

STATE OF MINNESOTA
COUNTY OF HENNEPIN

DISTRICT COURT
FOURTH JUDICIAL DISTRICT
CASE TYPE: CONTRACT

Arthur Andersen LLP,
an Illinois limited liability partnership,

Court File No. _____

Plaintiff,

COMPLAINT

v.

Department 56, Inc.,
a Delaware corporation,

Defendant.

For its complaint against defendant Department 56 ("Dept. 56"), plaintiff Arthur Andersen LLP states and alleges as follows:

INTRODUCTION

This is an action seeking damages arising from Dept. 56's breach of a contract with Arthur Andersen. Through an August 1997 contract, Arthur Andersen agreed to assist Dept. 56 in its implementation of a computer software program and Dept. 56 agreed to pay Arthur Andersen for its services. Arthur Andersen has fulfilled its contractual obligations, but Dept. 56 has unjustifiably refused to pay over \$600,000 in fees and expenses due and payable to Arthur Andersen.

THE PARTIES

1. Arthur Andersen is an Illinois limited liability partnership with its principal place of business in Chicago, Illinois. It is in the business of providing business consulting services.

2. Dept. 56 is a Delaware corporation with its principal place of business in Eden Prairie, Minnesota. It is in the business of importing and distributing giftware products sold through retailers across the country.

JURISDICTION AND VENUE

3. Venue is properly placed in Hennepin County because this lawsuit is based upon a transaction and activities that occurred in Hennepin County.

4. This Court has personal jurisdiction over Dept. 56 because the company is based in the State of Minnesota and because this action arises from the making and performance of a contract substantially connected with the State of Minnesota.

FACTUAL BACKGROUND

5. In the summer of 1996, Dept. 56 recognized that the computer software system that it used to run its business had Y2K problems that threatened the system's operational stability after Dec. 31, 1999. As a result, Dept. 56 decided that it needed to select and implement a new computer software system.

6. Dept. 56 decided to hire a business consulting firm to facilitate the software selection process. It considered and interviewed several firms, including IBM and Deloitte & Touche. Ultimately, Dept. 56 chose to hire Arthur Andersen to assist it with the software selection process.

7. From the fall of 1996 through April 1997, Arthur Andersen facilitated Dept. 56's software selection process. During that process, Dept. 56 evaluated software applications from a large number of software vendors, including Exeter, Renaissance, JBA, SAP and J.D. Edwards. Sometime before August 1997, Dept. 56 chose to implement the OneWorld software offered by J.D. Edwards.

8. In August 1997, Dept. 56 hired Arthur Andersen to assist Dept. 56 in implementing the J.D. Edwards OneWorld software at Dept. 56. The parties executed and entered into a contract dated August 6, 1997 (the "Arrangement Letter"), that set forth the terms and conditions governing Arthur Andersen's provision of services to Dept. 56.

9. Under the terms of the Arrangement Letter, Arthur Andersen was to perform certain services and Dept. 56 was to compensate Arthur Andersen for those services as provided for by the Arrangement Letter.

10. The Arrangement Letter provides that Arthur Andersen would "invoice [Dept. 56] monthly for hours worked during the previous month, plus any out-of-pocket expenses. Payment is within 30 days from the date [Arthur Andersen] submit[s] the invoice." (Arrangement Letter, attached to this Complaint as Exhibit 1, at 4).

11. The Arrangement Letter further provides: "The following basic principles govern this project: 1. [Arthur Andersen] will bill [Dept. 56] on a monthly basis. Payment is due within thirty days after we submit our invoice." (Arrangement Letter, Attachment 1 at 1).

12. Dept. 56's timely payment for the consulting services rendered by Arthur Andersen under the Arrangement Letter was a basic and material element of the Arrangement Letter.

13. Following execution of the Arrangement Letter, Arthur Andersen and Dept. 56 entered into and executed a number of Project Change Requests that modified the terms and conditions of the original Arrangement Letter. (See Project Change Requests, attached to this Complaint as Exhibit 2). None of these Project Change

Requests modified Dept. 56's contractual obligation to pay Arthur Andersen's invoices within 30 days.

14. Following execution of the Arrangement Letter, Arthur Andersen provided consulting services in support of Dept. 56's implementation of the J.D. Edwards OneWorld software. Arthur Andersen performed all of its obligations under the Arrangement Letter.

15. Pursuant to the Arrangement Letter, Arthur Andersen submitted invoices to Dept. 56 for fees earned and reimbursable expenses incurred under the Arrangement Letter. Under the Arrangement Letter, Dept. 56 was obligated to pay those invoices within thirty days of receipt.

16. On June 29, 1999, Arthur Andersen invoiced Dept. 56 for \$296,333. A true and correct copy of that invoice is attached to this Complaint as Exhibit 3.

17. On July 22, 1999, Arthur Andersen invoiced Dept. 56 for \$241,112. A true and correct copy of that invoice is attached to this Complaint as Exhibit 4.

18. On or about October 1999, Dept. 56's Chief Financial Officer, Mark Kennedy, informed Arthur Andersen that Dept. 56 had unilaterally decided to withhold \$500,000 due and payable to Arthur Andersen under the Arrangement Letter. Mr. Kennedy informed Arthur Andersen that he felt Dept. 56 had experienced business difficulties and that Arthur Andersen "should share the pain."

19. Dept. 56 has paid \$37,445 toward the June 1999 invoice of \$296,333, leaving an outstanding balance of \$258,888. Dept. 56 has paid nothing toward the July 1999 invoice, leaving an outstanding balance of \$241,112. The total amount not paid under the June 1999 invoice and the July 1999 invoice is \$500,000.

20. On May 24, 2000, Arthur Andersen submitted an invoice for \$86,156. A true and correct copy of that invoice is attached to this Complaint as Exhibit 5. Dept. 56 has not paid this invoice.

21. On August 23, 2000, Arthur Andersen submitted an invoice for \$29,781. A true and correct copy of that invoice is attached to this Complaint as Exhibit 6. On information and belief, Dept. 56 intends not to pay this invoice.

22. In total, Dept. 56 has refused to pay \$616,027 (not including interest) that it owes to Arthur Andersen under the Arrangement Letter.

COUNT I – BREACH OF CONTRACT

23. Arthur Andersen incorporates and re-alleges all of the foregoing allegations of the Complaint.

24. The Arrangement Letter constitutes a valid and binding contract between Dept. 56 and Arthur Andersen.

25. Arthur Andersen performed all of its obligations under the Arrangement Letter.

26. Dept. 56 has breached the Arrangement Letter by failing to pay invoices submitted by Arthur Andersen for services rendered and expenses incurred.

27. As a direct result of Dept. 56's breach of the Arrangement Letter, Arthur Andersen has suffered damages.

PRAYER FOR RELIEF


WHEREFORE, Arthur Andersen prays for:

- A. Damages for all injuries suffered as a result of Dept. 56 refusing to perform its obligations under the Arrangement Letter, including, but not

limited to, damages in the amount of \$616,027, which constitutes fees due under the Arrangement Letter;

- B. Prejudgment interest pursuant to Minn. Stat. § 549.09 and otherwise;
- C. Costs and disbursements for this action, including, if appropriate, reasonable attorney's fees and double costs; and
- D. Such other relief as the court may deem just and proper.

DATED: September 14, 2000

By: 

Richard A. Lind, I.D. No. 63381
William L. Davidson, I.D. No. 201777
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Of counsel

ACKNOWLEDGMENT

The undersigned acknowledges that pursuant to Minn. Stat. § 549.211, the Court may award to any opposing party costs, disbursements and reasonable attorneys' fees and witness fees if the party represented by the undersigned, or the undersigned, acts in bad faith, asserts a claim or defense that is frivolous and costly to the other party, asserts an unfounded position solely to delay the proceedings, or harasses or commits a fraud upon the Court.

A handwritten signature in black ink, appearing to read 'William L. Davidson', written over a horizontal line.

William L. Davidson

ARTHUR ANDERSEN

August 6, 1997

Mr. Gregory Sorensen
Vice President, MIS
Department 56
One Village Place
6436 West Parkway
Eden Prairie, Minnesota 55344

Arthur Andersen LLP

45 South Seventh Street
Minneapolis MN 55402-1611
612 332 1111

Dear Greg:

We are pleased to confirm our arrangements to assist you in implementing the JD Edwards OneWorld product set at Department 56. We are excited about the opportunity to work with you in an effort to design and configure OneWorld to meet Department 56 business requirements. This letter confirms our understanding of project scope and objectives, project approach, project staffing, and fees and expenses.

