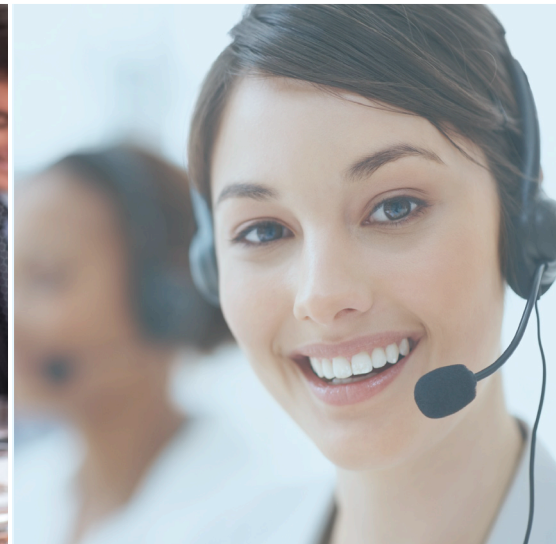
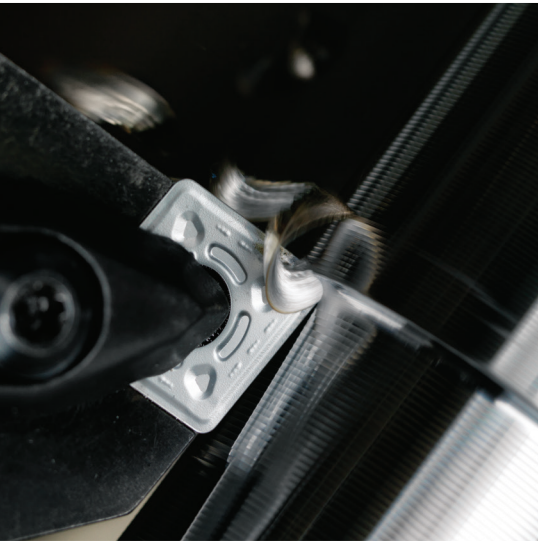




**SECO  
DISTRIBUTOR  
PRACTICES &  
AGREEMENT  
U.S.**



**DISTRIBUTOR PRACTICES**



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## INTRODUCTION

Seco offers its Authorized Distributors a discount structure to meet the varied needs of today's market. The discount structure is also designed to provide a competitive return to the Distributor, in terms of both gross profit and total return on its investment, while compensating the Distributor for the functions provided. All product discounts are fixed except for standard carbide inserts as explained below. Every Distributor is encouraged to study the discount structure and utilize it, along with the other related practices, to maximize profitability and effectiveness in serving the marketplace.

### 1.1 STANDARD CARBIDE INSERT DISCOUNT – STOCK STATUS “S”, “E”, “C”

Based on the schedule below, the Distributor's discount for standard carbide inserts will be established by Seco semi-annually, and will remain firm for the succeeding six months. Seco will advise each Distributor of its discount 15 days prior to the beginning of each six-month period. The total discount will depend on the Distributor's total purchases to determine the base discount, plus meeting each of the functional discount criteria.

	SIX MONTH PURCHASES \$0-\$149,000	VOLUME (\$M) \$150,000 & UP
Base Discount Group A	27%	33%
Base Discount Group B	25%	31%
Base Discount Group C	23%	29%
Functional Discounts		
Business Practices		
Prompt Pay	3%	3%
Electronic Commerce	2%	2%
Market Data	4%	4%
GoldStar Distributor	3%	3%
Subtotal Functional Discount	12%	12%
Total Discount Group A	39%	45%
Total Discount Group B	37%	42%
Total Discount Group C	35%	41%

Successive periods in which volume and functional performance are measured will be as follows:

<b>Effective Periods:</b>	<b>Measurement Periods:</b>
January-June	Prior June-November
July-December	Prior December-May

See 1.2 for products not included in this schedule. To determine the Distributor's net purchase price, the appropriate Total discount is applied to the list price shown in the current Price & Stock list. Carbide Inserts fall into three Base Discount Groups as determined by Seco. The appropriate base discount, by product, is combined with the functional discounts to provide the distributor's total carbide insert discount. The performance in each functional discount category is subject to the conditions in section 1.1a through 1.1d of the Practices.

### 1.1A BASE DISCOUNT

Six-month purchases volume includes all products and contracts and is net after all discounts and credits.

### 1.1B BUSINESS PRACTICES

The Business Practices functional discounts are intended to encompass various transactional aspects of the Seco/Distributor relationship. The two components of the Business Practices discount are the prompt payment of invoices and the utilization of electronic commerce.

Qualification for prompt payment of invoices is as follows:

- Payment of all invoices must be in good U.S. funds and received in our lockbox within 30 days after the invoice date. The frequency of payment within these parameters is at the Distributor's discretion.
- A suggested payment schedule to maintain payment within terms is located in the appendix.
- Any condition which results in less than full payment must be brought to the attention of the Credit Department within this same 30 day period and fully resolved within 60 days after the invoice date. Payments in dispute under the Monthly Return Practice, which may result in the loss of the Business Practices functional discount, are subject to resolution in accordance with the Monthly Return Practice (Section 2.7).
- Orders for meeting competitive situations (see 1.6) and orders for contract accounts (see 1.7) are also subject to the prompt payment

requirements. A 1% discount reduction will be applied to all contract and meet comp order discounts for distributors who fail to qualify for the prompt pay discount.

**Remitting by check:**

**Seco Tools, LLC**  
**Dept CH 19622**  
**Palatine, IL 60055-9622**

**Remitting by overnight courier service:**

**Seco Tools, LLC**  
**Lockbox 19622**  
**5505 N. Cumberland Ave, Ste 307**  
**Chicago, IL 60656-1471**

**Remitting by wire transfer (ACH, EFT):**

**Nordea Bank Finland PLC-New York Branch**  
**437 Madison Avenue**  
**New York, NY 10022**  
**SWIFT: NDEAUS3N**  
**ABA/ROUTING# 026010786**  
**ACCT# 4026363001**

Please send ACH and EFT details to:  
 ar.us@secotools.com

Please email any questions to: ar.us@secotools.com

Qualifications for the electronic commerce discount are as follows:

- The placement of purchase orders using electronic commerce. Orders placed directly to Seco by traditional EDI, Activant TPCx or the Seco Online Store all qualify for the EC discount. A minimum 75% of order lines placed using electronic commerce is required to qualify.

### 1.1C MARKET DATA

Market data includes actual monthly resales for all end-user customers of Seco products and a quarterly statement of the Distributor's total Seco inventory at the end of each quarter.

Monthly resales to all end users must be reported to the Seco Business & Sales Information Department by the 10<sup>th</sup> of the following month. The preferred method of reporting is an Excel file in an email attachment to: bsi@secotools.com. If you are unable to send an email, the report may be faxed to 248-528-5605.

At the end of each calendar quarter, the amount of Seco inventory that you have on hand must be reported to the **Distribution Development Department** using the Quarterly Inventory Reporting Form (# QCF-92) to: dbd.us@secotools.com.

### 1.1D GOLDSTAR DISTRIBUTOR DISCOUNT

Seco has established the “GoldStar Distributor” discount that supports and rewards committed Distributor partners. GoldStar Distributors are those Distributors that have distinguished themselves through a commitment to Customer Service, Business Process Excellence, Partnership with Seco and the Promotion of Seco products.



GoldStar Distributor status takes effect on January 1<sup>st</sup> of each year for which the Distributor qualifies and remains in effect for the entire year. GoldStar status is automatically renewed for as long as the Distributor meets all of the program requirements. Qualification for GoldStar Distributor status is based on the previous year's annual net purchases and discount status as computed for the measurement period ending on November 30<sup>th</sup>. Participation in and/or meeting the following elements is required to earn GoldStar Distributor status and the accompanying privileges.

