

# CANADIAN WHEAT BOARD

## CAR AWARDS POLICY

### I. OVERVIEW OF THE CAR AWARDS POLICY

Under the Car Awards Policy ("CAP"), CWB will award the rail car supply for non-tendered Board Grain to GrainCo based on GrainCo's contracted tonnage with Producers and Cash Purchase Ticket deliveries of Board Grain.

This policy will apply to:

- ◆ All non-tendered Board Grain that is movement of wheat and barley to port, domestic movement of milling wheat, U.S. movement of wheat and barley, and movement of specific varieties of wheat or barley.
- ◆ All existing Primary Elevators and off-track facilities, whether new, newly expanded or preparing to close.

This policy will not apply to:

- ◆ All tendered Board Grain and all domestic or export movement of malting barley.

### II. CALCULATION OF CAR AWARDS

The calculation of car awards will be based on two separate time frames. The first period will reflect the most recent Cash Purchase Ticket deliveries to GrainCo in the country, while the second period will reflect accepted contracts and Cash Purchase Tickets of Board Grain of GrainCo.

#### PERIOD ONE: SHIPPING WEEKS 1 TO 18 (AUG TO NOV)

Car awards will be based on accumulated Cash Purchase Tickets of Board Grain of GrainCo for the previous 18 weeks adjusted for tendered Board Grain excluding Malt Barley.

#### PERIOD TWO: SHIPPING WEEKS 19 TO 52 (DEC TO JULY)

Car awards will be based on: (1) the most recent 18 weeks of Cash Purchase Tickets of Board Grain of GrainCo adjusted for the tendered Board Grains; and (2) the balance of accepted contracts of Board Grain of GrainCo to be delivered. Should the balance of accepted contracts be larger than the 18 weeks of Cash Purchase Tickets adjusted for tender Board Grain excluding Malt Barley, the balance of accepted contracts will be adjusted not to exceed 18 weeks of Cash Purchase Tickets adjusted for tendered Board Grain at a zone level.

The balance of an accepted contract will be credited to the grain company with the last delivery transaction for that class of grain under that contract.

The deliveries under a Cash Purchase Ticket will remain with the grain company that issued the Cash Purchase Ticket.

#### CALCULATING BALANCE OF CONTRACT OUTSTANDING

The car awards calculation will include the balance to be delivered on the accepted A series contracts starting in shipping week 19.

As contract series are accepted, the car awards calculation will include the balance to be delivered on the accepted series contracts. In the event a series is called prior to acceptance, only the called portion of the contract will be included in the balance of contract outstanding.

The minimum tonnage delivery will be factored into the balance of contract calculation as it applies.

### **III. Car Awards**

The CWB rail car supply will be awarded to GrainCo under the following programs: Advance Car Awards, General Car Awards, and New Elevator.

#### **Advance Car Awards**

A percentage of the CWB port car supply to Vancouver, Thunder Bay, Prince Rupert, and Churchill except Malt Barley, will be awarded to GrainCo as Advance Car Awards. Advance Car Awards will be awarded to the corridors of Vancouver, Thunder Bay, Prince Rupert, and Churchill prior to the General Car Awards.

Each week the CWB will advise GrainCo of the grade and the total number of cars, by corridor, available for Advance Car Awards. At this time the CWB will also indicate any restrictions associated with the Advance Car Awards (i.e., for example the CWB will indicate if the Advance Car Awards are restricted to one railway).

The CWB will provide GrainCo with their Advance Car Awards entitlement by corridor. The entitlement by corridor will be calculated as the aggregate of the receipts in period 1, and receipts and balance to come in period 2, for wheat durum and barley as follows:

West Coast Corridors will include:

Zones 3, 4, 5, 6, 7, 12, 13, 14, 15, 20 for Wheat

Zones 5, 6, 7, 14, 15, 20 for Durum

All Zones for Feed Barley

Zones 3, 4, 5, 6, 7, 12, 13, 14, 15 and 20 for Malt Barley

East Coast Corridors will include:

Zones 1, 2, 11 for Wheat

Zones 1, 2, 3, 4, 11, 12, 13 for Durum

Zones 1, 2, and 11 for Malt Barley

GrainCo will respond to the CWB indicating their acceptance or deferral of the Advance Car Awards. When accepting their Advance Car Awards GrainCo will identify to the CWB, the grain and grades they request by railway and corridor. GrainCo must identify whether they chose to use their own car supply or utilize CWB car supply. In accepting Advance Car Awards, GrainCo is confirming to the CWB they have obtained terminal authorization.

#### **The following applies to Advance Car Awards:**

- ◆ The CWB will review the Advance Cars Award requests and ration orders if the requested grains and grades are over subscribed. The rationing calculation will be based on a companies market share by corridor. The CWB will endeavor to provide flexibility, by providing GrainCo with options on grain and grade. If suitable grain and grades are still not found the orders would be deferred to the week of General Car Awards.
- ◆ For deferred Advance Car Award cars, the CWB will determine the grain and grade pattern at the time of the General Car Awards process.
- ◆ Companies may request to increase their Advance Car Awards to make multi-block units. These cars will be charged back under the General Car Awards process.

