Rabobank Farm & Ranch Survey

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International Communications Research

Custom Research • Information Analysis • ICR *EXCEL* omnibus services

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Objectives

The purpose of this study is to gauge farmers' confidence among target farming regions within the U.S. The findings monitor business outlook and general sentiment within the agriculture economy and the farming industry, as well as the use of risk management strategies. Farmers' current individual financial situations were assessed as well as any potential changes they may be considering with regard to current U.S. food safety programs in light of the most recent economic events.

Methodology

Farmer insights were gathered by ICR utilizing Computer Assisted Telephone Interviewing method. A total of 455 interviews were conducted between August 3rd and August 18th, 2009 among farmers, who owned or operated a farm grossing $250,000 or over in one of three U.S. census regions of Midwest, South and West.

Similarly to last wave, designated quotas were set between the three revenue groups of small (less than $1MM revenue per year), medium (between $1MM and $3MM revenue per year) and large ($3MM and over revenue per year).

Sample Breakout by Region

US Census Regions (n=455 Total Completed Interviews)		
Region 2: Midwest/ North Central (n=130 interviews)	**Region 3: South** (n=190 interviews)	**Region 4: West** (n=135 interviews)
Division 3: East North Central **Division 4: West North Central**	**Division 5: South Atlantic** **Division 6: East South Central** **Division 7: West South Central**	**Division 8: Mountain** **Division 9: Pacific**

Sample Breakout by Revenue

Sample by Annual Farm Revenue (n=455 Total Completed Interviews)		
<$1MM Revenue (n=352 interviews)	**$1MM to $3MM Revenue** (n=53 interviews)	**$3MM+ Revenue** (n=50 interviews)

The surveyed data was weighted by region and revenue based on information available from the Farm Service Agency (FSA) to ensure representation of farmers.

Executive Summary

Current Business Conditions

Year-over-year income continues to deteriorate for most farms. The downturn is felt more among farms in the North Central region, particularly farms with 2+ employees that generate less than $1MM in revenue.

Income expectations for next year remain unchanged, with more farms expecting things to get worse than those expecting things to get better. Nevertheless, optimism has not dampened among one in four farmers who continue to expect things to get better next year.

Economy and Financial Concerns

Close to two thirds of the farmers continue to be concerned about both the overall agriculture economy and their individual farm's outlook. The outlook for economic recovery has worsened slightly when compared to the previous survey period.

The Rural Confidence Index, which is calculated as the percentage expecting the agricultural economy to improve minus percentage expecting conditions to worsen over the next 12 months indicates that the confidence in the US agricultural economy remains low at this point in time, as there are proportionately more farmers who are pessimistic than are farmers who are optimistic.

Among those concerned about the economy, the anxiety generated by lagging incomes and the future results in some farmers lowering their farm equipment purchase and employee base. Overall, intent to purchase used equipment is directionally (not statistically) higher and intent to purchase both used and new is lower.

Despite relatively poor performance and confidence levels, some positive indications suggest potential for stabilization and recovery:

- Overall hiring numbers for new employees remain stable year-over-year.
- While income has been adversely impacted, input costs have improved.
- Comparable to prior waves, no significant downsizing or upsizing of land size is expected.
- Despite the recent market volatility and economic policy changes, farmers' difficulty with their job. remains unchanged. Also, slightly more farmers than last year expect their jobs to get less difficult.

However, several concerns still remain. The cost benefit coming out of the deflationary economic environment appears to be temporary and restricted to few farms. Income continues to be a primary concern for most farmers and, in fact, significantly fewer farmers feel that the cost of inputs will be better next year. Weather conditions and demand are the other main concerns – with more concerned on these issues than previously surveyed.

Risk Management

Similar to last wave, nine in ten farmers are concerned about price fluctuations in the market place. Slightly less than half of the farmers have recently implemented or plan on investing in risk management or marketing strategies. Among the options, there is a significant decline in using pre-selling crop/livestock as the most frequently used risk management approach, followed by hedging future commodity sales and lock-in margins.

In terms of risk hedging or risk management products, two-thirds of farmers deploy input costs with crop/livestock damage following second. Concerning crop/livestock options, there has been a significant decrease pertaining to farms under 1,000 acres with investment dropping from 90% in Winter 2009 to 40% currently. Foreign exchange has slightly increased in this wave (from 5% up to 15%).

Detailed Findings

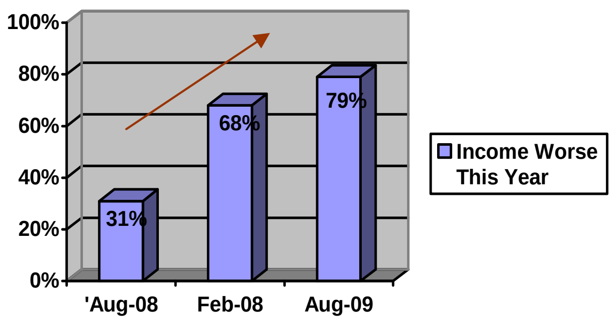
SECTION I:

BUSINESS CONDITIONS VERSUS LAST YEAR AND OUTLOOK FOR NEXT YEAR

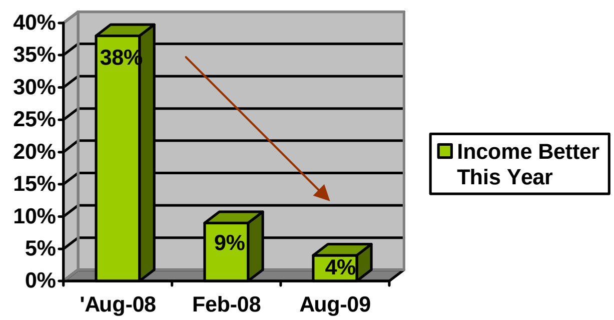
Income

Year-over-year income continues to deteriorate. Most farms have seen a worsening of income levels versus the same period last year when less than a third of the farms experienced lower year-over-year income.

Income Worse Than Last Year



Income Better Than Last Year



Less than 5% of the farms saw an improvement in income this year, a drastic downturn compared to same time last year when one in four farms saw better year-over-year income.

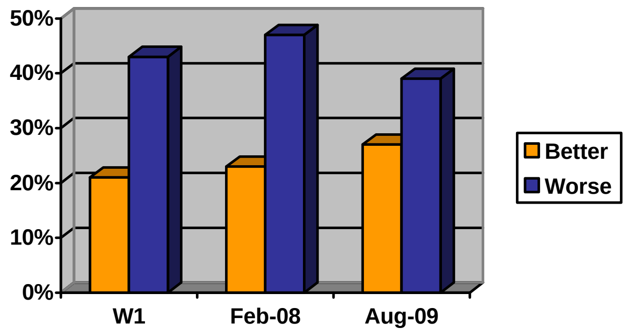
Income distress is more pronounced among farms with 2+ employees that generate less than $1MM in revenue, particularly in the North Central region.

