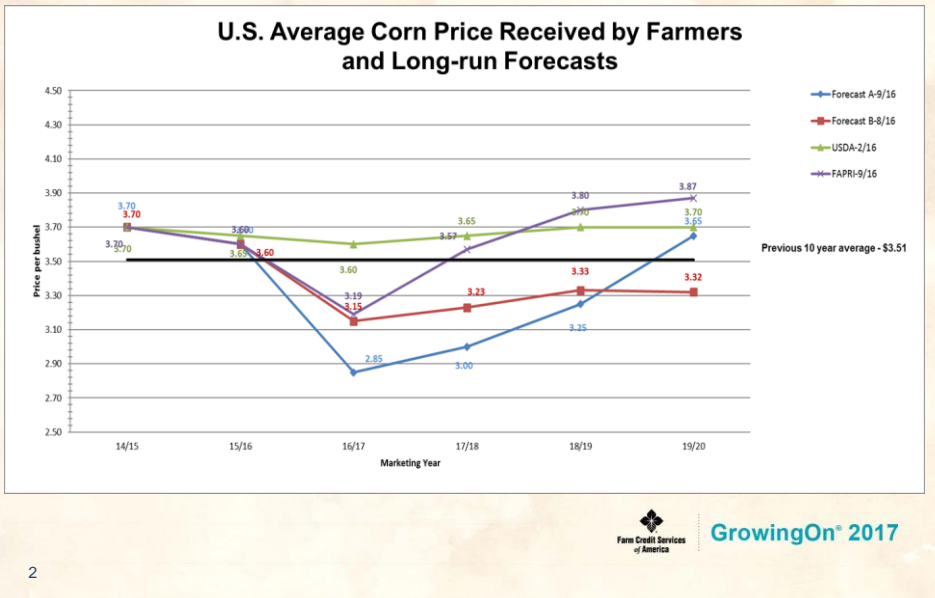




Current Environment

- Key drivers have changed:
 - Demand driven by ethanol expansion leveled off
 - Emerging economy slowdown
 - Abundant supply – U.S. and world
 - Strength of the U.S. dollar, particularly relative to currency of competitors for U.S.

Corn Price Forecast



Grain Production Agriculture

- The revenue side of grain production agriculture adjusts in real time – with markets and bushels
- The cost side adjusts in a lagging manner
- The issue becomes:
 - Time frame of the lag
 - The magnitude of the lag

Future Realities

- Grain production agriculture needs to reconcile the reality of our current revenue stream.
- Price will not fix the problem.
- Cost reductions are needed.

4



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Grain Production Agriculture Universal Truth

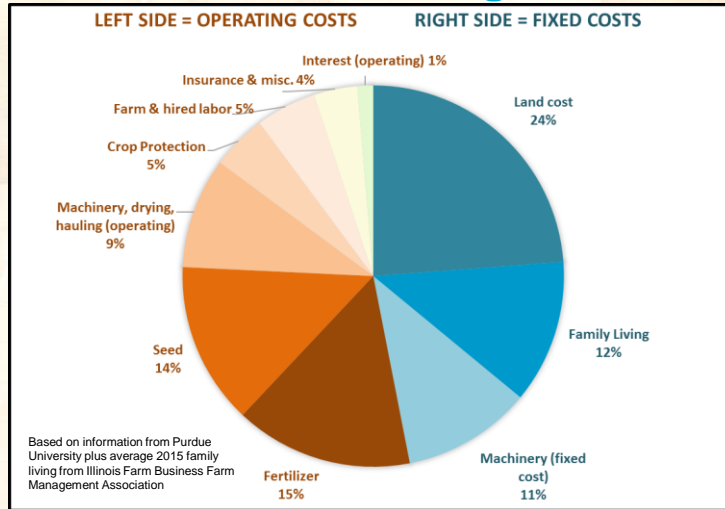
- “Fixed costs,” not variable costs, are the main factors that separate high cost, medium cost and low cost operations.
- Fixed Costs include:
 - Owned / Rented Land
 - Machinery / Equipment
 - Family Living
- Working on your variable costs is ok, but generally will not fix your overall cost structure issues. Lowering your fixed costs is the key.
- The pace of your adjustments will be critical to thriving / surviving.

5



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Focus On The Big Items



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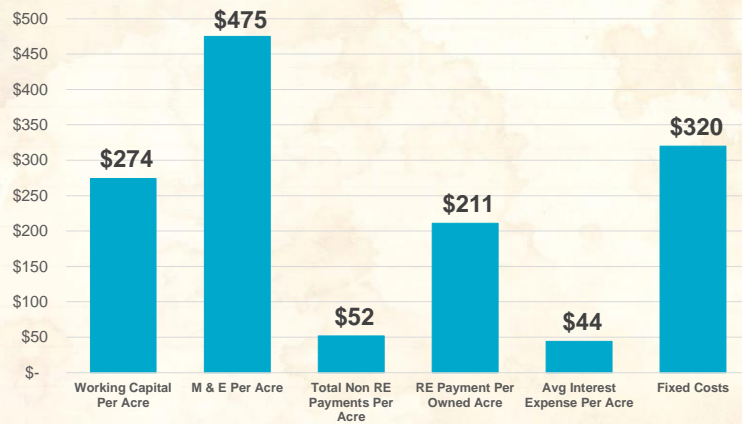
Association's Financial Guidelines

	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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How Do I Compare?



