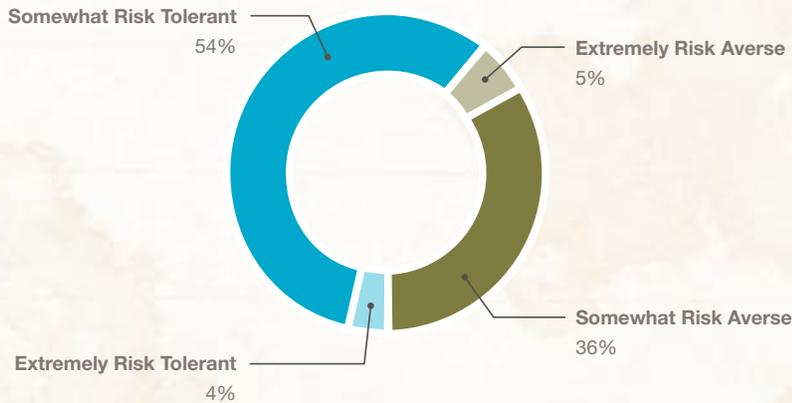


HOW PRODUCERS VIEW RISKS

As expected, the majority of producers view themselves as being risk tolerant rather than risk averse: 58 percent versus 42 percent.

Risk Tolerance/Aversion



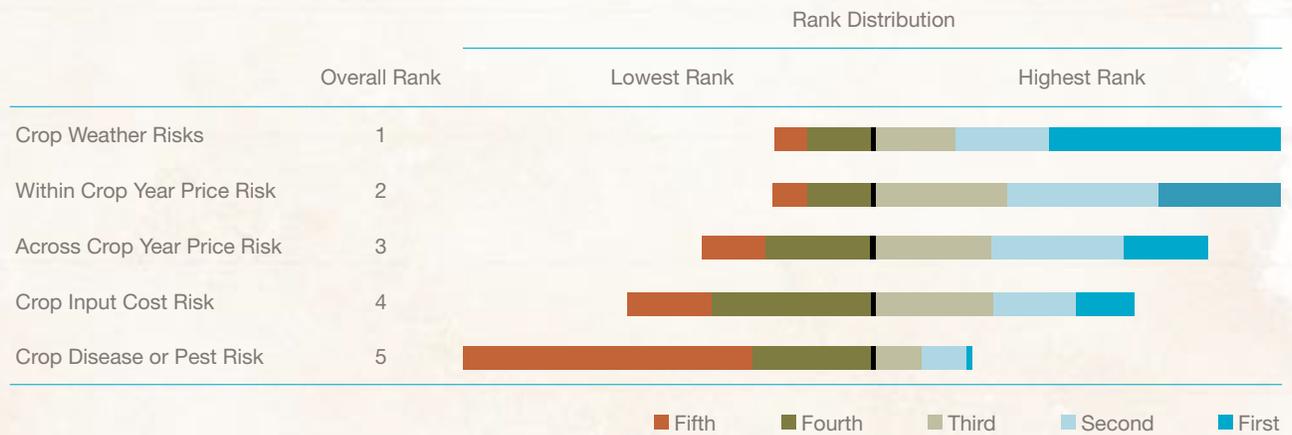
Note: "Averse" percentages appear to not equal 42 percent due to rounding.

"Agriculture, by its very nature, is an inherently risky profession. Nobody should be surprised that the majority of farmers responding to this survey consider themselves somewhat to extremely risk tolerant."

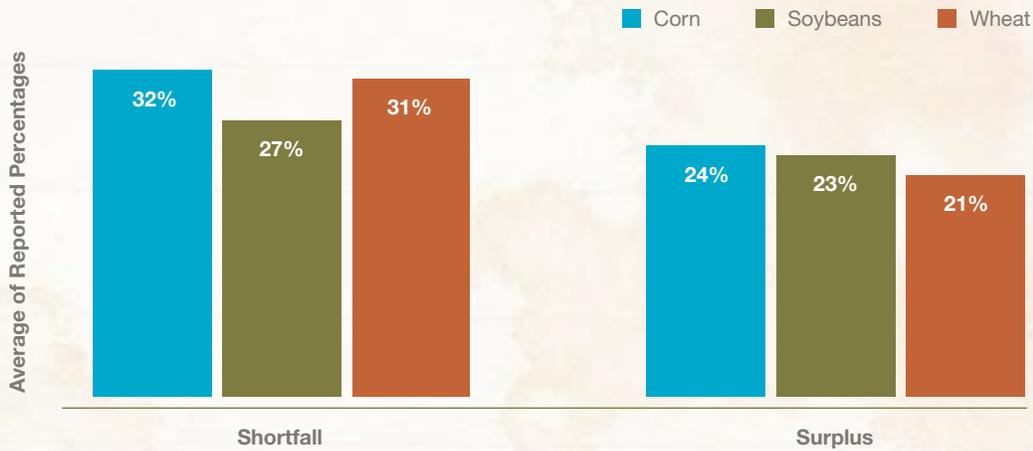
- Ted Schroeder
KSU agricultural economist and director of the Center for Risk Management Education and Research

When grain producers were asked to rank their concerns about five common risks, number one was weather, followed by within-year price risk, year-to-year price risk, input costs and crop disease or pest risk.

Potential Risks



10-Year Yield Experience



Behind weather's top risk rating is this fact: When all three crops are considered, 69 percent of the respondents have seen yields fall 40 percent or more *below* expectations at least once in the past 10 years. The average loss experienced was 32 percent for corn, 27 percent for soybeans and 31 percent for wheat.

On the flip side, only 58 percent say they have seen yields 40 percent or more *above* expected yield, with the average increase over expected crop yields being 24 percent for corn, 23 percent for soybeans and 21 percent for wheat.

"A single bad weather event like hail or high winds can cause dramatic downside yield loss, but it takes a whole season of outstanding weather to get a windfall yield. The downside risk here is much larger than the upside potential."

- **Ted Schroeder**

KSU agricultural economist and director of the Center for Risk Management Education and Research