

**There is no fee** for target pricing a BPC or FPC with the CWB.

## Target pricing

The CWB offers a Target Pricing Service for the Basis Payment Contract (BPC) that allows producers to place an order to lock in a December 2007 futures price for wheat beginning September 1, 2006. Target pricing gives producers the opportunity to take advantage of potential futures rallies while leaving the responsibility for monitoring daily market conditions to the CWB. Producers simply indicate the target price they want to lock in, the class of wheat, tonnage and the length of time they want the order to stand. There is a choice of three time periods available for target price orders: 30 days, 60 days or until the end of the sign-up period on November 1, 2007 at 7:30 a.m. Central time. There is no charge for the Target Pricing Service. Producers have the option of choosing the Force Majeure clause on the Target Pricing Application, until the earlier of May 1, 2007 or the 100,000 tonne sign-up limit has been reached. If this option is chosen, the lock-in value will be reduced by \$3.00 a tonne to reflect the additional risk being assumed by the CWB.

The CWB posts futures settlement prices (target orders are matched against settlement, not intra-day values) every business day at 2:30 p.m. Central time. If a target price order is matched or exceeded, the CWB will fill the order at the higher value. A contract and statement of information will be mailed to the producer. Unfilled target orders may be cancelled or revised any time prior to expiry. If the target price is not met during the specified time period, the order expires without notification. Producers have the option of placing a new target order.

BPC sign-up for wheat (futures only) runs from September 1, 2006 to November 1, 2007 at 7:30 a.m. Central time. Target pricing orders may be placed any time during the sign-up period. Producers may place a target price order by calling the CWB at 1-800-275-4292 between 7:00 a.m. and 6:00 p.m. Central time, Monday to Friday or by faxing a Target Pricing Application form to 1-204-983-8031. The application forms are available on the CWB website at <http://www.cwb.ca/public/en/contracts/forms/index.jsp> or by fax through the 24-hour Fax on Demand phone service at 1-800-275-4292.

### Futures target pricing example

On September 10 a producer decides he or she wants to lock in a 200 tonne CWRS BPC at a Minneapolis December 2007 futures price of \$210.00 per tonne and would also like to sign up for the force majeure clause. To offset the \$3.00 per tonne fee for the force majeure option, the producer submits a target pricing application form for a December 2007 futures target price of \$213.00 per tonne and selects November 1, 2007 at 7:30 a.m. Central time for the duration of the order. The CWB sends the producer a letter confirming the target order has been received. On April 15, the Minneapolis December future closes at \$215.50 per tonne. The contract is locked in at that level and the CWB mails the producer a BPC contract with a net value of \$212.50 (\$215.50-\$3.00), as well as a statement of information.

If, in the above example, the target price was not reached until May 15 (after the force majeure deadline), the order would be filled at \$215.50 without the force majeure clause. The producer would not be charged this \$3.00 per tonne fee.

An example of **how to complete the Target Pricing Application** related to this example is on the reverse.

## Important dates for 2007-08

The target pricing service is also available on the Fixed Price Contract and the basis component of the Basis Payment Contract program once sign-up begins.



Program	Sign-up begins
Basis Payment Contract (wheat futures only)	September 1, 2006
Fixed Price Contract (all programs)	February 26, 2007
Basis Payment Contract – Dec 2007 basis and March 2008 basis & futures	February 26, 2007
Basis Payment Contract – May 2008 and July 2008 basis & futures	August 1, 2007

### FPC/BPC sign up deadline is November 1, 2007 at 7:30 a.m. Central time



Effective September 1, 2006

Wheat

# TARGET PRICING APPLICATION

## 2007-08 Basis Payment Contract (futures only) Target Pricing

This document forms part of the 2007-08 CWB Basis Payment Contract for Wheat: Terms and Conditions;

Grain committed to the Basis Payment Contract (BPC) program must be delivered and settled in the 2007-08 crop year. Grain delivered into storage under 2006-07 CWB delivery contracts **cannot** be settled against a 2007-08 BPC.

Please complete all information in this area.

Producer's Name ("the Producer") as shown on the Delivery Permit		
B   O   B   P   R   O   D   U   C   E   R		
Producer's Identification No.	Producer's Telephone No.	Producer's Fax No.
0   0   1   2   3   4   5   6   7   8	( 306 ) 555-5309	( 306 ) 555-5310
	Alternative Telephone No. (daytime/cell)	
	( 306 ) 555-5311	

**A) CLASS OF WHEAT** Please indicate the class of wheat.  
Choose only one class per application.

Canada Western Red Spring (CWRS)     Canada Prairie Spring White (CPSW)     Canada Western Extra Strong (CWES)

Canada Prairie Spring Red (CPSR)     Canada Western Red Winter (CWRW)     Canada Western Hard White Spring (CWHWS)

Canada Western Soft White Spring (CWSWS)

**B) Please indicate the Net Tonnes and your Target Price.**

<b>Net Tonnes</b> <hr/> 200.000 Minimum of 20 tonnes	<b>Target Price</b> \$ <hr/> 213.00 Cdn \$ tonne in store Vancouver or St. Lawrence
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**Note: Target Price is for December, 2007 futures.**

**Part C must be completed**

**C) TIME PERIOD** Choose the time period for which you wish your target price order to be valid.

30-day     60-day     Until November 1, 2007 at 7:30 a.m. CT (the end of the sign-up period)

**D) Force Majeure or "Act of God" clause - OPTIONAL**

The force majeure clause will be available from September 1, 2006 at 2:30 p.m. C.T. until the earlier of May 1, 2007 at 7:30 a.m. C.T. or such time that the 100 000 tonne force majeure sign-up limit has been reached. The Force Majeure clause is not assignable to another producer. All other terms and conditions may be assigned after payment of the \$3.00/tonne additional risk deduction.

I wish to select the Force Majeure clause contained in the 2007-08 CWB Basis Payment Contract for Wheat: Terms and Conditions.

By selecting this option upon sign-up, I understand that my **BPC lock-in value will be reduced by \$3.00 per tonne**, to reflect the additional risk being assumed by the CWB. This amount will be deducted from all future CWB payments owing to me.

Once your Target Price has been met, a contract will exist between you and the CWB. All of the terms and conditions will apply. The CWB will send you an information statement which includes your contract number. You have the right to change or rescind your target price at any time **before** the target price is met.

**READ THE FOLLOWING CAREFULLY.**  
I (the Producer) have read the Terms and Conditions related to the option I have selected on this application. By completing this document and sending it to the CWB, I am selecting the target price indicated. I agree that all of the said Terms and Conditions will apply to the options I have selected herein.

Bob Producer  
 Producer's Signature  
September 10, 2006  
 Date

President  
 Position in Company (If Applicable)

FAX (204) 983-8031  
 Phone 1-800-275-4292  
 (7 a.m. to 6 p.m. Mon. - Fri.  
 Central Time)

**Important: Please keep the original for your records.**

Target Pricing Service