



AM RETAIL GROUP INC.

DBA WILSONS LEATHER OUTLETS

**Summary Domestic Logistics
Guidelines**

Effective:
January 1, 2009

AM RETAIL GROUP INC
2008 Logistics Guidelines

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Statement of Purpose

In a continued effort to sell quality products and to expedite the flow of goods, AM Retail Group requires vendors to follow the packaging and routing instructions in this guide. Failure to comply with AM Retail's requirements will result in chargeback's to the vendor.

At AM Retail Group, our vendor/supplier relationships have always been a very valuable part of our business. We are dedicated to ensuring that our supplier standards are in conformity with those of the retail industry as a whole, which in turn will translate into increased sales and profitability for AM Retail and our Vendors. As we continue to grow, updates and revisions will be sent to you. It is your responsibility to ensure that the proper personnel within your organization are made aware of procedures and updates.

AM Retail Group has worked to build strong relationships with vendors. As AM Retail business expands, it is critical that we focus on operational efficiency. By working closely with are vendors, AM Retail Group will bring product to our sales floor as timely and efficiently as possible. By following the detailed requirements outlined in this guide, your products will flow through our DC to the selling floor.

1. Garments

1.1 General Garment Packaging

The following bullet points cover packaging of individual garments prior to shipping in cartons. Failure to comply with AM Retail requirements will result in charge backs to the vendor.

- All garments must be pre-ticketed with the proper AM Retail or vendor tickets.
- Place an adequate supply of silica gel in pockets.
- Enclose garment in clear 0.1 - 0.2 MM thick polyurethane bag with warning instructions.
- Tape polyurethane bags close with self adhesive tape – allowing 3” space between bottom of garment and bottom of bag.
- See pre-packs / flat pack for more details on packaging.
- Use ONLY AM Retail approved hangers for all shipments. See hanger requirements.
- Warning must be printed on all polyurethane bag as follows:

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



- Size sticker must go on the right outside corner of the polyurethane bag (on wearers left side).



- Plastic buttons should be covered with paper as shown below.



- Blue tape must be applied to protect metal hardware. Ex. below zipper pullers.



1.2 Hangers

1.2.1. AM Retail Hanger Suppliers

Use ONLY AM Retail approved hangers for all shipments.

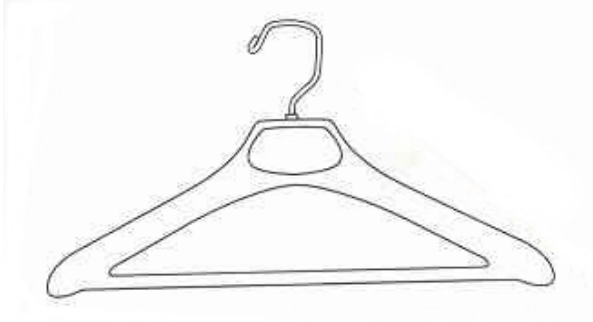
Hangers Plus (H.K.) Co., LTD.
 Marvel Industrial Bldg, Block B, 10/F, Flat E
 17-23 Kwai Fung Crescent
 Kwai Chung, Hong Kong
 Tel 852-2410-9008
 Fax 852-2489-0554
 Email: kennym@hangersplus-cn.com
 Contact: Kenny Mak

1.2.2. Hanger Sizes

Mens Jackets, Womens 3/4			
Long Coat Outerwear	17" Contour w/ Grip	Hangers Plus #213	A&E #3213
Mens Vests, Shirts	18" Flair	Hangers Plus #196	A&E #3298
Mens Pants	12" Pant w/ Soft Lock	Hangers Plus #5712	A&E #5712R
Womens Jackets	17" Contour w/ Grip	Hangers Plus #213	
Womens Halter Top	17" Flair	Hangers Plus #V17	
Womens Vest/Skirts	17" Flair	Hangers Plus #V17	
Womens Pants/Skirts	12" Pant w/ Soft Lock	Hangers Plus #5712	A&E #5712R
Plus Sizes	21" Contour w/ Grip	Hangers Plus #2421	
Kids Jackets	15" Contour w/ Grip	Hangers Plus #212	A&E #2215
Kids Pants/Skirts	10" Pant w/ Soft Lock	Hangers Plus #5710	A&E #5710R

