepts, and will comply with all terms and conditions as set forth in APPENDIX E, as amended by Exhibit C, without exception.

The following is a conceptual drawing of the Warehouse XTL-NH plans to build for the needs of the NHSLC and citizens of New Hampshire.



Conclusion

In summary, XTL's project means new business, new revenue, and new jobs for State of New Hampshire. XTL-NH's proposed design leverages the efficiencies generated through high density storage, automation, and robotics that are realized over the twenty (20)-year term of the contract. Automation and robotics will provide XTL-NH and the NHSLC with the cost effectiveness of reduced labor needs, scalability, the ease of handling seasonal volume fluctuations, the flexibility and capability of addressing the retail stores' and Licensee's requirements, sound processes, and industry best practices. This high degree of automation enables us to achieve our service goals of providing the NHSLC with 100% inventory accountability at all times, 100% computerized tracking of Product movement throughout the Warehouse, and 100% inventory accuracy by minimizing the opportunity for human error. Robotics helps XTL-NH to provide the NHSLC with "world class" inventory accuracy year round, and the most cost effective solution.

We, XTL-NH, Inc., a subsidiary of XTL, Inc., a family-owned company, are very enthusiastic about the opportunity to discuss and demonstrate to the NHSLC its vision for the future during the next phase of the RFP process. XTL-NH understands that the State of New Hampshire has had a long-standing relationship with a New Hampshire company for Warehouse services; however, XTL-NH is the next generation of New Hampshire companies capable of partnering with the NHSLC and the State of New Hampshire to successfully bring its warehousing system into the future, with full implementation of the

industry's best practices in automation and robotics, to maximize revenue and to meet the rest of the State's goals.

SECTION II

GLOSSARY OF TERMS AND ABBREVIATIONS

“AS/RS.” Means Automatic Storage and Retrieval System.

“Beverage.” Means any beer, wine, similar fermented malt or vinous liquors and fruit juices and any other liquid intended for human consumption as a beverage having an alcoholic content of not less than ½ of one percent by volume and not more than 6 percent alcohol by volume at 60 degrees Fahrenheit.

“Beverage vendor.” Means an individual, partnership, limited liability company, or corporation, including any subsidiaries thereof, which sell beverages to wholesale distributors.

“Broker.” All Suppliers who provide Product to the NHSLC through a licensed NH Broker.

“Case Buffering System (CBS).” Means a system of conveyors and automation that stores and handles individual cases in preparation for order fulfillment via delivery to palletizing stations correct order for palletizing.

“DC.” Means distribution center.

“De-Palletizer.” Means a robotic device that removes full tiers of Product from a pallet and can do so until all of the tiers are removed without the need for a worker.

“End of Arm Tool (EOAT).” Means a mechanical device that is attached to the end of a robot that is used to perform a function.

“First-In/First-Out (FIFO).” Means the rotation of Product so that the first Product received into the facility will be the first Product shipped out of the facility.

“Goods-to-Man station.” Means a work station in which the wine and spirits are delivered to the worker who fills orders (or picks) from this station.

“High Bay.” Means the fifty-five (55) foot tall portion of the Warehouse in which the Product is stored and the AS/RS functions.

“License.” Means the authority granted by the commission to engage in the sale of liquor or wine, beverages, otherwise unlawful unless evidenced by such document.

“Licensee.” Means the person to whom a License of any kind is issued by the commission.

“Liquor.” Means all distilled and rectified spirits, alcohol, wines, fermented and malt liquors and cider, of over 6 percent alcoholic content by volume at 60 degrees Fahrenheit. Liquor shall not include specialty beers as defined in RSA 175:1, LXIV-a.

“Low Bay.” Means the thirty-five (35) foot tall portion of the Warehouse in which the automation, robotics, receiving, loading, and other Warehouse functions occur. The Low Bay is all of the Warehouse space that is not part of the High Bay.

“Material Handling System (MHS).” Means the automation, conveyors, robotics and any and all equipment used in the movement of pallets and/or cases through the warehouse storage and order fulfillment operations.

“Mixed-Case Palletizing (MCP).” Means computer software system that determines what a final pallet will look like by specifically determining the best location on a pallet to place each case of Product depending on the criteria and planning rules associated with the item (i.e., the software builds the pallet).

“NHSLC.” The State of New Hampshire Liquor Commission and/or authorized NHSLC employee or agent.

“OS&D.” Means Overage, Shortage and Damage form or documentation.

“OSHA.” Occupational Safety and Health Administration.

“OSR.” Means Order Storage and Retrieval System. This is a Case Buffering System.

“Palletizer.” Means a robotic device that builds palletized Product by placing cases onto a pallet until the maximum height/weight requirement are reached without the need for a worker.

“PLCB.” Pennsylvania Liquor Control Board.

“PO.” Means purchase order.

“Product.” Means NHSLC and Supplier owned spirits and wine and related Products. In general, related Products are marketing materials.

“Proposal.” Means any response to the NHSLC’s RFP.

“Radio Frequency (RF).” Means the barcode scanning of an item to update inventory levels or to document the movement of inventory inside of the facility.

“RFP.” Means Request for Proposal.

“SCC.” Means Shipping Container Code.

“Supplier.” Means any entity (excluding the NHSLC and the “Vendor”) using the Warehouse facility for the storage of liquor and/or wine. It includes a “Liquor vendor,” an individual, partnership, limited liability company, or corporation, which sells liquor and fortified wines containing more than 15.5 percent alcoholic content by volume at 60 degrees Fahrenheit to the state. It also includes a “Wine vendor,” an individual, partnership, limited liability company, or corporation, which sells table wines to the state

containing more than 6 percent but not more than 15.5 percent alcoholic content by volume at 60 degrees Fahrenheit.

“Transportation.” Means a common carrier, a person who is licensed by the NHSLC and, for a fee, provides public transportation of goods.

“Transportation contractor.” Means the common carrier selected by the NHSLC to perform the retail store deliveries from the Warehouse proposed by XTL-NH.

“Vendor.” Vendor is used to indicate the entity responding to the NHSLC’s RFP and also the entity or entities awarded a contract.

“Warehouse.” Means a Liquor/Wine/Beverage warehouse which, for a fee, receives, warehouses, and ships Liquor, Wine, or Beverage, or any combination of Liquor, Wine, or Beverage, within the state or to the state border for shipment out of state. A Warehouse vendor does not transport Product.

“WCS.” Means Warehouse Control System.

“Wine.” Is defined in RSA 175:1, LXVII-LXIX.

“WMS.” Means Warehouse Management System.

“XTL, Inc.” Parent corporation of XTL-NH, Inc., XTL-PA, Inc., XTL-IN, Inc. and XTL-TX, Inc.

“XTL-NH, Inc.” Bidder to this RFP.

“XTL-PA, Inc.” Current Warehouse operator at the Pennsylvania Liquor Control Board’s Southeastern, PA regional distribution center.

SECTION III

RESPONSE TO ALL RFP SECTIONS INCLUDING APPENDICES

PART 1. GENERAL INSTRUCTIONS TO VENDORS

1.0 Definition of Terms. Understood in its entirety. Please see previous section (Section II GLOSSARY OF TERMS AND ABBREVIATIONS).

1.1 Purpose. Understood in its entirety. With XTL, Inc.'s twenty-two (22) years of experience directly in the warehousing (and retail store delivery) of wines and spirits in Pennsylvania, we fully and completely understand the requirements of the RFP. More detailed information will be presented in subsequent sections of this Response.

There are two warehousing scenarios upon which the NHSLC requested bids: (A) a Single Warehouse based on the combined volume of the two (2) existing Warehouses; and (B) two (2) separate Warehouses based on the volume currently handled by a private Warehouse and the state's Warehouse.

XTL-NH's cost and pricing is the lowest cost possible to the NHSLC and is the same regardless of which scenario the NHSLC chooses. Over the long-term, the benefits of automation and robotics allow XTL-NH to equalize the pricing for this minimal volume difference between the two (2) scenarios, especially since robots can work continuously around the clock with minimal staff.

XTL-NH's Warehouse system responds to the needs of the NHSLC and its customers by providing services, including, but not limited to, 24 hour or less cycle time between order placement and delivery, single bottle picking, vintage tracking for designated wines, and electronic data interchange capability among Suppliers, Brokers, the NHSLC, and the Warehouse to ensure Product availability.

1.2 Schedule of Events. Understood in its entirety. XTL-NH's construction of the facility, commissioning of the hardware and software for the robotics and automation, and testing of the computer software compatibility, including the transmission of mock order data, with the NHSLC's existing computer systems, will be ready on or before September 1, 2013. Please see SECTION IV, B.1 for a detailed construction, installation, and commissioning schedule.

1.3 Issuing Office. Understood in its entirety.

1.4 Vendors' Conference. Understood in its entirety.

1.4.1 Alteration of RFP. Understood in its entirety.

1.5 Terms of Submission. Understood in its entirety.

1.5.1 Nature of Proposal. Understood in its entirety. XTL-NH agrees, represents, and acknowledges this section without exception.

1.5.2 Proposal Offer. Understood in its entirety. XTL-NH accepts all State of New Hampshire General Conditions (APPENDIX E as amended by Exhibit C) and RFP Terms and Conditions without exception.

1.5.3 Amendments to this RFP. Understood in its entirety.

1.5.4 Assignment Provision. Understood in its entirety.

1.5.5 NHSLC's Options. Understood in its entirety.

1.5.6 Public Information. Understood in its entirety.

1.5.7 Liability. Understood in its entirety.

1.5.8 Inspection of Records. XTL-NH, Inc. is a newly formed New Hampshire corporation in good standing that was incorporated for the purpose of providing warehousing of wines, spirits, and related Products to the NHSLC as outlined in the RFP.

Thus, XTL-NH does not have a financial history. XTL, Inc., XTL-NH's parent corporation, has submitted its financial statements for the past three (3) years, as required in the RFP. Please see SECTION IV A.1 for a copy of XTL, Inc.'s financial statements.

1.6 Proposal Submission. Understood in its entirety.

1.7 Preparation of Submission. Understood in its entirety.

1.7.1 Minimum Response. Understood in its entirety.

1.7.2 Mandatory Requirements. Understood in its entirety.

1.7.3 Innovation. Understood in its entirety. XTL-NH's innovation is multifold. First, the use of automation and robotics reduces costs in the short-term and provides long-term cost containment over the entire twenty (20)-year term of the contract, which is directly reflected in our pricing to the NHSLC, Suppliers, and Licensees.

Second, XTL-NH has the capacity to warehouse wines and spirits for shipment outside of New Hampshire, and to provide direct revenue sharing to the State of New Hampshire for such shipment from its Merrimack, New Hampshire facility based on Product shipped to states outside of New Hampshire. After the facility is operational and with the NHSLC's prior approval, XTL-NH will begin the process of soliciting wineries and distilleries to store Product destined for other regional states in our facility, as long as this does not interfere with the NHSLC operations. The NHSLC's needs are and will always be paramount. If acceptable, we anticipate that the revenue sharing will be based on the shipment of cases of wines and spirits annually.

Third, with automation and robotics, XTL-NH will provide twenty-four (24) hours per day, five (5) days per week service of all operations without any additional costs to the NHSLC and/or suppliers on non-holiday, non-weekend hours, when needed.

Fourth, XTL-NH can also provide real-time tracking of the inventory to the Suppliers and/or Licensees, if the NHSLC finds this beneficial. This customer service function is at no additional cost to the NHSLC.

The cost saving and revenue sharing innovations are described in more detail in the Cost Proposal section of this Response, which is bound and sealed separately from the remainder of this Proposal, as required in the RFP.

1.7.4 Financing. Understood in its entirety. XTL-NH has separated financing into two categories: (1) total project costs; and (2) ongoing operations. For total project costs, XTL, Inc. will provide funding equal to 10% of the total project costs. Bank financing will provide resources for 90% of the total project costs. The bank financing will consist of a conventional loan for the construction of the facility, and equipment financing for the Material Handling System (MHS) and other pieces of equipment. For ongoing operations, XTL, Inc. has liquid capital of eight million dollars (\$8,000,000) that is more than sufficient to meet the operating needs of the Merrimack, New Hampshire facility. XTL-NH has been working with two (2) regional banks, Citizens Bank and People's United Bank, that have expressed a willingness in working with XTL and providing financing to XTL-NH for this project. In addition to working with these New Hampshire banks, we also have a long term relationship with Wells Fargo Bank in Pennsylvania, which could provide additional financing if needed.

1.8 The Americans with Disabilities and USA Patriot Acts. Understood in its entirety.

1.9 Contract Performance Bond. Understood in its entirety. Please see SECTION IV, A.3 for documented evidence that a surety can be furnished if XTL-NH is deemed the successful Warehouse vendor.

1.10.1 Duration of Contract. Understood in its entirety.

1.10.2 Exclusive Contract. Understood in its entirety.

1.10.3 Rates. Understood in its entirety. Please see information regarding these base rates for the initial thirty (30) months of the contract in the Cost Proposal, which is bound and sealed separately from the remainder of this Proposal, as required in the RFP.

1.10.4 Rate Changes. Understood in its entirety

1.11 Monthly Billing Summary. Understood in its entirety.

1.12 Supportive Materials. Understood in its entirety.

a. Understood in its entirety.

b. Understood in its entirety.

c. Understood in its entirety.

With the approval of the NHSLC, the only material differences in the way that XTL-NH may conduct business with the Suppliers is presented in our response to RFP section 1.7.3 (Innovation) and only with the prior approval of the NHSLC.

1.13 Property of NHSLC. Understood in its entirety.

1.14 Disclosure of Proposal. Understood in its entirety.

a. Understood in its entirety.

b. Understood in its entirety.

XTL-NH has no “Vendor Confidential Information” outside of the Right to Know Law, N.H. RSA Chapter 91-A, as outlined in the RFP.

1.15 News Releases. Understood in its entirety.

1.16 Use of Electronic Versions of This RFP. Understood in its entirety.

1.17 Proposal Format. Understood in its entirety.

1.18 Confidential/Sensitive Information. Understood in its entirety.

1.19 Form of Contract. Understood in its entirety.

a. Understood in its entirety. XTL-NH accepts all State of New Hampshire General Conditions (APPENDIX E as amended by Exhibit C) and RFP Terms and Conditions without exception.

b. Understood in its entirety. XTL-NH has no objections and/or additions to these standard contract terms, conditions, and/or agreement standards.

1.20 State Funding. Understood in its entirety.

1.20.1 – 1.20-6. Understood in its entirety.

1.21. Subcontractor. Understood in its entirety. XTL-NH does not plan to use any subcontractors to perform the day-to-day basic operational functions as set forth in the RFP and this Response.

1.21.1 Conflict of Interest. Understood in its entirety. As XTL-NH does not plan to use any subcontractors in this project, we are not aware of any conflict of interest involving such subcontractors. XTL-NH, its parent corporation, XTL, Inc., and any subsidiaries, do not have any contracts with the State of New Hampshire and/or any other parties that may present a conflict of interest with the State of New Hampshire. Please see SECTION IV, A.4 for a signed statement to that effect.

1.22 Proposal Guaranty. Understood in its entirety. Please see the front pocket of this cover of this response for the bid bond representing a guaranty in the amount of \$50,000.

- 1.23 Venue – Merrimack County. Understood in its entirety.
- 1.24 RFP Protest Process. Understood in its entirety and without exception.
- 1.25 Contract Transition Period. Understood in its entirety. XTL-NH will cooperate fully with the NHSLC during this process.

PART 2. GENERAL

2.1 Introduction. Understood in its entirety. XTL-NH's Proposal is for a single strategically located Warehouse that is convenient to major highways so as to provide the optimal service to the NHSLC's transportation contractor(s), inbound carrier(s), and Licensee(s). Our use of automation and robotics will increase accuracy of order fulfillment and produce greater tracking ability and accountability for the movement of the Product inside of the facility, while reducing operating costs due to the limited number of personnel needed for the day-to-day functions. These savings are reflected in our rates.

XTL-NH's Warehouse system will respond to the needs of the NHSLC and its customers by providing services, including, but not limited to, 24 hour or less cycle time between order placement and delivery, single bottle picking, vintage tracking for designated wines, and electronic data interchange capability among Suppliers, Brokers, the NHSLC, and the Warehouse to ensure Product availability.

2.2 Factors Affecting the NHSLC's Operation. Understood in its entirety.

2.2.1 Transportation and Access. Understood in its entirety. XTL-NH's proposed facility is located on Mast Road in the town of Merrimack, at Exit 10 of the F.E. Everett Turnpike, the exit for Technology Park Drive, which presents 4-way access to major highways. The Daniel Webster Highway access to Mast Road is paved, non-residential, and capable of handling the volume of traffic and the size of the truck equipment used for this type of operation. The access to the facility will be paved and sufficiently wide to accommodate the needs of the operation. The site's location, in close proximity to

different transportation options, will allow XTL-NH to receive and ship Product efficiently and with low transportation costs.

Directly adjacent to XTL-NH's Merrimack site, there is an active rail line that runs along the east side of the site, which is owned and operated by Pan Am Railways (headquartered in North Billerica, Massachusetts). XTL-NH intends for the boxcars to be completely undercover so the boxcar offloading can occur during extended hours and without concern of the weather or the safety of the forklift operators. XTL-NH's indoor unloading of boxcars will give NHSLC a distinct advantage to reduce transportation costs.

2.2.2 Operation. Understood in its entirety. XTL-NH facility, equipment, and operation plan will meet and exceed all of the NHSLC's requirements. XTL-NH has the capacity and ability to very easily handle the volume fluctuations associated with peak demands.

2.2.3 Interface. Understood in its entirety. XTL-NH's Warehouse Management System (WMS) and Warehouse Control System (WCS) software will easily and completely interface with the NHSLC's software, automated systems, and established business protocols. This interface will be fully tested with mock transactions until the NHSLC is confident in the complete compatibility of the systems. XTL-NH will ensure that any needed software update(s) will interface completely with the NHSLC, and that the implementation will be performed in full cooperation with the NHSLC.

2.2.4 Relationship with NHSLC Suppliers. Understood in its entirety. XTL-NH will make certain that its software systems interface with the NHSLC's Supplier(s) so as to be most cost efficient for the Supplier(s) and the NHSLC. XTL, Inc.'s ongoing relationships

and partnerships with Suppliers in Pennsylvania, such as W.J. Deutsch & Sons, who are the importers and sole United States distributor for the Yellow Tail brand of wines, will greatly assist in a smooth transition and beneficial working relationship with the Suppliers in New Hampshire. Please see SECTION IV, A.5 for references from Suppliers.

PART 3. TECHNICAL SPECIFICATIONS AND REQUIREMENTS

3.0.1 A Single Warehouse. Understood in its entirety. XTL-NH proposes construction of an 182,250 square foot, state-of-the art automated Warehouse facility conveniently located in Merrimack, New Hampshire to provide the Warehouse services. Please see the following page for an overall building layout.

3.0.2 Location of Product. Understood in its entirety. XTL-NH proposes a single Warehouse to be located at:

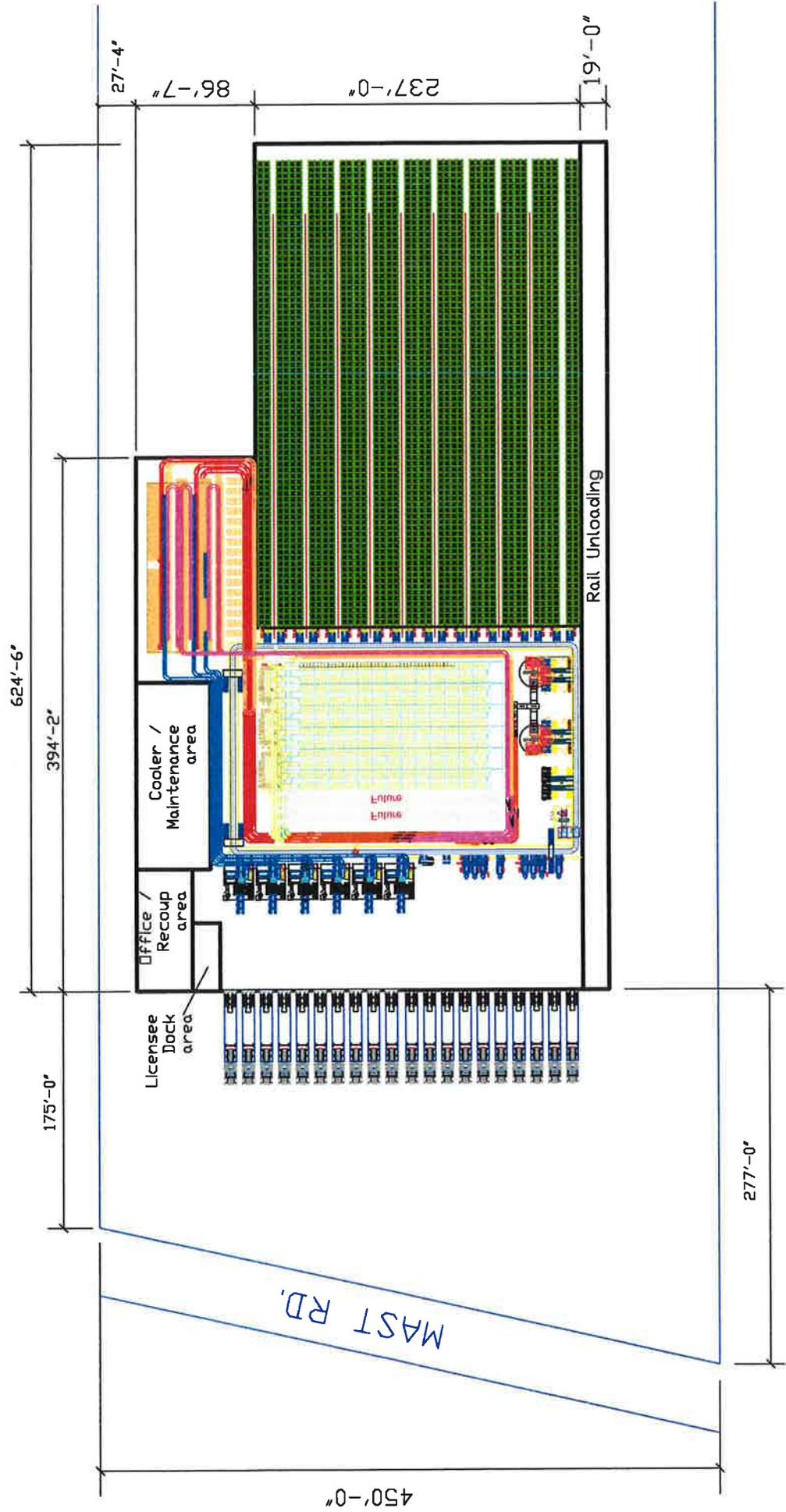
Mast Road, Merrimack, New Hampshire

Subdivided from Parcel ID: Tax Map 2D Lot 21 in the tax records of the
Town of Merrimack

Size of site: 19.3 +/- acres of land (Lots 6 and 7, please see SECTION IV, B.2 for a plan of the site) subdivided from a 35.72 acres parcel. Please see SECTION IV, B.3 for the Letter of Intent to purchase the proposed site. The Warehouse facility will store wines, spirits, and related Products for the NHSLC, as the NHSLC deems appropriate.

3.0.3 Conducting Business with the NHSLC. Understood in its entirety. XTL-NH personnel, as applicable, have read and understand the RFP "SPECIFICATIONS FOR WAREHOUSES" (SFW), as published by the NHSLC in APPENDIX N. XTL-NH is committed to providing data-transfer capability according to the NHSLC specifications at all times, including days, nights, weekends, and holidays.

XTL-NH understands the NHSLC's business is constantly changing and acknowledges both the ability and desire to accommodate these changes. Our computer software systems are designed to be flexible and easily updated. XTL-NH will fully



cooperate with the NHSLC as required to support its operation over the entire term of the contract.

3.0.4 Warehouse General Requirements. Understood in its entirety. XTL-NH's activities and facilities on the Warehouse premises will comply with relevant federal, state, and local regulations. XTL-NH understands that the Warehouse is required to be temperature-controlled between a minimum of 45 degrees Fahrenheit and a maximum of 85 degrees Fahrenheit. XTL-NH's facility provides for a five thousand (5,000) square foot temperature-controlled room that will maintain a temperature of 55 degrees Fahrenheit. XTL-NH can provide a different storage temperature range upon the NHSLC's and a Supplier's request for any specific Product. XTL-NH's WMS will provide for First-In/First-Out (FIFO) rotation of Product. XTL-NH will promptly unload all inbound loads to prevent freezing and ensure security. XTL-NH will use its management's significant experience to effectively and appropriately handle wines and spirits. XTL-NH's Warehouse will be of sufficient size to store the NHSLC's inventory level that is projected to have 3% annual growth rate. XTL-NH's IT plan includes properly maintaining and upgrading the computer systems and electronic data interchange during the term of the contract, including, but not limited to, performing an annual review of the systems.

XTL-NH's receiving appointment hours are from 6:00 AM to 9:00 PM, Monday through Friday, excluding any holidays. XTL-NH's order picking hours will start the time that orders are received at 7:30 PM and continue until all orders are filled. XTL-NH's hours of operation will increase to twenty-four (24) hours per day, five (5) days per week, excluding weekends and holidays, when the volume level dictates this need, at no

additional cost to the NHSLC. XTL-NH is willing to expand its hours of operation to accommodate any schedule that the NHSLC requires, including weekends and holidays, at the NHSLC's sole discretion. A more detailed descriptive explanation of the Warehouse general requirements is presented in our response to APPENDIX C.

3.0.4.1 Audit. Understood in its entirety. XTL-PA currently provides the Pennsylvania Liquor Control Board with an annual physical count of all cases of Product in the Warehouse. This service is performed under the direction of the Comptroller's Office for the Pennsylvania Liquor Control Board and under the oversight of the Auditor General's Department for the Commonwealth of Pennsylvania. XTL-PA also provides a quarterly full-building cycle count of every location in the Warehouse, which is overseen by the Pennsylvania Liquor Control Board's Logistics Department.

XTL-NH's rate for the yearly physical audit is included in APPENDICES D and D-1, which is sealed separately for the Proposal, as required in the RFP.

3.0.5 Transportation Access. Understood in its entirety.

3.0.5.1 Road: Incoming and Outgoing Requirements. Understood in its entirety.

3.0.5.2 Access. Understood in its entirety. The access to XTL-NH's site is a paved surface and is sufficiently wide to accommodate the tractor-trailer-sized equipment, as well as smaller vehicles. The access onto XTL-NH's site and the entire yard area, including, but not limited to, the loading and unloading bays or truck docks, will be paved and will be submitted to the NHSLC and local authorities for their approval. A more detailed descriptive explanation of the access is presented in our response to APPENDIX C.

3.0.5.3 Dock and Approach. Understood in its entirety. XTL-NH's dock and approach will provide sufficient space to accommodate tractor-trailers. XTL-NH's Warehouse will also have inside space to accommodate the vehicles used in the Licensee trade. A more detailed descriptive explanation of the dock and approach is presented in our response to APPENDIX C.

3.0.6 Floor Capacity and Storage Strategy. Understood in its entirety. XTL-NH's facility will have sufficient space to meet the twenty (20)-year storage needs and order fulfillment needs of the NHSLC. XTL-NH will have sufficient space (3,000 square feet), in which it plans to perform value-added services, such as Product reclamation, labeling and re-labeling, and blanket storage. XTL-NH's Warehouse Management System (WMS) and Warehouse Control System (WCS) systems will be extremely responsive and flexible to accommodate the needs of the NHSLC. A more detailed descriptive explanation of the XTL-NH's floor capacity and storage strategy is presented in our response to APPENDIX C.

3.0.7 Floor Movement Capacity. Understood in its entirety. XTL-NH will lease four (4), five thousand (5000) lb. sit-down forklift trucks, two (2) reach trucks for receiving, loading, and other warehouse functions, two (2), three thousand (3000) lb. carton clamps, and three (3) push-pull or slip-sheet attachments. During the build-up seasons, XTL-NH will rent one (1) or two (2) additional five thousand (5000) lb. sit-down forklifts to accommodate the increased volume, if needed. A more detailed descriptive explanation of the XTL-NH's floor movement strategy is presented in our response to APPENDIX C.

3.0.8 Product Distribution. Understood in its entirety. XTL-NH's Automatic Storage and Retrieval System (AS/RS) design, robotic de-palletizers, robotic palletizers, and Case

Buffering System (CBS) have the throughput capacity to meet the NHSLC's volume needs, as well as, accommodate seasonal fluctuations or spikes in demand. XTL-NH's Material Handling System (MHS) will have Product loaded on a truck and ready for delivery to NHSLC stores within eight (8) hours of receipt of the picking information. A more detailed descriptive explanation of the XTL-NH's Product distribution strategy is presented in our response to APPENDIX C.

XTL-NH's rate for services is included in APPENDICES D and D-1, which is sealed separately for the Proposal, as required in the RFP.

3.0.9 Additional Services. Understood in its entirety. XTL-NH's additional services are additional value-added services that it currently provides to Suppliers in Pennsylvania and believes might be of interest to the NHSLC. A more detailed descriptive explanation of the XTL-NH's additional services is presented in our response to APPENDIX C.

XTL-NH's rate for additional services is included in APPENDICES D and D-1, which is sealed separately for the Proposal, as required in the RFP.

3.0.10 Computer Linkage with the NHSLC. Understood in its entirety. XTL-NH's Warehouse Management System (WMS) and Warehouse control System (WCS) supplier is Cirrus Tech, Inc. Cirrus Tech is a leading expert in the design and implementation of software systems for automated warehouses. XTL, Inc.'s IT personnel, Christopher Lozzi, will be heavily invested in the implementation and ongoing interfacing between XTL-NH's computer systems and those of the NHSLC. If for some reason we discover that our systems are not working as expected with those of the NHSLC, XTL-NH will rectify this situation immediately at no additional cost to the NHSLC, even if that includes purchasing and installing software from a different software supplier. A more

detailed descriptive explanation of the XTL-NH's computer interface with the NHSLC is presented in our response to APPENDICES C and K.

3.0.11 Transition form the Current Contract. Understood in its entirety. XTL-NH has detailed plans to ensure a smooth transition from the current Warehouse vendor. Our expertise and existing business partnerships with Suppliers will be beneficial for us and for the NHSLC. We will leverage our existing partnerships to the benefit of the NHSLC. A more detailed descriptive explanation of the XTL-NH's plan for transitioning from the Warehouse Vendor is presented in our response to APPENDIX C.

3.0.12 Warehouse Charges and Rates. Understood in its entirety. XTL-NH's use of automation and robotics provides the most cost effective and cost efficient way to warehouse and distribute store orders for wines and spirits. Our Material Handling System (MHS) design provides long-term cost containment over the entire term of the contract. XTL-NH's costs and pricing are sealed separately in APPENDIX D and APPENDIX D-1, as required in the RFP.

3.0.13. Security. Understood in its entirety. Based on XTL's experience in storing and delivering wines and spirits for the Pennsylvania Liquor Control Board, XTL-NH has a detailed plan for security that includes video surveillance of all entrances and exits, dock doors, and of the fenced yard. A more detailed descriptive explanation of the XTL-NH's plan for security is presented in our response to APPENDIX C.

3.0.14 Fire. Understood in its entirety. Since XTL-NH's facility has not yet been constructed, we are not able to provide a copy of our permit. If awarded the contract, XTL-NH will obtain an occupancy permit that includes a fire permit that passes the local fire code. As soon as the fire permit is obtained, XTL-NH will provide a copy to the

NHSLC. A more detailed descriptive explanation of the XTL-NH's fire protection plan is presented in our response to APPENDIX C.

3.0.15 Insurance, Bond and Registration. Understood in its entirety. All required documentation is presented in SECTION IV, A.6.

3.0.16 Business Continuity. Understood in its entirety. XTL-NH has a detailed plan to maintain continuity of service during conditions ranging from severe weather, to a complete loss of power, to a state of emergency due to a contagion. A more detailed descriptive explanation of the XTL-NH's contingency plan is presented in our response to APPENDIX C.

3.1 APPENDIX A

A-1 Project Overview. Understood in its entirety.

A-2 NHSLC. Understood in its entirety.

A-2.1 Mission. Understood in its entirety.

A-2.2 Duties. Understood in its entirety.

A-2.3 General Information. Understood in its entirety.

A-3 Related Documents Required. Understood in its entirety.

A-3.1 New Hampshire Certificate of Authority or Certificate of Good Standing.

Understood in its entirety. Please see SECTION IV, A.7 for an original and two (2) copies of this Certificate.

A-3.2 Certificate of Vote. Understood in its entirety. Please see SECTION IV, A.8 for an original and two (2) copies of this Certificate.

A-3.3 Certificate of Insurance. Understood in its entirety. Please see SECTION IV, A.6 for an original and two (2) copies of this Certificate.

A-3.4 Warehouse License. Understood in its entirety. Please see SECTION IV, A.9 for a copy of this completed License application, followed by supplemental documents in support of the license application. Please note that these documents were not submitted to the NHSLC with the completed license application because they were not required at this time. However, for transparency purposes, these documents are included with this Response.

3.2 APPENDIX B.

B-1 Proposal Submission. Understood in its entirety.

B-2 Compliance with Requirements. Understood in its entirety.

B-3 Costing Information. Understood in its entirety.

3.3 APPENDIX C.

I. Background. Understood in its entirety.

II. General Requirements. Understood in its entirety.

Corporations: Please see SECTIONS IV, A.14 for this corporate resolution.

In this section, XTL-NH will present a step-by-step work plan that describes the processes and procedures XTL-NH will use to run the daily operations for the NHSLC. This work plan includes inbound receiving procedures, putaway procedures, order fulfillment procedures, outbound loading procedures, and a graphical summary of the automation and work process as a summary of the fluidness of the different sections.

Inbound Receiving Procedures.

1. Scheduling and Arrival of Inbound Carriers. As required, XTL-NH plans to perform the inbound receiving functions on a five (5) day per week schedule, Monday

through Friday, with appointment times from 6:00 AM to 9:00 PM, with expanded hours as needed during heavy inbound volume, excluding any holidays. XTL-NH plans for a multi-shift operation, with staggering start times and break times, that will be dependent on the order volume, seasonality, and the NHSLC's needs, so that personnel are available during all hours of operation.

XTL-NH's facility will have twenty (20) dock doors with loading docks raised to the appropriate height to safely accommodate up to thirteen foot six inches (13'6") in height, fifty-three feet (53') in length, and one-hundred-two inches (102") in width. Each dock will have a level floor and a dock leveler that will adjust so a forklift can safely transverse the space into and out of the trailer. To support the Licensee trade, the facility will also have two (2) additional loading docks that are suitable for light truck, light van, and automobile traffic. These docks will be at ground level and each should allow a vehicle of up to twelve feet (12') in height, thirty feet (30') in length, and ninety-six inches (96") in width to back fully into the Warehouse in a safe manner.

The facility will have flexible use, permitting XTL-NH to use all doors for receiving, if needed. All receiving will be a "live" offload. XTL-NH does not provide a "drop and pull" or "spotting service" for any outside carrier. The inbound carrier's driver must be present and remain on-site during the receiving process. All inbound carriers will be required to arrive on-time (preferably 15 minutes early) for their appointment and check-in with the receiving dock personnel at the arrival gate. If the carrier is on-time for the appointment, the driver will be assigned a specific receiving dock door number. If the carrier is late, the situation will be addressed on a case-by-case

basis. XTL-NH is very willing and able to accommodate unanticipated deliveries and will work in conjunction with the NHSLC when these situations arise.

Once ready to proceed to the receiving dock, the driver will be instructed to leave the trailer doors closed and sealed, and to back up completely to the assigned receiving dock door. XTL-NH's receiving dock manager will record the carrier company name, driver name, tractor number, trailer number, and seal on an Inbound Carrier Gate Sheet. XTL-NH's receiving dock manager will record the seal number on the trailer. If the trailer does not have an intact seal, XTL-NH's receiving dock manager will record "no seal" on his or her paperwork. If sealed, XTL-NH's management staff will break the seal. The driver will then be instructed to pull straight forward, open and secure the back doors, and back-up completely to the same receiving dock door. The driver will be instructed to hand all of the necessary paperwork to XTL-NH's receiving dock manager.

XTL-NH will handle and store Product on good quality, standard 48" (L) x 40" (W), four-way "system-dedicated" plastic pallets that will be dedicated to the Automatic Storage and Retrieval System (AS/RS). XTL-NH will ensure adequate quantities of plastic pallets and slip-sheets are available. XTL-NH will bear the sole responsibility for any pallet shortages that occur. At the start of the contract, XTL-NH will provide all of the plastic and wood pallets to be used for the operation at no cost to NHSLC.

2. Offloading of Inbound Carriers. Once trailers are secured against the dock, XTL-NH will enter the trailer and begin to offload the merchandise by using various means, including, but not limited to, forklift, carton clamp, slip-sheet attachment, and manual labor. The offloading work (i.e., forklift operators) of trailers will be performed by XTL-NH's warehousemen, all of whom will be OSHA certified forklift operators who

will be fully trained in the WMS. All inbound Product will be placed onto 48” (L) x 40” (W) plastic pallets and placed in the staging area. Any damaged items will be segregated (or grouped) and placed onto a separate pallet pending recording on the NHSLC’s damage document.

Once fully offloaded and all sorting and segregation is completed, XTL-NH’s personnel will begin a “blind count” by scanning the NH Product code (SKU) and entering the number of physical cases into the Warehouse Management System (WMS) receiving functions. The forklift operator will be provided with a Radio Frequency (RF) hand held scanner. Each pallet will consist of one SKU and will be assigned a unique “license plate” that will be attached to the pallet. In the WMS, this license plate will show the number of cases (or bottles) by SKU on each pallet, and will assist in tracking the movement of the Product throughout the Warehouse and order fulfillment functions. The “blind count” will be compared to the expected receipt (PO) in the WMS. XTL-NH’s receiving dock manager will compare the “blind count” and expected receipt to the bill of lading provided by the inbound driver. The process of comparing a “blind count” to a PO and a bill of lading will ensure that XTL-NH provides 100% accurate receipting of Product into the Warehouse. Any errors found will be immediately addressed and corrected by XTL-NH.

As per the NHSLC’s requirements, the inbound carrier’s bill of lading must include the NH Product number for the item and the number of cases on the shipment. If there are no issues, XTL-NH will print a copy of the WMS receipt that indicates the contents of the trailer. XTL-NH will properly sign (manually and electronically) all NHSLC forms. The load will be given a unique receipt number. When completed, XTL-

NH will sign the inbound carrier's bill of lading indicating the number of cases received, any shortages, overages, and/or damage, and the number of pallets exchanged with the carrier. If there are any damages, overages, or shortages, XTL-NH will record the required information on the NHSLC's Overage, Shortage, and Damages (OS&D) form (including the seal number or "no seal" in the absence of a seal) for the inbound carrier to acknowledge and sign.

The above processes apply to over-the-road carriers, drayman delivering ocean containers, and drayman delivering piggyback trailers. Any inbound carrier that has a partial load (Less-than-truckload (LTL) carrier) will be offloaded in the same manner described above, but resealed so that the driver can leave the yard with the remaining product on the trailer. XTL-NH expects that the merchandise delivered via LTL carrier will be at the rear of the trailer and directly accessible without having to move other Product out of the way.

XTL-NH will close all receipts on the same day the merchandise is received at the distribution center (DC). The inbound driver will be given copies of all of his/her paperwork to return to his or her company. If any problem arises that prevents closing of a receipt on the same day, XTL-NH will immediately notify the NHSLC's management of the circumstances regarding the delay. All receiving paperwork will be filed and retained, as required.

As required in the RFP, and to ensure security and to minimize freezing, XTL-NH will allow two (2) hours for the offloading of any inbound carrier.

3. Processing Inbound Damaged Merchandise. As stated previously, at the time of receipt, any inbound transportation damage will be recorded on the NHSLC's OS&D

form, on the bill of lading, and electronically recorded within the WMS. This information will include the date received, the inbound carrier name and trailer number, the seal number (or, recorded as “no seal” when a seal is absent), the permit receipt number, the total number of cases on the load, the NH Product code, the unit pack, the quantity of damaged cases, and any other information required by the NHSLC. XTL-NH and the inbound carrier will both sign the OS&D form and the bill of lading with the number of damaged cases received. As previously stated, the damaged merchandise will be grouped onto a separate pallet and re-warehoused into the work area designed for recouping. Any damaged Product or Product that needs relabeling or resealing will have the Quality Assurance classification in the WMS changed to prevent the item from shipping until the value-added services are completed. The NHSLC’s manager will be contacted to verify extensive damage to loads. The OS&D form will be completed once the recouping process is completed, and all completed OS&D forms will be submitted to the NHSLC manager for their records and processes.

The recouping work on the damage process will occur the same day. As many bottles as possible will be salvaged and re-boxed so that they are suitable for transport and made available for shipping to the retail stores. The “good” Product will be of retail shelf quality. The “bad” Product will be put aside so that the NHSLC and/or Supplier can decide the steps it wishes XTL-NH to take with the Product. The necks of any broken bottles will be separated and saved pending disposition from the NHSLC and/or Supplier.

4. XTL-NH Personnel and Forklift Equipment. Being a newly formed New Hampshire corporation, XTL-NH plans to hire new employees from the local area. All

management employees will be full-time employees with a full benefit package as part of their compensation. XTL-NH will undergo an extensive search, interview, and evaluation process in order to find the most qualified, most knowledgeable, and most experienced candidates to join our team. Our search process includes, but is not limited to, job postings in the local newspapers and personal recommendations. XTL-NH will emphasize compatibility with the NHSLC personnel and overall compatibility within the principles of the XTL organization.

XTL-NH plans to hire twenty-seven (27) new employees that will be dedicated to the Warehouse and the daily responsibilities under the contract with the NHSLC: three (3) full-time management personnel, two (2) full-time administrative personnel, one (1) full-time Quality Assurance supervisor, one (1) full-time liaison to the NHSLC, one (1) IT professional, three (3) full-time Material Handling System (MHS) mechanics, and sixteen (16) warehouse workers, some of whom will be part-time employees.

As required in the RFP, XTL-NH will have a full-time liaison. The liaison's primary job responsibilities include, but are not limited to, being the key contact person with the NHSLC, being readily available to meet with commissioners and staff regularly and on an as-needed basis, and completing monthly reporting regarding customer service issues, and filling orders and handling issues, such as incorrect items shipped, returns, breakage, and any and all other related performance issues.

The Quality Assurance supervisor will be responsible for ensuring that the packaging of Product is sufficient for automated and robotic handling, and that the dimensions and pallet configurations listed within the WMS are complete and accurate. This Quality Assurance supervisor will also verify the dimensions (length, width, height,

and weight) of each carton, cross-reference this information with the WMS, and oversee and ensure that all of the value-added Warehouse services are accurately completed.

All XTL-NH Warehouse personnel will be fully trained and will undergo continuous improvement training on all rules, policies, and procedures for the NHSLC's operation. Any Warehouse personnel who fail to follow these rules, policies and procedures will receive appropriate disciplinary action, up to and including discharge.

XTL-NH will lease four (4), five thousand (5000) lb. sit-down forklift trucks, two (2) reach trucks for receiving, loading, and other warehouse functions, two (2), three thousand (3000) lb. carton clamps, and three (3) push-pull or slip-sheet attachments. During the build-up seasons, XTL-NH will rent additional equipment as needed to accommodate the increased volume.

Putaway Procedures.

1. Product Stored in the High Bay (AS/RS). Once the offloading and receiving functions are completed, XTL-NH's forklift operator will transport the pallets from the staging area to the input lane of the Material Handling System (MHS) [see below diagram]. The timeframe for putaway will mirror the hours worked for receiving Product. The specific storage location is determined by the WMS software and is based on the First-In/First Out (FIFO) and other criteria set forth in the WMS. The "license plate" attached to the pallet at the time of receipt, linked with the SKU, will completely ensure 100% putaway accuracy of all pallets into storage. The WMS will record and trace this information so that it is fully visible in "real time" from a computer terminal. The uniqueness of each storage location, WMS controls, and the parameters attributed to

the putaway (and pallet selection) processes will ensure the proper rotation of stock (first in, first out).

