



NAVARRE
CORPORATION

Routing and Packaging Guidelines
April, 2009

NAVARRE CORPORATION ROUTING AND PACKAGING GUIDELINES

Dear Vendor,

In order to increase efficiency and manage growth at Navarre, we have updated our Routing Instructions and incorporated Packaging Guidelines. This edition of the routing guide may also be found on our website @ www.navarre.com.

Our requirements are designed with the main goals of decreasing transportation time and increasing the processing speed of your product through the distribution channel as well as controlling unnecessary freight and labor expenses.

As one of Navarre's suppliers, we expect your company to comply with these requirements when preparing orders for shipment to Navarre. It is mandatory that you follow these guidelines or your load may be refused and subject to a non-compliance charge-back. (No exceptions from this routing and packaging guide are authorized without prior approval from our in-house Transportation Services Department.)

Please fill out the attached Vendor Contact Information Form and fax it to the number listed. This form will help build an accurate database of current contacts within your organization and serve as agreement to pay the charges described in this guide plus administrative handling costs.

We appreciate your cooperation and look forward to mutually successful growth in our partnership.

Sincerely,

John Turner
Senior Vice President of Global Logistics

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PACKAGING and LABELING

Packaging and labeling are a very important part of the supply chain. Navarre and many of its customers use an increasing amount of automated equipment that depend on proper packaging and labeling. Proper bar code printing and placement is essential to this process, as the equipment is automatically reading these codes at a very high rate of speed.

Product Packaging

1. All product must be shrink wrapped or tab sealed so actual product is not accessible.
2. Barcodes (UPC/EAN) must be present and adhere to standards as set forth in the GS1 Website, www.GS1.org. Generally requirements are:
 - Barcode is UPC/EAN symbology.
 - Barcode is a series of light and solid, black parallel bars. (no color barcodes nor barcodes generated by a dot matrix printer)
 - Optimal size of the barcode length is 1.16 to 1.469 inches. Optimal height is between .5 to 1.0 inches.
 - Overall shape of the barcode is rectangular and reads in a ladder or picket fence orientation (no diagonal barcodes).
 - The white space around the barcode is called the quiet zone. The quiet zone is necessary for the scanner know where to start and stop for reading an encoded value. A quiet zone around the entire barcode (top, bottom, left and right) needs to be a minimum 9 times the width of the narrowest line of the barcode. The quiet zone must be white.
 - Human readable numbers are usually found below the parallel bars. The human readable numbers must match the barcode!
 - If there are more than one barcode on the product, they must match.
 - The barcode symbol must not be closer than 8 mm (0.3") or farther than 102 mm (4") from any edge of the package/container. Too close to the edge placement reduces retail point of sale and warehouse sortation efficiency.
3. Barcode Placement – Industry standard for audio, video, and video game barcode placement is on the **upper right quadrant on the back of the product**, respecting the proper quiet zone areas around the barcode symbol and the edge rule. Product barcode on the back of the product is a requirement! Having a barcode on the front of the product or on the spine **ONLY is not acceptable**. Barcode placement on software product should also be on the back of the product. However, top or bottom edge placement is acceptable if the proper size, edge, and quiet zone standards are maintained.

Case Pack Requirements and Labeling

As with product packaging, accurate case pack quantity, size, and weight are critical components to successfully moving product through Navarre's facility, as well as most retail customers.

1. Product must be packed in recyclable corrugated cartons with a minimum strength of 125 PSI.
2. Case pack quantities must be consistent. Navarre must be notified in writing 60 days in advance of any case pack quantity change. Product received in non standard case packs, will be refused or re-boxed at vendor expense.
3. Case pack weight and size must be consistent. Navarre must be notified in writing 60 days in advance of any case weight or dimension change. Product received in not standard weight or dimension is subject to refusal.

Case Pack Labeling

1. A case pack label must be affixed to at least one end of **each** carton, not on top.
2. The case label must contain the following information:
 - a. Item UPC barcode - scannable
 - b. Item UPC number in human readable form
 - c. Quantity in case
 - d. Title or description
 - e. Format if applicable
3. Any carton received without proper labeling will be refused or labeled at vendor expense.
4. Case pack level barcodes are increasingly required by retail customers. This barcode is used to provide case level detail for the carton, and is printed in the SCC14 barcode format. Your buyer will contact you if this code is required.

