Introduction: Who is JBS and what do they offer me?
JBS USA, LLC the third largest beef processing firm in the United States, is a wholly owned subsidiary of JBS S.A. With its long tradition in producing Holstein beef and with three of its eight US beef plants specializing in Holstein beef processing JBS is the premier Holstein beef company. This now world leader in beef production had its roots in a humble family-owned business which began by processing a couple head of cattle per day in 1953. Today JBS S.A. is the world’s largest animal protein processor with beef, pork and chicken processing facilities on five continents.

Holstein Steer Production:
The US produces about three million Holstein bull calves per year with the four state region of IA-IL-MN-WI accounting for 22% of that total. JBS processes just under one million Holstein steers per year – about 33% of the US total.

Holstein Marketing Options:
Livestock Auction Markets
Direct Country Shipments
Delivery Contracts (see attached samples)
SAMPLE ONLY

YEARLING HOLSTEIN CATTLE DELIVERY CONTRACT

This agreement (together with any exhibits, the “Agreement”) is dated as of ______________, by and between JBS USA, LLC., a Delaware limited liability company (including its subsidiaries and affiliates, “JBS”), 1770 Promontory Circle, Greeley, CO 80634 and [Seller Name], (“Seller”). [Seller Address].

The parties have entered into this Agreement as of the date first written above. Signatures below show agreement of the parties for all details of the Agreement and Exhibit A shown above and to follow:

JBS: ________________________________

_________________________________
Name: ______________________________

Title: ______________________________

SELLER: ______________________________

_________________________________
Name: ______________________________

Title: ______________________________

PLEASE BE AWARE:

This Agreement will be priced automatically at the Pricing Deadline unless previously priced by you or Converted at your direction.

PREMISES

JBS confirms the purchase from Seller of Holstein steers (each, a “Holstein”) in the quantities, and subject to the terms and conditions, provided in this Agreement.

AGREEMENT

NOW, THEREFORE, the parties agree as follows:

1. Purchase Price; Payment and Title.

   (a) The sum of all Holsteins delivered pursuant to this Agreement with a total Delivered Weight from 45,600 lbs to 48,400 lbs, as delivered in fulfillment of each Unit, shall be purchased at the Contract Base Price. Delivered Weight in excess of 48,400 lbs, as delivered in fulfillment of each Unit, shall be purchased at the Current Cash Price. The purchase price of all Holsteins purchased pursuant to this Section shall be subject to the Adjustments set forth in Exhibit A hereto, which is incorporated by reference.

   (b) Seller shall be responsible for communicating its pricing instructions to JBS, from the options provided by JBS, to enable JBS to determine the Futures Price for the Holsteins. If the Futures Price has not been determined on or before the Pricing Deadline, the Futures Price will be the settlement price of CME’s Live Cattle Futures on such date, unless the Seller has Converted the Agreement prior to the Pricing Deadline. See 5.(c) for details of pricing in this situation.

   (c) Seller shall be paid all amounts owed hereunder at the end of the business day immediately following the day the final grading results of all the Holsteins are available to JBS. JBS shall have the right to offset any amounts owing to the Seller hereunder against liability arising from Seller’s indemnification obligation in Section 4 and/or arising from any other agreement between JBS and Seller. No advance payments will be made hereunder.

   (d) Title to each Holstein delivered hereunder shall pass immediately to JBS upon the last of the following: (i) JBS’s final grading of the Holstein carcass; (ii) JBS’s determination that the Holstein was alive, healthy and in good and merchantable condition immediately prior to slaughter; and (iii) JBS’s determination of all applicable Adjustments. JBS will not purchase Holsteins which are ill, injured, condemned or die prior to slaughter.

2. Inspection and Delivery of the Holsteins.

   (a) Seller shall confer with JBS regarding the readiness of the Holsteins for delivery and will allow JBS (or its representative) to perform inspections of the Holsteins prior to their delivery. Any Holstein determined by JBS in its sole discretion to be unacceptable will not be purchased or delivered hereunder.

