

February 21, 2008

Friends:

- 1) This year's plans are not out yet....I am sorry but a few crazy opportunities have come up that require immediate attention due to the ongoing destruction of equity in the hog business. Can't say more but it requires immediate attention.
- 2) The short form for our marketing plan is that we are following the 1974 precedent in grains. BUT, the rallies after Feb 1974 were weather driven and this means that they MAY OR MAY NOT happen this year. So, highs for the year could come now, or in July, or in Sept with a frost, but the one thing that is certain is that it gets WILDLY volatile....which we honestly LOVE.
- 3) It is NO TIME to not be implementing some form of marketing plan.

TODAY, we are at a crossroads. The eclipse last night is to be respected but only as a selling trigger not as a forecast. Also, very high number of markets have critical timing balance points on the 22 or 25th. From oil to sugar to bonds to bean meal there is a lot of energy, not to mention this is the 34 year anniversary of the highs in 1974.

SO, we are compelled to take additional price risk reducing decisions.

I have attached today's Pacer Ultra quotes, fyi.

For our stuff, we are going to move to 75% hedged using these for the 2008 crop. This gives us very high floors yet allows for prices to race to \$18 where we can just lock in the rest of the un-averaged bushels.

Pacer Ultra quotes:

Using the following futures prices:

\$5.445 Dec 08

\$5.17 Dec 09

\$13.66 Nov 08

\$13.08 Nov 09

\$5.45 floor on Dec 08 with a 2/25/08 thru 7/9/08 avg period is 32 cents

\$5.15 floor on Dec 09 with a 2/25/08 thru 7/23/08 avg period is 27 cents

\$13.65 floor on Nov 08 with a 2/25/08 thru 6/18/08 avg period is 70 cents

\$13.05 floor on a Nov 09 with a 2/25/08 thru 7/16/08 period is 60 cents