



KUBOTA TRACTOR CORPORATION

WHOLEGOODS DAMAGE/SHORTAGE CLAIMS POLICY

Effective Date: 1 July 2008

I. PURPOSE

To provide a policy/procedure for dealers to receive proper credit for any damage/shortage claims relating to products shipped from KUBOTA TRACTOR CORPORATION (KTC) warehouses, vendors or transferred from other KTC dealers and memo accounts.

II. POLICY

Kubota Tractor Corporation will reimburse dealers for any damage and / or shortage related to a Wholegoods item that is shipped from a KTC warehouse, a vendor supplying KTC or another KTC dealer. Item(s) must be in new condition and in its original form and container, except as noted herein.

III. RESPONSIBILITIES

KUBOTA TRACTOR CORP. -- It is the responsibility of KTC to ship goods that are in new, unused and in complete condition from its supplying vendors and stocking warehouse locations. The item(s) are to be packaged and loaded in a manner as to reasonably protect the item(s) from being damaged or lost during transit to the destination.

Any item being shipped that is in other than new condition is to be inspected and the dealer advised of the condition prior to shipment. At that time, if the dealer agrees to accept the item, the following will apply:

1) The item being shipped is short parts

The parts should be ordered by the warehouse, charged to the Distribution Dept. and shipped to the dealer no/charge including shipping. The shipping documents should clearly note the shortage and prior agreement by the dealer to accept said freight.



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2) The item is damaged

The dealer should submit a damage claim for the parts and labor necessary to repair the item. The shipping documents should clearly note the damage and prior agreement by the dealer to accept said freight. Shipping cost of replacement parts will be covered in the claim with proof of cost.

3) The item is in a weathered condition and requires work

A special discount will be agreed upon between KTC and the dealer. The shipping documents should clearly note the weathered condition and prior agreement by the dealer to accept said freight.

4) The item received is a duplicate item or wrong part

The incorrect part, if in excess of \$50, must be returned to KTC for credit. Shipping of returned part as well as replacement part will be covered by KTC when noted in the claim with proof of cost. Should dealer choose to retain the incorrect part; then only shipping of ordered item will be covered when a replacement order is made.

IV. LOST, DAMAGED OR STOLEN IN-TRANSIT

1) Express Shipments:

KTC will insure dealer shipments of products that are valued in excess of standard insurance coverages for items shipped by an express method such as FedEx / UPS. KTC will assist the dealer, if requested in filing a claim for lost or stolen shipments. This must be done within 10 days of the loss.

2) Truckload and LTL Carrier Shipments:

KTC will assist the dealer, upon request, in filing a claim for lost or stolen shipments. However, it is the dealer's responsibility to actually file the claim with the trucking company and the dealer is responsible for any portion of the cost of replacing the shipment for which the carrier does not pay.



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- 1) The dealer MUST inspect for damaged or missing package/equipment/product.
- 2) Photos should be taken of the load, equipment and another applicable issue. These should then be submitted with the claim.
- 3) All Bill of Ladings should be signed at time of receipt indicating the realized damage, shortage or the notation "Subject to further inspection".
- 4) In the case of concealed damage, the dealer will have 3 days (or 72 hours) to report such concealed damage.
- 5) The written claim must be filed within 180 days of the acceptance of shipment. Notification of intent to file a claim must be done within 3 days and documented with name of person notified, date and method of notification.

When items are to be shipped from Kubota field inventory (memo) to dealers, it is the responsibility of the shipping RSM / Department to discuss with the receiving dealer the current condition of the items. No shortage or damage claims will be accepted on these units.

V. DEALER

It is the responsibility of the dealer to print from the Kubota Link system a copy of the bill of lading for all LTL and TL domestic shipments originating at KTC distribution centers. This copy of the bill of lading is to be used by receiving staff at the dealership to check in receipts and make notations of exceptions during the receiving process.

