



Canadian Pork Council
Conseil canadien du porc

THIS IS EXHIBIT - E - referred to in
the Affidavit of Canute Tagseth
SWORN before me at Humboldt
this 10 day of March, 20 10
A COMMISSIONER FOR OATHS in and
for the Province of Saskatchewan
Being a Solicitor - Q.R. -
My Commission expires Jan 31 / 2011

Hog Farm Transition Program

General

The Hog Farm Transition Program will provide up to \$75 million over two years to help hog producers who wish to transition out of the industry. The first \$37.5 million will be available immediately.

Hog producers may bid for compensation payments from the Hog Farm Transition Program. Participants will submit closed tender bids to the program for how much money they would require from the program to completely idle all of their hog production facilities for 3 years following complete emptying of all barns.

A series of closed tenders will be offered until the funds from the program are fully exhausted or the program has terminated. The first tender will occur on October 28, 2009. All bids received by 2:00 p.m. Eastern Daylight Time will be considered for that date's tender.

Revenue from the sale of animals in inventory is not linked to applications to the Hog Farm Transition Program.

Eligibility Criteria

The program is open to all producers that were in hog production on April 1, 2009 and are willing to commit to setting aside their entire hog production facilities for three years. Production facilities must remain empty for the entire 3 year period starting on the date the barns were completely depopulated.

Producers must apply for the program using the legal structure (i.e. sole proprietorship, partnership, corporations) of their operations as of August 1, 2009.

Participants must be the owners of the pigs. Participants must also own the barns where the pigs are being raised or have signed agreements with the barn owners stating the owners commit to idle their production facilities for three years following emptying of the barns. These signed agreements are legal contracts that clearly describe how any program payments are to be shared and provide authority to the Program Administrator to split the payment between the pig owner and the barn owner.

There are no maximums on individual payments; however there will be maximum per animal unit equivalent bids set by the Program Administrator. These will relate to the value of bids submitted for that tender process and will disqualify bids above the maximum.

Businesses operating in receivership or already under bankruptcy will not be eligible to participate in the HFTP.

Barns or partial barns (i.e. square footage) that received payment from the Cull Breeding Swine Program will not be eligible to participate in the HFTP, nor can this inventory be included in calculations. Barns that were idled under the CBSP will need to remain idle for the duration of the HFTP should the producer bid be accepted.

While producers may apply for both the Hog Industry Loan Loss Reserve Program and the HFTP, they are eligible to receive benefits (payments or loans) from only one.

Targeted and random audits will be conducted over the 3-year period to ensure production facilities remain idle.

How to participate

Producers interested in participating in the Hog Farm Transition Program must first register with the program. Once registration information is received, the administrator will verify eligibility and send the participant confirmation of eligibility along with a unique identification number that will be used in the bidding process. It is expected this review process will take 3 to 5 days. If you have not had contact with the Program Administrator by day 5, producers are encouraged to immediately call them.

Registration forms are available at a link on the Canadian Pork Council website www.cpc-ccp.com.

Registration forms can be downloaded and printed off and filled in manually. Once complete, the forms can be mailed, faxed or scanned and e-mailed to the administrator. Please note, the tender processes will be held on set dates and firm deadlines will apply. Ensure that you use a timely means of registration and bid submission.

Mailing Address: Hog Farm Transition Program
 Canadian Pork Council
 c/o Welch LLP
 1200-151 Slater Street
 Ottawa, ON K1P 5H3

E-mail Address: hftp@welchllp.com

Fax Number: 1-888-334-6618

Bidding Process and Method of Comparison

Several opportunities for tendering will be provided over the course of the program until all program funds are fully exhausted. The first tender date will be **October 28, 2009**. Dates for subsequent tenders will be announced on a regular basis.

Producers will submit bids for the total value of funds they need to comply with the program requirements.

Understanding that every barn differs in production type, size and configuration, a system to equitably compare bids has been developed. Using this system, each total farm bid is converted to a common unit basis for comparison purposes. This unit is called an Animal Unit Equivalent (AUE).

Bids are converted to the AUE based on the inventory of animals on the farm as reported in their most recent or previous AgriStability report. The resulting AUE is used to compare bids among those tendered. Payments will be awarded to the lowest bids first, followed by successively higher bids until the funds for that tender are exhausted.

For a detailed explanation of the process used in bid comparison, refer to the Methodology section of the Hog Farm Transition Program website at www.cpc-ccp.com.

