AG RESOURCE MANAGEMENT

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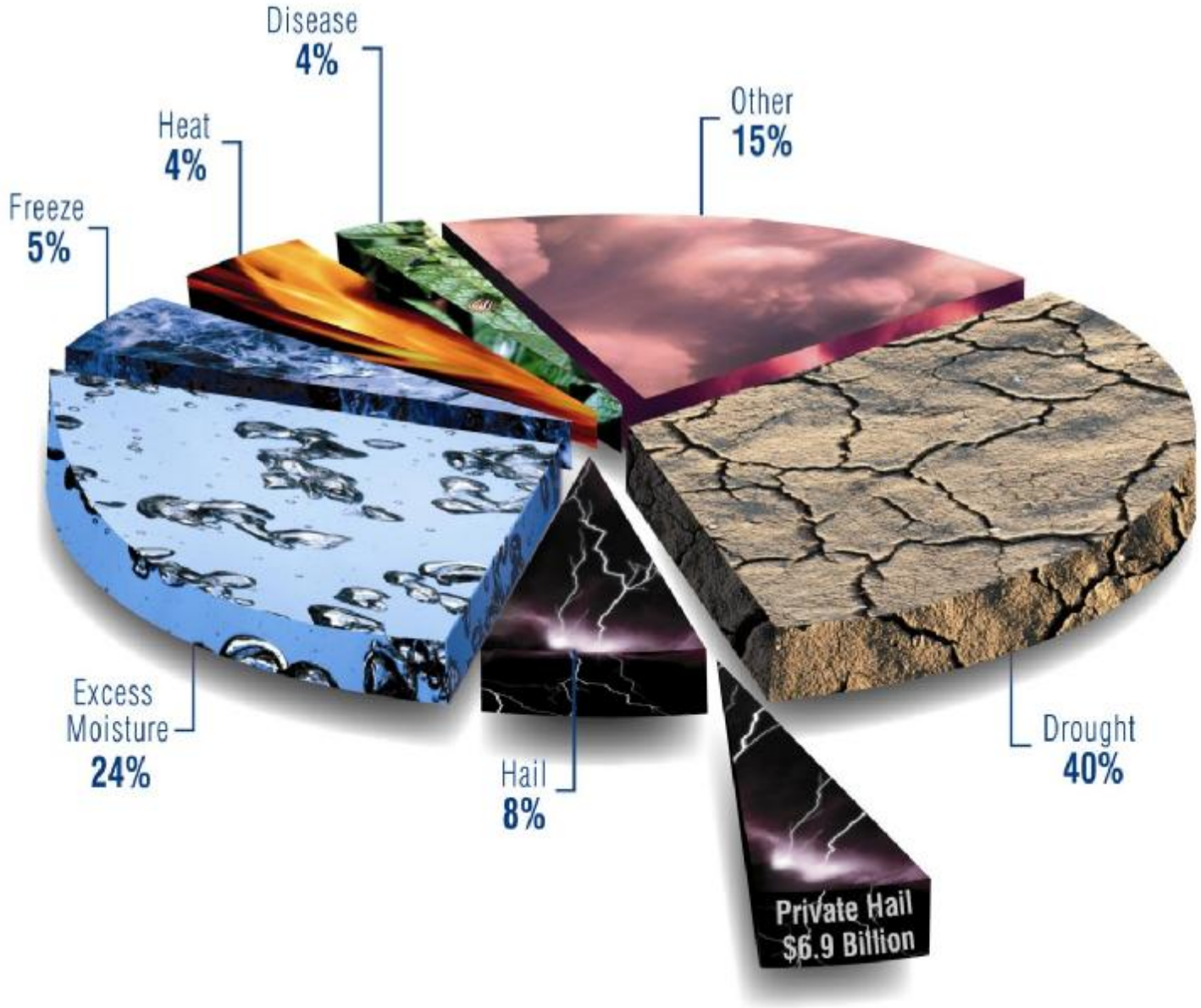
Why U.S. Crops Fail



US Crop Insurance Snapshot
(data in millions)

	1994	2008	2009	2010	2011	2012	LA 2012
Contracts	0.8	2.0	2.0	2.0	2.1	2.1	0.022
Acres	100	272	265	256	265	282	2.8
Protection	13,586	89,886	79,567	78,064	114,064	116,820	985.0
Buy-Up	N/A	89%	91%	92%	92%	93%	81%
Revenue	N/A	72%	67%	71%	84%	76%	54%
Premium	949	9,851	8,949	7,589	11,952	11,071	95.1
Losses	579	8,533	5,223	4,156	10,595	14,229	30.2

2012 La Crop Insurance Participation
(data in millions)

	Acres	Liabilities	Premium	Subsidy	Loss
CORN	0.516	254.9	21.7	16.0	12.3
SOYBEANS	1.043	254.5	35.2	25.8	7.7
RICE	0.333	162.4	7.4	5.1	2.2
COTTON	0.219	111.0	13.2	9.9	3.2
SUGARCANE	0.324	84.0	1.6	1.3	-
WHEAT	0.248	51.8	10.2	7.7	4.1
GRAIN SORGHUM	0.114	29.5	3.8	2.9	0.7
NURSERY (FG&C)	-	29.1	0.7	0.7	-
SWEET POTATOES	0.008	6.9	1.2	1.2	-
PEANUTS	0.001	0.4	0.0	0.0	-
OATS	0.003	0.2	0.0	0.0	0.0
PEACHES	0.000	0.1	0.0	0.0	-
PECANS	-	-	-	-	-
Total	2.808	984.7	95.1	70.6	30.2

Crop Insurance Benefits

- Loss payments more closely track economic results.
- Confidence to do pre-harvest crop sales to improve profits.
- May be viewed favorably as loan collateral.

