



EZ SHIPPER RACKS, INC.

31336 Via Colinas, Suite 101, Westlake Village CA 91362

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® PATENT#: 5979338, 6244194, 6609466, 6722292 & pending

Procedures for Growers

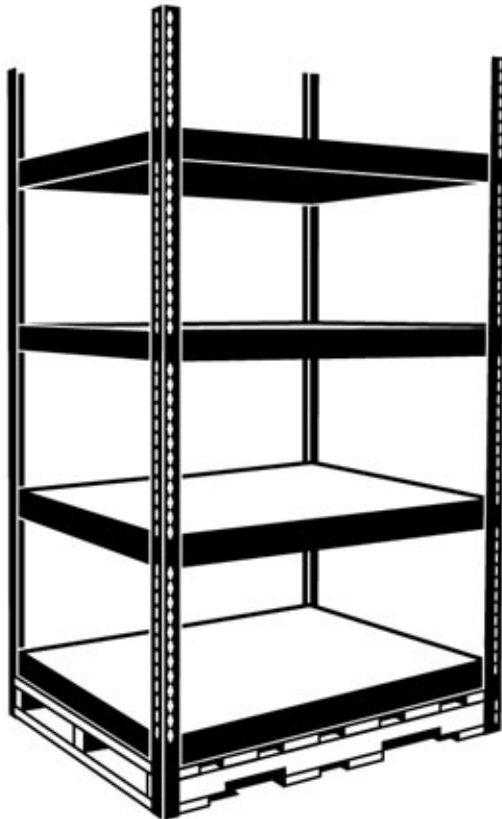
Table of Contents

EZ Rack Background.....	3
Ordering Racks.....	4
Receiving Rack Shipments from EZ Rack Repackagers.....	5
Systems Support.....	5
Reporting Racks Shipped to Retailers.....	6
Complying with Contractual Obligations.....	6
Participation Requirements:.....	6
Fees and Penalties:.....	6
Claim Requirements:.....	7
Other Requirements.....	7

EZ Rack Background

EZ Rack rents racks to plant growers for the purpose of shipping plants from the grower to retail stores across the US. The racks are gray metal racks that are seven feet tall and sit atop a standard 40x48” wooden pallet.

Rack Pictures



Picture of empty black rack



Picture of gray rack “Under Load”

Rack components are shipped from an EZ Rack repackager to the grower (see pictures of Finished Goods below). The grower will assemble the racks, load them with plants and then ship them to a retail store (including Home Depot, Lowe’s and some other retailers such as Earl May and Ikea). After the plants have been unloaded from the racks in the store’s garden center, the garden center will place the empty racks behind the store. These empty racks will be broken down (i.e. disassembled) and picked up by an EZ Rack repackager. After the repackagers pick up the racks and take them back to the repacking center, the rack components are QA’d and stacked onto pallets. The completed pallets are banded, and then the finished goods (see pictures below) are ready to be shipped to another grower.

The EZ Rack rental racks are GRAY metal racks. There are other colors of EZ Racks at the stores, but only the gray racks belong to EZ Rack. Colored racks are owned by a grower, not EZ Rack. EZ Rack drivers do not pick up EZ Racks that are yellow, tan, burgundy, blue, green or any other color other than gray or black.

Finished Goods Pallets



Ordering Racks

To place a new order for racks, growers should e-mail nick@ezrack.com and specify the type of rack needed, the quantity, the delivery location and requested delivery date. Or call Nick at EZ Rack at 877-977-7225x105.

For example:

To: nick@ezrack.com

Subject: New rack order

Nick,

I would like to order one truckload of 300 4-shelf racks. Please deliver them to GrowerCo's facility in Oxnard CA within two weeks.

Receiving Rack Shipments from EZ Rack Repackagers

After ordering the racks, the grower can monitor the status of the order via EZ Rack's online Rack Tracking System (RTS).

When the racks are delivered, the grower should count and inspect the product as it is being unloaded. OS&D claims must be filed within three days of receipt to be valid.

Systems Support

EZ Shipper Racks - Rack Tracking System (RTS) (Build- v3.2.0) Welcome ezrawesca
Operations Reports Sign Out

Grower Portal
Ship to Retailer Grower Portal Ship SKU To Retailer

Operation >> Grower Portal

EZ Shipper Racks Grower
31336 Via Colinas, Unit 101
Westlake Village, CA 91362
877-977-7225

SKU	Description	On Hand
DRB48gy	DRB 48" gray	4000
DRB40gy	DRB 40" gray	4000
Shlv4048	Shelving 40x48"	2000
CP7gy	Corner Post 7" gray	2000
	RACKS	500

Aging Report

Inbound Shipments					Retailer Shipment Batches		
Order #	Origin	Received	Status	View	Batch #	Created	View
82983	Not Assigned	11/20/2007	Open		19624	1/4/2007 3:48:17 PM	
82982	Not Assigned	11/16/2007	Open		19623	1/4/2007 3:47:55 PM	
82979A	NDC-College Park GA-686	11/08/2007	Shipped		19622	1/4/2007 3:46:55 PM	
82979B	NDC-Edison NJ-633	11/08/2007	Shipped		19621	1/4/2007 3:45:35 PM	
82979C	NDC-Hebron OH-626	11/08/2007	Shipped		19620	1/4/2007 3:43:45 PM	
82984	Plant Peddlers	11/07/2007	Received		19619	1/4/2007 3:43:06 PM	
82978	Plant Peddlers	11/07/2007	Assigned		19618	1/4/2007 3:37:51 PM	
82980	TCL-Houston TX	11/07/2007	Tendered		19617	1/4/2007 3:35:36 PM	
82981	Velocity-Syracuse NY	11/07/2007	Accepted		19616	1/4/2007 3:16:06 PM	

When logged in to EZ Rack's Rack Tracking System, the grower will be able to:

- View orders that are being processed.
- View orders that are shipped and in-transit from EZ Rack's repackager to the customer.
- View past history of orders that have been received at the customer's facility.
- View a Rack Aging Report which shows how many rental days are left [for each order] before late charge penalties are incurred.
- View current on-hand rack inventory quantities.
- "Ship" racks [in the system] from grower to retailer, which subtracts rack inventory from the grower and also removes inventory from the Rack Aging Report.
- View past history of grower-to-store rack shipments and batches.
- View a list of all authorized retail store ship-to locations.

