



THE TERRITORY AHEAD ACCESSORY VENDOR MANUAL

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I. INTRODUCTION

The Territory Ahead creates uniquely designed, well-made garments of good value, where attention to quality supports our ability to provide an unconditional guarantee to our customers. By partnering with suppliers who pride themselves in a similar manner, we achieve the same goal of producing mens and womens apparel of superior craftsmanship, on time, at a fair price.

This vendor manual provides the necessary information to ensure your understanding of our design development and sample process, order placement, and eventual receipt of finished garments.

We appreciate your participation in this collaborative goal and look forward to working with you.

George Ittner
President

A. A LITTLE ABOUT US

Product Mission

The Territory Ahead provides customers with uniquely designed, well-crafted, distinctive products. To continually offer the best products season after season, The Territory Ahead strives to consistently produce exclusive clothing and accessories that exceed customer expectations by creating a unique and eclectic style drawing from world class materials and featuring detailed styling, unique trims and utilizing exceptional fabrics. The Territory Ahead is committed to creating sophisticated, high quality products with a focus on color, texture, comfort and personality.

COMPANY BACKGROUND

- Incorporates in 1988; first catalog mails in Fall 1989
- First Territory Ahead Retail Store opens in Santa Barbara 1994
- Company adds a full women's line to The Territory Ahead catalog in Spring 1995
- Cornerstone Brands, Inc., purchases The Territory Ahead in March 1997
- The Territory Ahead web site launches March 1997
- Territory Ahead launches women's catalog "Isabella Bird" in Spring 1998
- The number of full and part-time employees grows from just a handful to over 300 in 2000
- The Territory Ahead moves its Goleta based warehouse to Cornerstone Consolidated Services Group, Inc., in Westchester, Ohio January, 2001.
- Second Territory Ahead Retail Store opens in Chicago's Water Tower Sept. 2003
- Third Territory Ahead Retail Store opens in South Coast Plaza, CA March 2004
- Fourth Territory Ahead Retail Store opens in Palo Alto, CA May 2004
- Fifth Territory Ahead Retail Store opens in Chestnut Hill, MA October 2004
- Cornerstone Brands Inc., is acquired by IAC/Interactive Corp Inc. – April 2005
- Sixth Territory Ahead Retail Store opens in Boulder, CO July 2006
- Seventh Territory Ahead Retail Store opens in Bellevue, WA November, 2006
- Eight Territory Ahead Retail Store opens in Freehold, NJ October, 2007
- Ninth Territory Ahead Retail Store opens in Clinton Township, MI November, 2007
- Winner of several Multi Channel Merchant Catalog Gold and Silver Awards

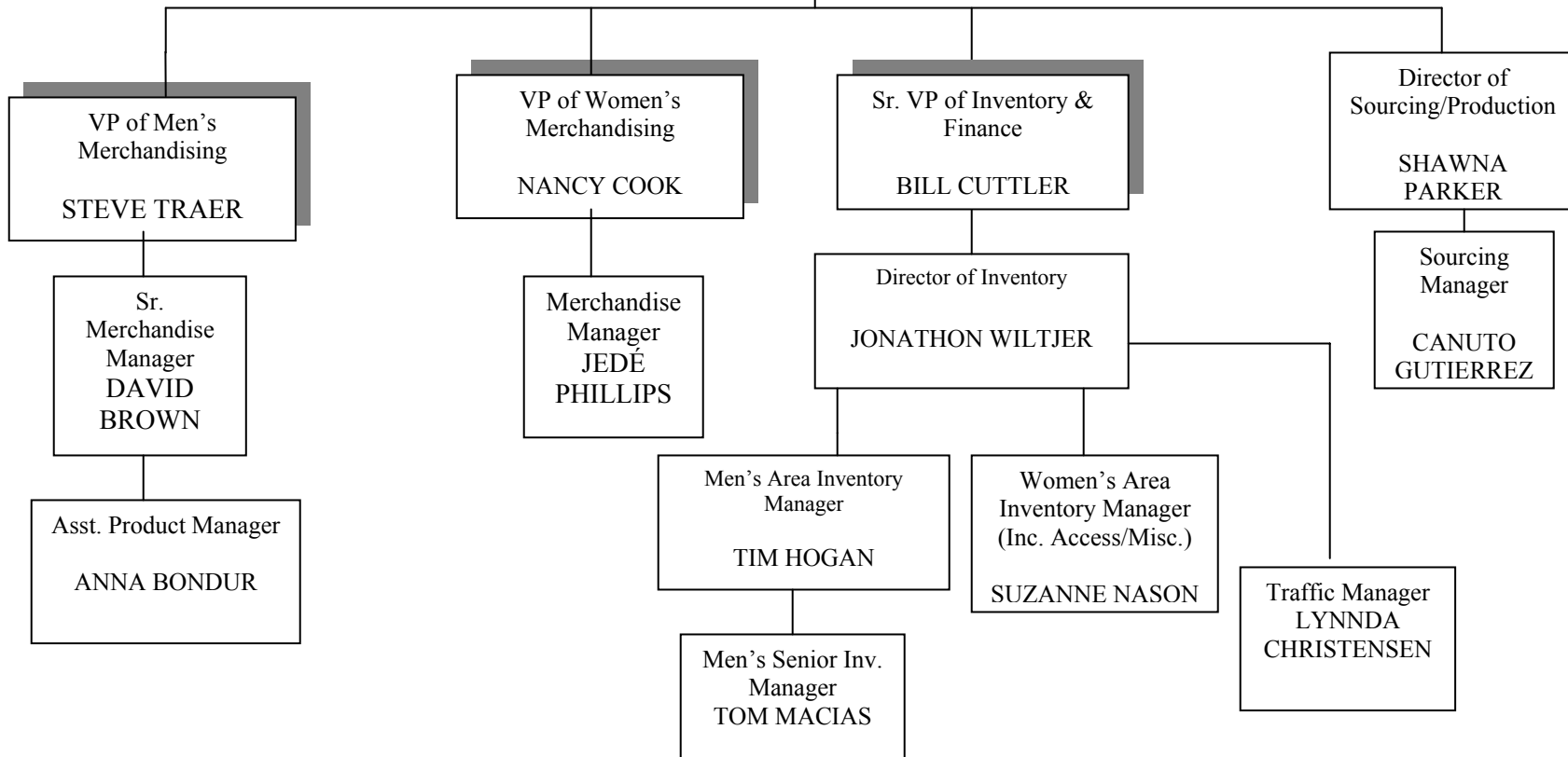
B. NOTE TO BRANDED VENDORS

- If The Territory Ahead is purchasing your branded product or product from your lines and private labeling, you are still required to comply with all packaging and shipping requirements. Please contact either Lynnda Christensen, our import traffic manager or the Production/Sourcing Department if you have questions.
- If TTA is purchasing your branded and labeled product, please confirm with your TTA product manager if your logo hang tags or price tags should be placed on the product or not.
- Please email your product manager size chart for any branded garments that The Territory Ahead purchases from your line. It is necessary for our customer service department to be informed of the construction dimensions of your finished garments.
- It is imperative that you complete and forward a Vendor Set Up Form and signed acknowledgement of our vendor manual. No purchase order will be placed until TTA's Production department receives these documents. The Vendor Set Up Form can be found on page 42-43, the vendor manual agreement form on page 39.
- If your company offers cancelable back-up orders and/or stocks inventory, advise the criteria for these services during negotiations with your product manager.
- Provide availability dates of product that is purchased directly from your lines, it is important that our product managers are aware of these dates in order to arrange availability of product within our catalog in home dates.

**Company President
GEORGE ITTNER**

*The Territory Ahead Accessory Vendor 5.0
Last updated May 2008*

THE TERRITORY AHEAD STRUCTURAL ORGANIZATION FOR ACCESSORY AND MISCELLANEOUS PRODUCTS



II. MERCHANDISING

A. NEW VENDOR APPROVAL

When a new vendor is being considered, the following information is required:

1. Completed Vendor Set Up Form (pages 42-43).
2. 5 Credit References, including one bank reference
3. Financial Statements (when available).
4. Signed agreement to Vendor Manual (p.39)

You must submit a completed vendor profile and agreement acknowledgement to our vendor manual before TTA places a purchase order.

B. COSTING, PRICE QUOTES AND PRODUCT MINIMUMS

All price quotes should be sent directly to The Territory Ahead Product Manager. **Prices, product minimums and raw material minimums are confirmed for a 6-month period (the entire Fall or Spring season);** all pricing, production minimum and raw material minimum changes must be approved by the Product Manager.

Price Quotes should include:

1. All FOB and Package Price components
2. Cost of labeling, packaging, and shipping materials (*including TTA / IB logo labels, if appropriate*)
3. F.O.B. point
4. Country of Origin
5. Minimum order requirements

C. PRODUCT DEVELOPMENT REQUIREMENTS

1. Sampling Requirements- **The Territory Ahead does not pay for development samples on those styles resulting in a purchase order.** The cost of development & sampling should be built into the individual product cost.
 - a. Proto Samples: Should represent style in features and construction.
 - b. Photography Samples: Should be visually representative of production (details, etc.) and must be submitted in all production color(s).
 - c. Certified Samples: Are to be sent at the request of the Product manager. Certified Samples should be made from production components (*See attached procedure memo pp. 9-10*). Vendors are not allowed to proceed with production until the certified sample has been approved.
 - d. Top of Production Samples: TOP samples are to be submitted only upon request. If a TOP is requested, one piece per color should be pulled from actual production in the TTA sample size. Samples should be finished, packaged and clearly marked as TOP samples. After TTA has verified the specifications, the samples will be approved, releasing the corresponding order for shipment. Orders are not to be shipped until the TOP sample has been approved by the Technical Department.
Each sample should be labeled clearly and sent to the Product Manager's attention.
2. Development Costs- If you are developing exclusive and/or The Territory Ahead branded product, you will be required to incur normal product development costs. These costs may include the following:
 - a. Item Testing: Crocking (wet/dry), torquing, shrinkage, etc.
 - b. Lab Dips
 - c. Fabric swatching
 - d. Sample Costs

D. B GRADE/SECOND QUALITY GOODS

The Territory Ahead will only accept first quality goods in our distribution center. Goods must be delivered free of defects in design, material and workmanship. The manufacturer should factor the cost of damages into the FOB cost. Second quality and/or damaged goods can be liquidated by the manufacturer *after* TTA branding has been removed.