Percent stating income is worse compared to last year	Summer 2009	Winter 2009
North Central	82%↑	65%
South	74%	75%
West	76%	70%

- While farmers in all three regions see their income lessening, eight in ten farmers in North Central with incomes <$1M significantly feel this drop compared to two-thirds of North Central farmers within the same income band last wave.
- Eight in ten farmers with 2+ full-time employees this period feel a worsening in income compared to two-thirds of farmers with the same employee base in Wave 2. Similarly, farmers with <$1M in income are suffering more financially this period than last (80% vs. 68%).
- Farmers are more distressed this wave regardless of acreage.

The income expectation for next year is statistically unchanged when compared with expectations on future outlook obtained in previous waves. This suggests that farmers continue to take a consistently modest position when anticipating future performance, irrespective of the recent volatility in the market.

Income Expectation Next Year

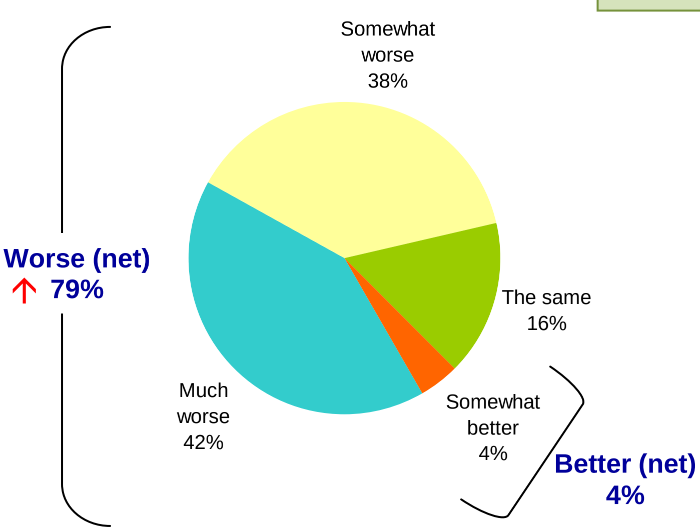


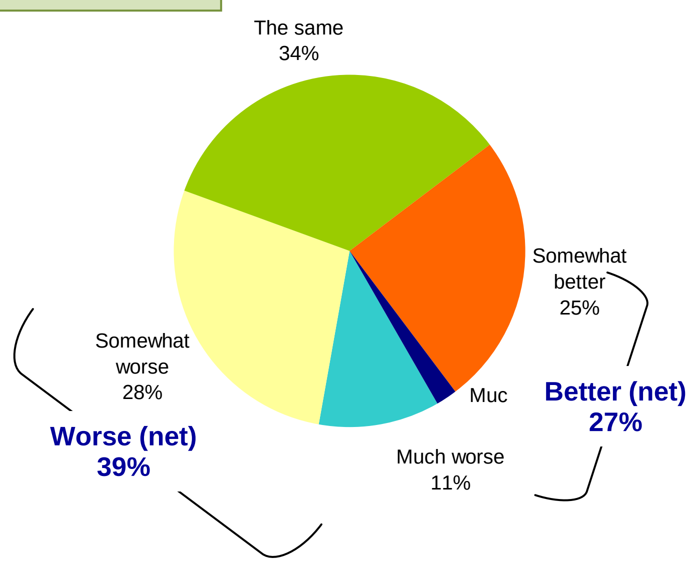
While most farms have experienced worsening of income, optimism among one in four farms that things will get better next year is not dampened.

Income from Farm
Same Time Last Year
(Total answering = 440)

	Winter 2009 Data	
	Last Year	Next Year
Worse	68%	47%
Better	9%	23%

Income from Farm
Same Time Next Year
(Total answering = 428)





Significant difference compared to last wave

Q.1 When compared to this same time last year, is the income from your farm now?
Q.5 Thinking of this same time next year, do you expect your farm's income to be when compared to now?

Note that 'net' amount may not add to exactly or match its parts due to rounding of the parts.

There are glimpses of optimism among certain regions and farm sizes based on revenue in looking to next year.

- Twice as many farms (50% vs. 25%) generating $1M -<$3M in revenue are expecting income to be better next year compared to 2009.
- A substantial increase can be seen in Southern farmers with incomes of $1M+ for 2010 with nine in ten farmers rating their future income better compared to only a quarter in Wave 2.

Percent stating income is worse compared to next year	Summer 2009	Winter 2009
North Central	42%	44%
South	29%	53%↑
West	40%	46%

↑↓ *Significant difference compared to last wave*

Cost

In recent months, costs have been slightly favorable with a quarter of farmers indicating that costs are better compared to 18% last wave.

- This is particularly true among Southern farmers with incomes of <$1M (26%) who believe the costs are lower this year than 14% of them last wave.
- Some farmers expect costs to get better. Fewer farmers (a quarter) in the North Central region believe costs will be worse compared to half of them during the last wave.

However, the cost benefit coming out of the deflationary economic environment appears to be temporary and restricted to few farms. As with past waves, income continues to be a primary concern for most farmers. In fact, significantly fewer farmers feel that the cost of inputs will be better next year (29% vs. 20%) and, conversely, more farmers feel costs are going to increase.

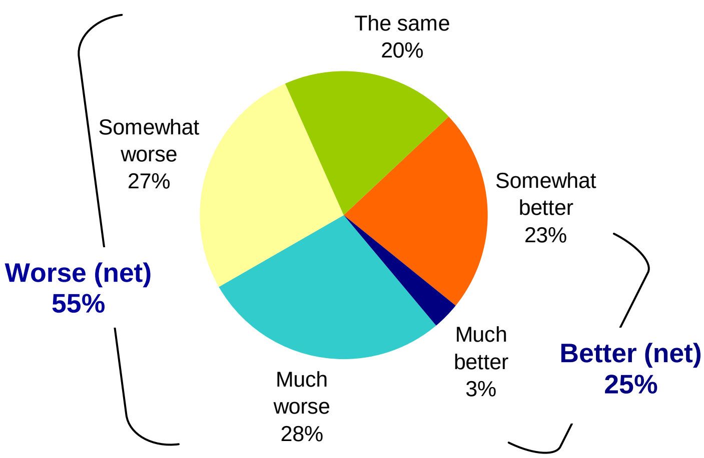
- Fewer <$1M revenue generating farmers expect costs to be better next year than last year (21% vs. 30%).
- Future cost concerns equally dominates among farms with part time employees. A third of farms with part-time employees rated costs better for the following year in Winter 2009 compared to one-fifth currently.

