I was born in a small town...

- I grew up in Hillsboro...
- YES, there were TWO stock yards
- I am a journalist.
COWS ARE KIND OF MY THING...

AINT SHE PRETTY?

I'M A SUBURBAN “FARM KID”

I RAISE GRASS, DOGS AND... A BABY!
Meet the Press

Who HE thinks he is...

Meet the Press

Who YOU think he is...
Meet the Press
Who he REALLY is...

Where are we going?
Well, where - exactly - have we been?
PERCEPTION IS REALITY
WHAT CONSUMERS “KNOW” ABOUT MODERN AGRICULTURE

FACEBOOK IS HUGE.
$5 BILLION INITIAL PUBLIC OFFERING

If Facebook were a country...
It would be the 3rd most populous in the world

Today’s valuation: $7.9-11 billion
Facebook is HUGE.

*GRAPHIC COURTESY OF VISUAL ECONOMICS
- DATA FROM NOVEMBER, 2011

Talk is cheap? Free, really.
A person is smart...

PEOPLE are dumb, panicky dangerous animals and you know it.

~Agent K, Men In Black

Why it really, really matters...
“So our animals can’t turn around for the 2.5 years that they are in the stalls…I don’t know who asked the sow if she wanted to turn around.”

Words have consequences.

- Think about the words you use.
- Who am I talking to? What do they know?
- Consumers are people just like you and me.
- BE REAL. THEY'RE NOT STUPID.
OPRAH & MY EPIPHANY
CARGILL FINDS A PUBLIC RELATIONS SUPERSTAR

THE FOOD DIALOGUES
Results from Surveys of Farmers, Ranchers and Consumers
We wanted to understand the attitudes and opinions of farmers and ranchers AND consumers, so we went straight to the source...

2,417 consumers surveyed nationwide (August 2011)
1,002 farmers & ranchers surveyed nationwide (August 2011)

Research Highlights:
Consumers think about food production constantly, yet know very little about how food is brought to the dinner table.
Overwhelmingly, farmers and ranchers share the same values as consumers.
Farmers and ranchers know a divide exists between consumers and their food.
Consumers are finely divided on the direction of modern agriculture.

We have more in common than we think...
We have more in common than we think...

More from less.

- In 1960, one farmer produced enough food for 30 people.
More from less.

- In 2010, **one** farmer produced enough food for **155** people.

More from less.

- 81%
- 176%
- 333%
- 11x

*U.S. Farmers & Ranchers Alliance*
The Credibility Gap

**You say ...**
- Our methods are proven safe.
- We keep food affordable.
- Most farms are family-run.
- We care about our land and animals.
- Agriculture is the reason for our abundant food supply.

**They hear ...**
- We don't know if they're safe in the long-term.
- At what expense to quality?
- Most farms are beholden to big processors and the bottom line.
- You will take profitable shortcuts when and if you can.
- You want to produce more to sell to the world.
- An abundance of unhealthy food is not a good thing.
- Pesticides, antibiotics, hormones and GMOs might not be safe long-term.

The Solution

- Dramatic paradigm shift
- What happens when you get questions from your non-farm friends?
- YouTube-proof you farm!
THE FOOD-CENTERED PARADIGM
IT’S ABOUT THE PRODUCT, NOT THE PRODUCTION

Talking Points:
- Supply - Tight ending stocks
- Production - Big crops coming
- Weather - the real X-factor
- Demand - who wants it
- Macro Issues - It’s the economy
Talking Points:
Supply - where we are

Bottom line: we have a lot more corn than we did this time last year.

How many acres...?

- 2013: 95.3 million acres of corn
- 2013: 76.5 million acres of soybeans
THE BIG PICTURE
2012 MARKED THE WORST DROUGHT IN AT LEAST FIVE DECADES

Corn Production Trends

- Three consecutive years below trend
- 2012: smallest yield since 1995
Soybean Production Trends

- Two consecutive years below trend
- 2012: smallest yield since 2003

Nov. 8 Grain Stocks
Talking Points:
Production - where we’re going

Bottom line: History rarely repeats itself, but it sure does echo...

2014 Planting Intentions?

- Corn: 91.5 million acres, down 4%
- Beans: 83.8 million acres, up 9.5%
Second verse, same as the first...

- Despite record corn and soybean crops, stocks-to-use ratios are still extremely tight.
- Market telling farmers to plant more soybeans due to tight ending stocks.
- Cotton, wheat continue to lose acres to increased corn and soybean plantings.
- Price outlook could fluctuate wildly depending on weather.

Yields rebounded:

- 2013 trend yield estimate: 163.6 b/a
- USDA Nov. report estimate: 160.4 b/a
Yields rebound:

- 2013 trend yield estimate: 44.5 b/a
- USDA Nov. report estimate: 43.0 b/a

If, if, if (March 2013 edition)...  
- IF farmers plant 97.3 million acres of corn, AND  
- IF yields return to trend of 163.6 bu. per ac.,  
- THEN, production would reach 14.5 billion bu...  
- AND, corn prices will plummet.

