

***TRANSPORTATION RESOURCE
EXCHANGE
(TREx)***

**STANDARD OPERATING
PROCEDURES**

**Prepared For:
MANUFACTURER**

**By:
THE BANFIELD GROUP, LLC
Portland, Oregon
2003**

TABLE OF CONTENTS

1. ORGANIZATION FOR YOUR LOGISTIC SUPPORT

- 1.1 THE BANFIELD GROUP LLC RESPONSIBILITY
- 1.2 MANUFACTURER RESPONSIBILITY
- 1.3 MANUFACTURER CLIENT RESPONSIBILITY
- 1.4 MANUFACTURER DISTRIBUTION FACILITY RESPONSIBILITY
- 1.5 PARTNERSHIP APPROACH

2. THE BANFIELD GROUP & TRANSPORTATION RESOURCE EXCHANGE (TREx)

- 2.1 SHIPPING PROCESS OVERVIEW
- 2.2 TRACING AND EXPEDITING SHIPMENTS
- 2.3 MANAGEMENT REPORTS
- 2.4 FREIGHT BILL AUDIT
- 2.5 CLAIMS MANAGEMENT

3. CLIENT ROUTING INSTRUCTIONS

- 3.1 OUTBOUND ROUTING INSTRUCTIONS
- 3.2 ROUTING MATRIX (OPTIONAL)
- 3.3 POOL DISTRIBUTION/LINE DISTRIBUTION/VOLUME SHIPMENTS
- 3.4 RATE QUOTE FORM (SAMPLE)
- 3.5 ROUTING FORM (SAMPLE)

4. CONTACTS

- 4.1 CARRIER CONTACTS
- 4.2 THE BANFIELD GROUP CONTACTS

8/6/04

The Banfield Group LLC

12695 NE Marx Portland, OR 97230 / (503) 262-5502

1.0**ORGANIZATION FOR YOUR
LOGISTIC SUPPORT****1.1 THE BANFIELD GROUP RESPONSIBILITY*****Freight Charges***

The Banfield Group, LLC (TBG) has secured freight rates from selected carriers on behalf of MANUFACTURER. TBG will be directly responsible for freight charges. TBG will invoice MANUFACTURER for freight charges, take responsibility for account receivables and pay the carriers directly.

Shipment Activity

TBG will receive advance visibility of all shipment activity in the form of either a phone call, Routing Form or Sales Order from MANUFACTURER Distribution Facility (DF). TBG will calculate lowest cost, select carrier assignment and fax back to MANUFACTURERDF the Bill of Lading showing carrier assignment.

Proactive Communication

The day after the shipment is picked up TBG will supply to MANUFACTURER a source document with the following information:

- Pre-Audit of Charges
- ETA and Shipment Detail
- Purchase Order number, Sales Order number, and other shipment detail

On a weekly basis TBG will supply MANUFACTURER with the following information:

- TBG Manifest of Invoices for Freight Charges w/ discounts in the range of 66-70% discount off of class 85 depending on the lane, composition of freight and most competitive carrier in any given lane.

**Note:* Any and all responsibilities can and will change predicated on MANUFACTURER preferences.

Executive Summary & Review

All shipments will be entered into our proprietary database, Transportation Resource Exchange (TREx). TBG will provide MANUFACTURER with an Executive Summary showing all the activity in the program. The Summary will contain the following:

- Total Volume (number of shipments, weight of shipments)
- Average Weight per Shipment
- Weight Break Summary
- Average Weighted Class
- Lane Densities (state, region, client)
- Mode and Carrier Utilization
- Total Transportation Spend (state, region, client)
- Average Cost per Shipment

1.2 MANUFACTURER RESPONSIBILITY

MANUFACTURER to pay reasonable freight charges as shown on Manifest of Invoices and provide payment within 15 days from date of invoice.

MANUFACTURER sends notice to client explaining that TBG will be invoicing them for “Freight Charges Only” and they are to pay TBG within 15 days. TBG may ask MANUFACTURER to offer assistance in collecting funds from clients if TBG has been unsuccessful after 60 days.

