

**Trans World Entertainment
Drop Ship Supplier Program**
As of 2017-08-29

Overview

This document provides a summary overview of the Trans World Entertainment (“TWE”) Drop Ship Supplier Program. All Suppliers should review this document and are also required to sign and submit the Trans World Entertainment Drop Ship Supplier Agreement.

The Drop Ship Supplier Program enables the presentation of Supplier-owned inventory on order capture platforms (i.e. websites) which are owned (e.g. <http://www.fye.com>) or where posting of products is controlled by TWE via our Etailz¹ (<http://www.etailz.com>) subsidiary (e.g. Amazon.com, Jet.com, Walmart.com, Ebay.com, Sears.com, etc.). Customers place orders on order capture platforms and orders are sent electronically to our Suppliers. Our Suppliers then ship the orders direct to the Customer using generic packaging and company-branded packing slip (see Appendix) with the appropriate company information (i.e. FYE.com or Etailz). Subsequently, Suppliers invoice TWE for product and shipping cost and TWE pays invoices accordingly. Customer Service is handled by TWE (including returns authorization). Product returns are handled by the Supplier.

The Drop Ship Supplier Program offers substantial benefits to our Suppliers - namely, the opportunity to leverage powerful e-commerce sales and marketing resources of the TWE organization, which operates a FYE.com and is also one of the largest sellers in the world on the Amazon marketplace through our Etailz subsidiary. Etailz also markets products on other marketplaces, as described above. There is no cost to participate in the TWE Drop Ship Supplier Program.

TWE utilizes the DSCO Supply Chain Network – see <https://www.dSCO.io/>. All data described in the process (below) flows through the DSCO platform, which enables substantial benefits for both the Supplier and for TWE – allowing each party to connect once and do business with many trading partners; and take advantage of other features of the platform such as reporting and inquiry, organized filtering and sharing of product catalog data, etc. TWE incurs the cost of the DSCO platform - there are no additional costs for utilizing the platform required by the Supplier. If a Supplier wishes to obtain assistance with the technical integration to connect with DSCO, TWE can introduce SPS Commerce², who is familiar with our requirements.

Process

1. Product Catalog and Pricing
 - 1.1. The first step in the process is for the Supplier and TWE to gain agreement on the products to be provided by the Supplier and the related costs for each product to TWE.
 - 1.2. TWE will ultimately enable the display of some or all of the products made available by the Supplier for sale on the Order Capture Platforms. TWE will establish the price at which the Products will be posted on the Order Capture Platforms.
 - 1.3. In order to enable success, considering the advancements in price-comparison technologies (apps, websites, etc.) available to Consumers, it is critical that the Supplier and TWE arrive at highly aggressive product costs in order to maintain price competitiveness.
 - 1.4. Initial exchange of Product Catalog data and suggested costs can be informal (using spreadsheets), but formal exchange of data should ultimately be done through the DSCO platform.

¹ Etailz has sold over \$350 million across marketplaces globally and continues to grow at incredible rates. Over the course of 9 years doing business through marketplaces, Etailz has developed a highly efficient processes and unique data-driven technologies enabling it to become a recognized global leader in marketplace sales and expertise.

² SPS Commerce will enable an integration with the SPS network, which is already connected to the DSCO network. Implementation and ongoing transaction fees will apply if a Supplier chooses to use SPS Commerce.

- 1.5. Product Catalog data should include: Product UPC (or EAN), product name/title, brand name, description, size, color, image links, multimedia audio and/or video links, dimensions, weight, product cost, pack size³, MSRP, MAP pricing, minimum order quantity, category, product features, active status, delivery due date (i.e. back order date), etc.
 - 1.6. Product Catalog data should be sent one-time initially and then updated whenever changes are made to any of the Products provided by the Supplier.
2. SKU/Location Inventory
 - 2.1. Data feeds are sent on a daily⁴ basis to TWE by the Supplier containing UPC, Product Cost⁵, Location, Item Quantity (#Selling Units Available), etc. This data is processed by TWE and fed to Order Capture Platforms to set the Product inventory quantity available on each platform.
 - 2.2. Supplier is responsible for ensuring that Quantity Available by Location⁶ is guaranteed (i.e. set aside and “reserved” for TWE⁷) to ensure that Product is available when Orders totaling an amount less than or equal to Quantity Available by Location for a single day are captured and communicated to Supplier.
 3. Order Capture
 - 3.1. Order Capture Platforms (company-owned: FYE.com and third-party-owned: e.g. various marketplaces) will enable the capture of orders by Customers.
 - 3.2. Customers will pay for orders (including shipping costs based on set ranges of cost and service levels) on each order capture platform.
 - 3.3. Orders containing products and required delivery date⁸ will be sent electronically to the Supplier.
 4. Order Acknowledgement
 - 4.1. Supplier sends acknowledgement⁹ that the order has been received and that the inventory is available to fulfill the order.
 - 4.2. Order Acknowledgements must be received within 2 hours of receipt.
 5. Order Cancellation
 - 5.1. Supplier sends a cancellation for any orders that it cannot fulfill completely (i.e. “fill or kill”).
 - 5.2. Order Cancellations must be received within 4 hours of order receipt.