When Product is placed on the input conveyor, the Product profile will be checked to ensure that the material is stable, and that the pallet dimensions are consistent with the profile (length, width, height, and weight). The Product SKU will also be verified against the “license plate” to ensure accuracy. If the Product fails either one of these verification checks, the pallet will be redirected to a “reject lane,” where an operator will make the necessary adjustments and re-enter the Product.

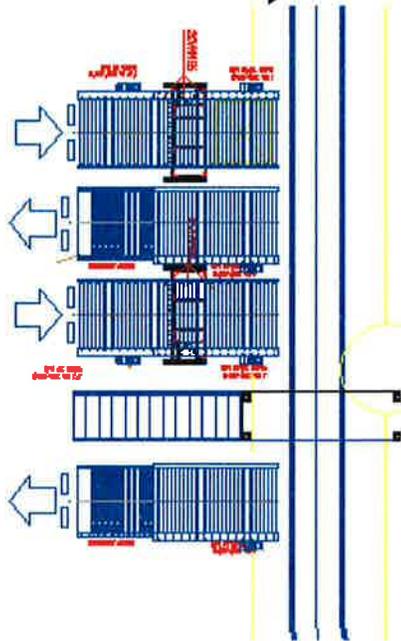
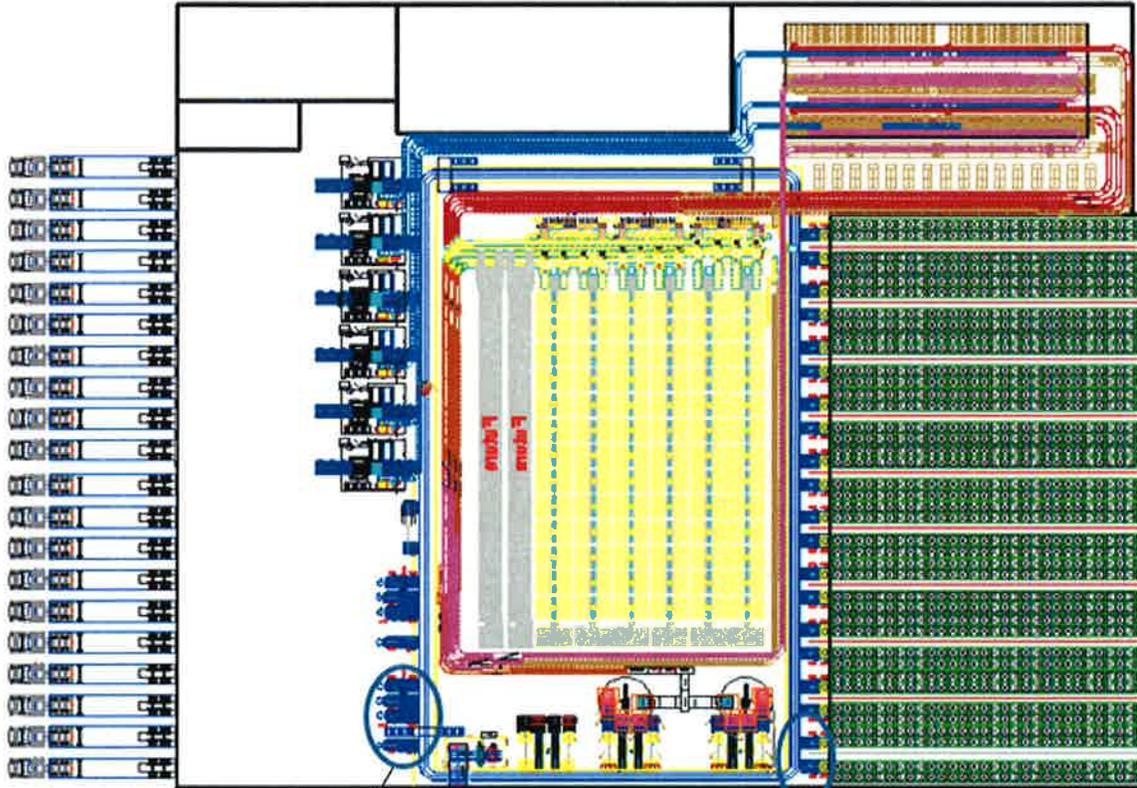
Once Product is loaded onto the input conveyors, is it conveyed and delivered to the shuttle transfer vehicle pick up stations. At this point, the pallet of merchandise is automatically transferred onto a shuttle transfer vehicle. The pallet of Product will then “ride” the shuttle transfer vehicle to the High Bay Storage Input Station. When it arrives at the Station, the pallet is automatically transferred to the Station where is it picked up by and moved into the storage racks by a “stacker crane.”

The AS/RS throughput capacity meets the NHSLC’s twenty (20)-year growth requirement, including, but not limited to, volume fluctuations as set forth in the RFP.

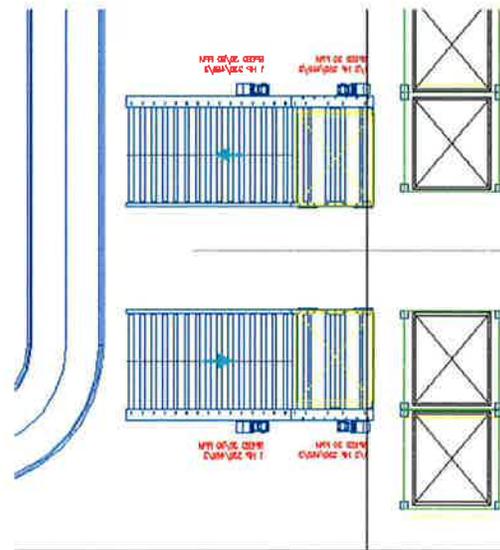
- AR/RS throughput capacity INTO storage is two hundred seventy-two (272) pallets per hour.

The AS/RS is double deep storage. Each pallet of Product will be stored in a unique location. XTL-NH’s WMS will direct the putaway function to the optimal location based on the classification of the item in the WMS. For example, “A Velocity” items will be stored in rack locations that are closest to the front of the storage racks to minimize cycle times for putaway and retrieval during order fulfillment. Items will be

spread out across the multiple AS/RS storage aisles to minimize the disruption to order fulfillment that could occur during downtime of a specific crane, and to keep each crane working equally and efficiently.



Receiving Dock Input Station



AS/RS Input/Output Station

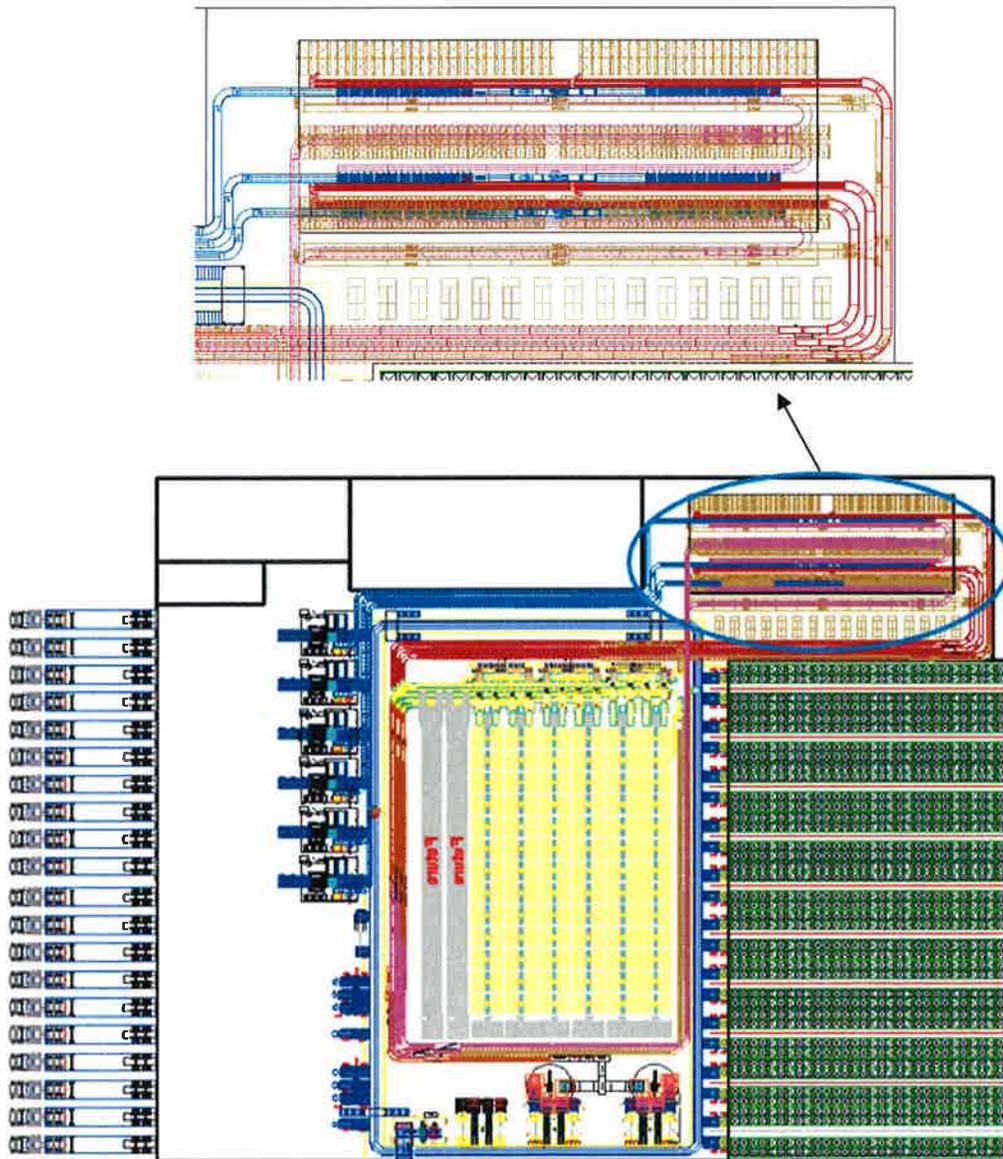


Shuttle Vehicle Loop



Pallet-Load Handling Stacker Crane

2. Product Destined for the Manual Pick Module. Based on the data presented in the RFP, and our experience and expertise in an automated alcohol distribution center, XTL-NH understands that there are some Products (i.e., low volume, odd-shaped, and non-conveyable items) that are best handled through a manual pick operation. These items will be transferred from the receiving dock directly to the Manual Pick Module [see below diagram] for storage or replenishment.



Manual Pick Module

Order Fulfillment Procedures.

After merchandise is received into XTL-NH's WMS and the receipt information is electronically transmitted, the Product will be available for shipping on the next day. To accommodate this turn-around time, XTL-NH's management staff and Warehouse personnel will ensure that all Product will be putaway on the day it is received. XTL-NH will ensure that the material handling equipment and WMS system are functioning properly so as to accomplish this objective.

XTL-NH's proposed order fulfillment system is primarily robotic and automated with accommodations made for non-conveyable items.

The picking and loading process will be by wave and route, so that the pallets for the last store to be delivered are the first pallets loaded onto the trailer or delivery vehicle.

Due to the very high level of automation and robotics, XTL-NH anticipates 100% accuracy for order selection and fulfillment.

XTL's order fulfillment system meets the NHSLC's twenty (20)-year growth requirements, including, but not limited to, volume fluctuations as set forth in the RFP.

	<u>Capacity</u>
AS/RS Input	272 pallets/hour
AS/RS Output	272 pallets/hour
Robotic De-palletizers	4,320 cases/hour
Robotic Palletizers	3,600 cases/hour
Case Buffering System	3,600 cases/hour
Manual Pick Module	350 cases/hour
Order Fulfillment	3,600 cases/hour

Each component of this system will be discussed in turn.

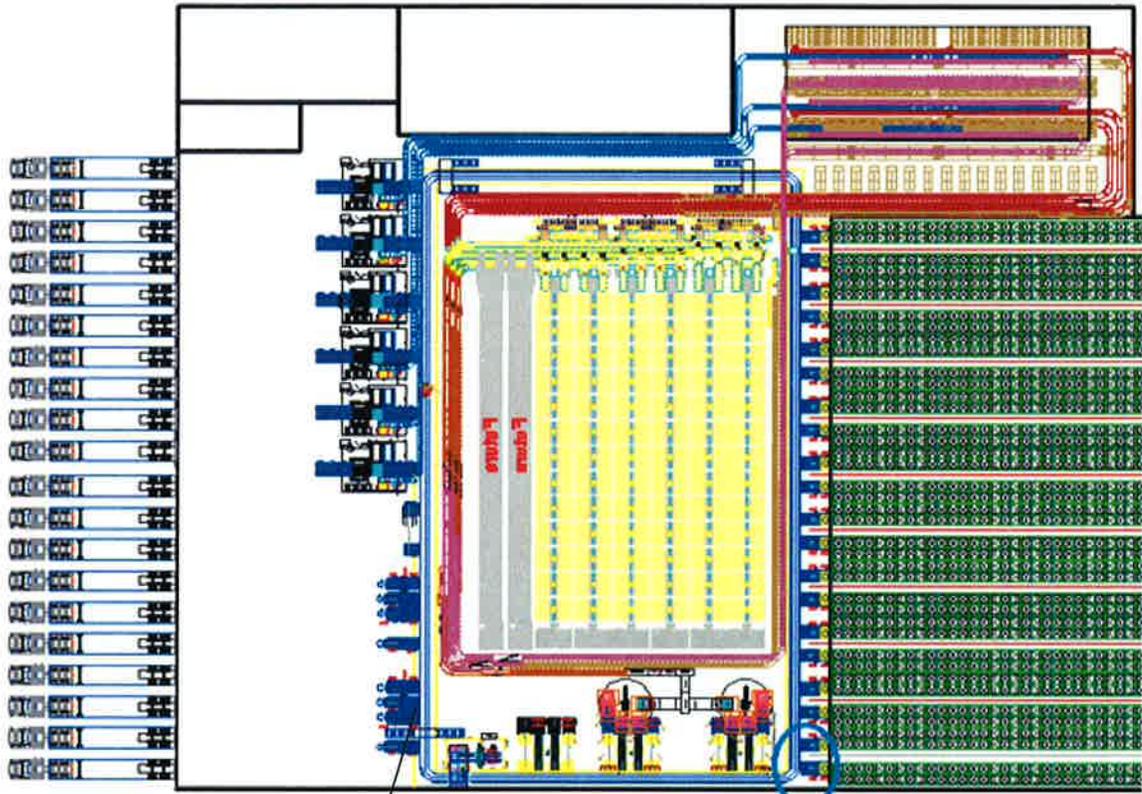
1. Retrieval from AS/RS Storage Racks. Depending on the daily retail store and Licensee order requirements, pallets of Product are retrieved from the High Bay storage racks via a stacker crane. The pallet is brought down and transferred to the High Bay Storage Output Station [see diagram below]. From this location, it is picked up by the shuttle transfer vehicle and transported to the Depal Cell Input Stations, at which point the pallet is indexed forward to Robotic Pick-From Positions. At the Pick-From Position, there are two (2) robotic de-palletizers. Each robotic de-palletizer will automatically remove full layers of Product, one at a time, and place the full layer onto the Robotic Pick-To Positions. Sufficient layers of Product will be removed from the pallet to meet the wave of orders currently being filled.

The AS/RS throughput capacity meets the NHSLC's twenty (20)-year growth requirement, including, but not limited to, volume fluctuations as set forth in the RFP.

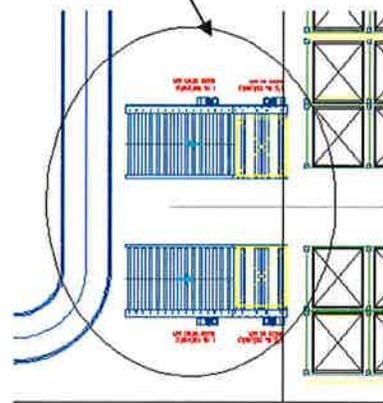
- AR/RS throughput capacity OUT of storage is two hundred seventy-two (272) pallets per hour.

Once a layer of merchandise is placed at the Pick-To Position, it is indexed forward via conveyor into a singulator that breaks the layer down and discharges the cases in single file.

When no Product is left on a pallet, the empty pallet is transferred to and stacked in the Empty Pallet Storage Position. When a full stack of pallets is accumulated, the stack is indexed forward to the Depal Cell Output Station. Pallets that have merchandise remaining on them are also indexed forward to the Depal Cell Output Station, where the pallet of merchandise will be transferred to the shuttle transfer vehicle and transported back to into High Bay storage in the AS/RS.

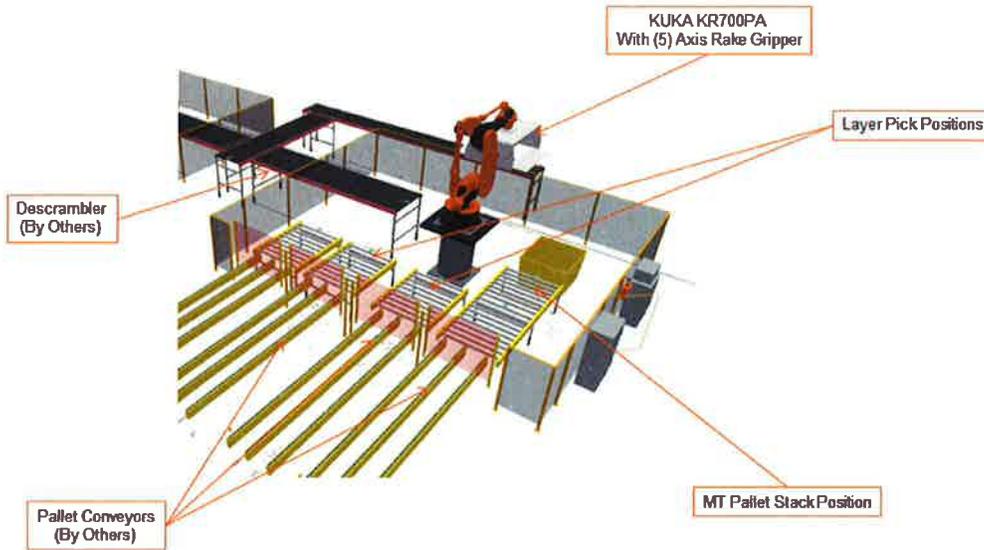


Shuttle Vehicle Loop



AS/RS Input/Output Station

2. Robotic De-Palletizers. As stated previously, each robotic de-palletizer will automatically remove full layers of Product, one at a time, and place the full layer onto the Robot Pick-To Positions. Each robotic arm will consist of a large area vacuum gripping system. XTL-NH plans to use KUKA KR700PA.



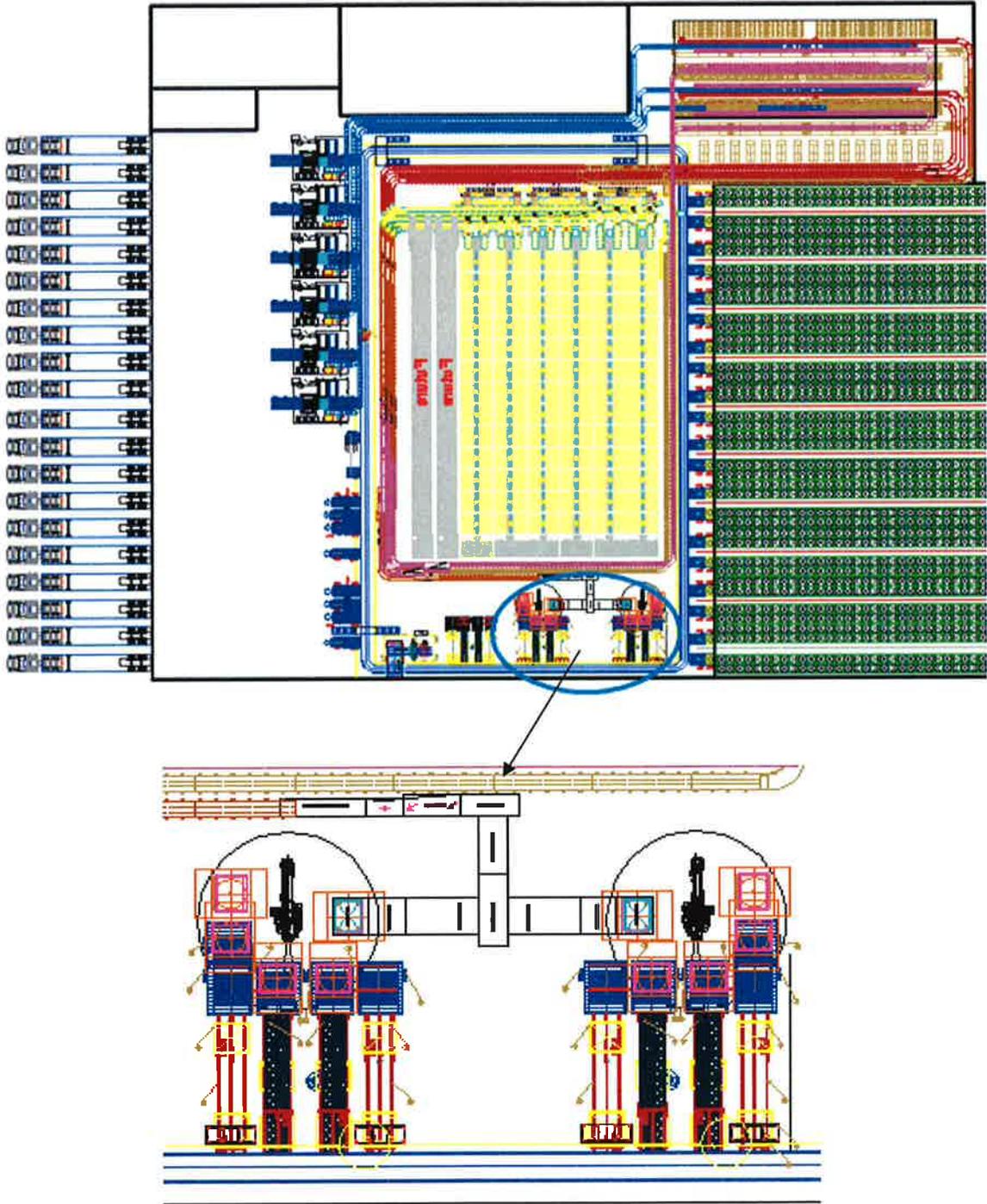
Robotic De-Palletizing Cell



De-Palletizer End of Arm Tool (EOAT)

The two (2) de-palletizing robots meet the NHSLC’s twenty (20)-year growth requirement, including, but not limited to, volume fluctuations as set forth in the RFP.

- Unload three thousand six hundred forty (3,640) cases per hour
- Approximately twelve (12) cases per layer
- Three hundred plus (300+) layers removed per hour

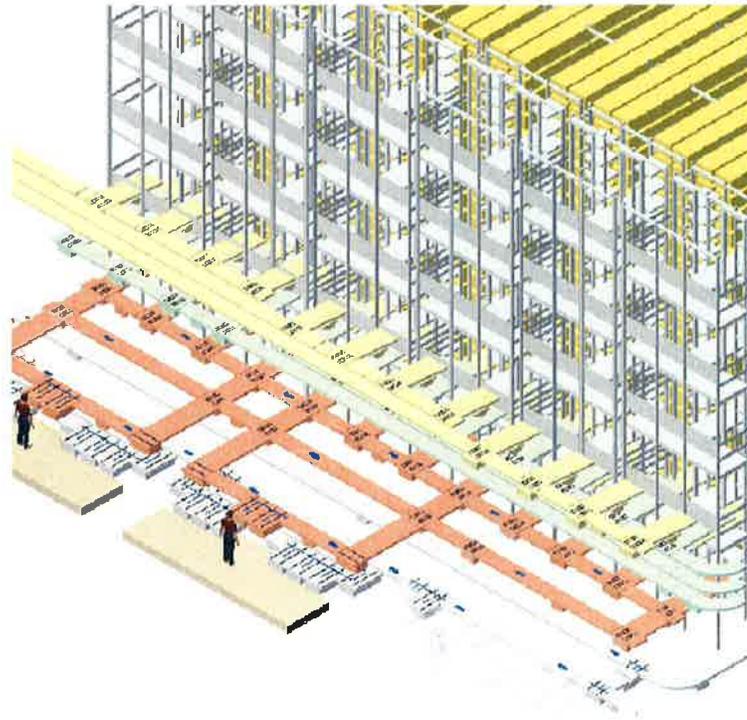
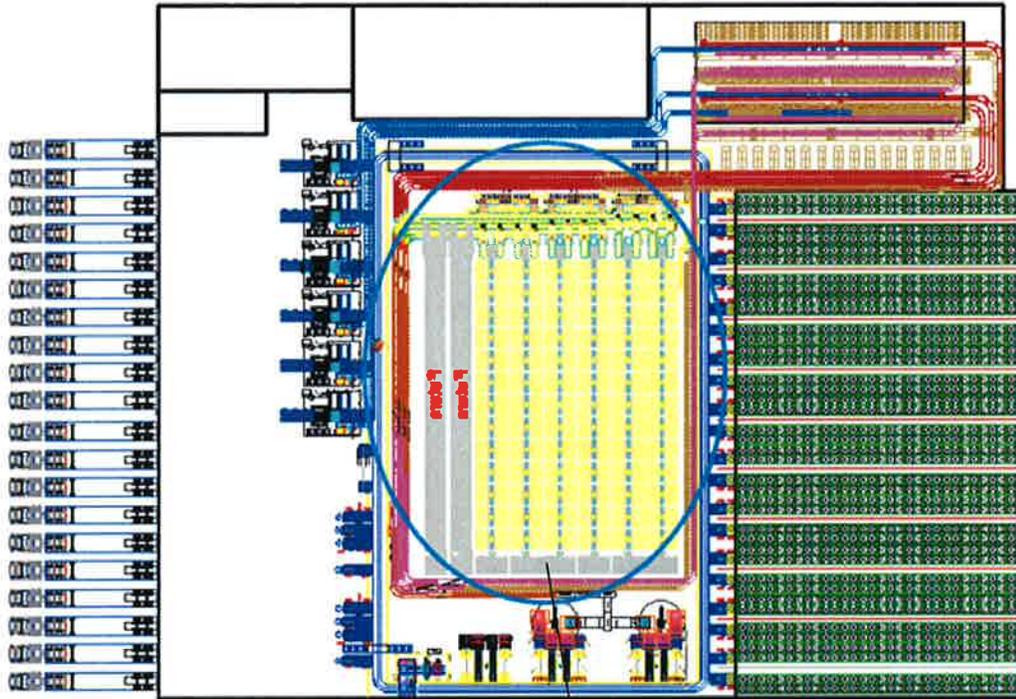


De-Palletizing Operation

3. Case Buffering System (CBS). Only the number of layers needed for the day's orders will be robotically de-palletized. The remainder of the palletized Product will be transferred back into the AS/RS storage racks. These de-palletized cases are singulated and conveyed in "single file" to the CBS or Order Storage and Retrieval (OSR) System [see below diagram]. This System consists of "case storage racks" and shuttles located on every level that are used to automatically place a single case into the rack and to automatically remove a single case from the rack. These cases will be staged in the racking until the time the cases are needed to build pallets for the day's orders. Also, very slow moving Product that is located in the Manual Pick area is placed on conveyor belt and travels via conveyor to join the automation process.

The Case Buffering System storage and throughput capacity meet the NHSLC's twenty (20)-year growth requirement, including, but not limited to, volume fluctuations as set forth in the RFP.

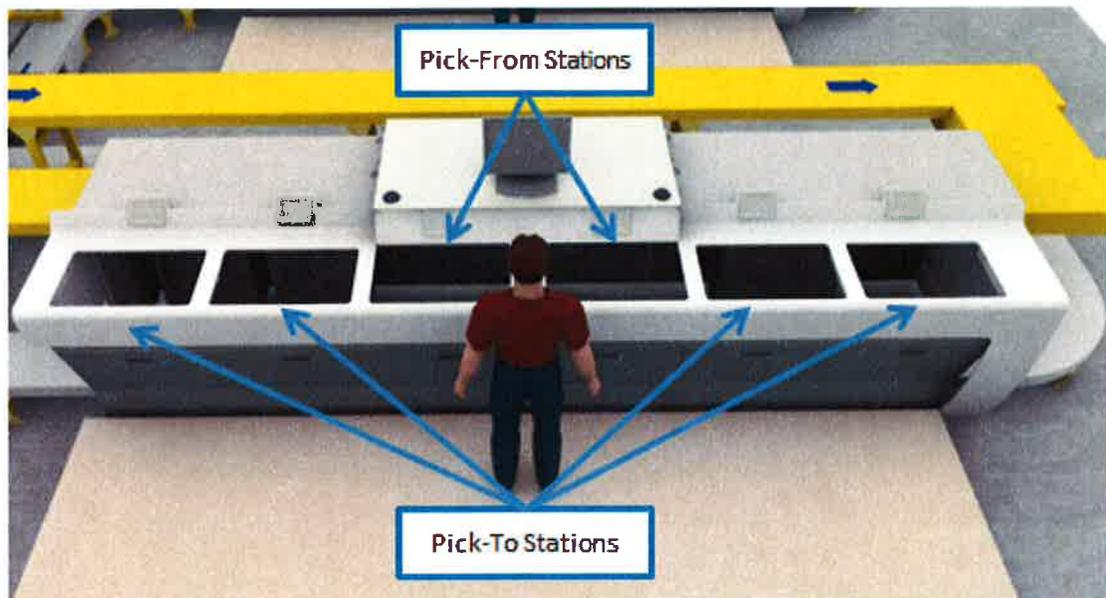
Total No. of Single Case Locations	30,576
No. of Aisles	8
Throughput	3,600 cases/hour



OSR Case Buffering System

4. Bottle Pick Operation Goods-to-Man Station. Under the controls of the WMS and WCS, cases of Product needed for the day's orders are automatically retrieved from the storage and presented to the XTL-NH associate who is working at the Goods-to-Man Station. At this work station, bottle pick orders for Licensees and/or stores are filled. XTL-NH's associate will manually select the correct number of units of a specific SKU presented, and he or she will gently place and pack these units into boxes and/or re-useable totes.

The cases of Product will be delivered to the operator at one of the two (2) "Pick-From Stations." The operator will be instructed by the WCS as to how many bottles to remove from the case, and which of the four (4) "Pick-To Stations" to place them in. Once the needed Product is picked, the box will be released and either conveyed to the "Goods-to-Man Station" #2 for additional bottles to be picked and added to the order, or conveyed back into the Case Buffering System.



Bottle Pick "Goods-to-Man" Station

The Goods-to-Man Stations have the bottle pick throughput capacity to meet the NHSLC’s twenty (20)-year growth requirement, including, but not limited to, volume fluctuations as set forth in the RFP.

Goods-to-Man Stations: 3
 Throughput Capacity: 900 – 1,200 bottles/hour

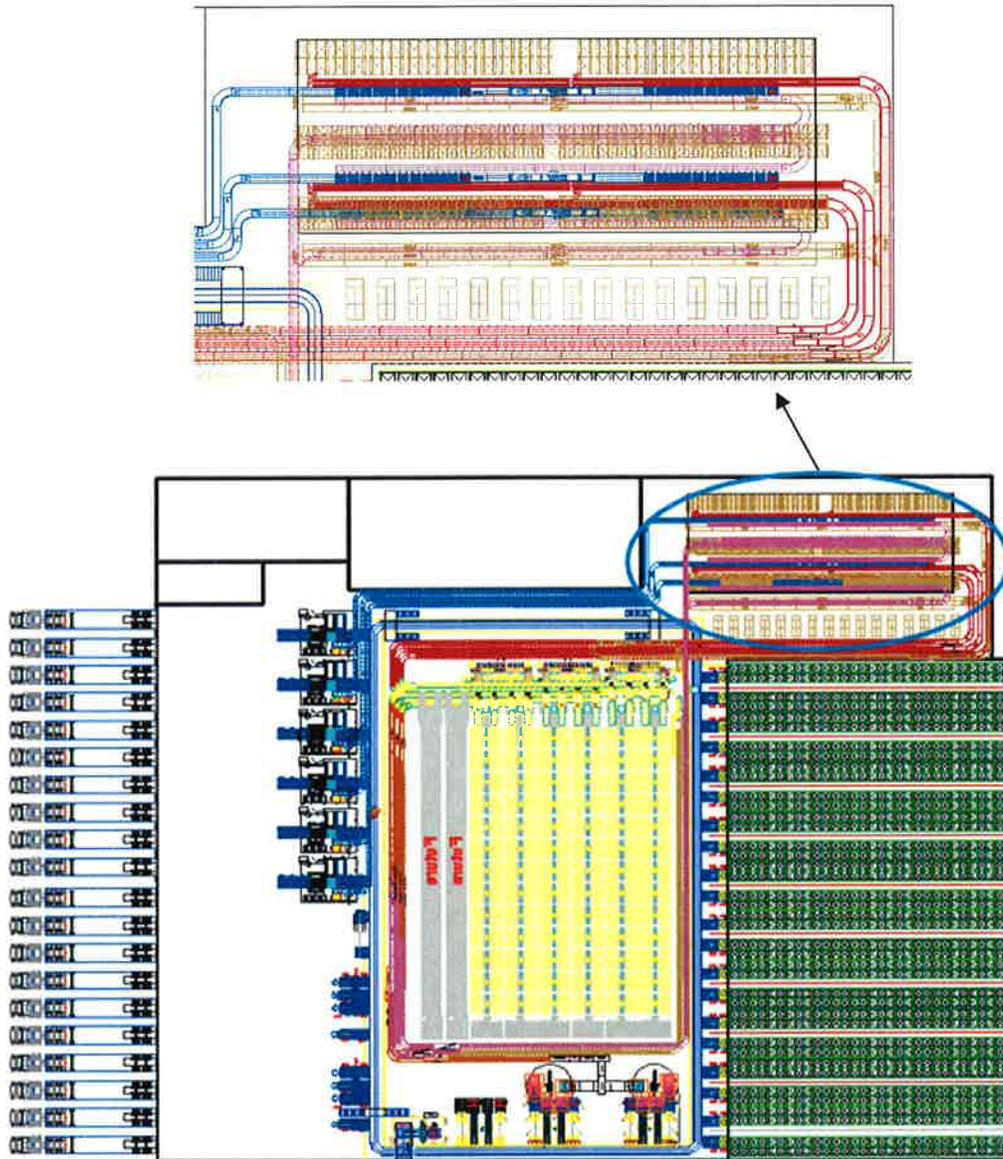
5. Manual Picking Module. As stated previously, the Manual Pick Module is for very slow moving items, odd-shaped items, and non-conveyable items. An XTL-NH picker will use a wrist-mounted Radio Frequency (RF) unit (with a finger scanner) to pick cases as directed. If the case is one of those that cannot be handled with the automated equipment, a store specific label will be attached prior to the operator placing it on the conveyor. It will then be released for the manual palletizing area to be merged onto the appropriate pallet. These cases will be added to the top of the pallet and secured with stretch-wrap. If the case(s) being picked can and will be handled by the automated equipment, the store specific labels will be attached to the case at a later time, prior to palletizing.

The Manual Picking Module storage and throughput capacity meet the NHSLC’s twenty (20)-year growth requirement, including, but not limited to, volume fluctuations as set forth in the RFP.

<u>Storage</u>	<u>Pallets</u>	<u>Cases</u>	<u>SKU’s</u>
Manual Pick – Pallets	175	7,128	100
Manual Pick – Case Flow	N/A	6,720	1,500

Throughput:

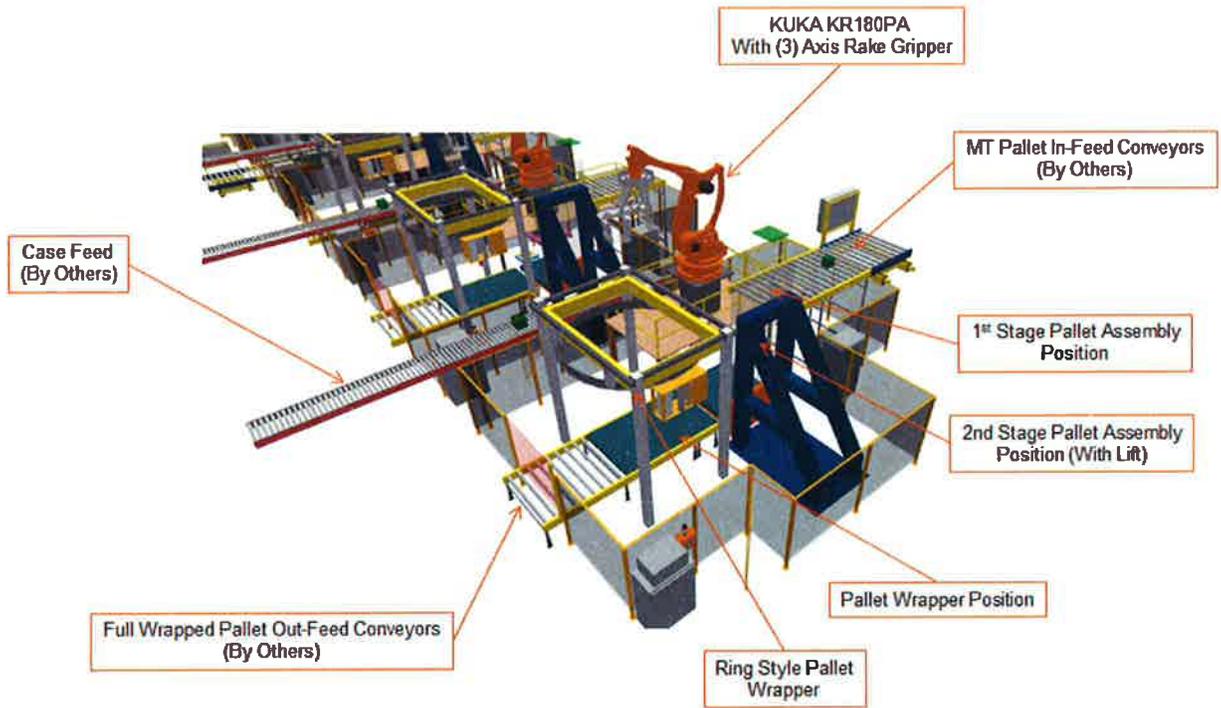
Manual picking = three hundred sixty five plus (365+) cases per hour



Manual Pick Module

6. Robotic Palletizers. When orders are released by the WMS, they are simultaneously released from the Case Buffering System (CBS) and the manual pick operation. Cases required for each specific order are released in the order required and delivered to one of the six (6) Robotic Palletizing Stations (RPS) [see below diagram]. These cases will be diverted to the appropriate RPS for a store's order to be built.

In preparation for building pallets of orders, empty pallets stacks are broken down by Empty Pallet Dispensers, and single pallets are delivered to the shuttle transfer vehicles which, in turn, deliver them to one (1) of the six (6) RPSs.



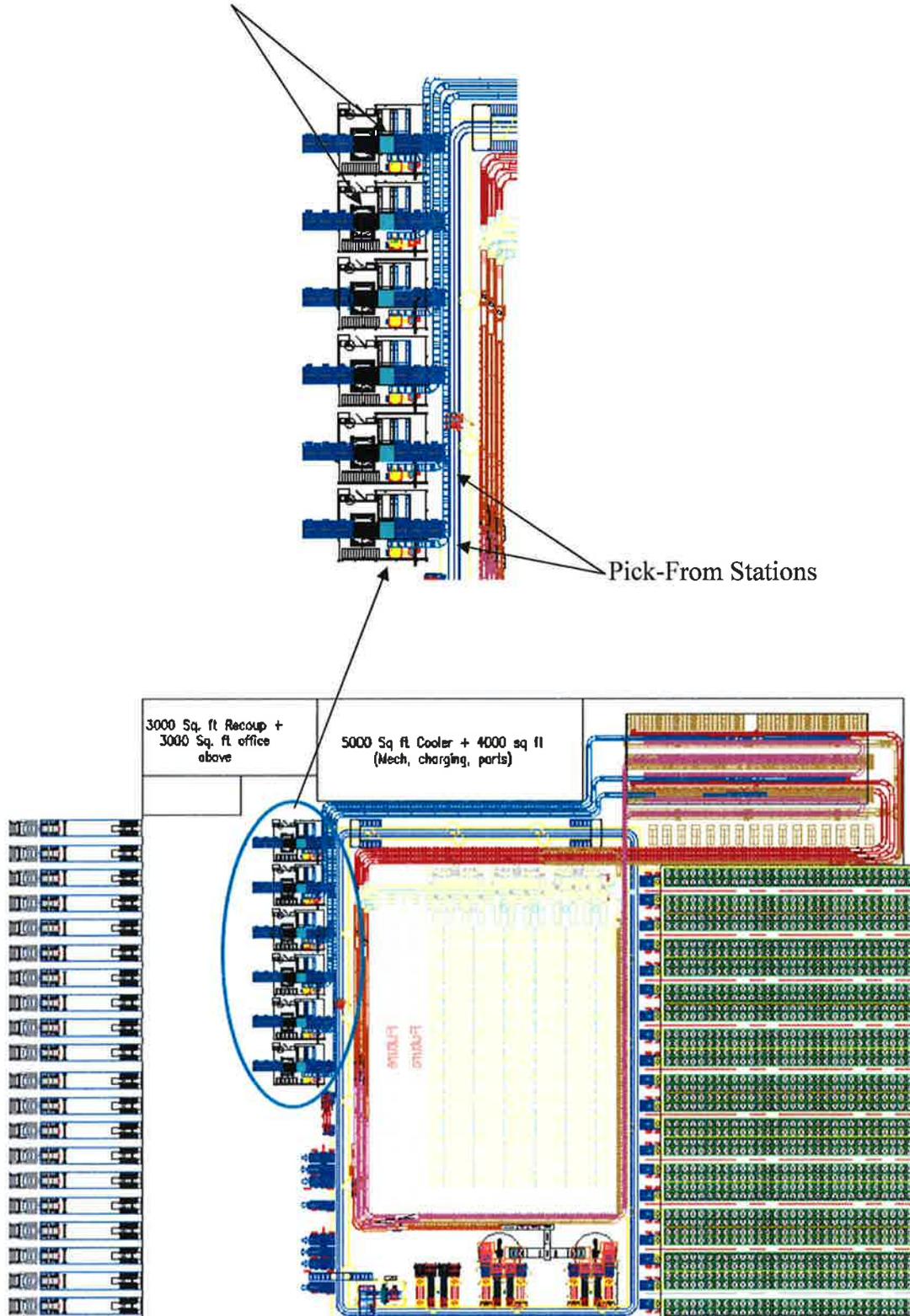
Palletizing End of Arm Tool (EOAT)

The six (6) robotic palletizers meet the NHSLC’s twenty (20)-year growth requirement, including, but not limited to, volume fluctuations as set forth in the RFP.

- Five hundred plus (500+) cases per hour per robotic palletizer = Total three thousand (3,000) cases per hour

Palletizing Operation

Pick-To Stations

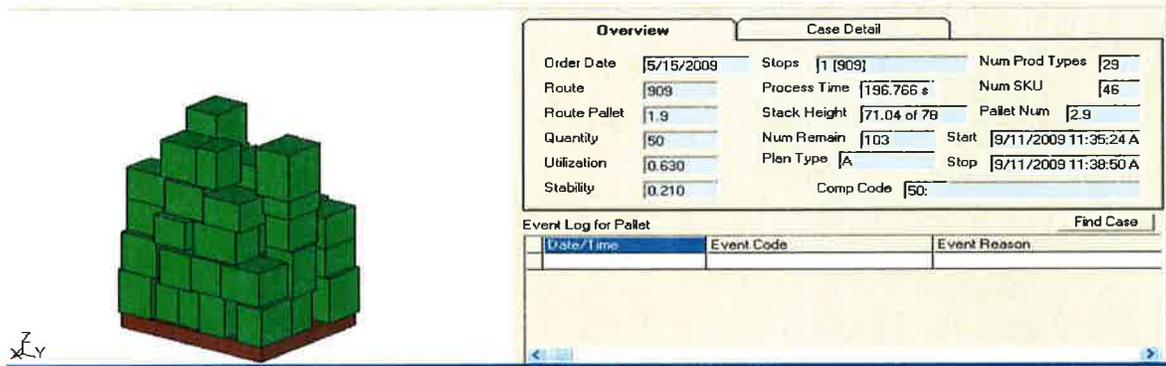


The above picking and palletizing processes will be used for store and Licensee order fulfillment.