To ensure smoothest communication, TBG requests that MANUFACTURER recognize our company as an extension of the MANUFACTURER Traffic Department. Therefore, **MANUFACTURER will notify clients to contact TBG for all transportation related activities.**

1.3 MANUFACTURER CLIENT RESPONSIBILITY

MANUFACTURER clients are to accept reasonable delivery of freight given advanced notification and not incur additional costs at time of delivery. Additional charges, including any carrier accessorial charges, will be passed back to MANUFACTURER for payment. In the event that MANUFACTURER clients are invoiced by TBG the client is to provide payment to TBG within 15 days from date of invoice.

1.4 MANUFACTURER DISTRIBUTION FACILITY RESPONSIBILITY

MANUFACTURERDF will either call or fax Routing Form, Sales Order and other pertinent information prior to all MANUFACTURER shipments **greater than 200 lb. consigned within the originating state and rest of the country.**

MANUFACTURERDF will receive a computer generated Bill of Lading from TBG and use the TBG Bill of Lading on all MANUFACTURER shipments. **MANUFACTURERDF will contact the carrier shown on the Bill of Lading when shipment is ready.**

If MANUFACTURERDF has a need for additional equipment and/or needs to communicate with carrier for any operational issues they will contact the Terminal Manager and/or Dispatch at the carrier facility. The Banfield Group will provide carrier contact information.

1.5 MANUFACTURER& THE BANFIELD GROUP: PARTNERSHIP APPROACH

TBG will work as an extension of MANUFACTURER traffic department in providing the most efficient method known in handling freight. There are fewer limitations of service providers and MANUFACTURER is guaranteed the optimal cost vs. service trade off.

In addition, proactive communication of freight movement will afford substantial protection for MANUFACTURER, MANUFACTURER clients, carriers and TBG.

TBG understands that logistics in the retail environment requires a discipline of price vs. service. Through our Executive Summaries we look for ways of creating transportation economies and we will provide those recommendations back to MANUFACTURER with detailed instructions on how to effect better transportation decisions.

2.0	TBG TRAFFIC MANAGEMENT SERVICES
------------	--

2.1 SHIPPING PROCESS OVERVIEW

<p><i>Routing</i></p> <ul style="list-style-type: none"> • MANUFACTURER DF will either call or fax Routing Form, Sales Orders, etc. prior to all MANUFACTURER shipments given the following parameters: <ul style="list-style-type: none"> ➤ Greater than 200 lb. for all shipments. • TBG enters shipment information into the TREx database to prepare the Bill of Lading, Advance Shipment Notification, Invoice and Management Reports. • TBG rates several carriers to obtain the best cost vs. service selection. Once determined TBG faxes the Bill of Lading back to MANUFACTURERDF showing the carrier to be used. • MANUFACTURER DF will contact the carrier shown on the Bill of Lading when freight is available for pick up. • The day of the shipment an Advance Shipment Notification including all shipment characteristics, Estimated Day of Arrival, Purchase Order confirmation and Estimated Freight Charges will be faxed to MANUFACTURER. • MANUFACTURER client will accept freight from MANUFACTURER carrier with reasonable delivery expectations, including appointment delivery, and without additional handling on MANUFACTURER client's dock.
<p><i>Claims Management</i></p> <ul style="list-style-type: none"> • All transportation customer services issues are to be relayed to TBG for follow up. • TBG Logistics Department will manage all transportation customer Claims.

<p><i>Invoicing</i></p> <ul style="list-style-type: none"> • On a bi-monthly basis TBG will supply MANUFACTURER or MANUFACTURER client with a Manifest of Invoices. • TBG prepares Invoices from actual carrier freight bills after auditing for accuracy. Carriers bill TBG charges according to pre-defined discount programs. • All carrier pricing agreements and legal documents are kept on file at TBG. • Any additional charges deemed worthy by the carrier and TBG will be passed on the MANUFACTURER for handling. • MANUFACTURER or MANUFACTURER client will pay TBG directly within 15 days from date of invoice. TBG pays carriers twice per month at an average of 28 to 35 days.
<p><i>Review & Analysis</i></p> <p>TBG supplies a Bi Annual Executive Summary to MANUFACTURER expectations. (See 1.1)</p>