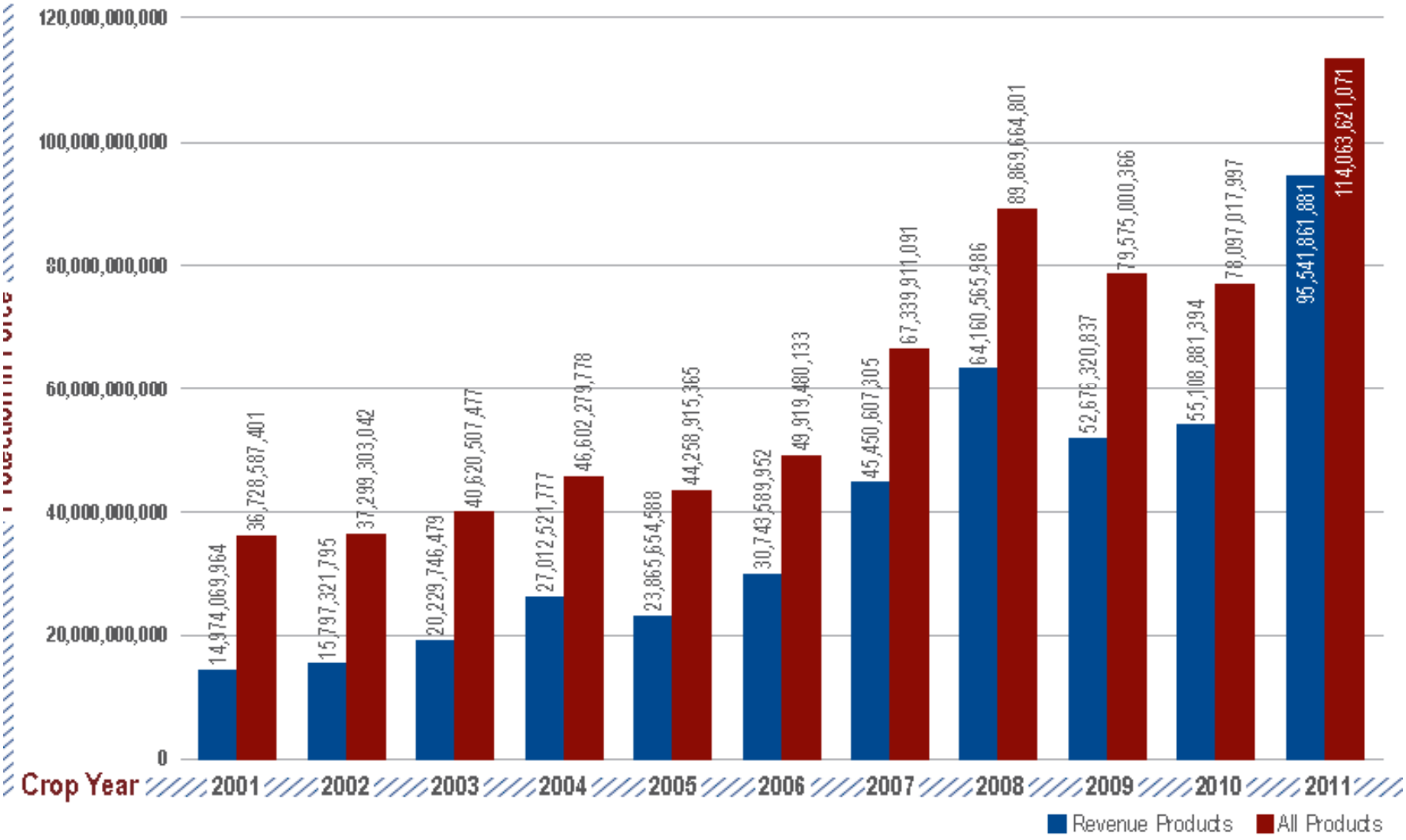
Crop Insurance: The Affordable Solution

Coverage Level							
50%	55%	60%	65%	70%	75%	80%	85%
Premium Assistance							
67%	64%	64%	59%	59%	55%	48%	38%

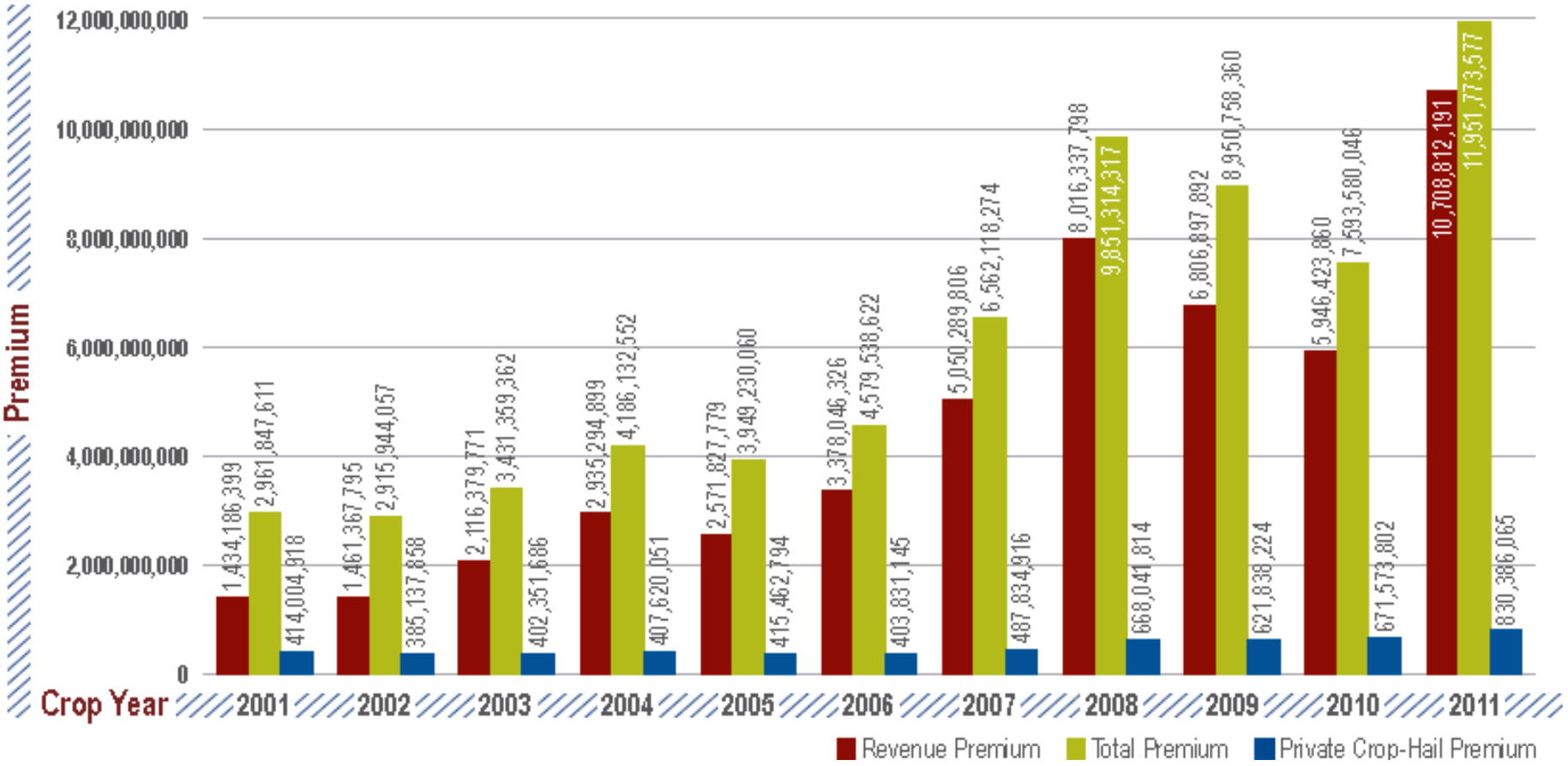
Insurance Products

Federally Reinsured Products	Private Crop-Hail Coverage and Endorsements
Yield Protection (YP)	Crop Hail
Revenue Protection (RP)	Companion Hail
Revenue Protection w/ HP Exclusion	Production Plan
AGR-lite	Replant Extra
Group Risk Plan (GRP)	Rain Insurance for Events
Group Risk Income Protection (GRIP)	Green Snap, Wind & Extra Harvest
Livestock Risk Protection (LRP)	GRIP replant
Livestock Gross Margin (LGM)	Replant Buy-out
Downed Rice Endorsement	

