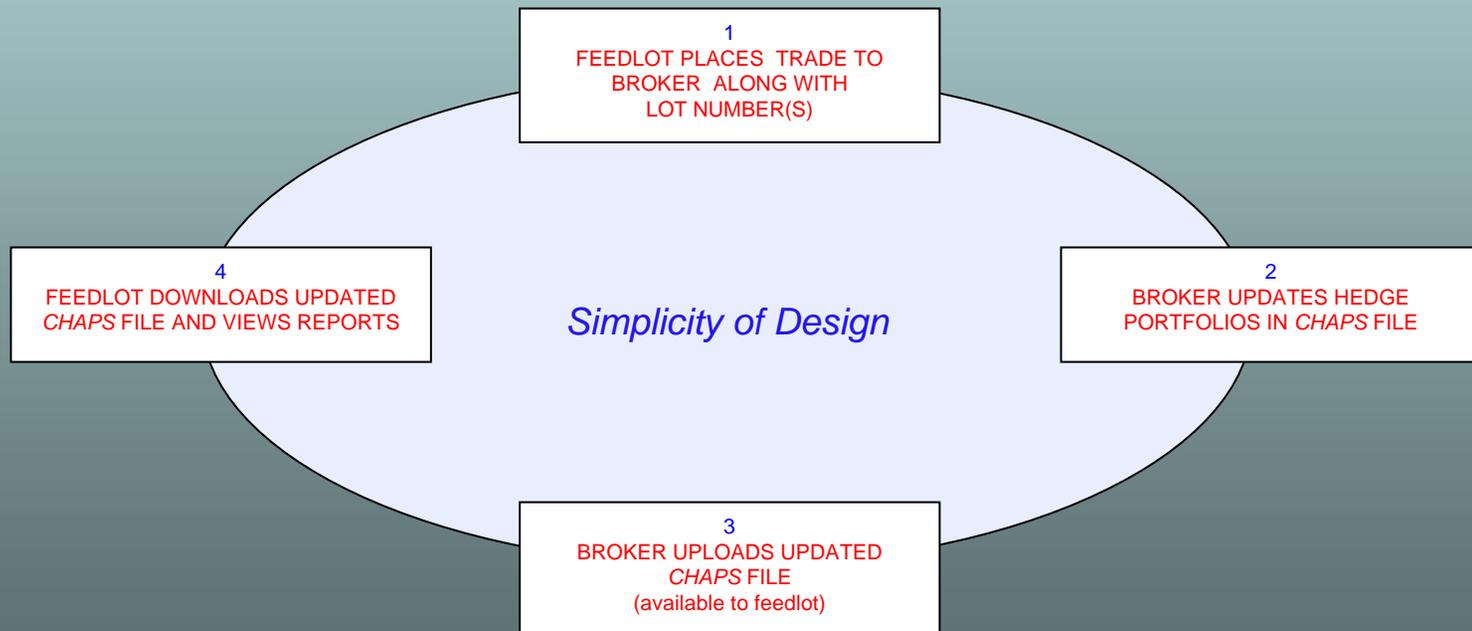


CATTLE HEDGE AUDIT PROGRAM SOFTWARE

Information

It's a vital resource in today's market economy. Getting it accurately and in a timely fashion is expected from both lenders and customers. That is why this software was developed and why we provide this service. With this software, we will post (and catalog) all hedge transactions by Owner, Lot, Location, etc for your feedlot and give you, your lenders, and customers the tools to view a plethora of reports accordingly.

What makes this possible is it's *Simplicity of Design*

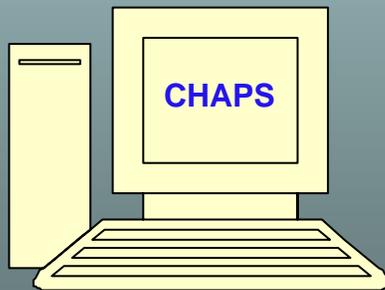


CATTLE HEDGE AUDIT PROGRAM SOFTWARE

Reports can be viewed via the CHAPS software or via the Web.

By using the **CHAPS software**, all reporting tools are available. In fact, you have an exact copy of the source data and can look at every detail and generate any report available (the following pages discusses these reports). One advantage of using the CHAPS software is the ability to email any report that is generated. CHAPS has built in features to access the source data file via the internet. This method is typically used by feedlot personnel.

