



VENDOR COMPLIANCE AND ROUTING GUIDE

AUGUST 2006

**MODELL'S SPORTING GOODS ROUTING GUIDE
AND
VENDOR COMPLIANCE MANUAL**

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OVERVIEW

This Distribution and Routing Guide Manual contains comprehensive information explaining standardized procedures for shipments to our Distribution Center.

It is our aim to assure that your merchandise flows to our stores in a smooth, efficient manner at the right time, at the right cost. Therefore, it is imperative that you comply with these instructions, so that we avoid, to the maximum extent possible, refusal of shipment(s), which will cause additional paperwork, costly delays and/or chargebacks to your company.

Enclosed are forms that can be used to request shipping authorization, with names and telephone numbers to help answer any questions you may have.

As you know, supply-chain efficiencies are more critical than ever in satisfying customer needs and remaining competitive. Smooth operations between the Vendor community and Modell's are absolutely critical for our mutual success. To this end Modell's Buyers do not have the authority to approve exceptions to any of the policies established in these guidelines. Any exceptions to policies contained in this Guideline must be approved by the Logistics Department in writing prior to shipping.

Updates

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Terms and Conditions of Purchase Order

Purchase Order is given upon the following express terms and conditions.

Modell's II Inc. as Purchasing Agent for Modell's Sporting Goods Inc. (the "Company") is not liable for goods or materials lost or damaged in transit.

All merchandise shipped to the Company must be packed and shipped in accordance with the Consolidated Freight Classification and in the lightest possible containers authorized therein. Merchandise of different classes must be shipped in different containers. Any deviation causing an increase in charges will be charged to Vendor.

Split shipments and back orders must be prepaid. Excess transportation charges due to split shipments or back orders or failure to comply with freight charges on shipping or delivery instructions will be charged back to the Vendor including cost of handling.

RESALE CERTIFICATE- Unless otherwise noted, the Company hereby certifies that all of the tangible personal property included in this Purchase Order is for resale in the regular course of business or for the purpose of consuming such property in producing for sale a new article or substance of which such personal property is an ingredient or component, or a chemical used in processing the same.

Vendor agrees that this Purchase Order is accepted with protection against decline in prices. Therefore, Vendor agrees that if the price of any goods shipped under the Purchase Order is reduced prior to shipping, the Company will receive a credit for the amount of such price difference.

GENERAL SHIPPING INFORMATION- Merchandise for two or more departments or for different Purchase Order numbers must be packed/cartoned and billed separately and plainly marked for the separate departments. However all such shipment for the same address must be combined and shipped on one bill of lading to the address indicated.

By acceptance of this Purchase Order, Vendor warrants and represents that the material and/or goods to be furnished do not and will not infringe upon any valid patent or trademark, and agrees at its own expense to defend any and all actions charging such infringement, and will save the Company, its affiliates, and its customers, and those for whom the Company may act as agent in the purchase of said material or goods, harmless from any liability for such infringement.

By accepting this Purchase Order, Vendor warrants and represents that the goods or materials ordered pursuant to this Purchase Order have been or shall be manufactured in compliance with all pertinent federal, state and local laws, rules and regulations and that Vendor's prices therefore do not exceed the permissible maximums under applicable government price regulations. Vendor warrants and represents that the goods and materials covered and delivered under this invoice are not misbranded, falsely invoiced, or falsely advertised under any federal, state or local law, rule or regulation, including but not limited to, the Fur Products Labeling Act, the Federal Textile Fiber Products Identification Act (of 1958) and applicable provisions of the Wools Products Labeling Act, and all amendments to any of the foregoing, that reasonably represent tests of such goods and materials have been conducted under the procedures provided in the Flammable Fabrics Act, and is not flammable as to be dangerous when worn by individuals. Vendor further warrants and represents that all goods and materials are properly labeled as required by any federal, state or local law, rule or regulation, including but not limited to, the Federal Identification Act and Vendor shall furnish a written guarantee that the

textile fiber products were as labeled. Whenever possible, the manufacturer's FTC Registration Number must be shown on the label rather than the manufacturer's name.

Vendor warrants and represents that all goods and materials shipped under this Purchase Order is of merchantable quality, free from defects in material and applicable specifications, drawings, samples or other descriptions given, and that articles and materials of Vendor design will also be free from defects. All warranties and service guarantees of Vendor shall run both to the Company, to its customers and the ultimate user(s) of the product.

If any of the terms, conditions or warranties of this contract express or implied are not strictly complied with by Vendor, the Company shall have the right to refuse to accept delivery and to cancel this contract without obligation and this contract shall be deemed breached by Vendor in its entirety. The Company shall have all the rights and remedies to which it may be entitled by reason of such breach. If this Purchase Order is not correct in every particular, immediate notification must be given in writing by Vendor.

The Company reserves the right to reject all orders not delivered at the time specified or which are not identical to the sample submitted, or which are sent in excess of amount ordered, or not conforming to all Federal or state Laws applicable thereto.

If this Purchase Order comprises a carload to be shipped by railroad on the same date, shipment must be by carload or less than carload, depending upon whichever basis of transportation is cheaper. Routing instructions, if stated in this Purchase Order, must be strictly complied with. If transportation conditions require a "permit" before a carload lot can be shipped, Vendor must advise the Company and wait for instructions.

This Purchase Order and any rights herein are not assignable without the written consent of the Company. The Company shall not be under any obligation to recognize any assignment of monies payable hereunder, or of any rights in the goods or materials ordered herein, or of any other rights arising hereunder, nor shall the Company be required to pay any monies or deliver or to return any goods or materials ordered herein, to any assignee without Company's prior consent.

If any of the terms, conditions, or warranties of the contract, express or implied, are not strictly complied with by Vendor with respect to any installment of the goods or materials ordered herein, the Company shall have the right, in addition to all other rights and remedies to which it may be entitled by reason of such breach, to refuse to accept any further deliveries of such goods or materials ordered herein; but the acceptance by the Company of any such installment or installments shall not be deemed to be (whether or not the Company shall notify Vendor demanding strict compliance with respect to future installments) a waiver by the Company of its right to refuse any further installments of merchandise, nor of any of its other rights or remedies in the event that Vendor should subsequently fail to strictly comply with the terms, conditions or warranties of this contract, express or implied, with respect to the further installment or installments, nor shall it be deemed a waiver of any of its rights with regard to any merchandise previously delivered.

The provisions for payment of transportation charges, relates to the price only and have no effect upon passage of title. The receipt and acceptance by the Company of goods, materials and/or services hereunder shall be subject to inspection by the Company and any of its authorized representatives or employees.

Delivery shall not be deemed completed, nor shall title thereto pass to the Company, nor shall any obligation on the part of the Company in any nature arise in respect of said goods, materials and/or services, until the Company shall have inspected the goods, materials and/or the services provided and thereafter accepted same.

Acceptance of the same by Company after inspection shall not release or discharge Vendor from liability in damages, or other legal remedy for breach of any promise or warranty, express or implied or any other breach of contract with respect to the goods, materials, or services ordered hereunder at the Company's option. Vendor shall at Vendor's expense, replace or repair in a manner satisfactory to the Company any goods, materials and/or services furnished or performed hereunder which are defective upon delivery and/or completion and/or which become so within two (2) years there from for faulty materials or workmanship. The Company shall have the right, in addition to all other rights permitted by law, to return at Vendor's expense all goods which are defective or sent otherwise than in compliance with this Purchase Order or which are in excess or different from those ordered.

