The B E S T Plan

BELK EXPEDITED STOCK TURN

DOMESTIC VENDOR

TRADING PARTNERSHIP GUIDELINES

Revised August 8, 2008

(Belk International vendors should refer to The International BEST Plan)

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Updates to the BEST Plan

INTRODUCTION

How To Use This Manual

This manual is provided as an overview of the basic requirements related to merchandise technology, distribution, transportation, accounts payable, and to address specific information and reference material. Each section will explain the Belk organization's basic requirements accordingly. The sections also address the various business functions, elements, and components for the Belk Floor Ready Merchandise and our Vendor Compliance programs.

The following pages identify the expectations and requirements Belk, Inc. has for our Trading Partners and Suppliers, as well as the cycle time definitions and improvement objectives.

We encourage you to make several copies of this document and distribute them to the appropriate individuals within your organization. Please visit our Web site WWW.BELK.COM for updates to this manual. Updates will be listed at the bottom of the Table of Contents page and highlighted in red and shaded in the body of the manual.

If you have specific questions on any section, please contact the individual or specific area of responsibility listed within that section.

Special Notes

Jewelry, watches, furniture, and Special Hard Goods Vendors: This manual focuses on general merchandise and apparel. For additional information pertaining specifically to furniture or special hard goods, be sure you discuss the details with the appropriate Belk buyer.

THE BELK VISION

The Belk Mission Statement

To be the customer-focused department store that delivers superior quality, fashion, value, and service.

Our Commitment

Technology and the use of information are the enablers of the future. The Belk organization, through this BEST Plan, is committed to the use of information, technology, responsiveness, and superior merchandising to continue Belk's tradition of superior customer service.

Changes in technology have supported and enabled new processes and ways of doing business with our Trading Partners and Suppliers. We are in a more favorable position today than several years ago with regards to total cycle time. Floor-Ready Merchandise (FRM) and Vendor Compliance initiatives have accounted for the reduction in "days of inventory" in our pipeline. Reducing the overall cycle time (from vendor door to selling floor) has dramatically improved service levels (in stock positions) in our stores. Having the right merchandise in the right place at the right time is a fundamental key to our vision of the future.

We believe and recognize that there is power and value in partnerships. With partnerships come commitment, unity, and action. This manual is designed to provide specific guidelines, direction, and support of our vision for our partners. Our continued partnership with your company is vital to the success of these initiatives.

Your Role

In this manual, you will find the details and requirements for vendor technology standards. We expect our vendor partners to:

- Provide an accurate electronic UPC catalog via Inovis (formerly QRS), our preferred third party catalog provider.

- Mark 100% of your merchandise with Universal Product Codes (UPC) tickets or European Article Number (EAN).
- Provide the appropriate Voluntary Interindustry Commerce Standards (VICS) floor ready hanger for hanging merchandise. (Please refer to the Floor Ready Hanger Program file on our Web site.)
- Provide an accurate and complete Advance Shipment Notification (ASN) at the detail carton level to coincide with the shipment of the merchandise.
- Mark all cartons with the corresponding UCC-128 shipping container labels.
- Ship merchandise in separate cartons and packages per store shipment (no master packs).
- Follow and adhere to the assigned Transportation Routing instructions for shipping merchandise.
- Do not ship/invoice without a valid purchase order (PO), either via EDI or a computer printed purchase order form. (Phone orders, worksheets, verbal commitments, etc., are not valid.) For a copy of the Belk EDI mapping guideline, call our Belk Stores Services EDI Specialist at (704) 426-6569.

Acceptable Business Practices at Belk

Belk values our relationship with our vendors and business partners, and we would like to be clear on practices that could violate our code of ethics and seriously damage that business relationship.

Belk Gift Policy
Belk associates may not accept anything of value, directly or indirectly, from anyone currently doing business with or seeking to do business with Belk, other than non-cash gifts of nominal value generally used for promotional purposes. For purposes of this gifts policy "nominal value" means not more than $50 in value at cost. Gifts received of greater than nominal value will be returned immediately to the donor or donated to a charity.

Belk associates may not accept gifts of cash or cash equivalent such as gift cards for any reason.

Loans
Belk associates may not accept loans from any persons or entities having or seeking business with Belk except from recognized financial institutions at their normal prevailing interest rates for individual borrowers at the time of borrowing.

Bribes and Kickbacks
Any offers or exchange of; direct or indirect payments, or kickbacks in exchange for Belk business is a violation of our policy and prohibited. The violation of this policy may also be a criminal act and result in criminal prosecution.

Fair Competition
Belk bases its business success on excellent customer service, value for the customer, quality, good faith and fair dealing. It is never Belk's intent to receive an advantage over our competitors in any unethical manner or in ways that would violate international, federal, state or local laws.

Reporting Fraud or Unethical Business Practices
Please report any suspected fraud or unethical business practices, including questionable accounting or improper use of confidential information or property to the Belk Excel Line (1-800-622-3986). The Excel line is monitored by an independent third party service operating 24 hour, 7 days a week. These concerns may be reported anonymously, will be treated confidentially and will be reviewed by Belk Management.

These policies help ensure relationships of integrity, honesty and fairness with all of our vendors and business partners.

CONDITIONS OF BELK PURCHASE ORDER

1. Vendor agrees that it will not ship merchandise under this Purchase Order earlier than the "Ship" date nor later than the "Cancel" date hereof. Purchaser reserves the right to refuse (including at the carriers' facilities) or return any merchandise that

is shipped prior to the "Ship" date or after the "Cancel" date or that is substituted, overshipped, or not ordered hereby. Purchaser assumes no risk or expense on any merchandise refused or returned for nonconformance with the terms and conditions of this Purchase Order. All refusals or merchandise returns for nonconformance will be subject to a deduction on remittances of all applicable freight charges plus an expense offset charge of $25 + 10 % of the merchandise cost per store per violation. If Purchaser elects to keep shipments shipped prior to the "Ship" date, terms will be computed from the "Ship" date shown hereon. If Purchaser elects to keep shipments shipped after the "Cancel" date, terms will be computed from the actual date of the shipment, Purchase Order "Ship" date or date of invoice, whichever is later; and the foregoing expense offset charge of $25 + 10% of the merchandise cost per store per violation may be imposed.

2. Purchaser must be notified in writing within 5 days of Purchase Order issuance if this Purchase Order is not accepted, including all terms and conditions as stated therein.

3. Purchaser reserves the right to countermand and cancel this Purchase Order without penalty in case of fire, flood, earthquake or any other casualty affecting the premises of Purchaser.

4. It is understood that Purchaser shall have a reasonable time and opportunity to examine the merchandise included in this Purchase Order when received in its store, whether or not its agents have previously examined said merchandise, and, if it shall then be ascertained that said merchandise or any part thereof is not in conformity with this Purchase Order or is not as represented or warranted by Vendor, is inferior in workmanship or quality, or is delivered in a damaged condition (other than damaged in transit), Purchaser shall have the right to rescind this contract and return all or any part of the merchandise to Vendor at Vendor's expense, plus an expense offset charge of $25 + 10% of the merchandise cost per store per violation, if said conditions are determined during the receiving process. If said conditions are discovered at any time after the receiving process has been completed, the merchandise may be returned at Vendor's expense. The right to rescind given hereunder shall not be construed as a limitation on the right to rescind or other rights given by common law or statute. As used herein, the term "Vendor's expense" shall mean inbound and outbound freight costs plus the cost of any transit insurance associated therewith.

5. By acceptance of this Purchase Order, Vendor agrees to:

   A. Deliver all merchandise in accordance with this Purchase Order at the prices stated herein or at such lower prices and at any better terms and discounts as may be prevailing at the time of shipment.

   B. Guarantee that all merchandise ordered hereunder has been or will be advertised, priced, stamped, labeled, tagged, marked, invoiced, and delivered in full compliance with all applicable federal, state, and local government laws, rules, and regulations.

   C. Guarantee that all merchandise ordered hereunder has been or will be manufactured, compounded, or produced in full compliance with all applicable federal, state, and local government labor laws, rules, and regulations, specifically including, without limitation, all applicable minimum wage, overtime, and child labor laws, rules, and regulations.

   D. Warrant to Purchaser and its customers that such merchandise is free from defects of workmanship and material and is fit for normal use by the consumer.

   E. Indemnify and hold Purchaser harmless from and against all claims, damages, and expense (including reasonable attorneys' s) on account of :

      (1) Any actual or alleged defect in the merchandise ordered hereunder;

      (2) Any actual or alleged patent, copyright, or trademark infringement arising from Purchaser's use, sale, or offering for sale of any merchandise ordered hereunder; and

      (3) Purchaser's and Purchaser's customers' reliance upon the warranties set out in B, C, and D above.

6. Purchaser reserves the right to take immediate credit for all goods that are to be returned to Vendor because they do not meet the requirements of this Purchase Order.

7. Purchaser reserves the right to dispose of Vendor's goods at Purchaser's option, in such manner as Purchaser deems appropriate, if any return authorization is not received by Purchaser from Vendor within 30 days of original request. If merchandise is donated by Purchaser, a receipt for said donation will be made available to Vendor upon request. Vendor will be entitled to no payment for merchandise so donated.