- \$100,000 minimum annual purchases of Seco products.
- Full conformance to all of the functional discount requirements.
- Guaranteed same day shipments on locally stocked products.
- Drop shipment from Seco direct to end-user customers of non-stocked items.
- Maintain fully trained sales staff meeting all requirements of the Certified Pro<sup>3</sup> Product specialist Program. See section 3.1 “Product Training”.
- Demonstrated commitment to promote Seco Products and participate in Seco sponsored promotions.
- Demonstrated commitment to positioning Seco as a primary carbide cutting tool line.

In addition to the GoldStar functional discount,

GoldStar Distributors have access to co-op funding equivalent of up to 1% of their annual purchases. (\$10,000 maximum, See 3.7 for co-op funds program details).

Distributors who do not continue to meet all of the functional discount requirements will maintain GoldStar status on a probationary basis for one measurement period following the non-conformance(s). The measurement periods are defined in Section 1.1. While on probation, the Distributor's access to co-op funds is suspended. The GoldStar discount and all other GoldStar privileges continue to be in effect during the probationary period. If the probationary period is in effect because of a non-conformance in one of the functional discounts, that discount is not granted during the probationary period. Full GoldStar status is restored at the end of the probationary period if all of the requirements are met during the probationary period. Restoration of the discounts will take effect beginning with the period following the probationary period. If, after the probationary period had ended, all of the requirements are not met, the distributor forfeits GoldStar status including the GoldStar discount and all of the privileges of a GoldStar Distributor. Extension of a probationary period to GoldStar Distributors who have failed to meet requirements other than functional discount requirements is at the discretion of Seco.



Seco reserves the right to immediate withdrawal of GoldStar status and privileges to distributors not in compliance with the terms of the GoldStar requirements. Immediate withdrawal may occur at any time.

### 1.1E GOLDSTAR PLUS DISCOUNTS

The realities of today's industrial markets require flexible positions on exclusivity whether from the manufacturer's point of view or that of the industrial distributor.

However, Seco places great value on channel partners that promote themselves first and foremost as distributors of Seco Tools and have reached advanced levels of partnership above and beyond the requirements of GoldStar status. Increased "GoldStar Plus" Discount levels have been established for top volume distributors that display their commitment to Seco Tools by not entering into or maintaining authorized distributor agreements with the four major competitive lines listed below. Qualifications for the GoldStar Plus discounts are as follows:

- Must have \$500,000 net purchases or greater during the measurement period.
- Must have achieved GoldStar status.
- Must market Seco Tools as their lead indexable carbide line with 80% or greater of their indexable carbide spend being with Seco Tools. May not represent cutting tools or related products manufactured by Kennametal, Sandvik Coromant, Iscar or Ingersoll Cutting Tools as an authorized distributor.
- Where competitive products are sold due to integrated supply agreements, a list of all integrated supply customers must be provided to Seco with the amount of competitive spend for each customer and cutting tool manufacturer.
- Distributor must allow semi annual audit of their purchases and cooperative review of their line cards and web site.
- Distributor will conduct quarterly planning meetings with Seco sales management at which time they will report their purchases of competitive products.
- Distributor will sign a GoldStar Plus Distributor Discount Program agreement committing to the above requirements.

The Discounts levels for GoldStar Plus Distributors are indicated below. (see next page)

6 MONTH NET PURCHASES	GOLDSTAR PLUS GROUP DISCOUNTS		
	A	B	C
>\$1,250,000	49%	47%	41%
\$500,000 - \$1,249,999	47%	45%	41%
\$150,000 - \$499,999	NOT ELIGIBLE		
\$0 - \$149,999	NOT ELIGIBLE		

### 1.1.F. GOLDSTAR ELITE STATUS

Distributors with a minimum annual purchasing volume of \$5 Million will be eligible for our Elite Status.

### 1.2 OTHER STANDARD PRODUCT DISCOUNTS – STOCK STATUS “S”, “E”, “C”

The Distributor’s discounts on all standard product types, other than the inserts covered in 1.1 above, are fixed and are not dependent on the total purchase volume or functional criteria.

Please refer to your net price list on our website, under registered users. In addition, all other detailed information can be found on the Inventory Visibility file as needed.

### 1.3 OUTGOING STANDARD PRODUCT RETURNS – STOCK STATUS “O”

Periodically, Seco will publish a list of newly reclassified products that are changing from Standard to Outgoing. This list is available on the Registered Users area of the Seco website along with a worksheet for submission of the outgoing return request. The Distributors are advised of the outgoing item website posting in advance of the announcement of newly reclassified items. These items are returnable within sixty (60) days of the date of the list subject to the following conditions: Items must have been purchased within the last twenty four (24) months, in full package quantity, in resalable

condition, and package seal cannot be broken. During the 60 day return time frame, outgoing item returns for listed products are not subject to the 5% cap. Credit will be issued at standard discount less 20%. The Distributor can submit a return request electronically (preferred method) using the Return Material Authorization (RMA) number Request Application on Seco’s website or by contacting Customer Service. A RMA number, packing list and label will be provided to the Distributor. All returns must be pre-approved. No material will be accepted without a RMA number. Outgoing products will remain available for purchase at normal discount while quantities last. Check stock before ordering. Request for quantities no longer in stock will be priced as specials. Purchases of outgoing products are not returnable.

### 1.4 QUICK RESPONSE ITEMS

Quick response items with a “C” stock status code, are non-cancellable and non-returnable. Consult the current published price file for minimum order quantity requirements.

### 1.5 SPECIAL PRODUCTS DISCOUNTS

Special products will be quoted at a net price. Contact your Seco Technical Specialist to submit requests for quotation or submit to: epd@secotools.com for Seco items or to: epd@niagaracutter.com for Niagara tooling. Special orders may be considered complete if they are within 10% of the quantity ordered. For quantities under 10 pcs, the allowed variable quantity will be (+) or (-) one piece.

### 1.6 DISCOUNT TO MEET COMPETITIVELY PRICED ORDERS

Seco has established its regular discounts to Distributors in order to give Distributors a competitive position under most circumstances. However, if a Distributor provides verification information to Seco justifying the need for additional discount support in order to meet a specific competitive offer to an end-user customer from a non-Seco product provider, Seco may, in its discretion, provide additional temporary discount support to the Seco Distributor in order to meet the competitive offer. The Competitive offer must be submitted to the Distributor’s local Seco Technical Specialist.

Upon approval, Seco will meet the competitive offer with a 15% discount to the Distributor. The intent of this procedure is to support the Distributor in meeting a specific lower price offer by a competitive seller on a competitive product. Discounts received are intended to be used to meet the specific competitive situation. Subsequent orders require separate approval. A 1% reduction in the Distributor's discount will be applied to meet comp discounts for Distributors who fail to meet the requirements necessary to qualify for the prompt pay functional discount on their orders for standard carbide inserts. (see 1.1b)

### 1.7 CONTRACT ACCOUNT DISCOUNTS

In competitive situations which require a broad reduction in price for a period of time, a "contract account" discount may be available. A Distributor may submit a proposal to Seco for its consideration of discretionary contract account meeting-competition price support. Also, Seco may offer the Distributor an opportunity to participate in a contract account arrangement with the customer. The Distributor may or may not choose to participate in the contract account opportunity. Regardless of whether Seco or the Distributor is the initiator, meeting-competition pricing will be authorized by Seco only if necessary to respond to a competitive situation. Contract account discounts are limited to the specific customer account and meeting-competition situation. In any case, it is always in the economic interest of the initiator to strive for a minimum discount reduction and a maximum volume commitment within the competitive situation. The Distributor's discount for standard and special products will be 15%. It is intended that the discount apply to the negotiated final resale price. To initiate consideration for discount support, contact your Seco Technical Specialist. To assure the best service to the end-user, the selection of a single Distributor is preferred and shall be made by the end-user and/or Seco. A 1% reduction in the Distributor's discount will be applied to contract account discounts for Distributors who fail to meet the requirements necessary to qualify for the prompt pay functional discount on their orders for standard carbide inserts. (see 1.1b)

### 1.8 PROPER USE OF DISCOUNTS

A Seco "contract account" discount or a "meet comp" discount is intended only to support the Distributor in meeting the specific lower price offered by a non-Seco competitive seller to the specific customer which is the subject of the "meeting comp" or "contract account" authorization. Product purchased under "meet comp" or "contract account" authorization pricing is intended to be provided to the specified customer and for the specified order only. Inventory purchased on a "meet comp" or a "contract account" discount basis should be separately tracked and accounted for from general inventory. Seco may conduct an audit of the Distributor's books and records for the purpose of verifying that discounts have been properly requested and applied.

