

**General Terms and Conditions for Purchase Contracts and Purchase Orders**

1. **DEFINITIONS** Seller means the party identified as the Seller on the face of the Purchase Order. Purchaser means MeadWestvaco Packaging Systems, LP or MCOP Canada Limited. Contract means the Purchase Order ("Purchase Order"), all documents incorporated by reference under the Purchase Order, these terms and conditions themselves with any confidentiality or secrecy agreement executed by Purchaser and Seller, and all exhibits and amendments to all such documents. Items mean any goods, leasehold or services to be provided or performed by Seller under the Contract. Price means the amount to be paid by Purchaser to Seller under the Contract for the Items. The Price shall include freight charges, if any, and any sales tax or excise tax imposed upon the sale of the Items by any governmental authority having jurisdiction to impose such sales or excise taxes. Purchaser shall pay no other charges or taxes.
2. **ACCEPTANCE** Seller's acceptance of any Purchase Order shall be expressly limited to the terms of the Contract, and Purchaser objects to any contrary term contained in any quotation, order, acknowledgment, invoice or other document originating with Seller. Any terms and conditions printed on any Purchase Order, any release order, acknowledgement, invoice or other document issued by either Seller or Purchaser which conflict in any way with these terms and conditions are superseded by these terms and conditions. By shipping goods or performing services after receipt of a Purchase Order, Seller shall conclusively be deemed to be bound by these terms and conditions and all other provisions of the Contract.
3. **BLANKET ORDER** If the Purchase Order is designated by Purchaser as a blanket order, Purchaser shall be obligated to purchase only those quantities of Items which it specifically requests under separate subsequent release orders issued by Purchaser to Seller.
4. **PRICE** The Price shall be that stated in the Purchase Order unless such price exceeds the lowest price at which Seller is selling Items or similar items to its other customers as of the date of delivery to Purchaser, in which case the lower price shall control. If there is no price stated in the Purchase Order, the Price shall not be higher than that last charged or quoted Purchaser for such Items by Seller. If there has been no charge or quotation by Seller to Purchaser for Items previously and if no price is set forth in the Purchase Order, Purchaser shall have the right to return the Items with Seller paying the cost of transportation if Seller charges a price which is in excess of the lowest price at which Seller is selling Items to its other customers as of the date of delivery to Purchaser. If prior to delivery of the Items, Purchaser is able to purchase a portion or all of the Items, or similar items of like quality, at a price which is less than the Price, Purchaser shall notify Seller. Should Seller fail to meet such lower price, Purchaser may, at its option, purchase from the other source at the lower price, in which event Purchaser and Seller shall be relieved of their obligations under the Contract in respect of that portion of the Items or similar items purchased from the other source.
5. **DRAWINGS AND SPECIFICATIONS** Any specifications, drawings, notes, instructions, engineering information, or technical data furnished by either Purchaser or Seller to the other, or referred to in the Contract shall be incorporated herein by reference. Seller shall be fully and solely responsible for obtaining product data adequate to design, manufacture, fabricate,

construct and deliver the Items in compliance with all requirements of the Contract. Purchaser shall retain title to all such documents which it provides or causes to be given to Seller, and Seller shall not use any of such documents or the information contained therein for any purpose other than in performance of the Contract. Seller shall not disclose such documents or information to any party other than Purchaser or a party duly authorized by Purchaser. Upon Purchaser's request, Seller shall promptly return to Purchaser all such documents and copies thereof.

6. DELIVERY The Seller shall deliver the Items to Purchaser on the date(s) indicated in the Purchase Order. If Seller fails to make delivery of any part of the Items on the date(s) indicated the Purchaser may terminate the Contract and pursue other remedies. All shipments shall be delivered F.O.B. to the destination designated by Purchaser in the Purchase Order, and risk of loss shall remain with Seller until the Items in a completed state are received by Purchaser, its agent or consignee regardless of whether or not Purchaser has made full payment for the Items. A packing slip must accompany each such shipment, and if a shipment is to a consignee or agent of Purchaser, a copy of the packing slip shall be forwarded concurrently to Purchaser. If no such packing slip is sent, the count or weight by Purchaser or its agent or consignee is agreed to be final and binding. Seller, or the carrier it uses to transport Items, whichever is applicable, shall (a) comply with all applicable federal and/or provincial transportation legislation, whether in respect of air, rail, water, motor carrier or any other form of transportation, including maintaining all permits, licenses and safety designations required under such legislation or any regulations pursuant thereto, including without limitation the *Motor Vehicle Transport Act* (Canada), the *Canada Transportation Act*, the *Canada Shipping Act* and the *Truck Transportation Act* (Ontario) or comparable provincial legislation, and shall provide Purchaser with written proof of such licenses, permits or safety ratings on request of Purchaser, and (b) shall maintain comprehensive general liability Bodily Injury and Property Damage insurance in the amount required by Section 15, unless a larger amount is required by any federal, provincial, or municipal regulatory agency, in which event such larger amount shall be maintained.