E. PROPRIETARY DESIGNS

All product design, specifications and finishing treatments are exclusive to The Territory Ahead. While we understand that as a vendor for The Territory Ahead your client list may include our competitors, we expect that during the design process all fabrications, design details and distinguishing characteristics remain proprietary property of The Territory Ahead. In order to successfully grow our business we must partner together in our efforts to differentiate The Territory Ahead product offering from that of our U.S. competitors. Your understanding, discretion and adherence to this design exclusivity is paramount to our success together.

F. TRADEMARKS

The Territory Ahead owns the trademark and service mark "The Territory Ahead" and numerous related marks, many of which are registered with the United States Patent and Trademark Office. Our widespread and continuous use of these marks has enabled us to develop substantial goodwill in those marks. Vendors are required to assist us in the protection of these marks as follows:

1. Completely remove or obliterate any of The Territory Ahead indicia, including private labels, trademarks, service marks, trade names, logo designs, hang tags or packaging, before selling or otherwise transferring any goods to third parties.
2. Notify us in writing of any known infringements of The Territory Ahead's trademark rights or copyrights or imitations of The Territory Ahead goods.

G. CERTIFIED SAMPLE PROCEDURE

Certified Samples are to be sent to the accessory product manager or department support for approval before production commences. Certified samples of women's accessory and miscellaneous items to Jede Phillip's attention and men's accessory and miscellaneous items are to be sent to Anna Bondur. Shoes may not be subject to this procedure, check with your TTA accessory manager for details.

Samples **MUST** be made from **ACTUAL** bulk production yardage and/or components, not sample yardage and/or sample components.

1. Samples are to be made with actual bulk production trims, wash and/or dye process. If for any reason a substitution is necessary, please **clearly** indicate the substitution on the hangtag attached to the item.
2. All samples should have correct care and content labels sewn in the item if apparel. If the actual care and content labels are unavailable when the certified samples are being made, it is permissible to write the correct information on a blank label sewn into the garment or indicated on the hangtag attached to the sample.
3. All apparel samples should have a label sewn into the garment indicating the style number and PO number. If the actual style/PO number label is unavailable when the certified sample is being made, it is permissible to write the correct information on a blank label sewn into the garment.
4. In addition to making 2 samples, we require 6" X 6" swatches of production material (knit, woven, or leather) **for color ways not submitted as samples** (both carryover and new colors). These swatches must be washed/finished as bulk production.
5. Certified samples **MUST** be labeled and packaged as bulk production in the correct polybag/box with a sticker indicating the style number, color, size and PO #. If the labels

are unavailable, please write the information that will be used for the bulk production labels on a blank label affixed to the polybag/box.

6. Certified samples are to be submitted with a certified sample hangtag attached (*See example p. 10*) with all areas properly filled in. The attached sample may be used to print your own tags. These tags are to be used **ONLY ON CERTIFIED SAMPLES**, not for proto, photo or TOP samples.
7. One Certified Sample should be mailed directly to the Territory Ahead offices in Santa Barbara for review by the Product Manager:
The Territory Ahead
419 State Street
Santa Barbara, CA 93101
USA

The second Certified Sample should **be kept in your office for final AQL 4.0 inspection**. You should also keep a set of 6" X 6" swatches in all production colors (carryover as well as new).

8. You will receive comments on the Certified Sample within 48 hours of receipt in our office. **You should not proceed with production until you have received approval from the Product Manager.** If the sample is rejected for any reason, you will need to make corrections and resubmit the sample to our office.
9. If the Certified Sample is approved with corrections, and upon receipt of bulk production, our Quality Assurance Department finds that the corrections have not been made, the shipment may be subject to return to vendor or charge backs.

Because the Certified Sample will be used to approve bulk production, all fabric, trims, processing, construction, labeling and packaging of the Certified Sample MUST BE THE SAME AS BULK PRODUCTION. Any substitutions MUST be noted on the hangtag.

If you need any additional information or clarification on any point, please contact us immediately.

H. CERTIFIED SAMPLE HANGTAG

CERTIFIED SAMPLE

Vendor Name _____
Style Number _____
Season _____
Today's Date _____
Size _____
PO# _____
PO Due Date _____
Sample Color _____
List Additional Colorways _____

Is this production material? Yes No

Is the production trims/ hardware correct? Yes No

Is Packaging correct? Yes No

Are these production labels?

Main Label Yes No

Content Yes No

Care Instructions Yes No

If no, please note correct information _____

--Certified Sample required on the first P.O. only--

III. PRODUCT LABELING

LABEL SUPPLIERS FOR TTA or ISABELLA BIRD Branded Labels

Below is a list of vendors that you can obtain our brand labels from. Your TTA product manager will discuss whether our label should appear on your product and what label style is appropriate.

A. TTA LABEL SUPPLIERS

EUROPE, HONG KONG/CHINA & TURKEY, Also the only supplier of Territory Reserve Labels: INTERNATIONAL TRIMMINGS & Labels:

Contact: Judy Lin

525 Denison St., Unit 2, Markham, Ontario, Canada L3R 1BB

AND: Radnor Park Trading Estate, Back Lane, Congleton, Cheshire CW12 4YA ENGLAND

Phone: 905-415-1550

Fax: 905-415-1551

Email: Judy.Lin@itl-group.com

Website: www.itl-group.com

ASIA: WAI YIP TRADE MARK FACTORY LTD:

Contact: Fanny

17-33 Wang Lung St., Ming Wah Industrial Bldg. 20/F, Block C, TW, NT, Kowloon, Hong Kong

Phone (852) 2407-6755 Fax (852) 2407-4091

Email: wythk@netvigator.com

NORTH & SOUTH AMERICA: AVERY DENNISON

Contact: Mary Donohue

31330 Oak Crest Drive, Westlake Village, CA 91361

Phone: (818) 735-5000 Fax (818) 735-6096

Email: Mary.Donohue@averydennison.com

IV. QUALITY ASSURANCE

To maintain our high level of customer satisfaction, we have developed a thorough Quality Assurance Program. This program is designed to assure that our quality standards are met in all the merchandise we offer. The following is our customer guarantee:

Satisfaction Guaranteed
“We take the risk out of catalog ordering by standing behind everything we sell. The Territory Ahead products come with a 100% guarantee. If you’re not satisfied, for any reason, please return the item to us for an exchange or refund.”

A. INTERNAL MERCHANDISE INSPECTION PROGRAM

All incoming shipments are subject to an AQL 4.0 inspection procedure. Our goal is to eliminate defective items sent to our customers. For this reason, we use a random sampling plan designed to assure that products meet our customer’s expectations.

1. We inspect and measure a specified number of items chosen at random from each incoming shipment .
2. The following areas are evaluated in the inspection process:
 - a. Merchandise is compared to the last sample approved by the Product Manager or the Certified Sample.
 - b. Material quality: fabric is checked for flaws, holes & soiling/spoilage.
 - c. Polybag/Box labeling must be accurate & a proper bag/box must be used.
 - d. Country of origin, care & content labels must be accurate.
 - e. Color variance: colors must be within 5% of approved sample/swatches.
 - f. Products are checked for scratches or finishing flaws.
 - g. Products are checked for cracked, chipped or pitted metal (buttons, zippers, accessory items)

*If an order fails the inspection procedure the entire shipment is put “on hold.”

3. Inspection of Accessory & Miscellaneous Items:

Accessories are considered wearable, non-apparel items. Miscellaneous products are non-wearable, non-apparel items.

 - a. Orders will require a visual inspection, using both a picture from the catalog and the last sample approved by the Product Manager or the Certified sample.
 - b. Products will be inspected using the AQL 4.0 double sampling procedure.
 - c. Orders will be subject to the same evaluation criteria set forth in section IV/A/2 (above).
 - d. Packaging and product must be devoid of any sales or promotional material.

4. “On Hold” Policy:

In the event that a shipment does not meet quality standards, the shipment will be rejected by the Quality Assurance Department and put “on hold.” Vendors will be notified via Fax or Email when a shipment does not pass our inspection procedure. Once an order is “on hold” it becomes the financial responsibility of the vendor. The vendor will be charged the full cost of inspection, or the merchandise will be returned at the vendor’s expense to be inspected (& repaired if possible) in their own facility. If possible the

product will be repaired/re-labeled/repackaged in our distribution center or at a contracted finishing service at vendor's expense.

B. RETURN TO VENDOR

Orders failing The Territory Ahead's AQL 4.0 inspection procedure will be handled as follows:

1. Merchandise will be returned to the vendor for re-inspection/repair/re-packaging/re-labeling. The vendor will be charged back for 100% of the value of the goods plus shipping. A Debit Memo will accompany the returned order detailing quantities, purchase amount and reason for return.

