

1. Terms Paramount

In the event any of the terms and conditions of this Contract are different from or additional to those proposed by the Buyer in this purchase order or those contained in any letter of credit or other document incidental to this Contract, the terms of this Contract shall prevail and under no circumstances shall such additional or different terms and conditions be deemed to be part of this Contract. This form constitutes notice of objection to any conditions on Buyer's inquiry or order or any other documents which are contrary or in addition to the terms and conditions set forth herein.

2. Price Variations

This Contract is based upon the present government tariffs, duties, taxes, value added taxes, imports, assessments and other levies now existing in the United States and abroad and present freight and insurance rates of currency exchange. If this Contract requires the Seller to pay all duties and taxes, any increase therein, whether caused by change in duty classifications, valuation or otherwise, or any other government tariffs, tax, import, assessment or other levy that may hereafter be imposed upon the goods which are the subject of this sale or upon the sale thereof, is then to be added to and become a part of the Contract price and shall be paid by Buyer. Should any of the aforesaid levies be reduced, Buyer shall receive the benefit of such reduction to the extent that the same affects the goods remaining to be delivered after such reduction occurs. All the above provisions shall not only apply to such levies as are imposed by the United States or any other country, but also to such as are imposed by any state, county, city, municipality, or any other political subdivision, or any other kind of public authority. If this Contract requires the Seller to pay transportation and insurance costs, any additional expenses to Seller due to an increase over present freight or insurance rates applicable to the goods shall be added to and become a part of the Contract price and be paid by Buyer. Any change adverse to Seller in currency exchange rate from the applicable currency exchange rate from the applicable currency exchange rate on the date of this Contract shall also be charged to Buyer. Buyer shall be liable for any cancellation by Buyer of this Contract and shall indemnify and hold Seller harmless for all losses (including without limitation, a reasonable profit on the work performed prior to the date of cancellation) and damages arising from any such cancellation.

3. Shipments

Seller shall have the right to ship the goods sold hereunder in one or more shipments, lots, or deliveries as Seller deems advisable and in the case of partial delivery, Buyer shall have no right to reject such partial delivery for defect in quantity alone. Each shipment, lot, or delivery hereunder shall be construed and considered as a separate sale under the terms and conditions of this Contract, and Buyer agrees to accept and pay for each such shipment, lot, or delivery as provided herein. Should Buyer fail to accept or pay for each such shipment, lot, or delivery, Seller may, without prejudice to any other lawful remedy, defer or cease further shipments or deliveries until acceptance thereof by Buyer or payment is made by Buyer, or at its option, Seller may without liability whatsoever regard such failure to accept or pay for such shipment as a breach of the whole Contract and terminate this Contract as to any unaccepted or undelivered portion thereof, as well as any other outstanding Contract with Buyer, and Buyer shall be responsible for any expense and/or loss sustained by Seller by so doing. Buyer shall have no right of offset in the event of such deferral or termination. Seller shall have satisfied its delivery obligation when Buyer has notice that the goods sold hereunder are ready for shipment or delivery but such goods are subsequently not shipped or delivered through no fault of Seller. If Buyer does not accept the goods upon delivery, Seller may, at Buyer's sole cost and expense, store such goods at its location or such other location as it deems appropriate in its sole discretion for so long as Buyer has not accepted such goods or

cancelled this Contract subject to the terms and conditions hereof, and Buyer shall bear the risk of loss during such period. In the event of delay in the performance by Seller due to any reasonable cause, Seller in its sole discretion, may apportion its production among its customers in any manner as it may consider equitable.

