



Mason-Grey Corporation
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www.mason-grey.com

PROCUREMENT COLLABORATION AND OPTIMIZATION

**PROPOSAL 03GAXXX
DECEMBER 1, 2003**

PROPRIETARY INFORMATION

The information herein constitutes proprietary information and is provided for the exclusive use of Your Company and the Mason-Grey Corporation. This document may not be copied in whole or in part for use or disclosed to others without the express written permission of the Mason-Grey Corporation, 400 Galleria Parkway, Suite 1500, Atlanta GA 30339.

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Background

During a meeting with your executive team, Mason-Grey ascertained that Your Company has three primary objectives to be addressed:

- Aggregation of Purchased and Brokered Raw Materials
- Inventory Optimization
- Freight Costs attributed to Operational Inefficiencies

Your Company has communicated to Mason-Grey target metrics for cost reductions related to each of the directives above. Your Company purchases a combined total of \$500M USD annually from external vendors and internal suppliers. As a result of organic growth and acquisitions, Your Company currently has numerous systems and practices that it seeks to consolidate into a standard, uniform system. For clarification, the term “System” refers to the proper balance in People, Processes, and Technology necessary to realize improvements in purchasing efficiency, economies of scale, and improved profitability.

As a benchmark, Mason-Grey evaluated, at a high level, the primary competitors of Your Company. The following table illustrates SG&A Expenses as a percentage of Revenue, and Inventories as a percentage of Total Assets. The numbers below are based on aggregate financials of the respective companies.

SG&A, % of Sales	Your Company	Competitor A	Competitor B	Competitor C
FY 2002	10.1%	6.5%	4.5%	3.2%
FY 2001	10.1%	6.5%	4.5%	3.2%
FY 2000	10.1%	6.5%	4.5%	3.2%
Inventories, % of Total Assets				
FY 2002	10.1%	6.5%	4.5%	3.2%
FY 2001	10.1%	6.5%	4.5%	3.2%

Table 1: Competitive Landscape of Domestic Market

At the conclusion of our recent meeting, it was recommended that Mason-Grey finalize our executive proposal addressing operational improvement for the Purchasing and Brokering of Raw Materials directive highlighted above.

Your Company procurement officers at mills throughout North America perform raw material procurement functions for each plant independently. This may lead to inefficiencies such as:

- Procurement from multiple plants could bid against each other;
- Large volume discounts are not fully exploited;
- Shortages from plant locations are not always filled with excess inventory from other plant locations;
- Collaboration is not formalized among agents;
- Optimization of purchases against demand and price are not performed on an aggregated basis; and,
- All the above adversely affect inventory and freight cost reduction opportunities.

Mason-Grey's proposal is based conversations, research and meetings with the President of Your Company and the VP of Your Company.

Project Approach

Mason-Grey's proposal will incorporate a phased approach of strategic analysis and tactical action. Mason-Grey is committed to defining specific deliverables that result in a hard return on investment through all phases of the engagement. Mason-Grey recommends a phased approach to mitigate risks and ensure project success.

Continuous Operational Improvement is the goal of Mason-Grey. We recognize that short term engagements such as Phase I illustrated below are the first steps in an evolutionary process for Your Company. Mason-Grey believes that a phased approach with intermediate deliverables enables Mason-Grey to demonstrate continuous value to its clientele, thereby earning the opportunity to continue with future phases of engagement.

This phased approach also mitigates risk by defining business and operational requirements prior to selecting technology solutions.

Mason-Grey offers a unique blend of business process and technology skills that are essential to designing and implementing complex collaborative supply chain initiatives.

Scope of Work - Phase I: Analysis

Phase I is a comprehensive analysis that yields recommendations for organizational improvement. Key objectives during Phase I include:

- **Evaluate Current Situation**
 - Through a cross functional interview process, determine Key Performance Indicators and their associated metrics.
 - Determine challenges within current relevant business processes, computer systems, and information flow.
 - Facilitate review sessions to resolve open issues.
 - Validate assumptions and information gathered.

