- If base hog price above the contract floor price:

  20% of the difference is accrued towards ledger payment.

  Payment: Floor Price + (Base hog price- floor price)*.80

  Eg: Base hog price: $60/cwt & Floor price: $48/cwt.

  Payment: 48 + (12*.80) = $57.6/cwt.

- If base hog price is lower than contract floor price:

  Payment will be floor price.

- Contract terms: 5 years + optional two year renewal till accrual is close to zero.

- Grade & yield premium is paid over market base.

- Lean percent should be above 48%.

- Number of hog contracted under this program is fixed during the duration of the program.

- If net accrual at the end of 5 years is positive, producer & packer have the option for 2 year renewal or producer is paid lump sum of the accrual.

- If net accrual is negative, packers have the option of automatically renewing the contract till the accrual is zero or producer has to pay a lump sum to the packer to end the contract terms.