The software for the RPS is for Mixed-Case Palletizing (MCP). Based on the Product profile and the cases presented to the RPS, the software will select the “best fit” case from the case buffer line.

Specifically, the MCP software receives the SKU data for each case in the order and builds the pallet ahead of time. This data is then sent to the Case Buffering and Conveyor Sortation Systems and the cases are delivered to the Robotic Palletizing Stations in this order to best build the customer pallet. The End of Arm Tool (EOAT) on each of the palletizing robots is designed to pick up the case from underneath to ensure quality control of the Product being handled. The robot then closes the servo-controlled EOAT, gently clamping the case. The robot moves up and over the calculated palletize position. The robot moves down and places the case to the “best-fit” position for the case. A pusher-blade on the EOAT stops the case while the fingers are retraced from under the case. The robot acknowledges that the case has been placed. The palletizing software updates its internal data record for the built pallet. The robot returns to the buffer conveyor and the palletizing software selects the next “best-fit” case to be palletized and repeats the above process until the order is completed and the end of order signal is received from the Warehouse Control System.

Below is a sample of what a typical build order load might look like.



At the Empty Pallet Drop-Off Position, the empty pallets are queued and waiting to be built with Product. Cases delivered via case conveyor are presented to the RPS at the Robot Pick-From Positions [see below diagram]. Cases picked from the Pick-From Positions are robotically placed onto the pallet at the Pick-To Position. This process is repeated until the pallet or order is complete. As the pallet is being built, it is lowered a layer at a time and dynamically wrapped to ensure that the Product is secure and stable. After being stretch-wrapped, a shipping label will be placed on the pallet for identification and the completed pallets will be ready for loading.

Outbound Loading Procedures.

As previously discussed, the timing and coordination for meeting the loading schedule will be determined and agreed to in conjunction with the NHSLC’s needs and the transportation contractor’s needs, so as to be the most efficient process for the NHSLC.

All finished goods pallets will be staged until all pallets of a single order are complete and there are sufficient pallets to begin loading a trailer. The finished goods pallets will be loaded directly into the transportation contractor’s trailer. Once delivered to this station, a forklift operator will retrieve them and load them one (1) pallet at a time

onto the appropriate trailer. While performing the loading function, XTL-NH's forklift operator will "ship verify" the pallet via Radio Frequency (RF) scanning so that the palletized Product is identified on the bill of lading. The loading order will be organized in a manner so that the first pallets on will be destined as the last store delivered. Conversely, the last pallets on will be destined for the first stored delivered by the truck driver.

Prior to loading the outbound trailers, XTL-NH's personnel will verify and ensure that the equipment provided by the transportation contractor is the appropriate equipment needed for the delivery. Any discrepancies will immediately be brought the attention of the transportation contractor and the NHSLC, so that the situation can be fully and quickly rectified. If needed, plans will be put in place so as not to impede the loading of the pallets onto other equipment. This will allow the loading process to continue and the discrepancy to be isolated.

Prior to loading, XTL-NH will enter each trailer to ensure that it is clean and properly prepared for loading. Loading will occur no later than one (1) hour prior to dispatch. Every trailer will be loaded so that it is "road ready." The stretch-wrapped pallets will be secured with load straps or other securing device supplied by the transportation contractor to minimize the shifting of the pallets during transit. Each trailer will be loaded in the proper sequence for delivery and offloading, with loading accommodations made for side door deliveries, if necessary. During loading, XTL-NH's forklift operator will verify that each pallet is being loaded onto the correct trailer and in the correct sequence. This will be accomplished by scanning each pallet and the loading dock barcode to confirm accuracy. XTL-NH's management staff will be present at the

time of loading to confirm the processes and accuracy, and to immediately address any issues or errors that arise. Any errors will be immediately and fully addressed. XTL-NH anticipates 100% loading accuracy.

Each pallet will have a detailed list of items on that pallet, as required. XTL-NH will check to ensure that each trailer is equipped with skate rollers and a pallet jack (provided by the transportation contractor), if necessary, to meet the NHSLC's delivery and offloading requirements. Each trailer will be sealed and the seal number(s) will be recorded on the delivery manifest.

To ensure a smooth, coordinated, and timely loading operation, XTL-NH will work fully, completely, and with complete visibility with the NHSLC's selected transportation provider. Prior to the onset of the Warehouse services, XTL-NH's senior management and liaison to the NHSLC will coordinate as many meetings as necessary so that all parties are knowledgeable about and agreeable to the joint work plan and timeliness of the services. After the operations begin, XTL-NH will plan to have a daily meeting with the NHSLC and their selected transportation provider to ensure that the operation is working smoothly and to address any issues that occur. Also, all personnel will be equipped with the necessary contact information of all pertinent personnel, so that critical issues can be appropriately and efficiently addressed at the time of occurrence. As time progresses and all parties become more familiar with each other, the need for daily meeting may dwindle, but this would only occur when appropriate and when agreed to by all parties.

Warehouse Management System (WMS). Through the WMS and WCS, XTL-NH will fully comply with all of the Information Technology Specifications and Procedures listed in APPENDIX K of the RFP. Specifically, and with XTL, Inc.'s years of expertise, XTL-NH will be able to fully provide:

- All of the high-level Product flow information to the NHSLC and Suppliers for bailment and non-bailment Products;
- The accurate and timely processing of on-line (internet) ordering;
- The processing of batched orders and allocation of stock for order fulfillment;
- The processing of shipping orders, including packing slips;
- Full inventory management for New Hampshire-destined and non-New Hampshire Product, including breakage reporting;
- Batch data exchange between Comprehensive Order Entry (CORE) and Cirrus Tech;
- Complete warehouse system functions and requirements, such as quantities expressed in units, bailment stock, physical inventory reporting, cycle count reporting, data processing, shipping labels, single bottle pick functionality, and book inventory report; and
- General reporting of information to the NHSLC, Suppliers, and Licensees.

Please note that the above list is not comprehensive. Cirrus Tech's software is very flexible and can allow XTL-NH to provide the NHSLC with any and all forms and types of data it chooses, as the NHSLC's future needs dictate.

XTL-NH will perform an annual review and analysis of our WMS and computer systems, including the electronic data interchange with the NHSLC. All versions of

software (including office software, such as Microsoft Office) will be the most recent versions available. Any issues that arise in XTL-NH's software or hardware will be addressed during the entire term of the contract at no cost to NHSLC.

The appropriate amount of high quality hardware (e.g., computer work stations and Radio Frequency (RF) scanning equipment) needed for the Warehouse and delivery operations will be provided in accordance with the requirements of the RFP and staffing needs. Over the term of the contract, it is anticipated that hardware upgrades and/or the addition of new hardware to accommodate the addition of personnel will be appropriately addressed at that the time the needs arise.

XTL-NH will work with the NHSLC to address any additional interfaces beyond those currently used/needed by the NHSLC, which XTL-NH will provide at no additional cost to the NHSLC.

Warehouse Control System (WCS). The WCS coordinates the activities of the various material handling subsystems that make up the automated Warehouse. The WCS directs the "real-time" data management and interface responsibilities of the automated equipment. It also provides a user interface for monitoring, control, and diagnostics. Thus, the WCS provides the critical link between the non-real time-based WMS and the real-time equipment, such as automated storage/retrieval machines, conveyors, automatic-guided vehicles, and other forms of storage or transport equipment. At each decision point, the WCS will determine the most efficient routing of the Product and transmit directives to the various equipment controllers to achieve the desired results. The primary functions of the WCS are as follows:

- Interface to the upper level WMS to exchange information required to manage the daily operations of the distribution center;
- Interface to the lower level material handling subsystem controllers to provide real-time directives to accomplish the Product routing and order fulfillment requirements;
- Allocate work to the various automated devices to balance system activity in order to complete the requested workload;
- Dynamically assign Product to divert locations based on defined sortation algorithms and/or routing/order information received from the host;
- Dynamically assign storage locations based on defined storage algorithms and zoning requirements;
- Generate and send acknowledgements and result data to the host (WMS) system;
- Provide operational screens (graphical user interface) and functions to facilitate efficient monitoring, control, and management of the facility; and
- Collect statistical data on the operational performance of the material handling subsystems to maintain the equipment in peak performance.

Standard Windows Architecture. For this project, a Windows-based server that will run Microsoft Windows Server 2008™ with terminal services is proposed for the WCS. This operating system feature allows thin-client terminals (Windows-based terminals) to be used for additional operator workstations. These terminals will provide the same look-and-feel as the console monitor. In effect, the terminals act as disk-less PCs, providing

the same capability as dedicated PC clients with higher reliability and reduced administration requirements.

Fault Tolerant Servers with Automatic Failover. Because of the critical nature of the WCS within the automated Warehouse, this Proposal includes a fault-tolerant Stratus computer server. The Stratus server actually consists of two (2) servers that are physically joined together. These two (2) servers run in “lock-step,” meaning that if there is a failure of any component (i.e. disk, memory, controller, etc.) within either server, or if the server itself fails, operations will continue without interruption on the second server. Stratus also provides continuous monitoring of the server hardware, and will automatically be notified in the event of such a failure, in which case Stratus will ship out a replacement part. This is frequently done in advance of the failure, based on their proactive monitoring of the health of each component.

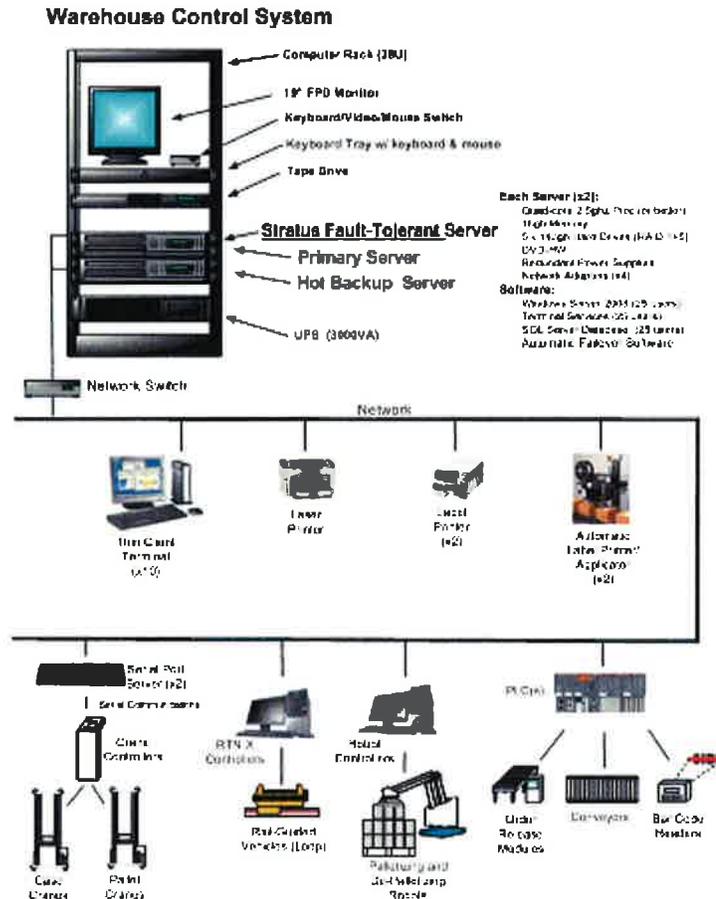
Real-Time Interfaces to the WMS. The WCS provides real-time interfaces to the WMS. Since both the WMS and WCS use SQL Server databases, the method for communicating between the two (2) systems will be via shared database tables. This protocol provides a simple, elegant solution for sharing data between the two (2) systems. Each system will have shared tables that they read and write to in order to transfer information.

Real-Time Interfaces to Automated Material Handling Equipment. The WCS provides real-time interfaces to each of the various automated material handling sub-systems. For this project, WCS will interface to each of the following:

- Stacker Crane controllers: both pallet load and case load storage/retrieval machines;

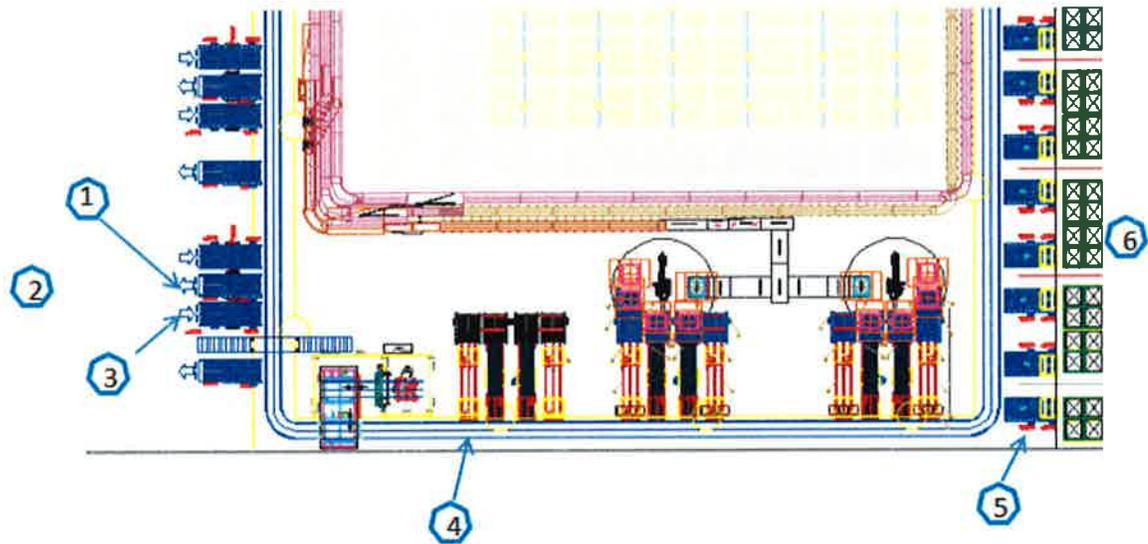
- Robot controllers: for automated de-palletizing and palletizing operations;
- Rail-Guided Vehicle controllers: to control both loop-type and linear transport systems; and
- Computer Work Stations: to control the Case Buffering System and a wide range of conveyor sub-systems and automatic bar code readers.

The following diagram illustrates the WCS's configuration and how it interacts with the automated equipment and other components of the automated Warehouse.



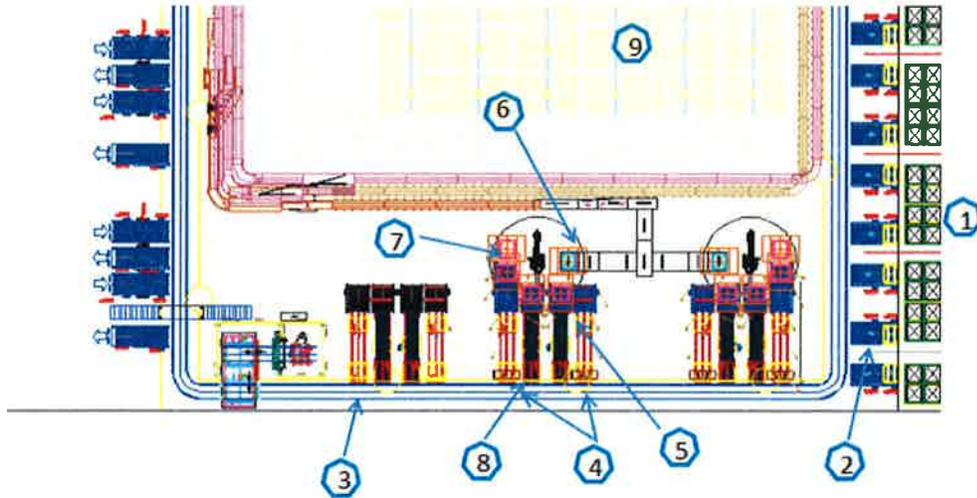
Graphical Summary of System Flow

Inbound Receiving Process



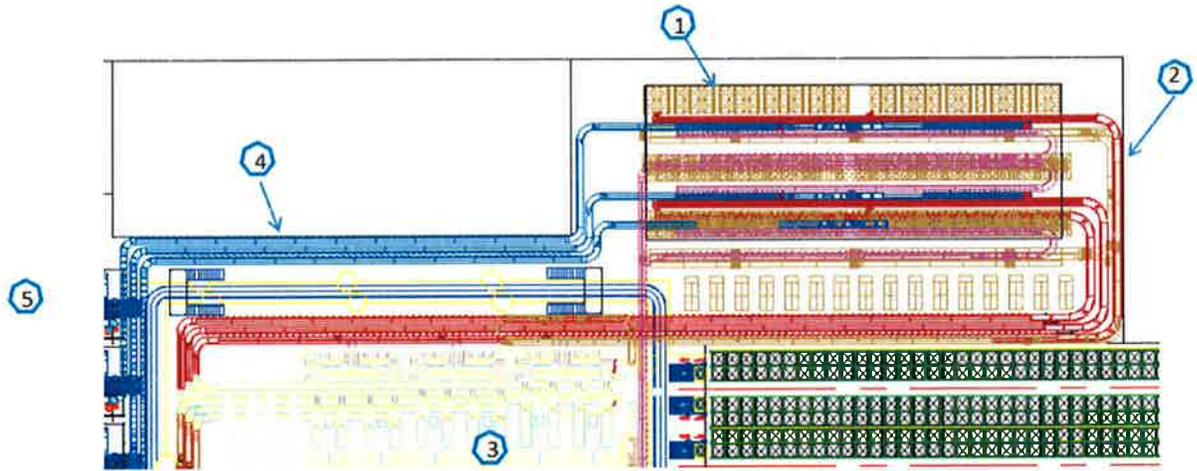
- ① Empty captive / System pallets are delivered to the receiving dock area.
- ② Received product is verified and loaded onto captive / system pallets.
- ③ Pallets w/ product on placed onto conveyor for automated material handling system. Pallets index forward and pass through a profiling station where height, length and width are determined / verified.
- ④ Pallets are picked up by Shuttle vehicles and transported to AS/RS.
- ⑤ Pallets are dropped-off at AS/RS input stations and index forward to stacker crane pick-up point.
- ⑥ Pallets are stored in pallet storage AS/RS.

Replenishment Process



- ① WMS determines product that is needed for order fulfillment. Stacker cranes retrieve product from pallet storage.
- ② Stacker crane deposits pallet on AS/RS output conveyor and it indexes forward to shuttle vehicle I/F.
- ③ Shuttle vehicle retrieves product and transport it (1) of (2) de-palletizing cells.
- ④ Pallets are deposited onto de-palletizing cells input conveyor.
- ⑤ Pallets index forward to the de-palletizing cell "Pick from position" where the WMS instructs the robots as to how many layers of product to remove and places the product on the singulator. ⑥
- ⑦ If pallet is picked to "0", empty pallet is placed on "MT Pallet" stack by the robot.
- ⑧ If the pallet has residual product, it indexes back to Shuttle vehicle pick up position and is transported back to the AS/RS.
- ⑨ Individual cases are then loaded onto plastic trays and conveyed to "Case Buffering System".

Order Fulfillment for Manually Picked Product



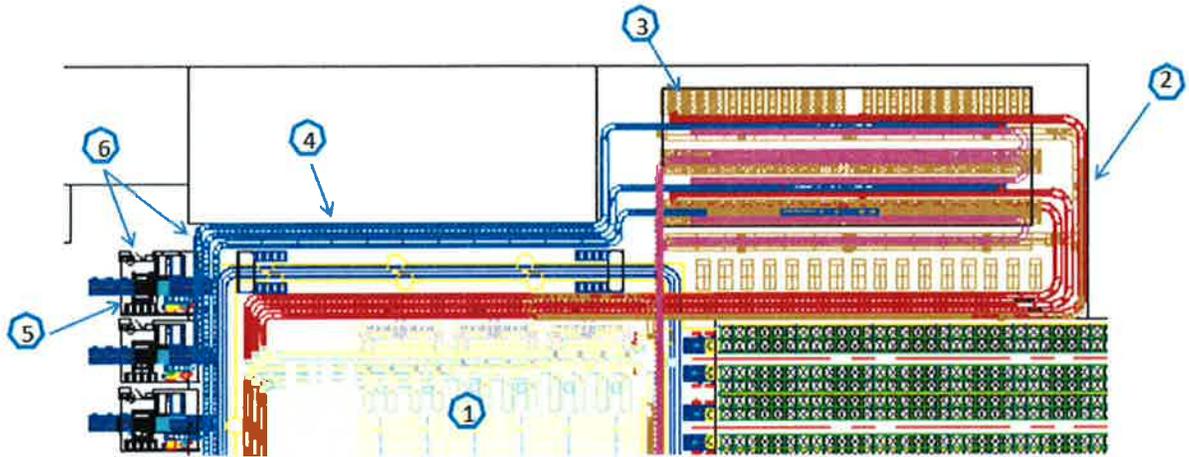
Product going to "Case Buffering System":

- ① WMS instructs operator what product is needed. Operator places product in a plastic tray and places it on case conveyor.
- ② Product is transported via conveyor to the "Case Buffering System". ③

Product being delivered directly to shipping:

- ① WMS instructs operator what product is needed. Operator places product in a plastic tray and attaches the store specific label on the case.
- ② Product is transported via case conveyor directly to dock area.
- ④ Pallets index forward to the de-palletizing cell "Pick from position" where the WMS instructs the robots as to how many layers of product to remove and places the product on the singulator.
- ⑤ Cases are staged and added to the top of the completed pallets just prior to being loaded onto the trucks.

Order Fulfillment via Case Buffering System and Robotic Palletizing



WMS communicates order information to robotic palletizing software. Including case height, width and length. Software then pre-builds pallet and informs WMS of the order in which the cases need to be delivered to palletizing cells.

- ① WMS informs OSR software of case order. OSR begins order fulfillment in groups of "10 cases" for each order being filled. Product is transported via conveyor. ②
- ③ Cases in random groups of 10 are delivered to sequencing / sortation conveyor located on a mezzanine over the manual pick module.
- ④ When the 10 cases have been sequenced in the required order, they are conveyed to the palletizing cell where the order is being filled.
- ⑤ Robot builds pallets. As the pallet is being build, it is slowly lowered and stretch wrapped.
- ⑥ Once the pallet is complete and fully wrapped it is then either returned to the AS/RS for staging or delivered directly to the shipping dock for truck loading.

Distribution Center Details

1) Proposed Property Details.

Location: Mast Road, Merrimack, New Hampshire

Subdivided from Parcel ID: 00002D 000021 00000 in the tax records of the Town of Merrimack.

Size of site: 19.3 +/- acres of land (Lots 6 and 7) subdivided from 35.72 acres parcel.

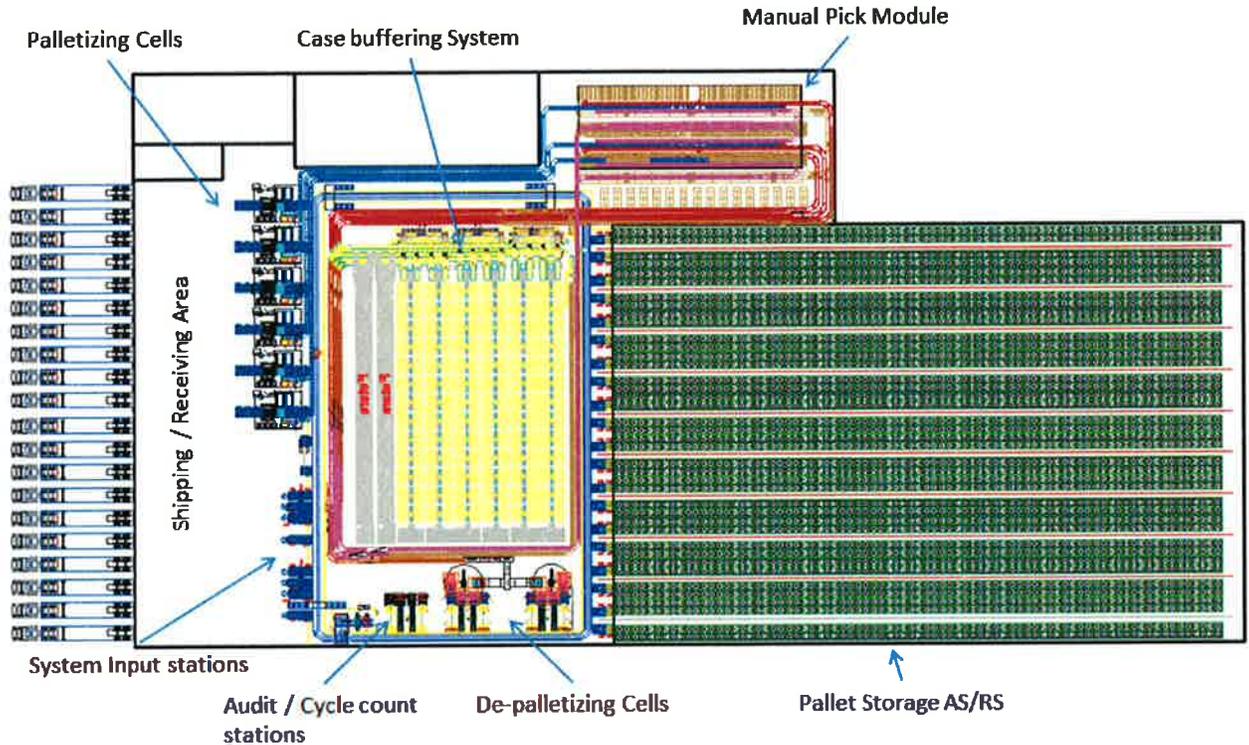
Size of future building: 182,250 square feet with the storage capacity for 25,280 pallets of Product.

2) Property Photos.



3) Equipment Call-Out.

High Level Equipment Description



Below is a summary of the maximum storage capacity of the facility:

<u>Operations</u>	<u>Pallets</u>	<u>Cases</u>
AS/RS Reserve Storage	25,280	1,000,000+
Case Buffering System	N/A	30,576
Manual Pick – Pallets	175	7,128
Manual Pick – Case Flow	N/A	6,720

The size and layout of the site and facility meet the NHSLC’s twenty (20)-year growth requirements, and support the facility operations, yard space, and parking for contractor employees, NHSLC employees, facility visitors, customers, and transportation equipment.

XTL-NH's design includes ten (10) aisles of AS/RS High Bay storage. Each aisle contains double-deep storage locations. The High Bay area will have seventy-nine (79) bays and eight (8) levels.

The number of AS/RS storage locations by load size is as follows:

- 3,120 locations at 72" high
- 12,640 locations at 62" high
- 6,330 locations at 46" high
- 3,160 locations at 30" high

Each storage location in the AS/RS will have a unique location number, which will further ensure the proper segregation and security of inventory. XTL-NH's WMS will be configured to ensure that items do not mix within locations. The WMS's capability of tracking the movement of merchandise within the facility further ensures the proper rotation of inventory.

4) Building Details. XTL-NH proposes new construction of a distribution center (DC) that will consist of an AS/RS High Bay storage portion and a Low Bay, or "traditional height," Warehouse portion. The AS/RS portion is approximately fifty-five (55') feet high. This section of the facility is for the storage of Product.

The Low Bay space is made up of the remainder of the entire facility operations, including all automation and robotic equipment, daily operational functions, and office space. The Low Bay space will have a mezzanine that will be used for case handling conveyor and sortation equipment. The height of the Low Bay space is thirty-five (35') feet clear. The facility will be served by rail with enclosed dock space.

Below is a summary of the square footage of the new facility:

Total Building:	182,250 SF
Equipment Parking and Yard Space	10 +/- acres
High Bay AS/RS Racks:	87,950 SF
Material Handling System:	52,950 SF
Receiving/Loading Dock:	28,300 SF
Special Temperature Controlled Space	5,000 SF
Recoup Area	3,000 SF
Mechanical/Electrical/Pump Room	4,000 SF
Office Space	3,000 SF
Employee and Guest Parking	1 +/- acres

The facility is designed with twenty (20) dock doors that will be used for the receiving from inbound transportation providers and/or the loading of the NHSLC's contractor transportation provider who is performing delivery to the retail stores. The facility is also designed with two (2) additional loading/unloading docks that are at ground level and suitable for light-truck/light-van/automobile traffic.

XTL-NH's facility, Material Handling System (MHS), and work processes are flexible to allow the number of dock doors used at any one time for receiving or shipping to flex depending on operational needs. The receiving and loading dock doors will have manual dock levelers (to accommodate ease of entry and exit from trailers/containers), weather safety seals (that will form a tight seal to ensure the protection of the personnel and the Product while entering and exiting the trailer/container), and dock bumpers (to ensure the protection of the facility and the trailer/container when it is "bumped" against the dock).

To accommodate trucking needs during periods of heavy activity, the yard will be paved with sufficient space for at least twelve (12) trailers awaiting loading or dispatching, without interference to the Warehouse or trucking operations. Access to the

facility for all cars, loading/unloading bays, dock doors, and walkways for personnel will be paved.

XTL-NH will provide five thousand (5,000) square feet of temperature-controlled storage space that will be able to cool the room environment to 55 degrees Fahrenheit. This space will be flexible in its use through the life of the contract to accommodate the NHSLC's demands of the business.

XTL-NH will provide three thousand (3,000) square feet of space for the recouping/reclamation of damaged Product. In this space, XTL-NH will also perform any and all accessorial services listed in the RFP, including, but not limited to, labeling, re-label, and blanket storage.

XTL-NH will provide three thousand (3,000) square feet of office space at the facility for its employees. This space will be appropriately equipped with offices, a conference room, cubicles, desks, and all necessary office supplies to run the day-to-day office functions. This space will be readily shared with the NHSLC and Suppliers, when needed. XTL-NH will provide all housekeeping services to ensure a clean, trash-free office environment. XTL-NH will ensure that this space complies with ADA, OSHA, and other applicable regulatory agency directives.

The size and layout of the site and facility meet the NHSLC's twenty (20)-year growth requirements and supports the facility operations, yard space, and parking for contractor employees, NHSLC employees, facility visitors, customers and transportation equipment.

- A. Understood in its entirety. Please see SECTION IV A.4 for this document.
- B. Understood in its entirety. Please see SECTION IV A.10 for this document.

C. Understood in its entirety.

- 1) Mr. Daniel Barnd
Director, Bureau of Distribution and Logistics
Pennsylvania Liquor Control Board
Northwest Office Building, Room 302
Harrisburg, PA 17124-0001
(W) 717-783-7605
- 2) Mr. Kelly Cox
Vice President, Supply Chain
W.J. Deutsch & Sons, Ltd.
709 Westchester Avenue
Suite 300
White Plains, NY 10604
(W) 914-251-3237
- 3) Mr. William F. Heinz
Production Procurement Logistics Manager
Charles Jacquin et Cie., Inc.
2633 Trenton Avenue
Philadelphia, PA 19125
(W) 215-425-9300
- 4) Mr. Robert J. Iannuzzo
Senior Manager of Supply Chain and Customer Service
Proximo Spirits
333 Washington Street
Jersey City, NJ 07302
(W) 201-204-1720
- 5) Mr. Jamie Dugan
Traffic Manager
Jim Beam Brands, Co.
526 Happy Hollow Road
Clermont, KY 40110
(W) 502-215-2334

Please see SECTION IV A.5 for the above references.

D. Understood in its entirety. Please see SECTION IV A.11 for this document.

E. Understood in its entirety. Please see SECTION IV A.12 for this document.

III. Personnel Data. Understood in its entirety. XTL-NH is a newly formed New Hampshire corporation in good standing, created for the purpose of providing warehousing services to the NHSLC. To ensure a smooth transition and successful start-up of operations, the most experienced senior management from XTL, Inc. will be dedicated to New Hampshire to work on a day-to-day, hands-on basis. Specifically, Louis Cerone, Ph.D., President of XTL-NH, Karl Hilprecht, Keith Hawkes, Christopher Lozzi, and Kenneth Garrett will work on-site and directly with the project. Each person's roles will overlap due to the complexity of the operation and the need for a complete facility and automation integration. Please see SECTION IV A.2 for a detailed resumes demonstrating each person's relevant expertise and years of experience.

Dr. Cerone will oversee the Warehouse Management System (WMS) product classifications, configuration of the facility, and the hiring and training of staff. Due to his direct years of experience in the warehousing and shipping of wines and spirits, his direct knowledge of a bailment system and broker networks, and his ongoing relationships with Suppliers, Dr. Cerone will also function as the liaison between XTL-NH and the NHSLC, and serve as the key point of contact.

Due to his years of opening and operating distribution centers for United Parcel Service, Mr. Hilprecht will oversee the construction of the facility, the installation of the material handling equipment, and the training of warehouse personnel.

Due to his years of automation and robotics engineering, Mr. Hawkes will oversee the installation, integration, and commissioning of the Material Handling System (MHS) and the Warehouse Control System (WCS).

Mr. Lozzi will oversee the IT data transfer and the functionality of all computer hardware and software systems.

Mr. Garrett will work directly with all lenders and Suppliers in the project to ensure that all finances of the project and the company are up-to-date and in compliance.

XTL, Inc.'s senior personnel will be dedicated to the NHSLC for as long as is needed to ensure a smooth transition and start-up of the daily operations. The years of direct experience and expertise of our senior staff gives XTL-NH the absolute confidence to successfully launch and maintain this operation. Any issues or challenges that arise will be quickly addressed and resolved to the NHSLC's complete satisfaction. Please see SECTION IV A.2 for resumes of the key management staff dedicated to XTL-NH, as well as some resumes of XTL-Inc.'s Pennsylvania-based management whose knowledge in the handling and shipping of wines and spirits will also contribute to the success of XTL-NH.

During this time, XTL-NH will also undergo an intensive selection process to find the most experienced and best qualified local senior management who will work alongside Dr. Cerone, Mr. Hilprecht, and Mr. Hawkes to ensure that they develop full and complete knowledge of the automation and robotic functioning, expertise in Product knowledge, and establish relationships with the NHSLC, Suppliers, and Licensees to the point that all parties are comfortable and confident with the personnel selection. XTL-NH strongly believes in hiring from the local New Hampshire community because this adds value and pride to the community. Once the NHSLC is confident and comfortable that the day-to-day operations are running smoothly, senior management will begin to pass the direct operational responsibilities to the locally hired personnel that are fully

trained for the operations. The same senior management will continue to be very heavily involved in the day-to-day operations after this point, and will plan to be on-site regularly during the peak seasons and at least once per week during non-peak seasons. As mentioned, XTL-NH is committed to developing long-term relationships with companies in New Hampshire. To that end, XTL is obtaining financing from two (2) regional New Hampshire banks, will hire local New Hampshire workers for the construction and installation jobs during the building phase of the project, and will hire local New Hampshire employees for warehouse, administrative, and management positions.

IV. Prior Experience. Understood in its entirety. XTL, Inc. has more than twenty-two (22) years of experience as the contracted distribution center (DC) operator for the Pennsylvania Liquor Control Board's Southeastern, Pennsylvania Regional DC, through its subsidiary, XTL-PA. The service includes all warehousing and retail store delivery functions to approximately one hundred seventy (170) retail stores in the regional five (5) county areas. The merchandise handled by XTL-PA for the PLCB consists of wine and spirits, as well as some accessory items and supplies. This year, XTL-PA anticipates handling 5.8 million cases of wines and spirits for the PLCB. XTL-PA currently reports to Mr. Daniel Barnd, the PLCB's Director of Distribution and Logistics.

The PLCB's DC is a three hundred and ten thousand (310,000) square foot facility located in Philadelphia, Pennsylvania. Currently, there are approximately six hundred thousand (600,000) cases of wines and spirits in storage with approximately two-thirds (2/3) of the Product under bailment. This volume of inventory equates to approximately fifty million dollars' (\$50,000,000) worth of inventory. The facility has

more than four thousand two hundred (4,200) active pick locations, nine thousand (9,000) storage locations, and a maximum storage capacity of nine hundred thousand (900,000) cases. XTL-PA has significant experience with the seasonality of wine and spirits sales, with our highest volume occurring during the last quarter of the year. During the most recent holiday build-up period, XTL-PA's receiving volume spiked at more than forty-two thousand (42,000) cases, and its shipping volume spiked to a new Pennsylvania volume record of forty-nine thousand (49,000) cases shipped in a single day. XTL-PA's warehouse workers and truck drivers are represented by the International Brotherhood of Teamsters Local 929 and Local 107.

In response to the question about specific organizational operating experience, in Pennsylvania, the Warehouse Management System (WMS) is Robocom's Inventory Management System (RIMS). This is a Radio Frequency (RF) directed system, where items are handled and controlled based on a classification assigned to the item. The day-to-day order fulfillment functions are performed utilizing a conveyor system via a "pick-to-label" process, in which a pick ticket (or pick label) is attached to each and every conveyable case of Product before it is placed on the conveyor line. All conveyable cases are conveyed to a single point, where they merge together and are diverted down a shipping spur to be loaded onto a trailer. Non-conveyable items are hand-picked. The layout of the facility is configured based on shipment velocity, so that high velocity items tend to ship from one side of the facility, while slower velocity items ship from the opposite side of the facility. Almost all cases are floor-loaded based on the design specifications of the PLCB.

In this operation, XTL-PA is 100% accountable for all Product while it is under our care, custody, and control. To this end, the facility is fenced, has an on-site, unarmed guard 24/7/365 (as required by the PLCB), has an alarm system, and comprehensive video surveillance of entrances, exits, receiving docks, and loading docks. XTL-PA also has a "high dollar" lock-up caged area for very expensive Product to ensure the integrity of the inventory. XTL-PA performs an annual physical audit for the Comptroller's Office of the PLCB (under the supervision of the Auditor General's Office) as required.

By way of background, on October 23, 2000, XTL-PA began its operations with the PLCB under an Emergency Contract following the default of the Contractor at that time, World Transportation Inc. Subsequently, XTL-PA was awarded a five (5) year contract, which expired March 31, 2006. Through the RFP process, XTL-PA was selected for a second five (5) year contract that was extended for the current two (2) year period. Under the initial contract, XTL-PA initially worked with PLCB's System 36 WMS and an antiquated Rapistan conveyor system for almost three (3) years before the go-live date in August 2003 of the RIMS and the Siemens Material Handling System (MHS). XTL-PA has been using RIMS and the Siemens MHS (pick to label full case pick operation) for approximately eight (8) years.

During the more than twelve (12) consecutive years that XTL-PA has operated the PLCB's DC, XTL-PA has focused its operation on best meeting the PLCB's warehousing and delivery needs. In doing so, we provide the following services: receipt, putaway, re-warehousing, picking to a conveyor system (hand-picking is provided for non-conveyable merchandise), merging with bottle pick orders, floor-loading of trailers (some items are loaded on pallets depending on the retail store's requirements), and

inside delivery of approximately 5.8 million cases of wines and spirits per year in the regional five (5) counties. We pick orders, load trailers, and deliver warehouse transfers to the PLCB's Taylor and Pittsburg DCs. XTL-PA provided cross-docking and replenishment to the PLCB's bottle pick operation prior to the elimination of the bottle pick operation. XTL-PA also provided recouping of damaged merchandise, merchandise destruction, relabeling, resealing, retail store returns, Private Account services, and Special Services, as directed. XTL-PA also provided temperature-controlled transportation services for the PLCB. The work services performed above were under the direction of Anthony Cerone, Louis Cerone, Ph.D., Robert Sestito, Carl Sparano (retired), and James Kealy (retired).

Xpress Warehouse & Distribution (XWD) was the predecessor to XTL-PA. XWD was the contracted operator the PLCB's Southeastern distribution center in Philadelphia, Pennsylvania from 1984 to 1994. During this ten (10) year time period, XWD had received, stored, picked, and shipped approximately 3.4 million cases annually of wine and spirits to the PLCB liquor stores to same five (5) counties. Mr. Kealy, President of Xpress Warehouse & Distribution, was responsible for the management and daily operation of the PLCB warehouse. XWD also operated a private stock, alcohol beverage warehouse inside the PLCB's liquor warehouse. This was a PLCB-licensed bailee for hire operation. At that time, there were over four thousand (4,000) cases of wine and spirits stored at this facility for vendors, such as Spatola Wines, Inc. in Downingtown, Pennsylvania, as well as for distillers, such as Jim Beam Brands, Seagrams, and Bacardi. This operation provided both case and bottle shipment for vendors who dealt in special liquor orders for the State of Pennsylvania, as well as the

handling of mis-shipped items, unlisted products, the storage of merchandise pending receipt in the PLCB system, and military orders for those facilities within the state.

XWD also managed a general third-party logistics (3PL) warehousing operation, in which it stored rolls of paper and Carnation Instant Milk. XTL-PA leased this warehousing space from the PLCB and stored these products at the PLCB's 8201 Enterprise Avenue facility. This operation consisted of the receiving of merchandise from boxcars and common carriers, the storing and rotating of stock, and the loading of products onto over-the-road carriers for delivery.

V. Qualifications. Understood in its entirety.

A. Understood in its entirety. Please see the front cover of this Proposal for the \$50,000 Proposal guaranty.

B. Understood in its entirety. Please see SECTION IV A.13 for statements regarding XTL-NH's compliance with all Federal and State laws regarding Fair Employment Practice, the Patriot Act, and Nondiscrimination.

VI. Subcontractors. Understood in its entirety. XTL-NH will not use any subcontractors to perform the day-to-day warehousing requirements under this contract. XTL-NH will have suppliers that will be involved during the construction portion of the project or during the term of the contract. XTL-NH will accept complete responsibility for supplier services. Some will be discussed in turn.

- a) Cirrus Tech, Inc.
P.O. Box 5647
Cary, NC 27512
Contact: Mr. Bob Harris

Cirrus Tech, inc is your **Automated Warehouse** solution and service provider.

Cirrus has helped **many other customers**, like yourselves, that know a change is needed, but require expertise and guidance in choosing the right solution.

Our experience helping customers across the nation has led us to gain experience in a diverse range of industries that require warehousing and distribution services. In other words, we have done industrial automation before. Our well-staffed team of professionals and problem solvers will work with you to customize a winning solution guaranteed to optimize all aspects of your warehouse and distribution process. Whether you require a **Warehouse Management System (WMS)** or a **Warehouse Control System (WCS)**.



Warehouse system management, no matter the industry. That's Cirrus Tech, inc.

Our solutions have been implemented in hundreds of distribution centers all across the nation.

Our range of customers has allowed us to customize solutions in many industries:

- Health Care
- Retail
- Manufacturing
- Food Service
- Consumer Goods
- High Tech

XTL-NH has selected Cirrus Tech as its Warehouse Management System (WMS) and Warehouse Control System (WCS) provider. Cirrus Tech is a global provider of supply chain management software that streamlines the flow of inventory and information from supplier to retail store shelf. Cirrus Tech has a comprehensive suite of supply chain execution solutions that features robust standard functionality evolved from best practices.

- b) Nedcon USA
 10051A Simonson Rd. #6
 Harrison, OH 45030
 Contact: Mr. Dan Middendorf

XTL-NH has selected Nedcon USA, Inc. as its Automatic Storage and Retrieval System (AS/RS) racking steel supplier. Nedcon provides structural steel design support, fabrication, detailing, and erection services to industrial, institutional, and commercial customers in the United States and Canada. Nedcon projects include new AS/RS steel,

building renovations, and reinforcing of existing structures for automotive plants, industrial plants, stadiums, power plants, airports, hangars, hospitals, medical facilities, government facilities, commercial buildings, casinos, paint processing systems, rack structures, and bridges.

- c) KUKA Systems NAO
6600 Center Dr.
Sterling Heights, MI 48312
Contact: Mr. Aaron Corcoran



WORKING IDEAS - IDEAS THAT GET THE JOB DONE

KUKA Robotics is the North American subsidiary of KUKA Roboter GmbH, one of the world's largest robot manufacturers. Since building its first industrial robot in 1977, KUKA has earned an international reputation for robotic excellence. Virtually all of the 80,000 robots installed in the field use our PC-based controller, making KUKA the number one PC-controlled robot manufacturer in the world. KUKA offers a complete range of advanced design robots, covering all common payload categories, from 3 kg to 1,000 kg. Within this range you can always get the exact robot you need for your particular solution. Our PC-based controllers are easily expandable and offer cutting-edge technologies such as remote diagnostics, Windows interface, icon editor, fieldbuses, SoftPLC, OPC server.

