

TERMS AND CONDITIONS FOR SAPPI PURCHASE ORDERS

1. INTEGRATION. Purchases by any one or more of S.D. Warren Company, Sappi Cloquet LLC and/or their respective subsidiaries and affiliates (collectively "Sappi"), are governed by these terms and conditions, unless the parties have entered into a mutually executed written master agreement stating applicable terms and conditions. If this Sappi Purchase Order ("PO") is issued as shipping instructions (and/or release document) pursuant to the terms of an existing master agreement between buyer and seller, this PO shall be governed exclusively by the terms of such existing agreement.
2. DEFINITIONS. Seller agrees to sell, and Sappi agrees to buy, the goods, articles, materials, or services ("Items") described on a PO for the price, at the time, and on the terms of payment shown on this PO. This PO and the provisions of any drawings, prints, plans, descriptions, specifications, samples, data, and other documents expressly referred to therein and adopted by reference ("Documents") constitute the entire agreement and supersede all proposals, negotiations, and counterproposals.
3. CONTROLLING TERMS. Sappi objects to the inclusion of any different or additional terms by Seller in Seller's acceptance of this PO. If Seller includes or attaches any different or additional terms in Seller's purported acceptance, commences performance, or tenders the Items, a contract of sale will result upon the terms and conditions as stated herein, without inclusion of any different or additional terms and conditions.
4. PRICE AND DISCOUNTS. (a) The price set forth on the PO ("Price") is not subject to escalation unless an escalation formula is expressly provided for on the face of the PO. If a prompt payment discount is provided for on the PO, the discount period begins when the Items or invoices are received, whichever is later, provided the period will be extended for delays caused by errors in invoicing or good faith disputes over the accuracy of the invoice.
(b) If Seller sells comparable quantities of similar grades of Items as those provided hereunder at a price lower than the Price to Sappi or upon other more favorable terms, Seller shall promptly offer Sappi such lower price or more favorable terms.
(c) If, prior to delivery of Items, Sappi is able to purchase a portion or all of the Items, or similar goods or services at a lower price than the Price, Sappi shall notify Seller. If Seller fails to meet such lower price, Sappi may purchase any or all of the undelivered portion of Items hereunder from such third party. All quantities so purchased shall be deleted from this PO.
(d) Unless otherwise specified in this PO or in a separate agreement signed by both parties, Seller shall issue invoices after the shipment or performance of the Items, and Sappi shall make no payment prior to receipt or performance of such Items and of a proper invoice. Sappi may withhold any payment to the extent necessary to protect itself from loss on account of: (a) evidence of Seller's financial difficulty which might prevent complete performance by Seller; or (b) a breach by Seller of any provision of this PO.
5. LIENS. Sappi may, prior to making any payment due under this PO, require Seller to deliver lien waivers from itself and each of its subcontractors and materialmen for Items previously delivered. If at any time there is evidence of a lien or claim for work done or for Items provider by Seller or any other party pursuant to this PO, Sappi may use any payment due to Seller hereunder to discharge such lien or satisfy such claim and shall credit such amount against payment due to the Seller.
6. QUALITY. All Items furnished must strictly conform to the Documents and must be of the quality

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specified. No deviation or substitution is permitted without the prior written consent of Sappi. In the event no quality is specified, the Items must be at least equal to the standards of the industry. Sappi shall have the right at all times during the performance of this PO to conduct such tests and inspections as it deems necessary to assure Seller's compliance with this PO. Seller will supply to Sappi, as needed, data, drawings, specifications, test results, quality documentation, schedules, and other documents and information.

7. CONFIDENTIALITY. Seller, on behalf of itself, its employees and agents, agrees that any ideas, concepts, inventions, know-how, processes or other information acquired from Sappi or created by Seller arising from the performance of this PO are the property of Sappi. Seller shall keep such information confidential and shall neither disclose nor use such information except as is necessary for the proper performance of this PO. Upon Sappi's request, Seller shall promptly return to Sappi all such information and copies thereof.

