



## Sale of Bulls – Full Possession and 75% Semen Interest Conditions of Sale

As printed in page 3 of the Sale Catalog, Lone Mountain Cattle Company will retain a 25% revenue-sharing semen interest in all bulls sold in the 2008 Wagyu Production Sale. In response to several questions regarding this policy, it has become evident that the specific conditions need to be outlined.

It should be noted that the policy of revenue-sharing semen interest is a common practice in many breeds and at many sales in the U.S. We have adapted our policy from those published by Syndenstricker Genetics, Flying H Genetics, Nagel Cattle Company, Hoffman Angus Ranch and Tehama Angus Ranch - most of whom, incidentally, retain a 50% revenue-sharing interest.

The Buyer of a Lone Mountain Wagyu Bull will get full possession of the animal and 75% revenue-sharing semen interest in the bull. This means the bull is totally in your control of how you want to handle him and you get 100% of the resale or salvage value of the bull.

Simply speaking, we reserve the right to a 25% share of the semen sales revenue from the bull, if at some time in the future, semen sales become a possibility. If you sell the bull to another breeder, Lone Mountain will retain the 25% revenue-sharing semen interest.

Realistically, very few bulls ever sell a great amount of semen. And, in fact, many bulls are discovered only later in life, after they have proven themselves in the breeding pen and in progeny testing - which in the Wagyu breed can take up to 3 years after mating occurs. Even bulls that sell into commercial herds may become popular when carcass data on their calves are retrieved. It is for this reason that we are retaining an interest in all the bulls in this sale.

If you purchase a bull and you choose to collect that bull as an "insurance policy" for your own use, that semen is 100% yours. Lone Mountain may wish to collect the bull, either for within herd use or to build a jointly-owned semen bank for sale purposes. If you are not interested in collecting semen of the bull, LMR reserves the right to collect the bull for our own use and sale to third parties. In that case, we will pay all collection expenses involved and will do so at the convenience of the owner of the possession interest. Costs incurred in building a jointly owned semen bank for sale purposes will be shared equally based on the portion of interest owned by each party.

Again, this revenue-sharing interest does not affect the buyer's ability to have full use of and full sale price for the bull. We are simply reserving the right to share in any revenue from semen sales in the bull if at sometime in the future semen sales become a possibility. Retaining a semen interest also reserves access to young sires we wish to incorporate back into the Lone Mountain breeding program.

Regards,