Total Agency Operating and Transition Costs

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Retail Then Wholesale</th>
<th>Option 3</th>
<th>Option 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-13</td>
<td>$490,290,547</td>
<td>$486,080,157</td>
<td></td>
</tr>
<tr>
<td>2013-14</td>
<td>$490,634,391</td>
<td>$486,345,822</td>
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<td>$96,744,526</td>
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<tr>
<td><strong>Total:</strong></td>
<td><strong>$1,432,134,679</strong></td>
<td><strong>$1,410,284,827</strong></td>
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</tr>
</tbody>
</table>

Alternative Transition Estimates

As previously discussed, the order in which retail and wholesale operations are privatized influences the workforce movement, associated costs and ultimate timeline. While both sequences result in the same residual agency total, privatizing retail operations first slightly reduces the number of displaced employees. Transitioning retail upfront enables a larger portion of furloughed staff to seek State placement and fill positions more evenly over time.

Workforce Transition Comparison

<table>
<thead>
<tr>
<th>Workforce Transitions</th>
<th>Retail Then Wholesale</th>
<th>Wholesale Then Retail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current PLCB FTEs</td>
<td>4,482</td>
<td>4,482</td>
</tr>
<tr>
<td>Displaced FTEs</td>
<td>3,210</td>
<td>3,210</td>
</tr>
<tr>
<td>State Transfers</td>
<td>774</td>
<td>532</td>
</tr>
<tr>
<td>Remaining Unemployed</td>
<td>2,436</td>
<td>2,678</td>
</tr>
<tr>
<td>Residual PLCB</td>
<td>286</td>
<td>286</td>
</tr>
</tbody>
</table>

In addition, transitioning retail prior to wholesale reduces the costs incurred to the Commonwealth. Eliminating retail operations first reduces operating expenses more quickly. The majority of personnel expenses come from the Retail Bureau, and the bulk of the ERP system costs can be phased out after the PLCB retail stores close.

Transition Cost Comparison

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<td>$481,006,897</td>
<td>$476,796,508</td>
<td></td>
</tr>
<tr>
<td>2013-14</td>
<td>$463,046,619</td>
<td>$458,758,050</td>
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</tr>
<tr>
<td>2014-15</td>
<td>$344,048,098</td>
<td>$339,679,756</td>
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</tr>
<tr>
<td>2015-16</td>
<td>$100,079,882</td>
<td>$95,630,139</td>
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</tr>
<tr>
<td>2016-17</td>
<td>$96,781,726</td>
<td>$92,248,916</td>
<td></td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>$1,484,963,221</strong></td>
<td><strong>$1,463,113,369</strong></td>
<td></td>
</tr>
</tbody>
</table>