STAPLCOTN Board of Directors Meeting
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Greenwood, MS

Estimating Farm Program and Crop Insurance Performance for Cotton in 2026

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Farm Program Decisions in 2026

Consider the following points when considering the ARC/PLC decision

- Traditionally, some key elements to consider w/ farm program selection are:
  1. *Expected payments*
  2. *Type of coverage*
  3. *Payment limits*
  4. *How will you insure planted cotton this year?*
- Decisions on a farm-by-farm and crop-by-crop basis
- Farm program payments made on base acres
- Yields and prices on individual farms do not matter
- Payment limit increased to $155,000 per legal entity

Farm Program and Crop Insurance Options in 2026

Discussion points in this morning's presentation

- The One Big Beautiful Bill Act (OBBBA)
- Projected acreage and U.S. MYA prices for 2026
- Farm program performance
  - Effective reference prices for the PLC program
  - ARC-CO and yield thresholds
- Crop insurance projected prices
  - STAX
  - SCO
  - ECO
  - Insurance options and farm program choice

The One Big Beautiful Bill Act (OBBBA)

Improvements to the farm safety net

- Title I payment limits increased to $155,000 per legal entity
- Base Acres
  - May add base acres tied to 5-yr. average planted from 2019-23
  - Existing base acres and payment yields remain fixed
- Commodity Programs
  - Increases to statutory reference prices (at 10-21%)
  - Higher PLC reference prices
  - ARC revenue guarantee increased from 86 to 90% of benchmark revenue
  - Loan rates increased (at 6-10%)
  - Higher of ARC-CO or PLC for 2025; annual decision again in 2026
- Crop Insurance
  - Increased premium support for buy-up policies and endorsements
  - Increased support for beginning farmers and ranchers

Source: US Congress, July 2025.

The One Big Beautiful Bill Act (OBBBA)

Increases to statutory reference prices (and effective reference prices)

Commodity	2018 Farm Bill Statutory RP	OBBBA Statutory RP	2025 CY ERP
Corn	$3.70	$4.26	**$4.42**
Soybeans	$8.40	$10.00	**$10.71**
Grain Sorghum	$3.95	$4.40	**$4.67**
Long Grain Rice	$14.00	$16.90	**$16.90**
Seed Cotton	$0.3670	$0.4200	**$0.4200**
Wheat	$5.50	$6.35	**$6.35**

For crop years 2026 through 2030, the PLC statutory reference prices are increased. This change would increase the likelihood of triggering a payment and increase the payments made to eligible producers when triggered. Beginning in crop year 2031, the USDA to increase the reference price for the specified commodities by 0.5%, up to a maximum of 115% of the reference price.

Source: US Congress, July 2025.

Impact of Higher ERPs and Payment Limits - 2025

Examining the rice and seed cotton payment limits for the PLC program

	2025/26 Price	ERP	PLC Pymt. Rate
Long Grain Rice	$10.50	$16.90	$6.40
Seed Cotton	$0.3292	$0.4200	$0.0908

	Farm's Program Yield	Farm's PLC Pymt.	Acres to Hit 1 Limit	Acres to Hit 2 Limits
Long Grain Rice	55	$352.00	518	1,036
Seed Cotton	2,400	$235.20	778	1,577

Projected US MYA prices for 2025/26 for long grain rice is $10.50/cwt and $0.60 for cotton lint/lb.

Title I payment limit raised to $155,000 per legal entity under the OBBBA.

Cotton	2023/24	2024/25	2025/26	2026/27
Planted	10.23	11.18	9.3	9.4
Harvested	6.44	8.27	7.8	7.6
Yield	899	836	856	856
Beginning Stocks	465	3.15	4.0	4.4
Production	12.07	14.41	13.92	13.6
Total Supply	16.72	17.57	17.92	18.0
Domestic Use	1.85	1.7	1.6	1.6
Exports	11.75	11.9	12.0	12.2
Total Use	13.6	13.6	13.6	13.8
Ending Stocks	3.15	4	4.4	4.2
STUR	23.2%	29.2%	32.4%	30.4%
SAFP	$0.76	$0.63	$0.60	$0.63

Source: USDA, AOF February 19, 2026.

Projected Farm Prices in 2026/27*

Selecting a starting point for evaluation farm program choice in 2026

	2023/24	2024/25	2025/26	2026/27*
Corn (bu)	$4.55	$4.24	$4.10	$4.20
Soybeans (bu)	$12.40	$10.00	$10.20	$10.30
Seed Cotton (lb.)	$0.3949	$0.3403	$0.3292	$0.3389
Long Grain Rice (cwt)	$15.90	$14.00	$10.50	$12.50
Grain Sorghum (bu)	$4.93	$4.07	$3.60	$4.00
Wheat (bu)	$6.96	$5.52	$4.90	$5.70

Source: USDA, AOF February 19, 2026.

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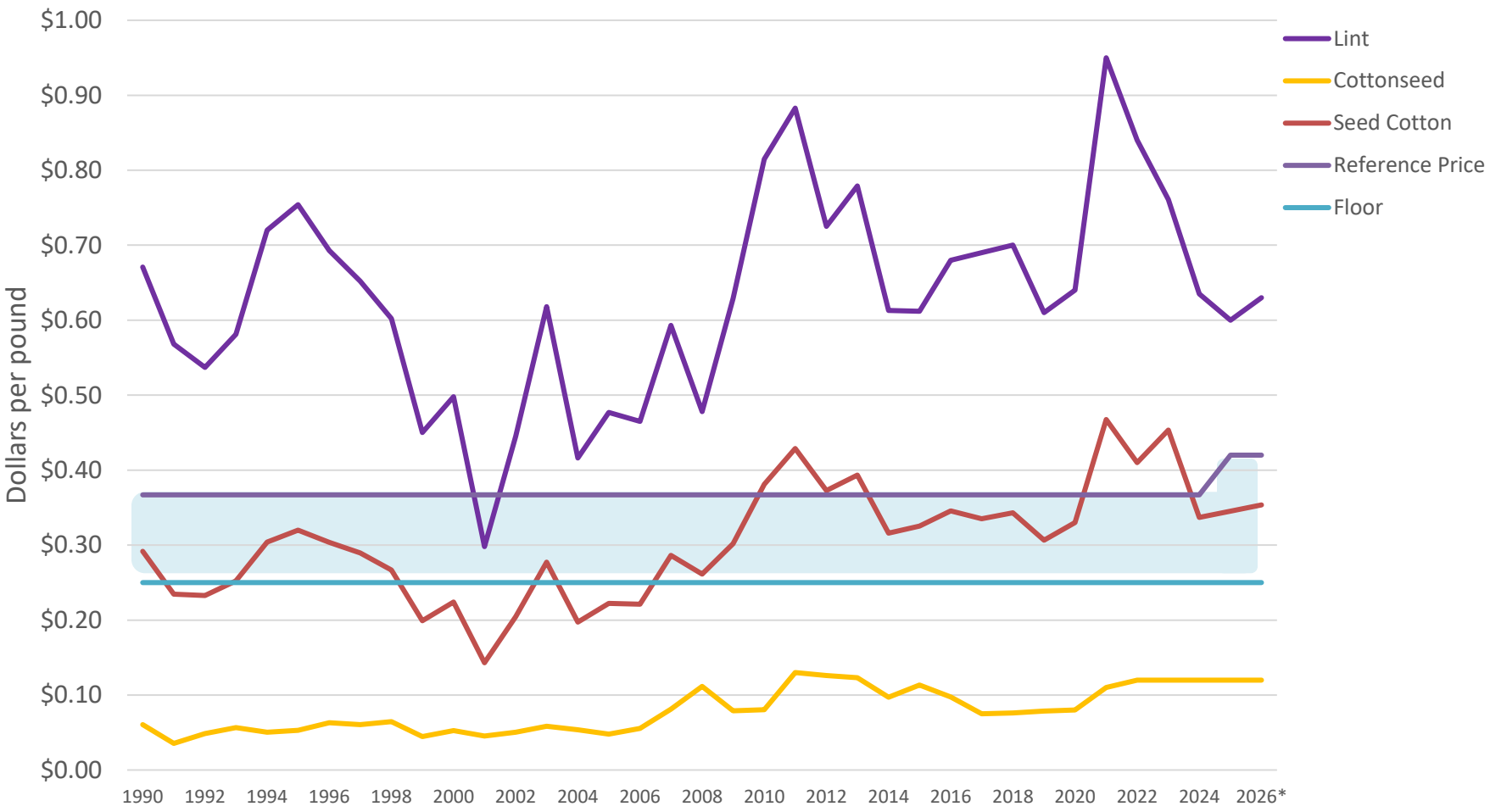
Lint, Cottonseed, and Seed Cotton Price Levels

