

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

**STANDARD OPERATING
PROCEDURES**

Prepared For:

Retailer

Prepared By:

The Banfield Group, LLC

January 2003

THE BANFIELD GROUP, LLC

Portland, Oregon

2003

TABLE OF CONTENTS

1. ORGANIZATION FOR LOGISTIC SUPPORT

- 1.1 THE BANFIELD GROUP RESPONSIBILITY
- 1.2 RETAILER RESPONSIBILITY
- 1.3 RETAILER RESPONSIBILITY
- 1.4 PARTNERSHIP APPROACH

2. TBG / TRANSPORTATION RESOURCE EXCHANGE

- 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 (EXAMPLE)
- 3.3 CONSOLIDATION/POOL & LINE DISTRIBUTION/VOLUME SHIPMENTS
- 3.4 VENDOR COMPLIANCE ROUTING LETTER (EXAMPLE)
- 3.5 RATE QUOTE FORM
- 3.6 ROUTING FORM

4. CONTACTS

- 4.1 CARRIER CONTACTS
- 4.2 THE BANFIELD GROUP CONTACTS

1.0**ORGANIZATION FOR LOGISTIC
SUPPORT****1.1 THE BANFIELD GROUP RESPONSIBILITY**

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

TBG will accept Retailer shipment information, prepare a detailed Bill of Lading, select a carrier and fax to Retailer vendor with instructions of which carrier to use.

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

- A Pre-Audit of Charges
- ETA and Shipment Detail
- Purchase Order number, Sales Order number, etc.
- A TBG Manifest of Invoices for Freight Charges with discounts in the range of 62%-72% discount off of class 70-85 depending on the lane and most competitive carrier in that lane.

All shipments will be entered into TBG's proprietary database Transportation Resource Exchange (**TREx**). TBG will provide *Retailer* with an Executive Review and Summary on a pre-determined basis detailing all activity, and make recommendations as needed. The Summary will include (but is not limited to) 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
- Freight as a Percent of Invoice (optional)

1.2 RETAILER RESPONSIBILITY

Retailer is to instruct their vendors to contact TBG for routing instructions. Retailer will accept reasonable deliveries of freight—given advanced shipment notification—and will not incur additional costs at time of delivery. Additional charges, including any carrier accessorial charges, will be passed back to Retailer for payment.

Retailer will pay TBG within 15 days from Invoice date.

1.3 RETAILER'S VENDOR RESPONSIBILITY

Retailer's vendor will call or fax manifests and packing slips to TBG's TREx department for routing instructions on each shipment. Retailer vendors may utilize standard routing matrices designed by shipping location (See 3.2). Retailer will utilize the matrix, within the predetermined parameters, and have vendor communicate to TBG if shipment activity exceeds parameters. *Such communication is critical to ensure the proactive management of freight.*

Retailer vendor will receive a detailed Bill of Lading prepared by TBG and contact the assigned carrier directly. Retailer vendor can expect the Bill of Lading and carrier assignment to be finalized within one hour from supplying shipment information. Excessive cube, interline at destination or unique freight service requirements characteristics could result in additional research and a change in carrier selection.

1.4 PARTNERSHIP APPROACH

TBG will work to provide the most cost efficient method known in handling freight. There are fewer limitations of service providers and **Retailer is guaranteed the optimal cost vs. service trade off.**

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

TBG understands that logistics, in the retail environment, is a discipline of price vs. service. Armed with this knowledge, TBG has the experience and expertise to provide unparalleled value between vendors and their clients, while working within carriers' strengths and avoiding their weaknesses.

One of TBG's principal strengths is our ability of reporting information not readily available or visible in most traffic departments. Through our Executive Summaries we look for ways of creating transportation economies and provide those recommendations to Retailer with detailed instructions on how to effect better transportation decisions.

