

The Swiss Colony[®]
SINCE 1926

SEVENTH AVENUE[®]

**Drop Ship
Supplier Manual**

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INTRODUCTION

This document is to be used as a resource by Drop Ship vendors doing business with The Swiss Colony, Inc. and The Seventh Avenue, Inc. (and their affiliated companies: Ginny's, Through The Country Door, Midnight Velvet, Monroe and Main, The Tender Filet, Room for Color, Midnight Velvet Style, GrandPointe and Durdy Looks). The Seventh Avenue will be used throughout the remainder of this document when referring to any of these companies.

We have several general merchandise and food mail order catalogs that are committed to providing our customers with quality products, gifts and services. We take pride in our products, designs, customer service, and customer satisfaction.

Thank you for being a part of our supplier family. Our supplier relationships have always played a very valuable part in our business. Over the past several years, our company has experienced growth in product offerings, supplier base, and sales activity. Because of this growth, we need to look long and hard at the procedures we use, the products we buy, and the suppliers from whom we buy. It is our goal to create a partnership with you so that both of our companies can be well informed and profitable. That is the intention of this Supplier Manual.

We require your support so that we may reduce costs and waste in shipping, product damage and replacements by designing the best quality product and the most efficient packaging of our items.

The Supplier Manual has been revised/enhanced to provide one consolidated document that contains a comprehensive list of what we expect of all our suppliers, as well as what our suppliers can expect from us. Although we have tried to clearly define our requirements, if you have specific questions, please refer to the Contact List Section of this manual and direct them to the appropriate person. **Please read this manual carefully. If shipments do not conform to our requirements, charge-backs could result.**

The last page of this manual is an acknowledgement of receipt of the Supplier Manual and acceptance of our Contract Terms and Conditions. **This document needs to be signed by your organization and returned to our Drop Ship Department.**

As we release each catalog featuring your product(s), we will mail a copy to you for reference. Upon receipt, please review the copy and verify that you are shipping the item as represented. Should you identify any changes or differences, please contact the Drop Ship Department immediately.

We hope that you are as excited as we are with the continuation and / or onset of our working relationship. A mutually beneficial relationship with all of our suppliers is one of our highest priorities. Our commitment to our suppliers is as strong as the commitment we have to our customers. Thank you for taking a step forward in what we hope will become or will continue to be a long and prosperous relationship.

***** **IMPORTANT** *****

Please **COPY/FORWARD** this manual to the **appropriate parties within your company and/or company's you represent**. **If shipments do not conform to our requirements, charge-backs could result.**

CONTACT LIST**Lynn Mayer****Customized/Drop Ship Manager**

Phone: (608) 328-8990

Fax: (608) 328-8779

E-mail: mayer@scompanies.comResponsibilities

- **Overall management of the department
- **Monitoring the performance of our suppliers
- **Dealing with supplier issues or problems
- **VendorNet management
- **Primary contact for supplier
- **Generating Purchase orders for suppliers
- **Contacting suppliers on past due purchase orders and customer orders
- **Maintaining inventory

Rhonda Phillips**Customized/Drop Ship Coordinator**

Phone: (608) 328-8928

Fax: (608) 328-8779

E-mail: phillips@scompanies.comResponsibilities

- **Primary contact for suppliers
- **Generating Contracts for suppliers
- **Supply Vendor Projections

Wendy Eberle**Accounts Payable**

Phone: (608) 328-8917

Fax: (608) 328-8578

Alt Fax: (608) 328-8457

E-mail: eberle@scompanies.comResponsibilities

- **Primary contact for invoices and payments

Debbie Mann**Customized/Drop Ship Supervisor**

Phone: (608) 328-8535

Fax: (608) 328-8779

E-mail: mann@scompanies.comResponsibilities

- **Coordinating efforts with our Customer Service Department
- **Processing back orders for suppliers
- **Contacting suppliers to get information on past due orders

Monica Koch**Drop Ship VendorNet Administrator**

Phone: (608) 328-8523

Fax: (800) 439-0628

E-mail: koch@scompanies.comResponsibilities

- **Processing all customer inquiries
- **Sending all inquiries to suppliers via VendorNet
- **Provides order status information to Customer Service
- **VendorNet Liaison
- **VendorNet Implementation for Suppliers

Office Address:**1112 7th Avenue****Monroe, WI 53566**

CONTRACT OVERVIEW

Non-Food Contract – Ship to Customer


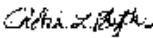
 1112 7th Avenue Monroe, WI 53566-1364		Fall 2004 Contract #: Z58976ND									
INVOICE Seventh Avenue, Inc. ATTN: Accounts Payable P.O. Box 2815 Monroe, WI 53566-8015		Amendment: See Drop Ship Supplier manual for information pertaining to labeling, shipment/invoice transmission and general correspondence. All orders must be shipped within 5 Calendar Days									
(All invoicing must be submitted via VendorNet. See Drop Ship Supplier manual for details)		<div style="border: 1px solid black; padding: 2px; text-align: center;">SHIP TO</div> AS PER ORDERS RECEIVED VIA VENDORNET									
TO: ALLEN, INC. KARI ALLEN 123 SKYE ST. MONROE WI 53566.	Phone: Email: Fax: (987) 654-3210										
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>Freight Terms: PREPAID & CHARGEBK</td> <td>Ship Via: UPS</td> <td>Contract Date: 12/17/1988</td> </tr> <tr> <td>Terms: NET 30</td> <td>FOB: ORIGIN</td> <td>Vendor#: 24689</td> </tr> <tr> <td>Restock Terms: 10%</td> <td></td> <td></td> </tr> </table>			Freight Terms: PREPAID & CHARGEBK	Ship Via: UPS	Contract Date: 12/17/1988	Terms: NET 30	FOB: ORIGIN	Vendor#: 24689	Restock Terms: 10%		
Freight Terms: PREPAID & CHARGEBK	Ship Via: UPS	Contract Date: 12/17/1988									
Terms: NET 30	FOB: ORIGIN	Vendor#: 24689									
Restock Terms: 10%											
<p>This contract covers our estimated usage through 6/30/2005 for the items listed on the following page(s). Estimates are subject to change. Authorization to ship will be receipt of orders released via VendorNet from Seventh Avenue.</p> <p>Please sign, date, and return one copy of this contract and the last page of the Customized Drop-Ship Supplier Manual. This blanket contract is contingent upon receipt of the above documents and adherence to our procedures as outlined in the supplier manual if shipments do not conform to our requirements, charge-backs could result.</p> <p>The items, which are the subject of this PO, must strictly conform to the specifications provided to vendor. Vendor must adhere to the current specification part number and date noted in the part number description. QA specification will be sent under separate cover. Any alterations, change or deviation in specifications or any change in vendor's suppliers is strictly prohibited without notice to and the express written consent of buyer. Failure to comply with this provision shall be deemed to be a breach of contract with the vendor being liable to buyer for all costs, expenses, and damages and vendor shall indemnify buyer and hold buyer harmless from any claim or penalties resulting therefrom.</p> <p>Product availability and/or shipment delays must be reported immediately to the Drop-Ship department at 608-328-8928. Updated Estimated Ship Dates must be entered in VendorNet, per instructions in the Drop Ship Supplier Manual.</p> <p>The Seventh Avenue retains the exclusive ownership (for itself and all its affiliated companies) of all customer names, addresses and other customer information, which information shall be considered confidential, and Drop Ship Supplier shall not use, rent, sell, copy or disclose to anyone such information for any purpose other than to process, fill and ship the orders covered hereby.</p> <p>If this blanket contract is for children's toys, it is contingent upon receipt by buyer of a signed and dated copy of the face page of the toy safety certificate relating to such item.</p> <p>Seventh Avenue shall have the right to visit the vendor at reasonable times and with the reasonable frequency at the discretion of the vendor during normal working hours, upon reasonable notice to the vendor, for the purpose of making reasonable inspections.</p> <p>The attached purchase contract acknowledgement is to be executed by seller and sent to the customized/drop ship department. This blanket contract is subject to the conditions above and the supplier manual.</p>											
_____ AUTHORIZED VENDOR SIGNATURE A SIGNED CONTRACT MUST BE RETURNED WITHIN 10 DAYS		 _____ AUTHORIZED BUYER SIGNATURE									
** New Item # Amended Item											