8. No assignment or other transfer of this Purchase Order, by Vendor, to any third party, will operate to create any liability Purchaser hereunder to any such third party without the prior written consent of Purchaser to such assignment or transfer; provided, however, that nothing hereinabove contained shall be deemed to prohibit the Vendor's subcontracting, to one or more third parties, the production of part or all of the merchandise ordered hereunder.

9. If any provision of this Purchase Order, specifically including any provision contained in the following Billing and Shipping Instructions, shall be construed or held to be invalid or unenforceable by any court of governmental body or agency having

jurisdiction thereof, then this Purchase Order will be interpreted as though such provision had been omitted, and the validity and enforceability of the remaining provisions hereof will be valid, enforceable, and unaffected thereby.

10. This agreement shall be controlled, construed, and enforced in accordance with the laws of the State of North Carolina. Purchaser and Vendor hereby consent to the jurisdiction of the federal and state courts in Mecklenburg County, North Carolina, in connection with any dispute between the parties hereto and each waives any objection based on improper or inconvenient venue.
11. Belk Stores Services, Inc. offers services to its member stores, which are owned and operated by the various separate and independent Belk corporations. Services typically provided by Belk Stores Services, Inc. include the placing and/or processing of orders for merchandise and the processing of payments therefore as agent for such corporations (the "Purchaser's"). Belk Stores Services, Inc. is not and will not be personally liable to Vendor for payment for such orders.

MERCHANDISE TECHNOLOGY

Our Commitment

We have made a commitment to the industry-wide technologies that utilize Universal Product Code (UPC) and Electronic Data Interchange (EDI). The *BEST Plan* capitalizes on the use of merchandise information. We believe that through the use of technology, we can both realize significant sales and stock turn increases, cost reductions, and mutual profitability.

Universal Product Codes (UPC)

Vendor UPC marking forms the foundation of our technology program. By utilizing vendor UPC's and associated data for internal and external communication "we can speak the same language". All Belk UPC requests are within the accepted industry guidelines. Please be sure to:

- Assign UPC numbers at the stock keeping unit (SKU) level using National Retail Federation (NRF) **standard color and size codes.**
- **Mark 100%** of your merchandise with vendor UPC. (Belk systems are equipped to utilize the International/European Article Numbers (EAN) as well as UPC. Do not ticket with both UPC and EAN).
- Affix your UPC tickets so as to ensure that the merchandise will not be damaged. (Use a plastic swift-attach device or label, **do not loop strings around buttons or use strings attached with pins.**)
- **Subscribe** to and **provide** your UPC catalog electronically via Inovis (formerly QRS) in advance of offering the product to us.
- **Never re-use UPC's** or Product ID's (PID's) until after 30 months from date of last shipment for apparel and 48 months for all other items.
- Size ranges **can not** be changed once your UPC's have been communicated to us. For example, "size 5" **can not** be changed to "small".
- UPC codes must be assigned for and tickets applied to all GWP's (gift with purchase) and PWP's (purchase with purchase). These codes must be included in your UPC catalog and on all EDI documents.
- You should maintain a quality control program to ensure that your UPC tickets are scannable.

UPC catalog data must be provided through Inovis (formerly QRS) (877-4-INOVIS), our preferred third party catalog provider. **Your catalog must include UPC, PID and PID description, NRF color and color description, NRF size and size description, manufacturer's suggested retail price, and discontinue dates.**

For information on Inovis (formerly QRS) UPC Catalog or the NRF color and size standards, please contact:

Inovis, Inc.	**National Retail Federation**
1400 Marina Way South	701 Pennsylvania Ave. N.W. Ste 710
Richmond, CA 94804	Washington, DC. 20004
(877) 4-INOVIS	(202) 783-7971

Note: Industry Standards

Your UPC tickets should be created and affixed following the specifications in the Uniform Code Council "UPC Marking Guidelines for General Merchandise and Apparel".

Your UPC catalog should be created following the specifications in the Uniform Code Council "UPC Data Communication Guideline For General Merchandise and Apparel". For more information, call the Uniform Code Council at (800) 543-8137.

Electronic Data Interchange (EDI)

Effective immediately, we are pleased to announce that Belk will no longer require or utilize packing slips as part of our receiving process for those vendors who utilize Advanced Shipment Notices (ASN's). If Belk has not received accurate ASN's prior to the time that the respective shipment is physically received at our Distribution Center, an expense-offset charge of $10 per carton will be assessed to the vendor.

EDI is our standard method for communicating many of our business documents. By trading EDI documents with our vendors, we both have an opportunity to significantly eliminate redundant data entry. All Belk EDI requests are within the accepted VICS guidelines.

ALL EDI DOCUMENTS (EXCEPT INVOICES) ARE REQUIRED AT THE UPC LEVEL. THEREFORE, YOU MUST BE 100% UPC MARKED AND PROVIDE US YOUR UPC CATALOG ELECTRONICALLY VIA INOVIS (FORMERLY QRS) BEFORE WE CAN TRADE WITH YOU.

- Belk can receive the following EDI documents: Version:
  - 212 Motor Carrier Delivery Trailer Manifest 4030 VICS
  - 214 Carrier Shipment Status Document 4030 VICS
  - 810 Invoice 4030 VICS
  - 832 UPC Catalog from INOVIS 4030 VICS
  - 855 Reverse Purchase Order 4030 VICS
  - 856 Advance Shipment Notification/Manifest 4030 VICS
  - 997 Functional Acknowledgment 4030 VICS
- Belk can send the following EDI documents:
  - 850 Outbound Purchase Order 4030 VICS
  - 852 Sales/Inventory Data 4030 VICS
- These EDI Transaction sets are slated for implementation in the future.
  - 110 Air Freight Invoice
  - 180 Request for Return Authorization
  - 210 Freight Invoice
  - 816 Organizational Relationships
  - 853 Routing and Carrier Instructions
  - 860 Purchase Order Change
  - 870 PO Acknowledgment
  - Belk requires that a vendor send the 204/211 Motor Carrier Shipment Information to all freight carriers via version 4030 VICS.

Electronic Commerce Terms and Conditions:

The following are the terms and conditions which have been established for merchandise suppliers ("Vendor") who trade with Belk Stores Services, Inc. ("BSS"), as agent for Belk, Inc. By entering into a transaction with BSS effectuated through Electronic Data Interchange ("EDI"), Vendor agrees to the following terms and conditions:

1. BSS and Vendor agree to conduct merchandise transactions using the Voluntary Interindustry Commerce Standards EDI protocol.
2. Each party agrees that it will be responsible for its own costs associated with any EDI transmission and for any storage fees charged by a third party service provider which are caused by such party; provided, however, that Vendor will be responsible for all extra costs associated with interconnecting EDI transmissions to and from the IBM Global Services network.
3. Each party will be responsible for its own costs in developing its EDI software and for testing the efficiency thereof.
4. If BSS provides sales and/or inventory data to Vendor, BSS will use due diligence to ensure the accuracy thereof; however, BSS makes no warranty as to such data being free of errors or omissions.

5. BSS may assign its rights or obligations under this Contract to any affiliated entity.
6. BSS and its various affiliated entities have developed certain confidential and proprietary information ("Belk Confidential Information"), including but not limited to, trademarks, patentable inventions, financial statements, financing documents, business plans, trade secrets, new products, copyrights, and computer software, documentation and specifications. Vendor agrees not to disseminate Belk Confidential Information to anyone except those of its employees and consultants who are directly involved in this EDI relationship. Vendor agrees to cause any employee or consultant to whom Belk Confidential Information is transmitted to be bound to the same obligations of secrecy and confidentiality that Vendor is bound.
7. If any EDI transactions deal with merchandise which bears or utilizes BSS' private labels, trademarks, service marks, trade names, distinctive words, slogans, copyrighted or copyrightable materials, logos, pictures, or designs ("Private Label Merchandise") the following provisions of this paragraph will be applicable thereto:
   A. Disposition of Private Label Merchandise, other than Belk Stores, whether such merchandise consists of irregulars, overages, or otherwise, is prohibited without the prior written approval of BSS' VP/Private Brands. Failure to comply herewith can subject Vendor to liability for trademark infringement and for all losses and damages suffered by BSS and its affiliated entities as a result of such prohibited disposition.
   B. Production samples of all Private Label Merchandise, in each size and with a complete set of color swatches, must be sent to the attention of the applicable BSS Product Manager, in care of Belk Stores Services, Inc., 2801 W. Tyvola Rd., Charlotte, NC 28217-4500. Such samples and swatches must be sent not less than 20 days prior to the scheduled Ship Date. No shipment is to be made by Vendor until such samples are given final approval by the respective Brand Manager.
   C. All tags and private brand labels must be authorized by the respective BSS Product Manager and must be purchased only from BSS' authorized label and tag supplier. Any Private Label Merchandise that is shipped (i) without the prior approval of the production samples, (ii) past the Cancellation Date, or (iii) without authorized labels and tags is automatically subject to (a) cancellation and return at Vendor's expense or (b), if the merchandise is retained by Belk for sale, a penalty consisting of (x) Vendor's being responsible for all freight charges and/or (y) a <u>minimum</u> reduction of 15% in the cost of such merchandise. This penalty will be automatically deducted by Belk before payment is made of Vendor's invoice.
8. Attached hereto and incorporated by this reference herein for all purchase orders are the Belk Billing and Shipping Instructions and Purchase Order Conditions. Vendor's shipment of merchandise to Belk will constitute Vendor's acceptance of, and agreement to be bound by, such Instructions and Conditions.