### 1.9 DISTRIBUTOR CHARGES FOR ADDITIONAL SERVICES

Distributors are frequently required by their customers to provide, in addition to competitive pricing, a greater level of additional services including: commodity management, consignment inventory, point-of-use vending, special marking and packaging, consolidated billing, special credit terms, specialized delivery and other services. It is Seco's policy that its distributors may charge their customers for such additional services. It is Seco's policy that distributors may not obtain a meeting competition or contract account discount and fail to pass the discount on to the customer in compliance with anti trust laws. Further, Seco has taken the position that charging the customer an amount over the discounted price of the Seco goods or services, may suggest that additional mark up was obtained without related goods and services.

In order to comply with both policies a distributor must be able to provide, on request, objective evidence to Seco that charges to customers for additional services, are in fact, provided in addition to the goods and services covered by the discounted Seco price. Pursuant to its procedures and the Distributor Agreement, Seco may audit to assure to its satisfaction that this is the case.

It is recommended that the distributor should separately account for additional services or separately describe charges for additional services in customer statements. Also, distributors should maintain

documentation substantiating the monetary value of additional services charged to the customer over and above the discounted price for Seco products. It is the distributor's sole responsibility to justify the cost of any services provided where meet comp discounts have been granted.

### 1.10 TEST TOOL PROGRAM

Seco offers a test program as a benefit for distributors who have a Certified Pro3 Product Specialist on staff. Seco aims at helping distributors' personnel gain test opportunities with their customers and grow their business. An end user who has seen our tools perform and discussed its capabilities with your sales people will have the highest interest in ordering more.

In support of this practice, certified distributors will receive a test budget at the beginning of each calendar year. The budget amount is 0.8% of the previous year's total purchases, with the minimum budget being \$1,000.

Steel and carbide items may be purchased against this budget, under the guidelines described below.

#### Order Process

- All test orders must be faxed or emailed to customer service (no e-commerce).
- It is important that the order is clearly identified as "test" so it can be processed accordingly.
- All orders must reference the end user whom the test is for.
- Test inserts may be ordered in less than full package quantities. Minimum partial order quantity will be 2 pieces of any specific insert – no exceptions. Traceability on partial packages will not be guaranteed.
- The test budget, which is renewed annually as long as the distributor remains CP3 certified, will be reduced by the list price value of each product ordered under the test program. The test budget will be credited back after the test is proven successful (see billing/credit process).
- When the annual budget has been consumed, this test option is no longer available until it is renewed the following year.

#### Billing / Credit Process

- Orders will ship at no cost to the distributors. The amount of the test tools ordered will be

deducted from the available test budget in list price value.

- The distributor will have 90 days to provide Seco with test results.
- In case of a successful test, the tools ordered will be invoiced to the distributor. All products will be invoiced at regular net pricing. Once the invoice is issued, the list price value of the items ordered will be credited back to the distributor's test budget.
- If the test failed, no invoice will be issued to the distributor and the test tool budget will not be credited back.
- Products ordered for tests will automatically be invoiced after 90 days, if no test result is provided by the distributor. The test budget will then be credited back.

#### Return Process

- Returns will be accepted only for the items that were not tested.
- All products must be new and in resalable condition and cannot have been mounted on a machine.
- No inserts purchased in partial quantities qualify for return.
- The Distributor will submit the RMA request to customer service, preferably via email. Please indicate that the item was purchased for Test. Also indicate the Purchase Order number or Seco's reference number within your request.
- There is no fee for a Test return and it is not subject to the 5% return limit.
- Except as noted above, the conditions detailed in section 2.7 of Seco's Distributor Practices apply to Test returns.

### 1.11 MACHINE BUILDER & EDUCATIONAL INSTITUTION DISCOUNTS

Seco will support the Distributor with special net pricing for product sales to Machine Tool Builders, Machine Tool Dealers, U.S. Government and Educational Institutions. Seco will allow an additional 15% Distributor discount off the Seco Maximum Distributor Discounted Price for U.S. Government and Educational Institutions. For Machine Tool Builder, Machine Tool Dealer discount pricing, please contact your Seco Technical Specialist for details.



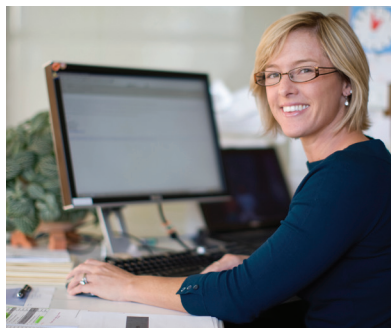
## INTRODUCTION

The efficient handling of “one call” customer service between Seco and its Distribution network is a key element in meeting our service and delivery goals to your end-user customers. Seco’s Customer Service Department is professionally staffed to provide support for Distributor order and delivery related functions.

Seco’s practices are designed to automate the transaction process wherever possible to gain maximum efficiency and eliminate redundant channel costs. Seco’s Customer Service Department is available to provide support for critical service issues and matters that fall outside of the routine process to enhance our joint service reputation with the end-user customer.

### 2.1 ORDER ENTRY

Customer Service hours are from 8:00 am to 6:30 pm EST. Routine orders are to be placed via electronic commerce methods, email, or fax. All orders will be acknowledged via email or fax upon



reception. Routine stock checks should be handled at the Distributor’s location using My Pages.

Orders are encouraged to be placed electronically through

traditional EDI, through active third party providers (TPCx), or My Pages. Orders for new special products must be on formal purchase orders, faxed or emailed, and are non-cancellable.

Fax orders to: 248-528-5250  
 Email orders to: customerservice@secotools.com  
 Customer Service phone number: 248-528-5220

### 2.2 MINIMUM ORDER SIZE

Minimum order size is one standard package quantity for all standard products. All standard product orders must be for full or multiple package quantities. Orders requiring drop shipment, next day air, test inserts, special products, ship-complete orders and orders requiring exception pricing must be placed on separate orders. Orders for standard products purchased at standard discounts and standard products purchased at contract discounts may be combined when ordering via electronic commerce. All other standard products may be combined on a single order except as noted.

The minimum order size is designed to help facilitate good customer service to the small buyer and non-repetitive small orders from regular customers. Seco encourages the consolidation of orders for high frequency and repetitive items to help increase efficiency and reduce transaction costs.

### 2.3 SHIPPING – CUT-OFF TIMES

- Our Cut-off times are the times your orders must be transmitted in our system to ship out on the same day. We suggest that you submit your POs 30 minutes before our cut-off time, to allow for order processing. Cut-off times will vary based on the selected carrier and ship via code (see table) Transit time for items stocked in Europe is 3 business days.

MARKET	CARRIER	SERVICE	CUT-OFF (EST)
US	FedEx	Ground	3:00 PM
US	FedEx	Red/Blue	4:00 PM
US	UPS	Ground	5:30 PM
US	UPS	Red/Blue	8:30 PM
Pick Up (Hebron, KY)	-	-	8:30 AM to 8:00 PM

### 2.3a SHIPPING – SHIPMENTS

Delivery is FOB Seco's plants. Freight is the Distributor's responsibility. Applicable shipping and handling charges will be prepaid and added to the invoice, unless a collect number is provided at order entry.

Seco will attempt to consolidate shipments, including back orders for shipment whenever possible; but cannot guarantee a single daily shipment.

Seco distributors have the following shipping flat rates available:

The flat rates noted below apply to all shipments from Hebron, KY, unless a collect number is provided at order entry.

