



AGCHEQ

DATA METHODOLOGIES

AGCHEQ Data Methodologies

INTRODUCTION

AGCHEQ methodologies are designed to produce Market Data that is representative of wholesale market prices, and of the particular markets to which they relate. Methodology documents describe the specifications for various products reflected by AGCHEQ Market Data and Indexes, the processes and standards AGCHEQ adheres to in collecting data, and the methods by which AGCHEQ arrives at final calculated prices for publication.

AGCHEQ discloses publicly the days of publication for its price Market Data and Indexes, and the processes by which AGCHEQ considers transactions in determining its Market Data and index levels. This schedule of publication is available at the following link: www.AGCHEQ.com/Holidays.

The dates of publication and the assessment periods are subject to change in the event of outside circumstances that affect AGCHEQ ability to adhere to its normal publication schedule. Such circumstances include network outages, power failures, acts of terrorism and other situations that result in an interruption in AGCHEQ or Wholesale Food Market operations. In the event that any such circumstance occurs, AGCHEQ will endeavor, whenever feasible, to communicate publicly any changes to its publication schedule and assessment periods, with as much advance notice as possible.

All AGCHEQ methodologies reflect AGCHEQ's commitment to maintaining best practices in price reporting.

How this methodology statement is organized

This description of methodology for indexes and Market Data is divided into seven major parts (I-VII) that parallel the entire process of producing price values for the specified market period.

- **Part I** describes what goes into AGCHEQ Indexes and price values.
- **Part II** describes any security and confidentiality practices that AGCHEQ uses in handling data.
- **Part III** is a detailed account of how AGCHEQ collects market data, and what AGCHEQ does with the data to formulate its indexes and Market Data. It includes descriptions of the methods that AGCHEQ uses for reviewing data, and the methods used to convert raw data into indexes and Market Data, including the procedures used to identify anomalous data. This section describes how and when judgment is applied in this process, the basis upon which market data may be excluded from a price assessment, and the relative importance assigned to each criterion used in forming the price assessment. This section describes the minimum amount of market data required for a particular price determination to be published, and the criteria for determining which values are indexes, and which are Market Data, based on reported transactions, proprietary processes and other market information.

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INTRODUCTION (cont.)

- **Part IV** explains the process for verifying that published prices comply with AGCHEQ standards.
- **Part V** lays out the verification and correction process for revising published prices and the criteria AGCHEQ uses to determine when it publishes a correction.
- Part VI explains how users of AGCHEQ Market Data and indexes can contact AGCHEQ for clarification of data that has been published, or to register a complaint. It also describes how to find out more about AGCHEQ complaint policies.
- Part VII is a list of detailed specifications for the Market locations for which AGCHEQ publishes indexes or Market Data in this perishable commodity. This section describes why specific units of measurement are used, and what conversion factors are used to move between units of measurement, where relevant.

PART I: Data Quality and Data Acquisition

Ensuring that data used in AGCHEQ Market Data is of high quality is crucial to maintaining the integrity of AGCHEQ various price assessment processes.

AGCHEQ uses that information to determine a typical and repeatable market level for the product being assessed.

Data collection and publishing principles

AGCHEQ assesses the price of perishable commodities domestically on a daily basis. A MOC process is used. This MOC follows the generally accepted end of business hours or trading within a particular wholesale market within the local time zone. Data is accepted and analyzed at end of day in each market and then factored into that particular period's price determination.

As transparency underpins AGCHEQ data publishing processes in the perishable commodities markets, information is published as soon as it becomes available, in real time whenever possible.

PART II: Security and Confidentiality

Data is stored in a secure network, in accordance with AGCHEQ policies and procedures. AGCHEQ does not have confidentiality agreements in place for information that is obtained from reporting government agencies. However, data and transactional information developed internally during and as a result of the market assessment process is treated as proprietary information. For further information on other Confidentiality matters, please refer to Terms & Conditions and Privacy Statements.

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PART III: Market Data and Product Prices

The following section describes how AGCHEQ uses reported transactions and any other market information it has collected, in the manner described in Part I, to formulate its price indexes and Market Data.

