



## Forward Contract Compared to Forward Contract Covered with Calls

Today's Date 01/21/11

### Forward Contract Opportunity

December Futures Price	\$ 5.76
Today's Basis - fall del.	\$ (0.70)
Today's Forward Contract Price	\$ 5.06

2011 New Crop Corn

### Call Option Opportunity

Strike Price	\$ 5.80	\$ 6.00	\$ 6.20	\$ 6.40	\$ 6.60
Less Premium Cost	\$ (0.77)	\$ (0.70)	\$ (0.63)	\$ (0.56)	\$ (0.51)
Less Transaction Cost	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Cash Price Floor	\$ 4.28	\$ 4.35	\$ 4.42	\$ 4.49	\$ 4.54

### Revenue Per Acre Protected

Yield Estimate of 185 bu/ac	\$791.80	\$804.75	\$817.70	\$830.65	\$839.90
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### Futures Price where call option starts to add to cash sale price.

	\$ 6.58	\$ 6.71	\$ 6.84	\$ 6.97	\$ 7.12
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### Outcomes over a range of futures prices

Range of Prices	Expected Cash Prices at Various Futures Prices				
\$10.00	\$8.48	\$8.35	\$8.22	\$8.09	\$7.94
\$9.50	\$7.98	\$7.85	\$7.72	\$7.59	\$7.44
\$9.00	\$7.48	\$7.35	\$7.22	\$7.09	\$6.94
\$8.50	\$6.98	\$6.85	\$6.72	\$6.59	\$6.44
\$8.00	\$6.48	\$6.35	\$6.22	\$6.09	\$5.94
\$7.50	\$5.98	\$5.85	\$5.72	\$5.59	\$5.44
\$7.00	\$5.48	\$5.35	\$5.22	\$5.09	\$4.94
\$6.50	\$4.98	\$4.85	\$4.72	\$4.59	\$4.54
\$6.00	\$4.48	\$4.35	\$4.42	\$4.49	\$4.54
\$5.50	\$4.28	\$4.35	\$4.42	\$4.49	\$4.54
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\$4.00	\$4.28	\$4.35	\$4.42	\$4.49	\$4.54
\$4.50	\$4.28	\$4.35	\$4.42	\$4.49	\$4.54
\$4.00	\$4.28	\$4.35	\$4.42	\$4.49	\$4.54
\$3.50	\$4.28	\$4.35	\$4.42	\$4.49	\$4.54
\$3.00	\$4.28	\$4.35	\$4.42	\$4.49	\$4.54

### 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	\$ (0.70)	\$ (0.70)	\$ (0.70)	\$ (0.70)	\$ (0.70)	\$ (0.70)
Cash Equivalent	\$ 2.88	\$ 3.15	\$ 3.43	\$ 3.70	\$ 3.98	