Historical comparison (1990-2026)*



Source: USDA FSA, National Cotton Council, 2026.

Seed Cotton PLC Payment Estimate

New estimate from the NCC of 12.3 million bale upland cotton crop

Parameter	Value
Upland Cotton Lint Price ($/lb) [a/]	$0.63
Cottonseed Price ($/lb) [a/]	$0.12
U.S. Upland Cotton Lint Production (lbs) [b/]	5,904,000,000
U.S. Cottonseed Production (lbs) [c/]	7,675,200,000
Total U.S. Upland Lint and Cottonseed Production (lbs)	13,579,200,000
Weighted Shgare of Upland Lint Produciton (%)	43.48%
Weighted Shgare of Cottonseed Produciton (%)	56.52%
Seed Cotton Price ($/lb)	$0.3389
Seed Cotton PLC Payment Rate ($/lb)	$0.0811

[a/] uses a grower-specified upland lint and cottonseed price

[b/] assumes 2026 NCC Grower Survey Projection of 12.3 million bales of upland (1 bale = 480 lbs)

[c/] assumes a cottonseed conversion factor of 1.3 to pounds to lint

Source: USDA FSA, National Cotton Council, 2026.

Seed Cotton PLC Payment Estimator Guide (per base ac)

Estimated the combined product price for 2026/27 of $0.3389 (w/2,400 yield)*

Example PLC Payment for Seed Cotton per base acre (subject to lint and seed production levels)

	Cottonseed Price ($/ton)																		
Lint Price ($/lb)	120	130	140	150	160	170	180	190	200	210	220	230	240	250	260	270	280	290	300
$0.52	$326.40	$320.63	$314.87	$309.10	$303.34	$297.57	$291.81	$286.04	$280.28	$274.51	$268.75	$262.98	$257.22	$251.45	$245.69	$239.92	$234.16	$228.39	$222.63
$0.53	$317.53	$311.77	$306.00	$300.23	$294.47	$288.70	$282.94	$277.17	$271.41	$265.64	$259.88	$254.11	$248.35	$242.58	$236.82	$231.05	$225.29	$219.52	$213.76
$0.54	$308.66	$302.90	$297.13	$291.37	$285.60	$279.83	$274.07	$268.30	$262.54	$256.77	$251.01	$245.24	$239.48	$233.71	$227.95	$222.18	$216.42	$210.65	$204.89
$0.55	$299.79	$294.03	$288.26	$282.50	$276.73	$270.97	$265.20	$259.43	$253.67	$247.90	$242.14	$236.37	$230.61	$224.84	$219.08	$213.31	$207.55	$201.78	$196.02
$0.56	$290.92	$285.16	$279.39	$273.63	$267.86	$262.10	$256.33	$250.57	$244.80	$239.03	$233.27	$227.50	$221.74	$215.97	$210.21	$204.44	$198.68	$192.91	$187.15
$0.57	$282.05	$276.29	$270.52	$264.76	$258.99	$253.23	$247.46	$241.70	$235.93	$230.17	$224.40	$218.63	$212.87	$207.10	$201.34	$195.57	$189.81	$184.04	$178.28
$0.58	$273.18	$267.42	$261.65	$255.89	$250.12	$244.36	$238.59	$232.83	$227.06	$221.30	$215.53	$209.77	$204.00	$198.23	$192.47	$186.70	$180.94	$175.17	$169.41
$0.59	$264.31	$258.55	$252.78	$247.02	$241.25	$235.49	$229.72	$223.96	$218.19	$212.43	$206.66	$200.90	$195.13	$189.37	$183.60	$177.83	$172.07	$166.30	$160.54
$0.60	$255.44	$249.68	$243.91	$238.15	$232.38	$226.62	$220.85	$215.09	$209.32	$203.56	$197.79	$192.03	$186.26	$180.50	$174.73	$168.97	$163.20	$157.43	$151.67
$0.61	$246.57	$240.81	$235.04	$229.28	$223.51	$217.75	$211.98	$206.22	$200.45	$194.69	$188.92	$183.16	$177.39	$171.63	$165.86	$160.10	$154.33	$148.57	$142.80
$0.62	$237.70	$231.94	$226.17	$220.41	$214.64	$208.88	$203.11	$197.35	$191.58	$185.82	$180.05	$174.29	$168.52	$162.76	$156.99	$151.23	$145.46	$139.70	$133.93
$0.63	$228.83	$223.07	$217.30	$211.54	$205.77	$200.01	$194.24	$188.48	$182.71	$176.95	$171.18	$165.42	$159.65	$153.89	$148.12	$142.36	$136.59	$130.83	$125.06
$0.64	$219.97	$214.20	$208.43	$202.67	$196.90	$191.14	$185.37	$179.61	$173.84	$168.08	$162.31	$156.55	$150.78	$145.02	$139.25	$133.49	$127.72	$121.96	$116.19
$0.65	$211.10	$205.33	$199.57	$193.80	$188.03	$182.27	$176.50	$170.74	$164.97	$159.21	$153.44	$147.68	$141.91	$136.15	$130.38	$124.62	$118.85	$113.09	$107.32
$0.66	$202.23	$196.46	$190.70	$184.93	$179.17	$173.40	$167.63	$161.87	$156.10	$150.34	$144.57	$138.81	$133.04	$127.28	$121.51	$115.75	$109.98	$104.22	$98.45
$0.67	$193.36	$187.59	$181.83	$176.06	$170.30	$164.53	$158.77	$153.00	$147.23	$141.47	$135.70	$129.94	$124.17	$118.41	$112.64	$106.88	$101.11	$95.35	$89.58
$0.68	$184.49	$178.72	$172.96	$167.19	$161.43	$155.66	$149.90	$144.13	$138.37	$132.60	$126.83	$121.07	$115.30	$109.54	$103.77	$98.01	$92.24	$86.48	$80.71
$0.69	$175.62	$169.85	$164.09	$158.32	$152.56	$146.79	$141.03	$135.26	$129.50	$123.73	$117.97	$112.20	$106.43	$100.67	$94.90	$89.14	$83.37	$77.61	$71.84
$0.70	$166.75	$160.98	$155.22	$149.45	$143.69	$137.92	$132.16	$126.39	$120.63	$114.86	$109.10	$103.33	$97.57	$91.80	$86.03	$80.27	$74.50	$68.74	$62.97

