



State of West Virginia
 Department of Administration
 Purchasing Division
 2019 Washington Street East
 Post Office Box 50130
 Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER
TAX07001

PAGE
1

ADDRESS CORRESPONDENCE TO ATTENTION OF:
KRISTA FERRELL 304-558-2596

VENDOR

*709010654 630-682-6239
 MEYERCORD REVENUE DIVISION ITW
 475 VILLAGE DRIVE

 CAROL STREAM IL 60188

SHIP TO

DEPARTMENT OF TAX AND REVENUE
 REVENUE CENTER

 1001 LEE STREET, EAST
 CHARLESTON, WV
 25301-1725 304-558-8500

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
07/11/2006				

BID OPENING DATE: **07/21/2006** BID OPENING TIME **01:30PM**

LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
0001	1	LS		255-20	\$0.55/M	
<p>CIGARETTE STAMPS, NUMBERED</p> <p>REQUEST FOR QUOTATION</p> <p>THE WEST VIRGINIA PURCHASING DIVISION ON BEHALF OF THE AGENCY, THE WEST VIRGINIA STATE TAX DEPARTMENT, IS SOLICITING BIDS TO FURNISH THE AGENCY WITH MACHINE HEAT AND HEAT IRON APPLIED DECAL CIGARETTE STAMPS PER THE ATTACHED SPECIFICATIONS.</p> <p>THE QUANTITIES IN THIS RFQ ARE ESTIMATED AND ACTUAL QUANTITIES WILL BE SUPPLIED TO THE AWARDED VENDOR. SAMPLES ATTACHED.</p> <p>IT IS PREFERRED THAT VENDORS INCLUDE WITH THEIR BID A SAMPLE OF THE PRODUCT. THE AGENCY RESERVES THE RIGHT TO REQUEST SAMPLES OR ANY ADDITIONAL INFORMATION. VENDORS MUST RESPOND TO WITHIN 48 HOURS OF THE REQUEST BY THE AGENCY.</p> <p>VENDORS MUST INCLUDE FOB DESTINATION SHIPPING AND HANDLING COSTS IN THEIR BID RESPONSE. PRODUCT WILL BE SHIPPED TO THE AGENCY'S LOCATION AT 1001 LEE STREET IN CHARLESTON, WEST VIRGINIA.</p> <p>EXHIBIT 3</p> <p>LIFE OF CONTRACT: THIS CONTRACT BECOMES EFFECTIVE ON UPON AWARD AND EXTENDS FOR A PERIOD OF ONE (1)</p>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE	John Sprawka	TELEPHONE	630-682-6239	DATE	7/18/06
TITLE	Business Unit Mgr.	FEIN	20-1697655	ADDRESS CHANGES TO BE NOTED ABOVE	

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'

**GENERAL TERMS & CONDITIONS
REQUEST FOR QUOTATION (RFQ) AND REQUEST FOR PROPOSAL (RFP)**

1. Awards will be made in the best interest of the State of West Virginia.
2. The State may accept or reject in part, or in whole, any bid.
3. All quotations are governed by the *West Virginia Code* and the *Legislative Rules* of the Purchasing Division.
4. Prior to any award, the apparent successful vendor must be properly registered with the Purchasing Division and have paid the required \$125.00 registration fee.
5. All services performed or goods delivered under State Purchase Orders/Contracts are to be continued for the term of the Purchase Order/Contract, contingent upon funds being appropriated by the Legislature or otherwise being made available. In the event funds are not appropriated or otherwise available for these services or goods, this Purchase Order/Contract becomes void and of no effect after June 30.
6. Payment may only be made after the delivery and acceptance of goods or services.
7. Interest may be paid for late payment in accordance with the *West Virginia Code*.
8. Vendor preference will be granted upon written request in accordance with the *West Virginia Code*.
9. The State of West Virginia is exempt from federal and state taxes and will not pay or reimburse such taxes.
10. The Director of Purchasing may cancel any Purchase Order/Contract upon 30 days written notice to the seller.
11. The laws of the State of West Virginia and the *Legislative Rules* of the Purchasing Division shall govern all rights and duties under the Contract, including without limitation the validity of this Purchase Order/Contract.
12. Any reference to automatic renewal is hereby deleted. The Contract may be renewed only upon mutual written agreement of the parties.
13. **BANKRUPTCY:** In the event the vendor/contractor files for bankruptcy protection, this contract is automatically null and void, and is terminated without further order.
14. **HIPAA Business Associate Addendum** - The West Virginia State Government HIPAA Business Associate Addendum (BAA), approved by the Attorney General, and available online at the Purchasing Division's web site (<http://www.state.wv.us/admin/purchase/vrc/hipaa.htm>) is hereby made part of the agreement. Provided that, the Agency meets the definition of a Covered Entity (45 CFR §160.103) and will be disclosing Protected Health Information (45 CFR §160.103) to the vendor.

INSTRUCTIONS TO BIDDERS

1. Use the quotation forms provided by the Purchasing Division.
2. **SPECIFICATIONS:** Items offered must be in compliance with the specifications. Any deviation from the specifications must be clearly indicated by the bidder. Alternates offered by the bidder as **EQUAL** to the specifications must be clearly defined. A bidder offering an alternate should attach complete specifications and literature to the bid. The Purchasing Division may waive minor deviations to specifications.
3. Complete all sections of the quotation form.
4. Unit prices shall prevail in cases of discrepancy.
5. All quotations are considered F.O.B. destination unless alternate shipping terms are clearly identified in the quotation.
6. **BID SUBMISSION:** All quotations must be delivered by the bidder to the office listed below prior to the date and time of the bid opening. Failure of the bidder to deliver the quotations on time will result in bid disqualifications.

