A Proposal Presentation For

THE EVALUATION COMMITTEE

50 Storrs Street
Concord, New Hampshire

July 24, 2012

Raising expectations
<table>
<thead>
<tr>
<th>Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Craig Bulkley</td>
</tr>
<tr>
<td>George Tsiopras</td>
</tr>
<tr>
<td>Jim Gehr</td>
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<tr>
<td>Fred Takavitz</td>
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<tr>
<td>John Bunnell</td>
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<tr>
<td>Scott Lyons</td>
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<tr>
<td>Peter Hastings</td>
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<tr>
<td>Steve Hess (tentative)</td>
</tr>
<tr>
<td>Stephen Judge</td>
</tr>
<tr>
<td>Robert Maclellan</td>
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<tr>
<td>Robert Rujevcan</td>
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<tr>
<td>Becky Ross</td>
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</table>
Presentation Objectives

- Confirm our understanding of the NHSLC’s opportunities and challenges
- Present Exel as a strategic resource
- Show the strong fit between our organizations
- Review our solution in detail
- Discussion of possible next steps
Opportunity for New Hampshire

- Improving net income
- Minimizing risk
- Store renewal
- Long term contract
- Control
- Quality of service
Exel as a Strategic Resource

Maximizing Net Income

- What our customers say

- Industry specific experience and knowledge

- Continuous improvement and innovation
Exel as a Strategic Resource

Creating Certainty

- Stability and Scale

Deutsche Post DHL

<table>
<thead>
<tr>
<th>Mail</th>
<th>Forwarding/freight</th>
<th>Express</th>
<th>Supply chain/CIS</th>
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<tr>
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<tr>
<td>GLOBALMAIL</td>
<td>GLOBAL FORWARDING</td>
<td>EXPRESS</td>
<td>SUPPLY CHAIN</td>
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<td>PARFT</td>
<td>FREIGHT</td>
<td></td>
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<tr>
<td>Deutsche Post</td>
<td>WILLIAMS LEA</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Confidential
Creating Certainty

- Consistent disciplines
  - Performance Measurement
  - Process Improvement
  - Project Management
  - Quality Assurance
  - Customer Satisfaction
  - Employee Engagement

- Depth of management

- The Exel team
Exel as a Strategic Resource

Providing Flexibility
- Approach to IT and real estate
- Every customer’s solution is unique
- Transparent commercial model
Exel as a Strategic Resource

→ Transparent and open relationship
  - First Choice
  - Relationship management

FIRST CHOICE
For our customers. Worldwide.
End-to-end supply chain solution: Control 360

Integrated expertise:
Control 360 rationalizes the supply chain network, improving service and cost. Fifth Channel’s digital ad network and eCommerce platform create significant revenue growth for states and provinces.

Our services are supported by the expertise of our companies:
<table>
<thead>
<tr>
<th>Model</th>
<th>Protection against cost overruns</th>
<th>Volume variances built-in</th>
<th>Ability to alter services</th>
<th>Cost transparency</th>
<th>Risk premium built-in to rates</th>
<th>Profit sharing</th>
<th>Any risk borne by Suppliers</th>
</tr>
</thead>
<tbody>
<tr>
<td>RFP Model</td>
<td>Yes</td>
<td>Yes</td>
<td>Restricted</td>
<td>No</td>
<td>No</td>
<td>Unknown</td>
<td>Yes</td>
</tr>
<tr>
<td>Proposed Model</td>
<td>Yes</td>
<td>Yes</td>
<td>Unrestricted</td>
<td>Yes</td>
<td>No</td>
<td>Set by NHSLC</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Certain commercial information redacted
Key profile assumptions

- Inbound 43% palletized, 45% slip-sheet, 12% floor loaded
- 5,323,967 cases picked
- 591,719 bottle picks
- 0.7 cube per case
- 9 units per case, 65 cases per pallet average
- 10,009 SKUs on hand
- 15,229 pallets on hand in year 1 with 4% growth
Exel’s Solution

Process flow diagram

Certain commercial information redacted
Exel’s Solution

Video clips
- Receiving
- Put away
- Replenishment
- Picking
- Wrapping
- Loading
- Bar coding
- Auditing
- Laser truck
Exel’s Solution

