Tembec Paper Group

Mill Book

2012

tembec
Rooted in tomorrow.

www.kallima.com

Kallima®

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Section 1 - Tembec Paper Group

Our Mission

Our goal is to produce and market paperboard products that make the Tembec Paper Group our customers' preferred supplier, focusing on continuous improvement of our process, product and service.

Company Background

The Tembec Paper Group is a dynamic Canadian paperboard manufacturer located in Temiscaming, Quebec. The Paperboard Group started up in 1990, focusing primarily on lightweight coated board and operates a state-of-the-art machine producing high-quality, fully bleached coated paperboard.

The Tembec Paper Group's line of products is used in commercial printing, publishing, prestige packaging, high-impact graphic corrugated containers, point-of-purchase displays and litho-laminated packaging. The Paper Group distributes its products throughout North America and abroad, with sales offices located in Canada and the United States.

The Tembec Paper Group is an operating division of Tembec, a large, diversified and integrated forest products company with operations principally located in North America and in France. With sales of approximately $2 billion and some 6,000 employees, it operates over 30 market pulp, paper and wood product manufacturing units, and produces silvichemicals from by-products of its pulping process and specialty chemicals. Tembec markets its products worldwide and has sales offices in North America and Asia. The Company also manages forest lands in four Canadian provinces in accordance with sustainable development principles and has committed to obtaining Forest Stewardship Council (FSC) certification for all forests under its care.

For more information about the Tembec Paper Group, visit www.kallima.com

Section 2 - Contacts

Sales Office
Fax: 819-627-3177
800 René-Lévesque Blvd. West Suite 1050
Montreal, Quebec, Canada
H3B 1X9
Phone: 514-871-0137
Fax: 514-871-9125

Mill
33 Kipawa Road
P.O. Box 6000
Temiscaming, Quebec, Canada
J0Z 3R0
Phone: 819-627-3321

Inside Sales Customer Service	800-411-7011
Technical Department	877-836-2624 ext 2 877-836-2624 ext 4
Claims Analyst	819-627-4684
Website	www.kallima.com

Section 3 - Paperboard Machine Description/Quality Features

3.1 Paperboard Machine

The Tembec Paper Group's manufacturing process is unique in North America and designed to provide our customers with a product that meets the highest quality standards while being environmentally friendly. The unique combination of elements in our process includes the pulp furnishes, stock preparation, fourdriniers, Yankee dryer and coating system.

The Tembec Paper Group's exclusive combination of pulps includes softwood and hardwood kraft and high yield pulp. Our high yield pulp is chlorine-free. Each pulp is selected for its specific unique properties that, when combined with other pulps, produce a product with performance specifications that meet the individual applications.

The four different stock preparation lines using four different pulps plus broke provide the mill with the flexibility to engineer the sheet to meet specific performance requirements. Furthermore, these separate preparation lines allow the Tembec Paper Group to refine and treat each pulp or pulp mixture separately to enhance the characteristics of the board.

Three separate fourdriniers enable the mill to optimize the fiber mix and selectively place the required fibers in each of the three plies to achieve the desired performance characteristics.

The Yankee dryer, a 20-foot diameter (6.7 meters) drying cylinder, enables the mill to produce one of the smoothest base stocks in the industry without sacrificing density, by calendering the sheet against the Yankee dryer at a high temperature.

Three on-machine blade coaters provide the capability to develop and manufacture products to meet a broad range of printing and converting requirements. Two coaters are used on the top side while one is used on the back side of the sheet.

The heart of the machine is an order fulfillment system and a computer control system. The system integrates all management and control functions. The control system continuously monitors over 8,000 variables on the machine to ensure the highest quality standards are met.

In February 2001, the Tembec Paper Group embarked on a major upgrade of its paperboard machine. The objectives of the upgrade have been to enhance product quality, increase production and improve our customer service systems.

The first phase of the project involved the installation of a new order fulfillment system and led to improved processing and tracking of orders. In the second major phase, a new dilution profiling headbox and top former on the middle ply were installed. These improvements provide better sheet formation and smoothness, as well as uniformity across the web. The third major phase of the project was the installation of a soft-nip calender to increase gloss levels and produce a more uniform printing surface.

3.2 General Information

- Valmet fourdrinier board machine, manufactured in Tampere, Finland.
- Length: 690 feet (230 meters)
- Maximum Trim width: 175.5 inches (446 centimeters)
- Maximum drive speed: 1,640 feet/minute (500 meters/minute)

3.3 Quality Features

The Tembec Paper Group is proud of its quality leadership and achievements. The Tembec Paper Group was the first bleached paperboard mill in North America to achieve ISO 9001 certification. This assures customers that the Tembec Paper Group operates within the rigorous requirements of a quality assurance system that meets the highest global standards.

Starting with its Mission Statement, the Tembec Paper Group has incorporated quality into every aspect of its business, including the design of its machine, its products, the production process, and the overall management of its business. The Tembec Paper Group maintains a continuous improvement program that aims to continually examine, scrutinize and improve all procedures and production practices.

The Tembec Paper Group's computer control system provides continuous monitoring of its process and statistical analysis of key quality specifications. Upon customer request, a quality certificate can be provided with requested test parameters for each particular set of rolls manufactured

Section 4 - Grade Information

4.1 Kallima® FSC Certified Products

In purchasing Kallima® products, you can further demonstrate your commitment to the environment and the future of the planet for generations to come. Tembec is working in partnership with the Forest Stewardship Council (FSC) to do its part for responsible forest management. The Forest Stewardship Council is an international non-profit organization that defines rigorous standards for the management of the world's forest.

The standards help ensure that our forests are managed in an environmentally appropriate way, and in a manner that provides economic and social value to the local community. Forest certification is one way that Tembec demonstrates a real commitment to the environment. The certification is voluntary and done by an independent organization accredited by the Forest Stewardship Council. When you see the FSC certification logo on a Kallima® product, it's your assurance that the paperboard that you use comes from a well-managed forest; protecting clean water, wildlife habitat and recreation.

Contact Inside Sales for more details on Kallima® FSC certified grades.

* Kallima® on-product FSC label

FSC
www.fsc.org
MIX
Paper from responsible sources
Papier issu de sources responsables
Papel procedente de fuentes responsables
FSC® C017431

4.2 Stock List Specification

Please visit www.kallimapaper.com/Stock+List+Specifications for the latest Stock List Specification

4.3 Kallima® Paper Product Line

Please visit www.kallimapaper.com/Kallima+Coated+Cover+C1S for the latest Kallima® Paper product line description and target properties.

Section 5 - Production Guidelines

5.1 Establishing Manufacturing Runs

The manufacturing of non-standard grades/calipers is subject to accumulation. Accordingly, should all orders for the given grade/caliper not meet the tonnage threshold for manufacturing of non-standard grades/calipers, then the order will remain pending and unaccepted until such threshold is met. An order acknowledgment for non-standard grades/calipers does not constitute acceptance of the order. Acceptance of the order will occur and be notified when a production run is scheduled, at which time the delivery date will be confirmed.