Rate quotes are available by **faxing information to 505-262-5505** or by calling **503-262-5502 ext. 100** during normal business hours, Monday through Friday, 7:00 am to 4:30 pm, PST. Please provide the following information to obtain the proper rate:

- LTL (less than truck load) & TL (full truckload)**
- Product Description
 - Weight
 - Class and/or Cube (if available)
 - Origin (city and zip code)
 - Destination (city and zip code)

2.2 TRACING AND EXPEDITING SHIPMENTS

Our **Advanced Shipment Notifications** will relieve most of the need for tracing shipments. Every shipment will have an estimated delivery date in accordance with the carrier service standard. **TBG encourages MANUFACTURER to have clients contact us for tracing and delivery expectations.**

TBG captures shipment status information on a daily basis from participating carriers, which we then review for exceptions. TBG notes any exceptions and contacts the carrier immediately for resolution. TBG then notifies MANUFACTURER of such exceptions and resolutions. On a monthly basis, TBG receives service reports reflecting carriers' on-time delivery. These are reviewed and evaluated for overall carrier performance. Exceptions to standard service levels are noted and communicated, and corrections to carrier use and application are addressed where needed.

2.3 MANAGEMENT REPORTS

Traffic activities and management needs are proactively supported on a daily basis. Notwithstanding, **TBG will provide MANUFACTURER with a responsive management information system and make it available to MANUFACTURER on a regular basis.**

On a bi-annual basis TBG will prepare an Executive Summary detailing MANUFACTURER distribution process as it exists and make recommendations to MANUFACTURER as to any changes that may be needed. TBG explores alternative transportation opportunities recognizing variances in volume, service, and cost levels. TBG segments results by carrier, lane, cost, customer, etc. and provides the results to MANUFACTURER in a complete comprehensive package. (See 1.1)

2.4 FREIGHT BILL AUDIT

Proactive communication of freight charges and invoicing for those charges eliminates freight bill auditing. TBG has negotiated into its carrier contracts **accessorial exceptions to hold the store harmless** in most cases. In the event that additional cost is incurred at point of origin or destination without TBG having prior knowledge, TBG reserves the right to add that amount to the invoice. It is TBG's responsibility to audit carrier freight bills for accuracy and make payment to carriers within 28 days. Shipments will be invoiced and audited off the carrier base rate tariff in use at time of shipping.

2.5 CLAIMS MANAGEMENT

TBG will perform the function of filing MANUFACTURER claims for freight loss or damage, monitor and control the freight claims with your carrier. To do so, MANUFACTURER needs to supply TBG with the original invoice and delivery receipt, along with a complete TBG Claims Form. **MANUFACTURER client must report any exception—whether it is over, short, or damaged—to the carrier immediately,** and the exceptions must be noted on the delivery receipt.

3.0	CLIENT ROUTING INSTRUCTIONS
------------	------------------------------------

3.1 OUTBOUND ROUTING INSTRUCTIONS

MANUFACTURER DF will either call or fax Routing Form, Sales Orders etc. to TBG central dispatch (TREx) prior to all shipments given the following parameters:

- Shipments greater than 200 lb. for shipments consigned to the States and Canada.

↓

TREx will contact MANUFACTURER accounting for all new “ship to” addresses to obtain client phone, fax and contact name in Accounts Payable.

Note: This information can also be sent from MANUFACTURER DF.

↓

To obtain a specific quote for rates on “LTL” and “Pool Truck” shipments, MANUFACTURER calls or faxes TREx a Rate Quote Sheet (Section 3.4) including **zip codes, weight and cube.**

↓

TBG provides rate back to MANUFACTURER. Quotes are rated twice daily at approximately 10:00am and 2:00pm Pacific Standard Time.

↓

MANUFACTURER sends rate quote sheet to DF indicating on sheet if the shipment(s) is to go LTL, or if Pool Truck is required.