- ◆ Should GrainCo cancel a confirmed Advance Car Award or deferred Advance Car Award prior to finalization, the awards will go to general car supply and be redistributed.
- ◆ Companies should endeavor to utilize or flex all cars awarded to them, where GrainCo cannot meet a train run minimum they may request those cars to be carried forward to the next car awards week. Companies must make this request to the CWB in writing following the last iteration with the railway. The maximum number of cars a company can carry forward in a given week is the train run minimum. These cars would be applied in a subsequent general allocation. The CWB will review each request on its own merit.
- ◆ Should the CWB not be able to secure sufficient car supply, Advance Car Awards would be rationed to the available car supply basis each company's market share by corridor.
- ◆ GrainCo's will identify Advance Car Awards on the Station Allocation, Loading Instruction Allocation, Elevator Car Loading Report as instructed by the CWB.

### GENERAL CAR AWARDS

CWB will award a percentage of the CWB program to the General Car Awards on a weekly basis.

Cars will be awarded to GrainCo on a zone basis, according to GrainCo's zone entitlement (see Section II – Calculation of Car Awards). The zones and their corresponding train runs are identified below.

#### CN Rail

#### Train Runs that begin with

Zone 1:	1, 3, 5, 9
Zone 2:	11, 13, 15
Zone 3:	17, 19, 21, 31, 33, 35
Zone 4:	23, 25, 27, 29
Zone 5:	37, 39, 47, 49
Zone 6:	41, 43, 45
Zone 7:	90, 95, 98

#### CP Rail

#### Train Runs that begin with

Zone 11:	61, 62, 63, 64
Zone 12:	71, 72, 73, 77, 78, 79
Zone 13:	74, 75, 76
Zone 14:	81, 82, 83, 84
Zone 15:	85, 86, 87

#### BC Rail

Zone 20	00
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Car awards will be based on the grain, grade and protein that CWB requires for its sales for a particular shipping week.

CWB will order and measure car awards basis the Loading Instruction Grain, Grade and Protein Table attached as Attachment #1 hereto.

#### **IV. NEW ELEVATOR AWARDS**

##### **QUALIFICATIONS FOR NEW ELEVATOR STATUS**

To qualify for new elevator status, a station must either be a new structure, a structure that was not previously licensed as a Primary Elevator, or an existing structure to which additional capacity has been built which at least doubles the current capacity and which is at least 6,000 tonnes. The additional capacity cannot include Producer-owned storage. A station can only receive new elevator status once.

In the case where GrainCo builds a new elevator at a station it currently operates and wishes to be entitled to new elevator status, GrainCo's car award percentage for that station must be deleted and cannot be transferred to another station.

##### **AWARDS TO NEW ELEVATORS**

1. Based on rail service to the train run, GrainCo will be awarded enough rail cars to bring its space to 25% or to the average level of space of train runs within a 80 kilometer radius (50 miles), whichever is greater, up to a maximum of 50 rail cars.
2. New Elevator Awards will only include Board Grain, excluding malting barley and tendered Board Grain.
3. New Elevator Awards will be calculated using working physical capacity and will not include open orders.
4. Rail cars awarded to a new elevator cannot be flexed.
5. If a new elevator has not received confirmation of rail service by Wednesday at 2:00 p.m., the rail cars will be returned to General Car Awards.
6. New Elevator Awards cannot exceed 40% of CWB General Car Awards to a zone. If New Elevator Awards exceed that limit, they will be reduced on percentage of requirement basis.

#### **V. TRANSFER OF OWNERSHIP**

In the case where GrainCo sells a facility that was previously licensed as a Primary Elevator to another company, car awards for the facility will, unless other arrangements have been agreed to by the parties, be awarded as follows:

1. For the 1st week of operation, the facility will receive rail cars basis a calculated 18-week average of Cash Purchase Tickets, adjusted for tender Board Grain, prior to closure. This calculated average will be determined by using the previous four (4) crop year totals.

GrainCo will have its last 18 weeks of Cash Purchase Tickets, adjusted for tender Board Grain, reduced by 50% of the value of the buying company's calculated 18 week average.

2. For the 2nd week of operation, the oldest week of averaged receipts will be dropped and the actual receipts for the new week will be added. If the 2nd week of operation is week 19 forward, the balance of contract credited to GrainCo will also be part of the calculation of car awards.
3. If GrainCo and the buying company agree to make other arrangements, they will give notice of these arrangements to CWB.

## **VI. CLOSED ELEVATORS**

In the case where GrainCo no longer operates at a station, the CWB must be notified. Any inventory of Board Grain in the facility at time of closure will be moved out against either GrainCo's car awards or GrainCo's tender awards. The Cash Purchase Ticket deliveries / balance of accepted contracts will be credited to GrainCo for the station being closed (as the process for the Cash Purchase Ticket / balance on accepted contracts will not be transferred to another elevator, GrainCo can flex the car award to another zone as per VIII-Flexing of Awarded Cars). In the case where the closed station is the last remaining station for GrainCo in a zone, the Cash Purchase Ticket deliveries / balance of accepted contracts can be transferred to another station.