US Crop Insurance Participation



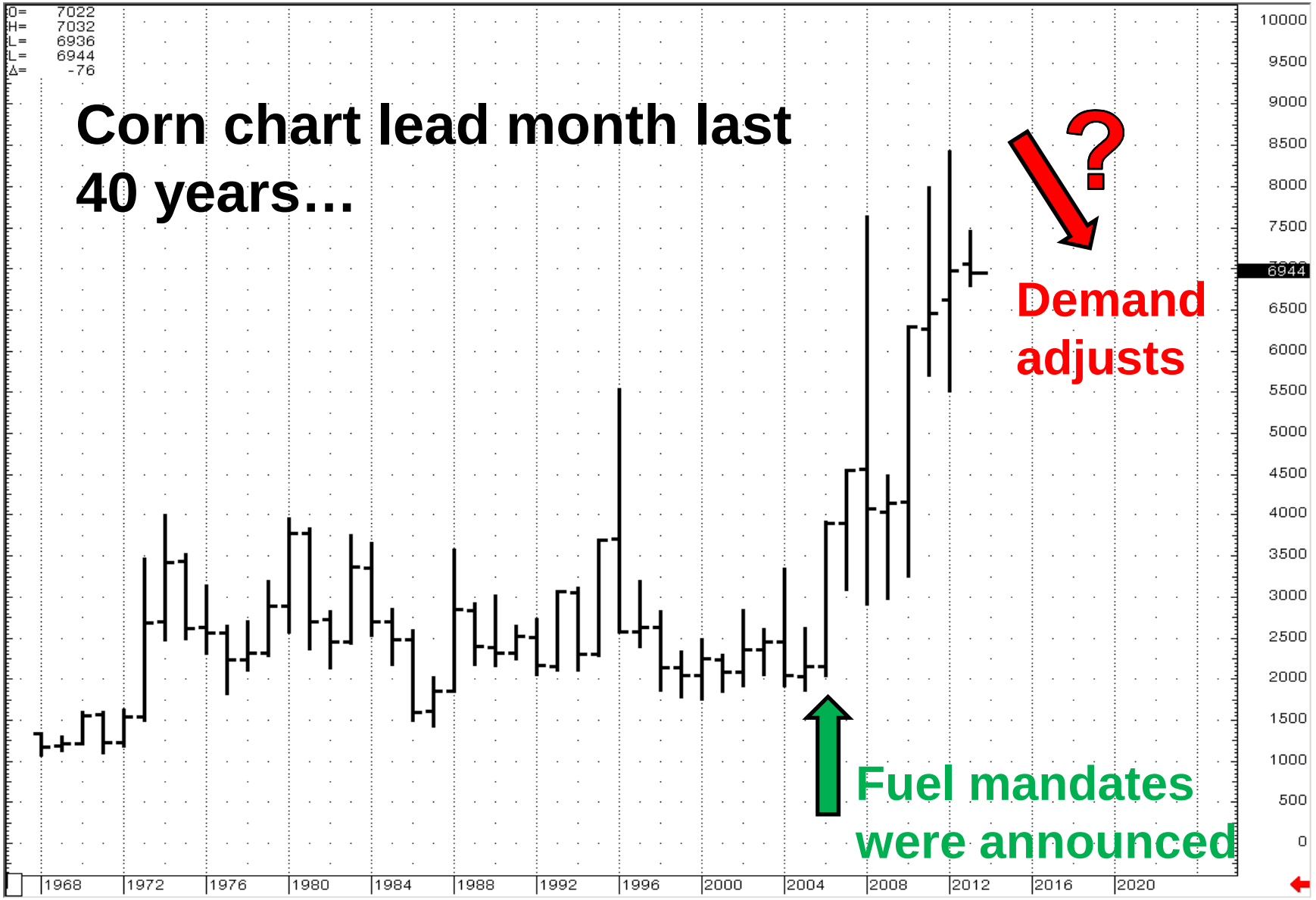
Crop Insurance Premiums



Planted Acreage Data

	Planted Corn	Planted Soy	Planted W Wheat	Planted S wht+dur	Planted Oats	Planted Barley	Planted Sorghum	Planted Cotton	Planted Rice	Planted Sunseed	Planted Canola	Harvested Hay	Total
2000	79.6	74.3	43.3	19.2	4.5	5.8	9.2	15.5	3.1	2.8	1.6	60.4	319.1
2001	75.7	74.1	40.9	18.5	4.4	5.0	10.2	15.8	3.3	2.6	1.5	63.5	315.5
2002	78.9	74.0	41.9	18.5	5.0	5.0	9.6	14.0	3.2	2.6	1.5	63.9	318.0
2003	78.6	73.4	45.4	16.7	4.6	5.3	9.4	13.5	3.0	2.3	1.1	63.4	316.8
2004	80.9	75.2	43.4	16.4	4.1	4.5	7.5	13.7	3.3	1.9	0.9	62.0	313.7
2005	81.8	72.0	40.2	16.6	4.2	3.9	6.5	14.2	3.4	2.7	1.2	61.7	308.4
2006	78.3	75.6	40.6						2.8	2.0	1.0	60.6	307.1
2007	93.5	64.7	45.0	15.4	3.9	4.0	7.7	10.8	2.8	2.1	1.2	61.0	312.1
2008	86.0	75.7	46.3	16.9	3.2	4.2	8.3	9.5	3.0	2.5	1.0	60.2	316.8
2009	86.4	77.5	43.3	15.8	3.4	3.6	6.6	9.1	3.1	2.0	0.8	59.8	311.5
2010	88.2	77.4	37.3	16.3	3.1	2.9	5.4	11.0	3.6	2.0	1.4	59.9	308.5
2011	91.9	75.0	40.6	13.8	2.5	2.6	5.5	14.7	2.7	1.5	1.1	55.6	307.5
USDA 2012	96.9	77.2	41.3	14.4	2.8	3.6	6.2	12.4	2.7	1.9	1.8	57.6	318.8
Informa 2013	97.7	80.1	42.5	14.5	2.7	3.7	6.8	10.0	2.6	2.0	1.9	57.9	322.3
LaSalle 2013	94.0	81.0	43.8	14.0	2.8	3.8	7.0	10.0	2.6	2.0	2.0	59.0	322.0

