



Forward Contract Compared to Put Option Opportunity

Today's Date **2/3/2012**

Forward Contract Opportunity

July Futures Price	\$ 6.55
Today's Basis - for delivery	\$ (0.27)
Today's Forward Contract Price	\$ 6.28

2011 Old Crop Corn

Put Option Opportunity Using	July 12		Corn Put Options		Expiration June 22			
Strike Price	\$ 6.60	\$ 6.50	\$ 6.40	\$ 6.30	\$ 6.20	\$ 6.10	\$ 6.00	
Less Premium Cost	\$ (0.51)	\$ (0.46)	\$ (0.40)	\$ (0.36)	\$ (0.31)	\$ (0.27)	\$ (0.23)	
Less Transaction Cost	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	
Futures Floor	\$ 6.08	\$ 6.03	\$ 5.99	\$ 5.93	\$ 5.88	\$ 5.82	\$ 5.76	
Less Expected Basis	\$ (0.27)	\$ (0.27)	\$ (0.27)	\$ (0.27)	\$ (0.27)	\$ (0.27)	\$ (0.27)	
Expected Minumim Cash Price	\$ 5.81	\$ 5.76	\$ 5.72	\$ 5.66	\$ 5.61	\$ 5.55	\$ 5.49	

Revenue Per Acre Protected								
Yield Estimate of 185 bu/ac	\$1,075	\$1,066	\$1,058	\$1,047	\$1,038	\$1,027	\$1,016	

Futures "Trade off point" above this point the put strategy nets more than the forward sale

	\$ 7.06	\$ 7.01	\$ 6.95	\$ 6.91	\$ 6.86	\$ 6.82	\$ 6.78	
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Outcomes over a range of futures prices

Range of Prices	Expected Cash Prices at Various Futures Prices							
\$8.00	\$7.21	\$7.26	\$7.32	\$7.36	\$7.41	\$7.45	\$7.49	
\$7.75	\$6.96	\$7.01	\$7.07	\$7.11	\$7.16	\$7.20	\$7.24	
\$7.50	\$6.71	\$6.76	\$6.82	\$6.86	\$6.91	\$6.95	\$6.99	
\$7.25	\$6.46	\$6.51	\$6.57	\$6.61	\$6.66	\$6.70	\$6.74	
\$7.00	\$6.21	\$6.26	\$6.32	\$6.36	\$6.41	\$6.45	\$6.49	
\$6.75	\$5.96	\$6.01	\$6.07	\$6.11	\$6.16	\$6.20	\$6.24	
\$6.50	\$5.81	\$5.76	\$5.82	\$5.86	\$5.91	\$5.95	\$5.99	
\$6.25	\$5.81	\$5.76	\$5.72	\$5.66	\$5.66	\$5.70	\$5.74	
\$6.00	\$5.81	\$5.76	\$5.72	\$5.66	\$5.61	\$5.55	\$5.49	
\$5.75	\$5.81	\$5.76	\$5.72	\$5.66	\$5.61	\$5.55	\$5.49	
\$5.50	\$5.81	\$5.76	\$5.72	\$5.66	\$5.61	\$5.55	\$5.49	
\$5.25	\$5.81	\$5.76	\$5.72	\$5.66	\$5.61	\$5.55	\$5.49	
\$5.00	\$5.81	\$5.76	\$5.72	\$5.66	\$5.61	\$5.55	\$5.49	
\$4.75	\$5.81	\$5.76	\$5.72	\$5.66	\$5.61	\$5.55	\$5.49	
\$4.50	\$5.81	\$5.76	\$5.72	\$5.66	\$5.61	\$5.55	\$5.49	
\$4.25	\$5.81	\$5.76	\$5.72	\$5.66	\$5.61	\$5.55	\$5.49	
\$4.00	\$5.81	\$5.76	\$5.72	\$5.66	\$5.61	\$5.55	\$5.49	

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