



### Forward Contract Compared to Put Option Opportunity

Today's Date **04/28/11**

#### Forward Contract Opportunity

September Minn Wheat	\$ 9.48
Today's Basis - fall del.	\$ (0.95)
Today's Forward Contract Price	\$ 8.53

2011 New Crop Spring Wheat

#### Put Option Opportunity Using

Dec 11 Mpls

Wheat Put Options

	\$9.60	\$9.40	\$9.20	\$9.00	\$8.80	\$8.60	\$8.40
Strike Price	\$9.60	\$9.40	\$9.20	\$9.00	\$8.80	\$8.60	\$8.40
Less Premium Cost	\$ (1.09)	\$ (0.97)	\$ (0.86)	\$ (0.76)	\$ (0.67)	\$ (0.57)	\$ (0.50)
Less Transaction Cost	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Futures Floor	\$ 8.50	\$ 8.42	\$ 8.33	\$ 8.23	\$ 8.12	\$ 8.02	\$ 7.89
Less Expected Basis	\$ (0.45)	\$ (0.45)	\$ (0.45)	\$ (0.45)	\$ (0.45)	\$ (0.45)	\$ (0.45)
<b>Expected Minimum Cash Price</b>	<b>\$ 8.05</b>	<b>\$ 7.97</b>	<b>\$ 7.88</b>	<b>\$ 7.78</b>	<b>\$ 7.67</b>	<b>\$ 7.57</b>	<b>\$ 7.44</b>

#### Revenue Per Acre Protected

Yield Estimate of 50 bu/ac	\$402.50	\$398.50	\$394.00	\$389.00	\$383.50	\$378.50	\$372.00
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Futures "Trade off point" above this point the put strategy nets more than the forward sale

	\$ 10.57	\$ 10.45	\$ 10.34	\$ 10.24	\$ 10.15	\$ 10.05	\$ 9.98
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#### Outcomes over a range of futures prices

Range of Prices	Expected Cash Prices at Various Futures Prices						
\$16.00	\$14.45	\$14.57	\$14.68	\$14.78	\$14.87	\$14.97	\$15.04
\$15.50	\$13.95	\$14.07	\$14.18	\$14.28	\$14.37	\$14.47	\$14.54
\$15.00	\$13.45	\$13.57	\$13.68	\$13.78	\$13.87	\$13.97	\$14.04
\$14.50	\$12.95	\$13.07	\$13.18	\$13.28	\$13.37	\$13.47	\$13.54
\$14.00	\$12.45	\$12.57	\$12.68	\$12.78	\$12.87	\$12.97	\$13.04
\$13.50	\$11.95	\$12.07	\$12.18	\$12.28	\$12.37	\$12.47	\$12.54
\$13.00	\$11.45	\$11.57	\$11.68	\$11.78	\$11.87	\$11.97	\$12.04
\$12.50	\$10.95	\$11.07	\$11.18	\$11.28	\$11.37	\$11.47	\$11.54
\$12.00	\$10.45	\$10.57	\$10.68	\$10.78	\$10.87	\$10.97	\$11.04
\$11.50	\$9.95	\$10.07	\$10.18	\$10.28	\$10.37	\$10.47	\$10.54
\$11.00	\$9.45	\$9.57	\$9.68	\$9.78	\$9.87	\$9.97	\$10.04
\$10.50	\$8.95	\$9.07	\$9.18	\$9.28	\$9.37	\$9.47	\$9.54
\$10.00	\$8.45	\$8.57	\$8.68	\$8.78	\$8.87	\$8.97	\$9.04
\$9.50	\$8.05	\$8.07	\$8.18	\$8.28	\$8.37	\$8.47	\$8.54
\$9.00	\$8.05	\$7.97	\$7.88	\$7.78	\$7.87	\$7.97	\$8.04
\$8.50	\$8.05	\$7.97	\$7.88	\$7.78	\$7.67	\$7.57	\$7.54
\$8.00	\$8.05	\$7.97	\$7.88	\$7.78	\$7.67	\$7.57	\$7.44
\$7.50	\$8.05	\$7.97	\$7.88	\$7.78	\$7.67	\$7.57	\$7.44

#### 2011 Hard Red Spring Wheat

Revenue Insurance floor

\$9.89 base

Coverage Election	65%	70%	75%	80%	85%
Futures Price	\$ 6.43	\$ 6.92	\$ 7.42	\$ 7.91	\$ 8.41
Basis	\$ (0.95)	\$ (0.95)	\$ (0.95)	\$ (0.95)	\$ (0.95)
Cash Equivalent	\$ 5.48	\$ 5.97	\$ 6.47	\$ 6.96	\$ 7.46

Assumes producing a crop that yields equal to your crop insurance APH

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