Example of Seed Cotton MYA Price Used in Payment Matrix

	Cottonseed Price ($/ton)																		
Lint Price ($/lb)	120	130	140	150	160	170	180	190	200	210	220	230	240	250	260	270	280	290	300
$0.52	0.2600	0.2628	0.2657	0.2685	0.2713	0.2741	0.2770	0.2798	0.2826	0.2854	0.2883	0.2911	0.2939	0.2967	0.2996	0.3024	0.3052	0.3080	0.3109
$0.53	0.2643	0.2672	0.2700	0.2728	0.2757	0.2785	0.2813	0.2841	0.2870	0.2898	0.2926	0.2954	0.2983	0.3011	0.3039	0.3067	0.3096	0.3124	0.3152
$0.54	0.2687	0.2715	0.2743	0.2772	0.2800	0.2828	0.2857	0.2885	0.2913	0.2941	0.2970	0.2998	0.3026	0.3054	0.3083	0.3111	0.3139	0.3167	0.3196
$0.55	0.2730	0.2759	0.2787	0.2815	0.2843	0.2872	0.2900	0.2928	0.2957	0.2985	0.3013	0.3041	0.3070	0.3098	0.3126	0.3154	0.3183	0.3211	0.3239
$0.56	0.2774	0.2802	0.2830	0.2859	0.2887	0.2915	0.2943	0.2972	0.3000	0.3028	0.3057	0.3085	0.3113	0.3141	0.3170	0.3198	0.3226	0.3254	0.3283
$0.57	0.2817	0.2846	0.2874	0.2902	0.2930	0.2959	0.2987	0.3015	0.3043	0.3072	0.3100	0.3128	0.3157	0.3185	0.3213	0.3241	0.3270	0.3298	0.3326
$0.58	0.2861	0.2889	0.2917	0.2946	0.2974	0.3002	0.3030	0.3059	0.3087	0.3115	0.3143	0.3172	0.3200	0.3228	0.3257	0.3285	0.3313	0.3341	0.3370
$0.59	0.2904	0.2933	0.2961	0.2989	0.3017	0.3046	0.3074	0.3102	0.3130	0.3159	0.3187	0.3215	0.3243	0.3272	0.3300	0.3328	0.3357	0.3385	0.3413
$0.60	0.2948	0.2976	0.3004	0.3033	0.3061	0.3089	0.3117	0.3146	0.3174	0.3202	0.3230	0.3259	0.3287	0.3315	0.3343	0.3372	0.3400	0.3428	0.3457
$0.61	0.2991	0.3020	0.3048	0.3076	0.3104	0.3133	0.3161	0.3189	0.3217	0.3246	0.3274	0.3302	0.3330	0.3359	0.3387	0.3415	0.3443	0.3472	0.3500
$0.62	0.3035	0.3063	0.3091	0.3120	0.3148	0.3176	0.3204	0.3233	0.3261	0.3289	0.3317	0.3346	0.3374	0.3402	0.3430	0.3459	0.3487	0.3515	0.3543
$0.63	0.3078	0.3107	0.3135	0.3163	0.3191	0.3220	0.3248	0.3276	0.3304	0.3333	0.3361	0.3389	0.3417	0.3446	0.3474	0.3502	0.3530	0.3559	0.3587
$0.64	0.3122	0.3150	0.3178	0.3207	0.3235	0.3263	0.3291	0.3320	0.3348	0.3376	0.3404	0.3433	0.3461	0.3489	0.3517	0.3546	0.3574	0.3602	0.3630
$0.65	0.3165	0.3193	0.3222	0.3250	0.3278	0.3307	0.3335	0.3363	0.3391	0.3420	0.3448	0.3476	0.3504	0.3533	0.3561	0.3589	0.3617	0.3646	0.3674
$0.66	0.3209	0.3237	0.3265	0.3293	0.3322	0.3350	0.3378	0.3407	0.3435	0.3463	0.3491	0.3520	0.3548	0.3576	0.3604	0.3633	0.3661	0.3689	0.3717
$0.67	0.3252	0.3280	0.3309	0.3337	0.3365	0.3393	0.3422	0.3450	0.3478	0.3507	0.3535	0.3563	0.3591	0.3620	0.3648	0.3676	0.3704	0.3733	0.3761
$0.68	0.3296	0.3324	0.3352	0.3380	0.3409	0.3437	0.3465	0.3493	0.3522	0.3550	0.3578	0.3607	0.3635	0.3663	0.3691	0.3720	0.3748	0.3776	0.3804
$0.69	0.3339	0.3367	0.3396	0.3424	0.3452	0.3480	0.3509	0.3537	0.3565	0.3593	0.3622	0.3650	0.3678	0.3707	0.3735	0.3763	0.3791	0.3820	0.3848
$0.70	0.3383	0.3411	0.3439	0.3467	0.3496	0.3524	0.3552	0.3580	0.3609	0.3637	0.3665	0.3693	0.3722	0.3750	0.3778	0.3807	0.3835	0.3863	0.3891

PLC Farm Program – 2026 Crop Year

Projected PLC program payments made in October of 2027

	U.S. MYA Price	Reference Price	PLC Pay. Rate	*PLC Farm Yield*	PLC Payment
Corn	$4.20	$4.42	**$0.22**	*150*	$33.00
Soybeans	$10.30	$10.71	**$0.41**	*50*	$20.50
Seed Cotton	$0.3389	$0.4200	**$0.0811**	*2,400*	$194.64
Rice	$12.50	$16.90	**$4.40**	*55*	$242.00
Grain Sorghum	$4.00	$4.67	**$0.67**	*60*	$40.20
Wheat	$5.70	$6.35	**$0.65**	*55*	$35.75

Source: USDA, AOF February 19, 2026, market price estimates for 2026.

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Seed Cotton ARC-CO Program Payments – 2026 CY

For selected counties with payment made in October of 2027

County	Seed Cotton - Irrigated	Seed Cotton - Nonirrigated	Seed Cotton PLC
Bolivar	$114.70	$131.79	$194.64
Coahoma	$147.49	$131.85	
Holmes	$107.44	$91.89	
Leflore	$145.60	$98.72	
Noxubee	$153.57	$104.79	
Quitman	$158.33	$123.35	
Tallahatchie	$160.20	$72.54	
Tunica	$130.75	$137.43	
Yazoo	$136.53	$123.52	

Assumes a seed cotton U.S. MYA price of $0.3389 per pound and an actual country yield representative of the previous five-year average yield.