XTL-NH has selected KUKA Systems NAO as its robotic palletizers and de-palletizers supplier. KUKA is the robotics industry leader with over one hundred thousand (100,000) robots installed in the Americas and two hundred and twenty thousand (220,000) robots installed worldwide.

- d) WorldSource Conveyor
1201 North Raddant Road
Batavia, IL 60510
Contact: Mr. John Folk

We know what's important to you and your business. It's about getting the job done right the first time, when you need it.

At Worldsource, we have systems engineering down to a science. What's more, we've mastered the art of delivering productive material handling integration solutions, on time and on budget.

Contact Worldsource today and discover firsthand just how solid engineering experience combined with the art of integration can be put to work for you!

For us, it is not about being the "market leader", saying that we have the "perfect process", or even (our favorite) claiming that we're "solutions driven." We want you to get the right system for your needs, without all the hype.



XTL-NH has selected World-Source Conveyor as its supplier for carton handling conveyors.

- e) Industrial Kinetics Inc.
2535 Curtiss St.
Downers Grove, IL 60515
Contact: Mr. Bjorn Kulseng-Hansen

We're Industrial Kinetics, and for 40 years we've been applying our resources and experience to the creation of innovative material handling concepts that make a quantifiable difference to the bottom lines of our ever-growing list of national and international clients. These are companies that have come to depend on our talented staff of engineers and material handling consultants to quickly solve their everyday problems, and to prepare them for the future with imaginative and efficient designs and equipment that will keep them ahead of their competition for years to come.

We know how to make the science of "kinetics" work for you. Our designing and manufacturing of productivity tools in the form of material handling equipment range from the integration of new technologies into existing systems, to the complete design/build requirements of massive, new automated turnkey operations. From the simplest Sortation equipment to the complexities of highly technical robotic parts manipulation, we are your single-source answer to even the most difficult questions of material handling. We offer superior quality equipment and state-of-the-art controls on our standard as well as our custom engineered systems.

Just as important is our dedication to the need for intelligent and innovative support services vital to efficient material handling. We follow through with project management, equipment selection, design and manufacture of custom equipment, right down the line to the complete on-site training of operators. And, we'll be there during your new systems first operational run to assist with any unexpected problems. In short, whatever your receiving, in-process, storage, order selection or shipping requirements are, Industrial Kinetics can handle them from start to finish... and beyond.



XTL-NH has selected Industrial Kinetics Inc. (IKI) as its pallet conveyor supplier. IKI is one of the industry leaders in industrial pallet conveyor and controls.

- f) Knapp Logistics Automation
2124 Barrett Park Dr. Suite 100
Kennesaw, GA 30144
Contact: Mr. Chris James

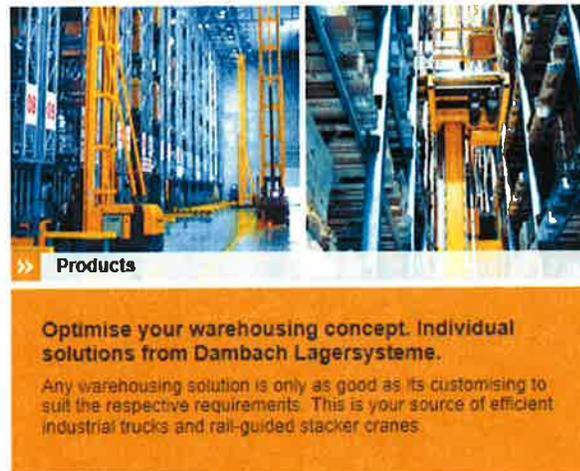


About us

KNAPP Logistics Automation, Inc. is a member of the KNAPP AG family of companies headquartered out of Graz, Austria. As a worldwide leader in warehouse and distribution center automation, KNAPP has been developing comprehensive material handling and software solutions for more than four generations. Solutions that give our clients a competitive edge that helps achieve industry-leading results. By combining state-of-the-art software with unique picking and storage technology, KNAPP develops the perfect high-performance automated material handling solution. Customized to suit not only specific industries, but the individual goals of every client we serve throughout the United States and Canada, KNAPP Logistics Automation continues a tradition of excellence by helping our customers quickly and efficiently manage internal processes that increase accuracy, reduce inventory costs, and improve customer service. From accurate and safe pharmacy automation solutions to innovative systems for audio/video, pharmaceutical wholesale distribution, health, beauty and cosmetics and more, KNAPP is the one partner you can count on. Today. Tomorrow. Without Fail.

XTL-NH has selected Knapp as its Case Buffering System supplier.

- g) Dambach LagerSystems
Hardrain 1
76476 Bischweier, Germany
Contact: Mr. John Ripple



XTL-NH has selected Dambach LagerSystems as its supplier for Automated Storage and Retrieval Systems. Dambach, a Germany-based company, has five hundred plus (500+) stacker cranes installed and operational in the United States.

h) XTL has currently narrowed down the potential pool of construction companies to the following:

Aho Construction, Inc.
30 Tricnit Road
New Ipswich, NH 03071

Hutter Construction
POB 257
810 Turnpike Road
New Ipswich, NH 03071

VII. Explain in detail how you expect to accomplish the following.

Understood in its entirety.

1. Understood in its entirety. To ensure a smooth, coordinated, and timely loading operation, XTL-NH will work fully, completely, and with complete visibility with the NHSLC's selected transportation provider. Prior to the onset of the Warehouse services, XTL-NH's senior management and liaison to the NHSLC will coordinate as many meetings as necessary so that all parties are knowledgeable about and agreeable to the joint work plan and timeliness of the services. After the operations begin, XTL-NH will plan to have a daily meeting with the NHSLC and their selected transportation provider to ensure that the operation is working smoothly and to address any issues that occur. Also, all personnel will be equipped with the necessary contact information of all pertinent personnel, so that critical issues can be appropriately and efficiently addressed at the time of occurrence. As time progresses and all parties become more familiar with each other, the need for a daily meeting may dwindle, but this would only occur when appropriate and when agreed to by all parties.

2. Understood in its entirety. XTL-NH anticipates having a total of sixteen (16) Warehouse workers, which include, but are not limited to, forklift operators and pickers to meet the daily warehousing operational functions. XTL-NH will have three (3) supervisory/management personnel working under average volume level conditions. XTL-NH anticipates increasing the personnel, as needed and concurrent with seasonal volume increases. XTL-NH will have four (4), five thousand (5,000) lb sit-down forklifts and two (2) reach trucks to run the day-to-day operations.

Other Warehouse work functions, such as transferring pallets to the AS/RS put-away stations, recouping, relabeling, and manual pick of non-conveyable items, will occur twenty-four (24) hours per day, if necessary, to meet the service requirements of the RFP. If additional resources are needed to meet peak work load demands for any daily Warehouse functions, personnel will be added to the workforce accordingly.

3. Understood in its entirety. When the transportation contractor arrives for loading, XTL-NH will ensure that each trailer is properly clean and void of debris. Excess debris will be documented and brought to the attention of the transportation provider and the NHSLC. When the transportation contractor's driver arrives to pick-up the loaded trailer, he or she will check-in with XTL-NH's personnel. The driver will be given paperwork that includes the trailer number, seal(s) number, and bill of lading(s) for delivery. The driver will verify that his or her trailer is sealed and that the seal number on the bill of lading is accurately recorded. The driver will sign and date this paperwork and leave the originals with XTL-NH.

4. Understood in its entirety. XTL-NH will coordinate pick-up times for loads for delivery, including any and all load pick-ups required on Saturdays, Sundays, and/or holidays. This will be performed on a pre-set time so that the load and all necessary paperwork will be ready. The overnight storage for loaded trailers can be in XTL-NH's yard, since the yard will be properly secured with a fence. This process will be developed in conjunction with the transportation contractor and the NHSLC to best fit the needs and to reduce the costs of all parties involved. XTL-NH will work very closely with Licensees and the NHSLC to coordinate the scheduling for picking-up orders directly at the Warehouse. XTL-NH will develop a suggested schedule (weekly or daily,

if needed) to ensure that the Licensee pick-ups do not interfere with the Warehouse operations and functions for the NHSLC. XTL-NH will present this schedule to the NHSLC for its review and final approval. Any changes suggested by the NHSLC will be adhered to by XTL-NH.

5. Understood in its entirety. XTL-NH will work very closely and communicate frequently with the NHSLC and transportation contractor about changes in the delivery schedule.

6. Understood in its entirety.

7. Understood in its entirety.

8. Understood in its entirety.

9. Shortages/Breakages. Understood in its entirety.

a. Understood in its entirety.

b. Understood in its entirety.

10. Understood in its entirety.

a. Understood in its entirety.

b. Understood in its entirety.

c. Understood in its entirety.

d. Understood in its entirety.

11. Understood in its entirety.

12. Understood in its entirety.

13. Force Majeure. Understood in its entirety.

VIII. Specific Requirements. Understood in its entirety.

A. Order Picking/Loading Procedures. Understood in its entirety.

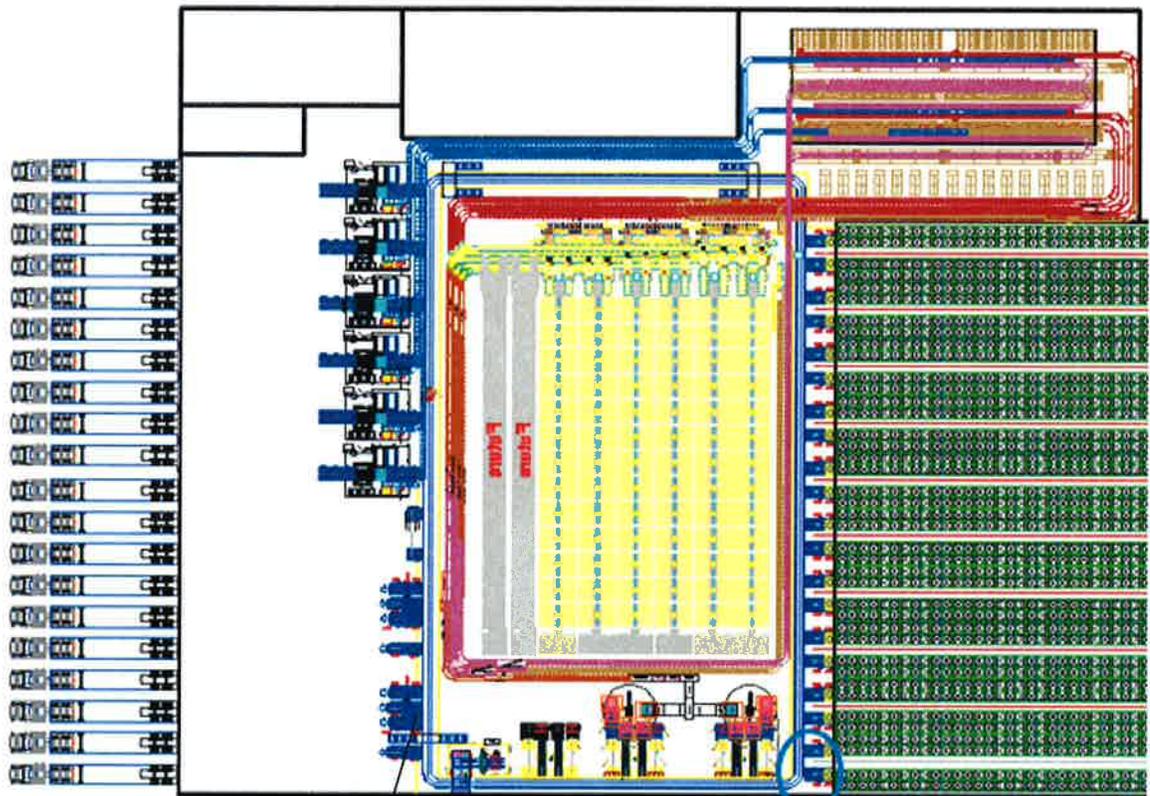
1. Detailed work plan outlining order picking and order staging.

Understood in its entirety. Depending on the daily retail store and Licensee order requirements, pallets of merchandise are retrieved from the High Bay storage racks via a stacker crane. The pallet is brought down and transferred to the High Bay Storage Output Station [see diagram below]. From this location, it is picked up by the shuttle transfer vehicle and transported to the Depal Cell Input Stations, at which point the pallet is indexed forward to Robotic Pick-From Positions. At the Pick-From Position, there are two (2) robotic de-palletizers. Each robotic de-palletizer will automatically remove full layers of Product, one at a time, and place the full layer onto the Robotic Pick-To Positions. Sufficient layers of Product will be removed from the pallet to meet the wave of orders currently being filled.

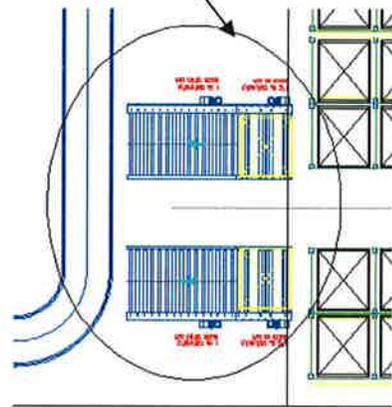
The AS/RS throughput capacity meets the NHSLC's twenty (20)-year growth requirement, including, but not limited to, volume fluctuations as set forth in the RFP.

- AR/RS throughput capacity OUT of storage is two hundred seventy-two (272) pallets per hour.

Once a layer of merchandise is placed at the Pick-To Position, it is indexed forward via conveyor into a singulator that breaks the layer down and discharges the cases in single file.



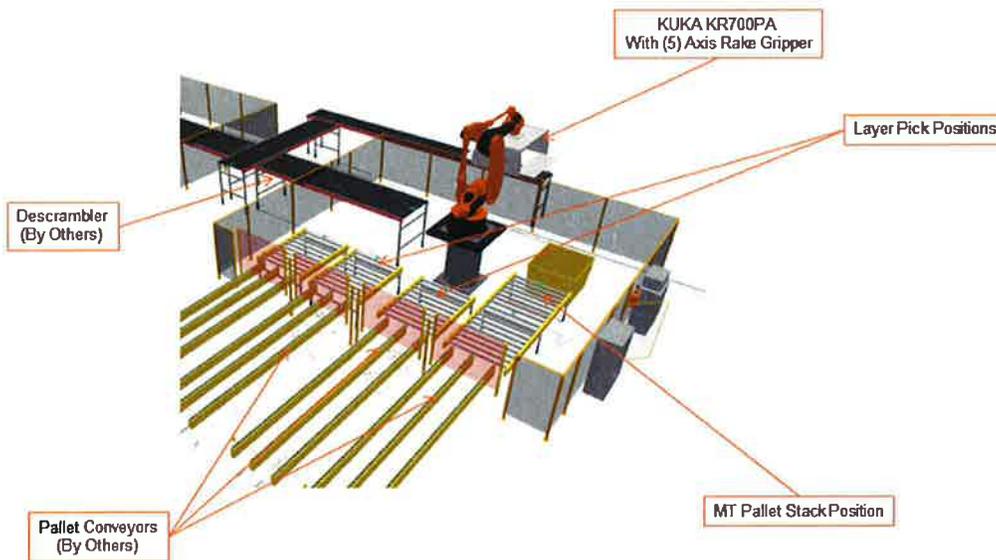
Shuttle Vehicle Loop



AS/RS Input/Output Station

When no Product is left on a pallet, the empty pallet is transferred to and stacked in the Empty Pallet Storage Position. When a full stack of pallets is accumulated, the stack is indexed forward to the Depal Cell Output Station. Pallets that have merchandise remaining on them are also indexed forward to the Depal Cell Output Station, where the pallet of merchandise will be transferred to the shuttle transfer vehicle and transported back to into High Bay storage in the AS/RS.

As stated previously, each robotic de-palletizer will automatically remove full layers of Product, one at a time, and place the full layer onto the Robotic Pick-To Positions. Each robotic arm will consist of a large area vacuum gripping system. XTL-NH plans to use KUKA KR700PA.



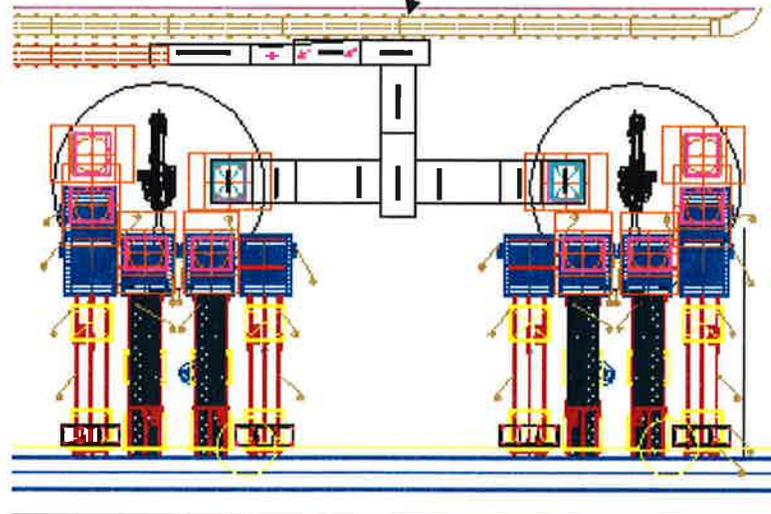
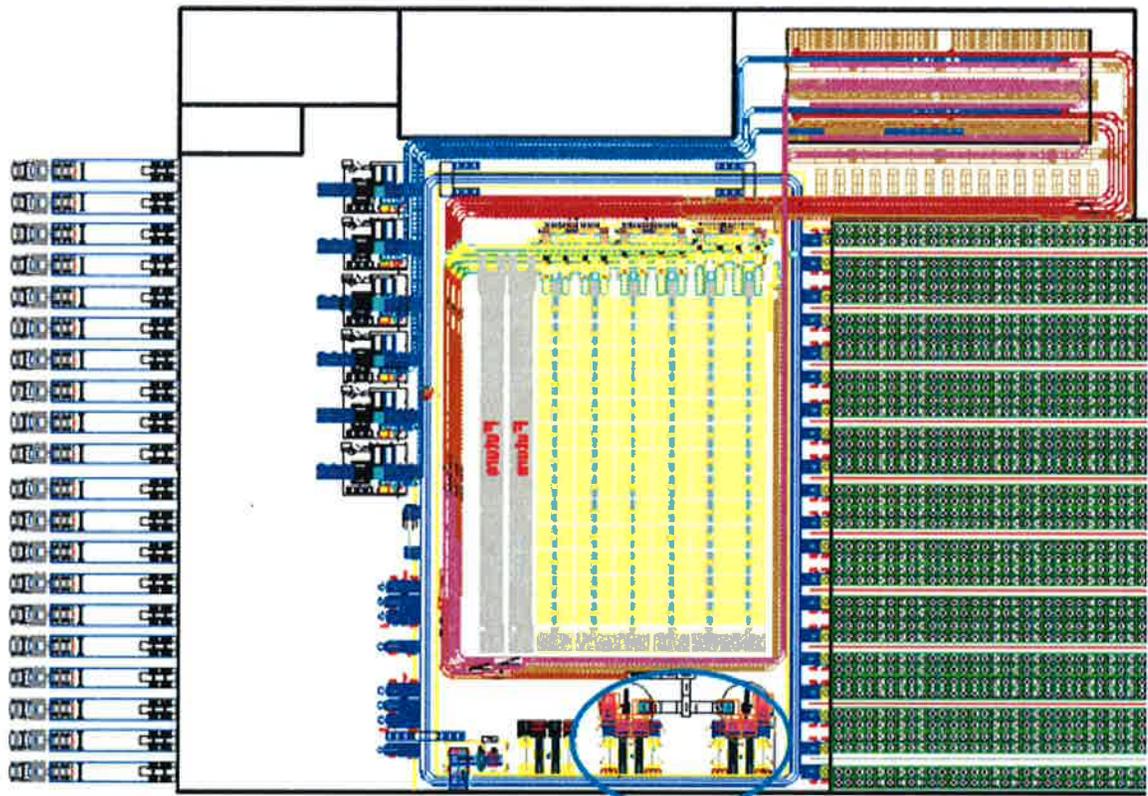
Robotic De-Palletizing Cell



De-Palletizer End of Arm Tool (EOAT)

The two (2) de-palletizing robots meet the NHSLC's twenty (20)-year growth requirement, including, but not limited to, volume fluctuations as set forth in the RFP.

- Unload three thousand six hundred forty (3,640) cases per hour
- Approximately twelve (12) cases per layer
- Three hundred plus (300+) layers removed per hour

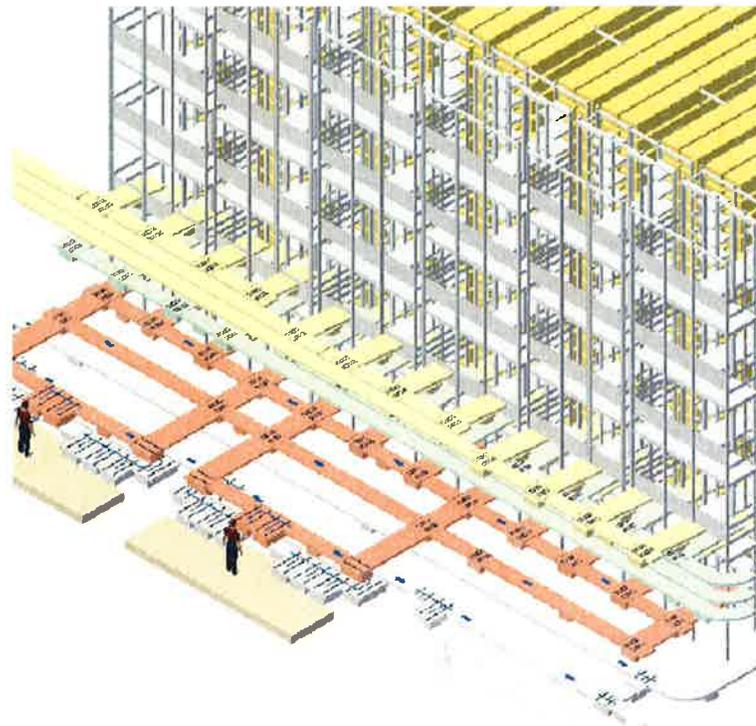
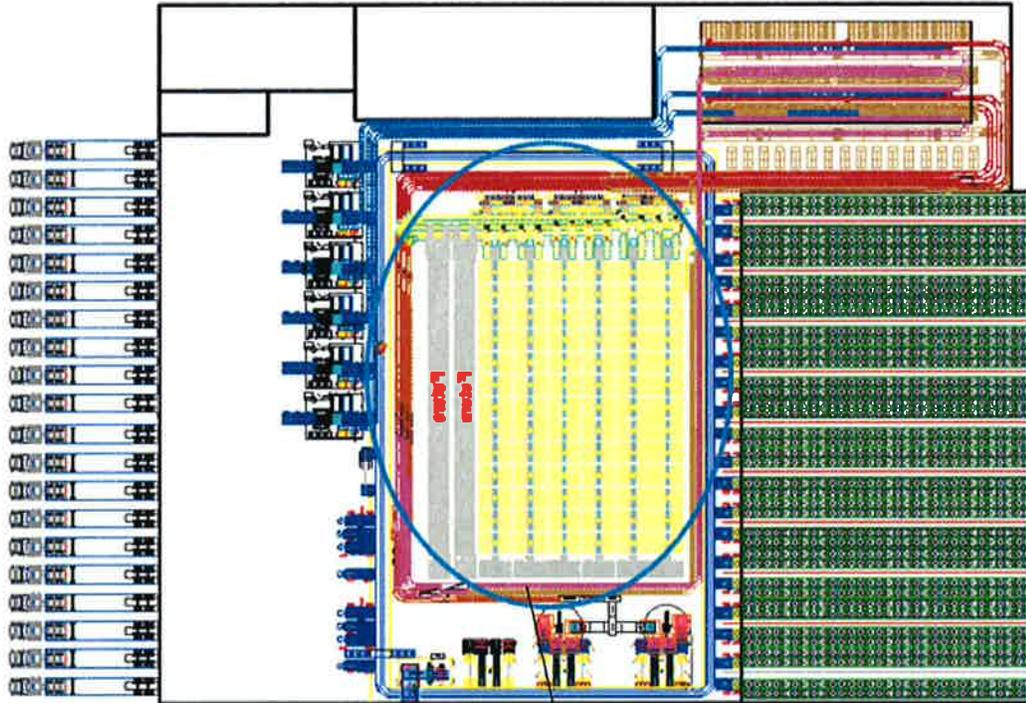


De-Palletizing Operation

Only the number of layers needed for the day's orders will be robotically de-palletized. The remainder of the palletized Product will be transferred back into the AS/RS storage racks. These de-palletized cases are singulated and conveyed in "single file" to the Case Buffering System or Order Storage and Retrieval (OSR) System [see below diagram]. This System consists of "case storage racks" and shuttles located on every level, that are used to automatically place a single case into the rack and to automatically remove a single case from the rack. These cases will be staged in the racking until the time the cases are needed to build pallets for the day's orders. Also, very slow moving Product that is located in the Manual Pick area is placed on conveyor belt and travels via conveyor to join the automation process.

The Case Buffering System's storage and throughput capacity meet the NHSLC's twenty (20)-year growth requirement, including, but not limited to, volume fluctuations as set forth in the RFP.

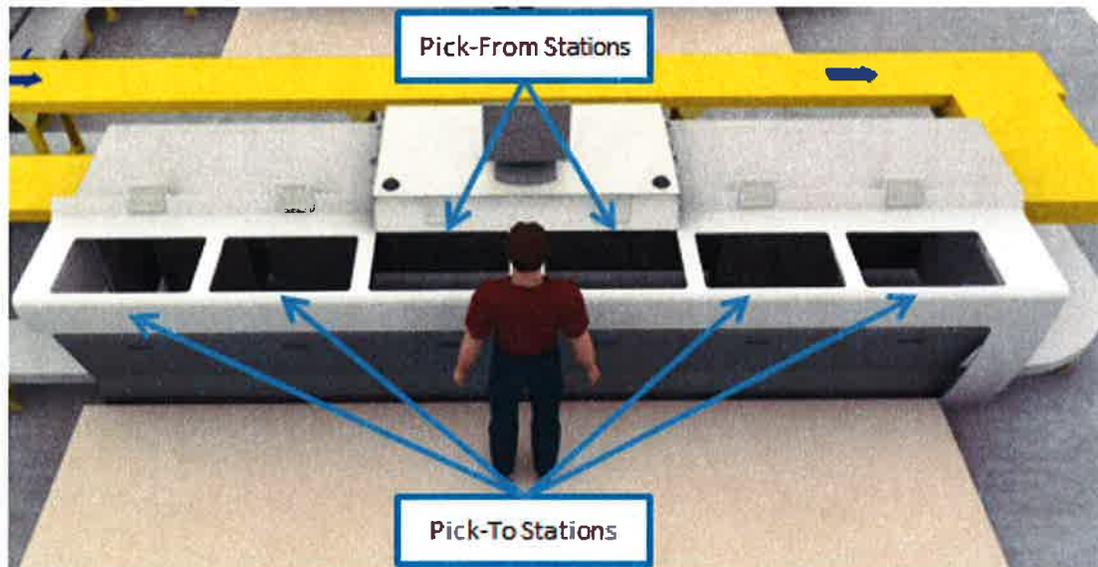
Total No. of Single Case Locations	30,576
No. of Aisles	8
Throughput	3,600 cases/hour



OSR Case Buffering System

Under the controls of the Warehouse Management System (WMS) and the Warehouse Control System (WCS), cases of Product needed for the day's orders are automatically retrieved from the storage and presented to the XTL-NH associate who is working at the Goods-to-Man station. At this work station, bottle pick orders for Licensees and/or stores are filled. XTL-NH's associate will manually select the correct number of units of a specific SKU presented, and he or she will gently place and pack these units into boxes and/or re-useable totes.

The cases of Product will be delivered to the operator at one of the two (2) "Pick-From Stations." The operator will be instructed by the WCS as to how many bottles to remove from the case, and which of the four (4) "Pick-To Stations" to place them in. Once the needed Product is picked, the box will be released and either conveyed to the "Goods-to-Man Station" #2 for additional bottles to be picked and added to the order, or conveyed back into the Case Buffering System. The cases of Product will be delivered to the operator at one of the two "Pick-From Stations." The operator will be instructed by the WCS as to how many bottles to remove from the case, and which of the four "Pick-To Stations" to place them in.



Bottle Pick “Goods-to-Man” Station

The Goods-to-Man Stations have the bottle pick throughput capacity to meet the NHSLC’s twenty (20)-year growth requirement, including, but not limited to, volume fluctuations as set forth in the RFP.

Goods-to-Man Stations:	3
Throughput Capacity:	900-1,200 bottles/hour

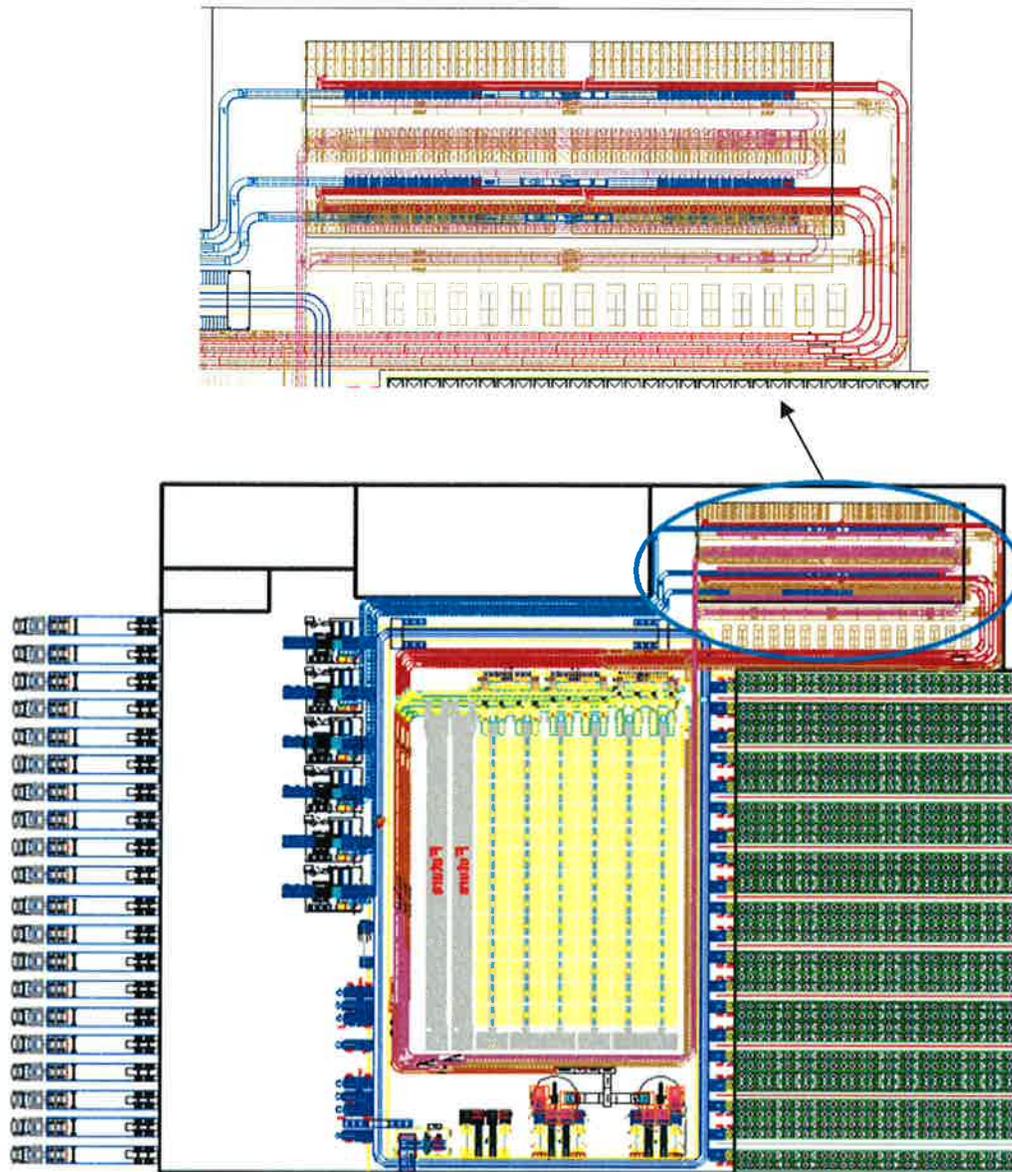
As stated previously, the Manual Pick Module is for very slow moving items, odd-shaped items, and non-conveyable items. An XTL-NH picker will use a wrist-mounted Radio Frequency (RF) unit (with a finger scanner) to pick cases as directed. If the case is one of those that cannot be handled with the automated equipment, a store specific label will be attached prior to the operator placing it on the conveyor. It will then be released for the manual palletizing area to be merged onto the appropriate pallet. These cases will be added to the top of the pallet and secured with stretch-wrap. If the case(s) being picked can and will be handled by the automated equipment, the store specific labels will be attached to the case at a later time, prior to palletizing.

The Manual Picking Module's storage and throughput capacity meet the NHSLC's twenty (20)-year growth requirement, including, but not limited to, volume fluctuations as set forth in the RFP.

<u>Storage</u>	<u>Pallets</u>	<u>Cases</u>	<u>SKU's</u>
Manual Pick – Pallets	175	7,128	100
Manual Pick – Case Flow	N/A	6,720	1,500

Throughput:

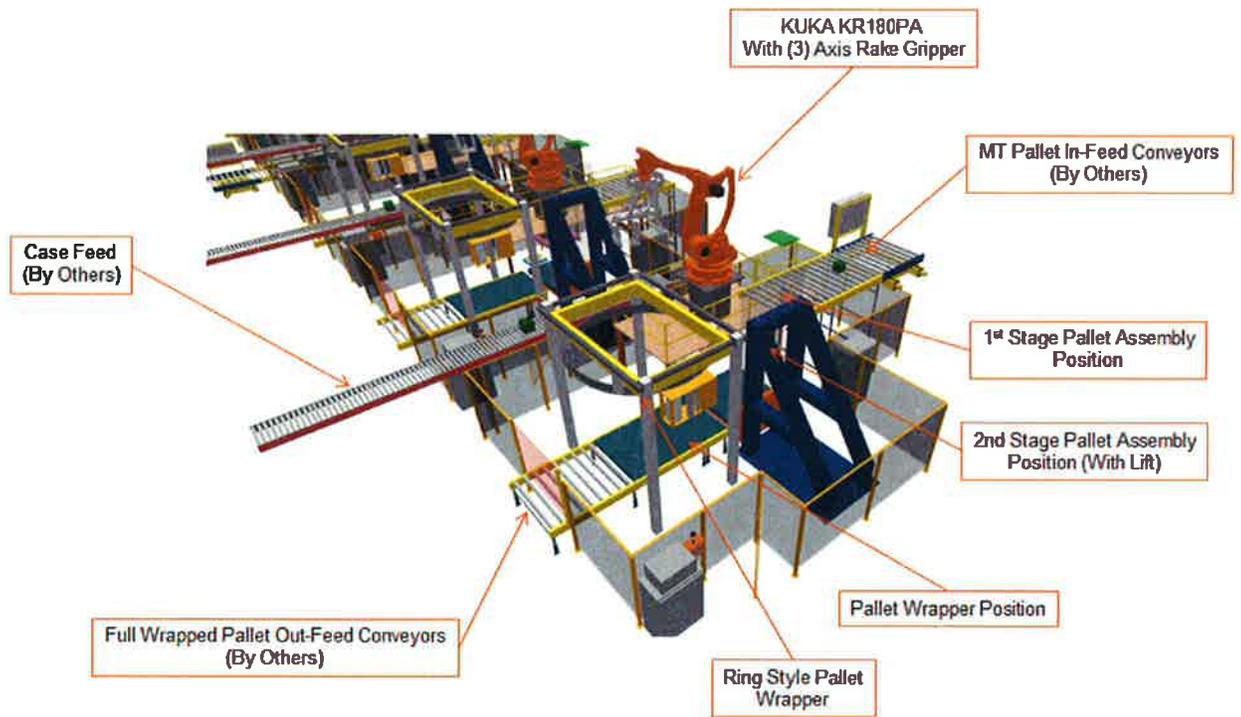
Manual picking = three hundred sixty-five plus (365+) cases per hour



Manual Pick Module

When orders are released by the WMS, they are simultaneously released from the Case Buffering System and the manual pick operation. Cases required for each specific order are released in the order required and delivered to one of the six (6) Robotic Palletizing Stations (RPS) [see below diagram]. These cases will be diverted to the appropriate RPS for a retail store's order to be built.

In preparation for building pallets of orders, empty pallets stacks are broken down by Empty Pallet Dispensers, and single pallets are delivered to the shuttle transfer vehicles which, in turn, delivers them to one (1) of the six (6) Robotic Palletizing Stations.

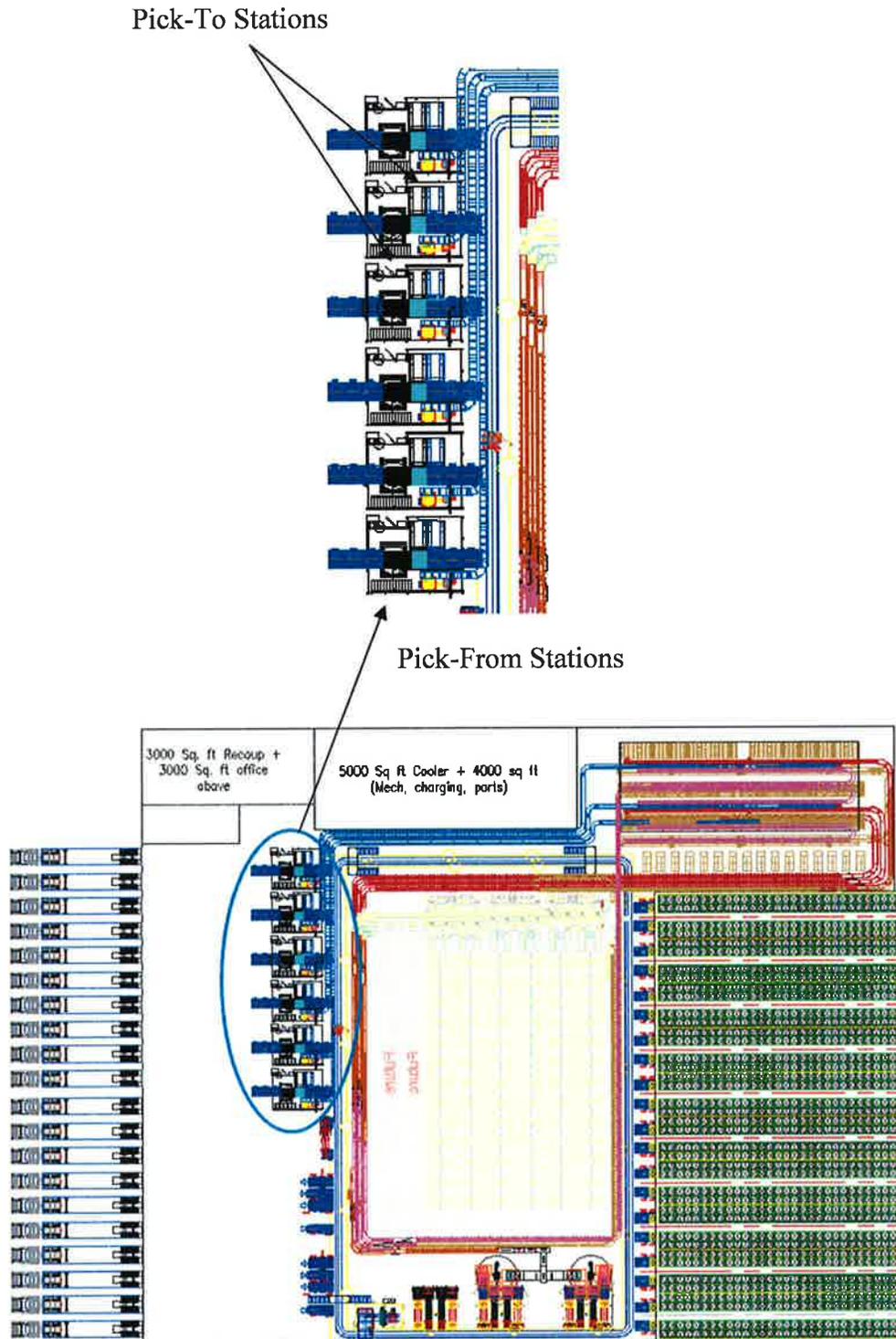


Palletizing End of Arm Tool (EOAT)

The six (6) robotic palletizers meet the NHSLC’s twenty (20)-year growth requirement, including, but not limited to, volume fluctuations as set forth in the RFP.

- Five hundred plus (500+) cases per hour per robotic palletizer = Total three thousand (3,000) cases per hour.

Palletizing Operation

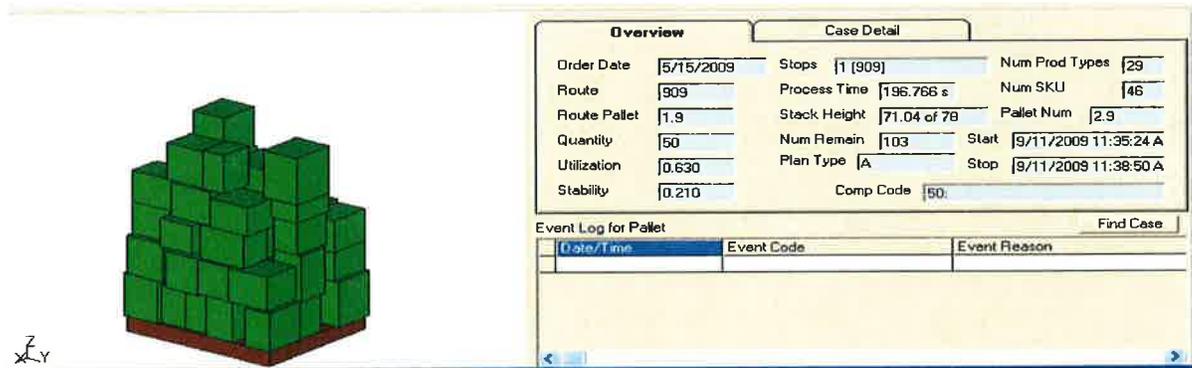


The above picking and palletizing processes will be used for retail store and Licensee order fulfillment.

The software for the RPS is for Mixed-Case Palletizing (MCP). Based on the Product profile and the cases presented to the RPS, the software will select the “best fit” case from the case buffer line.

Specifically, the MCP sequencing software receives the SKU data for each case in the order and builds the pallet ahead of time. This data is then sent to the Case Buffering and Conveyor Sortation Systems and the cases are delivered to the Robotic Palletizing stations in this order to best build the customer pallet. The End of Arm Tool (EOAT) on each of the palletizing robots is designed to pick up the case from underneath to ensure quality control of the Product being handled. The robot then closes the servo-controlled EOAT, gently clamping the case. The robot moves up and over the calculated palletize position. The robot moves down and places the case to the “best-fit” position for the case. A pusher-blade on the EOAT stops the case while the fingers are retraced from under the case. The robot acknowledges that the case has been placed. The palletizing software updates its internal data record for the build pallet. The robot returns to the buffer conveyor and the palletizing software selects the next “best-fit” case to be palletized. The above process is repeated until the order is complete and the end-of order signal is received from the Warehouse Control System.

Below is a sample of what a typical build order load might look like.



At the Empty Pallet Drop-Off Position, the empty pallets are queued waiting to be built with Product. Cases delivered via case conveyor are presented to the RPS at the Robotic Pick-From Positions [see below diagram]. Cases picked from the Pick-From Positions are robotically placed onto the pallet at the Pick-To Position. This process is repeated until the pallet or order is complete. As the pallet is being built, it is lowered a layer at a time and dynamically wrapped to ensure that the Product is secure and stable. After being stretch-wrapped, a shipping label will be placed on the pallet for identification and the completed pallets are ready for loading.