## **VII. PRODUCERS CARS**

Producer Cars will be awarded basis CGC's criteria for Producer Cars.

The grain, grade and protein pattern for Producer Cars must meet sales requirements for the shipping week.

Producer Cars will not be considered part of GrainCo's car awards.

## **VIII. FLEXING OF AWARDED CARS**

GrainCo will be allowed to flex car awards from one zone to another or between itself and other grain companies. The flex cars must be approved by CWB and must fall within the following parameters:

1. The orders must remain on the same railway.
2. The orders must maintain the same destination unless otherwise negotiated with CWB.
3. The grade pattern must remain the same unless otherwise approved by CWB.
4. If rail cars are awarded for the movement of entire available stocks of a grain of Board Grain within a zone, flexing will not be permitted.
5. As CWB is responsible for all adverse freight costs, flex requests impacting freight will require CWB approval.
6. Flexing will be limited if it conflicts with the equalization or termination of delivery calls.

Inter-company flexing can also be authorized within the above parameters. CWB will not enforce paybacks of inter-company flexes. GrainCo must request flexes from CWB prior to the submission of the station awards. Once agreement has been reached, this becomes GrainCo's new entitlement of car awards.

The above applies to both general and Advance Car Awards with the exception of number 4 which does not apply to Advance Car Awards.

## **IX. CHANGES TO FINAL LOADING INSTRUCTIONS**

GrainCo will be allowed to make changes to the grain and/or grade and/or protein, with CWB approval, provided the altered inventory is required by CWB to meet its nearby sales. No cancellations or replacements will be approved by CWB after the order has been shipped.

## **X. TERMS AND CONDITIONS (OBLIGATIONS)**

CWB and GrainCo agree to and will abide by the Terms and Conditions included in this Schedule when GrainCo accepts its car awards. Acceptance is deemed to have occurred when GrainCo details its car allocation at a station level. GrainCo may accept its car awards "without prejudice" and dispute such awards through arbitration or otherwise.

## **XI. RIGHT TO PLACE ORDERS AT STATION/TRAIN RUN LEVEL**

CWB will retain the right to place orders at a train run or station in order to either meet sales commitments or to ensure Producer access to the Primary Elevator system, and are part of GrainCo's general car award entitlement.

## **XII. EXCLUSIONS**

CAP does not apply to tendered Board Grain or to domestic or export movement of malting barley.

The car awards calculation will not take into account deliveries on storage tickets.

## **XIII. CWB REPORTING**

### **PROJECTED LOADING PLANS**

CWB will provide GrainCo with a minimum of four (4) week projected loading plan for movements to both the ports and the U.S.

### **WEEKLY AWARDS INFORMATION REPORT**

CWB will provide GrainCo with the following information for the zones in which it operates for NonTendered Board Grain orders only. This information will be distributed each week and will be aggregated by zone.

1. General Car Awards percentage.
2. Total chargeable general car award.
3. Net flex cars moved into or out of a zone.

The CWB will provide GrainCo weekly the total number of cars for the following, General Car Awards, Advance Car Awards, Tender Cars and Malt Barley. (Malt Barley cars will not be in the Tender cars). Advance GrainCo entitlement percentage by corridor will also be provided.

## **XIV. GRAINCO REPORTING**

### **WEEKLY EMR REPORTS**

The information obtained from the EMR will be used to determine country inventory and elevator space.

GrainCo will provide CWB with this information on a weekly basis in electronic or non-electronic form. If CWB does not receive an EMR from a particular station, it will use the previous week's EMR for statistical purposes. Elevator managers will continue to report both receipts and inventory for Board Grain and Non-Board Grain (wheat, durum, oats, barley, rye, flax, and canola) and will report other grains as inventory in the dockage category.

EMRs are to be submitted to CWB by 9:00 a.m. Thursday, unless otherwise stated,

### **ELEVATOR CAPACITY**

CWB requires GrainCo to report each station's elevator capacity immediately upon the start of operations. Any adjustments to the elevator capacity must also be reported as they occur.

**SHIPPABLE STOCKS FOR BOARD GRAIN**

Shippable stocks for non-tendered and non-advance Board Grain are to be reported weekly by station or train run by 10:00 a.m. Friday, unless otherwise stated. The shippable stocks must represent grain within current delivery calls.

**SHIPMENT REPORTS**

Shipment reports for Board Grain are to be reported to CWB as per the Terms and Conditions included in this Schedule.

**CASH TICKETS**

The current process for Cash Purchase Tickets continues. With respect to car awards, the weekly accumulation of Cash Purchase Tickets received and processed by the first working day of each week will be credited to the calculation of car awards for allocation on Friday.

# Terms and Conditions Pertaining to Non Tendered Car Awards

EFFECTIVE SHIPPING WEEK 12 OF THE 2003-2004 CROP YEAR.

## PREAMBLE

These terms and conditions will apply as between CWB and GrainCo in the handling of non-tendered Board Grain. Any acceptance by GrainCo of its non-tendered car award will be subject to these terms and conditions.

## 1. DEFINITIONS

In these terms and conditions:

"Loading Instruction" means a confirmed order issued by CWB to GrainCo for a particular loading week.

