

# **Swine Packer Marketing Contract Summary - Western Cornbelt Other Market Formula**

## **1. Determination of Base Price**

### **All Reports Referenced**

Nearby Lean Hog, Settlement, Last trading day prior to delivery

### **Other Terms**

Final Price = CME Price + Basis + Carcass Merit Adjustment; Schedule shows nearby contracts

Premium/Discount Type: Sort; See Schedule: 21

Premium/Discount Type: Carcass Merit; See Schedule: 78

Premium/Discount Type: Basis, (\$2.00)

Premium/Discount Type: Futures Schedule, See Schedule: 20

## **2. Determination of Base Price**

### **All Reports Referenced**

Nearby Lean Hog, Settlement, Last trading day prior to delivery

### **Other Terms**

Final Price = CME Price + Basis + Carcass Merit Adjustment; Schedule shows nearby contracts.

Premium/Discount Type: Carcass Merit; See Schedule: 18

Premium/Discount Type: Carcass Merit; See Schedule: 78

Premium/Discount Type: Basis, (\$1.50)

Premium/Discount Type: Futures Schedule, See Schedule: 20

## **3. Determination of Base Price**

### **All Reports Referenced**

Specified Price, Day Contracted

### **Other Terms**

Specified price can be current market price or other negotiated price as agreed by both parties.

Forward priced hogs subject to basis deduction. If not priced within 15 days of delivery period, hogs will be priced at current market price.

Premium/Discount Type: Basis, (\$2.21)

## **4. Determination of Base Price**

### **All Reports Referenced**

LM\_PK603, Pork Carcass Cutout, Day Prior to Delivery

### **Other Terms**

Base Price = 94% Cutout Value

## **5. Determination of Base Price**

### **All Reports Referenced**

Nearby Lean Hog, Lean Hog, Day Contracted

### **Other Terms**

Premium/Discount Type: Basis

## **Swine Packer Marketing Contract Summary - Western Cornbelt Other Market Formula**

### **6. Determination of Base Price**

#### **All Reports Referenced**

Nearby Lean Hog, Lean Hog, Last trading day prior to delivery

#### **Other Terms**

Basis will be the average of the daily CME closing prices to determine a weekly close of the nearest CME futures contracts for lean hogs, and subtract the CME average from weekly cleaned up cost of market hogs for the same time period, at the packer facility. The corresponding weeks for the most recent three year period will be averaged to produce a monthly basis. A factor of  $\frac{1}{4}$  of one standard deviation will be added to the value used for each week of the month. The simple average of the most recent 36 month basis calculations will be the Basis.

### **7. Determination of Base Price**

#### **All Reports Referenced**

Nearby Lean Hog, Lean Hog, Last trading day prior to delivery

#### **Other Terms**

Basis will be the average of the daily CME closing prices to determine a weekly close of the nearest CME futures contracts for lean hogs, and subtract the CME average from weekly cleaned up cost of market hogs for the same time period, at the packer facility. The corresponding weeks for the most recent three year period will be averaged to produce a monthly basis. A factor of .5 of one standard deviation will be added to the value used for each week of the month. The simple average of the most recent 36 month basis calculations will be the Basis.

Premium/Discount Type: Basis, See Schedule: 58

### **8. Determination of Base Price**

#### **All Reports Referenced**

Nearby Lean Hog, Lean Hog, Day Contracted

#### **Other Terms**

Price is established relative to CME lean Hog futures quote on the day the contract is established.

### **9. Determination of Base Price**

#### **All Reports Referenced**

Nearby Lean Hog, Lean Hog, Last trading day prior to delivery

#### **Other Terms**

Basis will be the average of the daily CME closing prices to determine a weekly close of the nearest CME futures contracts for lean hogs, and subtract the CME average from weekly cleaned up cost of market hogs for the same time period, at the packer facility. The corresponding weeks for the most recent three year period will be averaged to produce a monthly basis. A factor of .5 of one standard deviation will be added to the value used for each week of the month. The simple average of the most recent 36 month basis calculations will be the Basis.

### **10. Determination of Base Price**

#### **All Reports Referenced**

Nearby Lean Hog, Lean Hog, Last trading day prior to delivery

#### **Other Terms**

Final Price = CME Price + Basis + Carcass Merit Adjustment. See Schedule: 57

Premium/Discount Type: Basis Three year average basis will be determined quarterly as the difference between 1) the weekly average of the daily closing prices for the nearest CME Lean Hog futures contract and 2) the Regional base price.

