

**LIVESTOCK GROSS MARGIN (LGM)
INDEMNITY CALCULATIONS**
Edit Description

**Livestock Gross Margin (LGM)
(Insurance Plan Code 82)**

TOTAL GROSS MARGIN (ACTUAL)

$$\begin{aligned} \text{TOT_GROSS_MARGIN} = & ((\text{TARGET_MARKET_2} * \text{ACT_GROSS_MARGIN_2}) + \\ & \text{(field 13)} \qquad \qquad \text{(Internal)} \qquad \qquad \text{(field 8)} + \\ & (\text{TARGET_MARKET_3} * \text{ACT_GROSS_MARGIN_3}) + (\text{TARGET_MARKET_4} * \\ & \text{(Internal)} \qquad \qquad \text{(field 9)} \qquad \qquad \text{(Internal)} \\ & \text{ACT_GROSS_MARGIN_4}) + (\text{TARGET_MARKET_5} * \text{ACT_GROSS_MARGIN_5}) + \\ & \text{(field 10)} \qquad \qquad \text{(Internal)} \qquad \qquad \text{(field 11)} \\ & (\text{TARGET_MARKET_6} * \text{ACT_GROSS_MARGIN_6})) \\ & \text{(Internal)} \qquad \qquad \text{(field 12)} \end{aligned}$$

MARKET FACTOR and ADJUSTED INDEMNITY FLAG

$$\begin{aligned} \text{MARKET FACTOR} = & \text{TOT_ACTUAL_MARKET} / \text{TOT_TARGET_MARKET} \\ & \text{(Internal)} \qquad \qquad \text{(field 7)} \qquad \qquad \text{(Internal)} \\ & \text{(Note)} \end{aligned}$$

Note: If Market Factor < .750 set Adjusted Indemnity Flag (field 14) to 'Y'; else, default Market Factor to 1.000 and set Adjusted Indemnity Flag to 'N'.

INDEMNITY

$$\begin{aligned} \text{INDEMNITY_AMOUNT} = & (\text{GROSS_MARGIN_GUAR} - \text{TOT_GROSS_MARGIN}) * \text{MARKET FACTOR} \\ & \text{(field 15)} \qquad \qquad \text{(Internal)} \qquad \qquad \text{(field 13)} \qquad \qquad \text{(Internal)} \end{aligned}$$

$$\begin{aligned} \text{INDEMNITY_REDUCT} = & 1.000 - \text{MARKET FACTOR} \\ & \text{(field 16)} \end{aligned}$$

Note: An indemnity is calculated and payable if Total Gross Margin is less than Gross Margin Guarantee.

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Tag	No.	Picture	Rounding	Description
<TARGET_MARKET_2>	Internal	9(05)	whole number	Target Marketings for Second Month reported on premium.
<ACT_GROSS_MARGIN_2>	8	(+ / -) 9999.9999	per ADM	Actual Gross Margin per swine for Second Month from ADM L Suffix P. Only the negative symbol (-) will appear if applicable.
<TARGET_MARKET_3>	Internal	9(05)	whole number	Target Marketings for Third Month reported on premium.
<ACT_GROSS_MARGIN_3>	9	(+ / -) 9999.9999	per ADM	Actual Gross Margin per swine for Third Month from ADM L Suffix P. Only the negative symbol (-) will appear if applicable.
<TARGET_MARKET_4>	Internal	9(05)	whole number	Target Marketings for Fourth Month reported on premium.
<ACT_GROSS_MARGIN_4>	10	(+ / -) 9999.9999	per ADM	Actual Gross Margin per swine for Fourth Month from ADM L Suffix P. Only the negative symbol (-) will appear if applicable.
<TARGET_MARKET_5>	Internal	9(05)	whole number	Target Marketings for Fifth Month reported on premium.
<ACT_GROSS_MARGIN_5>	11	(+ / -) 9999.9999	per ADM	Actual Gross Margin per swine for Fifth Month from ADM L Suffix P. Only the negative symbol (-) will appear if applicable.
<TARGET_MARKET_6>	Internal	9(05)	whole number	Target Marketings for Sixth Month reported on premium.
<ACT_GROSS_MARGIN_6>	12	(+ / -) 9999.9999	per ADM	Actual Gross Margin per swine for Sixth Month from ADM L Suffix P. Only the negative symbol (-) will appear if applicable.
<TOT_GROSS_MARGIN>	13	9(10)	whole number	Sum of (Target Marketings by month times Actual Gross Margin by month) for the insurance period.
<TOT_ACTUAL_MARKET>	7	9(05)	whole number	Total of Actual Marketings for insurance period.
<TOT_TARGET_MARKET>	Internal	9(05)	whole number	Total of Target Marketings for insurance period reported on premium.

June 5, 2008

Exhibit 140-3

FCIC-Appendix III

**LIVESTOCK GROSS MARGIN (LGM)
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MARKET FACTOR	Internal	9.999	3 decimal places	Result of (Total Actual Marketings divided by Total Target Marketings) if less than .750, else default to 1.000.
<GROSS_MARGIN_GUAR>	Internal	9(10)	whole number	Gross Margin Guarantee for insurance period reported on premium.
<INDEMNITY_AMOUNT>	15	9(10)	whole number	Indemnity must be greater than zero and the result of (Gross Margin Guarantee – Total Gross Margin) times Market Factor.
<INDEMNITY_REDUCT>	16	9.999	3 decimal places	Indemnity Reduction factor is the result of (1.000 – Market Factor).

Note: An indemnity is calculated and payable if Total Gross Margin is less than Gross Margin Guarantee.