

PEPBOYS Schedule of Charges for Non-Compliance (UPDATED 02/20/2009, EFFECTIVE 03/15/2009)

(Updates are highlighted in BLUE below.)

| Rule Number | Description | Freight Reversal | Penalty | Min / Max Charge | Rule Definition |
|---|---|------------------|---------|------------------|--|
| Freight Bill / Delivery Receipt Issues | | | | | |
| 101 | Bill of Lading/Freight Bill/Delivery Receipt does not list BOL# | | \$100 | | The Bill of Lading number is required on the Freight Bill / Delivery Receipt. |
| 102 | Bill of Lading/Freight Bill/Delivery Receipt does not list all PO's | | \$100 | | All Purchase Orders for the shipment must be listed. If the number of Purchase Orders does not fit onto the carrier's Freight Bill, the BOL must be attached, and must list all the PO's. |
| 103 | BOL/Freight Bill/DR missing National Motor Freight Classification (FAK) | | \$100 | | |
| 104 | Bill of Lading/Freight Bill/Delivery Receipt does not list total weight | | \$100 | | The total weight of the shipment must be indicated on the Freight Bill / Bill of Lading / Delivery Receipt. |
| 105 | Bill of Lading/Freight Bill/Delivery Receipt missing total carton count | | \$100 | | The total carton count of the shipment must be indicated on the Freight Bill / Bill of Lading / Delivery Receipt. |
| 106 | Truckload Freight Bill missing seal # | | \$0 | | For Truckload deliveries, the Seal number must be included on the carrier documentation. |
| 107 | Truckload freight delivered on NON-VICS BOL | | \$100 | | Truckload deliveries must include a VICS standard Bill of Lading as part of the delivery documentation. |
| 108 | Collect Vendor fails to ship using Transplace generated BOL | | \$100 | | All collect shipments must be made through the Transplace TMS system, and all vendors are required to use the Transplace generated BOL. |
| Freight Issues | | | | | |
| 201 | Pre-paid carrier did not make appointment 72 hours in advance | | \$100 | | Carrier is to schedule an appointment at least 72 hours prior to expected carrier delivery date. The shipper Bill of Lading number, and PO numbers are necessary to schedule a delivery appointment. |
| 202 | Pre-paid carrier late for appointment | | \$100 | | Carriers are given a thirty (30) minute window upon delivery. Arrival at Pep Boys beyond this window will be considered late and may result in a new appointment needing to be scheduled. |
| 203 | Unauthorized air shipment | Y | \$100 | | As a standard policy, Pep Boys does not ship via air freight unless authorized by the Pep Boys Transportation Department. Unauthorized air shipments will have the freight charges reversed to the vendor. |
| 204 | Carrier was a NO SHOW for appointment | | \$100 | | Carrier fails to show for scheduled appointment. |

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| Freight Issues - continued | | | | | |
| 205 | Failed to Contact Pep Boys 2 Business Days in Advance on Collect Shipment | Y | \$100 | | <i>For all collect shipments, the vendor must request the pickup at least 2 FULL BUSINESS DAYS in advance using the Pepboys Inbound Transportation Management System. For details see Page 8 of the Transportation and Shipping Requirements document.</i> |
| 206 | Carrier Detained at PU location past one hour | Y | \$100 + Carrier Charge | | <i>The vendor is responsible for ensuring that when the carrier arrives for a pickup, the shipment is ready. Any detention of the carrier past one hour at the vendor's site will result in the reversal of any charges that Pep Boys incurs from the carrier. For details see Page 8 of the Transportation and Shipping Requirements document.</i> |
| 207 | Vendor Fails to Cancel Freight P/U 24 hours prior to confirmed, scheduled PU time. | Y | \$100 | | <i>The vendor is responsible for notification to the Pep Boys Transportation Department canceling any collect freight pickups at least 24 hours in advance of the confirmed, scheduled pick up time.</i> |