US		
SHIP VIA	ALL	GS Plus / Elite
UPS RED	\$21.50	\$19.50
UPS RED - Dropship	\$14.50	\$13.50
UPS RED Early AM	\$32.00	\$30.00
UPS Saver	\$20.00	\$18.00
UPS Saturday	\$36.00	\$34.00
UPS Saturday Early AM	\$40.00	\$38.00
UPS Blue	\$14.50	\$13.00
UPS Blue Early AM	\$22.50	\$21.00
UPS Ground	\$9.50	\$9.50

Note: Rates above are per box, up to 70 lbs a box per UPS regulations.

Any individual items which do not meet the UPS weight or dimension restrictions may also be excluded from the flat rate shipping charge and may

Shipments by any other carrier or service level will be invoiced at the actual freight charge per shipment.

No freight charge will be applied to back-order shipments of standard items. Blanket order releases will have freight charged.

### 2.4 DROP SHIP ORDERS

Seco will drop ship orders to end-user customers following the same shipping policy. Minimum order is package quantity for standard products. A fee of 10% will be added to all drop ship orders for delivery outside the Distributor's Area of primary responsibility as described in the Distributor Agreement.

As with the minimum order, the drop ship practice is designed to help facilitate good customer service to the small buyer and on non-repetitive small orders from regular customers. The commitment to using drop shipments whenever possible is also a requirement to qualify for the GoldStar Distributor Discount (see 1.1d). The intent is to shorten delivery times and eliminate the redundant handling and shipping costs associated with processing non-stock material through the Distributor. Drop shipments are not a substitute for adequate local stock.

### 2.5 BLANKET ORDERS / CALL OFF ORDERS

Blanket orders for standard products will be accepted under the following conditions: the first release is scheduled within 30 days of the order date and the final release not to extend beyond 6 months from the date of the order. All scheduled releases must have a specific date and quantity assigned at time of order. Pricing on blanket orders for standard products will be held for 6 months from the order date. Once an order is placed, additions to the original order will not be permitted.

Blanket orders will be accepted for special products for a 6 months period also. The first release will be scheduled based on the estimated lead time of the special item. The price in effect at the time of order acceptance will apply to all releases. Blanket orders for special products are non-cancellable and will not be accepted after Dec. 1st of the ongoing year. Call off orders, placed without specific release

dates, will follow the same guidelines as blanket orders for both standard and special items. Remaining balance of items will be automatically shipped at the end of the 6 months period if our distributor did not call to release them.

## 2.6 PROOF OF DELIVERY

Proof of delivery inquiries should be made directly to the carrier or from the Registered Users area of the Seco website. Customer Service maintains records and can respond to inquiries for proof of delivery within 90 days of the original ship date. All requests must include the carrier's tracking number from Seco's invoice. For requests after 90 days, the Distributor must contact the carrier directly. Any unpaid invoice due to an unresolved proof of delivery request beyond 60 days will be considered as past due for calculating the invoice payment functional discount.

## 2.7 MONTHLY RETURNS

This practice covers the return of surplus inventory and ordered-in-error material. Good inventory management practices coupled with the Seco discount structure which is independent of order size, should help minimize surplus inventory. Nevertheless, Seco recognizes that surpluses may build from time to time. Ordered-in-error is generally defined to mean any Distributor or end-user error resulting in the purchase of an incorrect product or quantity of product. Seco will accept returns for the above reasons on a monthly basis under the following procedures and conditions:

### Procedures:

- The Distributor must submit a list of material by using either the on line RMA Request or by sending a request to customer Service. The preferred method is that the request be completed and transmitted on-line. Whether submitting a RMA Request on-line or via email, phone or fax, all return requests must be pre-approved by Customer Service.
- Customer Service will provide the Distributor with a return Material (RM) number, label, packing list and return material listing.
- The return must have the pre-printed label clearly affixed to the return package, include the completed pre-printed packing list and is subject to inspection prior to issuance of credit.

- The Distributor will be advised of any non-conforming material.
- A final credit will be issued by Credit & Claims, within 30 days of receipt of material.

### Conditions:

- The frequency of returns is at the discretion of the distributor.
- A handling fee of \$25 will be charged for each return that has been submitted electronically through Seco's website. A handling fee of \$75 will be charged for each return request submitted by telephone, fax, or email.
- Total value of all returns is limited to 5% of the previous 12 months purchases. Seco will consider specific, unusual returns for exclusion from the 5% cap at the written request of the Distributor. Acceptance of returns excluded from the 5% cap are at the sole discretion of Seco.
- Returns must be received at Seco within 30 days of the issuance of the RM number. After 30 days the RM number is no longer valid and a new request must be submitted.
- Products must be purchased within the previous 24 months from the date of return.
- Material must be current stock standards ("S" or "E" status), new and unused, in original package quantity with the package seal unbroken, and in resalable condition.
- Quick response items with a "C" stock status are not returnable (see section 1.4).
- A 10% repackaging charge will be applied, on a per item basis, for any item requiring repackaging.
- Monthly returns are credited at an average price of all invoices and credits issued for the item within the past 24 months.
- Material must be sent back freight pre-paid.
- Material must be securely packaged for transit. Damage by the carrier is the responsibility of the Distributor.
- No over shipments of pre-approved quantities are permitted. Under-shipments from approved quantities are permitted. Any quantity in excess of pre-approved quantities must be held for the next return.
- Any non-conforming material or not meeting the return conditions will be returned to the distributor.

- No advance deductions are allowed. A credit memo must be issued to the Distributor from Credits & Collections before taking a deduction.
- Any unauthorized deduction or unresolved dispute will result in the loss of the 3% Prompt Pay component of the Business Practices discount. All outstanding issues must be resolved within 30 days from issuance of credit.

## 2.8 SHIPPING ERRORS & QUALITY RETURNS

Returns in this category include: Seco shipping errors and QC returns. Outgoing product returns are covered under section 1.3.

- The Distributor must submit, in writing, a list of material for return to Customer Service using Request for Quality Return Form QCF-70. Customer Service must pre approve all returns.
- Customer Service will provide the Distributor a Return Material (RM) number, label, packing list and return material listing.
- The return must have the pre-printed label clearly affixed to the return package and include the completed pre-printed packing list and is subject to inspection prior to issuance of credit.
- No advance deductions are allowed. A credit memo must be issued to the Distributor from Credits & Collections before taking a deduction.
- Standard items sent back on a QC claim will be fully credited if the claim is justified. No replacement order will be automatically started by Seco. The distributor is responsible for sending a new PO for replacement tools if needed.
- Special items sent back on a QC claim will either be repaired or remade (if the claim is justified). The repaired / remade tools will be sent back on the original customer PO at no charge.
- A final credit will be issued by Credit & Collections, within 30 days of receipt of material.
- Shipping errors and quality returns are not subject to 5% annual cap.
- Seco will allow a \$5.00 transportation credit for shipping errors and quality returns.

## 2.9 INITIAL STOCK ORDER RETURNS

Seco recognizes the need for new Distributors to put in an initial inventory of products to support a Distributor start-up. Seco encourages new Distributors to consult the local Technical Specialist or Application Engineer to help define the requirements of the local market and build its initial inventory based on those needs. Nevertheless, selection of this inventory is speculative and may result in surplus or dormant stock.

Distributors are encouraged to keep these initial inventory purchases low and build inventories as demand and experience develop. However, a single initial stock order will be accepted with the approval of the Regional Manager. Any product purchased on this initial order may be returned at any time up to 6 months from the date of invoice. This one-time return will not count against the monthly return limit, nor will a handling charge apply. The return must be pre-approved and an RM number obtained.

## INTRODUCTION

Seco is committed to a strong working relationship with its Distributor channel partners. Eliminating redundant activities and costs, clearly defining our roles and responsibilities, and jointly bringing value-added services to the end-user customer are keys to our success in today's competitive environment.