³ The number of individual UPCs in a selling unit

⁴ Inventory feeds can also be sent more frequently (hourly or otherwise) if a Supplier has this capability. It is essential, however, that the feeds are accurate - representing the inventory snapshot as of the time they are sent.

⁵ Product Cost should represent the agreed-upon cost between Supplier and TWE. Supplier is responsible for ensuring Cost is accurate.

⁶ Supplier is expected to decrement Quantity Available by Location based on Orders received. If Supplier cannot support this functionality, the DSCO platform can be used to support this. Supplier must transmit actual inventory quantity for an in-stock item and a “0” if the item is out of stock.

⁷ If a Supplier does not have the capability to reserve inventory for TWE, then an explicit exception can be made for related items as long as it can be demonstrated that the Supplier has sufficient inventory on-hand to meet any high demand scenarios - to avoid a scenario where product is oversold on one of the order capture platforms.

⁸ Additional order information such as carrier, ship method (class of service), product weights, product dimensions ... can also be sent to the Supplier if necessary.

⁹ Please note, the DSCO network will generate an acknowledgement that the order file has been successfully passed to the Supplier. Additional acknowledgement indicating that the Supplier has reviewed the order and has the inventory available to fulfill the order (EDI 855 or otherwise) is preferred.

- 5.3. Order Cancellations should have a corresponding SKU/Location Inventory update in the next transmission (to ensure inventory is updated so no additional orders are erroneously captured for the same item).
- 5.4. We expect that our Suppliers will maintain a 98% fill rate on orders. Rates falling below this level will trigger a program review by the TWE team.
6. Shipment Confirmation
 - 6.1. Supplier picks, packs (in a generic, unbranded carton w/packing slip containing company name and related address information - i.e. FYE.com or Etailz) and ships order.
 - 6.2. Supplier includes warranty information inserts (if applicable).
 - 6.3. Supplier uses their own carriers¹⁰. Supplier will pay its carrier of choice directly for all shipping charges. Supplier's carrier must offer expedited and trackable shipping for delivery to residential addresses, commercial addresses, Post Office Boxes and Military (APO and FPO). Shipping charges shall be included on the Invoice sent to TWE and shall be reimbursable at 100%. Supplier shall be responsible for filing claims for damaged or lost Products.
 - 6.4. Supplier sends a confirmation¹¹ that an order has been picked, packed and shipped; including the Product Cost for items on that order.
 - 6.5. Shipment Confirmation also needs to contain the order tracking number from associated carrier. Tracking number should be at the line item level.
 - 6.6. All orders¹² received by Noon local distribution center time by the Supplier should be shipped on that same day; and orders received after Noon should ship by the next business day.
7. Customer Service and Returns
 - 7.1. TWE handles primary Customer Service for questions related to the Products or Orders.
 - 7.2. TWE handles primary Customer Service related to Returns by fielding inquiries from Customers and issuing a Return Merchandise Authorization (RMA) number for each approved Customer return via e-mail to Customer, along with a pre-paid shipping label for shipment back to Supplier.
8. Invoicing
 - 8.1. Supplier will send Invoices electronically which represent one calendar week's billing activity¹³ detailing Orders fulfilled, related Products sold, and shipping charges; all subject to offsets (such as credits for returns processed along with associated Order and RMA#, etc.).
 - 8.2. Invoices should only be sent by a Supplier for Products which have already shipped.
 - 8.3. Shipping charges shall be included on the Invoice sent to TWE and shall be reimbursable at 100%.
9. Payment
 - 9.1. TWE pays the Supplier the negotiated cost ("Cost") per Product and shipping charges; net of any offsets.
 - 9.2. TWE remits payments upon electronic receipt of an invoice ("Invoice") from Supplier. Payments shall be made net 30 from Invoice date.