Project Scope and Objectives

The primary objectives of this project are to support Department 56 in its implementation of the following JDE modules and functions:

- General Ledger, Accounts Payable, and Consumer Services (Address Book)
- Inventory, Purchasing, DRP, Sales Order Processing, Advanced Pricing, and EDI
- Advanced Warehousing and Traffic
- Accounts Receivable

Our involvement will be focused on the following activities:

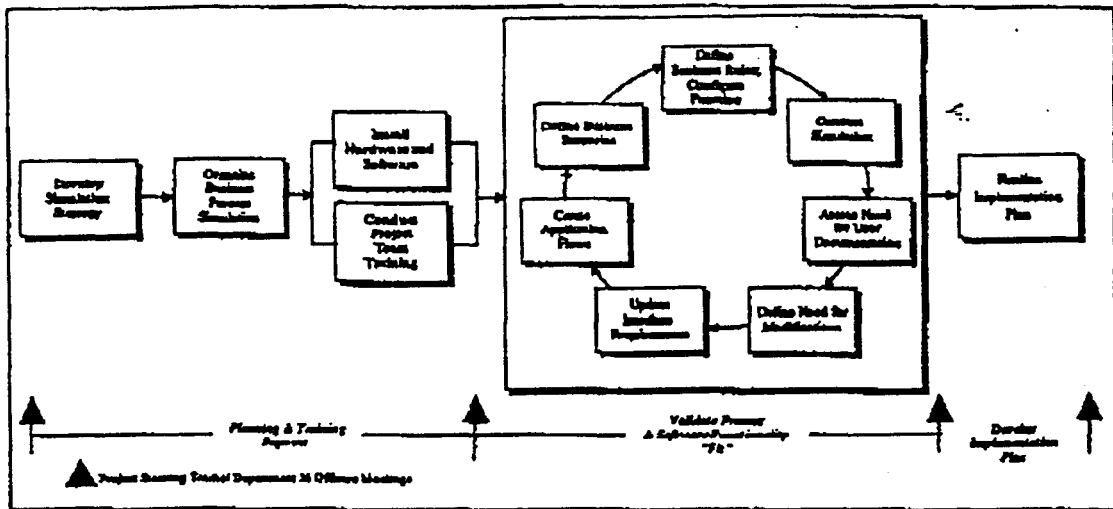
- Planning the implementation
- Defining business scenarios for simulation
- Defining and/or redefining business rules
- Configuring the software to conform to Department 56 defined business rules
- Conducting business process simulations in a conference room pilot setting
- Assessing the need for documentation
- Defining the need for modifications
- Identifying interface requirements
- Identifying data conversion requirements
- Building a test plan and testing the configured systems
- User training
- Cutover tasks

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Project Approach

The Arthur Andersen Business Process Simulation (BPS) approach mirrors the JDE R.E.P. methodology. It consists of a series of tasks which, taken together, allow Department 56 to match JDE application functionality to critical business requirements through an iterative process of defining, configuring, simulating, and testing business scripts. In the process, the need for modifications, interfaces, conversion programming, user documentation and custom user training is assessed and documented. When complete, the business process simulation and associated technical tasks deliver an optimally configured system, ready for user acceptance, user training, and production cutover. The following graphic depicts the BPS approach.



Key Deliverables

During this engagement, Andersen resources will be working under the direction of Department 56 project leadership. While it will be the prerogative of Department 56 project management to assign tasks to Andersen people to satisfy business priorities, we would expect to be involved in the creation of some or all of the following deliverables:

- Business Process Simulation Project Plan
- List of Department 56 business scenarios
- BPS Scripts
- Configured JDE system
- BPS Test Results
- BPS Design Issues/Resolution Document
- System Interface Flows
- Inventory of Required Modifications
- Cutover Plan
- User Training Plan
- Cutover Assistance

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Project Staffing and Fees

Per the request of Department 56, we have structured a sliding fee schedule, based largely upon the scope of Andersen involvement deemed necessary to achieve project objectives. That fee schedule is attached. While we cannot commit specific individuals to a project of this sort, it is our intention to assign Department 56 the core team which assisted Department 56 in the analysis and selection of JD Edwards. Those core team members and their expected project roles and responsibilities are outlined below. In addition, we would likely supplement that team with other qualified consultants. Department 56 will have the right to interview a proposed team member prior to final assignment.

The project workplan, as of the date of this letter, calls for the cutover of all licensed J.D. Edwards modules (Financials, Sales Order Processing, and Advanced Warehousing) by January of 1999. Andersen will assign experienced consulting resources in an effort to protect the integrity of this date. If joint Department 56/JD Edwards/Andersen resources are unable to meet this target date, however, due to Andersen errors or deficiencies, Andersen will discount all project fees to the 30% level, regardless of hours worked and fee levels reached. If, however, delays are determined to be a function of circumstances outside Andersen's control, such as missed release dates for required JDE modules and/or internal Department 56 decisions to defer implementation activities for business reasons, the Andersen target date will be extended by an amount of time not less than the delay period. In the event Andersen becomes aware of any circumstance or development that is likely to introduce delay, Andersen immediately shall so inform Department 56 and shall consult with Department 56 so as to determine what measures, if any, may be feasible and mutually acceptable in order to totally avoid or otherwise minimize such delay.

<i>Resource</i>	<i>Role</i>
• Tom Sutton	• Tom will serve as AA engagement leader, responsible for project strategy and will participate in steering committee meetings.
• Erin Carnish	• Erin will assist Laurel McCall in overall project management and provide leadership to the sales and procurement implementation team.
• Tim Poehling	• Tim will provide leadership to the distribution implementation team.
• Others	• We are fortunate to have access to a number of experienced AA JDE and distribution consultants who can play significant complementary roles in a OneWorld implementation.

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Additional Resources

Pat Erlandson and Steve Polacek will be responsible for ensuring overall quality and satisfaction with the engagement. Significant Department 56 resources will be required to participate in all phases of the effort. A steering committee, comprised of senior managers from Department 56, JDE, and AA will be assembled to monitor the overall process and the results of the project. An executive committee will be commissioned to monitor project status and resolve timing and budget issues.

You understand that our performance is dependent on your timely and effective satisfaction of client responsibilities hereunder, including but not limited to your role to assign projects, and your other timely decisions and approvals. We shall be entitled to rely on all your decisions and approvals in connection with the services. Further, you understand that we are relying upon the information that you provide and you represent that such information is true, accurate and complete. Because of the importance of such information to this project, you agree to release us and our personnel from any liability and costs relating to our services under this letter to the extent attributable to any materially false, inaccurate or incomplete information provided by you.

It shall be the responsibility of your management to make implementation decisions, if any, and to determine further courses of action with respect to any matters addressed in our deliverables to you.

Billings

We will invoice you monthly for hours worked during the previous month, plus any out-of-pocket expenses. Payment is within 30 days from the date we submit the invoice. Adjustments and/or reimbursements based upon reaching higher discount levels will be made by check or wire transfer to Department 56 within thirty (30) days after achieving any discount level. We recognize that successively higher discount levels will result in iterative refunds to you. We agree to work with Department 56 to manage the effort to best control overall project costs.

Terms and Conditions, found in Attachment 1, are incorporated by reference and therefore made a part of this agreement.

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We appreciate the opportunity to be of service to you and look forward to working with you on this challenging project. You can be assured that it will receive our close attention. Please sign one copy of this arrangement letter and return it to us in the enclosed envelope.

Very truly yours,

ARTHUR ANDERSEN LLP



By

Thomas L. Sutton

Acknowledged and Accepted:

Department 56

By:  _____

Date: Aug 11, 1997

Title: VP of MIS

ARTHUR ANDERSEN

Attachment 1
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Terms and Conditions

The following basic principles govern this project

1. We will bill you on a monthly basis. Payment is due within thirty days after we submit our invoice. (TS)

2. In connection with the project, each of us will have access to confidential information made available by the other; each shall protect such confidential information in the same manner as it protects its own confidential information of like kind. (TS)
October 17, 1998

3. You shall own the deliverables of this project, which shall not include any proprietary products or methods we may use in the course of the project. We may retain copies for our quality assurance purposes. Subject to our obligations of confidentiality, each of us shall be free to use the concepts, techniques and know-how used and developed in the project. In any event, we shall continue to be free to perform similar services for our other clients using our general knowledge, skills and experience. (TS)

We warrant that our services will be performed in a professional and workmanlike manner in accordance with applicable professional standards, and we will reperform any work not in compliance with this warranty brought to our attention within three months after the work is performed. However, we do not warrant, nor will we be responsible for, the performance of any third party products. Your sole and exclusive rights and remedies with respect to any third party product, including rights and remedies in the event a third party product gives rise to an infringement claim, will be against the third party vendor and not against us. We do agree, however, to assign to you any assignable warranties we may receive from any such third party vendor. In the event we are asked to reperform any work and it is determined that we have already met our obligations under this paragraph, you agree to pay us on a time and materials basis at our standard rates for time spent on such additional work. (TS)

The parties acknowledge that the software is not owned by Arthur Andersen nor does Arthur Andersen have any responsibility for the data, calculations and other processing for the years 2000 and beyond (collectively, "Year 2000 Problems"). Arthur Andersen shall have no obligations under this Agreement to correct any of the Year 2000 Problems. The parties may engage in a separate arrangement to correct the Year 2000 Problems on such terms and conditions as the parties may mutually agree.

If any Year 2000 Problem disrupts, delays or prevents our ability to perform the services hereunder, we shall not be responsible for the delays or its inability to perform such obligations.

THE PRECEDING IS ANDERSEN'S ONLY WARRANTY CONCERNING THE SERVICES AND DELIVERABLES, AND IS MADE EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES AND REPRESENTATIONS, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY OR OTHERWISE.

