

AMENDMENT OF IOWA GROW/FINISH AGREEMENT

THIS AMENDMENT is made and entered into as of this 14 day of JULY, 1996,
by and between FARMERS COOPERATIVE of AFEN
(hereinafter "Cooperative") and [redacted] of [redacted]
(hereinafter "Producer").

WHEREAS, Cooperative is a cooperative organized under chapter 497, 498 or 499 of
the Code of Iowa;

WHEREAS, Cooperative and Producer have entered into that certain Iowa Grow/Finish
Agreement dated JULY 24 ("Agreement") for the care and feeding of swine
owned by or contracted to Farmland Industries, Inc. ("Farmland"); and

WHEREAS, Cooperative and Producer desire to amend the payment terms of the
Agreement.

NOW THEREFORE, the parties agree as follows:

1. Section 15 Minimum Annual Payment of the Agreement shall be deleted in its
entirety.
2. All other terms and conditions of the Agreement shall remain unchanged and
in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Amendment on the day and
year first above written.

PRODUCER

By [redacted]

Name _____

Title _____

[redacted]
(Address)

[redacted]
(Telephone No.)

[redacted]
(Social Security No.)

COOPERATIVE

By Farmers Cooperative Company

Name Eli F. Vaughan

Title gen. mgr.

Farmland hereby consents to this Agreement between Cooperative and Producer.

FARMLAND

By [Signature]

Name _____

Title _____

[redacted]

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IOWA COOPERATIVE GROW/FINISH AGREEMENT
GENERATION II BONUS

CONTRACT # 000244

THIS AGREEMENT is made and entered into as of this 24 day of JULY, 1996, by and between FARMERS COOPERATIVE of ARION IOWA (hereinafter "Cooperative") and [REDACTED] of [REDACTED] (hereinafter "Producer").

WHEREAS, Cooperative is a cooperative organized under chapter 497, 498 or 499 of the Code of Iowa; and

WHEREAS, Cooperative wishes to contract for the feeding of swine; and

WHEREAS, Cooperative has entered into that certain Farmland Iowa Grow/Finish Agreement of even date herewith for the care and feeding of swine owned by or contracted to Farmland Industries, Inc. ("Farmland"); and

WHEREAS, Producer has or intends to construct facilities suitable for the feeding of swine (the "Facilities") and has the expertise to feed such animals; and

WHEREAS, Producer is willing to contract with Cooperative for the day to day care and feeding of the swine owned by or contracted to Farmland and contracted to Cooperative.

NOW, THEREFORE, the parties agree as follows:

1. **TERM OF AGREEMENT.** This Agreement shall commence on the delivery date of the first Lot (as hereinafter defined) of swine placed in the Facilities and shall continue for a period of 245 (90) months thereafter, provided however, if the Facilities are not completed and ready to receive swine, as determined in the sole opinion of Farmland, by Jan 1, 1997, then this Agreement shall automatically terminate. At the expiration of the term of this Agreement, Cooperative may, at its sole option and upon agreement with Producer, renew this Agreement for an additional period in accordance with Section 26.

2. **DELIVERY.** Cooperative shall arrange for the delivery of feeder pigs to the Facilities at Cooperative's expense. The feeder pigs shall be delivered in such numbers, types and in such intervals as determined by Cooperative in its sole discretion and all in accordance with good animal husbandry practices (each delivery shall hereinafter be referred to as a "Lot"). All swine must be raised in strict accordance with Cooperative's feeding program and management program. Cooperative specifically retains the right to use either meal feed or pelleted feed. Cooperative shall provide and deliver to the Facilities all feed, grain, proteins, minerals, and medications (hereinafter collectively referred to as "Supplies") required under said feeding and management programs. Cooperative shall also provide any necessary mixing, grinding or other processing of Supplies. All Supplies

remain the property of Cooperative and any Supplies remaining after the swine have been removed from the Facilities may be picked up by Cooperative.

