

EXHIBIT A

DESCRIPTION OF GOODS & SERVICES AND ADDITIONAL TERMS & CONDITIONS

1. DESCRIPTION OF GOODS AND SERVICES:

Contractor shall provide printing, storage and delivery of machine heat-applied or manual iron heat- applied cigarette tax stamps to be affixed to cigarette packages (“packs”) prior to the sale of cigarette packs in the State. This Exhibit A specifies the requirements for package stamping machines, associated equipment, service and training to distributors.

Client Agency shall provide Contractor with the artwork associated with the stamps promptly following the Effective Date of this Contract.

2. CONFIGURATION/CONSTRUCTION:

Serially Numbered Heat Applied Stamps: Stamps must be designed and packaged for compatibility with high speed machine heat or heat iron applications to be fused to the end surfaces of packages containing twenty (20) cigarettes per pack.

3. TYPE AND APPLICATION:

Stamps must be Fusion stamps or a Client Agency approved equal consisting of five (5) impressions or layers, including safety tint lettering. The stamps must be compatible with gravure process printing; suitable for high speed stamping machine or heat iron; and capable of a positive application with heat to the receiving surface such as cellophane and polypropylene.

4. SIZE--DESIGN AND COLOR:

Each stamp must be of irregular shape and outline and must contain not less than two (2) distinctive colors. Half-tones--Ben-day effects, shades, tints, or tones of a color are not acceptable or considered as separate and distinctive colors. The safety tint lettering will not be considered as one of the stamp colors. Stamps for machine and heat iron application must measure approximately 1/2” x 1/2”. Contractor shall obtain the Client Agency’s written approval for the color and design of stamps prior to commencing production printing.

The following must be printed on the face of each stamp for the two (2) different types: “CT #20 Cigarette Tax Stamp” for packs of twenty (20) cigarettes each (“20s”) and the “CT #25 Cigarette Tax Stamp” for packs of twenty five (25) cigarettes each (“25s”).

Stamps must be printed in rolls of 30,000.

5. VOLUME:

Contractor shall provide on an annual basis the following approximate number of cigarette tax indicia stamps:

Machine stamps	20s	78,000,000
	25s	2,500

6. PAPER:

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Contractor shall print stamps on unique, safety tinted, mill-controlled color paper provided by the Contractor. The Contractor shall render an accurate accounting of all paper used in the production of stamps, including spoilage. Upon request Contractor shall provide the Client Agency an affidavit verifying all accounting records.

All paper must be processed with a special safety tint reading and arranged and printed to prevent such paper from being accurately photographed. Contractor must provide a copy of such paper for Client Agency's written approval.

The safety tint lettering for the stamps must be so printed as to appear on the face of the stamp and appear on the paper between the stamps. The safety tint must transfer with the stamps. The lettering must extend beyond the edges of the stamp, and transfer with the stamp. Contractor shall destroy all spoiled paper and imperfect stamps, and file a **Destruction Notice** with the Client Agency containing a detailed summary of the amount of spoiled paper and imperfect stamps destroyed, method and date of destruction including any other pertinent information as well as any other information requested by the Client Agency.

7. SERIAL NUMBERING:

a. Stamp Roll Identification Number

After primary printing, stamps must be commonly overprinted within each roll with a legible code consisting of not less than five (5) numeric characters. The same numeric code cannot be repeated during the entire term of the Contract. This identification code must appear on the roll and mailer's box.

Rolls must be coded in sequential order. Spoiled rolls must be identified as "not in circulation." The beginning and ending rolls' number must be clearly indicated on the outside of each box stamp roll (for example, Roll #1 through Roll #25). A Contractor shall provide a certified listing of all rolls "not in circulation" to the Client Agency and update the listing when applicable.

b. Unique Stamp Identification Number

After primary printing, stamps must be overprinted within each roll with a legible code consisting of not less than five (5) numeric characters. A unique stamp identification numeric code must be applied to each stamp within the same roll. The unique numeric stamp identification numbers must be applied in ascending order from 00001 through and including 30000. A Unique Stamp Identification Number must appear below the Stamp Roll Identification Number on each stamp.

8. LAYOUT AND PACKING:

Heat Applied - Serial #20 -- Cigarette Tax Stamps (15 per row) must be furnished in rolls of 30,000 stamps. Contractor must provide ascending and descending numbers (at 300 stamps' intervals) indicating an *exact* count of stamps remaining and stamps used on the roll.

Each roll must be packed in a serially numbered cardboard box. Contractor shall pack boxes in a Client Agency approved corrugated container. Contractor must mark the quantity of stamps, denomination and the first and last consecutive serial number on one end of each box.

All materials must be packaged in such a way as to protect them from damage by moisture.

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9. PROTECTION:

All stamps and paper must contain the following protective features to guard against illegal reproduction:

1. Security features that permit laboratory identification of the inks used by the Contractor in the printing of stamps.
2. Stamps must be printed with a security feature, which emits a green luminescence when exposed to an invisible infrared beam directed from a hand held pen detector.
3. Stamps must be printed with a microprint security feature in a character font that cannot be read with the naked eye. The microprint cannot be read except with the use of a magnifying lens. The Client Agency shall specify the text of the microprint.

