

Limited Time Offer Program for Import Products at The Beer Store and LCBO Combination Stores

The LCBO would like to introduce a new program for suppliers who sell imported beer products through The Beer Store and LCBO Combination Stores.

Program

Effective May 3, 2010, the LCBO is offering suppliers the ability and opportunity to execute a Limited Time Offer (LTO) at retail on imported beer products at The Beer Store and LCBO Combination Stores. The Imported Beer LTO would be for a defined period of time and the LCBO will calculate the rebate based on shipments to The Beer Store and sales at LCBO Combination stores during the timeframe of the LTO. Rebates can be charged back to the supplier or agent. This program differs from a price reduction in which the rebate is calculated based on inventory.

Eligibility

The Imported Beer LTO Program is limited to imported products whose inventory is purchased by the LCBO and where the product is sold exclusively through The Beer Store stores, or The Beer Store stores/LCBO Combination stores only.

Note: If a supplier wishes to execute a discount on an imported product that is sold through LCBO conventional stores (e.g., Grolsch 6 pack), it is considered an LCBO Merchandising Program Limited Time Offer. The supplier would be required to submit an application by the appropriate deadline to the LCBO Beer & Cider Category for approval. Please refer to the Trade Resources website at www.lcbotrade.com for more information on LCBO Merchandising Programs.

Participation Guidelines

- The minimum duration for an Imported Beer LTO is two (2) weeks.
- The maximum duration for an Imported Beer LTO is four (4) weeks.
- Each SKU is allowed to participate in an Imported Beer LTO up to a maximum of sixteen (16) weeks per calendar year. That is a total of eight (8) LTOs per year with a two (2) week minimum and four (4) LTOs per year with a 4 week maximum.
- Imported Beer LTOs start on a Monday and end on a Sunday.
- A brand may participate in consecutive Imported Beer LTOs, but a product SKU may not participate in consecutive LTOs.
- If the discount submitted brings the retail below floor price, the LTO will be cancelled without further notification.
- The regular price of the discounted SKU should not be adjusted one month prior to the LTO start date or one month following the LTO end date.

Inventory Support

It is recommended that the supplier collaborate with the LCBO's Beer & Cider Inventory Management Team on a sales and inventory forecast to support an Imported Beer LTO. The Inventory Team should be notified no less than two (2) weeks plus the products full lead-time (defined as production plus shipping time) in advance of the LTO should the supplier require inventory support. If a supplier chooses to collaboratively develop a forecast, an Imported Beer LTO Application Form must be submitted to the Beer & Cider Category as per the timelines above.

Submission Process

The process to submit for an Imported Beer LTO is similar to the procedure for a regular price reduction. Changes to retail prices remain administered by the LCBO's Pricing Administration Department. The Imported Beer LTO process is as follows:

- **First Monday:** Effective May 3, 2010, beer suppliers may request an Imported Beer LTO to change the price at which their beer is sold by submitting a request for a price reduction to the LCBO's Pricing Administration Department on any Monday no later than 4:00 pm; or if Monday is a holiday, no later than 4:00 pm on the first day thereafter that is not a holiday. By 4:00 pm the LCBO will acknowledge receipt of the price change to The Beer Store and the applicant.

The request for the price change must be made on supplier letterhead and clearly outline the discounted retail and the start and end date for the LTO. A completed Imported Beer Limited Time Offer (LTO) Application Form must accompany the supplier's letter.

- **Second Monday:** On the condition that the price change request is not lower than the minimum price established by the LCBO, The Beer Store issues public notice regarding price change for the following week or if Monday is a holiday, on the first day thereafter that is not holiday.
- **Third Monday:** The Imported Beer LTO takes effect at LCBO Combination stores and The Beer Store stores at start of business day. If Monday is a holiday, the price change will take affect the next day.
- **Two Mondays Prior to the Imported Beer LTO End Date:** Supplier submits a request to LCBO's Pricing Administration Department on supplier letterhead no later than 4:00 pm requesting a change in retail price (a return to regular price) and the effective date. The process as outlined above will follow to return the product to regular price.

Note: If a supplier does not submit a request to return the retail to the regular price, the rebate will be charged back to the supplier as price reduction. Therefore, the rebate will be calculated based on current LCBO inventory