Note: Industry Standards
Your EDI documents must be created following the appropriate VICS EDI guidelines and the Belk mapping guide. If you do not have EDI capabilities, please contact the Uniform Code Council at (800) 543-8137 for information on how to get started. For a copy of the Belk EDI mapping guideline, please contact one of our EDI Specialists at (704) 426-6569.

EDI Contacts

Contacts	*Phone Number:* (704) 426-
- QR Specialist - UPC	6559
- QR Administrator - UPC	6573
- QR Specialist - EDI	6569
	6559
- Accounts Payable EDI Coordinator	8156
-Vendor Compliance Supervisor (UCC-128 Labels)	8153
- Accounts Payable Director	8540

TRANSPORTATION

Belk has opened its second Distribution Center in Byram (Jackson area), Mississippi. All freight on a Belk Purchase Order must be shipped in accordance with the Purchase Order instructions, the assigned Belk Routing, and Store Receiving Locations documents. If you have questions or comments, please contact the Belk Transportation Office at (803) 754-6338.

Our Commitment

We believe that working with our vendors to meet our transportation requirements will be beneficial for your company as well as ours. Our goal is to move your merchandise to our stores in the most timely, efficient, and cost effective manner.

Your Role

For your convenience, we have included on our website Transportation routing instructions.
You can visit our web site at www.belk.com and click on the "Vendor" link at the bottom of the page to see our:

- Routing Instructions
- Store Receiving Locations
- Shipping Label
- List of Commonly Used Carrier SCAC Codes

NOTES: Any shipments shipped prior to the purchase order(s) start ship date or after the purchase order(s) cancellation date will subject the vendor/shipper to chargebacks and/or merchandise returns. Regardless of the reason (inclement weather, human error, Act of God, etc.), ***you may not ship past the cancel date****. You must contact the Belk buyer in order to have the cancellation date changed. Approval of the change must be provided back to you in writing as confirmation of the change(s).*

The Belk Routing and the following Transportation instructions in this document are solely for merchandise vendors with whom Belk has placed a valid purchase order for goods to be sold at one or more of our stores. If you are shipping any other freight to Belk (not limited to, but including display items, advertising material, leased department goods, and equipment and supplies) you must make shipping arrangements with the individual placing the order.

In addition to following our Routing instructions, please also adhere to the following general guidelines:

- Provide itemized details for your shipment on all Bills of Lading. You must provide details according to purchase order, carton, department, and National Motor Freight Classification item number. (You **may** describe the freight as "FAK 92.5", however we do not require it.) Accurate and specific information prevents misdirection of shipments and helps us trace a shipment as it moves.
- All cartons and weights shipped on one day from one location to one Belk "ship to" location must be combined on one master Bill of Lading. Purchase order number, carton count by store and purchase order, and carton count by shipment must be on the master Bill of Lading. **We ask that you supply this information to the carrier via the EDI 204/211 Shipment Information document whenever possible. (Refer to the Bill of Lading section on page 11 for more information.)**
- Ship your merchandise to the "ship to" address designated in our purchase order or as specified in our EDI instructions. All shipments must be checked through the receiving dock at this address. Shipping merchandise directly to a store is a violation of Belk policy, unless you receive specific instructions to do so in our purchase order.
- All shipments to Belk must have a consolidated manifest. Please see the section entitled "Consolidated Delivery Manifest" in the "Packing Instructions" section below for complete details.

- Vendors must utilize the on-line Belk POV and Web-Tendering application. See details below under "Routing Instructions." Please make a pickup appointment with the proper freight carrier at least 2 business days in advance of the date you wish to ship. If you have any questions, please call (803) 754-6338 during normal business hours.
- Any shipment routed via LTL (Less Than Truckload) transportation must not exceed 800 cubic feet in volume (and/or not more than 8 pallets, if pallets have been authorized for your specific shipment). Any charges by a freight carrier to Belk for exceeding cubic capacity limits will be assessed back to the vendor. Contact Belk Transportation Services Department (803) 754-6338 if you have any questions about cubic capacity.
- Air Freight: Ship merchandise via air freight ONLY when approved by the Belk Supervisor of Routings or Vice President of Logistics Services. Merchandise that has been approved for air freight shipment should be shipped directly to the location specified by the buyer. No small package or air freight is to be shipped to any consolidation location or Triangle for consolidation. The responsibility for protecting the vendor from carrier non-compliance chargebacks lies with the Belk buyer.
- If you have problems arranging a carrier pickup, call the Belk Transportation Services Department (803) 754-6338 for assistance.
- If any portion of the freight charges are to be paid by Belk, the shipment must be sent freight collect via carriers designated by Belk. Do not prepay freight and add charges to the merchandise invoice.
- Any freight invoice which has not received prior approval will be subject to an expense offset.
- Do not declare or insure air or small package shipments unless approved to do so by the Belk Transportation Services Department.

Truck Driver Hours of Service

The FMCSA (Federal Motor Carrier Safety Administration) released new regulatory requirements pertaining to Hours of Service for truck drivers that went into effect nationally on **1/4/2004**.

The major area of concern for Belk and its vendor partners is that **all driver activities (such as loading and unloading, waiting on paperwork, counting cartons, etc.) now count as "on the clock" time**. The new rules also decrease the driver's total allowed consecutive work hours by one and do not allow "off the clock" time, as before.

Due to the resulting loss of driver productivity, carriers have increased accessorial charges for (but not limited to) loading, unloading, driver detention, etc. There is also the possibility that a carrier may refuse to pick up freight from a particular shipper (vendor) if that company has a history of taking too much of a driver's allotted time relating to those non-driving tasks.

Belk's shipping standard has always been "shipper's load and count" (SLC), unless you receive (in advance of shipping) written authorization of an exception from the Belk Transportation Services Department. These changes in regulations mean that now, more than ever, the shipper (vendor) must cooperate fully with the freight carrier in making and keeping appointments, promptly and properly loading the trailer, and getting the driver on the road. Such action by the vendor should also speed the goods to our DC and thus to our stores for quick sales.

Any and all accessorial fees related (but not limited) to excessive loading time, driver detention, missed or delayed appointments, driver loading and/or counting, etc. will be charged back to the shipper (vendor) with a handling of no less than $50 per shipment. Rest assured, Belk will continue to negotiate with each of our carrier partners to receive as much "free" loading time as possible and to keep the fees as low as possible. Vendors who do not cooperate may place themselves in a situation where they will be required to ship the goods to the Belk at their own expense with their own carriers. With your help, we hope to avoid that potential outcome.

Transportation Contacts

For information concerning	*Contacts*	*Phone Number:*
Routing Requests	- Transportation Coordinator	(803) 754-6338
Special Routing Requests	- Routing Supervisor	(803) 754-6338
Loss and Damage Claims	- Routing Supervisor	(803) 754-6338

Routing Instructions

Belk is pleased to announce the introduction of Purchase Order Validation (POV) and Web-Tendering (On-Line Transportation Routing) for vendor merchandise shipments to Belk distribution facilities. By providing this web-based solution, Belk hopes to streamline the routing process for its vendors by reducing paperwork, eliminating faxes, and improving response time. Vendors may also see a reduction in offset charges because POV will warn vendors that a shipment request falls outside of the PO's shipping window.

To get started, contact Belk Transportation Services at (803) 754-6338 or via e-mail to transportation_services@belk.com and you will be provided the URL address where you can create and edit your company's profile, validate purchase orders, and receive routing instructions for your shipments to Belk. Detailed instructions and FAQs can be found in the document "Step by Step POV/Web-Tendering Instructions" available from the "Vendor" link at the bottom of the page at www.belk.com.

When web-tendering, the 'Expected Ship Date' entered must be at least 2 business days in the future from the current date to allow for routing. All requests submitted after 2:00 p.m. Eastern Time will be considered received the next business day.

From this point forward, you should discard all copies of Belk Routing Guides and only use the on-line POV/Web-Tendering application.