Figure 1: Drop Ship contract page 1.

TOP SECTION: Contains invoice address, Lead Time, Your company name and address as well as phone and fax numbers. Please make any changes to this information so we can keep our records current. If the contract needs to be changed, we will send you an amendment.

MIDDLE SECTION: The middle contains a box with negotiated freight terms, payment terms, how your company ships, where your company ships from, date the contract was done, restock fee as stated on the quote, and your vendor number (number our company uses to identify your company)

BOTTOM SECTION: The bottom section contains the date in which the contract expires, legal agreement, authorized vendor signature, and authorized buyer signature, which is signed by our drop ship manager. This contract must be signed and returned within 10 calendar days. **If we do not receive it within that time, your orders may get held up on our system.**

Corr. Pack No.	QA No.	Spec Date	Vendor Item #	Description	Color/Size Information	Total Estimate	% Total Est.	Item Est.	Dropship Charge	Catalogs
0000	012345	3/12/2004	SKYE1	PRINCESS CROWN		1		55.00	50.50	

** New Item # Amended Item

Page 2 of 2

Figure 2: Drop Ship contract, product pages.

Page 2 contains our catalog pack number, our conversion (color/size) number, QA Spec number and date spec was approved, your item number, description of product, color, size, total estimate for the season (just a guess), % of total estimate if applicable, item estimate if applicable, cost, and dropship charge.

Non-Food Contract – Ship to Seventh Avenue


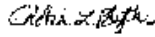
 1112 7th Avenue Monroe, WI 53566-1364	Fall 2004 Contract #: Z58976ND Amendment:	See Drop Ship Supplier manual for information pertaining to labeling, shipment/invoice transmission and general correspondence. All orders must be shipped within 5 Calendar Days									
INVOICE Seventh Avenue, Inc. ATTN: Accounts Payable P.O. Box 2815 Monroe, WI 53566-8015	(All invoicing must be submitted via VendorNet. See Drop Ship Supplier manual for details)										
TO: ALLEN, INC. KARIE ALLEN 123 SKYE ST. MONROE WI 53566. Phone: Email: Fax: (987) 654-3210											
<table border="1" style="margin: auto;"> <tr> <td style="padding: 5px;">SHIP TO</td> </tr> </table> Seventh Avenue, Inc. Attn: Customized Order Dept. 219 E. Industrial DeWitt IA 52742.			SHIP TO								
SHIP TO											
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">Freight Terms: PREPAID & CHARGE BK</td> <td style="padding: 2px;">Ship Via: UPS</td> <td style="padding: 2px;">Contract Date: 12/17/1988</td> </tr> <tr> <td style="padding: 2px;">Terms: NET 30</td> <td style="padding: 2px;">FOB: ORIGIN</td> <td style="padding: 2px;">Vendor#: 24689</td> </tr> <tr> <td style="padding: 2px;">Restock Terms: 10%</td> <td colspan="2"></td> </tr> </table>			Freight Terms: PREPAID & CHARGE BK	Ship Via: UPS	Contract Date: 12/17/1988	Terms: NET 30	FOB: ORIGIN	Vendor#: 24689	Restock Terms: 10%		
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Terms: NET 30	FOB: ORIGIN	Vendor#: 24689									
Restock Terms: 10%											
<p>This contract covers our estimated usage through 6/30/2005 for the items listed on the following page(s). Estimates are subject to change. Authorization to ship will be receipt of orders released via VendorNet from Seventh Avenue. Please sign, date, and return one copy of this contract and the last page of the Customized Drop-Ship Supplier Manual. This blanket contract is contingent upon receipt of the above documents and adherence to our procedures as outlined in the supplier manual if shipments do not conform to our requirements, charge-backs could result. The items, which are the subject of this PO, must strictly conform to the specifications provided to vendor. Vendor must adhere to the current specification part number and date noted in the part number description. QA specification will be sent under separate cover. Any alterations, change or deviation in specifications or any change in vendor's suppliers is strictly prohibited without notice to and the express written consent of buyer. Failure to comply with this provision shall be deemed to be a breach of contract with the vendor being liable to buyer for all costs, expenses, and damages and vendor shall indemnify buyer and hold buyer harmless from any claim or penalties resulting therefrom. Product availability and/or shipment delays must be reported immediately to the Drop-Ship department at 608-328-8928. Updated Estimated Ship Dates must be entered in VendorNet, per instructions in the Drop Ship Supplier Manual. The Seventh Avenue retains the exclusive ownership (for itself and all its affiliated companies) of all customer names, addresses and other customer information, which information shall be considered confidential; and Drop Ship Supplier shall not use, rent, sell, copy or disclose to anyone such information for any purpose other than to process, fill and ship the orders covered hereby. If this blanket contract is for children's toys, it is contingent upon receipt by buyer of a signed and dated copy of the face page of the toy safety certificate relating to such item. Seventh Avenue shall have the right to visit the vendor at reasonable times and with the reasonable frequency at the discretion of the vendor during normal working hours, upon reasonable notice to the vendor, for the purpose of making reasonable inspections. The attached purchase contract acknowledgment is to be executed by seller and sent to the customized/drop ship department. This blanket contract is subject to the conditions above and the supplier manual.</p>											
_____ AUTHORIZED VENDOR SIGNATURE A SIGNED CONTRACT MUST BE RETURNED WITHIN 10 DAYS	 _____ AUTHORIZED BUYER SIGNATURE										
<p>** New Item # Amended Item</p>											