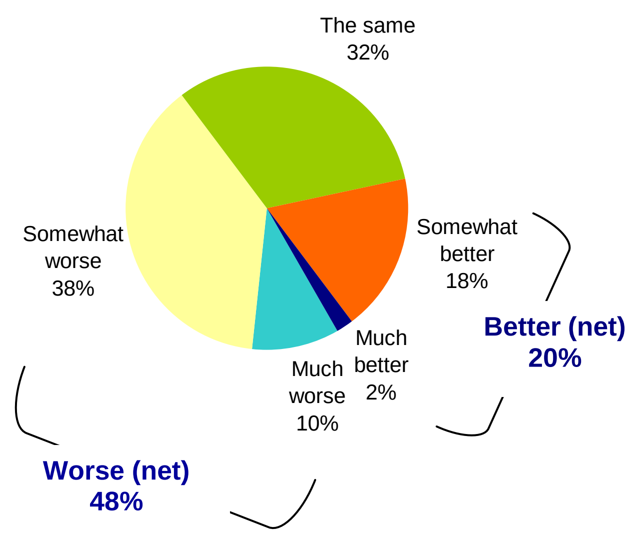
Costs from Farm
Same Time Last Year
(Total answering = 451)

Winter 2009 Data

	Last Year	Next Year
Worse	67%	34%
Better	18%	30%

Costs from Farm
Same Time Next Year
(Total answering = 436)





Q.2 When compared to this same time last year, are the costs from your farm now?
Q.6 Thinking of this same time next year, do you expect the cost of inputs to be when compared to now?

Note that 'net' amount may not add to exactly or match its parts due to rounding of the parts.

Difficulty of Job

Similar to prior waves, about six in ten farmers feel that their job is more difficult. It is noteworthy that the job difficulty levels remain the same between the previous survey periods with few significant differences among farms in terms of number of employees, acreage, income, or years in operation. The few differences are:

- A greater number of farmers who are somewhat concerned about the U.S. agricultural economic outlook (51%) and not concerned (64%) rate their jobs the same compared to those who are concerned (30%).
- In terms of the financial outlook for farmers, those that are somewhat or not concerned (44% and 59% respectively) feel their jobs are the same with only a quarter rating this who are concerned about finances. Concurrently, over half of farmers who are not impacted by the economy also feel their job is the same.

Some regions and revenue groups appear to be more optimistic regarding job difficulty next year.

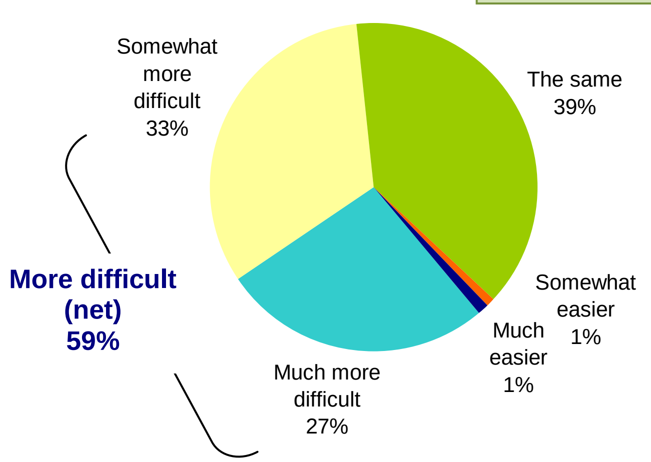
- There is a lessening in anticipation of more difficult work conditions among farmers in the South (41% compared to 53% measured during the previous survey period).
- An even more substantial decrease is evident in the South among $1M+ revenue generating farms with significantly fewer farms anticipating job difficulty next year relative to the prior wave (26% vs. nearly three-quarters previously).

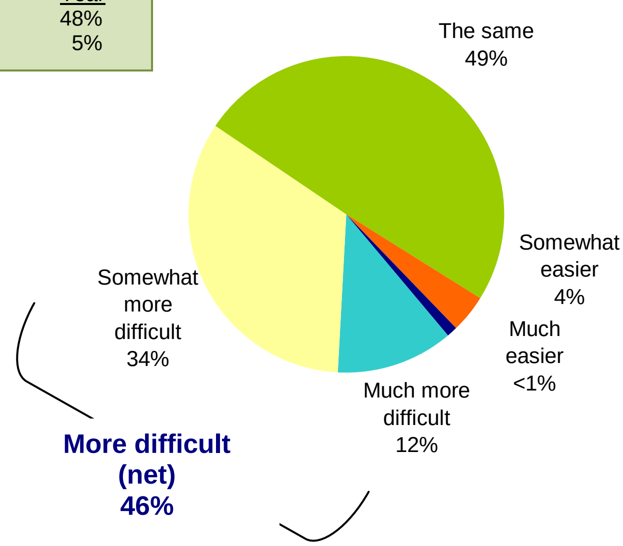
Overall Job as Farmer
Same Time Last Year
(Total answering = 454)

Overall Job as Farmer
Same Time Next Year
(Total answering = 449)

Winter 2009 Data

	Last Year	Next Year
More Difficult	57%	48%
Easier	4%	5%





Q.4 When compared to this same time last year, overall, is your job as a farmer or rancher now …?
Q.8 Thinking of this same time next year, do you think your job as a farmer or rancher will be … when compared to now?

Note that 'net' amount may not add to exactly or match its parts due to rounding of the parts.

SECTION II:

EXPANSION PLANS

Hiring Plans

Generally, farmers are keeping their workforce at the same levels**.** Some regional differences exist relative to the previous survey period, with farms in the West hiring fewer employees when compared to the South (17% vs. 29% in the South).

- As can be expected, more farmers who are concerned about the economy have hired fewer new employees compared to last year (33% vs. 16%). Similar differences exist with regard to financial outlook with one-third of those concerned hiring few numbers compared to one-fifth hiring who are somewhat concerned. Similarly, a larger number of farms affected by the economy hired fewer workers (30% vs. 15% not affected.)
- One-third of farmers in the South are now hiring fewer employees with one-fifth doing so in the West.

Plans to hire for next year remain consistent as in the past, with three-quarters of farms still expecting the hiring levels to be the same as last year.

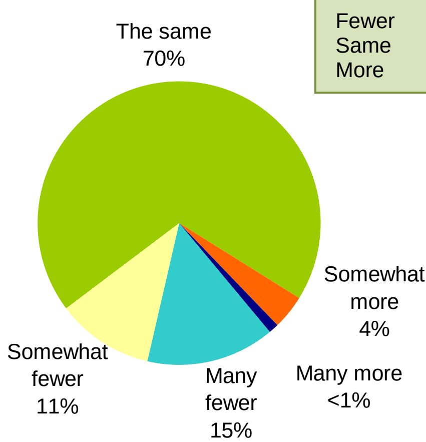
- Those farms who will not implement sustainable agriculture practices will be hiring the same number of employees (86%) compared to those who will (72%).
- Farmers who are somewhat/not concerned with the agricultural economic outlook will leave their hiring numbers the same, while those who are concerned will reduce their employee base (29% vs. 13%).