7. WARRANTY Seller warrants that for a period of four years after the delivery of or performance of the Items to or for Purchaser, the Items will (a) be of merchantable quality; (b) be fit for the Purchaser's particular purposes; (c) be of high quality, and be free from defects in material and workmanship; (d) comply with the most stringent of Purchaser's or Seller's specifications, performance guarantees and requirements; and (e) comply with all federal, provincial and municipal laws, regulations or codes and established industry standards. All Items shall be sold by Seller to Purchaser free and clear of any liens and encumbrances. Seller's warranties and guarantees shall survive inspection, delivery and acceptance of the Items and/or payment by Purchaser. If the Items do not conform to any of these warranties, then, at Purchaser's option, Seller shall repair or replace the defective Items, F.O.B. Purchaser's designated site at Seller's expense, or in the case of services, re-perform the services at Seller's expense. Seller shall be responsible for all expenses and damages which Purchaser incurs, including, but not limited to, incidental and consequential damages. The foregoing warranties and obligations shall also apply to the Items supplied by Seller in such repair, replacement or performance. Seller shall pass on to Purchaser the benefit of any manufacturer's warranties.

8. CHANGES Purchaser shall have the right to make changes (including additions and/or omissions) from time to time in the Items, any specifications and/or drawings which are a part of

the Contract, method of shipment or packing and/or the time and/or place of delivery. Purchaser shall give Seller written notice of any such change which notice may include any increase or decrease in the cost of or the time required for performance of the Contract determined by Purchaser to be appropriate. If Seller does not agree with such adjustments, or if the notice does not contain any such adjustments, Seller shall still be obligated to proceed immediately with all of the changes directed by Purchaser without waiting to reach an agreement on any such adjustments. Any claims by Seller for adjustments after its receipt of Purchaser's change order must be asserted in writing to Purchaser not more than ten (10) days after such receipt by Seller or such claim shall be null and void.

9. PAYMENTS AND INVOICES The specific terms of payment for all Items are stated in the Purchase Order. Unless otherwise specified therein or in a separate written instrument signed by Purchaser, no invoice shall be issued by the Seller prior to the shipment or performance of the Items covered thereby, and no payment shall be made prior to receipt of such Items and of a proper invoice for such Items. Purchaser may withhold any payment otherwise due under the Contract to such extent as may be necessary to protect Purchaser from loss because of: (a) evidence of financial difficulty of Seller which might prevent complete performance of the Contract by Seller; or (b) a breach by Seller of any provision of the Contract.

10. INSPECTION AND PRE-WARRANTY PERIOD DEFECTS Purchaser may inspect any Items ordered hereunder during their manufacture, construction or preparation at reasonable times and shall have the right to inspect such Items at the time of their delivery and/or completion. Items furnished hereunder may at any time prior to the beginning of the warranty period stated above in Section 7 be rejected for defects revealed by inspection or analysis even though such Items may have previously been inspected and accepted. Such rejected Items may, at Purchaser's option, be returned to Seller for full refund to Purchaser, including removal, shipping and transportation charges.

11. PATENTS The Seller shall indemnify and hold harmless the Purchaser from any and all claims for infringement of any patent, copyright or trademark by reason of the design, manufacture, purchase, use or sale of the Items and shall indemnify the Purchaser for all costs, expenses, judgments, liability and damages, including attorneys' fees, which the Purchaser may incur or have rendered against it by reason of any alleged infringement.