Fuel Mandates



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Model Forecast Corn Prices

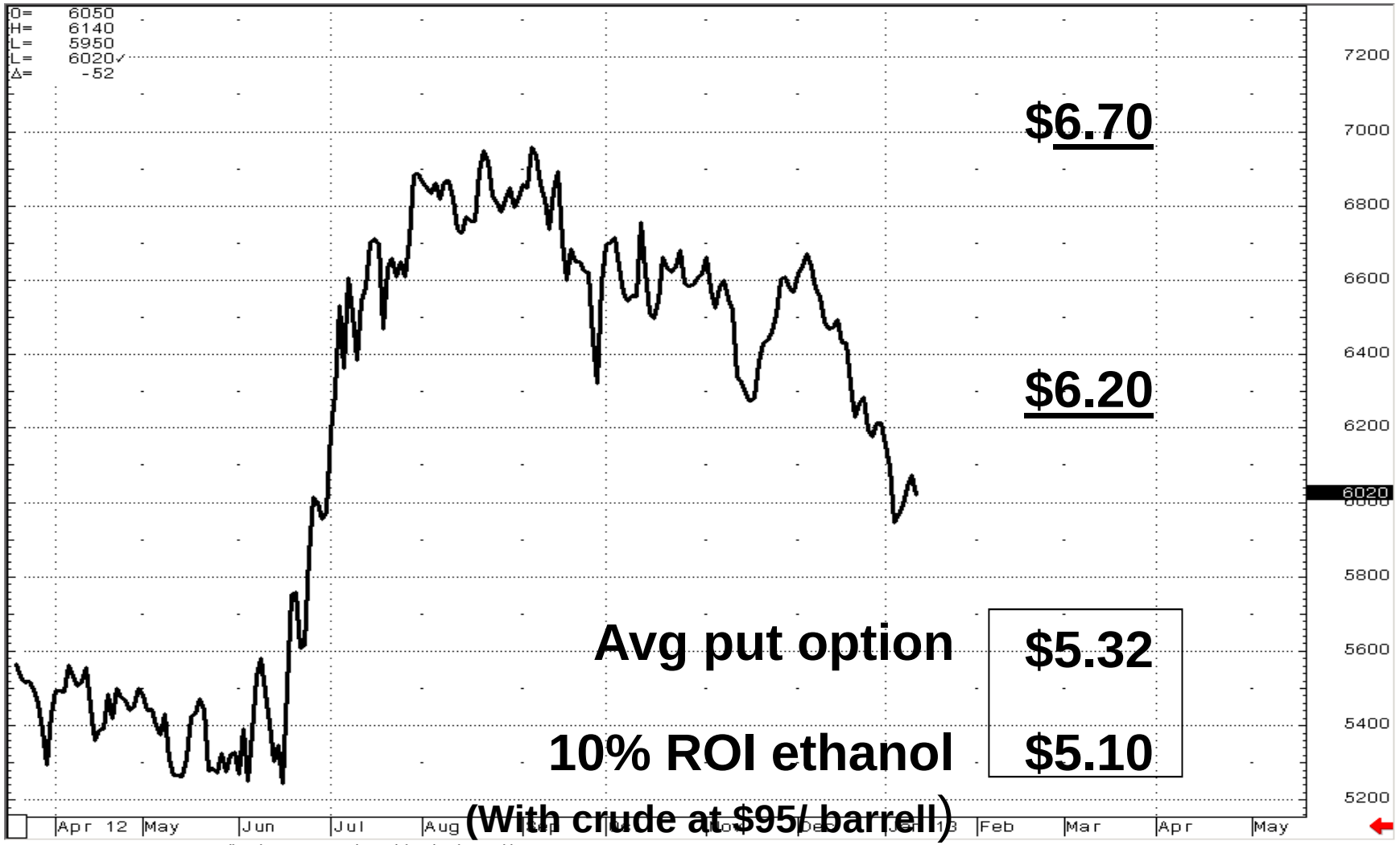
Forecast price range...

	2012	2013	2013	2013	2013	2014	2014	2014
High	$7.65	$7.30	$7.28	$8.29	$4.38	$4.74	$4.81	$4.36
lo	$6.12	$6.56	$6.41	$6.63	$3.69	$4.06	$4.23	$3.67
	Sep-Nov	Dec-Feb	Mch-May	June-Aug	Sept-Nov	Dec-Feb	Mch-May	June-Aug

Flattening Demand Growth from Bio-fuels…

- Models suggest overpriced corn
- Fuel consumption in this country slowed…
- Already enough capacity for max mandate
- More world feed wheat
- Congress taken away ethanol subsidy
- Green push in Europe is slowing…
- Large growth in Palm oil production

