

5.0 Transportation Routing Requirements

5.1 General Routing Requirements

- Overview: The Company's Transportation department ("Transportation") will route all shipments when the Company is the responsible party for payment of freight charges. The vendor's copy of the Company purchase order should reflect the correct commercial and freight related terms for the merchandise. If there are any discrepancies in freight terms, please contact the appropriate Company buyer. Shipment routings not authorized by the Company may result in chargebacks to the vendor including non-payment for transportation services rendered. Please use these guidelines to determine how to properly route Company shipments.
- Company-controlled domestic routing: A PO is classified as "Domestic" if the merchandise originates in the United States or if the Company is not the importer of record with U.S. Customs. Domestic PO's, (originating within the United States), routed by the Company are designated using the freight term "FOB named point" within the United States and indicate that the Company is responsible for freight payment using such language as "Freight Collect to DSW". **The Company will not be responsible for charges associated with the movement of merchandise from or to a port of entry (drayage, pier pick-up, etc).** Any charges related to these movements will be at the vendor's expense. Under the freight terms of "FOB named point", the Company owns the merchandise while in-transit, accepts liability for loss or damage in transit, and pays the standard freight charges. Standard freight charges are paid for the method of transportation agreed upon by the Company and as stated on the PO. Vendors will be expected to pay for any freight charges incurred as a result of non-compliance with PO terms. Vendors shipping Domestic POs need to meet the conditions of this Section and should refer to Section 5.2, Domestic Routings, for transportation instructions.
- Vendor-controlled routings: For POs coded either as Incoterm 2000: DDP Destination ("Delivered Duty Paid") or FOB DC (U.S. Uniform Commercial Code), the vendor owns the merchandise in-transit, accepts liability for loss or damage in transit, bears and pays the freight charges, and can select its own transportation provider. Vendors shipping POs meeting these conditions are exempt from the instructions outlined in Section 5.2 of this Guide; however, notification of the shipment status and delivery estimated times of arrivals are preferred. Please contact Transportation at traffic@dswinc.com, or by fax at (614) 872-1559 or by calling (614) 872-1558 for further instructions about merchandise visibility.

5.1 General Routing Requirements (cont'd)

- Vendor-controlled routings, (modified for full containerized goods): From time to time vendors may have full containers of merchandise for the Company; however, the FOB is listed as “named point” within the United States to a location other than vendor’s DC. Transportation will alter the FOB point to “a DSW Consolidator” or “Columbus, OH Rail Yard” thereby reducing the cost to vendor and decreasing the throughput to the Company. The vendor MUST contact Transportation prior to vessel arrival at the pier to request a specific routing form (“Routing Request Form”) (see section 5.2 for further details). Vendor must also direct vendor’s broker to E-mail the Deliver Order and other clearance documents to Trans_IB_Ocean@dswinc.com. Other “consolidator” E-mail addresses may be required if the final transfer point is NOT Columbus, OH. For more information please contact Transportation at Traffic@dswinc.com, or call 614-872-1558.
- Company is a participant to C-TPAT, (Customs Trade Partnership Against Terrorism), therefore, the “origin” seal must appear on the Delivery Order. If seal is does not match the original from origin and vendor or vendor’s broker can not provide acceptable circumstance, (e.g. customs inspection at point of entry), container may be refused prior to local pick-up and/or may be subject to customs inspection and/or PO cancellation. Domestic shipments with missing or “altered” seal, may be subject to inspection and/or delayed delivery or refusal prior to delivery at final destination.
- Company is Sarbanes-Oxley, (SOX), compliant, so any alteration to the amount of cartons shipped that deviates from the cartons requested must be accounted for by the vendor/shipper within 24 hours after shipment has departed vendors/shippers facility. Failure to notify Transportation in writing to traffic@dswinc.com or by fax to 614-872-1559, may result in a charge back and/or return of merchandise at vendor’s expense.
- Direct shipments to stores are prohibited, unless specifically stated on the PO. All routing instructions for these shipments are the responsibility of the Company buyer. If you have questions, contact the Company’s main office at (614) 237-7100 or the buyer’s direct number.
- The Company expects all orders to ship complete within 5 business days from the stated “Start Ship” date listed on the PO. Any partial orders or orders shipped from multiple vendor locations MUST be identified at the time the vendor contacts Transportation.

