



June Live Cattle Put Option Opportunity

Today's Date	2/23/2012
Forward Contract Opportunity	
July Futures Price	\$ 128.00
Today's Basis - for delivery	\$ (2.00)
Forward Contract Price	\$ 126.00

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	June 12	Cattle Put Options	Expiration June 01
Strike Price	\$ 128.00	\$ 127.00	\$ 126.00
Less Premium Cost	\$ (3.28)	\$ (2.83)	\$ (2.43)
Less Transaction Cost	\$ (0.17)	\$ (0.17)	\$ (0.17)
Futures Floor	\$ 124.56	\$ 124.01	\$ 123.41
Less Expected Basis	\$ (2.00)	\$ (2.00)	\$ (2.00)
Expected Minumim Cash Price	\$ 122.56	\$ 122.01	\$ 121.41

Revenue Per Head Protected	June 12	Cattle Put Options	Expiration June 01
Estimate of 14.0 CWT	\$1,716	\$1,708	\$1,700

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

	\$ 131.28	\$ 130.83	\$ 130.43	\$ 130.08	\$ 129.78	\$ 129.53	\$ 129.33
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Outcomes over a range of futures prices

Range of Prices	Expected Cash Prices at Various Futures Prices						
\$138.00	\$132.56	\$133.01	\$133.41	\$133.76	\$134.06	\$134.31	\$134.51
\$137.00	\$131.56	\$132.01	\$132.41	\$132.76	\$133.06	\$133.31	\$133.51
\$136.00	\$130.56	\$131.01	\$131.41	\$131.76	\$132.06	\$132.31	\$132.51
\$135.00	\$129.56	\$130.01	\$130.41	\$130.76	\$131.06	\$131.31	\$131.51
\$134.00	\$128.56	\$129.01	\$129.41	\$129.76	\$130.06	\$130.31	\$130.51
\$133.00	\$127.56	\$128.01	\$128.41	\$128.76	\$129.06	\$129.31	\$129.51
\$132.00	\$126.56	\$127.01	\$127.41	\$127.76	\$128.06	\$128.31	\$128.51
\$131.00	\$125.56	\$126.01	\$126.41	\$126.76	\$127.06	\$127.31	\$127.51
\$130.00	\$124.56	\$125.01	\$125.41	\$125.76	\$126.06	\$126.31	\$126.51
\$129.00	\$123.56	\$124.01	\$124.41	\$124.76	\$125.06	\$125.31	\$125.51
\$128.00	\$122.56	\$123.01	\$123.41	\$123.76	\$124.06	\$124.31	\$124.51
\$127.00	\$122.56	\$122.01	\$122.41	\$122.76	\$123.06	\$123.31	\$123.51
\$126.00	\$122.56	\$122.01	\$121.41	\$121.76	\$122.06	\$122.31	\$122.51
\$125.00	\$122.56	\$122.01	\$121.41	\$120.76	\$121.06	\$121.31	\$121.51
\$124.00	\$122.56	\$122.01	\$121.41	\$120.76	\$120.06	\$120.31	\$120.51
\$123.00	\$122.56	\$122.01	\$121.41	\$120.76	\$120.06	\$119.31	\$119.51
\$122.00	\$122.56	\$122.01	\$121.41	\$120.76	\$120.06	\$119.31	\$118.51
\$121.00	\$122.56	\$122.01	\$121.41	\$120.76	\$120.06	\$119.31	\$118.51
\$120.00	\$122.56	\$122.01	\$121.41	\$120.76	\$120.06	\$119.31	\$118.51
\$119.00	\$122.56	\$122.01	\$121.41	\$120.76	\$120.06	\$119.31	\$118.51
\$118.00	\$122.56	\$122.01	\$121.41	\$120.76	\$120.06	\$119.31	\$118.51
\$117.00	\$122.56	\$122.01	\$121.41	\$120.76	\$120.06	\$119.31	\$118.51
\$116.00	\$122.56	\$122.01	\$121.41	\$120.76	\$120.06	\$119.31	\$118.51

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