

4/5 ARABICA COFFEE FUTURES CONTRACT

– Specifications –

1. Definitions

BM&FBOVESPA

exchange rate benchmark:

The exchange rate of Brazilian Reals per United States Dollar, calculated by BM&FBOVESPA for settlement in one (1) day.

PTAX rate:

The exchange rate of Brazilian Reals per United States Dollar, sell quotation, freely agreed upon between the parties and for cash delivery, pursuant to the provisions of Resolution 3.568/2008 of the National Monetary Council (CMN), calculated and published by the Central Bank of Brazil (BACEN).

Settlement price (PA):

The closing price in United States Dollar per bag, calculated and/or arbitrated daily by BM&FBOVESPA, at its sole discretion, for each authorized contract month for the purpose of updating the value of open positions and calculating the variation margin value and settlement value of day trades.

Business day:

For the purposes of this Contract, a business day is considered as a day on which there is trading on BM&FBOVESPA. For the purposes of cash settlement and meeting margin calls, a business day is considered one on which as well as there being a trading session on BM&FBOVESPA, there is not a banking holiday in the New York marketplace of the United States of America.

Agricultural Commodities

Depository (DA):

A depository institution registered by BM&FBOVESPA authorized to execute arabica coffee deliveries for settlement of the contract.

BM&FBOVESPA or Exchange:

BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

2. Underlying commodity

Green coffee beans produced in Brazil, variety *coffea arabica*, type 4-25 (4/5) or better, hard cup or better, to be delivered in the city of São Paulo, State of São Paulo, Brazil.

3. Price quotation

Dollars of the United States of America per 60 net kilogram bag to two decimal places.

4. Tick size

US\$0.05 (five cents of a US Dollar) per 60 net kilogram bag.

5. Contract size

100 bags weighing 60 net kilograms each, or 6,000 net kilograms.

6. Contract months

March, May, July, September and December.

7. Expiration date and last trading day

The sixth business day preceding the last business day of the contract month. On that day neither opening of new positions nor day trading shall be allowed.

8. Daily settlement of accounts (variation margin)

The positions outstanding at the end of each session shall be marked-to-market according to that day's settlement price, as determined by BM&FBOVESPA rules and regulations. The corresponding amount shall be cash settled on the following business day, in observance of the provisions of item 14, where applicable.

Variation margin for open positions shall be calculated up to the business day preceding the day a Delivery Notice has been designated to the buyer, as described in items 11.1 and 11.2, in accordance with the following formulas:

(a) For the positions initiated on the day

$$AD = (PA_t - PO) \times 100 \times n$$

(b) For the previous day's outstanding positions

$$AD = (PA_t - PA_{t-1}) \times 100 \times n$$

Where:

AD = the amount of variation margin;

PA_t = the day's settlement price;

PO = the traded price;

n = the number of contracts;

PA_{t-1} = the previous day's settlement price.

The amount of variation margin (AD_t) calculated as shown above, if positive, shall be credited to the buyer and debited from the seller. Should the calculation above present a negative value, it shall be debited from the buyer and credited to the seller.

9. Delivery points

Delivery shall be made to the DAs.

Whenever a delivery is made in a city other than São Paulo, freight costs shall be deducted when the cash settlement value is calculated.

10. Certificate of Classification and Arbitration

Classification shall be requested by the seller from BM&FBOVESPA, through the DA, in a form the Exchange adopts. This form must include the number of lots and the quantity of regular bags or big bags of each lot.

BM&FBOVESPA shall register the requests for classification and render the corresponding service on a first in, first out basis. The Certificate of Classification shall be issued within five business days by BM&FBOVESPA, counted as from the date of receipt by the Exchange of the corresponding samples, provided they are delivered up to ten business days prior to the last day of the period for Delivery Notice registration. Should the samples be delivered after ten business days prior to the period for Delivery Notice registration, BM&FBOVESPA shall not be responsible for the delivery of the corresponding results prior to the last day of the period for Delivery Notice registration.

