



### Forward Contract Compared to Put Option Opportunity

Today's Date 1/4/2011

#### Forward Contract Opportunity

December Futures Price	\$ 5.50
Today's Basis - fall del.	\$ (0.60)
Today's Forward Contract Price	\$ 4.90

2011 New Crop Corn

#### Put Option Opportunity

Strike Price	\$ 5.50	\$ 5.40	\$ 5.20	\$ 5.00	\$ 4.80
Less Premium Cost	\$ (0.76)	\$ (0.70)	\$ (0.59)	\$ (0.48)	\$ (0.39)
Less Transaction Cost	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Futures Floor	\$ 4.73	\$ 4.69	\$ 4.60	\$ 4.51	\$ 4.40
Less Expected Basis	\$ (0.50)	\$ (0.50)	\$ (0.50)	\$ (0.50)	\$ (0.50)
<b>Expected Minimum Cash Price</b>	<b>\$ 4.23</b>	<b>\$ 4.19</b>	<b>\$ 4.10</b>	<b>\$ 4.01</b>	<b>\$ 3.90</b>

<b>Revenue Per Acre Protected</b>					
Yield Estimate of 185 bu/ac	\$782.55	\$775.15	\$758.50	\$741.85	\$721.50

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

	\$ 6.26	\$ 6.20	\$ 6.09	\$ 5.98	\$ 5.89
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#### Outcomes over a range of futures prices

Range of Prices	Expected Cash Prices at Various Futures Prices				
\$7.00	\$5.73	\$5.79	\$5.90	\$6.01	\$6.10
\$6.75	\$5.48	\$5.54	\$5.65	\$5.76	\$5.85
\$6.50	\$5.23	\$5.29	\$5.40	\$5.51	\$5.60
\$6.25	\$4.98	\$5.04	\$5.15	\$5.26	\$5.35
\$6.00	\$4.73	\$4.79	\$4.90	\$5.01	\$5.10
\$5.75	\$4.48	\$4.54	\$4.65	\$4.76	\$4.85
\$5.50	\$4.23	\$4.29	\$4.40	\$4.51	\$4.60
\$5.25	\$4.23	\$4.19	\$4.15	\$4.26	\$4.35
\$5.00	\$4.23	\$4.19	\$4.10	\$4.01	\$4.10
\$4.75	\$4.23	\$4.19	\$4.10	\$4.01	\$3.90
\$4.50	\$4.23	\$4.19	\$4.10	\$4.01	\$3.90
\$4.25	\$4.23	\$4.19	\$4.10	\$4.01	\$3.90
\$4.00	\$4.23	\$4.19	\$4.10	\$4.01	\$3.90
\$3.75	\$4.23	\$4.19	\$4.10	\$4.01	\$3.90
\$3.50	\$4.23	\$4.19	\$4.10	\$4.01	\$3.90
\$3.25	\$4.23	\$4.19	\$4.10	\$4.01	\$3.90
\$3.00	\$4.23	\$4.19	\$4.10	\$4.01	\$3.90

#### 2011 Corn - Example Guess

#### Revenue Insurance floor

#### \$5.50 base

Coverage Election	65%	70%	75%	80%	85%
Futures Price	\$ 3.58	\$ 3.85	\$ 4.13	\$ 4.40	\$ 4.68
Basis	\$ (0.60)	\$ (0.60)	\$ (0.60)	\$ (0.60)	\$ (0.60)
Cash Equivalent	\$ 2.98	\$ 3.25	\$ 3.53	\$ 3.80	\$ 4.08