SIGNED BID TO:

Department of Administration
Purchasing Division
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130



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<p>YEAR OR UNTIL SUCH "REASONABLE TIME" THEREAFTER AS IS NECESSARY TO OBTAIN A NEW CONTRACT OR RENEW THE ORIGINAL CONTRACT. THE "REASONABLE TIME" PERIOD SHALL NOT EXCEED TWELVE (12) MONTHS. DURING THIS "REASONABLE TIME" THE VENDOR MAY TERMINATE THIS CONTRACT FOR ANY REASON UPON GIVING THE DIRECTOR OF PURCHASING 30 DAYS WRITTEN NOTICE.</p> <p>UNLESS SPECIFIC PROVISIONS ARE STIPULATED ELSEWHERE IN THIS CONTRACT DOCUMENT, THE TERMS, CONDITIONS AND PRICING SET HEREIN ARE FIRM FOR THE LIFE OF THE CONTRACT.</p> <p>RENEWAL: THIS CONTRACT MAY BE RENEWED UPON THE MUTUAL WRITTEN CONSENT OF THE SPENDING UNIT AND VENDOR, SUBMITTED TO THE DIRECTOR OF PURCHASING THIRTY (30) DAYS PRIOR TO THE EXPIRATION DATE. SUCH RENEWAL SHALL BE IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE ORIGINAL CONTRACT AND SHALL BE LIMITED TO TWO (2) ONE (1) YEAR PERIODS.</p> <p>CANCELLATION: THE DIRECTOR OF PURCHASING RESERVES THE RIGHT TO CANCEL THIS CONTRACT IMMEDIATELY UPON WRITTEN NOTICE TO THE VENDOR IF THE COMMODITIES AND/OR SERVICE SUPPLIED ARE OF AN INFERIOR QUALITY OR DO NOT CONFORM TO THE SPECIFICATIONS OF THE BID AND CONTRACT HEREIN.</p> <p>OPEN MARKET CLAUSE: THE DIRECTOR OF PURCHASING MAY AUTHORIZE A SPENDING UNIT TO PURCHASE ON THE OPEN MARKET, WITHOUT THE FILING OF A REQUISITION OR COST ESTIMATE, ITEMS SPECIFIED ON THIS CONTRACT FOR IMMEDIATE DELIVERY IN EMERGENCIES DUE TO UNFORESEEN CAUSES (INCLUDING BUT NOT LIMITED TO DELAYS IN TRANSPORTATION OR AN UNANTICIPATED INCREASE IN THE VOLUME OF WORK.)</p>						

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<p>QUANTITIES: QUANTITIES LISTED IN THE REQUISITION ARE APPROXIMATIONS ONLY, BASED ON ESTIMATES SUPPLIED BY THE STATE SPENDING UNIT. IT IS UNDERSTOOD AND AGREED THAT THE CONTRACT SHALL COVER THE QUANTITIES ACTUALLY ORDERED FOR DELIVERY DURING THE TERM OF THE CONTRACT, WHETHER MORE OR LESS THAN THE QUANTITIES SHOWN.</p> <p>BANKRUPTCY: IN THE EVENT THE VENDOR/CONTRACTOR FILES FOR BANKRUPTCY PROTECTION, THIS CONTRACT IS AUTOMATICALLY NULL AND VOID, AND IS TERMINATED WITHOUT FURTHER ORDER.</p> <p>THE TERMS AND CONDITIONS CONTAINED IN THIS CONTRACT SHALL SUPERSEDE ANY AND ALL SUBSEQUENT TERMS AND CONDITIONS WHICH MAY APPEAR ON ANY ATTACHED PRINTED DOCUMENTS SUCH AS PRICE LISTS, ORDER FORMS, SALES AGREEMENTS OR MAINTENANCE AGREEMENTS, INCLUDING ANY ELECTRONIC MEDIUM SUCH AS CD-ROM.</p> <p>REV. 04/11/2001</p> <p>EXHIBIT 6</p> <p>PRICE ADJUSTMENT PROVISION: THE STATE OF WEST VIRGINIA WILL CONSIDER BIDS THAT CONTAIN PROVISIONS FOR PRICE ADJUSTMENTS PRIOR TO THE ORIGINAL EXPIRATION OF THE CONTRACT, PROVIDED THAT SUCH PRICE ADJUSTMENT COVERS BOTH UPWARD AND DOWNWARD MOVEMENT OF THE COMMODITY PRICE, AND THAT ADJUSTMENT IS BASED ON THE "PASS THROUGH" INCREASE OR DECREASE OF RAW MATERIALS AND/OR LABOR, WHICH MAKE UP ALL OR A SUBSTANTIAL PART OF A PRODUCT. ADJUSTMENTS ARE TO BE BASED UPON AN ACTUAL DOLLAR FIGURE, NOT A PERCENTAGE. ALL PRICE ADJUSTMENT REQUESTS MUST BE SUBSTANTIATED IN</p>						
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<p>A MANNER ACCEPTABLE TO THE DIRECTOR PURCHASING, E.G. GOVERNMENTAL BENCH MARKS, GENERAL MARKET INCREASE, PUBLISHED PRICE LISTS. SUCH REQUESTS FOR AND INCREASE SHOULD BE RECEIVED IN WRITING BY THE DIRECTOR OF PURCHASING AT LEAST 30 DAYS IN ADVANCE OF THE EFFECTIVE DATE OF THE INCREASE. ANY TIME THE VENDOR REQUESTS A PRICE ADJUSTMENT, THE PURCHASING DIVISION MAY EITHER ACCEPT THE PRICE ADJUSTMENT AND AMEND THE CONTRACT ACCORDINGLY OR REJECT THE ADJUSTMENT IN ITS ENTIRETY AND CANCEL THE CONTRACT.</p> <p>PREFERRED TERMS: IT IS PREFERRED THAT THE PRICES ON THIS CONTRACT ARE FIRM FOR LIFE OF THE CONTRACT, AS INDICATED IN THE LIFE OF CONTRACT CLAUSE CONTAINED HEREIN, NOT TO EXCEED ONE (1) YEAR. PRICE REVISIONS WILL BE CONSIDERED AT THE TIME OF RENEWAL ONLY.</p> <p>VENDOR PREFERENCE CERTIFICATE</p> <p>CERTIFICATION AND APPLICATION* IS HEREBY MADE FOR PREFERENCE IN ACCORDANCE WITH WEST VIRGINIA CODE, 5A-3-37 (DOES NOT APPLY TO CONSTRUCTION CONTRACTS).</p> <p>A. APPLICATION IS MADE FOR 2.5% PREFERENCE FOR THE REASON CHECKED:</p> <p>() BIDDER IS AN INDIVIDUAL RESIDENT VENDOR AND HAS RESIDED CONTINUOUSLY IN WEST VIRGINIA FOR FOUR (4) YEARS IMMEDIATELY PRECEDING THE DATE OF THIS CERTIFICATION; OR</p> <p>() BIDDER IS A PARTNERSHIP, ASSOCIATION OR CORPORA-</p>						