- **Analyze Information and Report Findings and Recommendations**
 - Develop solutions that support Key Performance Indicators to remedy current disconnects in the organization.
 - Present solution with cost / benefit analysis.
 - Develop high-level design of new processes and procedures.
 - Shortlist technologies that are required to support new processes.
 - Identify a pilot candidate.
 - Present findings and recommendations.
 - Develop a Phase II Project Plan.

The Phase II Project Plan will serve as a benchmark for a detailed project plan that will be developed at the inception of Phase II. The primary focus for Phase I and Phase II engagements will be your largest paper mill. Phase II will involve technology selection and Pilot design and implementation.

Mason-Grey will evaluate current business processes associated with the procurement process. These include Demand Planning, Production Planning including MRP, Procurement, Inventory Management and Transportation Management as it relates to Virgin Fiber. Mason-Grey will document the discrepancies in the current state and recommend changes that will provide a significant ROI. A cost/benefit analysis will be provided to verify the savings and outline the solution costs.

Diagram 1 below illustrates the potential complexity of a multi-dimensional problem in the supply chain space. An understanding of various processes and mapping these processes against information flow will provide disconnects (gaps) that must be addressed in the solution. The potential solution shown below will likely be multi-faceted involving information technology, business process changes such as procurement collaboration and a potential optimization engine.

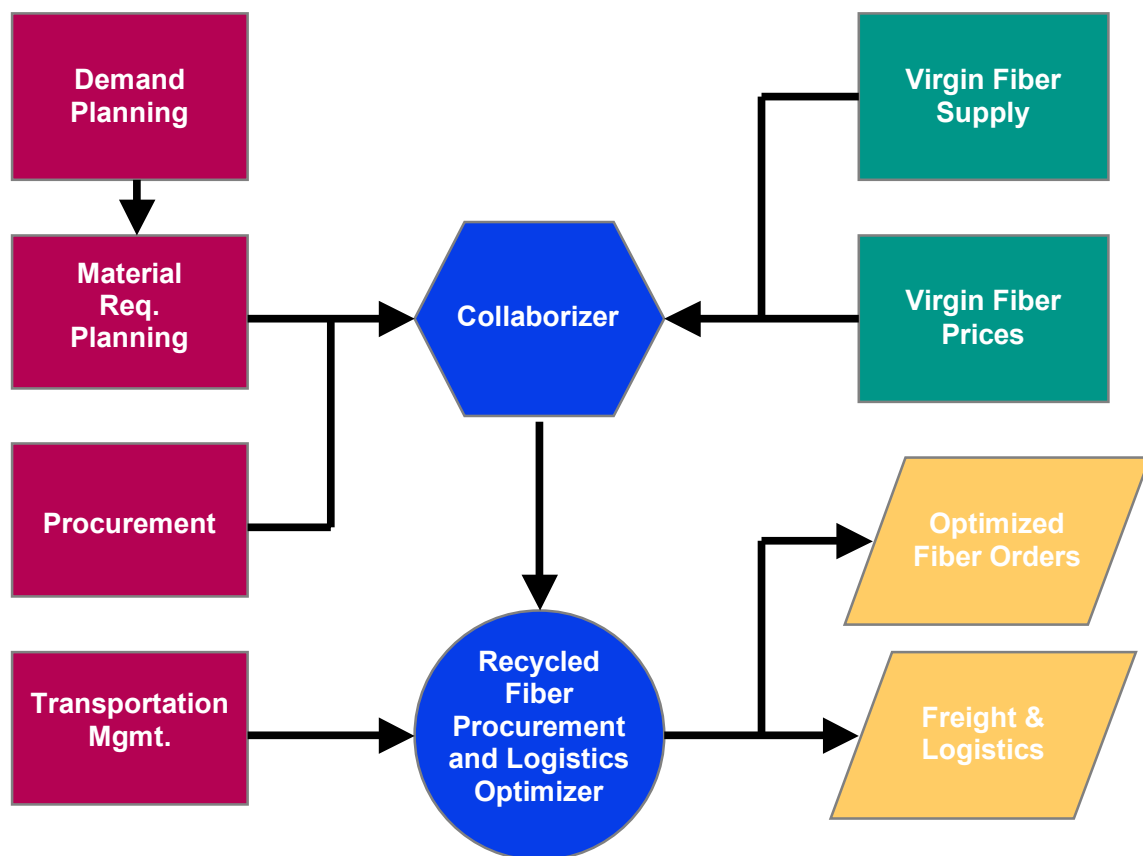


Diagram 1: Process/Information Flow Example



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The deliverables from Phase I will serve as a benchmark for the Phase II project plan.
pursuant to acceptance of Phase I deliverables, Phase II will commence.

