



For office use only

2007-08 Early Payment Option Sign-up/Lock-in Application

Please Fax to: (204) 983-8031

This document forms part of the CWB 2007-08 Early Payment Option for Wheat: Terms and Conditions.

The sign-up deadline date is July 31, 2008, or such earlier date as the CWB designates when the Early Payment Value (EPV) approaches the initial payment value for the reference grade.

Please complete all information in this area.

Producer's Name ("the <i>Producer</i> ") as shown on the Delivery Permit								
<table border="1"> <tr> <td>Producer's Identification No.</td> <td>Producer's Telephone No. ()</td> <td>Producer's Fax No. ()</td> </tr> <tr> <td></td> <td>Alternative Telephone No. (daytime/cell) ()</td> <td></td> </tr> </table>			Producer's Identification No.	Producer's Telephone No. ()	Producer's Fax No. ()		Alternative Telephone No. (daytime/cell) ()	
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SIGN-UP When signing up an Early Payment Option (EPO), you are committing tonnes as well as locking in your EPV and Discount.

A CLASS OF WHEAT - Please indicate the class of **wheat** you want to commit.
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 NET TONNES OF WHEAT Please indicate the **net tonnes of wheat** you want to commit.
In **Part C**, please indicate the **EPV and Discount** you wish to lock in.

.000
Minimum of 20 tonnes

C EARLY PAYMENT VALUE Please indicate the **EPV and Discount** you wish to lock in.
Choose only one option.

80%
 90%
 100%
Based on the Pool Return Outlook (PRO).

You will receive the EPV and Discount based on the time your FAX is received.

See important information on next page.

READ THE FOLLOWING PARAGRAPH CAREFULLY.

I (the *Producer*) have read the CWB 2007-08 Early Payment Option for Wheat: Terms and Conditions. By completing this document and sending it to the CWB, I agree that all of the said Terms and Conditions will apply to the contract I have selected herein.

Producer's Signature _____
Position in Company (If Applicable)

Date **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.



Information about the Early Payment Option for wheat

Wheat classes and reference grades for the EPO in the 2007-08 crop year are:

Wheat Class	Reference Grade
CWRS	No. 1 CWRS 13.5%
CPSR	No. 1 CPSR
CPSW	No. 1 CPSW
CWRW	No. 1 CWRW Select 11.5 *
CWES	No. 1 CWES
CWSWS	No. 1 CWSWS
CWHWS	No. 1 CWHWS 13.5%

*For 2007-08, the reference grade has changed. Previously, it was No. 1 CWRW.

Definitions

- Early Payment Option (EPO) - A program to provide producers with improved cash flow and a guaranteed payment value.
- Early Payment Value (EPV) - The published contract value representing the percentage of the PRO before the discount.
- Discount - The amount deducted for risk, time value of money and administration costs.

Designating deliveries for payment

Be sure to advise your elevator agent to apply your wheat deliveries against your EPO contract when making settlement for the initial payment.

At the time of delivery, you receive the initial payment (less freight and handling) at the elevator, for the grade of wheat you deliver. Your EPO additional payment is issued within 10 business days of the CWB receiving the settlement information from the elevator agent. An incremental payment is added to the CWB payment for deliveries made later in the crop year to reflect the producer's time value of money for this later delivery. You are eligible for adjustment, interim and final CWB payments when those payments exceed your total gross EPO payments (total payments + discount, less incremental payment). This represents the upside potential of your EPO contract if CWB sales returns exceed your EPV.

EPO payment example

On October 1, Joe signs a 1 000 tonne Series A delivery contract for No. 1 CWRS 13.5 and higher. By this time, there is a 20 per cent call in place and Joe signs a 90 per cent EPO contract on 200 tonnes (20 per cent of what he knows he can deliver at this time). He delivers 200 tonnes of No. 1 CWRS 14.5 and advises the elevator agent to apply the delivery to his EPO contract. The current initial payment for No. 1 CWRS 13.5 is \$140.00 per tonne and the PRO is \$202.00 per tonne.

