CONTRACT PRICE ADDENDUM (CPA)

2014 AND SUCCEEDING CROP YEARS

(The CPA is available for insured crops that are grown under contract if contract pricing is allowed within the actuarial documents and under the terms of this addendum.)

1. Definitions

Base Price – means the price which results from a specified calculation method in a contract.

Buyer – means a business enterprise which acquires production of a crop via contract and must possess or have contractual access to facilities with equipment and capacity necessary to handle and store the amount of production under contract.

Contract – means a written agreement between you and a buyer, executed on or before the acreage reporting date, which is in effect for the crop year. The contract must include:

(a) Your commitment to plant, grow and deliver an insurable crop to the buyer;

(b) The buyer's commitment to purchase the production stated in the contract at the contract price;

(c) The specific crop, type, practice or variety, which also must be insurable under the policy (if the contract states a variety, you must provide verification that the variety is a type or practice listed in the Special Provisions);

(d) The amount of production or a statement that the buyer will accept all production from a specified number of acres;

(e) The contract price or a method to determine the contract price.

Contract Price – means the price contained in a contract executed between you and a buyer. The contract price is the amount specified without regard to incentives or discounts.

Maximum Contract Price – means the maximum price allowed under this Addendum determined by multiplying the projected price or price election, as applicable and as determined by RMA, by the maximum contract price factor contained in the actuarial documents.

Premium Amount – means the added price above the base price for planned production and is not an incentive that is related to the performance of the crop production (e.g. quality, timing, etc.). The premium amount must be converted to consistent units and/or terms as the applicable projected price or price election for the insured crop.

2. Contract Pricing Availability

(a) If the actuarial documents specify the availability of contract pricing, you may use your contract price to determine your projected price, harvest price, or price election, as applicable, for such insurable crops. You must elect contract pricing by the sales closing date and provide a copy of the contract to us by the acreage reporting date. The CPA is continuous.

(b) Unless the Special Provisions restrict the total number of insured acres of a crop type or practice to not exceed 110 percent of the crop type's or practice's contracted acres, then the crop type's or practice's projected price or price election, as applicable, will be determined by a weighted average price of contracted and non-contracted acreage.

(c) To determine the number of acres under contract:

(1) For an acreage only based contract, the lesser of:

(i) The insured acres (planted acreage and acreage prevented from being planted); or

(ii) The number of acres specified in the contract.

(2) For a production only based contract, the lesser of:

(i) The number of acres determined by dividing the production stated in the contract by the approved yield; or

(ii) The insured acres (planted acreage and acreage prevented from being planted).

(3) For an acreage and production based contract that specifies a maximum number of acres, the lesser of:

(i) The number of acres determined by dividing the production stated in the contract by the approved yield; or

(ii) The insured acres (planted acreage and acreage prevented from being planted); or

(iii) The number of acres specified in the contract.

3. How to Use Your Contract Price

(a) Methods to determine the contract price by plan of insurance:

(1) For yield protection (including area yield protection) or actual production history (APH):

(i) If the contract provides a fixed price for the contracted production, the projected price or price election, as applicable, is the contract price.

(ii) If the contract provides for a premium amount over a base price to be determined and:

A. The base price is set on or before the acreage reporting date, the projected price or price election is the contract price;

B. The base price is not available by the acreage reporting date, the projected price or price election is the result of adding the premium amount to the applicable projected price or price election. For example: Your contract specifies the price you will receive for your production is $2 per unit (e.g. bushel, pound, etc.) over a base price. The base price is determined after the acreage reporting date. Your price election is $10 per unit if you did not elect to use this Addendum. Under this Addendum your price election is $12 per unit ($10 + $2).

(2) For revenue protection (including area revenue protection):

(i) If the contract provides a fixed price for the contracted production:

A. The projected price under this Addendum is the contract price. For example: Your contract specifies the price you will receive for your contracted production is $10 per unit. Your projected price is $6 per unit as determined by the Commodity Exchange Price Provisions (CEPP) or the policy if you did not elect this Addendum. Under this Addendum your projected price is $10 per unit which is the contract price.

B. The harvest price under this Addendum will be the result of the applicable projected price subtracted from the contract price and the difference added to the applicable harvest price. For example: In (2)(i)(A) above, if you did not elect this Addendum your harvest price is $5 per unit as determined by the CEPP or the policy. Under this Addendum, your harvest price is $9 per unit ($10 - $6 + $5).

(ii) If the contract provides for a premium amount over a base price that is available by the acreage reporting date the contract is considered to be a fixed price contract and prices will be calculated as shown in 2(i).

(iii) If the contract provides for a premium amount over a base price that will not be available until after the acreage reporting date:

A. The projected price under this Addendum is the result of adding the premium amount to the applicable projected price. For example: Your contract specifies the price you will receive for your contracted production is $4 per unit over the base price. The base price will be determined after the acreage reporting date. Your projected price is $7 per unit as determined by the CEPP or the policy if you did not elect this Addendum. Under this Addendum your projected price is $11 per unit ($7 + $4).

B. The harvest price is the result of adding the premium amount to the applicable harvest price. For example: In (2)(iii)(A) above, if you did not elect this Addendum your harvest price is $8 per unit as determined by the CEPP or the policy. Under this Addendum your harvest price will be $12 per unit ($8 + $4).

(b) Every projected price or price election determined under section 3(a) is limited to the maximum contract price.

(c) If you have more than one contract price for the crop type or practice, the projected price or price election under this Addendum, as applicable, is calculated by:

(1) Multiplying the acreage for each contract by the contract price determined in section 3(a); and

(2) Dividing the results of (c)(1) by the total acres of all the contracts. Each contract price is subject to the maximum contract price.

(d) The weighted average price of contracted and non-contracted acreage for the crop type or practice is calculated by:

(1) Multiplying the contracted acreage by the contract price determined in sections 3(a) or 3(c). (Each contract price is subject to the maximum contract price.);

(2) Multiplying the non-contracted acreage by the price determined by the CEPP or the policy, as applicable;

(3) Adding the results from (1) and (2); and

(4) Dividing the result from (3) by the total acres of the crop.