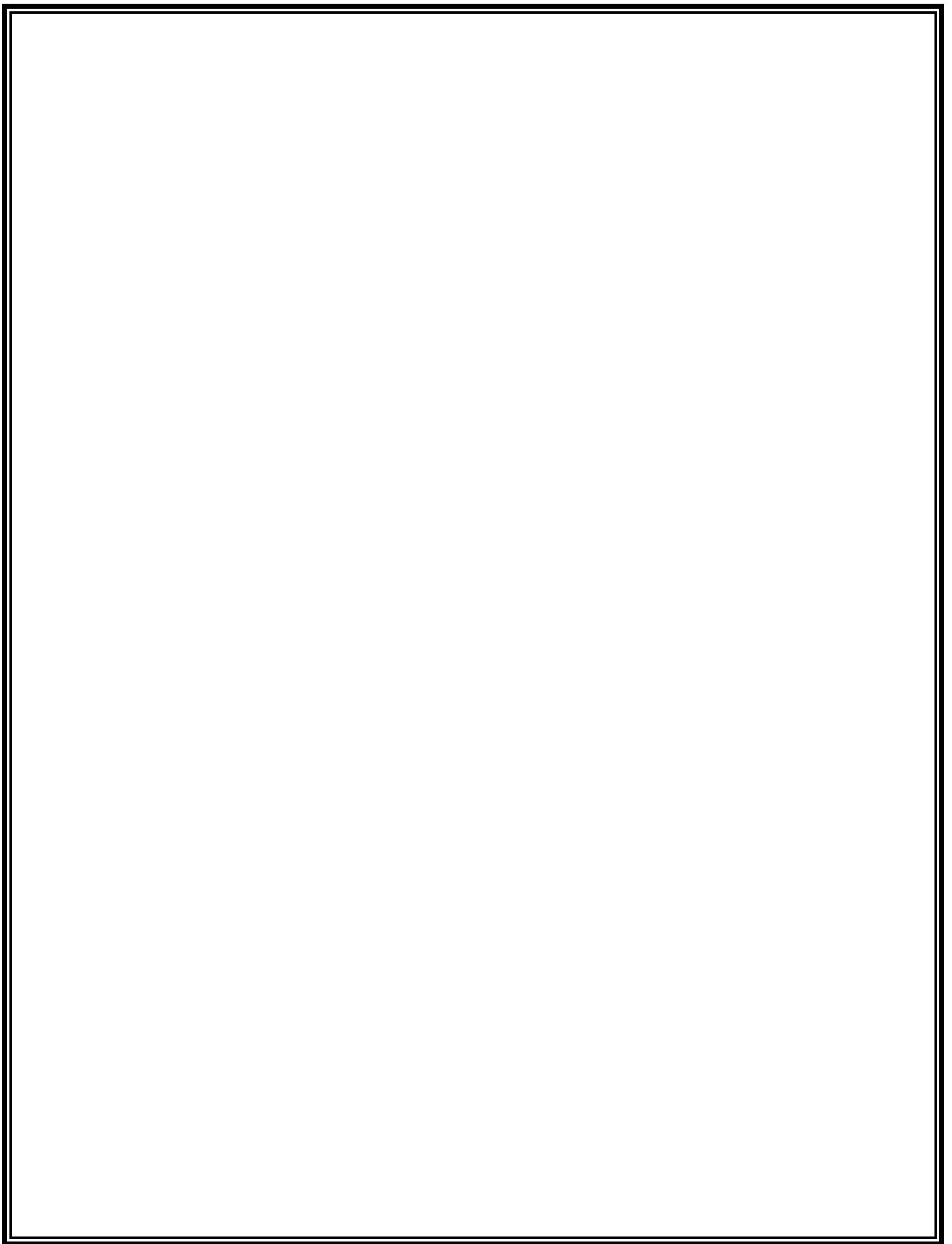
rather than shipments to The Beer Store and sales at LCBO Combination stores.

Limited Time Offer Rebate Calculation:

The basis for the calculation will be shipments to The Beer Store and retail sales in LCBO Combination Stores during the time period of the LTO. Rebates can be charged back to the supplier or agent. The LCBO will calculate the rebate as follows:

Calculation:

$$\begin{aligned} & \text{Regular retail price of product} \\ - & \text{(minus) } \underline{\text{Discount retail price of product}} \\ & = \text{\$Value of discount/rebate} \\ & \underline{\text{X (retail sales in LCBO Combination Stores + shipments to The Beer Store)}} \\ & = \text{\$Value of the rebate to be charged back to the supplier or agent.} \end{aligned}$$



Imported Beer Limited Time Offer (LTO) Application Form

Attention: **FAX TO 416-864-6861**
 Inventory Coordinator Beer
 Product Manager Beer

416-864-2424
Pricing Administration

Product Details

Product & LCBO #:
Size format:
Supplier Name:
Agent Name:

Limited Time Offer (LTO) Details

Submission Date to LCBO Pricing Administration
two weeks prior to LTO start date:

LTO Start Date:

LTO End Date:

Duration of LTO (in weeks):

Submission Date to LCBO Pricing Administration
two weeks prior to LTO end date:

Current Retail Price:
LTO Retail Price:
LTO Amount:

Available for sale:
The Beer Store
LCBO Combination Stores

Rebate Charged to:
Supplier
Agent

Sales Forecast

Week 1:
Week 3:

Week 2:
Week 4:

Supplier Signature:

Please contact the LCBO's Beer & Cider Category for a copy of the Application Form.