When re-inspected/ repaired merchandise is ready to be returned, it is the vendor's responsibility to contact the Inventory Manager and discuss necessary documentation to accompany the repaired items to our corporate warehouse. If the vendor elects to have merchandise inspected and repaired by TTA, the vendor will be charged full value of inspection, repair and handling charges.

- *Please contact the Traffic Manager, Lynnda Christensen for details, Lynnda.Christensen@ttahead.com. Phone/fax 509-548-4769.*
2. When timing does not allow for an order to be returned, The Territory Ahead may elect to perform a 100% inspection, and subsequent repair at the vendor's expense. These rates are as follows:
 - a. 100% Quality Inspection:
 - A flat fee of \$100 per order inspected, plus the following:
 - \$1.00 per unit for each apparel item inspected.
 - \$.75 per unit for each accessory or miscellaneous item inspected.
 - b. Re-labeling/packaging:
 - \$1.00-1.25 per unit for re-labeling (includes cost of a new label sewn in and re-bagging).
 - \$.30 per unit for re-labeling the polybag and \$.30 for re-bagging the garment.
 - c. Changing garment labels or buttons:
 - \$1.50 per label to change main logo, size or content labels.
 - \$.75 per button (excluding button cost.)
 - d. Any other repair work will be charged at cost.
 - e. Additional handling will be charged at \$30.00/hr. (The rates above were calculated using this handling cost.)
 3. If a defective order cannot be repaired:
 - a. The merchandise will be returned to the vendor at the vendor's expense.
 - b. A Debit Memo will be issued for the full value of the merchandise plus all freight charges incurred by The Territory Ahead. This debit will appear on the next check or statement issued to the vendor and will be referenced by an RTV number.
 - c. A Debit Memo detailing the reason for the return & the subsequent deduction will accompany the next payment.
 - d. If merchandise was originally paid by LC/CAD or Wire Transfer, The Territory Ahead will issue a Debit Memo with wiring instructions. The Territory Ahead must be reimbursed within two weeks of the date the merchandise is received by the vendor. If payment is not made within two weeks, a 10% interest charge will be assessed.

C. DEBIT MEMO

**The Territory Ahead Q/A #3
 Quality Assurance
 Debit Memo**

Date: _____
Attention: _____
Vendor: _____
Address: _____
Vendor R.A. #: _____
Ship Method: _____

From: _____
Manufacturing Defect: _____
Customer Return: _____

Style #:	Description:	P.O.#:	Qty:	Date Received:

Color: #1 _____ #2 _____ #3 _____

% Inspection	% Quantity Failed

Description of Problem:

Resolution:

- A) _____ Proceed with _____ % Inspection
 _____ Proceed with corrections as explained below:

- B) _____ Return _____ Qty to vendor for _____ credit.
 _____ Charge vendor \$ _____ for corrections
 _____ % credit from vendor and _____ qty to be kept as 2nd inventory.
- C) _____ Charge vendor _____ for 100% inspection

Approval: Prod. Mgr: _____ Tech. Mgr: _____

V PACKAGING & LABELING

A. PACKAGING OF ACCESSORY AND MISCELLANEOUS ITEMS:

**** The vendor is responsible for sending a pre-shipment sample of production packaging to the Product Manager for approval. This sample will be forwarded to the Quality Assurance Department for receiving and inspection purposes.****

Belts and Ties- Each tie needs a clear polybag with SKU and description label or to be individually boxed with a SKU and description label (master carton, no mixed SKUs.) Belts are to be rolled up before they are bagged or boxed. Each belt needs to be individually wrapped in a polybag with a printed SKU tag (stating the TTA style #, color and size) on the polybag.

Hats- The Product Manager will specify hat packaging requirements as appropriate for the individual item. Most often, women's hats will need to be boxed individually with the SKU label placed on the side of each box. Men's hats will also be individually packaged, while more casual hats (baseball style) might only be polybagged & labeled. Cartons must not contain mixed hat sizes.

Jewelry- Each piece of jewelry needs to be individually packaged in a plain white or brown box. The vendor should supply extra boxes for 5% of the Purchase Order quantity to replace defective boxes. It is required that each box have a printed SKU tag on the bottom. The tag needs to include the following information: Style #, Color, Size (if applicable) and the PO #. The box is to be sealed with tape.

Purses/ Handbags - Each item needs to be individually boxed or wrapped in a clear polybag (at the discretion of the Product Manager) with a printed SKU tag on the polybag, please box the item with SKU and description label.

Scarves- Clear polybag with SKU and description.

Shoes- Shoes should be shipped in individual plain white boxes, or in a box approved by the Product Manager. Each box needs a printed SKU tag placed on the bottom right hand corner of one of the short sides of the box. Each master case is to contain one shoe size only.

Soft textile luggage/ Luggage - Box or polybag based on size, at the discretion of the Product Manager. For all bags larger than 24 X 30 X12, please box in a self-shipping carton. The polybag or box needs a printed SKU tag and description.

Wallets- Clear polybag with SKU and description label. For high value wallets, please box wallets in a plain white or brown box and label with a SKU and description label.

Small Miscellaneous- Clear polybag with SKU and description label.

Medium Miscellaneous- Clear polybag with SKU and description label.

Large Miscellaneous- Clear polybag with SKU and description label. For all items larger than 24 X 30 X 12, please box in a self-shipping carton.

Games – Games must be individually packaged and protected to secure all individual parts during shipping. Each item needs a SKU and description label.

Other Items - Because the Accessory & Miscellaneous category is so broad, packaging for items not covered in the above categories will have to be addressed by the individual Product Manager.

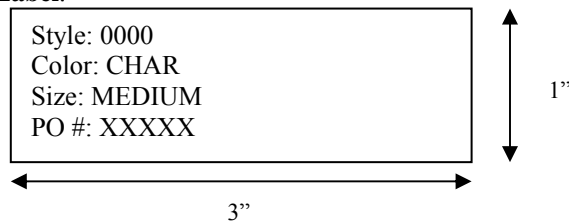
PACKAGING & LABELING

All Merchandise must be individually packaged and labeled. Packaging protects the merchandise during shipping to the distribution center, through the warehouse and when shipping to the customer. It is also significant in the presentation of the merchandise to the customer. Exceptions to the below requirements must be pre-approved by the Product Manager. Unapproved packaging or labeling will result in chargebacks due to the additional handling involved to reach compliancy.

B. PACKAGING & LABELING REQUIREMENTS

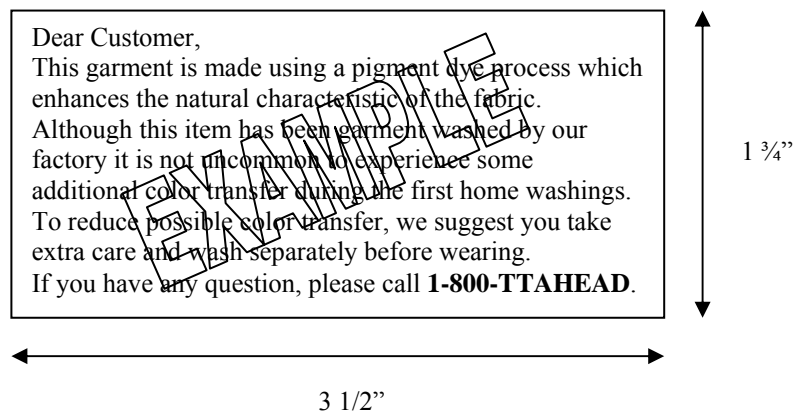
1. The dimension of the main polybag label should be 1" High X 3" Wide.
2. Minimum font size should be universal 12 point (or $\frac{3}{4}$).
3. The label should include the style #, color, and size as listed on the Purchase Order and the PO #.
4. For flat packed garments, the label should be placed in the right hand bottom corner of the polybag.
5. For hanging garments, the label should be placed on the upper right hand corner of the polybag.

Example of Main Label:



6. Occasionally, a Disclaimer label is requested by the Product Manager. **If** this is the case, the dimension of the disclaimer label should be 1 $\frac{3}{4}$ " High X 3 $\frac{1}{2}$ " Wide.
7. The wording for the Disclaimer message should come from the Product Manager, and it should be followed exactly. The Label should be placed in the middle of the bag below the TTA or IB Logo.
8. The message should begin with "DEAR CUSTOMER," and end with The Territory Ahead telephone number. The telephone number should be in bold type.

Example of Disclaimer:



C. POLYBAG REQUIREMENTS

1. All Accessory/ Home /Miscellaneous Items need to be individually boxed and/or polybagged.
2. Boxed items should be polybagged with the SKU label on the bottom, right hand corner of the polybag or box.
3. DO NOT use styrofoam beads (peanuts) as packing material.
4. Polybagged items need to show The Territory Ahead or Isabella Bird Logo UNLESS pre-approved by a Product Manager.
5. All flat packed polybags must be pre folded with the ends sealed.
6. All underwear and swim wear must ship in a sealed polybag.
7. Polybags may vary slightly, but the item must fit the size of the bag.
8. All polybags must be clear in color.
9. Minimum thickness gauge 1.00 mil – We recommend .0015
10. Polybags must be BHT-Free. It is the vendor’s responsibility to verify this with the supplier. Bags containing BHT (Butylated Hydroxyloluene) can cause yellowing of the product.
11. The following warning must be printed on all polybags:

**WARNING: TO AVOID DANGER OF SUFFOCATION, KEEP AWAY FROM BABIES &
CHILDREN. DO NOT USE IN CRIBS, BEDS, CARRIAGES OR PLAYPENS.
THIS BAG IS NOT A TOY**

The warning label must be printed on the plastic bag using smear-proof ink. The size and color of the of the print must large and easy to read against either a light or dark background. Below are font size specifics in relation to the size of the plastic bag. You may use the same font size for all of your poly bags provided they meet the minimum font size requirements for your largest bag:

Total of length and width of bag combined	Size of Type
Less than 30 inches	10 points
30 inches or more, but less than 40 inches	14 points
40 inches or more, but less than 60 inches	18 points
60 inches or more	24 points

D. PACKING SLIPS

The packing slip is a document used to identify the contents of a shipment by purchase order. It provides the detailed information of the shipment: carrier details, ship date, purchase order number, item number, color, size and quantity per case. Additionally, the total units, cartons, pallets and total weight of the purchase order shipment, carrier and Pro # are required on the packing slip.