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<p>TION RESIDENT VENDOR AND HAS MAINTAINED ITS HEAD- QUARTERS OR PRINCIPAL PLACE OF BUSINESS CONTINUOUSLY IN WEST VIRGINIA FOR FOUR (4) YEARS IMMEDIATELY PRECEDING THE DATE OF THIS CERTIFICATION; OR 80% OF THE OWNERSHIP INTEREST OF BIDDER IS HELD BY ANOTHER INDIVIDUAL, PARTNERSHIP, ASSOCIATION OR CORPORATION RESIDENT VENDO WHO HAS MAINTAINED ITS HEADQUARTERS OR PRINCIPAL PLACE OF BUSINESS CONTINUOUSLY IN WEST VIRGINIA FOR FOUR (4) YEARS IMMEDIATELY PRECEDING THE DATE OF THIS CERTIFICATION; OR</p> <p>() BIDDER IS A CORPORATION NONRESIDENT VENDOR WHICH HAS AN AFFILIATE OR SUBSIDIARY WHICH EMPLOYS A MINIMUM OF ONE HUNDRED STATE RESIDENTS AND WHICH HAS MAINTAINED ITS HEADQUARTERS OR PRINCIPAL PLACE OF BUSINESS WITHIN WEST VIRGINIA CONTINUOUSLY FOR THE FOUR (4) YEARS IMMEDIATELY PRECEDING THE DATE OF THIS CERTIFICATION.</p> <p>B. APPLICATION IS MADE FOR 2.5% PREFERENCE FOR THE REASON CHECKED:</p> <p>() BIDDER IS A RESIDENT VENDOR WHO CERTIFIES THAT, DURING THE LIFE OF THE CONTRACT, ON AVERAGE AT LEAST 75% OF THE EMPLOYEES WORKING ON THE PROJECT BEING BID ARE RESIDENTS OF WEST VIRGINIA WHO HAVE RESIDED IN THE STATE CONTINUOUSLY FOR THE TWO YEARS IMMEDIATELY PRECEDING SUBMISSION OF THIS BID; OR</p> <p>() BIDDER IS A NONRESIDENT VENDOR EMPLOYING A MINIMUM OF ONE HUNDRED STATE RESIDENTS OR IS A NONRESIDENT VENDOR WITH AN AFFILIATE OR SUBSIDIARY WHICH MAINTAINS ITS HEADQUARTERS OR PRINCIPAL PLACE OF BUSINESS WITHIN WEST VIRGINIA EMPLOYING A MINIMUM OF ONE HUNDRED STATE RESIDENTS WHO CERTIFIES THAT, DURING THE LIFE OF THE CONTRACT, ON AVERAGE AT LEAST</p>						

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<p>75% OF THE EMPLOYEES OR BIDDERS' AFFILIATE'S OR SUBSIDIARY'S EMPLOYEES ARE RESIDENTS OF WEST VIRGINIA WHO HAVE RESIDED IN THE STATE CONTINUOUSLY FOR THE TWO YEARS IMMEDIATELY PRECEDING SUBMISSION OF THIS BID.</p> <p>BIDDER UNDERSTANDS IF THE SECRETARY OF TAX & REVENUE DETERMINES THAT A BIDDER RECEIVING PREFERENCE HAS FAILED TO CONTINUE TO MEET THE REQUIREMENTS FOR SUCH PREFERENCE, THE SECRETARY MAY ORDER THE DIRECTOR OF PURCHASING TO: (A) RESCIND THE CONTRACT OR PURCHASE ORDER ISSUED; OR (B) ASSESS A PENALTY AGAINST SUCH BIDDER IN AN AMOUNT NOT TO EXCEED 5% OF THE BID AMOUNT AND THAT SUCH PENALTY WILL BE PAID TO THE CONTRACTING AGENCY OR DEDUCTED FROM ANY UNPAID BALANCE ON THE CONTRACT OR PURCHASE ORDER.</p> <p>BY SUBMISSION OF THIS CERTIFICATE, BIDDER AGREES TO DISCLOSE ANY REASONABLY REQUESTED INFORMATION TO THE PURCHASING DIVISION AND AUTHORIZES THE DEPARTMENT OF TAX AND REVENUE TO DISCLOSE TO THE DIRECTOR OF PURCHASING APPROPRIATE INFORMATION VERIFYING THAT BIDDER HAS PAID THE REQUIRED BUSINESS TAXES, PROVIDED THAT SUCH INFORMATION DOES NOT CONTAIN THE AMOUNTS OF TAXES PAID NOR ANY OTHER INFORMATION DEEMED BY THE TAX COMMISSIONER TO BE CONFIDENTIAL.</p> <p>UNDER PENALTY OF LAW FOR FALSE SWEARING (WEST VIRGINIA CODE 61-5-3), BIDDER HEREBY CERTIFIES THAT THIS CERTIFICATE IS TRUE AND ACCURATE IN ALL RESPECTS; AND THAT IF A CONTRACT IS ISSUED TO BIDDER AND IF ANYTHING CONTAINED WITHIN THIS CERTIFICATE CHANGES DURING THE TERM OF THE CONTRACT, BIDDER WILL NOTIFY THE PURCHASING DIVISION IN WRITING IMMEDIATELY.</p> <p style="text-align: right;">BIDDER: <u> Meyercord Revenue Inc </u></p>						