(including all copyrights and other intellectual property rights, except as otherwise set forth herein)

Andersen's engagement shall be governed by the confidentiality letter of October 17, 1998.

(and to prosecute any such warranties on and for your behalf to the extent they are non-assignable subject to your payment of our reasonable costs and at our normal hourly rates)

judicially

ARTHUR ANDERSEN

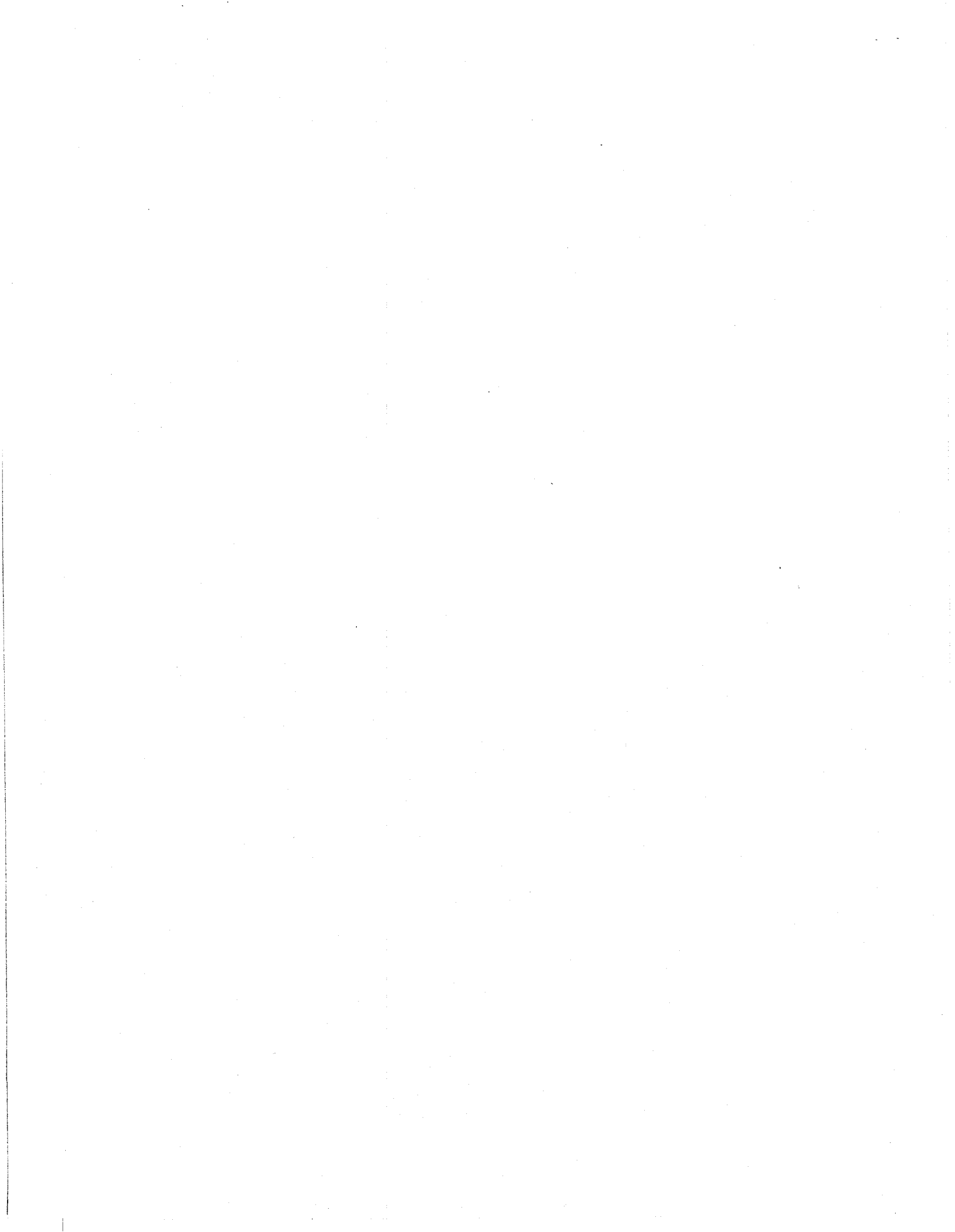
Attachment 1
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5. To allow us to be able to manage our participation in the project most effectively, we reserve the right to determine the personnel to perform the work although we will attempt to honor your requests for specific individuals. For the duration of this agreement and for a period of one year after the services are completed, you agree not to employ or solicit the employment of any Andersen personnel who performed services under this arrangement contract. You agree to pay us an amount equal to the annual compensation for the one-year period immediately preceding the hiring or solicitation of any such Andersen personnel. Likewise, we agree that the members of the engagement team that work upon this engagement shall not directly or indirectly solicit for employment, on behalf of ourselves or any of our clients or vendors, any Department 56 personnel for the duration of this agreement and for one year after our services hereunder are furnished, and we further agree to pay to you the one year's compensation of any such personnel prior to any such premature employment or solicitation. As a prophylactic measure in this regard, each member of the Andersen engagement team and each member of the Department 56 MIS project team shall be required to sign an undertaking providing that such individual shall not discuss the professional or personal qualifications of any person on the counterpart organization team except with other members of such individual's own team solely for the purpose of tasking and implementing project objectives under this engagement.
6. Each of Department 56's and Andersen's maximum aggregate liability for claims arising out of the subject matter of this letter (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the charges paid to Andersen for the portion of its services or work products giving rise to liability. Neither of us will be liable for consequential or punitive damages (including lost profits or savings) even if aware of their possible existence.
- 7a. We will indemnify you against any damage or expense relating to bodily injury or death of any person or damage to real and/or tangible personal property incurred while we are performing our services and to the extent caused by the negligent or willful acts or omissions of our personnel or agents in performing the services under this arrangement.
- b. We will defend you and indemnify you against any damage or expense finally awarded against you relating to any claim that our deliverable infringes a presently existing United States patent, copyright or trade secret. This provision will not apply to the extent the infringement is caused by (i) your misuse of the deliverable; (ii) your failure to use corrections or enhancements made available to you by Arthur Andersen; (iii) your use of our deliverable in combination with any product or information not owned, developed or provided by us; (iv) your use of the deliverable for other than your internal purposes; or (v) information, directions or materials provided by you or any third party. We will make inquiry of any third party vendor we recommend under this engagement to determine the existence of any infringement claims brought by other persons against such third party.

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- c. You will indemnify us against any damage or expense that may result from any third party claim relating to our services or any use by you of any work product or any Year 2000 Problem and you will reimburse us for all expenses (including counsel fees) as incurred by us in connection with any such claim, except to the extent such claim (i) is finally determined to have resulted from our gross negligence or willful misconduct or (ii) is covered by any of the preceding indemnities.
- d. To receive any of the foregoing indemnities, the party seeking indemnification must notify the other promptly that a suit has been brought, must provide reasonable cooperation (at the indemnifying party's expense) and full authority to defend or settle the claim or suit. Neither party will be required to indemnify the other under any settlement made without its consent, which consent may be withheld in its sole discretion. This Section shall survive termination of this arrangement contract.
8. Neither of us shall be liable for any delays or failures to perform due to causes beyond our control.
9. Except as set forth in Paragraph #2 hereof provides with respect to the October 17, 1996 confidentiality agreement which is incorporated by reference. This arrangement contract sets forth the complete agreement between the parties and supersedes all previous discussions and communications relating to the subject matter of this arrangement.
10. Either party may, upon giving thirty (30) days written notice identifying specifically the basis for such notice, terminate this Letter for breach of a material term or condition of this Letter, providing the breaching party shall not have cured such breach within the thirty (30) day period. In the event of such a termination you shall pay us for all services rendered and expenses incurred by us prior to the date of termination. arising from an uncured breach by Dept 56 (TL2)
11. In no event shall Andersen accept any commission, finder's fee or other compensation from any person other than Department 56 in connection with the subject matter of this engagement.



Project Change Request Overview

Project Name: Department 50 JDE Systems Implementation

Submitted by: Ethn Camlish

Date submitted: 8/24/1998

Subject: Additional Resources Required for Systems Implementation

AA Project Manager: *Ethn Camlish*

D56 Project Manager: *Steve Will*

Line Item	Description	Start Date	End Date	Hours	Rate	Total	Resource
1	JDE Technical Support (Steve Will)	1/15/98	10/31/98	270	\$213.00	\$57,510	EC
2	Claims Processing Support (Steve Will)	1/15/98	1/31/98	751	\$212.00	\$158,859	LM
3	JDE Distribution Support (Mader Sadzadeh)	4/15/98	1/31/99	1564	\$78.00	\$121,173	LM
4	JDE Purchasing/Inventory Support (Ethn Camlish)	4/15/98	1/31/99	750	\$188.50	\$141,282	LM
5	JDE Advanced Warehouse Support (Patton Jevnick)	1/15/98	1/31/99	1650	\$78.00	\$128,717	LM
6	JDE Advanced Warehouse Support (Tim Poehling)	10/31/98	1/31/99	488	\$188.50	\$91,988	LM
7	JDE Distribution Support (Karmen Seavey)	8/1/98	12/31/98	418	\$78.00	\$32,448	LM
8	JDE Distribution Support (Blain Donovan)	7/15/98	12/31/98	1098	\$130.00	\$142,740	LM
9	Technical Management (Bob Devostine)	8/15/98	12/31/98	382	\$188.50	\$72,008	LM
10	Mgmt Admin Support (Tom Sutton)	10/31/98	1/31/99	24	\$280.00	\$6,720	LM
						\$943,801	

* Steve Will's rate is blended based on a 9/1/98 promotion adjustment (from \$189 to \$254/hour). Billing rate is adjusted to reflect 35% discount based on net fees greater than \$2,000,000.

