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To: Appleton Papers Inc.
Address: PO Box 0129, Combined Locks, WI 54113-0129
Attention: Mr. Lloyd Mielke
Reference: Purchase Order No. S00022412

ACCEPTANCE AND GOVERNING PROVISIONS: This document constitutes an offer by VOITH SULZER ("VOITH SULZER") to sell the Products described herein subject to and in accordance with these terms and conditions of sale. This offer is expressly limited to acceptance of the terms and conditions contained on this and the reverse sides hereof and on any attachment hereto within 30 days from the date hereof. Purchase orders submitted by Purchaser for Products quoted or described herein shall be subject to and will be deemed to constitute acceptance of these terms and conditions. All purchase orders shall be subject to credit investigation and approval of Purchaser at VOITH SULZER's home office. No modification, change or waiver of any of them terms and conditions, nor any additional or different terms and conditions, will be binding upon VOITH SULZER unless specifically agreed to in writing by VOITH SULZER's authorized officer; failure of VOITH SULZER to object to the provisions contained in any purchase order or other communication from Purchaser shall not be construed as a waiver of these terms and conditions nor an acceptance of any such provisions. The contract created by Purchaser's acceptance of these terms and conditions shall constitute the entire agreement between VOITH SULZER and Purchaser, superseding any and all prior or contemporaneous agreements, negotiations or discussions between the parties hereto, and shall be governed by and construed in accordance with the internal laws of the State of Wisconsin.

PRODUCTS:

FOR NO. 4 P.M. HEADBOX, NEWTON FALLS, NEW YORK

Item 1.0:

- 1 - Valley® 2214 headbox, pond width 160" as described in Specification No. P95-0263-R1.

Price USD 960,000.

Option:

- 1 - Thermal control water circulation assembly.

Price USD 41,060.

Start-Up Spare:

- 1 - Apron blade.

Price USD 23,430.

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TAXES: Any manufacturer's tax, occupation tax, use tax, sales tax, excise tax, duty, custom, inspection or testing fee or any other tax, fee or charge of any nature whatsoever imposed by any governmental authority (whether domestic or foreign, or federal, state or local), on or measured by the transaction between VOITH SULZER and the Purchaser (other than income taxes imposed on VOITH SULZER) will be added to the purchase price and invoiced separately, and shall be paid by the Purchaser in addition to the prices quoted. In the event VOITH SULZER is required to pay any such tax, fee or charge, Purchaser shall reimburse VOITH SULZER therefor promptly upon receiving VOITH SULZER's invoice therefor.

PRICE POLICY CLAUSE:

Prices are firm.

TERMS OF PAYMENT:

Progress payments to be mutually agreed upon.

Unless other terms are specified herein, all payments shall be in United States Dollars, and prorated payments shall become due as deliveries are made. If delivery is delayed by Purchaser, date of readiness for delivery shall be deemed to be the date of delivery for payment purposes. If manufacture is delayed by Purchaser, a payment shall be made based on purchase price and percentage of completion, balance payable in accordance with the terms as stated.

If payments are not made in conformance with the terms stated herein, the contract price shall, without prejudice to VOITH SULZER's right to immediate payment, be subject to interest at the rate of 1% per month on the unpaid balance, but not to exceed the maximum amount permitted by law.

If at any time in VOITH SULZER's judgment Purchaser may be or become unable or unwilling to meet the payment terms specified or if VOITH SULZER shall reasonably deem itself insecure, VOITH SULZER may require satisfactory assurances or full or partial payment as a condition of commencing or continuing manufacture or in advance of shipment, or if shipment has been made, recover the Products from the carrier. If Purchaser defaults in any payment when due, or in the event any voluntary or involuntary bankruptcy or insolvency proceedings involving Purchaser are initiated by or against Purchaser, then the whole contract price shall immediately become due and payable upon demand, or VOITH SULZER, at its option without prejudice to its other lawful remedies, may defer delivery or cancel Purchaser's order. If manufacture or delivery is deferred or delayed for any reason beyond VOITH SULZER'S control, the Products may be stored at Purchaser's risk and expense, and VOITH SULZER may submit a new estimate of costs for completion based upon prevailing conditions.

SHIPPING DATE: (Date quoted is based upon conditions at the factory on the date of this proposal.)

For July 4, 1996, Installation

DELIVERY TERMS:

F.O.B. Millsite, Newton Falls, New York

EFFECTIVE DATE: This offer to sell will remain in effect for 30 days, unless changed in the interim upon written notice from VOITH SULZER.