NOTE: The current Belk Routing is intended only to direct the shipment of new merchandise, ***not*** *including Belk Fine Jewelry (Depts. 541, 542, 543, 544, 545, 546, and 547). If you are shipping Fine Jewelry, Leased Department goods, advertising materials, signage, or any non-merchandise order, follow the instructions on the Purchase Order and contact the Belk buyer who placed the order if you have questions or require clarification.*

- Routing instructions provided by Belk Transportation supersede any <u>default settings</u> found in our Purchase Order. Any routing instructions, including verbal, obtained from the buyer (with prior approval from the Transportation Department) which are contrary to those contained in the Belk Routing must be reflected on all bills of lading, packing lists, invoices, and the purchase order. Any special routing instructions issued by the buyer should be followed, with the understanding that the buyer can protect the vendor from chargebacks for deviating from the assigned Routing.
- All shipments which are shipped against a Purchase Order with the FOB terms of "Shipper" (Origin) <u>must be shipped freight collect</u>. All shipments which are shipped against a Purchase Order with the FOB terms of "Destination" must be shipped freight prepaid. For any shipment shipped by a vendor prepaid, except if designated to do so in the assigned Routing, the FOB terms will be considered "Destination" regardless of the FOB terms in the applicable Belk Purchase Order. FOB Destination terms will require the vendor to be responsible for all in transit losses and damages.
- If Belk is to pay any portion of the freight charges, <u>you must ship collect by the carrier provided in the Belk Routing</u>. Any approved prepaid shipments must have the total cartons, weight, and carrier on a separate invoice for freight alone in order to substantiate the invoiced freight charges. Any invoice for freight charges should be addressed to the buyer.
- All shipments (regardless of weight, origination or destination) which have been designated to be shipped into a city in which a freight consolidator is used shall use the designated Consolidator or specific carriers identified in the Belk Routing to pick up the shipment. (Please refer to the Store Receiving Location file on our web site for consolidator addresses.)
- Merchandise must be shipped to locations designated in our "Store Receiving Location". If you have questions about shipping locations or shipping practices, please contact the Belk Transportation Services Department at (803) 754-6338. Shipments sent directly to a Belk store are not permitted unless otherwise specified by Transportation Services and the Belk buyer on the Belk Purchase Order. Shipments to the wrong Distribution Center will be subject to a $60 per occurrence plus $5 per carton expense offset.
- If a commodity shipped has an average cost value equal to or greater than $25 per pound per shipment contact our Transportation Services Department for special routing instructions.
- Irrespective of the FOB and freight payment terms specified in the Belk Purchase Order, Belk will not be responsible for merchandise lost in transit if the instructions contained in the Belk Routing are not followed or a carrier other than one designated by Belk Transportation is used.

- Any and all accessorial fees related (but not limited) to excessive loading time, driver detention, missed or delayed appointments, driver loading and/or counting, etc. invoiced to Belk will be considered the Vendor's responsibility and will be charged back to the vendor with a minimum handling of $50.00 per shipment.
- When a truckload carrier is used on volume shipments, Belk will not be responsible for charges associated with the pick up or loading of merchandise. Our standard for truckload carrier shipments is “shipper’s load and count” (SLC) unless you receive (in advance of shipping) written authorization of an exception from the Belk Transportation Services Department. The vendor assumes liability for any lost or damaged merchandise.
- To allow for timely routing, all routing requests **must be submitted no less than two business days prior to the shipment available date**. All requests submitted after 2:00 p.m. Eastern Time will be considered received the next business day.
- Belk Transportation needs more than a one-day window to coordinate vendor freight pickup. Vendors who do not make the freight available for pickup prior to the earliest PO cancel date will be subject to an expense offset chargeback per DC.
- All volume shipments must have a seal placed on the trailer by the vendor at time of completion of loading. The seal number must be recorded on the bill of lading.
- All shipments must be tendered to a carrier in purchase order sequence for each Bill of Lading shipped.
- Once a shipment has been authorized, any changes made to the shipment prior to its pickup must be pre-approved by Belk Transportation. Vendors who make unauthorized shipment changes will be subject to an expense offset.

Container Deliveries / Vendor Control

Container Deliveries to Belk for Domestic Vendors - Direct Import Program

- Belk encourages its Domestic Vendors to work with the Belk staff to reduce freight and handling costs whenever practical. One program that has proven beneficial to vendors who import their goods has been the Direct Import container program.
- Belk has developed a limited ability to unload imported containers. This will allow some shipments to bypass the domestic unloading and handling expenses that the vendor would have incurred to land the cartons in the vendor’s U.S. warehouse (where the cartons could then be shipped to Belk by the normal domestic freight carriers).
- To participate, the vendor must be prepared to ship prepaid to the proper DC. This means that the vendor would be responsible for landing the container, clearing customs, and draying the container to the proper Belk DC for unloading. The vendor must bear all risks associated with the container, including delay, loss, damage, and demurrage (just as they already do to their own domestic warehouses). Each Belk DC has a limited number of live unload appointments available each working day (reserved by calling the Receiving Department at the appropriate DC: Blythewood, SC - (803) 754-6004 ext. 80821, 80816, or 80805; Byram (Jackson), MS - (601) 346-7175 ext. 80528 at least 2 full working days in advance). When calling for the appointment, give the carton count and P.O. numbers or fax them to the appropriate DC: Blythewood - (803) 691-6816 or Byram - (601) 371-2485. We must receive a proper ASN before we will schedule a live unload. During some peak periods these limited appointments are filled more than a week in advance – so dropping the container with chassis is also permitted.
- Any Shipments (PO) that total more than 3 containers will not be allowed to schedule a live unload, they will have to drop at the Belk DC to be worked with the other merchandise shipments in our normal First In First Out (FIFO) method. Belk does not accept any liability for detention or demurrage charges associated with the dropped containers.
- The cartons within the container must be strong enough to withstand several further reshipments as individual cartons (to be mixed with general freight through our DC and in trucks on the way to our retail stores). Each carton must be labeled with the proper VICS barcode label to insure proper delivery to each store for each PO. The vendor must deliver the container and transmit the proper ASN’s within the Purchase Order open-to-ship window (again – similar to the normal domestic shipping requirements).

- Using the procedures above, a vendor can avoid substantial shipping, handling, and inventory costs. This process allows the vendor to share the savings by lowering their net cost while helping Belk to reduce the overall transit time.
- To be clear – Belk will not arrange for drayage, pay for drayage, or bear any risks of delay, loss, damage, or demurrage related to container deliveries.
- The above standards are defined as part of the Purchase Order agreement for any containers shipped direct to Belk.

Purchase Order Verification and Refusal

- Belk reserves the right, at no risk or expense to Belk, to refuse or return any shipment or to have any designated carrier refuse or return a shipment that is not valid or authorized and/or does not conform to the "Ship" date or "Cancel" date contained in the Purchase Order to which the shipment relates. Any shipment relating to a Purchase Order that has been canceled or not approved will also be subject to refusal.
- Although the Belk POV system provides purchase order verification, it is the sole responsibility of the vendor/shipper to correctly submit the “DATE SHIPMENT WILL BE AVAILABLE” and accurate PO numbers in the POV system.
- Title to merchandise will not pass to Belk until merchandise has been inspected and accepted as being in conformance with the terms of the Purchase Order. Belk reserves the right, at no risk or cost to Belk, to refuse or return without prior authorization all non-conforming merchandise (e.g., style substitutions, over shipments, etc.).
- Carrier notification of pick up must be made a minimum of two business days prior to the date you wish to ship. You must give carriers adequate notice to schedule the pickup of your goods. Failure to provide two business days’ notice may result in an expense offset.
- If a carrier selected by the vendor is used to deliver a shipment from the vendor's shipping location to the carrier specified in the Belk Routing, the date of delivery to the Belk specified carrier will be used to determine the date of conformance to the "Ship" and "Cancel" dates of the Purchase Order.

Bills of Lading

- Vendors are required to transmit their Bills of Lading to the carrier using the EDI 204 - Motor Carrier Tender Load or 211 – Motor Carrier Bill of Lading transaction sets. These transaction sets are to be version 4030 compliant. Vendors are to contact the carrier to obtain their mapping requirements. A partial list of the carrier contact information can be found in the Carrier List on our website. For additional information, call the Belk Transportation Services Department at (803) 754-6338. Failure to provide the 204 or 211 EDI transaction sets our preferred carriers may result in an expense offset.
- Minimum information to be mapped in the EDI 204, 211, or 215 document sets is as follows:

Name and Address Merchandise is Consigned To	Weight of Cartons Shipped
Number of Cartons Shipped	Cube/Density of Shipment
Merchandise Description	Separate Description of Each Commodity
Purchase Order Numbers	Store Numbers
Number of Cartons Per Store and Purchase Order	Carrier Name
Total Weight for Each Store Per Purchase Order	

- The Bill of Lading number presented with the physical shipment must be the exact Bill of Lading number reflected in all of your EDI documents including the shipment Notification (856), Motor Carrier Shipment Information (204/211), and the Invoice (810).

- A Bill of Lading (BOL) must accompany all shipments to include the supplemental pages and must contain a list of all valid PO numbers within the shipment(s). If any shipment arrives at a Belk facility without the BOL and/or without a complete list of all Purchase Order (PO) numbers - for any reason - Belk will request from the vendor a copy of the Bill of Lading to include all supplemental pages with PO numbers clearly denoted. Belk would request that all copies of the BOL with all PO numbers clearly denoted be provided within 24 hours of request. Bills of Lading not received in a timely manner will result in unloading delays at our distribution centers. Vendors who fail to provide a complete list of valid PO numbers on their BOL will be subject to an expense offset.

