



August Live Cattle Put Option Opportunity

Today's Date	2/23/2012
Forward Contract Opportunity	
July Futures Price	\$ 130.00
Today's Basis - for delivery	\$ (2.00)
Forward Contract Price	\$ 128.00

Live Cattle Put Options

40,000 Lbs per Put Option \$1 price = \$400
 1,400 Lbs per Head
 28.6 Head per Option

Put Option Opportunity Using	Aug 12		Cattle Put Options		Expiration Aug 3		
Strike Price	\$ 130.00	\$ 128.00	\$ 126.00	\$ 124.00	\$ 122.00	\$ 120.00	\$ 118.00
Less Premium Cost	\$ (4.20)	\$ (3.35)	\$ (2.65)	\$ (2.03)	\$ (1.58)	\$ (1.18)	\$ (0.90)
Less Transaction Cost	\$ (0.17)	\$ (0.17)	\$ (0.17)	\$ (0.17)	\$ (0.17)	\$ (0.17)	\$ (0.17)
Futures Floor	\$ 125.63	\$ 124.48	\$ 123.18	\$ 121.81	\$ 120.26	\$ 118.66	\$ 116.93
Less Expected Basis	\$ (2.00)	\$ (2.00)	\$ (2.00)	\$ (2.00)	\$ (2.00)	\$ (2.00)	\$ (2.00)
Expected Minumim Cash Price	\$ 123.63	\$ 122.48	\$ 121.18	\$ 119.81	\$ 118.26	\$ 116.66	\$ 114.93

Revenue Per Head Protected							
Estimate of 14.0 CWT	\$1,731	\$1,715	\$1,697	\$1,677	\$1,656	\$1,633	\$1,609

Futures "Trade off point" above this point the put strategy nets more than the forward sale

	\$ 134.20	\$ 133.35	\$ 132.65	\$ 132.03	\$ 131.58	\$ 131.18	\$ 130.90
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Outcomes over a range of futures prices

Range of Prices	Expected Cash Prices at Various Futures Prices						
\$136.00	\$129.63	\$130.48	\$131.18	\$131.81	\$132.26	\$132.66	\$132.93
\$135.00	\$128.63	\$129.48	\$130.18	\$130.81	\$131.26	\$131.66	\$131.93
\$134.00	\$127.63	\$128.48	\$129.18	\$129.81	\$130.26	\$130.66	\$130.93
\$133.00	\$126.63	\$127.48	\$128.18	\$128.81	\$129.26	\$129.66	\$129.93
\$132.00	\$125.63	\$126.48	\$127.18	\$127.81	\$128.26	\$128.66	\$128.93
\$131.00	\$124.63	\$125.48	\$126.18	\$126.81	\$127.26	\$127.66	\$127.93
\$130.00	\$123.63	\$124.48	\$125.18	\$125.81	\$126.26	\$126.66	\$126.93
\$129.00	\$123.63	\$123.48	\$124.18	\$124.81	\$125.26	\$125.66	\$125.93
\$128.00	\$123.63	\$122.48	\$123.18	\$123.81	\$124.26	\$124.66	\$124.93
\$127.00	\$123.63	\$122.48	\$122.18	\$122.81	\$123.26	\$123.66	\$123.93
\$126.00	\$123.63	\$122.48	\$121.18	\$121.81	\$122.26	\$122.66	\$122.93
\$125.00	\$123.63	\$122.48	\$121.18	\$120.81	\$121.26	\$121.66	\$121.93
\$124.00	\$123.63	\$122.48	\$121.18	\$119.81	\$120.26	\$120.66	\$120.93
\$123.00	\$123.63	\$122.48	\$121.18	\$119.81	\$119.26	\$119.66	\$119.93
\$122.00	\$123.63	\$122.48	\$121.18	\$119.81	\$118.26	\$118.66	\$118.93
\$121.00	\$123.63	\$122.48	\$121.18	\$119.81	\$118.26	\$117.66	\$117.93
\$120.00	\$123.63	\$122.48	\$121.18	\$119.81	\$118.26	\$116.66	\$116.93
\$119.00	\$123.63	\$122.48	\$121.18	\$119.81	\$118.26	\$116.66	\$115.93
\$118.00	\$123.63	\$122.48	\$121.18	\$119.81	\$118.26	\$116.66	\$114.93
\$117.00	\$123.63	\$122.48	\$121.18	\$119.81	\$118.26	\$116.66	\$114.93
\$116.00	\$123.63	\$122.48	\$121.18	\$119.81	\$118.26	\$116.66	\$114.93
\$115.00	\$123.63	\$122.48	\$121.18	\$119.81	\$118.26	\$116.66	\$114.93
\$114.00	\$123.63	\$122.48	\$121.18	\$119.81	\$118.26	\$116.66	\$114.93

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