

PREMIX BLENDERS

COMMODITY PRODUCTS PROGRAM



RENAISSANCE NUTRITION



HOW WE GOT TO THIS POINT...

- ◆ **Spring 2007:**
 - Renaissance began a pilot program with one large local dairy, which was very successful for both parties
- ◆ **Fall 2007:**
 - Renaissance decided to expand the program to the entire Renaissance family
- ◆ **Winter 2008:**
 - Renaissance promoted this program at the winter conference and many have started to utilize it!




SIGNIFICANT GROWTH...

- ◆ Sales over 300 carloads of products
- ◆ 300+ direct truckload sales
- ◆ As our infrastructure (sources & transportation) grows - we will provide an even better and expanded service




THE NUTRITIONIST...

- ◆ Has great opportunities with ingredients
 - The more knowledgeable he becomes about ingredients (pricing and availability) the more valuable he becomes to the customer
- ◆ Identify ingredients that work in the dairyman's area and encourage him to use those ingredients
 - Ingredient pricing will vary for each demographic area
- ◆ Capitalize on his location
 - This will become even more important with new distillers plants coming on-line and freight considerations
 - Basis numbers are very different to each destination



CASH-TRADED PRODUCTS...

- ◆ Distillers
- ◆ Gluten Feed and Gluten Meal
- ◆ Citrus
- ◆ Hominy
- ◆ Sugar
- ◆ Starch
- ◆ Soy Hulls
- ◆ Screenings




CBOT*-TRADED PRODUCTS...

- ◆ Traded on the Board on a plus or minus basis:
 - Corn
 - Oats
 - Soybean Meal
 - Wheat
 - Soybeans
- ◆ Board and Basis numbers continually changing
- ◆ Basis numbers are...
 - Freight
 - Storage
 - Profit over or under the board
- ◆ Some products such as Canola are traded against the Soy Board and the Basis is subtracted or added to that Board



*CBOT – Chicago Board of Trade



BASIS NUMBERS...

- ◆ **Freight Rates**
 - Takes time to obtain (1 to 2 weeks)
 - Best to obtain a rate from both shipping and receiving railroads – to compare rates
 - Routing the car plays a huge role in cost & shipment time
 - Leased equipment vs. Railroad-owned equipment
- ◆ **Storage**
- ◆ **Profit over/under the Board**



BASIS #'S – THE TICKET TO GET ON THE PLANE...

- ◆ In today's volatile market, owning the BASIS guarantees your ability to price product and maintain a supply
 - If you own the BASIS it allows you to price Soybean Meal (SBM) and Canola Meal (CM) on any Board (CBOT) dips
 - Processors immediately pull BASIS numbers when they see dips in the Board
 - This is particularly the case with CM because of its protein relationship to SBM
 - This also guarantees the producer a supply
- ◆ In this spring's (08) big dip in the Board, a lot of producers were unable to price SBM and CM because they didn't own any BASIS.



ETHANOL...



ETHANOL \$2.50/gal

CORN \$6.75/bu

DDG \$170/ton



ETHANOL'S CONTRIBUTION... TO THE PRICE OF GAS AT THE PUMP

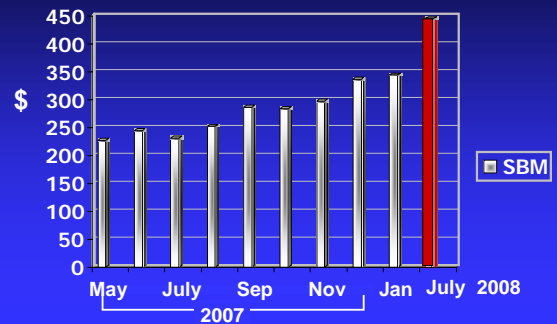


GAS at \$4.00 ~
 Without having ETHANOL used at a 10% blend today, the cost of gas at the pump would really be **\$4.15!**

Crude Oil (\$/barrel)	Gas (\$/gallon)	Ethanol (\$/gallon)	Corn (\$/bushel)
40	1.38	1.43	2.67
60	2.07	1.89	4.05
80	2.76	2.35	5.43
135	4.00	2.50	8.33



SOYBEAN MEAL PRICING/TON...





US ACREAGE...

	US Acreage 2007-2008 (in millions)	Needed Acres 2008-2009* (in millions)	USDA Actual Estimates (in millions)
CORN	93.6	94	86.4
BEANS	63.6	72	74
WHEAT	60.4	60.9	61
TOTAL	217.6	226.9	221.4

***9.2 Million Additional Acres Needed**



MARKET FUNCTION...

