VCM CONTRACT SUMMARY

Present Contract

1. Contract Terms	Expiration December 31, 1981, or any December 31 thereafter A 12-month notice is required to terminate.
2. Product and Quality	See Schedule A for VCM specifications.
3. Quantity	Buyer-minimum annual obligation to purchase 130 million pounds. Seller-maximum annual obligation to sell 150 million pounds Within above limitations, buyer shall purchase and seller shall sell buyers VCM requirements.
4. Monthly Purchase Obligations	Subject to minimum and maximum annual quantities. Buyer-required to purchase total requirements up to a maxim of 9 million pounds per month. During any 6 consecutive calendar months, not less th 54 million pounds. Seller-required to sell in any calendar month up to but not in excess of 13 million pounds. Penalty to buyer for purchases under 54 million pounds with written notice not later than 3 months after the last day c a 6-month period. a. Declare buyer in default. b. Limit the maximum quantity buyer may require seller sell. c. Increase the price for the quantity of material for our previous short fall of purchases.
5. Price	Effective September 6, 1980, $.22/lb. less $.05/lb. TVA, : $.17/lb.
6. Price Adjustment	Fifteen days notice. Price must have been in effect for a minimym of 90 days. Buyer may elect to terminate with notice of not less than · days and not more than 90 days unless within 30 days after · date of buyer's notice, seller rescinds the price increase

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7.	Price Protection	Sixty-day notice to seller of an offer from a VCM plant in the United States for the full contract quantity for the remainder of the contract period. Seller must give notice to buyer stating it is willing to adjust the price. If no notice is given, buyer may notify seller within 30 days after the expiration of the 60-day period that they will accept the new offer. The contract then terminates 6 months after the receipt of the initial offer.
8.	Delivery and Transportation Charges	Material is shipped on an F.O.B. Point of Shipment basis wit freight prepaid and added to the invoice.
9.	Invoicing and Terms of Payment	Net 30 days.
10.	General Terms	
	Favored Nations Clause	Limits our protection to the sale of VCM for PVC production in the continental United States under a contractial commitment for the period of at least one year at an annual rate c 150 million pounds per year or less.

This whole section should be revised to change the requirements that VCM suppliers must be in the United States and must be offering the full contract quantity for the remainder of the period.
The 6-month notice should also be revised.

We should attempt to have more free unloading time thereby lowering our demurrage costs.

We should attempt to get 60-day terms.

Since this is PPG's contract, the general terms seem to be somewhat slanted in their favor.
Possibly Mrs. Eisenberg could give us some help for suggested changes.

This clause was added on June 30, 1976, and could be better as far as the Pantasote viewpoint is concerned.

Possible Areas for Negotiation

Additional 5-year period.
Same notice requirement.

We should attempt to negotiate the flexibility to purchase some quantity of material in the open market. This is the only way we can keep abreast of market prices.

Increase notice from 15 days to 30 days.
Add some form of notice for elimination of TVAs.
Change buyer notification to terminate from 60 days to 30 days.

AMENDMENT

to

VINYL CHLORIDE MONOMER CONTRACT

between

PPG INDUSTRIES, INC.

and

THE PANTASOTE COMPANY

Date of Contract: April 26, 1966

Date of This
Amendment: April 1, 1976

PPG INDUSTRIES, INC., as "Seller", and THE PANTASOTE COMPANY, as "Buyer" being parties to a Vinyl Chloride Monomer Sales Contract, dated April 26, 1966, as subsequently supplemented by a VCM Barge Loading Agreement between them, dated August 1, 1968, and amended, and being desirous of further amending the same, do hereby agree, with intent to be legally bound, that the said Vinyl Chloride Monomer Sales Contract be and the same hereby is further amended and restated in its entirety as follows:

1. Contract Term: The initial term of this Contract shall commence on March 1, 1967 and, unless earlier terminated by Seller or Buyer as hereinafter provided in this Paragraph 1, shall expire on December 31, 1981, following which the Contract shall continue in effect from year to year unless and until terminated by either party, effective December 31, 1981 or any December 31 thereafter, upon not less than twelve months prior written notice to the other party of its election so to terminate.

2. Product and Quality: Vinyl Chloride Monomer (VCM) sold and delivered hereunder shall conform to the specifications set forth in Schedule A attached hereto and made a part hereof.