5.2 Minimum Grade Run and Frequency of Production

Standard grades and calipers are produced every cycle.
Non-standard grades and calipers are produced subject to accumulation.

Standard Grades

Kallima® Coated Cover C1S	8, 10, 12 pt
Kallima® Web Coated Cover C1S	8, 9, 10, 12 pt
Kallima® Coated Cover C2S	8, 10, 12 pt

Non-Standard Grades

Kallima® Coated Cover C1S	9, 14 pt
Kallima® Coated Cover C1S Plus	9, 14 pt
Kallima® Coated Cover C2S	9 pt
Kallima® Web Coated Cover C2S	8, 9, 10 pt
Kallima® Preprint	33#
Kallima® Litholam	10, 12 pt
Kallima® Folding	12pt

* An 80 ton minimum is required to produce each grade per caliper

5.3 Recycled Content

Contact our Inside Sales Department for information regarding recycled content. 10 % recycled content is subject to a minimum order of 20 metric tons and a price upcharge.

5.4 Maximum Machine Trim

	Deckle	
	Inches	cm
Maximum machine deckle for all grades except * * (Coated Cover C2S / Web Coated Cover C2S)	175.5 173.23	446 440
Minimum acceptable trim for all grades (without upcharge)	170.0	432

5.5 Roll Specifications

Maximum splices/roll: 2

Splices will not be produced within 1” (2.54 cm) of the top of the roll; within 2” (5.08 cm) of core; or within 2” (5.08 cm) of each other.

Butt splices only with 4" (10.16 cm) repulpable tape.
Rolls marked on sides in red to indicate location of splice.

5.6 Roll Widths

Roll widths are subject to the standards in 5.7 and to the following restrictions:

	Deckle	
	Inches	**cm**
Minimum Width	11.8	30
Maximum Width	104.5	256.4

Width tolerance: Minus 0 to plus 1/16" (0.16 cm).
Diameter tolerance: 0 over, 2" under

Diameter to width ratios:

70” (177.8 cm) diameter rolls cannot be less than 19” (48.26 cm) wide
60” (152.4 cm) diameter rolls cannot be less than 15” (38.1 cm) wide
50” (127 cm) diameter rolls cannot be less than 12.5” (31.75 cm) wide
40” (101.6 cm) diameter rolls cannot be less than 11.8” (29.97 cm) wide

5.7 Standard Roll Diameters and Core Sizes

	OD/Core	
	Inches	cm
Kallima® Coated Cover C1S	60"/12"	152.4/30.48
Kallima® Web Coated Cover C1S	40" or 50"/3"	101.6 or 127/ 7.50
Kallima® Coated Cover C1S Plus	60"/12"	152.4/30.48
Kallima® Web Coated Cover C1S Plus	40" or 50"/3"	101.6 or 127/ 7.50
Kallima® Coated Cover C2S	60"/12"	152.4/30.48
Kallima® Web Coated Cover C2S	40" or 50"/3"	101.6 or 127/ 7.50
Kallima® C1S Folding	60"/12"	152.4/30.48
Kallima® Direct Print	58"/4"	147.3/10.16
Kallima® Preprint	58"/4"	147.3/10.16
Kallima® Litholam	60"/12"	152.4/30.48

Orders for above grades requiring a non-standard core or diameter must self-trim and require 7 days advance notice.
Core plugs may be made of wood and / or compressed wood.
Minimum roll diameter is 40” (101.6 cm).
Width tolerance of core: 1/4” inside, 1/8” outside.

For more information, consult our Inside Sales Representatives.

5.8 Roll Weights

Roll Diameter	Maximum Weight
60” or less	8,200 lbs (3,719.5 kgs)
Over 60”	6,720 lbs (3,048.2 kgs)

5.9 Roll Packaging

The Tembec Paper Group’s standard rolls are double wrapped with 0.02 poly stretch wrap. Each roll has a corrugated water-resistant header placed against the roll face. Tails on rolls are taped prior to wrapping.

40” and 50” diameter rolls in widths from 16 to 25” (40.6 to 63.5 cm) will be bundle wrapped 2/pkg.
40” and 50” diameter rolls in widths from 11.8 to 15.9” (30 to 40.38 cm) will be bundle wrapped 3/pkg.
60” and 70” diameter rolls in widths from 15 to 25” (38.1 to 63.5 cm) will be bundle wrapped 2/pkg.

5.10 Roll Labelling

- Description
- Customer Purchase Order
- Mill Order Number
- Width
- Diameter
- Core Diameter
- Caliper
- Lineal
- Area
- Number of splices, if applicable
- Basis Weight
- Gross Weight
- Four Peel Off Code 39 Bar Codes (containing Roll #)
- Roll Number
- Number of rolls in package
- Partner roll number when multiple packed
- Winding Instructions (coat side in or out)
- Short ID Number

Example of roll label (non-FSC)

5.11 Roll Numbering System

The Tembec Paper Group's numbering system is based on a 9-character designation.

- An example of a roll number would be 11F02263J

1	Paper machine #1
11	Year 2011
F	Month June
02	2nd day of the month
26	Master Reel # 26
3	Third set (cut from master reel)
J	Roll position

The first digit represents the paper machine, the second represents the year. The third letter represents the month based on a rotating cycle.

A	January
B	February
C	March
D	April
E	May
F	June

G	July
H	August
J	September
K	October
L	November
M	December

The next two digits represent the day of the month. The sixth and the seventh digits represent the "master reel" from which the roll was cut.

The eighth digit represents the set from within the master reel. Depending on the diameter of the roll, it can range from 1 to 7. The larger the number the closer to the core of the master reel the roll was cut.

The final letter refers to the position across the machine with "A" being the front side of the machine and "S" being the back side. The letters "I" and "O" are not used.

Example of roll position

# Rolls/Set	Identification
2	A S
3	A J S
4	A B R S
5	A B J R S
6	A B C Q R S
7	A B C J Q R S
8	A B C D P Q R S
9	A B C D J P Q R S
10	A B C D E N P Q R S
11	A B C D E J N P Q R S
12	A B C D E F M N P Q R S

5.12 Skid Packaging

- Making size sheets are packaged on 2-way entry skids constructed from new wood.
- Minimum clearance is 29” between runners.
- Stock List sheet sizes (19 x 25 and 20 x 26) are packaged 2 tiers on one base.
- All other folio sheets sizes are packaged on press ready skids (1 tier and one base and 2 skids banded together).
- Digital sheets sizes are packaged as multi-tiers on 2-way entry pallets.
- It is recommended that the height of a skid from the floor does not exceed 54”, therefore a maximum of 48” of paper is advised.
- To calculate the height of a skid:
  1 inch per caliper = the # of sheets per inch. eg: 0.010 (caliper) x 3,000 sheets
  = 30” of paper + 6” skid (top & bottom) = 36” high
- The maximum weight for a finished skid cannot exceed 2,500 lb.

