



Lock in a Floor and More

The Cargill® NBE Plus contract is an enhancement to the traditional NBE (No Basis Established) contract. The NBE Plus contract has all the same features of the NBE contract, but gives you the potential to obtain a higher futures price if the market rallies.

When is it used?

The NBE Plus contract should be used when you want to lock in an attractive futures price, without setting basis, and want to retain the ability to participate in a rising market. You can recover all or a portion of your NBE Plus service fee if the market closes higher than the initial NBE Plus futures price on the applicable pricing date. If the futures closing price is higher on a pre-established pricing date, you will recoup all or part of the NBE service fee.

What are the advantages of an NBE Plus contract as compared to a standard NBE?

- You lock in a minimum futures price for your grain with limited upside
- You have the ability to recover your NBE Plus service fee through a higher futures price
- Often, you will be able to contract further into the future than with the regular NBE contract

How does it work?

Example Today is July 1st, and the nearby December corn futures are trading at \$4.00 per bushel. This is an attractive futures level based upon your marketing objectives, and you decide to lock-in this floor on 10,000 bushels with the NBE Plus contract. With this transaction, you set an initial futures price of \$4.00 bushel, with a \$0.08 per bushel service fee. Your pricing date is September 15. The minimum futures price of \$4.00 per bushel plus the service fee of \$0.08 per bushel, or \$4.08 is your maximum potential futures price.

See **example** on back ►

NBE Plus

Scenario 1

On September 15th, December corn futures prices close at \$3.50 per bushel. Since the closing price is lower than your initial NBE Plus futures price, the minimum futures price will be your final NBE Plus futures price. From that, we deduct the 8 cent service fee and your basis of 15 under to determine your final contract price of \$3.77 per bushel.

\$4.00 NBE Plus futures price

-0.08 NBE Plus service fee

-0.15 Basis you established

\$3.77 Your final contract price

Scenario 2

On September 15th, December corn futures prices close at \$4.30 per bushel. Since the closing price is higher than your initial NBE Plus futures price and also higher than the maximum futures price, the maximum futures price will be your final NBE Plus Futures price. From that, we deduct the 8 cent service fee and the 15 under basis you set to determine your final contract price of \$3.85 per bushel.

\$4.08 NBE Plus futures price

-0.08 NBE Plus service fee

-0.15 Basis you established

\$3.85 Your final contract price

Scenario 3

On September 15th, December corn futures prices close at \$4.05 per bushel. Since the closing price is higher than your initial NBE Plus futures price but lower than your maximum futures price, the closing price will be your final NBE Plus futures price. From that, we deduct the 8 cent service fee and the 15 under basis you established to determine your final contract price of \$3.82 per bushel.

\$4.05 NBE Plus futures price

-0.08 NBE Plus service fee

-0.15 Basis you established

\$3.82 Your final contract price

	Standard NBE contract under all markets	NBE Plus in lower market	NBE Plus in substantially higher market	NBE Plus in slightly higher market
Futures price	\$4.00	\$4.00	\$4.08	\$4.05
Service fee	-.06	-.08	-.08	-.08
Basis	-.15	-.15	-.15	-.15
Final contract price per bushel	\$3.79	\$3.77	\$3.85	\$3.82

Note: With the NBE Plus, you have the opportunity to recover all or part of the service fee through a higher futures closing price on the applicable pricing date.