



Dear Valued Shareholder,

May 1, 2019

Legacy Farmers Cooperative completed its 2019 fiscal year ending February 28, 2019. Legacy produced sales of \$236 million. In almost all products that Legacy sells supply volumes were higher and grain volumes were up. Income from local operations for the year was \$1,516,000 and total net income for the year after patronage received from regional co-ops, sales of depreciated assets, and taxes was \$2,717,000.

Because of this success the Board of Directors has declared a qualified allocation of patronage for the 2019 fiscal year of \$1,590,000 with 50% (\$795,000) to be paid in cash and the balance to be added to equity credits. Once again your co-op has issued a 50% cash disbursement of patronage and we are pleased to do so.

The IRS requires us to pay patronage separately on supplies, grain, and petroleum. We are paying 2.2% on every dollar of supply purchases you made from the cooperative, 3.3 cents per bushel on grain marketed directly to the cooperative, .4% on every dollar of petroleum purchased through the co-op, .22% on every dollar of agronomy direct shipped items purchased through the co-op, and .33 cents per bushel on direct grain marketed through the co-op. The size of your distribution is in the proportion to the percent your business was of the co-op's total volume in each of the supply, grain, and petroleum categories. Your check for the cash portion of your earned patronage accompanies this letter. As always, you will be sent a 1099 PATR in January 2020 for the entire distribution.

Legacy will also be passing through \$3,300,000 of a Section 199A tax deduction to its members at the end of the calendar year. This tax deduction pass through will equate to approximately 6.8 cents per bushel the member marketed to Legacy Farmers Cooperative this past fiscal year, 4.5% of supply purchases the member made from Legacy Farmers Cooperative this past fiscal year, and 1% of petroleum purchases the member made from Legacy Farmers Cooperative this past fiscal year. With the new tax law this Section 199A tax deduction can continue to be used by most you for a deduction on your taxes and is another advantage of doing business with Legacy Farmers Cooperative.

This year Legacy will redeem all equity balances from 2006 back to the members, which equates to an additional \$736,000 in cash distributed back to our patrons. Legacy also redeemed \$225,000 in estates this past year. Total cash distributed back to the stockholders this year will total \$1,756,000.

Over

Over the last five years Legacy Farmers Cooperative has paid \$4,459,000 in cash patronage, and redeemed member equities with cash totaling \$5,028,000. This equates to a total of \$9,487,000 cash back to members. Over the same five years, Legacy has passed through a Domestic Production Activities Deduction or Section 199A for a tax incentive to members totaling another \$17,588,000. Legacy Farmers Cooperative truly keeps local profits local!

Also this year, Legacy paid down \$2.18 million in term debt, paid \$1.08 million in operating leases for assets, invested \$2.42 million in additional assets and improvement (without borrowing any additional long term money), and increased working capital by \$20,000 to \$17.99 million. Legacy's debt ratios are in excellent shape as we look to add and improve some key assets with long term focus and efficiency in mind.

The Annual Meeting for Fiscal Year End 2019 of the Legacy Farmers Cooperative Stockholders will take place at the Old Mill Stream Centre at the Hancock County Fairgrounds in Findlay on Thursday, July 18, 2019. A notice from the Board Secretary will be sent out in early June inviting you to attend. With that invitation, will be the Board of Director election mail ballots and voting instructions. Please note that voting will be done for each district by mail prior to the annual meeting with the elected candidates announced at the annual meeting. All of the details will come in the notice that will be mailed to you in early June.

Fiscal year 2020 has already begun and our Vision is to be your first choice. Legacy's Mission continues to focus on exceeding your expectations by delivering best value to your business, while providing a financial return to the co-op and you. And our values will continue to be our commitment, service, and expertise. Legacy Farmers Cooperative looks forward to serving you and your farming operation this upcoming year.

Thank you for your business!

Respectfully,



Mark Sunderman
President / CEO
Legacy Farmers Cooperative