

ENPOINTE
DEFERRED BILLING INVENTORY PROGRAM AGREEMENT

This agreement dated _____, is intended to acknowledge and ensure our mutual understanding regarding ENPOINTE Deferred Billing Inventory Program with respect to printed product ordered by _____(Customer).

The ENPOINTE Deferred Billing Inventory Program is administered as follows:

1. ENPOINTE will supply quality printing and inventory services of products for customers.
2. ENPOINTE and Customer will use best efforts at forecasting product usage for up to 12 months to give optimum price advantage and minimal obsolescence. A written acknowledgment to manufacture to forecast or a formal purchase order is needed prior to manufacturing.
3. ENPOINTE will ship product by release to meet required delivery date upon Customer's request.
4. ENPOINTE will bill Customer for product only upon release at the agreed-upon unit price. ENPOINTE payment terms are net 30 days.
5. ENPOINTE will hold product in inventory for a maximum period of 12 months with no additional charge to Customer. Product that has not had activity within 12 months of production will be shipped and billed to Customer at the agreed upon price. At that time, the product can be shipped, destroyed or moved into a "storage for fee" arrangement with ENPOINTE.
6. In the event of cancellation on any order placed by Customer, ENPOINTE will stop production and bill customer for efforts and materials up to cancellation date. Order cancellations must be in writing.
7. ENPOINTE will carry personal property insurance coverage for all products held in our inventory.
8. ENPOINTE shall be responsible for managing the inventories of product to ensure that no more than the maximum quantity of product, as agreed to with Customer, is being held in inventory. Customer shall be financially responsible for the purchase of all product maintained in the Deferred Billing Inventory Program.
9. ENPOINTE Deferred Billing Inventory Program and services are based on the understanding and commitment by customers, that Customer will be responsible for purchasing all items ordered by Customer or its agents and placed in ENPOINTE's inventory warehouse facilities for future requisition and use. This agreement is for 2 years and automatically renews for consecutive 2 year terms, at the end of each term. The program may be canceled at the end of each term. Program cancellation requires written notice of cancellation 90 days prior to the end of the contract term and full payment of all manufactured products.

Your acceptance of these terms is acknowledged by signing and returning this Agreement to ENPOINTE. The signer warrants that he/she is an authorized representative of the Customer.

We look forward to being of continued service to you.

ENPOINTE

Customer

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

New Deferred Sales Customer Procedure

- CEO, CFO or VP or Sales needs to approve all customers participating in the ENPOINTE Deferred Sales Program.
- The Deferred Sales contract form #ACCT006 is on the Intranet and in preiso\Documentation\Accounting\ISO Forms\Posted PDFs\ACCT006 Deferred Billing Agreement. All Deferred Sales customers are required to sign the contract.
- Sales Rep presents contract to customer for signature.
- Signature of an officer of ENPOINTE is obtained.
- Copy of signed contract goes to customer and to ENPOINTE's CFO, and Controller.
- Salesperson contacts the Distribution Manager and Client Services to make them aware of the customer (and their program) entering the deferred sales program.
- Client Services will forward an Inventory Maintenance form to itemmaster@alwaysevenpointe.com.
- CFO or Controller coordinates invoicing process setup with Accounts Receivable team.

Deferred Sales (Finished Goods (BAU)) Instructions for Sales

The term for Deferred Sales in PrintStream is "Finished Goods (BAU)" — BAU is an acronym for Bill-As-Used.

E-Ticket

1. The product code for Finished Goods Production Jobs is Finished Goods (BAU)-PROD.
2. The Inventory Code must be part of the job description.
3. The ship-to block on the E-Ticket must indicate the shipment is for Inventory.

E-Ticket Flow (Prior to Accounting)

1. The ENPOINTE E-Ticket will be available for inventory receiving processes.
2. The ENPOINTE E-Ticket will be available to the Distribution CSR team, where the Declared Value and Finished Goods (Lot) Price will be verified in the PrintStream Item Master Files.
3. Note: All expedited shipments of newly manufactured product must be processed as a Receipt and Sales Order, so the usage of the material is tracked in the Inventory Usage Reports used by accounting for month-end invoicing processes.

Deferred Sales Pricing Management

1. Sales maintains appropriate market pricing with program customers.
2. Sales determines pricing when a manufacturing job is initiated.
3. The unit sell price is entered into the job at initiation.
4. The unit sell price is entered by Distribution when the Finish Goods product is received into inventory.
5. Upon manufacturing completion, the unit sell price is included in the Finished Goods pre-bill and double checked by the sales rep. Any pricing discrepancies are edited by the sales rep on the pre-bill. The sales rep then communicates the pricing change to distribution. Distribution then edits the products pricing.
6. The PrintStream Lot Control can manage product having different prices. The older lots will be used first for Inventory Issues and Sales Orders.

E-Ticket Production Pre-Bill

1. The job will be closed and pre-billed within the eHub billing application. The pre-bill job type will indicate this is a Finished Goods (BAU)-PROD job.
2. Accounting is to indicate on the pre-bill that the job is BAU, the inventory code, unit price, unit cost and the quantity going to Finished Goods Inventory.
3. Once approved by sales, the prebill is invoiced by the accounting team.

Product From ENPOINTE Inventory to a Job

1. The product from ENPOINTE inventory needed on a job is taken out of Inventory with an Issue which is created by either the Sales or Distribution CSR. The COST of the product moving to a job is on the Billing Worksheet. Sales will include the SALE PRICE of this product as either a line item on the invoice or as part of the price of the job.

Deferred Sales Inventory Management

1. The Deferred Sales inventory is reconciled monthly by the sales rep, using the Inventory Usage Report.
2. Sales coordinates the expiration process on any Finished Goods that have aged past their contractual stale date.
3. Sales communicates to Distribution if stale Finished Goods are to be destroyed, shipped to customer, or moved to customer owned fee for storage.
4. Distribution issues a Sales Order in PrintStream.

Recycling or Destroying Finished Goods Inventory

Due to Request by Customer or Sales

1. Distribution will receive direction from Customer/Sales with a Scrap PO.
2. Distribution will create a sales order for the Scrap PO and informs Sales of the sales order number.
3. The quantity is entered on the Deferred Sales Spreadsheet like a sales order would be.
4. The Sales Order is invoiced to the customer within the Sales Order Fulfilment process.

Sales Order Fulfilment

5. The product being shipped to a customer is taken out of Finished Goods Inventory with a Sales Order through the website or manually created by a Distribution CSR. The COST of the product is shown on the Billing Worksheet.
6. The orders are invoiced under the monthly job opened by Accounting.
 - Monthly jobs are identified by the Finished Goods (BAU)-Monthly product type.
7. Based upon the customer the frequency of invoicing can be per order, weekly or monthly.
8. Sales Orders are invoiced to the customer as individual invoices per Sales Order or as a cumulative invoice, including all Sales Orders within the period, and supported by itemized reporting.