↓

DF sends Routing Instructions Form* to TREx with the following:

- Store Name and Address
- Purchase Order and Sales Order numbers
- Amt. of Pieces, Weight, Amt. of Pallets & Commodity
- LTL, Load to Go or Pool Truck
- Banfield Invoicing Instructions
- Ship Date

**See Banfield Group Routing Instructions*

Form in 3.5
**MANUFACTURER may use Packing Slips or Sales Orders in lieu of Form in 3.5. → →*

The Bill of Lading will be faxed back to MANUFACTURER DF and will include:

- Shipper & Consignee with correct addresses
- Summary of Pieces, Weight, Class and Commodity Description
- Purchase Order and Sales Order Numbers
- Carrier Name
- Shipment Date and Estimated Delivery Date
- Special Instructions, if any

↓

TREx selects the carrier shown on the Bill of Lading only after rating several carriers to obtain the best cost vs. service tradeoff in each lane.

On any given day, one to three carriers may be used to ship out of the MANUFACTURER DF for MANUFACTURER.

↓

MANUFACTURER DF will contact each carrier shown on the Bill of Lading when freight is available for pick up.

↓

If MANUFACTURER DF needs to contact the carrier due to a service failure they are to call the carrier contact provided by TBG only and/or they are to communicate the issue to our TREx department.

*Note: Service failures should be reported to TBG Traffic Manager or Logistics Manager as shown in section 4.2. **Failure to contact us could result in continued problems.***

3.2 ROUTING MATRIX

Upon request, TBG can create a Routing Matrix for MANUFACTURER by shipping location and destinations.

3.3 CONSOLIDATION/POOL & LINE DISTRIBUTION/VOLUME SHIPMENTS

TBG's TREx department has the opportunity to provide additional economies to MANUFACTURER by combining the inherent and external volumes of freight into transportation modeling opportunities (Consolidation, Pool/Line Distribution and Volume Shipments). These opportunities have proven successful in the retail community, and by giving TREx visibility will bring additional benefits to the program.

Please allow The Banfield Group flexibility on shipments that exceed **six** pallets as these shipments cause additional expenses with the LTL carriers. Despite these expenses, however, such shipments can be combined with other regionally located freight and create lower overall delivered cost if properly coordinated. On occasion TREx may ask that shipments over **six** pallets be shipped in two quantities. Again, working with our freight management company will provide a lower delivered cost of your product

8/6/04

The Banfield Group LLC

12695 NE Marx Portland, OR 97230 / (503) 262-5502

4.0**CONTACTS: CARRIER &
PRICING****4.1 CARRIER CONTACTS**

CARRIER	CONTACT	Phone
Bullet Freight	Richard Collins Brown	(714) 948-7424
Clipper Express	Bob Pettigrew	(800) 678-2547
Daylight Transport	Alicia Enos	(800) 468-9999 ext.2234
Direct Shippers	Ken Soltis	(732) 213-2942
Estes Express	Chuck Chapper	(800) 624-7881
G.I. Trucking	Dave Gray	(503) 285-4478
Lakeville	Scott Fischer	(800) 888-4950
Moran Transportation	Michael Moran	(800) 716-6787
New England Motor Freight	Adriene Atherton	(949) 858-4128
Oak Harbor	Bob Purcella	(800) 422-8948
PB Trucking	Oscar Perdemo	(201) 923-3152
Piedmont Transportation	Kathi Carlton	(704) 202-4179
Plymouth Rock Transportation	Ed Gaudio	(201) 954-3618
SAIA	Doug Williams	(503) 285-7075 ext.6610
Sunline	Rich Beenders	(732) 713-1590
USF Bestway	Dave Logsdon	(503) 557-6222
USF Dugan	Dave Logsdon	(503) 557-6222
USF Redstar	Dave Logsdon	(503)557-6222

Note: Not all of the carriers shown above will have service capabilities in your area.

4.2 THE BANFIELD GROUP CONTACTS

	General Phone	503-262-5502	
	Fax	503-262-5505	
DEPARTMENT		CONTACT	Phone Ext.
Operations / TREx		Cathi Newville	201
Accounting Manager		Gaynelle Jensen	202
Logistics Manager		Brandy Anderson	205
Traffic Manager		Christina King	203
President, Sales & Marketing		Joe Peterson	204
International Traffic		Patti Summer	206
General Manager		Lisamarie Harrison	207
Client Support Service Manager		Heather Garboden	100
Client Support Services		Chris Cunningham	100

8/6/04

The Banfield Group LLC

12695 NE Marx Portland, OR 97230 / (503) 262-5502