We recognize the importance of open communication and will continue to support an ongoing dialogue including the Distributor Advisory Council and the Distributor Conference. The commitment to Customer Service, Functional Business Practice Excellence, Certified Pro3 STEP training, and Partnership and Promotion of Seco products and services exemplified by Seco's GoldStar Distributors serves as a common business philosophy. The following business practices are designed to implement this philosophy.

### 3.1 PRODUCT TRAINING

Seco is dedicated to expanding the product and application knowledge of our Distributor partners. Using Seco's comprehensive STEP program (Seco Technical Education Program), participating Distributors will be guided through sequential presentations on important topics that prepares the student to identify, confront and satisfy most basic and intermediate technical situations that present themselves in the metalworking marketplace.

#### Certified Pro<sup>3</sup> Product Specialists

Seco acknowledges Distributor sales personnel who have successfully completed the entire STEP sequence by recognizing them as Seco Certified Pro<sup>3</sup> Product Specialists. These individuals will have the skills necessary to excel at identifying and satisfying their customer's needs. They achieve a heightened level of comfort engaging in the challenges of the metalworking market and become a more valuable member of their own organization as the "go to" person for tooling questions presented from within their organization. To become certified by Seco, individuals must complete the following sequence.

- Completion of Seco's STEP 1 Distributor Training Program
- Completion of Seco's STEP 2 Distributor Training Program

- Participation in a training event for employees within the distributor's organization
- Completion of Learning at Seco online courses for product launches

Having a Certified Pro<sup>3</sup> Product Specialist on staff is a requirement to achieve and maintain GoldStar Distributor Status.

In addition, Distributors are encouraged to attract customer personnel to the STEP training opportunities frequently offered to our mutual customers. These renowned courses create a favorable impression and solid entry into even the most difficult accounts. Information relative to the content and scheduling of these events is available at: [www.secotools.com/step](http://www.secotools.com/step) or through the Tec Team: 1-800-TEC-TEAM (832-8326)

### 3.2 LITERATURE

Seco's literature offering is among the best in the industry and is designed to assist Distributors in the sale of Seco products.

Product Navigator Catalogs, featured product brochures, technical bulletins and promotional flyers are all available free of charge in reasonable quantities and shipped no-charge via non-premium ground transportation.

Many assets can also be imprinted with distributor pricing, location and contact information in conjunction with special programs (see MOD - Marketing on Demand).

The Seco literature library and material request fulfillment site can be accessed through the Customer Zone within the Seco Tools website or at: [www.wolverinemail.com/seco](http://www.wolverinemail.com/seco)

In addition to the fulfillment website our current print assets, videos and other marketing materials can be accessed and downloaded (videos are view only) from our Marketing Showcase at: [www.secotools.com/showcase](http://www.secotools.com/showcase)

Should you have any Seco literature fulfillment questions please email us at: [literature.us@secotools.com](mailto:literature.us@secotools.com). For literature feedback or any other marketing needs please contact us via: [advertising.us@secotools.com](mailto:advertising.us@secotools.com).

### 3.3 DISTRIBUTOR PLANNING PROCESS

The Distributor Planning Process was developed jointly by Seco and the Distributor Advisory Council. It provides Distributors and Seco a means to jointly communicate goals and expectations, integrate our business plans and strategies, maximize use of resources and measure results. The planning process provide tools to facilitate:

- General overview of Seco – Distributor key performance indicators
- Growth incentive activities
- Marketing activities, including new product launch, promotions, and catalogs
- Training
- Target account development
- Final agreed comments about the meeting.

Every distributor is required to attend a minimum of 2 Distributor Planning Process meetings a year, in Q1 and Q3 ideally.

### 3.4 TARGET ACCOUNTS

Each Seco Technical Specialist is assigned a defined list of target accounts to help focus our joint sales efforts. That list provides the basis for the Target Account Development process, which is an integral part of the Distributor Planning Process. Target accounts are identified and chosen based on potential, product fit and the ability to win new business. The Seco sales team and the Distributor share responsibility in representing Seco products and the services provided by Seco and the Distributor. Goals, account potential, competition, key products, project plans and measurements are all to be collaborative effort with the focus being on an increase in market share for both the Distributor and Seco. Support of the Target Account program is also a GoldStar Distributor requirement.

### 3.5 ADVERTISING, PUBLICITY & PRODUCT PROMOTION

Seco products and services will be advertised to metalworking end-users through leading national trade publications. Product announcements, technical features and case histories are also placed in leading journals. Seco also promotes product through direct mail and special-offer distributor-

imprintable flyers and mailers. Distributors are encouraged to utilize these materials in conjunction with efforts developed by the Distributor and Seco during the Distributor Planning Process.

### 3.6 SALES PROMOTION AIDS

Seco's Marketing On Demand program can be used to request co-branded flyers or other print materials with your logo and contact information. These can be for Seco print materials that already exist, or completely custom requests. Items provided with a cost may be purchased with a credit card and reimbursed through co-op funds (see section 3.7). We can also offer you original artwork to support distributor marketing programs, such as product promotions and catalogs. Contact us at: [advertising.us@secotools.com](mailto:advertising.us@secotools.com), or visit: [secotools.com/mod](http://secotools.com/mod) to learn more.

### 3.7 CO-OP FUNDING

In recognition of the added value contributed by Goldstar distributors, Seco will partially reimburse the cost of approved Seco specific promotional materials and/or programs up to 1% of the Distributor's previous calendar year's net purchases. The maximum payout for any calendar year is \$10,000. To be eligible to receive co-op funds, the Distributor must qualify for the GoldStar Distributor discount.

All requests for co-op funds must be submitted with a copy of the expense invoice within 60 days of the date of the transaction.

A maximum 25% of the total co-op fund allotment will be designated for the reimbursement of co-branded wearable material (i.e. shirts, hats, jackets etc.).

Seco will reimburse marketing on demand flyers and web advertising materials (banners or videos on website etc...) at 100% under its co-op program. The following expenses qualify for 50% reimbursement:

- Seco specific promotional materials and programs.



- Direct Mail expenses associated with Seco specific promotions.
- Seco specific incentives for Distributor Sales Personnel (spiffs).
- Seco produced co-op material.
- Seco related training fees and associated hotel/travel expenses.
- Pro-rated trade show floor space expense.

In addition, Seco will cover pro-rated Distributor catalog production expenses (Seco-PTS catalog) with a maximum payout of 25% of the Distributor's co-op allowance.

Events organized by our distributors (open house, learning seminar etc.) will qualify for co-op funds only when encompassing a marketing aspect for Seco. If various suppliers are participating in the event, Seco's financial contribution will be pro-rated. Activities solely organized for entertainment purposes, such as sporting events, golf outings or customer dinners, will not qualify for co-op funds, unless pre-approved by our Channel Development Team.

Living expenses incurred while attending our STEP training programs (i.e. food, beverages, and incidentals) do not qualify for co-op funds.

The above list of expenses is non exhaustive. Other expense types might qualify but will have to be at Seco's sole discretion and will have to be pre-approved by our Channel Development Team.

For co-op requests to be processed, please submit the Request for Co-op Funds Form QCF-89 together with a copy of invoices / receipts within 60 days of the date of the transaction to: dbd.us@secotools.com.

### 3.8 FORUMS & SEMINARS

Seco may periodically conduct turnkey product forums with its Distributors to introduce or reinforce major product lines to end-user customers. Seco furnishes the complete program and speakers. The Distributor provides the site (including all arrangements) within its territory and invites the end-users.

Seco will provide speakers to any Distributor wishing to hold local in-plant product or training seminars.

### 3.9 TRADE SHOWS

Seco participates in numerous industry events that support our marketing objectives.

Included among the major events are:

- National and regional trade shows where Seco has high-visibility exhibits to promote its products and services to end-user customers. Participation is at Seco's expense and discretion.
- Industrial Supply Association (ISA) Product Show & Conferences, which receive the full support of Seco management.



Local trade shows and open houses are the primary responsibilities of each Distributor. To support these, Seco supplies high quality displays at no charge. Requests for these displays must be made by contacting your Seco Regional Sales Manager a minimum of four weeks in advance of the engagement date.

