

DEB SHOPS INC.

9401 Blue Grass Road, Philadelphia, PA. 19114
(215) 676-6000

Dear Valued Deb Shops Partner:

For years, Deb Shops has been committed to giving our customers the freshest fashions at the best possible price. In order to continue meeting this commitment we need our partners to assist us by adhering to our standards for delivery of merchandise to our distribution facility. To facilitate management of these standards, we have developed a vendor compliance program. The components of the program are based on industry-standard requirements. Details of the program can be found on our web site at www.debshops.com, within the section titled "Vendor Information" or by pasting the following link into your web browser <http://www.debshops.com/VendorInfo/VendorInfo.asp>.

To monitor adherence with our program, we have established a vendor compliance department. Our team of professionals in this area is available to act as a source of information for you and to answer any question you have on packing requirements, pre-ticketing and invoicing. This department is also responsible for ensuring merchandise receipts are processed through our distribution facility as quickly and efficiently as possible.

Effective on August 1, 2008, the vendor compliance department will begin formally tracking violations of our program. In the interest of working with our partners to eliminate violations, we will periodically provide you with the details of any violations and work with you to review such violations and assist you in minimizing the risk of future issues. **WE WILL BEGIN DEDUCTING THE COST OF COMPLIANCE VIOLATIONS RELATING TO MERCHANDISE RECEIVED INTO OUR DISTRIBUTION CENTER ON JANUARY 1, 2009.** This grace period is designed to allow you to become familiar with our requirements without financial consequences to your company. We will bear 100% of the cost of non-compliance until January 1, 2009.

We are confident that, with your cooperation and support, we will achieve our goal of total compliance and realize a faster flow-through within the supply chain.

If you have any questions regarding this program, please call (215) 676-6000 ext 371 or email us at vendorcompliance@debshops.com.

Thank you and we look forward to continuing a mutually beneficial partnership.

Deb Shops Distribution Group

General Shipping Instructions

1. Domestic Goods Compliance

A) **Appointments** - Receiving hours are 8am to 3pm Eastern Time. All vendors are required to use our consolidator and are responsible for making all appointments using our routing guides and the form provided by Deb Shops at www.debshops.com and faxing the information, including the packing slip, to 215- 676-0685.

1. A minimum of 24 hours notice must be given to our receiving department before an appointment is granted or an appointment is cancelled or rescheduled. An appointment number must be obtained for new or rescheduled deliveries.
2. Appointments are needed for all shipments.
3. Any shipment greater than 2 cartons cannot be shipped using UPS, FEDEX or any other small package carrier.
4. Ship only what's been appointed. Do not ship over/under the original quantity.
5. C.O.D. shipments will not be accepted.
6. Packing slips must also be attached to the BOL when the carrier receives the shipment.

B) **Carton Specifications** – Flat goods & goods on hangers within a carton.

1. **Maximum Weight**- 40 lbs. per carton .Our system cannot handle any carton over this weight.
2. **Maximum Dimension** - Length – 33 inches
Depth/Width – 30 inches
Height – 30 inches
3. Shipments that are palletized must be on sturdy pallets 40 x 48 and not to exceed 76 inches in cubed height.
4. Palletized shipments must be separated by style.

Required Information - on all cartons/labels.

1. Purchase Order Number.
2. Deb Department Number.
3. Deb Style Number.
4. Deb Color Name or Number.
5. Total units per carton.
6. Weight. (kgs. Or lbs.)
7. The above information must be visible and legible.
8. Cartons must not be strapped or wrapped in bur lap, security tape only.
9. Cartons must not be crushed.

C) Carton Specifications – for case pack (cross dock) carton merchandise.

1. **Maximum Weight-** 22 lbs. per carton .Our system cannot handle cartons exceeding this weight.
2. **Maximum Dimension -** Length – 25 inches
Depth/Width – 21 inches
Height – 18 inches
3. **Minimum dimension & weight-**
Weight- 8 lbs.
Length – 9 inches
Depth/Width – 7 inches
Height – 7 inches
4. Shipments that are palletized must be on sturdy pallets 40 x 48 and not to exceed 76 inches in cubed height.

Required Information - on all cartons.

1. Purchase Order Number.
2. Deb Department Number.
3. Deb Style Number.
4. Deb Color Name or Number.
5. Total units per carton.
6. Weight. (kgs. Or lbs.)
7. The above information must be visible and legible.
8. Cartons should not be strapped, security tape only.

Hanging-GOH

1. Separate all styles when shipping.
2. Ship solid color only, with the smallest size coming out of the truck first.
3. Size outs must be bundled in a 6 or 8 piece pack. Bundle must weigh 9lbs. or less.
4. Garments must be on ropes or racks not on the floor of the truck.
5. Garments must be hung on VICS hangers.
6. Garments must be clear polybagged and tied on the bottom. Garments must not be exposed.
7. Assorted size packs must be poly bagged with one bag.
8. Loose garments must be individually bagged.

2. Documentation Compliance

1.) Bill of Lading Information Required

- a) Carton quantity by style.
- b) DEB purchase order number.
- c) Deb department number.
- d) Freight terms must be listed.
- e) Correct weight in lbs.
- f) Invoice number.

2) Packing Slip Information Required

- a) Carton and unit quantity by style and color.
- b) Units per pack.
- c) Purchase order number.
- d) Deb department number.
- e) Freight carrier must be listed.
- f) Correct weight in lbs.
- g) Invoice number.
- h) Flat packs or on hangers.

3. Invoice Information Required

- a) Please mail all invoices to: **Deb Shops Inc.**
9401 Bluegrass Rd.
Phila., Pa. 19114
Attn: Accounts Payable
- b) Invoices must be mailed when merchandise is shipped not before.
- c) Deb Shop Purchase order number.
- d) Deb Style number.
- e) Deb department number.
- f) The invoice quantity must match the packing slip quantity.