Pre-formatted **Web Reports**, unique to each owner, are available by logging into a web page (password protected). These reports will display all information pertaining to cattle on feed along with closeouts. Links to various reports make it easy for the user to navigate.



CATTLE HEDGE AUDIT PROGRAM SOFTWARE

Qcw Market Software

CHAPS is a module of another software package, called *QCW* Market Software. When Qcw is started, CHAPS is presented as a selection to be launched.

Qcw contains three additional modules: Charts, Reports, and Account Status. It also provides the mechanism to retrieve the information (from the internet) utilized by these modules.



CATTLE HEDGE AUDIT PROGRAM SOFTWARE

Once a file is loaded in CHAPS, the screen layout will look similar to the screenshot below. The main grid is titled the Sort Grid. This grid contains basic information about each lot of cattle, such as Owner, Lot, Location, #Head, Est Out Date, Est Break-even, etc.

The information in the chart and grids below, corresponds to the current active line in the Sort Grid.

The screenshot displays the CHAPS software interface with the following components:

- Sort Grid:** A table listing cattle lots with columns for LINE, OWNER, LOT, PO#, FYH, LOC, SEX, HEAD, SOLD, VGT, LDS, OUTDATE, ACCT, CONT, SETTLE, TARGET, HEDGE, B/E EST, EQY/HD, EQY EST, BASIS, and B/E(PREV). Line 14 is highlighted in yellow.
- Hedge Grid:** A table showing hedge details for line 14, including DATE, ACCT, LONG, SHORT, CONT, STRIKE, FIP/C, PRICE, COMFEE, and STATUS.
- Chart:** A line graph titled "LCJ08 AT EXPIRATION" showing the relationship between Futures Count (0.00) and various metrics: HEDGED (4.24), UnHDGD (3.76), TOTAL (8.00), and PER HEAD. The chart includes a blue vertical line for the current date and a green horizontal line for the break-even point.
- Summary Grid:** A table summarizing the financial data for the selected lot, including HEDGED, UnHDGD, TOTAL, and PER HEAD values.

SORT GRID

HEDGE GRID

CHART

SUMMARY GRID

CATTLE HEDGE AUDIT PROGRAM SOFTWARE

SORT GRID

The Sort Grid contains basic information about each set of cattle. Any column can be sorted.

The hedge column reflects the latest percent hedged status. Intraday snapshots can also be retrieved to view the hedge status based on current market conditions.

As will be described in the following pages, the reporting features in CHAPS allow each of these columns to be sorted, subtotaled, and filtered.

- OWNER** - owner or owners of cattle
- LOT** - lot number assigned to cattle
- PO#** - purchase order number
- FYH** - number of head owned by feedyard
- LOC** - location (if feedyard has multiple yards)
- SEX** - defines Steer, Heifer, Holstein, or Mixed
- HEAD** - number of cattle
- SOLD** - number of cattle sold from lot
- WGT** - estimated out weight
- LDS** - loads (calculated from head and out weight)
- OUTDATE** - estimated close out date
- ACCT** - hedge trading account
- CONT** - delivery month futures contract
- SETTLE** - settlement of delivery futures contract
- TARGET** - denotes criteria for hedge
- HEDGE** - either percent hedge or current hedge value
- B/E EST** - estimated break-even per cwt
- EQY/HD** - dollars per head fronted by owner
- EQY EST** - break-even per cwt calculated from eqy/hd value
- BASIS** - value of basis / cwt
- BE(PREV)** - previously estimate break-even
- COMMENT** - notes about cattle
- 1ST LOT** - used to trace cattle after sorting
- 2ND LOT** - used to trace cattle after sorting
- IN WEIGHT** - per head
- IN DATE** - in date of feeders
- PURCHASE/CWT** - cost of feeders per cwt