5.1 General Routing Requirements (cont'd)

- Purchase Orders for the same Business Unit, (BU), may be combined on the same Routing Request Form, however, a separate form **MUST** be used for individual BU's, (e.g. DSW - **BU 29**; Value City Department Store Footwear - **BU 10**; SteinMart Footwear - **BU 41**; Gordman Department Store Footwear - **BU 65**; and DSW E-Tail Direct - **BU 58**).
- Separate Routing Request Forms may be combined as separate attachments on to the same e-mail to traffic@dswinc.com.
- Vendors needing routing instructions for international orders (i.e First Cost, Letter of Credit,..) need to contact the Company's Import/Export office at (614) 238-5672

5.2 Domestic Routings

- **General Routing Instructions:**
 1. **All requests for routing need to be submitted via a Routing Request form.** To request a form, Transportation has created three simple methods using the following communication form: 1 – e-mail, 2 – fax, or 3 – Internet. Use of any of these methods is acceptable when requesting a routing form and PO validation. Transportation **prefers** that all communications be conveyed through e-mail so that there is a recorded and searchable record.
To request a form via **e-mail**, please send requests to: traffic@dswinc.com. To request a copy via **fax**, please send request to: **(614) 872-1559**. If requesting a copy via **Internet**, please use the Company's vendor website address: <http://dswinc.com/Vendor-InboundTrans.do>. Please address any additional questions to the Company's Domestic Transportation department via phone at (614) 872-1558.
 2. A routing request can be placed 5 business days prior to the "Start Ship" date on the PO, **provided merchandise is available and ready for packing into shipping cartons.** This will ensure that Transportation has the available capacity to meet the delivery requirements set forth in the PO as well as validate merchandise priority. If the PO contains priority merchandise, Transportation may route the shipment using an expedited service provider. If the routing request is tendered and the merchandise is not in vendor's possession and causes a delay in the pick-up, a partial pick-up or a "truck ordered, not used", vendor may be charged back to actual cost from the carrier and will be subject to additional charge-backs as outlined in Section 9.2.

5.2 Domestic Routings (cont'd)

3. Shipment validation may be obtained 5 business days prior to PO "Start Ship" date based on merchandise priority and availability. Vendors are encouraged to request routing as soon as possible as long as vendor is in possession of the merchandise. The Company expects that all shipments be requested in full no later than 5 business days past the "start ship" date on the PO.
 4. Merchandise pick-ups are scheduled following PO validation and according to merchandise availability date and time. **All requests are scheduled for pick-up within 48 hours (2 business days) following the acceptance of the request and/or shipper's ready date.** Transportation can be contacted via phone at (614) 872-1558, Monday through Friday 8 am to 4 pm (EST) or anytime via e-mail/fax.
 5. If merchandise is not available for pick-up after arrival of carrier, any detention, trailer not used, or any other related charges may be charged to the vendor. Vendors need to notify Transportation immediately if merchandise will not be available on the scheduled pick-up date.
 6. Any merchandise that is shipped without obtaining routing from Transportation may be subject to return at the vendor's expense. This may include merchandise that is shipped on a pick-up not ordered by the Company.
 7. Transportation's routing policy adherence improves production and distribution efficiencies while enhancing the Company's ability to maintain an acceptable freight discount program. Failure to comply with routing instructions may result in vendor chargebacks for excessive freight charges incurred. Transportation MUST verify all orders; failure to contact Transportation before shipping may result in partial or full non-payment of freight charges.
- Use "plain text" or "rich text" format for e-mailed requests, messages using hypertext mark-up language (HTML) format could be blocked by the Company's anti-virus software.
 - Send the Routing Request Form as an attachment to the message, not as the original message.
 - Purchase Orders shipping from multiple locations must be noted in the comments of the Request, otherwise, there may be a delay scheduling a pick-up

5.3 Scheduling Merchandise Pick-Up

- **General Pick-up Scheduling Instructions:**
 1. The following information must be provided to Transportation on the Routing Request Form located at Company's vendor website address: <http://dswinc.com/Vendor-InboundTrans.do>:
 - a) Vendor name and shipper/3PL name, origin address, contact name, phone number, and pick-up requirements.
 - b) Destination address, contact name and phone number, and desired delivery requirements (previously provided on the Routing Request Form).