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3. Quantity: Subject to the force majeure provisions of Paragraph 3 of the General Terms hereof, the minimum quantity of VCM which Buyer shall be obligated to purchase and receive hereunder in any calendar year is one hundred thirty million (130,000,000) pounds and the maximum quantity of VCM which Buyer may require Seller to sell and deliver hereunder in any calendar year without Seller's prior written consent is one hundred fifty million (150,000,000) pounds. Within the foregoing minimum and maximum limits, Buyer shall purchase and receive hereunder and Seller shall sell and deliver hereunder during the term hereof the VCM requirements of Buyer's polyvinyl chloride ("PVC") plants at Point Pleasant, West Virginia and Passaic, New Jersey, or elsewhere in the continental United States.

4. Monthly Purchase Obligations: Subject to the minimum and maximum annual quantities provided for in Paragraph 3; (a) Buyer shall be required to purchase hereunder, during each calendar month, the total VCM requirements of its said plants up to a maximum of nine million (9,000,000) pounds, and during any six (6) consecutive calendar months, Buyer's purchases hereunder shall not be less than fifty-four million (54,000,000) pounds of VCM; and (b) Buyer may require Seller to sell and deliver hereunder in any calendar month quantities of VCM up to but not in excess of thirteen million (13,000,000) pounds. If, for reasons other than force majeure, as herein elsewhere defined, Buyer's aggregate VCM purchases hereunder in any six (6) consecutive calendar months shall be less than fifty-four million (54,000,000) pounds, Seller may, by written notice to Buyer given not later than three (3) months after the last day of such six (6) months' period, either declare Buyer to be in default hereunder or, in lieu thereof, limit the maximum quantity of VCM that Buyer may require Seller to sell and deliver hereunder during any subsequent calendar year (pro rata for the remainder of the calendar year in which such notice is given) to one hundred ten per cent (110%) of the annual rate of Buyer's purchases hereunder during such six (6) months' period. If Seller shall elect to effect such a limitation, Seller shall thereafter be free to use or sell to others the quantities

of VCM thus released from the maximum annual quantity which Buyer may require Seller to sell and deliver hereunder in any calendar year pursuant to Paragraph 3 hereof immediately prior to such election; provided however that, before Seller shall contractually commit to the sale of any such released quantity of VCM, by spot or term sale, if Buyer's purchases hereunder are then at the maximum annual rate then permitted hereunder, Seller will notify Buyer of Seller's intention to effect such a sale, stating the price, term, and terms and conditions, and Buyer shall have the right, exercisable by written notice to Seller within ten (10) days after Seller's said notice, to purchase such quantity of VCM at the price, for the period, and under the terms and conditions stated in Seller's said notice.

5. Price: Subject to adjustment as hereinafter provided, Buyer shall pay to Seller for all VCM sold hereunder from and after April 1, 1976 12.6¢ per pound.

6. Price Adjustment: The price stated in Paragraph 5 hereof may be adjusted by Seller, effective on or after July 1, 1976 and thereafter at any time and from time to time, by written notice of such price adjustment given to Buyer not less than fifteen (15) days prior to the effective date thereof; provided that the price to be thus adjusted at any such time shall have been in effect for not less than ninety (90) days. Upon written notice given by Buyer to Seller prior to the effective date of any price adjustment, Buyer may elect to terminate this Contract, effective as of a date specified in Buyer's notice which date is not less than sixty (60) and not more than ninety (90) days subsequent to the effective date of such adjustment, unless within thirty (30) days after the date of Buyer's said notice, Seller shall have rescinded such price adjustment or shall have modifie the same in a manner acceptable to Buyer. Except as rescinded or modified by Seller, the adjusted price shall become effective as scheduled and shall continue in effect until such termination date.

7. Price Protection: Within sixty (60) days after Seller's receipt of an affi davit from one of Buyer's executive officers stating that Buyer has received a bona

fide offer from another producer to sell VCM to Buyer, for delivery to Buyer's plant from a VCM plant in the United States in quantities essentially equivalent to the quantities which Seller is committed to deliver hereunder, for the remaining term of this Contract, and of a quality which meets the specifications as defined in Schedule A hereof, at a lower price f.o.b. such other producer's plant than the price to Buyer of the VCM then being purchased hereunder, which affidavit describes said offer in complete and accurate detail except for the identity of the offeror, Seller shall give notice to Buyer stating whether it is willing to adjust the then prevailing price hereunder to meet such offer. If no such notice is given stating that Seller is willing to so adjust the then prevailing price, Buyer may, by written notice to Seller within thirty (30) days after the expiration of such sixty (60) day period, elect to accept such offer, in which event this Contract shall terminate six (6) months after Seller's receipt of Buyer's initial written notice of the offer, or, with Seller's written consent, on the commencement date of deliveries to Buyer by such other producer pursuant to such accepted offer.