"Protein Band" means the range of protein as set out in the Loading Instruction Grain, Grade and Protein Table attached as Attachment 1 hereto.

"Special Instructions" means any extraordinary conditions associated with a Loading Instruction.

"Elevator Car Loading Report" means a document detailing the information related to a car award, including the car number and initial, station of origin, load date, grain, grade, protein, destination, terminal if applicable, approximate weight and any other information related to the loading of the rail cars.

## 2. GENERAL

Time shall be of the essence in the performance of the parties' obligations herein.

## 3. CWB'S OBLIGATIONS

- (a) CWB will provide cars awarded to GrainCo for shipment of non-tendered Board Grain in a particular loading week in the manner prescribed in CAP.
- (b) CWB will issue a weekly Loading Instruction to GrainCo by fax or electronic transmission on the Wednesday evening in the week before the particular loading week that confirms the agreement between CWB and GrainCo respecting CWB's requirements for shipping Non-Tendered Board Grain by station, grain, grade, protein, destination, terminal and Special Instructions where applicable.
- (c) CWB will provide GrainCo with a weekly statement detailing the Loading Instructions, shipping information and unload information related to the measurement week to be used in the calculation of 6(a) and 6(f).
- (d) In the case where GrainCo does not have an agreement for unloading of a car award, CWB will make such arrangements.

#### 4. GRAINCO'S OBLIGATIONS

- (a) The Company shall be deemed to have accepted its car award by detailing its allocation to the CWB at a station level.
- (b) GrainCo will load rail cars with the grain and grade including the appropriate protein as required by CWB in each Loading Instruction.
- (c) GrainCo will issue a railway bill of lading for each rail car in accordance with the Loading Instruction.
- (d) GrainCo will load Board Grain in rail cars commencing with the oldest Loading Instruction first.
- (e) GrainCo will report rail car loadings by the end of the next working day to CWB by electronic transmission or by an Elevator Car Loading Report transmitted by facsimile.

#### 5. MONITORING

- (a) CWB will monitor GrainCo's performance by comparing its Loading Instructions with the unloads of Non-Tendered Board Grain at port.
- (b) Unloads of a specific grade, protein and moisture will be measured by CWB weekly in relation to the aggregated Loading Instructions for that grade, protein and moisture at a port level and a monthly performance derived in comparison to other grain companies' allocated rail cars. Measurement will be based on the Loading Instruction Grade, Grain and Protein Table as identified in CAP.

#### 6. BREACH OF OBLIGATIONS

- a)
  - (i) Where, in relation to section 5(b) hereof, a rail car unloads one grade or Protein Band from the Loading Instruction grade or protein by class for a measurement week, GrainCo shall be assessed and pay to CWB liquidated damages of \$300 per car affected to the industry average. In a case where an unload does not meet either the grade or protein, GrainCo will only be assessed liquidated damages for not meeting the grade. (Exhibits 1, 2, 3)
  - (ii) In a case where GrainCo's performance, as measured pursuant to 5(a), is below 75% GrainCo shall be assessed and pay to the CWB as liquidated damages in addition to the amount set out in 6(c) (ii) an additional amount of \$300 per car affected, to the industry average or to 75% whichever is higher. The monies collected from these liquidated damages will be distributed as bonus payments to those grain companies with above average performance. (Exhibits 1, 2, 3)
  - (iii) In a case where GrainCo's performance, as measured pursuant to 5(a), is above the industry average GrainCo shall receive from the CWB a bonus payment of \$300 per car affected from the industry average. (Exhibits 1, 2, 3)
  - (iv) In a case where GrainCo's performance is above 92% pursuant to 5 (a) and the industry average is below 92%, GrainCo shall receive from the CWB an additional bonus payment of \$300 per car affected from the industry average. Should the industry average be above 92% GrainCo will receive a bonus payment of \$300 per car affected from the industry average to GrainCo performance calculated pursuant to 5 (a). The bonus payments will be calculated on a pro rata basis among all GrainCo's that met the level of performance set out in 6 (a) (v). (Exhibits 1, 2, 3).