1.2.3. Hanger Types:

CONTOUR HANGERS



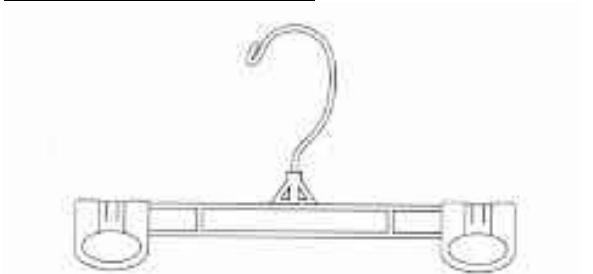
19" hanger for Men's Outerwear
17" hanger for Women's Outerwear
15" hanger for Kids Outerwear

FLAIR HANGERS



17" hanger for Women's shirts, halters and vests.
18" hanger (no notch) for Men's shirts and vests.

PANT / SKIRT HANGERS



12" hangers for all pants and skirts

1.2.4. Hanger Size Rings

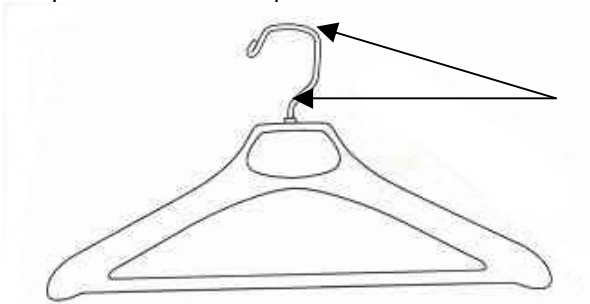
- All jacket, vest, shirt, pants, skirts and tops hangers must have a **size ring**. It is the responsibility of each vendor to ensure that these **size rings** are on the hangers at the time of shipment.

1.3 GOH

GOH orders will be hung on AM Retail approved hangers that support the garment, meet packaging requirements and are pre-ticketed.

1.3.1. GOH loading

- Required loading pattern for all GOH shipments is as outlined below.
 - Load garments from right to left by PO/Style/Color/Size.
 - Within the PO/Style/Color/Size, start by loading the largest garment to smallest (XXL to S).
 - Do not mixed PO's, Styles, Colors, and Sizes.
 - Before loading a container, loaders need to inspect bars and ropes to ensure physical integrity.
 - The hook part of the hanger, from size ring above, must be clear of foam, cardboard, paper or plastic. See below picture.



- There must be an adequate amount of dehydrate agent (silica gel).
- Laying garments on the floor or hanging garments touching the floor is prohibited.
- DO NOT hang hangers backwards on the knots. Hangers hooks are to face the head of the container.
- DO NOT tie, wire, or tape hangers together.
- DO NOT tie, wire or tape hangers to the knots on the ropes.
- No more then 5 garments per knot.
- DO NOT use hooks.

1.3.2. Garments Per Bar Guideline

<u>DESCRIPTIONS</u>	<u>PCS PER BAR</u>
NORMAL JACKET (WITHOUT FILL OR Z/O)	165
Z/O OR FILLED JACKET	150
BIG/LONG SIZE (X AND T) JACKET	140
3/4 LONG JACKET	140
Z/O OR FILLED 3/4 LONG JACKET	130
Z/O OR FILLED X AND L 3/4 LONG JACKET	120
HEAVY WEIGHT MOTORCYCLE JACKET	140
LONG COAT	120
PANTS	350
SKIRT, SHORT PANTS	650
VEST	650
SHEARING, FAKE SHEARING/FUR JACKET	100
KIDS – REGULAR JACKETS	185
KIDS – Z/O OR FILLED JACKETS	165
KIDS – PILE LINED & FAKE SHEARING JACKETS	115

1.4 Flat Packing Garment Carton Guidelines

Garment orders to be flat packed will use AM Retail approved hangers that support the garment, meet packaging requirements and are pre-ticketed as per noted on PO. Garments are only to be packed in cartons when the PO calls for it. AM Retail has two types of garment packed cartons, Pre-packs and Flat packed. Each has its own packing requirements. Please see Pre-packs and Flat packed section.

