

FEEDER CATTLE CONTRACT

TERMS AND CONDITIONS

1. The terms of this Contract shall constitute an offer by Buyer which is subject to acceptance only on the terms and conditions stated herein. Any additional or different terms and conditions proposed by Seller are hereby rejected and shall be of no force or effect unless expressly assented to in writing by Buyer. No contract shall be formed except upon the terms and conditions of this offer.
2. The Cattle covered by this Contract are purchased subject to Federal and state health inspection, weighing, brand inspection, dipping and veterinary fees, which shall be paid by Seller. All health and brand certificates shall be furnished by Seller on or before delivery date. Seller certifies that none of the Cattle described herein are adulterated within the meaning of the Federal Food, Drug and Cosmetic Act (i.e. none of the cattle or other ruminants have been fed any feed containing protein derived from mammalian tissues, e.g. meat and bone meal, not in compliance with 21 CFR 589.2000, and none of the livestock have an illegal level of drug residues).
3. If Seller identifies to this Contract, or tenders to Buyer at time of delivery any cattle which fail to conform to this Contract in any manner, Buyer shall have any of the following options: (1) Buyer may reject the non-conforming cattle and accept the conforming cattle with an appropriate price adjustment; (2) Buyer may reject the non-conforming cattle and require Seller to make up the quantity rejected by delivering to Buyer, at Seller expense, conforming cattle within ten days of rejection; (3) Buyer shall have all rights accorded a buyer under Article 2 of the Uniform Commercial Code; (4) the right to recover from Seller its actual, incidental and consequential damages; or (5) any right provided by this Contract. Seller grants to Buyer an express contractual right to set-off any funds that may be owed under this Contract by Seller to Buyer against any obligation that may ever be owed, now or in the future, to Buyer by Seller.
4. In the event of a breach of this Contract by Seller, Buyer may terminate this Contract and Seller shall be liable to Buyer for all of Buyer's damages, including, but not limited to, attorneys' fees, court costs and litigation expenses. The failure of Buyer to take action by reason of such breach shall not deprive Buyer of the right to take action at any time while such breach continues.
5. It is expressly understood and agreed that Seller is an independent contractor and not the agent or employee of Buyer. This Contract does not create the relationship of partners or joint venturers between Buyer and Seller.
6. Neither Buyer nor Seller has any obligation to buy or sell Cattle to each other unless an agreement for specific Cattle is formed.
7. If Seller is in default in any respect, Buyer shall have the right to terminate this Contract for cause, and on such termination all Cattle must be delivered to Buyer immediately, or as soon as prudent husbandry practices permit. On termination all accounts between the parties will be settled.
8. This Contract, Seller's obligations hereunder and the payments due or to become due to Seller by Buyer under this Contract are non-assignable, without Buyer's prior written consent, and any such assignment without Buyer's prior written consent shall be null and void and a violation of this Contract. This provision applies both to absolute assignments and assignments for collateral security.
9. Any controversy or claim arising out of or related to this Contract, or the breach thereof, shall be settled by arbitration in accordance with the rules of the Texas Cattle Feeders Association and judgment upon the award rendered by the arbitrator may be rendered in any court having jurisdiction. If for any reason the TCFA cannot conduct the arbitration, arbitration shall be conducted by a single arbitrator under the auspices of the current commercial rules of the TCFA. The arbitrator shall be chosen from a panel of persons knowledgeable in the cattle feeding business. The arbitration shall take place in Amarillo, Potter County, Texas, which is the locale of the TCFA principle place of business.
10. Seller grants a security interest to Buyer in all cattle the subject of this Contract to secure repayment of all obligations of Seller to Buyer, whether now existing or arising in the future, whether derived from this Contract or not and expressly including the part payment advanced by Buyer to Seller. Buyer shall have all the rights of a secured party provided under Article 9 of the Uniform Commercial Code as applicable. Seller agrees to notify all lenders who may have any security interest in the Cattle now or which may acquire any security interest later of the provisions of this paragraph. Seller agrees that Buyer may file a financing statement naming Seller as bailee of the livestock described in this Contract.
11. SELLER AGREES THAT BUYER SHALL IN NO EVENT BE LIABLE FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING WITHOUT LIMITATION, LOST INCOME OR PROFITS ARISING OUT OF OR RELATING TO THIS CONTRACT OR BUYER'S PERFORMANCE HEREUNDER, EVEN IF CAUSED BY BUYER'S NEGLIGENCE OR BREACH OF THIS CONTRACT. SELLER'S SOLE REMEDY FOR SUCH ACTION OR FAILURE TO ACT OF BUYER WILL BE TO RECEIVE THE DIRECT COMPENSATION DUE TO SELLER ON PURCHASE, AFTER APPLICABLE ADJUSTMENTS.
12. This Contract will be governed by, and construed in accordance with, the laws of the State in which the livestock are delivered to Buyer, exclusive of the conflicts of laws provisions of such jurisdiction. In any dispute in connection with or to enforce this Contract, Seller irrevocably consents to and confers personal jurisdiction on the courts of such state or the courts located within or having

jurisdiction in the county where this Contract is performable and where Buyer's principal office is located. Nothing in this Contract, however, will prevent Seller from bringing any action or exercising any rights within any other state or jurisdiction or from obtaining personal jurisdiction by any other means available by applicable law.

13. Should any arbitration or litigation be commenced between the parties hereto concerning any provision of this Contract, or the rights and obligations of either party in relation thereto, the party prevailing in such arbitration or litigation shall be entitled, in addition to such other relief as may be granted, to a reasonable sum as and for its attorney's fees.