



Accumulator Contract

What is an Accumulator Contract?

The **Poet Accumulator Contract** offers a way for producers to forward contract bushels that are priced above the current futures price. We are able to do this by using over-the-counter structures that trade options daily.



Advantages:

- The ability to price bushels above the market daily until expiration
- Capture a premium if the market trades sideways
- With help from POET, you choose the Knock Out Level which dictates the Accumulation Level
- Forward marketing can help you manage risk
- If you enroll in a Remainder it will sell all bushels

Disadvantages:

- A potential double obligation is tied to this contract
- A 5 cent fee will be deducted at settlement on bushels accumulated
- It is not guaranteed that all enrolled bushels will be priced at the accumulation level
- If Knocked Out, an undetermined amount will be priced unless enrolled in the Remainder program

How it works:

You choose the option month and knock out (KO) level which will dictate the accumulation level. An equal amount of bushels will be priced at the accumulation level each day beginning the day bushels are enrolled until the day of expiration unless the market touches or trades below the KO level. When the KO level is triggered, the accumulation ceases to exist and there is no double obligation on those bushels. If the market is above the accumulation level on the day of expiration, then a like amount of bushels will be sold at the accumulation level. Double up bushels will not have a fee.

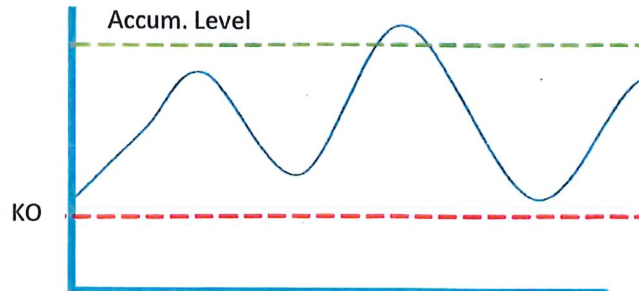
Scenario #1-Total Quantity

Accumulated

KO: \$3.70

Accumulation Level: \$4.13

Futures remains in the selected range, never falls below \$3.70 and is below \$4.13 on the day of expiration. The total enrolled bushels are priced at \$4.13 and no double obligation.

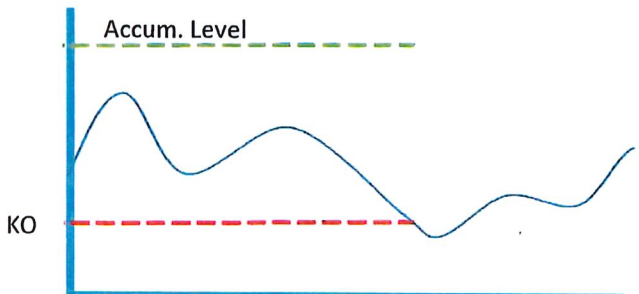


Scenario #2-Knocked Out

KO: \$3.70

Accumulation Level: \$4.13

Futures touches or trades below \$3.70 the structure ceases to exist and accumulation at \$4.13 stops.

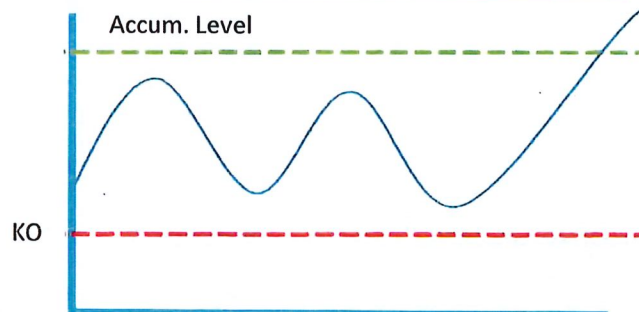


Scenario #3- Double Obligation

KO: \$3.70

Accumulation Level: \$4.13

Futures never touch or trade below \$3.70 KO, but on the day of contract expiration trades above the \$4.13 accumulation level, a double obligation is triggered at \$4.13 futures.



Scenario #4- Remainder Bushels

KO: \$3.70

Accumulation Level: \$4.13

Futures touch or trade below \$3.70 and the structure ceases to accumulate at \$4.13. However, the remainder of unpriced bushels will be priced at the Remainder Level established during enrollment.

