

Frequently Asked Questions About the Time and Bales Program

What is the Time and Bales (TAB) Program?

The Time and Bales program is an innovative financing plan developed to help gins benefit from the latest cotton moisture control technology. Periodic payments are based on the number of bales ginned each year. Payments on the loan take the form of a “fee per bale” that has an interest component built in to each year’s fee.

What relationship do time and cotton bales have to each other in this program?

Using the TAB program, gins can think of paying for cotton moisture control machinery “by the bale”. This occurs over a period up to five ginning seasons. Earlier bale fees are cheaper than later bale fees as the interest component gets larger with each season that passes.

What is the “Bale Basis”?

The Bale Basis is the total number of bales that a TAB purchaser feels he will gin over a period of 5 consecutive ginning seasons. It should be a reasonable number based on the gin’s history and ginning prospects averaging both good and bad seasons.

What is the “Bale Base Rate”?

The Bale Base Rate is derived by dividing the total amount to be financed by the Bale Basis. This yields the fee per bale, before interest.

How do I know how much interest I am paying on this note?

Subtract the Bale Base Rate from each season’s bale fee. Multiply this difference by the number of bales being paid that season to yield the interest paid for the season.

What happens if I have a bad season?

You have a low payment on the TAB program. In a bad year, you are only obligated to pay the fee per bale for the bales ginned. Unpaid bales are automatically deferred to later years. Whatever the mix of good and bad seasons, the total number of bales in the bale basis must be paid by the fifth payment.

How is the interest rate determined?

The Samuel Jackson Team is literally betting our farm on your operation and profitability. Through a financing arrangement with American State Bank of Lubbock, Texas, our assets are used as collateral in order to offer a financing package with



SAMUEL JACKSON, INCORPORATED

Lubbock, TX USA / Tel: 806-795-5218 / Fax: 806-795-8240 / www.samjackson.com

flexibility that can be matched by no bank. In exchange for this risk, a 10% fixed interest rate compounded annually is our investment return. We act as the buffer between what a traditional bank demands and what an agricultural enterprise needs when implementing new moisture control technologies.

Is the interest rate fixed?

Yes. It is presently fixed at 10%, compounded annually.

What happens if I do not meet my bale basis by the fifth season?

The bale balance must be paid in full at the fifth payment.

How do you enforce a particular season's payment if you do not know how many bales I ginned?

We don't. It is on the honor system. Bale fees are less in earlier years.

Is there a penalty for paying for future bales early?

Absolutely none. Significant interest savings are possible by paying bale fees before they are due.

What is the collateral for a purchase under the TAB program?

Only the products supplied by Samuel Jackson serve as collateral. A Uniform Commercial Code (UCC) filing will be made at the time of purchase.

Is there a deposit required?

Yes. Deposits can be as low as 10%, depending on the situation.

What products are eligible for the TAB program?

All Samuel Jackson products, without exception.

Is the TAB program available outside the United States?

Not at this time.

Can dealers and OEM's participate in a TAB purchase?

No.



SAMUEL JACKSON, INCORPORATED

Lubbock, TX USA / Tel: 806-795-5218 / Fax: 806-795-8240 / www.samjackson.com

Can I include fans and other items purchased from Samuel Jackson in a TAB purchase plan?

The program is intended to finance only items manufactured and stocked by Samuel Jackson, Inc. Other items can be considered on a case by case basis.

I can obtain a loan for less interest from my bank. Why consider a TAB purchase?

Sometimes a bank offers a deal that you can't refuse and we certainly welcome cash purchases! A TAB purchase offers automatic flexibility of payment. Security for the note is only on the equipment being financed. There is no lien placed on the gin. Some gins start with a TAB purchase and transfer the balance later to a lower interest bank loan after the technology is proven in their operation.

Are there limits to the amount of TAB program sales?

Yes. When our financing reaches its limits, we have to limit new sales under the TAB program. American State Bank offers financial backing to us to provide a larger base of TAB sales than has been possible before.

What does the TAB contract look like?

It is a three-page document that requires entry of the legal description of the products, the legal name of the gin, and the legal description of the gin location for purposes of filing the UCC on products supplied under the TAB contract.

Since I decide how many bales I will be paying each season, what does a TAB invoice look like?

A TAB statement will be issued once each year. This statement will summarize basic TAB program rules, state the interest rate, recap the original order details, show each season's fee based on the compounded interest, and outline each payment already received with its principal and interest components. The present season will be blank (unless it is the fifth season) allowing the gin to fill in the number of bales they wish to pay. A copy of this will then be returned to us as the remittance advice along with the payment for the bales indicated. A confirmation copy acknowledging receipt of payment and updating the bale balance will be sent for the gin's records, after we process the payment.



SAMUEL JACKSON, INCORPORATED

Lubbock, TX USA / Tel: 806-795-5218 / Fax: 806-795-8240 / www.samjackson.com