### 3.10 COMMUNICATIONS

Seco strives to get the information needed to conduct all business activities to the proper individual in the shortest time possible. This effort is supported by various communications. To that end, Seco has developed unique Distributor e-mail contact lists, for Distributor Principals, Outside Sales, Inside Sales, and Certified Pro<sup>3</sup> Specialists. These group e-mail lists are the source used by Seco for communicating announcements, general price revisions, product launches, STEP training schedules, etc.

It is both the Distributor and Seco's joint responsibility to ensure the contact information is accurate and complete so this information should be discussed and reviewed at each Planning meeting or general Sales meeting.

Seco publishes a Distributor newsletter called Channelink. This newsletter is issued quarterly to review a number of topics that range from product launch updates to STEP training class schedules. Seco suggests that Channelink be made readily available to those individuals in the Distributor's organization to who the information would be pertinent. The Channelink editions also appear in the Registered Users area on the Seco website.

### 3.11 DISTRIBUTOR ADVISORY COUNCIL

In the interest of developing strong business relationships and fostering open communication between Seco and the Distributor community, Seco has established a Distributor Advisory Council. A panel of 9 Distributor Principals and 9 Management Representatives from Seco conduct annual meetings to discuss issues, priorities and plans important to Seco Distributors. The Distributor members of the Advisory Council are a cross section of the entire Distributor Community and provide an interface that Seco views as essential in the formation of strategies and policies that will best serve the Seco/Distributor partnership. The Seco Distributor Advisory Council Charter can be found in the appendix.

### 3.12 DISTRIBUTOR ANNUAL INFORMATION MEETINGS

Seco hosts annual informational meetings either held in a central location or in various locations around the country to provide the Distributor Network with an overview of the business climate affecting Seco's performance as well as the performance of the Distributor Channels. These meetings are held early in the year which provides Seco and the Distributors a chance to discuss prior year performance, as well as economic and forecast issues to start the new year. It also gives Seco an opportunity to introduce new Distributor programs, products, and marketing initiatives for the coming year. Distributors are strongly encouraged to attend the meetings as the information presented provides the Distributor Network with valuable information in an efficient and impactful method. Failure to attend may impact GoldStar status. The meetings are typically two days in duration.

### 3.13 DISTRIBUTOR CONFERENCE

On an as needed basis, Seco may invite all of its Authorized Distributors to participate in a working conference for the purpose of discussing opportunities, issues and plans. Seco's top management, marketing staff and entire field sales force participate. This is an excellent opportunity for Distributors to contribute to the direction of the Seco Distribution network and learn from other

Distributors' experiences. Seco pays all land expenses and the Distributor provides its own transportation.

### 3.14 MONTHLY SALES MEETINGS

Clear communications between the Seco and Distributor sales organizations is a key element in meeting our goals. A critical element in that communication is the monthly Seco sales meeting.

Each month a meeting should be conducted by a Seco Technical Specialist with each

Distributor's sales force to cover key promotional programs, new product introductions and technical training. Seco Distribution and Business Development personnel will prepare a monthly sales meeting presentation for Seco sales teams to review with Distributors. This presentation will include Channelink highlights, Featured Product sales information, STEP training schedules, etc. Your local Seco representative will contact you to schedule your monthly meetings. We encourage you to sit down and plan these meetings in advance in conjunction with the annual Marketing Program Schedule to maximize the impact of Seco events and programs.



### 3.15 TECHNICAL SUPPORT

In addition to offering technical training courses and technical literature, Seco offers four levels of technical support to supplement Distributor's services:

- Trained Field Technical Specialists and Application Specialists are available to solve in-plant application problems, conduct training seminars and monitor changing customer product needs.
- The Tec Team, located at Seco headquarters, provides a technical Hot Line for use by the Distributor or end-user. To get immediate application assistance, simply call 1-800-TEC-TEAM (832-8326). A Technical Specialist will be there to help.



- The Tec Team also develops and provides training materials for various uses and as sales aids.
- Our Product Development Department addresses major market or application opportunities that may require unique expertise or product development. Inform your Technical Specialist if you require such support.

### **3.16 INTEGRATED SUPPLY**

Seco recognizes the increasing demand that customers are placing on suppliers to become more competitive and to provide efficiencies that improve the procurement of products into the customers' plants. These efficiencies have manifested themselves as vendor consolidations that often result in Integrated Supply. Seco recognizes Integrated Supply as a significant change in industrial distribution. Seco believes it is important to take a positive, active role with its distribution partners regarding Integrated Supply by providing technical assistance and cost savings documentation in support of a Distributor's Integrated Supply efforts. Seco reviews each independent Integrated Supply contract request on an individual basis. Please refer to the Integrated Supply Guidelines & Procedures, located in the appendix, for Seco's position on evaluating Integrated Supply situations.

## INTEGRATED SUPPLY GUIDELINES & PROCEDURES

### INTRODUCTION

Seco recognizes the increasing demand customers are placing on Distributors to become more competitive in today's market. They are evaluating supplier consolidation and ways to improve the procurement of products into their company. This increased pressure on the traditional distribution channel has evolved into a new channel to the market called Integrated Supply.

### DEFINITION

In an effort to understand what Integrated Supply is and how we work together, we first have to apply a general definition. For our purposes we will use, "a long-term relationship between an end-user and a supplier whereby the end-user identifies the supplier as the exclusive supplier for all or part of their MRO requirements including the exclusive supplier of all cemented carbide purchases."

### DECISION GUIDELINES

Although Seco makes every effort to support our distribution, ultimately Seco must abide by the customer's desire to buy the product from who they designate. The customer must see value in the services provided by local distribution. It is incumbent upon each Distributor to educate the customer on the value of the services they provide to them on an ongoing basis. In some cases, the customer may not see value in the services the local Distributor is providing and chooses not to maintain a tier-two relationship. In this instance, Seco will support the Integrated Supplier by selling directly to the Integrator.

### PROCEDURES

If a request is made by an Integrator to obtain a quotation or to purchase product direct from Seco without a letter of intent or a letter from the customer awarding the Integrator a contract, we refer the Integrated Supplier to a local Distributor. If a quotation request is made to Seco and is accompanied by a letter from the customer that a contract has been awarded, the procedure outlined below is followed.

#### Step 1

The Integrator must supply a letter to Seco's Manager of Channel Development from specified end-user that indicates an agreement exists. This letter must:

- Be on the end-user's letterhead.
- State that the Integrated Supplier has been awarded the agreement and that they are the supplier for product groups which would include Seco.
- State the length of time the contract will be in effect.
- Be signed by a person who has the authority to award an Integrated Supply contract.

#### Step 2

Notification of the contract will then be forwarded to Seco's Regional Manager whereupon the customer is contacted to review the request.

The objective of the meeting is to:

- Qualify the status of the Integrated Supply contract and what our role will be in servicing the account.
- Review with the customer the value and services the current Distributor is providing.
- Determine if the end-user sees value in the services the current Distributor is providing and if those services will be needed in the future.
- Understand how the Integrator will be compensated and how it will affect Seco's competitive position at the customer, (is the product to be cost plus a predetermined mark-up or is the end-user paying a management fee?).

#### Step 3

If the end-user determines to purchase through the current distribution as a tier-two supplier, the procedure outlined below is followed.

- The end-user agrees that the current Distributor provides value and can justify them as a tier-two supplier, Seco will recommend to the Integrated Supplier that purchases of Seco products are made through that Distributor. However, it is Seco's policy not to lower prices to the Authorized Distributor in order to support Integrated Supply purchases that are made through distribution. It will be up to the assigned Distributor to negotiate with the Integrated Supplier a mutually agreed to price that the customer is also willing to accept.

## INTEGRATED SUPPLY GUIDELINES & PROCEDURES

### Step 4

If the customer makes the decision not to participate in a tier-two relationship with local distribution and the Integrated Supply contract is verified, an Integrated Supply Agreement is sent to the Integrator for approval and signature. Upon the receipt of the signed agreement Seco will authorize the Integrator to purchase direct from Seco.

