Daily Price Plus Contract

One in the CHS Hedging CHI Compass® family of contracts

Sell above the current market with the security of a floor if prices move lower

The Daily Price Plus Contract is a marketing tool that prices equal quantities daily at the "Plus Price" above current market on day one. If your futures reference month trades at or below the trigger price, the remaining quantity will be priced at a guaranteed floor price. If the reference futures price is at or above the target price at expiration, your bushel obligation doubles at the target price.

Who is it for and when is it used?

The Daily Price Plus Contract is for the producer that wants a premium above today's price with the security of a guaranteed floor, and is willing to sell additional production at a specified target price.

What are the advantages & benefits to the Daily Price Plus Contract?

- Delivers a disciplined approach, allowing you to start selling above the current market on day one as long as the trigger price is not traded
- Customizable with any bushel quantity, Plus Price, floor price, target price and pricing period
- Provides the security of a guaranteed Floor Price if the market drops

What are the disadvantages to you and your operation?

- All contracted bushels may not be priced at the Plus Price
- Contracted bushels can double on expiration

Find out more about the full family of CHI Compass® Contracts at chshedging.com

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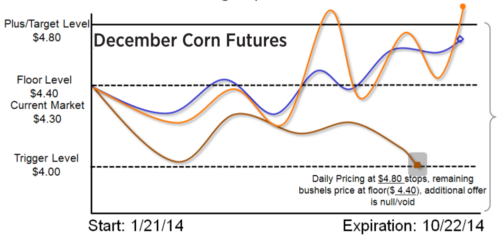
How does it work?

An equal quantity of bushels is priced each day at the Plus Price. Daily pricing at the Plus Price continues until either the total quantity is priced at expiration or the trigger price trades. If the trigger price trades, the remaining unpriced quantity will be priced at the guaranteed floor price (double up at the target price is null/void). If, at expiration, the futures price is above the target price and the trigger price has not traded, contracted bushels double at the target price.



3 Scenarios	1st Set of Bushels	2nd Set of Bushels
#1:	$4.80	No obligation
#2:	$4.80 (70%) & $4.40 (30%)	No obligation
#3:	$4.80	$4.80

Example: The Daily Price Plus Contract selected prices an equal quantity of bushels every day at the Plus Price of $4.80 as long as the trigger price has not traded. The pricing period runs from 1/21-10/22. If the $4 trigger price is traded, the remaining quantity will be priced at the $4.40 floor price and the potential for your bushels to double is gone. For example, if the trigger price first trades 70% of the way through the pricing period, 70% of the contracted quantity is priced at the Plus Price and the remaining 30% is priced at the guaranteed floor price. If the $4 trigger price is not traded during the pricing period and futures close above the $4.80 target price on 10/22, the bushels will double at the target price. (This example has no investment, but entering into a Daily Price Plus Contract can result in either a debit or a credit.)

Scenario 1
In the pricing scenario defined by the blue line above, you will have all contracted bushels priced at $4.80 at expiration on 10/22. Bushels do not double at the target price.

Scenario 2
In the pricing scenario defined by the brown line above, the trigger price first trades 70% of the way through the pricing period. You will have 70% of the contracted bushels at the Plus Price of $4.80, with the remaining 30% priced at the floor price of $4.40. Bushels do not double at the target price.

Scenario 3
In the pricing scenario defined by the orange line above, you will have all contracted bushels priced at $4.80 at expiration on 10/22, and because the market is above the $4.80 target price, bushels will double at $4.80.

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