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ARC-CO Performance Caps and PLC Yields

*Calculating the ARC-CO program payment limit yield thresholds for 2026/27**

County	ARC-CO Payment Cap	PLC Payment Rate	Seed Cotton PLC Yield Threshold	Lint PLC Yield Threshold
Coahoma (Irrg.)	$157.49	$0.0811	1,942	809
Coahoma (non-irrg.)	$131.97		1,627	678
Leflore (Irrg.)	$163.65		2,018	841
Leflore (non-irrg.)	$109.72		1,353	564

If your farm's seed cotton's PLC program yield exceeds those in the table, then PLC would generate a larger farm program payment in 2026/27 compared to the ARC-CO payment cap.*

Crop Insurance Changes under the OBBBA

Increase in premium subsidies in force for 2026

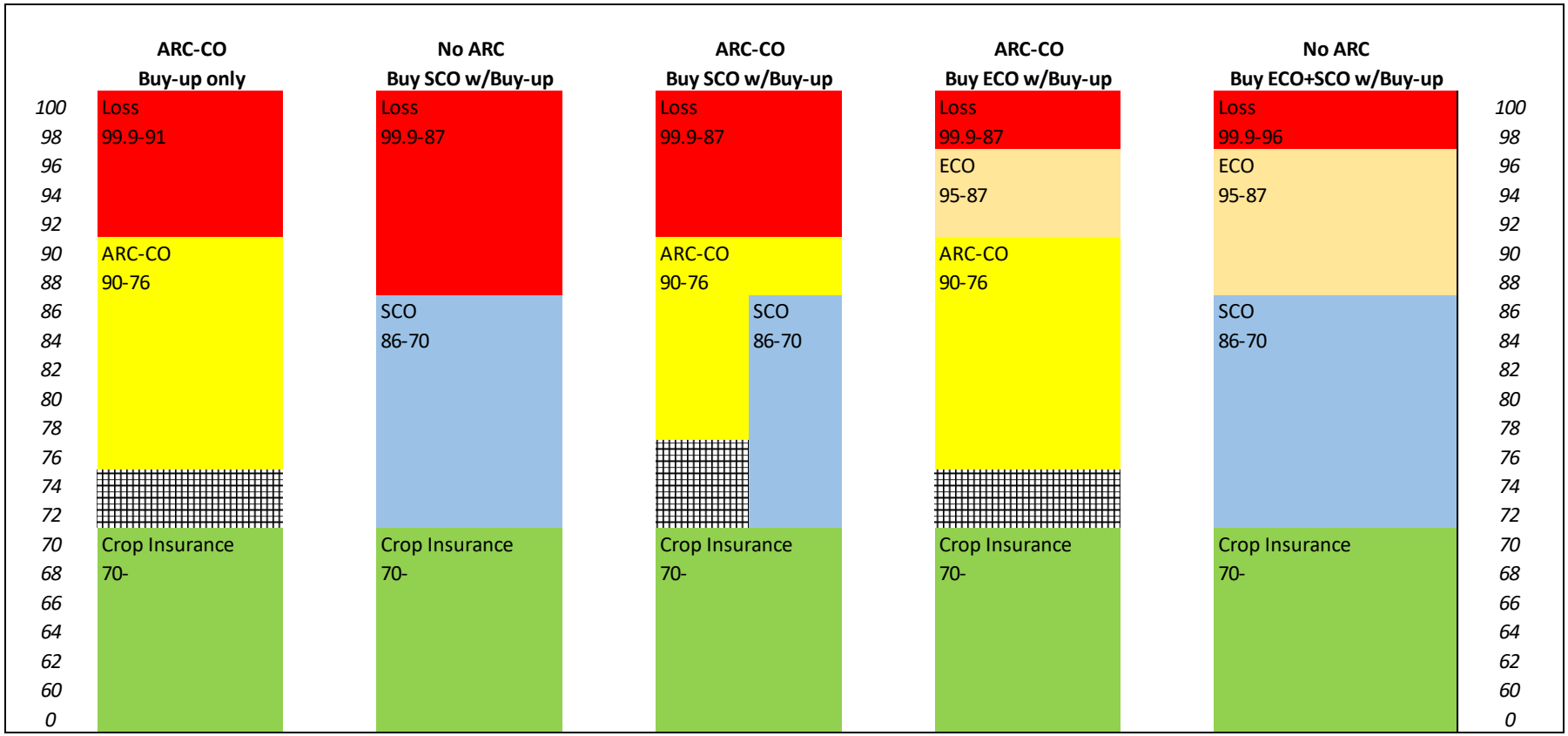
Premium Subsidy Rates by Coverage Level								
	50%	**55%**	**60%**	**65%**	**70%**	**75%**	**80%**	**85%**
Optional Unit	67%	69%	69%	64%	64%	60%	51%	41%
Basic Unit	67%	69%	69%	64%	64%	60%	51%	41%
Enterprise Unit	80%	80%	80%	80%	80%	80%	71%	56%

- The OBBB Act also expands eligibility for the Supplemental Coverage Option (SCO), allowing producers enrolled in **either PLC or ARC to purchase SCO** coverage.
- Expanded term of "beginning farmer" from 5 to **10 years** for **additional premium subsidy**.
- **SCO premium increases to 80%.**
- SCO coverage range increases to 90% (from 86%) beginning in the **2027** crop year.
- The RMA previously authorized an increase in the **premium subsidy rate for ECO to 80%**.

Source: US Congress, July 2025.

Combining Farm Program and Crop Insurance Options

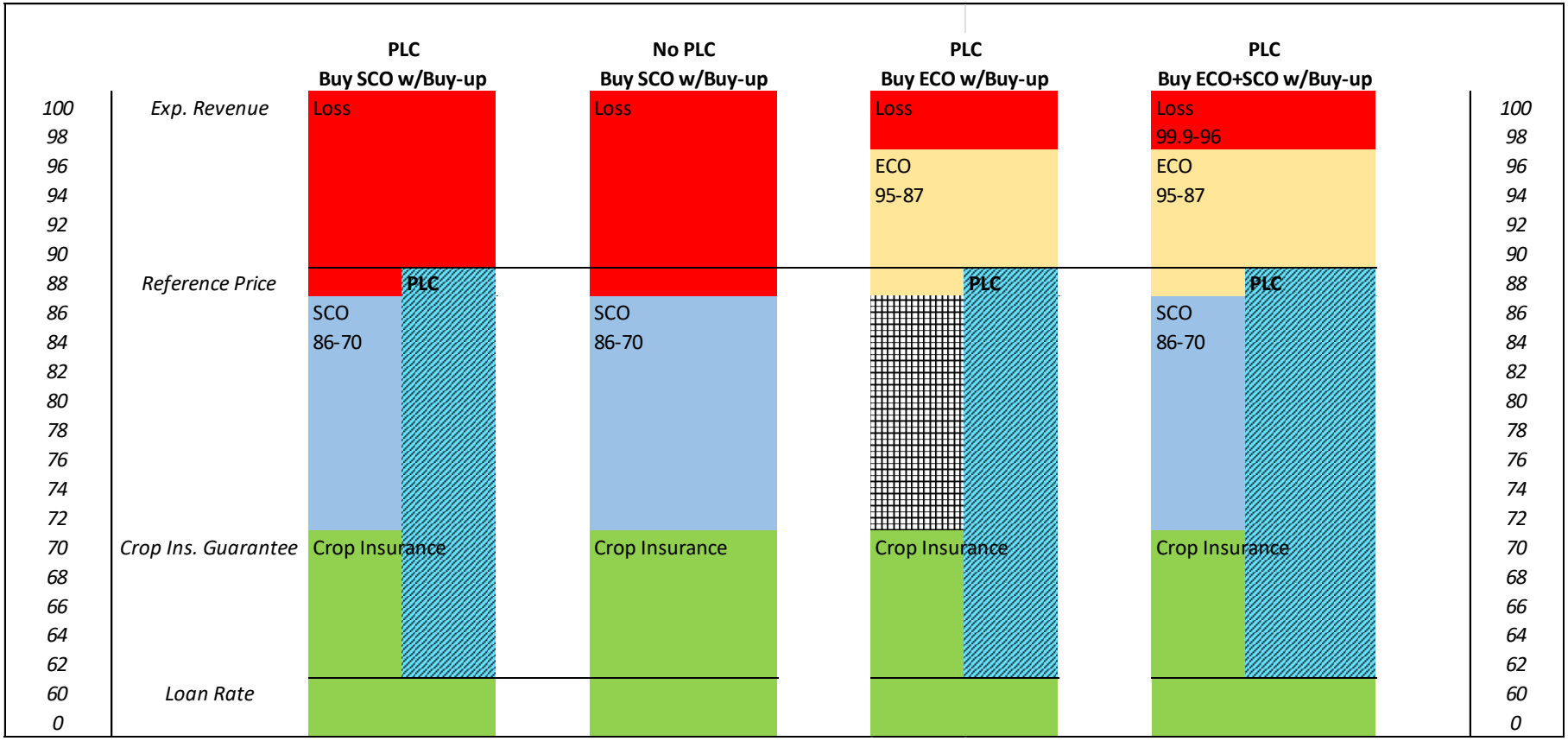
Identifying the area of support (farm or area) against the premium costs…