5.13 Sheet Carton Packaging

- Cartons are packaged on 4-way entry pallets constructed from new wood.
- Pallets containing 11 cartons are packaged 1 tier on one base.
- Pallets containing 14 cartons are packaged 2 tiers on one base.

5.14 Skid and Pallet Labeling

The following information is detailed on the label:

Line 1*	Customer Order Number Customer Name
Line 2*	Mill Order Number Consignee Name
Line 3	Grade Description Stencil Markings
Line 4	Caliper Basis Weight “M” Weight
Line 5	Sheet Size Number of Sheets
Line 6	Gross Weight Net Weight (nominal) Roll Number(s)
Line 7	Date Skid Number Stock Number

* These fields are blank for Stock List products.

Example of skid label (non-FSC)

5.15 Carton Label

The following information is detailed on the label:

- Grade Description
- Stock Number
- Caliper
- Sheet Size
- “M” Weight
- Number of Sheets
- Roll Number(s)
- Bar Code

Section 6 - General Terms and Conditions of Sale

Each order acknowledgment and each invoice is subject to the following general terms and conditions of sale. All prices and terms are in accordance with the current sales practices of Tembec, a general partnership operating as the Tembec Paper Group, and hereinafter referred to as the "Seller", and are subject to change without notice. The Buyer shall be identified as the recipient of the Seller's order acknowledgement (hereinafter "Buyer").

6.1 Acceptance of Order

Orders and quotations are subject to acceptance by the Seller. The Seller assumes no responsibility for orders that are not accepted and acknowledged in writing. All verbal orders must be confirmed during normal working hours by written purchase order sent via fax or email to the Tembec Paper Group's Inside Sales Department prior to production.

No order specification, term or condition of sale or quality claim provision included in a purchase order is binding on the Seller, unless specifically accepted by the Seller inclusion in the order acknowledgment. It is the Buyer's responsibility to review the Seller's order acknowledgment of receipt and report any discrepancies in writing to the Seller prior to manufacture (within 24 hours of receipt).

The selection of the proper grade to meet end-use requirements is the responsibility of the Buyer. The Seller assumes no obligation or liability for damages, liability, cost and expenses arising out of or related to such end-use requirements.

The manufacturing of non-standard grades/calipers is subject to accumulation. Accordingly, should all orders for the given grade/caliper not meet the tonnage threshold for manufacturing of non-standard grades/calipers, then the order will remain pending and unaccepted until such threshold is met. An order acknowledgment for non-standard grades/calipers does not constitute acceptance of the order. Acceptance of the order will occur notification be given when a production run is scheduled, at which time the delivery date will be confirmed.

6.2 Delivery

No liability is attached to the Seller for failure to fulfill any commitment and agreement to sell or deliver due to fires, floods, strikes, accidents, transportation contingencies, embargoes, inadequate supply of labor, wood, coal or any other material, war, acts of God or public enemy, or any other cause beyond its control.

The Seller may, without liability to the Buyer, comply with any federal, provincial, state or municipal statutes, laws or ordinances and any regulations, allocations, rulings, orders, demands, requisitions, priorities or policies of governmental authority, agency or agent notwithstanding that total or partial disability to make delivery in accordance with provisions of the agreement to sell may arise from such compliance.

6.3 Terms and Conditions of Sale

6.3.1 This instrument supersedes all previous communications suggesting additional or different terms. It represents the final understandings of the parties, and may be amended or cancelled only by written agreement of both parties. Acceptance is conditional on these terms and no order shall have any force or effect until acknowledged in writing by the Seller. No terms of any order shall be effective to alter or add to these conditions of sale, and the Buyer's receipt of any portion of the goods shall constitute acceptance of all terms and conditions of sale unless the Buyer immediately rejects and returns all such goods.

6.3.2 Prices stated do not include sales, use, gross income, occupational or similar taxes. Such taxes will be added to invoice prices. Prices may be increased to reflect increases in Seller's cost of doing business resulting from laws or regulations or to reflect increases in freight rates, charges, or classifications.

6.3.3 The title to and ownership rights of all goods shall remain with the Seller at the Buyer's risk until amounts due to the Seller from the Buyer or to any assignee of the payments to be made are paid in full at which time all ownership rights and absolute title shall pass to the Buyer. The Buyer agrees to be liable, after delivery pursuant to the order confirmation, for all loss or damage to the goods, however caused.

6.3.4 All risks of loss or damage to goods shipped hereunder shall pass to the Buyer upon delivery thereof to the Buyer, his designated agent, or to carrier and consigned to the Buyer or his order, whichever occurs first, from the very moment when the said goods leave the Seller's setting. In the event of damage or loss, the Seller will cooperate with the Buyer in presenting any reasonable claim against the carrier.

6.3.5 Based on industry tolerances, order line items* are subject to overruns and underruns:

- Up to 4,999 lb. will be subject to a variance of +/-20% or 1 unit (roll/skid/etc)
- 5,000 lb. to 9,999 lb. will be subject to a variance of +/-10%.
- 10,000 lb. to 39,999 lb. will be subject to a variance of +/-5%.
- 40,000 lb. and up will be subject to a variance of +/-3%.

Unless otherwise specified, caliper and basis weight are subject to industry tolerance of +/-5%. Variations in color of material supplied by the Seller shall be governed by standard rules of paper mills furnishing such material. Shades and colors will be duplicated as nearly as possible, but exact duplication is not warranted.

*Order line item = 1 grade, 1 caliper, 1 size, 1 packaging style

6.3.6 The Seller expressly warrants that:

a. It will convey good title to the goods free of all liens excepting only those arising from this transaction or other conduct of the Buyer.

b. The goods will conform to the description and specifications incorporated herein within the guidelines established herein.

THIS IS THE SELLER'S SOLE WARRANTY. THE SELLER MAKES NO OTHER WARRANTY OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED. ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND/OR FITNESS FOR A PARTICULAR PURPOSE ARE HEREBY DISCLAIMED BY THE SELLER AND EXCLUDED.

6.3.7 The Seller shall not be liable under any circumstances where the goods sold hereunder are not warehoused, handled, used, packed, or distributed by the Buyer in accordance with customary good commercial practices of trade. The Seller shall not be responsible to the Buyer under any circumstances for damages resulting in any way from faulty application or improper use of plastics, including physical or chemical attack by the Buyer's product packed therein. The Seller shall not be responsible for the machinability of goods hereunder which are not used by the Buyer within ninety (90) days from the shipment dated of such goods.

