Example D: No Transition Provisions

Example D is an example when the Market Base Price (last week's average daily 10:00 a.m. Hormel Foods' plant delivered carcass price) is well below the Guaranteed Minimum Price.

Assume the Market Base Price is $20.00 per carcass cwt.

Whenever the midpoint between the Matrix Price and the Market Base Price is less than the Guaranteed Minimum Price, the Contract Price is equal to the Guaranteed Minimum.

Guaranteed Minimum	$46.81
Market Base Price	$20.00
Matrix Price	$52.17
Midpoint	$36.08
Contract Price	$46.81

Example D: With Transition Provisions

Example D is an example when the Market Base Price (last week's average daily 10:00 a.m. Hormel Foods' plant delivered carcass price) is well below the Guaranteed Minimum Price.

Assume the Market Base Price is $20.00 per carcass cwt.

Whenever the midpoint between the Matrix Price and the Market Base Price is less than the Guaranteed Minimum Price, the Contract Price is equal to the Guaranteed Minimum.

Guaranteed Minimum	$50.83
Market Base Price	$20.00
Matrix Price	$52.17
Midpoint	$36.08
Contract Price	$50.83

The Contract Price is used in connection with the Hormel Foods' Carcass Buying Program to determine the final amount paid to the Producer.