

**NEWFOUNDLAND LIQUOR CORPORATION
PRICING POLICY
EFFECTIVE: April 1, 2005**

SUPPLIERS' IN-BOND PRICES

The Newfoundland Liquor Corporation will accept from Distillers and Wineries in-bond price adjustments once per year. Those price adjustments must be effective to the Corporation on April 1 for both Imported and Canadian Products. Notice of those requested changes must reach the Corporation in writing 60 days prior to the effective date.

Any requests for in-bond price adjustments received within this 60 day period, or requests for change dates other than April 1, will be evaluated on individual merit and accepted or rejected accordingly.

CORPORATION RETAIL PRICES

The Corporation will have one major retail price change per year because of requested in-bond price adjustments from suppliers. This major retail price change is scheduled for April 1 of each year, but may be postponed to later dates at the Corporation's discretion.

Retail price adjustments for other cost factors such as federal duties, taxes or freight costs will be at the Corporation's discretion.

MARK-UP TABLES
EFFECTIVE: April 1, 2005

1. **SPIRITS**

Except Proof & Overproof Spirits

The mark-up policy is \$7.49 per 750ml, plus 72% of Landed Cost per bottle. The constant dollar amount of \$7.49 per 750ml bottle is pro-rated for other sizes as follows:

375ml	\$ 3.75
1140ml	11.38
1750ml	17.48
3000ml	29.96
3790ml	37.85

Proof & Overproof

The mark-up policy is \$8.49 per 750ml plus 72% of Landed Cost per bottle. The constant dollar amount of \$8.49 per 750ml bottle is pro-rated for other sizes as follows:

375ml	\$ 4.25
1140ml	12.90

Note: The minimum total retail prices of Spirits cannot fall below the floor prices established by the N.L.C. (See Page 8).

2. **LIQUEURS**

The mark-up policy is \$7.25 per 750ml plus 63% of Landed Cost per bottle. The constant dollar amount of \$7.25 per 750ml bottle is pro-rated for other sizes as follows:

375ml	\$ 3.63
500ml	4.83
1140ml	11.02
1750ml	16.92

3. **WINES**

The mark-up policy for all wines, excluding coolers, is \$2.94 per 750ml plus 67.5% of Landed Cost per bottle.

The constant dollar amount of \$2.94 per 750ml bottle is pro-rated for other sizes as follows:

200ml	\$.78
375ml	1.47
1000ml	3.92
1140ml	4.47
1500ml	5.88
2000ml	7.84
3000ml	11.76
4000ml	15.68
16000ml	62.72

20000ml

78.40

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4. **CIDERS**

Mark-up is \$1.40 per 341ml bottle. Bottle or package sizes other than 341ml will be pro-rated on the 341ml mark-up.

5. **IMPORTED BEER**

The lowest retail price for a standard 6-pack (6x355ml btl) cannot fall below Social Reference Prices established by NLC. (See page 8). This does not apply to 0.5% Beer.

MARK-UP:

Regular Imported Beer - \$2.10 per litre

Low Alcohol (0.5%) Beer - \$1.27 per litre

Note: Mark-up includes cost of service of \$0.44 per litre

6. **REFRESHMENT BEVERAGES**

a) Coolers:

Mark-up is \$1.40 per 341ml bottle. Bottle or package sizes other than 341ml will be prorated on the 341ml mark-up.

e.g. mark-up on a 355ml bottle will be \$1.46: $\$1.40 \times \frac{355\text{ml}}{341\text{ml}} = \1.46

b) Cocktails:

Mark-up is \$7.56 per 750ml bottle. Bottle or package sizes other than 750ml will be pro-rated on the 750ml mark-up.

e.g. Mark-up on a 200ml bottle will be \$2.02: $\$7.56 \times \frac{200\text{ml}}{750\text{ml}} = \2.02

7. **MINIATURES**

Mark-up is \$1.25 per individual bottle

8. **NON-ALCOHOLIC MERCHANDISE**

<u>Cost</u>	<u>Mark-up</u>
Under \$10.00	80%
\$10.00 - \$19.99	70%
\$20.00 - \$29.99	60%
\$30.00 - \$39.99	50%
\$40.00 & Over	40%

Once the price has been established, the pricing is then given to the Vice-President for final approval or adjustment.

9. **BOTTLE DEPOSIT REFUND**

<u>Container</u>	<u>Deposit</u>	<u>Refund</u>
Spirits/Wines/Coolers (except miniatures)	\$0.20 per btl.	\$0.10
Miniatures	\$0.08 per btl.	\$0.05
Imported Beer	\$0.08 per can/btl.	\$0.05
Local Beer (Cans)	\$0.08 per can	\$0.05

10. **SPECIAL PACKAGES**

The landed cost per unit for products with special packages that have the cost of the contents and cost of the package stated separately on the supplier's invoice will be calculated separately. Normal mark-up will be applied to the contents and a mark-up

of 25% to the package.