	\$ per tonne	\$ per bushel
EPV (90 per cent of the PRO)	\$181.80	\$4.95
Less discount	- 3.00	-0.08
Net EPV price	\$178.80	\$4.87
Reference grade initial payment (No. 1 CWRS 13.5)	-140.00	-3.81
EPO additional payment	38.80	1.06
Initial payment for the grade delivered (No. 1 CWRS 14.5)	150.00	4.08
Total payment	\$188.80	\$5.14

Joe is eligible for further CWB pool payments for his No. 1 CWRS 14.5 once the payments exceed his total gross EPO payment of \$191.80 (\$188.80 + \$3.00 discount).
Note: all values are in store St. Lawrence and Vancouver. Freight and handling from your delivery location must be deducted to arrive at a farmgate value. An incremental payment may be added to the CWB additional payment for deliveries later in the crop year.

Transfer or buyout

If you wish to transfer or buy out your EPO, contact the CWB at 1-800-275-4292.

- You can transfer the outstanding tonnes of your EPO to another producer who is willing to assume the terms and conditions of the contract. There is a \$15 transaction fee to transfer a contract, which is charged to the assignor (original contract holder). Call the CWB to inquire about transfer opportunities.
- You can buy out the outstanding tonnes on your EPO. The buyout rate equals the discount per tonne at time of sign-up, less the time value of money, plus an administration fee of \$15 per transaction.
- You can transfer your wheat EPO to a feed wheat EPO contract. This transfer option gives producers flexibility to meet their EPO commitments when their milling quality wheat is downgraded. You will receive the EPV for feed wheat that was in effect at the time you locked in your EPV based on milling quality (No. 1, 2 or 3). (The CWB will charge the cost of opportunity to transfer as determined by the current market spread.)

EPO transfer fee formula

{(original discount of the existing EPO - current discount of the existing EPO) + (current discount of the transfer class - original discount of the transfer class)} If negative, then \$0.

Plus applicable roll fee and \$15 per transaction administration fee. Roll fees are \$0.25 per tonne for 80 per cent, \$0.50 per tonne for 90 per cent and \$1.00 per tonne for 100 per cent.