This contract shall be construed and enforced under and in accordance with the laws of the State of New York, with venue in the State and City of New York.

This Purchase Order shall be considered valid and effective upon receipt of electronic acknowledgement from Vendor that Company's Purchase Order was received. In the event that a Purchase Order is transmitted to the Vendor by way of facsimile, the Company will send Vendor an email requesting confirmation of receipt of the Purchase Order. Any such Purchase Order shall be considered valid and effective upon receipt by the Company of acknowledgement of the accompanying email.

Upon shipment for account to any address other than 498 7th Ave., 20th floor, New York, NY 10018-6701 an itemized shipping memorandum and packing list is to be promptly sent to 1780 Eastchester Road, Bronx, NY 10461. All invoices must be sent to Modell's II, Inc as Purchasing Agent for Modell's Sporting Goods, Inc. 498 7th Avenue, 20th Floor, New York, NY 10018-8701.

All new Vendors or first time merchandise orders must request a copy of the routing guide at (718) 319-7730.

If this Purchase Order refers to a previous purchase order, this Purchase Order shall be led with the identical goods, materials or services as described and delivered under such previous Purchase Order.

Any and all substitutions sent against this Purchase Order whether implied or expressed will not be deemed accepted unless specifically authorized in writing by the Company.

Vendor agrees to appear, defend (through counsel reasonably satisfactory to the Company) indemnify and hold harmless the Company together with all its affiliates, officers, directors, shareholders, users, employees, customers and all of their respective successors and assigns from and against any and all actions, litigations, claims, liabilities, loses, damages (whether direct or indirect, incidental, consequential or otherwise), any liability based upon death or injury to any person or damage to property (including the Company's and Vendor's employees), expenses or costs (including attorneys' fees) which may arise out of, based upon, relate to, or be connected in any way with, whether directly or indirectly, (a) the goods, materials and/or services furnished in connection with this Purchase Order, (b) a breach of any covenant, representation and/or warranty made by Vendor in connection with such goods, materials, and/or services, (c) the sale, resale and/or use of such goods or materials, including but not limited to the misuse of the same, (d)

the demonstration or delivery to the Company and/or its customers of such goods by Vendor's employees or agents, (e) any defect or alleged defect in the goods, materials and/or services, (f) the nature of the material contained in the goods and/or materials, (g) any actual or alleged negligence or dishonesty of, or any actual or alleged act of commission or omission by the Vendor, its employees and /or agents, (h) any actual or alleged invasion or infringement by the goods or materials, or by the Vendor, its agents or employees, of any patent, trademark, copyright, right of privacy, or any other tangible or intangible personal or property right, (i) any actual or alleged violation by the goods, materials and/or services, or by the Vendor, its agents or employees, of any statute, law, ordinance, administrative order, rule and/or regulation. Vendor hereby expressly warrants that the goods, materials and/or services furnished hereunder are in fact free from any of the preceding conditions or defects or which might give rise to claims against the Company for which claims Vendor has agreed to indemnify the Company as aforesaid. Vendor shall furnish the Company with a certificate of products liability insurance or general liability insurance, as the case may be, with limits of not less than \$5,000,000 for bodily injury and property damage per occurrence and containing broad form vendors endorsements and an undertaking of the insurance company not to cancel, reduce or materially change said insurance policy without giving at least 30 days' prior written notice to the Company.

Confidentiality. Vendor shall not, without first receiving written permission from the Company, in any manner divulge, advertise or publish the fact that Vendor has entered into this Purchase Order or contracted to furnish the goods, materials or services to the Company. This Purchase Order is confidential and the vendor shall not disclose the details hereof to any third party except as required in the performance hereof or by law.

Quality Control. The Vendor shall maintain an adequate and consistent Quality Control program so as to ensure that the merchandise shall meet all specifications as to appearance, performance and reliability, The Vendor shall furnish to the Company, at the Company's request, applicable Quality Control data and information.

Advertising. The Vendor agrees that the Company may use representations of the merchandise, and any trade names or trademarks used on or in connection with the sale of the merchandise, in any and all advertising and promotions by the Company.

Purchase Order Requirements:

Ensure you have a valid purchase order prior to shipping merchandise to Modell's. Valid purchase orders are received via EDI transmission or system generated hard copy purchase orders only. This order is subject to the terms and conditions herein stated and appearing on the original backside of the purchase order. By accepting this order or by delivery of merchandise pursuant thereto, seller agrees to be bound thereby. No modifications or addition shall be binding on Buyer unless agreed to in writing.

Time is of the essence in this contract. All goods ordered will be shipped complete NO LATER than the "CANCEL if not SHIPPED by DATE" on the purchase order. The goods should NOT BE SHIPPED before the "DO NOT SHIP BEFORE DATE" on the order unless otherwise authorized. The "do not ship before" date on the order is defined as the earliest date that you, the Vendor will tender the shipment to the designated carrier. Shipping prior to the "do not ship before date" or shipping after the "cancel" will result in a noncompliance charge, and possible return of goods at the vendor's expense.

All Purchase orders must be shipped complete. Complete being defined as a minimum of 85% of the ordered product must be shipped. The balance of the order must then be cancelled. Subsequent shipments against the same purchase order must be shipped prepaid at the Vendors expense or a noncompliance charge will result.

All Purchase Orders must be shipped as written. Substitutions, quantity changes or ship dates must be obtained from the Buyer in writing in the form of an updated valid purchase order. A verbal approval or confirmation is not accepted.

EDI

Our technology strategy is committed to supporting the Universal Product Code (UPC), Electronic data Interchange (EDI), Voluntary Inter-industry Commerce Standards (VICS) and GS1 US formerly known as the Uniform Code Council (UCC) standards. By implementing these standards and technologies, Modell's can expedite the movement of merchandise through the Supply Chain ensuring a smooth flow from trading partners to the selling floor, better management of inventories, increased sales and enhanced customer service. Modell's requires full EDI participation on all required VICS documents for all Vendors. The amount of business that our companies transact may be affected by your ability, or inability, to partner with Modell's on EDI.

