Premium Family

Daily Floor Plus™

Price, Participate and Protect.

If you want the chance to sell priced bushels above today's current market, and still have an established guaranteed minimum futures floor price, the Daily Floor Plus contract may be the right choice for you.

What is it?

The Daily Floor Plus contract establishes your futures reference price by pricing an equal portion of your bushels every day during a specified pricing period at a Plus Price, which is often above today's current market. If the market price for the futures reference month trades at or below a Trigger Price, any remaining bushels will be priced at a guaranteed minimum Floor Price. In exchange for this pricing, you agree to a conditional firm offer for a like quantity. Your conditional offer will automatically be cancelled if the Trigger Price trades.

What are the advantages of the Daily Floor Plus contract?

- ☐ *On the first day of the pricing period you will sell priced bushels at an attractive level*
- ☐ *Provides a plan with a guaranteed minimum if the market drops*
- ☐ *Reduces stress, frustration, and risk in marketing grain*

See **example** inside ▶

Cargill®

Daily Floor Plus™

How does it work?

Example On August 19, the futures price for December delivery corn is $4.45 per bushel. You enter into a 10,000 bushel Daily Floor Plus contract to sell corn for December delivery with the following pricing parameters:

Target Futures Price:	*$5.25*
Plus Price:	*$5.00*
Floor Price:	*$4.50*
Trigger Price:	*$4.00*

The service fee can be debit or a credit. This example is a 1 cent credit (1 cent will be added to your contract price). You also set your basis at $0.21 under December futures at the same time.

The futures reference price for the contracted bushels will be established by pricing an equal quantity each day at the Plus Price ($5.00). There are 100 days in the pricing period, so 100 bushels per trading day (10,000 bushels divided by 100 days) will be priced at the Plus Price unless the price of December corn futures trades at or below the Trigger Price ($4.00) during the pricing period.

If the market trades at the Trigger Price ($4.00), any remaining un-priced bushels will be priced at the Floor Price ($4.50), and the conditional firm offer bushel obligation is cancelled. If the market does not trade at the Trigger Price during the pricing period, and the market closes at or above the Target Futures Price ($5.25) on the last day of the pricing period, you will be obligated to sell and deliver an additional quantity of 10,000 bushels at the Target Futures Price, adjusted for the basis.

Scenario 1

The December corn futures contract did not trade at or below the Trigger Price of $4.00 from the contract date through the end of the pricing period. Therefore, all of the contracted bushels were priced in equal quantities on each trading day during the pricing period at a futures reference price equal to the Plus Price of $5.00. Your final cash price on those bushels is calculated as follows:

$5.00 Daily Floor Plus Plus price
+0.01 Daily Floor Plus investment
-0.21 Basis you established

$4.80 final contract price

With the firm offer portion of the contract, two scenarios are possible:

A. On the last day of the pricing period, October 26th, the December corn futures close at $4.29. Because the futures closed below the Target Futures Price ($5.25), the firm offer is cancelled and there is no obligation to deliver the firm offer bushels.

B. On the last day of the pricing period, October 26th, the December futures close at $5.37. Because the futures closed above the Target Futures Price ($5.25), the condition of the firm offer has been met and you have the obligation to sell and deliver an additional 10,000 bushels of corn at the Target Futures Price ($5.25) adjusted for basis.

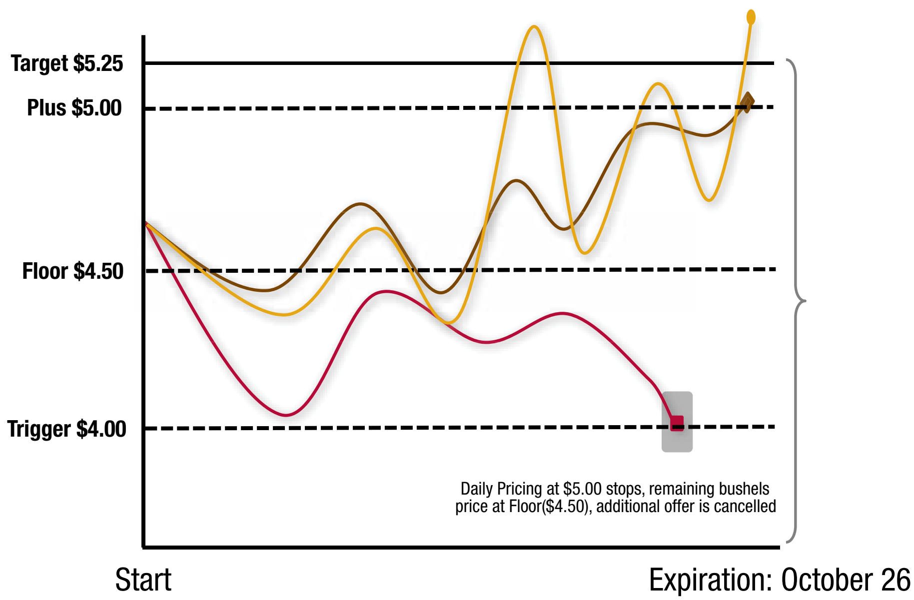
Scenario 2

Exactly 80 days after you entered into the contract, and for the first time during the pricing period, the December corn futures traded at or below the Trigger Price ($4.00). Therefore, 80 days of pricing took place—or 8,000 bushels of priced bushels. The futures reference price on the 8,000 bushels would be at the Plus Price of $5.00, and the futures reference price on the remaining 2,000 bushels would be at the Floor Price ($4.50). Those two prices are proportionately blended together and calculated as follows:

$4.90 Daily Floor Plus price ($5.00 x 80% + $4.50 x 20%)
+0.01 Daily Floor Plus investment
-0.21 Basis you established

$4.70 is your final contract price

Since the Trigger Price traded, the firm offer obligation is cancelled, and you do not have an obligation to sell and deliver any additional bushels of corn.



Scenario 1: The entire contracted quantity is priced at $5.00 because corn futures never trade at the Trigger Price of $4.00. On October 26, futures close below the Target Price so you have no obligation for additional bushels.

Scenario 2: Corn futures trade the $4.00 Trigger Price on July 30. Remaining un-priced bushels are priced at the $4.50 floor. The firm offer to price an additional like quantity of corn at $5.25 is cancelled.

Scenario 3: Corn futures never trade the $4.00 trigger and close above the $5.25 Target Price at expiration. The entire contracted quantity is priced at $5.00 and the additional firm offer bushels need to be delivered at the $5.25 Target Price

**All prices in graph are futures prices and will be adjusted for basis.*

Helping Farmers Prosper Since 1865.

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