SORT GRID		EVANS																			HEDGE COUNT: NET FUTURES + OPTON DELTA				Settlements for: Wednesday, Oct 31 2007							
LINE	OWNER	LOT	PO#	FYH	LOC	SEX	HEAD	SOLD	WGT	LDS	OUT DATE	ACCT	CONT	SETTLE	TARGET	HEDGE	B/E EST	EQY/HD	EQY EST	BASIS	B/E(PREV)											
5	JOHNSON	1200	41	100	MAG	STR	200.00	100.00	1200	3.00	10-01-2007	47400	LCV07	94.8		0%	94.000	100.000	85.667													
6	EVANS	706	158	102	NA	STR	102.00		1250	3.19	11-10-2007	47400	LCZ07	94.325	EPP	1%	87.000	100.000	79.000		94.000											
7	EVANS	585	155	125	NA	STR	125.00		1230	3.84	12-08-2007	47400	LCZ07	94.325		78%	92.000		92.000													
8	GRANT	786	158	100	TCF	STR	200.00		1225	6.13	01-02-2008	47400	LCG08	97.525		67%	88.000		88.000													
9	MAANI	485	158	125	NA	STR	185.00		1230	5.69	01-08-2008	47400	LCG08	97.525		106%	88.000		88.000													
10	NOEL	415	158	180	NA	MIX	180.00		1250	5.63	01-15-2008	47400	LCG08	97.525		89%	88.000		n/a													
11	NOEL	815	155	180	NA	MIX	74.00		1080	2.00	02-15-2008	47400	LCG08	97.525		158%	89.000		89.000													
12	SMITH	1013	43				50.00		1200	1.50	04-08-2008	47400	LCJ08	97.05		0%			n/a													
13	GRANT	REF904	43	173	TCF	MIX	173.00		1050	4.54	04-14-2008	47400	LCJ08	97.05		44%	89.000		n/a													
14	EVANS	REF539	43	285	TCF	STR	265.00		1207	8.00	04-14-2008	47400	LCJ08	97.05		53%	94.000	100.000	85.715		94											
15	KEEBLA	REF681	42	150	NA	HFR	150.00		1118	4.19	04-20-2008	47400	LCJ08	97.05		82%	89.000		n/a													
16	EVANS	1500	42	180	AFL	STR	180.00		1150	5.18	05-20-2008	47400	LCM08	93.5		96%	93.000		93.000		93.000											
COMMENT		The cattle were shipped in from Florida. Two were sorted off and sent to the sick																			1ST LOT	2225	2ND LOT		IN WEIGHT	675	IN DATE	09-25-2007	PURCHASE/CWT	112.000		

CATTLE HEDGE AUDIT PROGRAM SOFTWARE

CHART

The purpose of this chart is to show the potential of profit or loss at various underlying market prices. The red line reflects the “effective hedge value” by combining the price at which the cattle will be sold (underlyer) and the profit/loss per cwt of the hedge position. This calculates values at expiration, so options only include intrinsic values. Also, it calculates against the total loads of cattle, so the effective hedge value will be reflected properly if the hedge count doesn’t match the total loads of cattle.

[Click Here to View Tabular Detail of this Chart](#)

UNDERLYER list of potential market prices, displayed from left to right (located below the chart).

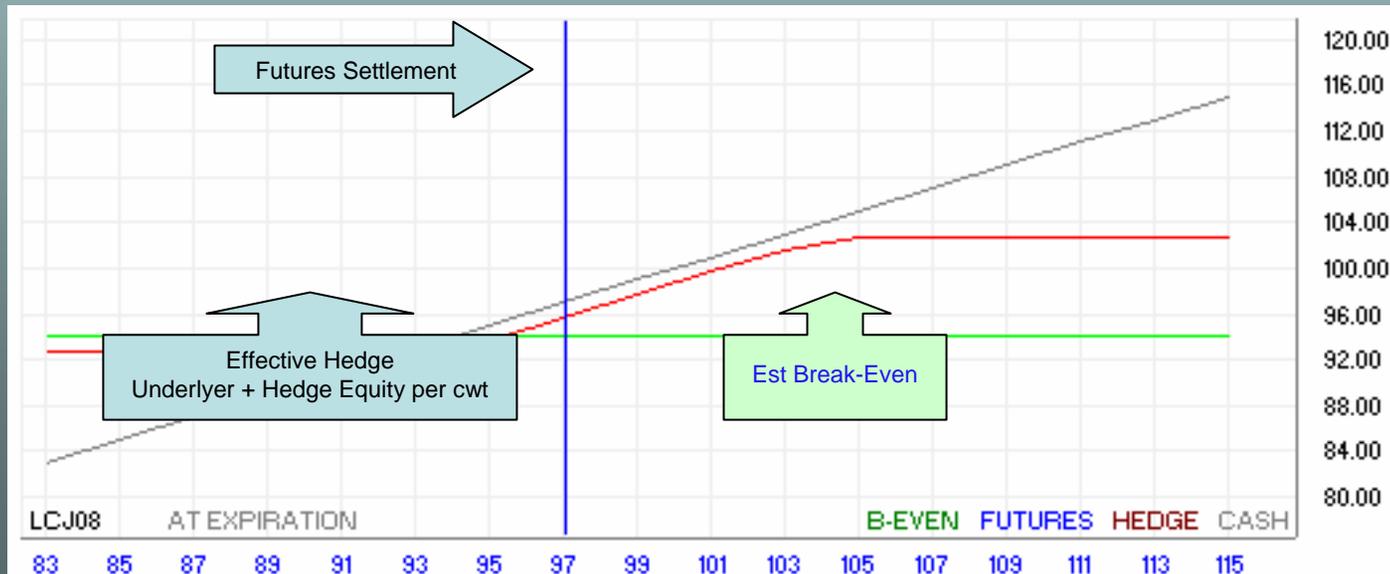
EFFECTIVE HEDGE SCALE the effective price/cwt