Figure 3: Customized Drop Ship Contract - Page 1

Food Contract – Ship to Customer


 The Swiss Colony 11127TH AVENUE MONROE WI 53566-1364		Fall 2006 Contract # PML56789CD Amendment:		
INVOICE The Swiss Colony, Inc ATTN: Accounts Payable PO Box 2816 Monroe, WI 53566-8015	(All invoicing must be submitted via VendorNet. See Drop Ship Supplier manual for details.)	See Drop Ship Supplier manual for information pertaining to labeling, shipment/invoice transmission and general correspondence.		
		All orders must be shipped within 5 Calendar Days		
TO:		SHIP TO AS PER ORDERS RECEIVED VIA VENDORNET		
Phone: Fax:	Email:			
Freight Terms: Terms:	Ship Via: FOB:	Contract Date: Vendor#:		
<p>ACCEPTANCE OF THIS PURCHASE ORDER INCLUDES ACCEPTANCE OF OUR TERMS & CONDITIONS AND DROP SHIP SUPPLIER MANUAL REQUIREMENTS. ALL OF THESE DOCUMENTS CAN BE ACCESSED AND READ BY NAVIGATING TO http://www.the-swiss-colony.net. SHIPPING PER THIS ORDER IS AN ACKNOWLEDGEMENT THAT YOU ARE AWARE OF THE CONTENT OF THESE DOCUMENTS. PRODUCT SHIPPED AGAINST THIS PURCHASE ORDER MUST COMFORM TO OUR APPROVED PRODUCT AND PACKAGING SPECIFICATIONS, WHICH ARE REFERENCED IN THE PRODUCT DESCRIPTION OF THIS PURCHASE ORDER. PLEASE REFER TO THESE CRITICAL DOCUMENTS AND COMPLY WITH THEM TO AVOID UNNECESSARY CHARGE BACKS.</p>				
This contract covers the following items:				
<u>Part No.</u>	<u>Item Description</u>	<u>Ship Window</u>	<u>Preliminary Estimate</u>	<u>Unit Cost</u>
Contract is subject to the following:				
<ul style="list-style-type: none"> ▪ The preliminary estimate is subject to change based on actual customer demand. Vendor should take all reasonable steps to control inventory levels of components / materials exclusive to The Swiss Colony, Inc. in order to minimize the risk of excess inventory at the end of the season. ▪ The Swiss Colony retains the exclusive ownership (for itself and all its affiliated companies) of all customer names, addresses and other customer information, which information shall be considered confidential; and Drop Ship Supplier shall not use, rent, sell, copy or disclose to anyone such information for any purpose other than to process, fill and ship the orders covered hereby. ▪ Pack Net Weights are minimum net weight requirements as per the signed QA Specification shown in the Item Description. Adherence to these minimum weights is a legal requirement. To assure compliance, a weight file must be supplied for every shipment. This file must be sent within 24 hours of shipment and contain: <ul style="list-style-type: none"> ○ Order Number ○ Date Shipped ○ Pack Number ○ Actual Weight ▪ All packaging materials and drop ship services are to be provided by the vendor. ▪ One (1) fully compliant pack of each pack number is to be sent to arrive one week prior to the start of the shipping window for final verification that product, packaging, labels and net weight meet the QA Specification requirements. Packs should be sent to The Swiss Colony Inc., to the attention of Sheila Rueggsegger. ▪ Pack numbers have been assigned for replacement packs. These pack numbers are listed above and clearly state in the description that they are replacement packs. Based on customer calls, orders will be issued for the most suitable replacement packs to cover partial spoilage and/or shipment damage. These packs are to be shipped at no charge. In the case of non-delivery, a full pack will be ordered at no charge. 				

Figure 5: Food Contract - Page 1

- Christmas cut-off dates – vendor to notify us two weeks in advance when shipments to different ship zones will no longer be able to be received by our customers prior to Christmas.
- Under no circumstances can Florida Fruit be shipped to a restricted state. If an order is received for one of these states in error, notify Sheila Rueggsegger or Drop Ship immediately.
- Product availability and/ or shipment delays must be reported immediately to the Drop Ship Department at 608-328-8535.
- The Swiss Colony, Inc has the right to visit the vendor at reasonable times and with the reasonable frequency, during normal working hours, upon reasonable notice to the vendor for the purpose of making inspections pertaining to our order fulfillment.
- Correct sequence ID numbers and Pack numbers must appear on all packages, invoices and correspondence.
- Please sign, date and return one copy of this contract and the last page of the Drop Ship Supplier Manual. This Purchase Order is contingent upon receipt of the above documents and adherence to our procedures as outlined in the Drop Ship Supplier Manual.

AUTHORIZED VENDOR SIGNATURE
A SIGNED CONTRACT MUST BE RETURNED WITHIN 10 DAYS

Sheila Rueggsegger
AUTHORIZED BUYER SIGNATURE

Figure 6: Food Contract - Page 2

TERMS & CONDITIONS

Acceptance -- Agreement. This purchase order (PO) must be accepted in writing by Seller. If for any reason Seller should fail to accept in writing, any conduct by Seller that recognizes the existence of a contract pursuant hereto shall constitute acceptance by Seller of this PO and all of its terms and conditions. Buyer hereby objects to and rejects any terms proposed in Seller's acceptance of Buyer's offer which add to, vary from, or conflict with the terms herein. Any such proposed terms shall be void and the terms herein shall constitute the complete and exclusive statement of the contract between the parties and may hereafter be modified only by written instrument executed by both parties. If this PO has been issued by Buyer in response to an offer, and if any of the terms herein are additional to or different from any terms of such offer, then issuance of this PO by Buyer shall constitute an acceptance of such offer, subject to the express condition that Seller shall assent to such additional and different terms herein and acknowledge that this PO constitutes the entire agreement between Buyer and Seller with respect to the subject matter hereof and the subject matter of such offer. Seller shall be deemed to have so assented and acknowledged unless Seller notifies Buyer to the contrary in writing within ten days of receipt of this PO.