## **Swine Packer Marketing Contract Summary - Western Cornbelt Other Market Formula**

### **11. Determination of Base Price**

#### **All Reports Referenced**

Lean Hog Index, Lean Hog, Day Prior to Delivery

#### **Other Terms**

Base Price = Lean Hog Index - Negotiated Discount

### **12. Determination of Base Price**

#### **All Reports Referenced**

Nearby Lean Hog, Lean Hog, Last trading day prior to delivery

#### **Other Terms**

Weekly Basis determined by calculating weekly average CME close and subtracting from corresponding week packer average cost of market hogs for 3 years.

### **13. Determination of Base Price**

#### **All Reports Referenced**

Nearby Lean Hog, less May contract, Settlement, Prior week average - High, Low, Settle

#### **Other Terms**

Final Price = CME Price + High Iodine Values Discount + Sort Discount + Optional Packer Marketing Tool Premium

Premium/Discount Type: High Iodine Values; (\$1.00) 3 month rolling average value

Premium/Discount Type: Sort; See Schedule: 90

Premium/Discount Type: Optional Packer Marketing Tool, (\$0.75) per head

### **14. Determination of Base Price**

#### **All Reports Referenced**

Nearby Lean Hog, less May Contract, Settlement, Day Prior to Delivery

#### **Other Terms**

Final Price = CME Price + Basis + Carcass Merit Adjustment + Freight Allowance

Premium/Discount Type: Sort; See Schedule: 90

Premium/Discount Type: Basis, See Schedule: 92

Premium/Discount Type: Freight, See Schedule: 93

### **15. Determination of Base Price**

#### **All Reports Referenced**

Producer Base Price at Plant, Base, Weekly Average

LM\_HG203, Negotiated Base Weighted Average, Average - 3 days prior to delivery

LM\_PK610, Pork Carcass Cutout, Weekly Average

LM\_PK602, Pork Carcass Cutout, Avg - 3 days reported 2 days prior to delivery

#### **Other Terms**

Base Price = 50% Carcass Value + 50% (Weighted Average + Regional Premium) + Producer Carcass Discount

Premium/Discount Type: Carcass Merit Producer Carcass discount determined 3rd Monday of each calendar year by averaging prior year's weekly difference between LM\_PK610 carcass value and producer base price.

Premium/Discount Type: Regional West, \$1.35

## **Swine Packer Marketing Contract Summary - Western Cornbelt Other Market Formula**

### **16. Determination of Base Price**

#### **All Reports Referenced**

Nearby Lean Hog, Lean Hog, Last trading day prior to delivery

#### **Other Terms**

Final Price = CME + Basis + Carcass Merit Adjustment

Premium/Discount Type: Sort; See Schedule: 85

Premium/Discount Type: Carcass Merit; See Schedule: 64

Premium/Discount Type: Basis, (\$5.50)

### **17. Determination of Base Price**

#### **All Reports Referenced**

Nearby Lean Hog, Lean Hog, Weekly Average

Nearby Lean Hog, Lean Hog, Last trading day prior to delivery

LM\_HG203, Negotiated Base Weighted Average, Average - 3 days prior to delivery

#### **Other Terms**

Final Price = CME + Basis + Carcass Merit Adjustment

Premium/Discount Type: Carcass Merit; See Schedule: 64

Premium/Discount Type: Sort; See Schedule: 85

Premium/Discount Type: Basis Weekly Basis = [Weekly Average (LM\_HG203 3day weighted average + regional

Premium) - Weekly average CME settlement]; Basis for each delivery period will be three year average of corresponding weekly basis.

Premium/Discount Type: Regional East, \$1.60

Premium/Discount Type: Regional West, \$1.35

### **18. Determination of Base Price**

#### **All Reports Referenced**

Nearby Lean Hog, Settlement, Last trading day prior to delivery

#### **Other Terms**

Final Price = CME Price + Basis + Carcass Merit Adjustment

Premium/Discount Type: Sort; See Schedule: 69

Premium/Discount Type: Basis, \$5.70

### **19. Determination of Base Price**

#### **All Reports Referenced**

Lean Hog Index, Carcass Average, Last trading day prior to delivery

#### **Other Terms**

Final Price = Base Price + Carcass Merit Adjustment

Premium/Discount Type: Carcass Merit; \$5.75; See Schedule: 64

## **Swine Packer Marketing Contract Summary - Western Cornbelt Other Market Formula**

### **20. Determination of Base Price**

#### **All Reports Referenced**

Nearby Lean Hog, Lean Hog, Last trading day prior to delivery

#### **Other Terms**

Final Price = CME Price + Basis + Carcass Merit Adjustment.