2. Outbound Order Loading Procedures. Understood in its entirety. As previously discussed, the timing and coordination for meeting the loading schedule will be determined and agreed to in conjunction with the NHSLC and the transportation contractor's needs to be the most efficient process for the NHSLC.

All finished goods pallets will be staged until all pallets of a single order are complete, and there are sufficient pallets to begin loading a trailer. The finished goods pallets will be loaded directly into the transportation contractor's trailer. Once delivered to this station, a forklift operator will retrieve them and load them one pallet at a time onto the appropriate trailer. While performing the loading function, XTL-NH's forklift

operator will “ship verify” the pallet via Radio Frequency (RF) scanning, so that the palletized Product is identified on the bill of lading. The loading order will be so that the first pallets on will be destined to the last store delivered. Conversely, the last pallets on will be destined for the first store delivered by the truck driver.

Prior to loading the outbound trailers, XTL-NH’s personnel will verify and ensure that the equipment provided by the transportation contractor is the appropriate equipment needed for the delivery. Any discrepancies will immediately be brought to the attention of the transportation contractor and the NHSLC, so that the situation can be rectified. If needed, plans will be put in place so as not to impede the loading of any pallets onto other equipment, so that the loading process will continue and the discrepancy will be isolated to the unique situation.

Prior to loading, XTL-NH will enter each trailer to ensure that it is clean and properly prepared for loading. Loading will occur no later than one (1) hour prior to dispatch. Every trailer will be loaded so that it is “road ready.” The stretch-wrapped pallets will be secured with load straps or other securing device supplied by the transportation contractor to minimize the shifting of the pallets during transit. Each trailer will be loaded in the proper sequence for delivery and offloading, with loading accommodations made for side door deliveries, if necessary. During loading, XTL-NH’s forklift operator will verify that each pallet is being loaded onto the correct trailer and in the correct sequence. This will be accomplished by scanning each pallet and the loading dock to confirm accuracy. XTL-NH’s management staff will be present at the time of loading to confirm the processes and accuracy, and to immediately address any issues or errors that arise. XTL-NH anticipates 100% loading accuracy.

Each pallet will have a detailed list of items on that pallet, as required. XTL-NH will check to ensure that each trailer is equipped with skate rollers and a pallet jack (provided by the transportation contractor), if necessary, to meet the NHSLC's delivery and offloading requirements. Each trailer will be sealed, and the seal number(s) will be recorded on the delivery manifest.

To ensure a smooth, coordinated, and timely loading operation, XTL-NH will work fully, completely, and with complete visibility with the NHSLC's selected transportation provider. Prior to the onset of the Warehouse services, XTL-NH's senior management and liaison to the NHSLC will coordinate as many meetings as necessary so that all parties are knowledgeable about and agreeable to the joint work plan and timeliness of the services. After the operations begin, XTL-NH will plan to have daily meetings with the NHSLC and their selected transportation provider to ensure that things are working smoothly and to address any issues that occur. Also, all personnel will be equipped with the necessary contact information of all pertinent personnel, so that critical issues can be appropriately and efficiently addressed at the time of occurrence. As time progresses and all parties become more familiar with each other, the need for a daily meeting may dwindle, but this would only occur when appropriate and when agreed to by all parties.

3. Hours of operations (types of shifts). Understood in its entirety. The operational hours for all inbound receiving functions (for over-the-road carriers, ocean containers, piggyback trailers, etc) will be from 6:00 AM through 9:00 PM, with appropriate break times. The operational hours for all picking and order fulfillment function will start at 7:30 PM after the first orders are transmitted to the XTL-NH. Since

orders are transmitted up to 11:30 PM, the number of personnel and the length of time spent filling orders will depend on the volume and the time that the last order is received. During times of heavy volume, an additional shift of workers could be scheduled if it is deemed more effective. The hours of operation for all other functions will vary during the course of the day to be timely and the most cost effective.

Other Warehouse work functions, such as transferring pallets to the AS/RS putaway stations, recouping, relabeling, and manual pick of non-conveyable items, will occur twenty-four (24) hours per day, if necessary, to meet the service requirements of the RFP. If additional resources are needed to meet peak work load demands for any daily Warehouse functions, personnel will be added to the workforce accordingly

The value-added Warehouse services will occur during operational hours with the work functions completed during the time frame required in the RFP.

4. Merging of single-pick bottle orders and add-on orders. Understood in its entirety.

5. Temperature control procedures. Understood in its entirety.

B. Describe your method for: Understood in its entirety.

1. Timely/efficient damage processing. Understood in its entirety. All inbound transportation damage and warehouse handling damage will undergo the recouping process, unless otherwise directed by the NHSLC. The Quality Assurance (QA) status will also be changed to ensure that the merchandise is prevented from being ordered. The merchandise will be physically segregated into a recouping work area. Specifically, all cartons will be opened, all bottles will be removed and inspected (i.e., for torn labels, pushed corks, torn foil, cracks in the cap, or chips or cracks in the glass) to

ensure that it is of 100% retail shelf quality. Once the inspection and the bottles are wiped clean, the merchandise will be re-boxed and sealed in the appropriately sized carton, with the necessary bottle dividers to ensure the Product will travel throughout the warehousing and delivery process without being damaged. The box will be labeled according to the NHSLC's labeling requirements.

Once the work is completed, the QA status will be changed to make the merchandise available for shipping. Any Product determined not to be of 100% retail shelf quality will be destroyed as directed by the NHSLC. XTL-NH and the NHSLC shall coordinate and secure the presence of the required witnesses for the destruction of damaged merchandise. Destruction shall be accomplished in compliance with all applicable federal, state, and local laws. Destruction may include loading, hauling, and delivery to a landfill site approved for the destruction of alcohol beverages. All paperwork will be completed accurately and signed by XTL-NH, and submitted to the NHSLC, if needed.

2. Ensuring the proper rotation of stock (first-in, first-out (FIFO)).

Understood in its entirety. The "license plate" attached to the pallet at the time of receipt linked with the SKU will completely ensure 100% putaway accuracy of all pallets into storage. The WMS will record and trace this information so that it is fully visible in "real time" from any computer terminal. The uniqueness of each storage location, WMS controls, and the parameters attributed to the put-away (and pallet selection) processes will ensure the proper rotation of stock (First-In/First-Out (FIFO)). XTL-NH's WMS will control the proper rotation of stock (FIFO) without error. Criteria for rotation can also be change to lot control or some other measure, if needed.

3. Merchandise validations, including action to correct problems

discovered. Understood in its entirety. Merchandise validation will occur at multiple steps in the operations. First, the receiving dock workers and manager will confirm the correct Product is being received. The RF scanning process is critical in this function. The scanner at the input station to the AS/RS will also validate if the Product is correct based on the Product specification in the WMS. The Product is tracked as it moves through the de-palletizing area, through the Case Buffering System and to the robotic palletizers. These multiple checks will validate that the Product is correct. Any and all errors will create an alert for a worker to visually validate the Product against the expected Product.

4. Use of re-labeling process (See APPENDIX O of RFP). Understood in

its entirety. XTL-NH will segregate the Product that needs labels into a relabeling work area. XTL-NH will generate labels and relabel all cases of merchandise that does not meet the requirements of the NHSLC. XTL-NH recognizes the NHSLC's right to instruct the XTL-NH not to relabel specific Product. XTL-NH will relabel only merchandise that cannot be processed for storage (warehouse handling) and delivery without a new label. The relabeling process will be completed within two (2) working days and the appropriate paperwork submitted to the NHSLC.

C. Describe your standards used to measure performance for: Understood in its entirety.

1. Accommodating anticipated and unanticipated deliveries. Understood

in its entirety. XTL-NH's standard is to accommodate anticipated deliveries 100% of the

time. XTL-NH will accommodate unanticipated deliveries as best as it can to minimize the cost to the NHSLC and to minimize the disruption to the ongoing operations.

2. Receipting and putaway accuracy. Understood in its entirety. XTL-NH's standard is 99.95% accuracy.

3. Picking and loading accuracy. Understood in its entirety. XTL-NH's standard is 99.95% accuracy.

4. Meeting loading schedule. Understood in its entirety. XTL-NH's standard is 99.95% on-time.

D. Describe your management and staffing plans to accomplish all of the above tasks and include: Understood in its entirety.

1. Specific management/staff assignments. Understood in its entirety.

XTL-NH is a newly formed New Hampshire corporation in good standing, created for the purpose of providing warehousing services to the NHSLC. To ensure a smooth transition and successful start-up of operations, the most experienced senior management from XTL, Inc. will be dedicated to New Hampshire to work on a day-to-day, hands-on basis. Specifically, Louis Cerone, Ph.D., President of XTL-NH, Karl Hilprecht, Keith Hawkes, Christopher Lozzi, and Kenneth Garrett will work on-site and directly with the project. Each person's roles will overlap due to the complexity of the operation and the need for a complete facility and automation integration. Please see SECTION IV A.2 for a detailed resumes demonstrating each person's relevant expertise and years of experience.

Dr. Cerone will oversee the WMS product classifications, configuration of the facility, and the hiring and training of staff. Due to his direct years of experience in the warehousing and shipping of wines and spirits, his direct knowledge of a bailment system

and broker networks, and his ongoing relationships with Suppliers, Dr. Cerone will also function as the liaison between XTL-NH and the NHSLC, and serve as the key point of contact.

Due to his years of opening and operating distribution centers for United Parcel Service, Mr. Hilprecht will oversee the construction of the facility, the installation of the material handling equipment, and the training of warehouse personnel.

Due to his years of automation and robotics engineering, Mr. Hawkes will oversee the installation, integration, and commissioning of the Material Handling System (MHS) and the Warehouse Control System (WCS).

Mr. Lozzi will oversee the IT data transfer and the functionality of the all computer hardware and software systems.

Mr. Garrett will work directly with all lenders and Suppliers in the project to ensure that all finances of the project and the company are up-to-date and in compliance.

2. Previous individual experience. Understood in its entirety. Please see SECTION IV A.2 or detailed resumes.

3. Training plans to ensure readiness at start-up. Understood in its entirety. XTL, Inc's senior personnel will be dedicated to the NHSLC for as long as is needed to ensure a smooth transition and start-up of the daily operations. The years of direct experience and expertise of our senior staff gives XTL-NH the absolute confidence to successfully launch and maintain this operation. Any issues or challenges that arise will be quickly addressed and resolved to the NHSLC's complete satisfaction. Please see SECTION IV A.2 for detailed resumes of the key management staff dedicated to XTL-NH, as well as some resumes of XTL-Inc.'s Pennsylvania-based management whose

knowledge in the handling and shipping of wines and spirits will contribute to the success of XTL-NH.

During this time, XTL-NH will also undergo an intensive selection process to find the most experienced and best qualified local senior management who will work alongside Dr. Cerone, Mr. Hilprecht, and Mr. Hawkes to ensure that they develop full and complete knowledge of the automation and robotic functioning, expertise in Product knowledge, and establish relationships with the NHSLC, Suppliers, and Licensees to the point that all parties are comfortable and confident with the personnel selection. XTL-NH strongly believes in hiring from the local New Hampshire community because this adds value and pride to the community. Once the NHSLC is confident and comfortable that the day-to-day operations are running smoothly, senior management will begin to pass the direct operational responsibilities to the locally hired personnel that are fully trained for the operations.

4. Approximate number of additional seasonal order selectors, truck drivers, Warehousemen, etc. to meet seasonal build-up levels. Understood in its entirety. XTL-NH anticipates hiring two to three (2-3) additional Warehouse workers, which include, but are not limited to, forklift operators and pickers to meet the daily warehousing operational functions and seasonal build-up levels. Since the RFP is for warehousing services only, XTL-NH will not have any truck drivers.

IX. Rate and Price Analysis. Understood in its entirety. All value-added services are described in detail in the Cost Proposal portion of this Response, which is sealed separately. These services include providing a temperature-controlled sub-warehouse to store Product at 55 degrees Fahrenheit, a customs-bonded warehouse area

(if requested from the NHSLC), Product reclamation and destruction, Product labeling and re-labeling, blanket storage, handling of advertising material, conducting an annual physical inventory, merchandise inspection/validation, resealing of cartons, applying UPC labels to bottles, and re-packing Product into gift packages.

XTL-NH's IT personnel will need to spend time directly with the NHSLC's IT department to ensure the proper interface of computer systems. We will need to transfer mock data to test and re-test the interface between systems. XTL-NH would also request to have open communication with the NHSLC's IT department to ensure that we can immediately address any issues that arise and take the appropriate corrective steps.

X. Understood in its entirety. XTL-NH will be fully operational within the time frame outlined in the RFP. Our construction schedule allows us to complete all building construction and Material Handling System (MHS) installation, all equipment commissioning, and full testing of all computer systems integration within the time frame outlined in the RFP. As previously discussed, senior management from XTL, Inc. has the expertise, direct Product knowledge, and existing relationships with Suppliers to ensure a seamless transition from the current Warehouse vendor. We will leverage this expertise to ensure a seamless transition from the current Warehouse vendor. We will also proactively establish new relationships with Suppliers and the NHSLC staff prior to starting operations. In SECTION IV A.5, we have provided references from four (4) Suppliers and one (1) reference from the PLCB as documentation of our experience and expertise in the storage, handling, and shipping of wines, spirits, and other related Products.

All of XTL-NH's employees will be fully trained on the day-to-day functions prior to XTL-NH receiving any Product. All employees will also be cross-trained in different sections of the operation to ensure success. We will work very diligently alongside of the NHSLC so that it can fully see our training process, get to know our personnel, and to help develop its comfort and confidence level about XTL-NH and our long-standing history of proven success.

To ensure a smooth, coordinated, and timely loading operation, XTL-NH will work fully, openly, and with complete visibility with the NHSLC's selected transportation provider. Prior to the onset of the Warehouse services, XTL-NH's senior management and liaison to the NHSLC will coordinate as many meetings as necessary so that all parties are knowledgeable about and agreeable to the joint work plan and timeliness of the services. After the operations begin, XTL-NH will plan to have daily meetings with the NHSLC and their selected transportation provider to ensure that things are working smoothly and to address any issues that occur. Also, all personnel will be equipped with the necessary contact information of all pertinent personnel, so that critical issues can be appropriately and efficiently addressed at the time of occurrence. As time progresses and all parties become more familiar with each other, the need for a daily meeting may dwindle, but this would only occur when appropriate and when agreed to by all parties.

XI. Understood in its entirety.

XII. Understood in its entirety. XTL-NH has separated financing into two categories: (1) total project costs; and (2) ongoing operations. For total project costs, XTL, Inc. will provide funding equal to 10% of the total project costs. Bank financing

will provide resources for 90% of the total project costs. The bank financing will consist of a conventional loan for the construction of the facility, and equipment financing for the Material Handling System (MHS) and other pieces of equipment. For ongoing operations, XTL, Inc. has liquid capital of eight million dollars (\$8,000,000) that is more than sufficient to meet the operating needs of the Merrimack, New Hampshire facility. XTL-NH has been working with two (2) regional banks, Citizens Bank and People's United Bank, that have expressed a willingness in working with XTL and providing financing to XTL-NH for this project. In addition to working with these New Hampshire banks, we also have a long term relationship with Wells Fargo Bank in Pennsylvania which could provide additional financing if needed.

Please see SECTION IV A.6 for a signed statement of insurability from an insurance company licensed to write insurance in New Hampshire.

XIII. Understood in its entirety. The essential business functions for the NHSLC are all of the day-to-day daily operations necessary to run a successful distribution center (DC), which includes, but is not limited to, receiving, order fulfillment, and store delivery. The key personnel for overseeing and managing these operations are XTL-NH's management team. In order to provide critical business services during the time of business interruption, XTL-NH has designed multiple contingency plans that will be used depending on the type, extent, and cause of the interruption. All contingency plans will be tested by XTL-NH. Each will be discussed in turn.

As part of our short-term and long-term contingency (i.e., catastrophic event) planning, XTL-NH will secure a 3,000 AMP (2 megawatt) diesel fuel-powered mobile

generator that will generate enough electricity to support any and all critical functions inside the consolidated DC, including, but not limited to, AS/RS cranes, CBS, robotic palletizers and de-palletizers, conveyors, forklifts, WCS, WMS, computer workstations, telephones, lighting, and environmental controls. The mobile generator will be on-site and running within twenty-four (24) hours of an interruption and will be under a rental agreement. XTL-NH will work very closely with our supplier to ensure that we have the generator for as long as necessary to provide the NHSLC with the minimal amount of interruption of business services. XTL-NH will also work closely with the local public utility so that the power to the site can be quickly restored.

If a catastrophic event occurs, XTL-NH will work fully, completely, and very diligently with the NHSLC to determine the best and most practical course of action. The specific actions taken will depend, in part, on the type of catastrophe. If the entire facility is lost, XTL-NH will immediately seek another facility that is available for immediate occupancy. We will set-up the quickest and most efficient Warehouse and order fulfillment operation possible given the immediate nature of the crisis, to minimize the business interruption to the NHSLC. XTL-NH is an asset-based logistics company that has many direct company employees and resources who will be made immediately available to work the crisis situation. If the entire contents of the facility need to be moved, we will allocate the same company-owned assets and direct company employees to this function to minimize the business interruption to the NHSLC.

XTL-NH will provide redundancy of servers to help ensure operations will continue without interruption in the event of a server failure. As stated previously, the WCS system will include a fault-tolerant Stratus computer server that consists of two (2)

servers that are physically joined together. The two (2) servers run in “lock-step,” which means that if there is a failure of any component (i.e., disk, memory, controller, etc.) within either server, or if the server fails, operations will continue without interruption on the second server.

The WMS system will also have two (2) servers that run in “lock-step” to ensure the uninterrupted operation of these systems. XTL-NH will provide systems with redundant data storage and redundant power systems. The data storage systems will consist of RAID 10 arrays, and the ability to backup data and store it in an approved offsite facility. The power systems will consist of Uninterruptible Power Supplies with sufficient storage capacity to allow the WMS to safely close out data services and properly power down the hardware systems.

In the event of a hurricane or severe winds, the AS/RS rack is designed to withstand a Category 2 hurricane on all sides. In the event of a fire, XTL-NH will have automatic in-rack sprinklers that will address the immediate issue. XTL-NH’s facility will be fully compliant with all local fire codes and regulations to ensure that the personnel and the Product inside the facility are properly and adequately protected. Depending on the extent of damage caused by a fire, XTL-NH will work very closely with the NHSLC and all necessary Suppliers to ensure that the facility continues operations fully and as quickly as possible at no additional cost to the NHSLC.

Bad weather conditions are anticipated by XTL-NH. XTL-NH will have the snow removal equipment and personnel to address snow. XTL-NH will also ensure that the yard is adequately plowed so that personnel can arrive to work and the transportation equipment can leave the yard for delivery. Due to the recent increased accuracy in

weather forecasting by the local news teams, XTL-NH will work in conjunction with the NHSLC and the transportation contractor to best evaluate the weather projections on the day prior to the expected bad weather. Some potential outcomes of discussions about bad weather could include postponing delivery times for the following day, and postponing deliveries for one (1) work day. This plan includes having a list of the home telephone numbers for all appropriate XTL-NH employees, NHSLC staff, and the transportation contractor staff to allow for any last minute changes.

As part of our warranty package, XTL-NH will have on-site mechanics who are responsible for the automated and robotic material handling equipment. More than a sufficient supply of parts will be in stock at the facility. Routine maintenance will be performed based on the manufacturer's recommended schedule, which will minimize the likelihood of any disruptions. Any and all MHS equipment breakdowns will be addressed immediately. The NHSLC will be fully informed of the situation.

During a crisis, XTL-NH's priority is to ensure the health and safety of all persons on the premises. This will be accomplished by, but not limited to, adherence to the local, state, and federal guidelines. XTL-NH will have a fire evacuation plan posted, will run safety and fire drills, and will ensure that all employees are fully trained on the proper procedures during a crisis. If a crisis affects the operations, the crisis also could possibly affect the retail store operations simultaneously. XTL-NH will work diligently, coordinate efforts, and will work in compliance with the NHSLC and the transportation contractor under this type of circumstance. If contagion control measures prevent employees from coming to work, XTL-NH has the capability and flexibility to work existing employees additional hours to compensate for the reduction in labor, hire new

personnel, or add temporary personnel from a third-party staffing agency depending on the circumstances of the scenario and the volume needs of the NHSLC. New workers will undergo the appropriate training to make the scenario seamless. XTL-NH's senior management and warehouse manager are the key personnel involved in this process.

XTL-NH will cross-train the work functions and responsibilities of key positions within the organization. This will allow us to be best prepared for the absence of key personnel. When key personnel become incapacitated, another qualified and cross-trained member of XTL-NH's team steps into the position and continues those functions until the absent personnel returns to work. Thus, XTL-NH will utilize its existing resources to address this concern. XTL-NH's IT personnel will conduct annual contingency plan testing to ensure that the processes and procedures best meet the facility's and personnel needs. The testing will simulate a pre-described disaster scenario and will evaluate the response and recovery from that disaster.

XTL-NH will use various and independent modes to communicate with staff, the NHSLC, the transportation contractor, and Suppliers, which include, but are not limited to, business telephone numbers, mobile telephone numbers, email and fax. During times of crises, XTL-NH will communicate via home telephone number, personal mobile number, and personal email account.

XIV. Understood in its entirety.

XV. Understood in its entirety. All of XTL-NH's safety and health programs will be in full effect and undergo continuous improvement reviews for XTL-NH. XTL-NH will fully meet all requirements set forth by OSHA. All of XTL-NH's forklift operators will be certified according to rules, regulations, and standards set forth by

OSHA. Each forklift operator certification will be current and valid. Those XTL-NH employees who are not certified will be restricted from driving such equipment, and are given disciplinary action if they attempt to do so. XTL-NH also retains Material Safety Data Sheets (MSDS) for any and all items that it is required to maintain, which includes, but is not limited to, cleaning supplies. All porters will successfully complete the OSHA-required training session for the handling of cleaning supplies. XTL-NH will also have adequate eye-wash stations and first-aid stations located throughout the facility. A fire evacuation plan will be posted indicating the nearest fire exit in the case of an emergency. In case of a work-related injury, XTL-NH will develop partnerships with local wellness care centers and rehabilitation centers to address any work-related medical issue. XTL-NH's facility will be a smoke-free environment.

All XTL-NH employees, including management, will be required to participate in the company's drug and alcohol testing program. All MHS, automation, and robotics installed and used in XTL-NH's distribution center (DC) will have all required safety, emergency shutdown, and lock-out features as required by OSHA. The facility will have fire protection, automatic sprinkler, and suppression systems that meet or exceed regulatory standards. These systems will be checked/tested and certified prior to receiving initial merchandise, and annually thereafter, through the length of the contract. These permits will be obtained at the time of occupancy and will be in full compliance with the NHSLC's requirements. XTL-NH will comply with all federal, state, and local regulations including, but not limited to, EEO, OSHA, ADA, and other applicable regulations. XTL-NH will maintain records documenting that all of its employees are trained and qualified for the functions that they are performing.

XTL-NH is very environmentally conscious. Senior management has the philosophy of the protection, conservation, and sustainability of our natural resources. Specifically, XTL-NH will participate in a cardboard recycling program for excess slip sheets and damaged cardboard cartons. XTL-NH will purchase recycled paper for office use, turns off lights when the facility is closed, and use other energy efficient measures to conserve natural resources and reduce operational costs. The AS/RS High Bay storage area will be a “lights out” operation, which is common practice in an AS/RS storage environment because it uses less electricity and reduces costs.

Loaded trailers will be stored overnight in our secure yard, which will be fully fenced and under continuous video surveillance.

XVI. Understood in its entirety.

XVII. Financial Statements. Understood in its entirety. XTL-NH is a newly formed New Hampshire corporation in good standing, and does not have a financial history. Its parent corporation, XTL, Inc., has supplied three (3) years of audited financial statements, which are included in SECTION IV A.1.

XVIII. Understood in its entirety. Please refer to previous sections regarding XTL, Inc.’s twenty-two (22) years of experience at the Warehouse vendor and transportation contractor for the PLCB’s largest distribution center (DC).

XIX. Understood in its entirety.

XX. Inclement/Severe Weather. Understood in its entirety.

XXI. Contract Transition Period. Understood in its entirety.

XXII. Understood in its entirety.

XXIII. Understood in its entirety.

- 3.4 APPENDIX D and APPENDIX D-1. Understood in its entirety. XTL-NH's Response is bound and sealed separately from the remainder of the Proposal.
- 3.5 APPENDIX E As Amended by Exhibit C. Understood in its entirety. XTL-NH in its bid accepts all terms and conditions as outlined in APPENDIX E, as amended by Exhibit C, of the RFP without exception.
- 3.6 APPENDIX F. Understood in its entirety.
- 3.7 APPENDIX G. Understood in its entirety.
- 3.8 APPENDIX H. Understood in its entirety.
- 3.9 APPENDIX I. Understood in its entirety.
- 3.10 APPENDIX J. Understood in its entirety.
- 3.11 APPENDIX K. Understood in its entirety. XTL-NH's Warehouse Management System (WMS) and Warehouse Control System (WCS) are software from Cirrus Tech, which is a software firm that specializes in warehouse automation software. Cirrus Tech is a global provider of supply chain management software that streamlines the flow of inventory and information from supplier to store shelf. Cirrus Tech has a comprehensive suite of supply chain execution solutions that features robust standard functionality evolved from best practices. Cirrus Tech's expertise will be in the configuring the software code to interface fully and completely with the computer systems and IT requirements of the NHSLC.

Cirrus Tech's WMS will interface seamlessly and completely with the NHSLC's existing computer systems. Any and all reporting, data transfer files, and Warehouse functions will be integrated and work with the needs of the NHSLC. A detailed description of Cirrus Tech's capabilities is included in our response to APPENDIX C.

- 3.12 APPENDIX L. Understood in its entirety.
- 3.13 APPENDIX M. Understood in its entirety. Please see SECTION IV A.9 for a copy of XTL-NH's Warehouse License application and bonded warehouse application.
- 3.14 APPENDIX N. Understood in its entirety.
- 3.15 APPENDIX O. Understood in its entirety.
- 3.16 APPENDIX P. Understood in its entirety.
- 3.17 APPENDIX Q. Understood in its entirety.

PART 4. EVALUATION PROCESS

- 4.1 General. Understood in its entirety.
- 4.2 EC Review. Understood in its entirety. Since the site proposed by XTL-NH is undeveloped and vacant ground, XTL-NH will provide a tour of the Merrimack site and the access roads to the site.
- 4.3 The evaluation shall be conducted in two phases. Understood in its entirety.
- 4.4 Phase I – Initial Analysis Review and Ranking. Understood in its entirety.

CRITERIA FOR SELECTION. Understood in its entirety.

General. Understood in its entirety.

Vendor Experience & Qualifications/Transition. Understood in its entirety.

XTL-NH is very experienced in the handling, storage, order fulfillment, and retail store delivery of wines and spirits specifically. Our management staff has more than twenty-two (22) years of expertise as the Warehouse vendor for the Pennsylvania Liquor Control Board's (PLCB) Southeastern Pennsylvania distribution center operator, which is the largest of the three (3) PLCB DCs.

XTL-NH's management team will have the expertise and direct Product knowledge in the handling of wines and spirits in a bailment environment. We will be able to leverage our existing relationships with Suppliers and bring those experiences to NH for the benefit of the NHSLC. This will ensure a smooth transition and minimize any concerns about switching Warehouse vendors. In fact, we provided four (4) references from Suppliers as part of our response to this RFP, in SECTION IV A.5.

For additional details of our experience and qualifications, please see our response to APPENDIX C.

Financial Stability and Capacity. Understood in its entirety. XTL-NH is a newly formed New Hampshire corporation and does not have a financial history. XTL, Inc. (XTL), XTL-NH's parent corporation, has supplied three (3) years of audited financial statements, which are included in SECTION IV A.1.

XTL-NH has separated financing into two (2) categories: (1) total project costs; and (2) ongoing operations. For total project costs, XTL, Inc. will provide funding equal to 10% of the total project costs. Bank financing will provide resources for 90% of the total project costs. The bank financing will consist of a conventional loan for the construction of the facility, and equipment financing for the Material Handling System (MHS) and other pieces of equipment. For ongoing operations, XTL, Inc. has liquid capital of eight million dollars (\$8,000,000) that is more than sufficient to meet the operating needs of the Merrimack, New Hampshire facility. XTL-NH has been working with two (2) regional banks, Citizens Bank and People's United Bank, that have expressed a willingness in working with XTL and providing financing to XTL-NH for this project. In addition to working with these New Hampshire banks, we also have a long term relationship with Wells Fargo Bank in Pennsylvania which could provide additional financing if needed.

Vendor Technical, Service and Project Management Proposal/IT Competence. Understood in its entirety. XTL-NH's Warehouse Management System (WMS) and Warehouse Control System (WCS) are software from Cirrus Tech, which is a software firm that specializes in warehouse automation software. Cirrus Tech is a global provider of supply chain management software that streamlines the flow of inventory and information from supplier to store shelf. Cirrus Tech has a comprehensive suite of

supply chain execution solutions that features robust standard functionality evolved from best practices. Cirrus Tech's expertise will be in the configuring the software code to interface fully and completely with the computer systems and IT requirements of the NHSLC. A detailed description of Cirrus Tech's capabilities is included in our response to APPENDIX C.

Cirrus Tech, inc is your **Automated Warehouse** solution and service provider.

Cirrus has helped **many other customers**, like yourselves, that know a change is needed, but require expertise and guidance in choosing the right solution.

Our experience helping customers across the nation has led us to gain experience in a diverse range of industries that require warehousing and distribution services. In other words, we have done industrial automation before. Our well-staffed team of professionals and problem solvers will work with you to customize a winning solution guaranteed to optimize all aspects of your warehouse and distribution process. Whether you require a **Warehouse Management System (WMS)** or a **Warehouse Control System (WCS)**.

Warehouse system management, no matter the Industry. That's Cirrus Tech, inc.

Our solutions have been implemented in hundreds of distribution centers all across the nation.

Our range of customers has allowed us to customize solutions in many industries:

- Health Care
- Retail
- Manufacturing
- Food Service
- Consumer Goods
- High Tech



Vendor Overall Solution. Understood in its entirety. XTL-NH's proposed solution to the NHSLC is to provide a High Bay Automatic Storage and Retrieval System (AS/RS) distribution center (DC) that incorporates automation and robotic picking of full cases and a "Goods-to-Man" work station for bottle pick orders of wines, spirits, and related products. In addition to an AS/RS High Bay storage area, XTL-NH will use robotic de-palletizers to remove full layers of Product from a pallet, robotic palletizers to build full pallets of mixed cases of Product, and a Case Buffering System (CBS) to

separate and order the cases prior to palletizing. XTL-NH chooses a high level of automation because it is the most cost effective and long-term cost efficient way to meet the NHSLC's operational requirements while helping the NHSLC to adhere to its duties as outlined in the RFP. The design uses automation and robotics in all aspects of the operation, where cost effective, while making accommodations to manually pick items in which the packaging is not conducive to automation, over-sized or odd-shaped items, and/or items that have very low shipping volume. Automation and robotics presents the NHSLC and XTL-NH with the flexibility to easily handle seasonal volume fluctuations or promotional volume demands for storage and order fulfillment Monday – Friday (excluding holidays), without any additional costs to the NHSLC or the Suppliers.

Vendor Pricing and Innovation. Understood in its entirety. XTL-NH's detailed pricing is bound separately as required in the RFP. XTL-NH's Proposal offers the lowest cost solution with the maximum efficiency for the NHSLC. XTL-NH's value-added services include services such as single bottle picking, labeling and re-labeling Products, blanket storage, merchandise validation, and Product reclamation and destruction. XTL-NH's innovations create cost reductions from its present day costs and long-term cost containment and, if acceptable to the NHSLC, will generate direct annual revenue sharing with the NHSLC.

Vendor References. Understood in its entirety. Please see SECTION IV A.5 for references from the Pennsylvania Liquor Control Board (PLCB) and Suppliers.

4.5 Phase II – Oral Interviews and Documentation Supplementation. Understood in its entirety.

4.6 NHSLC Evaluation and Approval. Understood in its entirety.

4.6.1 Contract Negotiation. Understood in its entirety. XTL-NH accepts all of NHSLC's standard contract terms and conditions, as contained in APPENDIX E as amended by Exhibit C, and the RFP's terms and conditions without exception. XTL-NH has no objections and/or additions to these standard contract terms, conditions, and/or agreement standards.

4.7 Best and Final Offers. Understood in its entirety.

4.8 Contract Execution. Understood in its entirety.

SECTION IV

DOCUMENTS

Below is a summary of the Documents contained in this section:

- A.1 Three (3) Years of Financial Statements for XTL, Inc.
- A.2 Personnel Resumes
- A.3 Surety of Performance Bond
- A.4 Non-Conflict of Interest Statements
- A.5 References
- A.6 Insurance, Bond and Registration
- A.7 New Hampshire Certificate of Good Authority
- A.8 Certificate of Vote
- A.9 Warehouse License and Bonded Warehouse Application
- A.10 Statement of Non-Release of Information
- A.11 Certification of Non-Debarment
- A.12 IRS W-9 Form Request for Taxpayer Identification Number and
Certification
- A.13 Statement of Compliance with all Federal and State Laws Regarding Fair
Employment Practice, the Patriot Act, and Non-Discrimination
- A.14 Corporate Resolution
- B.1 Construction Schedule
- B.2 Site Plan
- B.3 Letter of Intent to Purchase Site

SECTION V

COST PROPOSAL

As per the requirements of the RFP, XTL-NH's Cost Proposal worksheets, as outlined in APPENDIX D and APPENDIX D-1 of the RFP, are bound and sealed separately from the remainder of the Proposal and are marked:

REQUEST FOR PROPOSAL 2012 - 14

COST PROPOSAL

A.1 THREE (3) YEARS OF FINANCIAL STATEMENTS FROM XTL, INC.

XTL, Inc. and Subsidiaries

Consolidated Financial Report
(Reviewed)
December 31, 2011

XTL, Inc. and Subsidiaries

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**Independent Accountant's Review Report
on the Financial Statements**

To the Stockholder
XTL, Inc.
Philadelphia, Pennsylvania

We have reviewed the accompanying consolidated balance sheets of XTL, Inc. and Subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of operations and retained earnings and cash flows for the years then ended. A review includes primarily applying analytical procedures applied to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the consolidated financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

Blue Bell, Pennsylvania
March 5, 2012

XTL, Inc. and Subsidiaries

Consolidated Balance Sheets

December 31, 2011 and 2010

See Independent Accountant's Review Report

	2011	2010
Assets		
Current Assets		
Cash	\$ 5,957,568	\$ 4,173,295
Accounts receivable, trade, net of allowance for doubtful accounts of \$6,000 in 2011 and 2010	2,537,446	2,802,545
Prepaid expenses	397,453	336,581
Total current assets	8,892,467	7,312,421
Property and Equipment, net	3,063,510	3,134,504
Other Assets		
Investment in Wheels Insurance, Ltd. and restricted cash	457,598	418,881
Development costs	223,700	72,462
	681,298	491,343
	\$ 12,637,275	\$ 10,938,268
Liabilities and Stockholder's Equity		
Current Liabilities		
Current portion of long-term notes payable	\$ 107,165	\$ 291,878
Accounts payable	883,240	897,331
Accrued expenses	430,664	325,621
Total current liabilities	1,421,069	1,514,830
Long-Term Notes Payable, net of current portion	849,482	965,427
Commitments (Note 6)		
Stockholder's Equity		
Common stock, \$1 par value; 1,000 shares authorized, issued and outstanding	1,000	1,000
Retained earnings	10,365,724	8,457,011
	10,366,724	8,458,011
	\$ 12,637,275	\$ 10,938,268

See Notes to Consolidated Financial Statements.

XTL, Inc. and Subsidiaries

**Consolidated Statements of Operations and Retained Earnings
Years Ended December 31, 2011 and 2010**

See Independent Accountant's Review Report

	2011	2010
Net revenues	\$ 21,008,480	\$ 18,895,536
Operating expenses	16,654,214	14,888,812
Income from operations	4,354,266	4,006,724
Other income (expense)		
Interest income	20,185	13,872
Interest expense	(34,110)	(73,516)
Gain on sale of equipment	78,617	102,996
	64,692	43,352
Income before state income taxes	4,418,958	4,050,076
State income taxes	29,613	17,000
Net income	4,389,345	4,033,076
Retained earnings, beginning	8,457,011	6,326,872
Distributions	(2,480,632)	(1,902,937)
Retained earnings, ending	\$ 10,365,724	\$ 8,457,011

See Notes to Consolidated Financial Statements.

XTL, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 31, 2011 and 2010

See Independent Accountant's Review Report

	2011	2010
Cash Flows from Operating Activities		
Net income	\$ 4,389,345	\$ 4,033,076
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	394,975	812,698
Gain on sale of equipment	(78,617)	(102,996)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable, trade	265,099	(1,080,562)
Prepaid expenses	(60,872)	(13,606)
Increase (decrease) in:		
Accounts payable	(14,091)	302,934
Accrued expenses	105,043	(29,486)
Net cash provided by operating activities	5,000,882	3,922,058
Cash Flows from Investing Activities		
Purchases of equipment	(349,334)	(469,898)
Proceeds from sale of equipment	103,970	510,000
Investment in Wheels Insurance, Ltd. and restricted cash	(38,717)	(49,639)
Development costs paid	(151,238)	(72,462)
Net cash used in investing activities	(435,319)	(81,999)
Cash Flows from Financing Activities		
Repayments of:		
Term notes payable	(300,658)	(1,068,654)
Capital lease obligations	-	(55,219)
Distributions	(2,480,632)	(1,902,937)
Net cash used in financing activities	(2,781,290)	(3,026,810)
Net increase in cash	1,784,273	813,249
Cash, beginning	4,173,295	3,360,046
Cash, ending	\$ 5,957,568	\$ 4,173,295
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the year for interest	\$ 34,110	\$ 79,931
Cash paid for income taxes	\$ 33,797	\$ 24,477

See Notes to Consolidated Financial Statements.

XTL, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

See Independent Accountant's Review Report

Note 1. Nature of Business and Summary of Significant Accounting Policies

Nature of Business: XTL, Inc. (the "Company" or "XTL") through its wholly owned subsidiaries is a full-service, asset-based third-party logistics solution provider specializing in retail store distribution in the Mid-Atlantic and Northeast United States. XTL is the exclusive distribution center operator for the Pennsylvania Liquor Control Board's Southeastern Pennsylvania Distribution Center through March 2013. In addition to its contract with the Pennsylvania Liquor Control Board, the Company operates a transfer station within Philadelphia, Pennsylvania for national and international shipments, and terminals in Lawrenceberg, Indiana and Cincinnati, Ohio through 2010.

Reorganization: During 2010, the Company formed Qualified S subsidiaries to segregate its operations in Pennsylvania and Indiana.

A summary of the Company's significant accounting policies is as follows:

Principles of Consolidation: The consolidated financial statements include the accounts of XTL, Inc. and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that may affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition: The Company recognizes revenue as services are rendered, with provisions for discounts and rebates to customers and other adjustments provided for in the period the related revenues are recorded.

Accounts Receivable, Trade and Allowance for Doubtful Accounts: Accounts receivable, trade are carried at original invoiced amount less an estimate for doubtful accounts. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. Interest is not charged on past due accounts.

Property and Equipment and Depreciation and Amortization: Property and equipment are stated at cost. Equipment under capital lease is stated at the net present value of the future minimum lease payments at the inception of the lease. Equipment under capital lease is amortized using the straight-line method over the life of lease. Depreciation on building and improvements and distribution and other equipment is provided using the straight-line method over the following estimated economic useful lives:

Building and improvements	40 years
Distribution and other equipment	5-10 years

Development Costs: Development costs consist of costs incurred in connection with the Company's plans to expand its operations to include storage and robotic supply chain services.

Income Taxes: The stockholder has elected to have the Company taxed as Federal, Pennsylvania, Ohio and Indiana S Corporation. Accordingly, no provision has been made as the stockholder will include the Company's taxable income in his individual federal and state income tax returns. The financial statements include a provision for New Jersey income taxes.

XTL, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

See Independent Accountant's Review Report

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued): Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Company is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2008.

Reclassifications: Certain items in the 2010 financial statements have been reclassified to conform to the 2011 presentation.

Subsequent Events: The Company has evaluated subsequent events through March 5, 2012, which represents the date the financial statements were available to be issued.

Recent Accounting Pronouncements: In September 2011, the Financial Accounting Standards Board (FASB) issued authoritative guidance which expanded and enhanced the existing disclosures related to multi-employer pension and other post-retirement benefit plans. The amendments require additional quantitative and qualitative disclosures about an employer's involvement in multi-employer plans including, the significant multi-employer plans in which the Company participates, level of the Company's participation and contributions, financial health and an indication of funded status, and the nature of the employer commitments to the plan. This guidance is effective for annual periods for fiscal years ending after December 15, 2012. The adoption of this guidance will significantly expand the existing disclosures but will not have an impact on the Company's financial position, results of operation and cash flows.

Note 2. Investment in Wheels Insurance, Ltd. and Restricted Cash

The Company has invested \$36,000 in Wheels Insurance, Ltd., a Cayman Islands Exempted Limited Reinsurance Company, which provides certain automobile liability insurance coverage. Included in accrued expenses at December 31, 2011 and 2010, are accrued estimated claims under this policy of \$303,366 and \$204,073, respectively. Furthermore, at December 31, 2011 and 2010, the Company has posted a cash collateralized letter of credit of \$421,598 and \$382,881, respectively, as restricted cash to satisfy such claims.

Note 3. Property and Equipment

	2011	2010
Land	\$ 65,154	\$ 65,154
Building and improvements	2,091,245	2,091,245
Distribution and other equipment	6,638,410	6,978,451
	8,794,809	9,134,850
Less accumulated depreciation and amortization	5,731,299	6,000,346
	<u>\$ 3,063,510</u>	<u>\$ 3,134,504</u>

Depreciation and amortization expense charged to operations was \$394,975 in 2011 and \$812,698 in 2010.

XTL, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

See Independent Accountant's Review Report

Note 4. Term Notes Payable

The Company has an equipment line of credit facility with Wachovia Bank, which provides maximum borrowings up to \$4 million. Total outstanding borrowings at December 31, 2011 was \$0 and at December 31, 2010 they were \$196,462. Borrowings are termed-out over 60 monthly installments and bear interest at a fixed prime rate at the time the advance occurs, resulting in an average annual rate of 6.4% in 2011 and in 2010. The notes are collateralized by certain distribution equipment. The facility requires compliance with customary financial covenants. The outstanding availability on the equipment line of credit at December 31, 2011 was \$4,000,000. In January 2011, the facility was renewed through April 2012.

The Company has loans with the Philadelphia Industrial Development Corporation and the Pennsylvania Industrial Development Authority in the aggregate amounts of \$870,000 and \$680,000, respectively. Interest and principal payments are due monthly in the aggregate amount of \$11,304 including fixed interest rates of 3% and 3.25% respectively. The loans mature through November 2020. At December 31, 2011, the balance due was \$559,290 and \$397,357 and at December 31, 2010, the balance due was \$613,724 and \$447,119, respectively. The loans are collateralized principally by the building and equipment and are senior to the other debt obligations of the Company.

Future maturities of term notes payable at December 31, 2011 are:

<u>Years Ending December 31,</u>	
2012	\$ 107,165
2013	110,604
2014	114,103
2015	117,714
2016	121,417
Thereafter	<u>385,644</u>
	<u>\$ 956,647</u>

Note 5. Stockholder Transactions

Management Agreement: The Company has a management agreement with its stockholder. The Company expensed management fees of \$1,150,000 in 2011 and \$870,000 in 2010.

Note 6. Leasing Activities

Operating Leases: The Company leases distribution and warehouse equipment under agreements which expire through July 2012.

Rental expense under these leases, including related maintenance costs was approximately \$442,000 in 2011 and \$292,000 in 2010.

At December 31, 2011, future minimum operating lease payments of \$94,172 are due in 2012.