Change Request #1

Impacted areas:

- Technical support for JDE Implementation

Background:

- Request was made by Greg Sorensen to add a resource to assist with technical issues.

Description of change:

- Steve Will will assist in technical support on an as requested basis including activities such as UBE trouble shooting, upgrade assistance, cumulative fix installations and general problem diagnosis and resolution.

Assumptions:

- On an as requested basis, Steve will participate in the functional and detailed design but will not perform the actual programming.

Estimated Hours: 270
 Billing Rate: \$213.00
 Estimated Cost: \$57,606

Area	To 4/18 Billing	To Planned Project Completion 10/31/99	To 12/31/99		To Actual Project Completion 1/31/00		Totals
	Fees due to Lack of Resources/ Technical Issues	Fees due to Lack of Resources/ Technical Issues	Fees due to Lack of Resources/ Technical Issues	Planned Resources for Extended Duration	Fees due to Lack of Resources/ Technical Issues	Planned Resources for Extended Duration	
Technical Support	\$36,250	\$21,350					\$57,606

Change Request # 2

Impacted areas:

- Claims Processing Application Design for JDE implementation

Background:

- Greg Sorensen & Laurel McCall requested that we add a resource to handle claims processing within the JDE system.

Description of change:

- Steve Will will complete the high level functional design and will participate in the detailed design process for the claims processing system.

Assumptions:

- Future processing will not include additional function over and above the current application capabilities.
- We will attempt to utilize current base JDE functionality to minimize the amount of customization required.
- Margaret Conroy will participate in the functional and detailed design and she will also perform some of the actual claims system programming.

Estimated Hours: 751
 Billing Rate: \$213.00
 Estimated Cost: \$159,959

Area	To 4/18 Billing	To Planned Project Completion 10/31/99	To 12/31/99		To Actual Project Completion 1/31/99	Totals
	Fees due to Lack of Resources/ Technical Issues	Fees due to Lack of Resources/ Technical Issues	Fees due to Lack of Resources/ Technical Issues	Planned Resources for Extended Duration	Fees due to Lack of Resources/ Technical Issues	
Claims Processing	\$12,154	\$90,709	\$36,504		\$20,592	\$159,959

Change Request #3

Impacted areas:

- Distribution Support (Purchasing & Sales Order Processing) for JDE Implementation

Background

- An additional resource was required to assist with the impacted areas due to lack of user involvement.

Description of change:

- Nader Sadrzadeh will support D56 resources on a full-time basis with SOP, Advanced Pricing, Inventory and Purchasing where appropriate to augment current D56 resources. He will work with users to define requirements, configure application functionality and perform integrated systems tests.

Assumptions:

- Nader's time will be coordinated jointly with Laurel McCall & Erin Carnish to determine the most appropriate use of his time.

Estimated Hours: 1554
 Billing Rate: \$78.00
 Estimated Cost: \$121,173

Area	To 4/15 Billing	To Planned Project Completion 10/31/01	To 12/31/01		To Actual Project Completion 1/31/02		Totals
	Fees due to Lack of Resources/ Technical Issues	Fees due to Lack of Resources/ Technical Issues	Fees due to Lack of Resources/ Technical Issues	Planned Resources for Extended Duration	Fees due to Lack of Resources/ Technical Issues	Planned Resources for Extended Duration	
Purchasing & Inventory-NS		\$41,666	\$12,188		\$8,864		\$60,587
SOP, Adv. Pricing, A/B-NS		\$41,555	\$12,188		\$8,864		\$60,587
		\$83,109	\$24,396		\$13,728		\$121,173

Change Request #4

Impacted areas:

- Purchasing & Inventory Support for JDE Implementation

Background:

- Greg Sorensen requested that Erin increase her support of the Purchasing & Inventory areas to compensate for lack of user involvement.

Description of change:

- Erin Camish will increase her time on an as needed basis to support the JDE Purchasing & Inventory module. She will work with users to define requirements, configure application functionality and perform integrated systems tests.

Assumptions:

- Erin will work closely with Imports/Product Planning personnel to assure knowledge transfer.
- Erin will work with Laurel McCall to determine the appropriate level of involvement.

Estimated Hours: 750
 Billing Rate: \$188.50
 Estimated Cost: \$141,282

Area	To 4/15 Billing	To Planned Project Completion 10/31/98	To 12/31/98		To Actual Project Completion 1/31/99		Totals
	Fees due to Lack of Resources/ Technical Issues	Fees due to Lack of Resources/ Technical Issues	Fees due to Lack of Resources/ Technical Issues	Planned Resources for Extended Duration	Fees due to Lack of Resources/ Technical Issues	Planned Resources for Extended Duration	
Purchasing & Inventory-EC	\$1,980	\$85,598	\$17,719	\$29,408	\$9,981	\$16,588	\$141,282

Change Request #6

Impacted areas:

- JDE Advanced Warehouse Support for JDE Implementation

Background:

- Greg Sorenson & Bob Rose agreed to increasing Paxton Jevnick's time in the warehouse to compensate for lack of user involvement.

Description of change:

- Paxton Jevnick will support Warehouse personnel full time to implement the Advanced Warehouse and the Advanced Transportation module. He will work with users to define requirements, configure application functionality, and perform integrated systems tests.

Assumptions:

- None noted.

Estimated Hours: 1850
 Billing Rate: \$78.00
 Estimated Cost: \$128,717

Area	To 4/15 Billing	To Planned Project Completion 10/3/98	To 12/31/98		To Actual Project Completion 1/31/99		Totals
	Fees due to Lack of Resources/ Technical Issues	Fees due to Lack of Resources/ Technical Issues	Fees due to Lack of Resources/ Technical Issues	Planned Resources for Extended Duration	Fees due to Lack of Resources/ Technical Issues	Planned Resources for Extended Duration	
Warehouse- PJ	\$47,070	\$43,583	\$12,188	\$12,168	\$8,864	\$6,864	\$128,717

Change Request #6

Impacted areas:

- Advanced Warehouse & Advanced Transportation Management

Background & Description of change:

- Due to JDE product & technical issues, the project duration will be extended to 1/31/99. Greg Sorensen requested that we extend the duration of our involvement to 1/31/99.

Assumptions:

- Tim Poehling will continue on a project leader in the Advanced Warehouse & Advanced Transportation Management modules.

Estimated Hours: 488
 Billing Rate: \$188.50
 Estimated Cost: \$91,988

Area	To 4/15 Billing	To Planned Project Completion 10/31/98	To 12/31/98		To Actual Project Completion 1/31/99		Totals
	Fees due to Lack of Resources/ Technical Issues	Fees due to Lack of Resources/ Technical Issues	Fees due to Lack of Resources/ Technical Issues	Planned Resources for Extended Duration	Fees due to Lack of Resources/ Technical Issues	Planned Resources for Extended Duration	
Warehouse-TP				\$58,812		\$33,176	\$91,988

Change Request #7

Impacted areas:

- Distribution Support- Sales Order Processing and Advanced Pricing

Background & Description of change:

- Laurel McCall requested that we add an additional resource in this area to compensate for limited user involvement.

Assumptions:

- Karmen Seavey will support D58 as appropriate. Her time is to be directed by Laurel McCall.
- Karmen will be dedicated to the project on a 50% basis.

Estimated Hours: 416
 Billing Rate: \$78.00
 Estimated Cost: \$32,448

Area	To 478 Billing	To Planned Project Completion 10/31/99	To 12/31/99		To Actual Project Completion 1/31/99	Totals
	Fees due to Lack of Resources/ Technical Issues	Fees due to Lack of Resources/ Technical Issues	Fees due to Lack of Resources/ Technical Issues	Planned Resources for Extended Duration	Fees due to Lack of Resources/ Technical Issues	
Dist. Support- K. Seavey		\$20,280	\$12,168			\$32,448

Change Request #8

Impacted areas:

- Advanced Warehouse Support

Background:

- Greg Sorenson requested that we add an additional resource for the Advanced Warehouse module.

Description of change:

- Brian Donovan will be allocated to the project on a full-time basis as he remains available. He will support warehouse implementation activities as appropriate.

Assumptions:

- Brian's time will be managed by Tim Poehling.

