



Forward Contract Compared to Put Option Opportunity

Today's Date 07/21/08

Forward Contract Opportunity

December Futures Price	\$ 6.07
Today's Basis - fall del.	\$ (0.70)
Today's Forward Contract Price	\$ 5.37

Put Option Opportunity

Strike Price	\$ 6.50	\$ 6.20	\$ 6.00	\$ 5.80	\$ 5.50
Less Premium Cost	\$ (0.79)	\$ (0.59)	\$ (0.48)	\$ (0.40)	\$ (0.27)
Less Transaction Cost	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Futures Floor	\$ 5.70	\$ 5.60	\$ 5.51	\$ 5.39	\$ 5.22
Less Expected Basis	\$ (0.40)	\$ (0.40)	\$ (0.40)	\$ (0.40)	\$ (0.40)
Expected Minimum Cash Price	\$ 5.30	\$ 5.20	\$ 5.11	\$ 4.99	\$ 4.82

Revenue Per Acre Protected					
Yield Estimate of 185 bu/ac	\$980.50	\$962.00	\$945.35	\$923.15	\$891.70

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

	\$ 6.86	\$ 6.66	\$ 6.55	\$ 6.47	\$ 6.34
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Outcomes over a range of futures prices

Range of Prices	Expected Cash Prices at Various Futures Prices				
\$9.00	\$7.80	\$8.00	\$8.11	\$8.19	\$8.32
\$8.50	\$7.30	\$7.50	\$7.61	\$7.69	\$7.82
\$8.00	\$6.80	\$7.00	\$7.11	\$7.19	\$7.32
\$7.50	\$6.30	\$6.50	\$6.61	\$6.69	\$6.82
\$7.00	\$5.80	\$6.00	\$6.11	\$6.19	\$6.32
\$6.50	\$5.30	\$5.50	\$5.61	\$5.69	\$5.82
\$6.00	\$5.30	\$5.20	\$5.11	\$5.19	\$5.32
\$5.50	\$5.30	\$5.20	\$5.11	\$4.99	\$4.82
\$5.00	\$5.30	\$5.20	\$5.11	\$4.99	\$4.82
\$4.50	\$5.30	\$5.20	\$5.11	\$4.99	\$4.82
\$4.00	\$5.30	\$5.20	\$5.11	\$4.99	\$4.82
\$3.50	\$5.30	\$5.20	\$5.11	\$4.99	\$4.82
\$3.00	\$5.30	\$5.20	\$5.11	\$4.99	\$4.82
\$2.50	\$5.30	\$5.20	\$5.11	\$4.99	\$4.82
\$2.00	\$5.30	\$5.20	\$5.11	\$4.99	\$4.82