BREAK-EVEN value per cwt of estimated break-even

CASH effective value per cwt with no hedges.

FUTURES current settlement value of futures in accordance with the underlying market price.

EFFECTIVE HEDGE VALUE combines the value of the underlying market price + equity/cwt of hedge positions and activity.



CATTLE HEDGE AUDIT PROGRAM SOFTWARE

SUMMARY GRID

This grid displays the number of loads hedged and loads un-hedged. It also displays what the hedge value would be if the balance of loads are hedged at the current futures price (using futures). The TOTAL and PER HEAD columns display this potential hedge value.

FUTURES COUNT

Number of current short futures positions.

HEDGED

Number of equivalent short futures contract. This includes futures and options.

UnHDGD

Balance of positions required to equal the number of loads of cattle.

TOTAL

The potential hedge value if the number of futures are sold equal to the un-hedged column.

PER HEAD

The TOTAL column converted to dollars per head

Futures Count (0.00)

	HEDGED (4.24)	UnHDGD (3.76)	TOTAL (8.00)	PER HEAD
HEDGE	96.767	97.050	96.900	1,169.58
B-EVEN	-94.000	-94.000	-94.000	-1,134.58
BASIS	0.000	0.000	0.000	0.00
NET	2.767	3.050	2.900	35.00
NET - CASH BE				

CATTLE HEDGE AUDIT PROGRAM SOFTWARE

SETTINGS

Various parameters can be set to modify the look and feel of CHAPS, such as screen colors, report layouts, etc.

DELTA FOR HEDGE COUNT One important setting determines how the Hedge Count is calculated.

YES = Includes Net Short Futures + delta value of all options.

NO = Includes Net Short Futures + In-the-money options

COVERAGE = Includes Short Futures + Long Puts (as is)

The screenshot shows the CHAPS software interface with a settings dialog box open. The dialog box has four tabs: GENERAL, WEIGHTS, FTP, and REPORTS. The 'DELTA FOR HEDGE COUNT' setting is currently set to 'YES'. Other settings include 'DEFAULT PRINTER' (HP LaserJet 4100 PCL 5e), 'GRID COLORS' (ACTIVE CELL), 'SORT GRID', 'SORT GRID FRAME', 'SORT GRID ACTIVE LINE', 'HEDGE GRIDS', 'HEDGE GRIDS FRAME', 'HEADER TYPE' (PO AND FYHEAD), 'ADJUST LOADS BY NO-RISK COUNT' (unchecked), 'DEFAULT TARGET COLUMN' (TARGET), and 'DELTA FOR HEDGE COUNT' (YES).

The background window displays a table of cattle contracts with columns for LINE, QWN, LOT, PO#, FYH, LOC, SEX, HEAD, SOLD, WGT, LDS, OUT DATE, ACCT, CONT, SETTLE, TARGET, HEDGE, B/E EST, EQY/HD, EQY EST, BASIS, and B/E(PREV). A summary table at the bottom right shows:

	BASIS	0.000	0.000	0.000	0.00
NET	12.007	9.525	11.193	137.11	
NET - CASH BE					

A blue arrow points to the 'DELTA FOR HEDGE COUNT' setting in the dialog box with the text 'Type of Hedge Count'.