Estimated Hours: 1096
 Billing Rate: \$130.00
 Estimated Cost: \$142,480

Area	To 4/15 Billing	To Planned Project Completion 10/31/88	To 12/31/88		To Actual Project Completion 1/31/89		Totals
	Fees due to Lack of Resources/ Technical Issues	Fees due to Lack of Resources/ Technical Issues	Fees due to Lack of Resources/ Technical Issues	Planned Resources for Extended Duration	Fees due to Lack of Resources/ Technical Issues	Planned Resources for Extended Duration	
Dist. Support- B. Donovan		\$101,920	\$40,560				\$142,480

Change Request #9

Impacted areas:

- Technical Management

Description of change:

- Greg Sorensen requested that AA supply a resource to manage modifications.

Description of change:

- Bob Devonshire will manage the modification process on an as required basis. Bob is budgeted at 50% until the end of the calendar year.

Assumptions:

- Bob will work with D56 personnel to prioritize project activities & tasks.

Estimated Hours: 382
 Billing Rate: \$188.50
 Estimated Cost: \$72,009

Area	To 4/13 Billing	To Planned Project Completion 10/31/99	To 12/31/99		To Actual Project Completion 1/31/99		Totals
	Fees due to Lack of Resources/ Technical Issues	Fees due to Lack of Resources/ Technical Issues	Fees due to Lack of Resources/ Technical Issues	Planned Resources for Extended Duration	Fees due to Lack of Resources/ Technical Issues	Planned Resources for Extended Duration	
Technical Mgmt- B. Devonshire		\$42,925	\$29,484				\$72,009

Change Request #10

Impacted areas:

- Admin Support

Description of change:

- Tom Sutton's time required to support the project for the extended project duration. (from 10/31/98 to 1/31/99)

Estimated Hours: 24
 Billing Rate: \$280
 Estimated Cost: \$8,240

	To 4/15 Billing	To Planned Project Completion 10/31/98	To 12/31/98	To Actual Project Completion 1/31/99			
	Fees due to Lack of Resources/ Technical Issues	Fees due to Lack of Resources/ Technical Issues	Fees due to Lack of Resources/ Technical Issues	Planned Resources for Extended Duration	Fees due to Lack of Resources/ Technical Issues	Planned Resources for Extended Duration	Totals
Admin				\$4,160		\$2,080	\$6,240

Project Change Request

Project Name: Department 58 JDE Systems Implementation
Submitted by: Erin Carnish
Date submitted: 11/1/98
Subject: Fee Increase For Arthur Andersen Hot Skills Program

AA Project Manager: EC

D58 Project Manager: dm

11	Fee Increase For Arthur Andersen Hot Skills Program	9/1/98 - 1/31/99	4980	NA	\$38,114	el	dm
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Change Request #11

Impacted areas:

- All Department 56 J.D. Edwards Project Areas

Background:

- Arthur Andersen has implemented a "Hot Skills" program to provide additional compensation for employees with valuable system implementation skills. A fee increase was submitted on 9/1/98 for all employees participating in the program.

Description of change:

- From 9/1/98 going forward, all manager rates will be increased by \$12.50/hour and all non-manager rates will be increased by \$10.00 hour. The rate increase will be subject to the agreed upon 35% discount with Department 56.

Estimated Hours Impacted: 4980
 Estimated Cost: \$36,114

JDE Implementation		Total Projected Hours for 9/1/98 - 1/31/99	Hot Skills Additional Rate*	Total Fees Prior to 35% Discount	With 35% Discount
Tom Sutton	10%	40.0	12.50	500	
Tim Poehling	100%	840.0	12.50	10,500	
Erin Camish	80%	672.0	12.50	8,400	
Steve Will	50%	420.0	12.50	5,250	
Paxton Jevnick	100%	840.0	10.00	8,400	
Nader Sadrzadeh	100%	840.0	10.00	8,400	
Karmen Seavey	50%	332.0	10.00	3,320	
Brian Donovan	100%	664.0	10.00	6,640	
Bob Devonshire	60%	332.0	12.50	4,150	
Total		4980.0		55,560	\$36,114

Project Change Request

Project Name: Department 56 JDE Systems Implementation
 Submitted by: Erin Carnish
 Date submitted: 11/16/98
 Subject: Fee Increase For Arthur Andersen EDI Resource

AA Project Manager: Erin Carnish

D56 Project Manager: dm

Req. No.	Description of Change	Effective Date	Quantity	Unit Price	Total Price	Submitted By	Reviewed By
12	EDI Resource	10/15/98 -- 1/31/99	500	\$78 (includes 35% discount)	\$39,000	EC	dm

Change Request #12

Impacted areas:

- EDI Purchase Order, Invoice, Catalog & Advanced Ship Notice Transactions

Background:

- Steve Eastlack was provided to Department 56 on a non-billable basis for the period of 9/15/98 – 10/15/98 to gain experience with EDI400.
- Greg Sorensen requested that we staff Steve on a going forward basis as required to implement EDI400 at Department 56.

Description of change:

- Steve Eastlack has been added to the D56 Systems Implementation engagement to work on EDI transaction sets.
- Steve will work through both J.D. Edwards and Harbinger resources to answer questions as they arise.

Estimated Hours Impacted: 500 hours (over eleven elapsed weeks)
Bill Rate: \$78 (includes 85% discount)
Estimated Cost: \$39,000

ARTHUR ANDERSEN

Arthur Andersen LLP

June 29, 1999

Mr. Greg Sorensen
Vice President of Management Information Systems
Department 56, Incorporated
6436 City West Parkway
Eden Prairie, Minnesota 55344

45 South Seventh Street
Minneapolis MN 55402-2800
612.332.1111

Dear Greg:

Attached is a note of our charges for professional services rendered, billing detail, a detailed spreadsheet of hours, and a summary of costs.

Very truly yours,

ARTHUR ANDERSEN LLP



By
Erin K. Carnish

SMW

Attachments

ARTHUR ANDERSEN

June 29, 1999

Department 56, Incorporated
6436 City West Parkway
Eden Prairie, Minnesota 55344

Interim billing for J.D. Edwards Implementation project through June 15, 1999:

Fees*:	\$276,602
Out-of-Pocket Expenses:	<u>19,731</u>

TOTAL FEES & EXPENSES \$296,333

*All current fees billed at 35% discount, assuming that the gross project commitment will be greater than \$2,000,000.

Please reference Invoice No. 959319

Remit payments to:
Arthur Andersen LLP
PO Box 70557
Chicago, IL 60673-0557

To ensure proper credit to your account,
please reference the invoice number noted above or
return the enclosed remittance copy with your check

Federal Tax Identification Number 36-0732690

BILLING AND UNPLANNED FEE AUTHORIZATION FORM

GMU (OFFICE) NUM	115	P/E DATE	6/30/99
INVOICE NUMBER	959319	INVOICE DATE	6/29/99
CLIENT NAME	Department 56, Incorporated		
BILL TO NAME	Mr. Greg Sorenson		

If processing an Unplanned Fee Adjustment, please indicate reason code

WRITE-OFFS		WRITE-UPS
A. Inefficient Project Management	E. Incorrect original estimate of fees	W. Value billing
B. Unsatisfactory Mgmt of Inv/Rec	F. Job Mtc/clean up (\$500 max)	X. Other (explanation below)
C. Service Deficiency	G. Other (requires explanation below)	
D. Lack of timely communication w/client		

COMMENTS

Interim billing through 5/31/99 on software implementation project, at rates assuming gross commitment is in excess of \$2,000,000.

APPROVED BY/DISCUSSED WITH & DATE _____

UFA APPROVED BY & DATE _____

BILLING PARTNER:	W.	Byars	114308
	FIRST INITIAL	LAST NAME	PERSONNEL NO.

BILLING MANAGER:	T.	Sutton	859919
	FIRST INITIAL	LAST NAME	PERSONNEL NO.

Client Code and Job No.	Amount of Billing (Do not include Tax)	Tax Code (Acta Only)	TAX	SUM	RES/PUR	UFA Code	Amount of Unplanned Fee Adj. (Write-Up)
DEP030-21	\$225,733		.00				
DEP030-27	\$70,600		.00				
			.00				
			.00				
			.00				
TOTAL	\$296,333		.00				

RES/PUR - The job must be RESET prior to entering a Planned Fee Adjustment. Inserting a "I" in this column will RESET the job by removing all fee estimate and PFA data on the Job Summary and will condense all job detail into a one-line balance forward. If the "Job Balance" is not zero, it will appear as Balance Forward on the first line of the Job Summary Detail.

Inserting a "Z" in this column will PURGE the job. The PURGE will occur only if the "Job Balance" is zero and if there has been no job activity in the period that the purge is to take place.

UFA CODE 1 Upward Adjustments
 2 First Year Client Adjustments
 4 Unplanned Reductions

SUMM - Inserting a "T" in this column will SUMMARIZE the job detail by causing all job detail recorded after the date of the latest summarize or reset transaction to condense into a one-line balance forward. This will not change any job estimate or PFA percentage information on the job summary.

In accordance with paragraph 2.13 of Ethical Standards, I have submitted to the Committee on Professional Standards any additions, changes or deletions that should be made in Restricted List-Independence.