After the commodity is bagged, the samples to be extracted from each lot shall be sealed by the DA. One sample shall be delivered to the buyer for quality testing; the others shall remain for later use in any possible arbitration of the quality of the delivered commodity and in conformity verification requests. The number of samples shall be determined by the Exchange.

When solicited by the current or future owner of the coffee, BM&FBOVESPA shall examine the regular bags or the big bags and the coffee that compose the lots stored with the DAs and shall analyze the type, sieve, color, aspect and humidity of the coffee in order to verify its conformity. The costs related to this service shall be charged to the solicitant. The Certificates of Classification of the lots that do not comply with the specifications herein stated shall be canceled.

BM&FBOVESPA may, in regular inspections and at its sole discretion, extract a sample of the certified coffee and analyze its characteristics to verify any discrepancies in quality resulting from inadequate storage conditions, which, if verified, shall imply the cancellation of the Certificates of Classification.

Partial or total repacking shall be allowed whenever holes in the regular bags or in the big bags cause the coffee of a lot already classified to spill out. In such an event, both BM&FBOVESPA and the depository customer must be informed by the DA, which must repack the coffee in up to ten days on behalf of the customer. Should BM&FBOVESPA, during any subsequent inspection, verify any leaking bags or big bags of coffee belonging to a lot, which were not reported by the DA or by the owner of the lot, the lot shall be disqualified.

11. Settlement conditions on expiration

11.1 Period for Delivery Notice registration

The sellers who decide not to offset their positions up to the last trading day shall electronically register a Delivery Notice, via the BM&FBOVESPA Physical Delivery System, during the period that initiates on the first business day of the contract month and terminates on the seventh business day preceding the last business day of the contract month, at 6:00 p.m. (Brasília time).

The Delivery Notice not only identifies the coffee lots to be delivered, but also constitutes a valid instrument through which the seller shall grant BM&FBOVESPA full powers for the specific purpose of allowing it to transfer the coffee lots deposited with the DAs from the seller to the buyer or to a person appointed by the buyer.

11.2 Procedures for Delivery Notice electronic registration and designation

Up to the Delivery Notice electronic registration date, the DA shall mandatorily send to BM&FBOVESPA, on behalf of the sellers and by means of the Brokerage House that represents them, the following documents:

- A “declaration verifying commodity ownership and packing list,” which (i) states that coffee is free of any and all charges, including fiscal debts; (ii) certifies that regular bags or big bags are new and in perfect order; and (iii) certifies that storage and regular insurance expenses have been paid covering a 15 day-period, counted as from the Delivery Notice issuance date; and
- A “transfer order,” which informs BM&FBOVESPA that the DA is aware of the decision of the seller to transfer its lots to a third-party (buyer or a person appointed by the buyer) as a result of the physical delivery made by means of BM&FBOVESPA.

By means of their Brokerage Houses, the sellers must register, via the BM&FBOVESPA Physical Delivery System, the Certificates of Classification they have received, which must be electronically confirmed by the registered DA.

The Delivery Notices shall be designated to the buyers on the business day subsequent to their electronic registration via the BM&FBOVESPA Physical Delivery System.

The Delivery Notices shall be made available for selection by the customers who hold long positions. BM&FBOVESPA shall offer the lots in the Delivery Notices to the buyers, and priority of designation shall be given to the buyers who have held long positions for the greatest amount of time. Should there be no parties interested in receiving all or part of the commodity in the Delivery Notices,

BM&FBOVESPA shall determine that the customer(s) who has(ve) held long position(s) for the greatest amount of time shall take delivery of the coffee.

The Delivery Notices that are submitted on a given day and are not chosen during the corresponding trading session shall be designated to the buyers who have held positions for the greatest amount of time since the beginning of that day, independently of the transactions executed by them on that day or during the previous day's after-hours session.

11.3 Third-party assignment and invoice

The sellers who reside in Brazil shall be allowed to assign third parties to make delivery of the coffee, provided they do so before the Delivery Notice electronic registration. The sellers who do not reside in Brazil must mandatorily appoint a third party residing in Brazil to make delivery of the coffee, provided they do so before the Delivery Notice electronic registration.