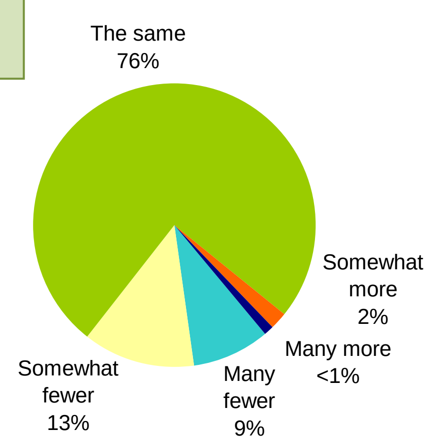
Hiring New Employees
Same Time Last Year
(Total answering = 434)

Hiring New Employees
Same Time Next Year
(Total answering = 445)

Winter 2009 Data

	Last Year	Next Year
Fewer	25%	19%
Same	73%	77%
More	3%	5%





Q.3 When compared to this same time last year, have you hired or are you hiring new employees
Q.7 Thinking of this same time next year, do you expect to hire employees when compared to now?

Equipment Purchase

Comparable to Winter 2009, one in three farms expect to purchase farm equipment next year. Generally, the purchasing proportions of new, used or both types of equipment remain the same. Nearly half of farmers will buy used equipment, with slightly fewer farmers purchasing both used and new (37% this wave vs. 46% previously).

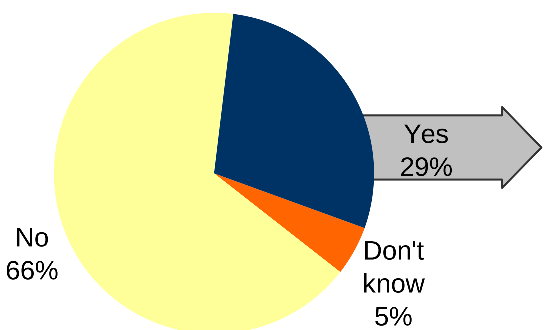
- Two-thirds of those who are somewhat/not concerned about the agriculture economy are willing to buy versus one-fifth who are concerned.

- A greater number of farms not impacted by the economy will purchase new equipment (40%) while a greater number of those impacted will purchase used (46%).

- Similar to last wave, more older farms (in operation 40 years or more) are planning to buy equipment compared to newer farms (73% vs. 60%).

- Two-thirds of smaller farms (those under 1,000 acres) are more likely to purchase used equipment than 1,000+ acre farms.

Plans for Farm Equipment Purchase
Same Time Next Year
(Total farmers = 455)

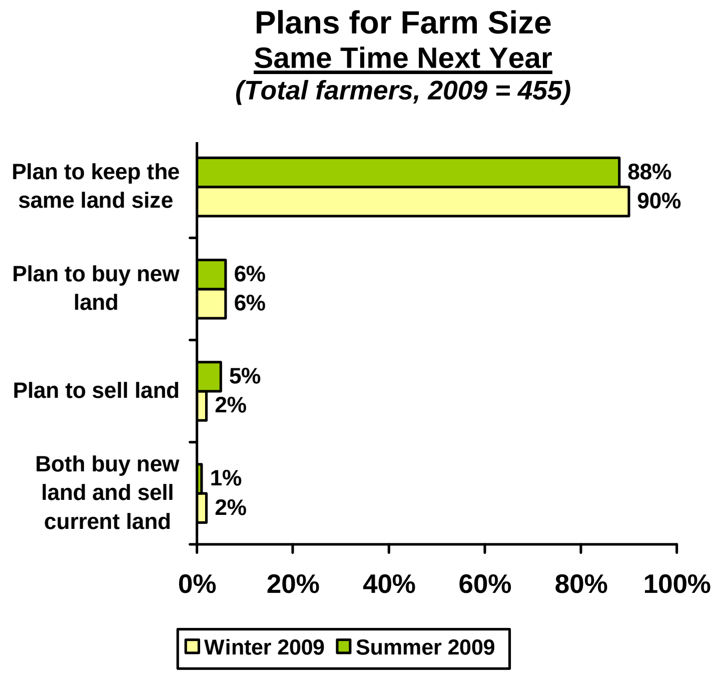


Among those planning to purchase		
	Summer 2009 *(n=130)*	Winter 2009 *(n=161)*
New	15%	10%
Used	46%	43%
Both	37%	46%
Don't know	1%	1%

Q.9 Thinking of this same time next year, does your farm plan to purchase any farm equipment?
Q.9a Will this farm equipment be purchased new, used, or both?

Land Size

Similar to the prior waves, most farmers, nine in ten, plan to keep the same land size next year.



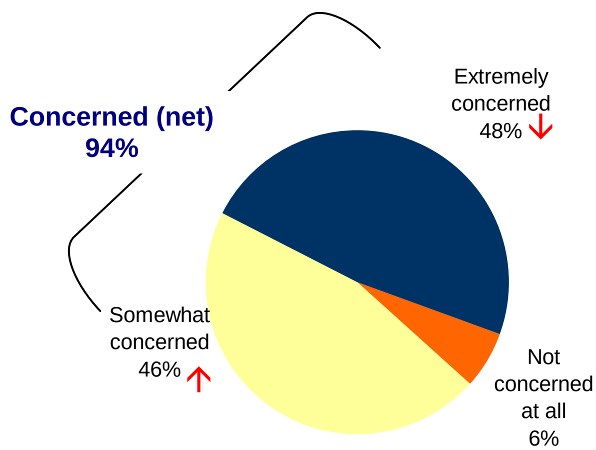
Q.10 With regard to the size of your farm, which of the following applies when thinking of this same time next year?

SECTION III:

RISK MANAGEMENT & MARKETING

The level of concern regarding the price fluctuations remains consistent as before, though the degree of concern has lessened. As monitored in Winter 2009, nine in ten farmers are still concerned about price fluctuations in the market place. However, significantly fewer farmers (one-half compared to two-thirds in Wave 2) are extremely concerned.

Concerned about
Price Fluctuations
(Total answering = 451)



Winter 2009 Data

Concerned (Net)	93%
Extremely concerned	62%↑
Somewhat concerned	31%
Not at all concerned	7%

Q.11a How concerned are you about price fluctuations in the market place?

↑↓ *Significant difference compared to last wave*

Note that 'net' amount may not add to exactly or match its parts due to rounding of the parts.

Compared to Winter 2009, slightly fewer farmers (45% vs. 52% in Wave 2) have implemented or plan on investing in risk management or marketing strategies. One half of farmers in the North Central region are more likely to use these strategies than farms in the South and West (37% and 34% respectively).