EXPORT (Archived) CLOSE-OUTS

Closed out lots can be archived by month or quarter. This is accomplished by an export feature in CHAPS that saves lots marked as out (red lines) to a corresponding file which can be accessed at a later date. In the screenshot below, closed out lots with an out-date of September 2007 will be exported to a September close-out file.

The screenshot displays the CHAPS software interface with the 'File' menu open and the 'Export Close Outs' option selected. The 'Export Close Outs' submenu is open, showing 'by Month' selected, which has further opened to show 'Sep 2007' as the chosen month. The background table lists various lot details.

LOT	PO#	FYH	LOC	SEX	HEAD	SOLD	WGT
REF787	43	100	NA	STR	100.00		120
REF484	42	200	NA	STR	200.00		125
REF460	43	100	NA	STR	100.00		127
REF783	43	92	NA	STR	92.00		125
1200	41	100	MAG	STR	200.00	100.00	120
706	158	102	NA	STR	102.00		125
			NA	STR	125.00		123
			TCF	STR	200.00		122
			NA	STR	185.00		123
			NA	MIX	180.00		125
			NA	MIX	74.00		108
					50.00		120
REF904			TCF	MIX	173.00		105
REF539			TCF	STR	265.00		120
REF681			NA	HFR	150.00		11
1500			AFL	STR	180.00		115

RETRIEVING AN UPDATED CHAPS FILE

Following the market close each day, we will input new trades and apply to the appropriate lot numbers.
When complete, the CHAPS file will be password encrypted and uploaded to our Web site.

An authorized user can then retrieve this file simply by

- a) Starting **QCW Market Software**
- b) Launching **CHAPS**
- c) selecting menu item **File / Open / Retrieve Updated file from Web.**

This will take only a few seconds. That's It !!

The screenshot shows the C.H.A.P.S. software interface. The title bar reads "C.h.a.p.s. - [C.H.A.P.S. v7.1031 - f:\breakevens\besample.cbl]". The menu bar includes File, Grid Select, Edit, View, Help, Search by . . ., Reports, and Char. The File menu is open, showing options like New Window, Close Active Window, Open, Save <F8>, Save As, Properties of Chaps File, Export Close Outs, Upload Reports by Owner, Send this File via . . ., Current Record, and Exit. The 'Open' option is selected, and a sub-menu is visible with 'Open from File' and 'Retrieve Updated File from Web' (highlighted). The background shows a data table with columns LOT, PO#, and FYH.

LOT	PO#	FYH
787	43	100
84	42	200
160	43	100
REF783	43	92
1200	41	100
706	158	102
585	155	125
786	158	100
485	158	125
415	158	180
815	155	180
1013	43	
REF904	43	173
REF539	43	265
REF681	42	150
1500	42	180

REPORTS

As discussed earlier, reports are available by using the

CHAPS program interface

and through our

Web site.

The following pages discuss both types of reports

CHAPS REPORTS

Three types of reports can be generated. Any report generated can be **printed** or **emailed**.

INDIVIDUAL LOT – various pre-formatted reports can be generated for a specific lot number. These include complete trade history, hedge summary, break-even calculation, hedge charts, etc.

COMPREHENSIVE – a wide variety of pre-formatted reports display information by owner, lot, or out-month. These include trade activity, open positions, hedge summary, lots with no hedges, etc

CUSTOM – up to 500 report layouts can be designed. Select which columns to include, match, sub-total, and how to filter the results. Label the layout to use as a report title.

CATTLE HEDGE AUDIT PROGRAM SOFTWARE

INDIVIDUAL LOT – click available links to view sample report

[STANDARD PAGE](#)

STANDARD PAGE (NO CHARTS)

STANDARD PAGE WITH BE GRID

STANDARD PAGE WITH BE GRID (NO CHARTS)

SORT GRID W/ HEDGE POSITIONS

[CLOSE OUT REPORT](#)

The screenshot shows the C.H.A.P.S. software interface. A menu is open, showing the path: **Current Record** > **Save as Web Page Report** > **Standard Page**. A callout box labeled "CURRENT RECORD" points to the "Current Record" menu item. The main window displays a table of hedge positions and a summary table.

