



## NATS Group~ Liberty Bell Equipment Corp d/b/a MEDCO ("MEDCO") Program Agreement

- This Program Agreement ("Agreement") is entered into by and between Liberty Bell Equipment Corp d/b/a MEDCO ("MEDCO") and NATS Group ("Group") and is effective January 1, 2021.
- This Agreement governs purchases from MEDCO by Group members excluding customer account numbers 21735, 55649, 65321 & 21740. Incentive targets and other terms of this Agreement will be reasonably adjusted by MEDCO to take into account any Group member additions if approved by MEDCO in its sole discretion. If approved by MEDCO, Group member additions will be included as part of this program as of the month of each addition and notification to MEDCO.
- MEDCO is pleased to offer Customer a multi-level program consisting of the following incentive components:
  - Payment Terms – off invoice
  - Base Rebate Incentive on qualifying purchases ("Base Rebate Incentive")
  - Multi-Level Annual Member Growth Incentive ("Annual Member Growth Incentive")
  - Marketing Funds Incentive
- A Payment Terms of Net 30 Days is offered to Group for prompt payment within 30 days of invoice date. Preferred method of payment is electronic funds transfer (EFT) via wire transfer or ACH, however a standard business check will be accepted. All funds using any payment method must be in the MEDCO lock box or bank account on or before 30 days from invoice date to qualify for the Payment Terms. Payments via procurement cards or credit cards are not accepted as part of this Agreement. Since MEDCO is charged a credit card transaction fee, purchases paid for by credit card will be excluded from all incentive components.

**Note:** The terms of this Agreement are conditioned upon prompt payment by Group. Invoices not paid within terms will be excluded from the Payment Terms Incentive; however, will count towards the Base Rebate Incentive and Annual Growth Incentive provided the overall Group average days to pay is less than 35 days. If average days to pay ("ADP") exceeds 35 days, then Base Rebate Incentive and Annual Growth Incentive rebates will be reduced per the following table:

ADP Calculation	Rebate Reduction
0 - 5 days past due	0%
6 - 15 days past due	20%
16 - 20 days past due	40%
21 - 25 days past due	60%
26+ days past due	100%

Group must report disputed invoices or invoice items to MEDCO within 30 days of invoice date or waive the dispute. After reporting, both parties will work to mutually resolve the dispute within 45 days of the reported dispute. In order for a disputed invoice to qualify for a rebate, the undisputed portion of the invoice should be paid according to the terms previously mentioned, along with an explanation for the short payment.

- MEDCO will pay Group a quarterly Base Rebate Incentive of 0.33% of Net Merchandise Purchases (defined below) in the form of a check paid quarterly within 60 days after the end of each quarter.
- Group is eligible to receive an Annual Member Growth Incentive based on growth of Net Merchandise Purchases year over year calculated at the member level. The Annual Member Growth Incentive is paid only on actual dollar growth at the member level in a given year as outlined in the schedule below. The brackets are non-cumulative in that whatever growth is achieved for a given year it will pay within the bracket it resides.

The Annual Member Growth Incentive consists of:

Growth Tier (vs. Prior Year)	Rebate Percentage on Growth
10.00%-14.99% growth	2.00%
15.00%-19.99% growth	3.00%
20.00% growth and above	4.00%

The Annual Member Growth Incentive payout will be made in the form of a check paid annually to Group within 60 days after the end of each calendar year.

- "Net Merchandise Purchases" is defined as Group's gross merchandise purchases from MEDCO minus returns and credits, excluding freight. Purchases of products reflecting price deviations granted by MEDCO, including hand priced items, bids, and special quotations, will be included in the calculation, unless at the time MEDCO provides the price deviation MEDCO notes on the bid or quote that products purchased at the deviated price will not be included (*e.g., an exceptionally large drop shipped order with very low margin where there is mutual agreement that the order volume would not count towards the Annual Growth Incentive*). Purchases of product paid for by credit card will also be excluded.
- Group members will receive a 30% price reduction on the MEDCO quarterly flyer. Minimum standard case quantities are 30 each.
- Freight will be pre-paid on all LTL orders of \$1,000 and UPS orders of \$500 more of products. All orders that do not reach the minimum requirement will be shipped by MEDCO using MEDCO freight carriers. Customer will be invoiced for freight charges.

**Note:** Due to significant LTL increases, small parcel increases, and fuel surcharges, MEDCO cannot guarantee the freight terms for the duration of this Agreement. MEDCO may, as it deems necessary, change the freight minimum, fuel surcharge level, small order charge, or small order size upon a 30-day written notice to Customer.

- If not otherwise addressed in this Agreement, all other MEDCO published Terms & Conditions apply.
- This Agreement is in force as stated for the period from January 1, 2021 to December 31, 2021, subject to early termination by either party. Notification by the terminating party must be given to the other party at least 30 days prior to the desired termination date. This Agreement does not automatically renew under any circumstances.
- This Agreement supersedes any and all previous arrangements between MEDCO and Group, its predecessors or assignees regarding pricing, pricing programs, financial or any other terms. This Agreement cannot be modified or waived except in writing signed by both parties. This Agreement is governed by Pennsylvania law. Each party hereby waives any right to trial by jury in any action, suit, proceeding, or counterclaim of any kind arising out of or relating to this Agreement.

Mutual Non-Disclosure Agreement

Group, on behalf of itself and its subsidiaries, (i) acknowledges and agrees that this Agreement contains proprietary and confidential information regarding MEDCO and, (ii) agrees not to disclose this Agreement or any of its terms to any third party without the prior written permission of MEDCO. Any breach of confidentiality by Group, its agents or employees, will render this proposal and the program null and void immediately. If Group and MEDCO have previously entered into a written confidentiality agreement or non-disclosure agreement (a "Prior Confidentiality Agreement"), then this Agreement and its terms shall be deemed confidential and proprietary information covered by the Prior Agreement, which shall continue in force unaffected by this Agreement. Group may enter into this program as an agreement by signing below and returning the executed Agreement to MEDCO by April 15, 2021. This proposal will expire automatically if MEDCO does not receive an executed copy of this Agreement by this date.

**Liberty Bell Equipment Corp d/b/a MEDCO**

**NATS Group**

By: \_\_\_\_\_

By: North American Tool Suppliers

Name: \_\_\_\_\_

Name: Sandor Epstein 

Title: \_\_\_\_\_

Title: President

Date: \_\_\_\_\_

Date: 4/7/2021