

# GrainCorp Pools

## Pre Harvest Wheat Pools 2010/11

Graincorp is pleased to offer Australian grain growers Pre Harvest Wheat pools for the 2010/11 season, which are now open for contracting.

### Key Points:

- Tonnage contracted to the Pre Harvest Pools will be hedged on Australian and Overseas markets
- Hedging will be mainly option based to protect against market falls, whilst participating as much as possible in any market rise's
- 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 2011
- 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 1<sup>st</sup> March 2011

### 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. The Pre Harvest Pools will benefit from GrainCorp's extensive risk management experience and access to a number of advanced hedge markets / hedge instruments including Australian and Overseas markets.

The sales of the grain received in the Pre Harvest Pool will be completed by June 2011, allowing GrainCorp to make final pool payment in July 2011.

### 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. Whilst a 'premium' may look attractive on paper, participants in one pool may end up subsidising participants in another pool. We firmly believe that pools with different risk profiles should be managed separately, with no cross subsidisation.

## What Payment Methods do you offer?

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

Payment Type	Harvest Period	July 2011
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 feature which allows growers to exit the Pre Harvest Pools at any time after 1st March 2011, 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.

## Pre Harvest Wheat Pool Info

- 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](http://www.graincorp.com.au)
- Fixed Management fee of 2% 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 is strictly limited and hence the pools could close at any time with no prior warning. The pool manager reserves the right close the pools at any time.

## 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](http://www.graincorp.com.au) or contact our GrainCorp Marketing Service team nearest you.

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