Program Contract

This Agreement is entered into by and between _____ **("PRODUCER")** of _____, _____ County, _____, and **HEARTBRAND BEEF, INC. (jointly referred to as "HEARTBRAND")** of Yoakum, Lavaca County, Texas.

WITNESSETH

WHEREAS, a small number of Full-Blood Akaushi cattle were exported from Japan approximately 15 years ago. These are the only Full-Blood Akaushi cattle known to have been exported from Japan. **HEARTBRAND** is the sole owner of these Akaushi Full-Blood cattle exported from Japan; and

WHEREAS, **PRODUCER** is interested in participating in an F-1 breeding program to produce cross-bred cattle with Fullblood Akaushi bulls or semen from Fullblood Akaushi bulls; and

WHEREAS, **HEARTBRAND** and **PRODUCER** desire jointly to promote the raising of Akaushi cattle and the marketing of meat from such cattle outside of Japan so that the Akaushi breed of cattle may grow in stature and number to the mutual economic benefit of **HEARTBRAND** and **PRODUCER** as owners of Akaushi cattle; and

WHEREAS, **HEARTBRAND** and **PRODUCER** desire that **HEARTBRAND'S** preeminent position as the owner of Akaushi genetics outside of Japan be recognized and preserved. Accordingly, this Agreement contains certain restrictions and other provisions intended to protect **HEARTBRAND'S** position.

NOW, THEREFORE, for and in consideration of the premises, and other good and valuable consideration described herein, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

I.
Sale of Semen.

AKAUSHI SEMEN INTERNATIONAL, INC. will sell to **PRODUCER** straws of semen from Fullblood Akaushi bulls.

II.
Price

At the time of the delivery of the semen to **PRODUCER,** or its assign, at Elgin Breeding Service, **PRODUCER** will pay to AKAUSHI SEMEN INTERNATIONAL, INC. for each straw purchased by **PRODUCER** from AKAUSHI SEMEN INTERNATIONAL, INC.

III.
Delivery Location

PRODUCER agrees that the semen will be obtained from Elgin Breeding Service at its main location in Elgin, Texas and producer will make all arrangements for shipping of the semen, if any. All expenses of shipping will be paid by producer and all risks associated with shipping will be born by producer.

IV.
Warranty

HEARTBRAND'S SOLE WARRANTY IS THAT A FULLBLOOD AKAUSHI BULL SELECTED BY HEARTBRAND WAS PROVIDED TO ELGIN BREEDING SERVICE FOR THE HARVESTING OF FULLBLOOD AKAUSHI SEMEN. HEARTBRAND DOES NOT WARRANT THAT THE SEMEN IS FIT FOR A PARTICULAR PURPOSE. HEARTBRAND DOES NOT WARRANT NOR GUARANTEE THAT A PARTICULAR SEMEN WILL RESULT IN THE PRODUCTION OF A CALF.

V.
Sale or Lease of Bull(s)

HEARTBRAND will sell/lease to **PRODUCER** Fullblood Akaushi Bulls.

VI.
Use of Semen / Bull(s)

PRODUCER agrees that it will use the semen/bull(s) solely for the impregnation of **PRODUCER'S** cows for the production of terminal calves or replacement females.

VII.
American Akaushi Association

PRODUCER agrees that as soon as practical all calves produced using the semen/bull(s) will be enrolled with the American Akaushi Association's Whole Herd Reporting system for the purpose of collecting data. **PRODUCER** agrees that at all times **PRODUCER** will comply with the Rules of the American Akaushi Association.

VIII.
Male F1 Calves

PRODUCER agrees that as soon as practical, **PRODUCER** will castrate all male calves produced under this contract which are the subject of this agreement. **PRODUCER** agrees that all male calves gathered will be castrated before or at weaning. **PRODUCER** agrees to sell all calves produced by the semen/bull(s) under this agreement to a buyer approved by **HEARTBRAND. PRODUCER** may keep the calf (or partner at a 50/50 undivided interest at a determined price), feed it and sell it to a packer approved by **HEARTBRAND.**

HEARTBRAND will pay producers who have purchased a Registered Akaushi bull, or semen from a Registered Akaushi bull, a premium of $100 over market for 500 pound calves and above that are at least 50% Akaushi, all natural (hormone free) and have been preconditioned for a minimum of 45 days. On finished fed all natural (hormone free) Akaushi F1's and higher, HeartBrand will pay 15 cents/lb. for 50% Prime and above; 12 cents/lb. for a minimum of 25% Prime and 10 cents/lb. for less than 25% Prime on live weight with 4% shrink. These premiums will be paid through at least three (3) calf crops.