[Signature]
 Mgr. Init.
[Signature] Edwin Camish

Department 56
Billing Detail
5/1/99 - 6/15/99

JDE Implementation	5/15 Hours	5/31 Hours	6/15 Hours	Total Hours	Rate	Total Fees
Tom Sutton	22.0	9.0	8.0	39.0	268	10,452
Steve Will	73.5	51.5	79.0	204.0	242	49,368
Joe VanLoy	0.0	32.0	49.0	81.0	242	19,602
Bob Devonshire	2.0			2.0	189	377
Tim Poehling	64.0	68.0	24.0	156.0	197	30,732
Erin Carnish	33.0	44.0	36.0	113.0	197	22,261
Brian Donovan	60.0	71.0	61.5	192.5	130	25,025
Paxton Jevnick	82.0	82.0	43.0	207.0	86	17,802
Steven Eastlack	44.5	25.5	41.5	111.5	78	8,697
Nader Sadrzadeh	89.5	32.0	61.0	182.5	86	15,695
Haruna Mawanda	92.5	85.0	93.0	270.5	78	21,099
Dan Stangler		6.0	16.0	22.0	78	1,716
Vikas Puri			12.0	12.0	78	936
Greg Hand	60.0	77.0	92.0	229.0	85	19,465
Doug Van Dyke	60.5	80.0	82.0	222.5	150	33,375
Total	683.5	663.0	698.0	2044.5		276,602

CONFIDENTIAL
959319

	5/15/99	5/31/96	6/15
Tom Burton			
Project Planning/Admin	22	8	8
Subtotal	22	8	8
Bruce Weil			
Technical Support			
Claims Processing	73.5	51.5	79
Subtotal	73.5	51.5	79
Joe VanLey			
Project Planning/Admin	0	32	48
Subtotal	0	32	48
Bob Devorehine			
Technical Support	2		
Subtotal	2	0	0
Tim Peetling			
Warehouse	64	64	24
Inventory			
Subtotal	64	64	24
Erin Carnick			
Project Planning/Admin			
Accounts Payable			
Purchasing			21
SCP	33	44	18
Address Book			
Inventory Management			
Pricing			
Subtotal	33	44	36
Brian Dornova			
Warehouse	60	71	61.5
SCP			
Subtotal	60	71	61.5
Paulen Javvich			
Warehouse	82	82	43
Purchasing			
Inventory			
Sales Order Processing			
Advanced Transportation Mgmt. Module			
Accounts Payable			
Subtotal	82	82	43
Maven Eastlick			
EDI	44.5	25.5	41.5
SCP			
Subtotal	44.5	25.5	41.5
Nader Badrzadeh			
Project Planning/Admin			
Accounts Payable			
Purchasing			
SCP	80.5	32	61
Address Book			
Inventory Management			
Pricing			
Declar CRP			
Subtotal	80.5	32	61
Mariusz Mrowinski			
Programming Support	92.5	85	83
Subtotal	92.5	85	83
Doug Van Dyke			
Programming Support	80.5	80	82
Subtotal	80.5	80	82
Greg Heald			
Programming Support	60	77	82
Subtotal	60	77	82
Dan Stangler			
SCP		6	16
Subtotal	0	6	16
Vikas Puri			
SCP			12
Subtotal	0	0	12

Arthur Andersen Business Consulting

OneWorld Summary of Costs As of 8/15/99	Fees Billed as of 4/30/99	Fees Billed 6/15/99	1/31/99 Budgeted Fees	Budget Overrun
Project Administration	110,578	30,054	87,186	53,446
Technical	109,846	377	128,481	(18,258)
Programming Support	115,132	73,939	-	189,071
Finance (AP)	2,110	-	2,110	-
Inventory/Purchasing	271,401	4,137	232,059	43,479
Warehouse/Transportation	1,142,371	73,559	810,220	405,710
SOP, Adv Pricing, A/B	206,225	36,471	241,707	(12)
Claims Processing	369,032	49,368	153,323	265,077
EDI	86,041	8,697	39,000	55,738
Refund	(44,718)		(44,718)	-
Total	2,367,017	276,802	1,649,368	994,251

**Department 56
Billing Detail
5/1/99 - 6/15/99**

JDE Implementation	5/15 Hours	5/31 Hours	6/15 Hours	Total Hours	Rate	Total Fees
Tom Sutton	22.0	9.0	8.0	39.0	268	10,462 =412.6*0.85
Steve Will	73.5	51.5	78.0	204.0	242	48,388 =372.5*0.85
Joe VanLoy	0.0	32.0	48.0	81.0	242	19,602 =372.5*0.85
Bob Devonshire	2.0			2.0	189	377 =280*0.65
Tim Poehling	64.0	68.0	24.0	156.0	197	30,732 =302.5*0.85
Erin Camish	33.0	44.0	36.0	113.0	197	22,261 =302.5*0.85
Brian Donovan	60.0	71.0	61.5	182.5	130	25,025 =200*0.65
Paxton Jevnick	82.0	82.0	43.0	207.0	80	17,802 =132.5*0.85
Steven Eastlack	44.5	25.5	41.5	111.5	78	8,697 =120*0.85
Nader Sadrzadeh	89.5	32.0	61.0	182.5	88	15,895 =132.5*0.85
Haruna Mawanda	92.5	85.0	93.0	270.5	78	21,099 =120*0.85
Dan Stangler		6.0	18.0	22.0	78	1,716 =120*0.85
Vikas Puri			12.0	12.0	78	936 =120*0.85
Greg Hand	60.0	77.0	92.0	229.0	85	19,465
Doug Van Dyke	80.5	80.0	82.0	222.5	150	33,375
Total	683.5	683.0	688.0	2044.5		278,802

	5/15 Exp	5/31 Exp	6/15 Exp	Total Exp
Tom Sutton	12.19			12.19
Steve Will				-
Joe VanLoy		9.00	33.78	42.78
Tim Poehling	15.74			15.74
Erin Camish	44.98	38.75		83.73
Bob Devonshire				-
Brian Donovan	107.00	77.50	123.81	308.31
Paxton Jevnick		27.96	18.00	45.96
Nader Sadrzadeh	808.17	8.50	48.64	864.31
Steven Eastlack				-
Brian Hillard				-
Haruna Mawanda	172.80	211.20	183.60	577.60
Vikas Puri			10.23	10.23
Greg Hand	900.95	1,633.04	1,874.15	4,408.14
Doug Van Dyke	1,220.90	2,137.62	1,279.04	4,637.56
Other Expenses	3,999.50	1,739.50	2,975.75	8,714.75
Total	7,280.23	5,812.97	6,558.00	19,721.20

Notes:

Tim's hours 5/15 = 144 on 5/15 job summary - 80 billed for 4/30 not on job summary; 5/31 and 6/15 hours to be
Paxton's hours on 5/31 divided between 5/15 (no time on job summary) and 5/31
Steve's hours on 5/31 taken from 6/15/99 job summary line item #1
Steven's hours on 6/15 to be on 6/30 job summary

**Department 56
Billing Detail
5/1/99 - 6/15/99**

JDE Implementation	5/15 Hours	5/31 Hours	6/15 Hours	Total Hours	Rate	Total Fees
Tom Sutton	22.0	9.0	8.0	39.0	268	10,452 =412.5*0.65
Steve Will	73.5	51.5	79.0	204.0	242	49,368 =372.5*0.65
Joe VanLoy	0.0	32.0	49.0	81.0	242	19,602 =372.5*0.65
Bob Devonshire	2.0			2.0	189	377 =280*0.65
Tim Poehling	64.0	68.0	24.0	156.0	197	30,732 =302.5*0.65
Erin Camish	33.0	44.0	38.0	113.0	197	22,261 =302.5*0.65
Brian Donovan	60.0	71.0	61.5	192.5	130	25,025 =200*0.65
Paxton Jevnick	82.0	82.0	43.0	207.0	88	17,802 =132.5*0.65
Steven Eastlack	44.5	25.5	41.5	111.5	78	8,697 =120*0.65
Nader Sadrzadeh	89.5	32.0	51.0	182.5	86	15,695 =132.5*0.65
Haruna Mawenda	92.5	85.0	93.0	270.5	78	21,099 =120*0.65
Dan Stangler		6.0	18.0	22.0	78	1,716 =120*0.65
Vikas Puri			12.0	12.0	78	936 =120*0.65
Greg Hand	80.0	77.0	92.0	229.0	85	19,465
Doug Van Dyke	60.5	60.0	82.0	222.5	150	33,375
Total	683.5	663.0	698.0	2044.5		278,602

	5/15 Exp	5/31 Exp	6/15 Exp	Total Exp
Tom Sutton	12.19			12.19
Steve Will				-
Joe VanLoy		8.00	33.78	
Tim Poehling	15.74			15.74
Erin Camish	44.98	38.75		83.73
Bob Devonshire				-
Brian Donovan	107.00	77.50	123.81	308.31
Paxton Jevnick		27.98	18.00	45.98
Nader Sadrzadeh	808.17	8.50	49.84	866.51
Steven Eastlack				-
Brian Hilliard				-
Haruna Mawenda	172.80	211.20	193.60	577.60
Vikas Puri			10.23	10.23
Greg Hand	900.95	1,833.04	1,874.15	4,608.14
Doug Van Dyke	1,220.80	2,137.52	1,279.04	4,637.48
Other Expenses	3,999.50	1,739.50	2,875.75	8,714.75
Total	7,286.23	6,682.97	6,558.00	18,668.18

Notes:

Tim's hours 5/15 = 144 on 5/15 Job summary - 80 billed for 4/30 not on Job summary; 5/31 and 6/15 hours to be Paxton's hours on 5/31 divided between 5/15 (no time on Job summary) and 5/31
 Steve's hours on 5/31 taken from 6/15/99 Job summary line item #1
 Steven's hours on 6/15 to be on 6/30 Job summary

959319

July 22, 1999

Mr. Greg Sorensen
Vice President of Management Information Systems
Department 56, Incorporated
6436 City West Parkway
Eden Prairie, Minnesota 55344

Dear Greg:

Attached is a note of our charges for professional services rendered and billing detail for the J.D. Edwards Implementation and Sales Force Effectiveness Projects. Also attached is a detailed spreadsheet of hours, a summary of costs, and billing adjustment detail for the J.D. Edwards Implementation Project.

