

CONDITIONS OF SALE

These are important and legally binding Rules applicable to all Internet Auctions conducted by Bluegrass Stockyards (sometimes "BG"). You must read and sign these Conditions of Sale concurrently with signing the Buyer Registration & Consent Agreement (sometimes "Buyer Registration Form").

First. THESE CONDITONS GOVERN ALL INTERNET AUCTIONS CONDUCTED BY BLUEGRASS STOCKYARDS. All Bluegrass Internet Auctions are governed by these Conditions of Sale and by all announcements from the auctioneer's stand ("Announcements"). All Sellers, Buyers, prospective bidders, and all other interested parties must read and sign, and are therefore bound by and subject to the provisions of the Conditions of Sale as set forth below, and any Announcements, all of which are incorporated in and made a part of the Buyer's Contract and the Seller's Contract, forms of which are attached hereto as Appendix "A" and Appendix "B" respectively. Likewise, every prospective Buyer must, twenty four (24) hours prior to bidding at any sale, complete and deliver to BG, a Buyer Registration Form, a form of which is attached hereto as Appendix "C".

Second. RESOLUTION OF BIDDING DISPUTES. Should any bidding dispute arise among two or more bidders, Bluegrass Stockyards shall forthwith adjudicate the dispute and its decision shall be final. Bids received after the fall of the hammer are not grounds for dispute. The bid recognized at the conclusion of any bidding dispute shall be deemed the sale ("hammer") price. BG reserves the right to refuse the opportunity to bid or refuse to accept a bid from any Buyer who has an unpaid account from a previous sale, or who has not established credit in accordance with BG's processes.

Third. AUTHORIZATION OF BG REPRESENTATIVES. Each registered Buyer authorizes BG's duly appointed representative to sign and execute the Buyer's Contract and any and all other documents necessary or desirable to document Buyer's purchase and the terms thereof.

Fourth. INDEMNITY REGARDING CARE OF LIVESTOCK. Buyer and Seller agree to release, defend, indemnify and hold BG harmless, and their directors, officers, employees, agents and representatives harmless from all losses, claims damages, expenses, causes of action and/or attorney's fees arising out of or related to the possession, care, custody, control or maintenance of any livestock sold or purchased by them, including, but not limited to any claims arising out of injuries to or damages or injuries caused by the livestock.

Fifth. PAYMENT-CREDIT. Buyer shall make payment to BG in all cases, in compliance with BG payment policy and the Packers and Stockyards Administration Regulations. BG reserves the right, in its sole discretion, to demand reestablishment of credit at any time. BG further reserves the right, in its sole and exclusive discretion, at any time and for any reason (except race, sex, color or creed), to revoke any credit previously established and to therefore refuse to accept the bid(s) of a Buyer who has not established prior to his bid(s), that payment will be made in full in accordance with these Conditions of Sale, the payment terms set forth in the Buyer's Contract, and the processes of Bluegrass Stockyards.

Sixth. DEPOSITS. Buyers of cattle for Delivery more than thirty (30) days after the date of the sale shall be required to deposit one hundred dollars (\$100.00) per head upon signing the Buyer's Contract. The deposit shall be held in escrow by BG until Delivery of the cattle.

Seventh. WARRANTY DISCLAIMER. THERE IS NO WARRANTY OR GUARANTEE OF ANY KIND, EXPRESS OR IMPLIED, BY BLUEGRASS STOCKYARDS OR SELLER AS TO

THE MERCHANTABILITY AND/OR FITNESS FOR A PARTICULAR PURPOSE AND ALL SUCH WARRANTIES ARE EXPRESSLY EXCLUDED. BLUEGRASS STOCKYARDS MAKES NO WARRANTIES THAT ANY LIVESTOCK IS FREE FROM ANY LATENT DEFECT, CONDITION, SICKNESS OR DISEASE, AND ALL SUCH WARRANTIES ARE EXPRESSLY EXCLUDED. ALL SALES ARE MADE ON AN "AS IS" BASIS, WITH ALL FAULTS AND DEFECTS. OTHER THAN A FAILURE TO REASONABLY COMPLY WITH A DESCRIPTION OF THE LIVESTOCK AS ADVERTISED. NO OTHER DEFECTS SHALL CONSTITUTE A NONCONFORMITY, SUBSTANTIAL OR OTHERWISE, WITH THE TERMS OF THESE CONDITIONS OF SALE OR THE BUYER'S CONTRACT.

Eighth. DISCLAIMER OF IMPLIED DUTIES. Bluegrass Stockyards shall endeavor to protect the interests of both Buyer and Seller, but the duties and obligations of BG to such persons shall be strictly limited to those expressly imposed upon BG by these Conditions of Sale and any Buyer's Contract or Seller's Contract. **All other duties and obligations, including fiduciary and other duties which might otherwise be imposed upon BG by operation of law are hereby expressly disclaimed, except that BG shall be required to exercise that standard of care generally exercised by other comparable auction companies.**

Ninth. MERGER OF AGREEMENT. BG or its representatives may have made oral statements or published advertisements concerning the condition of livestock offered for sale. Such statements and advertisements do not constitute warranties, shall not be relied on by the Buyer or prospective buyer and are not part of the contract for sale. Notwithstanding the foregoing, the Buyer or prospective buyer may rely on an Announcement from the auctioneer's stand. The entire contract of sale is embodied in these Conditions of Sale, the Buyer's Contract, and the Buyer Registration Form. These aforementioned documents constitute the final expression of the parties' agreement, and are a complete and exclusive statement of that agreement. Any attempt on the part of the Buyer to unilaterally alter or modify these Conditions of Sale by making changes on the Buyer's Contract or Buyer Registration Form is prohibited and shall be invalid and unenforceable.