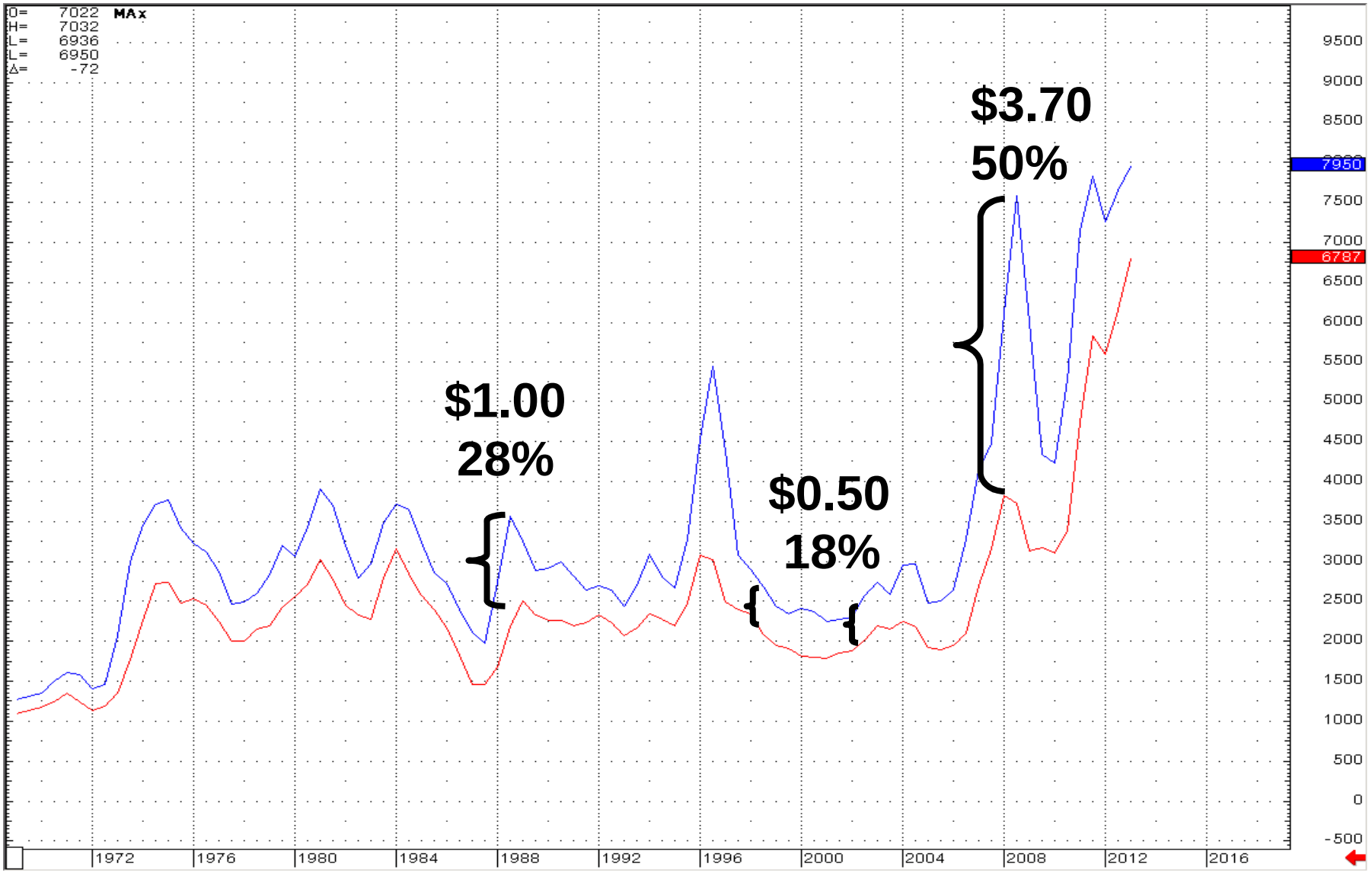
Sept corn futures



High Prices & High Volatility Still Likely… (somewhat)

- Fuel mandates have built in-elastic demand
- At low prices discretionary use can sap up excess supplies…
- US corn consumption relies on corn acres with higher yield volatility..
- Dependent on less reliable suppliers like Argentina… and FSU…areas
- Chinese demand to import10-15mmt more
- Weather – Is drought over???

Average Price Range per Year



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STEP 1) Budget Input Costs

	Corn	Cotton	Soybeans	Milo	Rice
Futures	$ 5.78	$ 0.84	$ 12.68	$ 5.59	$ 0.154
Basis	$ (0.080)	$ (0.100)	$ -	$ (0.750)	$ (0.010)
Market Price	$ 5.70	$ 0.74	$ 12.68	$ 4.84	$ 0.144
Total Expenses	$ 666.12	$ 742.37	$ 441.20	$ 430.15	$ 820.69
Break-Even Yield	116.9	1,003.2	34.8	88.9	5,699.2
30% Return Yield	145.8	1,256.9	42.5	108.3	7,165.9
High Yield	200.0	1,250.0	70.0	140.0	8,100.0
Expected Yield (APH)	165.0	1,000.0	50.0	100.0	7,200.0
Low Yield	130.0	750.0	30.0	80.0	5,400.0
High Profit	$ 473.38	$ 182.63	$ 446.40	$ 247.45	$ 345.71
Expected Profit	$ 273.97	$ (2.37)	$ 192.80	$ 53.85	$ 216.11
Low Profit	$ 74.55	$ (187.37)	$ (60.80)	$ (42.95)	$ (43.09)
Insurance Base	$ 6.06	$ 0.81	$ 13.07	$ 5.71	$ 0.156
Insurance Level	75%	75%	75%	75%	75%
Less: Premium	19.57	25.54	16.44	33.94	18.08
Net Margin / (Risk)	$ 99.23	$ (125.41)	$ 67.49	$ (0.84)	$ 38.63
Premium per Unit	$ 0.119	$ 0.026	$ 0.329	$ 0.339	$ 0.003

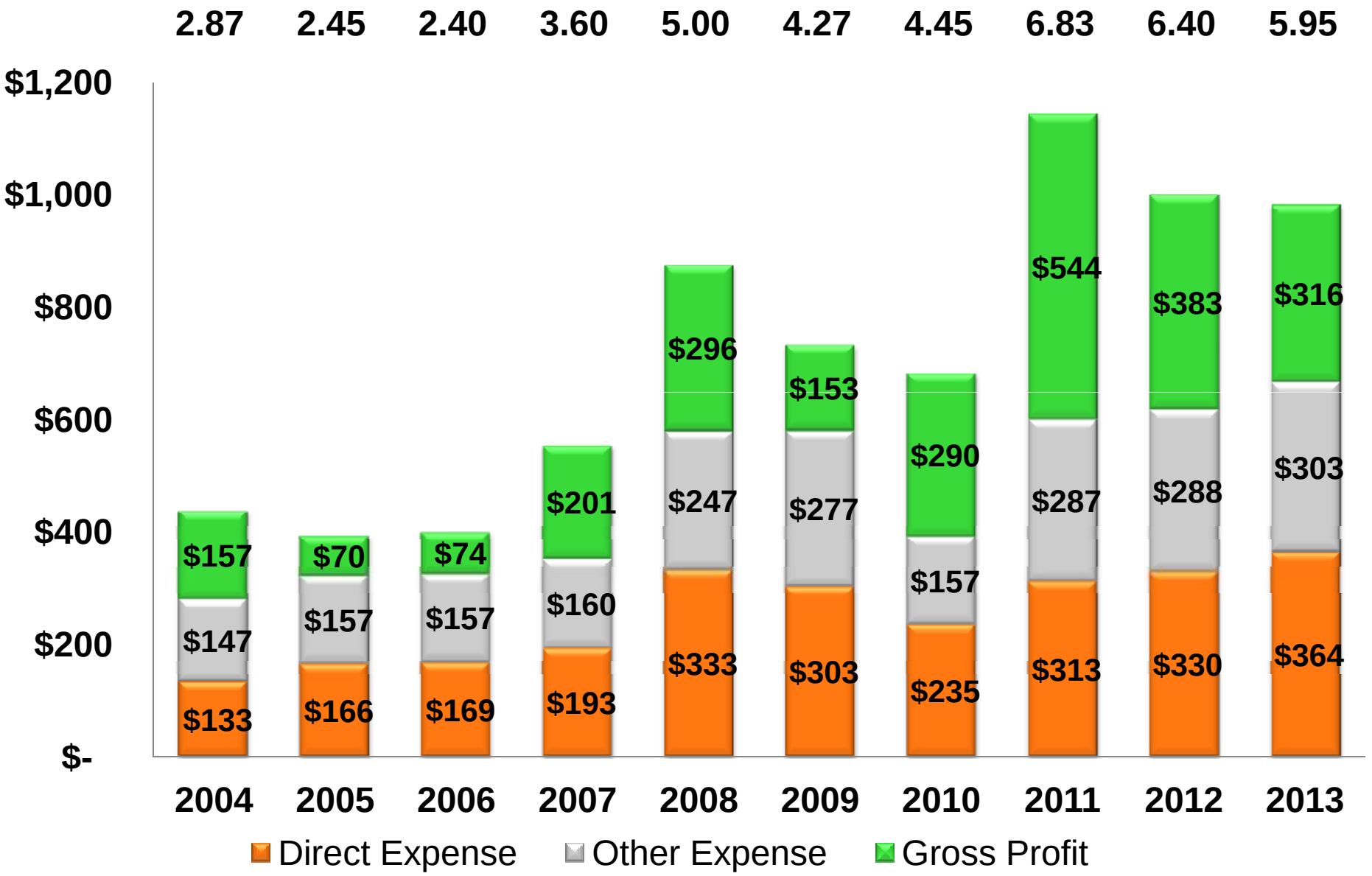
Crop Insurance Value vrs Puts and Calls

APH	165								
Risk Yield	165								
Base	Level	Mkt	Yld	Net	Result	Month	Option	Strike	Last*
$ 6.06	75%	-25%	0%	-25%	$ 4.55	Sep	Put	$ 4.50	$ 0.0430
		25%	0%	25%	$ 7.58	Sep	Call	$ 7.60	$ 0.0620
									$ 0.1050
							Value Per Acre		$ 17.33