An on-line calculator is also available at www.cpc-ccp.com to assist producers in comparing their total bid and per animal unit equivalent bid.

Bid Acceptance

Results of a producer's tender will be communicated to each applicant. Upon a successful tender, a producer will be required to provide additional supporting information prior to payments being processed.

Unsuccessful applicants are permitted to submit bids in subsequent tender processes, should one be available.

Public Information

After each tender process, the high and low range of accepted bids and the weighted average of accepted bids will be published.

Neither business entity names nor individual producer names will be made public at any stage of the program process.

Interim Payments

Interim payments may be issued upon request after the acceptance of a bid.

To be eligible for an interim payment, producers will need to outline their livestock marketing or disposal plan.

Interim payments will be paid on the value of 25% of the total payment upon receipt of evidence that 50% of the animals have been removed from the operation.

Livestock Marketing or Disposal Plans

The program will allow producers to determine the most appropriate means of removing hogs from their barns. Some will choose marketing their animals in inventory, while others may choose euthanasia. For those choosing to market their livestock, revenue from the sale of animals in inventory is considered on-going farm income and is not linked to applications to the Hog Farm Transition Program.

For those using euthanasia, the animals must be euthanized and disposed of in a humane manner and in accordance with provincial and national requirements.

Timelines for disposal

Once a bid has been accepted, barns must be emptied within a given time period based on the type of hog operation. Timelines are as follows:

Business Type	Disposal deadlines
Farrow-to-finish	12 months
Farrow-to-wean	5 months
Farrow-to-feeder	7 months
Weaner only	3 months
Finisher Only	6 months

Auditing

The Program Administrator will be conducting both random audits and targeted audits as warranted.

Penalties for Non-Compliance

Producers that are successful with a bid and have received payment through the program but are later determined not to meet the conditions of the agreement will be required to repay all funds advanced through the program plus a 10% penalty

plus an interest penalty of 5% calculated from the time program funds have been advanced until repayment has been received by the Administrator.

If no program payment has been made, no financial penalties will be imposed. However, the producer cannot place bids in future tenders.

Taxation

Funds from the program are taxable. They are not, however, considered farm income for the purposes of other federal programs such as AgriStability.

Program administration

The Canadian Pork Council (CPC) was requested by Agriculture and Agri-Food Canada to deliver the Hog Farm Transition Program. A three-committee structure is in place to oversee the program. A Producer Advisory Committee provides general input, a Management Committee works on the details and provides guidance on an ongoing basis and the CPC Board of Directors is responsible for the overall functioning of the program.

Welch LLP, an Ottawa-based accounting firm, has been appointed administrator of the program.



Hog Farm Transition Program REGISTRATION INSTRUCTIONS

1. Please read the entire Registration Package before completing any of the forms.
2. Funds available for Program Payments are limited to \$75,000,000 (\$37,500,000 in 2009-2010 and \$37,500,000 in 2010-2011) made available to Eligible Producers by the Minister of Agriculture and Agri-Food Canada.
3. Producers must register with Welch LLP, the Program Administrator, in order to obtain a 'bid number' which will allow them to submit tenders for Program Payments. **Producers will not be able to submit a bid if they have not previously registered with the Administrator or provided the documents/information requested below.**
4. The Registration Package consists of 4 parts: the Technical Overview, the Registration Form, Appendix 1 – Barn Details and Appendix 2 – Terms and Conditions.
5. The Registration Form must be submitted in the name of the owner(s) of the hogs as of the date the Registration Form is completed. Registrations submitted in the name of a dealer or agent acting on behalf of the owner(s) will not be accepted.
6. Additional documentation and/or information may be requested from Applicants at any time to support information already provided.
7. All producers are required to submit their Business Number, if a corporation, or Social Insurance Number(s), if an individual or partnership. The Administrator will reference these numbers when issuing the AGR-1 tax slips.
8. Registration forms and supporting documents can be sent via courier, registered mail, e-mail or fax to the following:

**Hog Farm Transition Program
c/o Welch LLP
1200-151 Slater Street
Ottawa, ON
K1P 5H3**

Email: hftp@welchllp.com
Fax: 1-888-334-6618
9. Documents required from the Eligible Producer:
 - a. Completed and signed Registration Form.
 - b. A copy of **one (1) sales or purchase invoice** in support of Section 4.2 of the Registration Form.
 - c. **Diagram(s)** showing all Barns included in Section 5 of the Registration Form.
 - d. **AgriStability report** to support hog inventory included in Section 6 of the Registration Form. The number of hogs per the AgriStability report should match the number of hogs included in the chart in Section 6.
 - e. Appendix 1 – Individual Barn Declaration – **N.B. A separate form must be completed for each individual barn declared.**

Please read the Technical Overview which includes definitions for "Eligible Animals", "Eligible Producer" and "Barns" among others.

