

***LUDLOW COOP POLICY  
CHANGE ON HEDGE TO  
ARRIVE CONTRACTS  
EFFECTIVE 1/14/08***

The Hedge to Arrive Contract is another method of moving grain while maintaining pricing flexibility. In the Hedge to Arrive Contract the delivery period, quantity and the Chicago Board of Trade price are established at the time the contract is written, but the basis level is left to be established at a later date (the Hedge to Arrive Contract is the exact opposite of a basis contract). A date by which the contract must be priced is determined and included in the contract terms when it is written. The contract must have its final price determined by the time of delivery.

**ADVANTAGES**

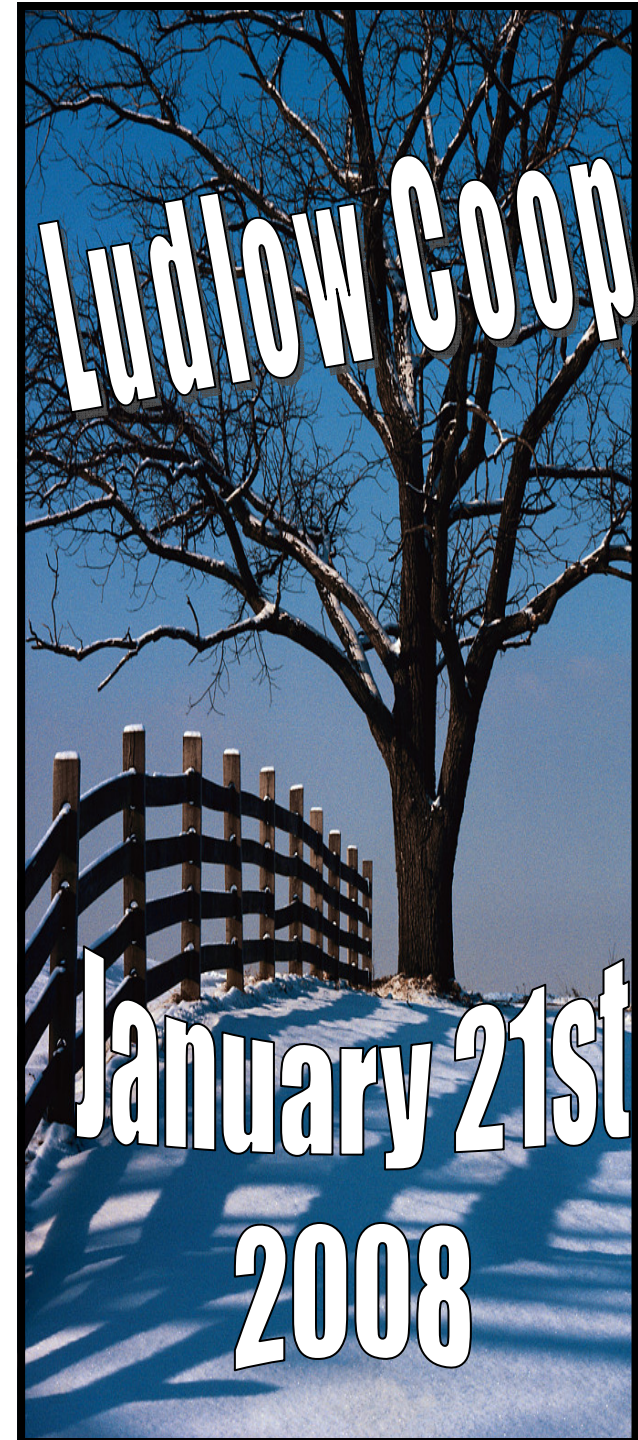
- You can protect against CBOT declines while maintaining the ability to capture basis improvements.
- No margin calls or exchange fees, only a service charge built into the contract price. ***CHANGES HAVE BEEN MADE ON SERVICE CHARGES - EFFECTIVE 1/14/08 FOR 2008 AND 2009 CROP CONTRACTS ARE NOW 10 CENTS PER BUSHEL ON CORN AND 15 CENTS PER BUSHEL***

***ON BEANS! WE ARE NO  
LONGER OFFERING H.T.A.'S  
FOR 2010 CROP.***

**DISADVANTAGES**

- Since the CBOT price is set you are unable to take advantage of CBOT rallies.
- Requires a familiarity with local basis levels by the seller.
- You cannot trade in and out of an HTA contract as you can in a futures contract.
- In the event of a crop failure a cancellation charge may be assessed in addition to any market differential.