Benefits to Your Company

Many companies are overlooking the improvement opportunities that lie within their own internal supply chains. The accelerated pace of commerce and ever-increasing customer expectations place demands on organizations that challenge the capabilities of the business. Some companies are responding by changing their business models, and jumping headfirst into collaborative commerce. Others are choosing a more deliberate approach, solidifying their own operations before selectively venturing into the collaborative commerce environment.

Additionally, some companies have spent considerable time and effort implementing enterprise-wide information technology solutions and want to make sure they are obtaining the full return on the investment before initiating new technology initiatives. It is imperative that companies improve supply chain vulnerabilities, and harness the underutilized assets within their own organization. Mason-Grey's solution for Your Company will result in the following benefits:

- Reduced costs for freight, logistics, warehousing
- Streamlined, more efficient processes
- Reduced Virgin Fiber material costs
- Improved forecast accuracy for purchasing Virgin Fiber
- Improved planning and scheduling capabilities
- Reduced inventory levels
- Increased asset utilization
- Reduced manufacturing/replenishment lead-times and accelerated supply chain response times

Schedule and Fees

This is a *good faith estimate* based on the information provided to us by your organization. It represents our estimated budget and schedule for services we think are necessary based on our understanding of your business and technical environment. However, it should be noted that this proposal creates no obligation for Your Company to pay Mason-Grey any amount beyond actual fees and expenses associated with work performed. Time and materials invoices will be generated on a bi-weekly basis and are due within a Net Ten (10) Days of receipt. The rates set forth in this proposal are valid through June 30, 2004 and are limited to this engagement only.

You should consider the following risks when evaluating this or any other estimate:

- The *good faith estimate* is based on what we think we know. The value of the estimate is directly related to the accuracy and completeness of the information provided to us. As we discover issues with that information, we will notify you of any discrepancies and their impact on our estimated budget and schedule.
- We often identify elements of functionality that are necessary, but for which we do not have the information necessary to properly estimate the associated work effort. These services will therefore generate additional costs that are not known at the time of the *good faith estimate*. We will identify each of these elements in our estimate, and we will identify the information Mason-Grey needs to provide an estimate for each element.
- Communication failures or changes in business requirements may result in scope elements that are either not identified or are more complex, more interdependent, or that have external dependencies that were not revealed during the estimation. In this situation, we will notify you as we find new scope elements, and we will provide you with cost and schedule estimates (if possible at that time).

Professional Fees

Project Phase	Estimated Effort
Phase I	
Phase II	TBD
Expenses (Travel, Supplies, etc...)	TBD
<hr/>	
<i>Total Estimated Professional Fees</i>	
<i>Contingency Estimate +/- 20%</i>	<i>Phase I Only</i>

Note: The effort stated above will involve multiple resources from Mason-Grey. Typically, delays due to scheduling meetings and obtaining information may occur which slightly extends the project duration; therefore we estimate a range of 6-8 weeks. Your Company will be billed only for actual effort expended by Mason-Grey.

Fees Schedule

Resource	Hourly Rate
Mason-Grey PMO	\$65

References

Mason-Grey is proud of our track record. Therefore, it is Mason-Grey's intention to make each and every one of our client projects become solid references. We take pride in our partnerships with our clients and always strive for superior delivery of customer service. Throughout this project, Mason-Grey will do everything to ensure that you reach your business objectives. Therefore, please expect us to solicit your feedback and a reference upon successful completion of this project.

