

Purchasing Memo

To: **All New York State Agencies**

From: **Lexmark International, Inc.**

Date: **July 26, 2002**

Re: **Lexmark Special Toner Cartridge Purchasing Program: Reverse Distribution and Order Replenishment Program**

Lexmark offers a special program to the State of New York agencies for purchase and return of regular toner cartridges. This program (Reverse Distribution and Order Replenishment Program) covers order processing, order fulfillment, and invoicing and is available only through Lexmark. Lexmark's Prebate cartridges are not eligible for this program. Any New York State agency eligible to purchase from state contract number PT58730 is eligible for this program.

Benefits: This cartridge replenishment program allows NY State Agencies to obtain discounts off the price of Lexmark's regular toner cartridges when purchased directly from Lexmark. After the purchase of a regular cartridge at the New York State contract price, return of the cartridge prompts an automatic reorder of a like cartridge but at a discounted price. Subsequent cartridge returns will trigger automatic re-orders at the discounted price.

Starting the Program: If a NY State Agency desires to participate in this Program, it must place an order directly with Lexmark via phone, fax, or e-mail and using a unique part number. (see following page for order details). This initial order produces a "seed" cartridge to be used for subsequent purchases. This seed cartridge must be returned to Lexmark per Lexmark's instructions in order to obtain a discount on the next cartridge purchase. To be eligible for the discount, agencies must return the cartridge in the return shipping box provided by Lexmark at purchase. Upon receipt of the seed cartridge in the approved box, Lexmark will automatically process an order to ship the agency the same P/N cartridge type as that received and, in addition, apply a credit to the purchase price equal to the current price difference between regular price and the Prebate price for that cartridge. The replacement cartridge will be shipped back to the exact NY State Agency location that returned the seed cartridge. Lexmark will pay for "ground service" shipping of new cartridges to the various agencies and will also pay for "ground service" return of the empties. The replacement cartridge (and any subsequent ones) must then be returned to Lexmark in order to trigger additional automatic orders and discounts.

Receipt of the unique Reverse Distribution and Order Replenishment Program P/N by Lexmark would in essence be the "confirming purchase order" from the NY State Agency. The participating NY State Agency would need to have an "Open to Buy / Blanket P.O." capability.

Logistical Steps:

1. NY State Agency places seed order to start the process/program at the New York State contract price for regular pricing charged.
2. NY State Agency packs and ships the empty toner cartridge back to Lexmark using the pre-addressed, pre-paid UPS-ARS label on the outside of the original cartridge box.
3. Lexmark receives the empty toner cartridge as the individual NY State Agency purchase order.
4. Lexmark processes this P.O. (Empty Toner Cartridge Receipt). Lexmark ships a replacement toner cartridge (the same cartridge type, P/N as received) back to the same individual NY State Agency.
5. Average order shipping turn-around time (including empty cartridge shipping) = 9 to 10 working days.

Invoicing: On the initial order, Lexmark would invoice the ordering NY State Agency at the contract price for regular cartridges. Return of the spent cartridge triggers an automatic order for a like cartridge; Lexmark will invoice this subsequent order at the discounted price. Invoice pricing will be net/net, meaning, Lexmark will NOT show a credit entry on the invoice. The NY State Agency may need to balance this credit transaction at its location.

Lexmark-Reverse Distribution and Order Replenishment Program: Order Procedures & Form

Qty	P/N	Description	1 st Order Price	Subsequent Order Price
	NYST001	Regular Optra S High Yield Toner Cartridge	\$208.04	\$175.08
	NYST002	Regular Optra Se High Yield Toner Cartridge	\$265.71	\$228.64
	NYST003	Regular Optra T High Yield Toner Cartridge	\$281.16	\$233.79
	NYST004	Regular T 520, 522 High Yield Toner Cartridge	\$300.73	\$251.30
	NYST005	Regular T 620, 622 High Yield Toner Cartridge	\$332.66	\$281.16
	NYST006	Regular E320, E322 High Yield Toner Cartridge	\$124.05	\$103.45
	NYST007	Regular C750 High Yield Toner Cartridge, Black	\$167.56	\$139.76
	NYST008	Regular C750 High Yield Toner Cartridge, Cyan	\$369.73	\$307.94
	NYST009	Regular C750 High Yield Toner Cartridge, Magenta	\$369.73	\$307.94
	NYST010	Regular C750 High Yield Toner Cartridge, Yellow	\$369.73	\$307.94

Please be aware that Lexmark recommends that an inventory level of two (2) extra cartridges be kept at all times per mono (black) printer and one (1) extra cartridge per color for the color printers. These inventory levels are to cover the shipping and handling period and allow you to have a toner cartridge for printing.

To process an initial order for a Reverse Distribution and Order Replenishment Program cartridge (items listed in above table), please complete the above table (Qty.) and fax your order to **1 (866) 232-4202**. Lexmark will also accept an initial order via phone or e-mail. In all methods of communication to Lexmark, please leave your name and phone number, the New York State Agency name, and complete shipping address.

Fax: 1 (866) 232-4202

Phone: 1 (877) 539-6275 ext. 83282

E-mail: lgeorge@lexmark.com

Please remember the following information:

1. Agencies must initiate the first order via phone, fax or e-mail. Upon receipt of the spent toner cartridge, Lexmark will process another order automatically for the same P/N and ship that P/N to the same NY State Agency location. A subsequent return is required in order to trigger an additional order.
2. Lexmark will invoice at the contract price for regular cartridges on the initial order. Upon receipt of a spent cartridge, Lexmark will invoice at the discounted price.
3. Questions about the Reverse Distribution and Order Replenishment Program for the NY State Agencies should be addressed to Lexmark at: 1 (877) 539-6275 ext. 83282.

4. To discontinue participation in the program, an agency must contact their Lexmark Customer Service Representative and advise them of their decision to discontinue. This communication must go to the contact points outlined on the previous page (same Lexmark contact points as the initial "Seed" order). Upon receipt of the final empty cartridge by Lexmark, Lexmark will NOT process another order and will issue a final RDP credit (check or credit) at the Agency's discretion. Re-entry to the program must occur via the purchase of a new seed cartridge at the contract price for regular cartridges.

Other Requirements

Prebate cartridges are not eligible for this program and, in addition, do not qualify as may not be returned as seed cartridges to trigger a discounted order. Only like-for-like cartridges may be exchanged. Substitutions are not acceptable.¹

¹ For example: An agency purchases p/n XXXXXXXX using the unique part number. To trigger an automatic order at the discounted price, the agency must return (per Lexmark's instructions using the special shipping label) an identical p/n. Return of p/n YYYYYYYY will not trigger an order for p/n XXXXXXXX at the discounted price.