6.3.8 In as much as the value of the goods sold hereunder may be substantially disproportionate to the value of products to be used in conjunction therewith, and, for the purpose of limiting the liability of and remedies against the Seller to an extent which is reasonably proportionate to the commercial value of this transaction, the Buyer and the Seller agree:

a. In keeping with the course of performance and dealing, usage of the trade, and the accepted practice of the Seller, the Seller's liability to the Buyer or anyone claiming through or on behalf of the Buyer, with respect to any claim or loss arising out of this transaction or alleged to have resulted from an act or omission of the Seller, negligent or otherwise, including failure to deliver, delay in delivery, or breach of warranty, shall be limited to an amount equal to the purchase price of the goods with respect to which such liability is claimed, or, where appropriate and at the option of the Seller, to replacement of the goods. In no event shall the Seller be liable for consequential damages, losses, or expenses arising out of this transaction;

b. An action to recover the purchase price or to compel such replacement shall be Buyer's sole remedy.

c. Except with respect to title, thirty (30) days after delivery shall be deemed a reasonable period within which the Buyer must inform the Seller in writing of any

breach of warranty or other reclaim hereunder, or thereafter be barred from any remedy thereon whatsoever;

d. All claims by, through or on behalf of the Buyer or by others arising out of or connected with this transaction shall expire and be forever barred as against the Seller unless an action is commenced thereon in a court of competent jurisdiction against the Seller within one year after the Seller's tender of delivery of the goods sold hereunder.

e. In no event shall the Seller be liable to the Buyer for special, indirect, consequential or punitive damages (including loss of business or profit) arising in connection with the product sold hereunder even if the Seller has been advised or has notice of the possibility of such damage.

6.3.9 Each shipment of goods shall constitute a separate and distinct sale, and any default by the Buyer in ordering, accepting or paying for any shipment shall not affect the Seller's right to insist upon full performance of the Buyer's obligations hereunder and to stop shipments until any and all such defaults are made good. The Seller may, at its option, treat such defaults as a final refusal of the Buyer to accept further shipments.

6.3.10 In the event the goods are manufactured and/or printed in accordance with specifications provided by the Buyer, the Buyer agrees to indemnify the Seller against all claims, losses, liabilities, and damages, to defend the Seller against claims and legal actions, and to pay all claims, judgments, awards, costs, expenses, including attorneys' fees, which the Seller may incur or become liable to pay arising out of any claim of patent, trademark or copyright infringement, as well as any claim of non-compliance with packaging or labelling laws or regulations, notwithstanding that the Seller may have been consulted as to or have performed art or design work or other services in connection with this transaction.

6.3.11 The Seller shall not be liable for any delay in or failure of performance hereunder due, to any contingency beyond its reasonable control, including an act of God, war, terrorist activity, mobilization, insurrection, rebellion, civil commotion, riot, act of an extremist or public enemy, sabotage, labor dispute, lockout, strike, explosion, fire, flood, storm, accident, drought, equipment failure, power failure, inability to obtain suitable or sufficient labor or material, delay of carrier, embargo, law, ordinance, rule or regulation, whether valid or invalid, including but not limited to priority, requisition, allocation or price control, or other cause beyond its reasonable control. Similarly, the Buyer shall not be liable for failure to take delivery of the goods for any of the above causes beyond the Buyer's control if it renders it impossible for the Buyer to receive or use the goods. When only a part of the Seller's or the Buyer's capacity to perform is excused under this paragraph, the Seller or the Buyer must allocate production, deliveries, or receipt of deliveries among various customers or suppliers then under contract for similar goods during the period when the Buyer or the Seller is unable to perform. The allocation must

be effected in a commercially fair and equitable manner. When either the Seller or the Buyer claims an excuse for non-performance under this paragraph, it must give notice in writing to the other party. When an allocation has been made, notice of the estimated quota made available for the Buyer or the Seller, as the case may be, must be given. The Seller shall not be obligated to sell, nor shall the Buyer be obligated to purchase, at a later date, that portion of the goods which the Seller is unable to deliver or the Buyer is unable to receive or use because of any of the aforementioned causes beyond the control of the parties. No goods are to be tendered by the Seller after the expiration of the time specified herein without the consent of the Buyer. Notwithstanding the above, goods purchased hereunder which are either completed or in process at the time of notice must be accepted by the Buyer.

Delays in securing the Buyer's approval of necessary specifications may, at the option of the Seller, extend the date of delivery.

6.3.12 When goods are to be exported, the Buyer shall furnish with each order all Consular and Custom declarations and licenses and shall accept all responsibility for penalties resulting from errors or omissions thereon.

6.3.13 The Buyer and the Seller agree that if the Seller shall have any reasonable ground for insecurity with respect to the Buyer's ability to perform, the Seller may decline manufacture or shipment hereunder except upon receipt of cash payment.

6.3.14 After ninety (90) days from the ready date of goods sold hereunder, in the absence of agreed shipping dates, the Seller shall have the right to bill the Buyer for such goods and shall also have the option of either shipping such goods to the Buyer or billing the Buyer for the storage charges at the rate of one and one-half per cent (1.5%) per month of the selling price of such goods held in inventory.

6.3.15 The provisions hereof are severable, and, in the event any is held to be unenforceable, the remaining provisions will continue in full force and effect.

6.3.16 Should any arbitration or litigation be commenced by the Seller to recover the purchase price of the goods sold hereunder, the Buyer agrees to pay to the Seller all costs of collection and defence incurred by the Seller, including reasonable attorneys' fees and expenses, for the services of counsel to collect payment for said goods. In addition, in any dispute of any kind in which the Seller is required to initiate litigation or to defend litigation, the Seller will be entitled to recover all attorneys' fees and expenses.

6.3.17 Any assignment by the Buyer of this Agreement or any right hereunder or any cause of action arising hereunder without the prior written consent of the Seller shall be void. If majority ownership or control of the Buyer, or of the mill to which goods are delivered under this Agreement, is transferred to interests other than those presently possessing such ownership or control, the Seller shall have the option of cancelling this Agreement

and requiring immediate payment of the invoices for all goods previously shipped and unpaid. The Seller shall not need the consent of the Buyer to assign the Agreement.

6.3.18 Any notice, request or communication hereunder shall, except where otherwise explicitly provided, be in writing and may be given by either party to the other by fax at the address written in the order confirmation or to such other address as may be substituted by written notice from either party to the other. Notices so given shall be deemed for all purposes hereof to have been reviewed by the party to whom addressed within two (2) days after the receipt thereof.

6.3.19 The agreement reached concerning the aforementioned merchandise sold will be interpreted according to the laws of the Province of Quebec.

Governing Law: This agreement shall be governed by and interpreted and construed in the laws of the province of Quebec and the laws of Canada applicable therein without regard to its conflict of laws provision.

6.4 General Terms of Payment

Unless otherwise indicated, the Seller's general terms of payment are 1% 10, net 30 days from date of invoice, on the amount invoiced after deduction of freight allowance. To be eligible for the discount, the Seller must receive payment no later than the 10th day after the invoice date.