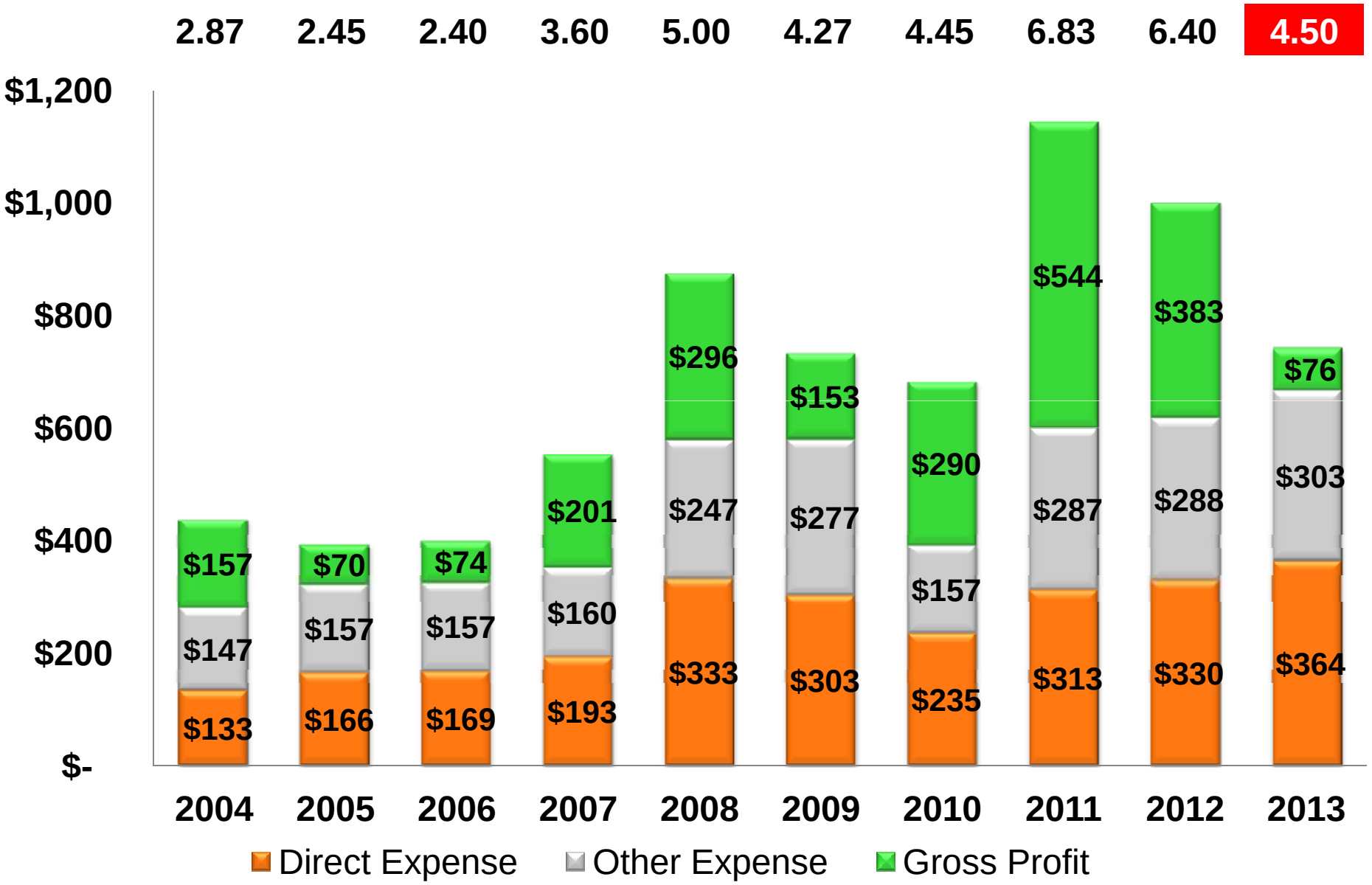
Crop Insurance Value vrs Puts and Calls

APH	165								
Risk Yield	130								
Base	Level	Mkt	Yld	Net	Result	Month	Option	Strike	Last*
$ 6.06	75%	-25%	21%	-4%	$ 5.83	Sep	Put	$ 5.80	$ 0.4100
		25%	-21%	4%	$ 6.29	Sep	Call	$ 6.30	$ 0.2310
									$ 0.6410
							Value Per Acre		$ 105.77