1.4.1. Garment Pre-packs

- Pre-packs are mixed sets of defined products that will cross-dock to our stores. Pre-packs **must** be packed in exact accordance as the PO outlines.
- All garments must meet AM Retail garment packaging requirements.
- Garments are not to have hangers inside garment. The hangers are to be placed at the top of the carton with a full-size sheet of corrugated between the last garment and hangers.
- Garments will have tissue paper under the collars, button covers over all buttons, and clear blue tape over the zipper pullers.
- Alternate direction of garments in the carton so that the cartons are filled evenly.
- Carton should not exceed garment by more than ½ inch on all sides.
- Pack cartons as densely as possible without damaging merchandise or causing cartons to bulge. At the top of each carton, there must be at least 1/4 inch of air space between the top garment and top of the carton.
- No more than 6-8 garments per pre-pack carton. (If you receive a PO for more than 8 units per carton, contact the Buyer or MPS for revised instructions).
- Fold sleeves of jackets and tops toward front.
- Jackets longer than 40 inch in length jackets need to be folded, with the lower portion of the jacket folded towards the back, so any crease would be on the back of the garment.
- Fold pants in half vertically, front to front, extending back rise smoothly; then fold in half horizontally at knee.
- In between each garment, place a sheet of cardboard paper so that buttons and zippers do not create an indent on the jacket above it.
- On top of the last garment packed, place a full-size corrugated sheet.
- Cartons must be within AM Retail's carton requirements. See Cartons requirements.
- ALL PRE-PACKS MUST SHIP ON THE MASTER SKU.
- Cartons are to be sealed with one time use only PVC tape (vendor logos are not preferred due to the increased security risk), covering all seams. The tape should extend at least 3 inch over the ends.

1.4.2. Garments Bulk Packed

- Garment Bulk Packed cartons (or Flat to Hang/ FTH) are bulk PO's that will be hung at the AM Retail DC in Brooklyn Park, MN. Garments are usually bulk pack because the PO is small; close out buy, for air shipment or no other GOH is at shipper origin to add to. Bulk packed cartons are consolidated with other AM Retail Group cargo.
 - All garments must meet AM Retail garment packaging requirements.
 - Garments are to be boxed by PO/Style/Color/Size. With only one mixed carton per PO/Style/Color/Size.
 - Ex. PO 123456, Style aabbcc, Color - Black,
 - Sizes 24 S 48 M 50 L and 20 XL =
 - 3 cartons of 8 S,
 - 6 cartons of 8 M,
 - 6 cartons of 8 L ,
 - 2 cartons of 8 XL
 - 1 odd carton of 2 L / 4 XL.
 - Cartons content must be clearly marked on the outside of carton. See cartons marking requirements.

- Garments are not to have hangers inside. The hangers are to be at the top of the carton with a full-size sheet of corrugated between the last garment and hangers.
- Garments will have tissue paper under the collars, button covers over all buttons, and clear blue tape over the zipper pullers.
- Alternate direction of garments in the carton so that the cartons filled evenly.
- Carton should not exceed garment by more than ½ inch on all sides.
- Pack cartons as densely as possible without damaging merchandise or causing cartons to bulge. At the top of each carton, there must be at least 1/4 inch of air space between the top garment and top of the carton.
- No more than 6-8 garments per carton. *(If you receive a PO for more than 8 units per carton, contact the Buyer or MPS for revised instructions).*
- Fold sleeves of jackets and tops toward front.
- Jackets longer than 40 inch in length jackets need to be folded, with the lower portion of the jacket folded towards the back, so any crease would be on the back of the garment.
- Fold pants in half vertically, front to front, extending back, rise smoothly; then fold in half horizontally at knee.
- In between each garment, place a sheet of cardboard paper so that buttons and zippers do not create an indent on the jacket above it.
- Cartons must be within AM Retail carton requirements. See Cartons.
- Cartons are to be sealed with one time use only PVC tape (vendor logos are not preferred due to the increased security risk), covering all seams. The tape should extend at least 3 inch over the ends.

2. Accessory Packing

In a continued effort to sell quality products and to expedite goods to our stores, AM Retail requires vendors to apply the following packing requirements for accessories. AM Retail has two types of accessory packed cartons, Pre-packs and Bulk. Each has its own packing requirements. Please see Pre-packs and Bulk section.

