K. HUDDLESTON SALES INC. PURCHASE BALE CONTRACT

Seller: Date:

 Contract # \_\_\_\_\_\_\_\_\_\_\_\_\_\_

This contract is made between \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(Seller) and K. Huddleston Sales, Inc. (Buyer), on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 2012 (the Bale Contract)

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

COTTON CROP: Seller is the owner of the following described cotton crop which is now growing or to be grown during the crop year 2012/2013 on the following described acreage. Producer GUARANTEES BALES from this acreage:

FSA Farm # County IRR Acres Acres Estimated Total Landlord to

Tract # /Dry Acres Contracted Bale Production Participate

\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_ Y / N

Pricing: On Call, Seller’s call at 700 points off December 2012 ICE futures, FOB Cars. Warehouse Weights will be used to determine the value of each bale. This cotton is to be delivered at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Warehouse

BASE GRADE: 41-4-34, 3.5-4.9 micronaire, 27.5 gpt min, 79.5 uniformity.

DIFFERENCES: Base quality is 41-4-34, 35-49 micronaire and 27.5 gpt. All quality below base grade, staple, mic, leaf, uniformity, strength and extraneous matter, or remarks to be discounted according to 2012-2013 crop CCC Loan discount table. No premiums for mic, uniformity or strength. No premiums will apply for above 41 color, or 4 leaf and above, or above 34 staple. No premiums for any leaf higher than corresponding color grade. Buyer has option to purchase below grade bales at market price.

Buyer will pay 100 point per pound premium, for any bale having 31 or better color and 3 or better leaf and 34 or longer staple, 3.5-4.9 mic, and 2.8 or better strength and 80 or better uniformity. No remarks and no extraneous matter.

Buyer will pay 200 point per pound premium, for any bale having 31 or better color, 3 or better leaf and 36 or longer staple, 3.5 – 4.9 mic, and 2.8 or better strength and 80 or better uniformity. No remarks and no extraneous matter.

ALL GOVERNMENT LOAN DISCOUNTS APPL TO THIS CONTRACT.

ON CALL PRICE FIXATIONS: Fixations are the responsibility of the seller. Seller may fix the price on Total Bales, or a Percent of Bales. Seller may fix the price on any bales remaining unfixed upon delivery or thereafter. 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 2012 NYCE Futures contract. Seller may not transfer his basis beyond July 2013 futures contract. Fixations are to be directed to K. Huddleston Sales, Inc. Cotton Office in Memphis, Texas during normal business hours of 8:00 AM to 5:00 PM. Telephone: 806-259-2348.

PAYMENT AND DELIVERY: Delivery at harvest for 2012. Buyer shall make immediate payment upon acceptance of cotton, receipt of USDA class, and seller’s payment instructions.

Notwithstanding any other provision of the 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.

Seller represents that the following and only the following liens and 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, 2013, the buyer will apply as penalty of 3 cents. Buyer has the right to refuse any delivery after May 1, 2013.

BOTH PARTIES have carefully read and fully understand the terms contained on this contract which represents the entire agreement between the parties.

SELLER: BUYER: K. Huddleston Sales, Inc.

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Address: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Telephone: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_