Price Warranty. Seller warrants that the prices for the articles sold to Buyer hereunder are not less favorable than those currently extended to any other customer for the same or similar articles in similar quantities. In the event Seller reduces its price for such article during the term of this order, Seller agrees to reduce the prices hereof correspondingly. Seller warrants that prices shown on this PO shall be complete, and no additional charges of any type shall be added without Buyer's express written consent. Such additional charges include, but are not limited to, shipping, packaging, labeling, customer duties, taxes, storage, insurance, boxing, crating.

Termination for Cause. Buyer may terminate this PO or any part hereof for cause in the event of any default by Seller or if Seller fails to comply with any of the terms and conditions of this offer. Late deliveries, deliveries of products which are defective or which do not conform to this order, and failure to provide Buyer, upon request, with reasonable assurance of future performance shall all be causes allowing Buyer to terminate this order for cause. In the event of termination for cause, Buyer shall not be liable to Seller for any amount and Seller shall be liable to Buyer for any and all damages sustained by reason of the default that gave rise to the termination.

Delivery. Time is of the essence of this contract and if delivery of items or rendering of services is not completed by the time promised, Buyer reserves the right without liability in addition to its other rights and remedies to terminate this contract by notice effective when received by Seller as to items not yet shipped or services not yet rendered and to purchase substitute items or services elsewhere and charge Seller for any loss incurred.

Warranty. Seller expressly warrants that all goods or services furnished under this agreement shall conform to all specifications and appropriate standards, will be new, and will be free from defects in material or workmanship, and that Seller has good title and authority to transfer title to the goods covered by this PO. Seller warrants that all such goods or services will conform to any statements made on the containers or labels or advertisements for such goods or services, and that any goods will be adequately contained, packaged, marked, and labeled. Seller warrants that all goods or services furnished hereunder will be merchantable, and will be safe and appropriate for the purpose for which goods or services of that kind are normally used. If Seller knows or has reason to know the particular purpose for which Buyer intends to use the goods or services, Seller warrants that such goods or services will be fit for such particular purpose. Seller warrants that goods or services furnished will conform in all respects to samples. Inspection, test, acceptance or use of the goods or services furnished hereunder shall not affect Seller's obligation under this warranty, and such warranties shall survive inspection, test, acceptance, and use. Seller's warranty shall run to Buyer, its successors, assigns, and customers, and users of products sold by Buyer. Seller agrees to replace or correct defects of any goods or services not conforming to the foregoing warranty promptly, without expense to Buyer, when notified of such nonconformity by Buyer, provided Buyer elects to provide Seller with the opportunity to do so. In the event of failure of Seller to correct defects in or replace nonconforming goods or services promptly, Buyer, after reasonable notice to Seller, may make such corrections or replace such goods and services and charge Seller for the cost incurred by Buyer in doing so. Seller also extends and assigns to Buyer any warranties offered by Manufacturers of products or services supplied under the PO. Seller may not limit in any manner the type or amount of damages to which Buyer is entitled for breach by Seller of this warranty.

Inspection/Testing. Payment for the goods delivered hereunder shall not constitute acceptance thereof. Buyer shall have the right to inspect such goods and to reject any or all of said goods that are in Buyer's judgment defective or nonconforming. Goods rejected and goods supplied in excess of quantities called for herein may be returned to Seller at its expense and, in addition to Buyer's other rights, Buyer may charge Seller all expenses of unpacking, examining, repacking, and reshipping such goods. In the event Buyer receives goods where defect or nonconformity is not apparent on examination, Buyer reserves the right to require replacement, as well as payment of damages. Nothing contained in this PO shall relieve Seller from the obligation of testing, inspection, and quality control. Nothing herein shall obligate Buyer to perform any service with respect to rejected goods except to hold the same for disposition in accordance with Seller's instructions, provided, however, any adulterated food product or food packaging material shall be appropriately destroyed or disposed of with records regarding such disposition provided to Seller.

Changes. Buyer shall have the right at any time to make changes in drawings, designs, specifications, materials, packaging, time and place of delivery, and method of transportation. If any such changes cause an increase or decrease in the cost, or the time required for the performance, an equitable adjustment shall be made and this agreement shall be modified in writing accordingly. Seller agrees to accept any such changes subject to this paragraph.

Force Majeure. Buyer may delay delivery or acceptance occasioned by causes beyond its control. Seller shall hold such goods at the direction of Buyer and shall deliver them when the cause affecting the delay has been removed. Buyer shall be responsible only for Seller's direct additional costs in holding the goods or delaying performance of this

agreement at Buyer's request. Causes beyond Buyer's control shall include government action or failure of the government to act where such action is required, strike or other labor trouble, fire, or unusually severe weather.

Intellectual Property. Seller warrants that the goods or articles delivered under this PO, and the sale and use of such goods or articles, will not infringe upon any patent, trademark or copyright in any jurisdiction. Seller will defend, indemnify and hold harmless Buyer, its related and affiliated companies, successors, assigns, agents, customers and users of its products or services, from and against all suits and any damages, losses, royalties, profits, costs and expenses incurred or awarded (including reasonable attorneys' fees) arising out of any suit, claim or action for actual or alleged direct or contributory infringement of, or inducement to infringe, any United States or foreign patent, trademark, copyright or other intellectual property right by reason of the manufacture, use or sale of the goods or services ordered including infringement arising out of compliance with specifications furnished by Buyer or for actual or alleged misuse or misappropriation of a trade secret resulting directly or indirectly from Seller's actions, including any settlement. Buyer may be represented by and actively participate through its own counsel in any such suit or proceeding if it so desires, and the costs of such representation shall be paid by Seller. Seller further agrees to waive any claim against Buyer under the Uniform Commercial Code or otherwise, including any hold harmless or similar claim, related to a claim asserted against Seller or Buyer for patent, trademark, copyright or other intellectual property right infringement, including claims arising out of compliance with specifications furnished by Buyer. Seller further grants Buyer a worldwide, nonexclusive, royalty-free, irrevocable license to repair and have repaired, and to reconstruct and have reconstructed, the goods covered by the PO. Seller hereby assigns to Buyer all right, title and interest in and to all trademarks, copyrights and other intellectual property rights in any material created for Buyer under this PO. Seller agrees not to assert any claim with respect to any technical information that Seller has disclosed or may hereafter disclose to Buyer in connection with the goods or services covered by this PO.

Insurance. In the event that Seller's obligations hereunder require or contemplate performance of services by Seller's employees, or persons under contract to Seller, to be done on Buyer's property, or property of Buyer's customers, Seller agrees that all such work shall be done as an independent contractor and that the persons doing such work shall not be considered employees of Buyer. Seller shall maintain all necessary insurance coverages, including public liability and Workers' Compensation insurance. Seller shall indemnify and save harmless and defend Buyer from any and all claims or liabilities arising out of the work covered by this paragraph.