The contract will consist of:

- A site-specific agreement that details the Terms and Conditions of the contract.
- An Exhibit A which lists the name and location of the end-user where the Integrator is authorized to purchase directly from Seco.
- An Exhibit B for customers not sold on a direct basis that lists the name of the end-user and the assigned Distributor from whom they will purchase Seco products.

After an Integrated Supplier Agreement is signed and a new contract is awarded to the Integrator, the Integrator is required to follow the previously described review process.

### **INTEGRATED SUPPLY DISCOUNTS**

For customers sold on a direct basis to the Integrated Supplier, Seco will provide a discount for standard products based on the competitive situation at each individual customer. The determination of the discount offered to the Integrated Supplier will be at the sole discretion of Seco. For customers that Seco previously sold to on a direct basis the Integrated Supplier will receive the same net price as charged to the Customer with no discount.

These Guidelines and Procedures are a result of the evolving channel of Integrated Supply and the unique demands they have on our business. The intent of the Guidelines and Procedures is to provide a clear understanding of the process we follow when an Integrated Supply contract is introduced. If you have any questions regarding the Guidelines and Procedures please contact the Manager of Channel Development.

In the Seco Distributor Agreement and Practices Manual, Seco has required that any contract account, “meet comp,” or other discount granted by Seco to a distributor or other channel of distribution, is properly and legally used. In that regard in order to assure that competitive discounts are only used to support the distributor in meeting a specific lower price, Seco has conducted audits of distributors’ books and records for the purpose of verifying that discounts have been properly requested and applied.

Seco auditors have looked to see whether discounted prices awarded by Seco to its distributor were passed on to the customer and that the customer did not pay amounts over and above the discounted price for the purchase of Seco commodities or related services which were the subject of the discounted price. This assures proper provision and use of any discount.

In today’s competitive business climate, Seco’s distributors are pressured for the lowest discounted price available and, in addition, are required to provide a broad array of additional services sometimes not directly related to any product discount, rebate or promotional allowance which the distributor can obtain from Seco. Such additional services may include commodity management services, consignment inventory services, point of use vending, special marking and packaging, consolidated billing, special credit terms and specialized deliveries, among others.

Frequently, Seco distributors are not able to recover the costs of these increased additional services within the profit margin made available by Seco’s pricing, even with competitive discounts. Further, Seco’s historic approach of requiring that distributors not charge a customer over and above discounted price provided by Seco to the distributor, failed to recognize that total price charged to the customer by the distributor frequently includes both the cost of Seco goods, with discount and related services and, additionally, the cost for the provision of additional services.

To recognize this business reality and in order to meet competition from other manufacturers, Seco has amended its Distributor Practices Manual so

as to recognize that distributors render additional services and may charge for them. (See Paragraph 1.9) However, Seco remains equally mindful that distributors properly use any meeting competition discounts or other competitive allowances.

Additional services are those required over and above the price of the goods or commodities received from Seco and resold to the customer. By way of example and not limitation, additional service may include such services as commodity management, consigned inventory, point of use vending, special marking, packaging, consolidated billing, special credit terms, specialized deliveries and the like.

Distributors shall provide documents and information to auditors verifying that any additional sums have been received in connection with the rendering of additional services.

Consistent with Paragraph 1.9, it is recommended that distributors, when possible, separately bill customers for additional services and/or to “break out” line items for additional services in billings to customers.

Seco recognizes the efficiency improvements and cost savings that Electronic Commerce facilitates both for itself and for its Distributor partners. As a result, we are utilizing the most currently available technologies to improve service and provide timely information to our distribution network. The efficiencies gained through the use of Electronic Commerce allow Seco to offer a functional discount to those Distributors who elect to participate in this program. (see section 1.1b).

### FUNCTIONAL DISCOUNT REQUIREMENTS

There are two requirements for the Business Practices, Electronic Commerce Discount.

**The Distributor must place 75% of all order lines using electronic methods. The acceptable mediums are listed below.**

- EDI – Electronic Data Interchange
- My Pages / Seco On-line Store
- P21 – Trading Partner Connect (TPCx)

Downloading of Seco's Inventory Visibility data file a minimum of 3 times each week. The file is located in the Registered User's area of Seco's website. Seco's Inventory Visibility program provides Distributors with a daily updated file, containing all inventory on hand following the previous day's invoicing. Since the file and program are stored on the Distributor's PC's or networked system, access is virtually instantaneous.

### SECO.COM REGISTERED USERS AREA AND ONLINE STORE

Access to both the Registered User's area and the Seco Online Store require specific usernames and passwords. The username and password for access to the [www.secotools.com](http://www.secotools.com) Registered User's area will be sent approximately one week after becoming an authorized Seco Distributor.

The necessary login information for the Online Store can be obtained by applying for an account on My Pages ([mypages.secotools.com](http://mypages.secotools.com)) or by contacting customer service.

Certain information that is specific to each Distributor and may be considered sensitive (i.e. individual functional discount status) is secured with a special username and password issued to the Distributor principal or an individual within the organization chosen by the Distributor to have access to such information. Seco's Manager of Business & Sales Information will contact the Distributor shortly after authorization to set up this special username and password.

Please use the provided space below to catalog your Login information:

#### Registered User's area:

Username: \_\_\_\_\_

Password: \_\_\_\_\_

#### My Pages / Online Store:

Username: \_\_\_\_\_

Password: \_\_\_\_\_

#### Distributor Principal:

Username: \_\_\_\_\_

Password: \_\_\_\_\_

#### Designated as Distributor Principal:

\_\_\_\_\_  
\_\_\_\_\_

For questions concerning any aspect of Electronic Commerce or use of the [www.secotools.com](http://www.secotools.com) Registered User's area, please contact Craig Berryman, Electronic Commerce Technology Developer via e-mail; [craig.berryman@secotools.com](mailto:craig.berryman@secotools.com), or by phone at 248-528-5551.

## **CHARTER**

### **PURPOSE**

The Seco Distributor Advisory Council (D.A.C.) is intended to provide a forum for Seco's Authorized Industrial Distributor companies to meet with Seco Management, representing the entire Seco Distributor network. The Council will provide input and feedback on Seco's current Practices and Programs and present new ideas and programs for review. It will review industry trends that may have an impact on the industrial distribution channel and our ability to jointly serve our mutual customers. In addition, the D.A.C. will also serve as a forum for Seco to present distribution management with questions, ideas and programs for review and comment. The Seco Distributor Advisory Council is committed to making the inter relationship between Seco Tools Inc. and its Authorized Distributor Network the very best that it can be.

### **SUB-COMMITTEES**

The creation of sub-committees to study individual issues may be used at the discretion of the Council. Sub-Committee membership does not need to be limited to Distributor or Seco Tools Executive Management.

### **GOALS & OBJECTIVES**

- Foster open communication
- Encourage continuous improvement
- Identify market and channel needs
- Promote problem solving
- Provide a sounding board for new ideas
- Preview new programs for review
- Lead to new products or services

### **GUIDING PRINCIPALS**

Every Council participant should feel comfortable to present their opinion on a given subject matter and expect an impartial hearing from other Council Members.

The needs of the entire distributor community and market will be taken into consideration. Issues determined by the D.A.C. to be specific to a particular distributor or related to a narrow market segment, will be deferred for review outside the Council.

Seco Management will endeavor to review all Council recommendations and requests for possible implementation, consistent with Seco Tools' business objectives.

### **TIMING**

It is intended for the Council to meet on an annual basis.