FYH	LOC	SEX	HEAD	SOLD	WGHT	LDS	OUT DATE	ACCT	CONT	SETTLE	TARGET	HEDGE	B/E EST	EQY/HD	EQY/EST	BASIS	B/E(PREV)
102	NA	STR	102.00		1250	3.19	11-10-2007	47400	LCZ07	94.925	EPP	1%	87.000	100.000	79.000		94.000
125	NA	STR	125.00		1230	3.84	12-08-2007	47400	LCZ07	94.925		78%	82.000		82.000		
100	TCF	STR	200.00		1225	6.13	01-02-2008	47400	LCG08	97.525		67%	88.000		88.000		
125	NA	STR	185.00		1230	5.69	01-08-2008	47400	LCG08	97.525		106%	88.000		88.000		
180	NA	MIX	180.00		1250	5.83	01-15-2008	47400	LCG08	97.525		89%	88.000		n/a		
180	NA	MIX	74.00		1080	2.00	02-15-2008	47400	LCG08	97.525		158%	89.000		89.000		
			50.00		1200	1.50	04-08-2008	47400	LCJ08	97.05		0%			n/a		
173	TCF	MIX	173.00		1050	4.54	04-14-2008	47400	LCJ08	97.05		44%	89.000		n/a		
265	TCF	STR	265.00		1207	8.00	04-14-2008	47400	LCJ08	97.05		53%	94.000	100.000	85.715		94
150	NA	HFR	150.00		1118	4.19	04-20-2008	47400	LCJ08	97.05		82%	89.000		n/a		

SUMMARY				Futures Count (0.00)			
	HEDGED (4.24)	UnHDGD (3.76)	TOTAL (8.00)	PER HEAD			
HEDGE	96.767	97.050	96.900	1,169.58			
B-EVEN	-94.000	-94.000	-94.000	-1,134.58			
BASIS	0.000	0.000	0.000	0.00			
NET	2.767	3.050	2.900	35.00			
NET - CASH BE							

CATTLE HEDGE AUDIT PROGRAM SOFTWARE

COMPREHENSIVE click links to view sample reports.

ACTIVITY

[CONFIRMATION](#) (by [Owner](#) or Location)

[P&S](#) (by [Owner](#) or Location)

CONFIRM+P&S (by [Owner](#) or Location)

[OPEN POSITION](#) (by [Owner](#), Location, or Account)

RECONCILE (open positions)

[PROFIT/LOSS SUMMARY](#) by [ACCOUNT](#)

[SORT GRID](#) and [POSITION REPORT](#) by [OWNER](#)

[HEDGE COVERAGE REPORT](#)
(by Out Month or [Location](#))

[LOTS WITH NO HEDGES](#)

SUMMARY LISTING of HEDGE STATUS

[QUICK SUMMARY](#) (coverage by out month)

kevens\besample.cb[]

Search by . . .	Reports	Chart View	BackUp	SubTotal . . .	Window	Exit
	<ul style="list-style-type: none"> Custom Reports ▶ Activity ▶ Open Positions ▶ Reconcile ▶ Profit/Loss Summary by Account ▶ Sort Grid and Position Report ▶ Hedge Coverage Report ▶ Lots with No Hedges ▶ Summary Listing of Hedge Status ▶ Quick Summary ▶ 					
	LOT					HEDGECOUNT: NET F
	REF7			0.00	1200	3.00 08-17-2007 47400 LCQ07
	REF4			0.00	1250	6.25 08-31-2007 47400 LCQ07
	REF4			0.00	1275	3.19 09-01-2007 47400 LCV07
	REF7			2.00	1250	2.88 09-02-2007 47400 LCV07
	12			0.00	100.00	1200 3.00 10-01-2007 47400 LCV07
	7			2.00	1250	3.19 11-10-2007 47400 LCZ07
	5			5.00	1230	3.84 12-08-2007 47400 LCZ07
	7			0.00	1225	6.13 01-02-2008 47400 LCG08
	4			5.00	1230	5.69 01-08-2008 47400 LCG08
	4			0.00	1250	5.63 01-15-2008 47400 LCG08
	8			4.00	1080	2.00 02-15-2008 47400 LCG08
	1013	43		50.00	1200	1.50 04-08-2008 47400 LCJ08
	REF904	43	173	173.00	1050	4.54 04-14-2008 47400 LCJ08
	REF539	43	265	265.00	1207	8.00 04-14-2008 47400 LCJ08
	REF681	42	150	150.00	1118	4.19 04-20-2008 47400 LCJ08
	1500	42	180	180.00	1150	5.18 05-20-2008 47400 LCM08

