



*All Natural Land
Care Supplies*

Distributor Program

To qualify for distributor status the following terms and conditions need to be considered:

Minimum Orders

Customers must order in full tractor trailer-load quantities. This is the quickest and least expensive way to ship our products. There are sometimes opportunities to ship half loads, however, delays and greater shipping costs can be expected.

EXCEPTIONS:

- a. Customers who can provide their own trucking to and from our assembly plant, or
- b. Customers who are willing to pay the full cost of the trucking regardless of how much product is loaded. Note: freight costs can easily make the difference between being competitive and being too expensive.

NOTE: Distributors may not order only small (wholesale) quantities or more than two mixed pallets per trailer load and retain distributor pricing regardless of the above exceptions. A full truckload contains a maximum of 44,500 pounds net product weight plus pallets (890 fifty-pound bags). The cost of a full truckload averages around \$9500.00 but it depends on the selection of products.

Territory

Customers qualifying as distributors are requested to submit a list of zip codes or a zip code range within which they can physically deliver our products to wholesale customers. The sooner we have this information, the sooner we can begin to funnel leads to the distributor. Any leads that we receive from that territory will be immediately forwarded to the distributor. Our leads are generated by many venues including, but not limited to, trade shows, advertising, direct mailing, and educational seminars. Under certain circumstances, territory may not be exclusive (see Reselling). If, for example, a new distributor is located in a territory, where some of the area is already supplied by another distributor, exclusivity may not be entirely possible. We are also restricted by federal law in terms of how much exclusivity we can offer.

Listings and Leads

North Country Organics (NCO) will list customers who qualify as distributors in the NCO Product List and web site and funnel leads from the distributor's designated territory immediately to the distributor; however, none of this action will take place until the distributor has ordered and received a first shipment. NCO generates leads from many promotional efforts; however, the distributor should not depend completely on NCO for generating sales leads. Developing a growing customer base will require patience and a substantial effort from the distributor.

There are many occasions when customers or potential customers call from an area covered by a North Country Organics distributor, for a product that we have in stock. However, we normally defer the order to our distributor rather than sell directly to the customer.

In about 75 percent of these cases, educating the customers about the products takes NCO personnel a considerable amount of time and effort. Too often, the customer will call us back because they either had difficulty contacting the distributor or, more likely, the distributor does not stock the product that they are looking for. We suspect that, in many more instances, the customer just gives up, does not call us back, and settles for something different from a different source.

NCO has always encouraged customers to contact their nearest distributor or retail dealer for the products we recommend, especially for freight sensitive items like 50 pound bags of fertilizer. However, we also instruct them to call us back if they have any difficulty contacting the distributor or if the distributor does not have the item(s) in stock. We recommend that distributors encourage any customer to contact us if they want non-inventory items. In these cases NCO can sell directly to the customer (if they are willing to pay the freight costs) and credit a commission to the distributor's account. This way, we can take care of the customer's needs without sending them on a wild goose chase and without circumventing the distributor.

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If a customer from your area calls looking for something that you do not stock, we can sell directly to the customer and apply a five-percent commission to your account. These credits will appear on a biannual statement.

All drop ship items (such as Grub-Guard Nematodes) will be handled in the same manor unless you enable us to transact the sale on your behalf. We can write the order for you, if you wish, but you must be able to process credit card sales. (We will inform the customer that the transaction on their credit card statement will appear as a charge from your company.) We will not accept checks made out to North Country Organics and credit you with the difference between distributor and sales price. The paperwork is burdensome. If we do write the order on your behalf, we will sell products at our published retail prices unless the order totals over \$250.00 in which case we will sell at our published wholesale prices. We cannot keep track of the difference in prices from over 50 different distributors.

We apologize if this policy may, in any way cause inconvenience, and welcome your comments and concerns. Our relationship is very important to us and, as you may or may not know, we'll bend over backwards to preserve it.

Reselling

Some of our distributors use most of what they purchase from NCO for their own commercial operations and do not consider the sales of NCO products a priority. Their main incentive for becoming a distributor is the lower price. This practice is acceptable, however, NCO can not grant exclusive territory if the distributor is not engaged in actively marketing our product line. It may turn out that the distributor's territory remains exclusive by default; in other words, no one else is interested in actively distributing NCO products in the designated territory. But NCO reserves the right to set up another distributor who intends to actively resell our line if the existing distributor is buying mainly for their own use. We realize that it takes time to develop a growing customer base and we do not expect spectacular sales overnight. Using the product in ones own operation is an ideal way to experience its performance. Knowing how well these fertilizers and other related products work will enable the distributor to promote them with honesty and enthusiasm. We encourage experimentation before engaging in active sales.

Promotions

NCO is actively engaged in promoting its products through advertising, trade shows, direct mailing, web pages, and

educational seminars. Trade shows and educational seminars have proven, over time, to be the best venues in which to invest our resources. Distributors are often invited to participate in trade shows that attract customers from their territory. If NCO does not exhibit at shows in or near the distributor's territory, our Bradford, VT office should be notified. We may still be unable to attend but we will make every effort to do so. If we can't attend, we can send material to exhibit and often share the cost of the booth. Note: NCO does not exhibit at tradeshow open to the public.

Educational seminars are an extremely effective tool for attracting new customers. If speaking engagements can be arranged with trade associations or municipal and state education programs, our technical consultant, Paul Sachs is often available to speak. Paul's talks are all generic (non-advertising) and very educational.

Terms

Our terms for distributors are 2½%, 10 net 30 (2½% discount is available if the invoice is paid within 10 days of the date on the invoice) after credit has been established; however, the first truckload order must be prepaid regardless of the customer's credit status. Credit limits are the cost of one full truckload at distributor prices unless other arrangements are made in advance. This policy is not a reflection of creditworthiness. It represents the limitations of our credit line. Invoices for truckload quantities must be paid before new loads can be shipped. Past due accounts (even if they have not exceeded the credit limit) will be put on hold until the account can be brought up to date. Past due accounts will be charged a 2% per month finance charge computed from the original invoice date and are subject to attorney fees, collections fees, or both.

Tech Support

Distributors receive a complimentary copy of the North Country Organics Technical Manual (TSM). This booklet contains in-depth, detailed information about all our products, a one-of-a-kind pest control database, a general information section, testimonials, a glossary, and a complete index. Information beyond the scope of the TSM is usually available from our 400+ volume ag/hort library through one of our staff members. Paul Sachs, the founder and managing member of NCO, author of numerous related books and articles is often available for consultation.