PRODUCER shall abide by all the rules of the American Akaushi Association with regard to all eligible male calves owned or controlled by **PRODUCER**.

IX.
Female Calves

For all female calves produced from Registered Akaushi semen/bull(s), **PRODUCER** will at weaning either (1) sell to a buyer approved by **HEARTBRAND,** with the same premiums being offered as for the male calves; or (2) will retain the female calf. If **PRODUCER** retains the female calf, **PRODUCER** may enroll said calf in the American Akaushi Association's A^4 Advantage Program and shall abide by all the rules of the American Akaushi Association with regard to all eligible female calves owned or controlled by **PRODUCER**.

X.
Data

HEARTBRAND shall be responsible for all DNA related analysis expense **for cattle they have contracted to buy back**; however, producer is responsible for collecting the DNA samples for analysis. Prior to marketing, each calf produced pursuant to this agreement shall be documented by **PRODUCER** as at least 50% Akaushi by using DNA analysis. All DNA samples will be processed through the **AMERICAN AKAUSHI ASSOCIATION**. It is preferred that **PRODUCER** submit DNA data for each calf at least 30 days before the calf's weaning to allow time for results. Both parties will share all cross terminal data on all programs rising from this agreement. **PRODUCER** agrees to secure all data pertaining to this program and guarantee that it will not be released to any other party.

XI.
Warranty

PRODUCER warrants that all calves sold to **HEARTBRAND,** pursuant to this agreement, are in good merchandizing physical condition. Any calf which either is not in a merchandisable condition or has a physical defect will be purchased by **HEARTBRAND** at a discounted price to be agreed upon by the parties on a case by case basis. In the event that the parties are unable to reach an agreement, the respective prices shall be submitted to an agreed third party who will determine the price using the two prices as the outside parameters for his analysis.

XII.
Care of Calves

While any calves born under this program are in the possession of **PRODUCER, PRODUCER** will insure that the calves remain in good condition and receive the required vaccinations as they are prescribed. No calf will be given any growth implant of any kind.

XIII.
Clean-up Program - (Applies to Semen Purchase Only)

In addition to the semen described herein, **HEARTBRAND** agrees that it will provide (at a mutually agreed upon price) one Akaushi bull selected by **HEARTBRAND** in its sole discretion for every 100 cows. This obligation is subject to the availability of satisfactory bulls for this program. **HEARTBRAND** agrees that all bulls selected hereunder will be tested prior to delivery to **PRODUCER** and will be certified to be in good health and free of disease. **PRODUCER** agrees that every bull in its care will be maintained in good health and good physical condition. **PRODUCER** further agrees that the bull shall not be used for any purpose other than the clean-up of the 100 cows specified herein. For the bulls used under this provision, **PRODUCER** agrees to pay to **HEARTBRAND** the sum agreed upon for each bull for the predetermined lease period as set forth in the "Lease Agreement". If it is necessary to slaughter a bull because it becomes infected with a venereal disease or an infectious disease while it is under the control of **PRODUCER** or if a bull dies as a result of the negligence of **PRODUCER, PRODUCER** shall pay **HEARTBRAND** a prorated amount equal to the remaining lease agreement. **PRODUCER** shall be responsible for all costs associated with the transportation of a bull as a result of this agreement. If a bull dies from natural causes while it is in the possession of **PRODUCER, PRODUCER** will have no obligations relating to the bull other than the disposition of the carcass.

If **PRODUCER** and **HEARTBRAND** agree that the clean-up program will be handled by a bull owned by **PRODUCER, PRODUCER** shall keep all calves which are the product of the **PRODUCER'S** bull. Such calves will not be subject to the provisions of this agreement. Upon the request of **HEARTBRAND, PRODUCER** shall have the DNA of the calves examined to insure that they are the product of **PRODUCER'S** bull rather than the product of the semen provided by **HEARTBRAND.**

XIV.
Payment

All sums due and owing to **HEARTBRAND** under this agreement shall be paid at 404 Airport Drive, Yoakum, Texas in United States Dollars before 5:00 p.m. on the date that the sum is due. All sums owed by **HEARTBRAND** under this agreement shall be paid to the business address of **PRODUCER** set forth below in United States Dollars before 5:00 p.m. on the date that the sum is due. Any sum shall be deemed to be timely paid if it is placed in the United States Mail before the time that it is due in a properly addressed and adequately stamped envelope.