For all International Shipments, a packing slip is required (as are other documents, i.e. Commercial invoice, textile declaration, etc.) by U.S. Customs for entry (please see example below – note all fields shown are required to be included on the packing slip). **A packing slip must be inside and attached to the outside of the lead case for each purchase order.**

VENDOR NAME: _____
 Street Address: _____
 City, State, Zip Code: _____
 Phone Number: _____
 Fax Number: _____

Packing List

BILL TO:
 The Territory Ahead
 419 State Street
 Santa Barbara, CA 93101

SHIP TO:
 The Territory Ahead Distribution Center
 8877 Union Center Blvd.
 West Chester, OH 45069

SHIP DATE:

CARRIER USED:

PURCHASE ORDER #:

PRO #: (if applicable)

CASE#	TTA ITEM NUMBER	ITEM DESC	COLOR	SIZE	QUANTITY IN CASE

TOTAL UNITS WEIGHT

TOTAL CASES

TOTAL PALLETS

TOTAL

VI. SHIPPING

A. ADVANCE SHIPPING NOTICE (ASN)

The Territory Ahead requires use of the ASN to communicate shipment details to our distribution center. The ASN requires each case to be identified with a UCC-128 (or EAN) 20-digit case number. The UCC-128 is the 20-digit U.S. case label. EAN is the European equivalent of the UCC-128.

1. An ASN is required on all shipments.
2. The assigned (UCC-128 or EAN) case label number defines the case contents and must appear on the ASN. The UCC-128 will be associated with the shipping purchase order number, item number, color, size and quantity per case.
3. The carton contents listed on the ASN must be 100% accurate. Every line must contain information (even if duplicate). You must include all 20 digits of the UCC-128 (or EAN) for each case shipped on the ASN.
4. The ASN includes the information of a shipment, the purchase order details (style # / color / size), as well as the specific case quantities.
5. The ASN must indicate whether the purchase order is partial or complete by indicating Y or N next to the 'shipped complete' field.
6. We ask that the ASN be transmitted as soon as the shipment leaves the factory. A case-level ASN must be received 24 hours BEFORE the shipment arrives at the distribution center in Ohio.

B. ACCEPTIBLE FORMATS FOR ASN TRANSMISSION:

If an effort to improve throughput and reduce errors we no longer accept ASN's by FAX.

1. Formatted Excel spreadsheet, emailed as an attachment to the Traffic Manager. To access a copy of the already formatted Excel document with simple but detailed instructions for filling out the appropriate information:
 - a. Visit: <http://ccsginc.com> (*Excel 97 or better is required to access the spreadsheet*)
 - b. Click On: Territory Ahead Vendor Partnership <tta.htm>
 - c. Fill in the username "ttavc"
 - d. Fill in the password "ahead2000"
The instructions can be printed out and used to follow along if you wish.
 - e. The information pertaining to the item number, color, size, etc... should be taken directly from the purchase order and must be entered in the exact order requested.
 - f. ALL fields on the form must be completed (even if the information is duplicate).
 - g. **An example of a complete ASN is located below for your reference**
 - h. If you have trouble accessing the website you can request the spreadsheet by contacting the Traffic Manager.
2. Electronic Data Interchange (EDI)
 - a. EDI allows the vendor to receive PO information from The Territory Ahead and provide ASN information in a standard electronic format. The initial setup and testing is fairly involved, and continuous maintenance is required. EDI can support the production of UCC-128 labels but only with additional software.
 - b. IF YOU ARE EDI CAPABLE and wish to begin using EDI with The Territory Ahead please proceed as follows:
 - i. Notify your Inventory Manager
 - ii. Contact our EDI coordinator: Scott Thomas (sthomas@ccsg.com)
 - iii.) Phone: (513) 603-1244, Fax: (513) 603-1495. Once your communication is received we will send you the appropriate information to begin the set up process.
 - iv. Advise if your EDI system requires the Territory Ahead to use your UPC codes when placing a PO for your products. *If this is necessary the Inventory Manager will contact the vendor to obtain the UPC codes for the appropriate sku's as needed.*

- v. Please note, from the time they begin testing vendors will have 3 months to pass EDI testing. After 3 months, vendors will be charged \$90 per test as well as all vendor compliance charges that apply to the shipment, until they pass. Until your company is set up for EDI communication, you must send ASN's using the Excel Format provided by CCSG.
- vi. During testing, all other vendor compliance requirements will be enforced including, UCC-128 compliance, item labeling, packaging, etc...
- vii. Vendors not completing the testing phase within 6 months will be removed from the EDI program and requested to communicate via other electronic modes. (Continued next page)

3. Vendor Net

- a. Vendor Net is a web based application that enables a user to receive purchase orders, print out UCC-128 case labels, send an ASN against an order over the internet. There is no cost to a vendor to take advantage of this easy to use program.
- b. Vendors using Vendor Net may continue to purchase UCC-128 case labels from an outside source as special printers and paper are required for this task. In addition, Vendor Net can assist the vendor in printing polybags stickers provided the vendor has a printer at their facility.
 - i. If you wish to be considered for Vendor Net set-up, please contact The Territory Ahead Traffic Manager, Lynnda Christensen or vtg@ccsginc.com.

If you have any questions concerning Traffic or Compliance please contact the Traffic Manager, Lynnda Christensen at: Lynnda.Christensen@ttahead.com or by phone/fax (509-548-4769). Vendor compliance questions can be emailed directly to Vendorcomp@ttahead.com.

Example of an ASN completed using the Excel spreadsheet:

- 4. Formatted Excel spreadsheet, emailed as an attachment to the Traffic Manager. To access a copy of the already formatted Excel document with simple but detailed instructions for filling out the appropriate information:
 - a. Visit: <http://ccsginc.com> (Excel 97 or better is required to access the spreadsheet)
 - b. Click On: Territory Ahead Vendor Partnership <tta.htm>
 - c. Fill in the username "ttavc"
 - d. Fill in the password "ahead2000"
The instructions can be printed out and used to follow along if you wish.
 - e. The information pertaining to the item number, color, size, etc... should be taken directly from the purchase order and must be entered in the exact order requested.
 - f. ALL fields on the form must be completed (even if the information is duplicate).
 - g. **An example of a complete ASN is located below for your reference**
 - h. If you have trouble accessing the website you can request the spreadsheet by contacting the Traffic Manager.

ASN Creator

The Territory Ahead Advanced Shipment Notice

Header		Cases	
Check For Errors	Print ASN	Save ASN	Save Vendor Information
Get Vendor Information			
Vendor Number	555	PO Number	0044444
Vendor Name	TWAIN APPAREL	Shipped Date (mm/dd/yyyy)	10/3/2005
Address	1234 HUCK FINN LANE	Delivery Date (mm/dd/yyyy)	10/6/2005
City	SANTA BARBARA	State	CA
		Zip	93101
Contact Name	TOM SAWYER	Carrier	UPSN
Contact Phone	555-555-5555	Carrier Pro#	1ZX1111111111111111
User Field 1		Total Weight (lbs)	88
User Field 2		Total Cases	4
		Total Units	100

Instructions:
 Vendor Number can be found on the Purchase Order (P.O.), or from your Inventory Planner. Press tab after entering the number.

Version: 2.0.2

ASN Creator

The Territory Ahead Advanced Shipment Notice

Header		Cases										
Clear Case Information	Save ASN	For CCSG Use Only										
Check For Errors	Print ASN	Export										
Auto-Populate Cases: <input checked="" type="checkbox"/> Calculate Next Available Case After Populate		<table border="1"> <thead> <tr> <th>Header</th> <th>Case Detail</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>Total Cases</td> <td>4</td> <td>4</td> </tr> <tr> <td>Total Units</td> <td>100</td> <td>100</td> </tr> </tbody> </table>		Header	Case Detail	Variance	Total Cases	4	4	Total Units	100	100
Header	Case Detail	Variance										
Total Cases	4	4										
Total Units	100	100										
Beginning Case No.		PO Number										
Item Number		No. of Cases										
Suffix #1		Units per Case										
Suffix #2		Total Units										
Suffix #3		Populate Cases										

Instructions:

Add Del	Line #	Case Number	Item Number	Color	Size	2nd Dim	Qty	PO Number
Green	1	0000765566000001013	555000	CARA	OS		25	0044444
Green	2	0000765566000001020	555000	CARA	OS		25	0044444
Green	3	0000765566000001037	555000	CARA	OS		25	0044444
Green	4	0000765566000001044	555000	CARA	OS		25	0044444
Green								
Green								
Green								
Green								
Green								

Version: 2.0.2

C. IMPORT DOCUMENT REQUIREMENTS

As required by Customs, duties and taxes must be paid on goods at the time of importation. These fees are payable to the U.S. government. Documentation must be provided within 5 working days from the date the carrier arrives. To successfully meet these requirements, The Territory Ahead requests the following documentation:

1. ASN to be sent to TTA traffic manager
2. Carrier's Certificate, original Bill of Lading, or Airway Bill properly consigned
3. Signed Commercial Invoice and Packing List
4. Detailed description of item in English, identifying garment as men's or women's
5. Declare value of item stated in U.S. currency on purchase order and invoice
6. Other cost of item (freight, insurance, etc.), if applicable
7. Net quantity for each item
8. Gross weight in kilograms
9. The item's country of origin
10. Quota declaration
11. Single/ multiple country of declaration
12. For textiles – fiber content must be given on invoice. Woven fabric must indicate whether solid or yarn dyed. Knit garments must include stitch count.

