A Focal Point contract allows customers to price new grain at the time of delivery and still participate in potential upside market moves.

WHEN TO USE THIS CONTRACT *(CHECK ALL THAT APPLY)*:

- [ ] I need to deliver grain soon.
- [ ] I have a lack of storage right now.
- [ ] I don’t want to pay the cost of NPE or storage fees.
- [ ] I’m not happy with today’s cash price.
- [ ] I believe the market has upside potential.
- [ ] I have a cash price goal in mind.

HOW DOES IT WORK?

1. Deliver now with a flat price grain contract and price using Focal Point
2. Select your desired futures reference month and establish an Initial Focal Point Price
3. Set a goal for the Final Focal Point Price
4. Experience penny for penny price participation, up or down for the duration of your Focal Point contract
5. Reestablish your Final Focal Point Price at any time leading up to the Final Pricing Deadline of your Focal Point contract
6. Capture the difference between your Initial and Final Focal Point Prices via a Focal Point Price Adjustment

HOW DOES IT HELP ME?

1. Freedom to deliver grain when needed
2. Freedom to choose timeline on participating in the market
3. Automatic discipline and execution to capture cash price goal
4. Ability to participate in any market movement after delivery
5. Flexibility to reprice the Focal Point contract when you are ready
6. Potential to enhance the contract price
HOW FOCAL POINT WORKS

Can I see an example?

On November 1st, you need to sell 10,000 bushels of corn to free up storage space, but you’re not happy with the current cash bid of $3.50. You are confident that corn market prices will improve compared to current levels, so you enter a Focal Point contract at the same time you deliver. You select July as your futures reference month and establish your Initial Focal Point Price at $3.83.

<table>
<thead>
<tr>
<th>Focal Point Cost</th>
<th>$3.50</th>
</tr>
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<tbody>
<tr>
<td>- $0.03</td>
<td></td>
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SCENARIO 1:

On May 15th, the July corn futures price has risen to $4.10. You contact your Cargill rep to reprice and lock in your Final Focal Point Price.

\[
\text{Final Focal Point Price} - \text{Initial Focal Point Price} = \text{Focal Point Price Adjustment}
\]

\[
\$4.10 - \$3.83 = +\$0.27
\]

In this example, using the Focal Point contract would net you 24 cents more after costs. Your final cash price would be $3.74 per bushel.

$3.74

SCENARIO 2:

On May 15th, the July corn futures price has fallen to $3.75. You contact your Cargill rep to reprice and lock in your Final Focal Point Price.

\[
\text{Final Focal Point Price} - \text{Initial Focal Point Price} = \text{Focal Point Price Adjustment}
\]

\[
\$3.75 - \$3.83 = -\$0.08
\]

In this example, using the Focal Point Contract would net you 11 cents less after costs. Your final cash price would be $3.39 per bushel.

$3.39

For more information, visit CargillAg.com or contact your local Cargill representative.