5.3 Scheduling Merchandise Pick-Up (cont'd)

- c) For each PO number or reference number:
- 1 PO number / Reference number
 - 2 Total number of cartons
 - 3 Number of pairs or units
 - 4 Total cubic feet
 - 5 National Motor Freight Classification ("NMFC") item number and class description of freight (i.e. NMFC 28160 Shoes, Class 100)
 - 6 Total pallet spaces (if applicable)
 - 7 Total weight
 - 8 Carton dimensions in inches if total cube is not calculated
 - 9 Special merchandise requirements (i.e. hazardous material, lift-gate, inside pick-up, etc)
 - 10 Time when merchandise will be ready for pick-up (the vendor or carrier must be in possession of merchandise at the time of the request)
 - 11 Shipping hours, including any down time
 - 12 Method of pick up, (drop trailer or live load)
 - 13 Hazardous material (i.e. perfume, nail polish, etc) requirements must be clearly noted prior to pickup.
2. Each merchandise pick-up request will be verified against the PO for accuracy. No merchandise pick-up will be authorized for a shipment until all issues or discrepancies have been resolved.
 3. The Company will confirm the designated carrier with the vendor contact specified on the Routing Request Form via e-mail only. The Company selected carrier will contact shippers without email capabilities via phone.
- Transportation requests MUST be initiated during regular business hours at least 48 hours prior to the required ship date to ensure available capacity to meet the delivery requirements set forth in the PO. Transportation requests can be submitted via phone to Transportation any time Monday through Friday from 8 a.m. to 4 p.m. (EST). E-mailed requests can be submitted 24 hours a day, 7 days per week.
 - Failure to provide sufficient lead-time or changes to load information after the initial pick-up call *could delay* the timeliness of the pick-up and result in a late delivery. It is essential that the information provided in the Routing Request Form be accurate and complete. Any delays or inefficiencies resulting from inaccurate details provided by the supplier may result in chargebacks.
 - Any additional carrier charges incurred by the Company due to vendor related pick-up delays and/or refusals may be charged back to the vendor.

5.3 Scheduling Merchandise Pick-Up (cont'd)

- In the event of problems with the assigned carrier (late or missed pick-up, poor service, etc.), Transportation needs to be contacted immediately for assistance. A transportation specialist can be reached at (614) 872-1558 Monday through Friday from 8 a.m. to 4 p.m. (EST).
- Special requirements for small parcel shipments: If requested by the Company to ship via a small parcel carrier, the vendor must forward the PO number(s) and tracking number(s) to Transportation via e-mail or fax. Failure to do so will result in a chargeback of all freight costs to the vendor.

5.4 Trailer Loading Requirements (All Shippers)

- All shipping locations responsible for loading trailers with Company merchandise must meet the requirements outlined in this section. Failure to follow any and all of the requirements herein may result in a chargeback.
- Vendors/shippers are responsible for the loading of merchandise onto trailers. Any additional charges for loading a trailer (i.e. lumber fee, warehouse equipment fee, etc) will be at the vendor's expense or may be charged back at actual invoice amount from carrier.
- Trailers need to be loaded by PO. When shipping multiple PO's, merchandise needs to be staged horizontally within the trailer when loading using a visible separator between each PO. Separators can be of any type of durable material such as slip-sheet, thick plastic, corrugated cardboard, or other material. It is recommended that pallets not be used as separators. Furthermore, any E-Tail Direct PO's must be loaded on the tail of the trailer, (full truck-loads only), with a special note on the BOL, "E-Tail Direct PO(s) loaded last".
- When shipping POs with and without a corresponding EDI ASN on the same trailer, all **non-ASN** merchandise will need to be located in the front ("nose") of the trailer. This will expedite trailer unloading and merchandise receipt processes.

5.4 Trailer Loading Requirements (All Shippers, cont'd)

- All orders are to be “floor loaded” on trailers, unless otherwise noted in writing. The Company does not participate in a pallet exchange program with its vendors or carriers. If an order is authorized for pallets, for ease of movement, the Bill of Lading (“BOL”) MUST indicate “loose” pieces and NOT mention pallets or skids in any manner. In addition, inclusion of the pallet weight and pallet cube is prohibited unless pallet is part of the shipment. *Note – small cartons containing accessories/gifts/novelties are exempt from this requirement.* To include the pallet weight and/ or pallet cube on BOL may result in a chargeback. The vendor is expected to allow the carrier the ability to count the merchandise without obstruction from items such as tape or shrink-wrap. Any changes in weight due to a palletized shipment may result in higher freight charges. Differences in standard freight charges will be the vendor’s responsibility. Any palletized shipments without authorization may be subject to chargeback. When pallets are required, build them at least 84 inches in height not exceeding 96 inches overall, use the fewest possible pallets, and when 84 inches cannot be attained consider double stacking pallets.
- All loads need to be secured in order to prevent carton shifting during transit. Orders delivered with loose and/or damaged cartons may be subject to chargeback.
- Security seals are required on all full truck-load (“TL”) shipments with seal numbers annotated in the appropriate section of the BOL.
- All shipments must use the Company as the final destination. Alternate shipment destinations need to be authorized by the Company buyer and/or Transportation personnel. All requests for alternate destinations need to be submitted, in writing, prior to shipment departure from vendor’s facility. All orders must ship complete as specified on the PO. Any back ordered merchandise shipped after initial pick-up will be shipped as “freight prepaid” at vendor’s expense. Any requests to split ship an order or specific item must be authorized by the Company buyer.
- The carrier’s agent must verify merchandise carton or pallet counts when shipment is picked-up for any less than truck-load shipments or consolidation, otherwise, vendor is responsible for carton counts, (must use a security seal prior to the carrier’s departure from vendors/shippers facility.
- Additional merchandise is not to be added to pick-up after carrier arrival. Any merchandise not part of the original pick-up appointment must have its own pick-up appointment, unless, written instructions are issued by Transportation.
- Vendor shipments do not need to be insured or have value declared after being loaded onto trailer. The Company assumes responsibility for the merchandise upon completion of trailer loading.