D. LABELING OF CASES:

The Territory Ahead and U.S. Customs require the following case markings on imported products:

1. Case Labeling: The 'country of origin' must be marked on the outside of the case. This can be on a label or directly on the cardboard.
2. Case dimensions - as specified.
3. UCC-128 (EAN) label to be on outside of case as specified.

The **UCC-128 case label** is a bar code that lists the shipping vendor and case identification information. The purpose of the UCC-128 case label is to enable our distribution center to electronically scan the label and record its contents upon arrival. Each case must have a unique UCC-128 label attached to the **lower left corner of the short side**.

The Uniform Code Council has approved a standardized format for the UCC-128 case label.

We recommend the following label dimensions: English = 6" (Tall) X 4" (wide), Metric=15 cm (tall) X 10 cm (wide). The type must be at least 3/4" in height (or 12 pt). Self-adhesive labels are preferred. Use low reflective tape if label is not self-adhesive.

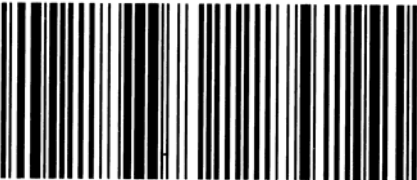
UCC-128 Shipping Case Label Data Requirements:

1. Vendor Shipping Information (address)
2. "Ship-to" Information (from PO)
3. Carrier Info: Name, Pro #, BOL #
4. Purchase Order (PO) #
5. The Territory Ahead Style #
6. TTA Color and Size
7. TTA Item Description
8. Case #
9. Case Count (i.e. "01 of 05")
10. Quantity per Case
11. UCC 128 Symbology (Case Identification Bar Code)

E. UCC-128 Case Label Specifics

1. The Uniform Code Council has approved a standardized format for the UCC-128 Case Label. For more information in the United States call, (800) 543-8137, or visit www.uc-council.org.
2. Please provide the following information to your case label printer:
 - UCC Code 128 subset "C"
 - Encoded digits: Twenty (20) numeric
 - Minimum Narrow Element: .02" (0.5 cm)
 - Wide Element: 1.0" (2.5 cm)
 - Minimum Bar Height: 1.0" (2.5 cm)
 - Maximum Pattern Length: 3.12" (7.9 cm)
 - Overall Pattern Length: 3.52" (8.93 cm) (including white spaces/ "quiet zones")
3. You must have a UCC-128 (EAN) bar code quality program in place that ensures ANSI A or B print quality (ANSI X 3.182).
5. Be sure to use smudge-proof and waterproof labeling/ink.

Decoding the UCC-128 Case Label:

SHIP FROM:	SHIP TO: The Territory Ahead c/o Cornerstone Group 8877 Union Center Blvd West Chester OH 45069
Ship To Postal Code: (420) 45069	Carrier Info:
Purchase Order #:	
TTA Item #:	
Vendor Item #:	
Size:	Qty/Case:
Color:	
Desc:	
Case #	of
(00) 0 9999766 000010950 2  (00) 0 9999766 000010950 2	

1= Vendor's UCC Number (or UPC preceded by a zero).

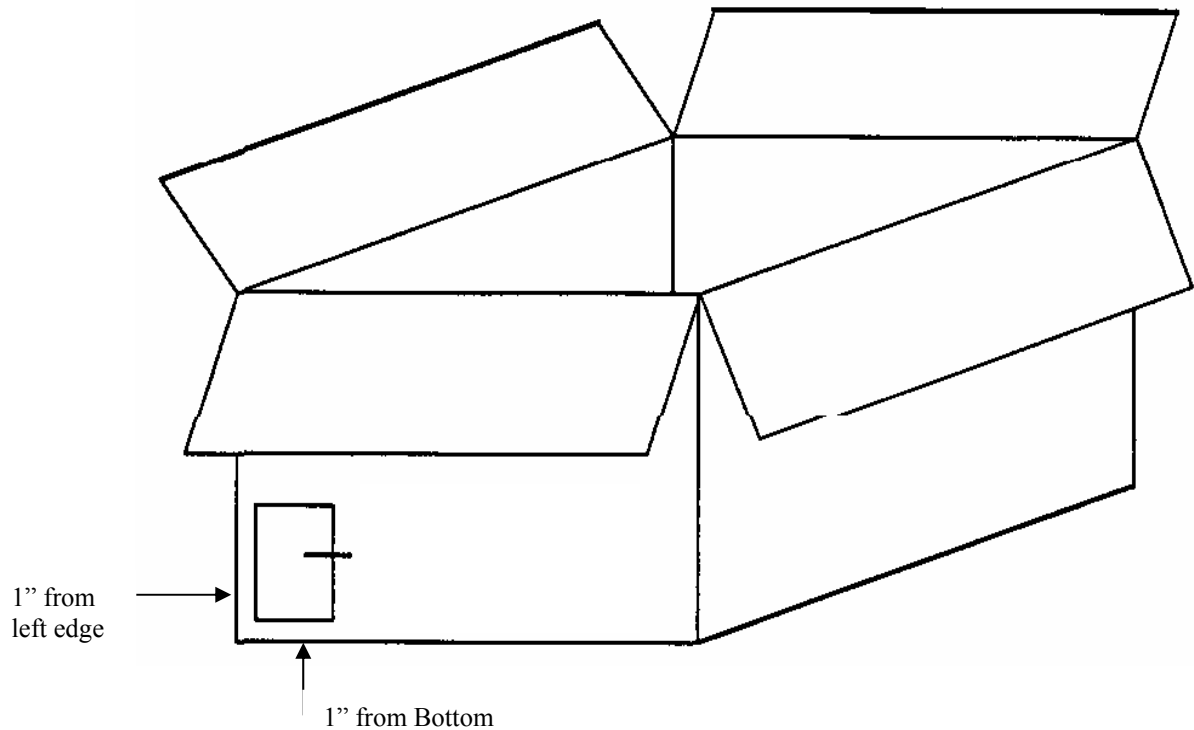
2= Unique Carton Identification Number

3= Check Digit



F. UCC-128 (EAN) Case Label Placement

The UCC-128 case label must be placed on one of the short ends of the case. Placement is to be 1 inch from the bottom and 1 inch from the left edge of the case.



G. DOMESTIC SOURCES FOR UCC-128 LABELS

Vendors can purchase software packages in order to produce their own UCC-128 labels or make arrangements to have the labels pre-printed for them. In these cases, you will need to have the label approved by faxing a copy to the Traffic Manager: (805) 965-1560.

Below is contact information as well as an order form for a domestic label supplier already set up to produce pre-printed UCC-128 labels for The Territory Ahead.

Adaptive Data Interchange (ADI)- www.adi-barcode.com
8104 Claude Thomas Rd., Suite 25
Franklin, OH 45005
Contact: Tim or Jerry Gribler
Phone (937) 704-9644
Fax (937) 704-9814
Email: jgribler@adi-barcode.com // tgribler@adi-barcode.com

Please contact The Traffic Manager or ADI directly to obtain the most current label order form, (in Excel format) along with instructions for ordering.

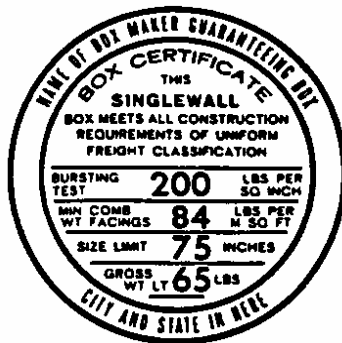
H. CASE REQUIREMENTS

The case that is used to ship product to our distribution center must meet the following requirements:

1. The case burst strength must be 200 pounds (91 kg) or greater. (*See below*)
2. The ECT (edge crush test) must be 32.5 pounds (15 kg) or greater.
3. The MINIMUM case weight is 2 pounds.
4. The MAXIMUM case weight is 50 pounds.
5. Case dimensions: Minimum= 6" (high) X 6" (wide) X 9"(long),
Maximum= 29"(high) X 26"(wide) X 40" (long).

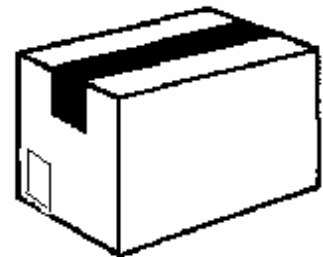
** Our warehouse does not have storage capacity to accommodate cases exceeding the maximum dimensions allowed. Please take care to ensure that your cartons meet the min/max dimensions.**

6. Taping of cases must not hide any required case markings or labels.
7. DO NOT secure individual cases with straps, bands, staples, string or fabric. These attachments can damage the distribution center's material handling equipment. Cartons arriving with bands will result in a charge back.