CWB 2007-08 EARLY PAYMENT OPTION for Wheat: TERMS AND CONDITIONS

1. DEFINITIONS

- a. "Actual Grade" is the grade and/or protein of the *Wheat* actually delivered by the producer as reported on the Producer Certificate as defined in the *Canadian Wheat Board Act*.
- b. "Approved Methods of Acceptance" are as set out in Paragraph 2.f. below.
- c. "Buyout Price" is the price available from the Canadian Wheat Board (CWB) from time to time at which the CWB will allow the producer to buy out his/her obligations under this Agreement. The *Buyout Price* equals the *Discount* per tonne on the *Sign-up Date*, less the time value of money and an administration fee of \$15 per transaction.
- d. "Delivery Opportunities" are the opportunities for the delivery of *Wheat* through CWB delivery contract calls made by the CWB from time to time during the crop year.
- e. "Discount" is the amount identified as such in the *Pricing Schedule* to be deducted from the *Early Payment Value*.
- f. "EPO" is the early payment option as provided for herein.
- g. "EPO Offer Expiry Date" is July 31, 2008, or such earlier date as the CWB designates by withdrawing the *Offer*.
- h. "Early Payment Value" is either the 80, 90 or 100 per cent option of the Pool Return Outlook chosen by the producer at time of acceptance, and identified as such in the *Pricing Schedule*, that the producer can apply the *Net Tonnes* to, by locking in one of the percentages pursuant to Paragraph 2 below.
- i. "Fax Form" is the "2007-08 Early Payment Option Sign-up/Lock-in Application" for *Wheat*.
- j. "Incremental Payment" is an amount identified as such in the *Pricing Schedule*.
- k. "Initial, Adjustment, Interim and Final Payments" are those payments made by the CWB for *Wheat* of the *Actual Grade* during the crop year in accordance with the *Canadian Wheat Board Act*.
- l. "Net Tonnes" is the number of net tonnes of *Wheat* that the producer has signed up under the *EPO* and will deliver to the CWB. The *Net Tonnes* must be a minimum of 20 net tonnes.
- m. "Pricing Damages" equal the *Discount* per tonne on the *Sign-up Date*, less the time value of money and, in addition, an administration fee of \$15 per transaction.
- n. "Pricing Schedule" is the schedule published by the CWB from time to time that identifies the *Early Payment Value*, *Discount*, *Incremental Payment* and *Reference Grades*.
- o. "Reference Grade" for Canada Western Red Spring is No. 1 CWRS 13.5, for Canada Hard White Spring is No. 1 CWHWS 13.5, for Canada Western Extra Strong is No. 1 CWES, for Canada Prairie Spring Red is No. 1 CPSR, for Canada Prairie Spring White is No. 1 CPSW, for Canada Western Red Winter is No. 1 CWRW Select 11.5, for Canada Soft White Spring is No. 1 CWSWS.
- p. "Risk Premium" is the cost charged to the producer to *Transfer* quantities previously contracted for an *EPO* for *Wheat* to an *EPO* for Feed Grade *Wheat*. An amount of \$1.00 per tonne will be charged for 100 per cent option and \$0.50 per tonne will be charged for 90 per cent option and \$0.25 per tonne will be charged for 80 per cent option *Transfers*.
- q. "Settlement Date" is the date on which a Producer Certificate is issued in respect of *Wheat* priced under the *EPO*.
- r. "Sign-up Date" is the date on which the producer commits the *Net Tonnes* to the program and locks in the *Early Payment Value* and *Discount*.
- s. "Transfer" is the process whereby a producer may transfer tonnes previously contracted for an *EPO* for *Wheat* to an *EPO* for Feed Grade *Wheat* at the same *Early Payment Value* percentage plus *Risk Premium* and *Transfer Cost*, plus a \$15 per transaction fee.
- t. "Transfer Cost" equals any positive value resulting from taking the original *Discount* of the priced class of *Wheat* less the current *Discount* of the priced class of *Wheat*, plus the current *Discount* of the *Transfer* Feed Grade *Wheat*, less the original *Discount* of the *Transfer* Feed Grade *Wheat*.
- u. "Transfer Date" is the date on which the producer chooses to *Transfer* a defined quantity of *Wheat* from a previously contracted *EPO* for *Wheat* to an *EPO* for Feed Grade *Wheat*.
- v. "Wheat" is all grades and classes with the exception of No. 4 CWRS, No. 4 CWHWS, No. 3 CWSWS, CW Feed, durum, sample grades and mixed grain.

2. OFFER AND ACCEPTANCE

- a. In accordance with these Terms and Conditions, the CWB offers to pay the producer according to the payment formula set out in Paragraph 3.c. below (the "Offer").
- b. The *Offer* is open for acceptance by the producer until July 31, 2008, unless earlier terminated by the CWB. The CWB reserves the right to withdraw the *Offer* at any time and without prior notice.
- c. The CWB reserves the right to reject an individual's acceptance of the *Offer* for any reason, including where a producer has outstanding *Pricing Damages* pursuant to a previous Producer Payment Options contract.
- d. The producer's acceptance of the *Offer* will not be valid unless it is made in strict compliance with one of the *Approved Methods of Acceptance* outlined in Paragraph 2.f. below.
- e. The producer's acceptance of the *Offer* will not be valid unless it is actually received at the head office of the CWB prior to the earlier of the withdrawal of the *Offer* or the expiration of the time for acceptance.
- f. The *Approved Methods of Acceptance* are:
 - i. Telephoning the CWB at 1-800-275-4292 and following the instructions of the CWB operator when asked to provide: the producer's 10 digit CWB identification number and confidential Personal Identification Number (PIN) and indicating the class and the number of tonnes of *Wheat* the producer wishes to sign up as the *Net Tonnes*. The CWB's records of such telephone call, including any written confirmation, are conclusive and binding on the producer.
 - ii. Faxing a *Fax Form* to the CWB at 1-204-983-8031.
The *Fax Form* must be completed fully and accurately and the producer must sign it. In the event of any uncertainty as to the information provided by the producer in the *Fax Form*, the CWB may, at its sole discretion, reject the acceptance of the *Offer* as invalid. The *Fax Form* will be deemed to have been received at the time printed on the fax by the CWB's fax machine.