3. Packing Compliance

A) Flat Packs & Case Pack (Cross dock) Carton merchandise.

- 1.) Must follow instructions on the purchase order.
- 2.) Packs must be solid color and assorted sizes, unless ordered differently by the buyer.
- 3.) Garments must be bagged with clear plastic and sealed one bag per pack.

B) Hanging Merchandise

- 1.) Garments must be polybagged with clear plastic and tied on the bottom. Garments must not be exposed.
 - Gowns and long dresses -72 inch polybag
 - Dress and casual pants -72 inch polybag
 - Shirts, blouses, skirts & jackets – 60 inch maximum polybag
- 2.) Packs must be solid color and assorted sizes, unless ordered differently by the buyer.
- 3.) **Garments must be hung on VICS hangers and not falling off the hanger.**

4. Ticketing Compliance

- 1.) DEB SHOPS tickets must be ordered by the vendor through <http://www.finelinetech.com/>
- 2.) Tickets must be placed on the item according to the purchase order or buyer's instruction.
- 3.) Tickets must be for the merchandise ordered.
- 4.) When tickets are sent, you will be notified via e-mail, with the po(s) sent and tracking number of the package. If you are not being notified please email khagman@debshops.com or jocconnor@debshops.com with contact name to set up this program.

Please note that the above requirements are subject to change. Violation of any compliance issue stated above gives Deb Shops the right to refuse the delivery of merchandise. Correspondence for any compliance issue may be sent to:

**Deb Shops, Inc
9401 Bluegrass Rd.
Phila. Pa. 19114
Attention: Vendor Compliance Group**

Please include the following:

1. Signed freight Bill of Lading.
2. Copy of the original packing slip.
3. Copy of the invoice.
4. Written explanation pertaining to the chargeback challenge.
5. Any challenge must be within six months of the delivery date of the merchandise.

Compliance Chargebacks

Advanced Notification Compliance

	<u>Chargeback</u>
Vendor did not use a DEB appointment form.	\$ 125.00
Vendor did not fax packing slips with request	\$ 125.00
Appointment request was not sent 24 hours prior to date requested.	\$ 125.00
We were not given 24 hours notice on a postponed appointment.	\$ 125.00
Shipment was not within the “ship / cancel” date.	\$ 200.00

Packing Slip Compliance

Packing slip was not properly filled out:

No DEB PO #	\$ 50.00
No DEB Style #	\$ 50.00
Carton Quantity not listed by style	\$ 50.00
Quantity not listed by color	\$ 50.00
No invoice number listed	\$ 50.00
No DEB department number listed	\$ 50.00
Quantity of cartons not listed	\$ 50.00
Failed to list type of packs: Flat or Hanging	\$ 50.00
Invoice quantity does not match packing slip quantity	\$ 100.00

Bill of Lading Compliance

Bill of Lading not properly filled out:

No DEB PO #	\$ 50.00
No DEB Style #	\$ 50.00
Carton quantity not listed by style	\$ 50.00
Quantity not listed by color	\$ 50.00
No DEB department number listed	\$ 50.00
Failed to list type of packs: Flat or Hanging	\$ 50.00
Incorrect weight listed	\$ 50.00
Incorrect freight terms listed	\$ 50.00

Shipment Compliance

Shipment was late	\$ 200.00
DEB PO # not on the cartons	\$.50/ctn Min. \$ 100
DEB style # not on the cartons	\$.50/ctn Min \$ 100
DEB color not on the cartons	\$.50/ctn Min \$ 100
DEB department # not on the cartons	\$.50/ctn Min \$ 100
Cartons did not comply with weight / size parameters	\$.50/ctn Min \$ 100
Quantity not listed on the carton	\$.50/ctn Min \$ 100
Weight not on the carton	\$.50/ctn Min \$ 100
Above information was hidden or not readable	\$.50/ctn Min \$ 100
Lead carton was not visible with packing slip	\$ 50.00
Shrink wrapped pallets were not easy to view	\$ 50.00
Driver did not assist with load	\$ 200.00
Shipments were not on sturdy pallets and/or 40x48 inches	\$ 150.00
Height of cubed pallet exceeded 76 inches	\$ 200.00
Styles on or within pallets were not separated properly	\$ 150.00
Floor load was mixed	\$ 150.00

Packing Compliance

Inner pack does not match purchase order	\$ 200.00
Size assortment does not follow the purchase order	\$ 200.00
Garments were not polybagged or were improperly bagged	\$.30/unit Min \$ 200
Garments were not hung on VICS hangers or were falling off the hanger	\$.30/unit Min \$ 200

Ticketing Compliance

Merchandise was not pre-ticketed	\$.30/unit Min \$ 200
Order was not ticketed correctly	\$.30/unit Min \$ 200
Tickets were not made by Deb Shops, Inc.	\$.30/unit Min \$ 200
Tickets were not placed on garment correctly	\$.30/unit Min \$ 200
Unauthorized vendor tags had to be removed	\$.30/unit Min \$ 200

Carton Preparation Compliance

Flat / flat to hanging carton weight over 40lbs	\$.50/ctn Min \$ 150
Flat / flat to hanging cartons exceeded Max. dimensions	\$.50/ctn Min \$ 150
Case pack carton weight over 22lbs	\$.50/ctn Min \$ 200
Case pack cartons exceeded Max. dimensions	\$.50/ctn Min \$ 200
Case pack cartons did not meet Min. dimensions	\$.50/ctn Min \$ 200
Cartons in poor condition/burlap/straps on cartons	\$.50/ctn Min \$ 200