PULP & PAPER: Mason-Grey built a maintenance management system enabling it's client to migrate data from an AS/400 that was on life support, enabling real time access via the Internet to critical inventory and purchasing information for a \$30 Million dollar obsolete parts inventory. In the past, outages of the AS/400 lead to lost profits when the mill experienced shutdowns from the inability to locate parts or purchasing information costing the mill about \$10,000 per hour in lost profits. The ROI was substantially less than a day in terms of lost profitability and eliminated the annual maintenance and support costs for the AS/400 since it was obsoleted.

PULP & PAPER: Mason-Grey's client had, over the years, developed a basket of systems to tap into production information from their manufacturing execution system. Latency, maintenance, system performance and report accuracy were all significant issues. Mason-Grey developed a centralized, client/server application on Microsoft SQL enabling accurate management reporting with sub-second response fulfilling the client's need for substantially improved transparency down to the production environment.

Supply Chain Credentials

The Supply Chain Credential summaries provided below demonstrate recent experience pertinent to our scope of services requested by Your Company. These summaries relate to professional experience demonstrated by Key Team Members of Mason-Grey.

Client: Client A, Livingston, CA
Project: Supply Chain Assessment

Objective

Supply Chain Strategic Plan: Determine best fit technologies to support growth in Foodservice SKUs, and fresh/frozen chicken operations & logistics, including production reporting of variable weights, sales processing, and order filling logistics improvements complimented by an advanced e-business strategy to implement Efficient Consumer Response.

Enablers: SAP, Production Management System, Advanced Planning & Scheduling System, improved infrastructure, customer segmentation strategy for e-business, business process improvements.

Project Approach

- Establish Key Performance Indicators through a KPI workshop.
- Conduct corporate wide analysis for Sales and Distribution, Production Planning with Point of Sale data collection, Real time production data management, IT infrastructure improvements, and logistics with objective to:
- Create strategic Roadmap defining specific business process changes, recommend supporting systems technology, and provide a sequenced technology implementation plan to support the supply chain growth strategy.
- Develop customer service strategy for major customers to insure use of latest demand information. Benefits include extending shelf life of fresh product, reducing Out of Stock conditions for top line sales growth, reducing costs, and enabling improved category management, cross docking, and Vendor Managed Inventory.

Results

Established strategic roadmap rationale based on technology gaps. Provided technology recommendations and a well defined multi-year implementation plan, master schedule, and benefits analysis. Company has been tracking against plan for last 3 years.

Company: Client B, Thousand Oaks, CA

Project: Master Plan for MES and Supply Chain – 3 sites

Objective

Supply Chain and Manufacturing Execution Strategic Plan: Support new product introductions, support expansion of product pipeline, improve efficiency in operations, enhanced quality, and regulatory compliance, and facilitate operational flexibility.

Enablers: JD Edwards ERP, Production Coordination System, Advanced Planning & Scheduling System, Manufacturing Execution, legacy system integration, business process enhancements

Approach

- Conduct corporate wide analysis for Make and Deliver with primary emphasis on advanced planning & scheduling, manufacturing, new product introduction, quality systems integration, and regulatory compliance (GMP)
- Create strategic Roadmap defining specific business process, supporting systems technology, and organizational changes to improve existing processes and support growth strategy. Develop dynamic cost/benefit models with value propositions
- Established roadmap rationale, findings and recommendations, multi-year implementation plan, and master schedule.

Results

Key Performance Indicator methodology widely accepted. Roadmap used as global technology and business process driver. Future projects were generated from Roadmap. Benefits include resource utilization improvements, increase inventory turns, reduction in operating costs, increased capacity, reduced compliance costs and cycle time reductions. Positioned for future program management and implementation opportunities.

Company: Client C, Corning NY

Project: MES / Supply Chain Pilot Implementation

Objective

Multi-site MES/Supply Chain Plan: Support new product introductions, support expansion of product pipeline, improve efficiency in operations, enhance quality, and facilitate operational flexibility, support demand planning and supply chain initiatives.

Enablers: SAP ERP, Advanced MES/Scheduling, Dynamic SAP integration to manufacturing, legacy system integration, business process enhancements.

Approach

Conduct corporate wide analysis for Make and Deliver with primary emphasis on Manufacturing Execution, Scheduling, and SAP integration. Solutions supported overall Supply Chain strategies to balance supply and demand, supported new product introduction, integrated and replaced legacy based control and quality systems.