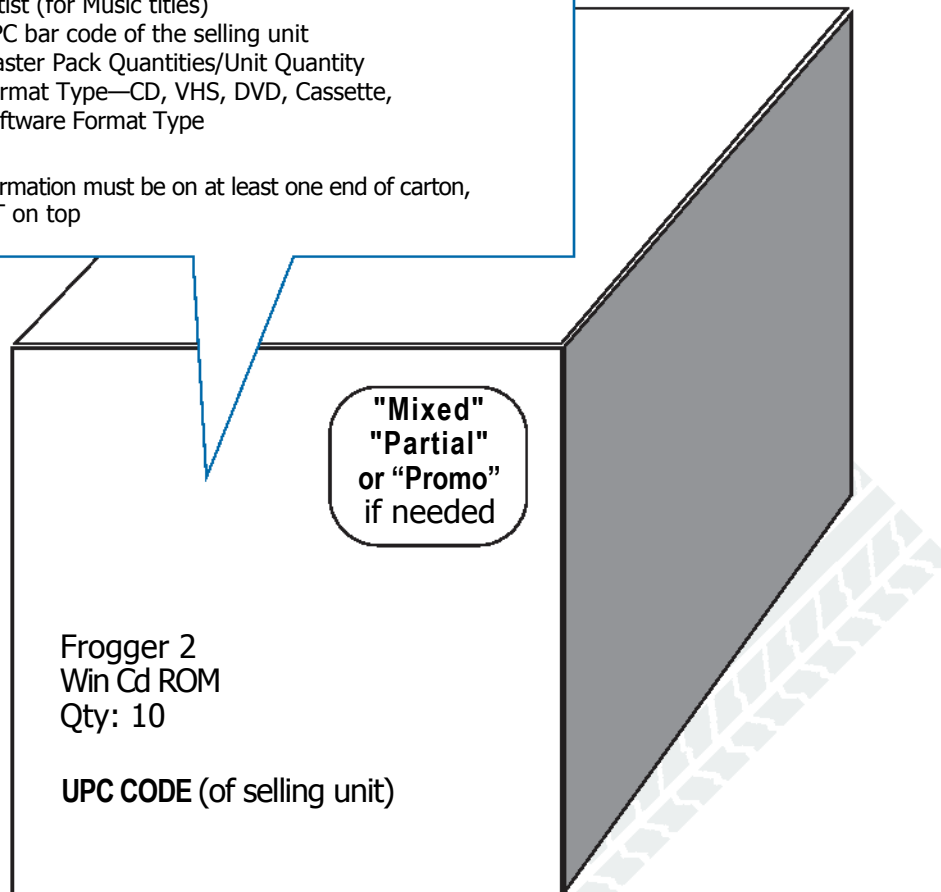
PACKAGE MARKING REQUIREMENTS

Example

Carton Label and/or Carton Markings must include:

- Title or Description
- Artist (for Music titles)
- UPC bar code of the selling unit
- Master Pack Quantities/Unit Quantity
- Format Type—CD, VHS, DVD, Cassette,
- Software Format Type

Information must be on at least one end of carton,
NOT on top



Information must be either printed directly on carton and/or on a printed label.

Information must be on every carton in a shipment.

PACKING LIST REQUIREMENTS

Packing lists must be included with each shipment and attached to the outside facing of carton, not on the top, located at the tail end of the trailer where possible. Carton with packing slip should be clearly marked "**Packing List Enclosed.**"

- Only one purchase order per carton.
- Only one purchase order per packing list.
- Packing list must match the contents of the shipment.
- Shipments must not exceed purchase order quantity for any item.
- For small package carrier deliveries (i.e., UPS or Fed EX), **each** carton must have a copy of the complete packing list, detailing the contents of the total shipment.

An accurate and legible packing list must accompany each shipment to the Navarre Distribution Centers. Packing lists **must** be an exact listing of carton markings and include the following:

- Vendor name
Shipping address
City, State, and Zip Code
- Navarre's Distribution Center
Correct address determined by product type (see Routing Instructions)
- Vendor Invoice Number
- Navarre Purchase Order Number
- Product Description
- UPC Number
- Total number of cartons per item
- Units per carton
- Total units per item
- Number of Cartons and Gross Weight of the Total Shipment
- Navarre's item number, if known

Note: Navarre will issue a chargeback as indicated on page 11 for all shipments that arrive at the Distribution Center without a Purchase Order.