XV.
Liens

PRODUCER agrees that it will not allow an encumbrance or lien on any of the cattle under this agreement and that it has good and merchantable clear title on all cattle transferred under this agreement.

XVI.
Marketing

Regardless of the source of the cattle, **PRODUCER** will at no time market any of the cattle or beef sold by **PRODUCER** to any party for any purpose at any time as having unique health benefits similar to those of Akaushi beef or as having been derived from Akaushi cattle. This agreement shall survive this agreement and continue for a period of fifty (50) years after the termination of this agreement, regardless of the reason or cause for the termination of this agreement.

XVII.
Remedies for Breach

In the event of a breach of any of the provisions of this Agreement by **PRODUCER**, **HEARTBRAND** shall be allowed to entitled to obtain injunctive relief to insure that it obtains possession of all cattle described in this agreement and to prevent **PRODUCER** from delivering any data obtained under this agreement to any party and to enforce all other provisions of this agreement. **PRODUCER** understands and agrees that the data and genetics of this agreement are confidential trade secrets which can only be protected by injunctive relief. In addition, **PRODUCER** understands that the unique nature of the Akaushi cattle and their reputation in the community is an essential element in the value of the cattle and the business of **HEARTBRAND.** Accordingly, in addition to all of the relief described above, **HEARTBRAND** shall be entitled to recover damages from **PRODUCER** in amount equal to the amount that the value of the unique Akaushi brand and the sole control of the brand by **HEARTBRAND** has been reduced. In the event that the breach is the failure of **PRODUCER** to pay a sum due and owing under this agreement and **HEARTBRAND**, **PRODUCER** agrees to pay interest on such sum at the maximum interest rate allowed by law. **PRODUCER** further agrees that it will reimburse **HEARTBRAND** all of its reasonable attorney fees and any other costs incurred in enforcing the terms of this agreement.

XVIII.
HEARTBRAND Termination

HEARTBRAND may terminate this Agreement, with or without cause, upon thirty (30) days advance written notice to **PRODUCER**.

XIX.
PRODUCER Termination

PRODUCER understands and agrees that in the event it decides to terminate this agreement, **PRODUCER** will notify **HEARTBRAND** in writing thirty (30) days in advance of any termination date and transfer all data and cattle to **HEARTBRAND** for the consideration set forth in this agreement.

XX.
Non-Exclusive

Notwithstanding anything to the contrary contained in this Agreement, the parties hereto expressly acknowledge and agree that **HEARTBRAND** shall be free, during the term of this Agreement and at its sole discretion, to contract with one or more third parties of its own choosing for any service described in this agreement.

XXI.
Miscellaneous

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors in interest. The validity of this Agreement and any of its terms or provisions, as well as the rights and duties of the parties hereunder, shall be governed by the laws of the State of Texas. Further, the parties agree that this Agreement is partly performable in Lavaca County, Texas and that the sole and exclusive venue for any dispute directly or indirectly arising out of this Agreement is Lavaca County, Texas. Each party hereby irrevocably and unconditionally consents to the jurisdiction of the courts of Lavaca County, Texas and hereby irrevocably and unconditionally waives any defense of an inconvenient form to the maintenance of any action or proceeding in any such court, any objection to venue with respect to any such action or proceeding, and any right of jurisdiction on account of the place of residence or domicile of any party thereto. This Agreement supersedes any and all other agreements, oral or in writing, between the parties hereto with respect to the subject matter hereof and no other agreement, statement, or promise related to the subject matter of this Agreement which is not contained herein shall be valid or binding. This Agreement may be amended or modified at any time and in all respects only by an instrument in writing executed by both parties hereto. No oral modification shall be effective. If any legal action is brought to enforce this Agreement by either of the parties hereto, it is expressly agreed that the prevailing party in such legal action shall be entitled to recover from the other party reasonable attorney's fees, expenses, and costs. If one or more of the provisions of this Agreement shall be held unenforceable, invalid, or illegal in any respect, such unenforceability, invalidity, or illegality, shall not affect any other provision of this Agreement, which shall be construed as if such unenforceable, invalid, or illegal provision had never been a part hereof.

IN WITNESS WHEREOF, the parties hereto have set their hands on the dates set forth below.

HEARTBRAND BEEF, INC.	_____ (Producer)
BY: _____	BY: _____
_____	_____
404 Airport Drive.	_____ (Address)
Yoakum, Texas 77995	_____
DATE: _____	DATE: _____