| 208 | Expedited Transportation Costs - Missed Ship Date | Y | \$100 | | <i>Expediting the shipment due to the Vendor missing the ship date is not the responsibility of Pep Boys. Any additional charges incurred because of expediting will be reversed to the vendor.</i> |
| 209 | Incorrect carrier used. New Carrier Routing Guide effective February, 2009. | Y | \$ 100 per PO | | <i>For Less-than-Truckload shipments vendors are required to use certain LTL carriers. See the Carrier Routing Guide in the Transportation & Shipping Requirements document.</i> |
| 210 | Freight sent collect s/b prepaid | Y | \$100 + Freight Charge(s) | | <i>Any Vendors with Prepaid freight terms that ships collect will have the freight reversed back, along with an administrative fee.</i> |
| 211 | Parcel shipped more than 150 pounds. | Y | \$100 | | <i>The cutoff for parcel shipments via UPS is total shipment weight of 150 lbs.</i> |
| 212 | Vendor to Pay all Return Freight Charges | Y | \$100 | | <i>For all return merchandise, the vendor is responsible for paying the return freight.</i> |
| 213 | Incorrect weight on BOL - Carrier forced to reweigh | | \$100 + Carrier Charge | | <i>If the weight on the BOL is incorrect, and the carrier is forced to reweigh the shipment, those additional charges will be reversed back to the vendor.</i> |
| 214 | Pep Boys billed Notification Charges by Non-Preferred Carrier | | \$100 + Notification Charge | | <i>Pep Boys does not pay Notification Charges when a non-preferred carrier is used. Any billing of those charges will be reversed back to the vendor.</i> |
| 215 | POs shipped but not routed through the PBY Inbound Transportation System | | \$100 per PO | | <i>Collect vendors are required to use the PBY Inbound Transportation System to request PO pickup. PO's that are not routed through the Transportation System but are shipped are subject to chargebacks.</i> |
| 216 | PO's routed through the PBY Inbound Transportation System but not shipped. | | \$100 per PO | | <i>Collect vendors are required to use the PBY Inbound Transportation System to request PO pickup. PO's that are routed through the Transportation System but are not shipped as routed are subject to chargebacks.</i> |
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| Packing Slip Issues | | | | | |
| 301 | No PS provided | | \$200 | | <i>A detailed pack slip must be generated for each shipment AND attached under the shrink wrap.</i> |
| 302 | PS missing PO numbers | | \$200 | | <i>All Purchase Orders included in the shipment must be listed on the pack slip.</i> |
| 303 | PS missing mfg part number(s) | | \$200 | | <i>The pack slip must identify each SKU by manufacturer part number.</i> |
| 304 | PS missing BOL number | | \$200 | | <i>The pack slip must identify the Bill of Lading number.</i> |
| 305 | Total units shipped not on PS | | \$200 | | <i>The pack slip must indicate the total number of units contained in the shipment.</i> |
| 306 | Quantities received do not match PS | | \$200 | | <i>The pack slip is expected to be accurate. The actual unit quantities received must match the quantities listed on the pack slip.</i> |
| 307 | Correct carton count not on PS | | \$200 | | <i>The pack slip is expected to be accurate. The pack slip must indicate the total number of cartons on the shipment.</i> |
| 308 | PS not on outside of pallet | | \$200 | | <i>The pack slip must be firmly attached to the outside of the first pallet to be unloaded.</i> |
| 309 | Backorder quantities not listed | | \$200 | | <i>If any backorders are included on the shipment, they must reference their original PO number, and must include the quantity shipped.</i> |
| 310 | Mfg part # not in alphanumeric sequence on PS | | \$200 | | <i>The items shipped must be listed in alphanumeric sequence according to Manufacturer Part Number.</i> |