- Phase 1: Created Strategic Roadmap defining specific business process, supporting systems technology, and technology changes to improve existing processes and support growth strategy
- Phase 2: Selected technology to support Roadmap.
- Phase 3: Proved Architecture in Pilot mode
- Phase 4: Roll - out planned for 4 sites and distribution center

Results

Assessment and Technology Selection and Implementation approaches widely accepted. Functioned as program manager and primary implementation consultant. Integration to SAP systems supported. Substantial costs reductions in inventory, productivity increases, and logistics cost reductions.

Company: Client D, St. Cloud MN

Project: Real Time Performance Management Pilot and Roll-out

Objective

Develop common plant architectures and common reporting portal to monitor Key Performance Indicators in real time.

Approach

- Phase 1: Facilitate a KPI workshop across functional and location boundaries to identify Business Primary Drivers and their supporting Key Performance Indicators
- Phase 2: Through interview workshops, develop the process flows and identify gaps that must be addressed to measure KPI's in real time. Develop a detailed ROI based on closing the gaps and improving production processes.
- Phase 3: Generate an RFI and Requirements Specification, evaluate vendors, quantify results and select the architectural components
- Phase 4: Implement a Pilot based on a thin vertical slice to prove out the systems architecture and revised production processes
- Phase 5: Roll-out the architecture horizontally

Results

Scope of pilot increased due to payback validation and scalability of open architecture

Company: Client E, Mobile, AL
Project: MES / Enterprise Application Integration

Objective

Supply Chain Automation Initiative: Improve ROA through top line sales increases, working capital reductions, and bottom line margin improvements.

Approach

- Conducted corporate wide SCOR analysis for Make and Deliver business processes
- Created strategic Enterprise Integration Plan using Key Performance metrics
- Developed economic model and value propositions
- Established strategic partnership with 5 year implementation plan
- Implemented Proof of Concept solution
- Rolled out implementation across 5 sites

Results

Variable Cost Reduction

Operators (5%), Clerical (20%), Regulatory Engr (30%), Process Engineering Hire Avoidance (20%)

Material and First Pass Yield Improvements (15%)

Utility Reductions: Gas (5%), Power (4%), Steam (5%)

Fixed Cost Reduction

Maintenance Cost Reduction (5%)

Capital Purchase Deferment (12%)

Capacity Increase (10%)

Working Capital Reduction

Raw Materials, Finished Goods, and Intermediates - reduction by 20%

Key Team Members

Jim Ranallo, PE, CPIM

Twenty Six years providing valuable successes in manufacturing and operational excellence. Total career focused on manufacturing and supply chain processes using applied information technology, industrial engineering techniques, business process improvements, and material handling technologies.

- Deployed Supply Chain Business Process improvements and designed and implemented advanced supply chain technologies.
- Manufacturing Execution Systems (MES) planning, design, management, and implementation.
- Continuous Improvement methodologies using business process re-engineering, total quality management, statistical techniques, and integrated information technology.
- Systems integration of disparate process control systems, quality systems, manufacturing systems, and ERP systems including SAP, BPCS, JBA, JD Edwards, PRISM, and MAPICS.
- Cross functional lean manufacturing process improvements using planned layout, work flow design, methods, standard, material flow analysis and discrete event simulation.
- Bridging the gaps between manufacturing, information technology, engineering, and operations.
- Process Control, MES, and Supply Chain tactical and strategic planning.
- Advanced ROI modeling for technology based continuous improvement initiatives.
- Forecasting, Advanced Planning, Advanced Scheduling, and Supply Chain applications.
- Pre-sales, proposals, and statement of work, estimates, project management, vendor management, negotiations for complex manufacturing execution and supply chain systems.
- Project Management for manufacturing clients in process and discrete industries.
- Led and executed complex cross functional business process and industrial information technology projects involving MES, supply chain, planned layout, material flow optimization, defect reduction, and work process improvements for tire and steel fabrication facilities.
- Designed, managed, and implemented Key Performance Indicator (KPI) focused and ROI driven Real Time Manufacturing Performance Management System; optimized workflow, material flow, and information flow for food processing and pharmaceutical companies.