It is the responsibility of the dealer to thoroughly inspect any item received from a KTC warehouse or directly from a KTC supplying vendor.

The item is to be inspected at the time of arrival for any obvious damage or shortages which are not completely concealed* from view. If damages or shortages exist that were not clearly indicated on the Bill of Lading by the shipper, it then becomes the dealer's responsibility to make such notations on the Bill of Lading, obtain the delivering driver to sign and file a claim with the trucking company. If concealed* damage or shortage is found after the delivery, the dealer is responsible for filing a written claim with KTC within 90 days of the acceptance of shipment. Notification of intent to file a claim must be received within 3 days and documented with name of person notified, date and method of notification.



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**Definition of Concealed - Inside a solid wall container, package or blocked from view due to crating. An item covered with clear plastic or in open view from the outside of the crate is not considered concealed. Roll on/off tractors and uncrated tractors or implements are not applicable to the concealed damage waiver.*

It is the dealer's responsibility to contact the RSM concerning any shortage or damage on items received from KTC field inventory (memo).

When items are transferred between dealers it is the responsibility of the transferring dealer to make sure all items being transferred are complete and free from damage. Should an item be destined for transfer that is damaged or short, the transferring dealers shall inform the receiving dealer of the shortage / damage prior to shipment and any claims filed for this condition with KTC or the delivering carrier.

It is the receiving dealer's responsibility to inspect the items when received and follow up with the delivering freight company, RSM and/or the transferring dealer. No damage or shortage claims will be accepted from the receiving dealer on these items, unless the damage or shortage is completely concealed and the item is in the original crate or carton unless notation from the transferring dealer is documented. Transferring dealer is subject to charge back for missing parts / items. Claim must be filed within 30 days of receipt of item along with documentation of short / damage noted on the Bill of Lading either upon receipt or by the transferring dealer / carrier. Notice of intent to file must be received within 24 hours.

VI.DAMAGE AND / OR SHORTAGE

1) Minor Damage / Shortage

Estimated repair / replacement not to exceed 40% of dealer's replacement cost of complete Wholegoods item.

Dealer must submit proof of loss to KTC to receive credit. Dealer can request credit for parts taken from their inventory at the dealer's net price (cost). Labor performed by the dealer will be reimbursed at the dealer's currently approved warranty labor rate for labor directly related to the shortage / damage claim. Normal labor that would be required for pre-sale assembly will



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not be approved. Any outside parts or services required will be paid at the dealer's cost.

2) Major Damage / Shortage

Estimated repair / replacement exceeds 40% of dealer's replacement cost of complete Wholegoods item.

Dealer must submit estimate of repair / replacement to their Division Distribution Dept. prior to making any actual repair or ordering parts.

3) KTC Reserves the Following Options

- 1) Supply parts / pieces / labor to replace or repair at no-charge to the dealer.
- 2) Give dealer credit for parts taken from their inventory at dealer's net price.
- 3) Ship complete new item at no charge.

Labor performed by the dealer, if authorized, will be reimbursed at the dealer's currently approved warranty labor rate. Any outside parts or services required will be paid at the dealer's cost.

In order for a dealer to receive credit for minor damage or shortage:

WHOLEGOODS DAMAGE AND SHORTAGE CLAIM must be fully completed. This includes but is not limited to:

- a. Dealer name
- b. Dealer code
- c. Address
- d. Date claim was filled out
- e. Origin of item claimed (shipped from)
- f. Invoice number
- g. Date of invoice
- h. Date item was received
- i. Quantity
- j. Description
- k. Serial no. if applicable
- l. Carrier name who delivered the freight
- m. Bill of Ladings / delivery receipt
- n. Date received
- o. Brief but detailed description for the damage / shortage
- p. Photos if over \$250 (recommended on ALL claims)



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- q. Legible and correct parts number for replacement items
- r. Part description
- s. Quantity
- t. All boxes appropriately checked when applicable (e.g. damage or shortage / carton intact / torn or tampered)
- u. Dealer net price and any allowable labor* or other charges

**Labor hours and rate must be shown. Labor paid covers time directly related to the shortage / damage. Normal set-up time is not covered.*

The D&S form plus supporting documents* must be sent to the Division Distribution office within the specified time limit. Failure to include all required information may result in denial or delay in processing.