Transportation Compliance

- Freight charges placed on a merchandise invoice will be charged back in total, along with expense offsets.
- Freight charges on back orders not specifically approved in the Belk Purchase Order will be charged back plus an expense offset of $75 per store/po receipt.
- All transportation charges resulting from split shipments and all transportation charges incurred after the initial shipment on back orders may be charged to the vendor, unless otherwise agreed to by the Purchaser (with subsequent authorization from the Transportation Services Department).
- In order to maintain competitive freight costs, Belk encourages all vendors to originate shipments to Belk from their distribution point nearest to the Belk Distribution Center to which they are shipping. Belk reserves the right to require that vendors shipping to the Belk DC from points west of the Mississippi River or outside of the 48 contiguous states pay 50% of the inbound freight charges. If you ship Belk freight from west of the Mississippi River or outside of the 48 contiguous states and you have any questions about how this policy may affect you, please call our Transportation Services Department (803) 754-6338, M-F, 8am to 5pm EST.
- In order to control cost, Belk utilizes a consolidator in certain high volume areas of the United States. All consolidation charges will be recovered via an offset adjustment to the vendor. All shipments into a designated consolidator shall be shipped to the consolidator freight collect. All such shipments will move via the consolidator's carrier, or a carrier associated with the consolidator, into the consolidator's facility. The freight charges assessed to Belk by the consolidator for pick-up(s) at the vendor's location back to the consolidator's facility will be charged back as an offset against the vendor regardless of geographic location. Pickup fees incorporate the consolidation fees. Prepaid shipments to the consolidator will incur a consolidation fee (without pickup charges) that will be charged back as an offset against the vendor regardless of geographic location. The vendor may deliver and prepay their cargo directly to a designated consolidator via the vendor's own transportation in order to bypass any freight pick-up offset charges. However any charges associated with a direct dock delivery by the designated consolidator will be solely at the vendor’s expense and must be paid prior to the consolidator accepting the cargo.
- Vendors who do not make the freight available for pickup (based upon the POV data submitted by the vendor) prior to the earliest PO cancel date will be subject to an expense offset per occurrence per DC.
- Data integrity is considered crucial to Belk's operations and reporting. Belk requires the 'Date Shipped' in the DTM(02) segment to be the actual carrier pickup date, and to be within the individual purchase order's ship date/cancel date window. An incorrect ship date on a vendor ASN (EDI-856) is an error which will be subject to an expense offset of $10 per carton.

Vendor Correspondence

All Transportation Chargeback inquiries should be made in writing, either by mail, fax or e-mail, and include the following information:

1. Debit Memo number assigned to the chargeback. (Transportation Debit Memo numbers begin with a 1 or 2.)
2. Detailed explanation of your issue.
3. Point of contact to include: name, fax number, e-mail address, phone number, and address.

Vendor disputes must be made within ninety (90) days of claim notification due to the limitation of retention of some carrier’s information. State your dispute explanation and forward to:

Belk Distribution Center
Attn: Vendor Freight Offset
120 Belk Court
Blythewood, SC 29016
Fax: 803-714-6170
E-mail: vendorfreightoffset@belk.com

Inquiries older than six (6) months may incur an expense offset of $30 per aged item/claim. A letter will be sent informing you of that policy and asking if you still want the claim(s) researched.

DISTRIBUTION

Our Commitment

It is our intention to take full advantage of all available technologies and processing efficiencies in an effort to improve the distribution process. We believe that the ultimate way to satisfy our customer is by the immediate movement of merchandise through the receiving location to the selling floor.

Your Role

The complete "cross docking" of your merchandise requires that we receive *floor ready* merchandise, including UPC ticketing with correct retail and a VICS department store standard floor ready hanger for hanging merchandise (if applicable). In addition, we must receive an EDI shipment notification in advance of the actual receipt, including the UCC-128 Shipping Container data.

UCC/EAN - 128 Serial Shipping Container Label

All cartons shipped to Belk receiving locations will require a UCC-128 Shipping Container label.

- Your UCC-128 data should be included in your shipment notification transmission. For more information on Belk UCC-128 requirements call (704) 426-8153.
- Prior to your ability to provide standard UCC-128 shipping container labels, you must provide the following information on <u>all</u> cartons:
  - Purchase Order Number
  - Department Number
  - Store Number / Store Name
  - Number of Cartons by PO / by Store (1 of 10, 2 of 10, etc.)
- You should maintain a quality control program to ensure that your UCC-128 tickets are scannable.
- If merchandise is to be displayed on the salesfloor in the carton in which it is packaged, the UCC-128 label should not interfere with or cover the product information contained on the carton.

Carton Labeling

- Labels must be a minimum of six (6) inches high and four (4) inches wide.
- Department number and purchase order numbers must be in bold print and be a minimum of 20 point font.
- Store number must be in bold print and be a minimum of 30 point font.
- The company name and address from which the merchandise is being shipped should be on the carton label.
- On the longest side of the carton, place the carton label in the lower right corner two (2) inches from the right side and bottom of the carton. (Place the label on top of cartons under 4" in height.)
- Each carton label must be affixed to the carton in such a manner to withstand the normal in transit wear and tear.
- Only store numbers should appear in the "MARK FOR" section of the carton label. Do not place the Distribution Center number or Consolidation Point numbers in this field.
- The standard VICS carton marking format is required.
- All cartons must contain the UCC-128 Shipping Container Label. The UCC-128 should be included in your ASN transmission and should contain a human readable 20 digit code. (Refer to the Shipping Label file on our Web site.)

Note: Industry Standards

The Uniform Code Council has approved a standardized format for the UCC-128 Shipping Container Label. For more information call the Uniform Code Council at (800) 543-8137.

Packing Instructions

Carton Requirements

All merchandise shipped to Belk receiving locations <u>must be packed in conveyable cartons.</u> Do not use jiffy bags or plastic bags as the external shipping container. Do not use hanger packs (except Men's and Women's Suits and Sportcoats).

- Use a shipping carton that fits the garment. Ideally, merchandise should be packed 1/4 inch below the top of the carton and 1/8 inch from the sides of the carton.

Follow carton size requirements listed below

Dimension	Minimum	Maximum
Length	9"	42"
Width	9"	32"
Height	2"	36"
Weight	2 lb.	49 lb.

(If the entire shipment to one store is smaller than our minimums or one product is larger than our maximum, call the Belk Transportation Services office at (803) 754-6338 for routing instructions.)

- Cartons should be securely sealed with tape. Do not band cartons together nor use banding to secure cartons. If cartons are secured with shrink wrap, it must not interfere with the UCC-128 label.
- Cartons should have a minimum strength of 32 ETC (edge test crush) and should be large enough to allow hangers to lie squarely in the carton.

General Packing Procedures

Make sure each carton contains merchandise for only <u>one</u> purchase order and <u>one</u> store destination.

- Lay garments lengthwise and flat in the carton with the front side facing up.
- Close all buttons/zippers/hooks.
- Where possible, use biodegradable and recyclable packing materials.
- Breakable products must be adequately packaged to prevent breakage during transit. Any merchandise received broken due to inadequate packaging will be deducted from the invoice.
- DO NOT USE: Pins, tape, clips, removable foam inserts on bottom hangers (except where required to prevent damage to delicate fabrics), excessive tissue or cardboard, empty merchandise boxes as filler, or any other material that will require removal at our stores.

Wrinkle Prevention

- If a shipment contains multiple styles per carton, more delicate items should be placed on top to prevent crushing.
- Place cardboard or tissue between alternating bundles if necessary to prevent crushing and reduce shifting of contents.
- Bundle hangers with cable, twine, or rubber bands to prevent shifting (do not use metal or tape). Alternate top and bottom placement approximately every 6 hangers to eliminate excess bulk, maximize cube, and prevent shifting.
- If necessary to prevent wrinkling, cover each garment with a dry cleaning style plastic bag, leaving the bag open at the bottom.
- Place "THIS END UP" labeling on cartons if wrinkling could occur as a result of improperly handling cartons.
- If merchandise must be pressed as a result of improperly packaging the merchandise, a fee may be assessed.

Pallets

Belk policy prohibits the use of pallets. However, if our Transportation Services Department has authorized you to ship on pallets, follow these steps:

- For the safety of our receiving associates, **no pallets are allowed above floor level at any time (do not stack pallets).**
- Place cartons so they do not overhang the edges of the pallet.
- Secure cartons to pallet with stretch wrap.
- Cartons within the pallet must include a standard Belk carton label with a UCC-128 Bar code.
- For easy access, the carton labels must be placed facing out on the pallet.
- No mention of pallets should be made on the Bill of Lading. The driver must acknowledge carton count only (never pallet count).

Packing Slips/Advance Shipment Notification (ASN)

Effective immediately, we are pleased to announce that Belk will no longer require or utilize packing slips as part of our receiving process <u>for those vendors who utilize Advanced Shipment Notices (ASN's)</u>. If Belk has not received accurate ASN's prior to the time that the respective shipment is physically received at our Distribution Center, an expense-offset charge of $10 per carton will be assessed to the vendor.

<u>If you do not transmit an ASN</u>, you must follow these instructions relating to packing slips:

- Include the following information on each packing slip:
  - The Belk Purchase Order Number
  - The Belk Department Number
  - Belk Store Number and Store Name
  - Number of Cartons per Purchase Order per Store
  - Merchandise must be listed on the packing slip in the same sequence and to the same SKU level (e.g., style, size, color, and quantity) by store as the purchase order.
  - Total Units by Store (unit of measure equals a selling unit)
- Insert packing slips into a removable pouch and place it on the outside of the lead carton for each store for each purchase order. The packing slip pouch must be placed on the same side of the carton as the carton label. Indicate "lead carton" on all six sides of the carton.
- Packing list pouches must be affixed to cartons in such a fashion as to withstand the normal transportation movement.
- If routing dictates that the order is to be shipped via UPS, RPS or overnight carrier, <u>a packing slip is required on the outside of EACH separate carton</u> (not consolidated).
- If you ship full trailer loads, the lead carton(s) should be the last carton(s) placed on the truck for easy access at our dock.

