

BIG NEWS – IMPORTANT CHANGES

July 30, 2010

Dear Liberty Distributor:

In an effort to help you capitalize on Reid Supply Company's substantial investment in marketing and branding, as well as to offer more personalized catalog options, we are making some significant changes to our Liberty Distributor Program. We are confident that this new program will help improve your visibility, while giving you the opportunity to take advantage of Reid Supply's advertising campaigns.

■ **NEW Catalog Options**

On the following pages, we have illustrated four new catalog options to help you determine which approach works best for your company. Additional details and pricing for each option are provided on pages 2-3.

Option A – Reid Supply branded catalog with your company label

Option B – Reid Supply branded catalog with your company imprint

Option C – Liberty Tool branded catalog with your company label

Option D – Non-branded catalog with your company imprint (no Reid Supply or Liberty Tool branding)

■ **NEW Reid Marketing Dollar\$ Program**

We want to assist you in purchasing these catalogs, so we are offering a new rewards program called Reid Marketing Dollar\$ to help offset the cost. The amount of Reid Marketing Dollar\$ you have earned is based on your purchase volume from the previous twelve months. See page 4 for further information.

■ **NEW Product Pricing & Discount Codes**

Unlike the past, pricing is now included in the catalog rather than a separate price list. Using our new discount codes, you can easily identify your discount percentage off regular list price. More details and code references are provided on page 4 and on the enclosed Discount Code Reference Charts.

■ **NEW Liberty Tool Web Site**

Based on a recent survey, we discovered that very few distributors direct their customers to the Liberty Tool web site. Many indicated, however, that they would if the web site was stronger and more user-friendly. With this in mind, we will be redesigning the Liberty Tool web site later this year. In the meantime, you will be redirected to the Reid Supply web site to obtain current list pricing and to determine your discounted cost. This temporary change is discussed further on page 5.

We are excited to offer this new program to you and your customers, so please read on for more details. Lastly, we want to thank you for your ongoing partnership with Liberty Tool/Reid Supply Company.

Sincerely,


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■ NEW Catalog Options

With the introduction of our new distributor program, we are offering four catalog options so you can determine which approach works best for your company. Each option has a different cover design and method for personalizing it with your company name, address, phone number, fax number, and email address. (Please note that each option is for a different cover design only. The inside pages for all four catalogs are identical.)

Due to varying production costs, each option has its own unit catalog price and minimum order quantity. The good news, however, is that you may have already earned Reid Marketing Dollar\$ to help offset this cost. Learn more about the new Reid Marketing Dollar\$ Program on page 4.

Once you have decided among the options shown below, please see the enclosed Catalog Order Form on pages 7-8 for specific ordering instructions.

OPTION A – Reid Supply branded catalog with your company label

This catalog cover has a blank area where you can affix a label with your company information. If you choose this option, we will design the label artwork and print the labels for you. (Please note that the labels will be mailed to you separately from your catalogs.)

This is the direction we hope most distributors will move to in order to reap the benefits of the millions of dollars we spend advertising the Reid Supply name on a national level. Similar to McDonald's® and its independent franchises, we want you to gain from the branding we do.

Unit Catalog Price: \$2.00 Each
Minimum Order Quantity: 5 Catalogs

Place your
company
label here



OPTION B – Reid Supply branded catalog with your company imprint

This catalog cover offers the same branding advantage as above, but allows you to customize it further by having your company information imprinted directly on the cover.

Unit Catalog Price: \$8.00 Each
Minimum Order Quantity: 50 Catalogs

Print your
company
info here



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OPTION C – Liberty Tool branded catalog with your company label

This catalog cover has a blank area where you can affix a label with your company information. If you choose this option, we will design the label artwork and print the labels for you. (Please note that the labels will be mailed to you separately from your catalogs.)

To take advantage of the branding dollars Reid Supply spends, we intend to phase-out this catalog and consequently offer only a limited supply this year.

Unit Catalog Price: \$5.00 Each
Minimum Order Quantity: 10 Catalogs

Limited Supply Only!

Place your
company
label here

**OPTION D – Non-branded catalog with your company imprint (no Reid Supply or Liberty Tool branding)**

If you simply want to brand your company only, then you can choose one of our custom catalog covers that make no mention of Reid Supply or Liberty Tool. Your company information will be imprinted directly on the cover.

As you may expect, the production costs for this option are higher than the others, but this is still less expensive than producing and printing your own catalog.

Unit Catalog Price: \$16.00 Each
Minimum Order Quantity: 250 Catalogs

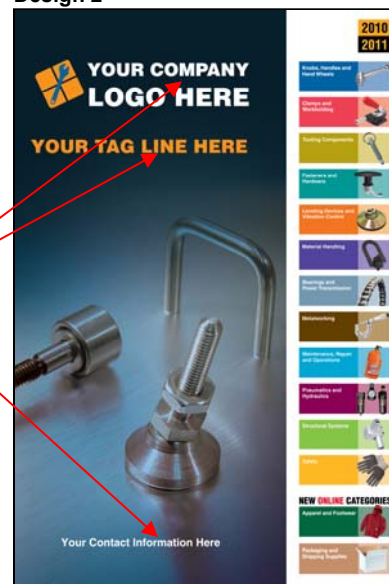
Choose One of Our Custom Designs!