3. CWB's OBLIGATIONS

The CWB agrees as follows:

- a. To guarantee it will accept delivery of the *Net Tonnes* offered pursuant to this agreement if sufficient *Delivery Opportunity* is not provided on 2007-08 CWB delivery contracts.
- b. The CWB is not obliged to accept delivery of the *Net Tonnes* unless it is satisfied, in its sole discretion, that the producer took full advantage of all *Delivery Opportunities* for *Wheat* that were available to the producer from time to time during the crop year for which the *EPO* was chosen.
- c. The producer locking in an *Early Payment Value* and *Discount* under this Agreement shall be paid as follows:
 - i. the *Initial Payment* for the *Actual Grade*;
 - ii. add the difference between the *Early Payment Value* locked in on the *Sign-up Date* and the *Initial Payment* for the *Reference Grade* on the *Settlement Date* ;
 - iii. add the *Incremental Payment* locked in on the *Sign-up Date* that corresponds to the *Settlement Date*; and



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- iv. subtract the *Discount* locked in on the *Sign-up Date*.
- d. The CWB also agrees to pay the producer all adjustment, interim or final payments for the *Actual Grade* delivered to the extent that such payments exceed the value calculated by adding the values in Paragraphs 3.c.i. and 3.c.ii. above.
- e. If the payment total set out in Paragraph 3.c. is less than the *Initial Payment* for the *Actual Grade* on the *Settlement Date*, the CWB shall have the right to set-off, to the extent of the difference, any and all amounts that may become payable to the producer by the CWB, and/or against the proceeds of any and all deliveries made by the producer under the producer's delivery permit, or under any and all delivery permits in which the producer has an interest. Any such delivery permit may be so endorsed.
- f. Payments shall be subject to all deductions authorized under the *Canadian Wheat Board Act* or otherwise authorized by law, including, without limitation, deductions under the *Agricultural Marketing Programs Act*, the *Prairie Grain Advance Payments Act*, the *Spring Credit Advance Program* and the *Enhanced Spring Credit Advance Program*.

4. PRODUCER'S OBLIGATIONS

- a. The producer undertakes to deliver the *Net Tonnes* in accordance with the CWB's delivery contract program(s) and this Agreement.
- b. The producer acknowledges that, except to the extent that any provisions may be inconsistent, this Agreement does not alter the producer's obligations under any delivery contract entered into between the producer and the CWB. The producer agrees that this shall be the case regardless of whether such delivery contract is entered into prior to or subsequent to the producer entering into this Agreement or selecting a payment option pursuant to this Agreement. In the event of such an inconsistency, the provisions of this Agreement will prevail.

5. LOCKING IN THE EARLY PAYMENT VALUE AND DISCOUNT

- a. The producer must lock in an *Early Payment Value* and *Discount* for all of the *Net Tonnes* in accordance with the *Pricing Schedule* in effect on the *Sign-up Date*. No partial lock ins are permitted.
- b. The *Early Payment Value* and the *Discount* locked in shall be those in effect at the time the CWB receives the producer's acceptance of the *Offer* in accordance with Paragraph 2.f.
- c. Any attempt by the producer to lock in the *Early Payment Value* and *Discount* will not be valid unless it strictly complies with Paragraph 2.f.
- d. *EPO* contracts originating from a *Transfer* will receive the *Early Payment Value* and *Discount* in accordance with the *Pricing Schedule* in effect on the *Sign-up Date*. The *Risk Premium* will be charged to the producer in addition to the *Discount*, the *Transfer Cost* and a \$15 per transaction administration fee.

6. DESIGNATING THE NET TONNES

The producer shall:

- i. At the time the CWB receives the producer's acceptance of the *Offer* in accordance with Paragraph 2.f., designate the *Net Tonnes* to be priced under the *EPO*;
- ii. On or before the *Settlement Date*, the producer shall indicate whether any or what portion of the *Wheat* to be delivered shall be deemed the *Net Tonnes* and priced as such under the *EPO*. Such designation shall be made to the CWB's agent at the location where the *Wheat* is delivered.