Modell's requires these EDI Documents:

- 1. 850 Purchase Order (Bulk and Spreadsheet)**
- 2. 856 ASN Advanced shipping notification (ASN must be accurate and linked to UCC-128 Shipping container labels attached to every carton)**
- 3. 997 Functional Acknowledgement**

Modell's supports these EDI documents:

- 1. 855 Purchase Order Acknowledgement- Only for Vendors participating in a VMI program**
- 2. 852 Sales/Activity Report**
- 3. 860 PO Cancellation**
- 4. 810 Invoice**

Summary of Standards

- 1. Inavis is Modell's Value Added Network (VAN) for all inbound and outbound files**
- 2. Modell's does not pay interconnect fees for users.**
- 3. Modell's must be able to access your UPC's via the UPC catalog.**
- 4. All new Vendors will be added using the 1040 VICS version of the EDI standard.**
- 5. The following information is required on the 810 invoice:**
 - Your name and address**
 - Your invoice number**
 - Modell Purchase order number**
 - Total weight of the shipment**
 - The freight carrier**
 - The exact quantity in eaches by style, color and size**
 - The unit cost must match the unit cost on our purchase order**
 - The line item total must equal the invoice total**

6. **The following information is required on the 856 ASN:**
 - **Your name and address**
 - **Modell Purchase order number**
 - **The number of cartons in your shipment by Purchase Order and shipment total**
 - **The exact quantity in units by style, color and size**
 - **Bill of lading number (this number must be assigned at shipment level). If the shipment is so large that it will not fit on one truck, then you must create a unique BOL and ASN for each truck.**
 - **Carton detail information**
 - **Ultimate store destination**
 - **If shipping via LTL(less than truckload carrier), or Parcel carrier then the entire pickup at your shipping location is considered one shipment. All ASN's transmitted against this shipment should display the same BOL number.**

7. **The 856 ASN must match the shipment.**
8. **The 856 ASN must be transmitted and received prior to the arrival of the shipment. If the product arrives prior to the 856 ASN Vendor will receive a non-compliance chargeback. Below are some scenarios that you should pay special attention to when determining the appropriate time to transmit the 856 ASN.**
 - **If the Vendor's shipping facility is located within 4 hours of our Distribution Center in Bronx, New York.**
 - **If the shipment is being sent via Air.**
 - **Shipments leaving your facility on Friday. Most shipments that leave your facility on Friday arrive at our facility over the weekend. In this scenario please make sure the 856 ASN is sent on Friday. Please do not wait until the following Monday to transmit.**
9. **The 810 Invoice must be sent within 24 hours of shipment pickup from vendors warehouse.**
10. **The 810 Invoice should only include merchandise line items transmitted at their actual costs. The merchandise line items should not be reduced to compensate for new store discounts, damage or distribution charges. No charges or allowances should be included in the 810 invoice either against line items or the invoice total. Invoices transmitted with these additional charges and allowances will be rejected, and subject to a non-compliance charge. All Vendors must respond to the 850 Purchase Order with an accurate 997 Functional Acknowledgement within 48 hours of receipt of the 850 Purchase Order.**
12. **You must be capable of retransmitting all EDI documents within 24 hours of request.**

Vendors who are not able to comply with EDI requirements should consider outsourcing an EDI program. We recommend using the Inovis services, which enables a non-EDI Vendor to be capable of sending and receiving electronic documents. Inovis will send the electronic Purchase Order to the Inovis Managed Services, who will translate the electronic Purchase Order into a fax for the Vendor. The Vendor faxes the invoice to the Inovis Managed Services and they translate them into the appropriate documents and send to Modell's electronically. If you need further assistance in this area please contact the EDI Coordinator at Modells 212 822 1000 X 403.

Shipments received without the associated EDI transaction sets for Advance Shipment Notifications (856ASN) and Electronic Invoices (810 Invoice) will be considered non-compliant and will be subject to noncompliance charges.

Outside resources	Phone #	Website address
GS1 US		www.gs1us.org
1sync.org (formerly Uniform Code Council)	866 280 4013	customerservice@1sync.org
VICS	609 620 4590	www.vics.org
Inovis	877 446 6847	

PROCEDURES FOR SHIPMENT AUTHORIZATION

All Vendors must provide Modell's Traffic Department with the information detailed in the body of this document. This information must be provided regardless of the size of the shipment involved. (i.e.: One carton via UPS, Multiple truckload, Pre-Paid, Collect, Domestic, or P.O.E.). Shipments arriving at Modell's Distribution Center without advance authorization will be returned at the Vendor's expense.

Information provided by the Vendor will be verified against the actual receiving reports. Variations from the original shipment information will result in either, a chargeback to the Vendor that reflects the cost to Modell's Sporting Goods in processing the merchandise, or return of said merchandise.

1) SHIPMENT AUTHORIZATION NUMBERS:

- Transmittal of shipment information must be sent to our Traffic Dept. via Email to traffic@msgmail.com or via FAX (718-319-7735).

The Vendor must email a copy of the actual packing list(s), providing all required information. (See "Preshipment Authorization Form").

- Each time an email or fax is received from the Vendor, Modell's Traffic Department will issue a *SHIPMENT AUTHORIZATION NUMBER*. THIS NUMBER MUST BE GIVEN TO THE CARRIER THAT MAKES THE DELIVERY TO OUR DISTRIBUTION CENTER.
- The *MODELL'S SHIPMENT AUTHORIZATION NUMBER* must be included in the "DESCRIPTION" section of the Bill Of Lading. The Purchase Order number is not to be used as an Authorization Number but must be noted on the Bill of Lading.
- To ship back orders, the Vendor must request a new authorization number.
- Immediately upon completion of truck loading of the Carrier's vehicle, the Vendor must email Modell's Traffic Department, a detailed packing list per container. *INCLUDE PRO NUMBER AND CARRIER.*

FORM # 1
Preshipment Authorization Form

MODELL'S SPORTING GOODS FAX REQUEST FOR SHIPMENT AUTHORIZATION NUMBER EMAIL traffic@msgmail.com FAX # (718) 319-7735
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VENDOR INFORMATION

COMPANY		CONTACT NAME	
PHONE #		FAX #	
EMAIL ADDRESS			
SHIPPING POINT		EXPECTED SHIP DATE	
CARRIER		PREPAID/COLLECT	

GENERAL SHIPMENT INFORMATION:

TOTAL CARTONS	TOTAL WEIGHT	CUBIC FEET	PALLET? Y/N	# OF PALLETS

DETAILED PURCHASE ORDER INFORMATION:

MODELL'S P.O. #	STYLE #	MODELL'S SKU# / UPC	TOTAL MASTER CTNS. THIS SKU.	# OF INNER CTNS WITHIN EACH MASTER.	# OF UNITS PER CARTON	TOTAL UNITS THIS SKU.

MODELL'S TRAFFIC DEPT. USE ONLY:

AUTHORIZATION #	
ASSIGNED CARRIER	
AMOUNT	
CARRIER / RATE	
DATE ADVISED VENDOR	

FORM # 2
MODELL'S SPORTING GOODS
MARKED FOR STORE SHIPMENTS

<u>Vendor</u>	<u>Cartons</u>	<u>PO #</u>	<u>Dept#</u>	<u>Ctl#</u>	<u>Truck</u>	<u>Date</u>
STORE#	STORE#	STORE#			STORE#	STORE#
03	51	90			129	165
04	53	92			130	166
06	54	93			131	167
07	55	94			132	168
08	56	95			133	169
09	57	96			134	170
12	58	98			135	171
14	59	99			136	172
19	60	101			137	173
20	61	102			138	174
21	62	103			139	175
22	63	104			140	176
23	64	105			141	177
24	65	106			142	178
25	66	107			143	179
26	67	108			144	180
27	68	109			145	182
28	69	110			146	183
29	71	111			147	184
33	72	112			148	185
34	73	113			149	186
35	75	114			150	187
36	76	115			151	188
37	77	116			152	189
38	78	117			153	190
39	79	118			154	191
40	80	119			155	192
41	81	120			156	193
43	82	121			157	194
44	83	122			158	195
45	84	123			159	196
46	85	124			160	197
47	86	125			161	198
48	87	126			162	199
49	88	127			163	200
50	89	128			164	