XTL, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

See Independent Accountant's Review Report

Note 7. Retirement Plans

The Company is required to make contributions to a multi-employer benefit plan and a health and welfare plan pursuant to a collective bargaining agreement that covers all union employees. During 2011 and 2010, the Company incurred costs in connection with these plans of approximately \$1,577,000 and \$1,334,000, respectively. The Company could be assessed a withdrawal liability upon its withdraw from the multi-employer pension plan. This amount, and the Company's obligation to fund any portion of it, is subject to many factors outside of the Company's control, including actuarial experience and investment performance of the investments underlying the multi-employer pension plan.

The Company also has a 401(k) profit sharing plan that covers substantially all employees. The Company's contribution to the plan for eligible employees is discretionary. No contributions were made during 2011 and 2010.

Note 8. Concentrations

Customer Concentration: The Company's contract with the Pennsylvania Liquor Control Board represented approximately 73% of 2011 net revenues and 77% of 2010 net revenues and approximately 62% and 72% of accounts receivable at December 31, 2011 and 2010, respectively.

Credit Risk: Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and trade accounts receivable.

The Company has in excess of the federally insured limit on deposit with financial institutions, which management believes are high credit quality financial institutions.

Although the Company is directly affected by cyclical changes in the economy, and its major customer in particular, management does not believe its trade accounts receivable pose a significant credit risk because the Company has established credit and collection policies to mitigate such risk.



**Independent Accountant's Report
on the Supplementary Information**

To the Stockholder
XTL, Inc.
Philadelphia, Pennsylvania

Our reviews were made for the purpose of expressing limited assurance that there are no material modifications that should be made to the basic consolidated financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information which follows is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the reviews of the basic consolidated financial statements and we did not become aware of any material modifications that should be made to such information.

McGladrey & Pullen, LLP

Blue Bell, Pennsylvania
March 5, 2012

XTL, Inc. and Subsidiaries

Consolidated Schedules of Operating Expenses

Years Ended December 31, 2011 and 2010

See Independent Accountant's Report

	2011	2010
Consulting fees	\$ 188,783	\$ 206,882
Depreciation and amortization	394,975	812,698
Employee benefits	1,759,785	1,502,567
Equipment maintenance	601,232	477,463
Equipment rental	423,980	274,220
Fuel cost	1,815,025	1,085,901
Insurance	1,194,884	1,142,446
Management fees	1,150,000	870,000
Office expense	295,080	278,104
Operations	561,281	492,186
Payroll	6,688,439	6,142,685
Payroll taxes	589,444	603,490
Professional fees	193,743	282,102
Security expense	122,735	124,792
Taxes and licenses	27,535	28,291
Telephone and utilities	103,210	96,200
Transportation services	363,179	312,088
Warehouse	180,904	156,697
	\$ 16,654,214	\$ 14,888,812

XTL, Inc. and Subsidiaries

Consolidated Financial Report
(Reviewed)
December 31, 2010

XTL, Inc. and Subsidiaries

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**Independent Accountant's Review Report
on the Financial Statements**

To the Stockholder
XTL, Inc.
Philadelphia, Pennsylvania

We have reviewed the accompanying consolidated balance sheets of XTL, Inc. and Subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of operations and retained earnings and cash flows for the years then ended. A review includes primarily applying analytical procedures applied to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the consolidated financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

Blue Bell, Pennsylvania
March 3, 2011

XTL, Inc. and Subsidiaries**Consolidated Balance Sheets****December 31, 2010 and 2009***See Independent Accountant's Review Report*

	2010	2009
Assets		
Current Assets		
Cash	\$ 4,173,295	\$ 3,360,046
Accounts receivable, trade, net of allowance for doubtful accounts of \$6,000 in 2010 and \$16,000 in 2009	2,802,545	1,721,983
Prepaid expenses	409,043	322,975
Total current assets	7,384,883	5,405,004
Property and Equipment, net	3,134,504	3,884,308
Other Assets		
Investment in Wheels Insurance, Ltd. and restricted cash	418,881	369,242
	\$ 10,938,268	\$ 9,658,554
Liabilities and Stockholder's Equity		
Current Liabilities		
Current portion of long-term notes payable	\$ 291,878	\$ 969,633
Accounts payable	897,331	594,397
Accrued expenses	325,621	355,107
Obligations under capital lease	-	55,219
Total current liabilities	1,514,830	1,974,356
Long-Term Notes Payable, net of current portion	965,427	1,356,326
Commitments (Note 6)		
Stockholder's Equity		
Common stock, \$1 par value; 1,000 shares authorized, issued and outstanding	1,000	1,000
Retained earnings	8,457,011	6,326,872
	8,458,011	6,327,872
	\$ 10,938,268	\$ 9,658,554

See Notes to Consolidated Financial Statements.

XTL, Inc. and Subsidiaries

**Consolidated Statements of Operations and Retained Earnings
Years Ended December 31, 2010 and 2009**

See Independent Accountant's Review Report

	2010	2009
Net revenues	\$ 18,895,536	\$ 16,873,873
Operating expenses	14,888,812	13,763,341
Income from operations	4,006,724	3,110,532
Other income (expense)		
Interest income	13,872	3,244
Interest expense	(73,516)	(144,901)
Gain on sale of equipment	102,996	2,401
	43,352	(139,256)
Income before state income taxes	4,050,076	2,971,276
State income taxes	17,000	11,000
Net income	4,033,076	2,960,276
Retained earnings, beginning	6,326,872	4,106,529
Distributions	(1,902,937)	(739,933)
Retained earnings, ending	\$ 8,457,011	\$ 6,326,872

See Notes to Consolidated Financial Statements.

XTL, Inc. and Subsidiaries

**Consolidated Statements of Cash Flows
Years Ended December 31, 2010 and 2009**

See Independent Accountant's Review Report

	2010	2009
Cash Flows from Operating Activities		
Net income	\$ 4,033,076	\$ 2,960,276
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	812,698	1,054,744
Gain on sale of equipment	(102,996)	(2,401)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable, trade	(1,080,562)	(40,869)
Prepaid expenses	(86,068)	(141,609)
Increase (decrease) in:		
Accounts payable	302,934	(101,295)
Accrued expenses	(29,486)	113,060
Net cash provided by operating activities	3,849,596	3,841,906
Cash Flows from Investing Activities		
Purchases of equipment	(469,898)	(31,931)
Proceeds from sale of equipment	510,000	45,600
Investment in Wheels Insurance, Ltd. and restricted cash	(49,639)	(144,480)
Net cash used in investing activities	(9,537)	(130,811)
Cash Flows from Financing Activities		
Repayments of:		
Term notes payable	(1,068,654)	(1,017,152)
Capital lease obligations	(55,219)	(105,276)
Repayment of stockholder advances	-	(400,000)
Distributions	(1,902,937)	(739,933)
Net cash used in financing activities	(3,026,810)	(2,262,361)
Net increase in cash	813,249	1,448,734
Cash, beginning	3,360,046	1,911,312
Cash, ending	\$ 4,173,295	\$ 3,360,046
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the year for interest	\$ 79,931	\$ 166,778
Cash paid for income taxes	\$ 24,477	\$ 2,420

See Notes to Consolidated Financial Statements.

XTL, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

See Independent Accountant's Review Report

Note 1. Nature of Business and Summary of Significant Accounting Policies

Nature of Business: XTL, Inc. (the "Company" or "XTL") through its wholly owned subsidiaries is a full-service, asset-based third-party logistics solution provider specializing in retail store distribution in the Mid-Atlantic and Northeast United States. XTL is the exclusive distribution center operator for the Pennsylvania Liquor Control Board's Southeastern Pennsylvania Distribution Center through March 2011, which is currently being renewed through March 2013. In addition to its contract with the Pennsylvania Liquor Control Board, the Company operates a transfer station within Philadelphia, Pennsylvania for national and international shipments, and terminals in Cincinnati, Ohio and Lawrenceberg, Indiana.

Reorganization: During 2010, the Company formed Qualified S subsidiaries to segregate its operations in Pennsylvania and Indiana.

A summary of the Company's significant accounting policies is as follows:

Principles of Consolidation: The consolidated financial statements include the accounts of XTL, Inc. and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that may affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition: The Company recognizes revenue as services are rendered, with provisions for discounts and rebates to customers and other adjustments provided for in the period the related revenues are recorded.

Accounts Receivable, Trade and Allowance for Doubtful Accounts: Accounts receivable, trade are carried at original invoiced amount less an estimate made for doubtful accounts. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. Interest is not charged on past due accounts.

Property and Equipment and Depreciation and Amortization: Property and equipment are stated at cost. Equipment under capital lease is stated at the net present value of the future minimum lease payments at the inception of the lease. Equipment under capital lease is amortized using the straight-line method over the life of lease. Depreciation on building and improvements and distribution and other equipment is provided using the straight-line method over the following estimated economic useful lives:

Building and improvements	40 years
Distribution and other equipment	5-10 years

Income Taxes: The stockholder has elected to have the Company taxed as Federal, Pennsylvania, Ohio and Indiana S Corporation. Accordingly, no provision has been made as the stockholder will include the Company's taxable income in his individual federal and state income tax returns. The financial statements include a provision for New Jersey income taxes.

XTL, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

See Independent Accountant's Review Report

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued): The Financial Accounting Standards Board issued new guidance on accounting for uncertainty in income taxes. The Company adopted this new guidance for the year ended December 31, 2009. Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Company is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2007.

Subsequent Events: The Company has evaluated through March 3, 2011, the date on which the financial statements were issued.

Note 2. Investment in Wheels Insurance, Ltd. and Restricted Cash

In November 2007, the Company invested \$36,000 in Wheels Insurance, Ltd., a Cayman Islands Exempted Limited Reinsurance Company, to obtain certain automobile liability insurance coverage. Included in accrued expenses at December 31, 2010 and 2009, are accrued estimated claims under this policy of \$204,073 and \$227,102, respectively. Furthermore, at December 31, 2010 and 2009, the Company has posted a cash collateralized letter of credit of \$382,881 and \$333,242, respectively, as restricted cash to satisfy such claims.

Note 3. Property and Equipment

	2010	2009
Land	\$ 65,154	\$ 65,154
Building and improvements	2,091,245	2,091,245
Distribution and other equipment	6,978,451	7,303,414
	9,134,850	9,459,813
Less accumulated depreciation and amortization	6,000,346	5,575,505
	<u>\$ 3,134,504</u>	<u>\$ 3,884,308</u>

Included in distribution and other equipment at December 31, 2009 is \$646,767 of capital lease assets. Included in accumulated depreciation and amortization at December 31, 2009 is accumulated amortization under capital lease of \$496,053. The Company paid off the leases during 2010.

Depreciation and amortization expense charged to operations was \$812,698 in 2010 and \$1,054,744 in 2009.

XTL, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

See Independent Accountant's Review Report

Note 4. Term Notes Payable

The Company has an equipment line of credit facility with Wachovia Bank, which provides maximum borrowings up to \$4 million. Total outstanding borrowings were \$196,462 and \$1,159,665 at December 31, 2010 and 2009, respectively. Borrowings are termed-out over 60 monthly installments and bear interest at a fixed prime rate at the time the advance occurs, resulting in an average annual rate of 6.4% in 2010 and in 2009. The notes are collateralized by certain distribution equipment. The facility requires compliance with customary financial covenants. The outstanding availability on the equipment line of credit at December 31, 2010 was \$3,803,538. In January 2010, the facility was renewed through April 2011.

The Company has loans with the Philadelphia Industrial Development Corporation and the Pennsylvania Industrial Development Authority in the aggregate amounts of \$870,000 and \$680,000, respectively. Interest and principal payments are due monthly in the aggregate amount of \$11,304 including fixed interest rates of 3% and 3.25% respectively. The loans mature through November 2020. At December 31, 2010, the balance due was \$613,724 and \$447,119 and at December 31, 2009, the balance due was \$721,987 and \$545,744, respectively. The loans are collateralized principally by the building and equipment and are senior to the other debt obligations of the Company.

Future maturities of term notes payable at December 31, 2010 are:

<u>Years Ending December 31,</u>	
2011	\$ 291,878
2012	107,165
2013	110,604
2014	114,103
2015	117,714
Thereafter	<u>515,841</u>
	<u>\$ 1,257,305</u>

Note 5. Stockholder Transactions

Management Agreement: The Company has management agreements with its current and former stockholder. The Company expensed management fees related to these agreements of \$870,000 in 2010 and \$674,610 in 2009.

Note 6. Leasing Activities

Operating Leases: The Company leases distribution and warehouse equipment under agreements which expire through July 2012. The Company has an option to terminate these leases without penalty in May 2011.

Rental expense under these leases, including related maintenance costs was approximately \$292,000 in 2010 and \$331,000 in 2009.

XTL, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

See Independent Accountant's Review Report

Note 6. Leasing Activities (Continued)

Operating Leases (Continued): Future minimum operating lease payments at December 31, 2010 are:

<u>Years Ending December 31,</u>	
2011	\$ 157,008
2012	<u>94,172</u>
	<u>\$ 251,180</u>

Capital Lease: In July 2005, the Company entered into a capital lease agreement to purchase trailers in the aggregate cost of \$646,767. The capital lease expired in July 2010. Interest and principal payments were due monthly in the aggregate amounts of \$9,319 including interest at 5.89% and the lease was collateralized by the related equipment.

Note 7. Retirement Plans

The Company has a 401(k) profit sharing plan that covers substantially all employees. The Company's contribution to the plan for eligible employees is discretionary. No contributions were made during 2010 and 2009.

In addition, the Company is required to make contributions to a multi-employer benefit plan and a health and welfare plan pursuant to a collective bargaining agreement that covers all union employees. During 2010 and 2009, the Company incurred costs in connection with these plans of approximately \$1,334,000 and \$1,330,000, respectively. The Company could be assessed a withdrawal liability upon its withdraw from the multi-employer pension plan. This amount, and the Company's obligation to fund any portion of it, is subject to many factors outside of the Company's control, including actuarial experience and investment performance of the investments underlying the multi-employer pension plan.

Note 8. Concentrations

Customer Concentration: The Company's contract with the Pennsylvania Liquor Control Board represented approximately 77% of 2010 net revenues and 79% of 2009 net revenues and approximately 72% and 76% of accounts receivable at December 31, 2010 and 2009, respectively.

Credit Risk: Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and trade accounts receivable.

The Company has in excess of the federally insured limit on deposit with financial institutions, which management believes are high credit quality financial institutions.

Although the Company is directly affected by cyclical changes in the economy, and its major customer in particular, management does not believe its trade accounts receivable pose a significant credit risk because the Company has established credit and collection policies to mitigate such risk.



**Independent Accountant's Report
on the Supplementary Information**

To the Stockholder
XTL, Inc.
Philadelphia, Pennsylvania

Our reviews were made for the purpose of expressing limited assurance that there are no material modifications that should be made to the basic consolidated financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information which follows is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the reviews of the basic consolidated financial statements and we did not become aware of any material modifications that should be made to such information.

McGladrey & Pullen, LLP

Blue Bell, Pennsylvania
March 3, 2011

XTL, Inc. and Subsidiaries

**Consolidated Schedules of Operating Expenses
Years Ended December 31, 2010 and 2009**

See Independent Accountant's Report on the Supplementary Information

	2010	2009
Consulting fees	\$ 206,882	\$ 129,104
Depreciation and amortization	812,698	1,054,744
Employee benefits	1,502,567	1,514,890
Equipment maintenance	477,463	341,207
Equipment rental	274,220	313,682
Fuel cost	1,085,901	754,847
Insurance	1,142,446	1,280,810
Management fees	870,000	674,610
Office expense	278,104	377,357
Operations	492,186	419,531
Payroll	6,142,685	5,714,883
Payroll taxes	603,490	453,167
Professional fees	282,102	173,265
Security expense	124,792	127,883
Taxes and licenses	28,291	29,000
Telephone and utilities	96,200	81,239
Transportation services	312,088	211,146
Warehouse	156,697	111,976
	<u>\$ 14,888,812</u>	<u>\$ 13,763,341</u>

A.2 PERSONNEL RESUMES

Louis J. Cerone

SUMMARY

Executive with proven corporate and operations turn-around success in the logistics industry. Hands-on and pro-active approach to management. Strong team player with emphasis on productivity increases and cost containment. Experiences includes: full P&L responsibility, personnel management, process improvements, and customer relations. Excellent written and oral communication skills.

PROFESSIONAL EXPERIENCE

XTL, Inc. (Asset-Based Third Party Logistics Company) *Philadelphia, PA*
Warehouses and distributes 5.8 million cases (12,500 SKUs) annually of wines and spirits to 170 retail stores for the Pennsylvania Liquor Control Board. Company also provides local and regional trucking services, local drayage and cross-docking services.

President (2009 to present)

Executive Vice President (2004 to 2009)

Direct and full responsibility to oversee all personnel and work functions to ensure highest fulfillment of customer's orders while containing daily operational costs. Ensure accuracy, productivity, safety, personnel accountability, and minimization of product loss. Address all daily inventory adjustments and claims.

- Full P&L responsibility for Parent company and subsidiaries. Multi-city operations. Payroll includes more than 100+ union and 20 management personnel. Fleet includes 50 late model tractors and 100 late model trailers.
- Conduct all management employee evaluations, salary reviews, and hiring and firing responsibilities.
- Directly handle all union and legal matters for 4 bargaining units.
- Participate in corporate strategy, growth initiatives and sales presentations.

Vice President (2000 to 2004)

Organized corporate structure for start-up company that took over warehousing and distribution operations under an Emergency Contract from the PLCB (prior contractor went bankrupt with one week's notice to the PLCB during the holiday build-up season). Determined job responsibilities and salaries. Developed and implemented all company policies and procedures for management personnel. Oversaw all day-to-day operational issues to ensure quality and timeliness of service to the customer including seasonal demands. Ensured the efficiency of operational procedures, minimization of product loss, safety, and accountability of personnel.

- Partial P&L responsibility, purchasing authority and full inventory responsibility with no OS&D allowance.
- Hands-on, direct management of product flow and delivery interruption during customer's removal of existing conveyor system, installation of new conveyor system, and installation and implementation of new RF WMS (RIMS) including writing and implementing procedures, policies, and staff training.
- Oversee all management, clerical staff, and union personnel including HR responsibilities.

- Dramatically improved quality of labor through education, training, discipline and discharge.
- Directly handle all disputes, grievances, arbitrations and other legal issues involving labor, customer non-payment, claims, and OSHA.
- Directly handle all contract negotiations, vendor selection, RFP generation and responses.
- Directly handle all safety issues and improvements and quality assurance.

Strategic Marketing Corporation (Marketing Research Firm)
Project Manager (2000 to 2000)

Bala Cynwyd, PA

- Designed, conducted, managed and reported the findings of various types of international and domestic quantitative and qualitative marketing research studies for pharmaceutical companies, including product launch and packaging studies.

Total Research Corporation (Marketing Research Firm)
Project Director (1999 to 2000)

Princeton, NJ

- Designed, conducted, managed and reported the findings of various types of international and domestic quantitative and qualitative marketing research studies for pharmaceutical companies.

EDUCATION

1998	Ph.D.	Clinical Psychology, University of Toledo, Toledo, OH Author on four published research articles
1993	M.A.	General Psychology, American University, Washington, D.C.
1988	B.A.	Columbia University, New York, NY

PROFESSIONAL DEVELOPMENT AND ASSOCIATIONS

- Company is member of National Alcohol Beverage Control Association (NABCA) Conference
- Past member of the International Warehouse Logistics Association (IWLA)
 - Attended one week logistics course at the International Warehouse Logistics Association (IWLA)

Karl Hilprecht

Summary

An accomplished senior executive with 36 years of experience with United Parcel Service. Increase organizational value by driving top and bottom line results. Innovative leader known for cross-functional style and. capable of developing talent while leading organizational transition.

Experience includes directing UPS Ground and Air Operations on both coasts, overseeing Industrial Engineering operations, running a UPS Subsidiary for UPS Logistics, and working on loan with Ford Motor Company.

Current: XTL, Inc. - Director of Business Development

Past: UPS - Director of Regional Transportation

Key responsibilities in the opening of several UPS Operations:

1996 Assisted the expansion of UPS's Automated World Port in Louisville, Kentucky

1992 Assisted the opening of UPS's largest Automated Facility located in Chicago

1991 Opened the first UPS Automated Building, Grand Rapids Michigan

1986 Opened the expanded UPS Oklahoma, City Building

1984 Opened the UPS Mesquite, Texas Operation

1982 Opened the UPS Air Operation in Fort Worth, Texas

1978 Opened the UPS Haltom City Operation in Fort Worth, Texas

UPS background also included Marketing and Business Development, Training, Labor and Public Relations.

Education: University of Texas at Arlington

Keith Hawkes

Automated Material Handling Industry Experience:

XTL Inc., Philadelphia, PA

Aug 2011 – Present

Director of Automation Engineering

- Responsible for all activities required and associated with:
 - ✓ Customer data Analysis
 - ✓ Automated equipment system design
 - ✓ Warehouse building design
 - ✓ Contract negotiations
 - ✓ Building and equipment construction and installation.
 - ✓ Testing and commissioning

Murata Machinery USA, LTD Salt Lake City, UT

Nov

2003 – August 2011

Sr. Account Manager

March 2008 – August

2011

- Responsible for business development and entering new markets for one of the world's largest Automated Material Handling Equipment suppliers. Primarily working with the Food / Beverage, Alcoholic Beverages and Retail Markets.
- Responsible for:
 - ✓ Quarterbacking all sales campaigns, including development and execution of strategies,
 - ✓ Development of automated system concepts and designs
 - ✓ Oversee all contract negotiations.

Project Manager / Applications-Sales Engineer

Nov

2003 – March 2008

- Applications Group leader for large distribution / automation inquiries. Tasks included:
 - ✓ Customer data analysis, System configuration, pricing and design,
 - ✓ ROI analysis, investor presentations, contract review and negotiations
 - ✓ Sub-contractor evaluation and selection
 - ✓ Development of overall project integration procedures.
- Act as primary customer interface throughout sales campaign, system analysis and development including integration of non-Muratec technologies used in system solution.
- Overall project management duties on large distribution systems, high visibility and strategic customers.
- Mentor and trainer to younger / less experienced Project Managers.
- **Customers serviced: Associated Food Stores, Jet Blue, Honda, Solyndra, Nissan, Caterpillar,**

PELI, Division Paul E. Lehman Inc. Salt Lake City, Utah

May

2001 – Nov 2003

Operations Manager / Project Manager

- Oversaw and managed all activities associated with building construction and automated equipment installation. Tasks included but not limited to:
 - ✓ Project management, field installation, engineering, contract review and development, subcontractor selection, union negotiations.
- Responsible for establishing and reviewing all pricing and proposals prior to submittal for projects ranging from \$500K - \$45MM.
- Responsible for establishing and implementing set of core operational procedures ranging from project start-up to weekly reporting and labor tracking onto project completion and customer acceptance.
- Responsible for evaluating and monitoring component fabrication.
- **Customers Serviced: Walgreens (3 sites), Wal-Mart, RR Donnelly**

**The Broad Group, Detroit, MI
Operations Manager / Project Manager**

Jan 2000 – Apr 2001

- Supervisory responsibility over Project Management, Field Installation, fabrication, engineering and proposal activities for racking systems as they pertain to automated material handling systems.
- Responsible for establishing and implementing set of core operational procedures ranging from project start-up to bi-weekly reporting, onto project completion and customer acceptance.
- Responsible for the coordination of all activities with outside partners pertaining to a new business venture within the Broad Group (Broad Autopark Systems). Tasks included; Marketing, system concepting, customer / investor presentations, system pricing, development of integration procedures and requirements.
- **Customers Serviced: Art Van Furniture, Chrysler Corp., Ford Motor Co.**

**ESKAY Corporation, Salt Lake City, UT
2000**

Jan 1994 - Jan

Sr. Systems / Sales Engineer.

- Sales Support for new inquiries. Responsibilities ranged from sales strategies to presentation of conceptual designs.
- Design of automated material handling systems using multiple material handling technologies.
- Responsible for coordination and integration of all project and system components, including; software, building design and construction, equipment installation and testing.
- Acted as primary customer interface throughout sales and project activities.
- **Customers Serviced: Rohm Electronics, Bush Ind., Molex Inc., Excel Beef, Becton Dickenson,**

Siltec Silicon,

**EATON – Kenway, SLC, UT
1993**

Mar 1990- Dec

Mechanical Systems Engineer:

- Design and layout of automated material handling systems.
- Development of standards and installation procedures
- Subcontractor and Mechanical installation coordination.
- **Customers Serviced: Detroit Newspaper Agency, Federal Reserve Bank (2 sites), Bank of Canada
(2 sites), Delta Airlines**

CHRISTOPHER LOZZI, MCP

Summary: Technical Trainer & Technician, IT Supervisor, Project Manager, Help Desk Manager

Microsoft Certified Professional, manager, (10 years in Training and support) skilled in end user support and instruction Course Instructor, above average public speaker with excellent teaching attributes. Skilled in presentations for groups ranging from small (5 or 6) to large (30 to 300). 20 years in Information Technology.

TECHNICAL ABILITIES:

Experienced instructor/trainer in various computer and non-computer programs. Qualified to instruct on the Microsoft Office suite of products. Lead instructor for Amtrak Security and Engineering delivering such presentations as: Safety & Security, Contractor Safety and Security, HAZMAT, Environmental Awareness, First Aid. Software related Microsoft and Proprietary: "More with Outlook" etc. Microsoft Communicator and Sharepoint instructor.

EMPLOYMENT:

XTL, Inc. 2012 - Present

Information Technology Manager

- Responsible for all networking, hardware and software issues company-wide.

Lincoln Technical Institute 2012 - Present

Instructor – Information Technology

- Compose and deliver training to students on the various facets of IT with an emphasis on help desk.
- Conduct hands-on workshops with students. Prepare students for Microsoft certification exams..

Alteva, WVT Comm. 2011 – 2012

Corporate Trainer – Post Sale Team Leader, Microsoft Engineer

- Responsible for all aspects of training from creation of materials to scheduling to implementation.
- Direct liaison to post sale clients for all aspects of implementation and training.
- Responsible for all Microsoft products in deployment as well as troubleshooting

Amtrak NRPC 2006- 2011

IT Analyst, Content & Design, Lead Instructor

- Manager of Content and Design for Employee Development Dept. Instructor for a variety of new hire, regulatory and contractor safety training and refresher courses.
- Responsible for all creative materials used in training Amtrak personnel and contractors
- Sole trainer for Safety and Security course for Amtrak law enforcement and Federal security personnel
- Team leader for Active Directory Migration from Windows NT domain for 8000 Amtrak users across the US
- Interface with provider of software for producing contractor ID badges – communicate requirements and ensure product compliance

Johnson Matthey Catalysts 2006- 2006

Sr. Network Systems/Support

- Responsible for day to day support of all desktops and servers in a 100 user environment.
- Conduct all end user training for software and other audio/video technologies.
- Evaluate and purchase all software and hardware.
- Technologies: Microsoft Office Suite XP, Windows XP Pro, 2000, NT, 98. Remote access tools included DameWare, VNC, Netmeeting,
- Responsible for all wireless communications. Cell telephone and WIFI. Sole support for Blackberry and other PDA devices used by Sr management.
- Primary point of contact for all Help Desk related issues.

Lincoln Financial Advisors 2005- 2005

IT Administrator, Philadelphia RPO

- Sole contact for any and all aspects of the Information Technology infrastructure.
- Coordinated branch locations. Maintained rotating schedule of 4 Lincoln Offices throughout the tri-state area.
- Contact for purchasing and evaluation. Conduct routine research for determination of future Lincoln products and software.
- Provided all functions of desktop support, networking layouts, upgrades of proprietary software, backups if necessary.
- Provided round-the-clock coverage of all IT functions via remote access or paging.
- Responsible for all email retention policies and procedures.
- Conduct routine training for staff. Member of Leadership team for all office related functions.
- Position was downsized due to recent merger with Jefferson-Pilot Financial.

American Board of Internal Medicine 2003 – 2005

- Sr. Help Desk/Technical Analyst function as team leader and third level support for user issues in a 100 user environment.
- Provide high level support for technical issues for internal and external customers.
- Conduct training classes for staff on software and other computer related subjects.

Beneficial Savings Bank, 1999- 2003

Technology Support Supervisor

- Install, upgrade and configure various hardware peripherals and client proprietary software.
- Troubleshoot and correct hardware and software issues/problems.
- Function as primary administrator of a 3 office LAN/WAN consisting of multiple NT 4.0 servers.
- Implement TCP/IP across the network using Microsoft DHCP and WINS.
- Provides technical support to end user community on an ongoing basis in the areas of setup and configuration of network resources and applications.
- Developed and originated Help Desk. Supervisor of 7 help desk technicians. Divided into two user groups. (PC users and bank proprietary software users) Former tellers and branch managers were assigned to the bank portion of help desk. All tickets documented thru Track-It. Help Desk located in two locations.
- Responsible for all communications for 33 branches as well as three back office sites. Supervision of: all PC installations, desktop support, software upgrades, purchasing of equipment, help desk, and all hardware configurations and issues. (Network and local printers, external and internal modems, and scanners.)
- Responsibility for all connectivity issues from all employee client workstations via TCP/IP and WINS resolution.
- Establish new branches: configurations for LAN as well as DSU and routing.

K of C Federal Credit Union, 1998-1999

Information Technology/Systems Analyst

- Functioned as sole IT contact for a multibranch credit union environment from dumb terminals connected to VAX servers to networked PCs running Windows 98.
- Installed and configured new desktops; troubleshoot and resolved hardware and software issues including MS Office, email, connectivity, proprietary software.
- Assisted and trained users in Windows 98, Microsoft Office applications and MS Exchange.

EDUCATION:

TEMPLE UNIVERSITY, Philadelphia, PA

BA Radio – Television & Film, Minor in Rhetoric and Communications

ACCREDITATION:

FCC Third Class Radio Telephone Operators License, 1988

CERTIFICATION:

Microsoft Certified Professional

Kenneth R. Garrett

XTL, Inc.

2010 - Present

Chief Financial Officer

Responsible for managing bank relationships, and negotiating fees, rates and loan structures. Additionally responsible for capital markets including raising debt, negotiating fees, rates and transaction terms and condition. Also prepare financial projections, financial information and reporting for RFP's and special projects.

The Mckissack Group, Regional Construction Management Co.

2007 - 2010

Chief Financial Officer

Managed 7 professionals. Responsible for all accounting functions, tax filings, financial reporting, collections, accounts payables, all aspects of banking relationships. Also prepared bid packages and negotiated contracts with perspective clients and sub-contractors

Wachovia Bank, N. A., Major National Bank

2004 - 2007

Vice President - Business Banking

Responsible for managing 65 client relationships of various industries throughout Philadelphia and surrounding counties. Worked with clients to meet their credit, cash management and investment needs. Loans averaged \$2.5 million. Total outstanding loans under management were \$90 million.

Ace Insurance Company, Multinational Insurance Co.

1999 - 2004

Domestic Treasurer

Managed a group of 22 professional who were responsible for banking relationships, managing \$200 million to \$225 million in short-term investment, cash management and reporting, cash accounting and bank reconciliations.

CIGNA Insurance Company, Multi-national Insurance Co.

1988 - 1999

Assistant Treasurer

Managed a group of the 40 professional who were responsible for banking relationships, daily cash management and reporting, \$200 million in short investments, cash accounting and bank reconciliations.

Acquisitions & Divestitures AVP

Part of four-member internal team that served as in-house investment banking group. Reviewed, analyzed and negotiated acquisitions and divestitures. Performed analysis and valuations, Key member of the team that sold/divested CIGNA's property & casualty business for \$3.2 billion.

Director Financial Products & Surety

Managed a group of five that was responsible for overseeing and managing the financial guarantee and surety portfolio of \$480 million in total exposure. Reviewed and analyzed in all credit request in excess of a \$5 million. Re-underwrote entire portfolio and developed early warning tools to identify all credits before they became high risk or write-offs.

PNC Bank, Major Regional Bank

1984 - 1988

Assistant Vice President as part of the Financial Institution Division, which specialized in providing credit/loans, financial services and cash management to brokers/deals and insurance companies. Managed a portfolio of 38 accounts, with committed and outstanding loans of \$80 million and \$45 million, respectively. Cash management sales exceeded \$5 million.

First National Bank of Tulsa, Regional Bank

1981 - 1984

Credit analyst as part of the bank's credit training program. Promoted to Banking Officer to the National Banking Division. Managed a portfolio of 25 national relationships across multiple industries providing credit and cash management services.

Education

Delaware State University, BA Urban Planning, 1978
Atlanta University, MBA Finance, 1981

ANTHONY CERONE

Professional Experience:

XTL, Inc.

Chairman (2009 – present)

President (2000 – 2009)

Philadelphia, PA

Marble Crafters, Inc.

- Marble fabrication, design, and installation company

Executive Vice President (1997 – 2000)

Eddystone, PA

Core Group Companies

- Transportation management companies

CEO (1992 – 1997)

Bensalem, PA

Xpress Group Companies

- Warehousing, distribution and trucking company

Chairman (1978 – 1994)

Philadelphia, PA

Florida Texas Freight, Inc.

- Trucking company

Terminal Manager (1973 – 1978)

Philadelphia, PA

Haeefe Transportation Company

- Trucking company

Sales Manager (1972-1973)

Philadelphia, PA

Interstate Motor Freight System

- Trucking company

Terminal Manager (1971 – 1972)

Philadelphia, PA

Education:

Temple University

- MBA – International Marketing

Philadelphia, PA
1968 – 1970

St. Joseph's University

- BA – Business Administration

Philadelphia, PA
1962 – 1968

ROBERT SESTITO

Professional Experience:

- XTL, Inc.** Philadelphia, PA
Controller (2000 – present)
- Core Group Companies** Bensalem, PA
 - Transportation management companies
Controller (1992 – 1998)
- Xpress Group Companies** Philadelphia, PA
 - Warehousing, distribution and trucking company
Controller (1978 – 1994)
- National Freight, Inc.** Vineland, NJ
 - Trucking company
Senior Accounting Manager (1981 – 1983)
- Pennsylvania Truck Lines, Inc.** Philadelphia, PA
 - Trucking company
Director of Accounting (1973-1981)
- William Freihofer Baking Company** Southampton, PA
 - Bakery
Accounts Receivable and Payable (1970 – 1973)
- Fidelity Bank** Philadelphia, PA
Customer Service Representative (1969 – 1970)

Education:

- La Salle College** Philadelphia, PA
 - BS – Accounting 1968 – 1970

THOMAS WHITE

Professional Experience:

XTL, Inc.

Philadelphia, PA

General Manager (2007 – present)
Second Shift Manager (2006 – 2007)

Volvo Trucks North America

Dublin, VA

- Truck production facility
Shipping and Receiving Manager (1988 – 2006)

Lee Jeans Corporation

Philadelphia, PA

- Clothing manufacturer
Shipping and Receiving Supervisor (1985 – 1988)

Education:

Claymont High School

Claymont, DE
1984

CATHERINE GIBSON

Professional Experience:

XTL, Inc.

Human Resources Manager (2004 – present)
Administrative (2000 – 2004)

Philadelphia, PA

Royalty Press

- Printing company
Executive Assistant (1995 – 2000)

Westville, NJ

Xpress Truck Lines, Inc.

- Trucking company
Administrative (1981 – 1994)

Philadelphia, PA

Garrett Buchanan Company

- Division of Alco Standard Company
Administrative (1979 – 1981)

Philadelphia, PA

Education:

St. Hubert High School for Girls

Philadelphia, PA
1979

ANTHONY AIELLO

Professional Experience:

- XTL, Inc.** Philadelphia, PA
Equipment Director and Dispatcher (2001 – present)
- CDS Trucking, Inc.** Tullytown, PA
• Trucking company
Dispatcher (2000 – 2001)
- Core Trucking** Bensalem, PA
• Trucking company
Dispatcher (1994 – 2000)
- Xpress Service Plaza** Bensalem, PA
• Truck service station
Manager of truck and trailer repair division (1988 – 1994)
- Xpress Truck Lines, Inc** Philadelphia, PA
• Trucking company
Warehouse and trucking manager (1979 – 1988)
- United States Marine Corp** Jacksonville, NC
Basic training (1978-1979)
- Florida Texas Freight, Inc.** Philadelphia, PA
• Trucking company
Warehouse worker (1974 – 1976)

Education:

- Lincoln High School** Philadelphia, PA
1974

TIMOTHY SPIELMAN

Professional Experience:

XTL, Inc.

Philadelphia, PA

Safety Director (2004 – present)

Supervisor (2002 – 2004)

Truck Driver (2001 – 2002)

CDS Trucking, Inc.

Tullytown, PA

- Trucking company

Owner-operator truck driver (1999 – 2001)

Core Trucking

Bensalem, PA

- Trucking company

Owner-operator truck driver (1995 – 1999)

Darby Fire Company

Darby, PA

Medic (1984 – present)

Education:

Delaware County Community College

Media, PA

- Medic

1983 – 1985

Penn Wood High School

Lansdowne, PA

1985

Certification:

- National registry for emergency medicine

1986

A.3 SURETY OF PERFORMANCE BOND



June 4, 2012

Mr. Craig W. Bulkley, Director
Division of Administration
NH State Liquor Commission
P.O.Box 503
Concord, NH, 03302-0503

Re: NH State Liquor Commission RFP 2012-14 Warehouse Services for Wine and
Spirits and Related Products

Bid Date: 6/7/2012
Contract Bidder: XTL-NH, Inc.

Dear Mr. Bulkley,

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XTL-NH, Inc.
3200 70th Street
Philadelphia, PA, 19147



INSURANCE OFFICE OF AMERICA

Alternatively we can list the designated location of the NH warehouse if that is desired by the commission.

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In addition, the maker of this letter confirms that all appropriate and required bonding of this RFP has been arranged for issuance through Zurich Insurance Company and / or their designated Surety company.

Should you have any questions or need further information regarding this matter, please feel free to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Lloyd D. Humphrey', is written over the typed name and title.

Lloyd D. Humphrey, CIC
Senior Vice President

cc: Janalee Blatcher
Louis Cerone

LDH/pf



June 4, 2012

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Division of Administration
NH State Liquor Commission
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Concord, NH, 03302-0503

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Senior Vice President

cc: Janalee Blatcher
Louis Cerone

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Lloyd D. Humphrey, CIC
Senior Vice President

cc: Janalee Blatcher
Louis Cerone

LDH/pf

A.4 NON-CONFLICT OF INTEREST STATEMENTS



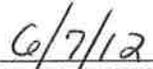
We Deliver.

STATEMENT

This statement indicates that any sub-contractor used by XTL-NH, Inc. and its parent company (XTL, Inc. and subsidiaries) do not have any contracts with the State of New Hampshire and/or any other parties that may present a conflict of interest.



Louis J. Cerone, Ph.D.
President



June 7, 2012



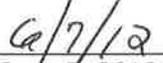
We Deliver.

STATEMENT

This statement indicates that XTL-NH, Inc. and its parent company (XTL, Inc. and subsidiaries) do not have any contracts with the State of New Hampshire and/or any other parties that may present a conflict of interest.



Louis J. Cerone, Ph.D.
President



June 7, 2012

A.5 REFERENCES



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
HARRISBURG, PENNSYLVANIA 17124-0001

Daniel J. Barnd
Northwest Office Building
910 Capital Street, Room 302
Harrisburg, PA 17124-0001
June 1, 2012

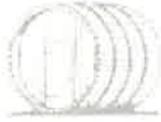
I am pleased to recommend XTL for the New Hampshire Liquor Commission RFP 2012-14. XTL has played an important operational role with the Commonwealth of Pennsylvania for over 22 years for the receipt, storage, and distribution of alcohol. XTL currently operates the largest of three distribution centers and has managed and stored 900,000 cases during the 13 week 2011 Holiday Build-Up Period. In addition to storing the product they provided on time critical store deliveries averaging 140,000 cases per week and established a new daily delivery record when they delivered 49,000 cases on November 30th. It should also be noted that these deliveries were accomplished in Philadelphia where the average commuter loses 39 hours stuck in traffic due to congestion and on-going maintenance projects. It also should be noted that this area necessitates both a diverse, well maintained fleet and a proactive dispatcher, both of which are present and effectively contribute to on time deliveries. The flexibility and capability of this fleet and XTL Management was aptly demonstrated during September of this past year when the area experienced severe flooding. Every store received their shipments and there were no vehicle accidents or occurrences.

The XTL Management Team is responsive and customer oriented. They have successfully managed the assets and personnel effectively and are responsive to all requests. They have consistently provided value-added services such as freight consolidation, merchandise reclamation, labeling, local drayage, and intermodal transportation adding value to the Commonwealths effort.

If any additional information is required, please feel free to contact me at (717) 783-7605.

A handwritten signature in black ink, appearing to read 'Daniel J. Barnd', written in a cursive style.

Daniel J. Barnd
Director, Distribution & Logistics
Pennsylvania Liquor Control Board
Phone: (717) 783-7605



DEUTSCH FAMILY
WINE & SPIRITS

Mr. Craig W. Bulkley
NH State Liquor Commission
50 Storrs St, PO Box 503
Concord, NH 03302-0503

Re: Recommendation Letter for XTL

Dear Mr. Bulkley:

It is with great pleasure that I am providing my written recommendation on behalf of XTL as they submit their warehousing services bid to the New Hampshire State Liquor Commission.

I have personally worked with XTL and their management team for at least eight years. Their service to my organization has been excellent. XTL has been and continues to be very responsive my organization's needs. XTL's services are consistently superior, especially as they proactively manage any problems that arise. XTL's trucking division is my carrier of choice in PA.

Many members of XTL have worked with many members of my team, and all have been very professional, very cooperative and a true pleasure to work with.

As you may know, XTL is the warehouse operator and retail store delivery provider for the PA Liquor Control Board. XTL has been very help with the W.J. Deutsch & Sons organization as we recently switched to bailment in PA.

In summary, I very highly recommend XTL to be the new warehouse logistics provider for the NH State Liquor Commission.

If you would like to discuss my experiences with XTL, please contact me directly.

Sincerely,

Mr KELLY COX
VP - SUPPLY CHAIN

TEL +1 (914) 251-3237
www.deutschfamily.com

CHINESE OFFICE

Doumen Canton Liqueur Co., Ltd.
376 East Long jing Rd., Jing An Town
Doumen County, Guangdong, China
Tél: 86 (0) 756-552-1135
Fax: 86 (0) 756-1752

FRENCH OFFICE

ST. DALFOUR ET CIE S.A.S.
Z.A. des Morines, B.P. 9
41250 Mont Près Chambord, France
Tel: (33) 2 54 79 17 00
Fax: (33) 2 54 79 17 19



ESTABLISHED 1884

America's Oldest Cordial Producers
2633 TRENTON AVENUE - PHILADELPHIA, PA. 19125
TEL. (215) 425-9300 - FAX (215) 425-9438

To Whom It May Concern:

Please accept this letter as my strongest support for XTL's bid to perform the warehousing services for the New Hampshire State Liquor Commission.

Over the many years of working with XTL, their service and responsiveness to my needs have been outstanding. The warehousing provided by XTL is "world class" and is evidence in their 20+ years as the Pennsylvania Liquor Control Board's Philadelphia DC operator. The transportation services provided by XTL are exemplary. No other logistics company has provided me this highest level of service as reliably and consistently as XTL. For these reasons, XTL is a core component of my supply chain.

We have developed a true partnership in which I can "pass the ball" to XTL and walk away with full confidence that all functions will occur completely, professionally and without problems. The staff is always professional and my team members greatly enjoy working with the team at XTL.

I am very excited to endorse XTL as being the warehouse operator for the State of New Hampshire and do so fully and without any reservations. They will be a tremendous asset to NH.

If you would like to discuss this reference, please feel free to contact me. I would welcome the opportunity to speak with you personally regarding XTL.

Sincerely,

CHARLES JACQUIN ET CIE, INC.

A handwritten signature in blue ink, appearing to read "William F. Heinz", is written over the typed name. The signature is fluid and cursive, with a long horizontal stroke at the end.