2.1 Accessories Pre-packs

- Pre-packs are mixed sets of defined products that will cross-dock to our stores. Pre-packs **must** be packed in exact accordance as the PO outlines.
- The standard packing for Handbag in the carton is STAND packing. If vendors see an obvious inefficiency or simply not workable, vendors should contact your AM Retail Group primary contact for the further instruction before ordering the cartons.
- Ensure each item is pre-ticketed with the proper AM Retail or vendor ticket.
- Pre-packs will have no odd cartons.
- Packed cartons may not exceed 50 lbs. *Contact the Buyer or MPS for revised instructions if over 50lbs.*
- Carton should not exceed product by more than ½ inch on all sides.
- Pack cartons as densely as possible without damaging merchandise or causing cartons to bulge. At the top of each carton, there must be at least 1/4 inch of air space between the top accessory and top of the carton.
- Cartons are to be sealed with one time use only PVC tape (vendor logos are not preferred due to the increased security risk), covering all seams. The tape should extend at least 3 inch over the ends.
- See Cartons section for carton requirements.

2.2 Accessories Bulk Carton Packing

- Bulk packed cartons are bulk PO's that will be sorted at the AM Retail DC in Brooklyn Park, MN. **If AM Retail Group Buyer or MPS has noted packing requirements on the PO, the vendor must pack the PO in accordance as outlined.** When directed by Buyer or MPS, certain accessories must be packaged a specific quantities.
- Accessories are to be boxed by one PO/ unique style number per carton. Pack a standard number of accessories per carton. With only one mixed or odd carton per PO/Style/Color/Size.
 - Ex. 96 pcs on PO – style. Vendor packs 9 cartons of 10 and 1 carton of 6.
- DO NOT mix Styles, Colors, or Sizes within cartons unless the buyer has specified that on the PO.
- Ensure each item is pre-ticketed with the proper AM Retail or vendor ticket.
- Packed cartons may not exceed 50 lbs. *Contact the Buyer or MPS for revised instructions if over 50lb.*
- Carton should not exceed product by more than ½ inch on all sides.
- Pack cartons as densely as possible without damaging merchandise or causing cartons to bulge. At the top of each carton, there must be at least 1/4 inch of air space between the top accessory and top of the carton.
- Cartons are to be sealed with one time use only PVC tape (vendor logos are not preferred due to the increased security risk), covering all seams. The tape should extend at least 3 inch over the ends.

2.3 General Guide for Accessory Casepack Quantities

General Guide for Accessory Casepack Quantities - Bulk Pack only				
Dept	General Guide for Casepack Quantities	Category	Inner Pack Yes or No	Bundled Groups? (i.e. allow for multi-unit replen) Y/N
D03 - Handbags	4 to12	Handbags	N	N
	2 to 4	Tote/Large HB/Wmns Exec	N	N
D07 - Travel	2 to4	Duffle	Y	N
	6 to 12	Travel Bags	N	Y - 2
	6 to 12	Shave Kits	N	Y - 2
	6 to 12	Belt Bags	N	Y - 2
	2 to4	Messengers	N	N
	2 to4	Backpacks	N	N
	24 to 36	Small Trvl Items (Carded)	N	Y - 4
	1	Luggage	N	N
D09 - Wallets	24 to 36	Wallets	N	Y - 4
D10 - Gifts	n/a	Watches: Note - Ship by Air	N	N
	24 to 36	Small Bin Items (Carded)	N	Y - 4
D29 - Executive	2 to4	Briefs	Y	N
	6 to 12	Portfolio	N	N
	12 to24	Planners	N	N
<p>1.Required to meet the carton box size dimension per General Carton Requirements in 2008 Routing & Packing Guide.</p> <p>2.Carton sizes must be consistent for each PO - Style. - Multiple styles with different sizes under one same PO can have the different carton sizes as long as maintain the same carton size for the same style.</p> <p>3. Bundled Group - require to have 2 or 4 pcs by an individual poly bag or light weight inner carton.</p>				