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11. **SPECIAL ORDERS**

- (a) Purchased from other liquor boards at cost plus will be marked up as follows:

Cost plus 10% - Mark-up is 130% on spirits & wines and 100% on beer. NLC mark-up will decrease by one percentage point for each percentage point increase by supplying liquor board.

Example, if supplying liquor board charges NLC cost plus 15% - mark-up is 125% or 95%.

If any liquor board continues to charge retail less 20%, NLC mark-up will be 50% on net invoice price.

- (b) Purchased directly from a distillery:

(i) Spirits - as per policy

(ii) Wines - as per policy

(iii) Imported Beer: mark-up will be \$0.75 per 355ml bottle

Mark-up applied to special orders will be that which is in effect at the time the order was placed with the supplier, and not the mark-up in effect at the time the goods are received.

If a customer pays a supplier directly in a foreign currency, documented proof of the exchange rate paid must be provided to the Newfoundland Liquor Corporation or the current standard foreign exchange rate for the currency will be used to calculate the in-bond cost of the product.

12. **LARGE SPECIAL ORDERS**

On special orders where the landed cost of the order exceeds \$10,000 the following will apply:

<u>Cost Category (Per Bottle)</u>	<u>Mark-up (Spirits or Wine)</u>
\$42.86 - \$85.70	50%
\$85.71 and up	45%

Any brand below the cost category of \$42.86 will be priced in accordance with #11 above.

Note:

NLC will not apply mark-up to any sales units which are broken during transit or missing when product is received. The customer will be charged applicable costs only. NLC will file a claim against the appropriate entity for the cost of the broken or missing product. If this claim is successful, the customer will be reimbursed for the costs originally charged.

**SOCIAL REFERENCE PRICES
(MINIMUM TOTAL RETAIL PRICES)
EFFECTIVE: April 1, 2005**

	<u>375ML</u>	<u>750ML</u>	<u>1.14L</u>	<u>1.75L</u>
Rum	\$12.40	\$23.45	\$35.50	\$54.45
Rye	\$12.40	\$23.45	\$35.50	\$54.45
Gin	\$12.40	\$23.45	\$35.50	\$54.45
Vodka	\$12.40	\$23.45	\$35.50	\$54.45
Scotch	\$13.36	\$24.95	\$36.80	Nil
Imported Beer	\$ 8.30 per 6 Pk. of 2.046 litres			
Imported Beer	\$16.60 per dozen of 4.092 litres			

**NEWFOUNDLAND LIQUOR CORPORATION
COSTING AND PRICING POLICY
EFFECTIVE: April 1, 2005**

COSTING PROCEDURES

A. CANADIAN SPIRITS

1. Supplier's in-bond selling price is obtained from the supplier's price notification circular or from the supplier's invoice, and is subject to acceptance by the Corporation.
2. Duty is calculated by multiplying the litres of alcohol by volume as specified on excise sheets, by applicable Customs & Excise rate per litre of alcohol by volume.
3. Freight is calculated by multiplying the weight per case (in kilograms) times the appropriate standard freight rate per kilogram. (See pages 12 & 13).
4. The total of distiller's cost, duty, and freight, equals the landed cost per case. The total landed cost per case divided by the number of bottles per case equals the landed cost per bottle. The applicable mark-up, as per our mark-up tables, is added to the landed cost per bottle to give retail before tax. Retail before tax is then multiplied by 15% HST and added. The applicable bottle deposit is then added to the sum of the above to give total retail.

B. IMPORTED SPIRITS

Imported spirits are identical to the Canadian spirits above with the following exceptions:

1. Suppliers' in-bond selling prices which are quoted or invoiced in foreign currency will be converted to Canadian Dollars (see Page 11).
2. Federal duty is calculated by multiplying the litres of alcohol by volume per case times the applicable duty rate as detailed in the Customs Ledger.
3. Freight is applied as per the imported freight schedule which gives a standard freight rate per case from the country of origin (see Pages 14-26).

C. CANADIAN WINES

Canadian Wines are the same as Canadian Spirits above, with the following exception:

1. Duty is obtained by multiplying the litres of alcohol per case times the applicable excise duty rate; it can also be obtained directly from the supplier's invoice.

D. IMPORTED WINES AND IMPORTED BEERS

1. Imported wines are the same as Canadian wines plus the applicable tariff.
2. Imported beers are the same as Canadian beers plus the applicable tariff.

**NEWFOUNDLAND LIQUOR CORPORATION
FOREIGN EXCHANGE SCHEDULE**

The following standard foreign currency conversion rates will be applied as of
April 1, 2005:

1.	Australian Dollar	1.0000
2.	English Pound	2.4500
3.	U.S. Dollar	1.3000
4.	Canadian Dollar	1.0000
5.	Euro	1.7000

