

End User Panel  
GasMart 2007  
May 11, 2007

Corn Products International, Inc.  
Jack Neale  
Energy Procurement Manager  
(708) 236-8822



# Industry and Locations

## Corn Wet Milling industry

### Locations

- 30 plants, 15 countries, 4 continents
- North America
  - Canada, US, Mexico – each with 3 CWM plants

### Volumes

- North America volumes over 10 Bcf/year



# Plant Configurations

## 24/7 operation

- Normally flat usage profile

Most North American plants are cogeneration

Many plants are dual fuels capable

- Can turn a flat usage profile into large daily swings



# Natural Gas Purchases

## Most natural gas is hedged

- Nymex HH hedged with financial transactions
  - Swaps, calls, collars (buy call and sell put)
- Basis/Transportation
  - Physical pipeline transportation contracts
  - Combined with the physical contract including basis to HH
  - Third-party hedged Nymex HH to NGI hub
- Physical gas contracts
  - Priced to local hub or to transportation origin point



# Natural Gas Hedging

Natural gas hedging policy in place

Objectives:

- Reduce volatility
- Provide budget consistency
- Obtain lowest cost

Layering-in strategy

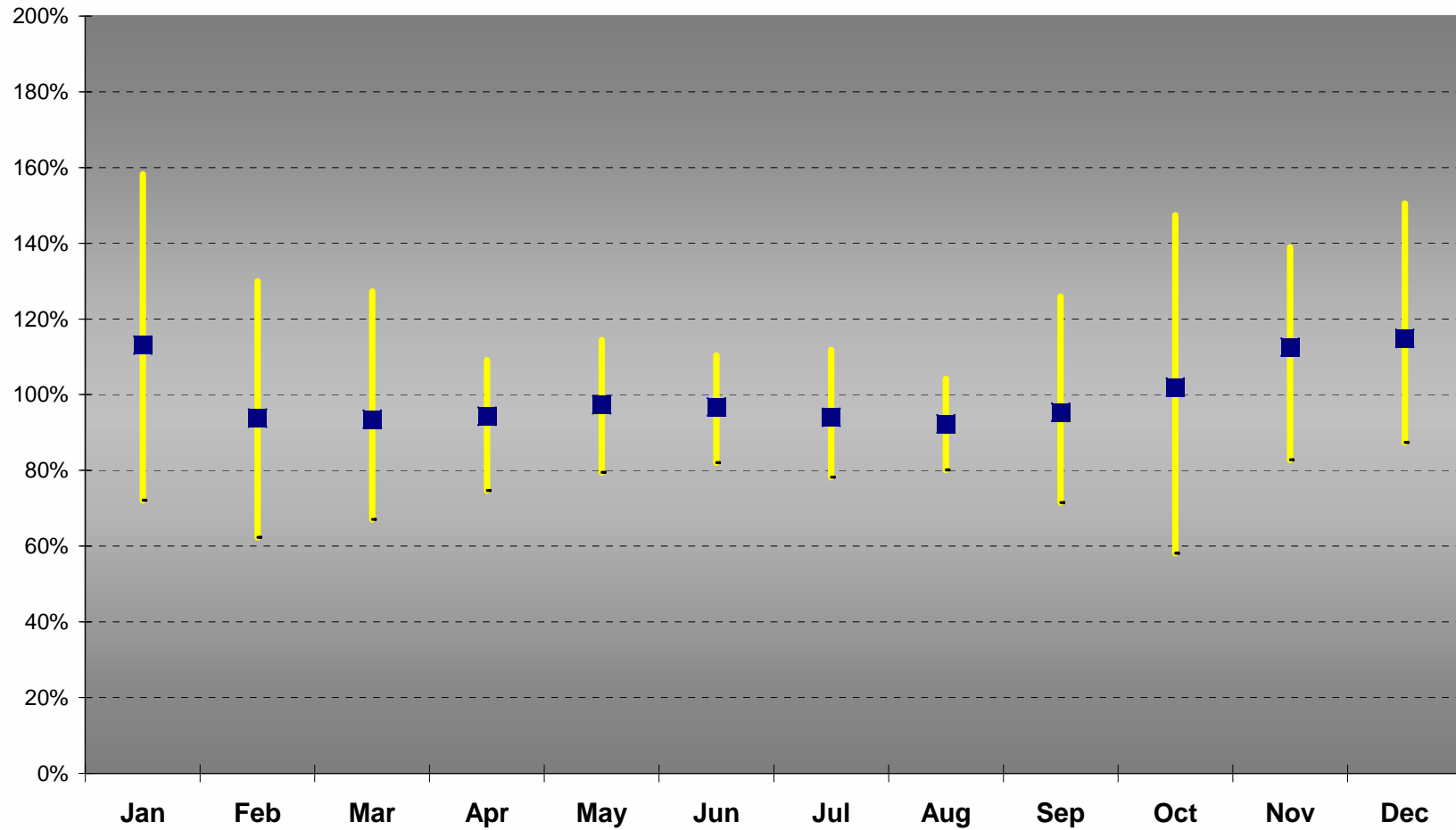
- Quarterly objectives
  - Minimum and maximum coverage goals per quarter
  - Some flexibility depending on market and budget objectives

Generally 1-2 year forward horizon



# Natural Gas Seasonality and Volatility

Yellow Lines = 15 year volatility  
(one max and one min outlier removed per month)



# Natural Gas Contracting

## Base load of natural gas

- Contracted annually or multi-year

## Incremental natural gas

- Contracted month by month
  - or day by day if necessary
- Utilize LDC storage



# Supplier/Marketer Do's/Don'ts

## Do's

- Respond in a timely manner
- Provide accurate billing
- Provide daily market letters
- Be flexible with contract terms and conditions

## Don'ts

- Ignore requests for bids
  - At least provide a no-bid response
- Push to get on the bid list
  - Customer may have credit or volume parameters