REGARDLESS OF THE SIZE OF EACH SHIPMENT THE VENDOR MUST PROVIDE TO MODELL'S SPORTING GOODS THE INFORMATION AS FOLLOWS:

2) REQUIRED PRESHIPMENT INFORMATION:

- **Vendor Name**
- **Shipping Location**
- **Vendor Contact Name**
- **Vendor Contact Phone Number**
- **Vendor Contact Email address**
- **VENDOR CONTACT FAX#**
- **Total Number of Cartons**
- **Total Weight**
- **Total Cubic Feet**
- **# of pallets**
- **Modell's Purchase Order Information Including:**
 - A) **Sku Numbers**
 - B) **UPC Numbers**
 - C) **Number of Cartons for Each Sku**
 - D) **Pack Quantity for Each Sku**
 - E) **Vendor Style**
- **In The Case of Master Cartons, the number of Inner Pack Cartons and Quantities within must be detailed on the outside of each Master Carton**
- **Expected Date of Shipment**

NOTE: *CARRIER TO BE ASSIGNED BY MODELL'S TRAFFIC DEPARTMENT ONLY*
(Unless prepaid by Vendor).

- **FOR ALL CARTONS THAT ARE MARKED FOR STORES, VENDOR MUST PROVIDE A CARTON BREAKDOWN BY STORE BY COMPLETING FORM # 2 (PAGE 13)**

All information is to be provided from actual packing list information. Detailed shipping information must match exactly.

Shipments received by Modell's Distribution Center that do not match preshipment information or failure to receive information prior to receipt of goods will incur a chargeback that reflects the cost of lost time and expenses to Modell's Sporting Goods.

It is not the intention or desire of Modell's to impose arbitrary penalties on our vendors. These chargeback policies are meant to help insure a better flow of merchandise through our Distribution Center.

3) SHIPMENT AND AUTHORIZATION:

Requests for shipment authorization must be made via email to traffic@msgmail.com (see Preshipment Authorization Form # 1) or Fax # (718) 319-7735. Requests made prior to 1 P.M. Eastern Time will be responded to before the end of the following business day.

If you have not received an appointment within 48 hours please call or email our Traffic Manager Dwight Madison at (718) 319-7710 , Dwight@msgmail.com or his assistant Radha Sooklall at (718) 319-7738, RadhaD@msgmail.com.

***SHIPMENTS WILL NOT BE ACCEPTED AT MODELL'S
DISTRIBUTION CENTER WITHOUT A VALID
AUTHORIZATION NUMBER.***

Modell's believes that working with our Vendors to meet our Transportation requirements will be mutually beneficial to the enterprise. Our goal is to move your merchandise into our stores in the most timely and efficient manner possible.

4) DELIVERY APPOINTMENTS:

The Carrier must call Modell's Traffic Department for delivery appointments to our Distribution Center upon pick up from the Vendor.

Requests for Delivery appointments will be accepted Monday - Friday from 7:30 A.M. - 3:30 P.M.

Phone # (718) 319-7710, 7731, 7732, 7734, 7736 or 7738.

Modell's Sporting Goods has negotiated a volume rate with our LTL (Less Than Trailer load) carrier, which allows us to pass substantial savings on to our customers. Contact Modell's Traffic Department for LTL carrier selection.

- Shipments under eight cartons or 200 lbs. can be shipped via UPS Standard Ground Service or Fed Ex Ground. These shipments must be authorized by the Modell's Traffic Department prior to shipping.**
- All LTL shipments are to be given to the carrier presorted by SKU, UPC number, style, size, color, and Purchase Order. (Refer to Palletizing Instructions page 23.)**
- All collect shipments must be assigned a carrier by Modell's Traffic Department. Carriers not approved by Modell's Traffic Department will result in the Vendor being charged back for 100% of the freight charges + 5% handling costs.**
- All LTL shipments shipped in a 72 hour period from a single carrier location to a single Modell's Facility must be combined on one Master Bill of Lading. Purchase Order Number, Carton Count by P.O. #, and Carton Count by Shipment must be included on the Master Bill of Lading.**
- All shipments must be made on a *FREIGHT COLLECT BASIS UNLESS PREPAID BY VENDOR*. Do not prepay freight and add the charges to the Merchandise Invoice.**
- All shipments originating from within the New York City Commercial Zone will be prepaid by the Vendor to the respective consolidator. We have negotiated special rates with our carriers, which will be extended to all Vendors on pick-ups to our consolidator.**

SHIPPING INSTRUCTIONS

1) FREIGHT TERMS:

- No C.O.D. shipments will be authorized. C.O.D. shipments will be refused and returned at the expense of the vendor. Freight charges added to merchandise invoices would be deducted if freight terms indicate “collect”.
- No Fed Ex or UPS next day or second day shipments allowed without prior authorization from our Modell’s Traffic department in conjunction with a Modell’s VP GMM.
- “Pre Pay plus Add” shipments are not permitted including UPS or Fed Ex shipments.
- Freight charges that are paid by the Vendor must be shipped:
“Freight Pre-Paid”.

2) PACKING INSTRUCTIONS:

- Merchandise that is packed in cartons must be shipped in no less than 200 lb. test corrugated cartons.
- In addition, cartons packed within a master carton must be shipped in no less than 200 lb. test corrugated cartons.
- Cartons should meet the following dimensions:
Carton sizes Length Width Height Weight
Maximum 40” 16” 24” 50lbs.
36” 20” 24” 50lbs.
32” 26” 24” 50lbs.
Minimum 15” 6” 4” 5lbs.
- Cartons must be securely sealed.
- Merchandise must be packed in accordance with purchase order instructions to include the following:
 - A) Pre Pack merchandise must show quantities of colors and sizes packaged as per instructions on purchase orders.

All Prepack Cartons MUST be packed UNIFORMLY

B) Non Pre Pack (non assorted) one size, one color is to be packed per carton. ONE SKU PER CARTON.

(Shipping instructions – cont)

- C) Inner Pack merchandise - quantities of inner packs within master cartons must be consistent throughout all master cartons.**
- D) Cartons are not to be banded or taped together unless for the purpose of securing cartons to a pallet.**
- E) Preticketed merchandise must have a sample Modell's price ticket or Vendor UPC ticket affixed to the outside of each carton.**

3) MARKING CARTONS:

All cartons, (including inner pack cartons) must be marked in bold easily readable lettering with the following information as well as the number of cartons for each purchase order on the LENGTH SIDE of the carton with the following information:

- A) Distribution Center Address:**

<p style="text-align: center;">MODELL'S SPORTING GOODS 1780 EASTCHESTER RD. (Bassett Ave.) BRONX, N.Y. 10461</p>

- B) Modell's purchase order number**
- C) Modell's department number**
- D) Modell's SKU (all 8 digits) number or product UPC number (12 digits)**
- E) Vendor style number**
- F) UCC-128 Bar Code**
- G) Vendor name**

(Shipping instructions – cont.)