Consolidated Delivery Manifest

- Each shipment to our Distribution Center <u>must be accompanied by a Consolidated Delivery Manifest</u>.
- The delivery manifest must contain the following information:
  - Shipper Name and Address
  - Carrier Name
  - Carrier Freight Bill Number
  - Contact Name
  - Ship Date
  - Store Number(s)
  - Purchase Order Number(s)
  - Department Number(s)
  - Number of Cartons and Weight per Store per Purchase Order
  - Total Cartons on Manifest
  - Total Weight on Manifest

    - Total Cube of the Shipment
    - For RPS/UPS Shipments, Document the Freight Charges

- Place one copy of the Consolidated Delivery Manifest in an envelope and attach it to the bill of lading. The second copy should be given directly to the carrier's driver. Mark in the body of the bill of lading "1 Envelope Containing Manifest". Be sure to keep a copy of the full manifest on file if and when "Proof of Shipment" is requested.
- Manifests should be faxed directly to the appropriate Distribution Center for shipments via a designated small package carrier, air freight carrier or truckload carrier. The Blythewood, SC fax number is (803) 691-6816. The Byram (Jackson), MS fax number is (601) 371- 2485.

Pre vs. Post-Distribution/Bulk Order Shipments

All merchandise shipped to a Belk receiving location must be distributed and packed by store location (pre-distributed) per the purchase order (EDI or paper) unless so specified and authorized. Under no circumstances should a vendor ship a "bulk" order to Belk. All shipments must arrive pre-distributed and marked by store, unless approved in writing in advance by Belk merchandising.

- If merchandise is shipped in bulk and requires post-distribution, an expense offset may be assessed.
- There may be instances (pool stock, consolidated replenishment orders, etc.) where bulk shipments are appropriate. Vendors should work with the Belk Transportation Services office for specific bulk shipping instructions.

Ticketing

All merchandise shipped to a Belk store MUST INCLUDE A UPC OR EAN TICKET WITH THE APPROPRIATE PRICE. The UPC code must be visible and easily accessible for scanning. Do not place UPC's inside waistbands, inside packaging, etc. An expense offset will be accessed for any merchandise received which does not have a UPC ticket attached.

If you have questions about UPC ticket placement, refer to the Uniform Code Council "UPC Symbol Location" Guidelines Manual.

- The Belk purchase order retail must be placed in "zone 6" or "zone 7" of the standard UPC/EAN ticket using a plain white pressure sensitive ticket with black ink. An 18-point, bold font is recommended to ensure legibility of the price information.
- Acceptable retail price formats include:

    $80.00

    Suggested Retail $80.00

    2 for $9.99

- The Belk Private Label ticketing office can supply you with tickets at a minimal cost to you or you may print our retail in "zone 6" of your UPC/EAN ticket. Contact the Belk Private Label ticketing office at (704) 426-6900 if you have questions about ordering tickets. ALL PRIVATE LABEL TICKETS MUST BE SUBMITTED AND APPROVED BY THE BELK PRIVATE LABEL TICKETING OFFICE.
- UPC tickets should be securely attached to the merchandise through the use of plastic swift-attach devises or by attachment to sewn on labels. If it is impractical to use either of these two methods of attachment for your merchandise, tickets can be attached using a loop-lock attachment devise (handbags), rat tail (sunglasses) or with an adhesive backed ticket (china, glassware, etc.). When using an adhesive backed ticket, ensure that the ticket and adhesive can be easily removed from the merchandise and will not damage the merchandise.
- Be sure to print the retail price clearly (no smaller than an 18 point bold font). Acceptable print includes: $79.00; MSRP $80.00; MSR $85.00; Manufacturers Suggested Retail $90.00. Do Not print MSRP8000 or USMSRP8000, etc.
- When required, make sure that sizes are clearly visible on your tickets and are in at least an 18-point bold font.
    - If your merchandise is apparel bottoms and is displayed folded on tables or in cubes, you must be sure to use clear "size strip" indicators (e.g., tape affixed to folded jeans stating "34 long").
    - If your merchandise is apparel tops and is displayed folded on tables or in cubes, you must be sure to use clear "size stickers" (e.g., a size sticker affixed to folded sweaters stating: "S", "M", "L", or "XL").

- If you sell Belk boxed/packaged merchandise that can be displayed/sold in or out of the packaging (e.g., luggage, vases, gifts, and picture frames) you must ticket both the item and the package. If you do not double ticket you must provide us "piggy back" (double stick) type tickets which can be easily removed from the outside of the package and re-applied to the item.
- If you sell Belk "Tabletop" (china, glass, and silver) merchandise, you must provide UPC price tickets for the set, as well as each component of the set. For example: wine glasses sold in a set of 4 or by the stem, would require one UPC on the outside of the package which represents the set and a unique UPC on each stem which represents the single selling unit. If the merchandise is to be sold to the customer "only as a set" (no open stock) only one UPC ticket (on the outside of the package) is required. If you have any questions regarding how your merchandise will be sold, please contact the respective Belk buyer.
- Merchandise which is sold by the unit but packaged in multi packs will require a UPC to be attached to each unit as well as the outside of the carton. For example, glasses packed four to a carton but sold by the glass would require that a UPC price ticket be attached to each glass as well as having four UPC's attached to the outside of the carton.
- If you sell Belk "Lamps", our preferred method of ticketing and packaging is to provide one UPC for the lamp with the base and shade packed in one carton. If you have any questions about lamps and UPC, contact the respective Belk buyer.
- For two piece garments, mark the top garment with a full detail ticket (to include the UPC) and mark the bottom garment with a second ticket that includes the Product ID (PID) and size. Make sure that both tickets state that this is a two piece garment.
- For more information on Belk ticketing issues and practices, contact the Belk ticketing office at (704) 426-6559.
- If you sell second quality, irregular merchandise or close-out assortments to Belk in any family of business, you must remove the existing UPC ticket and re-ticket the merchandise with a new, unique UPC. The new ticket should include a unique UPC number as well as a unique PID to identify this merchandise separately from the regular merchandise. (If you substitute first quality merchandise for irregulars, you need not re-ticket).

Electronic Article Surveillance (EAS)

Belk has committed to EAS source tagging in an ongoing initiative to improve gross margin through; reduced inventory shortage, improved sell through, reduce expense in the supply chain and by speeding the flow of merchandise to the sales floor. Belk, and other retailers, have selected Sensormatic’s UltraMax technology for its EAS systems. Compatible EAS tags and labels are available from Sensormatic and other approved vendors.

We are initially requesting voluntary compliance from selected vendors. This program will be expanded greatly for Fall 2006 shipments. We expect to EAS tagging compliance to be an industry-wide standard beginning Spring 2007.

The following are the key components for the EAS source tagging initiative:

- Purchase and apply Sensormatic or compatible EAS tags or labels to merchandise prior to shipping to Belk; secure placement approval from the Belk merchant/buyer.
- Adhere to the VICS EAS placement guidelines, which you may download from the VICS Voluntary Guidelines to Floor-Ready Merchandise link at http://www.vics.org/standards/ .
- Purchase EAS tags and/or labels from certified EAS resource vendors (list to be added) or request approval from Robert Vranek, Vice President of Loss Prevention (704) 426-1846 for alternative vendors.
- Prior to implementation submit a detailed listing of merchandise SKU numbers to be EAS tagged to Robert Vranek, Vice President of Loss Prevention (704) 426-1846.

VICS Hanger Requirements

Hangers conforming to the VICS hanger standards for the particular merchandise you sell must be used for any merchandise which will be displayed hanging in our stores. For example, women's suits must be on the VICS approved suit hanger; bottoms must be on the VICS approved pincher grip type hanger; outerwear must be on the

VICS approved coat or leather coat hanger; intimate apparel such as bras and slips must be on the VICS approved intimate apparel hanger. (For specific details, refer to the Floor Ready Hanger Program file on our Web site.)

- With the exception of suits, all two-piece garments must use both a top and a bottom hanger connected by the coordinate loop.
- If your hanging merchandise is shipped without a hanger or with a hanger that does not meet the VICS standard for department stores and requires changing, an expense offset will be assessed.

Note: Industry Standards

For a copy of the *Voluntary Guidelines for Floor Ready Merchandise,* contact the office of Voluntary Interindustry Commerce Standards at (609) 620-4590.

Return to Vendor

Unordered Merchandise

Unauthorized substitutions (including style, size, and/or color), invalid orders, canceled orders, early shipments, past cancellation date shipments (to be validated against the ASN ship date transmitted by the vendor), over-shipments, and duplicate shipments may be shipped back to the vendor. **Should the decision be made to keep merchandise for any of the situations listed above, an expense offset of $20 per carton will be assessed.**

Belk may refuse or instruct one of our carriers to refuse to accept these types of shipments at no risk or expense to Belk. An expense offset in accordance with our Vendor Compliance program along with inbound and outbound transportation expenses will be charged.

Defective/Damaged/Unsaleable Returns

Merchandise that is deemed to be sub-standard by our customers or our merchants will be returned to the vendor and inbound and outbound freight charges along with an expense offset will be assessed in accordance with our Vendor Compliance program.

Stock Return

Seasonal and stock adjustment returns will be determined by the Belk merchants and the vendor on an as needed basis.