TRUCK LOAD AND LTL SHIPMENTS

BILL OF LADING REQUIREMENTS

Bill of Lading requirements are mandatory. Failure to comply could result in costly delays. Any costs incurred by Navarre as a result of improperly executed Bols will be charged to the Vendor in full. **All shipments**, regardless of mode or FOB status, must be accompanied by a Bill of Lading. It is the Vendor's responsibility to ensure that the carrier's BOL is completed as follows:

- Vendor Name and complete Shipping Address
- Destination: Navarre Corp.
See Routing Instructions for correct Address

(Product Type determines which Distribution Center the Vendor ships)

- Carrier
- Carrier SCAC
- Trailer Number, if applicable
- Seal Number, if applicable
- Total numbers of cartons, pallets, and gross weight for entire shipment
- The statement "**Delivery appointment required**".
- **Navarre Purchase Order Number(s).**

All PO numbers must be listed with the carton break down by PO when shipping multiple POs together.

A non-compliance charge will be applied for shipments without each PO listed on the BOL.

Do not allow drivers to sign off on BOLs as "shipper load and count".

Carriers are responsible for the BOL carton quantities. Any shortages will result in a freight claim against the carrier. However, any unit discrepancies against the packing list are the vendor's responsibility.

Reminder: All shipments must have a scheduled delivery appointment! It is the Vendor's responsibility to note on the Bill of Lading the statement " Delivery Appointment Required". A chargeback to the Vendor will occur if shipment arrives without an appointment.

TRAILER LOADING

1. Product must be loaded onto a trailer by purchase order, then by item on pallets. Do not intermix items or multiple purchase orders on multiple pallets or across trailer. Mixed items or POs across pallets or across trailers is unacceptable.
2. A pallet label must be applied on each side of every stretch-wrapped pallet. (See example below)
3. Palletized items must be on a 4-way, 48" x 40". Stretch-wrap product to pallets where applicable. Stretch-wrap must be clear. **Plastic or metal banding/straps are not acceptable.**
4. All cartons on pallets must not exceed an overhang of 1" on all sides of pallet, with a **maximum** load height of 72" for all pallets.
5. Allow at least 4 inches of clearance from the top of the trailer to allow for easier unloading.

PALLET LABELING

Information on the shipping label for each pallet must include the following:

- Vendor's Name and Address
- SHIP TO: Navarre Corp.
7400 49th Ave N
New Hope, MN 55428
- Purchase Order Number
- Carton Quantity
- Bill of Lading Number or Pro Number
- Packing List Number or Invoice Number

Shipping labels may be in a pallet sign format unless cartons are shipped in loose quantities.

PALLET LABEL EXAMPLE

Vendor
Address
City, State, Zip Code

Ship To: Navarre Corp.
7400 49th Ave N
New Hope, MN 55428
Purchase Order Number
Carton Quantity
Bill of Lading Number/ Pro Number
Invoice Number/Packing List Number

Pallet of

SMALL PACKAGE CARRIER SHIPMENTS

1. Vendors using Fed Ex or UPS to deliver smaller shipments are limited to no more than 200 lbs., 1 pallet maximum, per shipment per day. Shipments greater than this limit **MUST** ship by common carrier, as outlined on page 9.
2. Make certain **each** carton has a copy of the complete packing list for the entire shipment. This will ensure proper information is received on every carton in the event of the delivery arriving at different times from the carrier.
3. **Mark on each carton "CARTON X of N"**. X is the box number and N is the total number cartons for the shipment.

These guidelines must be followed to ensure timely processing of the product and quicker response to shortages.

Failure to adhere to these labeling and weight requirements for small carrier shipments will result in a vendor violation and a chargeback will be issued.

NAVARRE DISTRIBUTION CENTER ADDRESSES

All products should be sent to:

Navarre Corporation
7400 49th Avenue North
New Hope, MN 55428
(763) 971-2700

ROUTING INSTRUCTIONS

When Navarre is responsible for freight, route the shipment Freight Collect via our preferred carriers as noted below.