The buyers shall be allowed to assign third parties to take delivery of the coffee. Should a nonresident buyer wish to take delivery of the coffee, the nonresident buyer must mandatorily appoint a legal representative to provide transportation and shipment, as well as to meet all further requirements defined by the Foreign Trade Office (SECEX) of the Development, Industry and Commerce Ministry (MDIC).

The assigned parties shall be bound to the contract up to the delivery's final settlement. In addition, the original buyer and seller shall remain responsible for any and all obligations of the third parties they have assigned, up to the delivery's final settlement.

The buyers, the third parties or the legal representatives must send to BM&FBOVESPA, through their Brokerage Houses, their personal data for invoice purpose by no later than 4:00 p.m. (Brasília time) of the second business day subsequent to the day a Delivery Notice has been designated.

11.4 Lot formation

- The type must be 4-25 (4/5) or better. Inferior grades shall not be eligible for delivery. Should the coffee type be above 4-25 (4/5), the invoice shall be issued without a premium.
- The coffee, which cannot have been salvaged from fire or contain foreign matter other than that typically found among the beans, must be packed in:
 - i) *Brazilian jute bags, well identified, new and sound first-quality type 2J or 3J, which must be machine sewn and in a perfect state of conservation,*

must have a minimum 520-gram weight with a 3% tolerance, and must be free from hydrocarbon and be vegetable oil treated.

ii) Brazilian polypropylene bags, well identified, new, first quality, machine sewn and in a perfect state of conservation, must have a minimum weight of 250 grams and 3% tolerance and be free from odors.

• *When big bags are used for coffee delivery:*

iii) they must be new, in a perfect state of conservation, returnable and with a capacity of 1,200 net kilograms, being sealed and made of polypropylene, with each bag weighing between 3.00 and 3.70 kilograms, be 1.08 meters in width, 1.08 meters in length and 1.40 meters in height.

- The coffee must be classified by BM&FBOVESPA, in accordance with its rules and regulations, which conform to the prevailing legislation—Law No. 9972, of May 25, 2000, Decree No. 3664, of November 17, 2000, Normative Instruction No. 8, of June 11, 2003, and Federal Decree No. 6268, of November 22, 2007 — stored with DAs and grouped into lots.
- Coffee which has been poorly dried, damaged by moisture or infestation, or having a taste uncharacteristic to arabica coffee shall not be eligible for delivery.
- There will be admission of a maximum of 8% wormy or bored beans;
- There will be admission of lots at sieve 15 or larger. There will be admission of 30% at sieve 15 or larger, passing a maximum of 10% at sieve 13. Lots composed of flat beans may contain a maximum of 10% pea berries and lots composed of pea berries may contain a maximum of 10% flat beans.
- For pea berry lots, sieves 9, 10 and 11 will be accepted, passing a 20% pea berry maximum at sieve 10.
- To form a lot, the coffee must be green or greenish, with greenish being understood as the characteristic color from the most recent harvest, or the immediately preceding harvest. Lots made up of coffee from different harvests shall not be eligible for delivery.
- Due to the time lag between the Certificate of Classification issuance date and the delivery date, a variation in color shall be permitted, provided the same initial characteristics are maintained.
- Lots damaged by poor storage conditions shall not be eligible for delivery.
- A lot shall have a maximum of 100 bags, each one weighing 60 net kilograms, or 6,000 net kilograms and shall be grouped with only one DA where the commodity has been placed for storage. The delivery of different types of big bags in the same lot will not be allowed and neither will a mixture of regular bags and big bags in the same lot.
- To compose the contract size, the minimum of 100 bags or 6,000 net kilograms shall be allowed to be delivered. The customer who wishes to transfer the coffee from one registered DA to another shall be allowed to do so, without losing the validity of the Certificate of Classification, but paying the corresponding costs. A transfer must be requested through a Brokerage

House and be authorized by BM&FBOVESPA, which shall send a representative or a registered Quality Supervisor to accompany the transfer. Should the regular bags or the big bags suffer damages during the transfer process, they must be replaced at the owner's expense, or else the Certificate of Classification shall be cancelled. The authorized representative sent by BM&FBOVESPA or by the registered Quality Supervisor who shall accompany the transfer may, at his/her own discretion, request the owner of the coffee to replace the regular bags or the big bags, or else the Certificate of Classification shall be cancelled.

