



July 28, 2009

## NOTICE OF PROCEDURAL CHANGE TO MACY'S FREIGHT TERMS

In May 2009, Macy's adopted a freight collect shipping policy that, with limited exceptions, generally requires vendors to ship all of Macy's non-Furniture and Bedding merchandise freight collect.<sup>1</sup> Macy's is issuing this Notice of Procedural Change in order to expand the freight collect policy. Effective immediately:

1. All shipments within a Commercial Zone are to be shipped freight collect, except shipments of merchandise excluded from the freight collect policy.
2. All backorders are to be shipped freight collect, except shipments of merchandise excluded from the freight collect policy.
3. All freight collect shipments must be submitted via <http://www.macysnet.com>, including shipments within a Commercial Zone and backorders, regardless of weight, cube and number of cartons.
4. The following continue to be **excluded** from Macy's freight collect policy and are to continue to be shipped in accordance with applicable instructions in Macy's Routing Guide: **Furniture and Bedding, Jewelry, Confections, Direct to Store, Bloomingdale's and Macys.com**
5. Vendors that are shipping backorders and/or shipping within a Commercial Zone are to ship freight collect and a transportation freight allowance will be required to cover all or a percentage of the cost of shipping.<sup>2</sup>
6. Vendors that fail to comply with these instructions and continue to ship freight prepaid may receive an expense offset.
7. In order to avoid expense offsets unrelated to shipping term violations, please comply with all applicable provisions of the Macy's Vendor Standards.

This Notice of Change supersedes contrary provisions of the Macy's Routing Guide, as currently posted at <http://www.macysnet.com/routing>. An updated Routing Guide that reflects Macy's freight collect policy is being prepared and will be posted at <http://www.macysnet.com> when available.

If you have any questions concerning the Macy's freight collect policy generally and/or this notice, please contact the Macy's Transportation Office at 678 406-7200.

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<sup>1</sup> The freight collect policy has allowed the Macy's Transportation Office to improve management of freight moving through distribution centers and that has led to improvement in routing efficiencies, service levels, and purchase order visibility. Note that, as a result of the freight collect policy, any then active Macy's Notice of Procedural Change (NOPC) would be invalid, other than a NOPC concerning air shipments to Hawaii and/or the Velocity Improvement Program.

<sup>2</sup> As indicated in the May 2009 announcement as to implementation of the freight collect policy generally, freight allowances that cover all or a portion of the cost of shipping will be required so that there is no unintended economic effect. Accordingly, the same principle is applied to backorders and Commercial Zone shipments.