12. COMPLIANCE WITH LAWS AND REGULATIONS Seller warrants that neither any of the Items provided to Purchaser nor their manufacture, fabrication, construction, transportation or use shall violate or cause Purchaser to be in violation of any federal, provincial or municipal law, code, ordinance, regulation, standard, rule, requirement or order. In the event of any conflict between the provisions of any laws, codes, ordinances, regulations, standards, rules, requirements or orders described in this Section 12, the more or most stringent provisions shall apply. Without limiting the foregoing, Seller certifies and guarantees that all Items, including their manufacture, fabrication, construction, transportation or use: (a) will conform with all applicable federal and/or provincial consumer product safety standards; (b) will not contravene any federal and/or provincial environmental or hazardous products legislation, including without limitation, the *Hazardous Products Act* (Canada) and the *Environmental Protection Act* (Ontario) or comparable provincial legislation. Seller represents and warrants that it has not violated any federal and/or provincial occupational health and safety legislation in connection with the manufacture, fabrication, construction or transportation of the Items, including without

limitation the *Occupational Health & Safety Act* (Ontario), *Workplace Safety and Insurance Act* (Ontario) or comparable provincial legislation. All Cartons, materials and devices provided under the Contract shall be subject to the approval of risk control consultants designated by Purchaser, unless Purchaser waives such requirements. Seller shall promptly take, at its expense, all action necessary to make all Items comply with the applicable federal, provincial or municipal laws, codes, ordinances, regulations, rules, standards, requirements or orders after Seller receives either from the applicable agency or from Purchaser a notice that some violation exists with respect to the Items. If Seller fails to promptly take such action, Purchaser may take all such action at Seller's expense. Seller shall also be liable for the payment of any penalties and/or fines imposed as a result of the failure of any Item provided by or for Seller hereunder to comply with all of the above requirements.

13. LIENS Seller hereby waives its rights to any mechanics lien or other lien under any applicable statutes or otherwise for all Items furnished in connection with the Contract. Prior to Seller's receipt of each payment under the Contract, Seller shall deliver to Purchaser all affidavits, lien releases, materialmen's certificates and other documents necessary fully to protect Purchaser under the applicable lien laws. If at any time there shall be evidence of the existence of any such lien or claim for work done or materials, services or equipment furnished by Seller or any other party in connection with the Contract, the Purchaser may use money then due or to become due under the Contract to discharge such lien or satisfy such claim and may credit such amounts against the amounts due or to become due to the Seller.

14. INDEMNITY Seller shall indemnify and hold Purchaser and its agents, consignees, employees and representatives harmless from and against all expenses, costs, charges, damages, claims, suits, losses, fines, penalties or liabilities (including legal fees) of every kind whatsoever by reason of, arising out of, or in any way connected with accidents, occurrences, injuries or losses to or of any person or property including, without limitation thereto, loss of use of property, which may occur before or after delivery of the completed Items to Purchaser, upon or about or in any way due to or resulting from, in whole or in part, the sale, design, preparation, manufacture, fabrication, construction, completion, transportation, delivery, failure to deliver, and/or installation of the Items, excluding only such as are caused by the sole negligence of Purchaser, but not excluding situations where the Purchaser's negligence consists of failure to discover a condition caused or permitted to exist by the Seller or any of its subcontractors. If Seller is not responsible for any installation or services or supervision related to installation under the Contract, Seller shall have no liability under this Section 14 for things resulting entirely from acts or omissions in the performance of such installation. Seller, in any indemnification claim hereunder, hereby expressly and without reservation waives any defense or immunity it may have under any applicable workplace safety and insurance laws or any other statute or judicial decision, disallowing or limiting such indemnification where an employee of Seller makes a claim against any indemnitee herein, and Seller consents to a cause of action for indemnity.

