



## Medco Rebate Program Agreement – 2023

This Program Agreement (“Agreement”) is entered into by and between Medco (“Medco”), with its principal place of business at 3201 South 76<sup>th</sup> Street, Philadelphia, PA 19153 and NATS Buying Group (“Customer”), with its principal place of business at 788 E 43RD ST Brooklyn NY 11210 and is effective January 1st, 2023 to December 31<sup>st</sup>, 2023.

This Agreement governs purchases from Medco by Customer’s members. Incentive targets and other terms of this Agreement will be reasonably adjusted by Medco to consider any Customer acquisitions.

Medco is pleased to offer Customer a multi-level program consisting of the following incentive components:

### **PAYMENT TERMS INCENTIVE**

Net 30 Days

Should Customer take any early payment discount for which it is not entitled (i.e. payment is received by Medco after the discount period), Medco reserves the right to include the full amount of such unearned discount on Customer’s next invoice, and/or deduct the amount of any such unearned discount from any rebate that may be payable to Customer.

If the Customer Average Days to Pay (ADP) exceeds 35 days, the rebate payout will be reduced based on the following schedule:

<b>ADP</b>	<b>REDUCTION</b>
6 – 15 days past due	20%
16-20 days past due	40%
21-25 days past due	60%
26+ days past due	100%

Credit card payments will be excluded from the program.

Customer 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 must 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. Base rebate incentive for 21735,21740, 55649, 55648, 55646, 65321 & 65352 to be at .050% 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 Individual Member Growth Incentive based on growth of Net Merchandise Purchases year over year calculated at the member level. Please note that account numbers 21735, 21740, 55649, 55648, 55646, 65321 & 65352 are not eligible for this rebate. The Individual 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 Individual Member Growth Incentive where member volume is above \$100K for the year is calculated as follows:

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 Individual Member Growth Incentive where member volume is below \$100K for the year is calculated as follows:

Growth Tier (vs. Prior Year)	Rebate Percentage on Growth
10.00%-14.99% growth	1.00%
15%-19.99% growth	2.00%
20% growth and above	3.00%

Net Purchases are defined as gross merchandise purchases from Medco less returns, credits, freight, taxes, services, and small order charges.

Any deviated pricing not included on the rebate program will be noted in the quote submission to Customer.

The Individual 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.

**FREIGHT**

Freight will be pre-paid on all LTL orders of \$1,500 and UPS orders of \$1000 more of products that ship from a MEDCO facility. Orders placed for drop ship from vendor must meet the minimum freight requirements of the vendor (see addendum). All orders that do not reach the minimum requirement will

be shipped by MEDCO/vendor using MEDCO/vendor 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.

**TERMS and CONDITIONS**

Medco Standard Terms and Conditions of Sale apply.

This agreement is considered proprietary and confidential to both Medco and Customer, and neither party shall disclose any information or make any modifications without express written consent of both parties. Any breach of confidentiality by Customer, its agents or employees, will render the agreement null and void.

This agreement supersedes all previous arrangements between Medco and Customer, its predecessors and assignees regarding pricing or any other term. This Agreement is governed by Illinois law. Each party hereby waives any right to trial by jury in any action, suit, proceeding or counterclaim or any kind arising out of or relating to this Agreement.

This agreement shall be executed after it is signed by both Medco and Customer.


**Medco**

**NATS Group**

By: Neil Staub

By: North American Tool Suppliers

Name: Neil Staub

Name:  Sandor Epstein

Title: Sr Director Business Development

Title: President

Date: 5/16/23

Date: 5/8/2023