8. DELIVERY. Unless otherwise expressly provided, Seller shall be obligated to make delivery F.O.B. Sappi's designated site. Risk of loss shall remain with Seller until the Items are received in a completed state by Sappi, its agent or consignee regardless of whether or not Sappi has made full payment for the Items. Seller will indicate plainly the PO number on all bills of lading, invoices, and freight bills. Each package or shipment must contain a memorandum showing Seller's name, contents of package, and PO number. Partial shipments must be identified as such on shipping memoranda and invoices.

9. WARRANTY. (a) Seller warrants that, for a period of one (1) year after the delivery or performance of the Items, the Items shall (i) be of merchantable quality; (ii) be fit for the Sappi's particular purposes; (iii) be of high quality, and be free from defects in material and workmanship; and (iv) comply with the most stringent of Sappi's or Seller's specifications, performance guarantees and requirements.

(b) Seller warrants that in furnishing the Items hereunder, all applicable American standards (including, but not limited to, ANSI, ASME, ASTM, and NEMA) have been complied with at the time of delivery. When Items purchased hereunder are to be manufactured or produced outside the U.S. or its territories, Seller shall furnish, at Sappi's request, documents stating the foreign manufacturers' or producers' names and addresses and containing written assurances of compliance with American standards.

(c) All Items shall be sold by Seller to Sappi free and clear of any liens and encumbrances.

(d) Seller's warranties and guarantees shall survive inspection, delivery and acceptance of the Items, and/or payment by Sappi. If the Items do not conform to any of these warranties then, at Sappi's option, Seller shall, at Seller's expense, repair or replace the defective Items, F.O.B. Sappi's designated site, or in the case of services, re-perform the services. Seller shall be responsible for all expenses and damages which Sappi incurs as a result of nonconformance of the Items. The foregoing warranties and obligations shall also apply to such Items repaired, replaced or re-performed by Seller. Seller shall pass on to Sappi the benefit of any manufacturers' warranties.

10. CHANGES. Changes may be made by Sappi at any time in the character or quantity of Items to be furnished hereunder by written change order. The price specified on the PO shall be adjusted pro rata if the change is in quantity of Items, or by mutual agreement if the character of Items or other terms are changed so as to increase or decrease the cost to Seller. Upon Sappi's request, Seller shall provide satisfactory evidence from which adjustments based on cost can be determined.

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11. FINAL ACCEPTANCE. On completion of this PO and prior to the beginning of the warranty period stated in Section 9, Seller shall cooperate in carrying out an inspection and any tests Sappi deems necessary to determine the proper functioning and general performance of the Items and, at Seller's own cost, shall make any adjustments and changes required to the end that an efficient and fully operative project will result. Final acceptance by Sappi will be conditional upon fulfillment of this requirement. Items may be rejected for defects revealed by such inspection or testing even if such Items may have previously been inspected and accepted. Such rejected Items may, at Sappi option, be returned to Seller for full refund, including removal, shipping and transportation charges.

12. COMPLIANCE WITH LAWS. (a) Seller warrants that neither the Items provided to Sappi nor their manufacture, fabrication, construction, transportation or use shall violate or cause Sappi to be in violation of any federal, state or local law, code, ordinance, regulation, standard, rule, requirement or order. Without limiting the foregoing, Seller certifies and guarantees that all Items will not, under normal use, be in violation of, or cause Sappi to be in violation of the Occupational Safety and Health Act, the Resource Conservation and Recovery Act, the Clean Air Act the Clean Water Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Toxic Substances Control Act, the Transportation Safety Act, any applicable standards, rules, and regulations promulgated under such Acts, and any laws revising or amending such Acts, or of any other state or federal laws, standards, rules, regulations, requirements or orders relating to the environment.

(b) Seller agrees to be subject to all applicable contract clauses required by federal, state, or local law, rule, or regulation to be included in this PO, including, but not limited to, the following provisions which are incorporated herein by this reference: the Equal Opportunity Clause; Affirmative Action Clause for Disabled Veterans and Veterans of the Vietnam Era; Affirmative Action Clause for Handicapped Workers; and Utilization of Minority Business Enterprises. Seller shall execute and deliver to Sappi a completed Certificate of Compliance before starting to perform under the PO.