| 311 | Mfg part #/qty not broken out by PO on PS w/multiple. PO's | | \$200 | | <i>For each PO, (and segregated by PO #) the items shipped must be listed in alphanumeric sequence according to Manufacturer Part Number, and must include the quantity shipped.</i> |
| Carton Issues | | | | | |
| 401 | Total units not listed on carton | | \$5 per Carton | \$250 / 500 | <i>Each carton must clearly indicate the total number of units contained within.</i> |
| 402 | Case pack not standard quantity | | \$5 per Carton | \$250 / 500 | <i>All items must be shipped in their Pep Boys standard case pack quantities. Any changes to the case pack quantity need to be pre-approved.</i> |
| 403 | Multiple SKUS contained within a single carton not identified | | \$5 per Carton | \$250 / 500 | <i>All items must be segregated when shipped. Combining multiple skus into a single carton without identifying the contents (by SKU and quantity) is not acceptable.</i> |
| 404 | No SCC (EAN / UCC-14) number on outside of carton | | \$5 per Carton | \$250 / 500 | <i>The carton must have a UPC barcode attached to the outside of the carton.</i> |
| 405 | SCC (EAN / UCC-14) number on outside of carton not scannable | | \$5 per Carton | \$250 / 500 | <i>The UPC barcode on the outside of the carton must be scannable.</i> |
| 406 | Incorrect SCC (EAN / UCC-14) number on outside of carton | | \$5 per Carton | \$250 / 500 | <i>The UPC barcode on the outside of the carton must match the SKU.</i> |

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| Pallet Issues | | | | | |
| 601 | Pallet Damage | | \$100 per Pallet | \$100 / 1000 | <i>The pallets must be in good condition, with no visible damage.</i> |
| 602 | Pallets do not meet size specifications | | \$100 per Pallet | \$100 / 1000 | <i>ALL inbound freight must be palletized onto an M-Grade, #2, 4-way Pallet, either 48" x 40" or 48" x 42". (Stringer length)</i> |
| 603 | Shrink Wrap Issues | | \$100 per Pallet | \$100 / 1000 | <i>All freight must be effectively shrink-wrapped onto pallet in order to safely secure merchandise and eliminate load shifting during transportation.</i> |
| 604 | Product not palletized | | \$100 per Pallet | \$100 / 1000 | <i>ALL inbound freight must be palletized.</i> |
| 605 | Pallet not stacked properly | | \$100 per Pallet | \$100 / 1000 | <i>Merchandise on the pallets should be stacked according to size and weight, with the larger, heavier items on the bottom of the pallet to prevent damage to other product.</i> |
| 606 | Single SKU Pallet Height greater than 42" (or agreed upon height) | | \$100 per Pallet | \$100 / 1000 | <i>Single SKU pallets must not exceed 42" tall (including the pallet itself). Certain Vendors, due to the nature of the product, may have a different agreed upon height limitation.</i> |
| 607 | Mixed Pallet not Marked | | \$100 per Pallet | \$100 / 1000 | <i>When combining skus from the same PO onto a Mixed Pallet (because individual SKU quantities do not warrant a separate pallet, the pallet must be marked as "MIXED".</i> |
| 608 | Same SKU on multiple mixed pallets | | \$100 per Pallet | \$100 / 1000 | <i>For the same PO, a single SKU should be consolidated onto a single pallet. Multiple mixed pallets containing the same SKU for the same PO is not acceptable.</i> |
| 609 | Pallet label on shrink wrap, not on product | | \$100 per Pallet | \$100 / 1000 | <i>The pallet label should be firmly attached to the product – not the shrink wrap.</i> |
| 610 | PO's not listed on pallet label | | \$100 per Pallet | \$100 / 1000 | <i>The Purchase Order number is required information on the pallet label.</i> |
| 611 | Ship to address not on label | | \$100 per Pallet | \$100 / 1000 | <i>The Ship To address is required information on the pallet label.</i> |
| 612 | No pallet number x of y on label | | \$100 per Pallet | \$100 / 1000 | <i>If the shipment contains more than 1 pallet, each should be labeled as X of Y, where Y is the total pallet count, and X indicates which pallet this is.</i> |