10. PRODUCTION CONTROL:

Contractor shall have the necessary plant, equipment, and facility to, at the Client Agency's sole satisfaction, meet the specifications of this Exhibit A. The Client Agency may, upon request, inspect the Contractor's facility at any time during the term of this Contract.

Client Agency shall approve the Contractor's secure depository for storage of supplies, including, but not limited to, photographs, films, stones, zinc, plates, cylinders, and drawings when not in use and for stamps awaiting shipment.

All work performed under this Contract, including all coatings of the paper for Fusion stamps must be performed wholly within the premises of the Contractor. No part of this Contract may be subcontracted or performed in any other facility.

Plates, designs, patterns, films, negatives, cylinders, and any other related items, must be used solely for the purposes of this Contract. At the completion of each purchase order, at the termination or expiration of this Contract, or at any time, at the Client Agency's discretion, all such plates, designs, films, negatives, cylinders and any other related items must be destroyed and disposed of as directed by the Client Agency. The Client Agency may, at any time, inspect the Contractor's facility in order to verify all items were destroyed or disposed.

Contractor shall provide a complete and accurate accounting of every stamp, all special papers, and any other material used in the production of stamps to authorized representatives of the Client Agency, at any time, upon the Client Agency's request.

At all times, the Contractor shall closely supervise the production of stamps by utilizing security guards and other appropriate measures as requested by the Client Agency to assure stamps and production materials are properly counted and maintained. Contractor shall take all precautions commercially available to ensure stamps are not counterfeited or produced for any other purpose except for the uses specified in this Contract.

11. SHIPPING

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Contractor shall make all shipments by bonded carrier, insured and prepaid. All orders must be F.O.B. destination, freight included with all costs of the Goods. There shall be no additional charges allowed for handling and packing. All orders shall be labeled and packaged adequately to assure safe handling and delivery of Goods in first class condition at the point of delivery, and in accordance with standard commercial practice.

12. STAMP APPLYING MACHINES:

Contractor shall provide stamp applying machines to tobacco distributors as directed by the Client Agency. Contractor's machines must be designed and manufactured so as to assure proper adhesion and high-speed application of stamps (minimum rate of 80 cartons of cigarettes per minute for duration of 30 minutes). Contractor shall also supply stamp applying related equipment, including, but not limited to, carton openers, glues and closures.

Machines and related equipment must be approved in writing by the Client Agency prior to their use.

Contractor shall service machines and provide preventive maintenance to prevent a disruption of stamping due to mechanical failures or for any other reasons.

If the Contractor sells a stamping machine to an authorized distributor, the Contractor shall enter into a service contract for the repair and maintenance of the machine in order to keep the machine in proper operating condition.

Contractor shall maintain a service office and sufficiently trained personnel to properly maintain, service and repair its machines. Service personnel must be available during normal working hours from 8 a.m. to 5 p.m., and respond to any service phone call within eight (8) hours from receipt of the phone call -- Monday through Friday.

Contractor shall instruct the tobacco distributor's employees in the proper operation of the stamp applying machines for correct application of stamps at Contractor's cost.

13. ORDERS:

The Client Agency will order sufficient stamps from the Contractor's authorized amount of stamps in order to meet its requirements on an as-needed basis. The Contractor shall deliver all printed stamps, whether ordered or not, at the termination or expiration of the Contract or at any time upon the Client Agency's request.

14. DELIVERY:

Delivery to licensed Connecticut stamping distributors:

The Contractor shall warehouse and as needed, ship tax stamps directly to the Client Agency's authorized distributors within one (1) working day following the receipt of an order from the Client Agency.

The Contractor will receive an electronic file of orders on a daily basis from the Client Agency. The Contractor shall send an electronic order acknowledgement to the Client Agency within one (1) business day of the order being filled which must contain a list of the actual stamp numbers issued to each authorized distributor.

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The Client Agency shall not be responsible for any delivery related costs. The authorized distributors, or the Contractor, shall be responsible for all packaging, handling, shipping and any other related costs, and will specify the shipping company such as UPS, FedEx, or USPS.

The Contractor shall contact the authorized distributor if the stamps cannot be shipped within one (1) working day following the receipt of an order.

The Contractor shall deliver the tax stamps any weekday, excluding holidays, during the authorized distributor's hours of operations.

15. PAYMENT:

Each shipment of stamps will be invoiced separately.

16. ADDITIONAL TERMS AND CONDITIONS:

a. Contract Separately/Additional Savings Opportunities

DAS reserves the right to either seek additional discounts from the Contractor or to contract separately for a single purchase, if in the judgment of DAS, the quantity required is sufficiently large, to enable the State to realize a cost savings, over and above the prices set forth in Exhibit B, whether or not such a savings actually occurs.

b. Subcontractors

Subcontracting is not allowed under this Contract.

c. Security and/or Property Entrance Policies and Procedures

Contractor shall adhere to established security and/or property entrance policies and procedures for each requesting Client Agency. It is the responsibility of each Contractor to understand and adhere to those policies and procedures prior to any attempt to enter any Client Agency premises for the purpose of carrying out the scope of work described in this Contract.