Premium/Discount Type: Carcass Merit; See Schedule: 64

Premium/Discount Type: Basis Three year average basis will be determined quarterly as the difference between 1) the weekly average of the daily closing prices for the nearest CME Lean Hog futures

### **21. Determination of Base Price**

#### **All Reports Referenced**

LM\_HG212, Negotiated Base Weighted Average, Day Prior to Delivery

LM\_PK602, Pork Carcass Cutout, Day Prior to Delivery

#### **Other Terms**

Final Price = 25% (Cutout Percent \* Cutout Price) + 75% (WCB Weighted Average + Contract Premium) + Carcass Merit Adjustment; Carcass Merit Program used is specific to delivery plant.

Premium/Discount Type: Carcass Merit; See Schedule: 7

Premium/Discount Type: Lean; See Schedule: 34

Premium/Discount Type: Sort; See Schedule: 80

Premium/Discount Type: Cutout Percentage 92%

Premium/Discount Type: Contract Premium, \$2.00

### **22. Determination of Base Price**

#### **All Reports Referenced**

Lean Hog Index, Lean Hog, Day Prior to Delivery

#### **Other Terms**

Final Price = CME Price + Contract Premium + Carcass Merit Adjustment

Premium/Discount Type: Sort; See Schedule: 69

Premium/Discount Type: Contract Premium, (\$6.00)

### **23. Determination of Base Price**

#### **All Reports Referenced**

Nearby Lean Hog, Lean Hog, Last trading day prior to delivery

#### **Other Terms**

Final Price = CME Price + Basis + Carcass Merit Adjustment

Premium/Discount Type: Carcass Merit; See Schedule: 64

Premium/Discount Type: Sort; See Schedule: 85

Premium/Discount Type: Basis, (\$5.50)

## **Swine Packer Marketing Contract Summary - Western Cornbelt Other Market Formula**

### **24. Determination of Base Price**

#### **All Reports Referenced**

GX\_GR117, 48% SBM Rail, Average - 8 weeks prior to delivery

Nearby Lean Hog, Lean Hog, Last trading day prior to delivery

WH\_GR110, No. 2 Yellow Corn, Average - 8 weeks prior to delivery

#### **Other Terms**

Floor Price will be calculated monthly by seller. Floor Price derived from COP schedule.

Base Price = CME Price + Basis; If Base Price converted to live price < Floor Price, then Final Price = Floor Price; If Base Price converted to live price > Floor Price but < Floor Price + \$5, then Final Price = Base Price; If Base Price converted to live price > Floor Price + \$5 and there the accrual account balance is not negative, then Final Price = 93% Base Price; See Schedule: 60  
Limit on Ledger: If the maximum accrual account amount has been reached, the seller will receive the Base Price. The maximum balance is \$9,000,000. Interest will be accrued at the 3 month Libor rate as reported in the Wall Street Journal plus 400 basis points.; If the Base Price converted to live price > Floor Price, Base Price - Floor Price is accumulated in the accrual account. If the Base Price converted to live price > Floor Price + \$5, then 7% Base Price is accumulated in the accrual account;; If the Base Price converted to live price < Floor Price, Base Price - Floor Price \* Total Live Hundred Weight will be applied to the accrual account. If the maximum negative amount has been reached, the seller will receive the Base Price.; At the end agreement any amount, with interest, that has been accrued in the accrual account shall be repaid by the owing party within 10 days after such termination, unless arrangements are made to repay through continues deliveries.

Premium/Discount Type: Basis, \$1.00

### **25. Determination of Base Price**

#### **All Reports Referenced**

Nearby Lean Hog, Lean Hog, Last trading day prior to delivery

#### **Other Terms**

Final Price = CME Price + Basis + Carcass Merit Adjustment

Premium/Discount Type: Sort; See Schedule: 85

Premium/Discount Type: Carcass Merit; See Schedule: 64

Premium/Discount Type: Basis, (\$5.25)

### **26. Determination of Base Price**

#### **All Reports Referenced**

Nearby Lean Hog, Lean Hog, Last trading day prior to delivery

#### **Other Terms**

Final Price = CME Price + Basis + Carcass Merit Adjustment

Premium/Discount Type: Carcass Merit; See Schedule: 18

Premium/Discount Type: Carcass Merit; See Schedule: 78

Premium/Discount Type: Futures Schedule, (\$1.00), See Schedule: 20

## **Swine Packer Marketing Contract Summary - Western Cornbelt Other Market Formula**

### **27. Determination of Base Price**

#### **All Reports Referenced**

Nearby Lean Hog, Lean Hog, Last trading day prior to pricing

#### **Other Terms**

Forward price can be current market price or other negotiated price as agreed by both parties offset by hedge position. Any lot not forward priced by specified days before delivery period will be priced at the nearby CME.

