



Special Executive Report

20 South Wacker Drive
Chicago, IL 60606-7499
www.cme.com

312/930.1000 tel/
312/466.4410 fax

S-4057

January 29, 2004

LIVE CATTLE AMENDMENTS TO PROHIBIT DELIVERY OF CATTLE AGED 30 MONTHS OR MORE

The Executive Committee has approved, and the Exchange has submitted to the CFTC, amendments to the Live Cattle contract to prohibit the delivery of cattle aged 30 months or more, effective with the February 2004 contract month.

This action was taken in response to new regulations issued on January 12, 2004 by the United States Department of Agriculture, Food Safety and Inspection Service ("USDA-FSIS") in Docket No. 03-025IF, and supplemented in USDA-FSIS Notice 5-04. Effective as of that date, carcasses of cattle 30 or more months of age must be segregated, and selected parts of those cattle must be removed from the food supply. Because affected cattle are being valued and treated differently in the cash market, in the absence of action by the Exchange the Live Cattle contract could become a dumping ground for cattle of discounted market value.

The amendments are presented below, with additions underlined:

FOR CONTRACTS ON OR AFTER FEBRUARY 2004:

All rules in this chapter shall be read to include the following:

Pursuant to the regulations issued on January 12, 2004 by the United States Department of Agriculture, Food Safety and Inspection Service ("USDA-FSIS"), in Docket No. 03-025IF, and supplemented in USDA-FSIS Notice 5-04, issued on January 12, 2004, any and all cattle aged 30 months or more are not deliverable for either live or carcass delivery pursuant to Rules 10103.B. and 10103.C. below.

These amendments will apply to the February 2004 and subsequent contract months, and will become effective at the start of business on Monday, February 9, 2004 upon CFTC approval.

If you have any questions regarding this matter, please contact Mr. Dick McDonald, Managing Director, Regulatory Policy at (312) 930-4574, Mr. Eric Wolff, Managing Director, Regulatory Affairs at (312) 930-3255, or Mr. Paul Peterson, Director, Commodity Product Development at (312) 930-4587.