5.5 Shipment Delivery Requirements

- All deliveries to the DC are scheduled as “drop trailer” receipts. Trailers are unloaded based on a first in/first out (FIFO) method.
- Any live deliveries need to be schedule 48 hours prior to the delivery appointment. The DC reserves the right to refuse live deliveries for a given date based on the inbound volume. For live delivery appointments, vendors must call (614) 872-1516, or e-mail ReceivingAppointmentsDSW@dswinc.com.
- If the vendor selects a carrier that requires a live unload, the shipment may be refused. The vendor will then need to make alternate arrangements to locate a facility that will trans-load the merchandise and drop a trailer at the DC.
- **The DC does not accept air containers, pallets, or other air cargo equipment.**

5.6 TMS, (Transportation Management System), Information

- DSW Inc will be migrating all manual routing requests and approvals to an online format hosted by Sterling Commerce, an AT&T Company, (“Sterling”). Company’s cut-over plan will commence in early 2008, and vendors will be contacted by DSW Transportation prior to enrollment. The website for Vendor interaction with Company PO is secured and a login and password will be issued at least two weeks prior to enrollment. The Sterling TMS is designed to be as easy and efficient as possible, but there is required interaction by Vendor, or Vendor’s agent in order to validate Company PO’s. The intent is to have a simple, non cumbersome interaction and exchange of information. The process should actually take less time then the current manual methods and vendor will receive instant feedback on acceptance or issues. More detailed information will be posted at the DSW Vendor Portal, <http://dswinc.com/Vendor-InboundTrans.do>, toward the end of November, 2007.

5.7 TMS Overview of Instructions

- Approximately two weeks prior to enrollment, Vendor will be asked to review a contact sheet and fill out all vendor and third party shipping information, [to be used only for the TMS enrollment, [no information will be used outside of DSW Transportation]. A detailed process and procedural guide book will be provided to Vendor to include screen shots, frequently asked questions and support numbers. At any time prior to and after enrollment, Vendor may go to Company’s Vendor Portal to access the Vendor Contact Information Form, (available mid-November), and submit to DSW Transportation, (traffic@dswinc.com). ****Note – All TMS related instructions will be posted separately near late November, 2007**
- Vendor will access all open PO’s through the secured web address <https://www.sterlingwebforms.com/webforms>.

5.7 TMS Overview of Instructions (cont'd)

- Sterling webforms are similar to e-mail accounts with “Inbox”, “Drafts”, “Outbox” and “Deleted” folders.
- PO’s must be entered one at a time and the process will take between 1 to 5 minutes per PO.
- More detailed information will be posted at the DSW Vendor Portal, <http://dswinc.com/Vendor-InboundTrans.do>, toward the end of November, 2007.

5.8 TMS Vendor Enrollment

- Vendor enrollment will take approximately one hour, and during this time, vendor contact information will be reviewed, step-by-step instructions will be reviewed and Vendor will have an opportunity to ask questions.
- Once enrolled, DSW Transportation will test with Vendor by reviewing the first PO or two for procedural accuracy, then “Go Live” with Vendor on the next PO shipment.

5.8 TMS Vendor Enrollment (cont'd)

- More detailed information will be posted at the DSW Vendor Portal, <http://dswinc.com/Vendor-InboundTrans.do>, toward the end of November, 2007.

5.9 TMS PO Validation Business Rules

- **Business Unit 29, DSW INC:**
 1. TMS will compare the entered “**Ready To Ship Date**” entered into the Sterling Webform against the Company’s Start Ship and Cancel date for each PO.
 - a. If the “**Ready To Ship Date**” falls with in the Company’s Start Ship and Cancel, the PO will pass validation.
 - b. If the “**Ready To Ship Date**” falls outside of this window, Vendor will receive a message that the issue has been sent to DSW for review.
 2. Check Event Codes:
 - a. Company uses internal event codes to override certain SKU quantity conditions.
 - b. All PO shipments are based upon a “route once” and complete philosophy at the “SKU” level, (Vendor Style/Color).
 3. Check SKU Quantity:
 - a. If Vendor is requesting ALL SKU’s ordered, then apply a tolerance of +/- 5% per SKU
 - b. If Vendor is requesting less than all SKU’s ordered, then apply a tolerance of +/- 2% per SKU.
 - c. If Vendor is requesting less than the specified tolerances, then Vendor will receive a message that the issue has been sent to DSW for review.