Selected example provide illustration of revenue coverage paired with the ARC-CO farm program with 70% underlying buy-up insurance.

Combining Farm Program and Crop Insurance Options

Identifying the area of support (farm or area) against the premium costs…



Selected example provide illustration of revenue coverage paired with the PLC farm program with 70% underlying buy-up insurance.

Crop Insurance Options for Planting Cotton

Identifying the area of support (farm or area) against the premium costs…

	STAX	*STAX + RP 70%*	*SCO + RP 70%*	*SCO + ECO + RP 70%*	*ECO + RP 70%*
100					
95				ECO (95-86)	ECO (95-86)
90	STAX (90-70)	STAX (90-70)			
86			SCO (86-70)	SCO (86-70)	
70					
BELOW		RP (<70)	RP (<70)	RP (<70)	RP (<70)

Selected example provide illustration of revenue coverage paired with the 70% underlying buy-up insurance for UPLAND COTTON.

STAX Crop Insurance

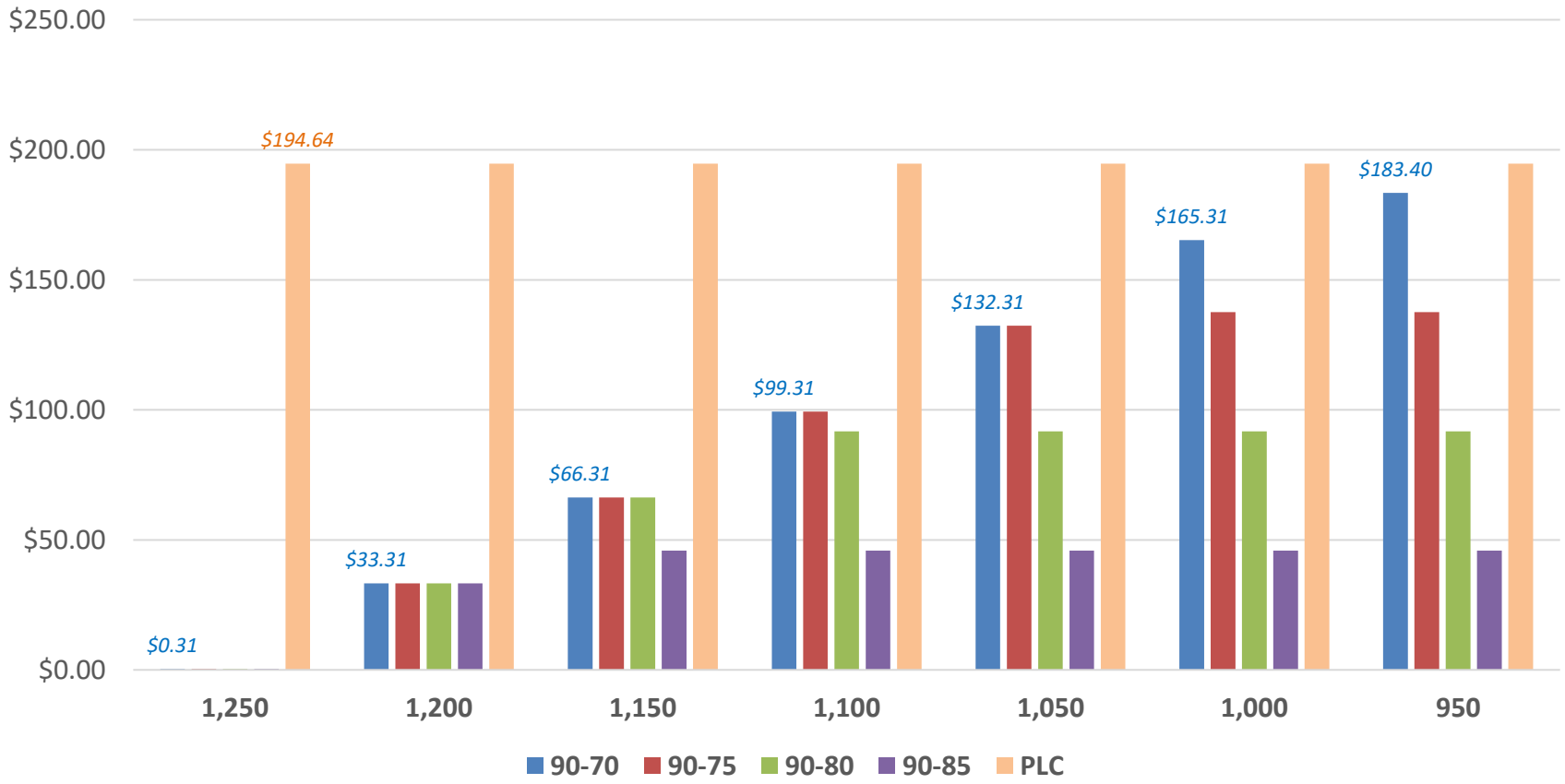
Stacked Income Protection Program (STAX) for cotton crop insurance

- Area-wide shallow loss protection plan
- Stacked or stand-alone policy
- 90-70% coverage on planted cotton acreage
- Protection factor must be selected (0.80-1.20)
- Area-wide revenue coverage
- Premium subsidy of 80%
- Cannot enroll seed cotton in ARC or PLC

STAX Crop Insurance vs. PLC - 2026

Coahoma County examples, varying final area yields, indemnities per acre

PP = $0.69/lb.; HP = $0.66/lb.; Exp. Area Yield = 1,329 lbs./ac
US MYA seed cotton price estimated at $0.3389/lb. ($0.63/lb. lint and $240/ton cottonseed)