Shipment weights of less than 200 lbs. UPS

For shipments between 200 lbs, and 10,000 lbs:

<u>Origin State</u>	<u>Preferred Carrier</u>
IA, IL, IN, MI, OH, TN, WI	USF Holland
Minneapolis Metro Area	Call Navarre Traffic Department 763-535-8333
Los Angeles Area Consolidation	Call Signature Supply Solutions 1-866-404-8901
All other shipments	ABF Freight System Roadway Express
Shipments weighing more than 10,000 lbs. - or containing 10 or more skids	Call Navarre Traffic Department PRIOR to shipping 763-535-8333
Shipments from outside the contiguous US	Call Navarre Traffic Department PRIOR to shipping 763-535-8333
Expedited collect shipments	Call Navarre Traffic Department PRIOR to shipping 763-535-8333

If your company is responsible for freight cost, route shipment Freight Prepaid.
Prepaid and add shipments are not allowed unless via UPS or FedEx

DIRECTIONS TO NAVARRE DISTRIBUTION CENTERS

Navarre Corporation

7400 49th Avenue North
New Hope, MN 55428
(763) 971-2700
receiving@navarre.com

Return Shipments

Navarre Corporation
7320 49th Ave North
New Hope, MN 55428
(763) 450-2376
(763) 450-2418

Directions from the North:

I-694 to US 169 South to County Road 10 (Bass Lake Road) East to Winnetka South to 49th Avenue North.

Directions from the South:

I-35 North to 35W North to I-494 to US 169 North to County Road 9 (Rockford Road) East to Winnetka North to 49th Avenue North.

Directions from the East:

I-94 West to I-394 West to US 169 North to County Road 9 (Rockford Road) East to Winnetka North to 49th Avenue North.

Directions from the West:

169 North to County Road 10 (Bass Lake Road) East to Winnetka South to 49th Avenue North.

****IMPORTANT: SEMI TRAILERS ARE NOT ALLOWED ON 49TH AVENUE NORTH
BETWEEN US 169 AND WINNETKA AVENUE****

NON-COMPLIANCE CHARGES:

A \$25.00 processing fee will be added to each debit memo.

UPC Bar Code:

Missing or incorrect UPC on product	\$1.00/unit
Missing or incorrect UPC on master pack	\$2.50/ctn
Improper UPC specifications (non-scannable)	\$1.00/unit

Rework charges may be applied

Packaging:

Product shipped in poor quality boxes/packaging	\$2.50/carton
Product packed within cartons incorrectly	\$1.00/carton
Standard carton size or case pack quantity not used	\$2.50/carton
More than one purchase order within a carton	\$.50/unit
Inconsistent master packs per SKU	\$2.50/carton + \$100/occurrence

Labeling:

Partial or mixed cartons not properly labeled	\$2.50/carton
Missing information/incorrect information label	\$1.00/carton
Missing carton label	\$10.00/carton

Packing List:

No Purchase Order or incorrect PO referenced	\$100/occurrence
Incomplete, incorrect or non-readable packing list:	\$100.00/packing list
More than one purchase order per packing list:	\$100.00/packing list
Mis-shipped product	\$50.00/SKU

Bill of Lading Requirements:

No delivery appointment	\$100.00/occurrence
PO not listed on BOL	\$50.00/PO
Missing or incorrect information	\$50.00/occurrence

Trailer Loading/Pallet Labeling:

No packing list with shipment	\$100.00/shipment
Non-standard/poor quality pallets:	\$10.00/pallet
Missing/Incorrect pallet label	\$10.00/pallet
Poor Load Quality	\$100.00/shipment
Colored wrap and /or strapping	\$30.00/pallet
Exceed pallet height of 72"	\$30.00/pallet
Collect shipment not routed properly	Excess freight charges, plus \$50.00 Processing fee

Small Package Shipments:

Excess weight with small package carrier	\$100.00/occurrence
No packing list or P.O. listed with/on every carton	\$50.00/occurrence

Examples of non-compliance charge back form shown on next 2 pages....