Premium/Discount Type: Futures Schedule, (\$2.21), See Schedule: 20

### **28. Determination of Base Price**

#### **All Reports Referenced**

Nearby Lean Hog, Settlement, Day Prior to Delivery

#### **Other Terms**

Final Price = CME Price + Basis + Carcass Merit Adjustment

Premium/Discount Type: Carcass Merit; See Schedule: 18

Premium/Discount Type: Carcass Merit; See Schedule: 78

Premium/Discount Type: Futures Schedule, (\$1.25), See Schedule: 20

### **29. Determination of Base Price**

#### **All Reports Referenced**

Lean Hog Index, Lean Hog, Day Prior to Delivery

Nearby Lean Hog, Lean Hog, Last trading day prior to delivery

#### **Other Terms**

First volume delivered per delivery period, final price = CME Price + Contract Premium + Carcass Merit Adjustment; For remaining volume delivered, final price = Index Value + Contract Premium 2+ Carcass Merit Adjustment. Delivery Period is one week.

Premium/Discount Type: Carcass Merit; See Schedule: 64

Premium/Discount Type: Sort; See Schedule: 85

Premium/Discount Type: Contract Premium, (\$5.25)

Premium/Discount Type: Contract Premium 2, (\$4.75)

### **30. Determination of Base Price**

#### **All Reports Referenced**

Nearby Lean Hog, Lean Hog, Last trading day prior to delivery

#### **Other Terms**

Final Price = CME Value + Contract Premium + Carcass Merit Adjustment

Premium/Discount Type: Carcass Merit; See Schedule: 64

Premium/Discount Type: Sort; See Schedule: 85

Premium/Discount Type: Contract Premium, (\$5.50)

Premium/Discount Type: Contract Premium, (\$4.75) takes effect once production guidelines are met

## **Swine Packer Marketing Contract Summary - Western Cornbelt Other Market Formula**

### **31. Determination of Base Price**

#### **All Reports Referenced**

Nearby Lean Hog, Lean Hog, Last trading day prior to delivery

LM\_PK602, Pork Carcass Cutout, 2 days prior to delivery

#### **Other Terms**

Final Price = 35% (Cutout Value + Contract Premium) + 65% (CME Value + Contract Premium 2) + Carcass Merit Adjustment

Premium/Discount Type: Carcass Merit; See Schedule: 64

Premium/Discount Type: Sort; See Schedule: 85

Premium/Discount Type: Contract Premium, (\$12.25)

Premium/Discount Type: Contract Premium 2, (\$4.50)

### **32. Determination of Base Price**

#### **All Reports Referenced**

LM\_PK602, Pork Carcass Cutout, 2 days prior to delivery

LM\_HG212, Weighted Average, Day Prior to Delivery

#### **Other Terms**

Final Price = 50% (Cutout Value + Contract Premium) + 50% (Weighted Average + Contract Premium 2) + Carcass Merit Adjustment

Premium/Discount Type: Carcass Merit; See Schedule: 64

Premium/Discount Type: Sort; See Schedule: 85

Premium/Discount Type: Contract Premium, (\$12.25)

Premium/Discount Type: Contract Premium 2, (\$1.50)

### **33. Determination of Base Price**

#### **All Reports Referenced**

Nearby Lean Hog, Lean Hog, Last trading day prior to delivery

#### **Other Terms**

Final Price = CME Value + Contract Premium + Carcass Merit Adjustment

Premium/Discount Type: Carcass Merit; See Schedule: 64

Premium/Discount Type: Sort; See Schedule: 85

Premium/Discount Type: Contract Premium, (\$5.25) for delivery to specified location

Premium/Discount Type: Contract Premium, (\$4.55) for delivery to specified location



## **Swine Packer Marketing Contract Summary - Western Cornbelt Other Market Formula**

### **34. Determination of Base Price**

#### **All Reports Referenced**

Nearby Lean Hog, Lean Hog, Day Contracted

Nearby Lean Hog, Lean Hog, Last trading day prior to delivery

LM\_PK602, Weighted Average, Day Prior to Delivery

#### **Other Terms**

First specified volume per delivery period, Final Price = CME Price + Carcass Merit Adjustment. May contract will not be used. If actual CME contract pricing is used, request for contract must be made at least 30 days prior to beginning of delivery period for the contract. For remaining deliveries in a delivery period, Final Price = (Cutout Percentage \* Cutout Price) + Carcass Merit Adjustment; Delivery period is four weeks.