5.9 TMS PO Validation Business Rules (cont'd)

4. Request Denied or Delayed:
 - a. If Vendor's request does not pass any one of the validation stages, a message will be sent to the appropriate team at DSW for review.
 - b. If Company accepts the condition, a revised PO will be issued to Sterling Webforms.
 - c. Vendor to check with in 48 to 72 hours for PO update.
 - i. If PO is not reloaded with the changes to SKU quantities or dates within 48 hours, Vendor may contact Vendor's Sales or Customer Service departments for further instructions.
 - ii. If PO is not reloaded with the changes to SKU quantities or dates within 72 hours, Vendor may call 614-872-1558 or e-mail traffic@dswinc.com for follow-up.
- **Business Unit 41, Stein Mart Footwear ONLY:**
 1. TMS will compare the entered "**Ready To Ship Date**" entered into the Sterling Webform against the Company's Start Ship and Cancel date for each PO.
 - a. If the "Ready To Ship Date" falls with in the Company's Start Ship and Cancel, the PO will pass validation.
 - b. If the "Ready To Ship Date" falls outside of this window, Vendor will receive a message that the issue has been sent to DSW for review.
 2. Check Event Codes:
 - a. Company uses internal event codes to override certain SKU quantity conditions.
 - b. All PO shipments are based upon a "route once" and complete philosophy at the "SKU" level, (Vendor Style/Color).
 3. Check SKU Quantity - **NO PARTIAL PO's ACCEPTED:**
 - a. If Vendor is requesting ALL SKU's ordered, then apply a tolerance of +/- 2% per SKU
 - b. If Vendor is requesting less than all SKU's ordered, or less than total SKU's on order, then Vendor will receive a message that the issue has been sent to DSW for review.
 4. Request Denied or Delayed:
 - a. If Vendor's request does not pass any one of the validation stages, a message will be sent to the appropriate team at DSW for review.
 - b. If Company accepts the condition, a revised PO will be issued to Sterling Webforms.
 - c. Vendor to check with in 48 to 72 hours for PO update.
 - i. If PO is not reloaded with the changes to SKU quantities or dates within 48 hours, Vendor may contact Vendor's Sales or Customer Service departments for further instructions.
 - ii. If PO is not reloaded with the changes to SKU quantities or dates within 72 hours, Vendor may call 614-872-1558 or e-mail traffic@dswinc.com for follow-up.
- **Business Unit 65, Gordman's Department Stores' Footwear ONLY:**
 5. TMS will compare the entered "**Ready To Ship Date**" entered into the Sterling Webform against the Company's Start Ship and Cancel date for each PO.
 - a. If the "Ready To Ship Date" falls with in the Company's Start Ship and Cancel, the PO will pass validation.
 - b. If the "Ready To Ship Date" falls outside of this window, Vendor will receive a message that the issue has been sent to DSW for review.
 6. Check Event Codes:
 - a. Company uses internal event codes to override certain SKU quantity conditions.
 - b. All PO shipments are based upon a "route once" and complete philosophy at the "SKU" level, (Vendor Style/Color).

5.9 TMS PO Validation Business Rules (cont'd)

7. Check SKU Quantity - ***NO PARTIAL PO's ACCEPTED.***
 - a. If Vendor is requesting ALL SKU's ordered, then apply a tolerance of +/- 2% per SKU
 - b. If Vendor is requesting less than all SKU's ordered, or less than total SKU's on order, then Vendor will receive a message that the issue has been sent to DSW for review.
8. Request Denied or Delayed:
 - a. If Vendor's request does not pass any one of the validation stages, a message will be sent to the appropriate team at DSW for review.
 - b. If Company accepts the condition, a revised PO will be issued to Sterling Webforms.
 - c. Vendor to check with in 48 to 72 hours for PO update.
 - i. If PO is not reloaded with the changes to SKU quantities or dates within 48 hours, Vendor may contact Vendor's Sales or Customer Service departments for further instructions.
 - ii. If PO is not reloaded with the changes to SKU quantities or dates within 72 hours, Vendor may call 614-872-1558 or e-mail traffic@dswinc.com for follow-up.