Product Liability Insurance. Seller agrees that for a period of at least three years following Seller's last delivery of product to Buyer, Seller will maintain its product liability insurance coverage in the form provided by the certificate of insurance which Seller has provided to Buyer.

Indemnification. Seller shall defend, indemnify, and hold harmless Buyer against all damages, losses, royalties, profits, costs, claims, or liabilities and expenses (including attorneys' fees) arising out of or resulting in any way from: (1) any defect in the goods or services purchased hereunder; (2) any breach of this PO by Seller; (3) any act or omission of Seller, its agents, employees, or subcontractors; (4) any violation by Seller, its agents, employees, or subcontractors of any applicable federal, state or local law or regulation; (5) any unfair competition by Seller, its agents, employees, or subcontractors in connection with the use, possession, sale, marketing or delivery of any products or services provided by Seller to Buyer; (6) each and every recall of any product, whether voluntary or involuntary; and (7) any other act or omissions as otherwise provided in the PO and these Terms and Conditions. This indemnification shall be in addition to the warranty obligations of Seller. In the event of recall of a product (whether voluntary or involuntary), Seller shall at its expense, subject to Buyer's request and approval, prepare and mail written notification of the recall to Buyer's customers who purchased such product or any other type of notification that may be required by any applicable governmental authority.

Risk of Loss. Seller agrees to assume all risk of loss and damage until goods are delivered to Buyer at the destination designated in this PO. Insurance which may be obtained by Seller upon such goods is to be at Seller's expense, and is not to be included in the purchase price, but shall be payable to Seller and Buyer as their interests may appear. No act or omission of Buyer shall have any effect upon the risk of loss of the goods that are the subject of this order. If this PO provides for any of Buyer's property to be in Seller's possession at any time, Seller agrees to be fully responsible to Buyer for said property which shall include the responsibility to insure said property against all insurable risks, including fire and casualty, for the full insurable value thereof and Seller shall provide to Buyer a certificate of insurance, naming Buyer as an additional insured, to verify such coverage.

Compliance With Laws. (1) Seller agrees that it will comply with the provisions of the Fair Labor Standards Act of 1938, as amended, and all other applicable federal, state, county, and local laws, ordinances, regulations, and codes in performing hereunder and to indemnify and hold Buyer harmless against any loss or damage that Buyer may sustain by reason of Seller's failure to do so. (2) This agreement is subject to all applicable laws relating to equal opportunity and nondiscrimination in employment. Seller shall not discriminate in its employment practices against any person by reason of race, religion, color, sex, or national origin. Seller further agrees to comply with the provisions of all laws relating to the employment of the handicapped including the Americans With Disabilities Act, and all laws relating to employment of veterans and the use of minority business enterprises, to the extent any such laws are applicable to Seller's performance hereunder. (3) Seller further represents and warrants that all products which are provided by Seller under this agreement have been produced, manufactured, and labeled for interstate sale in accordance with all applicable state and local laws and regulations (including, but not limited to the California Safe Drinking Water and Toxic Enforcement Act of 1986 [more commonly referred to as Proposition 65] and with all applicable federal laws and regulations as amended from time to time (including, but not limited to, CFR Titles 7, Agriculture 9 and 16, Commercial Practices 21, the Food and Drug Administration Compliance Policy Guides [Sections 7117.05-7117.07], and all provisions of the Nutrition Labeling and Education Act of 1990).

Food, Food Ingredients, and Packaging Materials. Seller guarantees by accepting this order, that if it is for food, a food ingredient, or for food packaging materials, or for any product that comes into contact with food, food ingredients, or food packaging materials, the same is not adulterated or misbranded within the meaning of the Federal Food, Drug, and Cosmetic Act prevailing at the time of this order (including the Food Additives Amendment of 1958) and that the same is not an article which is prohibited from being introduced into interstate or intrastate commerce, or is

adulterated or misbranded within the meaning of any applicable state or local law or regulation on the subject which is the same or substantially similar to said law and Seller guarantees to indemnify Buyer and hold Buyer harmless against any damages, losses, liabilities or claims which Buyer may suffer or have asserted against it by reason of the breach or alleged breach of the foregoing guarantee provided that Seller is promptly notified after Buyer has knowledge of such claim or damage and Seller is given a reasonable opportunity to assert any defenses that Seller may have through its own representative or attorney.

Payment. Payment shall be made in accordance with the terms on the face of this PO. Discount period, if any, will begin on the date of receipt of goods at destination unless expressly stated otherwise. In the absence of specific payment terms, invoices will be paid on a net 30 days basis.

Assignments and Subcontracting. No part of this order may be assigned or subcontracted without prior written approval of Buyer.

Setoff. All claims for money due or to become due from Buyer shall be subject to deduction or setoff by Buyer by reason of any counterclaim arising out of this or any other transaction with Seller.

Shipment. If in order to comply with Buyer's required delivery date it becomes necessary for Seller to ship by a more expensive way than specified in this PO, any increased transportation costs resulting therefrom shall be paid by Seller unless the necessity for such rerouting or expedited handling has been caused by Buyer.

Waiver. Buyer's failure to insist on performance of any of the terms or conditions herein or to exercise any right or privilege or Buyer's waiver of any breach hereunder shall not thereafter waive any other terms, conditions, or privileges, whether of the same or similar type.

Confidential Information. This order is confidential and it is agreed by Seller that none of the details connected therewith shall be published or disclosed by Seller to any third party without Buyer's written permission.

Entirety. This order and the matters incorporated therein constitute the entire agreement between the parties relating to the purchase made hereunder. Buyer shall not be bound by or liable to Seller for any representation, promise, or inducement not embodied herein.

Governing Law, Jurisdiction and Venue. This contract shall be governed by the laws of the State of Wisconsin, without reference to its conflicts of laws principles. To the extent this order entails delivery or performance of services, such services shall be deemed "goods" within the meaning of the Wisconsin Commercial Code, except when doing so would result in a clearly unreasonable interpretation. Any litigation in connection with this PO or the relationship of, or disputes arising between, the parties hereto shall be filed in either the United States District Court for the Western District of Wisconsin or the Wisconsin Circuit Court of Green County, and the parties hereby consent and voluntarily submit to the personal jurisdiction and venue of those courts in connection with any such litigation.

Limitation on Buyer's Liability. In no event shall Buyer be liable for anticipated profits or for incidental or consequential damages or for punitive or exemplary damages. Buyer's liability on any claim of any kind for any loss or damage arising out of or in connection with or resulting from this agreement or from the performance or breach thereof shall in no case exceed the price allocable to the goods or services or unit thereof, which gives rise to the claim. Buyer shall not be liable for penalties of any description.

