



How Cargill Risk Management Works with Customers



Jill is a Buyer at Jill's Poultry



Cargill Meal Merchant



Cargill Risk Management representative



Jill's goal is to **control** input costs and **maximize margin** on meat sales



She buys soybean meal for her poultry feed from Cargill for December for delivery



The pricing solution is a Trigger Cap, embedded into the Cargill supply chain



She works with her Cargill Risk Management representative to customize a hedging solution that aligns with her market bias and meets her objectives

SMZ: \$310 **Reprice:** \$290
Quantity: 100 contracts **Additional:** \$290
Trigger: \$310 **Expiration:** November

On Expiration the market settles at \$305, her effective reprice level on 100 contracts is \$290



Cargill Risk Management transfers swaps internally to the Cargill business, the meal merchant calculates the final price using 290 as the futures level



Jill's Poultry receives delivery of meal to their feed plant



Because of the Cargill Risk Management solution, Jill reduced her futures level, as a result enhancing the margin on her chicken sales

Disclaimer: These materials have been prepared by personnel in the Sales and Trading Departments of Cargill Risk Management, a business unit of Cargill, Incorporated based on publicly available sources, and is not the product of any Research Department. These materials are not research reports and are not intended as such. These materials are for the general information of our customers and are a "solicitation" only as that term is used within CFTC Rules 1.71 and 23.605, as promulgated under the U.S. Commodity Exchange Act. These materials are provided for informational purposes only and are not otherwise intended as an offer to sell, or the solicitation of an offer to purchase, any swap, security or other financial instrument.

