

Efficient Receipts Program

Compliance Guidelines and
Schedule of Cost Recovery

For Shipments Inbound to
Barnes & Noble

Revised
May 31, 2007

BARNES & NOBLE
BOOKSELLERS

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Introduction

This document describes the elements Barnes & Noble will monitor to determine compliance with our specifications and guidelines. Barnes & Noble reserves the right to levy cost recovery as indicated for non-compliance.

Our guidelines apply to shipments inbound to:

- All Barnes & Noble distribution centers
- Barnes & Noble stores.

Shipments inbound to Barnes & Noble College Stores are not covered by these guidelines.

The Barnes & Noble guidelines are comprised of:

- Policy on Product Identification and Bar Coding
- Carton Specifications and Labeling Guidelines
- Pallet Specifications and Labeling Guidelines
- Domestic Routing Instructions
- Import Shipping and Routing Instructions

The guidelines are available for viewing or download on our corporate website at:

http://www.barnesandnobleinc.com/for_publishers/Vendor_Guidelines/Vendor_Guidelines.html

Compliance

Compliance with our guidelines enables Barnes & Noble to process shipments of your products through our supply chain and present them to our customers in a safe, efficient, and timely fashion.

As used in this document, “violation” means non-compliance with the specified guideline for receipts under a given purchase order within a week. For example, non-compliance of the shipping label guideline on each carton of a 60-carton shipment in response to one purchase order constitutes a single violation, not 60 violations.

Vendors active with Barnes & Noble before September 15, 2006, are expected to be in full compliance with the provisions of the Efficient Receipts Program as of January 1, 2007.

Vendors new to Barnes & Noble between September 15, 2006, and July 1, 2007, are expected to be in compliance by September 1, 2007.

Compliance with guidelines regarding oversize items and shipping label certification is expected by September 1, 2007.

Compliance with size and placement requirements for the bar code on Cover 2 of strippable paperbacks is expected for new publications after March 31, 2008.

Compliance with the requirement that each book or other product have only a single identifier and a single bar code is expected for new publications or products after March 31, 2008.

Your Barnes & Noble vendor manager can provide answers for questions related to compliance with these guidelines.

Changes in this Release

This release of the Barnes & Noble Efficient Receipts Program contains the following changes from the program descriptions issued on May 31, 2005, and September 15, 2006.

- Payment for Trade Book Product received early will be keyed on agreed-to expected arrival date. ([Page 3](#))
- Display of a UPC-12 bar code on a new publication or more than one bar code on a new product after March 31, 2008 will be non-compliant. ([Page 3](#)). See also the Barnes & Noble Policy on Product Identification and Bar Coding.
- Size and placement of the bar code on Cover 2 of strippable paperbacks must be in compliance with Barnes & Noble product marking policy. ([Page 3](#))
- A charge per violation has been added to Cost Recovery for product marking non-compliance. ([Page 3](#)).
- Oversize items are to be packaged in individual re-shippable cartons. ([Page 4](#))

Other changes primarily editorial in nature have been made to clarify compliance elements. As a result, it may appear that an element has been changed, depending on a previous interpretation by the reader.

Vendors are strongly encouraged to review this document in its entirety to ensure that our Efficient Receipts Program is clearly understood and to verify their understanding with their vendor manager.

Compliance Elements

<u>Purchase Order Related Infractions:</u>	Cost Recovery
<p>Duplicate shipments of a single Purchase Order</p> <p>Shipment of a cancelled Purchase Order</p> <p>Product received later than the expected arrival date (as printed on the Purchase Order or conveyed electronically)</p> <p>Product or packaging not in compliance with any other terms of the specific Purchase Order or governing Purchase Agreement, including discrepancies in Order Quantity and incorrect quantity rounding related to case packs.</p>	\$200 per violation
<p>Trade book product received earlier than the expected arrival date.</p> <p>Payment for Trade Book Product received early will be keyed on agreed-to expected arrival date. It will not be triggered by early product arrival.</p> <p>Bargain or Specialty Business (non-book) product received 14 calendar days earlier than the expected arrival date.</p>	\$200 per violation plus 1% of product value (at cost) for each month product is early
<p>Unauthorized title substitutions (including old editions for new) without prior approval.</p>	\$200 per violation
<p>Product not in specified Incremental Order Quantities (IOQ).</p>	\$200 per violation