Corn Revenue / Expense w/ 1st Booking Price



Corn Revenue / Expense w/ Harvest Low

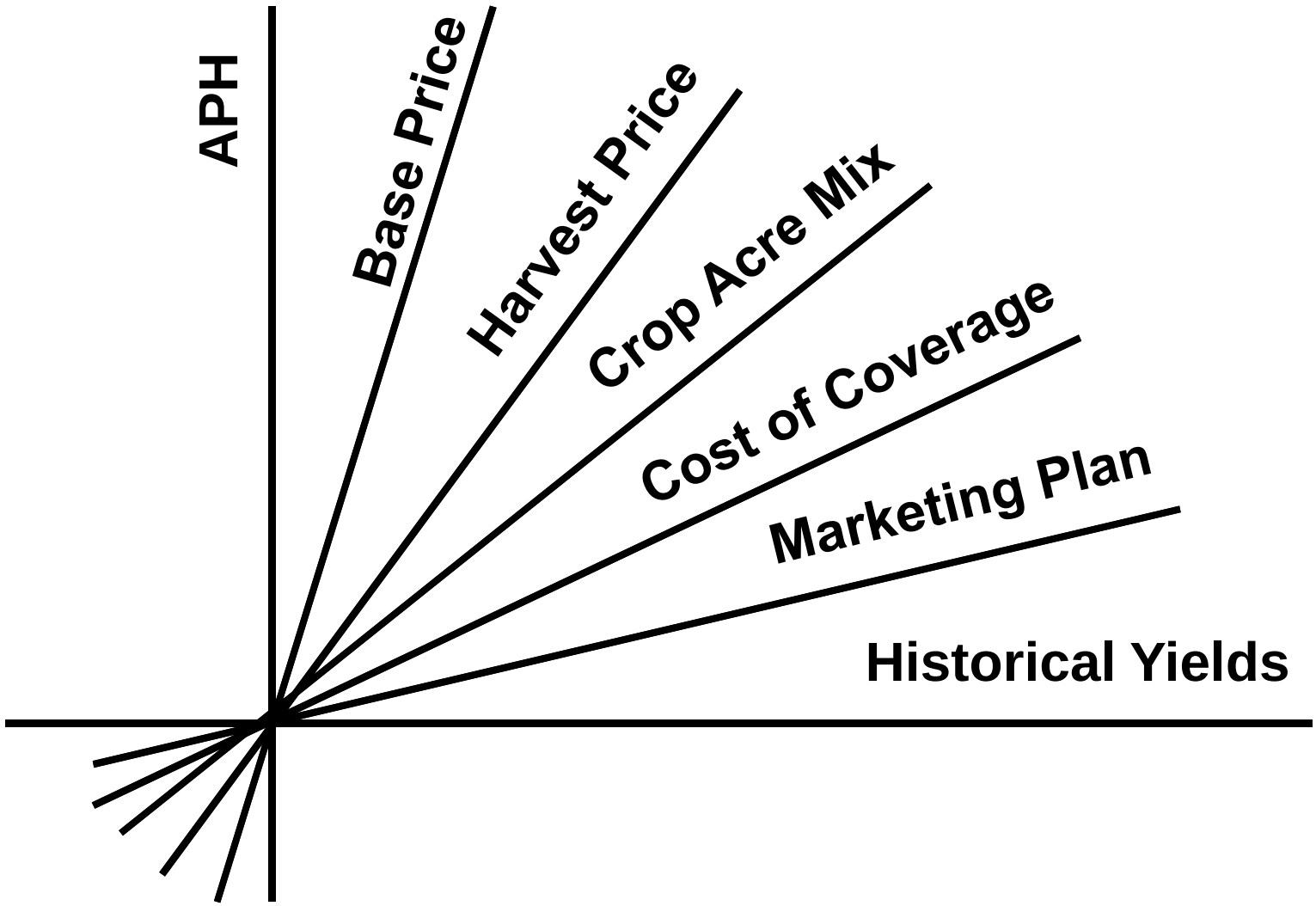


What's the Big Risk???

(165 BU Corn Example)

Opportunity Cost:	**$216**
Contracting Risk:	**$752**
Other Expenses:	**$303**
Inputs:	**$364**
Total:	**$1635**

Step 3) Selecting the Right Coverage



Payoff if the Market Falls

Customer	**John Doe**						
Crop	**Corn**						
Base	$ 6.0800						
Harvest	$ 4.8000						
Probability	30%						
FSN / (i/ni)	**1234 IR**	**1243 IR**	**5678 IR**	**4321 IR**	**6587 IR**	**Wgt Avg**	
Acres*	358.0	125.0	35.0	160.0	467.0	1,145.0	
Weight	31%	11%	3%	14%	41%	100%	
	173	173	173		173		
	148	148	148		148		
Y**	193	193		193	193		
I	175		175		175		
E	205	205		205	205		
L	190	190			190		
D	178	178		178	178		
S	192	192	192	192	192		
	216	216	216	216	216		
	220	220	220	220	220		
APH***	186	189	187	201	189	190	

Payoff if the Market Falls

R	$ -	$ -	$ -	$ -	$ -	$ -
Y	$ -	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -	$ -
75%	$ 848.16	$ 861.84	$ 852.72	$ 916.56	$ 861.84	$ 864.93
	$ 17.76	$ 31.44	$ 22.32	$ -	$ 31.44	$ 22.49
	$ 137.76	$ 151.44	$ 142.32	$ -	$ 151.44	$ 125.72
H	$ -	$ -	$ -	$ -	$ -	$ -
I	$ 8.16	$ -	$ 12.72	$ -	$ 21.84	$ 11.85
S	$ -	$ -	$ -	$ -	$ -	$ -
T	$ -	$ -	$ -	$ -	$ -	$ -
O	$ -	$ 7.44	$ -	$ 62.16	$ 7.44	$ 12.53
R	$ -	$ -	$ -	$ -	$ -	$ -
Y	$ -	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -	$ -
80%	$ 904.70	$ 919.30	$ 909.57	$ 977.66	$ 919.30	$ 922.59

