

LCBO

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To: All LCBO Employees

Dear Colleagues:

Subject: Bob Peter

Further to Bob Peter's note to you earlier today, I am writing to advise that the Board of Directors has received and accepted his intention to resign from his position of President and CEO, effective March 31, 2016.

Every year that Bob has been at the helm of the LCBO has been a record year. His leadership and the organization's performance over the past 14 years has been nothing short of exceptional. From 2001/02 to 2014/15:

- Profit – net income – grew by 97% to \$1.818 billion (with 2015/16 profit forecast to exceed \$1.9 billion, growth will be up at least 106% under Bob's tenure)
- Sales up 77% to \$5.2 billion
- Customer service ratings have consistently been in the 80-plus range
- Expenses as a percentage of net sales have decreased, despite the addition of many new stores and increased regulatory costs
- Net inventory investment is down 115% to (\$14 million) freeing up cash for investments in the store network and logistics automation
- Hundreds of new, relocated and expanded stores opened (with Bob attending almost every opening)
- Ontario wine sales up 118% to \$438 million
- Beer market share up by two-thirds to over 25%
- Number of challenge and refusals up to 13.5 million
- Lost-time injuries down over 65% since 2010
- Charity fundraising up 2146% to \$9.5 million

Bob has brought leadership, vision, passion and a laser-like focus on continuous improvement to one of the Province's highest-profile crown agencies. His commitment to achieving both operational efficiency and customer service excellence while striving for improvement on every measure has helped our shareholder with a range of fiscal, economic and policy objectives. Over the past

14 years, LCBO employees and initiatives have won over 200 national and international awards for excellence in retailing, design, training, marketing, supply chain and many more key business functions.

Bob's leadership has been characterized by an unfailing commitment to integrity, setting a strong professional standard for all LCBO employees to uphold. These values also extend to his approach to labour relations, where he operated with respect and in the spirit of partnership.

The LCBO is an extraordinarily well-run business. The Board and I agree wholeheartedly with Bob: this organization is very well positioned for the emerging, more competitive beverage alcohol marketplace, and to continue to meet Ontarians needs for excellent customer service and responsible sales. There will be opportunities later for recognition, however, my fellow Board members and I don't want to wait to express our gratitude to Bob for the exemplary job he has done and for the exceptional strength of this business at the time of his departure.

In considering succession (characteristically, Bob has kept us informed about his plans and provided a good amount of lead time) we will be looking to build on the many successes that Bob has helped us achieve. We will provide you in the coming weeks with more details about this succession plan, but today is about celebrating the many accomplishments of a truly outstanding retail leader.

Sincerely,



Edward Waitzer
Chair

Copy to:

Bob Peter
LCBO Board Members
Minister of Finance