



Pre Harvest Wheat Pools 2009/10

The GrainCorp Pre Harvest Wheat Pools for the 2009/10 season are now open to allow you to take advantage of any price premiums in the market whilst on the same time give you exposure to any upside in prices.

The brief details are as follows:

- Minimum 60% of the tonnage contracted to the pre harvest pools will be hedged
- Hedging will be mainly option based to protect against market falls, whilst participating as much as possible in any upside to the market
- Growers can 'wash out' their Pre Harvest Pool exposure at a fixed \$25/mt washout fee in case of production failure
- GrainCorp will aim to finalise and pay out all Pre Harvest Pools by July 2010
- There are two payment options - **Harvest Payment** and **Single Sum Payment**
- There will be 3 Pools – WA, SA and East Coast
- Growers will have the option to take an **Early Exit** from the Pre Harvest pools at any time after 1st March 2010

Why participate in the Pre Harvest Pools?

In typical years grain prices are higher pre harvest to reflect crop growing risk.

Pre Harvest Pools allow growers to have exposure to prices before harvest *and* a fixed washout fee in case of production failure. The Pre Harvest Pools are a vital part of a "Year Round" Marketing plan.

How will GrainCorp manage the pre harvest pools?

The hedge program will be mainly option based in order to limit downside risk, while allowing participation in any upside market movements.

GrainCorp brings to the Pre Harvest Pools extensive risk management experience and access to a number of advanced hedge markets / hedge instruments.

The actual selling of the grain in the Pre Harvest Pool should be completed by June 2010. This will allow GrainCorp to make final pool payment in July 2010. This is based on the understanding that the Pre Harvest Pools appeal to growers that have exposure to prices before harvest.

Why do GrainCorp not offer a fixed premium over the harvest pools?

We do not believe that growers are well served by Pre Harvest Pools that link the final return of these pools to other Harvest Pools. While it may look attractive on paper, participants in one pool will end up subsidising participants in another pool. We firmly believe that pools with different risk profiles should be managed separately, with no cross subsidisation.

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What Payment Methods do you offer?

The Pre Harvest Pools will aim to have two payment types:

Payment Type	Harvest Period	July 2010
Harvest Payment	70% of EPR less 100% of costs	30% Of EPR
Single Sum	0%	100% of EPR less 100% of costs

Note: The exact amount and timing of each Payment will be at the discretion of the Pool Manager

What is Early Exit?

Early Exit is a new feature which allows growers to exit the Pre Harvest Pools at any time after 1st March 2010, should their financial situation change. The Early Exit payment will be based on the prevailing EPRs at the date on which an Exit request has been accepted, less a deduction of 10% of the EPR value.

Any more details on the pricing/EPR'S of the Pre Harvest Pools?

- Estimated Pool Returns (EPR's) are quoted Free On Board (FOB) NETT of Management fees
- EPR's are updated regularly and are available on www.graincorp.com.au
- Fixed Management fee of 2.5% of final EPR value
- Contracts are signed up as Multigrade contracts
- Grade Spreads are indicative only – final grades spreads determined upon finalisation of the pools
- Increments paid on protein, screenings and moisture for most grades
- Contract number must be quoted upon delivery of the grain
- There is no tolerance allowed on the contracted tonnage

How long will these Pre Harvest Pools be open?

The tonnage accepted into the Pre Harvest Pools will be strictly limited. The pools could close at any time with no prior warning. If not closed earlier, the latest date for contracting into the Pre Harvest Pools will be September 30th 2009.

How do I participate in the Pre Harvest Pools?

To participate in a Pre Harvest Pool, or for further information, please visit our website on www.graincorp.com.au. Alternatively call GrainCorp on 1800 809 482 and we will do our best to assist you.

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