   (b) Seller shall only deliver the Holsteins to JBS during the Delivery Month on a day designated by JBS. Holsteins may only be delivered outside the Delivery Month if agreed to in writing by JBS and then subject to Section 4(b).

   (c) The Holsteins shall be weighed by JBS at or after arrival at the Delivery Location.


   As an inducement to JBS to enter into this Agreement, Seller represents and warrants to JBS the following:

   (a) Seller is a “merchant” as such term is defined in the Uniform Commercial Code (UCC) of the United States of America, with respect to the Holsteins, which are the subject of this Agreement.

   (b) All Holsteins have been born and raised exclusively in the United States, shall be delivered in good and merchantable condition and are suitable for immediate slaughter to produce meat for human consumption.

   (c) Seller has good and merchantable title to and has full power and authority to sell the Holsteins and the Holsteins are sold free and clear of all Liens. If JBS receives written notices of Liens on the Holsteins from Lienholders or Leases of Liens by its search of the governing state’s central filing system, Seller authorizes JBS to make settlement under this Agreement jointly with the Seller and the Lienholders or directly to the Lienholders.

4. Seller’s Indemnification Obligations.

   (a) General Indemnification Obligation: Seller agrees to indemnify and hold JBS harmless from and against any and all claims, causes of action, damages, losses, liability, proceedings, judgments, actions, costs and expenses (including attorney’s fees and proceeding costs) arising from or relating to Seller’s breach of any terms, representations or warranties of this Agreement.

   (b) Delivery and Hedging Indemnification: Seller acknowledges and agrees that Seller’s failure to deliver the Units of Holsteins in the Delivery Month and at the Delivery Location provided in this Agreement may result in substantial financial injury to JBS, including losses incurred by JBS in connection with JBS’s
hedging its price risk for the Holsteins purchased hereunder by the use of futures and options (each, a “Hedge”) on the Chicago Mercantile Exchange. In the event that Seller fails to perform as provided in this Agreement, JBS may exercise all rights and remedies available to it in contract, law or otherwise, including, without limitation: (i) all reasonable expenses incurred in obtaining each replacement Holstein, including any additional cost of the replacement Holstein; (ii) any losses arising from lifting its Hedge; and (iii) all expenses incurred in connection with collecting from Seller any amounts owing hereunder including, without limitation, reasonable attorney’s fees.

5. Definitions.

(a) “Adjustments” means premiums and discounts from the Contract Base Price, as outlined in this Agreement and Exhibit A.

(b) “Choice/Select Spread” means the difference in value of choice beef and select beef for the 600 to 900 weight category published in the USDA Boxed Beef Report for the week immediately preceding the slaughter date.

(c) “Contract Base Price” is an amount equal to the Futures Price plus the Futures Basis or, if the Agreement has been Converted by Seller, the Contract Base Price is an amount equal to the Five Area Price plus the Five Area Basis.

(d) “Converted” means the direction given by the Seller to JBS’s contracting department to, once and for all, convert the unpriced Agreement so Holsteins will be priced at delivery based on the Five Area Price and Five Area Basis, instead of the Futures Price and Futures Basis. Converted Agreements may not be priced using a Futures Price.

(e) “Current Cash Price” means the cash price for like Holstein cattle available in the marketplace at the Delivery Location at the time of slaughter.

(f) “Cwt.” means hundredweight.

(g) “Delivered Weight” means the weight of the Holsteins weighed by JBS at or after arrival at the Delivery Location.

(h) “Delivery Location” means JBS’s processing facility in the city and state indicated in the chart at the beginning of this Agreement to which Seller, at its own expense, shall deliver the Holsteins.

(i) “Delivery Month” means the calendar month chosen by the Seller (as indicated in the chart at the beginning of this Agreement) in which the Holsteins will be delivered to JBS at the Delivery Location.

(j) “Five Area Basis” means the value established by JBS at the time the Agreement is executed which will represent the premium or discount to the Five Area Price (see 5.(c) for details on when this applies in pricing of Holsteins under this Agreement).

