



PPG INDUSTRIES, INC. ONE GATEWAY CENTER PITTSBURGH, PENNSYLVANIA 15222 AREA 412 434-2568

GEORGE M. ZAPP, Vice President of Marketing
Industrial Chemical Department

June 30, 1976

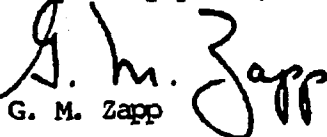
Mr. H. A. Russell
Vice Chairman of the Board
of Directors
The Pantasote Company
P. O. Box 1800
Greenwich, Connecticut 06830

Dear Harry:

This will confirm our understanding that if at anytime hereafter during the term of our VCM contract with you dated April 26, 1966 PPG sells to another producer of PVC for consumption in such producer's plants in the continental United States VCM of a quality comparable to that being sold hereunder, under a contractual commitment which extends for a period of one (1) year or longer, at an annual rate of 150 million pounds per year or less under terms and conditions similar to those prevailing hereunder, at a lower price (including the reasonable dollar value of any consideration received otherwise than money) f.o.b. our plants at Lake Charles, Louisiana or Guayanilla, Puerto Rico, than the price then payable by Pantasote under the Contract for VCM from the same location, PPG shall reduce the price payable hereunder by Pantasote to such lower price for so long as PPG continues to sell at such price to such other buyer; provided, however, that this paragraph shall not apply to (a) the sale of VCM to a contract customer at a price lower than that provided for in that contract in order to meet a competitive offer pursuant to the provisions of a "price protection" clause of such contract similar to that provided for in Paragraph 7; (b) quantities of VCM sold to a co-producer for resale to third parties; or (c) tolling or exchange agreements.

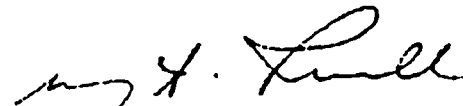
Please confirm this understanding of our VCM Contract by signing and returning the enclosed copy of this letter to us.

Very truly yours,


G. M. Zapp

Accepted this 17 day of July, 1976

THE PANTASOTE COMPANY

Bv 

UCCLEW0762

VCM SALES AGREEMENT

As of July 1, 1982

The parties to this Agreement are GEORGIA-PACIFIC CORPORATION, a Georgia corporation ("Seller"), with a mailing address of Georgia-Pacific Center, 133 Peachtree Street, Atlanta, Georgia 30303, and PANTASOTE INC, a Delaware corporation ("Buyer"), with a mailing address of P.O. Box 1800, Greenwich, Connecticut 06836.

Seller desires to sell to Buyer and Buyer desires to purchase from Seller vinyl chloride monomer meeting the specifications and upon the terms and conditions set forth herein.

The parties, therefore, agree as follows:

1. Purchase and Sale. Seller agrees to sell to Buyer and Buyer agrees to purchase from Seller vinyl chloride monomer ("VCM") of the kind and quality hereinafter described in the quantity hereinafter specified to be delivered and paid for in accordance with the terms and conditions hereinafter set forth. The VCM is intended for Buyer's manufacture of polyvinyl chloride or toll conversion by Seller.

2. Specifications. The VCM shall be Seller's typical product produced at Seller's vinyl chloride monomer plant at Plaquemine, Louisiana (the "Plant") and shall meet the specifications set forth in Exhibit I attached hereto, which shall not be changed other than by mutual agreement of

218

the parties. EXCEPT AS OTHERWISE EXPRESSLY STATED HEREIN, SELLER MAKES NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO, IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS.

3. Term. The term of this Agreement shall be five (5) years commencing July 1, 1982 and terminating June 30, 1987. The parties shall, on or before June 30, 1986, discuss the possibility of extending the term beyond June 30, 1987. The twelve (12) month period commencing July 1, 1982 and terminating June 30, 1983 shall constitute the first contract year of this Agreement and each succeeding twelve (12) month period shall constitute a separate contract year.