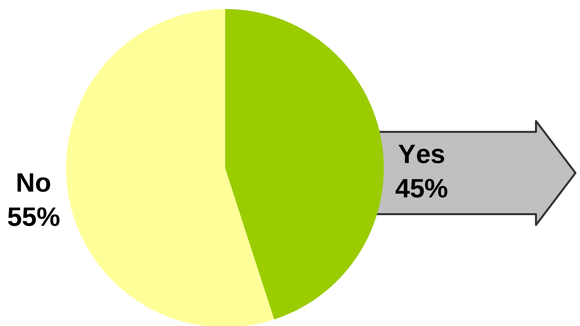
With regard to pre-selling crop/livestock, fewer, only a quarter, may do it at this time compared to a little over a third who planned on doing so early this year. Lock-in margins has also significantly decreased this wave (22% vs. 14%).

The use of risk management strategies also varies based on farm revenue and acreage. The deployment of hedge future sales of commodities was greater earlier in the year (26%) for those farmers with incomes of <$1M compared to similar farms at this time (16%). Smaller farms (acreage under 1,000) were also more likely to implement hedging future sales in Winter 2009 than currently (23% vs. 10% respectively). Lock-in margins also declined for farmers with <$1M revenues with a quarter either implanting or planning do so in Wave 2 compared to only 12% considering this now.

- A third of larger farms (over 1,000 acres) will also implement pre-selling crop/livestock while one-fifth of smaller farms will not.

- The hedge future sales strategy is used more frequently by farms with $1M - <$3M than farms with lower incomes (34% vs. 16%).

Implemented/planning to implement
Risk Management Strategies
(Total answering = 446)



Pre-sell your crop / livestock	24%
Hedge future sales of your commodity	19%
Lock-in margins	14%
Use any other kind of financial instruments to manage risk	7%

Q.11b Have you recently implemented or are planning on investing in any of the following risk management or marketing strategies?

Currently all the risk managing farms use some other form of financial risk management tool. Similarly, these other instruments include protection against crop/livestock damage, costs (input and equity), and commodity risk.

Where the farm is located may be a factor in terms of input costs, energy costs, and equity pricing. *(Please note that the analysis is based on a small base of interviews so only qualitative inferences should be made).*

- Three-quarters of farmers in the North Central region are investing in input costs compared to 15% in the South. Two-thirds of North Central farmers use energy costs while less than 10% do so in the South and about half of North Central farms invest in equity prices compared to zero in the South.

- Commodity risk is more popular with larger farms (88%) than those with under 1,000 acres (20%).

- Compared to Winter 2009, there appears to be a slight shift from items such as crop/livestock damage and interest rates to cost factors. While a little over half of farmers mentioned input costs last wave, currently two-thirds are investing or planning to invest in this. Energy costs have also increased with a little over half now investing while last wave it was 45% planning to do so.

- Another interesting shift concerns equity prices with a greater number of farmers interested in this product currently (41% vs. 24% Wave 2).

Other Risk Hedging or Risk Management Products		
	Summer 2009 *(n=33)***	**Winter 2009 *(n =43**)***
Input costs	64%	**55%**
Crop / livestock damage	55%	**85%**
Commodity risk	53%	**51%**
Energy costs / future contracts	51%	**45%**
Equity prices	41%	**24%**
Interest rates	39%	**50%**
Foreign exchange	15%	**5%**
Other	2%	**3%**

***Caution: small base size*

Q11c What risk hedging or risk management products are you investing in or are planning on investing in?

SECTION IV:

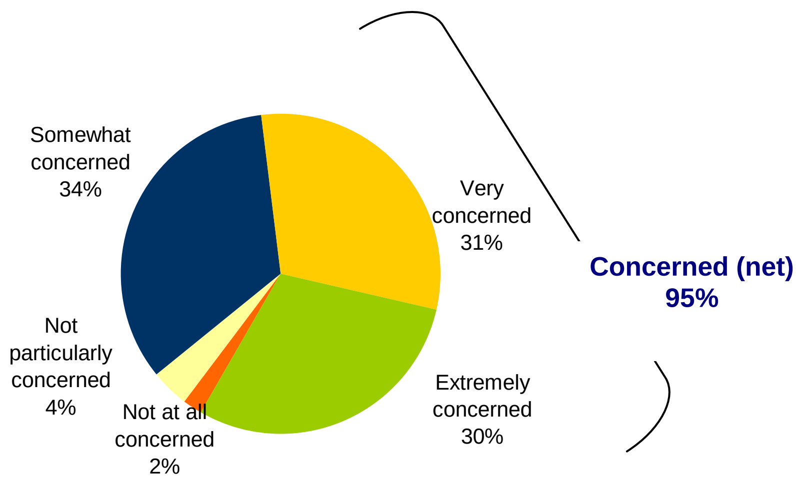
AGRICULTURE ECONOMY AND FINANCIAL CONCERNS

As evidenced in past waves, more than nine in ten farmers are concerned about the U.S. agriculture economy.

- Nearly all farmers in the North Central region with incomes of $1M+ are concerned about the U.S. agricultural economy which is significantly higher than those with the same income in the South (79%). In looking at the South, also close to a 100% of farmers with revenues under $1M are concerned which again is similar to last wave.

- More farms in the South (40%) and West (42%) than those in North Central (24%) are extremely concerned about the agriculture economy.

U. S. Agricultural Economy
(Total answering= 453)



Winter 2009 Data

Concerned (Net)	95%
Extremely concerned	31%
Very concerned	30%
Somewhat concerned	34%
Not concerned (Net)	5%
Not particularly concerned	3%
Not at all concerned	2%

Winter 2009 Data

	NC	South	West
Concerned (Net)	94%	96%	95%
Extremely concerned	26%	40%	36%
Very concerned	31%	29%	28%
Somewhat concerned	37%	27%	31%
Not concerned (Net)	6%	4%	5%
Not particularly concerned	4%	2%	2%
Not at all concerned	2%	2%	3%

Q.12a Currently, how would you describe your outlook regarding the U.S. agriculture economy?

Note that 'net' amount may not add to exactly or match its parts due to rounding of the parts.

In looking ahead, more farmers expect the agricultural economy to continue to worsen compared to the last wave (54% vs. 45%).

- Fewer lower income farms (incomes <$1M) feel the economy will remain the same contrasted with last wave (27% vs. 41% respectively).