(k) “Five Area Price” means the stated Average Price of Live FOB Steers in Weekly Weighted Averages section of 5 Area Weekly Weighted Average Direct Slaughter Cattle report (LM_CT150) as published by USDA covering the week ending on the Sunday prior to slaughter. If there are less than 50,000 steers and heifers confirmed in this section of the report, the Five Area Price will be the Average Price from the prior week’s report. If USDA discontinues this report, JBS will use the USDA published price it deems is most appropriate.

(l) “Futures Basis” means the value established by JBS at the time the Agreement is executed which represents the premium or discount to the Futures Price (see 5.(c) for details on when this applies in pricing of Holsteins under this Agreement).

(m) “Futures Price” means the price level of the Chicago Mercantile Exchange (CME) Live Cattle Futures Contract, at the time this Agreement is priced, for the CME trading month which corresponds to the Delivery Month as shown in the following table:

<table>
<thead>
<tr>
<th>Delivery Month</th>
<th>Pricing Based on CME Trading Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>January and February</td>
<td>February</td>
</tr>
<tr>
<td>March and April</td>
<td>April</td>
</tr>
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<td>May and June</td>
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</tr>
<tr>
<td>September and October</td>
<td>October</td>
</tr>
<tr>
<td>November and December</td>
<td>December</td>
</tr>
</tbody>
</table>

(n) “Hot Carcass” means a Holstein carcass immediately after slaughter at hot weight scale.

(o) “Hot Carcass Weight” means the weight of the Hot Carcass.

(p) “Lienholders” means holders of Liens.

(q) “Liens” means liens or encumbrances of any kind placed upon cattle as provided by law.

(r) “Prevailing Discount Rate” means the rate of discount normally applied by the Delivery Location at time of slaughter for similar adjustments.

(s) “Pricing Deadline” means the close of CME trading on the last trading day prior to the 15th day of the month preceding the Delivery Month.

(t) “Unit” means 47,000 lbs of Delivered Weight.

6. Force Majeure. Neither JBS nor Seller shall lose any rights hereunder or be liable to the other for damages or losses on account of failure of performance by a party (the “Defaulting Party”) if such failure is occasioned by government action, war, fire, earthquake, explosion, flood, strike, lockout, embargo, or act of God beyond the control of the Defaulting Party; provided that the Defaulting Party claiming the force majeure has exerted all reasonable efforts to avoid or remedy such force majeure.

7. Confidentiality. JBS and Seller each hereby agree to keep confidential all of the terms and conditions of this Agreement, and to not divulge any of the terms hereof to any third party without first obtaining the express written consent of the other party unless otherwise required by law. Notwithstanding the foregoing, each party may disclose the terms and conditions of this Agreement to its key advisors, partners, agents and representatives of any corporate parent, investor, affiliate or subsidiary on a need to know basis.

8. Entire Agreement. This Agreement contains the entire agreement between the parties and shall be binding on the heirs, successors and assigns of the parties. Neither this Agreement, nor rights and obligations hereunder, may be assigned (by operation of law or otherwise) by Seller without JBS’s prior written consent. SELLER AGREES TO SELL THE HOLSTEINS TO JBS IN ACCORDANCE WITH JBS’S REQUIREMENTS, SPECIFICATIONS AND PROCUREMENT POLICIES, AND JBS AGREES TO PURCHASE THE HOLSTEINS FROM SELLER IN ACCORDANCE WITH THE TERMS OF THIS AGREEMENT, THE TERMS AND CONDITIONS OF WHICH SHALL BE LEGALLY BINDING ON BOTH PARTIES. This Agreement must be signed and returned within ten (10) business days of receipt by Seller.

9. Waiver of Damages. JBS and Seller hereby voluntarily, knowingly, irrevocably and unconditionally (i) agree that damages shall be limited to actual and compensatory damages, and (ii) waive any right to claim or recover from the other party any special, exemplary, punitive, indirect or consequential damages, in the case of the foregoing (i) and (ii) for any claim (including contract, tort and all other claims) between or among JBS and Seller arising out of or in any way related to this Agreement, or any related document, or arising out of or in any way related to the transactions contemplated by this Agreement or any related document.