3. **TECHNICAL ADVICE & CONSULTATION.** Cooperative's (or its agent's) fieldperson shall make periodic visits to Producer to give advice, assistance, and to inspect Producer's records supporting the care and feeding of the swine. Producer shall contact the fieldperson or Cooperative immediately in the event of an emergency or if Producer deems it necessary to obtain the advice or services of a veterinarian.

4. **INDEPENDENT CONTRACTOR.** The relationship created by this Agreement is that of independent contractor and nothing contained herein is intended or shall be construed as creating any agency, employer-employee or other relationship. Producer shall provide at Producer's expense such worker's compensation insurance, unemployment compensation insurance, disability and health insurance as may be required or advisable for Producer and Producer's employees.

5. **MANAGEMENT RESPONSIBILITIES.** Producer's management responsibilities shall include but not be limited to the following:

- a) Provide equipment and labor necessary to unload and load swine.
- b) The daily management, care and security of the swine in accordance with the Management Practices attached hereto as Exhibit A and incorporated herein by this reference.
- c) Maintain accurate records, including swine mortality, as required by and on forms provided by Cooperative.
- d) Dispose of waste as required by all applicable governmental regulations and good management practices.
- e) Dispose of all dead animals in accordance with all governmental regulations, public health laws and consistent with good management practices and provide necessary documentation of use of all disposal services.
- f) Obtain and maintain all required government permits necessary in connection with the raising and feeding of the swine.
- g) Maintain all weather service roads to Facilities in good condition, free of any overhanging wires or other obstacles, with adequate space for turning swine transport and service vehicles. Failure to so maintain service roads and turning areas will result in Producer's liability for any towing charges or other damages incurred by Cooperative.

6. **LOSS OF SWINE.** Producer shall be responsible for the loss of any swine through theft, conversion or mysterious disappearance. Such swine shall be valued as of the date such swine were last accounted for and such value shall be deducted from any compensation due Producer and Producer shall be liable for any amounts remaining unpaid after deduction from Producer's compensation.

7. **WAIVER OF PROPERTY DAMAGE.** Producer hereby waives any and all claims for recovery from Cooperative or Farmland for loss or damage to Producer's property caused directly or indirectly by the swine.

8. **THIRD-PARTY CLAIMS.** Producer shall be responsible for any claims, damages or injuries caused by the swine delivered to the Facilities pursuant to this Agreement or Producer's management of the Facilities and hereby **INDEMNIFIES AND HOLDS COOPERATIVE AND FARMLAND HARMLESS** from any such claims, damages or injuries.

9. **TRAINING.** Producer agrees to attend training sessions concerning Grow/Finish Production as conducted by Cooperative or Farmland.

10. **TRANSPORTATION.** The transportation of feeder pigs to and finished hogs from the Facilities shall be the responsibility of Cooperative. Cooperative shall determine the schedule for delivery of feeder pigs to and the removal of finished hogs from the Facilities and the Producer or his authorized agent shall be present and shall have prepared the Facilities all in accordance with the schedule provided by Cooperative.

11. **INSURANCE.** Producer shall obtain at Producer's expense a general liability insurance policy providing a minimum of \$500,000 single limit bodily injury and replacement value property damage coverage for the Facilities and shall provide Cooperative with a certificate of insurance evidencing such coverage. Producer recognizes and accepts the hazards inherent in any livestock venture. Producer shall be responsible for obtaining, at Producer's option and expense, business interruption insurance protecting Producer against potential loss of income/compensation as a result of causes such as, but not limited to, acts of God, death or disease of all or some of the swine, mechanical failures, interruption of utilities, weather, etc.

12. **FACILITY REQUIREMENTS.** Producer specifically agrees to provide and maintain in proper and sanitary working order, Facilities meeting the facility design and requirements provided by Cooperative.

13. **RIGHT TO INSPECT.** Producer specifically agrees that at all times during this Agreement, Cooperative, Farmland and their respective agents, employees and representatives shall have the absolute and irrevocable right to enter upon the lands constituting Producer's farm, the Facilities and any other designated hog production area to inspect the Producer's hog operations for the purpose of confirming that all terms, duties and obligations under this Agreement are being complied with.