- b) Where CWB gives notice to GrainCo of a breach of section 4(d) hereof, GrainCo may be assessed liquidated damages of up to \$500 per car affected.
- c) Where CWB gives notice to GrainCo of a breach of section 4(e) hereof, GrainCo shall pay CWB liquidated damages of \$25 per car affected, except in a case where the breach was beyond the control of the GrainCo.
- d) Cancellation or Replacement of Instructions
  - (i) Where GrainCo requests that a Loading Instruction be cancelled and be replaced with another commodity, the number of such requests shall be compared with the number of such requests received from other grain companies. In the event that GrainCo is above the average, it shall be assessed and pay CWB liquidated damages of \$50 per car affected above the average (Exhibit 4).
  - (ii) Where CWB is required to cancel a Loading Instruction due solely to the fault or non-compliance of GrainCo, GrainCo shall be assessed and pay to CWB liquidated damages of \$500 per car affected.
  - (iii) Where CWB requests a cancellation of or a change to an existing Loading Instruction to the grain or grade or requests GrainCo to load out of sequence, CWB may be assessed liquidated damages of up to \$500 per car affected.
- e) Where GrainCo has been notified, in advance of shipping, of a particular grain, grade or moisture that is not required at port, CWB will not pay for any such tonnage unloaded and GrainCo shall be responsible for any associated costs including terminal storage until such time as the stocks are required.
- f) Where a rail car unloads two grades or Protein Bands or more from the Loading Instruction grade or protein by class, unloads between classes or unloads without CWB authorization for a measurement week, GrainCo shall be assessed and pay to CWB liquidated damages of \$500 per car affected. In cases where an unload does not meet either the grade or protein, GrainCo will only be assessed liquidated damages for not meeting the grade. (Exhibit 5)
- g) Where GrainCo is found by CWB, pursuant to its monitoring powers, to be in breach of its obligations, including but not limited to, payment of liquidated damages under section 4, 5 or 6 hereof for 12 consecutive weeks, CWB may suspend or reduce car awards to GrainCo provided always that CWB shall notify GrainCo in advance of its intention to suspend or reduce car awards and GrainCo shall be given a reasonable opportunity to make written representations to CWB as to why such suspension or reduction should not take place.
- h) In the event that CWB finds it necessary to divert, reconsign or otherwise redirect a rail car from one terminal to another terminal at a particular port, or from one port or destination to another port or destination, other than that indicated on a Loading Instruction, permission from the grain company loading the car must first be arranged.

- i) In the event that CWB implements special programs for the movement of specific grains (e.g. Fusarium), CWB will, before GrainCo accepts its Car Awards, notify GrainCo of any restrictions within the program and include the details for non-compliance.
- j) In the event that GrainCo receives an order for designated barley and is unable to load the rail car for the Loading Instruction week, GrainCo may cancel and replace the order for non-tendered Board Grain required at port. These cars will be reduced from the next week's car awards for GrainCo. Should it be necessary to cancel the order, GrainCo shall be assessed liquidated damages of \$500 per car affected.
- k) In the event that the performance measures need to be changed in order to maintain the integrity of the system, the CWB will consult with its agents to reach a solution.

Appendix:

Car Award Guidelines  
Tender Guidelines

Exhibit # 1

### Performance Measurements for Misgrades- Grade/Protein (1st Level Only)

Company	(1) Auth	(2) 1 level misgrades	(3) 2 level misgrades	(4) Auth minus 2nd Level	(5) Cars shipped accurate	(6) Performance	(7) If Perform at Set Level	(8) Plus/Minus to Set Level	(9) Monies owing to the CWB	(10) Monies owing to Companies
AAA	340	22	3	337	315	93.47%	276	39	\$	\$ 23,400.00
BBB	11	2	0	11	9	81.82%	9	0	\$	\$
CCC	92	23	0	92	69	75.00%	75	-6	\$ 1,800.00	\$
DDD	18	7	0	18	11	61.11%	15	-4	\$ 2,400.00	\$
EEE	6	3	0	6	3	50.00%	5	-2	\$ 1,200.00	\$
FFF	25	0	0	25	25	100.00%	20	5	\$	\$ 3,000.00
GGG	8	3	0	8	5	62.50%	7	-2	\$ 1,200.00	\$
HHH	24	0	0	24	24	100.00%	20	4	\$	\$ 2,400.00
III	27	4	0	27	23	85.19%	22	1	\$	\$ 300.00
JJJ	76	24	0	76	52	68.42%	62	-10	\$ 6,000.00	\$
KKK	143	65	6	137	72	52.55%	112	-40	\$24,000.00	\$
LLL	318	53	0	318	265	83.33%	260	5	\$	\$ 1,500.00
MMM	50	0	0	50	50	100.00%	41	9	\$	\$ 5,400.00
<b>TOTAL</b>	<b>1138</b>	<b>206</b>	<b>9</b>	<b>1129</b>	<b>923</b>	<b>81.75%</b>	<b>924</b>	<b>-1</b>	<b>\$36,600.00</b>	<b>\$ 36,000.00</b>

**NOTES**

- (1) - total number of orders authorized for the identified company in a specific week
- (2) - total number of cars that incurred one level misgrades
- (3) - total number of cars that incurred two level misgrades
- (4) - number of cars authorized minus two level misgrades
- (5) - number of cars shipped accurately
- (6) - the percentage of cars shipped accurately (column #4 divided by column #1 in a percentage)
- (7) - the average performance % (81.75%) applied to each company
- (8) - difference between each company's accuracy and the average performance level (column #4 and column #7)
- (9) - companies in a negative position are assessed \$300 per car if their performance is above or equal to 75% or \$600 if their performance is below 75%
- (10) - companies in a positive position are assessed \$300 per car if their performance is below 92% or \$600 if their performance is equal to or above 92%

