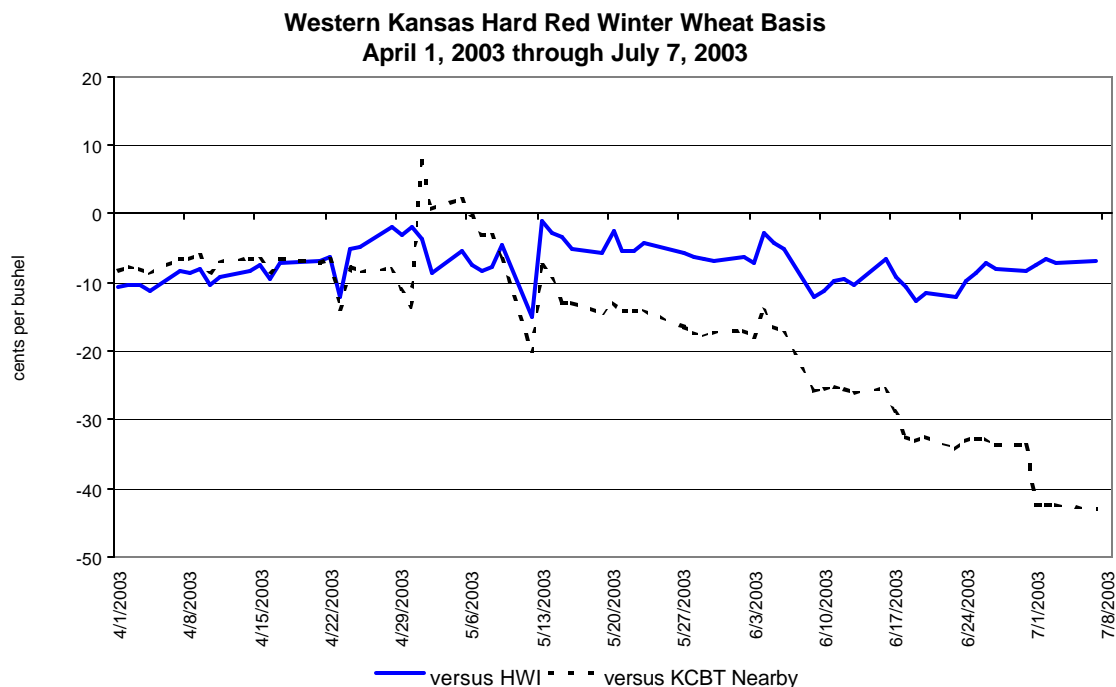




Western Kansas Hard Red Winter Wheat Basis

The chart listed below shows western Kansas hard red winter wheat basis versus nearby KCBT futures and versus the spot Hard Winter Wheat Index (HWI) from April 1, 2003 through July 7, 2003.



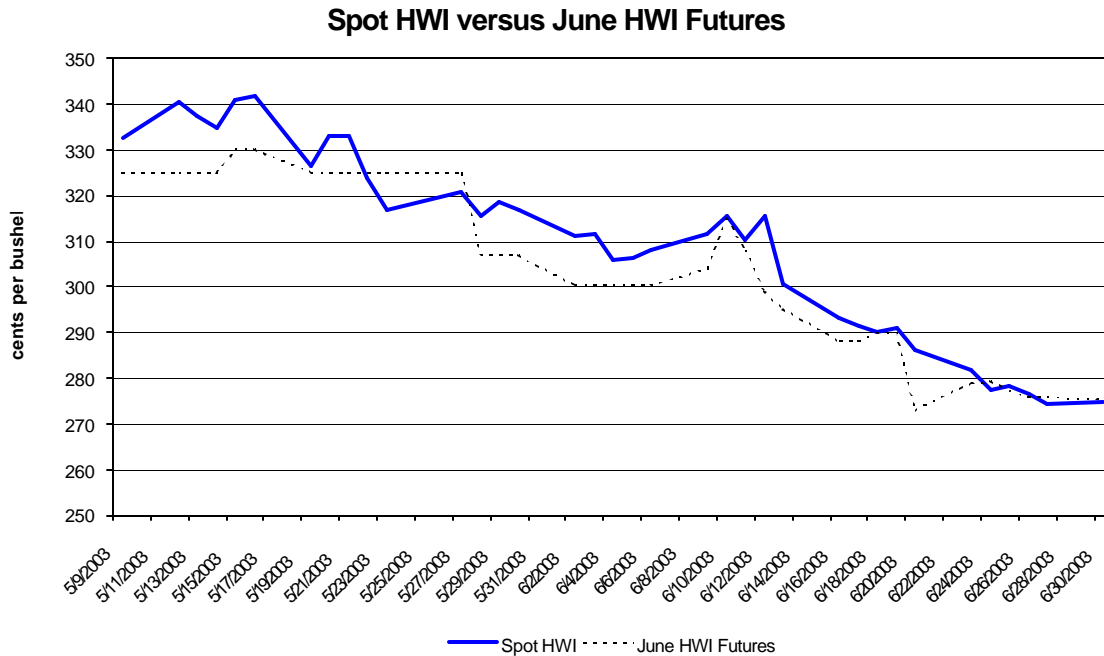
* KCBT nearby rolled on 1st day of delivery month

As the chart shows, HRW basis versus HWI has remained relatively stable throughout the time period, indicating that the HWI is a very accurate reflection of cash pricing for HRW. Over the study period, the spot HWI index dropped 54.81 cents per bushel while nearby KCBT futures fell 16.25 cents and western Kansas HRW prices fell 51.00 cents.

June HWI Futures Convergence

June 2003 was the first HWI futures contract settlement month. On June 26, the spot HWI was 276.55 cents per bushel and June HWI futures closed at 275.60 cents per bushel, a difference of .95 cents per bushel. With a financially settled futures contract, you expect tight convergence between the underlying settlement index and the expiring

futures contract on the first day of the futures settlement period, in this case the 3rd to the last trading day of the settlement month (the final HWI futures settlement price is the average of the spot HWI for the last 3 trading days of the settlement month). The next chart shows how well the spot HWI and the June 2003 HWI futures contract correlated from contract launch (May 9, 2003) through the end of June 2003.



For more information on HWI settlement procedures, basis information or trade data, contact Teri Huffaker at 612-321-7140 or thuffaker@mgex.com



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