- Function of the market is to ensure an adequate supply
- The market continually needs to look to the future to make this happen
- Mode of Action = Price
 - To stimulate PRODUCTION
- To ration **PRODUCT**



Rationing is working!

Feed Use

Ethanol

Export



RATIONING IS WORKING IN CORN

Feed Use

Ethanol

Export



The high price of corn has significantly increased our carryover of corn by reducing its use in feed, ethanol and export. This should mean lower--or at least putting a lid on--the price of corn for the short term.



RATIONING IS NOT WORKING IN BEANS

Worldwide demand for beans is very strong and we see no letup until the new crop is harvested. The US did end up with more bean-acres due to weather conditions than anticipated. This should help prices this fall.



MARKET DIRECTION...

- 3 things need to happen to change market direction
 - The US dollar needs to strengthen
 - Oil prices need to drop
 - Increased rationing or increased production



MARKET ANALYSIS 'CRYSTAL BALL'...

Jim Rowley (ABB)

Alan Brugler (Brugler Marketing & Management)

Questions:

- What will the Federal Government do with the Ethanol Subsidies?

Jim: "No more than they have already done by eliminating the 40¢ that they did in the Farm Bill."

Alan: "I think over a period of time they will eliminate all subsidies."

Questions continued...

2. What will the Federal Government do with the CRP acres?

Jim: "I believe that CRP acres will be released for planting, but also think there will be immediate court action taken by environmentalists, that could hold up any benefit for years."

Alan: "I think the CRP acres will be released and it will happen soon after the 'pheasant hatch' is over!"

Questions continued:

3. Your thoughts on this year's crops?

Jim: "The beans... the corn, other than those acres affected by the flooding, we are looking at one of the best crops in years. We have one major hurdle – pollination. If we get a good pollination we could be looking at a significant yield increase of bushels per acre over the last few years. The bean crop looks very good as well, and is doing well in places that did not do well at all last year – such as the southeast."

Alan: "We had some problems early due to delayed planting; but the greenhouse-effect weather has made that up. And overall, the crop is in great shape for both beans and corn. We had significant damage in areas affected by the flood, but that could certainly be offset by higher yields in other areas of the country."

JEFF & NELLY JOHNSON FARM CROP YEAR - 2007



DECISION TIME USA

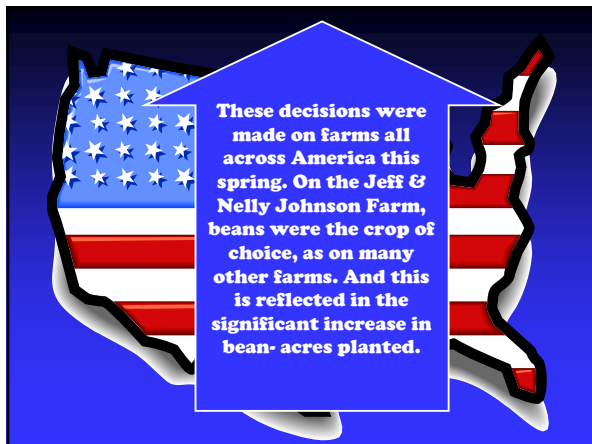
Jeff & Nelly Johnson Farm – Somewhere, USA



Jeff, any *idear* when you will be *sellin'* your beans and corn?? I wanna buy a scooter for the summer.

Well, Nelly, the prices are *wicked* good, but keep *gettin'* better. I've pretty much decided with the high input cost to seed down this year. I'm sure glad that my Mycogen dealer advised me to plant Round-up Ready® beans and corn. Let's get TWO scooters and spend the summer together!

Nelly thinks to herself: Darn price of oil, spent the winter *stokin'* the stove, and now the summer with him!!



Jeff & Nelly Johnson Farm – Early May 2008



Jeff, try to get those beans planted as soon as possible, so we can have some fun with our scooters!

Well, Nelly, I plan on *gettin'* it done as soon as possible. We can't afford to drive the Ford or the tractors anymore anyway.

JEFF & NELLY JOHNSON FARM CROP YEAR - 2008



Nelly thinks to herself...



Jeff can have
farmin' in the
"fast lane"! I am
gonna stick with
jungle life!



RENAISSANCE... a way forward!

The Renaissance COMMODITY PRODUCTS PROGRAM can offer producers:

- Competitive pricing for commodity products
- Nutritional consulting that can utilize available commodity products in the ration program
- Up-to-date information to help "lock-in" a BASIS
- Prompt response to producer needs and concerns

**ARE YOU USING THIS PROGRAM TODAY?
CONTACT JOHN BROOKS
FOR DETAILS
1.800.346.3649**