- **H) Size, color, quantity breakdown contained in each carton by SKU**
- **I) Direct to stores shipments (U-RECEIVES) that are sent through Modell's Distribution Center, must be *CLEARLY* marked with the receiving store number, number of cartons, and store address on each carton.**
- **J) Shipment of sample merchandise must be marked "*Samples*" and

Attn.: (*Buyer's Name*)**
- **K) Merchandise in multiple cartons set must be labeled and color coded by set,

(i.e., 1 of 3, 2 of 3).**

NOTE: ALL MARKINGS OF INFORMATION MUST BE ON THE LENGTH SIDE OF THE CARTON IN SUCH A MANNER THAT ALL LABELS FACE OUT FROM THE PALLET. ABSOLUTELY NO MARKINGS ARE TO BE PLACED ON THE TOP OR BOTTOM OF THE CARTON.

To view a sample of our approved carton shipping label please visit Paxar's website http://www.servisource1.com/complyline/complyline_modells.htm. or from Paxar's homepage <http://www.paxar.com/cgi-bin/start.exe/home.html>, from Products choose ComplyLine Service, then choose Modell's. If there are questions concerning the specs of the shipping label you can contact Paxar at 1 (888) 543-6650.



STANDARD UPC - A

(EXTERNAL CODE SOURCE 98)
UCC/EAN-128 SERIAL SHIPPING CONTAINER CODE

(00) 2 DIGITS UCC/EAN 128 Serial shipping container code

0 1 DIGIT shipping container type. Identifies the type of serialized shipping container packaging

00 2 DIGITS UPC number system character or EAN Country

28028 5 DIGITS UPC/EAN manufacturers ID number

000000100 9 DIGITS unique shipping container serial number identifier. identifies each shipping container.

7 1 DIGIT modulus 10 check character

THIS LINE IS TO BE IDENTICAL TO THE MAN SEGMENT SENT IN THE 856 ASN DOCUMENT.

SSCC BARCODE MUST HAVE 20 DIGITS INCLUDING 2 LEADING ZEROS. SHOULD HAVE symbol of Subset C function 1(ucc/ean-128)

PLEASE FAX A COPY OF YOUR 128 LABEL SAMPLE TO 917 351-3454

MODELLS'S ucc-128 Label requirements

UCC/EAN 128 format

Zone A: Ship from Address

Must include Company Name and complete address

Zone B: Ship to address

Must include "Modells Sporting Goods" the service center #(002) and address

Zone C: Postal Barcode

Must have qualifier 420 in parenthesis and the 5-digit zip code of ship to address.

Zone D: Carrier/BOL/Pro number

Carrier name must be present

Bill of lading number OR PRO number must be present. (one or the other)

Zone E: Box number/PO number

Box number of the ENTIRE shipment must be present

PO number must be present

Zone F: UPC barcode

UPC-A barcode is optional. If standard case (1 carton same style/size/color) place UPC on label.

Zone G: Description/quantity

Style, size color and quantity must be present

If shipping multiple items in one shipping container indicate MIXED in either style/size/color

Zone H: Store information

Modells three-digit store number and complete address must be present.

Zone I: SSCC BARCODE

Serial Shipping Container Code must have 20-digit code, including two leading zeros. Qualifier in Parenthesis

ALL BARCODES MUST HAVE THE SYMBOL OF SUBSET C FUNCTION 1:

(UCC/EAN-128) BARCODES MUST BE PRINTED IN VERTICAL BAR CONFIGURATION

**ALL QUIET ZONES MUST BE AT LEAST ¼" WIDE
THE OUTERMOST BAR OF THE BARCODE SHOULD BE A MINIMUM OF
1.23" FROM THE VERTICAL EDGE.**

Label size

The perimeter of the label should be 4 inches (105 mm) wide by 6 inches (148 mm) tall

Label Zones

The label should be formatted into several information zones. Zones include both human readable information and UCC/EAN-128 information.

UCC128 label must match with ASN (man segments) at all times.

4) PALLETIZING:

- Domestic Shipments of heavy apparatus including but not limited to: Treadmills, Bikes, Ellipticals, Benches, Cast Iron, Table games, and Backboards must be palletized at all times. A Standard 40" x 48" pallet should be used. Merchandise should not extend over the pallet. A larger pallet may be used to accommodate oversize product. Pallets must be capable of handling the weight of the product.

Floor loaded shipments of heavy apparatus will be refused and returned for re-delivery:

AT THE VENDOR'S EXPENSE

All import containers of heavy apparatus must be loaded using slipsheets (see pic below). Slipsheet dimensions should be 40x48 with a minimum 4" lip and constructed with 32ECT corrugated. Slipsheeted blocks of merchandise may have a maximum height of 66" and a maximum width of 48"



- LTL shipment must be shipped palletized at all times.
- All merchandise must be securely stretch wrapped or banded to pallets.
- Build pallets in consistent block/tiers by Style/SKU to speed counting of cartons. All carton labels must face the outside of the pallet.
- Bills of lading must be clearly marked with total numbers of cartons NOT NUMBER OF PALLETS.

DO NOT MIX STYLE/ SIZE /COLOR /SKU'S OR PURCHASE ORDERS ON A PALLET. IF MODELL'S AUTHORIZES MIXED SKIDS, VENDOR MUST IDENTIFY EACH PALLET WITH A LABEL "MIXED SKID", AND SEPARATE EACH SKU OR P.O. BY A SHEET OF CARDBOARD TO DISTINGUISH ONE ITEM FROM ANOTHER.

WAREHOUSE ORDERS MUST BE CLEARLY SEPARATED FROM CARTONS THAT ARE "MARKED FOR STORES"

Label each pallet with our P.O. number and number of cartons

THE ABOVE INFORMATION WILL BE USED BY MODELL'S TO RECEIVE YOUR MERCHANDISE. INFORMATION USED WILL BE FROM YOUR PACKING LIST. DETAILED RECEIVING BY MODELL'S MUST MATCH EXACTLY TO YOUR PACKING LIST.

5) CROSS DOCK:

Modell's is currently implementing the newest technologies to improve the distribution process. We believe the speed in moving merchandise through our distribution center and reducing cycle time will improve our competitive advantage in the market place. Cross docking your merchandise will help to reduce cycle time.

The Cross Docking of your merchandise requires that we receive sales floor ready merchandise ticketed with UPC and correct retail. We must receive an A.S.N. ship notice in advance of the actual receipt of your merchandise, including the UCC-128 Shipping Container data.

FAILURE TO PROVIDE THE ABOVE REQUESTED INFORMATION WILL RESULT IN CHARGE BACKS TO THE VENDOR.

SHIPPING DOCUMENTATION

1) BILLS OF LADING:

In the body of the Bill of Lading show:

- Description of Merchandise and NMFC classification.
- Total number of cartons and weight of shipment.
- Purchase Order Numbers (Purchase Order numbers are seven digits in length) and PRO numbers. Merchandise must be listed by style number under the proper Purchase Order Number.
- Merchandise Department Numbers
- Authorization Number(s).
- Number of cartons for each PO # (See example below)

PO #	Cartons
39-12345	1500
39-45678	200
Total	1700

**TWO COPIES OF THE BILL OF LADING
MUST BE GIVEN TO THE CARRIER.**

NOTE:

***NO SHIPMENT WILL BE ACCEPTED WITHOUT A PURCHASE
ORDER NUMBER. ANY MULTIPLE P.O. SHIPMENTS
CONTAINING AN UNAUTHORIZED P.O. WILL RESULT IN THE
ENTIRE SHIPMENT BEING RETURNED AT THE VENDOR'S
EXPENSE.***

Carrier's terminal of origin must be made aware by the vendor that the shipment will not be accepted by Modell's Sporting Goods unless the shipment number can be provided when the carrier calls to make a delivery appointment.