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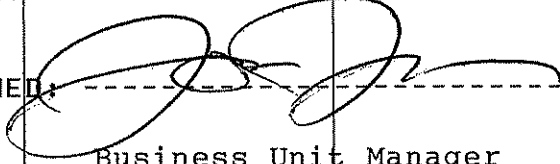
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<p>DATE: <u>July 18, 2006</u></p> <p>SIGNED: </p> <p>TITLE: <u>Business Unit Manager</u></p>						
<p>* CHECK ANY COMBINATION OF PREFERENCE CONSIDERATION(S) IN EITHER "A" OR "B", OR BOTH "A" AND "B" WHICH YOU ARE ENTITLED TO RECEIVE. YOU MAY REQUEST UP TO THE MAXIMUM 5% PREFERENCE FOR BOTH "A" AND "B". (REV. 12/00)</p>						
<p>NOTICE</p> <p>A SIGNED BID MUST BE SUBMITTED TO:</p> <p>DEPARTMENT OF ADMINISTRATION PURCHASING DIVISION BUILDING 15 2019 WASHINGTON STREET, EAST CHARLESTON, WV 25305-0130</p>						
<p>THE BID SHOULD CONTAIN THIS INFORMATION ON THE FACE OF THE ENVELOPE OR THE BID MAY NOT BE CONSIDERED:</p> <p>SEALED BID</p>						

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				21		
				TAX07001		
				07/21/2006		
				1:30 PM		
PLEASE PROVIDE A FAX NUMBER IN CASE IT IS NECESSARY TO CONTACT YOU REGARDING YOUR BID: ----- 630-682-6269 ----- CONTACT PERSON (PLEASE PRINT CLEARLY): ----- John Sprawka -----						
***** THIS IS THE END OF RFQ TAX07001 ***** TOTAL: _____						

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WEST VIRGINIA STATE TAX DEPARTMENT
INTERNAL AUDITING DIVISION

SPECIFICATIONS FOR
MACHINE HEAT AND HEAT IRON APPLIED CIGARETTE STAMPS
(FOR PACKAGES OF 20 CIGARETTES - 30,000 PER ROLL)
(FOR PACKAGES OF 20 CIGARETTES - 100 PER SHEET)
(FOR PACKAGES OF 25 CIGARETTES - 7,200 PER ROLL)
OPEN END CONTRACT

The Department of Administration will receive bids for furnishing machine heat and heat iron applied decal cigarette stamps.

QUANTITY AND PRICE: Quantity and denomination will be indicated on the requisition. Bidders must submit net price per thousand stamps, manufactured and packed according to specifications.

This is an open-ended contract. The quantities in the RFQ are estimated and the actual quantities will be supplied to the awarded vendor. This contract will be awarded for one year with the option to renew two one-year renewals. Price increases may be considered at the time of renewal but must be demonstrated as "pass through" costs only.

BONDS: A certified check or bank draft in the amount of five percent (5%) of the total amount of the bid, payable to the West Virginia State Tax Department, shall be submitted with each bid. Additionally, in accordance with West Virginia Code § 5A-3- 4 (8), the successful bidder agrees that liquidated damages shall be imposed at the rate of \$1,000.00 per day for failure to provide deliverables, meet goals identified to keep the project on target or failure to meet specified deadlines. This clause shall in no way be considered exclusive and shall not limit the State of West Virginia or the West Virginia Tax Department's right to pursue any other additional remedy to which the State of West Virginia or the West Virginia Tax Department may have legal cause for action including further damages and penalties against the successful bidder.

CANCELLATION: The Director of Purchasing reserves the right to cancel any bid immediately upon written notice to the vendor if the materials or workmanship supplied are of an inferior quality or do not conform with the specifications of the bid and contract herein.

TYPE AND APPLICATION: Stamps must offer maximum security against illegal counterfeiting. These stamps must be heat applied stamps or equal, consisting of five impressions or layers including safety tint lettering and must be produced

by the gravure process and be suitable for high speed, positive application with heat to the receiving surface such as cellophane, paper, etc.

Bidder should furnish with bid, canceled samples of stamps for machine application and list of ten States now using their machine applied stamps and also list 10 States now using their machines for applying said stamps. Vendor must have five years experience in the manufacturing of cigarette stamps.

SIZE, DESIGN AND COLORS: Each stamp is to be of irregular shape and outline and shall contain not less than three distinctive colors. Half-tones, Ben-Day effects, shades, tints or tones of a color will not be acceptable or considered as separate and distinctive colors. The safety tint lettering shall not be considered as any one of the stamp colors.

Stamps for machine and heat iron applications shall measure approximately $\frac{1}{2}$ " x $\frac{1}{2}$ ". Colors and design of stamps are to be approved by the Internal Auditing Division. Bidders should submit with proposal, and without charge, samples of designs and colors.

The following will be printed on the face of each stamp:

- A. The words "State of West Virginia 20 Cigarette Tax Stamp" for rolls of 30,000 for 20's. Vendor must instruct the tobacco distributor's employees in the proper operation of the stamp applying machine or heat iron for correct application of the stamps.
- B. The words "State of West Virginia 20 Cigarette Tax Stamp" for 100 stamps per sheet for 20's. Vendor must instruct the tobacco distributor's employees in the proper operation of the stamp applying machine or heat iron for correct application of the stamps.
- C. The words "State of West Virginia 25 Cigarette Tax Stamp" for rolls of 7,200 for 25's. Vendor must instruct the tobacco distributor's employees in the proper operation of the stamp applying machine or heat iron for correct application of the stamps.

NUMBERING: Each stamp shall be serially numbered across the face of each stamp. Each roll and sheet of stamps shall have a different or consecutive serial number upon the face of the stamps contained on each roll and sheet.

LAYOUT AND PACKING: Stamps for mechanical application are to be furnished in rolls containing 30,000 stamps for 20's and 7,200 stamps for 25's. Each roll is to bear ascending numbers at regularly specified intervals on one side and descending numbers at regularly specified intervals on the other side, for accounting purposes.

Each roll is to be packed separately, in a cardboard box, the box to be securely sealed and labeled showing quantity, denomination and roll number. Twenty-five boxes for 20's and 50 boxes for 25's are to be packed in corrugated containers, each carton to be securely sealed and labeled showing quantity, denominations and serial numbers of rolls contained therein.