| 613 | No SSCC-18# human readable label | | \$100 per Pallet | \$100 / 1000 | <i>The pallet must also have an SSCC-18 human readable label that scans the same as the human readable component. (NOTE: ASN vendors only.)</i> |
| 614 | Human readable SSCC-18 label does not match scan | | \$100 per Pallet | \$100 / 1000 | <i>The pallet must also have an SSCC-18 human readable label that scans the same as the human readable component. (NOTE: ASN vendors only.)</i> |
| 615 | Shipper Information not on pallet label | | \$100 per Pallet | \$100 / 1000 | <i>The pallet label must have the shippers information (name & address).</i> |
| 616 | Multiple PO's on single pallet not segregated | | \$100 per Pallet | \$100 / 1000 | <i>Merchandise should be segregated by PO onto separate pallets whenever possible. When combining multiple PO's onto a single pallet, the merchandise is still required to be segregated by PO number.</i> |

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|----------------------------------|--|------------------|---|------------------|--|
| Pallet Issues - continued | | | | | |
| 617 | Pallet Ti/Hi Incorrect | | \$100 per Pallet | \$100 / 1000 | Single SKU pallets must be palletized according to the Pep Boys Ti / Hi. |
| 618 | Floor Loaded Trailer Improperly Loaded | | \$200 | | Floor loaded trailers that contain more than one SKU must be loaded so that the skus are segregated from front to back, so that during the unload process, all quantities of the same SKU are pulled off at the same time. |
| 619 | WD / SUPER HUB Purchase Order(s) commingled with other Purchase Order(s) | | \$100 per Pallet | \$100 / 1000 | WD / SUPER HUB Merchandise must not be commingled with any other Purchase orders on a pallet. Orders are to be kept separate - this means that a WD / SUPER HUB order cannot be mixed with any regular stocking order or another WD / SUPER HUB order. |
| 620 | WD / SUPER HUB Purchase Order(s) not labeled with WD / SUPER HUB Store number | | \$100 per Pallet | \$100 / 1000 | WD / SUPER HUB Merchandise must be labeled using the respective Pep Boys pallet label template, which includes the ultimate WD / SUPER HUB destination (store number). |
| 621 | Cross Dock label not applied or incorrectly applied to pallet | | \$100 per Pallet | \$100 / 1000 | Cross Dock label not applied or incorrectly applied to pallet |
| 622 | Cross Dock "SHIP TO" location not listed on label | | \$100 per Pallet | \$100 / 1000 | Cross Dock "SHIP TO" location not listed on label |
| Purchase Order Issues | | | | | |
| Fill Rate | | | | | |
| 701 | Total PO Fill rate - Below 100% 15 days after DUE DATE | | 5% Cost Variance for each SKU below fill rate | \$100 / 1000 | If a 2nd shipment is required against any Purchase Order, the shipment must be made as soon as possible after the original due date, but not more than 15 calendar days from this due date. This 2nd shipment is expected to complete the order, and all skus must be filled at 100% of the Ordered Quantity. For example, if there are 3 skus on the PO, all 3 skus must be filled to 100% of their Order Quantity. |
| 702 | On-Time Fill Rate Below 95% | | 5% Cost Variance for each SKU below fill rate | \$100 / 1000 | The 1st shipment against any Purchase Order must be in compliance with the stated Due Date and all skus must be filled at 95% of the ordered quantity. For example, if there are 3 skus on the PO, then all 3 must be filled to at least 95% of their ordered quantity. |
| 703 | SKU Over Shipped to ordered quantity | | 5% Cost Variance | \$0 / 1000 | Merchandise shipped over the quantity ordered on the Purchase Order is subject to chargeback penalties. |
| On Time | | | | | |
| 704 | Early Shipment Arrive 10+ days before DUE DATE | | 10% PO Cost | \$100 / 1000 | Shipments that arrive more than 10 days before the due date are considered "early." Collect vendors should adhere to ship date. |
