



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

312/930.1000 tel
312/466.4410 fax

Special Executive Report

S-4180

December 10, 2004

AMENDMENTS TO BOXED BEEF CUTOUT VALUES USED IN LIVE CATTLE FUTURES DELIVERIES

At its Regular Meeting on Thursday, December 2, 2004, the Board of Directors approved amendments to Live Cattle Futures Rule 10103.A. to reflect changes in USDA reporting procedures.

Effective January 3, 2005, USDA will no longer publish separate boxed beef cutout values for 600/750 pound and 750/900 pound beef carcasses. Instead, these "light" and "heavy" categories will be combined into a single 600/900 pound category for each quality grade. These changes will require the following amendments to Rule 10103.A., with deletions bracketed and overstruck:

10103.A. Sources and Calculation of Adjustment Factors

Quality grade adjustments for all delivery units will make use of the live weight equivalent of the Choice-Select boxed beef spread calculated from information reported by USDA (in \$/cwt.) for the day of tender in the National Daily Boxed Beef Cutout and Boxed Beef Cuts report. This is referred to hereafter as the Live Equivalent Choice-Select Spread (LECSS) and is computed by subtracting the "Select Boxed Beef Cut-Out Value" from the "Choice Boxed Beef Cut-Out Value" and multiplying that result by 0.0063. [~~Boxed Beef Cut Out Values from the 600/750 pound category are used for live graded delivery units with an average live weight less than 1,190 pounds and for carcass graded delivery units with an average carcass weight less than 750 pounds. Boxed Beef Cut Out Values from the 750/900 pound category are used for live graded delivery units with an average live weight greater than or equal to 1,190 pounds and for carcass graded delivery units with an average carcass weight greater than or equal to 750 pounds.~~]

These amendments will apply to all deliveries on CME Live Cattle Futures beginning January 3, 2005.

If you have any questions regarding this matter, please contact Mr. Paul Peterson, Director, Commodity Product Research and Development, at (312) 930-4587.