Stamps for heat iron application are to be furnished in sheets containing 100 stamps to each sheet for 20's. Stamps are to be in pads of 10 sheets per pad with 10 pads per a paper box to be properly sealed and plainly labeled on the end giving the number, kind and denomination of the stamps it contains together with the serial number of sheets of stamps. Ten of these boxes are to be wrapped in waterproof paper and placed in a strong cardboard carton, the carton to be securely sealed and labeled showing the first and last serial numbers of the contents.

PAPER: Stamps shall be made on unique, safety tinted, mill controlled, color paper furnished by the vendor. The name of the manufacturer of the paper stock should be furnished with the bid and vendor must render an accurate accounting of all paper used in the production of machine applied stamps, including spoilage, and verify such accounting record by affidavit to the West Virginia State Tax Department, Internal Auditing Division.

All paper must be processed with a special safety tint reading with copy to be specified by the West Virginia Tax Department, and must be so arranged and printed that it cannot be photographed on the colored paper.

The safety tint lettering for machine-applied stamps must be so printed as to appear on the face of the stamp and also must appear on the paper between the stamps. The safety tint shall transfer with the machine applied and heat iron stamps and the lettering extending beyond the edges of the stamp must also transfer with the stamp.

All spoiled paper and imperfect stamps shall be destroyed and a destruction notice shall be filed with the Internal Auditing Division within 10 business days.

Bidder should furnish with bid samples of paper, which he proposes to furnish for machine, and heat iron applied stamps.

MATERIALS: All colors, inks, and other ingredients used in the manufacture of the stamps shall be of the highest and best grade of materials used in the manufacture of decalcomania stamps. The manufacturer agrees to use appropriate chemicals in the inks to aid the Internal Auditing Division in detecting counterfeit stamps.

WORKMANSHIP: All stamps furnished under these specifications must be genuine decalcomania transfer stamps of an approved quality. Only lithographed layer built or composite film transfer steel engraved stamps will be considered. The stamps shall be manufactured of the toughness and thickness sufficient to enable them to be quickly and easily transferred to the package or container. They must be guaranteed neither to break up nor disintegrate before or during the normal process of transfer to the package or container, nor to be easily removed from cellophane, paper or foil.

PRODUCTION CONTROL: Each bidder must outline in detail in their bid their system of internal controls and security in the process of manufacture to protect the state against theft and unlawful production of heat applied decal cigarette stamps. These controls must include but not be limited to:

The entire manufacturing process including stamp design, mechanical art, cylinder etching, coating of the base paper stock, printing, numbering, finishing, packing and shipping will be performed in your plant.

An affidavit from your paper manufacture assuring that any inquires about tax stamp paper will be referred to the Bureau of Alcohol, Tobacco, Firearms and Explosives, Department of Justice to verify whether the potential manufacturer is authorized to print tax stamps must be included with the bid.

All paper for the manufacture of stamps for the West Virginia State Tax Department including damaged stamps, spoiled paper, etc. must be strictly accounted for so the State at all times will have access to a complete production audit.

All printing, finishing, numbering, stamp inventories, artwork, and cylinders, etc. are to be in a separate area of the plant which is locked and restricted to employees involved with the manufacture of tax stamps. A criminal background check should be done for all employees in the restricted tax stamp area. A card or key reader system should be used for this area. Also this area must have a security, surveillance and alarm system, preferably state of the art, with closed circuit TV monitors, motion or infrared detectors, etc. and protected from fire a Underwriters' approved sprinkler or other approved fire retardant system.

Bidder must have a disaster recovery plan in place to ensure an uninterrupted supply of stamps.

All departments of the plant involved with the manufacture of tax stamps for the State must be open at all times to any accredited officials of the West Virginia State Tax Department for inspection and audit.

Must agree and acknowledge in the bid that stamps manufactured for the West Virginia State Tax Department will not be used as samples or demonstration and inspection in other states without express written consent of the West Virginia State Tax Department.

INSPECTION: The successful bidder must maintain a rigid inspection for the elimination of imperfect sheets of stamps and for other violations of these specifications.

The Internal Auditing Division reserves the right to reject any stamps which upon receipt and inspection do not conform with the specifications or which are not readily transferable to cellophane or not sufficiently adhesive or satisfactory in any other respect.

The manufacturer is to pay the return transportation on the rejected stamps and to replace all such stamps at no expense to the West Virginia State Tax Department.

The successful bidder shall give to the Internal Auditing Division or their authorized representative free access to the plant at all times during the period of manufacture and/or storage and shall afford to such representative every facility for inspection of the work in process.

UNDER-RUN: Under-runs will not be accepted. All partial sheets of stamps and/or any damaged or imperfect stamps must be destroyed. Over-runs will be accepted but not paid for.

The manufacturer is to destroy damaged or imperfect stamps and to evidence such destruction by filing an affidavit with the Internal Auditing Division within ten business days.

DISPOSAL OF STONE AND PLATES: It is specifically agreed and understood that the original drawings, engravings, master stone, layout sheets and impression stones or plates shall be and remain the property of the West Virginia State Tax Department, Internal Auditing Division, and shall be held by the manufacturer for destruction upon completion of the contract and authority from the Internal Auditing Division.

It is further agreed by and between the parties hereto that upon the completion of the manufacture of the stamps herein agreed to be manufactured, sold and delivered, the manufacturer shall erase or grind off the transfer on the printing stone, layout sheets, impression stones or plates, and if the Internal Auditing Division has provided an accredited representative at the plant of the manufacturer such erasing or grinding shall be done in the presence of such accredited representative.

ACCOUNTING: Full and accurate account must be made to the Internal Auditing Division for all spoiled paper, stamps, etc. Plates, designs, patterns, films, negatives, cylinders and the like will be used solely for this order and subsequent orders, if any. Any such plates, designs, patterns, films, etc., when not in use for the manufacture of these stamps must be locked in a safe or vault. At the completion of this order, or at the termination of this contract, or at anytime if the Internal Auditing Division so desires, all such plates, designs, films, etc., will be destroyed and disposed of as directed by the Internal Auditing Division.