10. COUNTERPARTS. This Agreement may be executed in multiple counterparts each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.
EXHIBIT A - ADJUSTMENT SCHEDULE

The following adjustments pertain to contract specifications on cattle delivered to JBS and shall adjust the proceeds due Seller.

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<tr>
<th>Weight Adjustment</th>
<th>Other Hot Carcass Weight Ranges</th>
<th>Applicable Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hot Carcasses weighing from 750 lbs to 950 lbs have no Weight Adjustment</td>
<td>Each Hot Carcass below 700 lbs.</td>
<td>$25.00/Cwt. discount of Hot Carcass Weight</td>
</tr>
<tr>
<td></td>
<td>Each Hot Carcass from 700 lbs. to less than 750 lbs.</td>
<td>$5.00/Cwt. discount of Hot Carcass Weight</td>
</tr>
<tr>
<td></td>
<td>Each Hot Carcass from over 950 lbs. to 1,000 lbs.</td>
<td>$5.00/Cwt. discount of Hot Carcass Weight</td>
</tr>
<tr>
<td></td>
<td>Each Hot Carcass from over 1,000 lbs. to 1,050 lbs.</td>
<td>$10.00/Cwt. discount of Hot Carcass Weight</td>
</tr>
<tr>
<td></td>
<td>Each Hot Carcass over 1,050 lbs.</td>
<td>$30.00/Cwt. discount of Hot Carcass Weight</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quality Grade Adjustment</th>
<th>Other Quality Grade Ranges</th>
<th>Applicable Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Units with 80% choice and prime carcasses and 20% select carcasses have no adjustment.</td>
<td>If more than 80% of the carcasses grade choice and prime:</td>
<td>The Hot Carcass Weight of choice/prime carcasses comprising the excess shall receive a premium at the Choice/Select Spread (excess choice/prime carcass weight multiplied by the Choice/Select Spread.)</td>
</tr>
<tr>
<td></td>
<td>If less than 80% of the carcasses grade choice and prime:</td>
<td>The Hot Carcass Weight of carcasses comprising the deficiency shall receive a discount at the Choice/Select Spread (deficiency in choice/prime carcass weight multiplied by the Choice/Select Spread.)</td>
</tr>
<tr>
<td></td>
<td>Carcasses not grading prime, choice, or select (&quot;ungraded&quot;):</td>
<td>The Contract Base Price shall not apply to these carcasses. Such carcasses shall be priced at the Current Cash Price for non-graded Holsteins.</td>
</tr>
</tbody>
</table>

Carcass or Offal Damage Adjustment - Carcasses with damage to more than 10% of the total carcass due to yellow fat, bruises or grubs will be discounted at the Prevailing Discount Rate for such damage. If more than 20% of the Holsteins have the livers condemned, the excess condemnations will result in a discount at the Prevailing Discount Rate. Other damage including injection site lesions, abscesses of any kind, etc., will result in discounts at the Prevailing Discount Rate. Hide damage due to branding will receive a $5.00/Head discount.

Age Adjustment - Carcasses judged to be from cattle 30 months of age and older will result in discounts of $5.00/Cwt of Hot Carcass Weight.

Yield Grade Adjustment

- Carcasses which receive Yield Grades 1, 2 or 3 have no Yield Grade Adjustment

<table>
<thead>
<tr>
<th>Yield Grade Range</th>
<th>Applicable Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>If more than 5% of the carcasses receive a Yield Grade 4:</td>
<td>The Hot Carcass Weight of Yield Grade 4 carcasses comprising the excess shall be discounted $10.00 per Cwt (Hot Carcass Weight multiplied by -$10.00/Cwt)</td>
</tr>
<tr>
<td>Carcasses which receive a Yield Grade 5:</td>
<td>The Hot Carcass Weight of all Yield Grade 5 carcasses shall be discounted $20.00 per Cwt (Hot Carcass Weight multiplied by -$20.00/Cwt)</td>
</tr>
</tbody>
</table>

Muscle Score Adjustment

- Carcasses which receive a muscle score of 1 or 2 will have no Muscle Score Adjustment