6.5 Default

If the Buyer is in default of payment, the Seller has the right to immediately withhold deliveries until payment is made as well as to cancel the agreement with effect fourteen (14) days after giving notice, if the payment has then still not reached him. In addition, the Seller shall be entitled to interest on each sum defaulted on at the rate of five percent (5%) above the official discount rate or the official minimum lending rate as appropriate to the country of the Buyer. When the price is payable in a currency other than that of the Seller's country, the Seller is also entitled to compensation if the rate of the exchange is less favorable to him on the day of delayed payment than it was on the last day when payment was due. In the case of the instalment agreements such cancellation applies to the balance of the agreement including, as the Seller so elects, the shipment for which the Buyer is in default of payment.

Should the Buyer become insolvent or go into liquidation or have a receiver appointed or otherwise be found to be in such financial position that it may reasonably be assumed that he will not be able to fulfill his obligations, the Seller shall have the right to cancel the agreement forthwith and require immediate payment of the price of all goods previously shipped, and unpaid, in addition to its other rights at law or hereunder.

6.6 Pricing Policy

All prices must be authorized by the Tembec Paper Group.

All orders are subject to credit review at any time prior to shipment.

Prices and upcharges are subject to change without notice

All orders are subject to invoicing at the price prevailing at the time of shipment plus any applicable upcharges.

Selling prices for orders are generally as follows: $/cwt, $/msf, $/ton, $/100m^2. Standard freight terms are: CPT (Carriage Paid to Destination) with freight allowance limited to a maximum of US $60/st.

All orders received after a price increase announcement date, but shipped before the effective date of a price increase, will be invoiced at the old price. This is conditional to the Seller being physically able to accept the orders for manufacture and shipment prior to the effective date of a price increase. Orders that cannot be accepted for shipment prior to the effective date of a price increase will be subject to the new price. This policy applies to all new orders and outstanding quotations made prior to the announcement of a price increase. Quotations (price and delivery) are valid for twenty-four (24) hours.

Any and all taxes or charges of any nature imposed by any federal, provincial, state or municipal authority which shall become payable by reason of the sale or delivery of the paper hereunder, shall be deemed for the Buyer's account and the Seller shall either bill the same to the Buyer separately or add the same to the price of the paper shipped.

Payment terms may be changed at any time with or without prior notice and are those in effect at time of shipment. Any invoice not paid when due shall be subject to a late charge of two per cent (2%) per month or portion thereof. Any credit extended to the Buyer hereunder shall be subject to the Seller's normal credit standards and approval procedures in effect from time to time, and upon request the Buyer shall provide the Seller with sufficient information for the Seller to evaluate the Buyer's financial condition.

6.7 Invoice Weight

Rolls are billed at net weight. Sheets are billed at nominal basis weight based on actual sheet size and sheet count.

6.8 Remittance Information

Refer to the "Remit to" section of the Tembec Paper Group's invoices.

For information regarding Electronic ACH payment, Fedwire or Wire Transfer, contact your Inside Sales Representative.

Section 7 - INQUIRY AND ORDER PROCEDURES

All inquiries and purchase orders should be addressed to:

Tembec Paper Group
800 René-Lévesque Blvd. West, Suite 1050
Montreal, Quebec, Canada H3B 1X9
Tel: 800-411-7011
Fax: 514-871-9125
www.kallima.com

7.1 Written Confirmation of Orders Required

Order specifications given verbally must be confirmed during normal working hours by written purchase order sent via fax or email to the Tembec Paper Group's Inside Sales Department prior to order entry. The Tembec Paper Group reserves the right to refuse any claims resulting from failure to meet specifications that have not been confirmed by written purchase order by the customer.

7.2 Acceptance of Order

Orders and quotations are subject to acceptance by the Seller. The Seller assumes no responsibility for orders that are not accepted and acknowledged in writing. All verbal orders must be confirmed during normal working hours by written purchase order sent via fax or email to the Tembec Paper Group's Inside Sales Department order prior to production.

No order specification, term or condition of sale or quality claim provision included in a purchase order is binding on the Seller, unless specifically accepted by the Seller inclusion in the order acknowledgment. It is the Buyer's responsibility to review the Seller's order acknowledgment and report any discrepancies in writing to the Seller prior to manufacture (within 24 hours of receipt).

The selection of the proper grade to meet end-use requirements is the responsibility of the Buyer. The Seller assumes no obligation or liability for damages, liability, cost and expenses arising out of or related to such end-use requirements.

The manufacturing of non-standard grades/calipers is subject to accumulation. Accordingly, should all orders for the given grade/caliper not meet the tonnage threshold for manufacturing of non-standard grades/calipers, then the order will remain pending and unaccepted until such threshold is met. An order acknowledgment for non-standard grades/calipers does not constitute acceptance of the order. Acceptance of the order will occur and be notified when a production run is scheduled, at which time the delivery date will be confirmed.

7.3 Order change / Last Date of Change (LDC)

The Last Date of Change (LDC) is available at the time of the order confirmation and is subject to change without notice. Contact the Tembec Paper Group Inside Sales Department for more information.

Order changes or cancellations must be confirmed by written purchase order.

7.3.1 Making Orders

Orders are considered firm at the time of order entry and cannot generally be changed or cancelled after 5:00 pm (Eastern Time) on the Last Date of Change. If a change after the LDC can be processed, a $500 fee will be added to the order.

However, once the manufacturing process has begun, changes or cancellations to orders cannot be accepted.

7.3.2 Stock Orders

Changes can be made to a stock order up until 12:00 noon (Eastern Time), 3 business days prior to the planned ship date. After this time, stock orders are considered firm. If a change past this point can be processed, a $500 fee will be added to the order.

However, orders for stock items that must be manufactured to fulfill an order cannot be changed or cancelled after 5:00 pm (Eastern Time) on the Last Date of Change (LDC). If a change after the LDC can be processed, a $500 fee will be added to the order.

However, once the manufacturing process has begun, changes or cancellations to orders cannot be accepted.

7.3.3 Special Service Programs

Orders for special service programs are considered firm at the time of order entry and cannot be changed or cancelled.

7.4 Order Delivery Dates

Quotations (price and delivery) are valid for 24 hours. If an order is not placed within 24 hours of quotation, a new price or delivery date must be requested.

7.5 Mill Inventory

Inventory items can be reserved with a purchase order until 5:00 p.m. (Eastern Time) the same day.

7.6 Cut-off Time for Stock Items

Orders for stock items (roll, skids, cartons) entered before 12:00 noon (Eastern Time) can generally be shipped within 24 hours.