Very truly yours,

ARTHUR ANDERSEN LLP

By
Joseph A. VanLoy

SMW

Attachments

July 22, 1999

Department 56, Incorporated
6436 City West Parkway
Eden Prairie, Minnesota 55344

Interim billing for J.D. Edwards Implementation project through July 15, 1999:

Fees*:	\$189,016
Out-of-Pocket Expenses:	11,932
Billing Adjustment (See Detail Attached):	9,802

Final billing for Sales Force Effectiveness project through May 31, 1999:

Fees*:	\$35,802
Out-of-Pocket Expenses:	<u>560</u>

TOTAL FEES & EXPENSES \$241,112

*All current fees billed at 35% discount, assuming that the gross project commitment will be greater than \$2,000,000.

Please reference Invoice No. 959320

Remit payments to:
Arthur Andersen LLP
PO Box 70557
Chicago, IL 60673-0557

To ensure proper credit to your account,
please reference the invoice number noted above or
return the enclosed remittance copy with your check

Federal Tax Identification Number 36-0732690



ARTHUR ANDERSEN

Mr. Alan Sussman
Chief Information Officer
Department 56, Incorporated
6436 City West Parkway
Eden Prairie, Minnesota 55344

Arthur Andersen LLP
45 South Seventh Street
Minneapolis MN 55402-2800
Tel 612 332 1111

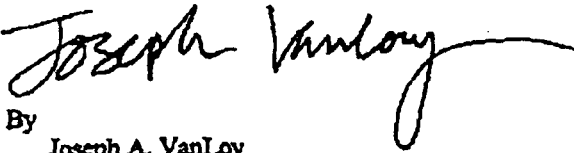
May 24, 2000

Dear Al:

Attached is a note of our charges for professional services rendered, billing detail, a detailed spreadsheet of hours, and a summary of costs as of May 15, 2000.

Very truly yours,

ARTHUR ANDERSEN LLP



By
Joseph A. VanLoy

SMW

Attachments

ARTHUR ANDERSEN

Department 56, Incorporated
May 24, 2000
Page 2 of 2

Arthur Andersen LLP
45 South La Salle Street
Chicago, IL 60602-2800
Tel 612 332 1111

Interim billing for J.D. Edwards Implementation project through May 15, 2000:

Fees*:	\$85,784
Out-of-Pocket Expenses:	372

TOTAL FEES & EXPENSES **\$86,156**

*All current fees billed at 35% discount, assuming that the gross project commitment will be greater than \$2,000,000.

Please reference Invoice No. B050947

Remit payments to:
Arthur Andersen LLP
21647 Network Place
Chicago, IL 60673-1647

To ensure proper credit to your account,
please reference the invoice number noted above or
return the enclosed remittance copy with your check

Federal Tax Identification Number 36-0732690

Accounting Use Only
 Period End Date: _____

Control Number: _____

**GMU 0068 - Central Region Business Consulting
 Billing and Unplanned Fee Adjustment
 Authorization Form**

GMU	0068	GMU Name - Central Region BC	Invoice Number - B50947
Client Code	DEP030	Client Name	DEPARTMENT 56
Invoice Date	06/24/2000	Invoice LMU	060 LMU Name - Central Region BC Jobs
Promised Collection Date			

	Personnel Number	FI	MI	Last Name
Partner	859919	T		SUTTON
Manager	898783	J		VANLOY

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DEP068	20	Fees	85,784			1	(18,758)
		Exp.	372				
		Fees					
		Exp.					
		Fees					
		Exp.					
Totals							

JOB ACTION	<p>1 - RESET (This will reset the job by condensing all job detail into a one-line balance forward, if the balance is not zero. CAUTION: A RESET INSTRUCTION WILL REMOVE ALL JOB ESTIMATE DATA, INCLUDING ANY BALANCE REMAINING OF PLANNED FEE ADJUSTMENTS, FROM THE JOB SUMMARY.)</p> <p>2 - CLOSE (This will close the job in the period processed if the job balance became zero due to manual transactions or the balance was within the range set by GMU/LMU.)</p> <p>3 - SUMMARIZE (This will summarize the job detail by condensing all job detail into a one-line balance forward. This will not change any data on the Job Summary Header.)</p> <p>4 - UNSUMMARIZE (This will reverse the most recent balance forward due to a summarization. The summarized details will be available for up to two months after the last summarization.)</p>
UFA	<p>1 - Upward Adjustment or Write-Up (Enter negative dollar amount)</p> <p>4 - Unplanned Reduction or Write-Off</p>

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Partner:		Date:	
Practice:		Date:	

Prepared By: Julie D. Ryan	Date: 06/24/2000	Ext: 812 334-4768
----------------------------	------------------	-------------------

Form CH-A203-E (Rev.100)

Department 56
 Billing Detail
 12/16/99 - 5/15/00

	12/31	1/15	1/31	2/15	2/28	3/15	3/31	4/15	4/30	5/15	Total Hours	Rate	Total Fee
JDE Implementation	Hours	Hours	Hours	Hours	Hours	Hours	Hours	Hours	Hours	Hours			
Steno Will	2	24.5	32.8	44.8	24.8	21.5	16	58	18.5	20	282.0	242	68,437
Boris Kopilenko	158.5	87	43								288.5	78	22,347
Total	158.5	111.5	75.5	44.8	24.8	21.5	16.0	58.0	18.5	20.0	548.5		81,784

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Arthur Andersen Business Consulting

OneWorld Summary of Costs As of 5/15/00	Fee Billed as of 12/15/99	Fee Billed 5/15/00	1/31/99 Budgeted Fees	Budget Overrun
Project Administration	285,790	-	87,186	198,604
Technical	119,177	-	128,481	(9,304)
Programming Support	340,292	22,347	-	362,639
Finance (A/P)	2,110	-	2,110	-
Inventory/Purchasing	275,538	-	232,059	43,479
Warehouse/Transportation	1,260,918	-	810,220	450,698
SOP, Adv Pricing, A/B	263,981	-	241,707	22,274
Claims Processing	536,799	53,437	153,323	446,913
EDI	145,585	-	39,000	106,585
Refund/Adjustments	(40,916)		(44,718)	3,802
Total	3,189,253	85,784	1,649,368	1,625,669

	Steve	Koplienko	Total Hours	Total Fees
Project Administration	N/A	N/A	0	0
Technical	N/A	N/A	0	0
Programming Support	N/A	288.5	288.5	22,347
Finance (A/P)	N/A	N/A	0	0
Inventory/Purchasing	N/A	N/A	0	0
Warehouse/Transportation	N/A	N/A	0	0
SOP, Adv Pricing, A/B	N/A	N/A	0	0
Claims Processing	282	N/A	282	63,437
EDI	N/A	N/A	0	0
Total hours by person	282	288.5	548.5	83,784
Bill Rates @ 35% Discount	242	78		
Total to Bill	63,437	22,347		85,784

Handwritten notes and signatures, including the name "Koplienko" and other illegible markings.

