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. For additional information and a complete list of marketing tools, contact a Legacy Farmers Grain Marketer or Manager.

Option Features

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.

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 should the short *call* feature be *exercised*.

*Option price contracts are made in 5000 bushel increments and a fee may apply.

Legacy Next Level Grain Marketing

Minimum Level

Upside price potential due to long call.

Floor Level

Floor is established by selling bushels.

Min/Max Level

Farmer has LIMITED upside potential due to short call.

Maximum Level

Price CANNOT fall below floor because of long put.

Floor Level

Flex Level

Each week the futures close above the floor bushels are priced at the futures.

Floor Level

Each week the futures close below the floor bushels are priced at the floor.

Guaranteed Level Plus+

Original bushels priced each week at Plus Price in equal quantities as long as Knock-Out price HAS NOT traded. On last trading day if futures are at/above Plus Price a double up feature applies.

Plus Level

Floor Level

Knock-Out Level

If the futures market dips BELOW the Knock-Out price any remaining bushels NOT priced at the Plus Price will be priced at the Guaranteed Level and the double up feature expires.

Structured Features

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 farmers can combine this with a basis contract.

**Cost varies depending on the desired floor price.

Guaranteed Level Plus+

With this contract the farmer can sell bushels at a set price above current futures at no cost. There is however the potential for bushel double up.

Every week an equal quantity of contracted bushels is priced at a higher **Plus Level** as long as the futures price does not dip below a predetermined **Knock-Out Level**. If the futures market dips below the **Knock-Out Level** any remaining bushels not priced at the **Plus Level** will be priced at the **Floor Level.**

On the last pricing period day, if the futures close at/above the **Plus Level** and the **Knock-Out Level** hasn't been traded, then an additional quantity of bushels equal to the original (double up) will be contracted at the **Plus Level**. If futures are below the **Plus Level** this day, the double up feature expires.

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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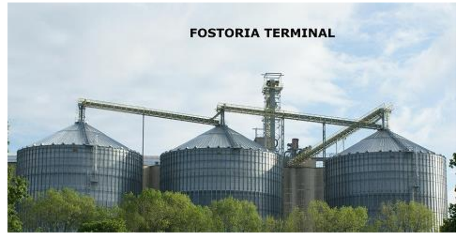
Megan Fredritz- Grain Marketer



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