14. **WARRANTIES OF PRODUCER.** Producer hereby warrants the following:

- a) To adhere to the feeding and health maintenance programs and management recommendations provided by Cooperative or its agents;
- b) To endeavor at all times to produce hogs of the highest and best quality;
- c) Not to use any Supplies except those provided or approved by Cooperative;
- d) To cooperate fully with Cooperative to provide, prepare and make available records supporting the care and feeding of the swine;
- e) To comply with all laws and regulations applicable to the feeding and care of the swine;
- f) That no live swine shall be removed from the Facilities without the prior written consent of Cooperative;
- g) At no time during the duration of this Agreement will Producer place or allow anyone else to place other swine in the Facilities;
- h) Producer shall **INDEMNIFY AND HOLD Cooperative AND Farmland HARMLESS** from all death loss in excess of 5% of the original deliveries of swine and all subsequent deliveries of swine, if such death loss is attributable to Producer's negligence; and
- i) Producer and Producer's employees will have no contact with other swine.

15. **MINIMUM ANNUAL PAYMENT.** Cooperative shall guarantee to Producer a minimum payment of \$30.00 per Pig Space (the "Minimum Annual Payment") for each consecutive 12 month period this Agreement is

in effect and Producer is not in default, commencing on the date the first Lot is delivered to the Facilities. The Minimum Annual Payment is not in addition to the payments contemplated in Section 16 but merely reflects that such payments shall be at least \$30.00 per Pig Space for each 12 month period. With regard to any Lot for which delivery and closeout occur in separate 12 month periods, Cooperative, in determining the Minimum Annual Payment, shall apply the pro-rata portion of the Producer Payment (as hereinafter defined) attributable to the length of time the Lot was present in the Facilities during such 12 month period. This Agreement is for ~~1820~~ 1920 Pig Spaces. ⁰⁵ _{TD}

16. **PAYMENT TO PRODUCER.** Cooperative shall pay Producer, subject to Producer's compliance with the terms and conditions of this Agreement, a payment based on the following payment calculation (the "Producer Payment"). Such payment, shall be paid to Producer based upon the actual number of swine delivered to market from a Lot and shall be payable approximately 14 days after receipt by Cooperative of closeout data on such Lot.

PRODUCER PAYMENT CALCULATION

PRODUCER PAYMENT = (Production Cost of Gain Payment + Gain Per Head Payment) x Number of Hogs Marketed

Where:

Production Cost of Gain Payment = (Production Cost of Gain per Cwt. x -.25) + \$11.00

Production Cost of Gain per Cwt. = Cost of Supplies, including delivery, mixing, grinding or other processing / Total Cwt. Gain

Total Cwt. Gain = Total Cwt. of Hogs Marketed - Total Cwt. of Pigs In (delivered to Facilities)

Notwithstanding the above Production Cost of Gain Payment formula, the maximum Production Cost of Gain Payment shall be \$7.25 and the minimum Production Cost of Gain Payment shall be \$4.75.

Gain Per Head Payment = (Total Cwt. Gain / Number of Hogs marketed) x \$3.00

Examples of Payment calculations are attached hereto as Examples I and II.

PRODUCER UNDERSTANDS AND AGREES THAT NEITHER COOPERATIVE, ITS AGENTS OR EMPLOYEES, NOR FARMLAND, ITS AGENTS OR EMPLOYEES, WARRANT ANY SPECIFIC LEVEL OF PERFORMANCE. ANY PERFORMANCE LEVELS INDICATED IN EXAMPLES I AND II ARE FOR PURPOSES OF ILLUSTRATION ONLY.