8. Delivery and Transportation Charges: Except for quantities of VCM delivered hereunder for transportation by barge to Buyer's Point Pleasant, West Virginia plant under and pursuant to the August 1, 1968 VCM Barge Loading Agreement between the parties hereto, as amended, all VCM sold hereunder shall be delivered to carrier for transport to Buyer, f.o.b. tank cars or tank trucks, as mutually agreed upon, owned or controlled by Seller at Seller's Lake Charles, Louisiana plant or elsewhere at Seller's election. All transportation charges shall be borne by Buyer on the basis of applicable freight from Lake Charles, Louisiana to Buyer's receiving plant at the nominal tariff minimum then in effect for 180,000 pound cars and the annual volume shipped. However, if Seller delivers VCM to the carrier at any point other than Lake Charles, Louisiana for shipment hereunder to Buyer, additional transportation costs or savings, if any, incurred or experienced by reason thereof shall be for Seller's account. All tank car shipments hereunder

from Seller's Lake Charles, Louisiana plant shall be on a freight prepaid and invoiced basis. On all such shipments from a point of origin other than Seller's Lake Charles, Louisiana plant, Seller shall prepay the freight and shall add to the invoice for such shipments the applicable freight as determined above.

9. Invoicing and Terms of Payment: Seller will invoice Buyer for the VCM sold hereunder and included in any shipment hereunder, together with the transportation charges applicable thereto, as provided in Paragraph 8, promptly following such shipment, such VCM to be invoiced at the price specified in Paragraph 5, as subsequently adjusted in accordance with Paragraph 6. Buyer shall pay to Seller the net amount of such invoice within thirty (30) days from the date of such invoice.

10. General Terms: The General Terms attached hereto form a part of this Contract as if recited at length over the signatures hereto affixed.

IN WITNESS WHEREOF, the parties have executed this Contract as of the day and year first above written.

Attest:

Rose M. Penn

ASSISTANT SECRETARY

Attest or Witness:

Mary-Elizabeth Jacques

PPG INDUSTRIES, INC.

By G. M. Zapp

VICE PRESIDENT

THE PANTASOTE COMPANY

By [signature]

<u>GENERAL TERMS</u>

1. <u>Default</u>: Seller may recover for each shipment hereunder as a separate transaction, without reference to any other shipment. If either party be in default with respect to any of the terms and conditions of this Contract, the other party may, without prejudice to any other legal remedy, terminate this Contract by written notice to the defaulting party, specifying the thing or matter in default; provided, however, that, if the default is of an obligation other than the payment of money and if the defaulting party shall remedy the default within ninety (90) days following the date of said termination notice, said Contract shall continue in effect notwithstanding such termination notice. Waiver or cure of a single default or a succession of defaults shall not deprive either party of any right arising by reason of any subsequent default.

2. <u>Claims</u>: All claims, relating to quantity, quality, weight and condition of the product included in any shipment made under this Contract will be deemed waived by Buyer unless written notice thereof be given to Seller within ninety (90) days after arrival of such shipment at Buyer's place of business and, in no event shall Seller's liability with regard thereto exceed the purchase price attributable to the specific shipment as to which such claim is made. Seller assumes no liability for damages arising from improper functioning or failure of transportation, unloading or discharge equipment furnished or used by Buyer, but, if Seller provides tank cars, it shall be responsible for their defects. Buyer assumes full responsibility under and liability for compliance with Federal, state, municipal and local laws and regulations governing discharge, storage, handling and use of the product to be supplied by Seller under this Contract.

3. <u>Force Majeure</u>: Seller's failure or inability to make any delivery or deliveries of the product sold hereunder when due, or Buyer's failure to take any delivery or deliveries when due, or the failure of either party to perform