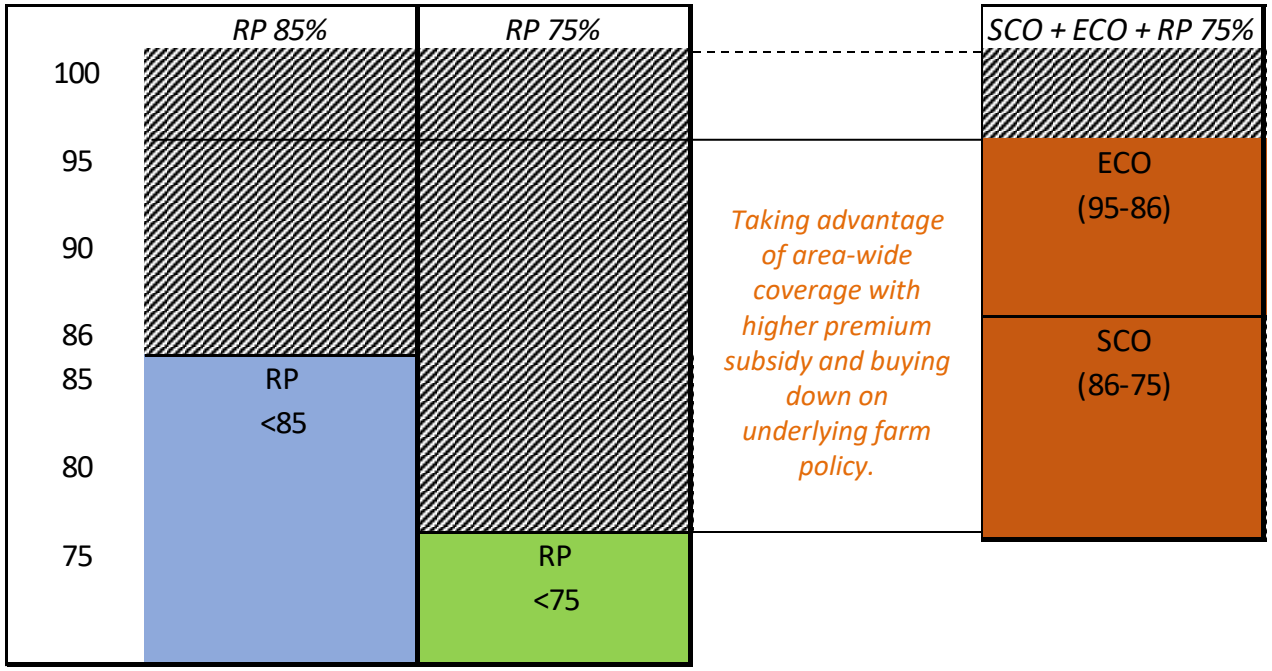


Crop Insurance Coverage Comparison

Illustration of two crop insurance scenarios linking area-wide coverage

#1.) The RP-85% baseline covers losses for situations where actual farm revenue falls below 85% of the expected farm revenue guarantee.

#2.) The RP-75%+SCO+ECO-95% alternative covers losses for situations where actual farm revenue falls below 75% of the expected farm revenue guarantee while SCO and ECO supplement the underlying coverage by protecting against losses where actual county revenues fall below 95% of the county's expected revenue.



Source: University of Illinois, March 10, 2026.

Crop Insurance Coverage Comparison

Illustration of two crop insurance scenarios

- Increases in subsidy rates have generated additional interest in the potential use of the SCO and ECO insurance programs in 2026.
- One alternative of particular interest has been combining lower underlying farm-level coverage with the use of SCO and ECO.
- For example, a common application of this strategy would be to lower RP coverage from 85% to 75% and then add SCO and ECO-95%.
  - This could result in a lower overall premium cost (compared with RP-85%), a significant increase in expected net benefits (expected indemnities less farmer premium), and improved downside risk protection.
- However, this strategy also has some drawbacks.
  - Lowering RP coverage will reduce prevent plant payments if prevent plant occurs.
  - Producers with insurance units in areas at high risk of prevent plant will likely have less interest in trading lower farm-level coverage for supplemental area coverage.
  - The timing of payments is also an issue that is commonly raised. Loss payments for farm-level coverage can often be received relatively soon after harvest while indemnities from the supplemental area plans will not be available until June of the next crop year.

Source: University of Illinois, March 10, 2026.

ECO Crop Insurance

Enhanced Coverage Option (ECO) endorsement for crop insurance

- Area-wide shallow loss protection plan
- Purchased as an endorsement to an underlying policy
- Does not require SCO purchase
- 95%-86% or 90%-86% coverage on planted cotton acreage
- Area-wide revenue coverage with adjustment for farm's APH
- Premium subsidy of 80%
- Independent of ARC/PLC choice

SCO Crop Insurance

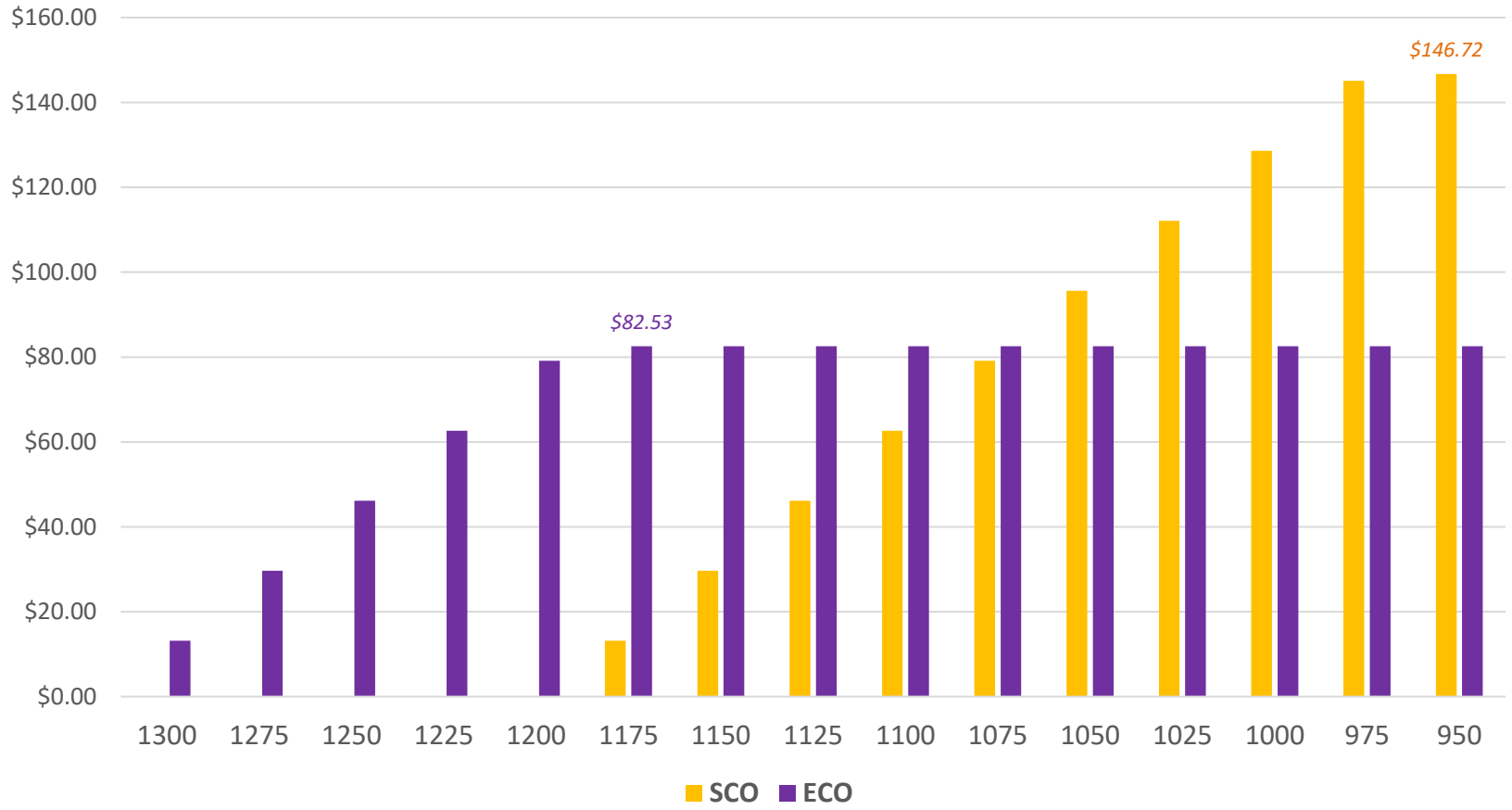
Supplemental Coverage Option (SCO) endorsement for cotton crop insurance

