

# Distributor Policy Manual

## ANNUAL INVENTORY ADJUSTMENT POLICY

ABC Company recognizes that it may be necessary for distributors to balance their inventory on a periodic basis. To facilitate the return of slow moving or overstock items, an annual inventory adjustment policy is provided.

- ABC Company distributors are permitted an annual inventory return not to exceed three percent (3%) of total purchases of ABC Company stock products **shipped to an authorized location during the prior year ending December 31<sup>st</sup>**.
- Only standard motors that are current ABC Company product at the time of the requested return are eligible.
- The motors must be in original cartons and/or skids and in first class condition. The motors must also be within 24 months of the date of manufacture. Credit for these returns will be issued on current prices less a 10% restocking charge. A 25% restocking charge will be assessed on motors over 24 but less than 30 months from the date of manufacture. Motors, which are older than 30 months from date of manufacture, are not returnable.
- Each distributor **organization** will be assigned a month during which the inventory adjustment can be made. Returns must be authorized, in advance and in writing, by the customer service or sales manager. An order, which is equal to the value of the credit for the material returned, must be entered at the time the authorization for the return is granted. Returned material is to be shipped F.O.B. to a location designated by ABC Company.
- Freight expenses on returned material are the responsibility of the distributor.
- ABC Company reserves the right to review unusual quantities or circumstances to limit or reject an individual item. Shipment to the designated ABC Company location(s) is to be prepaid. Approved returns shipped to the wrong location will be returned freight collect without notification.