



Forward Contract Compared to Put Option Opportunity

Today's Date 1/21/2011

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

Put Option Opportunity

Strike Price	\$ 5.70	\$ 5.50	\$ 5.20	\$ 5.00	\$ 4.80
Less Premium Cost	\$ (0.75)	\$ (0.64)	\$ (0.47)	\$ (0.38)	\$ (0.30)
Less Transaction Cost	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Futures Floor	\$ 4.94	\$ 4.85	\$ 4.72	\$ 4.61	\$ 4.49
Less Expected Basis	\$ (0.60)	\$ (0.60)	\$ (0.60)	\$ (0.60)	\$ (0.60)
Expected Minumim Cash Price	\$ 4.34	\$ 4.25	\$ 4.12	\$ 4.01	\$ 3.89

Revenue Per Acre Protected

Yield Estimate of 185 bu/ac	\$802.90	\$786.25	\$762.20	\$741.85	\$719.65
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Futures "Trade off point" above this point the put strategy nets more than the forward sale

	\$ 6.51	\$ 6.40	\$ 6.23	\$ 6.14	\$ 6.06
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Outcomes over a range of futures prices

Range of Prices	Expected Cash Prices at Various Futures Prices				
\$10.00	\$8.64	\$8.75	\$8.92	\$9.01	\$9.09
\$9.50	\$8.14	\$8.25	\$8.42	\$8.51	\$8.59
\$9.00	\$7.64	\$7.75	\$7.92	\$8.01	\$8.09
\$8.50	\$7.14	\$7.25	\$7.42	\$7.51	\$7.59
\$8.00	\$6.64	\$6.75	\$6.92	\$7.01	\$7.09
\$7.50	\$6.14	\$6.25	\$6.42	\$6.51	\$6.59
\$7.00	\$5.64	\$5.75	\$5.92	\$6.01	\$6.09
\$6.50	\$5.14	\$5.25	\$5.42	\$5.51	\$5.59
\$6.00	\$4.64	\$4.75	\$4.92	\$5.01	\$5.09
\$5.50	\$4.34	\$4.25	\$4.42	\$4.51	\$4.59
\$5.00	\$4.34	\$4.25	\$4.12	\$4.01	\$4.09
\$4.50	\$4.34	\$4.25	\$4.12	\$4.01	\$3.89
\$4.00	\$4.34	\$4.25	\$4.12	\$4.01	\$3.89
\$3.50	\$4.34	\$4.25	\$4.12	\$4.01	\$3.89
\$3.00	\$4.34	\$4.25	\$4.12	\$4.01	\$3.89
\$2.50	\$4.34	\$4.25	\$4.12	\$4.01	\$3.89
\$2.00	\$4.34	\$4.25	\$4.12	\$4.01	\$3.89

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)
Cash Equivalent	\$ 2.88	\$ 3.15	\$ 3.43	\$ 3.70	\$ 3.98