

DEVELOP THE RIGHT PLAN FOR YOU.

the



group

The Agricultural Risk Consulting Group LLC

*Developing and Implementing
Sound Risk Management Solutions*

(866) 574-2724 • agriskconsulting.net

What should you look for in a risk management consultant?

Independence – The freedom to market your grain to any end user and leverage better prices and terms by combining bushels with other growers.

Trust – This may seem obvious, but it is at the heart of any relationship.

Experience/Background – Our consultants have the background and experience to successfully execute a comprehensive strategy.

Local Cash Grain Presence – We will negotiate and trade physical cash grain sales to your local end users.

Consistency – Our approach to futures management is consistent, clear, and concise.

Results – Our success is based on a sound and disciplined plan consistent across the entire company.

Who We Are

The Agricultural Risk Consulting Group LLC is a commodity consulting firm comprised of former grain merchandisers and risk managers specializing in managing the risks inherent in agriculture. We are completely aligned with your best interests by having a risk management and grain merchandising strategy independent of all end-users.

What We Offer

- Hedging
- Specialized Over-the-Counter hedging products
- Marginless hedging programs
- Crop Insurance
- Farm Plan Statements

The ARC Group is dedicated to serving producers in the western cornbelt and we have earned our reputation as a trusted partner; one client at a time.

We understand that not all farms manage risk the same.

We focus on implementing and executing a consistent plan that aligns with your risk management goals. We feel this approach creates long-term success for our clients.

What is risk management?

In the world of agribusiness there are many risks and uncertainties. Successful producers have a production game plan, utilizing the best technology including seed, chemicals, fertilizer, and equipment to manage the agronomic challenges they face. However, many

producers fail to implement and execute a consistent, long-term risk management plan for their crop which leads to procrastination, emotional decision making, and frustration. Agribusinesses that are profitable over time implement sound and consistent risk management programs. They have no special insight or ability to predict where the market is going; however, they do use a set of consistent principles which guide their decision making.

The ARC Group helps producers professionally merchandise their grain by following a disciplined risk management program which focuses on three key principles: futures, carry, and basis. All three need to be maximized to have a successful marketing plan.

The ARC Group is an independent local company. Our consultants have the experience and expertise to help you implement and execute a merchandising plan tailored to your operation. We are completely aligned with your best interests by having a risk management strategy independent of all end-users.

Three important questions to ask:

1

Do I have a grain market strategy in place?

2

Do I have the time and discipline to execute this strategy?

3

Do I have a trusted, independent expert to assist in this process?

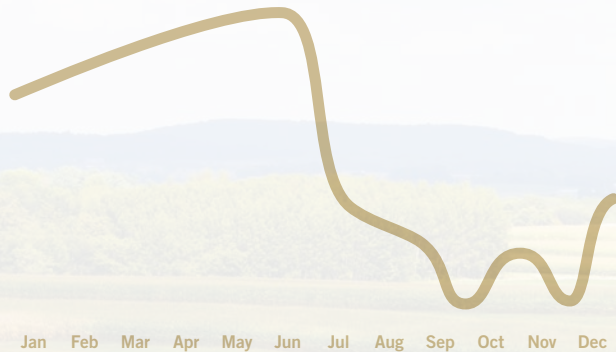
Our Strategy: Risk Management Plan

What tools?

- Crop Insurance
- Futures
- Options
- Over-the-Counter Trades
- ARC Edge Program (Marginless)

When to pull the trigger?

We stick to a tried and true plan of selling incrementally during a pre-harvest seasonal time frame.



Have a PLAN so you don't have to worry about the day-to-day headlines!

Merchandising – Now that your futures price is protected we need to look at BASIS and CARRY. Through our tools you are able to manage risk while staying INDEPENDENT of commercial grain companies.

BASIS and CARRY – We will evaluate basis in your area and trade your physical bushels when most advantageous. Carry dictates if you should store your grain or move it.

CASH GRAIN PRESENCE – The ARC Group has developed trusted relationships with grain companies throughout the Midwest and will be able to help evaluate your best bid. Many ARC team members have commercial grain trading experience. Allow us to put that experience to work for you.

Trade futures, basis and carry independently of each other to maximize value on your operation.

ARC Insurance Agency LLC – Having the proper crop insurance policy and understanding how it ties to your grain marketing is very important.

Over-the-Counter Trades

Daily Swap Average (DSA)

An averaging contract of the futures closing price through a specific averaging period.

Enhanced Average (EA)

This allows you to establish a minimum price, or floor, on a set amount of bushels and participate in market rallies. A strike price is established at the market any time before the averaging period. During the averaging period, the customer receives either the futures closing price or the strike price, whichever is higher that day.

OTHER

We have our own OTC desk and have the flexibility to offer whatever our customers want. Many grain companies are getting more creative in their offerings to procure more bushels. If you like a product that is out there, but don't want to commit your bushels to anyone, let us know! We will execute it for you, independent of end users.

Averaging Period

We use February through June. Historically, this is the best time to sell grain. We can also adjust the averaging period.