William F. Heinz
Production Procurement Logistics Manager

WFH:sb

Prizes Awarded



PARIS • 1906 BORDEAUX • 1907 LONDON • 1936



PROXIMO

333 Washington Street Jersey City, NJ 07302 P: 201 204-1720 F: 201 221-8407

To whom it may concern:

I am writing this recommendation letter in support of XTL's bid to win the warehousing contract for the state of New Hampshire. I have been working with XTL for over ten years. In that time period, they have provided my companies (Remy Cointreau and Proximo Spirits) with excellent service at competitive prices. Anthony and Louis Cerone provide first in class warehousing and trucking services but in reality they provide so much more. They provide a partnership to find and recommend ideas that can improve the status quo. Whenever I had an issue, XTL was always there (and continues to be there) with potential solutions. They do not understand the words "can't be done".

Anthony and Louis are out of the box thinkers, always looking for ways to improve and provide best in class service to its current and future customer base. They are on the cutting edge of technology and are not afraid to invest in the future. The XTL staff is always professional and courteous in their day to day dealings with all customers. They always make you feel at ease and part of the XTL family.

They are unique in the way they understand customer needs and how they promote a service first culture throughout the company. I truly enjoy working with XTL and consider them an integral piece of my supply network. For all of the above reasons, I wholeheartedly recommend XTL to be awarded the warehousing bid for the State of New Hampshire.

Sincerely,

Robert J. Iannuzzo
Proximo Spirits
Senior Manager of Supply Chain and Customer Service

The logo for Beam, featuring the word "Beam" in a red, cursive script font.

May 7, 2012

I would like to address the New Hampshire Liquor Commission regarding our past working relationship with XTL Inc. Beam has a been conducting business with XTL since 1990 to current date, utilizing their truckload services for alcoholic beverages into various warehouses.

We find that this company is very reliable, with high integrity and Customer oriented.

XTL's Customer Service has always been responsive to our requests, even those for out of the ordinary services, with timely communication and guidance.

Regards

The logo for Beam, featuring the word "Beam" in a red, cursive script font.

Jamie Dugan *Traffic Manager*

T 502-215-2334 **F** 502-215-2573

Crafting the Spirits that Stir the World

A.6 INSURANCE, BOND AND REGISTRATION



June 4, 2012

Mr. Craig W. Bulkley, Director
Division of Administration
NH State Liquor Commission
P.O.Box 503
Concord, NH, 03302-0503

Re: NH State Liquor Commission RFP 2012-14 Warehouse Services for Wine and
Spirits and Related Products

Bid Date: 6/7/2012
Contract Bidder: XTL-NH, Inc.

Dear Mr. Bulkley,

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XTL-NH, Inc.
3200 70th Street
Philadelphia, PA, 19147

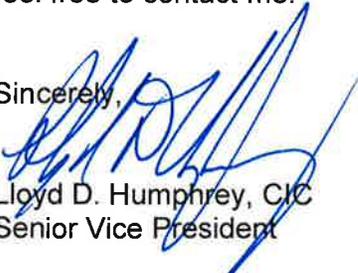
Alternatively we can list the designated location of the NH warehouse if that is desired by the commission.

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Should you have any questions or need further information regarding this matter, please feel free to contact me.

Sincerely,



Lloyd D. Humphrey, CIC
Senior Vice President

cc: Janalee Blatcher
Louis Cerone

LDH/pf



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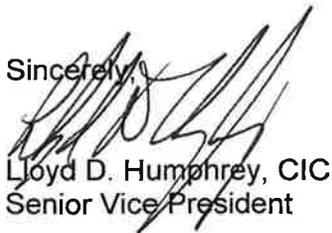
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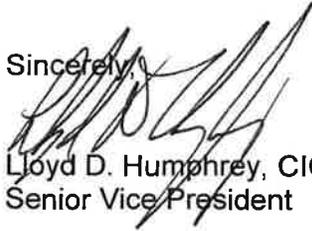
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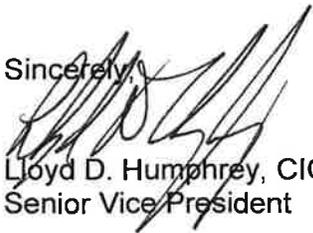
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Notifications of any changes or cancellations shall be sent directly to the NH State liquor Commission Contract Administrator.

Travelers Insurance is an insurance company licensed to transact business in the State of New Hampshire. In addition, Insurance Office of America, Inc. and its agents or brokers assigned responsibility for the management of these policies are licensed in the State of New Hampshire.

The named insured appearing on all policies and certificates issued will be as follows:

XTL-NH, Inc.
3200 70th Street
Philadelphia, PA, 19147

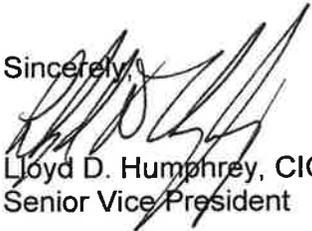
Alternatively we can list the designated location of the NH warehouse if that is desired by the commission.

The policies will be amended to include any and all additional locations utilized by this insured for the operations and services performed under this contract if any are requested or required.

In addition, the maker of this letter confirms that all appropriate and required bonding of this RFP has been arranged for issuance through Zurich Insurance Company and / or their designated Surety company.

Should you have any questions or need further information regarding this matter, please feel free to contact me.

Sincerely,



Lloyd D. Humphrey, CIC
Senior Vice President

cc: Janalee Blatcher
Louis Cerone

LDH/pf



June 4, 2012

Mr. Craig W. Bulkley, Director
Division of Administration
NH State Liquor Commission
P.O.Box 503
Concord, NH, 03302-0503

Re: NH State Liquor Commission RFP 2012-14 Warehouse Services for Wine and
Spirits and Related Products

Bid Date: 6/7/2012
Contract Bidder: XTL-NH, Inc.

Dear Mr. Bulkley,

Please be advised that our office has reviewed the insurance requirements of the above referenced bid for contract services and have secured confirmation that coverage will be provided in accordance with the bid specifications for the above referenced contract by Travelers Insurance Company and /or their affiliated companies with limits equal to or greater than the limits outlined in the bid specifications. All policies will provide the terms and conditions outlined in the above referenced RFP and certificates will be issued prior to the commencement of any work under this contract. All certificates will show the appropriately required language.

Notifications of any changes or cancellations shall be sent directly to the NH State liquor Commission Contract Administrator.

Travelers Insurance is an insurance company licensed to transact business in the State of New Hampshire. In addition, Insurance Office of America, Inc. and its agents or brokers assigned responsibility for the management of these policies are licensed in the State of New Hampshire.

The named insured appearing on all policies and certificates issued will be as follows:

XTL-NH, Inc.
3200 70th Street
Philadelphia, PA, 19147

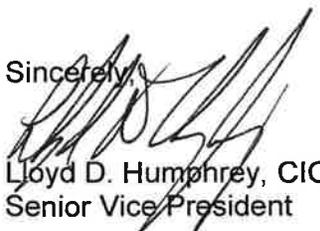
Alternatively we can list the designated location of the NH warehouse if that is desired by the commission.

The policies will be amended to include any and all additional locations utilized by this insured for the operations and services performed under this contract if any are requested or required.

In addition, the maker of this letter confirms that all appropriate and required bonding of this RFP has been arranged for issuance through Zurich Insurance Company and / or their designated Surety company.

Should you have any questions or need further information regarding this matter, please feel free to contact me.

Sincerely,



Lloyd D. Humphrey, CIC
Senior Vice President

cc: Janalee Blatcher
Louis Cerone

LDH/pf



CERTIFICATE OF LIABILITY INSURANCE

XTLINC0-01 BLATCHERJ

DATE (MM/DD/YYYY)
5/15/2012

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Insurance Office of America - NJ 220 Lake Drive East #304 Cherry Hill, NJ 08002	CONTACT NAME: PHONE (A/C, No, Ext): (856) 608-1000	FAX (A/C, No): (856) 608-9788
	E-MAIL ADDRESS:	
INSURED XTL - NH, Inc. 3200 South 70th Street Philadelphia, PA 19153	INSURER(S) AFFORDING COVERAGE	
	INSURER A: Harleysville Mutual Insurance Company	NAIC # 14168
	INSURER B: National Interstate Ins Co	32620
	INSURER C: Lexington Insurance	19437
	INSURER D: Guarantee Ins Co	11398
	INSURER E: Travelers Property Casualty Company of America	25674
INSURER F:		

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GENL AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC		GL0000057681B	6/1/2011	6/1/2012	EACH OCCURRENCE \$ 1,000,000
						DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000
						MED EXP (Any one person) \$ 5,000
						PERSONAL & ADV INJURY \$ 1,000,000
						GENERAL AGGREGATE \$ 2,000,000
						PRODUCTS - COMP/OP AGG \$ 1,000,000
						\$
B	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS <input checked="" type="checkbox"/> Ded - \$1,000 <input checked="" type="checkbox"/> Trailer Interchange		WPP820001603	6/1/2011	6/1/2012	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
						BODILY INJURY (Per person) \$
						BODILY INJURY (Per accident) \$
						PROPERTY DAMAGE (Per accident) \$
						Ded - Comp/COIL \$ 2,500
C	UMBRELLA LIAB <input checked="" type="checkbox"/> EXCESS LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$ 10,000		023815505	6/1/2011	6/1/2012	EACH OCCURRENCE \$ 5,000,000
						AGGREGATE \$
						\$ 5,000,000
D	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	GPE0500004440110	10/1/2011	10/1/2012	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER
		N/A				E.L. EACH ACCIDENT \$ 1,000,000
						E.L. DISEASE - EA EMPLOYEE \$ 1,000,000
						E.L. DISEASE - POLICY LIMIT \$ 1,000,000
E	Motor Truck Cargo		QT6600995C464TIL10	10/31/2011	10/31/2012	Per Vehicle Limit 300,000
E	Inclrd Refrigeration		QT6600995C464TIL10	10/31/2011	10/31/2012	Deductible 5,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
 Trailer Interchange covered under National Interstate Insurance Co. Limit \$100,000 Deductible \$1,000

RE: Warehouse Services for Wine and Spiritis Related Products

CERTIFICATE HOLDER**CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

New Hampshire State Liquor Commission
 PO Box 503
 Concord, NH 03302-0503

AUTHORIZED REPRESENTATIVE

© 1988-2010 ACORD CORPORATION. All rights reserved.

June 1, 2012

State Liquor Commission
P.O. Box 1795
Concord, NH 03302

Re: Liquor License Application; Application for Bonded Warehouse License.

To whom it may concern:

The attached application for a liquor license, filed on behalf of XTL-NH, Inc., seeks a license for a liquor, wine, and beverage warehouse in relation to NH RFP 2012-14. If selected to provide warehouse services for the State of New Hampshire, the XTL-NH warehouse will be operational in 2013.

XTL-NH, Inc., has not constructed its warehouse at this time, and anticipates doing so prior to final licensure and operation of the warehouse. Upon consultation with the Secretary of State's office, the XTL-NH warehouse cannot be licensed as a bonded warehouse prior to construction. As a result, XTL-NH anticipates obtaining a license as a bonded warehouse at the appropriate time. A draft of XTL-NH's application for license as a bonded warehouse is attached.

Please let me know if there are any questions.

Sincerely,



Louis Cerone
President, XTL-NH, Inc.

LC/
enclosure

The State of New Hampshire
Department of State



State House, Room 204, Concord, NH 03301
Phone: 603-271-3242 Fax: 603-271-6316
website: www.state.nh.us/sos/

**Application for Bonded Warehouse
RSA 348**

Please type or print clearly

1. XTL-NH, Inc.
(name of applicant--person, firm or corporation)
2. Principal place of business 28 Ridings Way, Chadds Ford, PA 19317
3. Location of building Mast Road, Merrimack, New Hampshire, 03054
4. Public warehouse used for the storage of Wine, Spirits and Beverage

Louis J. Crane
(authorized signature)
President, XTL-NH, Inc.
(title)

State Pennsylvania
County of Philadelphia

On this 1st day of June 2012 personally appeared the above-named applicant and made oath that the foregoing statements made by him/her are true.

(seal)

[Signature]
(Justice of the Peace/Notary Public)

* \$50.00 fee due annually
** \$10,000 Surety Bond

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
TIMOTHY R. SPIELMAN SR., Notary Public
City of Philadelphia, Phila. County
My Commission Expires November 13, 2014

Expiration Date Nov. 13, 2014

The State of New Hampshire
Department of State



State House, Room 204, Concord, NH 03301
Phone: 603-271-3242 Fax: 603-271-6316
website: www.state.nh.us/sos/

SURETY BOND FOR BONDED PUBLIC WAREHOUSE

That we XTL-NH, Inc., in the county of Merrimack and
State of New Hampshire as Principal and the Fidelity and Deposit
Company of Maryland corporation duly organized under
the laws of the State of Maryland and authorized to transact business in the State of New Hampshire as
Surety are held and firmly bound unto the State of New Hampshire in the sum of ten thousand dollars (\$ 10,000.00) to the
payment of which well and truly to be made we bind ourselves, our heirs, executors, administrators, successors and assigns,
jointly and severally, firmly by these presents.

The condition of the above obligation is such that whereas a license has been issued to the said Principal by the State of
New Hampshire to conduct and operate a bonded warehouse, as a public warehouseman, as provided under RSA Chapter 348.

And whereas it is provided by law that such licensee shall give bond to the State for the faithful performance
of Public Warehouseman duties as such warehouses:

Now, therefore, if the said principal shall faithfully perform all his duties as such public warehouseman and shall comply
with all the laws of the State of New Hampshire governing bonded warehouses during the period of twelve months from the date
hereof or until his license is discontinued or until he files a subsequent annual bond, then this obligation shall be void; otherwise it
shall remain in full force and effect.

This bond is nevertheless executed with the express understanding that upon the filing by the said Principal of a subsequent
annual bond, this bond shall be held and remain in force to cover any failure of the Principal to faithfully perform the duties as such
public warehouseman between the date hereof and the effective date of said subsequent bond but shall not apply to or cover any
failure to faithfully perform such duties occurring after the effective date of such subsequent annual bond.

Provided, further, that this suretyship may be terminated by the Surety upon thirty (30) days written notice to the Obligee, or
by the Obligee upon notice in writing to the Surety specifying the date of termination, whereupon the Surety shall refund the unearned
premium if no claim has been made thereunder.

Signed, sealed and delivered this 5th date of June 20 12

XTL-NH, Inc.,

(Principal)

BY

Louis Cerone
Louis Cerone, President
Fidelity and Deposit Company of Maryland

(Surety)

(seal)

BY

Douglas S. Hansen
Douglas S. Hansen, Attorney-in-Fact

\$10,000 SURETY

A.7 NEW HAMPSHIRE CERTIFICATE OF GOOD AUTHORITY

State of New Hampshire Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that XTL-NH, Inc. is a New Hampshire corporation duly incorporated under the laws of the State of New Hampshire on April 27, 2012. I further certify that all fees required by the Secretary of State's office have been paid and that articles of dissolution have not been filed.



In TESTIMONY WHEREOF, I hereto
set my hand and cause to be affixed
the Seal of the State of New Hampshire,
this 30th day of May, A.D. 2012

A handwritten signature in black ink, appearing to read "William M. Gardner".

William M. Gardner
Secretary of State

State of New Hampshire Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that XTL-NH, Inc. is a New Hampshire corporation duly incorporated under the laws of the State of New Hampshire on April 27, 2012. I further certify that all fees required by the Secretary of State's office have been paid and that articles of dissolution have not been filed.



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the Seal of the State of New Hampshire,
this 30th day of May, A.D. 2012

A handwritten signature in cursive script, appearing to read "William M. Gardner".

William M. Gardner
Secretary of State

State of New Hampshire Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that XTL-NH, Inc. is a New Hampshire corporation duly incorporated under the laws of the State of New Hampshire on April 27, 2012. I further certify that all fees required by the Secretary of State's office have been paid and that articles of dissolution have not been filed.



In TESTIMONY WHEREOF, I hereto
set my hand and cause to be affixed
the Seal of the State of New Hampshire,
this 30th day of May, A.D. 2012

A handwritten signature in cursive script, appearing to read "William M. Gardner".

William M. Gardner
Secretary of State

A.8 CERTIFICATE OF VOTE



We Deliver.

CERTIFICATE OF VOTE

I, Robert Sestito, Controller and Officer of XTL, Inc., which is the parent corporation of XTL-NH, Inc., hereby certify that Louis J. Cerone, President and owner of XTL,-NH, Inc, its parent corporation (XTL, Inc.) and all subsidiaries, has the authority to sign and bind XTL-NH, Inc. to the NHSLC's contract including all terms and conditions, and remains in full force and effect as of the date of the Proposal.

I, Robert Sestito, Controller and Officer of XTL, Inc., which is the parent corporation of XTL-NH, Inc., hereby certify that Louis J. Cerone, President and owner of XTL,-NH, Inc, its parent corporation (XTL, Inc.) and all subsidiaries, has signatory authority that has not been revoked, annulled or amended in any manner whatsoever, and remains in full force and effect as of the date of the Proposal.



Robert Sestito
Controller

6/7/12
June 7, 2012

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
TIMOTHY R. SPIELMAN SR., Notary Public
City of Philadelphia, Phila. County
My Commission Expires November 13, 2014

State of: Pennsylvania
County of: Philadelphia
The foregoing document was acknowledged before me
this 7th day of June, 2012

TIMOTHY R. SPIELMAN SR. Notary Public
My Commission Expires November 13, 2014



We Deliver.

CERTIFICATE OF VOTE

I, Robert Sestito, Controller and Officer of XTL, Inc., which is the parent corporation of XTL-NH, Inc., hereby certify that Louis J. Cerone, President and owner of XTL,-NH, Inc, its parent corporation (XTL, Inc.) and all subsidiaries, has the authority to sign and bind XTL-NH, Inc. to the NHSLC's contract including all terms and conditions, and remains in full force and effect as of the date of the Proposal.

I, Robert Sestito, Controller and Officer of XTL, Inc., which is the parent corporation of XTL-NH, Inc., hereby certify that Louis J. Cerone, President and owner of XTL,-NH, Inc, its parent corporation (XTL, Inc.) and all subsidiaries, has signatory authority that has not been revoked, annulled or amended in any manner whatsoever, and remains in full force and effect as of the date of the Proposal.

[Signature]
Robert Sestito
Controller

6/7/12
June 7, 2012

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
TIMOTHY R. SPIELMAN SR., Notary Public
City of Philadelphia, Phila. County
My Commission Expires November 13, 2014

State of: Pennsylvania
County of: Philadelphia
The foregoing document was acknowledged before me
this 7th day of June, 2012
TIMOTHY R. SPIELMAN SR., Notary Public
My Commission Expires November 13, 2014



We Deliver.

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I, Robert Sestito, Controller and Officer of XTL, Inc., which is the parent corporation of XTL-NH, Inc., hereby certify that Louis J. Cerone, President and owner of XTL,-NH, Inc, its parent corporation (XTL, Inc.) and all subsidiaries, has signatory authority that has not been revoked, annulled or amended in any manner whatsoever, and remains in full force and effect as of the date of the Proposal.


Robert Sestito
Controller

6/7/12
June 7, 2012

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
TIMOTHY R. SPIELMAN SR., Notary Public
City of Philadelphia, Phila. County
My Commission Expires November 13, 2014

State of: Pennsylvania
County of: Philadelphia
The foregoing document was acknowledged before me
this 7th day of June, 2012
TIMOTHY R. SPIELMAN SR. Notary Public
My Commission Expires November 13, 2014

A.9 WAREHOUSE LICENSE AND BONDED WAREHOUSE APPLICATION

STATE LIQUOR COMMISSION

STATE OF NEW HAMPSHIRE
P.O. BOX 1795
CONCORD, NH 03302-1795
Phone: (603) 271-3521
REQUEST FOR APPLICATION FOR LICENSE

TYPE OF APPLICATION: LIQUOR, WINE, BEVERAGE WAREHOUSE ▾

Non refundable processing fee to be mailed with this request: \$25 for LW REP sales person
(Retail Tobacco only - no application fee) \$100 for all other application types.

CORP/LLC/LLP NAME: XTL-NH, Inc. Date formed: 04/27/2012

Applicant Name: Last: Cerone First: Louis Date of Birth: [REDACTED]

HOME ADDRESS: [REDACTED]
City: [REDACTED] State: [REDACTED] Zip: [REDACTED]

TRADE NAME: XTL-NH, Inc.
LICENSE LOCATION: Mast Road County: Hillsborough
City: Merrimack State: NH Zip: 03054

MAILING ADDRESS: 8201 Enterprise Avenue
City: Philadelphia State: PA Zip: 19317

AN ACCURATE MAILING ADDRESS ENSURES YOU RECEIVING CRITICAL CORRESPONDENCE
AND RENEWAL APPLICATIONS IN A TIMELY MANNER

TYPE OF BUSINESS:
 A Single Prop Partnership Corporation LLP LLC

IF non-NH company, what state chartered in: [REDACTED]

APPLICANT:
 OWNS LEASES RENTS

Business Phone: 215-365-6200 x159 Home Phone: 610-459-2792
E-Mail Address: lcerone@xtlonline.com EIN# [REDACTED]

Has applicant previous owned/had interest in any other liquor license:
 YES NO

When: 01/01/12 License No: J146 Name: XTL, Inc. (Pennsylvania Bailee for Hire)

SIGNATURE: Louis J. Cerone DATE: 06/01/12

[Print Completed Form](#) [License Application Part 2](#)
(Complete required form for each member, Corporate Officer or Owner)

RECEIVED
JUN 04 2012

REQUEST FOR APPLICATION FOR LICENSE -Part Two

(Complete required form for each member, Corporate Officer or Owner)

Applicant Name: XTL- NH, Inc.

Name-Last: Cerone First: Louis Mr/Mrs.: Mr.

Maiden Name: Title(Pres,Mgr etc.): President

Home Address: City: State: Zip:

Home Phone: Social Security#/Alien Reg.#:

Sex:

Male Female

Race: Caucasian Date of Birth:

Place of Birth: State/Province: Pennsylvania Country: United States

Drivers's Lic#: Hgt: 6'1" Wght: 170 Eye: brown Hair: brown

Mother's Name: Last: Cerone First: Marie Maiden: Aiello

Father's Name: Last: Cerone First: Anthony

Print Completed Form Reset Form New Blank Form

June 1, 2012

State Liquor Commission
P.O. Box 1795
Concord, NH 03302

Re: Liquor License Application; Application for Bonded Warehouse License.

To whom it may concern:

The attached application for a liquor license, filed on behalf of XTL-NH, Inc., seeks a license for a liquor, wine, and beverage warehouse in relation to NH RFP 2012-14. If selected to provide warehouse services for the State of New Hampshire, the XTL-NH warehouse will be operational in 2013.

XTL-NH, Inc., has not constructed its warehouse at this time, and anticipates doing so prior to final licensure and operation of the warehouse. Upon consultation with the Secretary of State's office, the XTL-NH warehouse cannot be licensed as a bonded warehouse prior to construction. As a result, XTL-NH anticipates obtaining a license as a bonded warehouse at the appropriate time. A draft of XTL-NH's application for license as a bonded warehouse is attached.

Please let me know if there are any questions.

Sincerely,



Louis Cerone
President, XTL-NH, Inc.

LC/
enclosure

The State of New Hampshire
Department of State



State House, Room 204, Concord, NH 03301
Phone: 603-271-3242 Fax: 603-271-6316
website: www.state.nh.us/sos/

**Application for Bonded Warehouse
RSA 348**

Please type or print clearly

1. XTL-NH, Inc.
(name of applicant--person, firm or corporation)
2. Principal place of business 28 Ridings Way, Chadds Ford, PA 19317
3. Location of building Mast Road, Merrimack, New Hampshire, 03054
4. Public warehouse used for the storage of Wine, Spirits and Beverage

Louise Crane
(authorized signature)
President, XTL-NH, Inc.
(title)

State Pennsylvania
County of Philadelphia

On this 1st day of June 2012 personally appeared the above-named applicant and made oath that the foregoing statements made by him/her are true.

(seal)

[Signature]
(Justice of the Peace/Notary Public)

* \$50.00 fee due annually
** \$10,000 Surety Bond

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
TIMOTHY R. SPIELMAN SR., Notary Public
City of Philadelphia, Phila. County
My Commission Expires November 13, 2014
Expiration Date Nov. 13, 2014

The State of New Hampshire
Department of State



State House, Room 204, Concord, NH 03301
Phone: 603-271-3242 Fax: 603-271-6316
website: www.state.nh.us/sos/

SURETY BOND FOR BONDED PUBLIC WAREHOUSE

That we XTL-NH, Inc., in the county of Merrimack and
State of New Hampshire as Principal and the Fidelity and Deposit
Company of Maryland corporation duly organized under
the laws of the State of Maryland and authorized to transact business in the State of New Hampshire as
Surety are held and firmly bound unto the State of New Hampshire in the sum of ten thousand dollars (\$ 10,000.00) to the
payment of which well and truly to be made we bind ourselves, our heirs, executors, administrators, successors and assigns,
jointly and severally, firmly by these presents.

The condition of the above obligation is such that whereas a license has been issued to the said Principal by the State of
New Hampshire to conduct and operate a bonded warehouse, as a public warehouseman, as provided under RSA Chapter 348.

And whereas it is provided by law that such licensee shall give bond to the State for the faithful performance
of Public Warehouseman duties as such warehouses:

Now, therefore, if the said principal shall faithfully perform all his duties as such public warehouseman and shall comply
with all the laws of the State of New Hampshire governing bonded warehouses during the period of twelve months from the date
hereof or until his license is discontinued or until he files a subsequent annual bond, then this obligation shall be void; otherwise it
shall remain in full force and effect.

This bond is nevertheless executed with the express understanding that upon the filing by the said Principal of a subsequent
annual bond, this bond shall be held and remain in force to cover any failure of the Principal to faithfully perform the duties as such
public warehouseman between the date hereof and the effective date of said subsequent bond but shall not apply to or cover any
failure to faithfully perform such duties occurring after the effective date of such subsequent annual bond.

Provided, further, that this suretyship may be terminated by the Surety upon thirty (30) days written notice to the Oblige, or
by the Oblige upon notice in writing to the Surety specifying the date of termination, whereupon the Surety shall refund the unearned
premium if no claim has been made thereunder.

Signed, sealed and delivered this 5th date of June 20 12

XTL-NH, Inc.,

(Principal)

BY

Louis Cerone
Louis Cerone, President
Fidelity and Deposit Company of Maryland

(Surety)

(seal)

BY

Douglas S. Hansen
Douglas S. Hansen, Attorney-in-Fact

\$10,000 SURETY



**State of New Hampshire
Liquor Commission
Division of Enforcement & Licensing**



AFFIDAVIT

This affidavit is filed with the Liquor Commission's Division of Enforcement & Licensing in support of my *ownership, management control, employment by a business licensed, or applying for* a license to sell alcoholic beverages and tobacco under Chapter 178 of the Revised Statutes Annotated.

I, James J. Bianco, Jr., Esquire being duly sworn do depose and say:
(Print Name)

1. **Business Trade Name:** XTL-NH, Inc., **Liquor Lic#** _____
Address 18 Centre Street Concord NH 03301
(No. - Street) (City / Town) (State) (Zip)
Mailing Address _____
(No. - Street) (City / Town) (State) (Zip)
 2. I live at: _____
(No. - Street) (City / Town) (State) (Zip)
 3. I was born in Winthrop, Massachusetts on _____ 68
(POB: i.e. State, or Province if Canada, Country if foreign) (Date of Birth) (Age)
 Home phone _____ Male Female Race CAU Soc. Sec # _____

4. I am I am not a citizen of the United States
 If not a citizen, R.A. Document # or other Identification submitted _____

5. I have never been convicted of a felony, or any offense that would be classified as a felony had it been committed with the State of New Hampshire, by any state in the United States, the United States government, or any other jurisdiction. I understand RSA 178:4 & RSA 179:23, IV, prohibit convicted felons from holding a license to sell alcohol or assuming control of licensed premise. By signing this affidavit I hereby authorize and give consent to the Division of Enforcement & Licensing to inquire and examine all records of my conviction(s), if any, using all investigative methods available to them. This authorization is given to support or to contradict my declaration that I have not been convicted of a felony crime. (AFFIANT INITIAL HERE) JJB

6. I am filing this document in support of my employment as a
 Corporate Officer POA Person in Charge
 Partner LLC Member Proprietor
 LLC Manager Manager Title/Position _____

RSA 179:23, IV requires the licensee to designate one or more people to be in charge of the premise in the licensee's absence.

7. I swear before the **Justice of Peace or Notary Public** that this information is **true** and **accurate**, and that this document is signed under the penalty if false swearing (RSA 641:2)

Signature JJB Date 6/4/12

County SS. Merrimack Date: 6/4/12

Personally appeared before me James J. Bianco, Esquire known to be the person who executed and made oath that the same is true. (Affiant Name)



Jacquelyn M. Gogolen
Justice of Peace / Notary Public

Corporation Documentation
Item # 1

Ownership of Real Estate

June 1, 2012

State Liquor Commission
P.O. Box 1795
Concord, NH 03302

Re: Liquor License Application; Supporting Documentation

To whom it may concern:

The attached application for a liquor license, filed on behalf of XTL-NH, Inc., seeks a license for a liquor, wine, and beverage warehouse in relation to NH RFP 2012-14. If selected to provide warehouse services for the State of New Hampshire, the XTL-NH warehouse will be operational in 2013.

XTL-NH, Inc., has identified a site, located on Mast Road, in Merrimack, NH, for the construction of its warehouse, and has executed a purchase agreement for the site. A copy of the signed letter of agreement is attached. XTL-NH anticipates acquiring title to the property, and submitting evidence thereof to the liquor commission prior to the issuance of a license and operation of the warehouse in 2013.

Please let me know if there are any questions.

Sincerely,



Louis Cerone
President, XTL-NH, Inc.

LC/
enclosure

PLACEHOLDER FOR SIGNED REAL ESTATE LETTER OF INTENT

Corporation Documentation
Item # 2

**Bill of Sale/Lease: Furniture, Fixtures,
and Equipment to the corporation**

June 1, 2012

State Liquor Commission
P.O. Box 1795
Concord, NH 03302

Re: Liquor License Application; Supporting Documentation

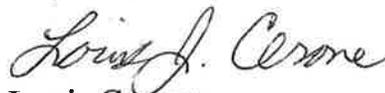
To whom it may concern:

The attached application for a liquor license, filed on behalf of XTL-NH, Inc., seeks a license for a liquor, wine, and beverage warehouse in relation to NH RFP 2012-14. If selected to provide warehouse services for the State of New Hampshire, the XTL-NH warehouse will be operational in 2013.

XTL-NH, Inc., has not acquired furniture, fixtures, or equipment for its warehouse at this time. It is anticipated that such furniture, fixtures and equipment will be purchased prior to final licensure and operation of the warehouse in 2013. Appropriate documentation of ownership of furniture, fixtures, and equipment will be provided to the Liquor Commission as soon as it is available.

Please let me know if there are any questions.

Sincerely,



Louis Cerone
President, XTL-NH, Inc.

LC/

Corporation Documentation
Item # 9

Notarized Affidavit:

For each Corporate Officer, Director
Or Shareholder

See Corporate Documentation Item # 27

Corporation Documentation
Item # 14

TOWN APPROVAL

June 1, 2012

State Liquor Commission
P.O. Box 1795
Concord, NH 03302

Re: Liquor License Application; Supporting Documentation

To whom it may concern:

The attached application for a liquor license, filed on behalf of XTL-NH, Inc., seeks a license for a liquor, wine, and beverage warehouse in relation to NH RFP 2012-14. If selected to provide warehouse services for the State of New Hampshire, the XTL-NH warehouse will be operational in 2013.

The warehouse intended to be used by XTL-NH, Inc., has not been constructed at this time. Accordingly, approval from the municipality (Merrimack) is not available at this time. XTL-NH has been in contact with officials from Merrimack to initiate various other necessary permits and approvals. XTL-NH anticipates providing evidence of municipal approval prior to final licensing and operation of the warehouse in 2013.

Please let me know if there are any questions.

Sincerely,



Louis Cerone
President, XTL-NH, Inc.

LC/

Corporation Documentation
Item # 18

**Certificate of Incorporation with all
addendums attached**

State of New Hampshire Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that XTL-NH, Inc. is a New Hampshire corporation duly incorporated under the laws of the State of New Hampshire on April 27, 2012. I further certify that all fees required by the Secretary of State's office have been paid and that articles of dissolution have not been filed.



In TESTIMONY WHEREOF, I hereto
set my hand and cause to be affixed
the Seal of the State of New Hampshire,
this 27th day of April, A.D. 2012

A handwritten signature in cursive script, appearing to read "William M. Gardner".

William M. Gardner
Secretary of State

Corporation Documentation

Item # 19

Certificate of Good Standing

State of New Hampshire
Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that XTL-NH, Inc. is a New Hampshire corporation duly incorporated under the laws of the State of New Hampshire on April 27, 2012. I further certify that all fees required by the Secretary of State's office have been paid and that articles of dissolution have not been filed.



In TESTIMONY WHEREOF, I hereto
set my hand and cause to be affixed
the Seal of the State of New Hampshire,
this 30th day of May, A.D. 2012

A handwritten signature in cursive script, appearing to read "William M. Gardner".

William M. Gardner
Secretary of State

Corporation Documentation
Item # 21

Articles of Incorporation with all
addendums attached

State of New Hampshire

Filing fee: \$50.00
Fee for Form SRA: \$50.00
Total fees \$100.00

Form 11
RSA 293-A:2.02

Use black print or type.

Form must be single-sided, on 8½" x 11" paper;
double sided copies will not be accepted.

ARTICLES OF INCORPORATION

THE UNDERSIGNED, ACTING AS INCORPORATOR(S) OF A CORPORATION UNDER THE NEW HAMPSHIRE BUSINESS CORPORATION ACT, ADOPT(S) THE FOLLOWING ARTICLES OF INCORPORATION FOR SUCH CORPORATION:

FIRST: The name of the corporation is XTL-NH, Inc.

SECOND: The number of shares the corporation is authorized to issue: 300 no par

THIRD: The name of the corporation's initial registered agent is James J. Bianco, Jr.

and the **street address**, town/city (including zip code and post office box, if any) of its initial registered office is (agent's business address) 18 Centre Street, Concord, New Hampshire, 03301

FOURTH: The sale or offer for sale of any ownership interests in this business will comply with the requirements of the New Hampshire Uniform Securities Act (RSA 421-B).

FIFTH: The corporation is empowered to transact any and all lawful business for which corporations may be incorporated under RSA 293-A and the principal purpose or purposes for which the corporation is organized are:

Warehouse storage and distribution of merchandise and for the purpose of engaging in any lawful business pursuant to RSA 293-A.

State of New Hampshire
Form 11 - Articles of Incorporation 3 Page(s)

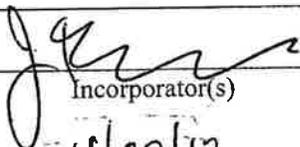


T1211845039

[If more space is needed, attach additional sheet(s).]

SIXTH: The name and address of each incorporator is:

<u>Name</u>	<u>Address</u>
James J. Bianco, Jr.	18 Centre Street
	Concord, NH 03301


Incorporator(s)
Date signed: 4/27/12

4/27/12
Effective: 2:34 pm

DISCLAIMER: All documents filed with the Corporate Division become public records and will be available for public inspection in either tangible or electronic form.

Mail fees, DATED AND SIGNED ORIGINAL AND FORM SRA to: Corporate Division, Department of State, 107 North Main Street, Concord NH 03301-4989.

**Form SRA – Addendum to Business Organization and Registration Forms
Statement of Compliance with New Hampshire Securities Laws**

Part I – Business Identification and Contact Information

Business Name: XTL-NH, Inc.
Business Address (include city, state, zip): 18 Centre Street, Concord, NH 03301
Telephone Number: (603) 225-7170 E-mail: jbianco@biancopa.com
Contact Person: James J. Bianco, Jr.
Contact Person Address (if different): _____

Part II – Check ONE of the following items in Part II. If more than one item is checked, the form will be rejected.
[PLEASE NOTE: Most small businesses registering in New Hampshire qualify for the exemption in Part II, Item 1 below. **However,** you must insure that your business meets all of the requirements spelled out in A), B), and C)]:

1. Ownership interests in this business are exempt from the registration requirements of the state of New Hampshire because the business meets ALL of the following three requirements:
A) This business has 10 or fewer owners; and
B) Advertising relating to the sale of ownership interests has not been circulated; and
C) Sales of ownership interests – if any – will be completed within 60 days of the formation of this business.
2. _____ This business will offer securities in New Hampshire under another exemption from registration or will notice file for federal covered securities. Enter the citation for the exemption or notice filing claimed - _____.
3. _____ This business has registered or will register its securities for sale in New Hampshire. Enter the date the registration statement was or will be filed with the Bureau of Securities Regulation - _____.
4. _____ This business was formed in a state other than New Hampshire and will not offer or sell securities in New Hampshire.

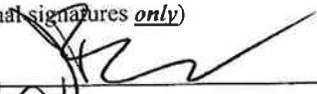
Part III – Check ONE of the following items in Part III:

1. _____ This business is not being formed in New Hampshire.
2. This business is being formed in New Hampshire and the registration document states that any sale or offer for sale of ownership interests in the business will comply with the requirements of the New Hampshire Uniform Securities Act.

Part IV – Certification of Accuracy

(NOTE: The information in Part IV must be certified by: 1) all of the incorporators of a corporation to be formed; or 2) an executive officer of an existing corporation; or 3) all of the general partners or intended general partners of a limited partnership; or 4) one or more authorized members or managers of a limited liability company; or 5) one or more authorized partners of a registered limited liability partnership or foreign registered limited liability partnership.)

I (We) certify that the information provided in this form is true and complete. (Original signatures only)

Name (print):	<u>James J. Bianco, Jr.</u>	Signature:	
		Date signed:	<u>4/27/12</u>
Name (print):	_____	Signature:	_____
		Date signed:	_____
Name (print):	_____	Signature:	_____
		Date signed:	_____

Corporation Documentation
Item # 22

Minutes of Organizational Meeting

**MINUTES OF ORGANIZATIONAL MEETING OF THE
BOARD OF DIRECTORS OF XTL-NH, INC.**

The Organizational Meeting of the Board of Directors of XTL-NH, Inc., was held at 28 Ridings Way, Chadds Ford, PA 19317 on May 25th, 2012, pursuant to call and notice.

Present was the sole Director Louis J. Cerone.

James J. Bianco, Jr., in his capacity as Registered Agent, advised by correspondence that the Articles of Incorporation of the Corporation has been filed in the office of the New Hampshire Secretary of State on April 27, 2012, and that a Certificate of Incorporation has been duly issued.

A proposed form of By-Laws for the regulation and management of the affairs of the Corporation was reviewed and adopted in order to be made a part of the permanent records to follow the Articles of Incorporation in the minute book.

The following persons were nominated and elected as officers of the Corporation to serve until their respective successors are chosen and qualified:

President: Louis J. Cerone

Treasurer: Louis J. Cerone

Secretary: Louis J. Cerone

Registered Agent: James J. Bianco, Jr.

A form of corporate seal and a form of stock certificate were presented and

upon motion duly made and seconded and adopted, were unanimously approved.

The Chairman next brought up for discussion the stock to be issued by the Corporation and it was agreed that the Corporation would offer to issue 300 shares of no par stock at such time, to such persons and for such consideration as may be determined by the incorporators, directors or others authorized to issue stock of the Corporation, such shares to be issued only for money or property (other than stock or other securities). It being further agreed that the total consideration to be received by the Corporation for all stock which may be offered and issued shall not exceed One Million Dollars (\$1,000,000.00), so that the common stock issued by the Corporation could qualify for the loss treatment provided by Section 1244 of the Internal Revenue Code.

After full discussion, upon motion duly made and seconded, the following votes were unanimously adopted:

VOTED: That the authorized stock of the Corporation shall be 300 shares of no par common stock.

VOTED: That the stock presently to be issued shall be 300 shares of common stock to XTL, Inc., of Pennsylvania.

VOTED: That the remaining 0 shares of the authorized no par common stock shall be issued at such times, to such persons, firms or corporations, and for such consideration as the Board of Directors may determine; provided, however, that the total consideration to be received by

organizational meeting) shall no exceed One Million Dollars (\$1,000,000.00).

On motion duly made and seconded and unanimously carried, the Treasurer was authorized and directed to open a bank account and safe deposit box for the Corporation with an appropriate bank. The resolutions required by the bank for opening such account and making drafts thereon and authorizing the Treasurer to sign drafts and checks were approved and a copy of such resolution was ordered to be annexed to the Minutes of this meeting, and said form shall be incorporated as part of the Minutes thereof.

There being no further business to come before the meeting, it was, upon motion duly made and seconded.

RESOLVED, to adjourn.

Date: 6/1/12

Louis J. Cerone
Louis J. Cerone, Secretary

Corporation Documentation
Item # 23

**Minutes of recent meeting to support
current corporate officers**

**MINUTES OF JUNE 1, 2012 MEETING OF CURRENT CORPORATE
OFFICERS OF XTL-NH, INC.**

A Meeting of the Corporate Offices of XTL-NH, Inc. was held at 28 Ridings Way, Chadds Ford, PA 19317, on June 1, 2012:

Present was Louis J. Cerone, all of the Corporate Officers of XTL-NH, Inc.

The following persons were nominated and re-elected as officer(s) of the Corporation to serve until their respective successors are chosen and qualified:

President: Louis J. Cerone

Treasurer: Louis J. Cerone

Secretary: Louis J. Cerone

Registered Agent: James J. Bianco, Jr.

RESOLVED: To re-appoint Louis J. Cerone as President, Treasurer and Secretary of XTL-NH, Inc.

There being no further business to come before the meeting, it was, upon motion duly made and seconded.

RESOLVED, to adjourn.

Date: _____

6/1/12



Louis J. Cerone, Secretary

Corporation Documentation

Item # 24

Bylaws

BY-LAWS
OF
XTL-NH, Inc.

ARTICLE I - OFFICES

The office of the Corporation shall be located in the City and State designated in the Articles of Incorporation. The Corporation may also maintain offices at such other places within or without the United States as the Board of Directors may, from time to time, determine.

ARTICLE II - MEETING OF SHAREHOLDERS

Section 1 - Annual Meetings:

The annual meeting of the shareholders of the Corporation shall be held within five (5) months after the close of the fiscal year of the Corporation, for the purpose of electing directors, and transacting such other business as may properly come before the meeting.

Section 2 - Special Meetings:

Special meetings of the shareholders may be called at any time by the Board of Directors or by the President, and shall be called by the President or the Secretary at the written request of the holders of ten percent (10%) of the shares then outstanding and entitled to vote thereon, or as otherwise required under the provisions of the Business Corporation Act.

Section 3 - Place of Meetings:

All meetings of shareholders shall be held at the principal office of the Corporation, or at such other places as shall be designated in the notice or waivers of notice of such meetings.

Section 4 - Notice of Meetings:

A.) Except as otherwise provided by statute, written notice of each meeting of shareholders, whether annual or special, stating the time when and place where it is to be held, shall be served either personally or by mail, not less than ten (10) or more than fifty (50) days before the meeting, upon each shareholder of record entitled to vote at such meeting, and to any other shareholder to whom the giving of notice may be required by law. Notice of a special meeting shall also state the purpose or purposes for which the meeting is called, and shall indicate that it is being issued by, or at the direction of, the person or persons calling the meeting. If, at any meeting, action is proposed to be taken that would, if taken, entitle shareholders to receive payment for their shares pursuant to Statute, the notice of such meeting shall include a statement of that purpose and to that effect. If mailed, such notice shall be directed to each such shareholder at his or her address, as it appears on the records of the shareholders of the Corporation, unless said shareholder shall have previously filed with the Secretary of the Corporation a written request that notices intended for him or her be mailed to some other address, in which case, it shall be mailed to the address designated in such request.

B.) Notice of any meeting need not be given to any person who may become a shareholder of record after the mailing of such notice and prior to the meeting, or to any shareholder who attends such meeting, in person or by proxy, or to any shareholder who, in person or by proxy, submits a signed waiver of notice either before or after such meeting. Notice of any adjourned meeting of shareholders need not be given, unless otherwise required by statute.