<table>
<thead>
<tr>
<th>Muscle Score</th>
<th>Applicable Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>All carcasses which receive a muscle score of 3, which is defined as a carcass that either has 1) poor round conformation, 2) a shallow loin, 3) a shallow ribeye size as measured ¾ inch from the chine bone, or 4) carcasses under 850 pounds which have a ribeye size of less than 1 square inch plus 1 square inch per cwt., and carcasses over 850 pounds with a ribeye size of less than 10.5 square inches.</td>
<td>The Hot Carcass Weight of all muscle score 3 carcasses shall be discounted $5.00 per Cwt (Hot Carcass Weight multiplied by -$5.00/Cwt)</td>
</tr>
<tr>
<td>All carcasses which receive a muscle score of 4 (which is defined as a carcass with very poor round conformation, sunken loin and a triangular or very small ribeye):</td>
<td>The Hot Carcass Weight of all muscle score 4 carcasses shall be discounted $10.00 per Cwt (Hot Carcass Weight multiplied by -$10.00/Cwt)</td>
</tr>
</tbody>
</table>

Carcass Yield - The parties understand that the Contract Base Price per Cwt is based on Delivered Weight and is for cattle yielding 59.5%. Calculation of proceeds for cattle delivered under this Agreement will be performed using a dressed base price (Contract Base Price divided by 59.5%) times the Hot Carcass Weight. By way of example and not limitation, a contract with a Contract Base Price of $85.00 per cwt (Delivered Weight) would have a dressed base price of $142.86 per cwt (Hot Carcass Weight) ($85.00 divided by 59.5%).
This agreement (together with any exhibits, the “Agreement”) is dated as of this ___ day of ___ , 200__, by and between JBS USA, LLC., a Delaware limited liability company (including its subsidiaries and affiliates, “JBS”), 1770 Promontory Circle, Greeley, CO 80634 and [Seller Name] (“Seller”), [Seller Address].

The parties have entered into this Agreement as of the date first written above. Signatures below show agreement of the parties for all details of the Agreement and Exhibit A shown above and to follow:

JBS:  
Name:  
Title:  

SELLER:  
Name:  
Title:  

PREMISES

JBS confirms the purchase from Seller of Holstein steers (each, a “Holstein”) in the quantities, and subject to the terms and conditions, provided in this Agreement.

AGREEMENT

1. Purchase Price; Payment and Title.

   (a) The sum of all Holsteins delivered pursuant to this Agreement with a total Delivered Weight from 45,600 lbs to 48,400 lbs, as delivered in fulfillment of each Unit, shall be purchased at the Contract Base Price. Delivered Weight in excess of 48,400 lbs, as delivered in fulfillment of each Unit, shall be purchased at the Current Cash Price. The purchase price of all Holsteins purchased pursuant to this Section shall be subject to the Adjustments set forth in Exhibit A hereto, which is incorporated by reference.

   (b) Seller shall be responsible for communicating its pricing instructions to JBS, from the options provided by JBS, to enable JBS to determine the Futures Price for the Holsteins. If the Futures Price has not been determined on or before the Pricing Deadline, the Futures Price will be the settlement price of CME’s Live Cattle Futures on such date, unless the Seller has Converted the Agreement prior to the Pricing Deadline. See 5.(c) for details of pricing in this situation.

   (c) Seller shall be paid all amounts owed hereunder at the end of the business day immediately following the day the final grading results of all the Holsteins are available to JBS. JBS shall have the right to offset any amounts owing to Seller hereunder against liability arising from Seller’s indemnification obligation in Section 4 of the Agreement or arising from any other agreement between JBS and Seller. No advance payments will be made hereunder.

   (d) Title to each Holstein delivered hereunder shall pass immediately to JBS upon the last of the following: (i) JBS’s final grading of the Holstein carcass; (ii) JBS’s determination that the Holstein was alive, healthy and in good and merchantable condition immediately prior to slaughter; and (iii) JBS’s determination of all applicable Adjustments. JBS will not purchase Holsteins which are ill, injured, are condemned prior to or after slaughter, or which die prior to slaughter.

   (e) All references to money in this Agreement are in US Dollars.