FORMS AND PROCEDURES

Order Transmissions from Seventh Avenue to VendorNet

All orders for drop ship items are submitted to our drop ship vendors via an Internet based system called VendorNet. (Information about VendorNet can be found at <http://www.vendornet.com>.) The Seventh Avenue transmits orders to VendorNet once daily, usually before 6:00 AM Central. Upon completion of order processing to VendorNet, an automated email is sent to all Suppliers for which orders have been submitted that day.

Order Transfer from VendorNet to Supplier

Once the orders have been submitted to VendorNet from Seventh Avenue, there are a few options for retrieval by you, the Supplier.

1. Printing directly via the VendorNet Website.
2. Extraction of data from the website into a file for use in your order processing system. There are a few options here as well.
 - a. Configurable file format to conform to your specific needs: order processing system, UPS, FedEx, etc.
 - b. EDI document 850 (Purchase Order) in compliance with the ANSI X12-4010 standard format.
3. Data extraction can be completed either manually by the Supplier or automated through VendorNet. Automation is available if you have an FTP site where the data can be sent.

NOTE: Estimated Ship Date means you may ship the order anytime up until this date. Required Ship Date means you must ship on that date as the customer has requested a specific delivery date.

Cancellations, Changes, Shipping Inquiries, Trace Requests and Parts Requests

Once we receive and process an order in our system, the customer may request to cancel, change, verify shipment, or trace the shipment. These inquiries are posted to VendorNet by Seventh Avenue each day. You, the vendor, are notified via automated email that there are orders that have been placed on a Comment Hold status. Because we pride ourselves in providing top quality service to our customers, we strive to respond within 3 business days. **Your immediate response is a critical component of our customer service program. Please update VendorNet with your response to verify that you have completed the request (See table below). There will be charge-backs to your account if this requirement is not met. Please see the “charge-backs” section for specific information.**

Cancelled Orders – if a cancel request has been made and you do not respond to our request within the 3 business days we will cancel the order. If you ship an order cancelled by Seventh Avenue after the 3 business days, or ship an order that has a confirmed cancellation by you, Seventh Avenue will not be responsible for the price of the item and the shipping costs associated to the order. **ANY CANCELLED ORDER CANNOT BE INVOICED.**

<u>Request</u>	<u>Action</u>
Cancellation	Verify you were able to cancel the order. We will credit our customer's account upon receipt of VendorNet Confirmation.
Change	Verify that you made the requested change.
Shipping Inquiry	Provide a shipping date and a tracking number.
Trace Request	Provide a status update of the shipment including the tracking number. If you cannot provide a validated proof of delivery, we will issue a debit memo for the cost of the product, drop ship fee and freight. It is your responsibility to file a claim for reimbursement with the carrier.
Parts Request	Verify that you are able to ship the parts requested. We will also need a ship date, so we can let our customer know when to expect the parts. Also, Tracking Number if applicable.

All actions need to be done in VendorNet.

Shipment Confirmation & Invoicing Procedures

General Shipment Information

All shipment information must be entered into VendorNet. Options for submission are listed below in procedures. Specifics for transmission will be discussed during VendorNet setup process.

Shipment information is to include: Ship method, ship date, & tracking number (if applicable).

Shipment information is to be posted no more than 24 hours after the order has been shipped from your facility.

General Invoicing information

No paper invoices will be accepted.

Invoicing is done via VendorNet. Please refer to the instructions below. If you have any questions or problems, please contact the Drop Ship Manager.

Net Terms begin on the date that invoices are posted on VendorNet

When Invoicing **DO NOT** include the Drop Ship fee in with the Freight. Any applicable Drop Ship fee is automatically added to the invoice based on the terms of your contract with The Seventh Avenue.

Any discrepancies in invoicing and payment, please contact Accounts Payable immediately

Invoice information is to be posted to VendorNet as soon as possible after shipment leaves your facility.

NEW SUPPLIERS ONLY:

To confirm initial invoicing is correct, please fax or email the first 6 to 12 invoices to Accounts Payable.

VendorNet Shipping & Invoicing (together as one step)

- Log on to <http://vendornet.sccompanies.com>.
- Click on 'Ship and Invoice' (located on left side menu)
- Click on 'Start Shipping' (upper right side) look for little brown truck
- Key order# to ship in Customer Service box in upper left corner and click 'Go', or locate order # on screen
- Enter Invoice #
- Enter Tracking # (if more than 1 tracking # click on add Additional pkgs icon and enter them)
- Enter Freight Cost
- Click on 'Process Shipments' (located at top middle of screen)
- Verify recap
- Click on 'Update Shipments' (located at top middle of screen - don't forget this step or it won't process)
- OK

VendorNet Shipping (separate from invoicing)

- Log on to <http://vendornet.sccompanies.com>.
- Click on 'Ship' (located on left side menu)
- Click on 'Start Shipping' (upper right side) look for little brown truck
- Key order# to ship in Customer Service box in upper left corner and click 'Go', or locate order # on screen
- Enter Tracking #
- Enter Freight Cost

- Click on 'Process Shipments' (located at top middle of screen)
- Verify recap
- Click on 'Update Shipments' (located at top middle of screen - don't forget this step or it won't process)
- OK

VendorNet Invoicing (separate from shipping)

- Log on to <http://vendornet.sccompanies.com>.
- Click on 'Invoice' (located on left side menu)
- Click on 'Start Invoicing' (upper right side)
- Enter Invoice #
- Click on 'Process Invoices' (located at top middle of screen)
- Verify recap
- Click on 'Update Invoices' (located at top middle of screen - don't forget this step or it won't process)
- OK

Shipping/Invoicing via Automated File Transfer

- Automated means are available for processing of Shipment or Invoice information. If this is an option you would like to take advantage of, please inquire at the time of initial setup on VendorNet or later if you wish to switch to automation.
- Standard EDI documents 856 (ASN) and 810 (INV) can be accepted via VendorNet.
- Text file outputs from both UPS and FedEx can also be uploaded to VendorNet.

OVERDUE ORDERS REPORT

You are responsible for monitoring and updating orders in VendorNet. If not shipped within your lead-time – updates in VendorNet are mandatory. Failure to do so will result in charge backs detailed under general requirements.

VendorNet has a report called **Detailed Overdue Orders** that allows each of our suppliers to view overdue orders at any time.

Simply go to the website for VendorNet. After reaching the Home Page, Click on **Quick Reports** and then under **Available Quick Reports**, click on **Detailed Overdue Orders**. This will show you every order, that has not been shipped/invoiced within the agreed number of days for order processing. After the list appears, left click on CSV and it will save it to any directory/drive you prefer on your computer. Once it is saved as a Comma Separated Value, it can be converted to Excel, if this is the program you prefer.

