

Section - 8 Reimbursement and Waiver Policy

Overview

This section lists our reimbursement policies and charges by category for non-compliance issues. All prior waivers are null and void as of December 31, 2007, unless another expiration date has been given on the waiver. Please see below for the approved waiver policy. **No telephone conversations, verbal agreements or any other agreements made will be honored unless the waiver policy is followed.**

Reimbursement Charges

The following chart lists non-compliance issues and the corresponding expense reimbursement charge:

Expense Offset Reductions			
CATEGORY	RULE #	NON-COMPLIANCE ISSUES	REIMBURSEMENT CHARGES
TRANSPORTATION	100	NO LTL DELIVERY APPOINTMENT (Only if delivery is accepted, and not rescheduled)	\$50 PER SHIPMENT AND REDELIVERY CHARGES IF APPLICABLE
	101	INCORRECT CARRIER USED/ FAILURE TO ROUTE ACCORDING TO THE TRANSPORTAION ROUTING GUIDE	\$25 PER INVOICE + FULL FREIGHT
	102	UNAUTHORIZED ACCESSORIAL CHARGES (Notification, lift gate, etc.)	\$25 + ADDITIONAL COST
	103	UNAUTHORIZED AIR SHIPMENTS	\$25 + FREIGHT CHARGES
PACKING/LABELING/ VENDOR DIRECT to STORE	200	REQUIRED LABEL NOT ON CARTON OR INCORRECT LABEL	\$5 PER CARTON
	201	NO PACKING SLIP WITH SHIPMENT OR IF THE PACKING SLIP ARRIVES AFTER THE SHIPMENT	\$25 PER SHIPMENT
	202	MULTIPLE POs PER CARTON	\$25 + \$10 PER CARTON
	203	INCORRECT OR MISSING PO NUMBER ON REQUIRED DOCUMENTATION	\$25 PER SHIPMENT
	204	UCC-128 LABEL NOT SCANNABLE/POOR QUALITY	\$5 PER CARTON
TICKETING/UPC	205	INCORRECT UPC ON PRODUCT OR PACKAGE	\$100 PER UPC
	206	NO UPC TICKET	\$25 PER OCCURANCE + \$.50 PER SELLING UNIT
	207	UPC NOT SCANNABLE/POOR QUALITY	\$25 PER OCCURANCE + \$.50 PER SELLING UNIT
	208	ITEMS INCORRECTLY PRE-PRICED	\$25 PER OCCURANCE + COST OF DIFFERENCE PER SELLING UNIT
LOGISTICS	300	INCORRECT OR MISSING PO NUMBER ON REQUIRED DOCUMENTATION	\$100 PER SHIPMENT
	301	CARTON LABEL MISSING OR NOT SCANABLE (POOR QUALITY)/UCC-128 LABEL MISSING OR NOT SCANABLE (POOR QUALITY) OR INCORRECT UPC ON INNER/MASTER CARTON	\$5 PER CARTON
	302	PALLETS NOT SHRINKWRAPPED	\$25 PER PALLET

Expense Offset Reductions			
CATEGORY	RULE #	NON-COMPLIANCE ISSUES	REIMBURSEMENT CHARGES
	303	LABEL PLACEMENT INCORRECT (INNER OR MASTER)/LABELS NOT FACING OUT ON SHRINK WRAPPED PALLETS	\$.50 PER CARTON
	304	UNACCEPTABLE OVERHANG ON PALLET/PALLET EXCEEDS ALLOWED HEIGHT OR DIMENSIONS (TOPS)	\$20 PER PALLET
	305	INCORRECT PALLET SIZE	\$50 PER PALLET
	306	UNACCEPTABLE PALLET QUALITY	\$75 PER PALLET
	307	PACKAGING NOT TO STANDARD, SEAL/TAPE, STRENGTH OF CORRUGATED, ROUNDED TOPS AND BOTTOMS, LOOSE FLAPS/STRAPPING OF MASTER CARTON/STAPLES IN MASTER CARTON/EXCEEDS 40 LBS.	\$100 PER SHIPMENT PLUS SPECIAL HANDLING OR RTV CHARGES
	308	SUBMASTERS OR SUBINNERS USED/INCORRECT PACK SIZE OR MULTIPLE PACK SIZES ON ONE PO	\$100 PER SHIPMENT PLUS SPECIAL HANDLING OR RTV CHARGES
	309	PACKING SLIP MISSING, UNUSABLE, DATA MISSING OR INCORRECT	\$100 PER SHIPMENT
	310	ACCESSORIAL CHARGES FOR SPECIAL HANDLING OR REPACKAGING	\$75 PER HOUR PLUS FLAT REIMBURSEMENT CHARGES
	311	RETURN TO VENDOR CHARGES	\$50 PER PALLET PLUS TRANSPORTATION CHARGES
	312	STORAGE OF PRODUCT AWAITING DISPOSITION FROM VENDOR	14 DAYS AFTER NOTIFICATION TO VENDOR - \$10 PER PALLET PER WEEK
	313	DISPOSAL OF NON-SALABLE PRODUCT	\$5 PER CARTON
	314	NON-COMPLIANCE TO TOPS SPECIFICATIONS	\$5 PER CARTON
	313	MISCELLANEOUS – LOGISTICS	
MERCHANDISING	400	SHIPMENTS LATE – EVERYDAY, SEASONAL & NEW STORES	LESS THAN 1 WEEK LATE = 25% OF THE VALUE OF THE LATE MERCHANDISE. 1 WEEK OR GREATER AND LESS THAN 3 WEEKS = 30% OF THE VALUE OF THE LATE MERCHANDISE. 3 WEEKS OR GREATER OR ORDER NOT SHIPPED = 50% OF THE VALUE OF THE LATE MERCHANDISE
	401	SHIPMENTS EARLY – SEASONAL & NEW STORES	10% OF THE VALUE OF THE EARLY MERCHANDISE
	402	INCORRECT PRODUCT COST, ITEM NUMBER, CASE PACK OR OTHER PERTINENT INFORMATION SUBMITTED	\$50 PER OCCURRENCE
	403	UNAUTHORIZED SHIPPING OF A SUBSTITUTE ITEM	\$200 + 25% OF ITEM
	404	FILL RATE ON PO FALLS BELOW 95%	20% OF SHORTAGE