Center of gravity

Concord - Center of Gravity (COG)

Seabrook - $147K higher in annual transportation cost than COG

Nashua - $40K higher in annual transportation cost than COG

Merrimack - $28K higher in annual transportation cost than COG
### Facility sizing

- Conceptual layout
- Year 5, 203K SF warehouse with 4K SF of office
- 40’ clear height
- 17,770 pallets on hand
- Slotted by velocity to reduce travel:

<table>
<thead>
<tr>
<th>SKU Type</th>
<th>SKU</th>
<th>CF3/SKU/WK</th>
<th>Slot Type</th>
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<tbody>
<tr>
<td>A</td>
<td>1,014</td>
<td>59.10</td>
<td>Single Pallet Deep</td>
</tr>
<tr>
<td>B</td>
<td>1,364</td>
<td>8.24</td>
<td>Case Flow</td>
</tr>
<tr>
<td>C</td>
<td>3,894</td>
<td>0.96</td>
<td>Hand Stack</td>
</tr>
<tr>
<td>D</td>
<td>3,737</td>
<td>-</td>
<td>Hand Stack</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10,009</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Facility layout
### Operations clock

| Activity Time of Day | 0:00 | 1:00 | 2:00 | 3:00 | 4:00 | 5:00 | 6:00 | 7:00 | 8:00 | 9:00 | 10:00 | 11:00 | 12:00 | 13:00 | 14:00 | 15:00 | 16:00 | 17:00 | 18:00 | 19:00 | 20:00 | 21:00 | 22:00 | 23:00 |
|----------------------|------|------|------|------|------|------|------|------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Receiving            |      |      |      |      |      |      |      |      |      |      |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Receiving Putaway    |      |      |      |      |      |      |      |      |      |      |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Order Entry          |      |      |      |      |      |      |      |      |      |      |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Transportation Planning |   |      |      |      |      |      |      |      |      |      |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Order Release        |      |      |      |      |      |      |      |      |      |      |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Replenishment        |      |      |      |      |      |      |      |      |      |      |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Order Assembly       |      |      |      |      |      |      |      |      |      |      |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Loading              |      |      |      |      |      |      |      |      |      |      |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Shipping             |      |      |      |      |      |      |      |      |      |      |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Cycle Count          |      |      |      |      |      |      |      |      |      |      |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
Exel’s Solution

Transition Schedule

- get signed agreement to move forward
- transition in General Manager
- set up kick off session
- assign accountability and dates
- identify tenant improvement requirements
- day in the life / validation of design
- discovery and validation of assumptions
- complete detail project plan
- agree to commercial terms
- contractual agreement & sign off
- sign off lease
- complete tenant improvements
- order & install racking
- prep facility for start up (including system set up)
- conduct business requirements review
- complete EDI & set up
- complete testing and review
- conduct day in a life session
- complete & test hardware set up in the facility
- post implementation support
- conduct readiness review meetings
- quarterly senior sponsor meeting
- extend offers to internal / external candidates
- conduct job fairs
- build pipeline
- execute strategy for seeding operation
- on-board management team (Mangers, Supervisors)
- on-board hourly associates
- conduct training on Exel operations
- complete and validate SOPs
- conduct training / day in a life for all associates
- test and validate quality program
- inbound product to prepare for shipping
- begin shipping product by business unit
Exel’s Solution

Mechanization review

1. Conventional solution
   - Utilize double pallet jacks and voice units pick locations

2. Laser truck
   - Unmanned laser guided truck automatically moves empty pallet to the picker, along the picker and to staging
   - Results in less travel time for the picker
Exel’s Solution

Mechanization review

3. Pick to belt
   - Utilize pick towers with conveyor belts in the middle for both case and bottle pick
   - Operators walk down aisle and batch pick cases across order
   - Shoe sorter sort cartons to store land where operators palletize cases onto pallets

4. ASRS
   - Automated Storage and Retrieval System reduce building footprint going vertical
   - Automated putaway and replenishment
Mechanization review

Which option produces the lowest cost solution?