I. TAPING AND SEALING CASES

Standardized case sealing simplifies inventory and quality inspections. Apply a single strip of tape to seal case with a minimum of 3" overlap on each end. Please be aware the 3" overlap is a requirement from our insurance company. Whenever possible, use tamper evident tape. Taping must not hide required case markings or labels. Below is the recommended sealing technique for standard cases:



J. CASE PACKING

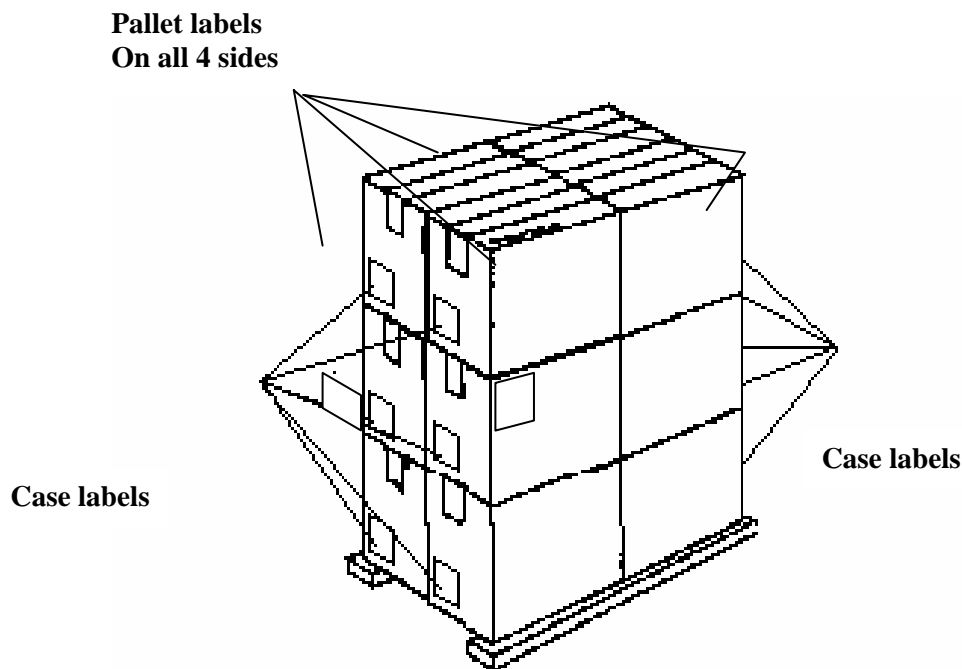
1. The case contents MUST CONTAIN ONLY 1 SKU. A “SKU” is a stock-keeping unit, referring to one item/color/size. Mixed SKU cases are not allowed.
2. Individual cases must contain items from only one purchase order.
3. All items must be produced and shipped from a valid purchase order.

K. PALLETIZING SHIPMENT

Facts regarding palletizing shipment:

1. The required pallet size is 48” long X 40” wide (1.22m long x 1m wide).
 2. Maximum pallet height including stacked cases allowed in the distribution center is 65” (1.65 meters).
 3. Cases on the pallet cannot extend past the length or width of the pallet.
 4. Use 4-way pallets.
 5. A pallet label including ship to and ship from names and addresses, Territory Ahead purchase order number and pro number must appear on all 4 sides of each pallet.
 6. A separate sheet of bright, colored paper should be taped on all 4 sides of the pallet reading: “PLEASE DO NOT BREAK DOWN SKIDS”.
 7. Individual case labels must be visible. Place case labels facing outward.
 8. Cases of the same purchase order must be marked with case number and total quantity of cases in shipment: example: “1 of 24”.
 8. When palletizing multiple purchase orders, combine cases of the same purchase order on the same pallet, or on the same level of a pallet if the number of cases partially fills a pallet.
- Please Contact the Traffic Manager, Sidney Peverill (sidney.peverill@ttahead.com) for further information regarding palletizing shipments.

The diagram below represents acceptable stacking procedures:



The Territory Ahead

DOMESTIC VENDOR ROUTING GUIDE

Effective 4-1-07

The following routing instructions apply to all ship to locations.

*Please refer to the purchase order for the correct ship to address.

OVERSIZE and EXCEPTION SHIPMENTS - ANY of the Following

Weight is greater than 2500 pounds.

Shipment is less than 4 pounds per cubic foot and occupying 750 or more cubic feet.

Shipment is 1,500 or more cubic feet.

Shipment is 6 or more skids.

Any Air or Expedited Shipping Requests.

If your shipment meets ANY of Oversize or Exception Shipment characteristics please contact
The Territory Ahead Routing Center at Kingsgate Transportation for Custom Routing.

Please note that Kingsgate may route shipments via Yellow.

Please be sure to record the Routing Authorization Number on the Bill of Lading.

Routing Center E-Mail Address: cornerstone@kingsgatetrans.com

Routing Center Phone Number: 800-336-3441 x1024 or x1021

Standard Shipments

Routing Center Web Utility Address

Use email. > <http://www.kingsgateextranet.com/ccsg>

If Shipping From: **California All zips.**

<u>Shipment Weight</u>	<u>Carrier Name</u>	<u>Carrier Phone Number</u>	<u>Carrier Website/E=Mail</u>	<u>Other Information</u>
0 – 100 pounds	UPS	800-Pick-UPS	www.ups.com	Use UPS <u>Collect</u> Billing - Account # A0R553
101- 750 pounds	Yellow	800-610-6500	www.yellowfreight.com	Billing is Freight Collect
Over 750 pounds	Kingsgate	800-336-3441 x1024	See email above for Kingsgate	Kingsgate may route shipments w/ Yellow.

If Shipping From: **New Jersey All zips, New York zips 10000 to 11999 and Pennsylvania zips 18900 to 19499.**

<u>Shipment Weight</u>	<u>Carrier Name</u>	<u>Carrier Phone Number</u>	<u>Carrier Website/E=Mail</u>	<u>Other Information</u>
0 – 100 pounds	UPS	800-Pick-UPS	www.ups.com	Use UPS <u>Collect</u> Billing - Account # A0R553
101- 750 pounds	Yellow	800-610-6500	www.yellowfreight.com	Billing is Freight Collect
Over 750 pounds	Kingsgate	800-336-3441 x1024	See email above for Kingsgate	Kingsgate may route shipments w/ Yellow.

If Shipping From: **Any State or Zip Code NOT Listed Above.**

<u>Shipment Weight</u>	<u>Carrier Name</u>	<u>Carrier Phone Number</u>	<u>Carrier Website/E=Mail</u>	<u>Other Information</u>
0 – 100 pounds	UPS	800-Pick-UPS	www.ups.com	Use UPS <u>Collect</u> Billing - Account # A0R553
101- 4,000 pounds	Yellow	800-610-6500	www.yellowfreight.com	Billing is Freight Collect
Over 4,000 pounds	Kingsgate	800-336-3441 x1024	See email above for Kingsgate	Kingsgate may route shipments w/ Yellow.

Bill of Lading Requirements

1. Bill of Lading must have ALL Purchase Order Numbers on it.
2. Carton and Skid Count must be listed on Bill of Lading. Carton count must match ASN.
3. Routing Authorization Number (if applicable) must be on Bill of Lading.

Please refer to the vendor compliance manual for ASN, packaging, labeling and all other requirements.

For the most up to date routing guide and vendor compliance manual please go to our web site at: <http://www.ccsginc.com>

This routing is subject to change.

Failure to follow these routing instructions will result in a charge back penalty.

M. CHARGE BACKS FOR NON-COMPLIANCE

As a supplier to The Territory Ahead you are required to comply with our packing and shipping standards. Failure to follow these procedures will result in delayed receipt of product and increased operational expenses at our distribution center. On any shipment that does not meet the warehouse standards outlined below, a vendor compliance fee is incurred and charged back to the vendor. Where frequent offenders take no corrective action, higher punitive charges may be incurred.

Payment of chargeback fees must be remitted to The Territory Ahead within 30 days of statement receipt and must be in the form of a wire transfer or a check in U.S. dollars. **Statements not paid within the 30 period will be subject to additional collection measures up to and including payment deductions from any orders currently open or orders to be opened for future shipments.** Statements will be sent on a monthly basis. The vendor will be notified of any infractions and advised to correct future shipments.

ALL SHIPMENTS NOT MEETING THE TERRITORY AHEAD'S ROUTING, PACKING, LABELING, OR QUALITY ASSURANCE REQUIREMENTS WILL BE CHARGED BACK AT A RATE OF: \$150 PER OCCURRENCE.

