

## Offering Custom Diversity!

Besides standard marketing tools such as Forward Contracts and Delayed Pricing (DP), Legacy Farmers Cooperative offers a variety of **Legacy Next Level Grain Marketing** tools to help diversify risk. These strategies are completely customizable to any producer's goals. In this brochure you will find our *most popular* levels, for additional information and a complete list of marketing tools, contact a Legacy Grain Marketer.

### Minimum Level

Allows farmers to establish a minimum price for their grain, while leaving upside potential. When entering into this contract you lock in a **floor price** by selling bushels and buying a *call option*.\* A producer who is anticipating a favorable market move but at the same time wants minimum price protection would use this feature.

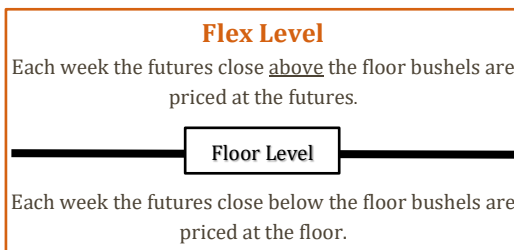
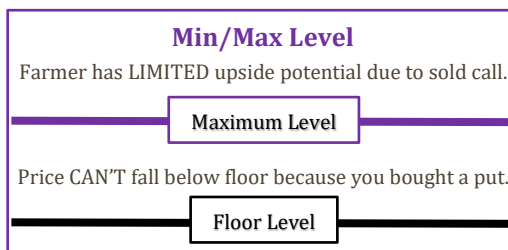
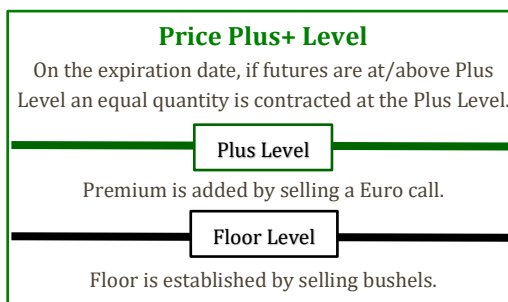
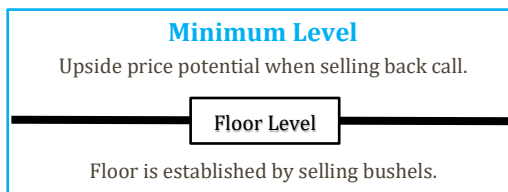
\*Option contracts are made in 5000 bushel increments and an option fee may apply.

### Price Plus+ Level

With this contract a farmer can add premium on to their price, if they're comfortable with the possibility of delivering an equal quantity next year at a higher **Plus Level**. Once bushels are sold to establish **floor price**, a *European call option*\*\* for the following crop year is sold and producers collect the premium. On the expiration date, if futures are at/above **Plus Level** an equal quantity is contracted at the **Plus Level**, if lower nothing happens.

\*\*These option contracts are made in 1000 bushel increments and an option fee may apply.

## Legacy Next Level Grain Marketing



### Minimum/Maximum Level

This contract creates a minimum price for the producer but limits the upside potential to a predetermined **maximum** price. When setting your **floor price**, it will be at a reduced premium because you are buying a *put option*\* while also selling a *call option*. It is only available to producers who are comfortable with the possibility of delivering additional bushels that crop year should the short *call* feature be *exercised*.

\*Option contracts are made in 5000 bushel increments and an option fee may apply.

### Flex Level

Permits growers to set a minimum price and capture upside market movement.\*\* A **floor level** is set using a deferred futures month at a cost.\*\*\*

Every week an equal quantity of bushels is priced. If the futures are above the **floor** upon close, bushels are priced at the futures. However, if the futures are below the **floor** at close, bushels are priced at the floor. To avoid DP storage fees, farmers can combine this with a basis contract. To lower the cost of the **floor price**, you can combine this with a **Price Plus+ Level**.\*\*

\*\*These contracts are made in 1000 bushel increments and an option fee may apply.

\*\*\*Cost varies depending on the desired floor price.



## Option Language

**Long Option:** The right, but not the obligation, to buy or sell a futures contract at a specific price with an expiration.

**Short Option:** The obligation, but not the right, to buy or sell a futures contract at a specific price with an expiration.

**Strike Price:** Price at which you long/short, or buy/sell respectively, the underlying futures contract.

**Floor Price/Level:** establishes a minimum futures price (strike price) that is guaranteed.

**Option Premium:** Cost of the option paid to seller.

**Call Option:** the right to buy a futures contract.

**Put Option:** the right to sell a futures contract.

**Exercise:** Converts the option into a futures position at the strike price.

**Expiration:** the last day on which an option can be exercised into the underlying futures contract. Beyond this point the option ceases to exist.

**Intrinsic Value:** Difference in strike price and futures price.

**In-the-Money:** A call or put that has intrinsic value. For a call futures price > strike price and for a put the opposite, futures price < strike price.

**Out-of-the-Money:** A call or put that does not have intrinsic value. For a call futures price < strike price while a put is out when futures price > strike price.

**Time Value:** Option premium less intrinsic value, reflects the amount of time remaining until expiration.

Thank you for your  
business!



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*Next Level  
Grain Marketing*

