



WORKING CAPITAL FORECASTS GOVERNMENT EXPERTS  
RETURNS RISK MANAGEMENT SOYBEANS CROP INSURANCE  
MARKET RISK OUTLOOK INCOME FORAGE FRIENDS  
**GROWINGON® 2016**  
PRICES CATTLE INSIGHTS CORN OPTIMISM SWINE  
REGULATIONS COMMODITIES REVENUE EXPENSES  
CAUTION LAND VALUES MARKETS WEATHER INPUTS



Farm Credit Services  
of America

**Answers for the  
Current Ag Cycle**



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## Agenda

- Current Environment
- Narrow the Gap
  - Through Crop Insurance
  - Through Fixed Cost Reduction
- Tools to help you
- Break
- “Solutions for Success” Steve Johnson
- Q&A



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## Landscape – current environment

- Lower commodity prices
- Little change in input costs
- Little change in cash rental rates
- Tighter livestock margins
- Increased environmental, social and regulatory risk
- Relatively low interest rates
- Land values are still strong



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## The Gap

### • Typical Operation

#### – Corn following soybean rotation

	December corn - Chicago Board of Trade (CBOT)				
	Actual Production History (APH) Yield				
	Production Cost (total)				
Revenue Guarantee		85%	Gap		/acre
		80%	Gap		/acre
		75%	Gap		/acre

#### – Now what?



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## Narrowing the Gap through Insurance

### • Maximize Revenue Guarantee

#### – Review policy options

- Yield Exclusion (YE), Trend Adjustment (TA), Yield Adjustment (YA), Beginning Farmer and Rancher (BFR)

#### – Coverage levels

- Level by practice, maximize subsidy

#### – Yield history review

#### – Unit structure

#### – Supplemental products and Crop Hail

- 6 bushel increase could enhance insurance policy by \$20/acre



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## Leveraging Crop Insurance

- Insurance is the safety net for marketing plans
- Take advantage of forward price contract opportunities
- Talk to us about your individual guarantees



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## Narrowing the Gap by Lowering Fixed Costs

- Fixed costs
  - Owned Land - Re-amortize
  - Machinery/Equipment - Refinance
  - Rented Land - Renegotiate
  - Family Living - Re-assess
- Where you as producers can make the most difference
- Analyzing and adjusting your fixed costs could reduce the gap by \$50-\$100/acre



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## FCSAmerica Financial Guidelines

	Green	Yellow	Red
Working Capital per acre	> \$200	\$200-\$100	< \$100
Owners' Equity	> 60%	50-60%	< 50%
Real Estate P&I + Taxes per Acre	< \$200	\$200-\$300	> \$300
Machinery P&I per Acre	<\$50	\$50-75	>\$75
Breakeven per Bushel	< \$3.50	\$4.00	> \$4.50



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## Land Value Trends

- Farm Credit Services of America/Frontier Farm Credit updates benchmarks every 6 months.
- This information is based on Real Estate sales in each local area.

State	Six Month	One Year	Five Year	Ten Year
Iowa (21)	-4.65%	-10.45%	71.53%	168.58%
Kansas (7)	2.94%			
Nebraska (18)	-2.81%	-4.37%	113.18%	254.04%
South Dakota (23)	0.76%	3.03%	110.46%	261.34%
Wyoming (2)	6.79%	7.94%	20.12%	72.60%



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## Sustainable Lending Levels

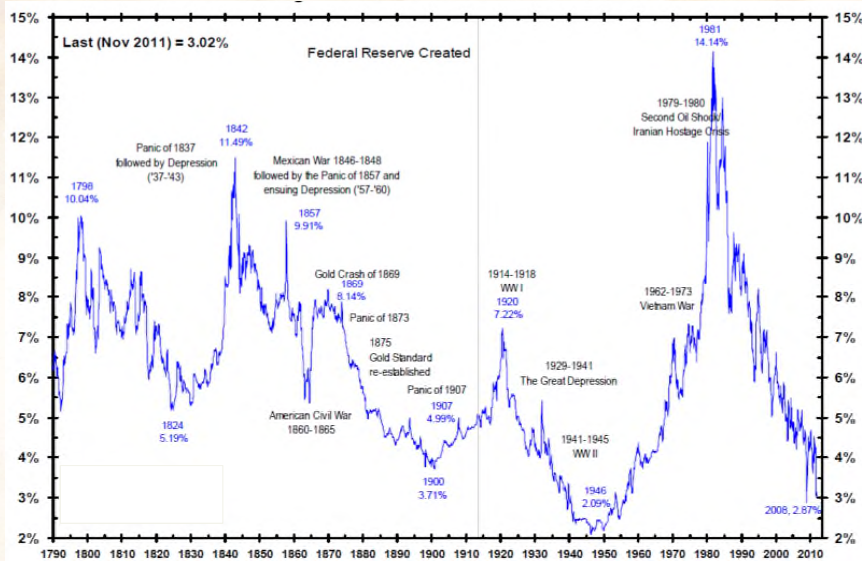
- Created to protect customers & cooperative from over leveraging balance sheets
- Implemented a Maximum Dollar per Acre Loan based on Sustainable Income Levels
- Reliable and dependable financial partner

Our credit philosophy: Conservative in Good Times, Courageous in Tough Times



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## Long Term Interest Rate



## Strong Financial Partner

Highlights	First Half 2015	2014	2013
Loans	\$22.3 billion	\$22.1 billion	\$20.2 billion
Members' Equity	\$4.2 billion	\$4.0 billion	\$3.6 billion
Net Income	\$236.7 million	\$536.5 million	\$514.6 million
Cash-Back Dividends Declared		\$160 million	\$145 million

We put cash in YOUR hands to benefit  
YOUR local community



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## Now What?

- Understanding the gap
  - Review your specific situation with our local team of experts
  - Utilize our free digital tools
- Maximize your operation's potential
  - Make the best crop insurance decisions
  - Leverage available financial strategies

Let us help you!



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