Exhibit # 2

### Performance Measurements for Misgrades- Grade/Protein (1st Level Only)

Company	(1) Auth	(2) 1 level misgrades	(3) 2 level misgrades	(4) Auth minus 2nd Level	(5) Cars shipped accurate	(6) Performance	(7) If Perform at Set Level	(8) Plus/Minus to Set Level	(9) Monies owing to the CWB	(10) Monies owing to Companies
AAA	396	16	3	393	377	95.93%	374	3	\$ -	\$ 1,800.00
BBB	80	21	1	79	58	73.42%	75	-17	\$10,200.00	\$ -
CCC	217	0	0	217	217	100.00%	206	11	\$ -	\$ 6,600.00
DDD	125	2	0	125	123	98.40%	119	4	\$ -	\$ 2,400.00
EEE	255	53	0	255	202	79.22%	243	-41	\$12,300.00	\$ -
FFF	118	9	0	118	109	92.37%	112	-3	\$ 900.00	\$ -
GGG	50	0	0	50	50	100.00%	48	2	\$ -	\$ 1,200.00
HHH	500	24	7	493	469	95.13%	469	0	\$ -	\$ -
III	149	0	0	149	149	100.00%	142	7	\$ -	\$ 4,200.00
JJJ	250	2	1	249	247	99.20%	237	10	\$ -	\$ 6,000.00
KKK	180	1	0	180	179	99.44%	171	8	\$ -	\$ 4,800.00
LLL	130	0	0	130	130	100.00%	124	6	\$ -	\$ 3,600.00
MMM	190	0	0	190	190	100.00%	181	9	\$ -	\$ 5,400.00
<b>TOTAL</b>	<b>2640</b>	<b>128</b>	<b>12</b>	<b>2628</b>	<b>2500</b>	<b>95.13%</b>	<b>2501</b>	<b>-1</b>	<b>\$23,400.00</b>	<b>\$ 36,000.00</b>

**NOTES**

- (1) - total number of orders authorized for the identified company in a specific week
- (2) - total number of cars that incurred one level misgrades
- (3) - total number of cars that incurred two level misgrades
- (4) - number of cars authorized minus two level misgrades
- (5) - number of cars shipped accurately
- (6) - the percentage of cars shipped accurately (column #4 divided by column #1 in a percentage)
- (7) - the average performance % (95.13%) applied to each company
- (8) - difference between each company's accuracy and the average performance level (column #4 and column #7)
- (9) - companies in a negative position are assessed \$300 per car if their performance is above or equal to 75% or \$600 if their performance is below 75%
- (10) - companies in a positive position are assessed \$300 per car if their performance is below the average performance (95.13%) or \$600 if their performance is equal to or above the average performance (95.13%)

Exhibit # 3

### Performance Measurements for Misgrades- Grade/Protein (1st Level Only)

Company	(1) Auth	(2) 1 level misgrades	(3) 2 level misgrades	(4) Auth minus 2nd Level	(5) Cars shipped accurate	(6) Performance	(7) If Perform at Set Level	(8) Plus/Minus to Set Level	(9) Monies owing to the CWB	(10) Monies owing to Companies
AAA	204	76	1	203	127	62.56%	152	-25	\$15,000.00	\$ -
BBB	158	73	1	157	84	53.50%	118	-34	\$20,400.00	\$ -
CCC	7	4	1	6	2	33.33%	5	-3	\$ 1,800.00	\$ -
DDD	25	2	0	25	23	92.00%	19	4	\$ -	\$ 2,400.00
EEE	25	0	0	25	25	100.00%	19	6	\$ -	\$ 3,600.00
FFF	2	0	0	2	2	100.00%	2	0	\$ -	\$ -
GGG	70	19	0	70	51	72.86%	53	-2	\$ 1,200.00	\$ -
HHH	88	17	2	86	69	80.23%	65	4	\$ -	\$ 1,200.00
III	58	5	0	58	53	91.38%	44	9	\$ -	\$ 2,700.00
JJJ	8	0	0	8	8	100.00%	6	2	\$ -	\$ 1,200.00
KKK	328	72	3	325	253	77.85%	244	9	\$ -	\$ 2,700.00
LLL	25	0	0	25	25	100.00%	19	6	\$ -	\$ 3,600.00
MMM	50	3	0	50	47	94.00%	38	9	\$ -	\$ 5,400.00
<b>TOTAL</b>	<b>1048</b>	<b>271</b>	<b>8</b>	<b>1040</b>	<b>769</b>	<b>73.94%</b>	<b>784</b>	<b>-15</b>	<b>\$38,400.00</b>	<b>\$ 22,800.00</b>
<b>NOTES</b>										
(1) - total number of orders authorized for the identified company in a specific week										
(2) - total number of cars that incurred one level misgrades										
(3) - total number of cars that incurred two level misgrades										
(4) - number of cars authorized minus two level misgrades										
(5) - number of cars shipped accurately										
(6) - the percentage of cars shipped accurately (column #4 divided by column #1 in a percentage)										
(7) - the average performance is below 75% therefore, the minimum 75% level is applied to each company										
(8) - difference between each company's accuracy and the minimum set performance level (column #4 and column #7)										
(9) - companies in a negative position are assessed \$300 per car if their performance is above or equal to 75% or \$600 if their performance is below 75%										
(10) - companies in a positive position are assessed \$300 per car if their performance is above or equal to 75% or \$600 if their performance is equal to or above 92%										