Don Ahearn, Business and Technology Consultant

Nineteen years of Information Technology and Manufacturing Systems experience. Headed the largest and most profitable division by leading and implementing entirely new initiatives, such as: Career Paths, Business Process Improvements, Bonus program, Training and technical support, Proposal and Sales practices and standards, Service Package development, new Methods (T.E.A.M), and other "Best Practices" ranging from estimation and workflow analysis to implementing technologies such as Java, XML, Enterprise Application Integration (EAI) tools, and E-business (B2B) & (B2C) solutions.

- Broad experience with Data Analysis tools included UML, Activity Diagrams, and the Select Suite of tools (UML based). Performed data and process modeling on both an Applications and Enterprise level.
- Enterprise Process Analysis focused on Store Management, improving the processes for the Financials, Inventory, and Point of Sales areas.
- Led JAD sessions with a cross section of upper management and users for the purpose of requirements analysis for E-business, Data Warehouse, and process flow improvement.
- Acted as the primary resource and team lead on Process analysis for a team of 3-5 people whose goal was to modernize systems and improve company processes by applying a proprietary process methodology (the TEAM methodology, a derivative of RUP).
- Involved with CMM and ISO processes. Interfaced with the Quality Manager who headed CMM processes. Client was CMM Level 2 moving toward Level 3.
- Provided hands-on Analysis and Design utilizing Process Modeling, Event Modeling, Data Flow Diagrams and additional modeling technologies utilizing UML, RUP, Rational, Method 1 and others.
- Top expert in developing and teaching Compuware's Component Based Development (CBD) Process Methodology, utilizing the Unified Modeling Language (UML), Incremental and Iterative lifecycle phases, Rational Rose, and the Uniface.
- Facilitated multiple JAD/JRP sessions on a departmental and cross-departmental basis. The sessions included managers, users and elected officials.
- Provided Data and Process Analysis for a project utilizing UML and Rational Rose.
- Led a Financial System Process and Data Analysis project using Method 1 techniques and RUP/UML. The goal of this high-level Enterprise project was to gather requirements and improve all processes across multiple business sectors, including the Finance, Purchasing, Utilities, and others.

Letter of Authorization

Thank you for selecting the Mason-Grey Corporation ("Mason-Grey") to perform services related to Procurement Optimization and Collaboration (the "Project"). Following is our understanding of the proposed consulting agreement between Your Company ("Client") and Mason-Grey for the completion of these services:

- 1) In order to expedite Mason-Grey's services to Client, this letter is to act as a Letter of Authorization for Mason-Grey to begin providing services on behalf of Client prior to execution of a formal agreement between the parties.
- 2) All services provided by Mason-Grey in connection with the Project will be on a time and materials basis.
- 3) Mason-Grey's obligations hereunder are contingent upon the parties entering into a Consulting Services Agreement or other formal agreement (the "Agreement") or Statement of Work ("SOW") under an existing Agreement. The parties agree to use their best efforts to negotiate in good faith and execute the Agreement or SOW, as applicable, within 30 days of the date of acceptance of this Letter of Authorization by Client or the date Mason-Grey began performing services in connection herewith, whichever is later. In the event the parties have not executed a definitive Agreement or SOW, as applicable, within such 30-day period, Mason-Grey may, at Client's request, continue to perform services under this Letter of Authorization, or, at the election of either party, this Letter of Authorization shall terminate and all work on the Project shall cease.
- 4) Mason-Grey, in performing the services in connection with this Letter of Authorization, is acting as an independent contractor. Mason-Grey is not, and shall not, be considered an agent, entity or employee of Client for any purpose whatsoever. Nothing herein shall be construed as creating the relationship of partner, agent, joint venture, representative, or employer-employee between Client and Mason-Grey. Further, Mason-Grey acknowledges that its personnel assigned to consult with Client are not agents or employees of Client for purposes of the Federal Insurance Contributions Act, the Social Security Act, the Federal Unemployment Tax Act, income tax withholding, workmen's compensation or any laws governing employees. Mason-Grey agrees to indemnify and hold harmless Client from any and all claims arising under such governmental laws, rules and regulations with respect to personnel it assigns to carry out its responsibilities under this Letter of Authorization.
- 5) It is estimated that this effort will begin November 17, 2003 (date).
- 6) Our fees are based on the amount of time required at various levels of responsibility, plus actual out-of-pocket expenses (travel, mileage, etc.). Mason-Grey will bill Client on a bi-weekly basis for all time and expenses incurred on this Project. All invoices for the Project are due and payable net 10 days from invoice date. Mason-Grey reserves the right to charge a late fee for past due amounts for invoices that are past due over 30 days from the invoice date at the lesser of 18% per annum or the maximum rate allowed as specified under Georgia law. In addition, Client agrees to reimburse Mason-Grey for any and all collection fees associated with the collection of any past due invoices.
- 7) The hourly rates for Mason-Grey personnel expected to provide services to Client in connection with this engagement are set forth in Exhibit A attached hereto. Such rates shall remain effective through June 30, 2004.
- 8) Either party hereto may terminate this Letter of Authorization for convenience upon five business days' written notice to the other.
- 9) In the event of any termination of this Letter of Authorization, Client agrees to pay Mason-Grey for all services performed through the date of termination.