Parameters:

- All-in Cost per FTE $52,211.55
- All-in Cost per Supervisor $79,500.64
- All-in Cost per Mechanic $57,041.80
- Annual cost per SF $9
- Term (years) 10
- Mech Annual Maintenance % 3%

Laser Truck has the best payback

<table>
<thead>
<tr>
<th>Conventional (base)</th>
<th>Laser Truck Pick to Belt ASRS</th>
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<tbody>
<tr>
<td>Direct FTE</td>
<td>62</td>
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<td>Direct Labor CPH</td>
<td>41</td>
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<tr>
<td>Supervisors</td>
<td>5</td>
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<tr>
<td>Mechanics</td>
<td>-</td>
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<tr>
<td>Space Requirement (SF)</td>
<td>190,000</td>
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<tr>
<td>MHE</td>
<td>$660,952</td>
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<tr>
<td>Mech</td>
<td>$2,275,000</td>
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<tr>
<td>Rack</td>
<td>$1,693,475</td>
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<tr>
<td>Total CAPEX</td>
<td>$2,354,427</td>
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<tr>
<td>Change over Conventional</td>
<td>$2,275,000</td>
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<tr>
<td>Annual Labor Cost</td>
<td>$3,650,442</td>
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<td>Annual Real Estate Cost</td>
<td>$1,710,000</td>
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<td>Mech Maintenance</td>
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<tr>
<td>Total Annual Cost</td>
<td>$5,360,442</td>
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<tr>
<td>Change over Conventional (442,264)</td>
<td>$995,999</td>
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<td>Simple payback (years)</td>
<td>5.1</td>
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</table>
Exel’s real estate capabilities

- Integrated Solutions
  - Full spectrum of services ranging from location assessment to build-to-suit development to financing

- Expertise
  - Proven track record of a dedicated, experienced CRE team

- Innovation
  - Thought leadership & creativity to arrive at the most efficient solutions

- Independent & Objective
  - Partnership approach to real estate strategy & solutions

- Results Driven
  - Goal of lower supply chain costs with mitigated risk

- International Capabilities
  - Global real estate locations, services & support provides increased market leverage
Exel’s Solution

credentials
Exel’s Solution

Aerial perspective of the site location

675 New Hampshire 3A, Bow, NH 03304, USA
Exel’s Solution

➡ Site plan
Exel’s Solution

→ Elevation sketch
Exel’s Solution

Construction schedule

Certain commercial information redacted
Incentives
- Town of Bow water connection
Exel’s Solution

Exel’s IT capabilities

- Staff of over 400 IT professionals
- Portfolio of supply chain execution and planning software applications
  - Core competency in solution selection, implementation, ongoing support, operational usage
- Experience with many technology providers
  - Executive level relationships with all key providers
  - Influence over product design and functional enhancements
- Experience with multiple concurrent implementations
  - Over 50 implementations per year
  - Close communication between operational requirements and technology
  - Wide variety of integration methods and topologies used
  - Have completed start-ups in 60 days or less
- On-going professional IT support
  - Support mechanisms already in place:
    - Trained site resources
    - First and second level support in-house
    - Support procedures and escalation processes in place
  - Leverage previous infrastructure investments
- World class Technology Centers
  - Aggressive approach to information security
- Disaster Recovery agreement with SunGard – testing to begin Q1, 2013
Exel’s Solution

Strategic Partnerships

- Exel works with leading supply chain execution software providers

IT solutions are determined based on the requirements of the customer and the operational solution being deployed to meet these needs.
Exel’s Solution

Gartner Magic Quadrant

Source: Gartner (February 2012)
Exel’s Solution

Exel brings a structured approach to:

- Warehouse System Configuration
  - Concepts of locations, zoning, sequencing rules
- Test scripts and key focus areas for review
- Standard Operating Procedures (SOPs) and Work Instructions (WIs) tailored for Manhattan and RP operations
- Understanding key functional/system alignment for areas of Receiving, Replenishment, Waving, Picking, QC, and Loading
- Training
  - Leverage Exel’s experienced super-users from other sites to the assist with the start-up
  - Access to Exel’s training library and methodologies tailored to Manhattan
- User Certification and Best Practices
- Go-Live Support and Issue Resolution
Exel’s Solution