Design 1



Print your
company
info here

Design 2



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■ NEW Reid Marketing Dollar\$ Program

We want to assist you in purchasing your catalogs and other marketing collateral, so we are offering a new rewards program called Reid Marketing Dollar\$ to help offset the cost. The amount of Reid Marketing Dollar\$ you have earned is based on your purchase volume from the twelve-month period of May 1, 2009 through April 30, 2010.

Below is the criteria used to calculate rewards. Your purchase volume from the previous twelve months and your Reid Marketing Dollar\$ earnings are shown on the enclosed Catalog Order Form.

<u>Purchase Volume</u>	<u>Reid Marketing Dollar\$ Earned</u>
\$10,001 - \$20,000	1.0% in Reid Marketing Dollar\$
\$20,001 - \$50,000	1.5% in Reid Marketing Dollar\$
\$50,001 - \$100,000	2.0% in Reid Marketing Dollar\$
\$100,001 & Over	2.5% in Reid Marketing Dollar\$

For some distributors, their reward will completely offset the cost of their catalogs. Later in the year, we will introduce additional marketing collateral (flyers, pamphlets, etc.) that can further bolster your sales. The Reid Marketing Dollar\$ Program can be used for those marketing materials as well. However, the Reid Marketing Dollar\$ can not be used for product purchases and they will expire on June 30, 2011. To use your Reid Marketing Dollar\$, complete the enclosed Catalog Order Form or call Dwane Nyquist at 231-767-3722.

■ NEW Product Pricing & Discount Codes



Unlike the past, product pricing is now included in the catalog rather than a separate price list. And with our new discount codes, you can easily find the discount percent off regular list price on all items throughout the catalog. This discreet code will inform you, not your customer, what discount you receive. Then you can determine how much, if any, of that discount you want to share with your customer.

Since the pricing in your catalog is 100% consistent with Reid Supply's regular catalog, there is no concern that your customer will want to buy directly from us, as there is no advantage to doing so.

Please keep in mind that pricing is subject to change as market conditions change. The printed catalog pricing will give you and your customer strong guidance.

Below is a catalog page representation to show where the discount code appears in relation to product pricing. A summary of the code references and their discount percentages are also provided below.

Example: Your cost for the KPB-1209 would be \$0.42 (\$0.60 less 30%).

DISCOUNT CODES				Black Thermoplastic Plastic Thread or Steel Insert Metric		Discount Code	
Code	Discount	Code	Discount	Pricing		The Letter "G" indicates a specific pricing discount. G = 30%	
A	0%	H	35%				
B	5%	J	45%				
C	10%	K	50%				
D	15%	L	55%				
E	20%	M	60%				
F	25%	N	40%				
G	30%						

Plastic Thd. Cat. No.	Steel Insert Cat. No.	Dia.	Thread	Thread Depth		Price Each	
				Plastic	Steel	Plastic	Steel
KPB-1209		16	M4x.70	7		.60	
KPB-1210		16	M5x.80	7		.60	
KPB-1211	KPB-1217	20	M5x.80	9	7.5	.62	.82
KPB-1212	KPB-1218	20	M6x1.00	9	7.5	.62	.88
KPB-1213	KPB-1219	25	M6x1.00	11	9	.72	.94
KPB-1214	KPB-1220	25	M8x1.25	11	9	.72	1.06
KPB-1215	KPB-1221	32	M8x1.25	14.5	12	.98	1.32
KPB-1216	KPB-1222	32	M10x1.50	14.5	12	.98	1.58

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■ **NEW Discount Code Reference Charts**

We have provided two Discount Code Reference Charts – one pocket-size version (enclosed) and one large-size version (see page 6). You and your sales personnel can use these charts as a handy reference tool when talking with customers. Additional charts can be printed from the web site.

■ **NEW Liberty Tool Web Site**

Based on a recent survey, we discovered that very few distributors direct their customers to the Liberty Tool web site. Many, however, indicated that they would if the web site was stronger and more user-friendly. With this in mind, we will be redesigning the Liberty Tool web site. Throughout the coming year, we want to work with our distributors to create a web site that makes it easier for you and your customers to use. Equally important, we share a common goal of protecting your relationship with your customers.

In the meantime, when you log on to LibTool.com, you will be redirected to ReidSupply.com. While shopping online, you can view our suggested retail price and your distributor price, as well as your savings. You may also call Customer Service at 800-778-8387.

We are looking forward to this new year and believe these changes will help boost your sales level, as well as reduce costs throughout the process. As always, we welcome any comments you may have. Please feel free to contact either of us by phone or email.

We look forward to growing our relationship further and anticipate a strong 2010/2011!

Sincerely,


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Discount Code Reference Chart

We are providing you with two Discount Code Reference Charts that your sales personnel can use when talking with customers.

This large-size version and the enclosed pocket-size card can be used as a handy reference tool.

Additional charts in both sizes can be printed from the artwork provided on our web site.

A: 0%

B: 5%

C: 10%

D: 15%

E: 20%

F: 25%

G: 30%

H: 35%

J: 45%

K: 50%

L: 55%

M: 60%

N: 40%

This is a convenient reference guide to the discount codes in the **2010/2011 catalogs used by our distributors.**



A Reid Entities Company



800.778.8387

LibTool.com