13. INDEMNITY. (a) Seller agrees to indemnify, defend, and hold harmless Sappi, its agents, employees, or subcontractors, from and against all claims, demands, losses, damages, actions, or liability of any kind, including attorneys' fees, for personal injury, death or property damage due to or resulting from (i) a breach of duty or violation of this PO by Seller, or (ii) the negligent act or omission or willful misconduct of Seller, its employees, agents or subcontractors, in connection with this PO or the Items supplied hereunder.

(b) Seller shall indemnify and hold harmless the Sappi, its officers, employees and agents from any and all claims, demands, suits, costs, expenses, including but not limited to attorneys' fees, damages, losses, liabilities and judgments arising out of an infringement or alleged infringement of any patent, copyright, trademark, or any other proprietary right affecting the design, manufacture, purchase, use or sale of the Items. Each party shall give the other party prompt notice of such infringement or alleged infringement, and upon such notice, Seller shall, if requested by Sappi, enter and defend, settle or otherwise terminate such claim, demand or suit.

14. WORK ON PREMISES. (a) If Seller is to perform any work, including supervision of installation, at Sappi's premises, Seller shall carry at Seller's own expense the following insurance: (i) Worker's Compensation - Statutory; (ii) Employer's Liability – with limits for bodily injury by accident at no less than \$500,000 per accident and for bodily injury by disease at no less than \$500,000 per employee with

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a \$500,000 policy limit; (iii) Contractor's Comprehensive General Liability – with limits for bodily injury and property damage of not less than \$2,000,000 per occurrence, which policy shall include premises and operation coverage, blanket contractual coverage, Owner's and Contractor's protective coverage, and completed operations coverage; and (iv) Comprehensive Automobile Liability - with limits for bodily injury and property damage of not less than \$1,000,000 per occurrence, which policy shall include owned, non-owned, and hired autos. At Sappi's request, Seller shall also carry explosion, collapse, and underground coverage under its Comprehensive General Liability policy and Excess Liability in amounts specified by Sappi. Seller shall, prior to commencing work, provide Sappi with certificates evidencing all such coverages from insurance companies acceptable to Sappi. None of the above insurance coverages shall be terminated, amended, or allowed to expire except upon thirty (30) days prior written notice to the Sappi. Seller shall include Sappi as an additional insured on all liability insurance. The parties intend this provision to be an express waiver of immunity under any applicable Workers' Compensation laws. The policies shall contain severability of interests clauses.

(b) If Seller is to perform any services or work on Sappi's premises, Seller hereby warrants and represents that it has inspected the work site and is familiar with all working conditions which exist there, including subsurface conditions, and that it has made due allowance for such conditions in its price calculation and estimate of time for completion. Unless otherwise instructed by Sappi, Seller will provide for receipt, unloading, storage, and protection of all materials for the work whether such materials are purchased by Seller or Sappi. Seller shall at all times keep the work site reasonably neat and clean and upon completion shall remove and dispose of all rubbish, trash, and refuse. Seller shall at all times coordinate its work and cooperate with the forces of other contractors on the work site and Sappi's own forces. Seller shall at all times conduct itself in a safe and prudent manner in compliance with all applicable federal, state, and local safety laws, rules, and regulations, and all safety rules of Sappi, including Sappi's drug and alcohol policy. Seller's relationship to Sappi under this PO shall be that of an independent contractor. Seller shall not be deemed to be or hold itself out to be the agent or employee of Sappi for any purpose.

15. DELAY. Time is of the essence to this PO. At the outset of any delay from any cause, including Force Majeure, Seller shall immediately notify Sappi in writing of the delay or anticipated delay and shall undertake to shorten the delay by all reasonable means. If such delay is caused by Force Majeure (as defined below), the costs of shortening the delays shall be paid by Sappi to the extent such costs are attributed to action authorized by Sappi. If the delay is from any other cause, Seller shall be solely responsible for the costs of overcoming delays.