4. Quantity

(a) The quantity of VCM to be sold and purchased each contract year shall include VCM to be toll converted under the terms of the PVC Sales Agreement between the parties of even date (the "PVC Agreement") plus a minimum of eighty (80) percent of Buyer's plant requirements at Passaic, New Jersey, but in no event shall the amount to be purchased and sold hereunder be less than forty-five (45) million pounds nor more than eighty (80) million pounds per contract year. The parties recognize the seasonal nature of Buyer's requirements and agree that the volume of VCM ordered for any month will not exceed one million pounds more than the average quantity purchased for the previous four (4) months unless Buyer shall give thirty (30) days notice or Seller

shall consent to the larger quantity. VCM shall, however, be ordered and delivered in as nearly equal monthly quantities as practicable. If during the term of this Agreement Buyer ceases to operate its PVC resin manufacturing facility in Passaic, New Jersey for a period of at least six months, it shall so notify Seller, and the parties shall thereupon discuss the possibility of increasing the contractual quantity of PVC products under the PVC Agreement.

(b) The VCM purchased and sold hereunder shall either be delivered to Buyer in accordance with the provisions of Paragraph 5 hereof or toll converted by Seller into PVC products and sold to Buyer in accordance with the terms and conditions of the PVC Agreement, as Buyer shall from time to time notify Seller.

(c) Should Seller and Buyer not agree on the VCM market price described in subparagraph 6(a) hereof, after Buyer has given bona fide proof that lower competitive offers have been made, and Seller elects not to meet such offers, Buyer, at its option, may purchase VCM elsewhere, and if it so elects, cause such VCM to be delivered to Seller, and Seller will toll convert this VCM into PVC products in accordance with the terms and conditions of the PVC Agreement, provided that such VCM reasonably meets the quality specifications of Seller. A conversion loss factor of 1.02 pounds of VCM per pound of PVC will apply to all VCM purchased elsewhere by Buyer and delivered to Seller for tolling, except VCM purchased and delivered under subparagraph 4(e) hereof. Any VCM purchased by Buyer under the provisions of subparagraphs 4(c) and (e) shall be added to the

VCM purchased by Buyer from Seller for purposes of compliance with the minimum quantity requirements of subparagraph 4(a) above.

(d) Should a force majeure event under Paragraph 8 of the PVC Agreement render Seller's PVC plant unable to convert VCM into PVC then Buyer may, at its option, cause Seller to deliver (at Buyer's expense) VCM to the plant of another PVC manufacturer.

(e) If Seller is unable to sell and deliver VCM to Buyer as a result of a force majeure event under Paragraph 8 of this Agreement, Buyer may, at its option, purchase VCM elsewhere, cause such VCM to be delivered to Seller, and Seller will toll convert this VCM into PVC products in accordance with the terms and conditions of the PVC Agreement, provided that such VCM reasonably meets the quality specifications of Seller.

(f) If in any contract year (other than the contract year ending June 30, 1987) Buyer does not purchase from Seller at least forty-five (45) million pounds of VCM ("Deficiency Contract Year"), Buyer, provided Seller so consents, shall have the right during the first six (6) months of the immediately following contract year ("Make Up Period") to purchase in addition a quantity of VCM equal to the difference between forty-five (45) million and the number of pounds purchased by Buyer in the Deficiency Contract Year (the "Deficiency"). The Deficiency or any portion thereof purchased during the Make Up Period shall not be added to the total number of pounds purchased by Buyer in the contract year following such Deficiency Contract Year for purposes of computing

whether Buyer has purchased the minimum number of pounds of VCM in such following contract year.

(g) Buyer shall notify Seller prior to May 15th of an envisioned Deficiency Contract Year whether or not it intends to purchase all or a portion of the anticipated Deficiency during the first three (3) months of the Make Up Period and the estimated amount and delivery dates. No later than fifteen (15) days after Buyer's notice, if Buyer intends to so purchase, Seller shall notify Buyer if Seller elects to refuse to sell all or a portion of the Deficiency amount set forth in Buyer's notice. If Seller so refuses, that portion of the Deficiency shall be forgiven. Buyer shall notify Seller prior to August 15th following such Deficiency Contract Year whether or not it intends to purchase the balance of the Deficiency during the remaining three (3) months of the Make Up Period and the estimated delivery dates. No later than Fifteen (15) days after Buyer's notice, if Buyer intends to so purchase, Seller shall notify Buyer if Seller elects to refuse to sell all or a portion of the balance of the Deficiency amount set forth in Buyer's notice. If Seller so refuses, that portion of the Deficiency shall be forgiven.