Price Determination Principles

AGCHEQ places independence and impartiality at the heart of its price Market Data. AGCHEQ has no financial interest in the price of the products or perishable commodities on which it reports. AGCHEQ overall objective is to reflect the transactable value of the perishable commodity assessed. AGCHEQ indices and Market Data are based on confirmed and regulated surveys of market participants completed throughout each day by the United States Department of Agriculture, Agricultural Marketing Service's Market News Division.

As such, AGCHEQ Market Data is based on as broad a cross-section of the market as possible, including distributors, traders, producers, end-users and brokers. All transactional data is factored equally for use in a particular assessment, as long as such transactions are deemed repeatable and within the established specifications for each product. Transactions are not evaluated on a weighted basis. The raw meta data for AGCHEQ Market Data is received by the Close of Business, 16:00 EST.

On public holidays or in select circumstances, AGCHEQ is unable to report prices and will resume the day regular business and trading resumes. The assessment reflects the tradeable prices of the perishable commodity at the given point in time, based on the previously referenced repeatable reported prices. AGCHEQ Market Data are based on contract definitions outlined for each market in Part VII of this methodology. Product, variety, sub-variety, origin, quality, market, price, environment, package and more may be aligned with standard definitions through a process called normalization.

In utilizing reported market surveys regularly normalizes disparate information from the diverse physical perishable commodity markets. Each assessment is a reflection only of transactions, bids and offers that fit within established specifications regarding lot size, product dimensions, delivery times and other factors spelled out in the methodology for each product.

Price Determinations

AGCHEQ does not specify a minimum amount of transaction data, or a transaction data threshold, for the publication of its price Market Data. Products in the Wholesale Fresh Food Markets vary in liquidity and the frequency any individual real perishable commodity product is reported. Any particular perishable commodity analyzed on its own will typically demonstrate rising and falling levels of transactional activity through time. AGCHEQ is committed to providing an price determinations for every fresh food product in every market that it covers.

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PART III: Market Data and Product Prices (cont.)

AGCHEQ seeks to process market information reports received from as broad a cross-section of the market as possible – from producers, all the way down through distributors, traders and end-users.

Market Data are based on objective factual information in addition to actual transaction and bid/offer data, not on the System's or administrators' subjective judgments of where markets would have traded or industry participants' opinions on prices. The AGCHEQ System follows specific methodology during the normalization and reporting process and the System and administrators have been designed and trained to identify potentially anomalous data. Such data is defined as any information, including transactions, which is inconsistent with or deviates from our established methodology or standard market conventions.

AGCHEQ System and administrators apply judgment when (1) determining whether information is suitable for publication, (2) when normalizing data and (3) when determining unique individual product inclusion and to assess the final value of the market. Judgment may be applied when analyzing transactional data to determine if it meets AGCHEQ standards for publication; judgment may also be applied when normalizing values and when comparing transactional data to the base standard reflected in AGCHEQ Market Data. All such judgment is subject to review for adherence to the standards published in AGCHEQ methodologies.

Application of professional judgment guidelines promotes consistency and transparency in judgments. Where professional judgment is exercised, all information available is critically analyzed and synthesized. Exercise of professional judgment is further discussed and verified during this process.

Normalization

Markets are heterogeneous by nature. Transactable values are determined by many factors including the product, variety, sub-variety, origin, quality, market, price, environment, package and more.

AGCHEQ actively seeks to align the disparate information provided on individual reported product transactions to determine the true and accurate market value of a perishable commodity reflected, and will strip out any aberrations caused by unusual optionalities or restrictions.

PART IV: Corrections

AGCHEQ is committed to promptly correcting any material errors. When corrections are made, they are limited to corrections to data that was available when the index or assessment was calculated.

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PART VI: Requests for Clarifications or Complaints

AGCHEQ strives to provide critical information of the highest standards, to facilitate greater transparency and efficiency in the wholesale fresh food markets.

AGCHEQ customers may raise questions about its methodologies and the approach taken in price Market Data, proposed methodology changes and other process decisions in relation to AGCHEQ price Market Data at any time by contacting their assigned customer service representatives.

AGCHEQ strongly values these interactions and encourages dialogue concerning any questions a customer or market stakeholder may have.

However, AGCHEQ recognizes that occasionally customers may not be satisfied with responses received or the services provided by AGCHEQ and wish to escalate matters.

Full information about how to contact AGCHEQ to request clarification around an assessment, or make a complaint, is available on the AGCHEQ website, at: <http://www.AGCHEQ.com/ContactUs>.