¹⁰ If necessary, TWE can make arrangements for Supplier to ship under TWE USPS or FedEx account for all shipments - in which case this process step would be modified accordingly. Either way, the Supplier will be the shipper of record.

¹¹ Must be sent by Supplier to TWE on the same day that the order will ship.

¹² Excludes non-inventoried products mutually agreed to in advance by TWE and the Supplier, such as made-to-order products, etc.

¹³ TWE can accommodate Suppliers who need to send one invoice per order as well.

- 9.3. FUTURE - In the future, TWE will send an electronic Remittance Advice transaction to the Supplier which will contain the details of the payment (e.g. invoices paid, adjustments, etc.).
- 9.4. Supplier should notify TWE of any discrepancies or claims for payment by email (twedropship@twec.com) within 90 days of the date TWE paid Supplier for the Product and related Order.

10. Operational Issues

- 10.1. Supplier should respond to all TWE inquiries within 1 business day and resolve all inquiries within 2 business days.
- 10.2. Notify TWE of any discrepancies or claims for payment by email (twedropship@twec.com) within 90 days of the date TWE paid Supplier for the Product and related Order. If Supplier fails to do so, Supplier will be deemed to have waived any such claim and will be barred from making any claim thereafter for the Product and related Order.

Operational Information / Questions to be Answered

- Number of Supplier warehouses from which drop ship orders will be sourced.
- Address of each warehouse
- Hours of each warehouse
- Can orders ship the same day? If so, what is the cutoff time for each warehouse?
- How is shipping handled?
- We prefer to ship on your account and be billed for shipping. Please provide an account number.
- Please provide a freight rate table so that we can establish estimated shipping.
- What carriers are used?
- Are all of the following marketplaces approved for sale?
 - Amazon
 - Jet
 - Walmart
 - eBay
 - Sears

DSCO Platform Information

Integrating to the DSCO platform and completing testing should not take more than 2-3 weeks. The following are links to the DSCO technical doc site:

- Portal
 - <https://support.dSCO.io/hc/en-us/articles/236026027-The-DSCO-Portal>
- Integration
 - [Supported field values for various data objects](#)
 - [Supported file formats and transport protocols](#)
 - [Integrating with DSCO](#)
 - [DSCO API](#)
 - [DSCO AS2](#)
 - [DSCO EDI Specification](#)
 - [FTP](#)

If the Supplier is connected to any of the following networks already, it is possible that additional integration may be minimized¹⁴ through a connection between DSCO and these networks: SPS Commerce; eZCom; GCommerce; Liaison; OpenText; Inovia; EDI Direct; Spring Systems; TrueCommerce; Mercury Commerce. Please contact DSCO for more information if your company is already connected to any of these networks ... or if you are connected to a network not on the above list and wish to discuss the possibility of DSCO connecting to that network.

¹⁴ Please be advised that fees charged to the Supplier with their existing networks will still apply ... whereas direct connections from the Supplier to the DSCO network incur no Supplier fees whatsoever.

DSCO Contact Information

Technical Support Contact	support@dsko.io
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TWE Contact Information

Overall Program Contact	Steve Georghakis – sgeorghakis@twec.com
Accounting Contact	Brittani Benjamin – bbenjamin@twec.com
Customer Service Contact	Jodie Evans – jevans@twec.com
Technical Contact	Jim Razzano – jrazzano@twec.com

Appendix A
Example FYE.com Packing Slip

fye.com Packing Slip

Bill To:

Ship To:

Ship Date	Order#	Ship Method
8/15/2017	7262982	USPS PRIORITY

Ord	Ship	Item#	Description
1	1	889698146135	Exclusive SD

Thank you for your order from www.fye.com.
fye.com is committed to your satisfaction. We will gladly refund or replace any defective item and most non-defective items within 30 days of your product's shipping date. Please note that we cannot provide full refunds for opened, non-defective software, CDs, DVDs, videos, games or used books. Please contact customerservice@fye.com with any questions about your order.

Location: AA 00

Appendix B
Example Etailz Packing Slip

etailz, Inc. Packing Slip

Bill To:

Ship To:

Ship Date	Order #	Ship Method		
7/12/2017	00000054894818694633	USPS Priority		
Ord	Ship	Item #	Description	
1	1	699914736879	WD Crossbow	

Thank you for your order.

etailz, Inc. is committed to your satisfaction. We will gladly refund or replace any defective item and most non-defective items within 30 days of your product's shipping date. Please note that we cannot provide full refunds for opened, non-defective software, CDs, DVDs, videos, games or used books.

Location: AA 01