Complete and accurate accounting of each and every stamp and all special paper used for these stamps, and any other material in their production must be given to authorized representatives of the Internal Auditing Division upon demand at any time. Inspection of the plant and of all records and books of account will be allowed by the contractor at any time upon demand of authorized representatives of the West Virginia Tax Department. At all times the contractor will supervise closely the production of these stamps and will not permit employees or any others to enter or leave the building or part of the building where stamps are being produced until first assured that all materials used in their production are properly accounted for. Every precaution will be taken to make certain that these stamps are not counterfeited or produced anywhere for any other purpose than the use of the State of West Virginia.

STAMP APPLYING MACHINES: Vendor must warrant that, during such period as the West Virginia Tax Department shall utilize contractor's stamps, he will make available to authorized distributors by means of a sale or a lease, machines designed to apply contractor's stamps, including related equipment such as a carton openers, gluers and closers, and that said machines and stamps will be designed and manufactured so as to assure proper adhesion and high speed application of stamps. Bidder must list equipment he will lease.

In the event the contractor shall sell a machine to an authorized wholesale dealer, contractor and wholesale dealer shall enter into an agreement whereby they jointly guarantee to the West Virginia Tax Department that the machine sold will continuously remain in the possession of the purchaser unless and until approval in writing is secured from the Internal Auditing Division, prior to the removal of the machine from the premises of the wholesale dealer.

Machines and related equipment must meet with the approval of the Internal Auditing division and be acceptable to the tobacco distributors and operate satisfactorily at a high rate of speed comparable to the other means of mechanical stamping. A minimum of fifty (50) machines and related equipment designed to apply contractor's stamps shall be available for immediate delivery and installation. Vendor may be required to satisfactorily demonstrate his stamp-applying machine to the Internal Auditing Division prior to the time of awarding the contract.

Vendor must guarantee to furnish and install any and all stamp applying machines, including related equipment such as power carton openers, carton closers, and gluers, throughout the State, when and where needed as determined by the Internal Auditing Division.

Vendor must guarantee that the stamps for machine applications will apply in a satisfactory manner and at a high rate of speed.

During such period as the West Virginia Tax Department shall utilize contractor's stamps for machine application, contractor must agree to service and maintain his machine in such manner and upon such reasonable conditions that mechanical failure will not substantially disrupt stamping by the distributors and receipt of revenue by the West Virginia Tax Department. Vendor should ascertain this in bid response. Maintenance and service contract shall be negotiated between the cigarette vendor and stamp manufacturer.

In the event the contractor shall sell a machine to an authorized distributor, contractor agrees during such period as the West Virginia Tax Department shall utilize contractor's stamps, to make available to such machine purchaser, at a reasonable charge, service for the repair and maintenance of the machine in order to keep the machine in proper operating condition. Vendor shall furnish, immediately upon notification and without charge, any assistance necessary to train the tobacco distributor's employees to successfully apply the stamps furnished under this contract.

Vendor must have sufficient trained personnel on call to respond within 36 hours, Monday through Friday, to properly maintain, service and repair stamp-applying machines so that mechanical failure will not substantially disrupt stamping by the tobacco distributors and receipt of revenue by the West Virginia Tax Department.

Successful bidder must guarantee that the tax stamps and the stamp applying machines, including related equipment, that bidder proposes to provide that their sale and use will not infringe upon any United States patent. Bidder must guarantee to defend, protect, and hold harmless the State of West Virginia, and all persons, firms, or concerns using or applying the tax stamps and using the stamp applying machines on its behalf, against all legal actions and from all damages, claims, demands, expenses and attorney's fees, for actual or alleged infringement of any United States patent or violate any anti-trust laws, by reason of the purchase and use of the tax stamps and use of the stamp applying machines.

PROTECTION: All stamps and paper must contain proven protective features to guarantee against illegal reproduction. Successful bidder shall submit a separate confidential detailed statement to the Internal Auditing Division, explaining fully their system for the protection of the Internal Auditing Division against unlawful

reproduction and the method by which such reproduction can be detected by personnel of the Internal Auditing Division. The confidential statement shall not be made a part of the bid.

SHIPMENT: Shipments are to be made by the manufacturer or common carrier at the manufacturer's expense, each shipment to be insured at the replacement value.

PAYMENT: Each shipment of stamps shall be invoiced separately. Payment of invoices will be made according to customary State procedure.

AWARD: Before an award is made, the Internal Auditing Division reserves the right to summon the bidder to appear before him and demonstrate and prove to their satisfaction the acceptability of their stamps to the West Virginia Tax Department. The Internal Auditing Division also reserves the right to summon the bidder to demonstrate and prove the effectiveness of any and all protective features required.

RESERVATIONS: The Director of Purchasing reserves the right to waive minor technicalities and to reject any and all bids.

DELIVERY: Drop ship 120,000,000 or 160 cases prior to December 15, 2006. Ship remaining 99,000,000 (132 cases) when space becomes available in our vault with transportation charges prepaid, F.O.B. The vendor will be notified when to make these two-drop shipments. Destination, and insured for replacement value. The entire order is to be shipped direct to the Tax Department vault, located in the basement of 1001 Lee Street, Charleston, West Virginia 25301.

Stamps must be delivered to the vault, highest serial number first to the lowest serial number last. Stamps will not be accepted if common carrier cannot deliver to the vault located in the basement. Due to the time-consuming effort required in unloading the heavy volume, shipment is to arrive at the Revenue Center before 10:00 A.M. in the morning to allow completion during normal work hours.

For security reasons subcontracting is not allowed.

Successful bidder is to contact Harold Powell (304-558-8608) of the Internal Auditing Division before printing and again prior to shipment of the completed order.

Must provide proof within ten business days after award of contract and prior to printing.

A F F I D A V I T**017****West Virginia Code §5A-3-10a states:**

No contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and the debt owned is an amount greater than one thousand dollars in the aggregate.

