

A Letter from Alan

Dear Vendor Partner,

At Anna's Linens we are committed to providing the highest level of service to our customers. To ensure that we are able to attain this level of service, we must be able to provide "the right item, at the right price, at the right time, in all of our stores". We recognize that this can not be accomplished without the support of our vendor partners. We also recognize the important role that you play in achieving our goal of being the retailer of choice for home décor. At Anna's Linens, we intend to reach this goal by exceeding our customer's expectations concerning selection, convenience, and value. The core value of our Mission Statement is to *"treat our employees, customers, and business partners with respect and dignity every day."* Maintaining strong relationships with our vendors allows us to ensure customer expectations and/or requirements are met for the mutual success of our partners and our company.

We have made substantial technology and human capital investments to improve our supply chain over the last several years in order to meet and exceed our stakeholders' expectations. With an expanded emphasis on technology, it is more important now than ever that we work together. Through the use of Universal Product Codes (UPC), Electronic Data Interchange (EDI), Voluntary Inter-industry Commerce Standards (VICS), and the GS1 US standards (formerly the Uniform Code Council), Anna's Linens will be able to shorten its lead times. This will ensure an expedited flow of product from vendors to the selling floor, better management of inventories, increased sales, and enhanced customer service. In turn, this will allow us to continue to build a more successful and mutually profitable relationship.

Our expectation for the Partner Guide is to better define elements of your role, as our vendor partner, in helping Anna's Linens to achieve our goal to exceed our customer's expectations. Many of these requirements have been in place, but there are also new requirements which you should become familiar with, specifically the mapping of your orders and the invoicing to our latest EDI PO/Invoice map.

This Guide contains new material and supersedes any information you may have received under a separate cover. Going forward, when changes are made to any of the requirements contained within the Guide, you will be notified in advance of the new requirement(s) as well as the compliance deadline.

You will find an updated chart of the Expense Offset amounts towards the end of this document. These Offsets have been modified to adjust to the consolidate receiving of our new warehouse management system with modifications to reflect reduced POs, invoices and are meant to recoup the added incremental costs and lost sales incurred when there is a failure to meet our requirements. These requirements will have been communicated in advance, and agreed to by virtue of accepting our purchase order. To this end, buyers do not have the authority to approve exceptions to any of the policies established within these guidelines.

The success of these policies and procedures depend upon mutual and regular communications. You are encouraged to work closely with Anna's Linens to develop a thorough and expeditious plan to ensure compliance with our business requirements. If after consulting the Partner Guide you have questions regarding the requirements, please contact our Vendor Compliance Department. Additional copies of the Guide can be accessed via the Internet at: b2b.annaslinens.com.

Thank you for your continued support of Anna's Linens.

Alan Gladstone

Chairman, President and
Chief Executive Officer

Anna's Linens



ANNA'S LINENS

Mission Statement

*"To Be Recognized
As the Leading Retailer of
Value Priced
Home Fashions"*

We will accomplish this

By following our guiding principles as inspired by "The Anna"

- **Treat all Anna's family members, customers, and business partners with respect and dignity every day.**
- **Cultivate an environment that recognizes and rewards those who share our passion, vision, values and integrity.**
- **Embrace the diversity of our Anna's family members, customers, and business partners.**
- **Offer uncompromising value on quality fashionable merchandise for the home that exceeds our customers' expectations.**
- **Provide a comfortable shopping environment with well-presented merchandise in attractive stores with superior customer service.**
- **Enhance the lives of our Anna's family members, business partners and the communities we serve.**
- **Recognize that profitability, without compromising our core values, is essential to our growth and success.**



Partnership Guidelines

Introduction

At Anna's Linens, we are committed to servicing our customers at the highest level possible. A critical component of attaining quality service is ensuring that we are able to "provide the right item, at the right price, at the right time, in all of our stores". This cannot be accomplished without the support of our vendor partners.

Retail is a complicated and detail oriented business. Many moving parts must be executed flawlessly to provide superior service. In addition to the accuracy required to ensure that this is possible, consistency in execution is equally important.

Anna's Linens will electronically distribute our Partner Guide (PG) to vendors shipping direct to Anna's Linens stores and through third party distributors. Anna's Linens wants to make all Vendor Partners aware of our requirements. Some of our new company initiatives, and revisions to the Partner Guide, include:

- Terms and Conditions section which clearly defines our purchase order requirements.
- Updated Import Section including Direct Imports
- Revised Transportation Routing Guide (TRG).
- Revised Offset and Waiver section.
- Requirement for submitting a Partner Guide Acknowledgement Form.
- Requirement for submitting a Certificate Of Insurance

Previous Partner Guide documentation and or requirements remain in effect until canceled or replaced by a more recent revision.

Anna's Linens requires all trading partners, including sub-vendors (when approved in advance by Anna's Linens), to sign and return the Notification and Acknowledgement form. Although some aspects of the Partner Guide do not pertain to sub-vendors, many aspects do. Sub-vendors are advised to read the entire Partner Guide as these requirements apply to Anna's Linens shipments.

All trading partners, including sub-vendors, must provide the following documentation:

- Acknowledgement Form confirming receipt of the Vendor Partner Guide
- Certificate of Insurance

Anna's Linens is in a period of growth and evolution. Many of our business practices are, or will be changing to accommodate additional store openings and improve an existing supply chain. Several new initiatives are being finalized, and each will provide for a rapid, more accurate flow of merchandise into our stores. These improvements will translate into increased sales, benefiting our respective companies. As these changes are implemented, our commitment to our vendor partners is to communicate in advance and reflect all requirement changes in our Partner Guide.

In order to aggressively pursue our goal of providing our customers with the highest level of service, we will maintain high expectations for all of our vendor partners in regards to adhering to the requirements contained herein. While we will actively support all vendors in developing processes that result in compliance to these standards, we will accept performance that does not meet our requirements. We will carefully track how every vendor executes against our standards and hold poor performers responsible for the financial impact of their actions.

About This Manual

This manual is intended to outline the standards vendor/supplier partners must follow when doing business with Anna's Linens. This manual contains Anna's Linens' routing guide, merchandise technology; PO, and accounts payable policies.

To comply with this program, Partners must meet the requirements for doing business. If Partners do not have the required technology program(s) in place, please contact the Anna's Linens Vendor Compliance Department. Anna's Linens expects all shipments to be in compliance with the basic industry standards as outlined in this manual.

Requirements & Responsibilities Summary

This manual contains all requirements for suppliers doing business with Anna's Linens. Below is a summary of those requirements:

- Partners must adhere to all Purchase Order (PO) Terms and Conditions.
- All EDI documents should be created following the EDI guidelines and the Anna's Linens mapping guide.
- Partners must be able to receive via EDI the 850 document.
- Partners must follow Anna's Linens specifications for supplier UPC/Price ticketing, including UPC or EAN bar code.
- Partners must send via EDI the 810 document.
- Partners must comply with Accounts Payable (AP) requirements for submitting invoices and related correspondence.
- Partners must provide an accurate and complete EDI 856 document at the carton level and mark all cartons with corresponding, valid, UCC-128 shipping container labels.
- Partners must pack merchandise according to Anna's Linens packaging instructions.
- Partners must follow the instructions for processing shipments as outlined in this document including the exclusive use of Anna's Linens approved carriers.