17. **EVENTS OF DEFAULT.** Producer shall be in default upon the happening of any of the following events:

- a) Default under any financing agreement, security agreement, note or any other document, writing or instrument evidencing an obligation of Producer to a lending institution;
- b) Actual or attempted levy, seizure or attachment of any of the swine or any of Cooperative's property delivered to the Facilities or otherwise to Producer;
- c) Producer using abusive language or threatening physical harm to Cooperative, Farmland or their authorized representatives or preventing or impeding Cooperative, Farmland or their authorized representatives from inspecting or examining the Facilities or the swine;

- d) Insolvency or bankruptcy of the Producer;
- e) If either Cooperative or Farmland determines in its sole discretion that the Producer is failing to properly care for or protect the swine or any of Cooperative's property located at the Facilities or otherwise in the possession or control of Producer;
- f) The happening of any event which in the opinion of Cooperative or Farmland endangers or impairs the swine or Cooperative's property;
- g) Failure of Producer to perform its obligations under this Agreement; or
- h) Any representation or warranty made by Producer or on behalf of Producer proves to be incorrect or otherwise misleading.

18. **ACTION BY COOPERATIVE ON DEFAULT OF PRODUCER.** This Agreement may be terminated by Cooperative in the event of any default by Producer, upon written notice by Cooperative to Producer of such default, and the default remains uncured for a period of ten (10) days (or such longer period as may be required by law) from the date of the notice of such default. In the event there are two defaults by Producer of a same or similar nature in any one year period which are cured by Producer, upon the happening of a third default by Producer of a same or similar nature to the first two defaults within such one year period, Cooperative shall have the right to terminate this Agreement without the Producer having any cure rights. Cooperative reserves the right to exercise any other rights it may have at law or in equity.

Notwithstanding the provisions of this Section, either Cooperative or Farmland shall have the right to immediately remove the swine, if, in its sole judgment, such removal is reasonably necessary to protect the swine or Farmland's interest therein from imminent danger, and Cooperative shall have the right to terminate this Agreement.

19. **WAIVER OF DEFAULT.** No waiver by Cooperative of any default shall operate as a waiver of any other default or of the same default on a future occasion.

20. **FACILITIES LOCATION.** The Facilities shall be located at:
(Legal Description)

21. **OWNERSHIP.** Producer understands and agrees that all swine delivered to the Facilities are the property of Farmland (or a third party with whom Farmland has entered into an agreement for the feeding and care of the swine) and the swine and all increase thereof, if any, shall be and at all times remain the property of Farmland (or the aforementioned third party). Producer and Cooperative shall have no ownership interest of any kind in any of the swine. Producer shall execute any UCC-1 financing statement or other documents Farmland deems necessary or advisable to protect Farmland's (or the aforementioned third party's) ownership of the swine.

22. **LIENS.** Producer waives any right Producer may have to assert and agrees not to assert or permit to be asserted any lien upon any of the swine which are the subject matter of this Agreement and will **INDEMNIFY, REIMBURSE AND HOLD Farmland HARMLESS** from any and all such liens or claims to any of the swine or the proceeds thereof.

23. **ASSIGNMENT AND MODIFICATION.** This Agreement is binding on the heirs, executors, and assigns of the parties. This Agreement can only be changed, modified or assigned by the execution in writing of such change, modification or assignment by both parties.

24. **HEADINGS.** The headings used in this Agreement are inserted for convenience only and constitute neither a portion of this Agreement nor in any manner affect the provisions or interpretations of this Agreement.

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25. **CHOICE OF LAW.** This Agreement shall be governed by and interpreted in accordance with the laws of the State of Iowa without reference to its conflict of law rules.

26. **RENEWAL.** Producer shall notify Cooperative no earlier than 365 days and no later than 90 days prior to the end of the term of this Agreement of Producer's desire to continue the relationship as a contract feeder for a period of an additional 60 months (the "Continuation Term"). Cooperative may, at its sole option, and upon the agreement of Producer, enter into an agreement for a Continuation Term pursuant to Cooperative's then current terms and conditions for such Continuation Term.

27. **ARBITRATION.** Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the Arbitrator(s) may be entered in any Court having jurisdiction thereof.

THIS CONTRACT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

PRODUCER

By: _____

Name: _____

Title: _____

(Address)

(Telephone No.)