- 10) Client agrees not to solicit or hire Mason-Grey employees, consultants, service providers or contractors (collectively referred to herein as "Personnel") provided by Mason-Grey during the term of the engagement and up to one year after the conclusion of Mason-Grey's effort for Client, except upon Client's prior written notice to Mason-Grey of its desire to solicit Personnel, which notice is required to be given at least 90 days prior to any such solicitation. If Client violates this paragraph 10, Client shall be obligated to pay to Mason-Grey a fee in the amount of 30% of the first year's salary to be paid to such solicited Personnel. The parties acknowledge that the determination of damages for a violation of this paragraph 10 would be difficult to ascertain and that the foregoing remedy represents reasonable liquidated damages agreeable to the parties.
- 11) Mason-Grey reserves the right to use non-proprietary client information in relation to this effort for marketing and public relations purposes, but only with the prior written consent of Client.
- 12) In the performance of services pursuant to this Agreement, Mason-Grey may utilize certain items constituting intellectual property rights. Mason-Grey retains intellectual property rights in all such items and improvements thereto developed prior to, during or outside of this Agreement. Those items include, but are not limited to, software development methods, reusable software components, software development practices, architectures and technical frameworks. Mason-Grey specifically retains ownership of the products and methodologies developed by Mason-Grey and set forth in Exhibit A attached hereto ("Mason-Grey Technology").
- 13) The parties agree that the individuals identified on Exhibit A attached hereto will serve as contacts on the Project and have authority to make decisions relating to the services provided by Mason-Grey, including decisions relating to the scope of work and the acceptance of deliverables.
- 14) Any notices required to be given in connection with this Letter of Authorization, including notices of address change required under this Agreement, shall be in writing, addressed to the parties set forth on Exhibit A attached hereto. Notices shall be given (a) by registered or certified mail, postage prepaid, return receipt requested or (b) by electronic communication, with confirmation sent by registered or certified mail, postage prepaid, return receipt requested. Notice provided pursuant to (a) above shall be deemed to have been given two days after deposit in the U.S. mail or, if provided pursuant to (b) above, shall be deemed to have been given on the date electronically communicated by fax, email or otherwise or the date on which confirmation is deposited in the U.S. mail, whichever is later.
- 15) In the event of any dispute arising under the terms of this Letter of Authorization, or in the event of non-payment of any sums arising in connection herewith, and in the event the matter is turned over to an attorney, the party prevailing in such a dispute shall be entitled, in addition to other damages or costs, to receive reasonable attorneys' fees from the other party.
- 16) THE MAXIMUM LIABILITY OF EITHER PARTY, AND THEIR RESPECTIVE DIRECTORS, OFFICERS, PARENT COMPANIES, AND AFFILIATES, TO THE OTHER PARTY FOR DAMAGES FOR ANY AND ALL CAUSES OR CLAIMS WHATSOEVER, AND A PARTY'S MAXIMUM REMEDY, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT OR OTHERWISE, SHALL BE LIMITED TO AN AMOUNT EQUAL TO THE LESSER OF (i) TOTAL FEES PAID BY CLIENT TO MASON-GREY HEREUNDER, OR (ii) \$250,000. IN NO EVENT SHALL EITHER PARTY, OR THEIR RESPECTIVE DIRECTORS, OFFICERS, PARENT COMPANIES, AND AFFILIATES, BE LIABLE FOR ANY LOST DATA OR CONTENT, LOST PROFITS, BUSINESS INTERRUPTION OR FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL, EXEMPLARY OR PUNITIVE DAMAGES ARISING OUT OF OR RELATING TO THE SERVICES PROVIDED UNDER THIS LETTER OF AUTHORIZATION, EVEN IF A PARTY HAS BEEN ADVISED OF THE

