



The Agreement

If you agree to pay the Debt Waiver Loading on all Purchases you make from us through your Nominated CGS Account and your Crop has a Hail Strike that results in a yield loss, **then** we will waive your debt to us for the proportion of your Purchases equal to the Net Proportional Yield Loss of the Crop in any Field as determined in accordance with the Debt Waiver Formula, **provided that:-**

1. your Crop has not had a Hail Strike prior to 9.00am on the second day after the Commencement Date shown in the Agreement Details on page 2;
2. you apply to us on our Application Form and agree to pay the Debt Waiver Loading;
3. we accept your application and written agreement to pay the Debt Waiver Loading and confirm our acceptance to you in writing by completing the Agreement Details on page 2;
4. the Purchases have been applied to the Crop;
5. our only liability under this Debt Waiver Agreement with you is to credit your Nominated CGS Account with an amount equal to the sum of each Field Debt Waiver greater than zero;
6. should we cease to be able to continue trading for any reason your entitlement under this Debt Waiver Agreement is further limited to the sum of all Field Debt Waivers or the balance of the Nominated CGS Account whichever is the lower amount; and
7. any loss of Potential Yield must be as a direct consequence of a Hail Strike.
8. The Loss Adjuster will determine the amount of all Field Debt Waivers under this agreement.

The Debt Waiver Formula

The amount of debt we will waive will be determined by the Loss Adjuster on a Field by Field basis. Our liability under this Debt Waiver Agreement is the sum of each **Field Debt Waiver** greater than zero.

Field Debt Waiver = the **Field Purchases** multiplied by the **Net Proportional Yield Loss** for the Field

The **Field Purchases** are calculated for each Field based on the Purchases actually applied in that Field up to the time of the Hail Strike in the event of a Total Loss or up to and including defoliation in the event of a partial loss of Potential Yield. You and your CGS Representative will determine the value of the Field Purchases for each affected Field and the Loss

Adjuster will verify them.

The **Net Proportional Yield Loss** is the proportion of yield loss of the Crop in any Field that has a Hail Strike less 10% of the Potential Yield of the Crop in that Field.

Net Proportional Yield Loss = **Potential Yield** less **Actual Yield** divided by **Potential Yield** less 10% of the **Potential Yield**

The **Potential Yield** is the yield you would have achieved in the Field had the Hail Strike not occurred and is determined by the Loss Assessor and verified by the Loss Adjuster.

The **Actual Yield** is the yield you picked or harvested from the Field and is verified by the Loss Adjuster.

Other Definitions

You and **your** means the Account Holder of the Nominated CGS Account shown in the Agreement Details on page 2 of this Debt Waiver Agreement.

We, us and **our** means Cotton Growers Services Pty Ltd ACN 001 723 048.

Debt Waiver Loading means the loading we nominate in the Agreement Details on page 2 of this Debt Waiver Agreement which is applied to the Purchases made by you through the Nominated CGS Account after the First Purchase Date.

Purchases mean all seeds, license fees, fertilisers, herbicides, insecticides, growth regulators and defoliants purchased after the First Purchase Date and before 31st May 2004 for the sole purpose of growing the Crop and shown on the Nominated CGS Account — this excludes purchases of a capital nature such as irrigation equipment.

First Purchase Date means the date that you nominate in your Application Form and we confirm in the Agreement Details on page 2 as the starting date for the inclusion of Purchases you make through your Nominated CGS Account under this Debt Waiver Agreement.

Crop means all crops listed on Your Application Form and accepted by us.

Field means any contiguous planting of the Crop or area nominated as a separate area on any crop schedule or insurance certificate forming part of any insurance coverage on the Crop.

Hail Strike means loss of the Potential Yield of the Crop caused by the impact of pellets or stones of ice falling from the atmosphere between 9.00am on the second day after the Commencement Date shown on Page 2 and 9.00am 30th June 2004.

Nominated CGS Account means the account you nominate on your Application.

Total Loss means a loss of yield potential caused by a Hail Strike that renders the Crop in a Field or part of a Field uneconomic to continue to grow as determined by the Loss Assessor and results in the termination of the Crop in that Field or in the area of the Field deemed uneconomic.

Loss Adjuster means Agricultural Loss Management Group a division of International Adjustment Management Pty Ltd ACN 071 723 781 acting on our behalf to adjust all Field Debt Waivers under this agreement.

Loss Assessor means a person acting on behalf of your insurer if you have insured the Crop or the Loss Adjuster if you are uninsured.

How you make a recovery

If you suffer a Hail Strike on your Crop you must notify your CGS Representative shown in the Agreement Details below as soon as you become aware or as soon as practical after you become aware of any loss or damage.

If you insure your Crop then the Loss Adjuster will determine the Field Debt Waiver using the same Potential and Actual Yields that are determined by the Loss Assessor and you must make these yield figures available to the Loss Adjuster. If you do not insure part or any of the Crop, the Loss Adjuster will determine the Potential Yield and verify the Actual Yield.

If there is a Field Debt Waiver greater than zero for any Field, we will credit your Nominated CGS Account with the sum of the Field Debt Waivers greater than zero on the date you would receive your first crop payment or 30th June 2004 or as soon as practical after the Potential and Actual Yield figures of all effected Fields are provided to the Loss Adjuster whichever occurs last.

Debt Waiver Example

You have planted three fields to cotton and have entered into a Debt Waiver Agreement. You suffer a Hail Strike in early November which causes a partial loss of yield in fields 2 and 3. You insured the crop.

The table below shows the information the Loss Adjuster obtains from your insurance claim.

Field	Area (Ha)	Potential Yield (bales per Ha)	Actual Yield (bales per Ha)	Percentage Yield Loss
1	45.0	8.67	8.67	0%
2	62.0	9.12	8.30	9%
3	87.0	8.93	6.52	27%

As the Percentage Loss in fields 1 and 2 is less than 10%, there is no Field Debt Waiver greater than zero for these fields. The yield loss in field 3 is 27% so the Net Percentage Yield Loss is 17%. The Field Purchases in field 3 were verified by the Loss Adjuster to be \$54,060 so the amount we credit to your Nominated CGS Account is:

$$\text{Field Debt Waiver} = \$54,032 \times 17\% = \$9,190$$

Debt we will not waive

We will not waive the following:

- any Purchases not applied to the Crop as any Purchases you do not use on the Crop are still available to you to use on other crops or return to us so we deduct these from the Purchases you have made for the purposes of this Debt Waiver Agreement;
- any purchases not made through the Nominated CGS Account shown in the Agreement Details below that do not have the Debt Waiver Loading applied; and
- any Debt you owe us that is greater than the sum of each Field Debt Waiver.

Compatibility

We have developed this agreement with Innovative Risk Transfer Pty Limited to improve the diversity of your risk treatment options and reduce your costs. This risk reduction option is only compatible with your risk transfer options – such as insurance – if they are properly tailored to accommodate this Debt Waiver Agreement. We recommend you talk to Innovative Risk Transfer so that you gain the full benefits of participation in this risk treatment option.

Confirmation of our Acceptance

We confirm that we have accepted you into this Debt Waiver Agreement on the basis set out in your Application Form and the Agreement Details below.

Agreement Details	
Account Holder:	
Nominated CGS Account:	
Your CGS Representative:	
Debt Waiver Loading:	
Commencement Date:	
First Purchase Date:	
Signed on behalf of us by:	
Signature:	