16. FORCE MAJEURE. Neither party shall be liable for any delay or failure to deliver or accept any or all of the Items where such delay or failure is caused by fire, flood, other act of God, act of war, labor disturbance, or other event beyond such party's control ("Force Majeure"). Where only a portion of Seller's capacity to perform is so impaired, Seller shall make a fair allocation of its remaining production among the various customers then under contract for similar Items during the period. If this PO is for Items to be used in the regular production of Sappi's facility, Sappi may at its option delete the undelivered Items from this PO or appropriately extend the time for performance of this PO.

17. TERMINATION FOR CAUSE/CONVENIENCE. (a) In the event of default, bankruptcy, insolvency, or failure or inability of Seller to perform, Sappi may terminate this PO for cause, and in the event of such

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termination, Sappi shall pay Seller (i) the unit price for each Item properly furnished and accepted prior to cancellation, plus (ii) the salvage value of Items in process of manufacture, including unused materials, which are identified as being manufactured or fabricated specifically for this PO, and which shall be promptly delivered to Sappi, but in no event shall the amount payable exceed the contract price, less the cost to Sappi of completion or procurement of substitute conforming Items, less other damages, and less any payments previously made.

(b) Additionally, this PO is subject to cancellation at the option of Sappi. Where the PO is canceled for the convenience of Sappi, Seller shall be paid (i) the unit price for each Item properly furnished and accepted prior to cancellation, plus (ii) the cost of Items in process of manufacture, including unused materials, which are identified as being manufactured or fabricated specially for this PO, and which shall be promptly delivered to Sappi, plus (iii) overhead and profit allocable to specialized Items in process of manufacture, but in no event shall the amount payable exceed the contract price, less any payments previously made.

(c) Upon termination, Seller shall transfer to Sappi, all information, materials, specifications, work in process, equipment, machinery or parts necessary to complete the manufacture, assembly, shipment, installation, operation, maintenance or repair of the Items, and for which the Seller is to be reimbursed hereunder.

18. CHEMICAL SAFETY. (a) If any of the Items sold hereunder are subject to the OSHA Hazard Communication Standard, 20 CFR Part 1910, or to such other state or federal hazard communications or chemical safety laws, regulations, or standards, Seller shall provide Sappi with a complete and accurate Material Safety Data Sheet for each such Item sold hereunder and shall label each such Item as required.

(b) Seller warrants that all Items sold hereunder will not, under normal conditions of shipment, storage, or use, cause any person to be exposed to a chemical listed as a carcinogen or a reproductive toxin under the California Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65) in quantities which would require that a warning be given prior to such exposure.

(c) Seller shall be responsible for the proper use and storage of all Hazardous Substances, as defined by 40 CFR 302.3, and all Hazardous Chemicals, as defined by 29 CFR 1910.1200. Seller shall not generate any Hazardous Wastes, as defined by 40 CFR 261.3, on Sappi's site, without prior written authorization from Sappi. In the event Seller generates such Hazardous Waste, Seller must notify Sappi of the type and quantity and arrange with Sappi for proper storage and disposal, at Seller's sole expense.

19. ASSIGNMENT. Seller may not assign this PO or any right hereunder without the prior written consent of Sappi. Any attempted assignment without Sappi's consent shall be void.

20. SEVERABILITY. If any provision of this PO is held invalid by any law, rule order or regulation of any government or by the final determination of any state or federal court, such invalidity shall not affect the enforceability of any other provisions not held to be invalid.

21. GOVERNING LAW. Except where Sappi's site is located in a state other than The Commonwealth of Massachusetts, and either (a) the laws of that other state referenced above in Section 11 or (b) its laws with respect to mechanics liens, worker's compensation and other employer-employee relations matters and/or local taxation otherwise require, this PO and all the performance hereunder shall be governed by and construed in accordance with the laws of The Commonwealth of Massachusetts, including, when applicable, the Uniform Commercial Code.

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22. FORUM SECTION. The local, state and federal courts having jurisdiction over the location where the Items are to be used by Sappi shall have exclusive jurisdiction over all litigation related to the PO.

23. MODIFICATIONS AND AMENDMENTS. No waivers, amendments, or modifications of any of the terms or conditions of the PO shall be valid unless reduced to writing and signed by both parties. The terms and conditions of this PO shall not be amended or modified by the course of performance or course of dealing between the parties.