4. Force Majeur

The Seller shall not be liable for any direct or indirect loss or damage arising from any delay in shipment or delivery, non-delivery, or destruction or deterioration of all or any part of the goods sold hereunder, or for any other default in performance of this Contract arising from acts of God, perils of the sea, acts of or restrictions imposed by any government authority, fire, war, insurrection, riot or civil commotion, blockage, embargoes, sabotage, strikes or lockouts, partial or total interruption or loss or shortage of raw materials, transportation or loading facilities, failure or delay in shipment on the part of any suppliers, inability to secure materials, labor or manufacturing facilities, floods, drought, epidemics, breakdowns of machinery, accidents or events causing stoppage of work or mill, or from any other cause beyond the control of the Seller, whether or not similar to the causes hereinabove specified. The Seller may upon removal of such cause resume making shipments or deliveries and the Buyer is bound to accept such delayed shipment or delivery. However, if the delay in shipment shall be more than sixty (60) days, the unexecuted balance of the Contract may be cancelled by either the Buyer or the Seller who shall when requested by the other party state in writing whether he elects to cancel. If Seller is able to perform part of this obligation under this Contract in spite of such event or set of circumstances, he need not make an allocation in accordance with Section 2-615(b) of the Uniform Commercial Code.

5. Modification of Credit

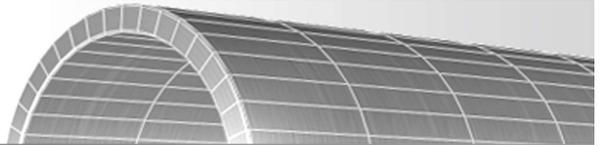
Seller reserves the right at any time including after partial payment on this Contract, to reduce or suspend credit or to change the credit terms provided herein, when in its sole opinion the financial or other conditions of the Buyer so warrant. In such a case, in addition to any other remedies herein or by law provided, cash payment or satisfactory security from the Buyer may be required by the Seller before processing or shipment or the due date of payment by the Buyer under this Contract may be accelerated by the Seller. Failure to pay any invoice on its stated date of payment shall automatically make all subsequent invoices immediately due and payable irrespective of their terms and Seller may withhold all subsequent deliveries until the account is paid in full. Acceptance by the Seller of less than full payment shall not be a waiver of any of its rights. Security deposited or made available to the Seller by the Buyer shall be taken as security for and may, at Seller's sole discretion and without notice, be used for payment due under any other Contract between the Buyer and Seller. In the event of any default by the Buyer, Seller shall have the right to repossess or reclaim the goods sold hereunder as well as all other right afforded to a conditional Seller under the provisions of the Uniform Commercial Code and any other applicable law.

6. Interest

Unless otherwise stated herein, the Buyer shall pay to Seller interest on all late payments, from the date due until paid, at a floating rate which shall be equal to the lesser of (a) 1.50% per month or an annual rate of \$18.00%, or (b) the highest rate permitted by applicable law.

7. Title

Title to the goods shall remain with the Seller until shipment or tender (as the case may be) of the goods or documents of title (as the case may be) to Buyer unless otherwise expressly provided in the terms appearing on the face of this Contract.



8. Risk of Loss

Buyer shall bear all risk of loss or damage to or destruction of the goods from and after delivery at the point of the sale stipulated on the face hereof unless otherwise expressly provided in the terms appearing on the face of this Contract or as otherwise provided herein.

9. Quantity Variations

Seller may deliver and Buyer will accept up to ten (10%) percent more or less than the Contract quantity, unless otherwise expressly provided in the terms appearing on the face of this Contract.

10. Warranty and Disclaimer

Seller warrants that the goods furnished will conform to Contract specifications. Seller shall not be liable, however, for normal manufacturing defects nor for customary variations from specifications. The foregoing is in lieu of all other warranties. There are no warranties, whether written, express, implied, oral or statutory, which extend beyond the description on the face hereof. Seller makes no warranty of merchantability or fitness for particular purpose in respect to the goods sold under this Contract, unless otherwise specified.