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POSSIBILITY OF SUCH DAMAGES, AND NOTWITHSTANDING THE FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY.

17) THIS IS A SERVICES ENGAGEMENT. MASON-GREY WARRANTS THAT IT WILL PERFORM SERVICES HEREUNDER IN GOOD FAITH. MASON-GREY DISCLAIMS ALL OTHER WARRANTIES, EITHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. MASON-GREY EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ARISING OUT OF OR IN CONNECTION WITH THE PERFORMANCE OF SERVICES OR THE PROVISION OF MATERIALS OR PRODUCTS UNDER THIS AGREEMENT. MASON-GREY DOES NOT WARRANT THAT THE MATERIALS OR PRODUCTS PROVIDED UNDER THIS AGREEMENT SHALL OPERATE ERROR FREE.

18) This Letter of Authorization must be executed by Client within five (5) business days of the date of execution on behalf of Mason-Grey or it shall be deemed null and void and of no force or effect. In such event, Mason-Grey shall cease all work on the Project and Client shall pay Mason-Grey for services performed through termination pursuant to paragraphs 5 and 8 above.

Mason-Grey Corporation

Your Company

By: _____

By: _____

Name:

Name:

Title:

Title:

Date:

Date:

EXHIBIT A

1. RATES (paragraph 7)

[INSERT RESOURCES AND RATES, AS APPLICABLE]

a) TBD

THE FOREGOING LIST OF RESOURCES AND RATES ARE NOT DEFINITIVE AND MAY BE SUBJECT TO CHANGE, ADDITION OR DELETION THROUGH COMPLETION OF THE PROJECT, AS DETERMINED IN THE SOLE DISCRETION OF MASON-GREY. NOTWITHSTANDING THE FOREGOING, THE RATES SET FORTH ABOVE FOR A PARTICULAR RESOURCE SHALL REMAIN IN EFFECT AND NOT SUBJECT TO CHANGE THROUGH JUNE 30, 2004.

2. MASON-GREY TECHNOLOGY (paragraph 12)

Mason-Grey retains intellectual property rights in all items developed prior to or outside of this Agreement. Those items include, but are not limited to, software development methods, reusable software components, software development practices, architectures and technical frameworks. Mason-Grey specifically retains the ownership of the following products and methodologies developed by Mason-Grey:

Mason-Grey architectures, software components, tools and methodologies:

N/A

3. PROJECT CONTACTS (paragraph 13) AND NOTICE (paragraph 14)

A. Project Contacts:

Client Contact:

Name:
Address:
City, State, Zip:
Phone:
Email:

Mason-Grey Contact:

Name: Joseph Reini
Address: 400 Galleria Pkwy, Suite 1500
City, State, Zip: Atlanta GA 30339
Phone: 678-385-7470
Email: jreini@mason-grey.com

B. Notice:

Client

Attn:
Client
Address:
City, State, Zip:
Phone:
Email:

Mason-Grey

Attn: Sr. Contracts Administrator
Mason-Grey Corporation
Address: 400 Galleria Pkwy, Suite 1500
City, State, Zip: Atlanta GA 30039
Phone: 678-385-7470
Email: snolan@mason-grey.com