7.7 Trade Tolerances for Overruns and Underruns

Quantities shipped on order line items* will be kept as close as possible to those ordered, subject to the following variations:

- Up to 4,999 lb. will be subject to a variance of +/-20% or 1 unit (roll/skid/etc)
- 5,000 lb. to 9,999 lb. will be subject to a variance of +/-10%.
- 10,000 lb. to 39,999 lb. will be subject to a variance of +/-5%.
- 40,000 lb. and up will be subject to a variance of +/-3%.

* Order Line Items = 1 grade, 1 caliper, 1 size, 1 packaging style.

Section 8 - Pricing and Upcharges

Prices and upcharges are subject to change without notice.

The following guidelines and upcharges apply to our full product line. One item is 1 grade, 1 caliper, 1 size, 1 packaging style.

8.1 Rolls

8.1.1 Minimum Order Size

Standard grades – 5,000 lb.
Non-standard grades – 10,000 lb. subject to trim and accumulation requirements

8.1.2 Diameter

Minimum: 40"
Maximum: 60"

8.1.3 Narrow Rolls

Roll widths 17" and less are subject to an upcharge of US $80/Ton, CDN $95/Tonne.

8.1.4 Core Sizes

Standard core sizes are 3", 4", 6” and 12".
Other core sizes are available upon request with a 7-day notice.

8.1.5 Special Requests

Rolls on pallets or skids are subject to an upcharge of US $25 per pallet or skid, CDN $30 per pallet or skid.

8.2 Skids

8.2.1 Minimum Order Size

Standard grades – 5,000 lb.
Non-standard grades – 10,000 lb.

Stock order: 2 standard skids (combination of 1 full pallet and 1 full skid is acceptable).

8.2.2 Sheet Size Limitations Without Upcharge

Maximum: 64" × 65"
Minimum: 20” x 20”

Any sheet dimension smaller or larger than the sizes noted above will result in additional charges or longer delivery time. Consult your Tembec Paper Group Inside Sales Representative for a firm quote.

8.2.3 Guillotine

Width under 20”	US $100/Ton, CDN $115/Tonne
Length under 20”	US $100/Ton, CDN $115/Tonne

8.3 Cartons

8.3.1 Minimum Order Size

Minimum: 2 pallets (combination of 1 full skid and 1 full pallet is acceptable).

8.3.2 Carton Packaging

Upcharge added to skid price: US $60/Ton, CDN $90/Tonne.

8.3.3 Broken Pallets

Broken Pallets are subject to an upcharge of US $40/pallet, CDN $45/pallet.

8.4 Freight Terms and Freight Charges

8.4.1 Freight Terms

Standard freight terms are CPT (Carriage Paid To Destination) with freight allowance limited to a maximum of US $60/st plus any other surcharges, in addition to any stop-off charges incurred.

Orders will be shipped as agreed to at the time an order is accepted and confirmed. Requests to delay shipments are generally not permitted. If shipment is refused or delayed, additional fees will apply. This may include the immediate invoicing of the product and fees for storage and handling.

8.4.2 Freight Charges

A stop-off charge will be applicable for any shipment less than 40,000 lb. and will be quoted at time of order. Less than truckload (LTL) orders require a wider delivery window than full truckload shipments.

Order quantities greater than truckload increments are treated as one or more full trucks plus a partial truck. The partial truck will incur a stop-off fee.

If the order consists of more than a single partial shipment, each partial shipment will be assessed a stop-off fee.

A requested change in delivery requirements may result in detention or redelivery charges.

Freight charges for deliveries west of Denver, CO, and Manitoba will be applicable.

Special delivery requirements will be quoted on a case per case basis.

8.5 Recycled content

Upcharge for 10% recycled content: US $60/Ton, CDN $90/Tonne

Section 9 - Claims Handling Policies and Guidelines

The Tembec Paper Group makes every effort to produce quality products through advanced technology and rigid quality control standards. This policy applies to prime board sales only.

If an issue occurs in the printing or converting process, a judgment of responsibility has to be made cooperatively between the customer, the Tembec Paper Group, and other pressroom suppliers.

If this issue is attributed to the Tembec Paper Group's product, it is our objective to resolve the problem promptly, equitably and amicably within 30 days of receipt of the written claim.

The customer will prepare and submit to the Tembec Paper Group by mail a detailed shipping manifest depicting grade, roll/skid numbers and individual weights.

9.1 Notification

If the customer encounters a problem that is suspected to be paperboard-related and there is doubt that the finished product will be acceptable**, it is incumbent upon the customer to stop production and notify a Tembec Paper Group representative immediately by telephone**. It is the customer's decision to continue or curtail the converting operation (sheeting, printing, die cutting, scoring, laminating, gluing, foil stamping or embossing). **The Tembec Paper Group will not pay for subsequent loss if the customer continues to convert defective board without the Tembec Paper Group's prior written consent**.

A customer is not authorized to admit fault, commit the Tembec Paper Group to settlement of a claim or bind the Tembec Paper Group legally.

A customer, upon learning of a problem, should notify the Tembec Paper Group Account Manager or Inside Sales Representative by telephone.

A written claim must be submitted within 30 days. A claim will not be considered later than 30 days after the complaint has occurred without prior approval from the Tembec Paper Group.

When submitting a claim, a detailed "Statement of Charges" including weight, number of rolls or sheets, roll numbers or skid numbers, press rate, press time, cost of each blanket, must be attached.

9.2 Evidence

A Tembec Paper Group representative should be afforded the opportunity to visit the printing/converting operation, when necessary, and make a complete investigation. Unless the Tembec Paper Group has the opportunity to fully investigate the problem, we cannot form a judgment of responsibility and may be forced to deny the claim.

It is the primary responsibility of the Tembec Paper Group's customers to promptly submit identified samples and other evidence representative of the problem. Evidence, such as tape

pulls, inks, fountain solutions, blankets and printed/unprinted samples, etc, is necessary. The problem should be identified on the samples of the defective board.

The customer must submit the purchase order number, roll/skid numbers, mill order number, skid/roll label and detailed description of the problem and current status of the order. A formal claim from the customer including a detailed description of the problem, explanation of the procedures exercised to solve the problem and the results of tests performed must accompany the samples and other evidence.

Damaged blanket or plate claims for sheet-fed presses will be considered only when samples of the defective paper or foreign objects and 4 press sheets illustrating the damage are submitted with the full size damaged blanket or plate.

9.3 Claims

Claims for losses sustained by the customer, as judged by the Tembec Paper Group to be reasonable and directly related to defective paperboard, will be honored up to, but not exceeding, the original cost of the paperboard.

Claims cannot be deducted from the original invoice. The Tembec Paper Group will issue a credit invoice in settlement of approved claims.

Damaged blanket or plate liability for sheet-fed equipment is limited to the replacement cost of a blanket or plate of equal quality.

The Tembec Paper Group cannot accept responsibility for problems resulting from paperboard that has been trimmed or otherwise converted by the merchant or converter before printing.

Defects that occur as a direct result of press or converting equipment being operated under abnormal or inappropriate conditions are not the Tembec Paper Group's responsibility.