Once you review this list any product that has not shipped, needs to be relayed back to our company with a backorder date. Due to FTC laws, it is necessary for us to contact each customer, whenever an item is not shipped within the original timeframe. You can update through the Estimated Ship Date in VendorNet.

The Detailed PastDue report will show you the following columns, including your SKU Number for reference:

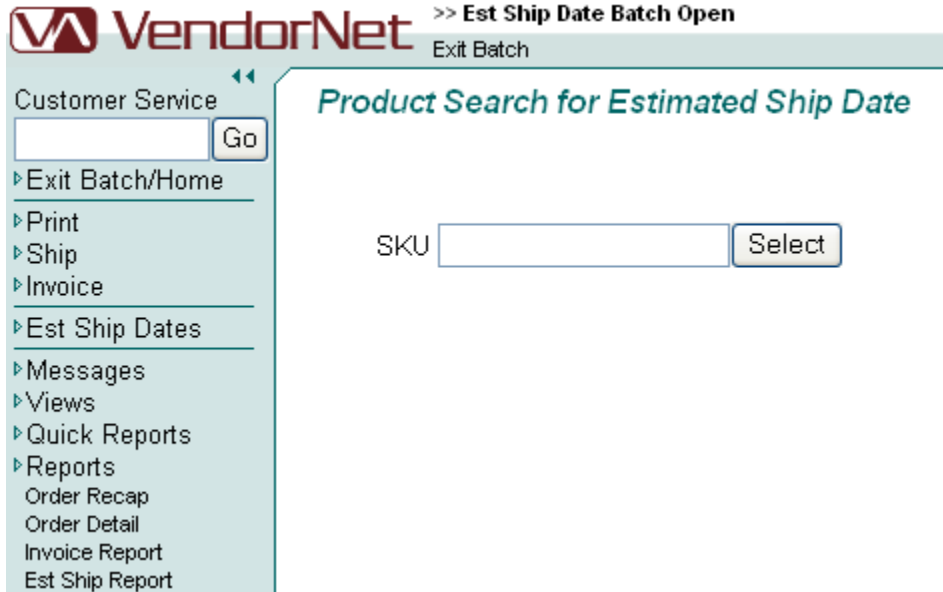
VendorNo	Vendor	Order No	SKUNo	Vendor SKUNo	Description	Order Date
Import Date	Est Ship Date	Quantity	Product Cost	Customer Name		

If your company is unable to meet the first backorder date, FTC laws mandates that we cancel the original order, and send a letter to the customer asking if the second date is OK, or if they prefer to cancel the order. If the customer calls back, advising the 2nd backorder is OK, a replacement order is automatically sent to your company.

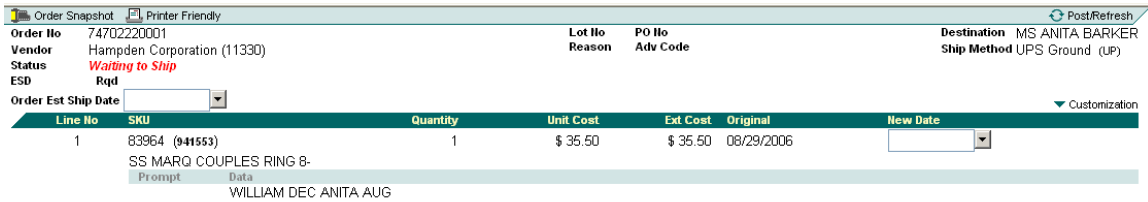
With our new system update, our system automatically calculates the 1st and 2nd backorder notifications. As we receive the 2nd backorder date, you will receive a request from our company to (soft) cancel the original orders. These type of cancellations need to be confirmed by your company within 24 hours. The second backorder date requires additional order handling on both ends, so this is why we ask you to give the best date possible the first time, so we do not need to contact the customer again. Failure to notify our company of 1st and 2nd backorder dates, will result in charge backs to your company, so it is in your best interest to be pro-active and notify immediately when delays occur.

Updating Estimated Ship Dates:

In **VendorNet**, on the Home Page, there is a left column listed as **Customer Service**. Click on **Est Ship Dates**, and you can enter extended ship dates on this page, either by an individual order number, or by your SKU number.

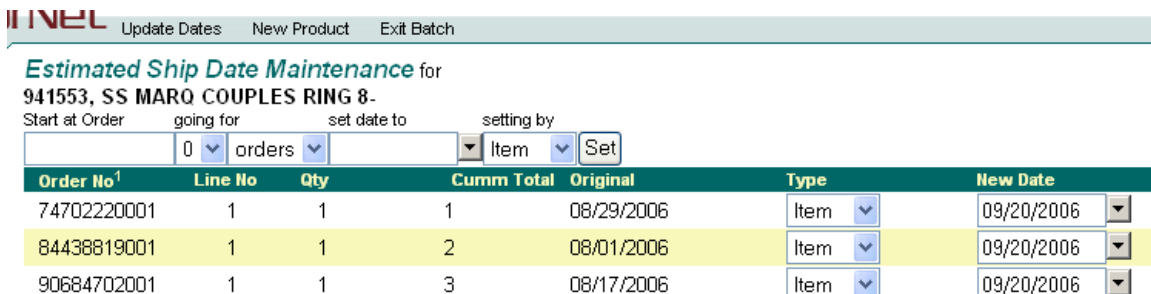


Entering by order number – Place the Order Number in the box under Customer Service and click on Go. This will bring up the Order Snapshot. You have two places that you may enter the extended date 1) The box next on the left, next to the words “**Order Est Ship Date**” or 2) the boxes next to each individual line number, under the heading “**New Date**”. By placing the date in the first box, you will place the entire order on backorder for the date specified. The **New Date**, will only update that particular item on that order. Clicking on the right arrow of each box, will bring down a calendar, to save you time keying in the dates. Clicking on the **future date**, will place the date in the correct date format for update. In the middle of the snapshot, you will see a blue line. On the right hand side, click on **Post/Refresh** to update this date to VendorNet. But it is not final, until you click on **Process Dates**, listed at the top of the page, before leaving VendorNet.



This particular method is time consuming, however, if you have items that need to ship together within one order, the customer will be notified, that all items are being held until the backorder date specified.

Entering by **SKU number** – Key in either your company SKU or our SKU number in the box shown under the heading **SKU**. This will bring in the Description of the pack. By clicking on the SKU number, it will show all open orders for that item. The list will show the orders in newest order sequence. By chance if you have shipped some of the first orders, you can click on **SKIP** for the orders shipped, so the backorder date will not update.