- Area-wide shallow loss protection plan
- Purchased as an endorsement to an underlying policy
- 86%-underlying policy coverage on planted cotton acreage
- Area-wide revenue coverage with adjustment for farm's APH
- Premium subsidy of 80%
- Can enroll in either ARC or PLC

ECO and SCO Crop Insurance for Cotton

Supplemental Coverage Option (SCO) endorsement for Coahoma County

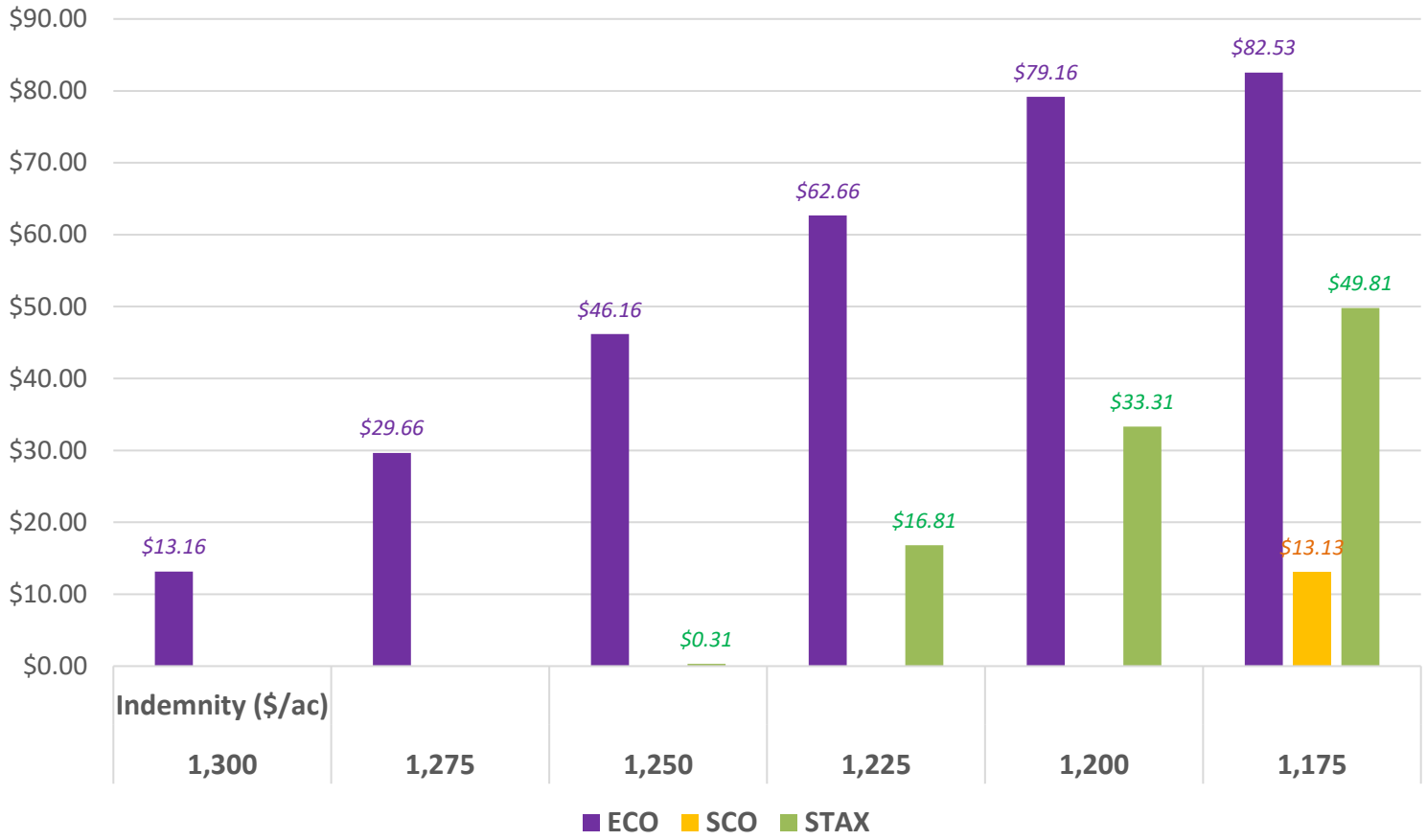
PP = $0.69/lb.; HP = $0.66/lb.; Exp. Area Yield = 1,329 lbs./ac



ECO, STAX, and SCO Crop Insurance for Cotton

Product performance for Coahoma County

PP = $0.69/lb.; HP = $0.66/lb.; Exp. Area Yield = 1,329 lbs./ac



ECO, STAX, and SCO Crop Insurance for Cotton

Product performance for Coahoma County

PP = $0.69/lb.; Exp. Area Yield = 1,329 lbs./ac

		Area Yield per acre - Coahoma County, MS					
		1,300	1,275	1,250	1,225	1,200	1,175
Harvest Price		Indemnity ($/ac)					
$0.69	ECO	$0.00	$0.00	$8.66	$25.91	$43.16	$60.41
	SCO	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	STAX	$0.00	$0.00	$0.00	$0.00	$0.00	$14.56
$0.68	ECO	$0.00	$4.16	$21.16	$38.16	$55.16	$72.16
	SCO	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	STAX	$0.00	$0.00	$0.00	$0.00	$9.31	$26.31
$0.67	ECO	$0.16	$16.91	$33.66	$50.41	$67.16	$82.53
	SCO	$0.00	$0.00	$0.00	$0.00	$0.00	$1.38
	STAX	$0.00	$0.00	$0.00	$4.56	$21.31	$38.06
$0.66	ECO	$13.16	$29.66	$46.16	$62.66	$79.16	$82.53
	SCO	$0.00	$0.00	$0.00	$0.00	$0.00	$13.13
	STAX	$0.00	$0.00	$0.31	$16.81	$33.31	$49.81
$0.65	ECO	$26.16	$42.41	$58.66	$74.91	$82.53	$82.53
	SCO	$0.00	$0.00	$0.00	$0.00	$8.63	$24.88
	STAX	$0.00	$0.00	$12.81	$29.06	$45.31	$61.56
$0.64	ECO	$39.16	$55.16	$71.16	$82.53	$82.53	$82.53
	SCO	$0.00	$0.00	$0.00	$4.63	$20.63	$36.63
	STAX	$0.00	$9.31	$25.31	$41.31	$57.31	$73.31

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ECO, STAX, and SCO Crop Insurance for Cotton