NAVARRE CORPORATION

Vendor Violation Notification

(Please print and fill out completely)

Date _____

Vendor Name _____

Date Received _____

Vendor Number _____

PO # _____
Receipt # _____

CARRIER INFORMATION

Pro#	Carrier	Trailer#	Number of Pallets

UPC BAR CODE VIOLATIONS BC01 to BC03*

Code	PO #	Item & SKU #	Comments	Charge

PACKAGING and LABELING VIOLATIONS PL01 to PL08*

Code	PO #	Item & Sku #	Comments	Charge

DOCUMENTATION VIOLATIONS (PACKING LIST & BOL) DV01 to DV07*

Code	PO #	Item & Sku #	Comments	Charge

SHIPMENT (TRAILER, PALLET & SMALL PKG.) VIOLATIONS SH01 to SH09*

Code	PO #	Item & Sku #	Comments	Charge

*Code Explanation and Charge on Back

COMMENTS:

Prepared By: _____ Buyer: _____
 Approved By: _____ Debit Memo #: _____
 Employee: _____ AP GL #: _____

CODE	VIOLATION EXPLANATION	CHARGE
<u>UPC ISSUES</u>		
BC01	Missing or incorrect UPC on individual units	\$1.00/unit Rework charges may be applied
BC02	Improper UPC specifications	\$1.00/unit Rework charges may be applied
BC03	Missing or incorrect UPC on master pack	\$2.50/ctn Rework charges may be applied

<u>PACKAGING AND LABELING ISSUES</u>		
PL01	Product shipped in poor quality boxes/packaging	\$2.50/carton
PL02	Product packed within cartons incorrectly	\$1.00/carton
PL03	Standard carton size or case pack quantity not used	\$2.50/carton
PL04	More than one purchase order within a carton	\$.50/unit
PL05	Inconsistent master packs per SKU	\$2.50/carton + \$100/occurrence
PL06	Partial or mixed cartons not properly labeled	\$2.50/carton
PL07	Missing information/incorrect information label (Not including UPC)	\$1.00/carton
PL08	Missing carton label	\$10.00/carton

<u>BOLAND PACKING LIST ISSUES</u>		
DV01	No Purchase Order or incorrect PO referenced	\$100.00/occurrence
DV02	Incomplete, incorrect or non-readable packing list	\$100.00/packing list
DV03	More than one Purchase Order per packing list	\$100.00/packing list
DV04	Miss-shipped product	\$50.00/SKU
DV05	No delivery appointment	\$100.00/occurrence
DV06	PO not listed on BOL	\$50.00/PO
DV07	Missing or incorrect information on BOL	\$50.00/occurrence

<u>LTL OR TRUCK ISSUES</u>		
SH01	No packing list with shipment	\$100.00/shipment
SH02	Non-standard/poor quality pallets	\$10.00/pallet
SH03	Missing/incorrect pallet label	\$10.00/pallet
SH04	Poor load quality	\$100.00/shipment
SH05	Colored wrap and/or strapping	\$30.00/pallet
SH06	Exceed pallet height of 72"	\$30.00/pallet
SH07	Collect shipment not routed properly	Excess freight charges plus \$50.00 processing fee

<u>SMALL PACKAGE CARRIER ISSUES</u>		
SH08	Excess weight with small package carrier	\$100.00/occurrence
SH09	No packing list or P.O. listed with/on every carton	\$50.00/occurrence

NOTE:
Refer to Vendor Information Manual for all Labeling, Packing, Shipping and Routing Guidelines.
Correspondence on any or all charge-backs MUST be initiated within 120 days of the charge-back date.
Correspondence concerning charge-backs older than 120 days will not be researched or addressed.

VENDOR CONTACT INFORMATION FORM

This form is for Navarre Corporation to keep an accurate database of departmental responsibilities within our vendors' organizations. Please complete the following information and fax to the number listed below:

To: Vendor Compliance Program Fax: (763) 533-2156

Company: _____

Address: _____

City, State, Zip: _____

Date: _____

Contact Name/Area of Responsibility: _____

Telephone Number: _____

Fax Number: _____

Routing and Shipping Contact: _____

Telephone Number: _____

Fax Number: _____

E-Mail ID: _____

Packing and Labeling Contact: _____

Telephone Number: _____

Fax Number: _____

E-mail ID: _____