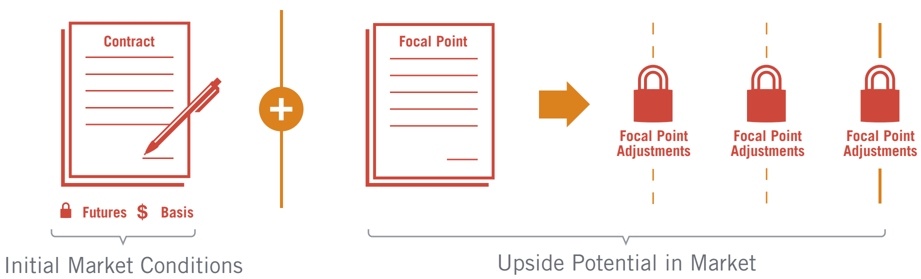
FOCAL POINT

Grain Marketing Contract

Deliver now and still participate in potential upside market moves.

WHAT IS THE FOCAL POINT CONTRACT?

- Focal Point is an add-on to an existing Cargill grain contract where you experience penny for penny price participation up or down for the duration of your Focal Point contract.
- Focal Point adjustments are reflected in your contract's final settlement.
- You are able to re-establish your price on the existing Cargill grain contract in up to three increments, not to exceed the volume of the existing grain contract.
- The market cost to enter a Focal Point contract is called the Focal Point Factor.



Why should I use Focal Point?

- If you understand your market bias and are looking for a hands-on approach to grain marketing.
- You should consider opening a Focal Point contract when you feel believe the market has upside potential.
- As your trusted partner, we'll help you manage downside risk by establishing a maximum downside price of 10% below the Initial Focal Point value.

What else do I need to know about Focal Point?

- When you enter into a Focal Point contract, your grain settlement will be split into two payments. Once you have delivered your grain, you will receive a payment for 85% of the deferred delivery contract value; the balance and adjustment will be paid once the Focal Point net adjustment amount has been determined and all grain has been delivered. A Focal Point contract may extend past grain delivery, which will delay the second payment until the Focal Point net adjustment amount has been determined.
- It is important to understand you are taking on limited price risk if the market goes down.
- You can track Focal Point on CargillAg.ca.

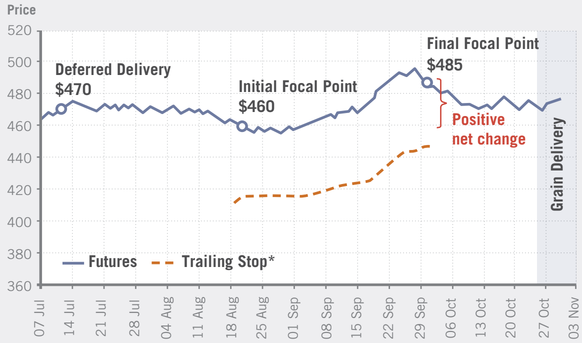
For more information, drop by your nearest Cargill location, contact your Cargill representative or visit **CargillAg.ca**

How Focal Point works

CANOLA EXAMPLE 1

On July 10th, you establish a canola Deferred Delivery contract with Cargill for fall delivery ($470/MT futures price component -20/MT basis = $450/MT cash price). On August 20th, referencing the November futures, you decide to enter a Focal Point contract at $460/MT (your Initial Focal Point Price) because you believe that November futures will increase. To manage downside risk, you create a trailing stop at 10% below current futures.

NOVEMBER CANOLA FUTURES



In line with your bias, the canola market price continues to increase over the coming months and on October 1st, you work with your Cargill advisor to exit the Focal Point contract at $485/MT (your Final Focal Point Price). The net adjustment amount is reflected in the settlement for your canola Deferred Delivery contract.

Here's how we calculate your settlement:

$485/MT Final Focal Point Price

– $460/MT Initial Focal Point Price

– $3.50/MT Focal Point Factor

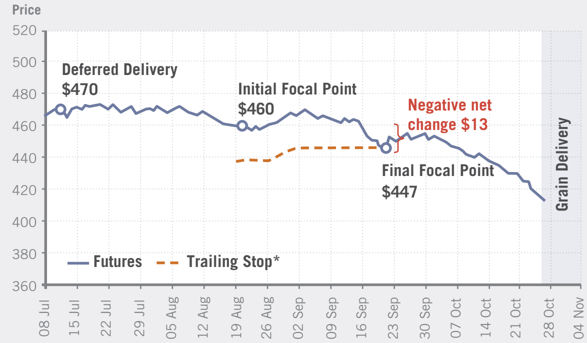
+$21.50 cash price adjustment to Deferred Delivery value of $450/MT

Final cash price of **$471.50/MT**

CANOLA EXAMPLE 2

On July 10th, you establish a canola Deferred Delivery contract with Cargill for fall delivery ($470/MT futures price component -20/MT basis = $450/MT cash lprice). On August 20th, referencing the November futures, you decide to enter a Focal Point contract at $460/MT (your Initial Focal Point Price) because you believe that November futures will increase. To manage downside risk, you create a trailing stop at 5% below current futures.