2. Inspection and Delivery of the Holsteins.

   (a) Seller shall confer with JBS regarding the readiness of the Holsteins for delivery and will allow JBS (or its representative) to perform inspections of the Holsteins prior to their delivery. Any Holstein determined by JBS in its sole discretion to be unacceptable will not be purchased or delivered hereunder.

   (b) Seller shall only deliver the Holsteins to JBS during the Delivery Month on a day designated by JBS. Holsteins may only be delivered outside the Delivery Month if agreed to in writing by JBS and then subject to Section 4(b).

   (c) The Holsteins shall be weighed by JBS at or after arrival at the Delivery Location.


   As an inducement to JBS to enter into this Agreement, Seller represents and warrants to JBS the following:

   (a) Seller is a “merchant” as such term is defined in the Uniform Commercial Code (UCC) of the United States of America, with respect to the Holsteins, which are the subject of this Agreement.

   (b) All Holsteins have been born and raised exclusively in the United States, are under 30 months of age, shall be delivered in good and merchantable condition and are suitable for immediate slaughter to produce meat for human consumption.

   (c) All Holsteins delivered to JBS pursuant to this Agreement have been fed a High Energy Ration for a minimum of 350 days prior to delivery hereunder, beginning when such Holsteins weighed between 250 and 350 lbs.

   (d) Seller has good and merchantable title to and has full power and authority to sell the Holsteins and the Holsteins are sold free and clear of all Liens. If JBS receives written notices of Liens on the Holsteins from Lienholders or learns of Liens by its search of the governing state’s central filing system, JBS shall have the right to insist upon the release of any such Liens or the giving of a satisfactory security interest in the Holsteins, to the satisfaction of JBS. The delivery of the Holsteins to JBS hereunder shall be upon the receipt of satisfactory evidence of any such release or satisfactory security interest.

4. Seller’s Indemnification Obligations.

   (a) General Indemnification Obligation: Seller agrees to indemnify and hold JBS harmless from and against any and all claims, causes of action,
damages, losses, liability, proceedings, judgments, actions, costs and expenses (including attorney’s fees and proceeding costs) arising from or relating to Seller’s breach of any terms, representations or warranties of this Agreement.

(b) Delivery and Hedging Indemnification: Seller acknowledges and agrees that Seller’s failure to deliver the Units of Holsteins in the Delivery Month and at the Delivery Location provided in this Agreement may result in substantial financial injury to JBS, including losses incurred by JBS in connection with JBS’s hedging its price risk for the Holsteins purchased hereunder by the use of futures and options (each, a “Hedge”) on the Chicago Mercantile Exchange. In the event that Seller fails to perform as provided in this Agreement, JBS may exercise all rights and remedies available to it in contract, law or otherwise, including, without limitation: (i) all reasonable expenses incurred in obtaining each replacement Holstein, including any additional cost of the replacement Holstein; (ii) any losses arising from lifting its Hedge; and (iii) all expenses incurred in connection with collecting from Seller any amounts owing hereunder including, without limitation, reasonable attorney’s fees.

5. Definitions.

(a) “Adjustments” means premiums and discounts from the Contract Base Price, as outlined in this Agreement and Exhibit A.

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(d) “Converted” means the direction given by the Seller to JBS’s contracting department to, once and for all, convert the unpriced Agreement so Holsteins will be priced at delivery based on the Five Area Price and Five Area Basis, instead of the Futures Price and Futures Basis. Converted Agreements may not be priced using a Futures Price.

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(f) “Cwt.” means hundredweight.

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6. Force Majeure. Neither JBS nor Seller shall lose any rights hereunder or be liable to the other for damages or losses on account of failure of performance by a party (the “Defaulting Party”) if such failure is occasioned by government action, war, fire, earthquake, explosion, flood, strike, lockout, embargo, or act of God beyond the control of the Defaulting Party; provided that the Defaulting Party claiming the force majeure has exerted all reasonable efforts to avoid or remedy such force majeure.

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**EXHIBIT A - ADJUSTMENT SCHEDULE**

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<td>Each Hot Carcass over 1,000 lbs.</td>
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**Quality Grade Adjustment**

Units with 70% choice and prime carcasses and 30% select carcasses have no adjustment.

