



SHIPPING REQUIREMENTS

The section details the specific shipping or transportation requirements that Harley-Davidson has of its suppliers. The purpose of these requirements is to reduce overall transportation costs while providing for greater efficiencies in the internal and external logistics processes. Any deviations from the shipping requirements as listed in this section must receive prior authorization from the appropriate Harley-Davidson purchasing or materials representative.

Shipping Documentation

Suppliers must complete the appropriate shipping documentation for all shipments to Harley-Davidson or other specified shipping destination. The minimum shipping documentation will be a bill of lading and a packing list. The packing list will contain the following minimum information:

1. Supplier Name and Address
2. Harley-Davidson Ship-To Address
3. Ship-To Addressee (if applicable)
4. Date Shipped
5. Packing Slip Number *
6. Advance Ship Notice (ASN) Number
7. Transportation Carrier
8. Purchase Order Number(s) (with letter prefix) for Each Part Number Shipped
9. Harley-Davidson Part Number(s) (as written on the purchase order)
10. Containers Shipped Per Part Number
11. Quantity Per Container For Each Part Number
12. Total Quantity Shipped Per Part Number

- * The packing list number will be referenced on the ASN and any invoicing paperwork. It is the preferred method that suppliers make their invoice number, ASN number, and their packing list number identical to assist in the matching process.

The supplier must complete separate shipping documentation for each Harley-Davidson facility receiving a final shipment. The product must be physically prepared for multiple Harley-Davidson facilities as described later in the "Crossdock and Consolidation Locations" area of this section. Separate shipping documentation must also be completed for sample products and new model year products to facilitate a more efficient receiving process. Suppliers should refer to the "Proper Identification" section of this manual for labeling requirements.

The ASN number should be recorded on the packing list through the use of the Quick Receive Label. Information regarding the Quick Receive Label can be found in the "Proper Identification" section of this manual. Actual label application requirements are described in that section.



Harley-Davidson will notify the supplier of any additional required shipping documentation. This will include international paperwork requirements. The supplier must include any paperwork required by law such as an MSDS sheet that is required for safety considerations.

Transportation Carrier Selection

It is the goal of Harley-Davidson to effectively control the number of transportation carriers thus enabling the effective flow of product into all of the Harley-Davidson facilities. Currently, Harley-Davidson will specify the transportation carrier for all new suppliers and most existing suppliers. These carriers are selected based upon compatibility with the long-term goals and strategies of Harley-Davidson. As Harley-Davidson continues to develop its transportation network, the carriers that suppliers are currently using may change. Harley-Davidson recognizes that these changes will require adjustments on the part of the supplier, but the long-term effect on an efficient transportation network will be mutually beneficial.

Transportation Cost

Harley-Davidson is responsible for the normal cost of shipping product to their facilities. Suppliers must ship product to Harley-Davidson using the carrier designated by Harley-Davidson. In any case where Harley-Davidson has not identified the transportation carrier, suppliers must contact the appropriate Harley-Davidson purchasing representative for direction. Terms of all normal shipments will be "F.O.B. Origin, Freight Collect" clearly defining Harley-Davidson as being responsible for the freight cost. Since suppliers are to ship products to Harley-Davidson freight collect, there must not be any transportation costs included in the cost of the product.

Suppliers who elect to ship product to Harley-Davidson using an unauthorized carrier will be responsible for any additional costs that exceed the current negotiated rate with that supplier's designated carrier. In special instances, Harley-Davidson will authorize a supplier to ship product using an expedited method of transportation. All additional transportation costs associated with the expedited shipment will be the responsibility of the party causing the part to be expedited. In cases where the supplier is responsible for an expedited shipment due to a late shipment or undershipment of scheduled requirements, Harley-Davidson will charge the supplier for the additional cost associated with the expedited shipment. In cases where Harley-Davidson is the responsible party, the supplier must instruct the carrier to indicate on the freight bill the Harley-Davidson representative who assumed financial responsibility for the expedited shipment. Failure to comply with this requirement may cause Harley-Davidson to incorrectly charge the supplier for the additional cost associated with the shipment.

Suppliers will be responsible for all transportation costs associated with Harley-Davidson returning non-conforming product to the supplier. In addition, should a supplier overship product, Harley-Davidson reserves the right to refuse the delivery from the transportation carrier or return the product to the supplier at the supplier's expense.