NOVEMBER CANOLA FUTURES



While the canola market price begins to trend upwards initially, it starts to trend downwards at the beginning of September, and on September 22nd, your trailing stop is triggered at $447/MT (your Final Focal Point Price). The net adjustment amount is reflected in the settlement for your canola Deferred Delivery contract.

Here's how we calculate your settlement:

$447/MT Final Focal Point Price

– $460/MT Initial Focal Point Price

– $3.50/MT Focal Point Factor

-$16.50 cash price adjustment to Deferred Delivery value of $450/MT

Final cash price of **$433.50/MT**

IMPORTANT TO NOTE:

In entering a Focal Point contract, you must choose either a trailing stop or a stop loss to help you manage downside risk.

*Trailing Stop – In this example, the trailing stop is used. The trailing stop will never decline with the market. The trailing stop can never be more than 10% below futures.

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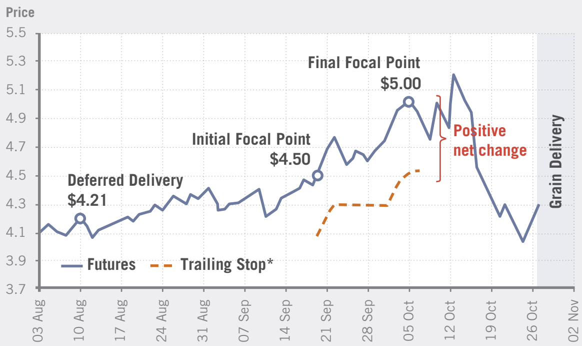
How Focal Point works

CORN EXAMPLE 1 (forex adjusted with basis)

On August 10th, you establish a corn Deferred Delivery contract with Cargill for November delivery ($4.21/bu futures price component -0.40/bu basis = $3.81/bu cash price). On September 20th, referencing December futures, you decide to enter a Focal Point contract at $4.50/MT (your Initial Focal Point Price) because you believe that December futures will increase. To manage downside risk, you create a trailing stop at 10% below current futures.

DECEMBER CORN FUTURES



In line with your bias, the corn market price continues to increase over the coming months and on October 5th, you work with your Cargill advisor to exit the Focal Point contract at $5.00/bu (your Final Focal Point Price). The net adjustment amount is reflected in the settlement for your corn Deferred Delivery contract.

Here's how we calculate your settlement:

$5.00/bu Final Focal Point Price

– $4.50/bu Initial Focal Point Price

– $0.06/bu Focal Point Factor

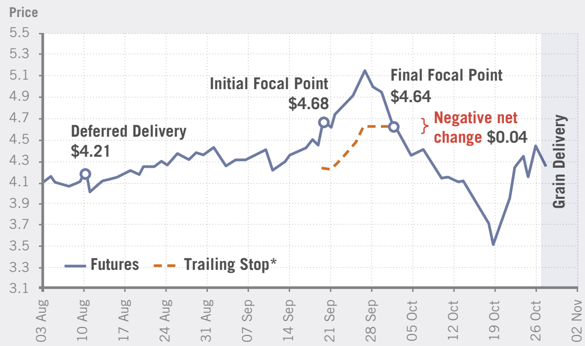
-$0.44 cash price adjustment to Deferred Delivery value of $3.81/bu

Final cash price of **$4.25/bu**

CORN EXAMPLE 2 (forex adjusted with basis)

On August 10th, you establish a corn Deferred Delivery contract with Cargill for November delivery ($4.21/bu futures price component -0.40/bu basis = $3.81/bu cash price). On September 20th, referencing December futures, you decide to enter a Focal Point contract at $4.68/bu (your Initial Focal Point Price) because you believe that December futures will increase. To manage downside risk, you create a trailing stop at 10% below current futures.

DECEMBER CORN FUTURES



While the corn market price starts to trend upwards, near the end of September it begins to trend downwards. On October 2nd, the trailing stop is triggered and you work with your Cargill advisor to exit the Focal Point contract at $4.64/bu (your Final Focal Point Price). The net adjustment amount loss is reflected in the settlement for your corn Deferred Delivery contract.

Here's how we calculate your settlement:

$4.64/bu Final Focal Point Price

– $4.68/bu Initial Focal Point Price

– $0.06/bu Focal Point Factor

-$0.10 cash price adjustment to Deferred Delivery value of $3.81/bu

Final cash price of **$3.71/bu**

IMPORTANT TO NOTE:

In entering a Focal Point contract, you must choose either a trailing stop or a stop loss to help you manage downside risk.

*Trailing Stop – In this example, the trailing stop is used. The trailing stop will never decline with the market. The trailing stop can never be more than 10% below futures.

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