ARC Edge

ARC EDGE is our hedge-to-arrive (HTA) program. We can tie any of our risk management tools to an HTA. Since the contract is with The ARC Group, you are not locked in to where you sell your grain or to whom. It allows you to manage risk without worrying about margin and keeps you INDEPENDENT.

\$5.48
Dec 2012

\$5.48
Dec 2013

\$4.75
Dec 2014

\$3.96
Dec 2015

Corn Seasonal Average Results

Benefits

- Removes emotion and stress from marketing grain
- Allows customers to capitalize on seasonal market trends
- Sell incrementally over an extended period of time
 - Ability to price out at any time
- EA's are cheaper than CBOT Puts and minimum price contracts
- No bushels are priced below your EA strike price
- Reduces price volatility

THE ARC EXPERIENCE

Learn about your operation:

- Crops
- Acres and Yield
- Insurance level
- Preferred delivery locations
- Risk management tools you like (futures, options, OTC, HTA)

1

What percent to protect pre-harvest

2

What percent you would like in each tool:

- % of futures
- % of options
- % of DSA's
- % of EA's
- Put trades in your own account or in ARC EDGE

3

Look at carry and basis. If favorable, look for best basis location, look for best bid into that location, and see if we can get volume into that location to make the bid more competitive.

5

Adjust plan as necessary. The back bone of our strategy is still hedge incrementally during the seasonal time frame. What may change is what tool you are comfortable using as unexpected events occur. It is important to stick with a consistent plan year over year. It will reduce volatility and increase profitability over the long run.

4

FARM PLAN

| GENERAL INFORMATION | | | |
|---------------------|---------|-----------|---------|
| | Dryland | Irrigated | Special |
| Acres | 82 | 570 | 0 |
| Est. Yield | 135 | 215 | 0 |
| Est. Prod | 11,070 | 122,550 | 0 |
| Removed Amount | | 0 | |
| Total Prod. | | 133,620 | |
| Insurance (level %) | | 75% | |
| Pre-Har Hedge | | 100,215 | |
| Storage | | 0 | |

| ACCOUNTING SNAPSHOT | |
|-----------------------------------|--------------|
| Unsold Cash Value | \$412,156.85 |
| Closed ADMIS Positions | \$2,250.00 |
| Closed OTC Positions | \$13,933.48 |
| OTC Account | \$17,812.50 |
| ADMIS Account | \$175.00 |
| HTA Sales | -- |
| Basis Value | -- |
| Cash Sales | \$76,470.00 |
| Current Value of Total Production | \$522,797.83 |

| PRICE PROTECTION SNAPSHOT | |
|-----------------------------|---------|
| Total Cash & Futures Sales | 102,000 |
| Estimated Prod. Committed % | 76.3 % |
| Pre Harvest Hedge % | 101.8 % |
| Remaining Cash to Commit | 111,620 |
| Basis Committed | 0 |
| Hedged | 76.3 % |
| OTC Futures | 75,000 |
| ADMIS Futures | 5,000 |
| Cash Committed | 22,000 |
| HTAs Locked | 0 |
| HTAs Unlocked | 0 |
| Hedged w/ Upside | 0.0 % |
| OTC Hedged w/ Upside | 0 |
| ADMIS Hedged w/ Upside | 0 |
| Unhedged | 23.7 % |
| OTC Unhedged | 0 |
| Unhedged/Uncommitted | 31,620 |



| PRICES AND CARRIES | | | |
|--------------------|----------|----------|----------|
| Month | Contract | Price | Carry |
| March 2016 | CH2016 | \$3.6925 | |
| May 2016 | CK2016 | \$3.7450 | \$0.0525 |
| July 2016 | CN2016 | \$3.7975 | \$0.1050 |
| December 2016 | CZ2016 | \$3.9150 | \$0.2225 |

| CURRENT CASH AVERAGE PRICE | |
|----------------------------|--|
| \$3.91 | |

Know your average price at a glance

| OTC POSITIONS | | | | | | | | | | | | |
|---------------|----------------|------------|------------------|----------------|----------------|---------------|----------|----------|----------------------|-------------|------------------------------|-------------|
| | | | | | | | | | Total Futures Hedged | | \$17,812.50 | |
| Trade ID | Activity | Trade Date | Accum Start Date | Accum End Date | Futures Amount | Futures Month | Buy/Sell | Call/Put | Option Strike | Enter Price | Current Premium/Future Price | Gain/Loss |
| 6620 | Commodity Swap | 10/27/2015 | | | 75,000 | K2016 | | | -- | \$3.98 | \$3.74 | \$17,812.50 |



Our locations

Main Office

8555 Executive Woods
Drive, Suite 400
Lincoln, Nebraska 68512

Alva Office

27089 CR 410
Alva, OK 73717

Butte Office

714 Thayer Street
Butte, NE 68722

Dodge City Office

1409 E Trail
Dodge City, KS 67801

Edmond Office

2627 Ashe Creek Dr
Edmond, OK 73034

Salina Office

1837 Lewis Street
Salina, KS 67401

San Francisco Office

301 Battery Street
Second Floor
San Francisco, CA 94111

Turtle Lake Office

2216 18th St. NW
Turtle Lake, ND 58575

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