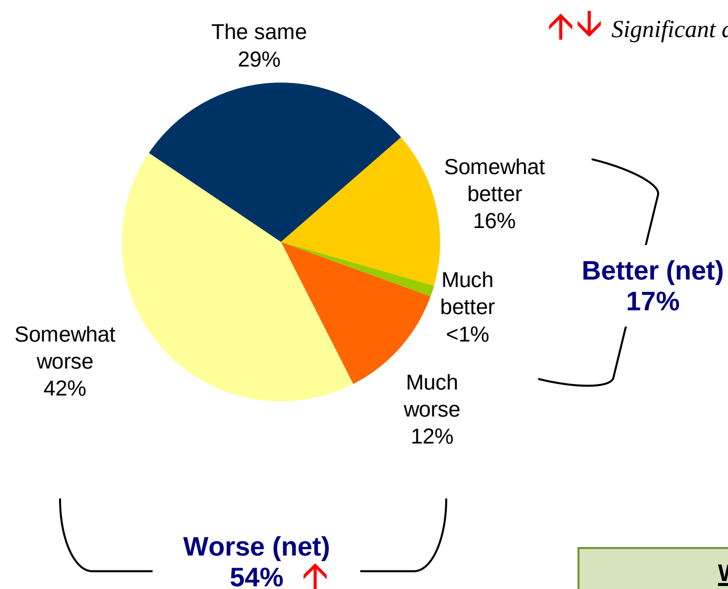
- More than half of farmers with revenues of under $1M in the North Central region feel the agricultural economy is worse compared to 40% in this same grouping in the previous wave.

The Rural Confidence Index, which is calculated as the percentage expecting the agricultural economy to improve minus percentage expecting conditions to worsen over the next 12 months, is -37%. This indicates that the confidence in the US agricultural economy remains low at this point in time, as there are proportionately more farmers who are pessimistic than optimistic.

U.S. Agricultural Economy
12 Months from Now
(Total answering = 441)

Rural Confidence Index	
Summer 2009	-37%
Winter 2009	-31%

↑↓ *Significant difference compared to last wave*



Winter 2009 Data	
Better (Net)	14%
Much better	<1%
Somewhat better	14%
The same	41%
Worse (Net)	45%
Somewhat worse	33%
Much worse	12%

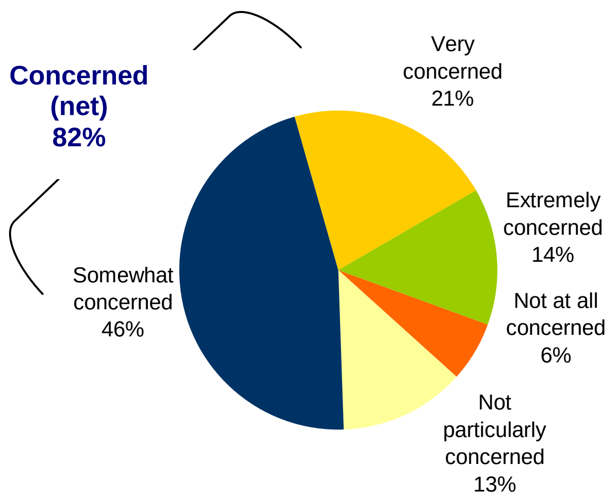
Q.12b How do you think the condition of the U.S. agriculture economy will be 12 months from now?

Note that 'net' amount may not add to exactly or match its parts due to rounding of the parts.

Comparable to the last wave, 82% of farmers express some degree of concern with their own farm's future, with over a third indicating they are either extremely or very concerned.

- Significantly more farms in the South with lower incomes (< $1M) are concerned versus $1M+ income farms in the South (86% vs. 66% respectively).

Current Individual Farm Outlook
(Total answering = 454)



Winter 2009 Data

Concerned (Net)	85%
Extremely concerned	20%
Very concerned	19%
Somewhat concerned	47%
Not concerned (Net)	15%
Not particularly concerned	10%
Not at all concerned	5%

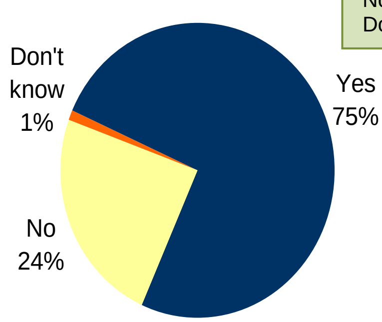
Q.12c What is your current outlook regarding your farm's financial situation?

Note that 'net' amount may not add to exactly or match its parts due to rounding of the parts.

Fewer farmers (75%) feel their responses were impacted by the economy than last wave (83%).

Nine in ten farmers with incomes of $1M - <$3M rate that their response would be more favorable if the economy were better in contrast to about three–quarters last wave. As a result, most (93%) among this revenue group would have an optimistic outlook for the future if the economy were better than farmers with <$1M (75%) and $3M+ (72%).

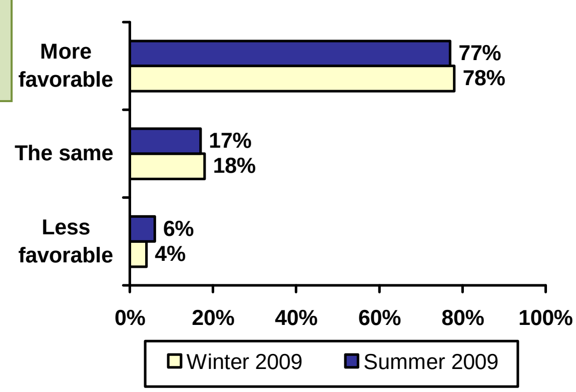
Impact by Economy
(Total farmers = 455)



Winter 2009 Data

Yes	83%
No	16%
Don't know	2%

Future Outlook
(Total answering = 337)