**SHIPMENTS WITHOUT THE ABOVE REQUESTED
INFORMATION INCLUDED ON THE BILL OF
LADING WILL BE REFUSED AT THE EXPENSE OF
THE VENDOR.**

SHIP FROM*	Bill of Lading Number: _____* <div style="text-align: center; font-size: 1.2em; opacity: 0.5;">BAR CODE SPACE</div>
Name:Ⓞ Address:Ⓞ City/State/Zip: SID#: _____ FOB: <input type="checkbox"/>	

SHIP TO	CARRIER NAME: _____* Trailer number: Seal number(s):
Name:Ⓞ Location #: _____Ⓞ Address:Ⓞ City/State/Zip: CID#:Ⓞ _____ FOB: <input type="checkbox"/>	

THIRD PARTY FREIGHT CHARGES BILL TO:	SCAC: Pro number: _____*
Name:Ⓞ Address:Ⓞ City/State/Zip:	

SPECIAL INSTRUCTIONS:Ⓞ	<div style="text-align: center; font-size: 1.2em; opacity: 0.5;">BAR CODE SPACE</div>
------------------------	---

	Freight Charge Terms: <input type="checkbox"/> Freight charges are prepaid <input type="checkbox"/> unless marked otherwise <input type="checkbox"/> Prepaid _____* Collect* 3 rd Party _____
--	---

<input type="checkbox"/> (check box)Ⓞ	Master Bill of Lading:Ⓞ with attached underlying Bills of LadingⓄ
---------------------------------------	---

CUSTOMER ORDER INFORMATION*				
CUSTOMER ORDER NUMBER*	# PKGS	WEIGHT	PALLET/SLIP* (CIRCLE ONE)	ADDITIONAL SHIPPER INFO*
			Y* N*	
			Y* N*	
			Y* N*	
			Y* N*	
GRAND TOTAL*				

CARRIER INFORMATION*								
HANDLING UNIT*		PACKAGE*		WEIGHT*	H.M. (X)	COMMODITY DESCRIPTION*	LTL ONLY	
QTY	TYPE*	QTY	TYPE*			Commodities requiring special or additional care or attention in handling or stowing must be so marked and packaged as to ensure safe transportation with ordinary care. See Section 6(e) of NMFC Item 60	NMFC #	CLASS*
GRAND TOTAL*								

Where the rates dependent on value, shippers are required to state specifically on writing the agreed or declared value of the property as follows: "The agreed or declared value of the property is specifically stated by the shipper to be not exceeding _____ per _____."	COD Amount: \$ _____* Fee Terms: * Collect: <input type="checkbox"/> Prepaid: <input type="checkbox"/> Customer check acceptable: <input type="checkbox"/>
--	--

NOTE Liability Limitation for loss or damage in this shipment may be applicable. See 49 U.S.C. 14706(c)(1)(A) and (B).

RECEIVED, subject to individually determined rates or contracts that have been agreed upon in writing between the carrier and shipper, if applicable, otherwise to the rates, classifications and rules that have been established by the carrier and are available to the shipper, on request, and to all applicable state and federal regulations.	The carrier shall not make delivery of this shipment without payment of freight and all other lawful charges. <div style="text-align: right;">Shipper Signature*</div>
--	---

SHIPPER SIGNATURE / DATE This is to certify that the above named materials are properly classified, described, packaged, marked and labeled, and are in proper condition for transportation according to the applicable regulations of the DOT.	Trailer loaded: <input type="checkbox"/> By Shipper <input type="checkbox"/> By Driver	Freight Counted: <input type="checkbox"/> By Shipper <input type="checkbox"/> By Driver/pallets said to contain <input type="checkbox"/> By Driver/Pieces	CARRIER SIGNATURE / PICKUP DATE* Carrier acknowledges receipt of packages and required placards. Carrier certifies emergency response information was made available and/or carrier has the DOT emergency response guidebook or equivalent documentation on the vehicle. Property described above received in good order, receipt noted.
---	---	---	---

SUPPLEMENT TO THE BILL OF LADING ❀

Page _____ ❀

Date:

Bill of Lading Number: ❀

_____ ❀

CUSTOMER ORDER INFORMATION ❀

CUSTOMER ORDER NUMBER ❀	# PKGS	WEIGHT	PALLET/SLIP ❀ (CIRCLE ONE)		ADDITIONAL SHIPPER INFO
			Y ❀	N ❀	
			Y ❀	N ❀	
			Y ❀	N ❀	
			Y ❀	N ❀	
			Y ❀	N ❀	
			Y ❀	N ❀	
			Y ❀	N ❀	
			Y ❀	N ❀	
			Y ❀	N ❀	
			Y ❀	N ❀	
			Y ❀	N ❀	
			Y ❀	N ❀	
			Y ❀	N ❀	
			Y ❀	N ❀	
PAGE SUBTOTAL					

CARRIER INFORMATION ❀

HANDLING UNIT ❀		PACKAGE ❀		WEIGHT ❀	H.M. (X)	COMMODITY ❀ DESCRIPTION ❀ <small>Commodities requiring special or additional care or attention in handling or stowing must be so marked and packaged as to ensure safe transportation with the ordinary care. See Section 3(e) of NMFC Item 300</small>	LTL ONLY	
QTY	TYPE ❀	QTY	TYPE ❀				NMFC #	CLASS ❀
PAGE SUBTOTAL								

2) PACKING LISTS:

Vendors not approved by Modell's on EDI with ASN must prepare packing lists as follows:

- **Prepare one packing slip for each Purchase Order / Store.**
- **Include the following information on each packing list:**
 - A) The Five digit Modell's purchase order number.**
 - B) The two digit Modell's department number.**
 - C) Modell's P.O. number and Store name and number.**
 - D) Number of cartons per P.O. by sku.**
 - E) Carton identification or lot number (i.e.: 3 of 5 etc.).**
 - F) Style, size, color, and quantity by P.O./ store.**
 - G) Total units by P.O./ store.**
- **Insert the packing slips into a removable pouch and place it on the outside of the lead carton for each purchase order. Indicate, in bold letters, "LEAD CARTON" on all sides of the box.**
- **If the order is sent in full trailer loads, the packing lists must be placed on the last lead carton loaded on the truck for easy access at our Distribution Center.**

3) VENDOR DIRECT DELIVERIES to Modell's Distribution Center (Mark For Ship to)

- **Vendor Direct Deliveries are to be handled in the same manner as shipments that are delivered to the Distribution Center via Trucking Companies.**
- **The Vendor may deliver if they are pre-paying the freight expense.**
- **The Vendor must obtain a preshipment Authorization Number.**

Prior to delivery the Vendor must obtain an appointment from Modell's Traffic Department. (718) 319-7710, 7731, 7732, 7734, 7736 or 7738.

