Beef Procurement Agreement

Agreement ("Agreement") made this ___ day of _____, ____ between IBP, inc. ("IBP") and _____ ("Producer") under which IBP will purchase and Producer will sell live cattle pursuant to the following terms and conditions.

1. Producer has placed on feed _____ head of cattle to be fed until slaughter market weight ("Market Cattle") located at _____.
2. Producer estimates that these cattle will be ready to sell to IBP in _____ of _____.
3. IBP and Producer agree that the market price ("Market Price") for the Market Cattle will be determined pursuant to the pricing method attached as Exhibit A.
4. IBP and Producer agree that the break even price ("B/E Price") for the Market Cattle will be determined as follows:
   a. The cost of the live cattle being placed on feed;
   b. The cost of feed;
   c. Veterinary and drug costs;.
   d. Yardage costs; PLUS
   e. Applicable interest costs on the items mentioned in 4(a) thru 4(d)
   f. The parties agree that for the purposes of determining the B/E Price the cost of gain, which includes items 4(a) thru 4(e), will not exceed ___/pound; and that death loss will not exceed ___%. Any cost of gain and/or the death loss that exceeds these limits will not be considered as part of the B/E Price.
5. Producer agrees to sell Market Cattle to IBP, and IBP agrees to purchase Market Cattle from Producer pursuant to the following adjusted Market Price:
   a. If the Market Price is higher than the B/E Price the Producer will receive the B/E Price plus 50% of the difference between the Market Price and the B/E Price. For example, if the Market Price is $72/cwt. and the B/E price is $68/cwt. the Producer will receive $70/cwt. [$68 plus 50% of $4 ($72-$68)].
   b. If the Market Price is lower than the B/E Price the Producer will receive the Market Price plus 50% of the difference between the B/E Price and the Market Price. For example, if the Market Price is $66/cwt. and the B/E Price is $68/cwt. the Producer will receive $67/cwt. [$66 plus 50% of $2 ($68-$66)].
6. Within one business day of slaughter, IBP will estimate the payment due Producer for Market Cattle delivered under this Agreement, and IBP will deposit in the United States Mail a check for 90% of such estimated amount. After the final Market Price and B/E Price are determined, a check for the remaining balance owed to the Producer for the Market Cattle will be deposited in the United States Mail. IBP will have the right to audit Producer's records to verify the B/E Price. If the estimated amount paid is more than the amount owed for Market Cattle, Producer will promptly pay IBP the balance owed to IBP.
7. Producer retains the exclusive right to determine when Market Cattle will be sold to IBP, and Producer will notify IBP when cattle under this Agreement are ready to be sold to IBP. After receiving such notice IBP will have ___ days to schedule the Market Cattle for slaughter. Title and risk of loss for Market Cattle remain with Producer until delivered to IBP.

In witness whereof, the parties have executed this Agreement as of the date first written above.

Producer: IBP, inc.

_____ _____