2.0

TBG TRAFFIC MANAGEMENT SERVICES

2.1 SHIPPING PROCESS OVERVIEW

Routing

- Retailer Vendors will either call or fax computer generated Packing Slips, Sales Order, Manifests, etc. prior to all Retailer shipments to TBG for routing.
- TBG enters shipment information into the TREx database to prepare the Bill of Lading, Advance Shipment Notification, Invoice and Management Reports.
- TBG will rate several carriers to obtain the best cost vs. service alternative. Once determined TBG will fax Bill of Lading back to Retailer Vendor showing the carrier to be used.
- **Retailer vendor 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 Retailer.
- Retailer will accept LTL freight from carrier with reasonable delivery expectations and without appointment delivery (*unless otherwise specified*).
- Retailer will accept TL freight from carrier with reasonable delivery expectations *including appointment delivery*.
- All transportation customer service responsibilities are to be relayed to TBG for follow up.

Claims Management

- Claims Management will be provided by the TREx department. However, TBG may require assistance from Retailer in handling certain issues.
- If Retailer 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 the TREx department, which will then contact the carrier directly.
- Service failures should be reported to TBG General Manager as shown in section 4.2. *We are happy to help! Failure to contact TBG may result in continued problems.*

Invoicing

- On a weekly basis TBG will supply Retailer a Manifest of Invoices.
- TBG prepares invoices from actual carrier freight bills after auditing for accuracy. Retailer will not be invoiced until carrier freight bill is audited and approved for payment by TBG.
- Carriers bill TBG charges according to pre-defined discount programs.
- All carrier pricing agreements and legal documents are kept on file at TBG.
- Retailer 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.

Rate Quotes

Rate quotes are available by calling TReX at 503-262-5502 ext.100 or faxing 503-262-5505 during normal business hours, Monday through Friday, 6:30 AM to 4:30 PM, PST. Following is the information you need to provide to obtain the proper rate:

Less Than Truck Load (LTL)/ Full Truck Load (TL)

Weight

Product Description or Cube

Origin (city and zip code)

Destination (city and zip code)

(See Rate Quote Form-3.5)

2.2 TRACING AND EXPEDITING SHIPMENTS

The **Advanced Shipment Notification (ASN)** will relieve most of the need for tracing shipments. Every shipment will have an estimated delivery date in accordance with the carriers' service standards.

TBG captures shipment status information on a daily basis from participating carriers, which we then review for exceptions. TBG notes any exception and contacts the carrier immediately for resolution. TBG then notifies Retailer 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, 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 Retailer with a responsive management information system and make it available to Retailer on a regular basis.**

On a Pre-determined basis TBG will prepare an Executive Summary of the Retailer distribution process as it exists and make recommendations to Retailer as to any changes that may be needed. TBG explores alternative transportation opportunities recognizing variances in volume, service, and cost levels. TBG segments your results by carrier, lane, cost, customer, etc. and provides the results to you in a complete comprehensive package.

2.4 FREIGHT BILL AUDIT

Proactively communicating 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 your claims for freight loss or damage and shipping costs, monitor and control your freight claims with your carrier, and will resolve any reasonable claim within 60 days from date of filing. In order to accomplish this, Retailer need only supply TBG with the original invoice and delivery receipt.

Retailer 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. Retailer will contact TBG Traffic Department at 503-262-5502 x207 and report claim.

Retailer assumes ownership of the freight at the time the shipment leaves the vendor's facility. Retailer cannot deduct from vendor's invoice the cost of the lost or damaged freight. Retailer cannot deduct shipping costs from the TBG invoice. Shipping costs will be included in the claim filed with carrier.