(Social Security No.)

COOPERATIVE

By: Farmers Cooperative Company

Name: E. L. J. Jaughn

Title: gen. mgr.

Farmland hereby consents to this Agreement between Cooperative and Producer.

FARMLAND

By: [Signature]

Name: _____

Title: _____

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PRODUCER SETTLEMENTS

EXAMPLE I

Assumptions:	Cost of Supplies	\$38,400.00	
	Total Cwt. of Pigs In	432	
	Total Cwt. of Hogs Marketed	2232	
	Number of Hogs Marketed	930	
Total Cwt. Gain	1800		
	Total Cwt. of Hogs Marketed - Total Cwt. of Pigs In		
	2232 - 432		
Production Cost of Gain per Cwt.	21.33		
	Cost of Supplies / Total Cwt. Gain		
	\$38,400.00 / 1800		
Production Cost of Gain Payment	\$ 5.67		
	(Production Cost of Gain per Cwt. x -.25) + \$11.00		
	(21.33 x -.25) + \$11.00		
Gain Per Head Payment	\$ 5.81		
	(Total Cwt. Gain / Number of Hogs Marketed) x \$3.00		
	(1800/930) x \$3.00		
Producer Payment		\$10,676.40	
	(Production Cost of Gain Payment + Gain Per Head		
	Payment) x Number of Hogs Marketed		
	(\$5.67 + \$5.81) x 930		

PRODUCER UNDERSTANDS AND AGREES THAT NEITHER COOPERATIVE, ITS AGENTS, OR EMPLOYEES, NOR FARMLAND, ITS AGENTS AND EMPLOYEES, WARRANT ANY SPECIFIC LEVEL OF PERFORMANCE. ANY PERFORMANCE LEVELS INDICATED IN THIS EXAMPLE ARE FOR PURPOSES OF ILLUSTRATION ONLY.

EXAMPLE II

<u>Production Cost</u> <u>of Gain per Cwt.</u>	<u>Production Cost</u> <u>Of Gain Payment</u>	<u>Gain Per</u> <u>Head Payment *</u>	<u>Total Payment</u> <u>Per Head</u>
15	\$7.25	\$6.00	\$13.25
16	\$7.00	\$6.00	\$13.00
17	\$6.75	\$6.00	\$12.75
18	\$6.50	\$6.00	\$12.50
19	\$6.25	\$6.00	\$12.25
20	\$6.00	\$6.00	\$12.00
21	\$5.75	\$6.00	\$11.75
22	\$5.50	\$6.00	\$11.50
23	\$5.25	\$6.00	\$11.25
24	\$5.00	\$6.00	\$11.00
25	\$4.75	\$6.00	\$10.75

* (Assume 200 lbs. of gain)

The calculations in Section 16 shall apply. This table is set forth for purposes of illustration only.

EMPLOYEES, NOR FARMLAND, ITS AGENTS AND EMPLOYEES, WARRANT ANY SPECIFIC LEVEL OF PERFORMANCE. ANY PERFORMANCE LEVELS INDICATED IN THIS EXAMPLE ARE FOR PURPOSES OF ILLUSTRATION ONLY.

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EXHIBIT A

MANAGEMENT PRACTICES

Good Management Practices shall include:

1. Maintenance of the Facilities and all equipment located therein in proper functioning order.
2. Implementation of rodent and fly control procedures in and around the Facilities.
3. Provide power washer for cleaning of the Facilities.
4. Power wash and disinfect inside of the Facilities, the loading areas and feeders prior to admittance of each Lot.
5. Maintain foot disinfectant pans at all entry doors and require use of foot disinfectant pans by all personnel prior to admittance to the Facilities.
6. Conduct a daily observation of all swine on an individual basis and the Facilities to ensure that feeders, waterers and ventilation equipment are functioning properly.
7. Keep dogs, cats and other domestic animals and birds and undomesticated animals out of the Facilities.
8. Adopt and install new management practices and equipment as required by Cooperative.