

## ABOUT

### United **Producers, Inc.**

United Producers, Inc. (UPI) is one of the largest farmer-owned livestock marketing cooperatives in the United States. In addition to livestock marketing, UPI provides credit and risk management solutions to more than 30,000 livestock producers throughout the Midwest.

[www.uproducers.com](http://www.uproducers.com)

### INTL · FCStone®

#### FCStone Merchant Services, LLC ("FMS")

FCStone Merchant Services, LLC, a subsidiary of INTL FCStone, Inc. ("INTL") draws on INTL's global resources and expertise to provide commodities producers and processors with the services and support they need to succeed in today's global marketplace. FMS's extensive origination, merchandising, logistics and operations experience provides for seamless execution of all physical transactions in commodity complex, including financing, warehousing, and deliveries across the entire supply chain. From producers and consumers, to importers and exporters. In addition, the extensive experience and expertise of our team enables clients to access knowledge and capture value, through FMS and our affiliates, in specific disciplines such as risk management, storage and logistics, physical origination, and structured finance.

### INTL · FCStone®

We open markets for our customers, guiding them to opportunities they wouldn't ordinarily have a chance to seize. We empower them to take full advantage of today and propel them toward new opportunities in the future.

[intlfcstone.com](http://intlfcstone.com)

This is not an offer to buy or sell any derivative. FCStone Merchant Services, LLC trades in a variety of physical commodities, and offers customers services to help manage the risks associated with their physical product. Trading over-the-counter and exchange-traded derivatives is not suitable for all investors and involves substantial risk.

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## Merchants Plus

*A livestock pricing alternative.*

### Program Overview



*Brought to you through a partnership with*

United  
**Producers, Inc.**

*and*

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## Introduction to

# Merchants Plus Pricing

### What is Merchants Plus and why should I use it as a business strategy?

Merchants Plus is a program that aids you, the producer, in pricing a portion of your expected livestock production. When you commit production to the program, the futures portion of your risk will be managed and priced by a professional team drawing on years of experience and sophisticated trade execution capabilities. Enrolling production into the program takes your guesswork and emotion out of pricing decisions, offers an alternative to the spot market, and also allows you to participate in OTC strategies.

### Are there similar programs being used in the livestock industry today?

No, but most of the major grain companies and elevators have been offering similar programs for crop production in recent years.

### Why did UPI choose to work with FCStone Merchant Services, LLC (FMS)?

FMS is an established Agribusiness service provider and part of an INTL FCStone Inc. family of businesses with decades of experience in the Ags sector from freight to futures brokerage to OTC markets. We pride ourselves on knowing our customers' business and sitting with them on the same side of the table as we help manage price, volatility, and liquidity risk. FCStone was the first non-bank swap dealer and has vast knowledge of the global OTC and options space. We have a proven track record of expert execution and insightful analysis—and have earned a reputation as a trusted and transparent partner. Dealing with the FCStone name provides the confidence that you are dealing with a stable industry leader and Fortune 500 company.

### Is Merchants Plus difficult or time consuming to manage?

No, simply notify United Producers Inc. (UPI), within the sign-up window that you would like to participate in the program and designate how many pounds you would like to enroll. Once the sign-up period ends and the pricing period begins, FCStone Merchant Services' professional team will go to work. Regular updates will be available on the website listed above, but nothing else is required until the pricing period is complete. Once the pricing period has ended, the final futures price will have been established and you'll receive your final futures price and enrolled volume. Producers will manage the final futures price and continue to market physical livestock just as they always have.

### What strategies will be used and how will I keep track of my pricing?

Strategies for FMS livestock programs will be developed through close coordination with our participants and built around producer break-evens and target profitability levels. Strategy, prices, descriptions, and details will be available on the website daily, along with regular market updates and charts showing your potential range of price outcomes and the rate at which the program is being priced.

### What are the fees associated with Merchants Plus?

The fee for this program is 1 cent per pound for both Live Cattle and Lean Hogs. The fee will be deducted from the final established Merchants Plus futures price. For example, if a price of \$110.00/cwt. June Live Cattle is achieved for this program, then the final futures price given to UPI for the producer will be \$109.00/cwt. Merchants Plus programs do not have any margin requirements for producers. The final Merchants Plus futures price will be managed under the terms and conditions, and fees of the UPI Feeders Preference agreement.

### How do I get started?

Contact your local UPI representative for complete details, including contract examples and customer sign-up requirements.

