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Determining Contract Offerings

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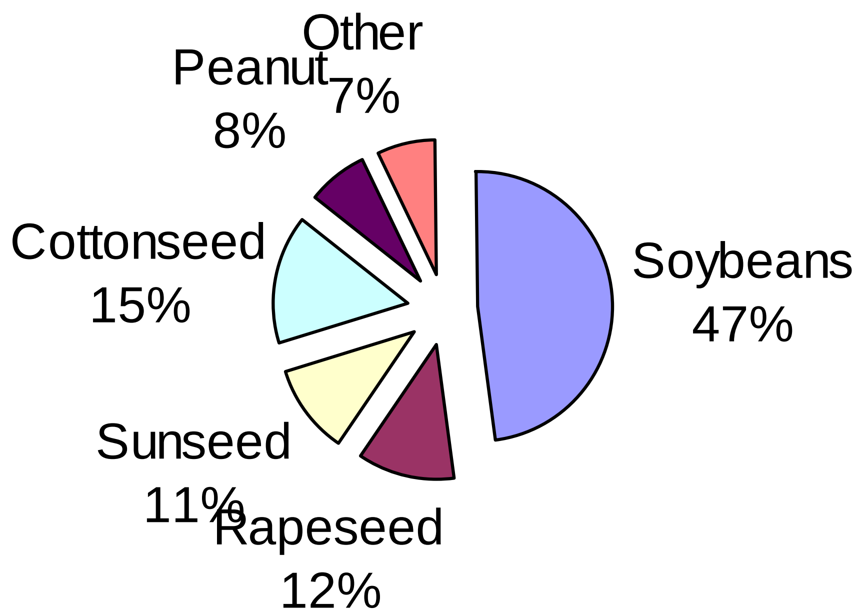
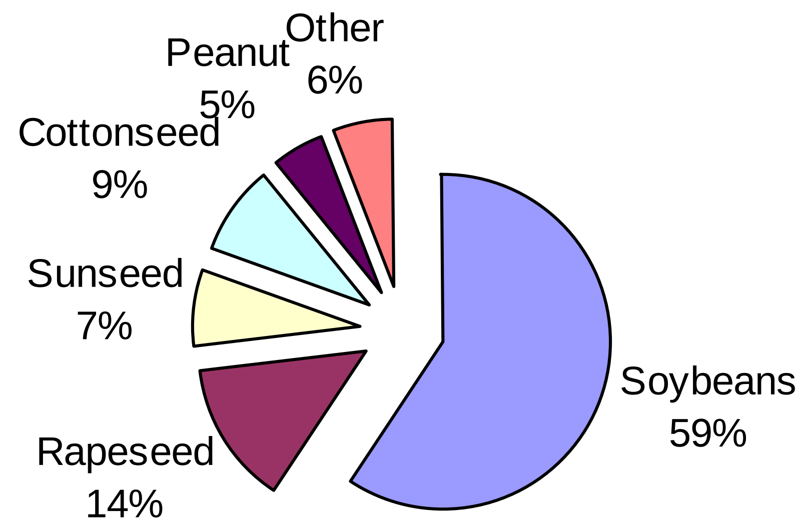
World Production of 10 Oilseeds, 1990-91
217.9 Million Tons



World Production of 10 Oilseeds, 2009-10
436.6 Million Tons



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World Production of Oilseeds

- World production has doubled from 217.9 million tons to 436.6 tons in 20 years

- Peanuts represent 5.1% vs 7.6% 20 years ago

- The world produces 22.27 Mn M Tons of kernels

Or

- 32.75 Mn M Tons of farmer stock

- Peanuts have lost 2.5% of its share of worldwide oilseed production

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World Production of 17 Oils and Fats

- World production has doubled from 80.5 Mn M Tons to 168.8 Mn M Tons in the past 20 years

- Peanut oil production of 4.65 Mn M Tons is 2.75% of world oil production

Where Are Peanuts Produced in the World

- World plantings
    - 19.8 million hectares (48.92 million acres)
- Average yield
    - 1.59 metric tons per hectare (1,419 lbs. per acre)