any other obligation to be performed by it here when required if caused by "Force Majeure", as hereinafter defined, shall not constitute a default hereunder nor subject the party so failing to any liability to the other; provided, however, that the party affected by such "Force Majeure" shall promptly notify the other of the existence thereof and of its expected duration and the estimated effect thereof upon its ability to perform its obligations hereunder and that Seller shall use its best efforts to procure an alternate source of supply of VCM for Buyer as long as it is unable to make deliveries to Buyer; provided further that if Seller's alternate source cannot be arranged except by purchase at a higher price f.o.b. such alternate source than the current adjusted price hereunder, Seller shall not be obligated to make such purchase unless Buyer agrees to pay such higherprice on the alternative supply. Such party shall promptly notify the other party when such "Force Majeure" circumstance has ceased to affect its ability to perform its obligations hereunder. The quantity to be delivered and sold or purchased and received hereunder during the year in which such failure occurs shall be reduced to the extent of the deliveries omitted for such cause or causes, unless both parties agree that the quantity to be delivered and sold or purchased and received hereunder shall remain unchanged. As used herein, the term "Force Majeure" shall mean and include any act of God or the public enemy, accident, explosion, fire, storm, earthquake, flood, drought, interruption of or delay in transportation, strikes or other labor troubles, riots, sabotage, embargo, war (whether or not declared and whether or not the United States is a participant), Federal, state or municipal law, regulation, order, license, priority, seizure, requisition or allocation, failure or delay of transportation, shortage of or inability to obtain supplies, equipment, fuel or labor, or any other circumstances of a similar or different nature beyond the reasonable control of the party affected thereby. For the purposes of this Contract, a "Force Majeure" circumstance effecting a curtailment or suspension of VCM production at, or transportation from Seller's VCM producing plants at Lake Charles, Louisiana and/or Guayanilla, Puerto Rico or the producing plant of a co-producer from which Seller is then purchasing VCM under a long-term contract for resale, shall be deemed a "Force Majeure" circumstance affecting Seller.

For the purposes of this contract, a strike in the automobile manufacturing industry which materially affects the ability of one of the part owners of Buyer's Point Pleasant, West Virginia plant to sell or captively use a significant portion of the PVC output of Buyer's said plant shall, to such extent, be deemed to be Force Majeure affecting Buyer.

If Seller's performance hereunder is inhibited by Force Majeure for a period exceeding thirty (30) days, Buyer's minimum quantity requirements hereunder upon the expiration of such Force Majeure and for a like period thereafter shall be Buyer's total requirements if less than contract minimum as specified in Paragraph 3 and 4; and if Buyer's performance hereunder is inhibited by Force Majeure for a period exceeding thirty (30) days, Seller's maximum obligation to supply under this Contract upon the expiration of Force Majeure and for a like period thereafter shall be the quantities purchased by Buyer during the Force Majeure period.

4. Taxes: Any tax or other governmental charge upon the production, sale, and/or shipment of the product sold hereunder, imposed by Federal, state or municipal authorities becoming effective after the execution of this Contract may, at Seller's option and after thirty (30) days' written notice to Buyer, be added to the price herein provided and be paid by Buyer. Income, franchise, gross receipts, occupational and other similar taxes are not to be considered as a tax or other governmental charge within the meaning of this Paragraph.

5. Notices: All notices given hereunder shall be in writing, and shall be deemed given if delivered personally or mailed by registered or certified mail (return receipt requested) to the parties at the following addresses, or at such other address as shall be specified by notice given pursuant hereto:

(a) To the Buyer at P. O. Box 1800
Greenwich, Connecticut 06830

(b) To the Seller at One Gateway Center
Pittsburgh, Pennsylvania 15222
Attention: Vice President of Sales

6. Assignment: This Contract shall be binding upon and inure to the benefit of any successor corporation of Seller or Buyer, or any assignee of, substantially the whole of the chemical business of either, but shall not be otherwise assignable by either without the prior written consent of the other, but each hereby consents to any assignment by the other to a corporation which is a wholly-owned subsidiary (providing the assignor remains primarily liable under this Contract) or to a corporation which shall succeed to substantially all the business and assets of the other, by merger, consolidation or sale, providing that the assignee agrees in writing, in advance of the assignment, to be bound by the terms of this Contract.

7. Entire Agreement: This Contract constitutes the entire agreement of sale and purchase of the materials named herein. No modification of this Contract shall be of any force or effect unless reduced to writing and signed by the party claimed to be bound thereby, and no modification shall be effected by any purchase order forms or acknowledgment forms containing different conditions.

8. Arbitration: Any controversy or claim arising out of or relating to this Contract or breach thereof, shall be settled by arbitration in New York, New York, in accordance with the Rules of the American Arbitration Association, and judgment upon the award rendered by the Arbitrator may be entered in any court having jurisdiction thereof.

9. Governing Law: This Contract shall be governed by and construed in accordance with the laws of the State of Pennsylvania.

SCHEDULE A

Vinyl Chloride Monomer Specifications

Acidity (as HCl)	10 ppm Maximum
Aldehydes (Acetaldehyde)	5 ppm Maximum
Acetylene	2 ppm Maximum
Iron	0.5 ppm Maximum
Sulfur	3 ppm Maximum
Water	200 ppm Maximum
Non-Volatile	0.05% Weight % Maximum
Appearance	Clear and colorless and no suspended matter
Peroxide	0.06 ppm Maximum
Ethylene	5 ppm Maximum
Oxygen	500 ppm Maximum