Section 5 - Quorum:

A.) Except as otherwise provided herein, or by statute, at all meetings of shareholders of the Corporation, the presence at the commencement of such meetings, in person or by proxy, of shareholders holding of record a majority of the total number of shares of the Corporation then issued and outstanding and entitled to vote, shall be necessary and sufficient to constitute a quorum for the transaction of any business. The withdrawal of any shareholder after the commencement of a meeting shall have no effect on the existence of a

quorum, after a quorum has been established at such meeting.

B.) Despite the absence of a quorum at any annual or special meeting of shareholders, the shareholders, by a majority of the votes cast by the holders of shares entitled to vote thereon, may adjourn the meeting. At any such adjourned meeting at which a quorum is present, any business may be transacted at the meeting as originally called if a quorum had been present.

Section 6 - Voting:

A.) Except as otherwise provided by statute, any corporate action, other than the election of directors, to be taken by vote of the shareholders, shall be authorized by a majority of votes cast at a meeting of shareholders by the holders of shares entitled to vote thereon.

B.) Except as otherwise provided by statute or by the Articles of Incorporation, at each meeting of shareholders, each holder of record of stock of the Corporation entitled to vote thereat, shall be entitled to one vote for each share of stock registered in said shareholder's name on the books of the Corporation.

C.) Each shareholder entitled to vote or to express consent or dissent without a meeting, may do so by proxy; provided, however, that the instrument authorizing such proxy to act shall be executed in writing by the shareholder himself, or by said shareholder's attorney-in-fact thereunto duly authorized in writing. No proxy shall be valid after the expiration of eleven (11) months from the date of its execution, unless the person executing it shall have specified therein the length of time it is to continue in force. Such instrument shall be exhibited to the Secretary at the meeting and shall be filed with the records of the Corporation.

ARTICLE III - BOARD OF DIRECTORS

Section 1 - Number, Election and Term of Office:

A.) The number of the directors of the Corporation shall be one (1), unless and until otherwise determined by vote of a majority of the entire Board of Directors. The number of directors shall not be less than one (1), unless all of the outstanding shares are owned beneficially and of record by less than one (1) shareholder, in which event the number of directors shall not be less than the number of shareholders permitted by statute.

B.) Except as may otherwise be provided herein, the members of the Board of Directors of the Corporation, who need not be shareholders, shall be elected by a majority of the votes cast at a meeting of shareholders, by the holder of shares present in person or by proxy, entitled to vote in the election.

C.) Each director shall hold office until the annual meeting of the shareholders next succeeding said directors election, and until the director's successor is elected and qualified, or until the director's death, resignation or removal.

Section 2 - Duties and Powers:

The Board of Directors shall be responsible for the control and management of the affairs, property and interests of the Corporation, and may exercise all powers of the Corporation, except as are in the Articles of Incorporation or by statute expressly conferred upon or reserved to the shareholders.

Section 3 - Annual and Regular Meetings; Notice:

A.) A regular annual meeting of the Board of Directors shall be held immediately following the annual meeting of the shareholders, at the place of such annual meeting of the shareholders.

B.) The Board of Directors, from time to time, may provide by resolution for the holding of other regular meetings of the Board of Directors, and may fix the time and place thereof.

C.) Notice of any regular meeting of the Board of Directors shall not be required to be given and, if given, need not specify the purpose of the meeting; provided, however, that in case the Board of Directors shall fix or change the time or place of any regular meeting, notice of such action shall be given to each director who shall not have been present at the meeting at which such action was taken within the time limited, and in the manner set forth in Paragraph (B) section 4 of this Article III, with respect to special meetings, unless such notice shall be waived in the manner set forth in Paragraph (C) of such Section 4.

Section 4 - Special Meetings; Notice:

A.) Special meetings of the Board of Directors shall be held whenever called by the President or by one of the directors, at such time and place as may be specified in the respective notices or waivers of notice thereof.

B.) Except as otherwise required by statute, notice of special meetings shall be mailed directly to each director, addressed to said director at his or her residence or usual place of business, at least two (2) days before the day on which the meeting is to be held, or shall be sent to said director at such place by telefax, or shall be delivered to said director personally or given to him or her orally, not later than the day before the day on which the meeting is to be held. A notice or waiver of notice, except as required by Section 8 of this Article III, need not specify the purpose of the meeting.

C.) Notice of any special meeting shall not be required to be given to any directors who shall attend such meeting without protesting prior thereto or at its commencement, the lack of notice to said director, or who submits a signed waiver of notice, whether before or after the meeting. Notice of any adjourned meeting shall not be required to be given.

Section 5 - Chairman:

At all meetings of the Board of Directors, the Chairman of the Board, if any and if present, shall preside. If there shall be no Chairman, or the Chairman shall be absent, the President shall preside, and in his or her absence, a Chairman chosen by the directors shall preside.

Section 6 - Quorum and Adjournments:

- A.) At all meetings of the Board of Directors, the presence of a majority of the entire Board shall be necessary and sufficient to constitute a quorum for the transaction of business, except as otherwise provided by law, by the Certificate of Incorporation, or by these By-Laws.
- B.) A majority of the directors present at the time and place of any regular or special meeting, although less than a quorum, may adjourn the same from time to time without notice, until a quorum shall be present.

Section 7 - Manner of Acting:

- A.) At all meetings of the Board of Directors, each director shall have one vote, irrespective of the number of shares of stock, if any, the director may hold.
- B.) Except as otherwise provided by statute, by the Certificate of Incorporation, or by these By-Laws, the action of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors. Any action authorized in writing by all of the directors entitled to vote thereon and filed with the minutes of the corporation shall be the act of the Board of Directors with the same force and effect as if the same had been passed by unanimous vote at a duly called meeting of the Board.

Section 8 - Vacancies:

Any vacancy in the Board of Directors occurring by reason of an increase in the number of directors, or by reason of the death, resignation, disqualification, removal (unless a vacancy created by the removal of a director by the shareholders shall be filled by the shareholders at the meeting at which the removal was effected) or inability to act of any director, or otherwise, shall be filled for the unexpired portion of the term by a majority vote of the remaining directors, though less than a quorum, at any regular meeting or special meeting of the Board of Directors called for that purpose.

Section 9 - Resignation:

Any director may resign at any time by giving written notice to the Board of Directors, the President or the Secretary of the Corporation. Unless otherwise specified in such written notice, such resignation shall take effect upon receipt thereof by the Board of Directors or such officer, and the acceptance of such resignation shall not be necessary to make it effective.

Section 10 - Removal:

Any director may be removed with or without cause at any time by the affirmative vote of shareholders holding of record in the aggregate at least a majority of the outstanding shares of the Corporation at a special meeting of the shareholders called for that purpose, and may be removed for cause by action of the Board.

Section 11 - Salary:

No stated salary shall be paid to directors, as such, for their services, but by resolution for the Board of Directors a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board; provided, however, that nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefore.

Section 12 - Contracts:

A.) No contract or other transaction between this Corporation and any other Corporation shall be impaired, affected or invalidated, nor shall any director be liable in any way by reason of the fact that any one or more of the directors of this Corporation is or are interested in, or is a director or officer, or are directors or officers of such other Corporation, provided that such facts are disclosed or made known to the Board of Directors.

B.) Any director, personally and individually, may be a party to or may be interested in any contract or transaction of this Corporation, and no director shall be liable in any way by reason of such interest, provided that the fact of such interest be disclosed or made known to the Board of Directors, and provided that the Board of Directors shall authorize, approve or ratify such contract or transaction by the vote (not counting the vote of any such director) of a majority of a quorum, notwithstanding the presence of any such directors at the meeting at which such action is taken. Such director or directors may be counted in determining the presence of a quorum at such meeting. This Section shall not be construed to impair or invalidate or in any way affect any contract or other transaction which would otherwise be valid under the law (common, statutory or otherwise) applicable thereto.

Section 13 - Committees:

The Board of Directors, by resolution adopted by a majority of the entire Board, may from time to time designate from among its members an executive committee and such other committees, and alternate members thereof, as they may deem desirable, with such powers and authority (to the extent permitted by law) as may be provided in such resolution. Each such committee shall serve at the pleasure of the Board.

ARTICLE IV - OFFICERS

Section 1 - Number, Qualifications, Election and Term of Office:

A.) The officers of the Corporation shall consist of a President, a Secretary, A Treasurer, and such other officers, including a Chairman of the Board of Directors, and one or more Vice Presidents, as the Board of Directors may

from time to time deem advisable. Any officer other than the Chairman of the Board of Directors may be, but is not required to be, a director of the Corporation. Any two or more offices may be held by the same person.

B.) The officers of the Corporation shall be elected by the Board of Directors at the regular annual meeting of the Board following the annual meeting of the shareholders.

C.) Each officer shall hold office until the annual meeting of the Board of Directors next succeeding this election, and until said director's successor shall have been elected and qualified, or until his or her death, resignation or removal.

Section 2 - Resignation:

Any officer may resign at any time by giving written notice of such resignation to the Board of Directors, or to the President or the Secretary of the Corporation. Unless otherwise specified in such written notice, such resignation shall take effect upon receipt thereof by the Board of Directors or by such officer, and the acceptance of such resignation shall not be necessary to make it effective.

Section 3 - Removal:

Any officer may be removed, either with or without cause, and a successor elected by a majority vote of the Board of Directors at any time.

Section 4 - Vacancies:

A vacancy in any office by reason of death, resignation, inability to act, disqualification, or any other cause, may at any time be filled for the unexpired portion of the term by a majority vote of the Board of Directors.

Section 5 - Duties of Officers:

Officers of the Corporation shall, unless otherwise provided by the Board of Directors, each have such powers and duties as generally pertain to their respective offices as well as such powers and duties as may be set forth in these By-Laws, or may from time to time be specifically conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Corporation.

Section 6 - Sureties and Bonds:

In case the Board of Directors shall so require, any officer, employee or agent of the Corporation shall execute to the Corporation a bond in such sum, and with such surety or sureties as the Board of Directors may direct, conditioned upon the faithful performance of his or her duties to the Corporation, including responsibility for negligence and for the accounting for all property, funds or securities of the Corporation which may come into said person's hands.

Section 7 - Shares of Other Corporations:

Whenever the Corporation is the holder of shares of any other Corporation, any right or power of the Corporation as such shareholder (including the attendance, acting and voting at shareholders' meetings and execution of waivers, consents, proxies or other instruments) may be exercised on behalf of the Corporation by the President, any Vice President, or such other person as the Board of Directors may authorize.

ARTICLE V - SHARES OF STOCK

Section 1 - Certificate of Stock:

- A.) The certificate representing shares of the Corporation shall be in such form as shall be adopted by the Board of Directors, and shall be numbered and registered in the order issued. They shall bear the holder's name and the number of shares, and shall be signed by (I) the Chairman of the Board or the President or a Vice President, and (II) the Secretary or Treasurer, or any Assistant Secretary or Assistant Treasurer, and shall bear the corporate seal.
- B.) No certificate representing shares shall be issued until the full amount

of consideration therefor has been paid, except as otherwise permitted by law.

C.) To the extent permitted by law, the Board of Directors may authorize the issuance of certificates for fractions of a share which shall entitle the holder to exercise voting rights, receive dividends and participate in liquidating distributions, in proportion to the fractional holdings; or it may authorize the payment in cash of the fair value of fractions of a share as of the time when those entitled to receive such fractions are determined; or it may authorize the issuance, subject to such conditions as may be permitted by law, or scrip in registered or bearer form over the signature of an officer or agent of the Corporation, exchangeable as therein provided for full shares, but such scrip shall not entitle the holder to any rights of a shareholder, except as therein provided.

Section 2 - Lost or Destroyed Certificates:

The holder of any certificate representing shares of the Corporation shall immediately notify the Corporation of any loss or destruction of the certificate representing the same. The Corporation may issue a new certificate in the place of any certificate theretofore issued by it, alleged to have been lost or destroyed. On production of such evidence of loss or destruction as the Board of Directors in its discretion may require, the Board of Directors may, in its discretion, require the owner of the lost or destroyed certificate, or his or her legal representatives, to give the Corporation a bond in such sum as the Board may direct, and with such surety or sureties as may be satisfactory to the Board, to indemnify the Corporation against any claims, loss, liability or damage it may suffer on account of the issuance of the new certificate. A new certificate may be issued without requiring any such evidence or bond when, in the judgment of the Board of Directors, it is proper to do so.

Section 3 - Transfers of Shares:

A.) Transfers of shares of the Corporation shall be made on the share records of the Corporation only by the holder of record thereof, in person or by said holder's duly authorized attorney, upon surrender for cancellation of the certificate or certificates representing such shares, with an assignment or power of transfer endorsed thereon or delivered therewith, duly executed, with such proof of the authenticity of the signature and of authority to transfer and of payment of transfer taxes as the Corporation or its agents may require.

B.) The Corporation shall be entitled to treat the holder of record of any share or shares as the absolute owner thereof for all purposes and, accordingly, shall not be bound to recognize any legal, equitable or other claim to, or interest in, such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise expressly provided by law.

Section 4 - Record Date:

In lieu of closing the share records of the Corporation, the Board of Directors may fix in advance, a date not exceeding fifty (50) days, nor less than ten (10) days, as the record date for the determination of shareholders entitled to receive notice of, or to vote at, any meeting of shareholders, or to consent to any proposal without a meeting, or for the purpose of determining shareholders entitled to receive payment of any dividends, or allotment of any rights, or for the purpose of any other action. If no record date is fixed, the record date for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the day next preceding the day on which notice is given, or, if no notice is given, the day on which the meeting is held; the record date for determining shareholders for any other purpose shall be at the close of business on the day on which the resolution of the directors relating thereto is adopted. When a determination of shareholders of record entitled to notice of or to vote at any meeting of shareholders has been made as provided for herein, such determination shall apply to any adjournment thereof, unless the directors fix a new record date for the adjourned meeting.

ARTICLE VI - DIVIDENDS

Subject to applicable law, dividends may be declared and paid out of any funds available therefor as often, in such amounts, and at such time or times as the Board of Directors may determine.

ARTICLE VII - FISCAL YEAR

This fiscal year of the Corporation shall be fixed by the Board of Directors from time to time, subject to applicable law.

ARTICLE VIII - CORPORATE SEAL

The corporate seal, if any, shall be in such form as shall be approved from time to time by the Board of Directors.

ARTICLE IX - AMENDMENTS

Section 1 - By Shareholders:

All By-Laws of the Corporation shall be subject to alteration or repeal, and new By-Laws may be made by the affirmative vote of shareholders holding of record in the aggregate at least a majority of the outstanding shares entitled to vote in the election of directors at any annual or special meeting of shareholders, provided that the notice or waiver of notice of such meeting shall have been summarized or set forth in full therein, the proposed amendment.

Section 2 - By Directors:

The Board of Directors shall have power to make, adopt, alter, amend or repeal, from time to time, By-Laws of the Corporation; provided however, that the shareholders entitled to vote with respect thereto as in this Article IX above-provided may alter, amend or repeal By-Laws made by the Board of Directors, except that the Board of Directors shall have no power to change the quorum for meetings of shareholders or of the Board of Directors, or to change any provisions of the By-Laws with respect to removal of directors or the filling of vacancies in the Board resulting from the removal by the shareholders. If any by-law regulating an impending election of directors is adopted, amended or

repealed by the Board of Directors, there shall be set forth in the notice of the next meeting of shareholders for the election of directors, the by-law so adopted, amended or repealed, together with a concise statement of the changes made.

ARTICLE X - INDEMNITY

A.) Any person made a party to any action, suit or proceeding, by reason of the fact that said person, his or her testator or intestate representative is or was a director, officer or employee of the Corporation, or of any Corporation in which said person served as such at the request of the Corporation, shall be indemnified by the Corporation against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by said person in connection with the defense of such action, suit or proceedings, or in connection with any appeal therein, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding, or in connection with any appeal therein that such officer, director or employee is liable for negligence or misconduct in the performance of his or her duties.

B.) The foregoing right of indemnification shall not be deemed exclusive of any other rights to which any officer, director or employee may be entitled apart from the provisions of this section.

C.) The amount of indemnity to which any officer or any director may be entitled shall be fixed by the Board of Directors, except that in any case where there is no disinterested majority of the Board available, the amount shall be fixed by arbitration pursuant to the then existing rules of the American Arbitration Association.

The undersigned Officer certifies that the foregoing By-Laws have been adopted as the first By-Laws of the Corporation.

Dated: _____

9/1/12



Louis J. Cerone, Secretary

Corporation Documentation
Item # 25

Stock Certificate

2

INCORPORATED UNDER THE LAWS OF THE STATE OF NEW HAMPSHIRE

300

XTL-NH, Inc.

TOTAL AUTHORIZED ISSUE
300 SHARES WITHOUT PAR VALUE
COMMON STOCK

*See Reverse for
Certain Definitions*

This is to Certify that XTL, Inc. **is the owner of**

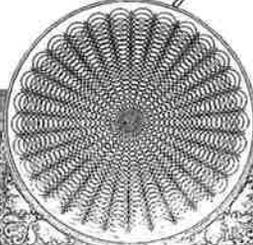
Three Hundred (300) Shares

fully paid and non-assessable shares of the above Corporation transferable only on the books of the Corporation by the holder hereof in person or by duly authorized Attorney upon surrender of this Certificate properly endorsed.

Witness, the seal of the Corporation and the signatures of its duly authorized officers.

Dated June 1, 2012

Louis J. Cerone
Louis J. Cerone SECRETARY



Louis J. Cerone
Louis J. Cerone PRESIDENT

Corporation Documentation

Item # 26

Complete list of all current corporate officers, directors, shareholders

XTL-NH, Inc.

CURRENT CORPORATE OFFICERS, DIRECTOR(S)
AND SHAREHOLDER(S)

President: Louis J. Cerone
DOB: [REDACTED]
POB: Philadelphia, PA
Legal Address: [REDACTED]
[REDACTED]

Treasurer: Louis J. Cerone
DOB: [REDACTED]
POB: Philadelphia, PA
Legal Address: [REDACTED]
[REDACTED]

Secretary: Louis J. Cerone
DOB: [REDACTED]
POB: Philadelphia, PA
Legal Address: [REDACTED]
[REDACTED]

Director: Louis J. Cerone
DOB: [REDACTED]
POB: Philadelphia, PA
Legal Address: [REDACTED]
[REDACTED]

Shareholder: XTL, Inc.,
Creation Date: 7/16/2010
Formation State: Pennsylvania
Legal Address: [REDACTED]
[REDACTED]

Corporation Documentation

Item # 27

Notarized Original Power of Attorney

and Original Affidavit

LIMITED POWER OF ATTORNEY

NOW COMES XTL- NH, Inc., by and through its President, and executes and enters into the Limited Power of Attorney as set forth below. This Limited Power of Attorney is for the sole purpose of extending authority to James. J. Bianco, Jr., and Bianco Professional Association of New Hampshire (collectively "BPA"), as follows:

Said Limited Power of Attorney shall allow BPA to execute any and all documents and do all things necessary or appropriate to sign and submit a license application to the NH Liquor Commission, and to correspond and communicate on behalf of XTL-NH, Inc., in furtherance of the application.

Further, said Limited Power of Attorney will terminate at such time as is determined by XTL- NH, Inc., in its sole discretion.

Dated: 6/1/12

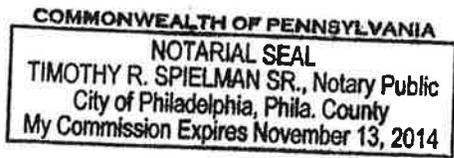
Louis J. Cerone
Louis J. Cerone, President

STATE OF Pennsylvania
COUNTY OF Philadelphia

Before me, personally appeared the above-name Louis J. Cerone in his capacity as President, known by me or proven to be the individual whose name is subscribed to this Limited Power of Attorney, and affirmed that the Limited Power of Attorney has been executed of his own free will and for the purposes contained herein.

[Signature]
Notary Public/Justice of the Peace
My Commission Expires: Nov 13, 2014

Timothy R Spielman Sr
(print name)



State of New Hampshire
Liquor Commission
Division of Enforcement & Licensing

CORPORATION- CHECKLIST FOR DOCUMENTS NEEDED

Liquor License Applicant Checklist of Documents Required for Licensing

RSA 178:3 requires specific details for the qualification of the issuance of a NH Liquor License. As a Liquor License Applicant, you must provide copies of the following documents for consideration of licensure. The liquor license is issued by the NHSLC and all documents are retained at the Enforcement Office of the NHSLC in Concord, NH.

ALL DOCUMENTS MUST APPEAR IN THE LLC APPLICANT'S NAME

EIN# 45-5278825

1.	<input checked="" type="checkbox"/>	Ownership of Premise: Warranty Deed, Lease agreement to the Corporation	On or Off Premise
2.	<input checked="" type="checkbox"/>	Bill of Sale/Lease: Furniture, Fixtures, and Equipment to the corporation	On or Off Premise
3.	<input type="checkbox"/>	Cigar Bar: Bill of Sale for Humidor – To The Corporation	On Premise
4.	<input type="checkbox"/>	Bill of Sale/Lease: Draft System to the Corporation	On Premise
5.	<input type="checkbox"/>	Bill of Sale: Alcoholic Beverages w/a complete Inventory of Stock to Corporation	On or Off Premise
6.	<input type="checkbox"/>	Permit of Assembly: Contact the Local Fire Department – To the Corporation	On Premise
7.	<input type="checkbox"/>	Food Service Permit: Contact the Local or State Health Agency – To the Corporation	On Premise
8.	<input type="checkbox"/>	Certificate of Registered Trade Name: NH Secy of State (603)271-3242-To Corporation	On or Off Premise
9.	<input checked="" type="checkbox"/>	Notarized Affidavit: For ea. CORPORATE OFFICER, DIRECTOR OR SHAREHOLDER (5% OR MORE) (section 5 MUST be initialed by affiant & notarized)	On or Off Premise
10.	<input type="checkbox"/>	Letter of Managerial Appts w/supporting affidavits or affidavits for Person in Charge	On or Off Premise
11.	<input type="checkbox"/>	Certificate of Management Training Seminar (MTS)	On or Off Premise
12.	<input type="checkbox"/>	Designee Notification for MTS Training	On or Off Premise
13.	<input type="checkbox"/>	Menu (Restaurant licenses only)	On Premise
14.	<input checked="" type="checkbox"/>	a. TOWN APPROVAL <input type="checkbox"/> letter of approval <input type="checkbox"/> 15 days-no letter <input type="checkbox"/> Objection b. Business license (Salem, Manchester, and Bedford) Special Permits (Hudson PD)	On or Off Premise
15.	<input type="checkbox"/>	Proof of \$3,000 Wholesale Grocery stock available to public (combination licenses only) 7 Items: Meat, Vegetables, Fruit, Dairy (Milk), Bread, Cereal, Snack Food	Off Premise
16.	<input type="checkbox"/>	Entertainment approval from the Town	On Premise
17.	<input type="checkbox"/>	Previous License	On or Off Premise

CORPORATION DOCUMENTATION

18.	<input checked="" type="checkbox"/>	Certificate of Incorporation with all addendums attached
19.	<input checked="" type="checkbox"/>	Certificate of Good Standing issued within the last 12 months
20.	<input type="checkbox"/>	Certificate of Authority if non-NH CORPORATION
21.	<input checked="" type="checkbox"/>	Articles of Incorporation with all addendums attached
22.	<input checked="" type="checkbox"/>	Minutes of Organization Meeting
23.	<input checked="" type="checkbox"/>	Minutes of Recent meeting to support current corporate officers
24.	<input checked="" type="checkbox"/>	By-Laws
25.	<input checked="" type="checkbox"/>	Stock Certificate
26.	<input checked="" type="checkbox"/>	Complete list of all current corporate officers, directors, shareholders(Full Name, DOB, POB & Legal Address)
27.	<input checked="" type="checkbox"/>	Notarized Original Power of Attorney and Original Affidavit – for any person or lawyer

Signature Licensing Specialist/Investigator

Date

Call 271-3521 when establishment is ready for investigator inspection.
Following inspection, call for licensing appointment, a COPY of ALL check documentation shall be provided for the final appointment.

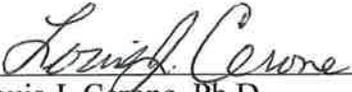
A.10 STATEMENT OF NON-RELEASE OF INFORMATION



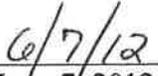
We Deliver.

STATEMENT

This statement indicates that XTL-NH, Inc. and its parent company (XTL, Inc. and subsidiaries) agree not to divulge or release any information provided to it by the NHSLC prior to the official release date.



Louis J. Cerone, Ph.D.
President



June 7, 2012

A.11 CERTIFICATION OF NON-DEBARMENT

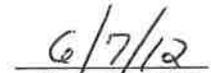


We Deliver.

CERTIFICATION

This is to certify that that XTL-NH, Inc. and its parent company (XTL, Inc. and subsidiaries) are not currently under suspension or debarment by the State of New Hampshire, any other state, or the federal government. XTL-NH also acknowledges that if it is currently under suspension or debarment, its Proposal, in most circumstances, shall not be accepted or considered.


Louis J. Cerone, Ph.D.
President


June 7, 2012

A.12 IRS W-9 FORM REQUEST FOR TAXPAYER IDENTIFICATION NUMBER
AND CERTIFICATION

Request for Taxpayer Identification Number and Certification

Give form to the requester. Do NOT send to the IRS.

Name (If joint names, list first and circle the name of the person or entity whose number you enter in Part I below. See instructions on page 2 if your name has changed.)

Business name (Sole proprietors see instructions on page 2) **XTL-NH, INC.**

Please check appropriate box: Individual/Sole proprietor Corporation Partnership Other ▶

Address (number, street, and apt. or suite no.) **18 CENTRE ST**

City, state, and ZIP code **CONCORD, NH 03301**

Requester's name and address (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. For individuals, this is your social security number (SSN). For sole proprietors, see the instructions on page 2. For other entities, it is your employer identification number (EIN). If you do not have a number, see How To Get a TIN below.

Note: If the account is in more than one name, see the chart on page 2 for guidelines on whose number to enter.

Social security number
 | | + | | | | |

OR

Employer identification number
 | | | | | | | |

List account number(s) here (optional)

Part II For Payees Exempt From Backup Withholding (See Part II instructions on page 2)

Part III Certification

Under penalty of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding.

Certification instructions.—You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because of underreporting interest or dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, the acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (Also see Part III instructions on page 2.)

Sign Here Signature ▶ *Luigi Cerone* Date ▶ *6/4/12*

Section references are to the Internal Revenue Code.

Purpose of Form.—A person who is required to file an information return with the IRS must get your correct TIN to report income paid to you, real estate transactions, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA. Use Form W-9 to give your correct TIN to the requester (the person requesting your TIN) and, when applicable, (1) to certify the TIN you are giving is correct (or you are waiting for a number to be issued), (2) to certify you are not subject to backup withholding, or (3) to claim exemption from backup withholding if you are an exempt payee. Giving your correct TIN and making the appropriate certifications will prevent certain payments from being subject to backup withholding.

Note: If a requester gives you a form other than a W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

What is Backup Withholding?—Persons making certain payments to you must withhold and pay to the IRS 31% of such

payments under certain conditions. This is called "backup withholding." Payments that could be subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

If you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return, your payments will not be subject to backup withholding. Payments you receive will be subject to backup withholding if:

- You do not furnish your TIN to the requester, or
- The IRS tells the requester that you furnished an incorrect TIN, or
- The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
- You do not certify to the requester that you are not subject to backup withholding under 3 above (for reportable

interest and dividend accounts opened after 1983 only), or

- You do not certify your TIN. See the Part III instructions for exceptions.

Certain payees and payments are exempt from backup withholding and information reporting. See the Part II instructions and the separate instructions for the Requester of Form W-9.

How To Get a TIN.—If you do not have a TIN, apply for one immediately. To apply, get Form SS-5, Application for a Social Security Number Card (for individuals), from your local office of the Social Security Administration, or Form SS-4, Application for Employer Identification Number (for businesses and all other entities), from your local IRS office.

If you do not have a TIN, write "Applied For" in the space for the TIN in Part I, sign and date the form, and give it to the requester. Generally, you will then have 60 days to get a TIN and give it to the requester. If the requester does not receive your TIN within 60 days, backup withholding, if applicable, will begin and continue until you furnish your TIN.

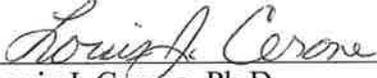
A.13 STATEMENT OF COMPLIANCE WITH ALL FEDERAL AND STATE LAWS
REGARDING FAIR EMPLOYMENT PRACTICE, THE PATRIOT ACT, AND NON-
DISCRIMINATION



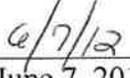
We Deliver.

STATEMENT

This statement indicates that XTL-NH, Inc., and its parent corporation, XTL, Inc., and subsidiaries, agree to comply with all Federal and State laws regarding Fair Employment Practice, the Patriot Act, and Non-Discrimination.



Louis J. Cerone, Ph.D.
President



June 7, 2012

A.14 CORPORATE RESOLUTION



CERTIFICATE OF SECRETARY
AS TO
CORPORATE RESOLUTION

We Deliver.

I, Louis J. Cerone, Secretary of XTL- NH, Inc., a corporation organized under the laws of the state of New Hampshire, do hereby certify that the following resolution is a full, true and correct copy of a resolution of the Board of Directors of said Corporation, duly and regularly adopted by the Board of Directors in conformance with applicable law and the by-laws of said Corporation on the 1st Day of June, 2012.

RESOLVED that

Louis J. Cerone is hereby authorized and directed to execute and submit a proposal to the state of New Hampshire in response to NH RFP 2012-14 regarding warehouse services for wine and spirits and related products.

I further certify that said resolution has not been amended or revoked and is still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my name as Secretary and affixed the seal of said Corporation, this 1st day of June , 2012

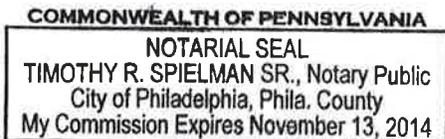
Louis J. Cerone
SECRETARY

State of pennsylvania
County of philadelphia

On this the ___ day of June, 2012, before me, Timothy R Spielman Sr the undersigned officer, personally appeared Louis J. Cerone, who acknowledged himself to be the secretary of XTL- NH, Inc., a New Hampshire Corporation, and that he, as secretary, being authorized to do so, executed the foregoing instrument for the purposes contained, by signing in the name of the corporation by himself as secretary.

In witness whereof, I hereunto set my hand and seal.

[Signature]
Notary Public/ Justice of the Peace
Timothy R Spielman Sr
Print name



B.1 CONSTRUCTION SCHEDULE

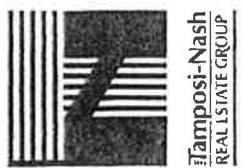
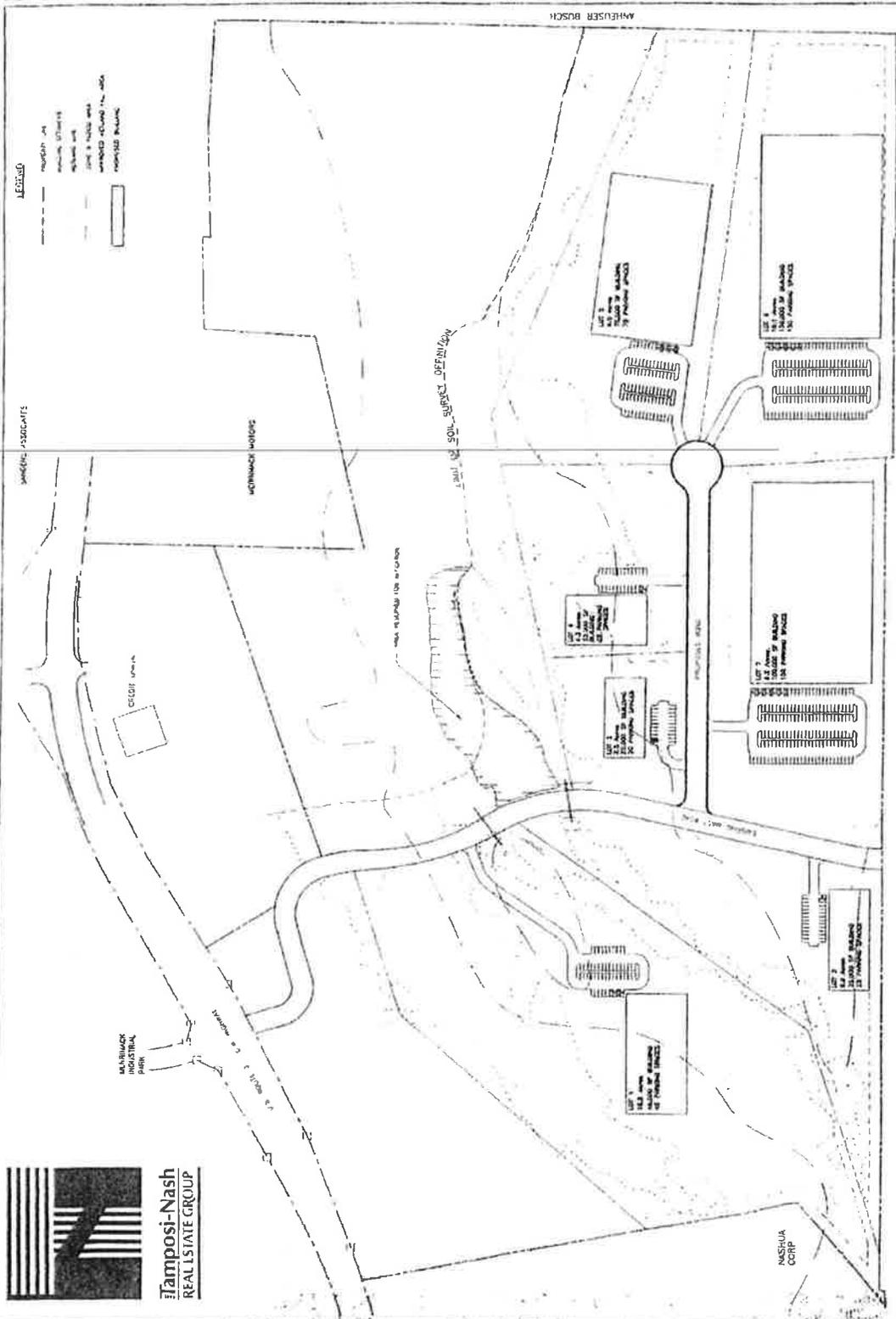
B.2 SITE PLAN

Amherst
MA
10/1/00

NO.	DATE	DESCRIPTION

WATSON TANDORI NASH
INDUSTRIAL DEVELOPMENT
MERRIMACK NEW JARVIS
CONCEPTUAL PLAN

DATE: 10/1/00
 DRAWN BY: [Name]
 CHECKED BY: [Name]



MAST RD. MERRIMACK, NH

DATE: 10/1/00
 DRAWN BY: [Name]
 CHECKED BY: [Name]

400 Amherst St., Nashua, NH 03063
 (603) 889-0000 FAX/889-0259

B.3 LETTER OF INTENT TO PURCHASE SITE

Brian Tisbert
Assistant Vice President | Boston

160 Federal Street
Boston, NH 02110
www.colliers.com

PHONE +1 617 330 8174
DIR +1 617 330 8019
FAX +1 617 330 8130
EMAIL brian.tisbert@colliers.com



Rev. May 25, 2012

To: Tamposi, Watson, Bosowski, and Clegg
C/O Tamposi-Nash Real Estate Group (Bill Luers)
400 Amherst Street
Nashua, NH 03063

Re: Portion of the 35.72 acre parcel on Mast Road in Merrimack, NH

Dear Mr. Luers:

This Letter of Intent outlines the general terms and conditions under which Anthony Cerone or his Assignee will purchase the fee simple interest in a portion of the 35.72 acre parcel on Mast Road in Merrimack, New Hampshire, (the "Property") from Tamposi, Watson, Bosowski and Clegg or owners of record (jointly the "Seller").

Seller: Harold W. Watson, SAT Sr. Limited Partnership, Benjamin Bowsowski, Jeffrey Clegg, Jessica Clegg, Jacob Mitchell and Ethan Mitchell, d/b/a Watson-Tamposi-Nash with an address of 20 Trafalgar Square, Suite 602, Nashua, NH 03063

Buyer: Anthony Cerone, or his Assignee.

Description of Property: The fee simple interest in approximately 19.3 acres of land, subject to all matters of record except for mortgages / financial liens, to be subdivided from the Seller's 35.72 acre parcel in Merrimack, New Hampshire, identified as Parcel ID: 000020 000021 00000 in the tax records of the Town of Merrimack. The subdivided land is to be located in the approximate area as shown as Lots 6 and 7 on a certain Conceptual Plan prepared by Dubois & King and provided to the Buyer.

The Buyer will pay its own costs to subdivide and develop the property and the Seller will cooperate with the Buyer and provide assistance as needed in all stages of the regulatory process.

Intended Use: Buyer intends to build and operate a high bay, automatic warehouse distribution facility which will be a 7 day per week 24 hour operation.

Purchase Price: The purchase price for the property will be \$1,750,000.00 payable as follows:

\$5,000.00	Payable upon acceptance of offer (Initial Deposit).
\$1,745,000.00	Paid at time of delivery of deed by wire transaction or cashier's check.



Purchase and Sale Agreement:

Upon Seller's acceptance of this Letter of Intent, the parties will negotiate to enter into a mutually agreeable and binding Purchase and Sale Agreement (the "Agreement") which will be signed within thirty (30) days of full execution of this Letter of Intent and shall be supplied by the Buyer. If no Agreement is signed, the Buyer's deposit shall be refunded in full.

Due Diligence:

Buyer shall have a sixty (60) day due diligence period commencing upon the later of receipt of all federal, state and municipal approvals necessary for the Buyer's proposed use, and the buyer obtaining a contract with the New Hampshire Liquor Commission to provide warehousing services, in which to inspect all aspects of the property's condition and suitability for the Buyer's purposes, including without limitation: title, survey, environmental conditions, geo-technical, water filtration, zoning requirements, existing leases, tax bill and any physical aspects of the property. Buyer shall have the right to terminate the Purchase and Sale Agreement and receive a full refund of his deposits if Buyer is not satisfied with the results of his due diligence, in his sole discretion, does not obtain the New Hampshire Liquor Commission contract to provide the warehousing services or does not obtain subdivision approval and all necessary federal, state, and municipal approvals to carry out his intended use of the property. If the Agreement is not so terminated, all deposits shall be credited against the purchase price at closing. In the event the Buyer does not receive the State of NH Liquor commission contract on or before September 15, 2012, the purchase and sale agreement shall be null and void.

Notwithstanding the due diligence period described above, the buyer shall have the right to enter upon the property to conduct preliminary inspection of all aspects of the property's condition and suitability for the Buyer's purposes upon execution of this letter of intent. Any such inspections shall occur at the buyer's sole cost and risk, and shall result in as little disturbance to the property as is practical, with the property to be restored to its former condition to the extent practical and necessary. Buyer shall furnish Seller with a \$2.0Million Certificate of Liability Insurance naming Seller as an insured under the policy.

Environmental:

This offer shall be contingent on, but not limited to, satisfactory review of Phase I and II environmental reports. The Buyer, at its sole discretion,



will have the opportunity to review and approve results. If Buyer is not satisfied with the outcome and results, Buyer shall terminate the Agreement and all deposits shall be returned to the Buyer.

Financing:

This offer is NOT subject to Buyer securing mortgage financing

Access to the Property:

Seller, upon receipt of the aforesaid Certificate of Liability Insurance, will permit Buyer and his consultants, access to the property for the purposes of the inspections described above. Seller will provide to Buyer, copies of all recent surveys, environmental reports (if any), and engineering studies relating to the Property that are in its possession or that of its agents.

Confidentiality:

The Buyer shall hold all information concerning the Property received from the Seller or its agents in confidence, except as necessary to conduct due diligence and pursue all necessary approvals, and the Seller and Buyer agree to hold in confidence the terms and conditions of this offer.

Exclusivity:

Upon acceptance of this offer, Seller agrees to take the Property off the market and not to negotiate for the lease or sale of the Property with any other party.

Closing Date:

Closing to be held at a mutually acceptable time and location upon the earlier of: (a) June 1, 2013 or (b) within ten (10) days after the later of the expiration or satisfactory approval from the due diligence period, or satisfaction of all conditions including the granting of all necessary federal, state, or municipal approvals to build and operate the facility and execution of an agreement with the NH Liquor Commission to provide warehousing services.

Construction of Access

Road:

Subject to the Seller obtaining all necessary approvals, the Buyer agrees that during construction of its facility, it will construct, to Town of Merrimack's specifications and which will be designed to be approved by the Town of Merrimack for acceptance as a Town of Merrimack roadway, an off-site access road to provide access to Mast Road for other land of the Seller, shown as lots 3, 4 and 5 on the aforementioned Conceptual Plan. The access road will be approximately 50 feet wide (includes paved area and right of way) and 1,200 feet long and will run along the easterly side-line of lots 3 and 4 where they abut the Property to be conveyed, in the approximate area shown as the Proposed Road on said Conceptual Plan. The east boundary of such roadway will be as shown on the Conceptual Plan and not change the



westerly property line of the Buyer's lot. Water, gas, drainage and electric utilities serving lots 3, 4, and 5 shall be constructed in conjunction with the roadway at the Buyer's expense. The Buyer will install a curb cut on the southerly end of the access road where it abuts Mast Road. No part of the access road will be situated on the Property to be conveyed to the Buyer. The Buyer will pay for all of the construction costs of the road, any bonding requirements by the Town of Merrimack, including any maintenance costs, during the construction and up to the point of acceptance by the Town of Merrimack as a town road.

Expiration of Offer:

This offer shall expire if not accepted by Seller in writing by 5:00 p.m., thirty (30) days from the date of this Letter of Intent.

Brokerage:

Seller is represented by Tamposi-Nash Real Estate Group, Inc. Buyer is represented by Collier's International. Seller's agent shall pay Buyer's Agent a fee to be defined in a separate agreement between Seller's agent and Buyer's agent.

Closing Costs and Adjustments:

Each party shall be responsible for its respective share of the real estate transfer tax, its own attorneys' fees, and the costs and fees of its own agents except as set forth above. All costs to clear title for any mortgages or financial liens (except for current use) shall be paid by Seller. Land use change tax on any land in current use shall be paid by the Buyer. All other closing costs will be paid in accordance with local customs.

The terms of this letter are intended to express the intentions of the parties hereto. However, it is expressly understood that neither party is in any way bound to these terms or others that may be discussed until such time that a Purchase and Sale Agreement is fully executed by the Buyer and Seller.

If the above terms are acceptable, please indicate this by having the Sellers sign a copy of this letter in the spaces indicated, and returning it to me.

Sincerely,
Brian Tisbert and Caleb Hudak
Collier's International / NH License # 065844

cc: Anthony Cerone
James J. Bianco, Jr. Esquire
Larry Bergen, Colliers International
Steve Horan, Colliers International



AGREED AND ACCEPTED (Seller)

AGREED AND ACCEPTED (Buyer)

Date: _____
Harold W. Watson

Samuel A. Tamposi Date: 05/30/12
SAT Sr. Limited Partnership,
By its General Partner: Ballinger Properties:
Samuel A. Tamposi

Benjamin M. Bosowski Date: 6/4/12
Benjamin M. Bosowski

Jeffrey Clegg Date: 6/8/12
Jeffrey Clegg

Jessica Clegg Date: 6/4/12
Jessica Clegg

Jacob Mitchell Date: 6/5/12
Jacob Mitchell

Ethan Michell Date: 6/4/12
Ethan Michell

Louis J. Cerone Date: 6/5/12
By: PRESIDENT Its:
LOUIS J. CERONE



AGREED AND ACCEPTED (Seller)

AGREED AND ACCEPTED (Buyer)

Harold W. Watson Date: 2-4-2012
Harold W. Watson

By: _____ Date: _____
Its: _____

Samuel A. Tamposi Date: 05/30/12
SAT Sr. Limited Partnership,
By its General Partner: Ballinger Properties:
Samuel A. Tamposi

Date: _____
Benjamin M. Bosowski

Date: _____
Jeffrey Clegg

Date: _____
Jessica Clegg

Date: _____
Jacob Mitchell

Date: _____
Ethan Michell