ACCOUNTS PAYABLE

Our Commitment

The Accounts Payable Center (A/P) is dedicated to accurately paying all merchandise invoices within the established payment terms, as well as providing our Trading Partners and Suppliers superior customer service. Wherever possible, state of the art technology and systems (Voice Response Systems, Electronic Data Interchange (EDI), etc.) have been implemented to ensure the Belk organization remains a leader in the accounts payable field.

Your Role

Listed below are the procedures that must be followed to make sure your invoices are paid accurately and on a timely basis. These procedures apply to paper invoices as well as invoices transmitted via EDI.

- Do not ship/invoice without a valid purchase order (PO), either via EDI or a computer printed purchase order form (phone orders, worksheets, verbal commitments, etc., are not valid).
- Verify the accuracy of all purchase order details including cost price and payment terms. Do not ship merchandise until all discrepancies on the PO have been corrected and proof of correction is provided to you

by the buyer in the form of a new PO or a print of the style correction (cost and payment term differences are not reimbursable).

- Our printed purchase order will show two addresses:
  - "Ship To Purchaser At" address is where the merchandise should be shipped and indicates the actual purchaser of the goods.
  - "Invoice Purchaser At" address will show the store location and number on the first line but the Accounts Payable Center Post Office Box as the address.
- Invoices should be submitted via the EDI 810 document. If your company is not already certified for EDI invoicing, do not begin transmitting 810's until the testing process is complete. For more information call the EDI contact listed on page 8.
- Our EDI purchase orders indicate the "ultimate store destination" of the merchandise. This store number must appear on your EDI 810 Document.
- On your invoice, the "Ship To" address must show the store number and address of the purchasing store. The "Bill To" or "Sold To" address should include the store location name and store number <u>on the first line</u> and the Accounts Payable Center Post Office Box as the address. If you are shipping to a service center, the ultimate store destination should be shown in the "Bill To" or "Sold To" address of the invoice.

Example:

Bill To: *state the purchasing store's name and store number here*
P.O. Box 190238
Charlotte, NC 28219-4405

  - If your invoicing system cannot handle this requirement, the "Ship To" and "Bill To" address should both continue to be the purchasing store's number and address.
- All paper invoices must be mailed in one envelope (as opposed to one invoice per envelope). Do not staple invoices together or staple invoices to envelopes. If mailing, a master envelope must be used to send the invoices to:

Belk A/P Center
P.O. Box 190238
Charlotte, NC 28219-4405

- The following information must be included on each invoice. Invoices not meeting these requirements will be returned for correction and an expense offset may be assessed.
  - The name of the Belk store to which the merchandise was sold.
  - The Belk purchase order number. Only one PO# per invoice.
  - Vendor name and "remit to" address.
  - One unique (up to 12 digits) numeric invoice number for each invoice. (Note: The invoice number MUST appear on each page of a multiple page invoice and the invoice number MUST NOT recycle within a minimum of 18 months.)
  - Your invoice date. (NOTE: This date must be the same date as your date of shipment.) The A/P Center will not accept any post-dated invoices or invoices prior to shipment.
  - The "ship to address" including the three digit store number for which the goods are destined (mark for location).
  - The payment terms.
  - The number of cartons shipped for that particular invoice.
  - Invoice must contain unit cost as well as total cost by PID (vendor style). (DO NOT SEND RETAIL ONLY INVOICES OR 2nd COST INVOICES).
  - Total merchandise cost in U.S. dollars. For multiple page invoices, indicate total merchandise cost on last page only.
  - Total units, quantities, and styles MUST match those shipped as indicated on the EDI 856 (Shipment Notification) or paper packing slip.
  - Page number for each page of a multiple page invoice.
  - Bill Of Lading number and carton counts by purchase order for each shipment.
  - All shipments must be invoiced separately by the purchaser's store number and purchase order number. If there are several store numbers listed on a purchase order, each store must be invoiced separately.

- Original invoices should be mailed or transmitted to the A/P Center. Do not send copies, screen prints or duplicate invoices unless requested. Do not send order confirmations, packing slips or Bills Of Lading to the A/P Center. Do not mail paper copies of invoices if transmitting invoices via EDI as an expense offset charge may result.
- Do not include an invoice or a duplicate or carbon copy of the invoice with the shipment to the store. Instead, include packing lists, carton labels, etc., as outlined on the Belk Purchase Order and in this document with all shipments.
- For payment terms of End Of Month (EOM), goods shipped or invoiced on or after the 25th of the month are not considered due until the 10th of the following month (e.g., an invoice with terms of 8/10 EOM for goods which were invoiced/received on March 25, 2002 would have a payment due date of May 10, 2002). In addition, we select the most beneficial payment terms based on the terms contained on our master file, on the purchase order or on your invoice.
- The Belk A/P Center does not pay freight charges listed on merchandise invoices. All merchandise is required to be shipped in accordance with our transportation guidelines. Carrier freight invoices should be sent to:

  Belk Transportation Services
  120 Belk Court
  Blythewood, SC 29016-7301
  Attn: Freight Payment
- All correspondence for stores utilizing services of the Belk A/P Center should be sent to

  Belk A/P Center
  P.O. Box 190238
  Charlotte, NC 28219-4405
- Unless otherwise approved by the Belk A/P Center, all invoices must be received for processing no later than six months from the date merchandise relating to the invoice(s) was shipped. Irrespective of the FOB terms in our Purchase Order, failure to submit invoices for payment within six months of the date of shipment will result in all shortages occurring from the transportation movement of the goods to be automatically deducted from remittances.
- An expense offset will be assessed for research on any items older than 12 months.

Failure to comply with these procedures will cause additional processing which may cause late payments.

Store Sales & Use Tax Certificate Numbers

Sales and use tax certificate numbers for each Belk store are available in a separate document entitled “Sales & Use Tax Certificate Numbers“ available from the “Vendor” link at the bottom of the page at www.belk.com.

Vendor Services

Listed below are the procedures that must be followed to make sure any inquiries and/or correspondence are resolved accurately and on a timely basis.

Interactive Voice Response System

It is our expectation that the Interactive Voice Response (IVR) system will be used as the primary source to answer inquiries. The IVR system allows you to obtain on-line information in connection with your account via any touch tone phone. This system provides you with check information, details of your current trial balance, the status of an invoice, and has the ability to fax you copies of vendor adjustments and return packing slips. To enroll in this system and obtain your personal access codes, please contact the appropriate Accounts Payable analyst as listed in the Accounts Payable Vendor Contacts document available for download from the Vendor page at www.belk.com.

Any request for information outside of our Interactive Voice Response (IVR) system that is available on IVR will incur an expense offset of $25/item (per claim number) to be fulfilled. A letter will be sent informing you of that policy and asking if you still would like that information provided outside of an IVR request.

If the IVR system is not able to provide you with the needed information, your question must be submitted in writing to AP Vendor Correspondence (P.O. Box 190238, Charlotte, NC 28219-4405).

Vendor Information

In order to keep our files up to-date, the Belk A/P Center will update its files for address changes from current invoice copies or from written notification of address changes. Additionally, any changes due to your company merging, being sold, being acquired, going into Chapter 11, or going out of business must be communicated to us in writing on company letterhead and signed by a senior officer of your company. The following information must be included in the letter.

- Old parent company name and New parent company name.
- Old company address and New company address
- Description (e.g., merger, etc.) and effective date of change.

NOTE: Payments will be remitted to the address listed on your invoice. Therefore, please ensure that any invoices sent to us after the effective date of any changes contain the new information.

EXPENSE OFFSET

The expense-offset chargebacks listed herein are intended to cover the administrative, as well as elemental and functional, processing costs that Belk, Inc. will incur due to noncompliance to our standards and requirements. Failure to adhere to the guidelines, requirements, and standards contained in our BEST Plan will result, at a minimum, in the charges listed below. These charges are subject to change and will be updated periodically. Updates will be highlighted in red and shaded. Please visit our Web site at WWW.BELK.COM for future updates.