11.5 Cash settlement

The buyer shall execute cash settlement on the expiration of the contract, in regard to the delivery and receipt of the commodity, on the third business day after the Delivery Notice has been designated, in observance, where applicable, of the provisions of item 14.2. BM&FBOVESPA shall transfer the funds to the seller on the fifth business day after the day the Delivery Notice is designated to the buyer, in observance of the provisions of item 14, where applicable.

The cash settlement value per contract shall be calculated by the following formula:

$$VL = \left\{ \left[C \times \left(1 - \frac{D_1}{100} \right) \right] - D_2 \right\} \times P$$

Where:

VL = the cash settlement value per contract;

C = the settlement price of the business day preceding the day a Delivery Notice has been designated to the buyer;

D1 = the percentage discount, if any, for time lags from the Certificate of Classification issuance date to the day a Delivery Notice has been designated to the buyer;

D2 = the discount for freight costs, if any, whose values shall be periodically published by the Exchange;

P = the total gross weight of the lot delivered to settle one contract, expressed in kilograms to two decimal places.

Discounts for time lags in the Certificate of Classification issuance date shall be 0.5% every 30 days. The first discount shall be due on the 91st day, counted as from the Certificate of Classification issuance date, for coffee samples originated from the coast. For coffee samples originated from an inland location, the first 0.5% discount shall be due on the 151st day, counted as from the Certificate of Classification issuance date.

When taking delivery, the buyer may request that the coffee be weighed. Should the resulting weight be different from the one informed by the DA, the cash settlement value shall be adjusted by the proportion of the weight difference verified. Weighing expenses shall be borne by the buyer.

Should the coffee be subject to arbitration, BM&FBOVESPA shall pay the seller 80% of the cash settlement value through the seller's Brokerage House. The balance shall be paid on the business day following the day of the final acceptance of the coffee delivered by the buyer.

Should the coffee type be above 4-25 (4/5), the invoice shall be issued without a premium.

The DAs are responsible, before the coffee owners, for the safekeeping and conservation of the coffee lots deposited in their facilities, as well as for any events that might affect those lots. In all situations, the coffee owners shall remain solely and exclusively responsible for complying with their obligations before BM&FBOVESPA.

11.6 Further conditions

A physical delivery shall be effected when the seller issues an invoice to the buyer, in accordance with prevailing legislation. Should this legislation establish the incidence of the Tax on the Circulation of Merchandise and Services (ICMS), the corresponding amount shall be added to the cash settlement value, for the purposes of invoicing. Credits from this tax shall not be transferred should both the buyer and the seller be located in the same Federal State, unless the corresponding legislation thus requires.

Whenever the seller is a rural producer, as set forth in the prevailing legislation, the Social Security Contribution shall be deducted from the cash settlement value. The payment of this contribution shall be made by the buyer, who shall then submit to BM&FBOVESPA a copy evidencing this payment.

Should other taxes (PIS and COFINS) be due, they shall be paid by the seller. The corresponding amount shall be included in the traded price, therefore not affecting the cash settlement value.

BM&FBOVESPA shall issue a certificate containing type, quantity and cash settlement value of the delivered commodity (attached to a copy of the Certificate of Classification) which shall be used, when applicable, by the legal representative of the nonresident seller to obtain sale and export registrations, as required by SECEX.

11.7 Force majeure

If a transaction cannot be settled by physical delivery due to changes in the current rules or due to any other reasons recognized by BM&FBOVESPA, such as an act of God or force majeure, the Exchange may, at its sole discretion, extend time frames and settlement dates and/or determine that the transaction shall be cash settled, defining its settlement prices.

11.8 Penalties

A delay in sending invoice information to BM&FBOVESPA on the part of the buyer or a delay in sending the invoice on the part of the seller shall result in the application of a penalty, at the Exchange's sole discretion and in its favor, of at least 1% per day calculated on the settlement value, payable by the party that failed to meet its obligation.