<u>Product Related Infractions:</u>	Cost Recovery
<p>Books and other products for which the bar code is not in compliance with the all provisions of current Barnes & Noble Policy on Product Identification and Bar Coding.</p> <p><i>This includes, but is not limited to, the display of a UPC bar code in addition to the Bookland EAN on a new publication after March 31, 2008.</i></p> <p>Books and other products received without a correct human-readable suggested retail price.</p> <p>Books received without the suggested retail price encoded into the Bookland EAN add-on bar code (as described in the Barnes & Noble Policy on Product Identification and Bar Coding).</p> <p>Situations where the human-readable suggested retail price and the price encoded in the Bookland EAN add-on do not agree.</p>	<p>\$200 per violation</p> <p>When unit corrections by Barnes & Noble are necessary, an additional charge of:</p> <p>\$0.25 per unit corrected</p> <p>The cost recovery charge may be greater if the cost of a specific correction exceeds the established average cost quoted above.</p>
<p>Bar code size or placement on Cover 2 of strippable paperback books not in compliance with Barnes & Noble Policy on Product Identification and Bar Coding for new publications after March 31, 2008</p>	Cost per unit rejected to be determined
<p>For Bargain only: Unauthorized packaging, and product received unjacketed.</p>	\$0.15 per unit
<p>For Bargain only: Product received with one or more unauthorized stickers</p>	\$0.12 per sticker per unit

<u>Carton Related Infractions:</u>	Cost Recovery
<p>Cartons not in compliance with the physical specifications detailed in the Carton Specification and Labeling Guidelines.</p> <p>Carton labels (including label placement) not in compliance with the requirements specified in the Carton Specifications and Labeling Guidelines.</p> <p>Shipping labels missing information.</p> <p>Oversize product items (as defined in Carton Specification and Labeling Guidelines) not packaged in individual re-shippable cartons.</p> <p>Shipments of mixed title cartons without prior approval. Barnes & Noble ordering policy is normally for cartons of a single title only (solid or full cartons). Exceptions to this policy must be clarified in the business agreement prior to ordering.</p>	\$200 per violation

<u>ASN/EDI Related Infractions:</u>	Cost Recovery
<p>Incorrect, invalid or unreadable SSCC bar code on the shipping label.</p> <p>EDI transmissions arriving after shipment receipt or other agreed-to EDI delivery time.</p> <p>Incorrect Standard Address Number (SAN) in ASN.</p> <p>ASN not furnished to a Barnes & Noble receiving point by a vendor who furnishes ASNs to other Barnes & Noble receiving points.</p>	\$200 per violation

<u>Pallet Related Infractions:</u>	Cost Recovery
<p>Pallets not in compliance with Pallet Specifications and Labeling Guidelines.</p> <p>Pallet build not in compliance with specified size and height guidelines.</p> <p>Pallet header missing or not in compliance with specified guidelines.</p>	\$200 per violation

<u>Shipping Related Infractions:</u>	Cost Recovery
<p>Incorrect or incomplete Bill of Lading information</p> <p>Inclusion of Purchase Orders not listed on Bill of Lading</p> <p>Failure to include all Purchase Orders on Bill of Lading</p> <p>Packing List not included with shipment when an Advance Ship Notice has not been sent</p> <p>Incorrect or incomplete Packing List information</p>	\$200 per violation
<p>Concealed damages or defective product</p>	\$200 per violation plus value of product

<u>Transportation/Routing Infractions</u>	Cost Recovery
Failure to adhere to refused store returns procedures Mis-shipments to closed Barnes & Noble stores Failure to contact Barnes & Noble Traffic for routing collect shipments Failure to use designated carrier and/or requested weight break Failure of pre-paid vendor carriers to schedule a delivery appointment	\$200 per violation plus cost of freight in and out
Use of accelerated shipping to meet arrival dates (due to late shipments)	\$200 per violation plus the difference between accelerated shipping costs and ground freight costs