



Forward Contract Compared to Put Option Opportunity

Today's Date 01/21/11

Forward Contract Opportunity

September Minn Wheat	\$ 9.28
Today's Basis - fall del.	\$ (0.50)
Today's Forward Contract Price	\$ 8.78

Dec New Crop Spring Wheat

Put Option Opportunity

Dec Mpls Puts

Strike Price	\$9.30	\$9.20	\$9.00	\$8.80	\$8.60
Less Premium Cost	\$ (1.31)	\$ (1.30)	\$ (1.13)	\$ (1.01)	\$ (0.85)
Less Transaction Cost	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Futures Floor	\$ 7.98	\$ 7.89	\$ 7.86	\$ 7.78	\$ 7.74
Less Expected Basis	\$ (0.45)	\$ (0.45)	\$ (0.45)	\$ (0.45)	\$ (0.45)
Expected Minimum Cash Price	\$ 7.53	\$ 7.44	\$ 7.41	\$ 7.33	\$ 7.29

Revenue Per Acre Protected

Yield Estimate of 50 bu/ac	\$376.50	\$372.00	\$370.50	\$366.50	\$364.50
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Futures "Trade off point" above this point the put strategy nets more than the forward sale

\$ 10.59	\$ 10.58	\$ 10.41	\$ 10.29	\$ 10.13
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Outcomes over a range of futures prices

Range of Prices

Expected Cash Prices at Various Futures Prices

\$16.00	\$14.23	\$14.24	\$14.41	\$14.53	\$14.69
\$15.50	\$13.73	\$13.74	\$13.91	\$14.03	\$14.19
\$15.00	\$13.23	\$13.24	\$13.41	\$13.53	\$13.69
\$14.50	\$12.73	\$12.74	\$12.91	\$13.03	\$13.19
\$14.00	\$12.23	\$12.24	\$12.41	\$12.53	\$12.69
\$13.50	\$11.73	\$11.74	\$11.91	\$12.03	\$12.19
\$13.00	\$11.23	\$11.24	\$11.41	\$11.53	\$11.69
\$12.50	\$10.73	\$10.74	\$10.91	\$11.03	\$11.19
\$12.00	\$10.23	\$10.24	\$10.41	\$10.53	\$10.69
\$11.50	\$9.73	\$9.74	\$9.91	\$10.03	\$10.19
\$11.00	\$9.23	\$9.24	\$9.41	\$9.53	\$9.69
\$10.50	\$8.73	\$8.74	\$8.91	\$9.03	\$9.19
\$10.00	\$8.23	\$8.24	\$8.41	\$8.53	\$8.69
\$9.50	\$7.73	\$7.74	\$7.91	\$8.03	\$8.19
\$9.00	\$7.53	\$7.44	\$7.41	\$7.53	\$7.69
\$8.50	\$7.53	\$7.44	\$7.41	\$7.33	\$7.29
\$8.00	\$7.53	\$7.44	\$7.41	\$7.33	\$7.29
\$7.50	\$7.53	\$7.44	\$7.41	\$7.33	\$7.29

2011 Hard Red Spring Wheat

Revenue Insurance floor Estimate

\$9.00 base

Coverage Election	65%	70%	75%	80%	85%
Futures Price	\$ 5.85	\$ 6.30	\$ 6.75	\$ 7.20	\$ 7.65
Basis	\$ (0.50)	\$ (0.50)	\$ (0.50)	\$ (0.50)	\$ (0.50)
Cash Equivalent	\$ 5.35	\$ 5.80	\$ 6.25	\$ 6.70	\$ 7.15