| 705 | Late Shipment - If Prepaid - PO Arrived After PO Due Date. If Collect - PO Was Not Released in Transplace AT LEAST TWO FULL BUSINESS DAYS PRIOR TO "SHIP BY" DATE. See Page 8 of Transportation and Shipping Requirements document | | 10% PO Cost | \$100 / 1000 | The 1st shipment against any PO must be delivered to the DC by the stated Due Date. For collect vendors the PO must be Released in Transplace AT LEAST TWO FULL BUSINESS DAYS PRIOR TO "SHIP BY" DATE. |
| PO Management | | | | | |
| 706 | PO Canceled - Never Shipped Against - OR - PO Shipped Against Canceled PO | Y | 10% PO Cost | \$100 / 1000 | Purchase order never shipped and canceled 15 days past due date. Also, any product shipped against a canceled PO is subject to penalty. |
| 707 | Open PO report not provided within 48 hours of request | | \$100 | | Pep Boys request for shipping information via the Open PO Report not provided within 48 hours of request. |
| 709 | RGA# not sent within 48 hours of request. | | \$250 | | Pep Boys request for Return Goods Authorization (RGA) not replied to with 48 hours of request. Pep Boys request for an RGA needs to be fulfilled with 48 hours to avoid congestion at the Distribution Center and additional handling / storage costs. |

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| Shipping Issues | | | | | |
| 801 | Multiple freight bills not consolidated from 1 origin on 1 day | Y | \$200 | | <i>It is expected the Vendor make every effort to consolidate shipments without jeopardizing the due dates of the PO's. Multiple freight bills not consolidated from the same origin on the same day are subject to chargeback penalties.</i> |
| 802 | Collect Shipments from multiple / unauthorized origins | Y | \$200 | | <i>Collect shipments are expected from only a single authorized origin.</i> |
| 803 | More than 2 non-truckload shipments in a week (Different PO's) from same origin | Y | \$200 | | <i>It is expected the Vendor make every effort to consolidate shipments without jeopardizing the due dates of the PO's. More than 2 non-truckload shipments from the same origin in the same week are subject to chargeback penalties.</i> |
| 804 | More than 2 shipments for a PO | Y | \$200 | | <i>It is expected the Vendor make every effort to consolidate shipments without jeopardizing the due dates of the PO's. No more than 2 shipments against any Purchase Order is expected.</i> |
| 805 | Same PO shipped VIA non-truckload on consecutive days | Y | \$200 | | <i>The same PO's being shipped non-truckload on consecutive days are subject to chargeback penalties.</i> |
| Import Vendor / Commercial Invoice Issues | | | | | |
| <i>It is the vendor's responsibility to ensure that all required information is properly listed on the Commercial Invoice. Please refer to the Transportation and Shipping Requirements and Import Guidelines posted at http://info.pepboys.com/ for complete requirements.</i> | | | | | |
| 901 | The Commercial Invoice must list the unit price per item. | | \$ 250 per Invoice | | <i>The unit price for the SKU must be listed in addition to the extended amount. See Sample Invoice.</i> |
| 902 | The Commercial Invoice must list the quantity per item. | | \$ 250 per Invoice | | <i>The quantity per item being shipped must be listed. See Sample Invoice.</i> |
| 903 | The Commercial Invoice must list Pep Boys SKU number. | | \$ 250 per Invoice | | <i>The Commercial Invoice must list Pep Boys internal SKU number. See Sample Invoice.</i> |
| 904 | The Commercial Invoice must list Pep Boys PO number. | | \$ 100 per PO Not Listed | | <i>The Commercial Invoice must list all Pep Boys Purchase Order Numbers. See Sample Invoice.</i> |
| 905 | Vendor must notify Pep Boys or Agility of any Import Document Errors within 3 days of shipping. | | \$ 100 per Invoice | | <i>The vendor is responsible for notifying Pep Boys or freight forwarder Agility of any Import Document errors within 3 days after shipping of merchandise.</i> |