15. INSURANCE In addition to any mandatory statutory insurance requirements, Seller shall take out and maintain with a carrier or carriers having a Best rating of not less than B+ at least the following minimum insurance at its expense for the duration of the Contract (including all warranty periods thereunder) covering all of Seller's obligations under the Contract: (a) Employer's Liability - Bodily Injury by Accident - \$1,000,000 each accident; Bodily Injury by

Disease - \$1,000,000 each employee; Bodily Injury by Disease - \$1,000,000 policy limit; (b) Commercial General Liability (Bodily Injury, including premises, contractual, products liability or completed operations coverage) \$1,000,000 in the aggregate; \$1,000,000 each occurrence in the aggregate with a single excess umbrella coverage of not less than \$5,000,000 for combined bodily injury and property damage; (c) Commercial General Liability (Property Damage, including premises, contractual, products liability or completed operations coverage with the explosion, collapse and underground damage exclusions deleted.) \$1,000,000 each occurrence; \$1,000,000 in the aggregate; (d) Business Automobile Liability - Bodily and Property Damage, \$1,000,000 combined single injury limit and each occurrence; (e) Errors and Omissions Liability, Not less than \$2,000,000 per year covering Seller's obligations under the Contract with a per claim deductible satisfactory to Purchaser. The completed operations coverage or the products liability coverage described above under the commercial general liability insurance shall be kept in effect for the longer of two years from the date of Purchaser's initial commercial use of the Items or the period stated in the first sentence of this Section 15. None of the above insurance coverage shall be cancelable except upon thirty (30) days prior written notice to the Purchaser and to all other insured parties, and Seller shall provide Purchaser with a copy of any such cancellation notice immediately after Seller's receipt of it. Seller shall include Purchaser as an additional insured on all liability insurance. If Seller is subject to any no fault insurance requirements, it shall adhere to all applicable laws and regulations pertaining to such no fault insurance. In addition to the provisions of Section 14 above, in the event of a lawsuit or claim by an employee of Seller or of any of its subcontractors against Purchaser, or any of Purchaser's agents, officers, directors, or employees for any injury (including, but not limited to death) or disease arising out of, related to, or claimed to have arisen out of or to have been related to the employee's employment in the performance of the Contract, Seller hereby transfers and assigns to Purchaser and shall cause each of its subcontractors to transfer and assign to Purchaser any and all liens or subrogation rights that it, they or its or their insurers may have for any and all benefits paid to the employee. On Purchaser's request, Seller shall provide certificates of insurance and renewals evidencing insurance.

16. TERMINATION, SUSPENSION OR DELAY Purchaser shall have the right at any time to terminate, suspend, or delay the Contract in whole or in part by prior written notice to Seller. Immediately after receipt of such notice, Seller shall stop all performance hereunder except as may otherwise be directed by Purchaser. In the case of termination of the Contract, Seller shall then transfer to Purchaser, in accordance with Purchaser's directions, and whether located on the job site, in a vendor's or manufacturer's facility or elsewhere, all materials and all information accumulated, specifically prepared or acquired by Seller for use in relation to the design, development, manufacture, assembly or shipment of the Items and all supplies, shop drawings or work in process acquired or used by the Seller in connection with such items and for which the Seller is to be reimbursed hereunder, and all working drawings, sketches, specifications, and other information accumulated, prepared or acquired by Seller with respect to such Items. The Seller shall, if directed by the Purchaser and to the extent stated in the notice of termination, suspension or delay, make all efforts necessary to preserve the work in progress and to protect the Items whether still at Seller's manufacturing facilities or in transit to Purchaser's facilities. If Seller is not then in default in the performance of any of its obligations hereunder, and if Seller has taken reasonable steps to mitigate its damages resulting from such termination, Purchaser

shall pay to Seller, as Seller's sole and exclusive remedy for termination under this Section 16, to the extent not already paid to Seller, an amount equal to: (a) Reasonable and documented costs incurred by Seller in accordance with the Contract prior to Seller's receipt of notice of termination, plus, (b) The reasonable and documented costs and charges incurred by Seller in winding up its activities under the Contract prior to the effective termination date, provided, however, that the amounts listed in (a) and (b) of this Section 16 plus prior payments to Seller shall in no event exceed the Price. If the suspension or delay is not followed by a termination of the Contract, Purchaser shall have no obligation to make any payments to Seller after the effective date of the suspension or delay other than, to the extent not already paid to Seller, Seller's reasonable and documented costs incurred in accordance with the Contract prior to such effective date which are not reduced or eliminated by appropriate mitigative action by Seller. Before Purchaser resumes performance under the Contract following such suspension or delay, Seller and Purchaser shall negotiate in good faith on the adjustments, if any, which may be required in payments to Seller or in the Contract Price to avoid inequities either to Seller or Purchaser.