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WORLD Peanut Plantings, Yield, and Production - Source: USDA

Country/Region	Area (Million hectares)			Yield (Metric tons per hectare)			Production (Million metric tons)		
	2008/09	Prel. 2009/10	May	2008/09	Prel. 2009/10	May	2008/09	Prel. 2009/10	May
World	21.17	19.80	21.10	1.63	1.59	1.60	34.51	31.48	33.73
United States	0.61	0.44	0.48	3.84	3.83	3.76	2.34	1.67	1.79
Total Foreign	20.56	19.36	20.62	1.56	1.54	1.55	32.17	29.81	31.94
China	4.25	4.00	4.20	3.36	3.33	3.31	14.29	13.30	13.90
South Asia									
India	6.40	5.30	6.35	0.98	0.92	1.01	6.25	4.90	6.40
Pakistan	0.11	0.11	0.11	0.90	0.90	0.90	0.10	0.10	0.10
Sub-Saharan Africa	7.36	7.61	7.61	0.92	0.91	0.91	6.75	6.92	6.91
Nigeria	1.25	1.25	1.25	1.24	1.24	1.24	1.55	1.55	1.55
Senegal	0.59	0.83	0.83	0.77	0.75	0.75	0.45	0.63	.0.63
Chad	0.35	0.35	0.35	1.32	1.32	1.32	0.47	0.47	0.47
Ghana	0.47	0.47	0.47	0.94	0.94	0.94	0.44	0.44	0.44
Sudan	1.00	1.00	1.00	0.85	0.85	0.85	0.85	0.85	0.85
Congo (Kinshasa)	0.48	0.48	0.48	0.78	0.78	0.78	0.37	0.37	0.37
Burkina	0.35	0.35	0.35	1.01	1.01	1.01	0.35	0.35	0.35
Guinea	0.21	0.21	0.21	1.24	1.24	1.24	0.26	0.26	0.26
Cameroon	0.31	0.31	0.31	0.77	0.77	0.77	0.24	0.24	0.24
Mali	0.25	0.25	0.25	1.10	1.10	1.10	0.28	0.28	0.28
Malawi	0.22	0.22	0.22	1.20	1.20	1.20	0.27	0.27	0.27
Cote d'Ivoire	0.15	0.15	0.15	1.00	1.00	1.00	0.15	0.15	0.15
Uganda	0.21	0.21	0.21	0.70	0.70	0.70	0.15	0.15	0.15
Central African Republic	0.13	0.13	0.13	1.12	1.12	1.12	0.14	0.14	0.14
Benin	0.16	0.16	0.16	0.81	0.81	0.81	0.13	0.13	0.13
Mozambique	0.29	0.29	0.29	0.38	0.38	0.38	0.11	0.11	0.11
Niger	0.26	0.26	0.26	0.42	0.42	0.42	0.11	0.11	0.11
South Africa	0.06	0.06	0.06	2.33	2.28	2.02	0.13	0.13	0.12
Southeast Asia									
Indonesia	0.75	0.75	0.75	1.67	1.67	1.67	1.25	1.25	1.25
Burma	0.65	0.67	0.67	1.54	1.49	1.49	1.00	1.00	1.00
Vietnam	0.26	0.26	0.26	2.09	2.12	2.12	0.53	0.55	0.55
Thailand	0.07	0.07	0.07	1.77	1.77	1.77	0.12	0.12	0.12
South America									
Argentina	0.33	0.22	0.23	2.77	3.41	3.47	0.90	0.75	0.78
Brazil	0.12	0.10	0.10	2.62	2.47	2.50	0.30	0.24	0.25
Egypt	0.06	0.06	0.06	3.17	3.17	3.17	0.19	0.19	0.19
Mexico	0.05	0.05	0.05	1.56	1.56	1.56	0.07	0.07	0.07
Others	0.19	0.19	0.19	2.34	2.34	2.34	0.43	0.43	0.43