EDI ADMINISTRATION

NON-COMPLIANCE	EXPENSE OFFSET
UPC not in catalog at time of order entry/receipt	$75 per incident plus $5 per UPC key entered
No EDI ASN 856 transaction set	$10 per carton
Inaccurate SKU on ASN	$5 per receipt
Inaccurate quantity on ASN	$5 per receipt
Unusable ASN	$10 per carton
ASN transmitted after receipt	$10 per carton
No UCC-128 bar-code on the carton	$7.50 per carton
UCC-128 label does not meet labeling standards (pg. 13) or is unreadable	$7.50 per carton
UPC catalog requires corrections	$250 per incident plus $5 per UPC correction
UPC catalog changes after order entry	$250 per incident plus $5 per UPC changed
Does not receive Electronic PO 850	$50 per purchase order
Failed to transmit electronic invoice via 810	$5 per invoice

TRANSPORTATION

NON-COMPLIANCE	EXPENSE OFFSET
Unauthorized Air Shipment	Full invoice amount + $50 handling
Authorized Air Shipment	As pre-approved by Transportation
No Manifest, failed to provide EDI 204/211 document to the carrier	$50 per occurrence
Missing or incomplete EDI 214 Carrier Shipment status	$50 per occurrence
Shipped to wrong Distribution Center	$60 per occurrence + $5 per carton
Failure to consolidate shipments on the same day	Full invoice amount + $50 handling
Failure to obtain valid Belk Routing authorization (Routing for both DCs is considered two requests)	Full invoice amount + $50 handling
Used unauthorized carrier (Routing not authorized by Belk)	Full invoice amount + $50 handling
Significant changes made to weight, cartons, cube, P.O. cancel, etc. without contacting Belk Transportation to revise Routing	Full invoice amount + $50 handling
Freight available date is same as earliest PO cancel date (Routing for both DCs is considered two requests)	$300 per Routing Request per DC + $50 handling
Carrier accessorial fees (driver load, driver count, etc.)	As invoiced by Carrier + $50 handling
Chargeback inquiries older than six (6) months	$30 per aged item/claim
Vendor request to authorize changes in freight billing	Total freight cost + minimum $50 handling
Vendor mismatch of Bill of Lading numbers on ASN (856), Invoice (EDI or Printed) and/or physical Bill of Lading issued to freight carrier	$300 per PO/shipment (for each DC)
Freight collect should be prepaid	Full invoice amount + $50 handling
Missing and/or erroneous POs on BOL	$50 per PO per BOL +$50 handling
Unauthorized Direct to Store shipment	Full invoice amount + $50 handling
Vendor pays half freight for non-consolidated shipments originating West of the Mississippi River or outside the contiguous 48 U.S. States	50% of invoice amount
Recovery of consolidation/pickup fees	As invoiced by the consolidator
Failure to provide two business days notice (to either POV web-routing or carrier) prior to shipment available date	$200 per shipment per DC + $50 handling
Other Transportation or Routing problems	Charges assessed by incident + $50 handling

DISTRIBUTION

NON-COMPLIANCE	EXPENSE OFFSET
Incorrect or missing Purchase Order # on carton	$5 per carton
Incorrect or missing Store # on carton	$5 per carton
Incorrect or missing department # on carton	$5 per store/PO receipt
Incorrect/missing packing slip or packing slip not at the SKU level	$75 per store/PO receipt
Shipment not packed separately by Store/PO	$75 per store/PO receipt
Incorrect Packing Slip: quantities, style, color, size not accurate to contents	$75 per store/PO receipt

Illegible or Unusable Packing Slip	$75 per store/PO receipt
No Bill of Lading or inaccurate/insufficient detail on the Bill of Lading	$150 per store/po receipt
Unauthorized bulk shipment	$25 per store/po receipt + 30 cents per piece
Cartons sealed with bands, straps, string, or not correctly sealed	$25 per store/po receipt
Unauthorized container used	$150 per store/po receipt
External carton smaller than minimums	$150 per store/po receipt
Cartons larger then maximums	$25 per store/po receipt
Carton strength not sufficient	$150 per store/po receipt
Unnecessary packing materials/pins	$25 per store/po receipt + 25 cents per unit
Merchandise received in poor condition/wrinkled	To be determined
Size strip tape missing from folded garments	$25 per store/po receipt + 25 cents per unit
Removed from "crossdock" and moved to manual processing	$10 per carton
Removed from "cross dock" and moved to audit	$25 per store/po receipt + 15 cents per unit

UPC TICKETING & FLOOR READY

NON-COMPLIANCE	EXPENSE OFFSET
Merchandise not UPC marked/missing ticket	$25 per store/PO receipt
Missing/wrong retail on UPC ticket/supplemental label	$25 per store/PO receipt
Incorrect Ticket Location	$25 per store/PO receipt + 20 cents per unit
Unacceptable Hanger	$25 per store/PO receipt
UPC/EAN bar-code poor quality/not scannable	$25 per store/PO receipt
No Hanger on merchandise (if required)	$25 per store/PO receipt + 35 cents per unit
UPC missing human readable data	$25 per store/PO receipt + 50 cents per unit
Ticket format not industry standard	$25 per store/PO receipt + 50 cents per unit
Full detail in-house tickets supplied/not UPC loaded	$25 per store/PO receipt+ 20 cents per ticket
Retail only tickets supplied	$25 per store/PO receipt + 10 cents per ticket
Two piece garment tags not supplied	$25 per store/PO receipt + 20 cents per unit
Removable adhesive not used	$25 per store/PO receipt + 50 cents per unit (plus product damage)
Other UPC related problems	Charges assessed by incident

RETURN TO VENDOR

NON-COMPLIANCE	EXPENSE OFFSET
Shipped without a valid PO/store not on PO	$25 per store/PO receipt + inbound & outbound freight
Shipped Prior to PO Start Ship Date	$25 per store/PO receipt + inbound and outbound freight
Shipped After PO Cancel Date	$25 per store/PO receipt + inbound and outbound freight
Damaged/defective/unsaleable merchandise	$25 per store/PO receipt + inbound and outbound freight

Stock/customer defective returns from salesfloor	10% of merchandise cost + inbound and outbound freight
Not Ordered Merchandise	$25 per store/PO receipt + 10% of the merchandise cost + inbound and outbound freight
Merchandise shipped with substitutions to P.O.	$25 per store/PO receipt + 10% of the merchandise cost + inbound and outbound freight
Merchandise double shipped	$25 per store/PO receipt + inbound and outbound freight
Merchandise shipped with overages to PO	$25 per occurrence + 10% of the merchandise cost + inbound and outbound freight
No back order allowed	$25 per store/PO receipt + inbound and outbound freight
Vendor’s fault marking room RTV	$25 per store/PO receipt + inbound and outbound freight
Vendor’s fault salesfloor RTV	10% of merchandise cost + inbound and outbound freight

ACCOUNTS PAYABLE

NON-COMPLIANCE	EXPENSE OFFSET
Incorrect Store Number on Invoice	$5 per invoice
Continues mailing or sending paper invoices when providing electronic invoices.	$5 per invoice
Incorrect Purchase Order Number on Invoice	$5 per invoice
Does not provide Invoice Electronically (EDI 810)	$10 per invoice
Format for printed invoices not followed	$5 per invoice
Unauthorized direct to store shipment	$50 + freight

Expense Offset Inquiries

- All correspondence must be directed to the BSS Accounts Payable Center (P.O. Box 190238, Charlotte, NC 28219-4405) and should contain the name of the store to which the inquiry applies and a detailed description of the inquiry (including but not limited to: copy of the check remittance and debit memo). In addition, inquiries must include the vendor's address to which a reply may be sent.
- Disputes for deductions taken from merchandise invoices will only be addressed if the dispute is presented within 12 months of the deduction date (except Proof of Delivery on RTV's, which must be disputed within 7 months due to carrier limitations). If you have a dispute concerning a deduction, you must put the reason for your dispute in writing, attach a copy of the check remittance and debit memo, and send it to the appropriate address noted previously.
- Any inquiry for items older than 12 months from the deduction date will incur an expense offset of $25/item (per claim number) to do any research. A letter will be sent informing you of that policy and asking if you still want the item(s) researched.
- Any request for information outside of our Interactive Voice Response (IVR) system that is available on IVR will incur an expense offset of $25/item (per claim number) to be fulfilled. A letter will be sent informing you of that policy and asking if you still would like that information provided outside of an IVR request.
- Requests for repayment of unearned discount will be denied if it is determined that the delay was vendor caused (e.g., invoices sent to the wrong PO Box, merchandise sent did not agree with the purchase order,

account in debit balance, etc.). In addition, trade discounts will not be refunded regardless of when the invoice is paid.

- Deductions for cost differences which occur when the price on the invoice is greater than the price on the purchase order are not reimbursable. Belk policy is to pay for merchandise at the lower of the price indicated on the purchase order or invoice. Vendor should receive from the buyer a system generated hard copy or EDI purchase order stating the price we expect to pay for your merchandise. You must verify the accuracy of our PO information and not ship merchandise until all discrepancies on the PO have been resolved.

MISCELLANEOUS

Belk Executive Contacts

Listed below you will find the Belk organization's main executive contacts for our Floor Ready initiatives, merchandise technology, merchandising divisions, merchandise information systems, distribution, transportation, accounts payable, and EDI/UPC administration.

For Information concerning:	*Contact:*	*Phone Number:*
Floor Ready Merchandise	- Logistics Information Systems Manager	(803) 754-6004 ext. 80812
Merchandise Information Systems (MIS) Merchandise Technology	- CIO/EVP of MIS - VP of Systems Development	(704) 426-1808 (704) 426-1811
Merchandise Divisions	- GMM Center Core (Cosmetics, Accessories, Intimate Apparel, Hosiery & Shoes) - GMM Feminine Apparel - GMM Men's & Home	(704) 426-6596 (704) 426-6947 (704) 426-6982
Logistics [Transportation & Distribution]	- Exec. VP of Operations - VP of Logistics Services	(704) 426-1843 (803) 754-6004 ext. 80809
Accounts Payable	- Vice President Accounts Payable - Manager Accounts Payable - Manager Vendor Compliance	(704) 426-8151 (704) 426-8152 (704) 426-8171
Electronic Data Interchange (EDI)	- EDI Specialists	(704) 426-6569 (704) 426-6559
Universal Product Code (UPC)	- UPC Specialist	(704) 426-6559

Store Address Listing (Refer to the Store Receiving Locations file on our web page at www.belk.com, click the "Vendor" link at the bottom of the page)