USDA’s Joe Glauber estimated 14.5 billion bu. at Outlook Forum, an increase of 34.8% from 2012
If, if, if (March 2013 edition)...

- IF farmers plant 77.1 million acres of beans, AND
- IF yields return to trend of 44.5 bu. per ac.,
- THEN, production would reach 3.1 billion bu...
- AND, soybean prices will remain firm.

USDA’s Joe Glauber estimated 3.4 billion bu. at Outlook Forum, an increase of 12.9% from 2012

If, if, if (December 2013 edition)...

- IF weather is relatively neutral to production this season and production holds to forecast,
- THEN a big crop is likely and prices will fall.
- BUT...
- IF weather is anything at all like 2013, leading to a another year of sub-trend yields,
- THEN a small crop will lead to HUGE price spikes.
So what are the price prospects for 2014?

- From ’47-’72, avg. price of corn in IL was $1.28
- From ’73-’06, avg. price of corn in IL was $2.42
- Rapid expansion in exports
- In 2006, the “new era” of grain demand began
- U of I researches projected price possibilities based on previous two “eras” of corn prices

Situation: then vs. now

**THEN (2012/13 est.)**
- Corn stocks: 0.823 bbu
- Soybeans: 0.141 bbu
- Corn planted: 97.2 mill
- Soybeans: 77.2 million
- Worst U.S. drought in at least 50 years...
- Corn: $6.32 in MSP

**NOW (2013/14 forecast)**
- Corn stocks: 1.887 bbu
- Soybeans: 0.170 bbu
- Corn planted: 95.3 mill
- Soybeans: 76.5 million
- Late planting gave way to excellent weather.
- Corn: $4.18 in MSP
Prices expected to fall...

<table>
<thead>
<tr>
<th>Crop</th>
<th>2009/10</th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14F</th>
<th>% Change 2011-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>4.87</td>
<td>5.70</td>
<td>7.24</td>
<td>7.90</td>
<td>7.00</td>
<td>-11.4%</td>
</tr>
<tr>
<td>Corn</td>
<td>3.55</td>
<td>5.18</td>
<td>6.22</td>
<td>7.20</td>
<td>4.80</td>
<td>-33.3%</td>
</tr>
<tr>
<td>Soybeans</td>
<td>9.59</td>
<td>11.30</td>
<td>12.50</td>
<td>14.30</td>
<td>10.50</td>
<td>-26.6%</td>
</tr>
<tr>
<td>Rice</td>
<td>14.40</td>
<td>12.70</td>
<td>14.50</td>
<td>14.90</td>
<td>15.20</td>
<td>+2.0%</td>
</tr>
<tr>
<td>Cotton</td>
<td>62.9</td>
<td>81.5</td>
<td>88.3</td>
<td>71.0</td>
<td>73.0</td>
<td>+2.8%</td>
</tr>
</tbody>
</table>

*Wheat, corn and soybeans in dollars per bushel; rice in dollars per hundredweight; cotton in cents per pound. Numbers in red denote record levels.*

**Talking Points:**

**Demand - who wants it?**

Bottom line: end users of feed grains are ready to expand, mostly, and consumers aren’t flinching... yet.

- USDA’s Joe Glauber in February
- USDA Nov. estimates: $4.50 corn, $12.15 soybeans
ETHANOL PRODUCTION
TAKES A LICKING, KEEPS RIGHT ON TICKING...

EPA clamps down on ethanol mandate...

<table>
<thead>
<tr>
<th>Category</th>
<th>Proposed Volume</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cellulosic biofuel</td>
<td>17 mill gal</td>
<td>8-30 million gallons</td>
</tr>
<tr>
<td>Biomass-based diesel</td>
<td>1.28 bill gal</td>
<td>1.28 billion gallons</td>
</tr>
<tr>
<td>Advanced biofuel</td>
<td>2.20 bill gal</td>
<td>2.0-2.51 billion gallons</td>
</tr>
<tr>
<td>Renewable fuel</td>
<td>15.21 bill gal</td>
<td>15.00-15.52 billion gallons</td>
</tr>
</tbody>
</table>

*All volumes are ethanol-equivalent, except for biomass-based diesel which is actual*

- EPA proposal would put corn ethanol at 13 billion gal., down from 13.8 billion estimated this year
More money means more milk
But, the only cure for high prices is... high prices.
HERE’S THE TRUE X-FACTOR FOR THE AG “BOOM”
LOOKS A LOT DIFFERENT THAN THE 1980’S, DON’T IT?
Interest rates will go up.

- FOMC “exit strategy” - whatever that means.

The economy matters.

- It’s getting better all the time...?
GOOD LUCK
WE'RE ALL COUNTING ON YOU.