PLEASE READ ALL TERMS AND CONDITIONS APPEARING HEREOF AND IN ATTACHMENTS HERETO AND RETURN ONE SIGNED COPY OF THIS OFFER TO:

WARRANTY: VOITH SULZER warrants the Products manufactured and sold by it to be free from defects in materials and workmanship and to conform to VOITH SULZER's description herein for a period of one year from date of initial operation by Purchaser or eighteen (18) months from date of shipment by VOITH SULZER, whichever period shall expire first. If within such warranty period any such Products shall be proved to VOITH SULZER's satisfaction to be defective or nonconforming, such Products shall be repaired or replaced, or the purchase price adjusted, at VOITH SULZER's sole option. This warranty shall be conditioned upon VOITH SULZER's receiving written notice of any defect within ten (10) days after it was discovered or by reasonable care should have been discovered.

This warranty does not (i) cover shipping expenses or costs of removing defective Products or reinstalling repaired or replaced Products, (ii) apply and shall be void with respect to Products not operated in accordance with operating instructions or requirements, to Products repaired or altered by others than VOITH SULZER, or which were subjected to negligence, misuse, misapplication, accident, damages by circumstances beyond VOITH SULZER's control, to improper installation (if by others than VOITH SULZER), operation, maintenance or storage, or to other than normal use or service, and (iii) apply to Products or components thereof not manufactured by VOITH SULZER. With respect to Products or components not manufactured by VOITH SULZER, VOITH SULZER's warranty obligations shall in all respects conform and be limited to the warranty actually extended to VOITH SULZER by its suppliers, but in no event shall VOITH SULZER's obligations be greater than those provided under this warranty.

THE FOREGOING WARRANTIES ARE IN LIEU OF ALL OTHER EXPRESS AND IMPLIED WARRANTIES, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. While VOITH SULZER will cooperate (at Purchaser's expense) with Purchaser in the design of safety devices Purchaser deems necessary and specifies in writing, VOITH SULZER does not warrant that the Products comply with Purchaser's safety requirements. Purchaser acknowledges that VOITH SULZER has no control over application and use of the Products sold by VOITH SULZER and that Purchaser shall be solely responsible for assuming compliance of the Products with OSHA and other federal, state and local safety laws and requirements. Any description of the Products, whether in writing or made orally by VOITH SULZER or by VOITH SULZER's agents, specifications, samples, models, bulletins, drawings, diagrams, engineering sheets or similar materials used in connection with Purchaser's order are for the sole purpose of identifying the Products and shall not be construed as an express warranty unless expressly designated as such in writing by VOITH SULZER's authorized officer. Any suggestions by VOITH SULZER or VOITH SULZER's agents regarding use, application or suitability of the Products shall not be construed as an express warranty unless confirmed to be such in writing by VOITH SULZER's authorized officer.

PATENTS: VOITH SULZER will, at its own expense, defend or settle any suits that may be instituted against Purchaser for alleged infringement by the Products of any United States patent, provided that Purchaser shall have made all payments for such Products then due hereunder, shall give VOITH SULZER immediate notice in writing of any such suit and transmit to VOITH SULZER immediately upon receipt all processes and papers served upon Purchaser, and shall permit VOITH SULZER through its counsel, either in the name of Purchaser or in the name of VOITH SULZER, to defend such suits and give all needed information, assistance and authority to enable VOITH SULZER to do so. In case of a final award of damages in any such suit, VOITH SULZER will pay such award but will not be responsible for any compromise or settlement made without its written consent. In case the Product itself is in such suit held to infringe any valid patent issued by the United States and its use enjoined, or in the event of a settlement or compromise approved by a VOITH SULZER which shall preclude future use of the Products sold to Purchaser hereunder, VOITH SULZER shall, at its own expense, and at its sole option, either procure the right to continue using such Products, modify the Products to render them noninfringing, replace the Products with noninfringing Products, or refund the purchase price paid by the Purchaser for the Products after return of such Products to VOITH SULZER. Notwithstanding the foregoing, VOITH SULZER shall not be responsible for infringements of combination or process patents covering the use of the Products in combination with other goods or equipment not furnished by VOITH SULZER.

The foregoing states the entire liability of VOITH SULZER for patent infringement, and in no event shall VOITH SULZER be liable for consequential damages attributable to an infringement nor for infringement based on the use of the Products for a purpose other than that for which they are sold by VOITH SULZER. As to any Products furnished by VOITH SULZER to Purchaser manufactured in accordance with designs proposed or furnished by Purchaser or any claim of contributory infringement resulting from the use or resale by Purchaser of Products sold hereunder, Purchaser shall indemnify VOITH SULZER against any award made against VOITH SULZER for any patent, trademark or copyright infringement.

DELAYS: If VOITH SULZER suffers delay in performance due to any cause beyond its control, such as act of GOD, war, act of government, act or omission of Purchaser, fire, flood, strike or labor trouble, sabotage, delay in obtaining from others suitable services, materials, components, equipment for transportation, the time of performance shall be extended for a period of time equal to the period of the delay and its consequences, or VOITH SULZER may, at its option, cancel the order without liability to Purchaser. VOITH SULZER will give Purchaser notice in writing within a reasonable time after VOITH SULZER becomes aware of any such delay.