Once you determine which orders need to be updated for backorder, you may click on Start at Order, and in the list below, the first order on backorder. If you know some orders have shipped, please click on Skip, for those that do not need to be updated. Set Date can be set up clicking on the right arrow, and a calendar will come down. Once you have the orders that you want to update, click on Set, and this will place the backorder date in the box under New Date. Once this is done, click on the top, where it says Update Dates. This is necessary to process the dates through VendorNet.

The current date is listed under the heading "**Original**". Do not update a new Estimated Ship Date, unless the date is past the Original Date. If you are able to ship earlier than the original date, nothing is needed.

GENERAL REQUIREMENTS

Projections

- If your product is approved for one or more of our catalogs, we will provide you with a total projection on the contract. This is only an estimate. There are no guarantees we will sell the exact amount.
- Once the catalog is released, projections will continue to change as sales come in. Updated Non-Food projections will be emailed to you weekly.
- If you have any questions concerning projections, you may contact the Drop Ship Coordinator at 608-328-8928 or email.

Contract Verification-

- Upon receipt of our contract, take the time to verify all the information on the document. If the details are not accurate, contact the Drop Ship Department and resolve the issue(s), prior to shipping.
- Please sign the contract in the space provided at the bottom, and return it to the Drop Ship Coordinator. You can email, fax it to 608-328-8779, or send it via mail within 5 days. If your contract is for Food, please fax to 800-758-2959.

No Product Surprises

- Federal law states that product we ship to our customers must match our catalog photo and description.
- Therefore, the products you send to our customers must not deviate from what has been approved and defined on the QA specification.

Due Dates

- We must fulfill our customers' orders quickly to meet our service goals. There are also legal guidelines that govern all mail order companies on fulfillment issues. The Federal Trade Commission (FTC) governs the type and timing of communication between our company and our customers when a product they have ordered is not available to ship. Since you play an integral part in our compliance with this law, you should be fully aware of what we expect.
 - After you have received our orders, notify us immediately if there is a chance that the delivery date cannot be met. We will do our best to work out another mutually agreed upon date.
 - It is your responsibility to monitor and meet the due date.
 - If you can't deliver approved product by a promised due date, and you have not contacted our company, you will be charged back as per the charge back section of this manual.

Return Policy

- The information below outlines the return policy for all Non-Food Drop Ship orders. These guidelines will govern the returns unless alternative information is provided within the quotation or in the contract.
- All credit memos should be emailed to the Drop Ship Lead.
 - Non-Deliverables – In most cases, non-deliverables will be returned directly to your facility. You should notify our drop ship department and issue a credit memo with the appropriate product cost. We will contact our customer, and reissue the order if the customer so requests.
 - Customer Refusals – In most cases, customer refusals will be returned directly to your facility. You must notify our drop ship department and issue a credit memo with the appropriate product cost. Restock charges may apply depending on the terms of the contract.
 - Carrier Damage – The customer's information must be on all suspected carrier damage claims. You will be responsible for filing a claim with the carrier and arranging to pick-up the product. We will also send the information to our Accounting Department to issue a debit memo for the cost of the product, Drop ship charge and Freight.
 - Customer Returns – Customers may return items directly to our Returns Department or some may be shipped back to your facility. The quotation will outline the procedure for handling of customer returns. In most cases, we will return to vendor (RTV) all items returned to our Returns Department. Restock charges may apply depending on the terms of the contract. Any customer returns sent directly back to your facility must be communicated to our drop ship department within 5 days, so we can give our customers prompt credit to their account. Failure to notify us will be assessed a chargeback. See Page 14.
- This is important-- if we are not notified that the customer's item has been returned, they will not receive credit to their account. If we are not getting credit for returns we will request our address be on the package.

Package labeling**Traditional drop shipments direct to customer**

- All packages are to look as if they have shipped from The Seventh Avenue. Questions should be directed to the Drop Ship Manager.
- If our account is not credited for customer returns, then our returns address must be included with the shipment. (Contact Drop Ship Manager for addressing.)

Customized drop shipments (ship to Seventh Avenue DC for shipment to customer)

- Each order will have an associated 'Unique' number assigned. This number will be 10 digits in length and is to be visible on the outside of the shipper carton. If possible, this number should be in the form of a UCC128 barcode with human readable format underneath.

CHARGE-BACKS

We have implemented expense-offset / charge-back penalties as a way to recover the costs of non-compliance with our Supplier Manual requirements. We would like to make it clear that we are not in the business of making money on charge backs. We are, however, in the business of satisfying our customers. If you supply us with complete, accurate, and timely information, we will work with you to help avoid charge backs.

Please note that non-compliance penalties became effective November 1, 1999. It is in everyone's best interest to be in compliance with these requirements. We plan to work with you, our valued suppliers, to achieve this objective. Don't hesitate to contact us with questions and concerns regarding these charges.

The following are charge-backs that require further clarification:

1. **Past Due Orders:** You will be charged every time you miss a shipment due date or a confirmed back order date. These charges will be assessed under the following schedule:

If you fail to inform Seventh Avenue of a missed estimated ship date prior to that date you will be charged \$8.00 per order.

If you miss a first backorder date and we are forced to reissue our customer a second backorder date, you will be charged \$8.00 per order.

2. **Product Variation:** You will be charged for any written / phone correspondence we have with our customers if your products do not conform to the photo sample or the copy that you approved. The charge is a minimum of \$2.00 per item.
3. **Duplications:** You are responsible to implement safeguards to prevent the duplication of customer's orders. If duplicate shipments are made, you will be charged for all associated costs.
4. Returns/Refusals/Non-Deliveries of Hard Goods-----Failure to notify us will be assessed a charge of 1 ½ times the product cost or \$10 whichever is greater.
5. Failure to pick orders from VendorNet within 2 business days-----5% of Product Cost or \$2.00, whichever is greater.
6. Failure to update VendorNet within 5 Business days of shipment -----5% of Product Cost or \$2.00, whichever is greater.
7. Failure to answer supplier hold orders within 3 business days ----5% of Product Cost or \$2.00, whichever is greater.

ACKNOWLEDGEMENT

The undersigned, valued supplier, hereby acknowledges receipt of the Supplier's Manual, which includes a copy of the standard purchase order terms and conditions. In consideration for doing business with the undersigned, the undersigned does hereby agree that the standard purchase order terms and conditions and the additional conditions specified in this manual shall govern with respect to all orders by our company from the undersigned. The acceptance of orders shall be deemed to include acceptance of such terms and conditions without the same being specifically included on the order form.

Dated this _____ day of _____, _____

Supplier Name

By _____

Please include Remittance information here:

Company Name _____

Contact Name in A/R _____ phone# _____ Email: _____

Address _____

City, State, Zip Code _____

Please send this signed form to our Drop Ship Coordinator.