



Guetterman

BROTHERS

Family Farms

BUCYRUS, KS



- 100% No-till farm headquartered Bucyrus, KS



Bucyrus



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- Supports 5 families and our employees






- 100% No-till farm headquartered Bucyrus, KS
- Supports 5 families and our employees
- Primarily dryland
- Crops include waxy corn, amylose corn, soybeans & winter wheat



How Guetterman Brothers Utilizes Futures

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1. Forward Contracting
 2. Options
 3. Crop Insurance



How Guetterman Brothers Utilizes Futures

1. Forward Contracting

- 30% Crops Forward Contracted
 - Usually in Spring/Summer Months
 - Take advantage of summer weather scares
- Sell Another 20% before January for cash flow purposes
- Remaining 50% sold in Spring/Summer months following harvest

How Guetterman Brothers Utilizes Futures

1. Forward Contracting


2. Options

- Primarily utilize puts
 - Have on farm storage.
 - Protect our downside risk while hoping to take advantage of an upswing in the market.





How Guetterman Brothers Utilizes Futures

1. Forward Contracting
 2. Options
 3. Crop Insurance
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Why Crop Insurance?

- **Risk Management/Safety Net**

- Fixed & Variable Costs are high
- Gives us a baseline to budget our year and manage our costs


Disclaimer: In the 20 years I've been involved in our operation we've collected very few years. We don't buy with the intention to collect.

- **Required by Lender**

- Working capital to obtain inputs
- Crop insurance is our lender's collateral

- **Marketing Flexibility**

- Know we can safely market to our percentage APH coverage



How do markets affect our Crop Insurance Coverage

- Crop Insurance Revenue Products are Essential to Our Operation
- Markets truly reflecting supply/demand is crucial for our survival
 - 2012 disaster crop year for us

2012 Average Corn Projection



APH	120bu/ac
2012 Spring Price	\$5.68
Gross Income/Acre	\$681.60
<u>Input Expenses/Acre</u>	<u>\$353.00</u>
Gross Profit/Acre	\$328.60

*Corn Inputs/ac: Seed \$70, Chemical \$50, Fertilizer \$120, Cash Rent \$100, Crop Ins/Scouting \$13 = \$353.00
Does not include fixed costs of equipment, employees, liability insurance, regulatory expenses and living expenses

2012 Corn Crop Reality



Corn Averaged	44.76bu/ac
2012 Fall Price	\$7.50
Gross Income/Acre	\$335.70
<u>Input Expenses/Acre</u>	<u>\$353.00</u>
Gross Profit/Acre	(\$17.30)

*Corn Inputs/ac: Seed \$70, Chemical \$50, Fertilizer \$120, Cash Rent \$100, Crop Ins/Scouting \$13 = \$353.00
Does not include fixed costs of equipment, employees, liability insurance, regulatory expenses and living expenses

Revenue Crop Insurance with HPO helped keep our farm in 2012



The screenshot shows a web-based interface for a 'Trendline Chart'. At the top, there are two tabs: 'Historical Quote' and 'Trendline Chart', with the latter being selected. Below the tabs, there are two dropdown menus for 'Start Year' (set to 2007) and 'End Year' (set to 2016). The main data area is a table titled 'RP Price' with four columns: 'Year', 'Plant', 'Harvest', and '% Chg.'. The table lists data for each year from 2007 to 2016. The row for 2012 is circled in yellow, showing a 32% change. The data for 2012 is: Year 2012, Plant \$5.68, Harvest \$7.50, % Chg. 32%.

RP Price			
Year	Plant	Harvest	% Chg.
2007	\$4.06	\$3.58	-12%
2008	\$5.40	\$4.13	-24%
2009	\$4.04	\$3.72	-8%
2010	\$3.99	\$5.46	37%
2011	\$5.81	\$6.09	5%
2012	\$5.68	\$7.50	32%
2013	\$5.05	\$4.39	-22%
2014	\$4.62	\$3.49	-24%
2015	\$4.15	\$3.83	-8%
2016	\$3.86	\$3.49	-10%



Revenue Crop Insurance with HPO helped keep our farm in 2012

	Spring Price	HPO (Harvest Price Option)
75% Insurance Coverage Level	97bu/ac	97bu/ac
\$/Bushel	\$5.68	\$7.50
Gross Income/Acre	\$550.96	\$727.50
<u>Input Expenses/Acre</u>	<u>\$353.00</u>	<u>\$353.00</u>
Gross Profit/Acre	\$197.96	\$374.50

Bottomline

- Markets affect our operation when we have grain to sell
- **BUT**, they also affect our operation when we don't have grain to sell

