



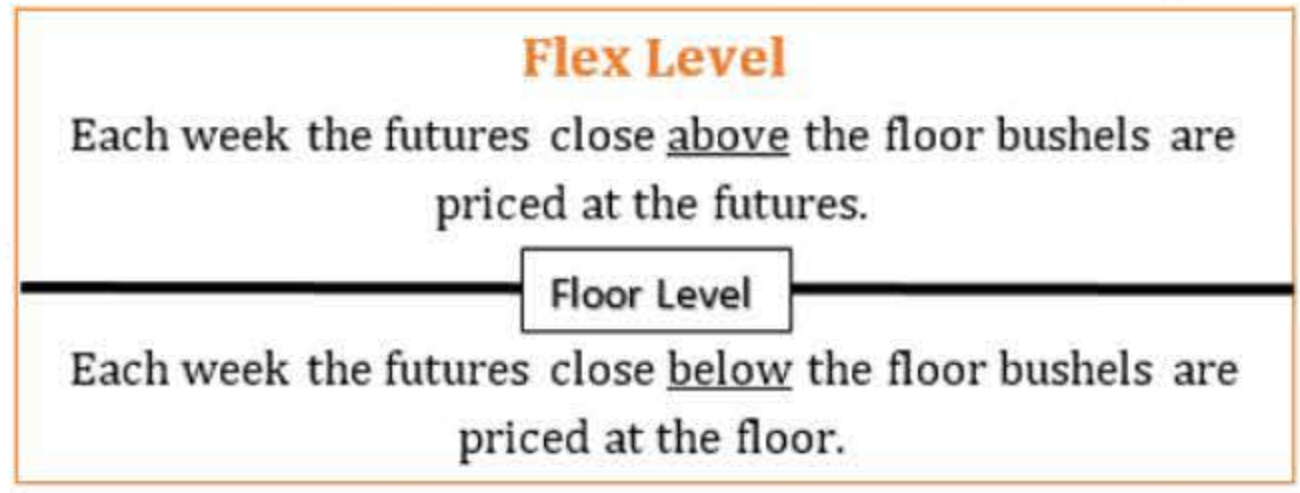
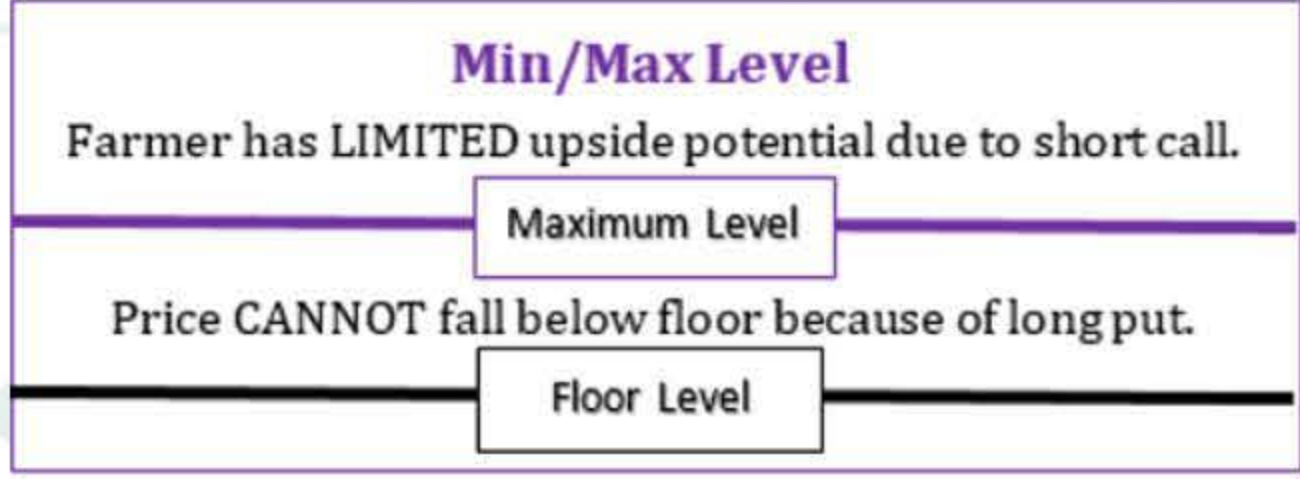
Standard Grain Marketing Tools and Strategies



Next Level Grain Marketing

Type of Sale	Marketing Tool	Pricing Step 1	Pricing Step 2	Time of Settlement* Calculation
Cash (Spot) Delivered today	Sell Across the Scale	Priced at cash today	None	Immediately
	Open Storage	Priced later, monthly storage fee Move to any contract	Priced at cash that day Depends on contract type (see below)	Upon pricing
	Delayed Pricing (DP)	Priced later, sometimes a monthly storage fee Move to Basis Contract , set basis now	Priced at cash that day Futures price is set later	Upon pricing
Forward Contract Contracted now for future delivery	Fixed Price Contract	Lock in current contract price for the chosen delivery period	None	Upon delivery
Futures/Basis Contracted now for future delivery and priced later	Hedge to Arrive (HTA)	Futures , delivery period and bushel quantity set now	Basis set sometime prior to delivery or priced on day of delivery	Upon delivery
	Basis Contract	Basis , delivery period and bushel quantity set now	Futures price is set later	Upon pricing
Managed Contracted now and priced later using a tool	Grain Insight Program	Delivery period, bushel quantity and <i>market analyst</i> selected now	<i>Market analyst</i> will set futures later and basis is set sometime prior to delivery or priced on day of delivery/contract creation	Upon delivery or pricing if delivered prior

There's no silver bullet, but there are lots of tools in your toolbox!