2.4 Belt Packing (Special packing)

- Belt cartons are the **only** cartons that can be longer than 48”.
- Belts are to be packed in 40pc master cartons with 2 20pc non-reshippable inner packs of 20 - all one sku in both boxes, standard master carton size to be 56” x 9” x 5”.
- Small qty replen/bulk by sku - if an order qty for a given sku is less than 40pcs and will not fill a master carton, then allocation has agreed to round to 20pcs and two sku’s can be put in a master carton. One sku per inner carton. This is to be used as an exception only, not a rule. Therefore, you could have 20pcs of size 32 and 20pcs of size 44 in a master carton.
- In this case, the master carton would be marked: Size: 20pc size 32, 20pc size 44 Qty: 40pcs
- Belts pre-packs must meet pre-pack carton requirements.

3. **General Carton Requirements**

- Cartons must be made from re-shippable and recyclable corrugated cardboard.
- Accessory cartons weighing more than 40 lbs must have double wall construction and minimum burst strength of 225 lbs
- Accessory cartons weighing less than 40 lbs must have double wall construction and minimum burst strength of 175 lb
- Garment cartons regardless of weight must have triple wall construction, and have a minimum burst strength of 275 lbs
- Carton sizes must be consistent for each PO – style.
- Cartons cannot be more than 48” in length.
- Cartons overall measurement must be less than 5,184 cubic “
- How to find cubic inches. Measure the length, width and height of carton in inches. Multiply these numbers together. This is your total cubic size of the carton.
 - Measurements of half of inch or more, round up to the next full inch.
 - Measurements under half of inch round down to next full inch.
 - Ex. 12”x12”x5”= 720 cubic inches.
 - If cartons overall measurement is going to be equal to or greater than 5,184 cubic “, please contact AM Retail Group for instruction.
- Cartons cannot be smaller than 12” long, 12” wide and 5” high.
- **DO NOT** place strapping around carton, use staples to close carton, secure carton with wire, or wrap carton in burlap or plastic.

3.1 AM Retail Carton Marking Requirements

- All cartons must be marked with the following:
 - Style
 - Sku
 - Quantity in carton
 - AM Retail PO number
 - Vendor
 - Department
 - Size
 - Carton # of #

4. Ticketing

All merchandise must be pre-ticketed with the proper AM Retail Group or vendor tickets. Affix the UPC tickets so as to ensure that the merchandise will not be damaged. (Use a plastic swift-attach device or label, do not loop strings around buttons or use strings attached with pins.)

If there are any concerns about the scanability of the UPC's, you are required to send an initial sample to AM Retail Group Logistics Department for testing and approval. You should maintain a quality control program to ensure that your UPC tickets are scannable

5. Packing Slip Requirements

Two packing slips must be attached - one at the outside of # 1 leading carton & one inside of # 1 leading carton for each PO. The outside packing slip must be in a removable pouch, envelope, etc. The outside of the pouch, envelope, etc. must be clearly marked with " Packing Slip Enclosed".

All vendors need to include the following on their packing list:

- Vendor name
- Vendor address
- Ship to name
- Ship to address
- AM Retail Group PO number
- Product description
- Total number of cartons shipped
- Quantity of units shipped per SKU
- AM Retail Group SKU number
- The first carton number for each SKU
- The last carton number for each SKU
- Quantity per carton
- AM Retail Group style/color
- Size
- If pre-pack use the pre-pack SKU, but show details of packed cartons.

6. Domestic Routing Instructions

6.1 General Rules

- Domestic shipments must be shipped using AM Retail approved freight providers.
- All domestic shipments must ship after a shipment request has been made and a shipment number has been issued from AM Retail Transportation. Please see Shipment Request.
- Shipments of more than 14 cartons will be palletized by PO/Style with all labels facing outward, shrink wrapped, and each pallet identified as follows: 1 of 6, 2 of 6 etc.
- Shipments may be floor loaded (to cube trailer) only at the direction of ONE SOURCE LOGISTICS.
- Shipments must be consolidated and shipped no more than twice per calendar week from any one location/origin to AM Retail DC's.
- Freight shipped on the same day to the same destination from the same origin using the same carrier must move on one bill of lading.
- **AM Retail Group will not pay any freight that is added to a merchandise invoice.**
- A packing slip must be attached to the outside of the lead carton for each PO and the lead carton be one of the top cartons on a pallet.