DEFINITIONS:

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Debtor" means any individual, corporation, partnership, association, limited liability company or any other form or business association owing a debt to the state or any of its political subdivisions.

"Political subdivision" means any county commission; municipality; county board of education; any instrumentality established by a county or municipality; any separate corporation or instrumentality established by one or more counties or municipalities, as permitted by law; or any public body charged by law with the performance of a government function or whose jurisdiction is coextensive with one or more counties or municipalities.

"Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceeds five percent of the total contract amount.

EXCEPTION:

The prohibition of this section does not apply where a vendor has contested any tax administered pursuant to chapter eleven of this code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

LICENSING:

The vendor must be licensed in accordance with any and all state requirements to do business with the state of West Virginia.

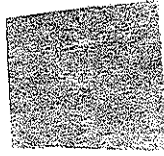
CONFIDENTIALITY:

The vendor agrees that he or she will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the agency's policies, procedures and rules. Vendors should visit www.state.wv.us/admin/purchase/privacy for the Notice of Agency Confidentiality Policies.

Under penalty of law for false swearing (West Virginia Code, §61-5-3), it is hereby certified that the vendor acknowledges the information in this said affidavit and are in compliance with the requirements as stated.

Vendor's Name: Meyercord Revenue Inc.

Authorized Signature:  Date: July 18, 2006





Meyercord Revenue Inc.
an ITW company
475 Village Drive Phone: (630) 682-6200
Carol Stream, IL 60188-1830 Fax: (630) 682-6269

ITW



July 18, 2006

State of West Virginia
Department of Administration
Purchasing Division
2019 Washington Street, East
Charleston, WV 25305-0130

Purchasing Division:

Thank you for the opportunity to submit our quotation for furnishing Fuson Cigarette Tax Stamps in accordance with Request for Quotation No. TAX07001 and attached specifications dated July 11, 2006.

Enclosed you will find completed bid form, samples of the type of paper on which your stamps will be processed, suggested design and colors and samples of transferred Fuson Cigarette Tax Stamps. The following paragraphs of this proposal letter correspond to the paragraphs of your specifications and are to be considered a part of our bid.

SPECIFICATIONS FOR
MACHINE HEAT AND HEAT IRON APPLIED CIGARETTE STAMPS
PACKAGES OF 20 CIGARETTES - 30,000 PER ROLL
PACKAGES OF 20 CIGARETTES - 100 PER SHEET
PACKAGES OF 25 CIGARETTES - 7,200 PER ROLL

QUANTITY AND PRICE: We understand and agree to this specification.

BONDS: We understand and agree to this specification. A copy of the Bid Bond for 5% of the amount bid is enclosed. The original was sent on May 15 with RFQ No. TAX06012.

CANCELLATION: We understand and agree to this specification.

TYPE AND APPLICATION: We understand and agree to these specifications.

SIZE, DESIGN, AND COLORS: We understand and agree to this specification. Enclosed you will find sample of stamp designs and colors.

NUMBERING: We understand and agree to these specifications.

LAYOUT AND PACKAGING: We understand and agree to these specifications.

PAPER: We understand and agree to these specifications.

The paper for your Fuson Cigarette Tax Stamps will be furnished to us by Thilmany International Paper, Kaukauna, Wisconsin, or a qualified secondary source should the need arise. All rolls are strictly accounted for. For further information in regard to paper, please see paragraph headed "Production Control". Enclosed you will find a sample of the paper we propose to furnish.

MATERIALS: We understand and agree to these specifications.

WORKMANSHIP: We understand and agree to these specifications.

Meyercord Revenue Inc., founded in 1896, invented the Fuson® Tax Stamping System in 1954 to maximize the collection of cigarette tax revenues by State and local governments. Currently, 46 states utilize our Fuson® stamps and application machinery as indicated below; (dates refer to the starting date of Meyercord's contract):

Alabama - 1993	Kentucky - 1959	Ohio - 1994
Alaska - 2003	Louisiana - 1994	Oklahoma - 1958
Arizona - 1997	Maine - 1997	Oregon - 1997
Arkansas - 1997	Maryland - 1957	Pennsylvania - 1997
California - 1993/2005*	Massachusetts - 1997	Rhode Island - 1991
Colorado - 1973	Michigan - 1998	South Dakota - 1994
Connecticut - 1993	Minnesota - 1998	Tennessee - 1995
Delaware - 1990	Mississippi - 1961	Texas - 1989
Florida - 1988	Missouri - 1994	Utah - 1960
Georgia - 1963	Montana - 1993	Vermont - 1997
Hawaii - 2000	Nebraska - 1994	Virginia - 1960
Idaho - 1963	Nevada - 1976	Washington - 1964
Illinois - 1996	New Hampshire - 1993	West Virginia - 1997
Indiana - 1958	New Jersey - 1997	Wisconsin - 1959
Iowa - 1958	New Mexico - 1980	Wyoming - 1967
Kansas - 1997	New York - 1980	

* Meyercord supplied California with the Fuson® system from 1993 to 2004. In 2005, California implemented their alternative tobacco stamp program. Meyercord, in partnership with SICPA Product Security LLC, supplies California with the new system.

Note the endorsement of Meyercord's quality, service, security, and mechanical systems as indicated by sustained supplier relationships. We invite you to verify Meyercord's performance with tax administrators from the aforementioned states.

PRODUCTION CONTROL: We understand and agree to this specification.

Meyercord Revenue Inc.'s tax stamping system helped States collect over 16 billion dollars in cigarette taxes in 2005. Meyercord has taken extraordinary measures to protect this revenue stream for State and Local governments.

On June 8, 2005, Meyercord Revenue Inc. was awarded a NASPO II Security Assurance Certificate by the North American Security Products Organization. NASPO is a standards organization that defines, documents, and maintains relevant security risk management standards for reducing:

- Financial fraud
- Identity document fraud
- Dilution of brand integrity

NASPO certification verifies that Meyercord Revenue Inc. has successfully completed a comprehensive Security Risk Management Audit and is certified to be in compliance with the documented best practices in risk reduction infrastructure, systems, and techniques that assure security

We are keenly aware of and sensitive to potential threats that could compromise the security of the tax stamp. Our full effort is designed to ensure against potential counterfeiting of the stamps or fraud. Our thrust on this program is to protect the interests of the State and to do that, we draw upon our successes providing stamps to other states and municipalities. All of these efforts are designed to ensure complete accountability of the products we will provide to the State.

