

July 9, 2009

50 Corriveau Avenue
St. Albert, Alberta, Canada T8N 3T5
Telephone 780-447-8821 Fax 780-447-8950

To: Connect Logistics Services

Further to my letter of July 9th, 2009, the Alberta Gaming and Liquor Commission (AGLC) has rolled back its mark-up on liquor to the rates that had been in place prior to April 8th, 2009. The new wholesale prices for all liquor products came into effect on July 9th, 2009.

As indicated in my letter, the AGLC committed to honour the new wholesale prices for all orders that were *placed* on July 7th or July 8th, as well as for those orders that were *received* by licensees on July 7th or afterwards, regardless of when the order was placed.

As a follow-up, and to clarify, the AGLC is not going to be refunding any difference in mark-up for liquor products received by licensees prior to July 7th. Liquor products purchased and received by licensees prior to July 7th are considered to be sold at April 8th, 2009 mark-up rates. In order to ensure that all licensees and agencies are treated fairly in this regard, it is important to ensure that this approach is applied consistently.

We are aware of the fact that Connect Logistics Services (CLS) has procedures (set out on page 15 of your Retail Client Handbook) for *Product Delivery Claim and Product Return Procedures*. These procedures cover CLS delivery claim and shipping error procedures for breakage, case shortages, case overages, picking errors, and stale dated beer. In addition, the policy refers to the AGLC's faulty product claims policy for dry breaks. All of these legitimate delivery claims should continue as per your current policy.

In addition, your policy (on pages 15 and 16) covers the procedures for "Product Returns" being done with the written authorization of the agent. The AGLC has determined that this procedure should not be used in order to return non-faulty product purchased and received by licensees prior to the latest markup change. As such, I am directing you to not accept any returns of non-faulty product for a period of 90 days from July 7th, or until October 5th, 2009.

Yours truly,



Copy: Alberta Liquor Industry Roundtable
Alberta Liquor Store Association
Alberta Hotel and Lodging Association
Canadian Restaurant and Foodservices Association
Canadian Council of Grocery Distributors
Association of Canadian Distillers
Canada's National Brewers
Beverage Alcohol Importers Association of Alberta
Import Vintners & Spirits Association
Canadian Vintners Association

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To: All Beer Warehouses

Further to my letter of July 9th, 2009, the Alberta Gaming and Liquor Commission (AGLC) has rolled back its mark-up on liquor to the rates that had been in place prior to April 8th, 2009. The new wholesale prices for all liquor products came into effect on July 9th, 2009.

As indicated in my letter, the AGLC committed to honour the new wholesale prices for all orders that were *placed* on July 7th or July 8th, as well as for those orders that were *received* by licensees on July 7th or afterwards, regardless of when the order was placed.

As a follow-up, and to clarify, the AGLC is not going to be refunding any difference in mark-up for liquor products received by licensees prior to July 7th. Liquor products purchased and received by licensees prior to July 7th are considered to be sold at the April 8th, 2009 mark-up rates. In order to ensure that all licensees and agencies are treated fairly in this regard, it is important to ensure that this approach is applied consistently.

We are aware of the fact that you have procedures for return of faulty products and delivery claim processes for issues such as breakage, case shortages, case overages, picking errors, and stale dated beer. All of these legitimate claims should continue as per your current policy.

However, the AGLC has determined that returns of non-faulty product purchased and received by licensees prior to the latest markup change should not be accepted for the time being. As such, I am directing you to not accept any returns of non-faulty product for a period of 90 days from July 7th, or until October 5th, 2009.

Yours truly,



Gerry McLennan
Chief Executive Officer

Copy: Alberta Liquor Industry Roundtable
Alberta Liquor Store Association
Alberta Hotel and Lodging Association
Canadian Restaurant and Foodservices Association
Canadian Council of Grocery Distributors
Association of Canadian Distillers
Canada's National Brewers
Beverage Alcohol Importers Association of Alberta
Import Vintners & Spirits Association
Canadian Vintners Association