17. DEFAULT If the Seller: (a) becomes insolvent; (b) commences or is subject to any voluntary or involuntary case or proceeding (including the filing of any notice in respect thereof) under any insolvency law, incorporation law or other applicable law in any jurisdiction in respect of the bankruptcy, liquidation, winding-up, dissolution or suspension of the Seller's operations; (c) makes a general assignment for the benefit of its creditors; (d) has a receiver requested for or appointed to it; (e) fails to use properly skilled personnel in its performance under the Contract; (f) should fail to make prompt payment to any subcontractors it may have or for any material, labor, transportation, supplies, fuel, use of equipment or any other expense it incurs under the Contract; or (g) fails to comply with any of its obligations under the Contract then Purchaser may, in addition to its rights under Section 16 above, at its option either cure the default at Seller's expense or terminate the Contract after first giving Seller three (3) days written notice to cure such default, if Seller has failed to cure such default within such three (3) day period. Immediately after such termination, Purchaser may: (i) take possession of the Items wherever they may be located and in whatever state of completion they may be together with all drawings and other information necessary to enable Purchaser to have the Items completed, installed, operated, maintained and/or repaired; (ii) pay to Seller any amount then due under the Contract after taking full credit for any offsets to which Purchaser may be entitled; (iii) contract with or employ any other party or parties to finish the Items; and (iv) collect from the Seller any additional expense, losses or damage which Purchaser may suffer.

18. INDEPENDENT CONTRACTOR Seller is acting as an independent contractor, and the manner and means of conducting the work which is a part of the Items will be under Seller's sole control subject to compliance with all of the terms of the Contract and to the continuing right of inspection by Purchaser's representatives. Seller shall pay, collect and remit and shall assure that its suppliers and/or all other parties under its control or supervision who will have any personnel performing services at Purchaser's site or elsewhere pays, collects and remits, as applicable, all present and future taxes, surtaxes, duties, levies, fees, assessments, premiums withholdings, dues and other charges of any nature, including without limitation payroll, income and health taxes, charges or premiums, imposed by any federal, provincial or municipal government or law. The Seller agrees to comply with all Applicable Laws rules, regulations and orders applicable to it

relating to employment, including those relating to wages, hours, collective bargaining, occupational health and safety, workers' hazardous materials, employment standards, pay equity and workers' compensation. The Seller represents and warrants that there are no outstanding charges, complaints or orders against it relating to unfair labour practices, discrimination, occupational health or under any legislation relating to employees. The Seller represents and warrants that it has paid and will continue to pay in full all amounts owing under the *Workplace Safety and Insurance Act* (Ontario) or comparable provincial legislation and that there are no circumstances that would permit a penalty reassessment under such legislation.

19. ASSIGNMENT Seller may not assign the Contract or any right thereunder without the prior written consent of Purchaser.

20. ENTIRE AGREEMENT The Contract sets forth the entire agreement between Seller and Purchaser on the subjects covered herein, and, except as otherwise provided above in Section 8, no terms, conditions, understanding or agreement purporting to modify or vary the terms of the Contract shall be binding unless made in writing and signed by Seller and Purchaser. In the event of any conflict between any provision of these terms and conditions and any other provisions of the Contract, these Terms and Conditions shall prevail or control unless the conflicting provision in such other document expressly states that it supersedes these Terms and Conditions or unless the conflicting provision is typed or handwritten on the face of the Purchase Order by Purchaser before acceptance by Seller. Any terms and conditions printed on any other purchase order, release order, acknowledgment, invoice or other form issued by either Seller or Purchaser which conflicts in any way with the terms and conditions of this Contract are superseded by this Contract.

21. SEVERABILITY In the event that any words, phrase, clause, sentence or other provision of the Contract shall violate any applicable statute, regulation, ordinance or rule of law in any jurisdiction in which it is used, such provision shall be ineffective to the extent of such violation without invalidating any other provision of the Contract.

22. GOVERNING LAW The Contract and all the performance thereunder shall be governed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The parties specifically exclude the application of the United Nations Convention on Contracts for the International Sale of Goods.

24. ALLOCATION In the event of a partial failure of Seller's sources of supply, Seller will first meet all of Purchaser's requirements hereunder prior to any allocation among other customers.

25. CURRENCY Unless expressly stated otherwise, all dollar amounts referred to in this Purchase Order are in Canadian Dollars.