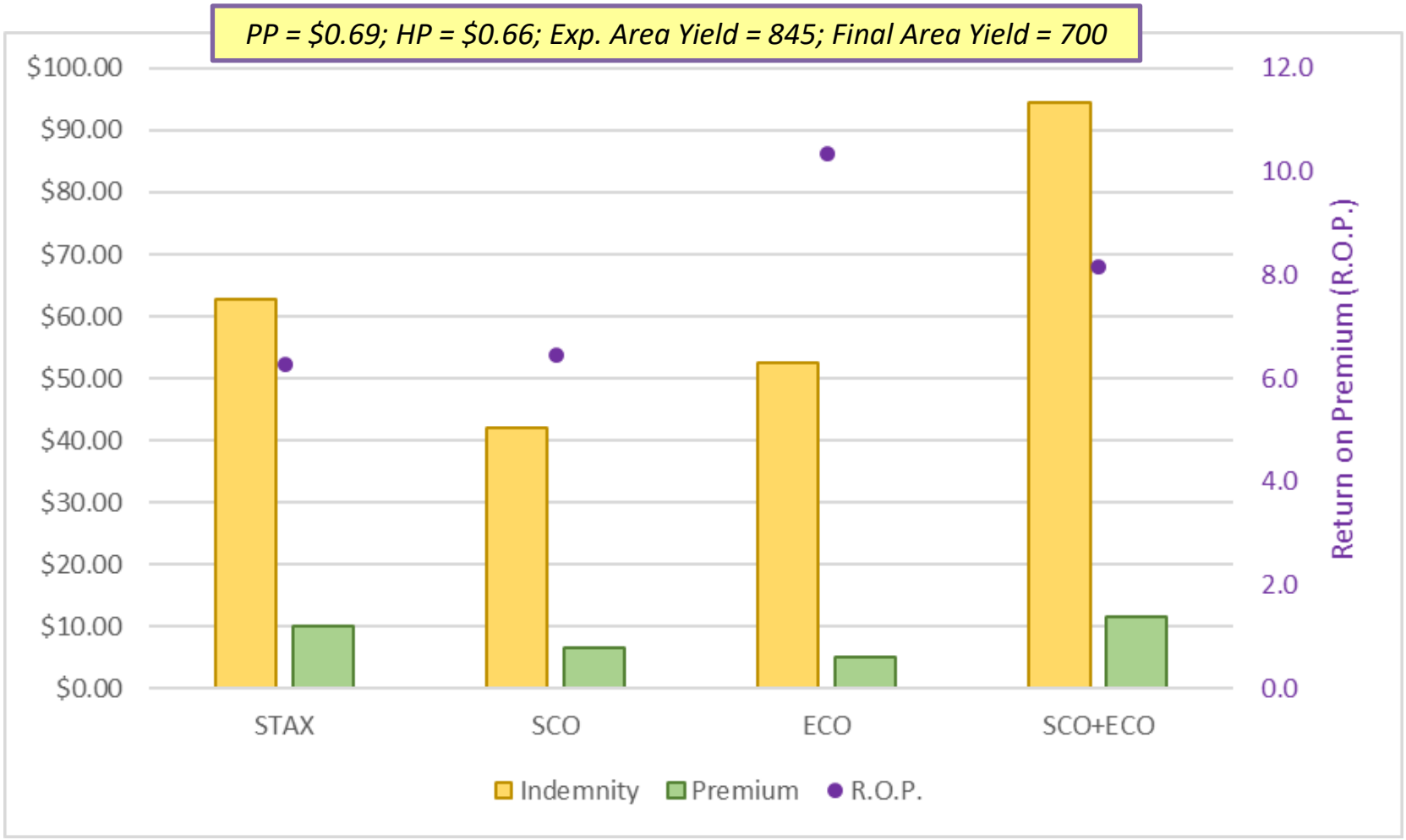
Product performance for Coahoma County

PP = $0.69/lb.; Exp. Area Yield = 1,329 lbs./ac

		Area Yield per acre - Coahoma County, MS						PLC @ $0.63	PLC @ $0.65	PLC @ $0.67
		1,300	1,275	1,250	1,225	1,200	1,175			
Harvest Price		*Indemnity ($/ac)*								
	ECO	$0.00	$0.00	$8.66	$25.91	$43.16	$60.41	$187.80	$166.93	$146.06
$0.69	SCO	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00			
	STAX	$0.00	$0.00	$0.00	$0.00	$0.00	$14.56			
	ECO	$0.00	$4.16	$21.16	$38.16	$55.16	$72.16			
$0.68	SCO	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00			
	STAX	$0.00	$0.00	$0.00	$0.00	$9.31	$26.31			
	ECO	$0.16	$16.91	$33.66	$50.41	$67.16	$82.53			
$0.67	SCO	$0.00	$0.00	$0.00	$0.00	$0.00	$1.38			
	STAX	$0.00	$0.00	$0.00	$4.56	$21.31	$38.06			
	ECO	$13.16	$29.66	$46.16	$62.66	$79.16	$82.53			
$0.66	SCO	$0.00	$0.00	$0.00	$0.00	$0.00	$13.13			
	STAX	$0.00	$0.00	$0.31	$16.81	$33.31	$49.81			
	ECO	$26.16	$42.41	$58.66	$74.91	$82.53	$82.53			
$0.65	SCO	$0.00	$0.00	$0.00	$0.00	$8.63	$24.88			
	STAX	$0.00	$0.00	$12.81	$29.06	$45.31	$61.56			
	ECO	$39.16	$55.16	$71.16	$82.53	$82.53	$82.53			
$0.64	SCO	$0.00	$0.00	$0.00	$4.63	$20.63	$36.63			
	STAX	$0.00	$9.31	$25.31	$41.31	$57.31	$73.31			

STAX, SCO, and ECO Cotton – 2026

Cotton example and return on premium (R.O.P.) estimation in Caddo parish



Caddo Parish Louisiana example.

Generalizing Risk Management Decisions in 2026

Risk mitigation strategies involving farm programs and insurance

- Final thoughts…
  - "Shallow loss" protection via ECO and SCO can offer meaningful protection
  - PLC for rice and seed cotton base
    - Price projections at the OBBBA ERP level, offers more *downside* price protection
  - ARC-CO or PLC corn, soybean, sorghum, and wheat?
    - Payments likely with lower prices using avg. area yields
    - Higher ERP for corn, soybean, sorghum, and wheat
    - Price declines may favor ARC-CO w/ strong yields
    - ARC-CO/PLC now available w/ SCO when planting base

Generalizing Risk Management Decisions in 2026

Risk mitigation strategies involving farm programs and insurance

- Final thoughts…
  - If you are planting cotton on seed cotton base
    - Consider ECO/SCO buy-up for those acres; STAX is another option
    - ECO's premium subsidy (80%) and SCO increased to 80%
    - ARC/PLC on seed cotton ≠ STAX ; ECO ≠ Hurricane Policy
  - Crop insurance premium cost must be justified (the "R.O.P.")
    - Revenue guarantees are lower this year
    - "Reinvest savings" into higher buyup or SCO/ECO coverage

Appreciation is extended to the Louisiana Soybean and Grain Research and Promotion Board, the Louisiana State Support Committee of Cotton Incorporated, and the Louisiana Rice Research Board for their research funding as well as to the Louisiana Cotton and Grain Association for their support. THANK YOU !!!

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