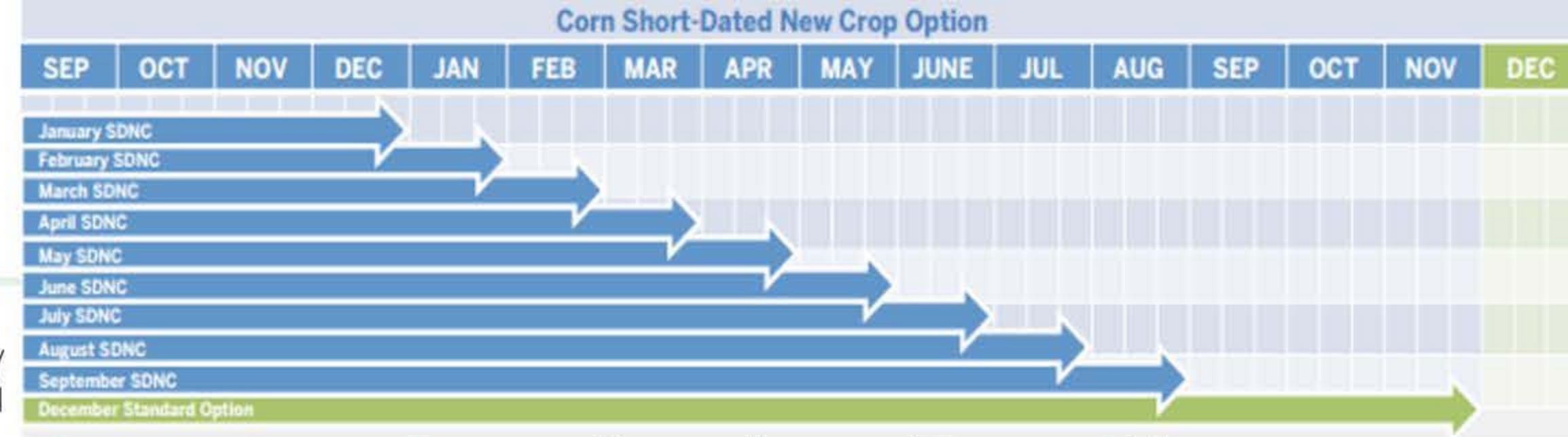
The Toolbox

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

Settlement Procedures

Customers will ONLY be paid upon request.

- Your check can be printed at time of settlement calculation and mailed or picked up. If requesting pick up at a *harvest only* facility, the check will be ready next day.
- Payment can be direct deposited into a checking or savings account, as early as next day. Settlement sheets will be emailed.
- You can choose to **defer payment** at time of settlement and earn interest of 1.5% annually on the net settlement amount. Once on deferred pay, you **cannot** opt out and payment will only be issued on the deferred date of January 1.



Market Terminology

Futures: price discovered in an organized futures exchange (CME)

Basis: difference between the LOCAL cash price and the futures (CME) price for a specific delivery period.

Cash Price: the sum of the CME futures contract price PLUS the local basis level (positive or negative).

Bullish: believe the market will go up

Bearish: believe the market will go down

Long: buy/bought

Short: sell/sold

Fundamental Trading: Using supply and demand factors to anticipate market movement.

Technical Trading: Using charts and graphs to anticipate market movement.

Carry Market: Futures price is higher in the deferred month vs. the nearby month.

Inverted Market: Futures price is higher in the nearby month vs. the deferred month.

Main Office: 419-423-2611



Custar: 419-669-3069



Fostoria: 419-435-4763



West Findlay: 419-859-2172

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're long/short the underlying futures contract.

Floor Level: establishes a minimum futures price that is guaranteed.

Option Premium: Cost of the option paid to the 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 options ceases to exist.

Intrinsic Value: Difference in strike price and futures price.

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

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.

Option Details



Corn, Beans, and Chicago Wheat Options are traded...

In 5000 bushel increments using cents per bushel with a 1/8 cent per bushel tick size and have an expiration date of the third Friday of the month prior to the underlying futures contract.

Short-Dated New Crop Options

SDNC Options expire at various points during the growing season, but are tied to the "new crop" futures contract. They are a cost-effective way to take positions around economic events or targeted growing season times.

Option

Expire

All options expire worthless at expiration
-even when out of the money, time value can help recover via offsetting

Exercise

Close out options position and assume futures position
-Regardless of when you exercise, you only receive the intrinsic value because time value is lost

Offset

Close out option with equal but opposite trade to original option
-Same call/put, month and strike price
-Receive full premium, time and intrinsic value