*** Supporting Documents include:**

1. Copy of Dealer's Wholegoods Invoice
2. Parts Invoices
3. Receipts for Outside Labor and Parts
4. Photos recommended on all damage claims but only required on those that total \$250 or more.
5. Copy of Bill of Lading
6. Bill of Lading with notation of damage or shortage on the Bill of Lading and signed by the driver or so noted if driver refuses to sign for shipping related claims
7. Photos of freight on the transport vehicle as well as the freight immediately upon unload should be submitted for shipping related claims
8. Written documentation of "intent to file" if written claim is filed after 3 days.

Note: Please include only one tractor type per claim.



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VII.VENDOR REQUIREMENTS FROM KTC

In general; vendors have requested the right to inspect or request the return of any damaged items or claim could be refused.

Dealers should keep all damaged items until claim is settled and credit is received.

VIII.TIME LIMITATIONS

In order for KTC to comply with the Carmack Amendment to the Interstate Commerce Act [49 U.S.C. Section 14706(e)]; we must ask that all dealers submit their claims within the following guidelines.

Claims and/or estimates must reach the Division office within the following specified time:

4) Original shipments from stocking warehouse or vendor

- 1) Concealed Damage/Shortage - 90 days from date of receipt; with verbal notification of intent to file a claim within 72 hours.
- 2) Obvious Damages/Shortages -- 30 days from date of receipt; with verbal notification of intent to file a claim within 24 hours.

5) Items shipped from memo inventory or transferred from other dealers

- 1) All Damage/Shortage -- 30 days from date of receipt; with verbal notification of intent to file a claim within 24 hours.

IX.Ocean Container shipments direct from Japan

Subject to The U.S. Carriage of Goods by Sea Act of 1936 (COGSA) regulations Hague-Visby or Hamburg Rules may apply if outside of the US.

The written notice* of loss must be provided to the carrier before or at the time of removal of the goods into the custody of the person entitled to delivery. If the loss or damage is not



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apparent, written notice must be given to the carrier / KTC within three (3) days of delivery. Verify that the seal numbers on marine containers match the document numbers before signing the delivery receipt. Note on delivery receipt if seal(s) number(s) match the bill of lading. Retain all products and packing / packing materials until you are advised otherwise. Take photos and throw nothing away. Ocean cargo is subject to survey / inspection and review.

*** Contents of Written Claims Notices Include**

- a. Name of Shipper
- b. Name of Consignee
- c. Bill of Lading Number (copy of bill of lading)
- d. Vessel Name and Voyage
- e. Date shipment Delivered to Carrier
- f. Place of Delivery
- g. Port of Loading
- h. Port of Destination
- i. Description of Goods
 - i. Description of Goods Lost or Damaged
 - ii. Brief Statement of How the Goods Were Lost or Damaged
- iii. Damage Amount, if known

Additional documents may be requested at a later date.

Failure to notify the carrier and a KTC representative may invalidate your claim. Failure to timely notify the carrier of loss or damage may invalidate your claim.

X.AUTHORIZATION PROCESS

The Division Distribution Dept. will process damage and shortage reports weekly as they are received from dealers. Approved reports will be forwarded to the National Distribution Manager or their delegate for final review / approval. All reports and credits will be processed on a monthly basis at Corporate, pending any necessary investigation required to verify the claim. All fully completed claims received by the National Distribution Manager or his delegate before the 15th of the month will be processed by month's end and passed onto the Accounting Department for credit to the dealer. If a claim is passed onto accounting prior to the completion of the investigation process it is subject to reversal upon the conclusion of the findings.