Characteristics of Successful Farm Business Managers

- Know their own Abilities & Interests and Seek Help with the Remainder
- Keep Good Business Records
- Optimize Production, Market at a Profitable Level, and Control Costs
- Keep Capital Structure in Balance

Soybeans

- Hulls are removed
- Flakes are made through heat and rolling
- Oil is extracted from flakes
- Defatted flakes are dried to make meal

SOYBEAN QUALITY COUNTS

It's time to change the way we think about soybeans.
In the end, processors are buying oil and protein... and that is EXACTLY what they pay for!

<table>
<thead>
<tr>
<th>Component</th>
<th>Lbs/bu</th>
<th>Cents/lb</th>
<th>Value/bu</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meal</td>
<td>44</td>
<td>8.5</td>
<td>3.74</td>
</tr>
<tr>
<td>Oil</td>
<td>11</td>
<td>22</td>
<td>2.42</td>
</tr>
<tr>
<td>Hulls</td>
<td>4</td>
<td>3.8</td>
<td>0.15</td>
</tr>
</tbody>
</table>

Total EPV $6.31

Source: USDA, June range for 1995-2000

Average Soybean Protein 1986-2002

- Low Protein Region (<35%)
- Moderate Protein Region (35%-37%)
- High Protein Region (>37%)

States shown accounted for >1% of U.S. production in 1970 through 2002
You Produce
Bushels/Acre

Producers Want
Oil/Bushels
Protein/Acre

The Magic Numbers

19% Oil
35% Protein

Nebraska Farm Business Inc. Data

<table>
<thead>
<tr>
<th></th>
<th>Irrigated</th>
<th>Dryland</th>
</tr>
</thead>
<tbody>
<tr>
<td>P&amp;M Cost</td>
<td>$31</td>
<td>$25</td>
</tr>
<tr>
<td>Depreciation</td>
<td>$27</td>
<td>$16</td>
</tr>
<tr>
<td>Seed,Chem.Irr, &amp; Crop Ins:</td>
<td>$71</td>
<td>$53</td>
</tr>
<tr>
<td>Land &quot;Charge&quot;</td>
<td>$54</td>
<td>$69</td>
</tr>
<tr>
<td>% of Land Crop Share</td>
<td>46%</td>
<td>46%</td>
</tr>
<tr>
<td>v2004smfd009</td>
<td>2004smfd010</td>
<td>2004smfd011</td>
</tr>
</tbody>
</table>
What’s Up

$ Low Protein <35%
  North & South Dakota, Kansas & Nebraska
$ Moderate Protein 35-36%
  Minnesota & Arkansas, Wisconsin & Illinois
$ High Protein >36%
  East Central & South

Environmental

$ Geographic Location
$ Weather
$ Soil
$ What else?

Estimated Processing Value–EVP

<table>
<thead>
<tr>
<th>State</th>
<th>1970</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Dakota</td>
<td>96%</td>
<td>96%</td>
</tr>
<tr>
<td>Illinois</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Louisiana</td>
<td>101%</td>
<td>101%</td>
</tr>
</tbody>
</table>

Production Shifts

<table>
<thead>
<tr>
<th>Protein Type</th>
<th>1970</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Protein</td>
<td>35%</td>
<td>25%</td>
</tr>
<tr>
<td>Moderate Protein</td>
<td>54%</td>
<td>46%</td>
</tr>
<tr>
<td>Low Protein</td>
<td>9%</td>
<td>25%</td>
</tr>
<tr>
<td>Other</td>
<td>3%</td>
<td>3%</td>
</tr>
</tbody>
</table>
**Economic Impact**
You receive 10-12¢/bushel for soybeans testing more than 35% protein.

International Customers want high protein and oil soybeans.

For Nebraska Farmers, the customers are China, Taiwan, Philippines, et al.

**Genetics**
Seed company soy-breeders are selecting for higher oil and protein.

??Effect on Yield??

Seed Marketers and Processors are offered incentives for Higher Quality Soybeans.
The Next Step is.....

Soybean Aphid
Aphis glycines
- Arrived in the U.S. in 2000
- Arrived in Nebraska in 2002
- Caused significant yield losses in Nebraska in 2003, primarily in northeast Nebraska

Nebraska Farm Business Inc Data

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Average Yield:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Year Average</td>
<td>53.6</td>
<td>34.6</td>
</tr>
<tr>
<td>24 Year Average</td>
<td>45.6</td>
<td>35.7</td>
</tr>
<tr>
<td>5 year Avg.-Top 1/3</td>
<td>56.1</td>
<td>39.6</td>
</tr>
<tr>
<td>5 Year Avg.-Low 1/3</td>
<td>50.5</td>
<td>27.2</td>
</tr>
</tbody>
</table>

Price Received:
Top 1/3 vs Low 1/3
+$.19        +$.02
**Soybean Aphid Life Cycle**

- In spring eggs hatch and 3 generations are produced on buckthorn (*Ramnus spp.*).
- The last generation is winged.
- Migrants move to soybean fields.

**Aphid skins on plant**

- Curled wilted leaves
- Stunting
- Yellowing
- Shed skins
- Honeydew, gray sooty mold
- Presence of lady beetles

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2004 University of Nebraska-Lincoln Extension SFMD
**Soybean Aphid Management**
- Begin scouting in July
- Estimate number of aphids per plant
- 250 aphids per plant (R4) and increasing
- Check for natural enemies
- Use high water volume and pressure

**Management of Soybean Mosaic**
- Clean seed – SMV can be highly seed transmitted.
- Resistance – sources in commercial soybean varieties are available.
- Vector Management – soybean aphid thresholds may be adjusted if SMV is present.

**SMV Occurrence in 2002**
- Aphid transmitted
- Seed-borne less than 5% in most varieties (seed transmission as high as 75%)

**Soybean Rust**
- Estimated impact on production is the first year from $640 to $1.3 billion on the 74 M Acres of US soybeans.
- Brazil spent over $600 M treating 80% of their acres in 2002/03 (two applications).
Seeds must be at the proper depth for good root development

Harvesting Tips for Soybeans
1. Filler Plates for Pods
2. Advance Vanes for Rotor
3. Advance Vanes for Spreading

Residue Management with the Combine
Steps to Maximum Trash Reduction
1. Reduce the Gathering Chain Speed
2. Adjust or Replace Stalk rolls
3. Change Stripper Plates

No-till Planting Equipment Must:
1. Cut or handle the residue
2. Penetrate the soil to seeding depth
3. Establish seed-to-soil contact
4. Close the
More Characteristics of Successful Farm Business Managers

- Maintains Positive Attitude
- Considers Time Management Important
- Adopts Change with Caution
- Set Goals, Plan Ahead
- Manages Personal & Business Life

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“For every benefit you receive a tax is levied”

-Ralph Waldo Emerson

Tax Management Formula

- Establish Objectives as a part of your business management plan

- Maintains Good Records
- Seeks Professional Assistance
- Be Flexible

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“The hardest thing in the world to understand is the income tax”

-Albert Einstein

Capital Gains Tax

Rates=5% & 15%

Includes income from sale of:

- Real Estate, Stock, Raised Breeding Livestock, Mutual Funds, Speculative Regulated Commodities and Dividends
Why is it called a Tax Return when so little of it does?

The Social Security Tax Strategy
Avoid Schedule F Losses
- Bifurcate income sources and separate "Unearned" income
- Pay family wages (use commodities)
- Use depreciation wisely