Exel’s Manhattan WMS Installations

NORTH AMERICA:
- Exel Direct – 9 hubs with 11 additional planned for 2012
- Alberta Gaming and Liquor Commission – 5 sites
- 31 Gifts – 4 sites
- Vente-Privee.com – 1 site
- Pick-to-light/Integration to Sterling OMS
- Toys ‘R’ Us.com – 6 sites
- KIVA/Pick and Pass Transfer
- Alpargatas – 1 site
- Multi-channel footwear distribution
- Diesel – 2 sites
- Footwear in West Coast and Apparel in East Coast
- Coty – 1 site
- Mechanized/Carousel/pick-to-light
- Flash sales ecommerce distribution
- Thinkgeek.com – 1 site
- Pick Tower with pick and pass transfer

LATAM:
- Nike Brazil and Makro

APAC and EMEA:
- 70 customers

Certain customer information redacted
Exel’s Solution

**Labor Management System**

- Track and review employee performance
- Quantify lost time costs
- Assign activity based costs

**Labor Hours Reporting**
- Direct Labor
- Indirect Labor
- Units per Hour
- % Travel Time

**Labor Cost Reporting**
- Average Cost/Labor Hour
- Average Cost/Throughput

**Pick Quality/Errors**
- Pick Errors/1000
- Chargeable Pick Errors/1000
- Pick Error Percentage

**Operational Measures**
- Planned vs. Actual Staffing Comparison
- Expected vs. Actual Indirect
- Expected vs. Actual Performance
- Planned vs. Actual Labor
Exel’s Solution

**Distributed Order Management**

**Features:**
- Repository of all order activity
- Backorder Management
- Order Sourcing
- Vendor ASN creation portal
- Order consolidation

**Benefits:**
- Only shippable orders dropped to WMS
- Ability to perform credit checks
- Web based visibility to order and inventory status across the network
- Ability to manage by exceptions via queues
Exel’s Solution

Publisher

- Baseline Reports
  - Inventory Activity, Outbound Orders, Receipt Report, Partial Shipped Orders, Order Activity, Warehouse Damage Report

- Single URL for all users

- Excellent report formatting, scheduling and distribution capabilities

- Wide range of output options with PDF, HTML, Excel, PPT and RTF

- Custom Report Capability

- Feature/Functionality of the site can be expanded to meet customers needs

- Document Repository

- Content Management (Check In / Check Out Features)
Exel’s Solution

- NHSLC Internet Ordering
- NHSLC Host Systems
- NHSLC Provided Systems
- Exel Provided Systems
Strong Business Fit Between our Organizations

- Can assist NHSLC with achieving its goals
  - Unique commercial model
  - Flexible approach
  - Commitment to continuous improvement
  - Innovation and best practices

- Our capabilities create certainty
- Exel is willing and able to invest capital
- Relationship management
Next Steps

NHSLC visit Exel sites

- Edmonton, Alberta
Exel’s Capabilities: Automation / Mechanization

- Mini-load, A-frame, goods to man, robotic palletizer
- Mini-load
- Mechanized sortation systems for case and unit picking
- Mechanized flow-through for fast moving inventory
- ASRS