Liquidated Damages

Cancellations and Replacements  
4 Week Span

Company	Total Orders	Cancellation Replacements for weeks 10 to 14	Entitlement of Cancellation Replacements	Liquidated Damages	Total Liquidated damages based on \$50.00 per car
AAA	400	5	10	-	\$-
BBB	1,300	35	33	2	\$100.00
CCC	170	5	4	1	\$50.00
DDD	1,000	10	26	-	\$-
EEE	300	5	8	-	\$-
FFF	150	-	4	-	\$-
GGG	60	-	2	-	\$-
HHH	150	10	4	6	\$300.00
III	2,500	50	64	-	\$-
JJJ	400	45	10	35	\$1,750.00
KKK	800	10	20	-	\$-
LLL	350	15	9	6	\$300.00
MMM	180	10	5	5	\$250.00
NNN	2,000	50	51	-	\$-
TOTAL	9,760	250	2.56%	55	\$2,750.00

Exhibit # 5

**Liquidated Damages**

Company	(1) Two level misgrades	(2) Straight Cancellations	(3) Open Orders Cancelled	(4) Over Shipments	(5) CWB negotiated damages owed by CO (\$)	(6) Total Monies owed to the CWB	(7) CO negotiated damages owed by CWB (\$)	(8) Balance Liquidated Damages
AAA	6			0		\$3,000.00		\$3,000.00
BBB	0			0		\$0.00		\$0.00
CCC	1			0		\$500.00		\$500.00
DDD	0			0	\$ 450.00	\$450.00		\$450.00
EEE	0			0		\$0.00		\$0.00
FFF	0			0		\$0.00		\$0.00
GGG	0			0		\$0.00		\$0.00
HHH	0			0		\$0.00		\$0.00
III	0			0		\$0.00		\$0.00
JJJ	1	2		0		\$1,500.00		\$1,500.00
KKK	1			0		\$500.00		\$500.00
LLL	1		1	0		\$1,000.00		\$1,000.00
MMM	5			0		\$2,500.00		\$2,500.00
<b>TOTAL</b>	<b>15</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>\$ 450.00</b>	<b>\$9,450.00</b>	<b>\$</b>	<b>\$9,450.00</b>
(1) - total number of cars that incurred two level misgrades								
(2) - total number of loading instructions cancelled due to the fault or non-compliance of GrainCo								
(3) - total number of loading instructions CWB was required to cancel due to the unfulfilled order(s) by the GrainCo								
(4) - total number of cars that were shipped without CWB authorization								
(5) - total damages GrainCo negotiated with CWB								
(6) - total monies GrainCo owes to CWB								
(7) - total damages CWB negotiated with GrainCo								
(8) - total monies owed to GrainCo (negative position) or CWB (positive position)								

Loading Instruction Grade, Grain and Protein Table

Canada Western Red Spring Wheat		
Alpha Code	Numeric Code	Protein Bands
X1E	X145	14.4 & higher
X1H	X135	13.4-14.6
X1J	X125	12.4-13.6
X1R	X100	12.6 & lower
X2E	X245	14.4 & higher
X2H	X235	13.4-14.6
X2J	X225	12.4-13.6
X2R	X200	12.6 & lower
X3N	X330	12.5 & higher
X3R	X300	13.5 & lower
X4R	X400	N/A

Canada Prairie Spring White Wheat		
Alpha Code	Numeric Code	Protein Bands
X1Y	X473	n/a
X2Y	X483	n/a

A/C Vista		
Alpha Code	Numeric Code	Protein Bands
X1O	X478	n/a
X2O	X488	n/a

Canada Prairie Spring Red Wheat		
Alpha Code	Numeric Code	Protein Bands
X1P	X470	n/a
X2P	X480	n/a

A/C Crystal		
Alpha Code	Numeric Code	Protein Bands
X1I	X477	n/a
X2I	X487	n/a

Canada Western Feed Wheat		
Alpha Code	Numeric Code	Protein Bands
XCF	X600	n/a

Canada Western Red Winter Wheat		
Alpha Code	Numeric Code	Protein Bands
X1D	X515	11.4 & higher
X1A	X510	11.6 & lower
X2D	X525	11.4 & higher
X2A	X520	11.6 & lower

Canada Western Extra Strong Wheat		
Alpha Code	Numeric Code	Protein Bands
X1U	X610	12.6 & lower
X1L	X615	12.4 & higher

Canada Western Soft White Spring Wheat		
Alpha Code	Numeric Code	Protein Bands
X1S	X811	10.0 & lower
X1W	X810	9.8 & higher
X2S	X821	10.0 & lower
X2W	X820	9.8 & higher
X3W	X830	n/a

X2U	X620	12.6 & lower
X2L	X627	12.4 & higher

Alpha Code	Numeric Code	Protein Bands
X1S	X811	10.0 & lower
X1W	X810	9.8 & higher
X2S	X821	10.0 & lower
X2W	X820	9.8 & higher
X3W	X830	n/a