| 906 | A full set of Commercial Documents must be attached to the last pallet in the container in addition to the set that is provided to Agility. | | \$ 100 per Invoice | | <i>A full set of Commercial Documents must be attached to the last pallet in the container - this includes the Packing List and Container Manifest.</i> |
| 907 | Import Cargo outer package does not list all required data. | | \$100 | | <i>All import cargo must have Pep Boys PO number, Pep Boys SKU number, Country of origin and quantity in units listed on the outer packaging.</i> |
| 908 | Vendor must provide 10+2 documentation to Agility at time of booking. | | \$ 125 per Shipment | | <i>Vendor must provide 10+2 documentation to Agility at time of booking.</i> |
| 909 | 7 Point container inspection sheet must be provided to Agility along with the commercial documents. | | \$ 125 per Shipment | | <i>7 Point container inspection sheet must be provided to Agility along with the commercial documents.</i> |

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| EDI Issues | | | | | |
| 1800 | No response to Request for EDI requirements Sign-Off within 15 Days | | \$1,000 | | <i>The EDI Requirements Signoff Document Must be returned with all applicable information within 15 days of receipt.</i> |
| 1801 | Failure to be EDI Compliant - within 90 days of notification | | \$1,000 | | <i>A vendor must be EDI Compliant within 90 days of receipt of the EDI requirements sign off document</i> |
| 1802 | Failure to be EDI Compliant - 850 PO | | \$250 | | <i>A vendor must be able to accept an 850 electronic PO and provide a 997 Acknowledgement upon receipt</i> |
| 1803 | Failure to be EDI Compliant - 856 ASN | | \$250 | | <i>A vendor must be able to send an 856 Advance shipping Notice prior to arrival of the shipment</i> |
| 1804 | Failure to be EDI Compliant - 810 Invoice | | \$250 | | <i>A vendor must be able to send a valid 810 Electronic Invoice for each PO</i> |
| 1805 | Failure to be EDI Compliant - 855 Special Order PO Acknowledgement | | \$250 | | <i>ALL Special Order Purchase Orders must be acknowledged with an EDI X12 855 PO Acknowledgement.</i> |
| 1806 | Special Order 855 Acknowledgement not returned within 24 hours | | \$250 | | <i>855 Purchase Order Acknowledgments must be returned within 24 hours.</i> |
| ASN Issues | | | | | |
| 1001 | ASN not received 24 hours before trailer arrival. | | \$250 | | <i>The ASN must be present in the Pep Boys system 24 hours prior to receiving the shipment. Without it being present the receiver cannot verify the shipment.</i> |
| 1002 | NO ASN sent | | \$250 | | <i>An ASN must be sent for every shipment.</i> |
| 1003 | ASN technically wrong - correct/retransmit | | \$250 | | <i>The ASN must meet the EDI X12 formats as posted on Pep Boys web site in order to be utilized at the distribution center.</i> |
| 1009 | SKU / UPC Missing / Invalid on ASN | | \$250 | | <i>A valid SKU AND UPC/GTIN are required for each item in the ASN.</i> |
| 1010 | Wrong or Missing Ship To Code on ASN | | \$250 | | <i>A valid location code, indicating the warehouse to which the purchase order is being shipped must be included on the ASN so that it may be routed to the proper location.</i> |
| 1011 | SKU not on PO detail | | \$250 | | <i>The ASN & the corresponding shipment must include only items that are on the purchase order.</i> |
| 1012 | BOL missing or Zeros on ASN | | \$250 | | <i>All ASNs must have a valid BOL number in order to match the physical shipment to the ASN.</i> |
| 1013 | ASN Quantity greater than Received Quantity | | 5% Cost Variance for each SKU | \$100 / 1000 | <i>In order to use the ASN to receive the corresponding shipment, the item quantities on the ASN must match the item quantities in the physical shipment.</i> |
| 1014 | ASN Quantity less than Received Quantity | | 5% Cost Variance for each SKU | \$100 / 1000 | <i>In order to use the ASN to receive the corresponding shipment, the item quantities on the ASN must match the item quantities in the physical shipment.</i> |