Loading Requirements

It is the responsibility of the supplier and the transportation carrier to ensure the carrier's equipment is safely and efficiently loaded. Material must not be forced into a trailer so the product packaging or transportation carrier's equipment is damaged. Suppliers will be



responsible for any damage to the carrier's equipment caused by negligence on the part of the supplier. If a supplier damages a carrier's equipment or receives a trailer in poor condition, the transportation carrier must be notified immediately to determine any necessary action. At the time of shipment, once the transportation carrier has approved the load and left the supplier's facility, the carrier is responsible for the shipment and any potential damage.

Shipments using common carrier transportation should be palletized or in large returnable containers that permit loading and unloading by industrial lift trucks. Pallets and containers must be braced with load bars or gates to prevent shifting during shipment. No bracing materials are to be nailed to the floors or walls of the trailers to secure the load without authorization from the transportation carrier and the appropriate Harley-Davidson purchasing or materials representative. Any trailers using a supplier's special equipment to secure the load must be properly noted on the Bill of Lading; for example, "44 pallets and two load bars" to ensure the equipment can be returned, if necessary. Heavy unit loads must not be stacked upon light loads thus causing instability and potential damage. Sufficient clearance of six inches should be maintained between the top of the freight and the roof of the trailer.

Pickup and Delivery

As Harley-Davidson continues to refine its transportation network, suppliers may be required to meet scheduled window times for carrier pickups. These times will be agreed upon by the supplier, the carrier, and Harley-Davidson. The carrier will contact the appropriate Harley-Davidson purchasing or materials representative if the material is not loaded by the scheduled window time. It will then be determined whether the carrier will wait or leave without being loaded. If the carrier is authorized to leave without being loaded, it is the responsibility of the supplier to ensure the shipment is delivered to Harley-Davidson on time. In addition, the supplier will be responsible for any additional cost incurred.

In some cases it is decided that dropping trailers at a supplier's facility is the most effective means for preparing and loading a shipment. All dropped trailers must be agreed upon in advance by the supplier, the carrier, and Harley-Davidson. Trailers must be available for pickup at the agreed upon time schedule. All trailers dropped at a supplier's facility must be handled with care. Again, any damage to the carrier's equipment caused by the supplier's negligence will be the financial responsibility of the supplier.

Live loading should be completed in an expeditious manner. Waiting time for the carrier must be kept at an absolute minimum. Carrier detention times will specify free time allowances and charges for waiting time. It is the supplier's responsibility to pay for any applicable detention charges that occur at their facility. The carrier is held responsible for delivery to Harley-Davidson in a timely, efficient manner and time is valuable. It may be in the best interest of all involved for the pickup to be scheduled. This may eliminate any unnecessary and unpleasant issues that may arise at the time of pickup.

Crossdock and Consolidation Locations

Harley-Davidson may elect to have the supplier ship product to a crossdock or consolidation location. For example, suppliers for the Kansas City facility that are located in the eastern part of the United States may be asked to ship product to the York facility for crossdocking. There



the shipment will be consolidated with shipments from other suppliers and delivered via Harley-Davidson transportation to the Kansas City facility. In addition to using Harley-Davidson facilities as shipment consolidation locations, Harley-Davidson may elect to utilize other warehouse locations, or perhaps even supplier locations, as potential consolidation locations. Harley-Davidson will inform suppliers of any revised shipping expectations by formally contacting them in writing.

Suppliers utilizing crossdock or consolidation locations must complete separate shipping documentation for each Harley-Davidson facility receiving the final shipment. In addition, all Harley-Davidson locations will have their product shipped on a separate pallet. The crossdock shipments will be easily visually identified as to their final destination.

For example, a supplier is making two shipments to Harley-Davidson on the same day. One is bound for the York facility while the other, bound for Kansas City, will be shipped to York, crossdocked and consolidated, and then shipped on to Kansas City. In this example, the supplier will complete shipping documentation (packing lists and bills of lading) for both of the shipments. The product for York will be placed on one pallet and the product for Kansas City will be placed on a different pallet. Since the Kansas City shipment will only be crossdocked at the York facility, it will be identified with a large label that easily visually identifies it as "Ship to Kansas City". The visual identification will allow the individual unloading the truck at York to see that the pallet should be crossdocked for Kansas City and no final receiving transaction would need to occur.

Suppliers who have further questions regarding crossdocking or consolidation requirements should contact their appropriate Harley-Davidson purchasing or materials representative.