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<tr>
<td>If more than 70% of the carcasses grade choice and prime:</td>
<td>The Hot Carcass Weight of choice/prime carcasses comprising the excess shall receive a premium at the Choice/Select Spread (excess choice/prime carcass weight multiplied by the Choice/Select Spread.)</td>
</tr>
<tr>
<td>If less than 70% of the carcasses grade choice and prime:</td>
<td>The Hot Carcass Weight of carcasses comprising the deficiency shall receive a discount at the Choice/Select Spread (deficiency in choice/prime carcass weight multiplied by the Choice/Select Spread.)</td>
</tr>
<tr>
<td>Carcasses not grading prime, choice, or select:</td>
<td>The Contract Base Price shall not apply to these carcasses. Such carcasses shall be priced at the Current Cash Price for non-graded Holsteins.</td>
</tr>
</tbody>
</table>

**Carcass or Offal Damage Adjustment** - Carcasses with damage to more than 10% of the total carcass due to yellow fat, bruises or grubs will be discounted at the Prevailing Discount Rate for such damage. If more than 20% of the Holsteins have the livers condemned, the excess condemnations will result in a discount at the Prevailing Discount Rate. Other damage including injection site lesions, abscesses of any kind, etc, will result in discounts at the Prevailing Discount Rate. Hide damage due to branding will receive a $5.00/head discount.

**Age Adjustment** – Carcasses judged to be from cattle 30 months of age and older will result in discounts of $5.00/Cwt of Hot Carcass Weight.

**Yield Grade Adjustment**

Carcasses which receive Yield Grades 1, 2 or 3 have no Yield Grade Adjustment

<table>
<thead>
<tr>
<th>Yield Grade Range</th>
<th>Applicable Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>If more than 5% of the carcasses receive a Yield Grade 4:</td>
<td>The Hot Carcass Weight of Yield Grade 4 carcasses comprising the excess shall be discounted $10.00 per Cwt (Hot Carcass Weight multiplied by -$10.00/Cwt)</td>
</tr>
<tr>
<td>Carcasses which receive a Yield Grade 5:</td>
<td>The Hot Carcass Weight of all Yield Grade 5 carcasses shall be discounted $20.00 per Cwt (Hot Carcass Weight multiplied by -$20.00/Cwt)</td>
</tr>
</tbody>
</table>

**Muscle Score Adjustment**

Carcasses which receive a muscle score of 1 or 2 will have no Muscle Score Adjustment

<table>
<thead>
<tr>
<th>Muscle Score</th>
<th>Applicable Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>All carcasses which receive a muscle score of 3, which is defined as a carcass that either has 1) poor round conformation, 2) a shallow loin, 3) a shallow ribeye size as measured ¾ inch from the chine bone, or 4) carcasses under 850 pounds which have a ribeye size of less than 1 square inch plus 1 square inch per cwt., and carcasses over 850 pounds with a ribeye size of less than 10.5 square inches.</td>
<td>The Hot Carcass Weight of all muscle score 3 carcasses shall be discounted $5.00 per Cwt (Hot Carcass Weight multiplied by -$5.00/Cwt)</td>
</tr>
<tr>
<td>All carcasses which receive a muscle score of 4 (which is defined as a carcass with very poor round conformation, sunken loin and a triangular or very small ribeye):</td>
<td>The Hot Carcass Weight of all muscle score 4 carcasses shall be discounted $10.00 per Cwt (Hot Carcass Weight multiplied by -$10.00/Cwt)</td>
</tr>
</tbody>
</table>

**Carcass Yield** - The parties understand that the Contract Base Price per Cwt is based on Delivered Weight and is for cattle yielding 61.0%. Calculation of proceeds for cattle delivered under this Agreement will be performed using a dressed base price (Contract Base Price divided by 61.0%) times the Hot Carcass Weight. By way of example and not limitation, a contract with a Contract Base Price of $83.00 per cwt (Delivered Weight) would have a dressed base price of $136.07 per cwt (Hot Carcass Weight) ($83.00 divided by 61.0%).