4) VENDOR DIRECT DELIVERIES TO STORES

- **These shipments do not require authorization. Any collect shipments must be routed through the Modell's traffic department.**

5) AIR FREIGHT SHIPMENTS:

- **Air Freight Shipments must be 100% prepaid by the Shipper unless a written approval has been issued by Modell's traffic department in conjunction with a Modell's VP GMM.**
- **Air Freight Shipments require an Authorization Number and Delivery Appointment prior to delivery.**

6) INTERNATIONAL IMPORT SHIPMENTS

A detailed Packing list as laid out below must be submitted for each container. The Company’s name, address, phone number, fax number and the Export Registration number must be included on the packing list. It should also indicate the following information in no specific order of layout:

- 1) For the account of: **Modell’s II, Inc.**

498 Seventh Avenue 20th Floor
 New York, N.Y. 10018-6701
- 2) The Notify Party (as indicated in the Letter of Credit)
- 3) The Port of Loading
- 4) The Carrier
- 5) Final Destination New York, New York
- 6) Insurance covered by
- 7) Invoiced for (the number of cartons of type of product)
- 8) The Commercial invoice must have a full description of goods shipped, in order for it to be classified properly to pay the correct customs duties. The invoice must have included both, the Modell’s style number and the Vendors style number
- 9) Sailing date (on or about)
- 10) Net weight
- 11) Gross weight
- 12) Shipping marks
- 13) The inspection certificate and the packing list must be stamped (Company stamp) and signed by an Authorized officer or representative of the company.
- 14) All documents required by the Letter of Credit must be received by the personnel listed in the Letter of Credit ten days prior to the arrival of the shipment.

Packing List

Vendor Name _____
 Container# _____
 Seal# _____

PO#	Style#	Color	Size	# of units per carton	# of cartons

Each Container must have a packing list.

RETURN TO VENDOR

UNAUTHORIZED MERCHANDISE:

Unauthorized substitutions, invalid orders, canceled orders, early shipments, past cancellation date shipments, overshipments, and duplicate shipments will be returned to the Vendor. Modell's Sporting Goods will return shipments at the Vendors expense.

In the event that unauthorized merchandise is accepted by Modell's Sporting Goods, an administrative charge of \$100.00 will be assessed to the Vendor in addition to 5% of the cost value of the merchandise, plus transportation.

Ticketing And Hanger Program

Ticketing Program

Modell's requires all merchandise to be "Pre-ticketed" upon receipt.

The following accurate information is required on tickets:

1. Department number/SKU (as shown on our purchase order)
2. Vendor style number (as shown on our purchase order)
3. Vendor #
4. Retail amount (as shown on our purchase order)
5. Size (as shown on our purchase order) if applicable
6. Color (as shown on our purchase order) if applicable
7. UPC barcode printed on ticket must be scannable with human readable data that complies with the industry standard.
8. Season code

In the event you are unable to comply with the above requirements you can contact the Buyer at Modell's, and we will arrange to supply the tickets.

A \$50.00 fee will be assessed to cover the cost of tickets and shipping.

Ticket placement guidelines:

Modell's appreciates your effort to provide Floor Ready Merchandise for distribution to our stores.

As you apply tickets to merchandise destined for Modell's, please follow the following placement guidelines:

<u>Category</u>	<u>Ticket Location</u>
Coats/Outerwear	Bottom of left sleeve at the seam
Hanging Tops/Shirts/Vests	Bottom of left sleeve at the seam
Sleeveless Tops and Tank Tops	Through manufacturer's label at neck
Packaged/Folded Tops	Through manufacturer's label at neck
Sweaters/Sweatshirts	Through manufacturer's label at neck
Folded Knit Turtlenecks/Polos/Tees	Through manufacturer's label at neck
Bottoms, Pants/Shorts	On the waistband at the left side seam
2 pc warmup suits	At the bottom of the left sleeve
Swimwear	Through underarm seam at the left side
Hats/Headwear	At the back of the head
Shoes	Front right top of shoebox
Gloves	Inside cuff, in seam
Scarves	Through manufacturer's label
Belts	Swift attached to the first belt hole
Back packs/gym bags	Apply ticket to Vendor hang tag
Sporting Goods, boxed goods	Apply ticket to upper right hand corner of box. Do not cover any Brand, product or size information.

****Clear Size Strips are required on all flat packed apparel****

Packaged/Folded Tops Right hand side of garment

Pants/Bottoms Upper section of the leg facing out

Gum labels should not be placed directly on merchandise. They can be affixed to product packaging or hangtag.

Tickets should not cover the UPC barcode, or any other required information. Random ticket errors found within a style on a shipment will result in a vendor compliance charge of .50 cents for every piece within that style. This charge covers the expense to audit every unit within that style and fix the tickets that contain errors.

Hanger Program

The following merchandise must be shipped on hangers with size rings:

- **Any product that the Vendor would normally place on hangers.**
- **Any product that the Buyer requests to be put on hangers on a purchase order.**

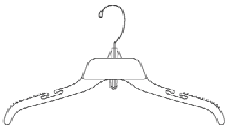
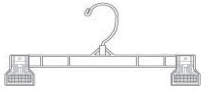



All Hangers* must meet the following specifications:

- **VICS Approved**
- **Clear resin**
- **Swivel metal hook**
- **The size of the hanger should be appropriate for the garment**

(see page 34) for our suggested sizes outlined by department.

***Uniplast is the exclusive Hanger and Size Ring supplier for Modell's.**

For Uniplast worldwide locations or to place an order please visit their www.uniplastindustries.com or call (201) 288 4540

Family of Business	Style #	Description	Color	Hanger Style
Children's(Infant/Toddler) Tops	498	12" Top	Clear	
Children's(Girls 4-16) (Boys 4-20) Tops, 1 piece Swimwear	485	15" Top	Clear	
All Men's, Yg Men's, Juniors, Women's Tops,1 piece Swimwear	484	17" Top	Clear	
All Large Size Men's and Women's Tops	479	19" Top	Clear	
All children's (If 6010 is too large) Pants, Shorts, 2 piece swimwear	6008	8" Bottom	Clear	
All children's Pants, Shorts, 2 piece swimwear	6010	10" Bottom	Clear	
Men's, Women's, Yg Men's, Juniors Pants, Shorts, 2 piece swimwear	6012	12" Bottom	Clear	
All Large Size Men's Pants, Shorts	6014	14" Bottom	Clear	
All Children's Outerwear	3316	15" Coat	Clear	
Women's, Men's, Yg Men's, Juniors Outerwear	3329	17" Coat	Clear	
All Large Size Men's Outerwear	3320	19" Coat	Clear	
Women's Sport bras, panties	GS-19	10" Intimate	Clear	
Size Ring			White w/black letters	

- * Use a combination of top and bottom hangers for all 2-piece men's, women's and childrens coordinates/sets.
- * Size Rings must be used on all hung merchandise except for hanger style # GS-19.
- * Non-compliance may result in applicable offset charges.
- * For any questions call Deborah Thomas @ Modell's 718-319-7780 or e-mail deborah@msgmail.com
- * Uniplast is the exclusive Hanger and Size Ring supplier for Modell's.
- * For Uniplast worldwide locations or to place an order please visit www.unioplastindustries.com or call (201) 288 4540

