Price Accumulator Contract

A forward marketing contract that can allow you to achieve price targets at better levels than the current market.

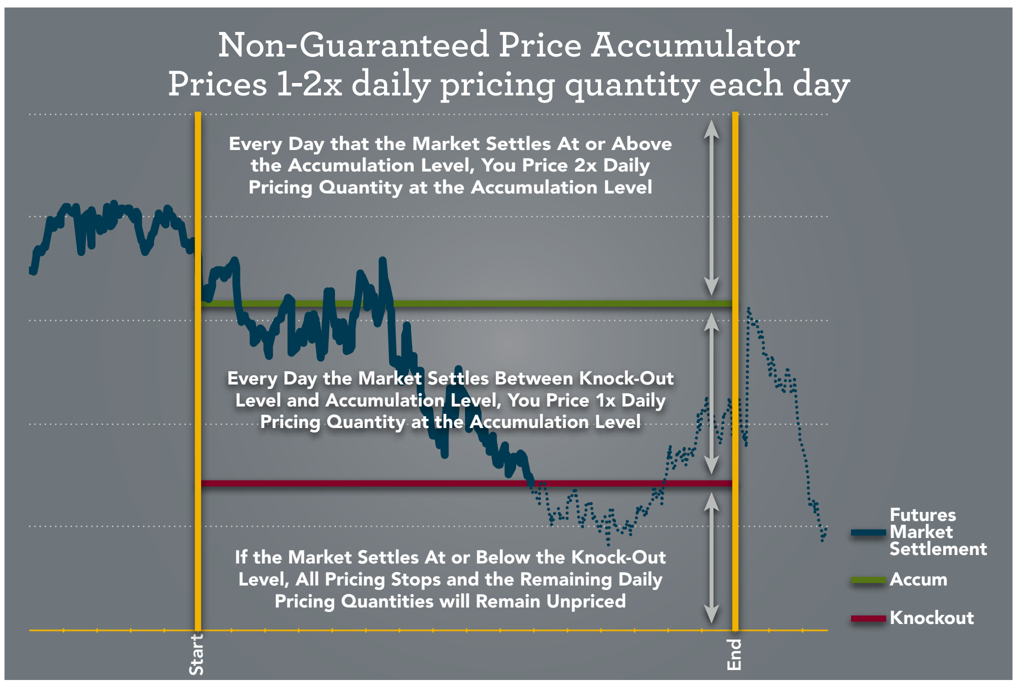
Background

Rather than settle for the current market price, you can often achieve strategic price targets by using this unique contracting mechanism to establish your futures reference price. If prices go higher, you may sell additional quantities and if prices go much lower, pricing activity may stop all together or trigger a minimum guaranteed futures reference price.

Contract Options

Price Accumulator Contracts offer the choice with a guaranteed minimum futures reference price (Guaranteed Price Accumulator) or without a guaranteed minimum futures reference price. (Non-Guaranteed Price Accumulator).

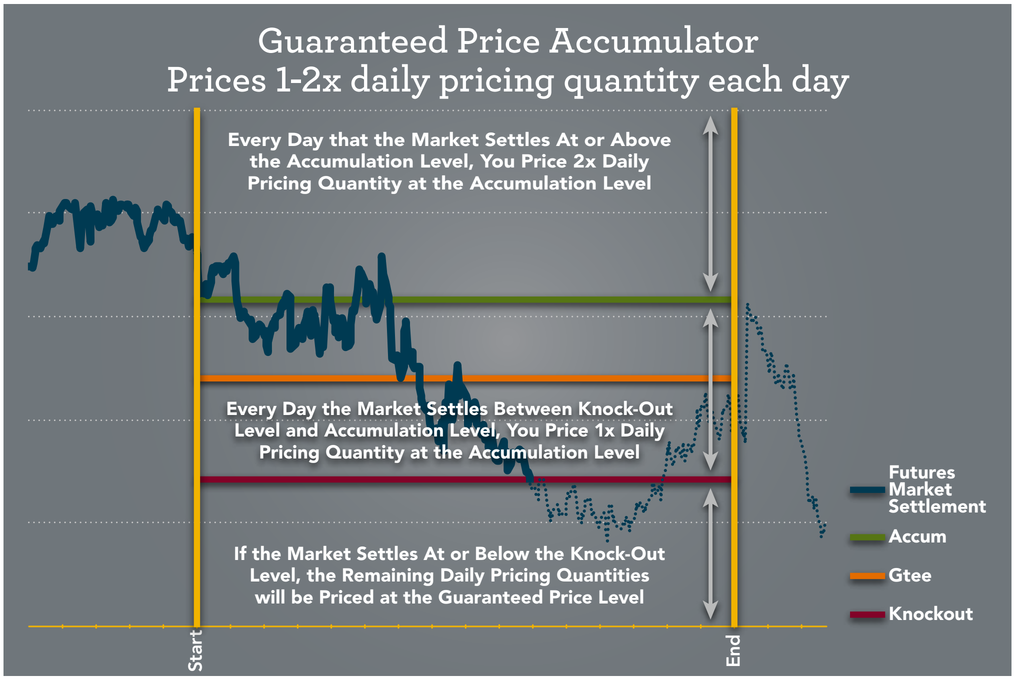
With the **Non-Guaranteed Price Accumulator Contract**, Accumulation Hedge Levels and Knock-Out Levels are defined. If the underlying futures market settles above the Knock-Out Level but below the Accumulation Hedge Level, you sell one times the daily pricing quantity on that day at the Accumulation Hedge Level. If the market settles at or above the Accumulation Hedge Level, you sell two times the daily pricing quantity at the Accumulation Hedge Level. If the market settles at or below the Knock-Out Level, pricing stops.



$$\textbf{Daily Pricing Quantity} = \frac{\textbf{Bushels Contracted}}{\textbf{Days to Price}}$$

Contract Options
(cont.)

If you wish, you can add a **Guaranteed minimum** futures reference price to the **Price Accumulator Contract**. In this option, if the futures market ever settles at or below the Knock-Out Level, the remaining daily pricing quantities will be priced at the Guaranteed futures reference price level.



Here's How It Works

1) You choose the number of bushels you want to price, the time period in which pricing for a specific commodity will occur and a delivery period.
2) You decide if you would like to add a **Guaranteed Price Level** to the **Price Accumulator Contract**.
3) When the pricing period concludes, the final futures reference price will be established on your contract by summing the daily pricings and quantities according to the formula in place.
4) Prior to grain delivery, you set the basis.
5) You deliver your contracted grain and receive the final cash price, which is the Final Futures Reference Price +/– Basis – Service Fee + Premium Paid (if any).

The Benefits

- Helps achieve target price levels that may not otherwise be achievable.
- Forward marketing can help you mitigate risk, making it a critical component to your overall marketing portfolio.
- The Guaranteed Price Accumulator option assures a minimum futures reference price for your grain.
- It automatically executes for you, minimizing stress and worry.

Performance

Price Accumulator Contracts perform according to the formula put in place, pricing an equal portion of grain each day during the pricing period while recognizing price guarantees, if any. Additional quantities will be priced if underlying futures settlements exceed established Accumulation Hedge Levels.

More Information

Contact your local ADM Merchandiser or visit *ADMadvantage.com*.