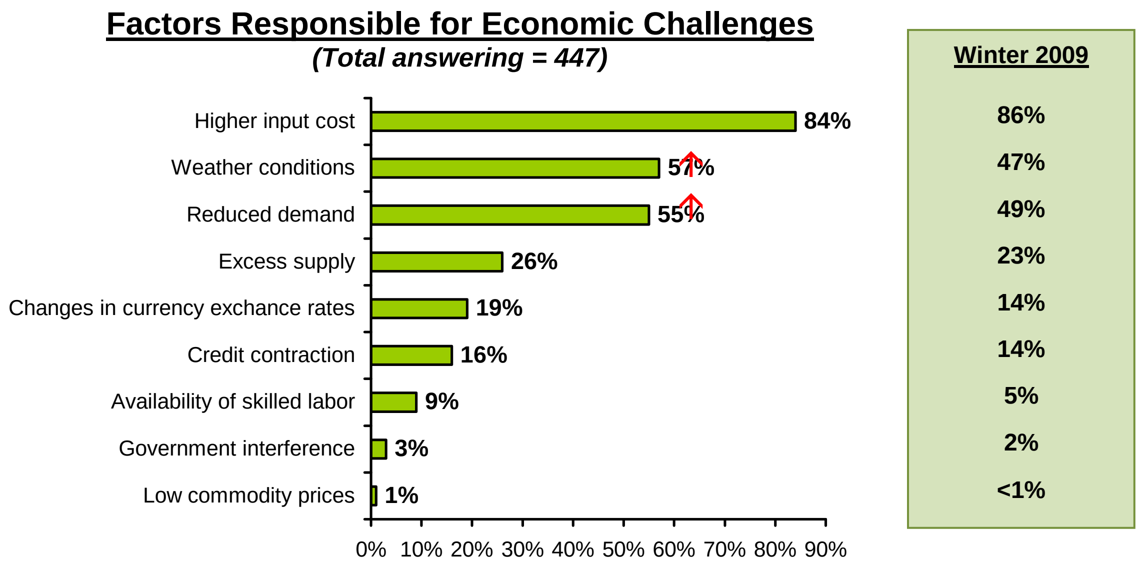


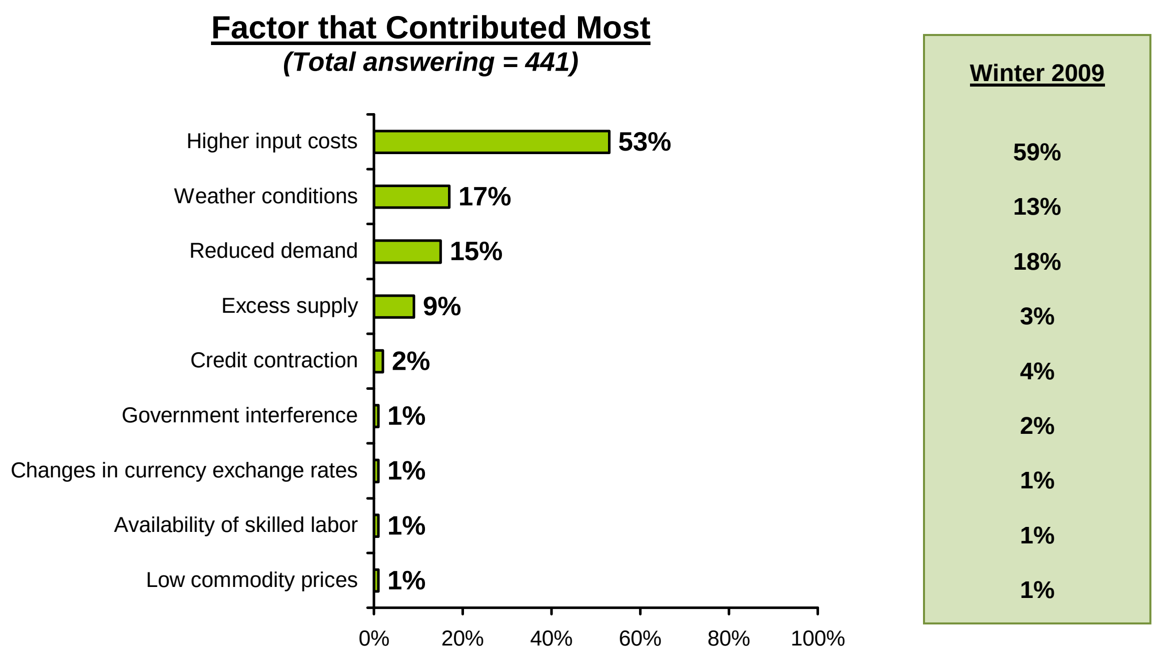
Q12d Were your responses in any way impacted by the current state of the economy or your farm's financial situation?

Q.12e If the current state of the economy or farm's financial situation was better, would your response to the future outlook be…?

Higher input cost continues to be the most frequently mentioned economic challenge facing farmers. Three in five farmers rank it the one factor that has contributed most to the economic challenge they are confronted with. Added to these are growing concerns regarding the weather and reduced demand; over half of the farmers mention challenges of reduced demand and weather conditions - a significant increase from the previous wave.

- More farmers with incomes of $1M - <$3M list reduced demand/global economic contraction as a major challenge compared to Wave 2 (31% vs. 13%).
- A greater number of farmers in the South (21%) and West (23%) feel credit contraction/availability of finance is a great economic challenge compared to North Central (12%).





Q.12f *What three factors have contributed most to the economic challenges confronting your farm?*

Q.12g *Of these factors that you feel have contributed to the economic challenges confronting your farm, which one factor do you feel has contributed the most?*

↑↓ *Significant difference compared to last wave*

Section V: Regional Focus

Midwest/North Central (NC)

Summer 2009 Data

- When looking at income, two thirds of NC farms with incomes of $1M+ believe their income is much worse than last year. For NC farmers with revenues of under $1M, the concern is much less (40%).
- Six in ten NC farmers rate the costs of inputs, compared to the same time last year as worse. This is significantly higher than the South (49%) and the West (43%).
- A quarter of NC farmers think future input costs will be better which is much higher than the farmers in the South (14%) and the West (11%). This higher percentage is also notable with NC farmers with incomes of less than $1M (24%) compared to Southern farmers with the same income classification (12%).
- All NC farmers with revenues above $1M are concerned about market place price fluctuations. Overall, more farmers in NC are concerned compared to the South (96% vs 89% respectively).
- Lock-in margins are utilized to a greater extent by NC farmers (17%) in contrast to Western farmers (4%).
- Nearly 100% of $1M+ income NC farmers are concerned about the U.S. agricultural economy while only three-quarters of such farmers in the South feel the same.
- In terms of responses being impacted by the economy or the farm's financial situation, a greater number of NC farmers relate their responses were not impacted compared to the West (29% vs 13%).
- Changes in currency exchange rates had a greater impact on NC farmers with a quarter mentioning this compared to less than 10% in the South. This contrast is seen to a larger extent with those farmers earning < $1M in NC compared to those in the South (24% vs 7% respectively).
- Six in ten NC farmers with lower incomes rate higher input costs as the factor contributing the most to economic challenges while only one in four lower income Southern farmers ranked this highly.
- Over half of NC farmers with revenues of $1M+ have 1-2 full-time employees compared to roughly 10% of similar farmers in the South. In general, more NC farmers (67%) have 1-2 full-time employees than the South (54%) and the West (52%).

Comparison Winter 2009-Summer 2009 Data

- On a positive note, a quarter of farmers feel costs of inputs are better this wave than last winter (18%). However, when looking at costs for next year, significantly fewer feel they will be better (29% vs 20%).
- Significantly more farmers (46%) are somewhat concerned about price fluctuations compared to last wave (31%).
- Over half of current farmers believe the U.S. agricultural economy will be worse 12 months from now while last wave, one in four felt this way.
- Weather conditions were a greater factor this wave compared to last winter (57% vs 47% respectively).

South

Summer2009 Data

- A third of Southern farmers are currently hiring fewer new employees which is significantly different than farmers in the West (17%).