6.2 Shipment Request

- Vendors will Email AM RETAIL Transportation Department 3 days in advance of shipping.
- Vendors Email will be sent to: transportation@wilsonsleather.com
- Emails will contain the following details: (see attached preferred sheet)
 - PO number (s)
 - SKU (AM Retail Group)
 - Style (AM Retail Group)
 - Quantity to be shipped per sku level
 - Number of cartons per sku
 - Units per carton
 - Vendors planned ship date
 - Total cartons
 - Weight (if possible)
 - Number of pallets or total cube
 - Ship Point (City, State and Zip code of place freight will ship from)
- See sample Shipment Request form at <http://www.wilsonsleather.com/corp/index.jsp?page=aboutus>
- AM Retail Transportation will review Email and will provide a SHIPMENT # within 24 hrs. of the first business day, via Email. If vendor information does not match the AM Retail PO, NO SHIPMENT # will be given. AM Retail will send an Email to the vendor stating the problem. Corrections will need to be made. When transportation has received required corrections a SHIPMENT # will be issued.
- Vendor will note SHIPMENT # on all Bills of Lading and Pack List. Carriers will require the SHIPMENT # to schedule pickup and schedule deliveries at AM Retail DC. AM Retail will instruct carriers not to accept pickup appointments without a SHIPMENT #.
- If you have question please contact the following:
 - Karl Karst at 763-391-4986
 - Email transportation@wilsonsleather.com

6.3 Vendors Containers to AM Retail DC'S Routing Instructions

- Vendors that send their containers to AM Retail directly are still consider a domestic shipment.
- All domestic shipments must ship after a shipment request has been made and a shipment number has been issued from AM Retail Group Transportation. Please see Shipment Request.
- AM Retail Group DC's receives freight by appointment only. A container will not be schedule until it is available. AM Retail DC are scheduled out 2 to 4 days. AM Retail will not be responsible for container detention charges.
- AM Retail will not pay any freight that is added to a merchandise invoice.
- A packing slip must be attached to the outside of the lead carton for each PO and the lead carton be one of the top cartons on a pallet.
- Vendors sending 3rd party ocean containers to AM Retail without using the above policy are subject to delays in unloading and all demurrage cost.

7. Product Marking, Safety and Customs Compliance

AM Retail shall comply with all of the laws and regulations of the United States Customs Service and Fish & Wildlife Service. AM Retail is aware of the concepts of informed compliance, reasonable care, and shared responsibility, and is committed to recognize and honor its obligations as a responsible and knowledgeable importer. In that regard, AM Retail shall implement policies and procedures to ensure that reasonable care is taken. Although AM Retail is not the Importer of Record for domestically purchased merchandise, we require that our vendors comply with United States Customs Service and Fish & Wildlife Service requirements as good corporate citizens and to provide accurate information to our customers.

Vendors must clearly state and define imported product. Vendors will indemnify AM Retail against damages incurred, when shipment enters U.S, and is found to be a hazardous material, miss representative material or product that does not meet U.S. law or regulations.

7.1 Product Description

- Vendor shall listed complete description of products on documents.
- Example:
- Wrong Description. **Ladies garment.** This description is not acceptable.
- Correct Description. **Ladies leather car coat.**

7.2 Country of Origin Marking

The Customs Laws of the United States require that with very limited exceptions, every imported article of foreign origin (or, in certain instances, its container) "...Shall be marked in a conspicuous place as legibly, indelibly and permanently as the nature of the article (or container) will permit as to indicate to the ultimate purchaser in the United States the English name of the country of origin of the article."

Customs generally recommends that the country of origin mark be incorporated into the article at the time of manufacture. This way the mark will be a permanent part of the article itself and there is no fear that the mark will be removed. Examples of ways in which the mark can be incorporated into the manufacture of the article are: stamping, etching, die sinking, glazed and fired.

Paper labels are never a recommended method of marking country of origin since they can fall off. They may detach due to weather, poor adhesives, or abuse. If they should ever fall off from a retail product, it is a requirement of law that they be replaced prior to sale.

8. Contact Info

Karl Karst
Phone 763-391-4986
karl.karst@wilsonsleather.com