**N.B. Bidding forms will be provided to Eligible Producers once their Registration has been approved.
Bidding instructions will be provided under separate cover.**

For further information, please contact the Program Administrator at 1-888-368-4023 or hftp@welchllp.com.



Hog Farm Transition Program TECHNICAL OVERVIEW

A. PURPOSE:

The purpose of this Program is to:

- a) assist Canadian hog producers to address the current market situation of low hog prices, higher feed grain costs and a stronger Canadian dollar by helping to return the industry to a level of production that is more sustainable in domestic and international markets;
 - b) facilitate an orderly transition to these new market realities by providing payments to Canadian hog producers who agree to set aside production in all Barns for the required three (3) year period;
 - c) permit the Canadian Pork Council to conduct a national tender program which will allow hog producers to bid the minimum amount of financial assistance they would accept to set aside production for the required three (3) year period.
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B. DEFINITIONS:

- B.1. Barn:** means any farm building in Canada used or formerly used, or that may be used, by an Eligible Producer to house Eligible Animals, including barns owned, leased, rented or contracted by the Eligible Producer.
- B.2. Bid Form:** means the Program's bid form to be used to submit a bid for funding under the Program by Eligible Producers who are duly registered under the Program.
- B.3. Bid Number:** means a number assigned by the Program Administrator to an Eligible Producer whose registration under the Program is complete.
- B.4. Bid Window:** means a period of time designated by the Program Administrator during which bids by Eligible Producers for funding under the Program will be accepted.
- B.5. Eligible Animals:** means any type of domestic pig in any type of production.
- B.6. Eligible Producer:** means an individual, partnership, corporation or co-operative which:
 - B.6.1.** was engaged in the production of Eligible Animals as of April 1, 2009;
 - B.6.2.** has not filed an assignment or proposal under the *Bankruptcy and Insolvency Act* or was the subject of an order made under that Act;
 - B.6.3.** has not obtained a loan from a financial institution where that loan is supported by the *Hog Industry Loan Loss Reserve Program*; and
 - B.6.4.** is willing to undertake to set aside production of all Barns for a period of not less than three (3) years following the emptying of the applicable Barns in accordance with the Program.
- B.7. Eligible Program Payments:** means payments made to, or to the direction of, Eligible Producers under the Program.
- B.8. Minister:** means the Minister of Agriculture and Agri-Food and any person authorized to act on his or her behalf;
- B.9. Program:** means the Hog Farm Transition Program

B.10. Program Administrator: the Canadian Pork Council has contracted with Welch LLP to Administer the Program on its behalf. The Program Administrator's contact information is as follows:

**Hog Farm Transition Program
c/o Welch LLP
1200-151 Slater Street
Ottawa, ON
K1P 5H3**

Telephone: 1-888-368-4023

Fax: 1-888-334-6618

Email: hftp@welchllp.com

B.11. Qualified Person: means an individual engaged in employment as a veterinarian, Canadian Quality Assurance (CQA) validator, SPCA/Humane Society animal cruelty inspector duly appointed under provincial regulation, or designated as a properly trained individual by the Canadian Food Inspection Agency, the provincial department of agriculture, the Canadian Pork Council or a provincial pork organization for purposes of meeting the requirements for Eligible Animals slaughtered as described in Appendix 5 (available after Eligible Producer has been notified that a bid was successful).

B.12. Registration Form: means the Program's registration form, including the Appendices, used to register the Eligible Producer and to confirm eligibility to submit a bid for funding.