Registration of a complaint by a customer and acknowledgment that a problem exists by the Tembec Paper Group does not constitute acceptance of a claim.

The Tembec Paper Group will not entertain consequential damage resulting from the use of its products beyond the customer's plant.

The Tembec Paper Group will not pay for the price difference for a competitor's board in replacement of its paperboard.

The Tembec Paper Group will arrange for removal of Tembec authorized unopened defective product from the customer's floor upon receipt of shipping manifest depicting roll/skid numbers.

Printed or opened product will be disposed of by the customer after settlement of the claim.

9.4 Claims Processing Requirements

When a paperboard problem is discovered, the customer should immediately contact the Tembec Paper Group Account Manager or Inside Sales Representative.

The customer should be prepared to provide the purchase order number, roll/skid numbers, mill order number, skid/roll label, a brief description of the problem and the current status of the order.

The customer must stop processing the paperboard immediately.

The Tembec Paper Group will not pay for subsequent loss if the customer continues to process defective paperboard without the Tembec Paper Group's prior written consent.

The customer must provide the Tembec Paper Group with an estimate of their additional processing costs if there is an agreement to proceed with the order.

9.5 2-H Limit and Customer Liability

The Tembec Paper Group will not assume liability for lost production or more than 2 hours of lost press time resulting from running defective paper. A customer who encounters defective paper and elects to continue to print or process the paper assumes responsibility for the cost of the paper and printing/converting.

9.6 Proper Grade Selection

The selection of the proper grade to meet end-use requirements is the responsibility of the customer.

The Tembec Paper Group is not responsible for a problem or claim resulting from end-use requirements extending beyond the capabilities of the grade design.

The Tembec Paper Group is pleased to give an opinion and supply information that might be helpful in the grade selection process when requested.

9.7 Paper Conditioning

The Tembec Paper Group takes great care to protect its products from adverse moisture conditions. Our products are protected with moisture repellent packaging.

The Tembec Paper Group cannot be responsible for printing or converting problems related to moisture imbalances or other poor environmental conditions at the customer's facility.

The Tembec Paper Group cannot assume liability for printing or converting problems caused by conditions where the relative humidity of the printing or converting plant is abnormally out of balance with the relative humidity of the paperboard. It is understood that the Tembec Paper Group will provide paperboard with moisture content compatible with a pressroom maintained at 45% R.H. (+/- 5%) at 72°F.

After the skids or cartons had ample time to acclimate to the pressroom (reach temperature equilibrium), they should be unwrapped just before printing. Unprinted paperboard should be immediately rewrapped and sealed in plastic or in the original carton for future use.

After allowing time for drying and/or loads to cool, loads of printed material should be covered in plastic between processes to protect the paperboard against moisture absorption or loss.

9.8 Grain-Short Paper

Printing grain-short paper on a sheet-fed press frequently causes dimensional or sheet handling problems. The Tembec Paper Group will not assume liability for mis-register, wrinkling or other sheet handling problems related to printing sheets grain-short.

9.9 Work and Tumble

While the Tembec Paper Group always takes care in cutting and trimming, we can assume no responsibility for the possible hazards associated with work and tumble forms. It is the printer's duty to ensure the accuracy of the trimmed sheet size before running such work.

9.10 Customer Sheeting

Rolls supplied for in-line, right angle, or off-the-press sheeting are inspected as thoroughly as possible before leaving the mill.

The Tembec Paper Group is not responsible for lost time due to cutter dust, static, turned corners, scuffs, "cigars," wrinkles, splices, surface contamination or any other defect which should normally be removed by sheet inspectors.

It is the responsibility of the customer to detect and remove paper defects during their sheeting process prior to printing.

9.11 Shipment Dates and Late Delivery

Target shipment date variance – Late: 0 days, Early: up to 2 days. Notification to the Buyer of any late shipment will be made as soon as possible, typically no later than 1 day prior to scheduled shipment date.

The Tembec Paper Group cannot assume responsibility for financial losses that may result from a production delay or transportation delay due to causes beyond the Tembec Paper Group's reasonable control.

The Tembec Paper Group will make every effort to ensure timely delivery but will not be held liable for late deliveries occurring as a result of failure of the designated carrier to pick up, transport and deliver on time.

9.12 Return Policy

The following policy will apply to all unopened standard stock items returned for reasons other than quality or the Tembec Paper Group's error:

Authorization to return stock must first be received from the Inside Sales Department, as well as receipt of written acceptance stating that the customer accepts the return and restocking charges.

Instructions will be given as to when and where the stock should be returned, freight prepaid.

A charge of US $5.00/cwt will be made for the reconditioning and handling of all returned stock – minimum charge of $100.00. The customer is responsible for freight both ways.

A credit for returned stock will be made for all stock received in saleable condition. The value of any damaged stock will be deducted from the credit amount.

Stock cannot be returned after six months from the original date of shipment from the Tembec Paper Group.

9.13 Return of Defective Products

Upon receipt and verification of defective product, the Tembec Paper Group will process a credit for the defective product.

9.14 Replacement Paperboard

The Tembec Paper Group will replace paperboard proven to be defective as quickly as possible.

If the Tembec Paper Group cannot ship replacement paperboard in time to satisfy the customer's deadline, the Tembec Paper Group will not be liable for any extra costs due to substitution of grade, size, plate cost, press time, waiting time or premium time.

9.15 Post Press Operations

The Tembec Paper Group fully guarantees its products to perform satisfactorily under normal conditions on printing presses.

There is a significant number of post press operations that take place after the printing press operation; these include binding, folding, scoring, embossing, stamping, foil stamping, lamination, foils, films, coatings, U.V., poly and die cutting.

In the above post finishing operations, a test run should always be made prior to the commercial run. Due to the variety of these operations, the Tembec Paper Group will not accept consequential damages (such as equipment, time, materials, additional delivery charges) for problems encountered with post finishing operations when there has been no test run prior to running the paper.

9.16 Complaint Procedure and Claims Policy

1. When a problem is discovered, the customer should immediately contact the Tembec Paper Group Account Manager. If the Account Manager is unavailable at the time, then the customer should contact the Tembec Paper Group's Inside Sales Department at 800-411-7011. The Inside

Sales Representative will advise the Account Manager and/or the mill Technical Department immediately. The Technical Department will contact the customer.

2. A Technical Representative may be assigned to help with the investigation of the complaint.

3. The Buyer must promptly submit any claim with the Tembec Paper Group in writing within 30 days from date of the initially reported complaint. The original invoice must be paid in full. Any claims settlement will be dealt with separately.

4. Registration of a complaint by a customer and acknowledgment that a problem exists by the Tembec Paperboard Group does not constitute acceptance of a claim.

