



Olam Cotton
 740 E. Campbell Rd., Suite 470
 Richardson, TX 75081
 USA

PURCHASE CONTRACT

Seller: NAME
 XXXX
 XXXX, STATE, ZIP

Date: XXXXXXX, 20XX

Contract #: XXXXXXXX

This contract is made between XXXXXXXXXXXX ("Seller") and Olam Cotton ("Buyer") on XXXXXXXX, 20__ (the "Contract").

In CONSIDERATION of their mutual promises the parties agree as follows:

Growth: Texas

Cotton Crop: Seller is the owner of the cotton crop which is now growing or to be grown during the crop year 2014/15 and to be delivered to this contract:

Bale Commitment: Total Bales Contracted _____ Crop year 2014/2015, Growth Texas, Cotton is to be gin run, unculled or selected.

Pricing: On Call, Seller's Call at 400 points off December 2014 ICE Futures, FOB Cars. Warehouse weights will be used to determine the value of each bale. This cotton is to be delivered at XXXXXXXX warehouse. Any change in tariff at time of delivery is for seller's account.

Base Grade: **31-3-36, 3.5-4.9 micronaire, 26.0 GPT min, 80.0 uniformity, no remarks...**

- o **Differences:** All quality below base grade, staple, micronaire, leaf, uniformity, strength, and extraneous matter, or remarks to be discounted according to 2014-2015 crop CCC Loan discount table. No premiums for micronaire, uniformity or strength.
- o Buyer will pay 100 point per pound premium, for any bale having 21 or better color and 2 or better leaf and 37 staple, 3.5-4.9 mic., and 26.0 or better strength and 80 or better uniformity. No remarks and No extraneous matter.
- o Buyer will pay 150 point per pound premium, for any bale having 21 or better color and 2 or better leaf and 38 or longer staple, 3.5-4.9 mic., and 26.0 or better strength and 80 or better uniformity. No remarks and No extraneous matter.
- o Bales with micronaire below 3.5 and above 4.9 and bales containing bark or other extraneous matter will receive an additional 200 pt. discount. Below grade cotton is not deliverable on this contract. An offer to purchase this grade cotton will be made to seller at prevailing market price at time of delivery.
- o Bale weight penalty will apply as follows: 325 to 329 pounds \$10.00/bale; 330 to 379 pounds \$5.00/bale; Bale weights under 325 pounds and over 650 pounds are not acceptable to this contract.

Guaranteed Delivery:

- a. Seller guarantees to deliver the full number of bales contracted above as listed in Bale Commitment.
- b. In the case of a full or partial crop failure, the buyer will grant the seller permission to substitute Bales from other farms or sources equivalent to that of the contracted bales.
- c. In the event of and upon notification by seller of insufficient production to fully satisfy the contracted the bale commitment, buyer, will assess its option to execute one of the following options:
 - i. Cancel the balance of the undelivered portion of the contract.
 - ii. If bales are on call – Allow the seller to roll the bales due to the 2015/2016 crop at the same basis
 - iii. If bales are fixed price – Allow the seller to roll the balance of the fixed price bales to the 2015/2016 crop at market differences but with no fee or penalty.
 - In the event that the Buyer allows the seller to roll either on-call or fixed price bales, the sellers inability to deliver the full number of bales contracted and not satisfied by the delivery of the following crop year will entitle buyer to recover damages based on market losses or cost of cover along with all other remedies provided herein and under applicable law.

On Call Price Fixations: Fixations (in 100 bale increments) are the responsibility of the seller. Seller may transfer the basis from one futures month to another futures month, at the market difference between months plus a 10 point commission. Seller is to make final price fixations or transfer his basis prior to close of market on the last trading day prior to first notice day for December 2014 NYCE Futures contract. Seller may not transfer his basis beyond the July 2015 futures contract. Fixations are to be directed to Olam Cotton offices in Lubbock during normal business hours of 8:00 AM to 5:00 P.M. local time. Telephone: 806-745-2846.

Payment and Delivery: Delivery at Harvest for 2014/2015. Buyer shall make immediate payment upon acceptance of cotton, delivery of warehouse receipts, and USDA class. Unless specified otherwise, seller agrees and authorizes that payment shall be made by direct deposit via ACH (Automated Clearing House) to _____ "Gin"; acting as agent on behalf of seller. Seller further agrees Olam Cotton will be held harmless from the time of such payment is made to the "Gin".

Notwithstanding any other provision of this purchase, title and control of the cotton and beneficial interest in the cotton as specified in 7 C.F.R. Part 1427.5 shall remain with the Seller until the Buyer exercises his rights according to the terms of the contract.

Except as otherwise superseded by the specific terms of this agreement the rules of the **Texas Cotton Association** shall govern this agreement. Any dispute in connection with this contract shall be resolved by final binding arbitration, and judgment may be entered on the arbitration award. **Arbitration shall be conducted pursuant to the rules of the American Cotton Shippers Association. In the event of breach of this contract by either party, the losing party agrees to pay all court and arbitration costs, and reasonable attorney's fees and litigation and arbitration expenses of the winning party.**

Should any litigation arise in connection with this contract, the parties agree to submit to the non-exclusive jurisdiction of any state or federal court in Dallas, Texas. The cotton which is the subject of this contract will be shipped from the state of origin in interstate or foreign commerce. Courts may order specific performance of this contract, and obtaining an injunction or specific performance shall not be a waiver of the right to arbitrate.

Seller represents that the following and only the following liens or other interests (including bank and landlord's interests) exist concerning the above described cotton crop:

Unless stated herein, Seller warrants there are none. Seller warrants that Seller will satisfy all liens and other interests including landlord interest.

All cotton delivered against this contract after March 31, 2015, the buyer will apply a penalty of 5 us cents. Buyer has the right to refuse any delivery after April 30, 2015.

General Terms

(A) Acceptable cotton is that which is picked by hand or conventional machine harvested and excludes any cotton which is picked up off the ground, false packed, water packed, repacked, oily or seedy cotton. The cotton to be delivered in fulfillment of this contract shall be first cotton harvested in gin run unculled order. Acceptable cotton is packed in bagging and ties approved by the Joint Industry Bale Packaging Committee. (B) Seller has obligation to Plant, Harvest and Deliver. Seller agrees to practice normal, good farming methods in the production and harvesting of the crop, to see that the cotton is chemically or naturally defoliated before harvest, to harvest, to gin in a normal manner and to deliver as quickly as practical after maturity. (C) This contract is for the purchase of Universal Density Compression Bales Only (D) Successor and Assigns. This contract shall be binding on each party's successors and assigns shall run with the land. (E) Samples for all contracted cotton. One set of samples shall be sent to USDA for Smith-Doxey class at seller's expense. Original Smith-Doxey class shall be final (F) Authorization to inspect records. Seller irrevocably grants buyer power of attorney to obtain any and all records concerning Seller's cotton production, including, but not limited to, records of: the USDA; gins; agents; other buyers; warehouses; EWR, Inc; and insurers.

BOTH PARTIES have carefully read and fully understand the terms contained on this contract which represents the entire agreement between the parties. Due to market volatility failure to object to this contract promptly after receipt will be deemed ratification of it.

Seller:

Buyer: Olam Cotton

By: _____

By: _____

Printed Name of Person Signing

Street Address

Address (City, State and Zip)

Telephone