Reporting Racks Shipped to Retailers

When a grower ships racks to a retail store, the grower is required to enter that shipment into EZ Rack's Rack Tracking System within 48 hours of shipment.

To enter grower-to-store rack shipments, log in to the RTS and go into the *Ship To Retailer* screen.

Complying with Contractual Obligations

Every grower that rents racks is required to sign a *Nursery Rack Rental Agreement*. The agreement requires the customer to abide by the parameters listed below.

Participation Requirements:

- (A) Customer must notify EZ Rack of all Rack shipments within 48 hours via EZ Rack's Rack Tracking System. A confirmation number (batch number) for each shipment is available in the system. The system enables the Customer to view all rack transactions.
- (B) EZ Rack may conduct random shipment notification audits at any given time, which will require the Customer to provide shipping manifests within 24-hours of request.
- (C) EZ Rack reserves the right to conduct a physical inventory audit of Racks at the Customer's location at any time with a 24-hour advance notice. A supervisor must be present at time of physical inventory audit to confirm on-hand inventory quantities.
- (D) The Rental Program applies only to authorized retailers listed in the Rental Agreement in Schedule A. A 15-day notice will be faxed or e-mailed to Customer as authorized retailers are deleted from the Rental Program.
- (E) Permanently applying Company logos, names or painting Rental Racks is PROHIBITED and will be considered destruction of property. Violators will be PROSECUTED to the fullest extent of the law.
- (F) Anyone found to be intentionally removing or altering EZ Racks' bar coded serial numbers will become ineligible to participate in the Rental Program.
- (G) Maximum weight rating is 400 lb per shelf except for the bottom shelf which is rated 600 lb (maximum weight Per Rack should be 1,800 lbs.)

Fees and Penalties:

- (A) It is STRICTLY PROHIBITED to use fasteners (i.e.: nails, bolts, staples) to attach racks to the pallet or anywhere else on the racks. Customer will incur a charge of \$50 per rack for any use of fasteners on racks.
- (B) A fee of \$19.50 per rack will be charged for late notifications (i.e. shipment notifications that were not entered into EZ Rack's Rack Tracking System within 48 hours of shipment).
- (C) All Racks must be shipped and notified within the guidelines below, or Customer will be billed an additional fee of \$19.50 per Rack.
 - Feb 1 thru June 30 – all racks must be shipped within 21 calendar days of receipt, and penalty applies after the 21st day.
 - For the remainder of the contract period, July 1 thru Jan 31 - all racks must be shipped within 60 calendar days of receipt and penalty applies after the 61st day.

- If the Customer is unable to ship within terms above, they should email jason@ezrack.com to request an extension.
- (D) Unused Racks can be returned at Customer's expense. A 50% restocking credit will be issued against the original rental fee if returned within the specified time frame referenced above. The Customer is required to provide trucking back to an authorized return center. Proper documentation stating returned quantities must be obtained from EZ Rack prior to return of unused racks. If racks are returned without proper documentation, return will not be valid and racks will be considered lost and will be billed at an additional \$60.00 per rack.
- (E) A new rental agreement must be renewed by January 31 of the following year. If the agreement is not renewed, any racks remaining on hand at the customer's location must be returned to an authorized EZ Rack yard, or the customer will be billed \$60.00 per rack.
- (F) For every rack missing from Customer's on-hand inventory at time of audit, Customer will be billed an additional fee of \$60.00 per rack. Customer will be billed a fee of \$60.00 per rack for any additional racks Customer has above the on-hand inventory specified per the EZ Rack online inventory system.
- (G) Racks sent to unauthorized accounts (i.e. unauthorized retail stores) will be considered abandoned and will be billed an additional \$60.00 per Rack.
- (H) Any Customer found to be backhauling or removing empty EZ Shipper Racks from authorized retail locations will be reported to the retailer, removed from the program, and PROSECUTED to the fullest extent of the law.

Claim Requirements:

- (A) **Shipment Notifications:** Customer MUST have a valid batch and shipment number from EZ Rack in order to report any discrepancy regarding shipment notifications.
- (B) **O, S & D:** Any claims of overage, shortage, or damage must be sent via email to nick@ezrack.com within 3 days of receipt of racks. Any claims of damage must include a picture of the damaged product. The claim must note the work order number that the product was received on. The Customer must have properly received the product at their facility, which includes signing name, printing name, dating, and noting the number of pallets received on the work order. If there is any failure to comply with the policy stated above EZ Rack will assume that damages occurred at the Customer facility after receipt of shipment and will not issue any credit and may charge a penalty.

Other Requirements

- (A) EZ Rack's wood shelving MAY NOT BE USED ON ANY OTHER RACKS. E.g. if a grower has racks that were purchased from EZ Rack (and are therefore painted a color other than gray) the grower is not permitted to use EZ Rack's wood shelving on the non-gray racks. EZ Rack's wooden shelving is to be used ONLY ON GRAY RENTAL RACKS. Grower management is responsible for ensuring that its distribution operations keep EZ Rack's wooden shelving separate from other wood so dock workers don't mistakenly place EZ Rack's wooden shelving on any non-gray racks.