7. PRODUCER BUYOUTS, TRANSFERS AND ASSIGNMENTS

- a. The producer may, at any time after entering into this Agreement, buy out his/her obligations hereunder by paying to the CWB the *Buyout Price*.
- b. *Transfer* all or a portion of the outstanding *Net Tonnes* to an *EPO* for Feed Grade Wheat. All of the terms and conditions for the *EPO* for Feed Grade Wheat contract will apply. The *Early Payment Value* and *Discount* for an *EPO* for Feed Grade Wheat available on the *Sign-up Date* will apply, subject to a *Transfer Cost*. The *Transfer Cost* will be based on market values on the date the producer contacts the CWB to *Transfer*.
- c. The producer (assignor) may assign all the rights and obligations of this Agreement to another producer (assignee) upon obtaining written consent from the CWB. A \$15 per transaction administration fee will be charged to the assignor.

8. DEFAULT

- a. The producer shall be deemed to be in default under this Agreement if the producer fails, for any reason, to deliver all of the *Net Tonnes* in accordance with the CWB's published *Delivery Opportunities* and this Agreement. Any default will require the producer to pay *Pricing Damages*. The producer will be prohibited from entering into any future Producer Payment Option agreements until such time as the *Pricing Damages* pursuant to this Agreement and any applicable liquidated damages are paid.
- b. In the event that the producer is in default as a result of his/her failure to deliver the *Net Tonnes* through the CWB's published *Delivery Opportunities*, the *Pricing Damages* assessed in accordance with this Agreement will be paid in addition to any liquidated damages which may be assessed pursuant to any delivery contract entered into with the CWB.
- c. The producer and the CWB agree that the *Pricing Damages* determined in this manner are a genuine pre-estimate of the actual damages the CWB will incur as a result of the default by the producer and that such damages are not a penalty.
- d. *Pricing Damages* may be set off by the CWB against any and all amounts that may become payable to the producer by the CWB, and/or against the proceeds of any and all deliveries made by the producer under the producer's delivery permit, or under any and all delivery permits in which the producer has an interest. Any such delivery permit may be so endorsed.

9. GENERAL PROVISIONS

- a. This Agreement constitutes the entire agreement between the CWB and the producer with respect to the pricing of the *Net Tonnes*. There are no representations, warranties, terms or conditions, whether expressed or implied, beyond those contained herein. There shall be no changes or modifications to this Agreement unless they are made in writing, and signed by both the producer and the CWB. For the sake of clarity, the term "this Agreement" as used herein shall include the *Fax Form* and the *2007-08 Early Payment Option for Wheat: Terms and Conditions*.
- b. If any provision, or part thereof, of this Agreement is determined to be void, invalid, or unenforceable, it will be severed and will not void, invalidate, or make unenforceable any other provision of this Agreement.
- c. This Agreement shall be governed and construed in accordance with the laws of the Province of Manitoba and the courts of the Province of Manitoba shall have exclusive jurisdiction in the case of any dispute.
- d. The producer represents that he/she is of the age of majority in the Province of Manitoba. Where the producer is a corporation, partnership, co-operative or other business entity, the producer and the person signing on behalf of the producer, represent that the person signing on behalf of the producer is of the age of majority in the Province of Manitoba.
- e. This Agreement shall enure to the benefit of the heirs, administrators, executors, legal representatives, successors and permitted assigns of the producer and the CWB. However, no assignment by the producer of this Agreement will bind the CWB without its prior written consent.
- f. If the producer is a corporation, partnership, co-operative or other business entity, this Agreement must be signed in the entity's name and the authorized officer, agent or partner(s) who sign(s) on behalf of the entity must state their position and authority.



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- g. The producer shall fully indemnify the CWB for any and all legal expenses associated with the enforcement of this Agreement.
- h. The exercise by the CWB of any right or remedy provided herein shall not affect any other remedy that the CWB may have for the same default. Nor shall the forbearance of the CWB to exercise any right or remedy be considered a waiver of any right or remedy it may have.
- i. Any deliveries made against this Agreement may be made to the benefit of any producer listed under the producer's permit book. All deliveries are subject to the terms and conditions established for the 2007-08 crop year.
- j. Time shall be of the essence in this Agreement.