C. REGISTRATION:

- C.1.** To receive a bid number and be eligible to submit a bid for funding under the Program, Eligible Producers are required to register by submitting a duly completed and signed Registration Form to the Program Administrator.
 - C.2.** Only registrations filed using the Registration Form will be accepted.
 - C.3.** Only Eligible Producers are entitled to register under the Program.
 - C.4.** If an Eligible Producer files a Registration Form, the Program Administrator will contact the Eligible Producer or their Designated Contact Person (if provided) should any further information be required to complete the registration process. The Eligible Producer will not be able to submit bids if they fail to respond to the Program Administrator's request.
 - C.5.** Eligible Producers must register and be accepted by the Program's Administrators in order to receive a Bid Number and to be eligible to submit a bid for funding under the Program.
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D. BIDDING:

- D.1.** Eligible Producers must be registered with the Program Administrators and must have received a Bid Number and a Bid Form in order for that Eligible Producer's bid to be considered by the Program Administrator.
 - D.2.** Notice will be given in advance of a Bid Window as to the length of the Bid Window and the amount of funds to be made available for bids submitted during that Bid Window.
 - D.3.** Only bids submitted on the Bid Form will be considered by the Program Administrator.
 - D.4.** Only bids **received** by the Program's Administrator by the date and time stipulated as the closing of the Bid Window and at the addresses stipulated by the Program Administrator will be considered for funding.
 - D.5.** Following the closing of the Bid Window, the Program Administrator will compare bids using the bid comparison methodology established under the Program to determine which bids are successful. All those who submitted bids under the Program will be notified of the bid results, whether successful or unsuccessful.
 - D.6.** Upon notification of a successful bid, the Eligible Producer must depopulate all of such Eligible Producer's Barns of Eligible Animals according to the terms of the Program and must provide the information required by the Program Administrator in the time lines specified in 'Section E – Program Payments'.
 - D.7.** If an Eligible Producer is notified that the bid was unsuccessful, the Eligible Producer will be eligible to submit another bid during any subsequent Bid Window.
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E. PROGRAM PAYMENTS

Program payments will be made to those Eligible Producers who have submitted a successful bid and have completed the depopulation of their Barns in accordance with the Program. Payments will be allocated to a maximum of the amount made available during the Bid Window.

Eligible Producers will have the following timelines to depopulate their Barns, based on the type of their operation and provide the Program Administrator with required documentation:

Farrow to finish:	12 months
Farrow to wean:	5 months
Farrow to feeder:	7 months
Weaner only:	3 months
Finisher only:	6 months

Should the Eligible Producer not be able to corroborate the number of hogs in their inventory, the Program Administrator reserves the right to limit payment to that amount which the Eligible Producer can corroborate.

F. SIGNATURES:

- F.1.** Registration Forms must be signed by, or on behalf of, a properly authorized person. The Minister or Program Administrator may require evidence of authorization. If two or more individuals are listed on the same form, only a properly authorized person is allowed to sign on behalf of the Eligible Producer.
 - F.2.** Designates are not permitted to sign the Registration Forms unless they have duly authorized powers of attorney, proof of which must be submitted with the Application.
 - F.3.** The Registration Form is not deemed complete unless the Registration Form and all other required supporting documents are completed, signed and delivered to the Program Administrator.
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G. VERIFICATION:

- G.1.** The Eligible Producer consents to the Minister or the Program Administrator releasing any information contained in the Registration Form or related to it and obtained by the Minister or the Program Administrator in the course of verifying or auditing the information to any other government department, agency or other body. The Eligible Producer expressly authorizes the Minister or the Program Administrator to obtain information from any government department, agency or other body to verify the contents of the Registration Form and to determine the Eligible Producer's eligibility for other programs offering financial assistance for which the Eligible Producer is eligible.
 - G.2.** The Eligible Producer agrees to give representatives of the Minister or Program Administrator access to examine their farming or business operation and agrees to make available to the Minister or Program Administrator all farm records, books of account, and income tax returns, personal and/or corporate, necessary to audit the operation or to verify any information provided in their Registration Form or any other forms completed by the Eligible Producer.
 - G.3.** The Minister or Program Administrator may require an Eligible Producer to provide copies of farm records, books of account and income tax returns of persons who are involved in a non-arm's length relationship and partners and shareholders or members who actively farm on behalf of the Eligible Producer, as necessary at the Minister or Program Administrator's discretion to verify or audit the Registration. The Eligible Producer may be ineligible for future programs should they fail to provide the records within a reasonable time on reasonable notice.
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H. MONITORING AND COMPLIANCE

- H.1.** The Minister and the Program Administrator reserve the right to subject any Eligible Producer to an on premises audit or any other audit procedures as it sees fit prior to payment.
 - H.2.** The Eligible Producer agrees to permit the Minister and the Program Administrator to visit the Eligible Producer's premises at any time from the date the Registration Form is received and up to three years following the emptying of the Barns for the purposes of monitoring compliance with the Program requirements.
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Funding for the Hog Farm Transition Program has been made available by Agriculture and Agri-Food Canada.