**PLEASE NOTE: A HEDGE TO ARRIVE CONTRACT MAY SERVE THE SAME FUNCTION AS SELLING A FUTURES CONTRACT, BUT IT IS A CASH CONTRACT AND IS WRITTEN WITH FULL ANTICIPATION OF DELIVERY. OUR POLICY REQUIRES PLACING THE UNDERLYING FUTURES CONTRACT IN THE SAME CROP YEAR AS DELIVERY. NO OLD CROP/NEW CROP SPREADS.**



# LUDLOW COOP ELEVATOR COMPANY

## ACCESS YOUR LUDLOW COOP GRAIN ACCOUNT ONLINE...

If you haven't already set up your account to be able to look at your grain account online please do so! All you have to do is call the Ludlow Office and speak to Steve Wissink. There are just a few questions to answer and you will be set to go! We have found that this is an easy way for patrons to check their tickets in the fall and to see what contracts are open on your accounts. We have several patrons already using this!

## DAILY MARKET INFORMATION EMAILED TO YOU...

We email to our "Farmer Email Group" on a daily basis our bid sheet along with Jackson Market Comments and grain reports as they are available, ex. Monthly Supply & Demand, Exports, crop reports etc. We also email out information pertaining to free Delayed Pricing, new crop storage & drying rates, and anything else that would help keep our patrons informed of our services throughout the company. Email has proved to be a quick way to inform our patrons of company updates.



If you would like to be added to the group please email Twila Johnson at [tjohnson@ludlowcoop.com](mailto:tjohnson@ludlowcoop.com) or call the Ludlow Office at 1-800-500-2676.

## PURCHASE CONTRACT CONFIRMATIONS WITH LUDLOW COOP NEED TO BE SIGNED AND RETURNED....

Ludlow Coop's purchase contract confirmations state the following:

**IF THIS CONFIRMATION IS NOT IN EXACT ACCORDANCE WITH YOUR UNDERSTANDING OF THE SALE, FAILURE TO NOTIFY BUYER WITHIN 10 BUSINESS DAYS CONSTITUTES ACCEPTANCE.**

Although your sale was made to Ludlow Coop via telephone conversation or in person please be sure to sign and return the white (original copy of the confirmation) in the enclosed return envelope. We still need the signed white copy of all purchase contracts in our office.

### Ludlow Coop Facilities

**Ludlow(100) - Corporate office**

**Paxton(900)**

**Buckley(400)**

**Perdue(300)**

**Clarence(200)**

**DelRey(600)**

**Loda(500)**

**You can use the numbers  
by the facilities  
when looking at your  
grain statement**

## PATRON GRAIN STATEMENTS

Enclosed with this brochure is your patron grain statement. The information on this statement pertains to your grain account as of 2:00 p.m. January 18, 2008. We are sending this information to you in order for you to double check your records to ours. The statement details your grain that is on open storage/delayed Pricing/hold etc. Also included on the statement are the open contracts of grain you have sold through Ludlow Coop for future deliveries or to be applied to your bushels that are in the elevator already. The dates are shown by month and year for the delivery period of the contract in which the grain was sold. For example, if you have sold grain for 2008 harvest delivery the dates are shown as 10/1/08-11/30/08.

**GRAIN IN THE ELEVATOR AND OPEN CONTRACTS.** *When you look at your grain statements the bushels in storage or on delayed pricing are NOT reduced by any existing contracts for future delivery periods. We cannot apply grain sold for a future delivery period until the 1st day of that delivery period. For example, if you put 10,000.00 bushels in storage at harvest and have 5,000.00 bu sold for March your statement as of today will show 10,000.00 bushels storage and an open 5,000.00 bushel March contract.*

**We are asking that patrons please look over the statements and if you find any errors please contact our Buckley or Ludlow offices immediately! Please do not wait until a later date.**

Thank you for your assistance,  
Office Staff