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8

Refinance / Re-Amortization Strategy Is for EVERYONE

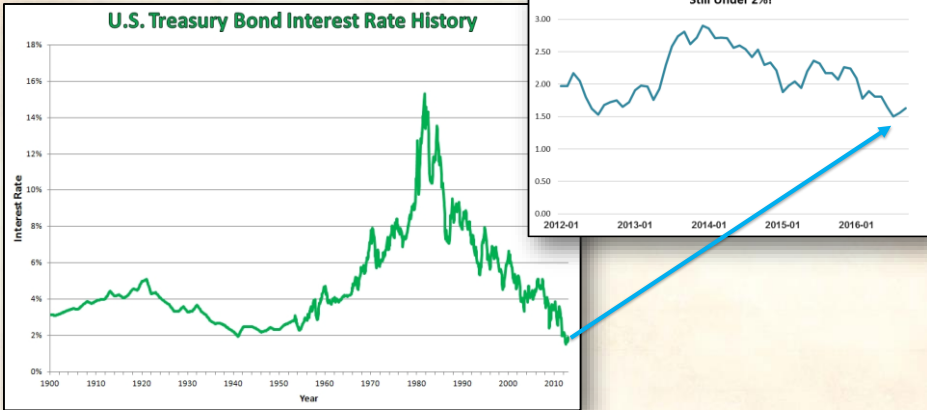
- Applies to low cost / medium cost / high cost operations
- Tried and true business strategy
- Motivation / drivers are different
- Medium / high cost make adjustments to survive the cycle
- Medium / low cost make adjustments to maximize future opportunities



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9

Interest Rates Remain Historically Low



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Lower Your Land Costs

- 300 Acres Owned
- \$885,000 total debt – (\$2950/A)
- Current Rate = 4.50%, New Rate = 5.25%

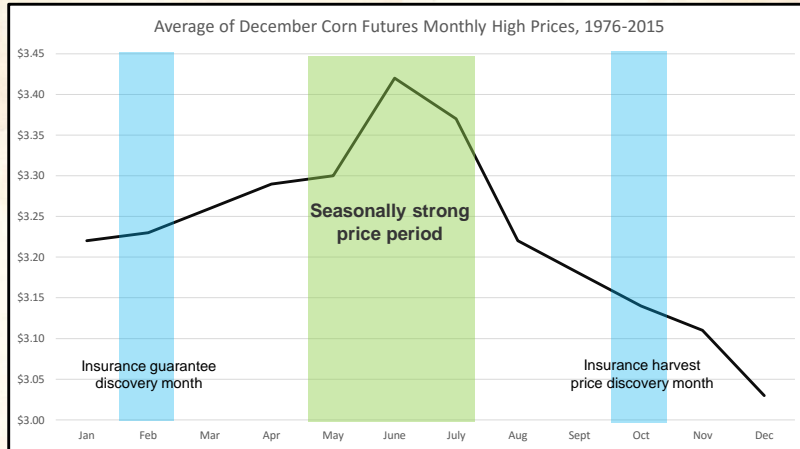
	Yrs. Remaining	Payment	Pmt./Acre
Current	9	\$122,096	\$407/Acre
Future	25	\$64,840	\$216/Acre

Now is a great time to re-amortize your loans



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Crop Insurance Supports Forward Marketing



Data: Brugler Marketing and Management



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What Concerns can Limit Marketing Opportunities?



Worries about fulfilling grain contract demands

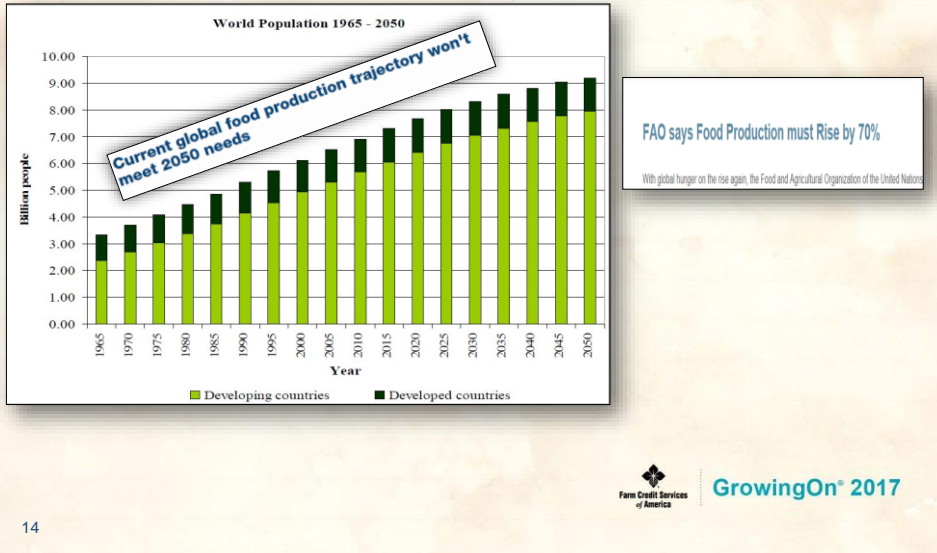


Uncertainty of choosing the right marketing option



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Reasons for Long Term Optimism



Call To Action

- We are committed to support your needs
 - Added Staff
 - Built a strong financial position
- Time to act is now
 - Assess your operation for changes you need to make
 - Sit down with your Financial Officer
 - Review your fixed costs
 - Learn more about WorkSmart
 - Execute a Marketing Strategy with Crop Insurance
 - Take advantage of the AgriPoint suite of tools available to you as a customer
 - Be informed by attending a Small Group Meeting



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