Premium/Discount Type: Carcass Merit; See Schedule: 7

Premium/Discount Type: Lean; See Schedule: 34

Premium/Discount Type: Sort; See Schedule: 80

Premium/Discount Type: Cutout Percentage 92%

### **35. Determination of Base Price**

#### **All Reports Referenced**

Nearby Lean Hog, Lean Hog, Last trading day prior to delivery

#### **Other Terms**

Final Price = Cutout Value + Carcass Merit Adjustment

Premium/Discount Type: Carcass Merit; See Schedule: 7

Premium/Discount Type: Lean; See Schedule: 34

Premium/Discount Type: Sort; See Schedule: 80

### **36. Determination of Base Price**

#### **All Reports Referenced**

Nearby Lean Hog, Lean Hog, Day Contracted

Nearby Lean Hog, Lean Hog, Last trading day prior to delivery

LM\_HG203, Weighted Average, Day Prior to Delivery

#### **Other Terms**

First specified volume per delivery period, Final Price = CME Price + Contract Premium + Carcass Merit Adjustment. May contract will not be used. If actual CME contract pricing is used, request for contract must be made at least 30 days prior to beginning of delivery period for the contract. For remaining deliveries in a delivery period, Final Price = (Cutout Percentage \* Cutout Price) + Carcass Merit Adjustment; Delivery period is quarterly.

Premium/Discount Type: Carcass Merit; See Schedule: 7

Premium/Discount Type: Lean; See Schedule: 34

Premium/Discount Type: Sort; See Schedule: 80

Premium/Discount Type: Contract Premium, (\$0.75)

## **Swine Packer Marketing Contract Summary - Western Cornbelt Other Market Formula**

### **37. Determination of Base Price**

#### **All Reports Referenced**

Nearby Lean Hog, Lean Hog, Day Contracted

Nearby Lean Hog, Lean Hog, Last trading day prior to delivery

LM\_PK602, Pork Carcass Cutout, Day Prior to Delivery

#### **Other Terms**

First specified volume per delivery period, Final Price = CME Price + Contract Premium + Carcass Merit Adjustment. May contract will not be used. If actual CME contract pricing is used, request for contract must be made at least 30 days prior to beginning of delivery period for the contract. For remaining deliveries in a delivery period, Final Price = (Cutout Percentage \* Cutout Price) + Carcass Merit Adjustment; Delivery period is two weeks.

Premium/Discount Type: Carcass Merit; See Schedule: 7

Premium/Discount Type: Lean; See Schedule: 34

Premium/Discount Type: Sort; See Schedule: 80

Premium/Discount Type: Contract Premium, (\$0.25)

Premium/Discount Type: Cutout Percentage 92%

### **38. Determination of Base Price**

#### **All Reports Referenced**

Nearby Lean Hog, Lean Hog, Last trading day prior to delivery

LM\_PK602, Pork Carcass Cutout, Day prior to Slaughter

#### **Other Terms**

First specified volume per delivery period, Final Price = CME Price + Contract Premium + Carcass Merit Adjustment. For remaining deliveries in a delivery period, Final Price = (Cutout Percentage \* Cutout Price) + Carcass Merit Adjustment; Delivery period is 28 days.

Premium/Discount Type: Carcass Merit; See Schedule: 7

Premium/Discount Type: Lean; See Schedule: 34

Premium/Discount Type: Sort; See Schedule: 80

Premium/Discount Type: Cutout Percentage 93%

Premium/Discount Type: Contract Premium, (\$0.25)

### **39. Determination of Base Price**

#### **All Reports Referenced**

Nearby Lean Hog, Lean Hog, Day Contracted

Nearby Lean Hog, Lean Hog, Day Prior to Delivery

#### **Other Terms**

Final Price = CME price + Contract Premium + Carcass Merit Adjustment. May contract will not be used. If actual CME contract pricing is used, request for contract must be made at least 30 days prior to beginning of delivery period for the contract.

Premium/Discount Type: Carcass Merit; See Schedule: 7

Premium/Discount Type: Lean; See Schedule: 34

Premium/Discount Type: Sort; See Schedule: 80

Premium/Discount Type: Contract Premium, (\$0.25)