

Top 10: Need-To-Know Legal Points

WOW Commodity Purchase Program

1. WOW Logistics is agreeing to purchase a commodity from either the counterparty or the manufacturer/supplier and hold it until the counterparty is ready to purchase it.
2. The counterparty is agreeing to purchase the commodity from WOW Logistics, regardless of the quality of the commodity or market conditions (or any other factor). The counterparty's obligation to repurchase is irrevocable, absolute and cannot be terminated, waived or assigned.
3. WOW Logistics essential duties are:
 - Purchase the commodity from the counterparty or manufacturer/supplier;
 - Hold the commodity according to the commodity specifications provided by the counterparty;
 - Transfer the product to the counterparty when counterparty so directs, but not later than the shelf life, if applicable, of the commodity.
4. Counterparty's essential duties are:
 - Transfer good and unencumbered title of the commodity to WOW Logistics;
 - Establish the specifications for the commodity and verify that those specifications are satisfied;
 - Purchase the commodity from WOW Logistics and pay all fees and charges.
5. While WOW Logistics holds title to the commodity, WOW Logistics insures the commodity against certain types of losses caused by natural disasters, such as fire and storm.
6. The WOW Commodity Purchase Program charges two types of fees :
 - A time-based fee that is calculated much like simple interest, and is based upon the cost of the commodity and the initial and ongoing storage, handling, and shipping fees (when applicable).
 - Holding (aka storing) and moving (aka handling) fees.
7. The counterparty receives an exclusive right to purchase the commodity that they place in the WOW Commodity Purchase Program. Provided that there is no default, WOW Logistics has no right to sell the commodity to anybody but the counterparty.
8. If in the event the agreement is determined to be an agreement intended for security rather than an agreement for the purchase and sale of goods, the counterparty agrees to grant WOW Logistics a first priority security interest in the commodity. Such security interest shall be automatically terminated and released upon title to the commodity being transferred to the counterparty.

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WOW Logistics Commodity Purchase Agreement

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9. The counterparty will have access to the commodity at all times while in the WOW Commodity Purchase Program to perform inspections related to the quality of the commodity or to determine whether the commodity is in compliance with certain specifications. At no time will WOW Logistics be responsible for inspecting the commodity for purposes of quality and/or conformance with specifications.
10. The interest rate used in the time-based fee may adjust monthly, coinciding with adjustments to the rate of WOW Logistics credit facility. The rate is based upon the 30-day LIBOR rate.

Top 10: Need-To-Know Legal Points is not an offer to contract nor is it a solicitation. This document contains information regarding the WOW Commodity Purchase Program. For specific information about the legal agreement that defines the rights and duties of the parties, you should refer to the commodity purchase agreement, which shall be deemed the controlling document. Prior to placing commodity into the program, the counterparty must execute a commodity purchase agreement. The commodity purchase agreement supersedes all prior oral or written statements, including this Top 10 Need –To-Know Legal Points document.

