



INSIDE THE BOX

LATEST NEWS FROM PAKIT
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What's New?

- Manufacturing Update
- New Pricing Strategy
- New PakIT Paper
- New Technical Developments

Where in the World is PakIT?

After the success at Pack Expo Las Vegas last year, PakIT sent its resident engineer Nick Yu to China to initiate full-scale production of the PakIT shredder. Nick worked tirelessly with the Chinese engineers and manufacturers on re-engineering and remodelling the entire machine piece by piece, to incorporate the modifications our customers wanted to see. We are very excited by the outcome.

New Engineering Modification Highlights:

- *A newly engineered cutting mechanism was added to slice and separate the paper from the machine. It was tested at length with superior results.*
- *The exterior of the machine was re-designed and configured with a new sleeker, state-of-the-art, molded body.*
- *The German cutter block was re-engineered to meet our high-performance needs and fitted with a gearing system enabling it to perform at 2 different speeds –18” per second for the tabletop model and 36” per second for the production model (the enhanced speed will benefit larger void-fill applications).*

Latest Update on Our Boys in China

PakIT's resident engineers have now returned to China to perform the final inspection and testing on the first of the PakIT machines to come off the production line.

Once the machines have been approved to meet our stringent high quality requirements, the first order will be shipped to the USA and Canada – via air express – directly to PakIT's distributors. A PakIT representative will be contacting each of our Authorized Distributors directly during the month of May to advise them of their specific delivery date.

How are we Keeping You Competitive?

In our endeavour to be market competitive and to give our distributors an even bigger edge on the competition, we have been in serious strategy meetings regarding the cost and positioning of the PakIT shredder in recent weeks.

Introducing Our New Pricing Strategy

After vigorously researching competitive policies and pricing, we are pleased to announce the following change in pricing strategy:

Beginning with the first shipment of PakIT Shredders to our Distributors, **a monthly rental fee of only \$113.00 per machine** will be invoiced.

Our research has shown current market rental prices are in the \$150.00 –175.00 range; PakIT is leaving opportunity for margin open to the distributor to rent to their end user customers at a fair market rate per month.

The added benefits to our Distributors are obvious:

- Less capital outlay for machines
- Monthly profit cash flow on rentals

This will also allow PakIT to retain ownership of the machines, protecting our common interests by maintaining greater control over our product and the paper used; this will further reduce any risk of unauthorized paper usage by your customer.

They Said We Couldn't Do It - New Patented PakIT Paper

We are currently working on a patent application for the paper, which everyone thought was out of the question. The typical 'seal to self' paper has a shelf life of six months and is susceptible to high humidity conditions. We have come up with an adhesive that will remain tactile under water and accelerated tests suggest a minimum one year shelf life.

The new paper design will incorporate a *colored adhesive* and will be printed with our PakIT *logo*. You will also have the option of ordering the paper using a *bleached Kraft* as opposed to the standard brown. All this, *uniquely manufactured* by PakIT, at no additional cost!

New Machines and Technologies (Patents Pending)

PakIT has two new technologies in the trademark process and at the current time has issued two new patent applications on two new machines in development. Since not all designs/trademarks have been finalized we are not at liberty to discuss the details presently, but we will be debuting the new machines Oct.29th – Nov. 2nd at PACK EXPO 2006 at McCormick Place in Chicago, IL

In addition, our engineer's have several other ideas in the works.

"Innovation by Design" is alive and well at PakIT... still thinking "inside the box".

SEE YOU AT THE CHICAGO SHOW IN OCTOBER!

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