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 Level

Upside price potential when selling back call.

Floor Level

Floor is established by selling bushels.

Price Plus+ Level

On the expiration date, if futures are at/above Plus Level an equal quantity is contracted at the Plus Level.

Plus Level

Premium is added by selling a Euro call.

Floor Level

Floor is established by selling bushels.

Min/Max Level

Farmer has LIMITED upside potential due to sold call.

Maximum Level

Price CAN'T fall below floor because you bought a 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.

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.

Legacy Farmers Cooperative

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 <u>has</u> 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 <u>does not</u> 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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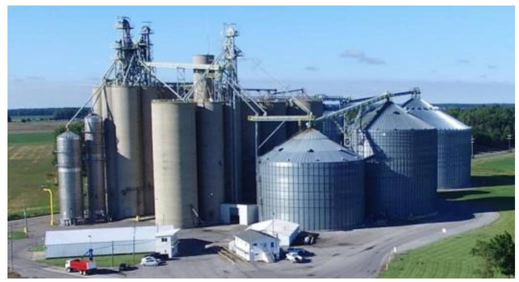

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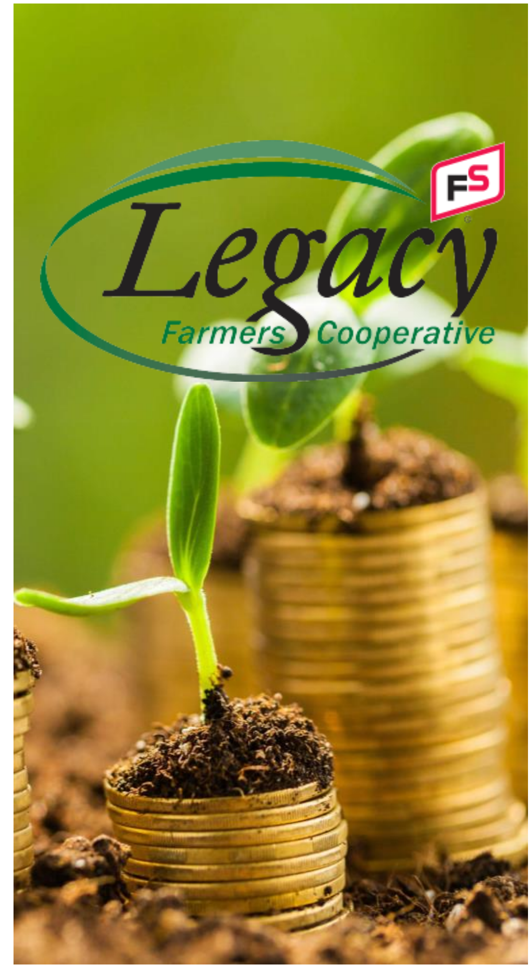

Next Level Grain Marketing