MODELL'S CHARGE BACK POLICY

The following Vendor Non-Compliance issues will result in a charge back to the Vendor or Carrier based on expenses incurred by Modell's Sporting Goods:

- 1) Receipt of merchandise improperly packaged by the Vendor or not shipped as ordered.**
- 2) Processing of merchandise shipped not meeting Modell's shipping policies.**
- 3) Sorting of merchandise that has been poorly loaded and shipped either by the Vendor or Carrier. (i.e.: mixed styles, colors, or sizes etc.)**
- 4) Failure by the Vendor to ship merchandise through the carrier assigned by the Modell's Traffic Department.**
- 5) Failure by the Vendor or Carrier to provide the proper packing lists or Bill of Ladings.**
- 6) Failure by the Vendor to side mark cartons.**
- 7) Unauthorized style, color, or size substitutions.**
- 8) Failure by the Vendor to use a UPC label.**
- 9) Failure by the vendor to use a 128 bar code on all cartons.**

THE ABOVE IS NOT AN ALL INCLUSIVE LIST OF NON-COMPLIANCE ISSUES THAT CAN RESULT IN CHARGE BACKS. THERE MAY BE ADDITIONAL SITUATIONS THAT WILL RESULT IN VENDOR CHARGEBACKS.

ANY QUESTIONS ABOUT CHARGE BACKS ASSESSED TO THE VENDOR CAN BE ANSWERED BY CALLING Carol Cain (Vendor Compliance Manager) at (718) 319-7730.

CHARGE BACKS WILL ALSO INCLUDE A \$100.00 ADMINISTRATION FEE, WHICH COVERS THE COST OF PROCESSING PAPERWORK DUE TO NON-COMPLIANCE WITH MODELL'S TERMS AND CONDITIONS.

MODELL'S CHARGE BACK RATES

Modell's Sporting Goods' charge back policies are intended to improve the flow of merchandise through our Distribution Center and to defer the cost of unnecessary cost due to non-compliance on the part of the Vendor. Below is a list of non-compliance issues and chargeback fees. Please note that other charges may be added to this table from time to time, as Modell's Sporting Goods deems necessary. These charges will be assessed effective within 30 days of the release of this document.

1) UPC CHARGE BACKS:

- Merchandise not UPC marked \$100.00 plus \$0.50 per unit
- Poor Quality UPC tickets \$100.00 plus \$0.50 per unit
- UPC tickets improperly affixed \$100.00 plus \$0.50 per unit
- No retail on UPC tickets \$100.00 plus \$0.50 per unit
(IF PRICED BY VENDOR)
- No UPC provided \$100.00 plus \$1.00 per UPC entered
- UPC missing human readable data \$100.00 plus \$0.50 per unit
- UPC catalog incorrect \$100.00 plus \$1.00 per UPC correction
- OTHER UPC RELATED PROBLEMS ASSESSED BY INCIDENT

2) EDI CHARGE BACKS:

- No ASN received at time of receipt at Distribution Center \$750.00
- Inaccurate ASN/Carton contents do not match ASN \$450.00
- Carton Label not scannable/Defective \$300.00
- No UCC 128 label on carton \$300.00
- Carton Label does not match ASN \$300.00
- ASN does not include Carton detail \$450.00
- ASN sent in bulk and ordered as prepack \$450.00
- Relabeling of cartons to match ASN \$50.00 per label
- No Ultimate store number on ASN \$25.00 per carton

3) DISTRIBUTION CHARGE BACKS

- Unauthorized or damaged merchandise \$100.00 per incident/plus .50 per unit
- Packing slip errors. \$100.00 per incident/plus receiving cost
 - Missing packing slip \$100.00 per incident/plus receiving cost
 - Packing slip not on lead carton \$100.00 per incident
 - Carton Identification errors \$25.00 per carton
 - Failure to comply with Purchase order specifications \$100.00 per incident/plus .50 per unit
 - Inaccurate or insufficient itemized data on bill of Lading \$100.00 per incident/plus .50 per unit

4) TRANSPORTATION CHARGE BACKS:

- Use of unauthorized Carrier \$100. plus full freight charges
- Failure to notify trailer load office of changes in shipment
Weight, cartons, or cube on trailer load shipment
\$100.00 plus full freight charges
- Shipment via airfreight without authorization
\$100.00 plus full freight charges
- Direct shipment to stores without authorization
\$100.00 plus full freight charges
- Failure to consolidate shipments within 72 hours
\$100.00 plus full freight charges

5) RETURN TO VENDOR HANDLING CHARGES: There will be an administrative charge of \$100.00 plus the following charges:

- Unauthorized merchandise. 5% of cost plus transportation
- Defective/damaged/unsaleable merchandise
5% of cost plus transportation

6) ACCOUNTS PAYABLE CHARGE BACKS (IF APPLICABLE):

- No electronic Invoice \$50.00 per invoice
- Printed invoice format not followed \$50.00 per invoice
- Request for research on item over 6 months old
\$100.00 per aged item

Every Purchase Order and Routing Guide deviation or violation per shipment will result in a minimum chargeback of \$500.00.

Repeat offenders of same violations will be subject to additional charges. Multiple violations may result in refusal or return of merchandise at Vendor's expense.

MODELL'S SPORTING GOODS
PRIMARY CONTACTS

The following is a list of Modell's Sporting Goods Primary Contacts, including names and departments. These individuals will have the answers to any questions regarding their respective areas of expertise. Please feel free to call with any questions you may have.

DEPT.	CONTACT	PHONE	FAX	Email Address
Director of Distribution	Joseph Long	718-319-7777	718-319-7775	joel@msgmail.com
Vendor Compliance Manager	Carol Cain	718-319 7730	718-822-6834	carolcain@msgmail.com
Traffic Manager	Dwight Madison	718-319-7710	718-319-7735	Dwight@msgmail.com
V.P. of Logistics	Steve Ondrejack	718-319-7800	718-319-7805	steveo@msgmail.com
VP of Information Technology	Hans Kantor	212-822-1000 EXT.400	212-822-1082	hansk@msgmail.com
EDI Coordinator	Yvonne Perez	212- 822 1000 EXT 403	917-351-3454	yjp@msgmail.com
Accounts Payable Manager	Stephen Budhu	212-822-1000 EXT. 220	917-351-3424	stephenb@msgmail.com

**ACKNOWLEDGMENT OF RECEIPT OF MODELL'S
VENDOR COMPLIANCE AND ROUTING GUIDE**

Be sure to forward these routing and vendor compliance instructions to your Associate in charge of Distribution.

UPON RECEIPT OF THIS MANUAL PLEASE DETACH THIS PAGE AND
RETURN TO:

MODELL'S SPORTING GOODS
1780 Eastchester Road (off Bassett Ave.)
BRONX, N.Y. 10461
ATTN: Carol Cain
Vendor Compliance Manager

We the undersigned have received and reviewed the Modell's Sporting Goods Routing and Vendor Compliance Manual. We understand that all terms and conditions described within take effect immediately upon our receipt of this document:

VENDOR DATE

TRAFFIC MANAGER _____
PRINT NAME

SIGNATURE

PHONE # FAX # EMAIL ADDRESS

CUSTOMER SVC. MGR _____
PRINT NAME

SIGNATURE

PHONE# _____ FAX# _____ EMAIL ADDRESS _____