Certain customer names redacted
## Exel’s Capabilities: Demand Management

### Examples of Demand Management Services

<table>
<thead>
<tr>
<th>Customer</th>
<th>System</th>
<th>Interface</th>
<th>Demand Planning</th>
<th>Replenishment</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Supermarkets</td>
<td>JDA</td>
<td>(Manugistics)</td>
<td></td>
<td>Number of Vendors</td>
<td>500, Service Level (Ending: 98.6%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Number of SKU’s</td>
<td>9,000, Inventory Dollars</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td>Number of DCs</td>
<td>1, Inventory Days On Hand (Ending: 19 DOH)</td>
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<tr>
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<td></td>
<td>Daily Suggested Orders</td>
<td>50, Forecast Performance</td>
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<td></td>
<td>Number of Vendors</td>
<td>40</td>
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<td></td>
<td></td>
<td>Number of SKU’s</td>
<td>400</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Number of DCs</td>
<td>2, Inventory Days On Hand (Current: 70 DOH)</td>
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<td></td>
<td>Daily Suggested Orders</td>
<td>10, Forecast Performance</td>
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<tr>
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<td></td>
<td></td>
<td>Number of Vendors</td>
<td>575, Service Level (Current: 97%)</td>
</tr>
<tr>
<td>Alberta Gaming and Liquor</td>
<td>JDA</td>
<td>(Manugistics)</td>
<td>ERP: JDE</td>
<td>Number of Vendors</td>
<td>2, Inventory Days On Hand (Current: 28.5 DOH)</td>
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<tr>
<td></td>
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<td></td>
<td></td>
<td>Daily Suggested Orders</td>
<td>40, Forecast Performance</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td>Number of Vendors</td>
<td>6, Service Level (Current: 99.8%)</td>
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<tr>
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<td></td>
<td></td>
<td></td>
<td>Number of SKU’s</td>
<td>320, Inventory Dollars</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Number of DCs</td>
<td>1, Inventory Days On Hand (Current: 9.4 DOH)</td>
</tr>
<tr>
<td>7-Eleven</td>
<td>Access based Tool</td>
<td>WMS: Manhattan</td>
<td>Forecasted demand for 320 liquid SKU’s for a network of more than 200 convenience stores in the Los Angeles area.</td>
<td>Number of Vendors</td>
<td>7,300, Service Level (Current: 97%)</td>
</tr>
<tr>
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<td></td>
<td></td>
<td></td>
<td>Daily Suggested Orders</td>
<td>40, Forecast Performance</td>
</tr>
</tbody>
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Certain customer names and vendor/supplier names redacted

Confidential
Increasing Revenues: Digital Ad Network

Currently piloting screens in Alberta and shortly Saskatchewan

Brand Spots
Video-based ads or messages are featured in 15-second spots.

Sponsored Weather
Provided as a sponsor opportunity, local time and weather is proven to hold shopper’s interest.

Sponsored Local News
An RSS feed of Local news keeps shoppers’ attention, making it a perfect place for sponsorship.

Responsibility Adverts
Responsible drinking content that reaches consumers at one of their most influential points.

Pricing Promotion
For promotion periods, or simply pure brand exposure, a pricing spot can steer purchase behavior.

Sponsored Mixology
Preview and Recipe Key to educating consumers toward trial and consumption, our video recipes can create confidence for at-home mixology.

Social responsibility messaging.
Because targeted messaging is proven to be effective in influencing shoppers, it can also have a positive effect when promoting responsible consumption messaging.

Increased revenues.
Research has shown that digital displays at retail increase customer basket size by an average of 12%. States and provinces can expect to increase revenue through premiumization.
<table>
<thead>
<tr>
<th>Category</th>
<th>Customers</th>
</tr>
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<tbody>
<tr>
<td>Retail</td>
<td>7-Eleven</td>
</tr>
<tr>
<td>Consumer</td>
<td>P&amp;G, Unilever, Kraft</td>
</tr>
<tr>
<td>Chemical / Energy</td>
<td>General Mills, ExxonMobil, Dupont, Dow</td>
</tr>
<tr>
<td>Automotive / Industrial</td>
<td>Ford, Chrysler</td>
</tr>
<tr>
<td>Life Sciences</td>
<td>Johnson &amp; Johnson, Bayer</td>
</tr>
<tr>
<td>Technology</td>
<td></td>
</tr>
<tr>
<td>Exel Direct</td>
<td>Sears, Williams-Sonoma, Office Depot</td>
</tr>
<tr>
<td>Exel Transportation</td>
<td>Diageo</td>
</tr>
</tbody>
</table>
Tradeteam operates a multi-customer supply chain service for brewers, drinks suppliers, and retailers throughout the U.K.

Giorgio Gori holds a greater than 50% share of the global market for the cross-border shipments of wine and spirits.
<table>
<thead>
<tr>
<th>Project</th>
<th>Square Feet</th>
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<tr>
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Exel’s Solution

(General contractor) credentials

Confidential supplier/vendor information redacted
Exel’s Solution

(General contractor) credentials

Confidential supplier/vendor information redacted