DELIVERY: Unless otherwise specified on the face hereof, all sales are F.O.B. VOITH SULZER's plant or other point of shipment designated by VOITH SULZER. VOITH SULZER shall select method of transportation and route, unless terms are F.O.B. point of shipment without freight allowed, and Purchaser specifies the method and route. Shipping dates are estimates which are not guaranteed and are based upon prompt receipt from Purchaser of all requested technical information, including drawing approval, shipping information and commercial documentation. VOITH SULZER reserves the right to make delivery in installments, all installments to be separately invoiced and paid for by Purchaser when due per invoice, without regard to subsequent deliveries.

Regardless of shipping terms, delivery of Products to a carrier at VOITH SULZER's plant or other loading point shall constitute delivery to Purchaser, and any risk of loss and further cost and responsibility thereafter for claims, delivery, loss or damage, including, if applicable, placement and storage, shall be borne by Purchaser. Claims for shortages or other errors in delivery must be made in writing to VOITH SULZER within ten (10) days after receipt of shipment, and failure to give such notice shall constitute unqualified acceptance and a waiver of all such claims by Purchaser. Claims for loss or damage to Products in transit must be made to the carrier and not to VOITH SULZER.

SECURITY AGREEMENT AND INSURANCE: To secure payment of the purchase price and performance of all of Purchaser's obligations hereunder, Purchaser hereby grants to VOITH SULZER a security interest in all Products, and agrees to execute such other agreements and financing statements, and do all acts necessary to perfect and maintain said security interest, as Seller may reasonably request. Until payment in full of the purchase price, Purchaser shall maintain insurance covering all Products in such amounts and against such risks as is customary by companies engaged in the same or similar business and similarly located, naming VOITH SULZER as insured or coinsured, and shall, upon VOITH SULZER's request, furnish evidence of such insurance satisfactory to VOITH SULZER.

SPECIAL SHIPPING DEVICES: The value of each special shipping device (oil barrel, reel, tarpaulin, cradle, crib and the like) used by VOITH SULZER to contain or protect the Products in shipment will be invoiced to and shall be paid by Purchaser as a separately stated addition to the contract price. If VOITH SULZER's proposal, quotation or other contract documents stipulate the return of any such device, it shall be returned by the Purchaser in good condition for credit, F.O.B. Purchaser's plant, freight collect, within thirty (30) days after receipt by Purchaser.

Return of any such devices as to which there is no stipulation but which has been separately invoiced is at the option of Purchaser. If returned promptly in usable condition, F.O.B. VOITH SULZER's plant or other destination designated by VOITH SULZER, freight prepaid, VOITH SULZER will grant Purchaser a credit in the invoiced amount (except oil barrels, as to which arrangements for return and refund must be made by the Purchaser with the refiner).

The foregoing provisions as to special shipping devices shall not apply to any such device shipped outside the continental United States and Canada.

CONSEQUENTIAL DAMAGES: VOITH SULZER's liability with respect to Products proved to its satisfaction to be defective within the stated warranty period shall be limited to repair, replacement or adjustment as provided in the Warranty section hereof, and in no event shall VOITH SULZER's liability exceed the purchase price of the Products involved. VOITH SULZER shall not be subject to any other obligations or liabilities, whether arising out of breach of contract, warranty, tort (including strict liability and negligence) or other theories of law, with respect to Products sold or services rendered by VOITH SULZER, or any undertakings, acts or omissions relating thereto. VOITH SULZER specifically disclaims any liability to property or personal injury damages, penalties, special or punitive damages, damages for loss of profits or revenues, loss of use of the Products or any associated equipment, cost of capital, cost of substitute Products, facilities or services, down-time, shut-down or slow-down costs, or for any other types of economic loss, and for claims of Purchaser's customers for any such damages. VOITH SULZER SHALL NOT BE LIABLE FOR AND DISCLAIMS ALL CONSEQUENTIAL, INCIDENTAL AND CONTINGENT DAMAGES WHATSOEVER.

DRAWINGS; OTHER DESIGN DATA: All specifications, drawings, designs, data, information, ideas, methods, patterns and/or inventions made, conceived, developed or acquired by VOITH SULZER in connection with procuring and/or executing Purchaser's order will vest in and insure to VOITH SULZER's full benefit notwithstanding any charges therefor which may have been or may be imposed by VOITH SULZER and shall not be disclosed to third parties without VOITH SULZER's prior written consent.

THE UNDERSIGNED PURCHASER HEREBY ACCEPTS THE OFFER DESCRIBED HEREIN, SUBJECT TO THE TERMS AND CONDITIONS OF SALE APPEARING ON THE FACE AND REVERSE SIDES OF THIS PAGE AND ON ANY ATTACHMENTS HERETO.

PURCHASER _____

DATE _____
Originator: Michael De La Hunt
Michael De La Hunt, Senior Sales Coordinator /mjt