Expense Offset Reductions			
CATEGORY	RULE #	NON-COMPLIANCE ISSUES	REIMBURSEMENT CHARGES
	405	ITEM NOT TESTED BEFORE SHIPPING	\$250 + COST OF TEST AND IF FAILED COST OF PRODUCT AND HANDLING
	406	AD ALLOWANCE	ALLOWANCE NOT APPLIED TO INVOICE OR BEING APPLIED BY PARTY ACCOUNTS PAYABLE
	407	REBATE/VOLUME REBATE	ALLOWANCE NOT APPLIED TO INVOICE OR BEING APPLIED BY PARTY ACCOUNTS PAYABLE
	408	MARKDOWN/OTHER ALLOWANCE	ALLOWANCE NOT APPLIED TO INVOICE OR BEING APPLIED BY PARTY ACCOUNTS PAYABLE
ACCOUNTS PAYABLE	500	INVOICE WITHOUT PO NUMBER INCLUDED OR INCORRECT PO NUMBER	\$25 PER INVOICE
	501	INVOICING WITH TERMS OTHER THAN THOSE CONTAINED ON THE PO (OR VPA IF NO TERMS ARE LISTED ON PO) THIS INCLUDES FREIGHT TERMS.	\$25 PER INVOICE
	502	ACCEPTING PO WITH INCORRECT COST	\$25 PER INVOICE
EDI	600	RECEIPT OF MANUAL/PAPER CORPORATE STORE INVOICE AFTER EDI CERTIFICATION OR 4/29/05, WHICHEVER IS SOONER.	\$5 PER INVOICE
	601	INABILITY TO ACCEPT PO TRANSMITTED VIA EDI REQUIRING MANUAL (FAX, EMAIL, ETC) PO TO BE SENT	\$5 PER PO
	602	FAILURE TO PROVIDE ASN FOR A SHIPMENT WHEN AN EDI 850 PO WAS SENT.	\$25 + \$5 PER CARTON
	603	FAILURE TO SEND THE ASN WITHIN TIMEFRAME. ASN MUST ARRIVE VIA EDI PRIOR TO SHIPMENT ARRIVING AT STORE	\$25 PER SHIPMENT
	604	ALL EDI DOCUMENTS REJECTED DUE TO INCORRECT OR MISSING DATA	\$200 PER BATCH
	605	ALL REJECTED DOCUMENTS NOT CORRECTED AND RE-TRANSMITTED WITHIN 24 HOURS	\$200 PER BATCH
	606	INVALID CHARGE OR ALLOWNACE CODE SENT ON INVOICE	\$25 PER INVOICE
IMPORTS	700	INCORRECT OR MISSING DOCUMENTS	\$500 + COST OF DEMMURAGE
	701	SHIP EARLY OR LATE WITHOUT APPROVAL	\$50 + 5% OF ORDER

NOTE: AHI will process charge backs for additional expenses, including transportation expenses, as a result of failure to meet the requirements in this Vendor Standards Manual.

Waiver Policy

A vendor requesting a waiver of AHI policies as defined in this Vendor Standards Manual must contact Party City's Vendor Relations Specialist or Amscan's Vendor Relations Specialist in writing or email in advance. Vendor must indicate in detail the policy to be waived and the reason for requesting the waiver. Indicate a timeframe for the waiver, i.e. a date when the vendor expects to comply with Party City policy. Vendor must also provide a contact person for correspondence with Party City/Amscan Inc.

The request will be reviewed by the AHI Vendor Relations team. If the request is approved, the vendor will receive a waiver form. If the request is not approved, the vendor will be contacted to discuss the issue.

Reimbursement Policy

Our expense reimbursement policy is intended to recover the costs incurred by AHI due to vendor non-compliance to the requirements in the Vendor Standards Manual. Expense offset charges will be applied only when Party City can clearly document a non-compliance to the 2008 Vendor Standards Manual (VSM) requirements.

If a vendor rebate program is based on purchase volume, the gross purchases will not be reduced, or netted down, by any reimbursement charges.

All inquiries or disputes related to Vendor Compliance Reimbursements to AHI, must be submitted in writing, within 45 days of the date you are notified the deduction is taken. Disputes received after 45 days from the date you are notified will not be reviewed. Vendors are required to demonstrate a charge back was taken inappropriately prior to review for repayment. Inquiries or disputes should be sent to the appropriate location at the following address:

**Party City Corporation
Vendor Relations
25 Green Pond Road Suite 1
Rockaway, NJ 07866**

**Amscan
Vendor Relations
80 Grasslands Road
Elmsford, NY 10523**

Disputes must include the following; otherwise disputes cannot be appropriately reviewed:

- Letter with explanation of dispute
- Copy of the charge back document(s) or Quality Control Information Sheet
- Transportation documentation if applicable (i.e. BOL, POD, etc.)
- Other documentation supporting dispute