1 X- indicates moisture

	Alpha	Numeric
Straight	S	0
Tough	T	1
Damp	D	5

2 n/a-non-applicable

Loading Instruction Grade, Grain and Protein Table

<b>Durum Wheat</b>		
<b>Alpha Code</b>	<b>Numeric Code</b>	<b>Protein Tolerance</b>
X1N	X130	12.9 & higher
X1K	X120	11.9-13.1
X1	X100	12.1 & lower
X2N	X230	12.9 & higher
X2K	X220	11.9-13.1
X2	X200	12.1 & lower
X3N	X330	12.5 & higher
X3	X300	13.0 & lower
X4	X400	n/a
X5	X500	n/a

<b>Durum Wheat A/C Morse</b>		
<b>Alpha Code</b>	<b>Numeric Code</b>	<b>Protein Tolerance</b>
X1X	X108	12.9 & higher
X2X	X208	12.9 & higher
X1X	X128	13.1 & lower
X2X	X228	13.1 & lower

<b>Barley</b>		
<b>Alpha Code</b>	<b>Numeric Code</b>	<b>Protein Range</b>
X1	X310	n/a
X2	X320	n/a

1 X- indicates moisture

	<b>Alpha</b>	<b>Numeric</b>
<b>Straight</b>	S	0
<b>Tough</b>	T	1
<b>Damp</b>	D	5

2 n/a-non-applicable

## Car Award Guidelines

1. In the event that car supply is insufficient to meet the Canadian Wheat Board (CWB) requirements, the CWB will ration the general car awards before the advance car awards.
2. The CWB will allocate 40 per cent of a projected weeks car supply (excluding Malt Barley car supply) for Thunder Bay (TB), Churchill (CH), Vancouver (VC) and Prince Rupert (PR) for advance car awards and tendering. The balance of cars will be awarded through the general car awards section of the Car Awards Policy.
3. The attached calendar outlines the schedule of events for advance car awards and general car awards beginning with grain week 12. The advance car awards are shown as a minimum of three weeks ahead of the load week and the general car award follows the current schedule.

CAP Timelines -- Page 1

**September**

GSW	Sun	Mon	Tue	Wed	Thu	Fri	Sat
5		1	2	3	4	5	6
6	7	8	9	10	11	12	13
7	14	15	16	17	18	19	20
8	21	22	23	24	25	26	27
9	28	29 -CWB Advises Advance Grade Pattern and Company Advance Entitlement by Corridor, for wk 12. Deadline: 4:00 PM	30 -Companies respond to CWB with Advance Requests for week 12. Deadline: 4:00 PM				

**2003**

# October

2003

GSW	Sun	Mon	Tue	Wed	Thu	Fri	Sat
9				1 -CWB reviews advance requests and rationations/re-awards if necessary.	2 -CWB Confirms Advance Car Awards 3:00 PM.	3	4
10	5	6 -Co. submit requests for car supply for movement of export malt barley in wk 12. Deadline: 3:00 PM -CWB Offers Tenders 2:00 PM (Week 12 & Forward)	7	8 -Companies submit Tender offers by 11:45 PM.	9 -CWB Books General Car Supply for GSW 12, to cover Advance and General Awards. -CWB Awards Tenders by 2:00 PM. -Co. provide CWB with zones for tenders & Advance.	10 -Co. submit shippable stocks and domestic mills by 10:00 AM. -CWB Awards General Cars for GSW 12 -CWB sends COA to Co. including general advance and tender awards.	11
11	12	13 -Flexing (General & Advance)	14 -Flexing (General & Advance) – Deadline 11:00 AM	15 -Finalize Week 12 Program	16	17	18
12	19 -Load Week 12 Orders	20 -Load Week 12 Orders	21 -Load Week 12 Orders	22 -Load Week 12 Orders	23 -Load Week 12 Orders	24 -Load Week 12 Orders	25 -Load Week 12 Orders
13	26	27	28	29	30	31	

## Tender Guidelines

1. Barring exceptional circumstances associated with sales or logistics opportunities, the Canadian Wheat Board (CWB) will tender on a regular weekly schedule. CWB will request offers for tenders on Monday of each week. GrainCo's will have until Wednesday 11:45 p.m. Winnipeg time to respond to tenders with their formal offers. CWB will inform all GrainCo's of the status of the offers by Thursday 2:00 p.m. Winnipeg time.
2. CWB will notify all GrainCo's of the results of the tendering process with the following information. Tender number, the number of cars accepted, the high and low bid, and the average weighted price.
3. If the CWB tenders to a specific terminal or a specific railway, this will be indicated at the time the request for offers are issued.
4. CWB will endeavor to spread the volume tendered on a weekly basis pursuant to the overall sales and logistics program.
5. CWB and GrainCo's will discuss and address any concerns about the tendering program and improvements to it.
6. The CWB will tender to a maximum of 20 per cent of the grain shipped by railcar to Thunder Bay (TB), Churchill (CH), Vancouver (VC), and Prince Rupert (PR). The CWB will provide a quarterly tender target by corridor. The CWB will endeavor to be within +/- 3 per cent in a given quarter.
7. Malt Barley tenders will be included in the 20 per cent tender target.
8. The CWB will use best efforts to ensure that tenders for wheat and durum are reflective of the total volume of wheat and durum moving in the East and West Coast corridors.