CUSTOM

This reporting feature allows the user to include specific columns in a report. For these selected columns, the user can choose to match and sub-total the output data. For the columns that are set to match, a filter can also be added to limit the output information even further. In the screenshot displayed below, 16 columns will be included in the report, two columns are set to match and subtotal (Owner and Out Month). One column (Owner) will be filtered to only include Sort Grid records for "Evans".

500 unique layouts can be designed and saved. The layout name is referenced in the left side list. This name will also be the title of the report when generated. Once the report is displayed, it can be printed or sent via email.

An additional custom report window is available, tailored specifically for hedge position information.

[Click here to view a sample](#)

Each report layout can have a description that also serves as the title of the report

REPORT MATCHING CRITERIA for SORT GRID

BE COVERAGE FOR EVANS

REPORT LAYOUTS	ITEMS	INCLUDE	MATCH	FILTER
BE COVERAGE BY OWNER	OWNER	YES	YES	EVANS
BE COVERAGE FOR EVANS	LOT	YES		
BE COVERAGE BY OUT MONTH	PO#			
	FYH			
	LOC	YES		
	SEX			
	HEAD	YES		
	SOLD	YES		
	NET HEAD	YES		
	WEIGHT	YES		
	LOADS	YES		
	OUT MONTH	YES	YES	ALL
	ACCOUNT			
	CONTRACT	YES		
	SETTLE	YES		
	TARGET			
	HEDGE			
	B/E EST	YES		
	% HEDGED	YES		
	LDS HEDGED	YES		
	HEDGE CVT	YES		
	LDS OPEN	YES		
	HDG OPEN			
	TOT HEDGE			
	TOT HDG/HD			
	TOT HDG/LOT			
	EQY/HEAD			
	EQY BE EST			
	BASIS			
	COVERAGE			
	B/E (PREV)			

SUB TOTAL ONLY [SAVE](#) [START](#) [CLOSE](#)

Filter description

Columns to sort and sub-total

Columns to include in report

BREAK-EVEN CALCULATOR

This spreadsheet is available for each lot (record) in the Sort Grid. Production values (in red) can be input per cwt, per head, or per lot. The value of the remaining columns auto-fill. For example, if the cost of gain is entered in the Total column, the per cwt and per head columns will auto-fill with the appropriate values. Certain value can be assigned back to the Sort Grid (#head, In Date, Out Date, In Weight, Out Weight, Purchase Price, and Est Break-Even per cwt). The sale price can also be input, which is needed to generate a close out report.

EVANS (REF787)						
Description	Value	# Head Out	Description	per Cwt	per Head	Total
# Head In	100.00	100.00	Purchase	95.00	760.00	76000.00
In Date	04/01/2007	Static	Transportation In			
Out Date	08/17/2007		Cost of Gain	53.50	240.75	24075.00
Net Days	138		Labor, Mgt, Yardage	5.56	25.02	2502.00
% Loan Rate		% Financed	Interest	1.25	10.00	1000.00
Amount Financed			Death Loss	1.90	15.20	1520.00
% Shrink on Sale	4.00		Marketing	0.22	0.99	99.00
% Death Loss			Miscellaneous			
Description	per Head	Total	Vet Charges	1.11	5.00	499.50
In Weight	800.00	80000.00	Transportation Out			
Est Out Weight	1250.00	125000.00	Risk Management			
Est Net Gain	450.00	45000.00	Production Cost	63.54	296.96	29695.50
Est Pay Weight	1200.00	120000.00				
Est ADG	3.26	326.09	Est Break-Even	88.08	1056.96	105696.00
			Sale Price	92.92	1115.04	111504.00
			Est Profit/Loss	4.84	58.08	5808.00