Tenth. SELLER'S AFFIDAVIT ON FILE. BG certifies that it has an Affidavit on file from Seller identifying the country of origin of the cattle and that none of the cattle subject to these Conditions of Sale or the Buyer's Contract are altered within the meaning of the Federal Food, Drug and Cosmetic Act (i.e. none of the cattle or other ruminants have been fed any feed containing protein derived from mammalian tissues, e.g. meat and bone meal, not in compliance with 21 CFR 589.2000), and none of the livestock exhibit an illegal level of drug residue.

Eleventh. WAIVER OF WEIGHT STOP-SLIDE. If the Buyer fails to take Delivery of conforming cattle during the Delivery Period set forth in the Buyer's Contract any existing weight stop shall not apply and the Slide, if any, shall be applied as if no weight stop exists.

Twelfth. BUYER'S FAILURE TO TAKE DELIVERY. If the Buyer fails to take Delivery of conforming cattle during the Delivery Period, Buyer may not thereafter refuse or reject Delivery based on any nonconformity in weight or otherwise, all of which shall be deemed waived.

Thirteenth. AVERAGE WEIGHT IN EXCESS OF BASE WEIGHT. Buyer's Contract is voidable by Buyer in the event the average pay weight of the cattle upon Delivery (weighed straight), exceeds the Base Weight by more than ten percent (10%). If Buyer refuses or rejects Delivery based on this provision BG may but is not required to locate another buyer or renegotiate the subject contract.

Fourteenth. NO SALES. All "No Sales" must be communicated to the auctioneer or his representative prior to the commencement of bidding on the next lot. Failure to announce a "No Sale" shall conclusively establish a sale to the highest bidder.

Fifteenth. SELLER'S OBLIGATIONS-CONDITION OF CATTLE. Sellers must immediately notify BG of any material changes in the condition of the cattle or of the conditions in which the cattle are being raised, fed, grazed or managed. In the event Seller fails to so notify BG, BG's Contract with Seller is voidable at the option of BG.

Sixteenth. DEFINITIONS. For purposes of these Conditions of Sale, and accordingly the Buyer's Contract and the Seller's Contract, the following definitions shall be deemed to apply:

a. **Delivery.** Unless otherwise expressly stated, Delivery shall be deemed to have occurred once the cattle are loaded onto the Buyer's trucks, or trucks hired by the Buyer, or trucks hired by BG for transportation to Buyer's designated Delivery location. In the event Buyer indicates an intention to refuse Delivery of conforming cattle during the Delivery Period, BG's obligation to tender Delivery shall be deemed waived. Risk of loss shall pass to Buyer once the cattle are loaded onto trucks for intended delivery to Buyer.

b. **Delivery Period.** Delivery Period shall mean that period of time during which the Delivery is advertised on the day of the sale. Buyer must notify BG of the date during the Delivery Period on which Buyer desires Delivery at least twenty four (24) hours prior to the anticipated Delivery unless otherwise stipulated in the listing, and BG shall attempt to accommodate Buyer. Buyer must take all steps reasonably necessary to accept Delivery at any time during the Delivery Period, and must be prepared to accept Delivery on any date during the Delivery Period.

c. **Uniformity.** Uniformity shall mean that the cattle shall not vary from lightest to heaviest by more than the amount of weight set forth in the "Uniformity" provision in the Buyer's Contract.

d. **Base Weight.** Base weight is a projected or estimated average weight of the cattle upon the date the cattle are intended for Delivery.

e. **Head Count.** Head Count is an estimate of the number of cattle to be Delivered. Buyer acknowledges that the Head Count of the cattle actually delivered may vary by as much as ten percent (10%). A difference in the number of cattle actually Delivered from that appearing on the face of the Buyer's Contract or Seller's Contract shall not constitute a nonconformity of tender or breach of the Buyer's Contract or Seller's Contract justifying rejection of the cattle, provided that the Head Count actually delivered varies by no more than the percentage identified in this paragraph.

Seventeenth. LIMITATIONS OF ACTION. Any cause of action arising out of the purchase and sale of any livestock at any Bluegrass Stockyards Internet Auction, whether based in contract or tort, shall be commenced in not more than one (1) year from the date of the sale. Provided, however, this limitation of action shall not apply to an action for the recovery from the Buyer of the purchase price, plus interest and expenses, and including attorney's fees and costs of suit, which action must be commenced within five (5) years.

Eighteenth. GOVERNING LAWS; VENUE AND JURISDICTION. The laws of the Commonwealth of Kentucky shall govern the construction of these Conditions of Sale and the rights, remedies and duties of the parties hereto. In the event of any litigation arising out of these Conditions of Sale, the Buyer's Contract, Seller's Contract, or Buyer Registration Form or the transactions contemplated therein, the parties agree that any action or suit shall be brought in the Circuit Court sitting in the County of Fayette, Commonwealth of Kentucky and the parties hereby consent to the venue and jurisdiction of such Court.

Nineteenth. ATTORNEY'S FEES. In the event of any breach of a Buyer's Contract or Seller's Contract by Buyer or Seller respectively, Buyer or Seller as the case may be, shall pay to Bluegrass Stockyards, Bluegrass Stockyards' actual attorney's fees and costs incurred, whether or not a lawsuit is filed.

I, _____ [print name], on this ____ day of _____, 20____ hereby agree that I have read and understand the foregoing terms and conditions and I agree to be bound thereby. I understand that the foregoing terms and conditions are incorporated into and are made a part of any contract which I may sign for the purchase or sale of livestock at any Internet Auction conducted by Bluegrass Stockyards.

Signature

Witness Signature