5. Delivery. VCM shall be delivered F.O.B. Seller's Plant for transportation by rail bulk tank cars which shall be owned or controlled by Seller. Title and risk of loss shall pass

to Buyer upon Seller's delivery to carrier at shipping point at Seller's Plant. Freight will be for Buyer's account, shipped freight collect.

6. Price and Terms of Payment

(a) The purchase price ("Invoice Price") per pound for VCM sold and delivered (whether to Buyer's plant or to Seller's Plant for conversion into Products) shall be the VCM market price to customers similarly situated to Buyer less a discount which shall be in such amount as the parties may from time to time mutually agree upon.

(b) If during the term of this Agreement Seller sells VCM to another customer in a similar business and similar volume as Buyer at a lower price, F.O.B. the Plant, than the net price, F.O.B. the Plant, then payable by Buyer under this Agreement, Seller shall reduce the price payable by Buyer to such lower price for the period Seller continues to sell at such price to such other customer.

(c) Payment terms shall be net thirty (30) days from date of shipment or as may be otherwise agreed upon from time to time by the parties hereto.

7. Seller Plant Shutdown. If economic circumstances in the VCM or PVC markets result in the cessation of the manufacture of VCM at the Plant, and the cessation is not excused under Paragraph 8 hereof, the following will occur under this Agreement depending upon the duration of the cessation:

Duration of Cessation

Consequences

0 - 90 days	Seller remains obligated to sell and deliver VCM.
91 - 180 days	Seller excused from obligation to sell and deliver VCM. Seller shall use all reasonable effort to procure an alternative source of supply for Buyer.
181 - 360 days	Seller excused from obligation to sell and deliver VCM and Buyer has right to terminate the Agreement upon at least five (5) days notice to Seller.
361 or more days	Seller excused from obligation to sell and deliver VCM and either party has right to terminate the Agreement upon at least five (5) days notice to the other.

The respective minimum and maximum aggregate number of pounds of VCM required to be sold and purchased in any contract year shall be reduced for the contract year in which there is a cessation of manufacture for a period in excess of 90 days as provided in this Paragraph 7 by an amount equal to the product obtained by multiplying the fraction that the number of days of the duration of the cessation in excess of 90 days bears to 360 days times the minimum or the maximum number of pounds of VCM.

8. Force Majeure. Seller shall be excused for failure to deliver VCM to Buyer and Buyer shall be excused for failure to accept delivery of VCM from Seller, and any such failure

shall not be deemed a default hereunder, if it is caused by an act of God, strike or other form of labor disturbance, failure or delay of transportation, fire, war (whether or not declared and whether or not the United States is a participant), explosion, inadequate supply of energy or essential raw material, governmental acts, or by any other cause, whether or not of a similar nature, beyond the reasonable control of the party affected thereby. The party affected by such force majeure event shall promptly notify the other (i) of the existence thereof, its expected duration, and the anticipated effect thereof upon its ability to perform its obligations hereunder, and (ii) at such time as the force majeure event has ceased to affect its ability to perform its obligations hereunder. In the case of a force majeure event affecting Seller's ability to supply VCM hereunder, Seller shall use all reasonable effort to procure an alternative source of supply of VCM for Buyer during the period Seller is so affected. If due to a force majeure event Seller is unable to furnish all of the VCM required to be sold to Buyer hereunder as well as to its other customers for VCM, Seller shall, during the period of such shortage, fairly allocate to Buyer a share of its available quantities of VCM on a basis no less favorable than the basis upon which it allocates its available quantities to its other customers with Seller's affiliates not being given a preferred position in the allocation.