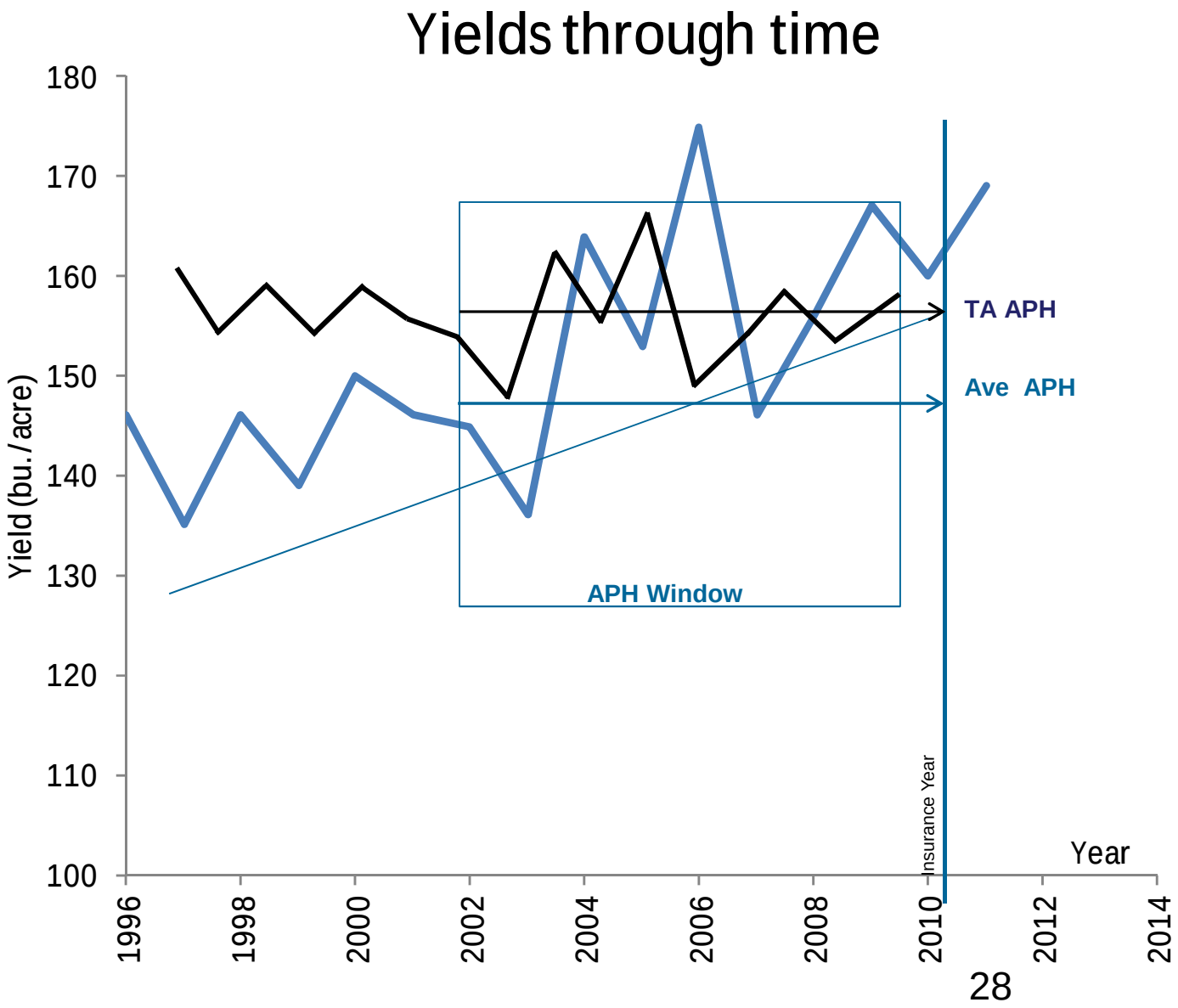
The Crop Insurance Solution

Results of Analysis with Probability Assumptions									
	Coverage	Prem	Avg. Clai	Price Prol	Expected	Net Prem	Total Loss	1/2 Loss	Suggest
50%	$ 588.00	$ 5.07	$ -	30%	$ -	$ 5.07	116	-	
55%	$ 646.80	$ 6.65	$ -	30%	$ -	$ 6.65	97	9	
60%	$ 705.60	$ 8.37	$ -	30%	$ -	$ 8.37	84	14	
65%	$ 764.40	$ 10.47	$ 4.01	30%	$ 1.20	$ 9.27	82	19	
70%	$ 823.20	$ 13.46	$ 9.27	30%	$ 2.78	$ 10.68	77	22	
75%	$ 882.00	$ 19.57	$ 23.19	30%	$ 6.96	$ 12.61	70	23	<==
80%	$ 940.80	$ 33.34	$ 48.29	30%	$ 14.49	$ 18.85	50	19	
85%	$ 999.60	$ 60.92	$ 86.53	30%	$ 25.96	$ 34.96	29	12	

Risk Protection Grid

John Doe	Yields	Level:	75%	Premium	$ 19.57		
Price	50	75	100	125	150	175	200
$ 3.500	$ 707.00	$ 619.50	$ 532.00	$ 444.50	$ 357.00	$ 269.50	$ 182.00
$ 3.600	$ 702.00	$ 612.00	$ 522.00	$ 432.00	$ 342.00	$ 252.00	$ 162.00
$ 3.700	$ 697.00	$ 604.50	$ 512.00	$ 419.50	$ 327.00	$ 234.50	$ 142.00
$ 3.800	$ 692.00	$ 597.00	$ 502.00	$ 407.00	$ 312.00	$ 217.00	$ 122.00
$ 3.900	$ 687.00	$ 589.50	$ 492.00	$ 394.50	$ 297.00	$ 199.50	$ 102.00
$ 4.000	$ 682.00	$ 582.00	$ 482.00	$ 382.00	$ 282.00	$ 182.00	$ 82.00
$ 4.100	$ 677.00	$ 574.50	$ 472.00	$ 369.50	$ 267.00	$ 164.50	$ 62.00
$ 4.200	$ 672.00	$ 567.00	$ 462.00	$ 357.00	$ 252.00	$ 147.00	$ 42.00
$ 4.300	$ 667.00	$ 559.50	$ 452.00	$ 344.50	$ 237.00	$ 129.50	$ 22.00
$ 4.400	$ 662.00	$ 552.00	$ 442.00	$ 332.00	$ 222.00	$ 112.00	$ 2.00
$ 4.500	$ 657.00	$ 544.50	$ 432.00	$ 319.50	$ 207.00	$ 94.50	$ -
$ 4.600	$ 652.00	$ 537.00	$ 422.00	$ 307.00	$ 192.00	$ 77.00	$ -
$ 4.700	$ 647.00	$ 529.50	$ 412.00	$ 294.50	$ 177.00	$ 59.50	$ -
$ 4.800	$ 642.00	$ 522.00	$ 402.00	$ 282.00	$ 162.00	$ 42.00	$ -
$ 4.900	$ 637.00	$ 514.50	$ 392.00	$ 269.50	$ 147.00	$ 24.50	$ -
$ 5.000	$ 632.00	$ 507.00	$ 382.00	$ 257.00	$ 132.00	$ 7.00	$ -
$ 5.100	$ 627.00	$ 499.50	$ 372.00	$ 244.50	$ 117.00	$ -	$ -

Trend Adjusted APH: *Main Idea*



The Crop Insurance Solution with Trend Adjusted Yield

Results of Analysis with Probability Assumptions									
	Coverage	Prem	Avg. Claim	Price Prob	Expected	Net Prem	Total Loss	1/2 Loss	Suggest
50%	$ 615.48	$ 5.64	$ -	30%	$ -	$ 5.64	109	-	
55%	$ 677.02	$ 7.32	$ -	30%	$ -	$ 7.32	92	8	
60%	$ 738.57	$ 9.19	$ 1.98	30%	$ 0.60	$ 8.59	86	14	
65%	$ 800.12	$ 11.69	$ 7.24	30%	$ 2.17	$ 9.52	84	19	
70%	$ 861.67	$ 15.44	$ 16.69	30%	$ 5.01	$ 10.43	83	24	
75%	$ 923.21	$ 22.06	$ 39.17	30%	$ 11.75	$ 10.31	90	30	**<==**
80%	$ 984.76	$ 38.07	$ 76.84	30%	$ 23.05	$ 15.02	66	25	
85%	$ 1,046.31	$ 68.29	$ 122.21	30%	$ 36.66	$ 31.63	33	14	

Customized Risk Profile

	Corn	Cotton	Soybeans	Milo	Rice
Futures	$ 6.20	$ 0.79	$ 13.30	$ 5.90	$ 0.154
Basis	$ (0.250)	$ (0.100)	$ (0.300)	$ (0.600)	$ (0.010)
First Booking Price	$ 5.95	$ 0.69	$ 13.00	$ 5.30	$ 0.144
Total Expense	$ 666.12	$ 742.37	$ 441.20	$ 430.15	$ 820.69
Break-Even Yield	112.0	1,075.9	33.9	81.2	5,699.2
30% Return Yield	145.5	1,398.7	44.1	105.5	7,409.0
High Yield	220.0	1,555.0	76.0	108.0	8,100.0
Expected Yield (APH)	189.7	1,203.3	40.9	92.0	6,500.0
Low Yield	115.0	832.0	10.0	30.0	5,250.0
High Profit	$ 642.88	$ 330.58	$ 546.80	$ 142.25	$ 345.71
Expected Profit	$ 462.46	$ 87.88	$ 90.72	$ 57.45	$ 115.31
Low Profit	$ 18.13	$ (168.29)	$ (311.20)	$ (271.15)	$ (64.69)
Insurance Base	$6.06	$0.81	$13.07	$5.71	$ 0.156
Insurance Level	75%	75%	75%	75%	75%
Net Margin / (Risk)	$ 266.39	$ 53.07	$ 33.45	$ 19.90	$ 11.73
Premium per Unit	$ 0.103	$ 0.021	$ 0.402	$ 0.369	$ 0.003

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