## SUGGESTED PAYMENT SCHEDULE



Refer to Business Practices Section 1.1b

### Invoice Payment Recommendations To Meet Prompt Payment Requirements

<b>PAYMENT TO SECO</b>	<b>INVOICES DATED:</b>	<b>RECEIVED BY:</b>
<b>Monthly</b>	1st to 30th	15th of the following month
<b>Semi-monthly</b>	1st to 15th 16th to 30th	7th of the following month 22nd of the following month
<b>3 times per month</b>	1st to 10th 11th to 20th 21st to 30th	5th of the following month 15th of the following month 25th of the following month
<b>Weekly</b>	1st to 7th 8th to 14th 15th to 21st 22nd to 28th	3rd of the following month 10th of the following month 17th of the following month 24th of the following month

Note: The above payment guidelines would result in approximate average days paid of 30 days assuming an even distribution of daily sales dollars. If daily sales dollars are not evenly distributed, "Average Days Paid" will reflect the imbalance.

**IMPORTANT PHONE NUMBERS**

DEPARTMENT	PHONE	FAX
<b>Accounts Receivable</b>	(248) 528-5316	(248) 528-5602
<b>Advertising &amp; Sales Promotion</b>	(248) 528-5449	(248) 528-5603
<b>Credits &amp; Claims</b>		
Company Name	A-D, S-T (248) 528-5318 E-R, U-Z (248) 528-5317	(248) 528-5602 (248) 528-5602
<b>Customer Service Representatives</b>	(248) 528-5220	(248) 528-5250
<b>Education &amp; Training</b>	(248) 528-5455	(248) 528-5603
<b>Literature</b>	(248) 528-5240 Website: <a href="http://www.wolverinemail.com/seco">www.wolverinemail.com/seco</a>	
<b>Market Data</b>		
Monthly Resales	(248) 528-5326	(248) 528-5605
Quarterly Inventory	(248) 528-5445	(248) 528-5605
<b>Pricing</b>		
Contract Administration	(248) 528-5404	(248) 528-5605
Specials – Carbide/Steel	<a href="mailto:epd@secotools.com">epd@secotools.com</a>	(248) 528-5604
<b>Tec Team</b>	(800) 832-8326	(248) 528-5250

Regional Manager

---

Technical Specialist

---

Application Engineer

---

Customer Service Representative

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Other

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## QUARTERLY INVENTORY AND GROSS PROFIT % REPORTING FORM



As of \_\_\_\_\_

**Please fill in the INVENTORY DATA (required) and GROSS PROFIT % (optional)**

Total Seco Tools inventory value: \_\_\_\_\_

Date of inventory: \_\_\_\_\_

Is this for all branches? \_\_\_\_\_ This branch only? \_\_\_\_\_

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

Branch Location: \_\_\_\_\_

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

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

**Gross Profit %YTD:** \_\_\_\_\_

<p><b>Fax to:</b> (248) 528-5605</p> <p>Business and Sales Information Dept.</p>	<p><b>Email to:</b> dbd.us@secotools.com</p> <p>Download form: <b>www.secotools.com</b> Go to: <b>Registered Users/Forms</b></p>	<p><b>Mail to:</b> Seco Tools, LLC</p> <p>Distribution and Business Development 2805 Bellingham Dr. Troy, Mi 48083-2046</p>
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**REQUEST FOR CO-OP FUNDS FORM**



**Distributor Information:**

Distributor \_\_\_\_\_

Address \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

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

**Expense Type:**  
(circle one)

- 1. Seco Tools specific promotional material
- 2. Seco Tools specific promotional program
- 3. Direct mail expenses
- 4. Distributor inside / outside sales personnel incentive
- 5. Seco Tools produced co-op material
- 6. Seco Tools related training fees / travel expenses
- 7. Trade show space expenses
- 8. Catalog production
- 9. Other \_\_\_\_\_

**Please detail the activity for which you are requesting co-op funds. Where available, provide samples of mailings and/or promotional materials.**

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Signed \_\_\_\_\_ Approved by: \_\_\_\_\_

Distributor Seco Tools Regional Manager

**To submit for co-op payment:** Return completed, approved form to the address below. Attach copies of invoices. Payment is subject to the requirements and limitations detailed in section 3.7 of Seco Tools s Distributor Agreement & Practices binder.

Total expenses: \_\_\_\_\_ Payment amount: \_\_\_\_\_

**Mail to: Seco Tool, LLC**  
**Distribution and Business Development**  
**2805 Bellingham Dr.**  
**Troy, MI 48083-2046**

**Email to: dbd.us@secotools.com**

## NEW PRODUCT REQUEST FOR QUOTE FORM



Title	Comment	Information	Milling ▼
Quote Number		Assigned by Seco	
Requester		Person completing the form	
Seco Salesperson		Salesperson or Technical Specialist	
Copies to		Salesman, RM and Distributor get copies	
Date		Date you send this form to Seco	
Distributor Name		If direct please state	
City			
State			
Contact Name			
Email			
Phone			
Fax			
End User Name			
City			
State			
Contact Name			
Email			
Phone			
Fax			
Quantity		Quantities required i.e. 10, 20, 50	
Material		Material Spec. or Seco group number	
Similar product		Product similar to your requirements	
Competitor Name			
Competitor Price			
Current Problems			▼ Customers issue with current tooling
Customer Requirements			▼ Customer requirements for tooling
Drawings			Part print, tool drawings, process prints
<b>Milling</b>			
Cutter style			Cutter Style (R220.69, 335.19 etc)
Diameter (size range)			Cutting diameters (D <sub>c</sub> )
Height			Overall height
Axial depth of cut			Depth of cut (A <sub>p</sub> )
Radial depth of cut			Depth of cut (A <sub>e</sub> )
Mounting style	ABS	▼	
Mounting size			Cutter mounting size (1.00", 32mm)
Tool Rotation/Hand	Right hand	▼	
Through Coolant	External	▼	
Turn milling	Yes	▼	Cutter used for Turn Milling operation
Horse Power			Horse power at RPM (P <sub>c</sub> )
Number of teeth			Effective number of teeth (Z <sub>c</sub> )
Feed Rate			Feed per tooth or per revolution (F/F <sub>z</sub> )
Operation type	Rough	▼	Rough, Semi Finish or Finish
Machine Style	Horizontal	▼	
Comments	Please add as much information as possible in the section below		
<p><b>Please email this form to <a href="mailto:epd@secotools.com">epd@secotools.com</a></b></p>			

**REQUEST FOR QUALITY RETURN FORM**



Phone: \_\_\_\_\_ Zip: \_\_\_\_\_  
 Fax: \_\_\_\_\_ Seco Tools Specialist: \_\_\_\_\_ Zip: \_\_\_\_\_

**Product Information**



Quantity: \_\_\_\_\_  
 Description: \_\_\_\_\_  
 EDP# \_\_\_\_\_  
 Job# \_\_\_\_\_  
 Date Code: \_\_\_\_\_  
 Seco Tools Inv.# or Ref.# \_\_\_\_\_  
 Distributor Original PO# \_\_\_\_\_

**Quality Issue Information**

**Unused Product:**

- Incorrect Product Shipped     Misabeled Packaging     Damaged in Transit     Other

Comments: \_\_\_\_\_

**Used Product:**

Information listed below is necessary for prompt resolution of this claim. Consult your Seco Tools, LLC specialist for assistance.

Material Machined: \_\_\_\_\_ Scale? \_\_\_\_\_ Hardness: \_\_\_\_\_ Depth of Cut: \_\_\_\_\_  
 Yes     No  
 Speed: (RPM / SFPM) \_\_\_\_\_ Width of Cut: \_\_\_\_\_  
 Feed: (IPM / IPR) \_\_\_\_\_ Coolant:     Yes     No  
 Description of the Failure / Specific Defect: \_\_\_\_\_

**Please supply one good insert and one suspect insert if applicable.**

For product return authorization, fax or email this form to Seco Tools, LLC Customer Service. Fax: 248-528-5250    Email: stockreturns.us@secotools.com

You will receive a preprinted packing slip and address label by return fax or mail. Do not ship product prior to receiving authorization. Your Customer Service Account Number is no longer a valid Return Number. Unjustified quality claims will be returned against your original purchase order number, if available. Seco Tools, LLC will use the QC RMA# if your purchase order number is not available. All Return Authorizations expire 30 days from Date of Issue.

**RM#**