11. Buyer's Exclusive Remedy

It is expressly agreed that the Buyer's sole and exclusive remedy for breach of the foregoing warranty or for any claims in respect of damaged, defective, or nonconforming goods, short deliveries, or for any other loss or damage suffered by Buyer in respect of goods ordered from, or manufactured or shipped by Seller, whether or not due to negligence; tortious misconduct, or breach of warranty or of Contract shall, at Seller's sole and exclusive option, be limited to the replacement of the damaged, defective, non-conforming or undelivered goods, as the case may be, or the refund of the purchase price therefor, or an allowance. Any such right to replacement, refund or allowance shall be subject to and limited by the following sub-paragraphs of this paragraph 11.

- (I) In no event shall Seller be liable for loss of prospective profits, opportunities or consequential, incidental, punitive, or similar damages.
- (II) Seller assumes no responsibility for any deterioration of goods which may occur subsequent to delivery to the Buyer, unless otherwise expressly provided in the terms appearing on the face of this Contract. In addition, unless otherwise specified in writing at time of purchase, Seller assumes no responsibility for the formation of white rust on goods after shipment.
- (III) All claims of whatever nature must be made promptly upon discovery of the damage, defect, non-conformity, or storage involved, but in any case must be made within twenty (20) days of delivery or availability to Buyer, whichever sooner occurs. Claims not made within the periods herein specified shall be barred and deemed waived by Buyer.
- (IV) All claims must be in writing and supported and accompanied by documentary evidence in the form of exceptions taken on the delivery receipt (therein denominated) furnished by the Buyer to the delivery carrier
- (V) No merchandise, which is the subject of any claim, shall be put into process, converted, manufactured, or in any way changed from the original condition, either prior to or after the making of such claim until such claim shall have been resolved. Full facilities shall be offered to Seller and Seller's insurance carrier for inspection and investigation in respect of all claims.
- (VI) In the event of a dispute as to whether merchandise meets Contract specifications, Seller and Buyer may designate a mutually acceptable independent testing company to make an examination and in such case said testing company's findings shall be conclusive and binding on both parties. The expense of such examination shall be borne by Seller with respect to each item found not to conform to specifications, and by the Buyer with respect to each item found to conform to specifications.

12. Notice of Claims

All claims must be made by registered or certified mail return receipt requested, and must state with particularity the shortage, defect, damage or non-conformity complained of. In no event may any claim be made more than twenty (20) days after goods are available to Buyer. The receipt by Seller of a written notice of claim within the time specified shall be a condition precedent to Buyer's right to damages from Seller, as herein provided. Such failure by the Buyer to give timely written notice shall constitute an irrevocable acceptance of the goods and an admission that they fully comply with all the terms, conditions and specifications of this Contract.

13. Complete Agreement

This writing is intended by the parties as a final expression of their agreement and is intended also as a complete and exclusive statement of the terms of their agreement. No course of prior dealings between the parties and no usage of the trade shall be relevant to supplement or vary any term used in this agreement. Acceptance or acquiescence in a course of performance rendered under this agreement shall not be relevant to determine the meaning of this agreement even though the accepting or acquiescing party has knowledge of the nature of the performance and opportunity for objection.

14. Amendments

This Contract can be modified or rescinded only by a writing signed by the party, or its duly authorized agent, against whom such modification or rescission is sought to be charged.

15. Waivers

No claim or right arising out of a breach of this Contract can be discharged in whole or in part by a waiver or renunciation of this claim or right unless the waiver or renunciation is in writing and is executed by the party sought to be charged. Under no circumstances shall Seller's failure to enforce at any time or for any period of time any of the provisions hereof be construed as a waiver of such provisions or Seller's right thereafter to enforce each and every such provision.

16. Applicable Law

This Contract shall be governed by the Uniform Commercial Code and other applicable law of the State of Texas.

17. Sales Tax

The appropriate amount of sales tax will be added to the invoice price where a resale or other exemption certificate is not furnished.

18. Dispute Resolution.

All disputes under this Contract shall be handled by binding arbitration in Houston, Texas in accordance with the U.S. Federal Arbitration Act.