9. Limitation of Liability; Remedies.

(a) Rejection of nonconforming VCM must be made by Buyer in writing within five (5) days after Buyer's testing of

the VCM for conformance. Buyer's failure to promptly give notice of nonconformance shall constitute an unqualified acceptance of the VCM and a waiver by Buyer of all claims with respect thereto. All rejected VCM shall be held for inspection. If the VCM does not conform, it shall be held by Buyer pending instructions for disposal from Seller at Seller's expense. In the event of non-conformity of VCM, Buyer's exclusive remedy shall be rejection of the VCM and, at Seller's election, either (i) credit for the purchase price, including any transportation charges paid by Buyer, or (ii) Seller's replacement of the VCM.

(b) Each party represents and warrants to the other that the execution, delivery, and performance of this Agreement has been duly authorized by all necessary corporate action and will not result in a breach or termination of any agreement to which either is a party. Seller represents and warrants to Buyer that the VCM sold to Buyer hereunder shall be free from defects in workmanship or materials at the time of sale, shall conform to the specifications attached hereto as Exhibit I, and shall comply with all laws, rules and regulations applicable thereto.

(c) No action of Buyer arising out of this Agreement shall be commenced later than one year after the cause of action has accrued. Neither Seller nor Buyer shall be entitled to any consequential or incidental damages either in the event of nonconformity or nondelivery of VCM or for any other breach or default under this Agreement. Seller shall not

be liable for, and Buyer assumes responsibility for, all personal injury and property damage resulting from the handling, possession, resale or use of VCM by Buyer in Buyer's manufacturing processes, whether used alone or in combination with other substances, except in the case of injury or damage resulting from defective rail bulk tank cars provided by Seller.

(d) Seller may recover for each shipment hereunder as a separate transaction, without reference to any other shipment. In addition to the parties' other rights and remedies, either party may terminate this Agreement upon notice at any time if the other party violates any material provision of this Agreement or defaults in any material respect in the performance of its obligations hereunder and such violation or default continues uncured for a period of sixty (60) days after notice thereof or, in the case of nonpayment by Buyer to Seller, for a period of fifteen (15) days after notice thereof.

(e) Should Buyer at any time be offered a lower purchase price than that payable pursuant to this Agreement for VCM of equal quality, in a quantity equal to or greater than the annual quantity per contract year for the balance of the term of this Agreement, for the same use by a responsible manufacturer having a production facility for VCM located in the United States and Buyer furnishes to Seller satisfactory proof of the same, Seller will either reduce the purchase price herein to such lower purchase price or permit Buyer to purchase such quantity elsewhere but not forgive the quantity purchased elsewhere for purposes of the minimum volume requirements described in subparagraph 4(a) of this Agreement.

(f) If Buyer fails to purchase the Deficiency during the Make-Up Period, as provided in subparagraphs 4(f) and (g) hereof, and such failure or the original Deficiency is not the result of (i) a breach or default by Seller hereunder, (ii) a force majeure event under Paragraph 8 hereof, or (iii) the forgiveness of such requirements under subparagraphs 4(c) or (g) hereof, then Seller shall have the right at its option and as its sole remedy to either (i) terminate this Agreement upon at least five (5) days notice to Buyer with no further liability to either party, or (ii) reduce the respective maximum and minimum quantities of VCM required to be purchased and sold pursuant to subparagraph 4(a) hereof to respective amounts equal to the product obtained by multiplying the fraction that the aggregate number of pounds purchased during such contract year and Make-Up Period bears to forty-five (45) million pounds times the maximum or minimum number of pounds of VCM as the case may be.

(g) Either party's waiver of any breach or failure to enforce any of the terms and conditions of this Agreement, at any time, shall not in any way affect, limit or waive either party's right thereafter to enforce and compel strict compliance with every term and condition hereof.

10. Increased or New Taxes. Any tax or governmental charge or increase in same upon the production, sale, or delivery of VCM hereunder imposed by any federal, state, or municipal authority becoming effective after the execution and delivery of this Agreement which increases the cost to Seller of producing, selling, or delivering VCM, including, but not limited to, a sales or use tax, may, at Seller's option, be added to the price herein specified. Nothing herein shall be construed to permit Seller to effect an increase of the price herein specified by reason of (i) the imposition or increase in any corporate net income or franchise tax imposed by any federal, state, or municipal taxing entity or authority, or (ii) any tax or governmental charge, or fines or penalties payable by Seller in connection with Seller's compliance or failure to comply with any federal, state, or municipal laws, rules or regulations relating to the environment or employee health and safety.