INITIALIZE

CLEAR

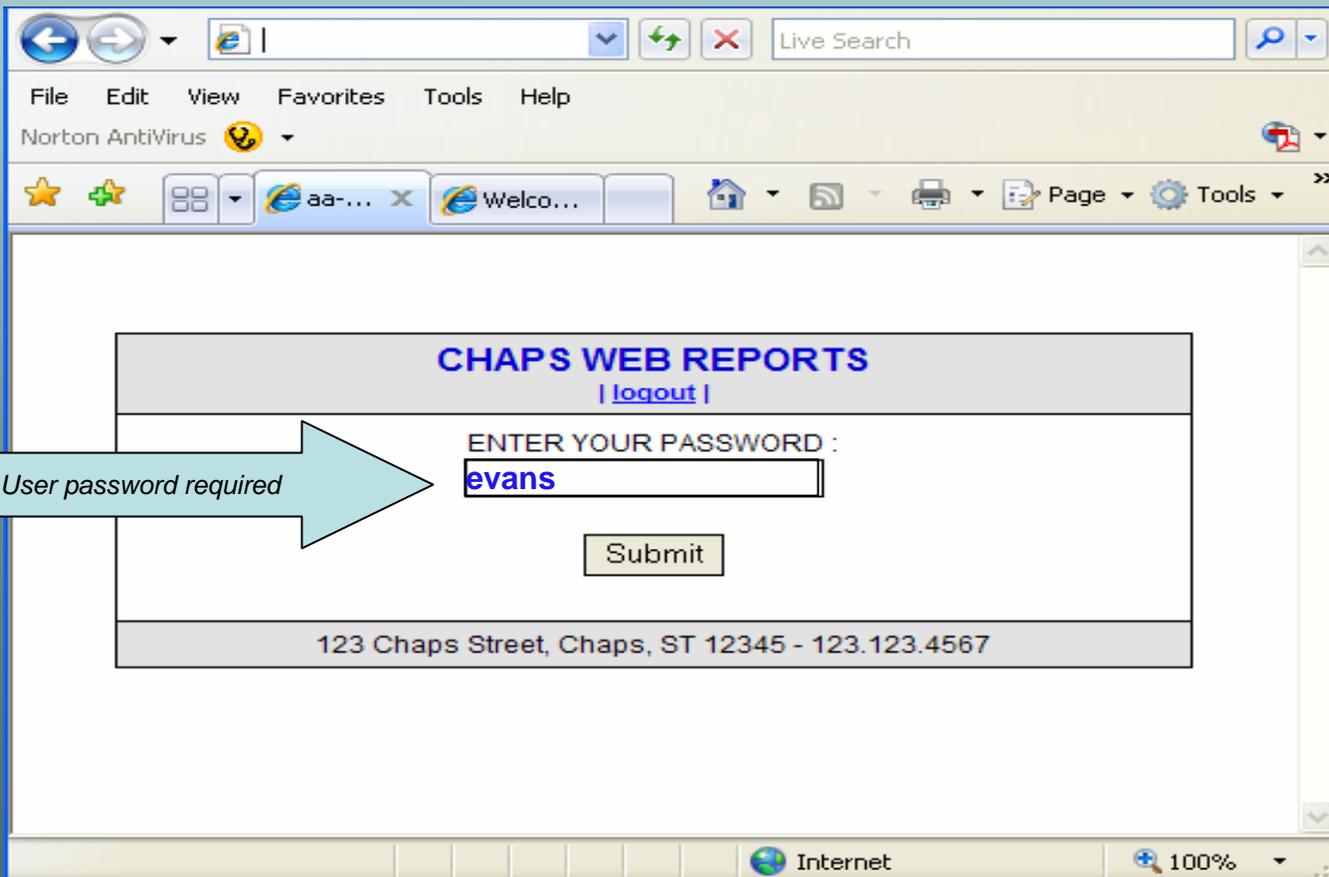
TOGGLE STATIC OUT DATE

CLOSE

CLOSE AND ASSIGN

WEB-BASED REPORTS

For users without access to the CHAPS program interface, web-based reports are made available. The reports are generated by owner. A password is assigned to each user. After a user submits a valid password, a screen displays links to all lots of cattle under the ownership of that user. Reports detailing and summarizing cattle under ownership can be displayed through links. [Click Here for Sample Web Reports](#)



THANK YOU

...for taking a moment to review the features of CHAPS

Much time and effort over the past three years has been spent to make this service easy to use and comprehensive.

Future updates with additional features will be available.