Cargill™

October 3, 2008

Hon. Walt Lukken
Acting Chairman
Commodity Futures Trading Commission
1155 21st Street, NW
Washington, DC 20581

RE: Implementation of Changes to CBOT Wheat Futures
CBOT Submission #08-138

Dear Chairman Lukken:

We appreciate the efforts of the CME Group to address the difficulties in the CME Wheat Futures Contract. However, we have serious concerns that the steps taken will not effectively address and correct the problem.

The principal challenge of today's CME Wheat Futures Contract is the lack of convergence. The relationship between the futures price and the cash price of the underlying commodity has become disconnected, greatly diminishing the effective hedging offered by the contract. The last three CME wheat contracts have expired with a corresponding basis of -$1.99, -$2.03, and -$2.08 delivered Toledo. Obviously, this presents strong evidence that the futures market is broken and the viability of the Chicago contract as an effective hedging instrument has to be called into question.

We have worked to advance the concept of using demand certificates or compelled load-out as a mechanism to restore convergence. The NGFA currently has a task force looking at recommendations as to how the concept of compelled delivery could be structured and moved forward. We are participating in that task force trying to unify an industry solution. Details of a compelled delivery proposal need to be worked out in a balanced manner that respects all market participants. However, it is vital that a stronger relationship between the cash and futures market be restored to maintain the viability of the contract.

Given the declining commercial participation in the contract and the recent history of poor correlation to the cash market, the contract is in serious jeopardy. We encourage the CFTC to:

- Shorten the timeframe for implementing proposed changes.
    - All efforts should be made to quickly assess the likelihood of improved contract performance as a result of the CME's proposed actions.

- Encourage the CME Group and others to continue working on demand certificates (compelled load-out), and set firm timetables for possible implementation.
    - Work to finalize a balanced compelled load-out system should continue while the recommendations in the CME's current submission are implemented. The industry cannot afford to wait for sequential development of alternatives. We believe there is wide support for this concept within the commercial grain

industry, hedge funds, and pension fund index participants. They understand and believe in the connection between cash prices and futures prices that agricultural futures contracts were based upon.

At present, it is highly likely that farmers and commercial participants will enter another Soft Red Winter production season without a viable futures contract to assist in price discovery and risk management. This situation exposes all participants to more risk and uncertainty, sends inaccurate price signals to producers, and it can be successfully addressed via compelled delivery.

We look forward to working with the Agency, the CME Group, and other market participants to develop and implement solutions that will restore proper function to the CME Wheat Contract.

Sincerely

William M. Hale

William M. Hale
Senior Vice President
Grain and Oilseed Supply Chain
Cargill, Incorporated USA

WMH/lam