11. Notice. All notices to be given hereunder shall be given in writing by certified or registered mail, return receipt requested, addressed to the respective parties at their addresses above noted, Att: Vice President - Finance, with a copy to General Manager, Film/Compound Division, Pantasote Inc, 26 Jefferson Street, Passaic, New Jersey 07055, in the case of Buyer, Vice President - Resin Division in the case of Seller. Either party may change its address for purposes of this Agreement by giving the other party written notice of such change in the manner provided in this Paragraph.

12. Arbitration. Any controversy or claim arising out of or relating to this Agreement or the breach thereof not exceeding \$500,000 shall be settled by arbitration in accordance with the rules of the American Arbitration Association. Any arbitration shall take place in New York City and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction.

13. Assignment. Neither party may assign this Agreement nor any right or obligation hereunder without the prior consent of the other except to a corporation which has succeeded (whether by merger, consolidation, or sale of assets and business) to substantially all of the assets and business as a going concern of (a) either party to this Agreement, (b) Seller's Plant in the case of Seller, or (c) Buyer's Passaic, New Jersey facility in the case of Buyer; provided that in any such instance the assignee has executed and delivered to the other party to this Agreement a written agreement that such assignee will be bound by the provisions hereof to the same extent as if the assignee had originally executed this Agreement in place of the assignor. If either party enters into any such sale of assets and business, the other party to this Agreement shall have the right to require the assignee to assume all of the assignor's obligations under this Agreement for a period of at least twelve (12) months immediately following the consummation of such sale.

14. Entire Agreement. Except as set forth herein, this Agreement constitutes the entire agreement between the

parties hereto, and there are no understandings, representations or warranties of any kind, express or implied, not expressly set forth herein. Irrespective of the place of execution and performance, this Agreement shall be governed by and construed under the laws of the State of New Jersey applicable to agreements made and to be performed in New Jersey.

The parties have duly executed this Agreement as of the date first hereinabove written.

PANTASOTE INC

GEORGIA-PACIFIC CORPORATION

By: *W. H. Smith*
TITLE: *V. Chairman*

By: *W. H. Bergman* *W. H.*
TITLE: *Vice-President*

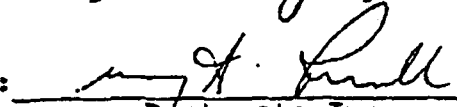
VINYL CHLORIDE MONOMER SPECIFICATIONS

<u>Property</u>	<u>Sales Spec</u>	<u>Typical Analysis</u>
VCM Purity (% min.)	99.9	99.9
Water (ppm, max.)	90	< 90
Acetylene (ppm, max.)	2	< 2
Methyl Chloride (ppm, max.)	40	< 20
Acetaldehyde (ppm, max.)	2	< 2
Ethylene (ppm, max.)	2	< 2
1-3 Butadiene (ppm, max.)	6	4
Mono Vinyl Acetylene (ppm, max.)	15	10
Ethyl Chloride (ppm, max.)	-	15
Dichloroethane (ppm, max.)	2	ND
Peroxide as H ₂ O ₂ (ppm, max.)	0.1	< 0.1
Lights (ppm, max.)	60	< 50
Propylene (ppm, max.)	3	< 2
Non-Volatiles (ppm, max.)	50	< 50
Color	Colorless	Colorless
Clarity	Clear	Clear
Iron (ppm, max.)	0.4	< 0.4
Acidity as HCl (ppm, max.)	1.0	< 1.0
Alkalinity as NaOH (ppm, max.)	3.0	3.0
Oxygen (ppm, max. in vapor phase)	500.0	-

APPROVED BY:


Georgia-Pacific Corporation

APPROVED BY:


Pantasote Inc

UCCLEW0777