EFFECTIVE JANUARY 1, 2006- ANY TIME EXCEEDING 15 MINUTES THAT IS DEDICATED TO PROBLEM RESOLUTION OF NON-COMPLIANT SHIPMENTS IS SUBJECT TO A CHARGE BACK OF \$20/HOUR. IN ADDITION TO THE BASIC CHARGES, ADDITIONAL FEES WILL BE INCURRED WHEN LABOR IS REQUIRED TO PREPARE GOODS FOR EFFICIENT PROCESSING:

1. **Un-Authorized Carriers** – If The Territory Ahead or its affiliates are paying any portion of the freight, then the carrier specified in the current Routing Guide (*See p. 33*) for the origin / destination / shipment size must be used. Failure to follow the Routing Guide instructions will result in the shipment being considered “FOB destination” and:
 - All freight charges will be the responsibility of the vendor
 - An additional fee will be assessed
 - All merchandise loss or damage will be the responsibility of the vendor
2. **Freight charges on Merchandise Invoices** – If The Territory Ahead or its affiliates are paying any portion of the freight, then shipments are to be made on a freight collect basis. Merchandise invoices with freight charges added will be paid net of freight charges. Invoices submitted for freight charges only will be returned unpaid.
3. **Terms are prepaid and Vendor ships collect** – Any freight charged to The Territory Ahead or its affiliates by vendors whose standard agreement is to ship prepaid, will in turn be charged to the vendor with an additional fee.
4. **Overweight shipments** – Shipments matching the overweight / oversized shipment characteristics as noted in the current Routing Guide must be routed per the overweight / oversized shipment routing instructions. Each shipment will be assigned a unique authorization number regardless of the specific carrier selected by CCSG Transportation or their agent. The authorization number must appear on your bill of lading or airway bill. Shipments exceeding the overweight / oversized shipment guidelines and which do not include a CCSG-issued authorization number will be assessed the full freight of the shipment plus an additional fee.
5. **Overweight / Oversized shipment does not match authorized weight, cube or carton amounts** – Shipments being routed via the overweight / oversized routing guidelines must match the weight, cube and carton count numbers that were authorized in order to obtain the authorization number. If the weight, cube or carton count amounts authorized prior to shipment do not match the incoming shipment's weight, cube or carton counts the vendor will be assessed the full freight for the shipment and an additional fee.
6. **Failed to consolidate same day / same destination shipments** – All merchandise to be shipped from a single shipping address to a single destination address on the same day must be combined onto a single Bill of Lading. All merchandise from the same PO must be

combined onto a single ASN. Routing guidelines should then be applied to the entire shipment. Failing to do so will result in the vendor being assessed full freight charges plus an additional fee.

All Merchandise to be shipped from a single shipping address on consecutive days to a single destination is encouraged to be combined onto a single Bill or Lading. Routing guidelines should then be applied to all shipments.

CODE #:	NON-COMPLIANCE DESCRIPTION:	ADDITIONAL FEE (above \$150 per occurrence)
ASN:		
102	ASN not on time	
103	ASN not complete/inaccurate	
104	ASN different from shipment	
UCC-128 SHIPPING LABELS:		
105	No UCC-128 labels	
106	Label not in proper location	
107	Information on UCC label missing or not per Territory Ahead PO	
111	Barcode is not scannable	
MISSING, INCORRECT OR INACCURATE CASE/CARTION INFORMATION:		
112	Carton not per Vendor Manual requirements	
113	Carton has banding around it	
114	Item labeling missing or not per Territory Ahead PO	Hourly merchandise preparation rate
115	Mixed Sku cases	\$20 per carton + hourly merchandise preparation rate
OTHER		
119	Photo Charge	
	Failure to follow Routing Instructions	
	No Appointment (unscheduled delivery)	

N. SHIPPING SUMMARY

1. Facts regarding the Advance Shipment Notice (ASN):

- ALL shipments require an ASN at time of shipment.
- ASN's include the information for a shipment as well as the case level details.
- The information on the ASN corresponds to the UCC-128 label details: case contents including PO #, item #, color, size, quantity per case.
- The ASN reports the transportation-related information.
- YOUR ASN MUST BE 100% ACCURATE.

2. Facts regarding the UCC-128 (EAN) Case Labels:

- The UCC-128 case label identifies both the vendor and contents of the specific case as well as the purchase order.
- Each UCC-128 case label is unique.
- The 20 digit UCC-128 case number must be written on the ASN along with the item description, color, size, quantity per case and purchase order number.
- Individual UCC-128 case labels must be affixed to each shipped case.
- The UCC-128 case label can replace all other labels on the package including address labels.
- The UCC-128 case label MUST be placed on the lower left corner of the short side of the case, 1" from the bottom and 1" from the left side. (*See diagram on p. 29*)

3. Other Information

- All shipments must be accompanied by an ASN and/or packing slip.
- The packing slip and/or ASN must be inside and attached to the outside of the lead case for each purchase order.

VII. OPERATIONS/ACCOUNTING

A. PURCHASE ORDERS

The Territory Ahead uses purchase orders to formalize inventory purchasing commitments. Any merchandise shipped on behalf of The Territory Ahead without an accompanying purchase order is invalid.

The Inventory Management department is responsible for the accuracy, content and maintenance of purchase orders. If there are questions regarding the information on the purchase order, they should be directed to the undersigned Inventory Manager.

Upon receipt of a Purchase Order, vendors should immediately review style numbers, dates, quantities and terms on the order. If a vendor is unable or unwilling to adhere to the terms as set forth on the order, exceptions should be noted and communicated in writing to the undersigned Inventory Manager. The desired changes will be reviewed and if agreeable, incorporated into the order. If the desired changes are not agreeable, the vendor will be notified and terms will be negotiated.

B. DELIVERIES

Requested ship dates are determined according to the catalog(s) in which specific products will appear. For this reason, it is critical that all shipments be in complete adherence with the shipping dates specified.

1. Complete Shipments- each purchase order should be shipped complete, as one delivery. In the event that a vendor is unable to ship an order complete within the specified ship dates, a request for a partial shipment can be made by contacting the undersigned Inventory Manager prior to shipment. Acceptance of partial shipments is at the discretion of the Inventory Manager. If partial shipments are approved, the Inventory Manager may require that certain sizes and colors be prioritized.
2. Overages- If a vendor wishes to ship over and above the quantities set forth in the purchase order, the undersigned Inventory Manager should be contacted in advance of shipment. Quantities shipped over and above the amount set forth in the purchase order will not be accepted without prior approval. Any such quantities will be deducted from the invoice, and a return authorization will be requested. The returned merchandise will be shipped freight collect.
3. Early Deliveries- Merchandise may not be shipped prior to the requested ship date without prior consent of the Inventory Manager. In the event that merchandise is shipped without prior consent, the Inventory Manager has authority to return the merchandise at the vendor's expense or to receive the merchandise. If the Inventory Manager elects to receive the merchandise early without prior consent, payment will be made according to the original expected receipt date, not the actual receipt date.
4. Late Deliveries- If an order is running late, and will be shipped after the requested ship date, the Inventory Manager must be contacted immediately. A thorough explanation of the circumstances causing the delay should be communicated to the Inventory Manager in writing. **Merchandise shipped after the requested ship date is subject to complete or partial cancellation by the Inventory Department.** In addition, orders shipping in excess of 14 days late are subject to the following penalties:
 - The vendor may be subject to paying the difference between air and sea freight charges when an order designated to ship by sea must be expedited to air freight due to production delays.
 - The vendor may be required to cover the entire freight charges when an order scheduled for transport by air is late due to production delays.

- Domestic deliveries that are over 14 days late will be shipped via UPS 2nd day at the expense of the vendor.
- Domestic deliveries that are over 21 days late will be shipped via UPS Next Day at the expense of the vendor.
- The vendor will be charged back at a rate of \$20.00/unit for all merchandise that is back-ordered by our customers as a result of a purchase order shipping in excess of 21 days late.

C. BILL OF LADING

The Bill of Lading must include the following information:

1. Vendor address as shown on the Purchase Order
2. Proper description in accordance with governing tariffs (Carriers cannot apply correct charges without a proper description of merchandise)
3. Carton count, number of cartons and weight for each separately described commodity.
4. Purchase Order
5. Style number
6. Consigned to "The Territory Ahead."

D. INVOICE AND BILLING INFORMATION

Please adhere to the following guidelines when submitting invoices to The Territory Ahead:

1. Do not include payment invoices with your shipment. This often results in lost invoices and/or delayed payments.
2. Invoice only for the merchandise shipped, not for the entire Purchase Order unless the entire Purchase Order was filled with a single shipment.
3. Invoice each shipment separately. Do not wait until the entire Purchase Order is filled to mail your invoice.
4. International Vendors: When shipping charges are included on an invoice, also submit shipping documents that detail the freight charges.
5. Domestic Vendors: Shipping charges are NOT to be included on the merchandise invoice. Domestic freight is to be billed freight collect on an approved carrier (*refer to Routing Guide p. 33*)
6. Invoices should be mailed to the following address:

**The Territory Ahead
Accounting Department
419 State Street
Santa Barbara, California 93101**

7. Each invoice must include the following information:
 - Full address (see above)
 - Actual name of shipper and shipping point, if different from address shown on the invoice
 - Freight carrier's name, number of cartons, and weight if required as shown on the Bill of Lading
 - The Territory Ahead Purchase Order number
 - The Territory Ahead Style number
 - The Territory Ahead merchandise color and size
 - Quantity by style, color, and size
 - Cost/unit and extended amount
 - Total invoice price and total units per invoice

- Copy of Bill of Lading
- Invoice date and due date

Payment of each invoice is subject to the deduction of any Credit Memo outstanding on the vendor's account. Such deductions will be noted on the check stub, and a copy of the Credit Memo detailing the circumstances of the deduction will be provided upon request.

Full compliance with all quality requirements, shipping instructions and invoicing will ensure prompt payment.

E. LETTERS OF CREDIT

1. Generating a Letter of Credit-

- a. The Inventory Accountant will open an LC no more than 45 days prior to ship date.
- b. A "Pro-forma" invoice should be sent to the Product Manager for verification of purchasing information.
- c. Product Manager will submit information to the Inventory Accountant who will generate an LC application.
- d. LC application will be faxed or e-mailed to vendor for approval within 48 hours of receiving request from Product Manager
- e. Vendor must notify the Inventory Accountant directly with approval and/or necessary changes to the LC application.
- f. Vendor's bank should receive confirmation via "bank to bank communication" (i.e., swift, telex) within approximately 24 hours of the LC being opened. Some receiving banks may take a little longer.
- g. Copies of approved LC applications will be provided if requests are received in writing; request should be addressed to the Inventory Accountant.

