

Frequently Asked Questions

WOW Commodity Purchase Program

1. What type of commodity qualifies for the program?

Currently, WOW Logistics accepts cheese, dairy powders, butter, and meat. Other commodities are permitted in the program, depending upon the type of commodity and the needs of the client. If you have a specific need, WOW Logistics will attempt to fit it within the framework of our flexible WOW Commodity Purchase Program Agreement.

2. Who owns the commodity while it is in the program?

When the commodity is delivered and unloaded at a storage facility, title and ownership transfer to WOW Logistics. At the time of repurchase, title transfers to the counterparty when the commodity is loaded into the trailer for shipment.

3. Will WOW Logistics pay the commodity manufacturer directly on my behalf when the product enters the program?

Yes, WOW Logistics will pay the manufacturer directly. In this situation, the ordering and quality control of the commodity must be arranged between the counterparty and the commodity manufacturer/supplier. However, despite WOW Logistics rendering payment for the commodity to the commodity manufacturer/supplier as directed by the counterparty, the counterparty remains responsible for quality and warranty matters with respect to the commodity. WOW Logistics only warrants that a commodity transferred to the counterparty shall be free and clear of liens, encumbrances and restrictions.

4. Will WOW Logistics purchase 100% of the commodity's value?

Yes, provided the counterparty represents and warrants that the purchase price, with respect to the manufacturer/supplier of the commodity, is fair and reasonable and contains no payment to the counterparty. For the manufacturer/supplier, this is the "day of make" price, which is essentially the cost to manufacture, including materials and labor only.

5. What happens if the commodity is defective from a process that arises from manufacturing?

There are many important points to be made with this question. It is the counterparty's responsibility to create the specifications for the commodity and undertake all testing that they feel is necessary. WOW Logistics will allow access to the commodity. If the commodity is defective in any way, the counterparty must address this issue with the manufacturer/supplier. WOW Logistics is not in the business of manufacturing, grading or in any way assessing the quality or value of the commodity placed in the program. It is the counterparty's obligation to purchase from WOW Logistics all commodities that enter the program, without discount or offset and regardless of any quality defects.

6. What happens if the commodity is defective because of conditions related to holding of the commodity?

It is the counterparty's responsibility to correctly specify the holding conditions of the commodity. The holding conditions will be followed to the standard of care required of a warehouseman.

Page 1 of 2 (continued on page 2)



Frequently Asked Questions

WOW Logistics Commodity Purchase Agreement

Page 2 of 2 (continued from page 1)

7. What happens if the commodity is damaged or destroyed by something like a fire or tornado while WOW Logistics owns the commodity?

While WOW Logistics has title to the commodity, WOW Logistics has insurance in place to address losses arising from natural disasters such as fire and storm. If the commodity is destroyed, WOW Logistics duty to sell the commodity and the counterparty's obligation to purchase the commodity will be terminated. The counterparty will not be liable for holding or moving costs associated with such lost commodity. The counterparty should be aware that if there is such a loss, the counterparty will lose the opportunity to gain from the commodity that was lost. The counterparty's lost profit is a loss to be incurred by the counterparty without reimbursement by WOW Logistics.

8. Can WOW Logistics arrange for shipping, and who has the risk of loss while in transit?

WOW Logistics would be pleased to arrange for the shipping of the commodity. WOW Logistics, as a transportation broker, has experience in arranging and managing the shipping needs of its counterparties. The risk of loss runs with the carrier in possession of the commodity or WOW Logistics' counterparty. WOW Logistics does not bear the risk of loss while the commodity is in transit, because it is a broker of transportation services, not a provider of them.

9. Why do you call the agreement a Commodity Purchase Agreement?

At the heart of the transaction is the obligation by WOW Logistics to purchase certain commodities and the counterparty's irrevocable, unassignable and absolute obligation to buy them back. From this basic perspective, the agreement addresses the rules of that purchase and sale transaction and the risks and rewards that prompt each party to work together. Also, by looking at the essence of the basic transaction, the agreement can apply to nearly any commodity and any type of program that WOW Logistics and the counterparty can envision.

10. Can WOW Logistics sell "my" commodity to anybody but me?

The counterparty has a right (and obligation) to purchase the same commodity that was placed in the program in that counterparty's name. WOW Logistics grants the counterparty an exclusive right to purchase, so it cannot sell that commodity to anybody else. The counterparty should note that in the event of a default, WOW Logistics does have rights to sell the commodity.

11. What does it mean that I have an irrevocable, unassignable and absolute obligation to purchase?

This means that the counterparty must purchase the commodity from WOW Logistics, regardless of the condition of the commodity or the market conditions. The unassignable obligation means that the counterparty cannot transfer its obligation to purchase without WOW Logistics consent.

Frequently Asked Questions is not an offer to contract nor is it a solicitation. This document contains information regarding the WOW Commodity Purchase Program. For specific information about the legal agreement that defines the rights and duties of the parties, you should refer to the commodity purchase agreement, which shall be deemed the controlling document. Prior to placing commodity into the program, the counterparty must execute a commodity purchase agreement. The commodity purchase agreement supersedes all prior oral or written statements, including this Frequently Asked Questions document.

