

EXAMPLE ONLY



## VAR/RESELLER REBATE PROGRAM

This agreement defines the relationship between Metalcraft and its VARs/Resellers that qualify for the Rebate Program. The purpose of this agreement is to establish mutually beneficial business alliances that will result in profitable growth. This agreement applies to VARs/Resellers that meet the following criteria:

**The VAR/Reseller must have \$10,000 in annual net purchases\* from the annual period 10/01 through 9/30 to qualify for “rebate” status.** Purchases are defined as invoiced orders. (NOTE: The \$10,000 benchmark is subject to change {increase} and will be reviewed every year.) Metalcraft RFID products are excluded from this program. **If your company qualifies at the end of our fiscal year we will notify you in writing and send you an agreement.**

Program Benefits for VARs/Resellers That Qualify for “Rebate” status:

1. VARs/Resellers will receive quotation prioritization. Quotation requests received will take priority and have a faster response time. (NOTE: Due to the wide range of requests we are not able to guarantee a response time.)
2. VAR/Resellers will receive a 40% discount from list price on any rush charges.
3. Unlimited quantity of outstanding support materials including new generic catalogs and support literature.
4. Metalcraft will provide an annual rebate incentive as set forth below for accelerated growth to qualified VARs/Resellers. The rebate will be in the form of merchandise credit and calculated from the actual dollar growth (net purchases) over the previous baseline. In order to receive this rebate the qualified VAR/Reseller's payments on account must be current.

Following is the rebate on incremental purchases:

Period 10/01/07 through 09/30/08	
Percent of Purchase Growth Compared to Baseline	Rebate Percent on Incremental Growth
0% < 5%	0%
≥ 5% < 10%	5%
≥ 10% < 25%	10%
≥ 25% < 50%	13%
≥ 50%	15%

\*Net purchases reflect discount and do not include freight/handling charges and tooling. Purchases for Metalcraft RFID products are excluded from this program.

Annual Rebate Incentive Example: If VAR/Reseller "XYZ" has a baseline of \$20,000 and \$30,000 of net purchases for the period ending 9/30/08 growth is 50%. Thus, the rebate is 15% on incremental sales of \$10,000 or a rebate of \$1,500.

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### VAR/Reseller Requirements:

1. If purchases fall below \$10,000 the VAR/Reseller is no longer eligible for "rebate" status. The VAR/Reseller may again qualify for "rebate" status after obtaining the minimum purchases during a future Metalcraft fiscal year period. If a VAR/Reseller reenters the program, the new baseline cannot be lower than the baseline prior to leaving the program.
  - ? EXAMPLE: Company ABC purchases \$10,500 worth of bar code products from Metalcraft during the period 10/1/05 to 9/30/06. It is eligible for "rebate" status during the period 10/1/06 to 9/30/07. However, purchases for the period 10/1/06 to 9/30/07 are \$7,500. Company ABC will not qualify for "rebate" status during the period 10/1/07 to 9/30/08. If it purchases \$10,000 during the period 10/01/07 to 9/30/08, Company ABC can once again qualify for "rebate" status for the period 10/01/08 to 9/30/09. The baseline for reentering the program is \$10,500.
2. The baseline of purchase growth is determined from the previous years' purchases and is a 2-year moving average. (NOTE: First year baseline is the previous year's net purchases.) The baseline will not decline and will always be equal to the largest baseline throughout the life of the program.
  - ? EXAMPLE: Company ABC qualifies for "rebate" status since it had net purchases of \$15,000 during the period 10/01/05 to 9/30/06. During 10/01/06 to 9/30/07 net purchases decline to \$10,000. The baseline for the period 10/01/07 to 9/30/08 remains at \$15,000 even though the 2-year moving average is \$12,500.

***The terms and existence of this agreement are confidential and will begin October 1, 2007, provided it is signed by the VAR/Reseller by December 14, 2007.***

This agreement may be renewed by the parties for an additional one-year period upon mutually written consent subject to annual review by Metalcraft. All terms, conditions, and pricing policies of Metalcraft apply to the extent they do not conflict with this agreement. Metalcraft may terminate the VAR/Reseller's participation in this alliance upon 30 days written notice if the VAR/Reseller fails to fulfill its obligations hereunder.

If the foregoing meets with the VAR/Reseller's approval, kindly so indicate by signing and returning the enclosed duplicate copy for Metalcraft's signature.

**Metalcraft Inc.** This Agreement is Accepted By:  
**Company Name**

\_\_\_\_\_  
Steve A. Doerfler  
President

\_\_\_\_\_  
Company Representative

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title