2. Discrepancies-

- a. If documents are presented to The Territory Ahead's bank containing discrepancies, the vendor will be charged an amount determined by the bank for each occurrence. The bank (not The Territory Ahead) will assess this penalty.

F. WIRE TRANSFER

1. Requesting payment via direct wire transfer-

- a. An invoice including the packing slip, a copy of the Bill of Lading, and the vendor's banking information should be sent to the Inventory Accountant for verification.
- b. The Inventory Accountant will generate a wire payment request.
- c. Wire transfer payments are issued once per week.

VIII. Vendor Security Expectations

All Territory Ahead Vendors are expected to comply with basic safety guidelines as outlined below in order to ensure safe and secure production, shipping and distribution of goods internationally. Vendors should have security procedures in place to address the following as applicable to their facility:

1. **Physical Security** – All buildings should be constructed of materials which resist unlawful entry and protect against outside intrusion. Physical security should include:
 - a. Adequate locking devices for external & internal doors, windows, gates and fences.
 - b. Segregation and marking of international, domestic, high-value and dangerous goods cargo within the facility by a safe, caged or otherwise fenced-in area or room.
 - c. Adequate lighting provided inside and outside the facility to include parking areas.
 - d. Private vehicle parking area that is separate from the shipping/loading dock and cargo areas.
2. **Access Controls** – Unauthorized access to the shipping, loading dock and cargo areas should be prohibited. Controls should include:
 - a. The positive identification, recording and tracking of all employees, visitors and vendors.
 - b. Procedures for challenging and if necessary, removing, unauthorized/unidentified persons.
3. **Procedural Security** – Measures for handling of incoming and outgoing goods should include protection against the introduction, exchange, or loss of any legal or illegal material. Security controls should include:
 - a. Having a designated security officer to supervise the introduction/removal of cargo.
 - b. Properly marked, weighed, counted and documented goods.
 - c. Procedures for affixing, replacing, recording, tracking and verifying seals on containers, trailers and railcars.
 - d. Procedures for detecting and reporting shortages and overages.
 - e. Procedures for tracking the timely movement of incoming and outgoing goods.
 - f. Proper storage of empty and full containers/trailers/railcars to prevent unauthorized access.
 - g. Procedures to notify Customs and Border Protection or appropriate foreign authorities in cases where anomalies or illegal activities are detected or suspected by the company.
 - h. We recommend using US Customs “Seven-Point Inspection” method to verify the physical integrity of the container and the reliability of the locking mechanisms on the door, prior to loading. The following seven areas should be inspected: Front Wall, Left Side, Right Side, Floor, Ceiling/Roof, Inside/Outside Doors, Outside/Undercarriage.
4. **Personnel Security** – Companies should conduct employment screening and interviewing of prospective employees to include background checks and application verifications in accordance with applicable statutes and regulations. Current employees in security-sensitive positions or with cause for review should be periodically screened.
5. **Education and Training Awareness** – A security awareness program should be provided to employees and include instruction on how to recognize internal conspiracies, maintain product integrity, and determine & address unauthorized access. A record of employees having completed the training should be maintained. These programs should offer incentives for active employee participation in security concerns.
6. **Threat Awareness** – A threat awareness program should be established and maintained by security personnel to recognize and foster an awareness of the threat posed by terrorists and contraband smugglers at each point in the foreign-based supply chain. This program should include routine briefings and up-to-date notices illustrating new smuggling trends, seizures and information on terrorist threats along transit routes, and/or other areas along the supply chain.

IX. TERMS

A. CONDITIONS

SELLER WARRENTS THAT:

1. All goods delivered hereunder are free from defects in design, material, and workmanship.
2. All goods delivered hereunder do not infringe on the proprietary rights (or other rights) of any third party and are fit for the particular purpose stated in this contract. If no purpose is stated, the goods are fit for the purpose for which such goods are ordinarily used.
3. No violation of any federal, state or local law, statute, rule, regulation, ordinance, or order will result from the processing, manufacture, labeling, sale, invoicing, or shipment of the goods covered by this order.
4. The content of any textile or material (including outer, inner or filling material), made from any fiber or combination of fibers, is designated accurately on tags, labels, invoices and other documents to conform to definitions and percentages of:
 - Federal Trade Commission guidelines;
 - Wool Products Labeling Act; or
 - Textile Fiber Products Identification Act
5. Tests using procedures in the Flammable Fabrics Act show that wearing apparel fabrics (or other products subject to the act) covered by this order are not so flammable as to be dangerous when worn or used by people.

The Territory Ahead, relying on these representations, warranties, and guaranties, will offer these goods for sale to its customers. Seller assumes responsibility of, and agrees to protect, indemnify and hold The Territory Ahead harmless for any liability, loss, claim, suit, judgment, or cause of action for injuries to persons (including death) and damage to property, and also from any cost or expense, including merchandise recall expenses and attorneys' fees, that arise from the sale, delivery, storage, use or other handling of goods under this order.

B. QUALITY CONTROL

Seller will maintain adequate quality control programs to assure that its goods meet The Territory Ahead's quality specifications for appearance, performance, durability and reliability. Seller shall from time to time furnish the results of these programs at the request of The Territory Ahead.

C. DEFECTIVE OR NON-CONFORMING GOODS

All goods that do not conform to Seller's representations and warranties in this order, or implied by law, or which do not meet quality standards set forth in The Territory Ahead Product Specifications or Vendor Manual, may at the option of The Territory Ahead, be returned to Seller by The Territory Ahead. Seller will refund purchase price, replace or repair the returned goods.

A shipment, or portion of a shipment, found by sampling to have defects in workmanship or material is subject to return at Seller's expense. Seller will re-inspect the returned goods and repair or replace them, or refund the purchase price, at the sole discretion of The Territory Ahead.

Seller will indemnify and reimburse The Territory Ahead for all added costs incurred as a result of defective products. This includes, but is not limited to, transportation, inspection, handling and recall expenses incurred on goods affected. Failure by The Territory Ahead to inspect any goods before resale does not relieve Seller of this responsibility.

D. PACKAGING AND SHIPPING

All goods covered by this order will be packaged, shipped and routed under instructions in this order. If no instructions are specified, all goods are to be packaged, shipped and routed in accordance with The Territory Ahead Packaging, Shipping and Freight Routing instructions. The Territory Ahead Routing Guide is located on p. 33. Please note, this guide is routinely updated, at the date of the current guide's expiration a new guide should be furnished by the Territory Ahead's Traffic Manager. The most current version is also available online at <http://ccsginc.com> - Territory Ahead Partnership -> Routing Guide.

E. PROPRIETARY DESIGNS

During the design process and prior to any production, all fabrications, design details and distinguishing characteristics are to remain the exclusive property of The Territory Ahead. All product design, specifications and finishing treatments are created by The Territory Ahead to distinguish us from our U.S. competitors, the vendor's understanding, discretion and adherence to our design exclusivity is essential to the success of both parties.

F. **TRADEMARKS** Seller and/or its agent(s) shall not, under any circumstances, sell or otherwise transfer any goods which bear The Territory Ahead private labels, trademarks, service marks, trade names, logos, designs, hang tags, or packaging to third parties unless all such The Territory Ahead indicia have been completely removed or obliterated from each and every article. Seller further agrees that it will assist The Territory Ahead to the extent necessary to protect The Territory Ahead trademark rights and copyrights. Seller shall notify The Territory Ahead in writing of any infringements of The Territory Ahead's rights or imitations of The Territory Ahead's goods if and when such becomes known to Seller.

X. ACKNOWLEDGMENT

This manual replaces all previous vendor, quality, and CCSG shipping manuals. **This acknowledgment must be signed and returned within 10 days of receipt.** Failure to sign & return this form may result in a termination of outstanding orders. Acknowledgments can be mailed, scanned and emailed or faxed to:

**The Territory Ahead
419 State Street
Santa Barbara, California, 93101
U.S.A.**

**Fax # (805) 962-6203
Attn: World Sourcing Department
Email Address: Canuto.Gutierrez@ttahead.com**

Company Name: _____

Address: _____

Telephone: _____

Fax: _____

E-mail: _____

I have reviewed & understand the contents of The Territory Ahead Accessories Vendor Manual (Version 2.0). As a representative of my company and a vendor of The Territory Ahead, I agree to comply with all procedures outlined in this manual.

Signature of Company Officer

Date

Title/ Printed Name

Insert copy of business card here.

X11. Vendor Manual Update as of May, 2008

- ✓ Note to Branded Vendors p.5
- ✓ Updated Organizational structure for Accessory and Miscellaneous management p.6
- ✓ Vendor Approval requirements p.8
- ✓ Additional comments for poly bag requirements p.20
- ✓ Tamper evident tape requested, p. 28
- ✓ Wire Transfer payment option added, p.36
- ✓ Vendor Set Up Form added, p.42-43

VENDOR SET UP/MAINTENANCE REQUEST FORM

If your contact information for purchase orders from The Territory Ahead is different than the information above (company name, contact person, address, phone number or fax number), provide the necessary information below:

Vendor Name to appear on TTA purchase orders: _____

Mailing Address: _____

City_____ **State or Country**_____ **Zip code**_____

Vendor Contact Name:_____

Phone # ()

Fax # ()

Email:

Email or Fax the completed, signed and dated first page and this page to: Canuto Gutierrez (Fax: 805-962-6203), email: Canuto.Gutierrez@ttahead.com).