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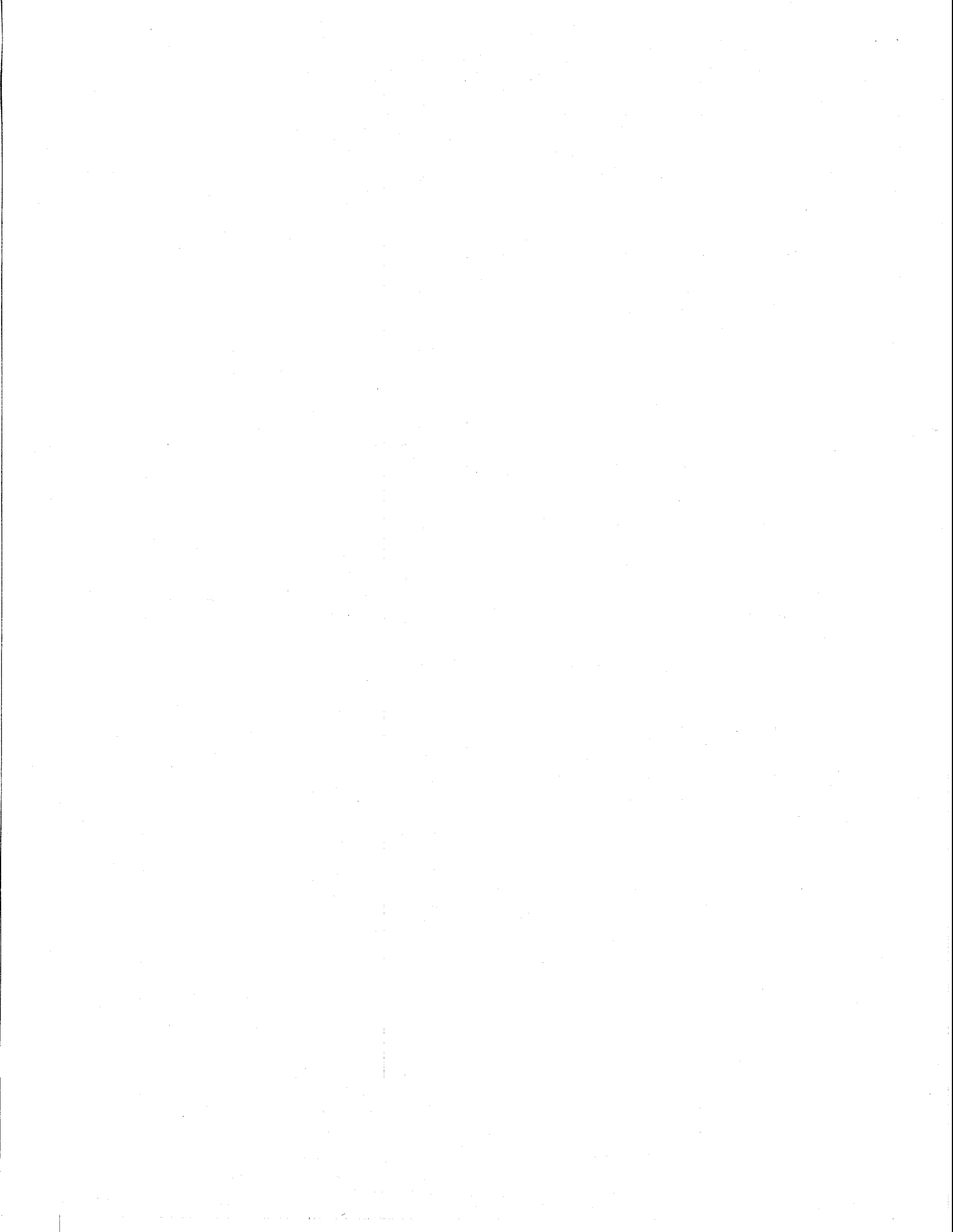
Department 56
Billing Detail
12/16/89 - 5/15/90

	12/31 Hours	1/15 Hours	1/31 Hours	2/15 Hours	2/28 Hours	3/15 Hours	3/31 Hours	4/15 Hours	4/30 Hours	5/15 Hours	Total Hours	Rate	Total Fees
JOE Implementation													
Steve Will	2	24.6	32.5	44.5	24.5	21.5	18	58	18.5	20	267.0	242	63,437 = 372.5*0.85
Boris Koptlenko	158.5	87	43								288.5	78	22,347 = 120*0.65
Total	158.5	111.6	75.5	44.5	24.5	21.5	18.0	58.0	18.5	20.0	548.5		85,784

	12/31 Exp	1/15 Exp	1/31 Exp	2/15 Exp	2/28 Exp	3/15 Exp	3/31 Exp	4/15 Exp	4/30 Exp	5/15 Exp	Total Exp
Tom Sutton											
Steve Will											
Joe VanLoy											
Tia Poehling											
Erin Carrish											
Bob Devonshire											
Brian Donovan											
Padon Jevnick											
Nader Sadzadeh											
Steven Eastack											
Boris Koptlenko	178.7	98	48								320.78
Haruna Mawanda			51.5								51.50
Vikas Puri											
George Yan											
Greg Head											
Doug Van Dyke											
Omaha Expenses											
Other Expenses											
Total	178.70	98.00	99.50								372.20

Notes:

*For the
quarter*



ARTHUR ANDERSEN

Mr. Alan Sussman
Chief Information Officer
Department 56, Incorporated
6436 City West Parkway
Eden Prairie, Minnesota 55344

Arthur Andersen LLP
35 South Seventh Street
Minneapolis MN 55402-2800
Tel 612 332 1111

August 23, 2000

Dear Al:

Attached is a note of our charges for professional services rendered, billing detail, a detailed spreadsheet of hours, and a summary of costs as of July 31, 2000.

Very truly yours,

ARTHUR ANDERSEN LLP

Joseph A. VanLoy / JAV

By
Joseph A. VanLoy

SMW

Attachments

EXHIBIT 6

Department 56, Incorporated
August 23, 2000
Page 2 of 2

Arthur Andersen LLP
45 South Seventh Street
Minneapolis MN 55402-2800
Tel 612 332 1111

Final billing for J.D. Edwards Implementation project through July 31, 2000:

Fees*:	\$29,781
Out-of-Pocket Expenses:	-

TOTAL FEES & EXPENSES **\$29,781**

*All current fees billed at 35% discount, assuming that the gross project commitment will be greater than \$2,000,000.

Please reference Invoice No. H52328

Remit payments to:
Arthur Andersen LLP
21647 Network Place
Chicago, IL 60673-1647

To ensure proper credit to your account,
please reference the invoice number noted above or
return the enclosed remittance copy with your check

Federal Tax Identification Number 36-0732690

Accounting Use Only
 Period End Date: _____

Control Number: _____

**GMU 0068 - Central Region Business Consulting
 Billing and Unplanned Fee Adjustment
 Authorization Form**

GMU	0088	GMU Name - Central Region BC	Invoice Number - B52328
Client Code	DEP030	Client Name	DEPARTMENT 68
Invoice Date	08/23/2000	Invoice LMU	050
		LMU Name - Central Region BC Jobs	Promised Collection Date

	Personnel Number	F	MI	Last Name
Partner	869919	T		SUTTON
Manager	898793	J		VANLOY

--	--	--	--	--

DEP030	29	Fees	\$28,781				
		Exp.					
		Fees					
		Exp.					
		Fees					
		Exp.					
Totals			\$29,781				

JOB ACTION	<p>1 - RESET (This will reset the job by condensing all job detail into a one-line balance forward, if the balance is not zero. CAUTION: A RESET INSTRUCTION WILL REMOVE ALL JOB ESTIMATE DATA, INCLUDING ANY BALANCE REMAINING OF PLANNED FEE ADJUSTMENTS, FROM THE JOB SUMMARY.)</p> <p>2 - CLOSE (This will close the job in the period processed if the job balance became zero due to manual transactions or the balance was within the range set by GMU/LMU.)</p> <p>3 - SUMMARIZE (This will summarize the job detail by condensing all job detail into a one-line balance forward. This will not change any data on the Job Summary Header.)</p> <p>4 - UNSUMMARIZE (This will reverse the most recent balance forward due to a summarization. The summarized details will be available for up to two months after the last summarization.)</p>
UFA	<p>1 - Upward Adjustment or Write-Up (Enter negative dollar amount)</p> <p>4 - Unplanned Reduction or Write-Off</p>

00823B.d

Partner:		Date:	
Practice:		Date:	

Prepared By: Julia D. Ryan	Date: 08/23/2000	Ext: 612 334 4768
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Form CR-A205-E (Rev. 1/00)

Department 56
 Billing Detail
 5/16/00 - 7/31/00

	5/31	6/15	6/30	7/15	7/31	Total Hours	Rate	Total Fees
JDE Implementation	Hours	Hours	Hours	Hours	Hours	123.0	242	29,781
Steve Will	12.5	42.5	27.5	27	13.5	123.0		29,781
Total	12.5	42.5	27.5	27.0	13.5	123.0		29,781

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Arthur Andersen Hours

Blow W/1 Technical Support Clipping Processing	5/31/00	6/15/00	6/20/00	7/15/00	7/31/00
	12.5	42.5	27.5	27	13.5

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Arthur Andersen Business Consulting

OneWorld Summary of Costs As of 7/31/00	Fees Billed as of 6/15/00	Fees Billed 7/31/00	1/31/99 Budgeted Fees	Budget Overrun
Project Administration	285,790	-	87,186	198,604
Technical	119,177	-	128,481	(9,304)
Programming Support	362,639	-	-	362,639
Finance (A/P)	2,110	-	2,110	-
Inventory/Purchasing	275,538	-	232,059	43,479
Warehouse/Transportation	1,280,918	-	810,220	450,698
SOP. Adv Pricing, A/B	283,981	-	241,707	22,274
Claims Processing	600,236	29,781	153,323	476,894
EDI	145,565	-	39,000	106,565
Refund/Adjustments	(40,916)		(44,718)	3,802
Total	3,275,037	29,781	1,649,368	1,655,450