3.0

VENDOR ROUTING INSTRUCTIONS

3.1 OUTBOUND ROUTING INSTRUCTIONS:

- **Retailer vendors contact the TREx department** via *phone*: 503-262-5502 ext. 100 *fax*: 503-262-5505 or *e-mail*: service@banfieldgroup.com for routing instructions. Freight must be within the following parameters:
 - Greater than 300 lb. for shipments consigned within the originating state and greater than 200 lb. for the rest of the country.
Note: We have arranged lower and/or higher weights with select manufacturers.
 - Shipments **less than** these amounts are to be shipped directly to Retailer using the Dealer's most competitive Small Package Carrier Program.
 - For "**oversize**" shipments greater than 100 lb. and less than the weights noted above, forward the shipment information to the TREx department, including the amount that would be charged to **Retailer** for direct shipment. We will then compare our cost with the Small Package Carrier's cost and indicate to *Retailer* which program would be most economical.
- **The Retailer Vendor will use their preferred method of communication to provide the TREx department with the following information:**
 - Vendor Name and Address.
 - *Retailer* Facility.
 - Purchase Order and Sales Order numbers.
 - Number of pieces, weight, number of pallets & description of product.
 - Ship Date.
Note: Packing Slips, Sales Orders, Shipping Documents or The Banfield Group Routing Instructions Form in 3.6 are suitable forms to be faxed or e-mailed.
- The Bill of Lading will be prepared by TREx and faxed or e-mailed back to Retailer Vendor.
- Retailer Vendor must use our Bill of Lading.
- The Bill of Lading will include:
 - Shipper & Consignee with correct addresses
 - Summary of Pieces, Weight, Class and Commodity Description
 - Purchase Order and Sales Order Numbers
 - Carrier Name handling the shipment
 - Shipment Date and Estimated Delivery Date
 - Special Instructions, if any
- The TREx department 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.
- **Retailer Vendor will contact the carrier shown on the Bill of Lading when freight is available for pick up.**
- Service failures should be reported to TBG General Manager as shown in section 4.2. *Failure to contact TBG may result in continued problems.*

3.2 ROUTING MATRIX (Example)

There is no routing matrix in place at this time.

3.3 CONSOLIDATION/ POOL & LINE DISTRIBUTION / VOLUME SHIPMENTS

TBG's TREx department has the opportunity to provide additional economies to Retailer 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

3.4 VENDOR COMPLIANCE ROUTING LETTER

January 2003

Dear Supplier: **URGENT MESSAGE FOR TRAFFIC AND SALES DEPARTMENTS**

The routing instructions shown below will replace all previous routing instructions supplied by _____ (*Retailer name*). Please ensure copies of these instructions are provided to the individual(s) responsible in executing shipments to Retailer Stores.

Retailer has retained The Banfield Group, LLC and its Transportation Resource Exchange (TREx) program as its third-party freight manager. **Effective** _____, all inbound freight to Retailer stores will be coordinated by contacting the TREx department via **phone**: 503-262-5502 ext. 100, **fax**: 503-262-5505 or **e-mail**: service@banfieldgroup.com for routing instructions. If you are already working through The Banfield Group and have established alternative measures of communicating with them please include Retailer as part of your normal procedure. TREx will receive the required information and instruct routing of freight at that time. The following selection of carriers will handle the majority of LTL business nationally.

Surface: **250-5000 lb.** **COVERAGE**
(*We can either show or eliminate this section*)

Note: *Do not route freight with these carriers without contacting TREx for instructions. If shipments are "Oversize" and under these weight requirements please supply the small package carrier cost available through your company when communicating with TREx.*

Inbound/Third Party Instructions:

- **Call 503-262-5502 ext. 100/ fax 503-262-5505/email service@banfieldgroup.com for routing instructions on each shipment.**
 - When communicating with TREx have the following information available:
 - Shipper & Consignee with correct addresses
 - Pieces, Weight & Class for each commodity
 - Purchase Order Number(s)
- **TREx database will prepare the Bill of Lading for each Retailer shipment with all the appropriate information, including "Third Party Bill To", and fax that information back to the person responsible for executing the shipping process. If additions or deletions are made to the Bill of Lading, notification of such to TREx is mandatory.**
- **Vendors shipping larger volumes of freight to Retailer, who have already established successful communication with the TREx department, may send manifests and/or packing slips via fax vs. telephone. Again, the fax must contain all of the necessary information for each shipment.**
- **Carrier selection will be shown on the Bill of Lading supplied by TREx. The carrier's local telephone number will be supplied on the Bill of Lading coversheet for the person scheduling pick up with the local terminal.**

4.0	CONTACTS
------------	-----------------

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

	Phone	503-262-5502	
	Fax	503-262-5505	
DEPARTMENT	CONTACT	Phone Ext.	
Operations / TReX	Cathi Newville	201	
Accounting Manager	Gaynelle Jensen		202
Traffic Manager	Christina King	203	
Logistics Manager	Brandy Anderson	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	

03/14/02

The Banfield Group LLC (503) 262-5502