Most importantly, our processes are in place and proven through extensive experience. Our system of manufacturing and production control is based on more than 50 years of experience acquired through service to 47 States. All departments of our plant involved with the manufacture of your cigarette tax stamps will be open at all times to any accredited officials of your State. We invite you and representatives of the State to visit our plant and acquaint yourselves with our facilities and the precautions we have established. We will be pleased to entertain recommendations you may suggest to improve our system.

Meyercord keeps a record of all visitors and has a state of the art alarm and camera surveillance system. A separate confidential memorandum has been sent to the state detailing the specific measures taken to provide a high-security facility.

INSPECTION: We understand and agree to these specifications.

UNDER-RUN: We understand and agree to these specifications.

DISPOSAL OF STONE AND PLATES: West Virginia's stamp design artwork is digitally stored on computer. The design is etched on a press cylinder that is kept in a secure area. If the design is changed or the contract terminated, the cylinder would be stripped of its chrome coating and the design cut off from the copper. It would then be blank.

ACCOUNTING: We understand and agree to this specification.

STAMP APPLYING MACHINES: We understand and agree to these specifications

Meyercord Fuson tax stamping machines and accessory equipment is designed for smooth, precise and reliable operation. As a tailored system to meet stamping needs across the range of wholesalers, we currently lease or sell two versatile stamping lines:

SSM – Synchronized Stamp Machine – Optimal for high-speed, high-volume stamping; automated system eliminates manual operator adjustments; for pre and post-stamp needs;

M120 – Automatic Stamp Machine – One manual adjustment for carton size change; 120mm capability; Hot or cold gluing systems.

We also lease or sell the following accessory machines to further automate stamping operations:

In-Line Cigarette Case Cutter - automatically feeds, cuts, and splits
Most full cases, dumping half cases for direct feed into automatic stamping lines.

Off-Line Cigarette Case Cutter - automatically feeds, cuts, and splits most
full cases, placing half cases on a takeaway conveyor for stamping or
inventory storage.

Case Packer - connects with automatic
stamping lines, automatically repacks stamped cartons into the half
case and discharges the half case on a take-away conveyor.

A Meyercord Case Packer may be used in conjunction with our automatic stamping lines to increase efficiency by reducing the required crew size from two operators to one operator.

The efficiency of an automated stamping line will be dependent on the skill and experience of the stamping operators, the type of product being stamped, and the type of inventory stamping (pre or post) being conducted in the operation.

Meyercord's stamping equipment may be leased or purchased. However, many stamping agents prefer to lease equipment at a monthly charge, which may or may not include installation, product flow consultation, training, scheduled preventive maintenance, replacement parts and emergency service by trained Meyercord service technicians. The monthly rate does not cover the cost of repair due to carelessness or negligence.

For machines that are purchased, our terms are 1/2 with a purchase order, 1/2 net 30 days after installation, F.O.B. shipping point. Taxes and installation costs are additional. We offer a variety of maintenance contracts at variable rates, depending on type of coverage and distance from nearest service shop.

A key to Meyercord's service program is scheduled preventive maintenance to minimize machine downtime. Depending on the volume of cigarettes stamped, our service department can arrange pre-determined appointments with a customer to perform preventive maintenance on a leased machine.

Preventive maintenance procedures may require a few hours per stamping line. If the preventative maintenance requirements conflict with the customer's production requirements, another appointment may be made at a more convenient time, or a minimally disruptive procedure may be performed while the machine is operating. Preventive maintenance schedules are revised from time to time and as customer's cigarette volume or equipment change.

Calls for emergency service may take precedence over preventive maintenance schedules. Response time to service calls depends in part on the travel distance and the time of day the call is received.

After scheduled preventive maintenance and service calls, some maintenance information is compiled detailing the work performed. A service history for Meyercord equipment may be entered into our database for future reference and/or statistical analysis purposes. Depending on the age of the machine, volume of cigarettes stamped, the amount and frequency of service calls, a leased machine may be periodically exchanged for a new or rebuilt stamping line incorporating the latest revisions.

If awarded the contract, Meyercord stands ready to address additional machine maintenance/service requirements in keeping with customer's needs and our service policies.

To the best of our knowledge, Meyercord's stamp applying machines and related equipment do not infringe on any United States patent. Meyercord agrees to defend, protect, and hold harmless the State and all persons, firms or concerns using or applying the tax stamps and using the stamp applying machines on its behalf in accordance with this contract, against all legal actions and from all damages, claims, demands, expenses and attorney's fees, for actual or alleged infringement of any United States patent by reason of the purchase and use of the tax stamps and use of the stamp applying machines.

PROTECTION: We understand and agree to this specification.

A separate confidential memorandum has been submitted to Internal Auditing Division. The purpose of the memorandum is to explain how our system provides protection for the State against unlawful reproduction and the methods by which such reproduction can be detected by inspectors of the State.

SHIPMENT: We understand and agree to this specification.

PAYMENT: We understand and agree to this specification.

Our payment terms are net 30 days, F.O.B. destination. All stamps are insured at replacement value at Carol Stream and in transit.

We reserve the right to invoice the State of West Virginia for any unshipped stamps supported by purchase orders after one year from the starting date of the contract. Any unshipped stamps supported by purchase orders will be inventoried for a maximum period of 6 months after expiration date of the contract.

AWARD: We understand and agree to these specifications.

RESERVATIONS: We understand and agree to these specifications.

DELIVERY: We understand and agree to this specification.



MEYERCORD

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Again, thank you for the opportunity to submit our quotation. If awarded your contract, be assured that you orders will receive our immediate attention.

Sincerely,

Meyercord Revenue Inc.
An ITW company



John Sprawka
Business Unit Manager