5. The customer is responsible for the proper documentation pertaining to the complaint, i.e. purchase order number, mill order number, roll/skid numbers, skid/roll label, history of the complaint, printed and unprinted samples, tape pulls, blankets, inks, fountain solutions. Evidence must be sent via courier to the attention of the Claims Analyst:

Attn: Tembec Paper Group/Claims Analyst
AMJ Campbell
303 Airport Road
Algonquin Square
North Bay, Ontario, Canada
P1B 8W7
Phone: 819 627-4684

6. The Tembec Paper Group Account Manager is responsible for collecting the evidence outlined in section 9.2.

7. Upon receipt of all documentation and evidence, the Tembec Paper Group management will review the claim for acceptance.

8. It is our objective to resolve and settle the claim within 30 days of receipt of the written claim.

9. Complaints will only be considered on paperboard received within 6 months of the original shipment date.

10. The Tembec Paper Group will not entertain consequential damage resulting from the use of its product beyond its customer's plant.

11. Claims cannot be deducted from the original invoice.

12. Claim follow-ups are to be addressed to the Claims Analyst at 819 627-4684.

13. Claims must be filed and will only be paid to the "sold to" customer.

Note: A customer is defined as the sold to or ship to party, merchant, broker, agent, printer, converter or end user.

Section 10 - Transport Damage Claims

10.1 Inspection of Incoming Shipments

It is the responsibility of the consignee to inspect incoming shipments before and during unloading for possible transit damage. When damage is noted, the driver (in the case of truck delivery) must be present to participate in the inspection and to witness the problem. In the case of rail delivery, a representative of the railway must be requested to inspect the shipment. Photos of damage must be forwarded to the Tembec Paper Group Claims Analyst.

10.2 Transit Damage Claims

When the Tembec Paper Group's products are damaged in transit through carrier negligence or mishandling, the Tembec Paper Group will assume the responsibility for filing damage/loss if the following requirements are met:

1. The carrier must be a Tembec Paper Group carrier. Customer specified carriers are excluded from this policy.

2. The total value of this shipment must be over $100.

3. The customer or his agent must inspect and clearly document the loss or damage upon delivery of shipment, including photo documentation.

4. The customer or his agent must notify the Tembec Paper Group's Claims Analyst of their intent to claim within 15 days of receipt of the damaged product.

5. The customer or his agent must file a written claim with the Tembec Paper Group's Claims Analyst as soon as possible, but no later than 30 days of receipt of the damaged product.

6. The customer must furnish a delivery receipt or carrier inspection report identifying specific damage/loss along with photos.

10.3 Procedures for Reporting Damage or Discrepancies

10.3.1 Truck/Container Shipments

If damage is evident upon opening the trailer/container, the delivery receipt should be noted and signed by both the receiving party and the carrier. The receiver should then notify the carrier's agent and request an inspection. The Tembec Paper Group may be requested to provide assistance in assessing damages. Visible damages must be reported immediately and the delivery receipt noted on, identifying specific damages and possible reasons (if known). Photographs of the damages should be forwarded to the Tembec Paper Group's Claims Analyst. Failure to do so constitutes a clear receipt to the carrier and negates the opportunity to claim.

10.3.2 Rail Shipments

Upon receipt of the rail car, the receiver must ensure the seal is intact. If loss or damage is noted, record the seal number, call the delivering railway agent immediately and request an inspection.

In addition, the Tembec Paper Group's Claims Analyst must be notified. If the carrier's agent cannot provide inspection within a reasonable time frame, photograph the damaged load before proceeding with the unloading. Segregate the damaged paperboard for later inspection.

10.3.3 Evidence

Collection of evidence is critical for expedient settlement. When damage is discovered, note the location of the damaged goods by position within the trailer, container or rail car. Photograph all loads.

10.3.4 Hidden Damage Caused by Transportation

Carefully inspect all goods upon receipt of shipments. If damage is first discovered upon unwrapping the goods, report the damage immediately to the Tembec Paper Group's Claims Analyst within 15 days of receipt of the damaged goods. The damaged goods must be made available for carrier or the Tembec Paper Group's Technical Representative inspection.

10.3.5 Inspection Waiver

If the carrier waives his right to inspect a shipment, the time, date and name of the representative waiving inspection must be noted on the bill of lading.

10.3.6 Shortages or Discrepancies

Shortages or discrepancies must be reported immediately and the delivery receipt noted on. Failure to do so constitutes a clear delivery receipt to the carrier and negates the opportunity to claim.

10.4 Documentation of Damage or Discrepancies

10.4.1 Reports and Receipts

The inspection report (rail) or delivery receipt (truck) must be accurate. If you do not agree with the information on the report or receipt, do not sign without noting an exception.

10.4.2 Claims

All claims must be filed with the Tembec Paper Group's Claims Analyst. A delivery receipt (truck) or inspection report (rail) signed by the carrier's representative must accompany the Claim notice. A shipping manifest highlighting the damaged roll, skid or carton numbers must be included.

The invoice for the goods must be paid in full. The Tembec Paperboard Group strives to settle claims within 30 days upon receipt of written claim.

10.4.3 Disposition of Damaged Goods

Damaged goods must not be disposed of unless authorized by the Tembec Paperboard Group.

Section 11 - Trial Orders and Samples

11.1 Trial Roll/Sheet Orders

At the Tembec Paper Group, we understand the importance of paper trials to ensure the exact fit to your business needs. We want to make this process as easy as possible for you.

To facilitate our trial process, we have implemented a simple policy for all of our trials.

1. All the customer trials must be approved by Tembec Paper Group management.

2. Customer to provide the Tembec Paper Group with a purchase order for the trial paper.

3. All customer trials will be invoiced at 100% of the agreed upon sale price.

4. Once the trial is complete, samples are to be sent to the following address with the completed trial form, a copy of the invoice for the trial paper and a minimum of 12 printed samples.

Tembec Paper Group
Sample Department
800 René-Lévesque Blvd West, Suite 1050
Montreal, Québec H3B 1X9
Canada

5. Upon receipt of the trial form, printed samples and copy of the invoice for the trial paper, the invoice for the trial paper will be cancelled.

As part of our continuous improvement program, the Tembec Paper Group offers the assistance of its Technical Representatives for trials. This is instrumental in providing pertinent feedback and information about our paperboard.

11.2 Plain and Printed Samples

Plain or printed samples can be ordered through our website www.kallima.com. Please note that samples are for evaluation purposes only and we reserve the right to refuse any sample request.

There are two plain sample sizes available: 8 1/2” × 11” (21.5 cm × 28 cm) and 19” x 25” (48.26 cm x 63.5 cm).

There is no charge for this service.

Samples will be sent by regular courier service. Expedited delivery will be at the requester’s expense.

Section 12 - Paper Calculations and Conversion Factors

Please visit www.kallima.com for the Paper Calculations and Conversion Factors.

Section 13 - Technical Bulletins

Please visit www.kallima.com for the Technical Bulletins.