- Nine in ten farmers in the South, with incomes of $1M+ , expect their revenues to be better next year contrasted with 33% in NC and 35% in the West.

- With regard to their jobs being easier next year, more Southern farmers feel their jobs will be easier than in NC (9% vs 2%).

- Almost one-half of larger income ($1M+) Southern farmers plan to purchase farm equipment while only a quarter of Southern farmers with incomes under $1M plan to do so.

- Nine in ten Southern farmers with lower income (<$1M) are concerned about price fluctuations while three-quarters of those with $1M+ incomes are concerned.

- Availability of skilled labor is a major factor contributing to economic challenges for Southern farmers (17%) while it is not an issue with NC farmers (6%).

- Almost half of Southern farmers have 3+ full-time employees compared to a third for NC.

Comparison Winter 2009-Summer 2009 Data

- Significantly more Southern farmers feel the costs of inputs are better compared to the previous wave (28% vs 15% respectively).

- Currently, 39% of Southern farmers feel their incomes will be better next year while last wave, 19% felt this way.

- Credit contraction/availability of finance is a current challenge for higher income ($1M+) Southern farmers (33%) but it was not so last wave with zero farmers mentioning it.

West

2009 Data

- A little more than a third of Western farmers felt the cost of inputs have remained the same as last year compared to 15% for NC and 23% for the South.

- When looking ahead to next year's income, 40% of Western higher income ($1M+) farmers feel their income will be worse while only 2% of $1M+ Southern farmers feel this way. This pessimism continues with the same grouping in terms of costs of inputs for next year being worse (56% West vs. 10% South).

- Westerners with $1M+ revenues also find their job as a farmer has become more difficult with six in ten Western farmers rating their jobs this way compared to the South where a quarter perceive their jobs as such.

- 100% of $1M+ Western farmers are concerned with the U.S. agricultural economy while only three-quarters $1M+ Southern farmers feel this way.

- Nine in ten higher income ($1M+) Western farmers would have a more favorable future outlook if the state of the economy or their farms' financial situations were better while only two-thirds of Western farmers with lower incomes gave this rating.

- Credit contraction/availability of finance is a greater factor for Western farmers than for NC farmers (23% vs. 12%).

Comparison Winter 2009-Summer 2009 Data

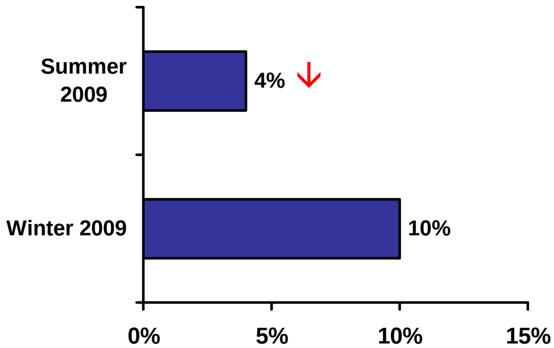
- Almost half of Western farmers with incomes under $1M rate their current income somewhat worse compared to last year compared to a third with this rating last wave.

- Significantly more Western farmers (36%) feel the cost of inputs is the same as last year while last wave 20% rated costs the same.

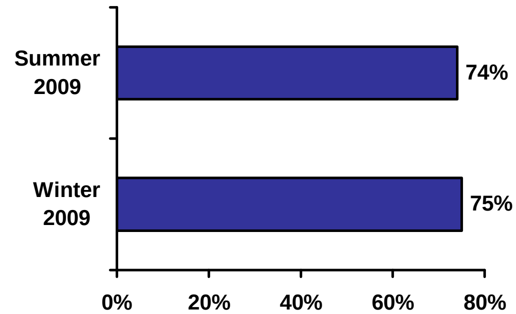
- Nine in ten higher income ($1M+) Western farmers would have a more favorable outlook if the economy or farms' financial situations were better while only three quarters of such farmers indicated this last wave.

- Fewer Western farmers in the previous wave listed reduced demand/global economic contraction as a major factor than in the present wave (41% vs. 61% respectively).

Midwest / North Central
Farmers Rating Better

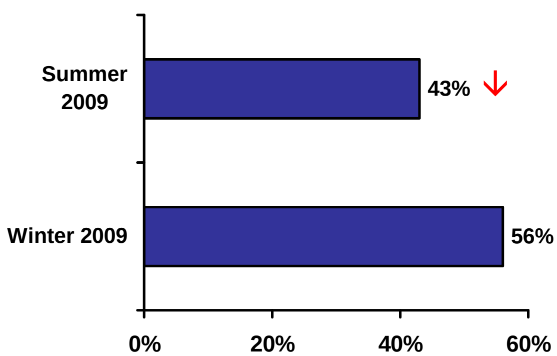


South
Farmers Rating Worse



Q1 When compared to this same time last year, is the income from your farm now …

Midwest / North Central*



Q11c What risk hedging or risk management products are you investing in or are planning on investing in?
**Farmers investing in interest rates.*

↑↓ *Significant difference compared to last wave*

SECTION VI: FARMOGRAPHICS

Farmographics	Summer 2009 Total (n=455)
Ownership	
Manage/Operate (net)	15%
Manage	11%
Operate	4%
Own	84%
Work in non-managerial/operating capacity	1%
Tenure of Operation	
Less than 40 years (net)	51%
Less than 10 years	1%
10 years but less than 20	12%
21years but less than 30	15%
30 years but less than 40	23%
40 years or more (net)	49%
40 years but less than 50	17%
50 years but less than 75	13%
More than 75 years	20%
Average	*47 yrs*
Number of Full-Time Employees	
1	34%
2	28%
3 – 4	24%
5+	12%
Average	*2.7*
Part-time or Seasonal Employees	
None	33%
1+ (net)	65%
1	21%
2 – 3	30%
4+	14%
Average (including zero)	*4.8*

Acreage	
Undetermined	6%
Under 1,000 (net)	61%
<500	31%
500 - <1,000	30%
1,000 + (net)	39%
1,000 - <2,000	26%
2,000 +	13%
Average	*1204*
Revenue	
<$1M (net)	87%
$250K - $499K	65%
$500K - $999K	21%
$1M - <$3M (net)	11%
$1M - <$1.5M	7%
$1.5M - <$3M+	5%
$3M+ (net)	2%
$3M - <$4M	1%
$4M+	1%
Average (in thousands)	*657*
Commodity (Mean Summary)	
Corn Acres	418
Soybean Acres	361
Wheat Acres	612
Cotton Acres	553
Rice Acres	730
Peanut Acres	154
Grape Acres	199
Tree Fruit Acres	110
Vegetable Acres	232
Nut Acres	122
Dairy Qty	169
Beef Qty	259
Livestock	
Undetermined	35%
<100	18%
100 < 200	37%
200 - <400	22%
400 - <1000	15%
1000+	7%
Average	*356*