12. Arbitration

If a delivered lot has not been formerly arbitrated, the buyer may request arbitration within two business days, counted as from the receipt of the documents of the commodity delivered.

Should the conditions of the coffee differ from those described herein, the seller shall be obliged to replace the corresponding lots by others that meet the requirements of type, cup, and all other qualifying specifications within two business days after being notified of the arbitration award.

The arbitration award shall be final and without recourse.

If the lots have already been arbitrated, the buyer shall still be permitted to examine their conformity with respect to storage conditions, type, sieve, color, aspect and humidity. Should the buyer question storage-related conditions by no later than 9:00 a.m. (Brasília time) of the second business day subsequent to the day he/she/it was designated a Delivery Notice, BM&FBOVESPA may be requested by the buyer to verify storage conditions. Should the nonconformity of storage conditions be verified, the seller must replace the lots before 9:00 a.m. (Brasília time) of the fifth business day subsequent to the day the Delivery Notice was designated to the buyer.

When requesting a verification of conformity, the buyer shall pay BM&FBOVESPA for the expenses involved, which shall include the travel and hotel expenses of its representative plus 1% of the value of the lot verified, calculated on the settlement price of the nearest futures delivery month verified on the day the verification of conformity was requested; plus 0.5% for the verification of a second lot; plus 0.3% for the verification of each subsequent lot.

Should nonconformity be verified in a lot or lots, the seller must repay the buyer, through BM&FBOVESPA, for the expenses incurred in the verification and replace the commodity delivered.

The seller and the buyer may agree upon a discount on the cash settlement value. This agreement shall be registered at BM&FBOVESPA.

13. Ex-pit transactions

Ex-pit transactions shall be allowed, up to the last business day preceding the Delivery Notice registration period, provided the conditions established by BM&FBOVESPA are met. These transactions shall be published by BM&FBOVESPA, but shall not be subject to market interference.

14. Payment and receipt of amounts in relation to cash settlement and cash collateral conversion

The following shall apply to the payment and receipt of amounts resulting from day trades, variation margin requirements, expirations and trading costs not expressed in Brazilian Reals, as well as to the conversion of cash collateral:

14.1 Nonresidents

The amounts shall be payable and receivable in United States Dollars in New York, USA, through the settlement banks appointed by BM&FBOVESPA.

The conversion of collateral pledged in United States Dollars and/or in U.S. Treasury securities shall be made by the BM&FBOVESPA exchange rate benchmark, as defined in item 1, verified on the trading day.

When the conversion of trading costs, expressed in Brazilian Reals, is necessary, the PTAX rate, as defined in item 1, shall be used.

14.2 Residents

The amounts shall be in Brazilian Reals, in accordance with the regular procedures of the other BM&FBOVESPA contracts not authorized to be traded by foreign investors.

When the conversion of cash settlement amounts is necessary, the BM&FBOVESPA exchange rate benchmark, as defined in item 1 and verified on a specific date according to the nature of each payment, shall be used as follows:

- (a) Amounts resulting from day trades: the BM&FBOVESPA exchange rate benchmark verified on the trading day;

- (b) Amounts resulting from variation margin requirements: the BM&FBOVESPA exchange rate benchmark verified on the day when the variation margin payment is due;
- (c) Amounts resulting from cash settlement: the BM&FBOVESPA exchange rate benchmark verified on the business day preceding the cash settlement date.

When the conversion of trading costs not expressed in Brazilian Reals is necessary, the PTAX rate, as defined in item 1, shall be used.

15. Further provisions

This contract shall be subject, where applicable, to the prevailing legislation and to BM&FBOVESPA rules, regulations and procedures, as defined in its Bylaws, Operating Rules and Circular Letters, as well as to the specific rules set forth by the Brazilian governmental authorities that may affect the terms stated herein.

In the case of situations not foreseen in this contract, or of government measures or any other fact that impacts on the formation, manner of calculation, or the publication of its variables, or which imply its discontinuation, BM&FBOVESPA shall take the measures it judges necessary, at its sole discretion, seeking the settlement of the contract or its continuation on equivalent bases.