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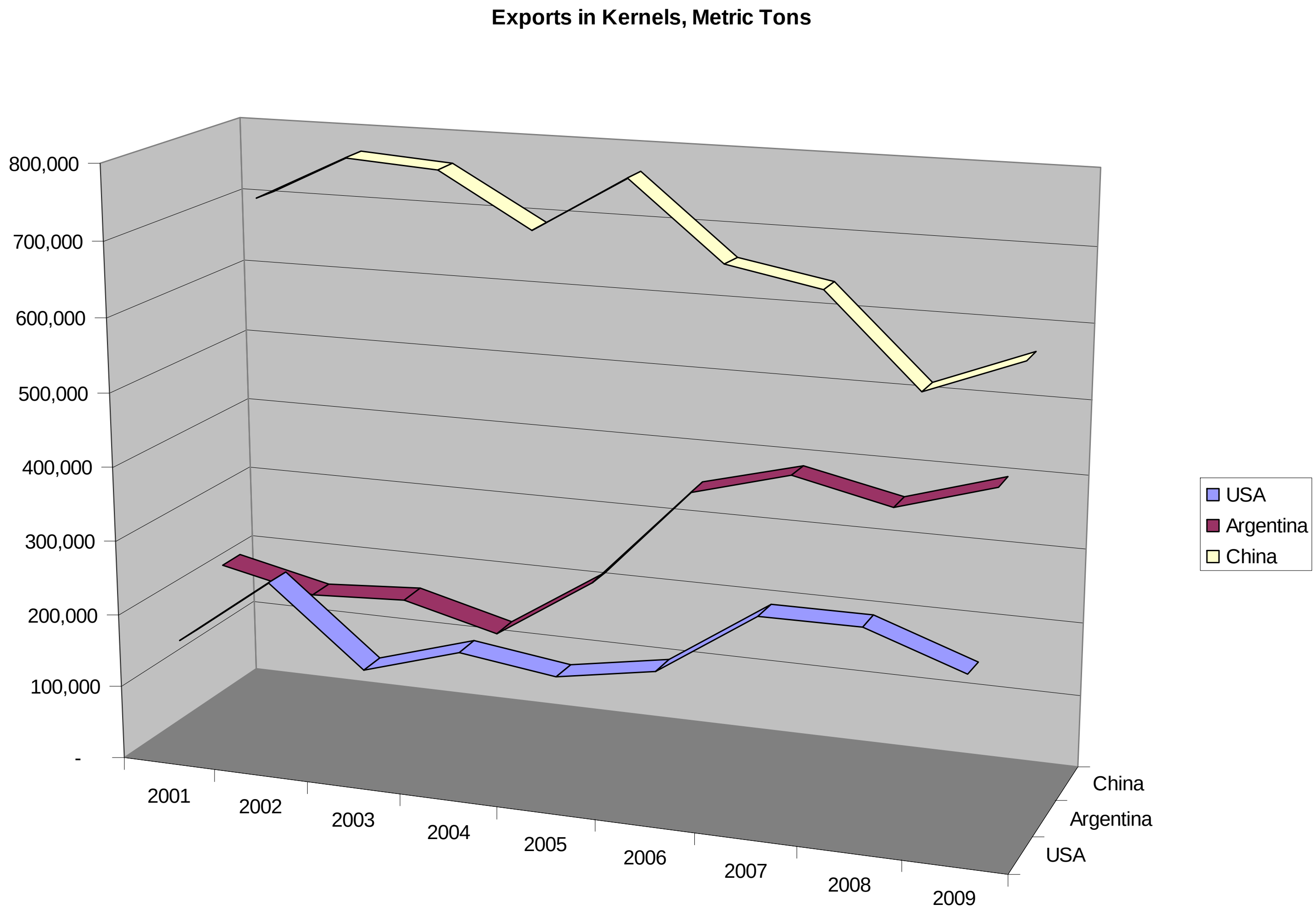
Countries with the Most Impact on U.S. Producers

Kernels	**Oil**
China	**Senegal**
Argentina	**Argentina**
India	**Nicaragua**
Mexico	**India**
Nicaragua	**Brazil**
South Africa	
Vietnam	



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Demand for Peanuts & Percent Supplied by the U.S.

(In Farmer Stock Short Tons)

	Demand	Supplied by U.S.
U.S.A.	1,755,000	97%
E.U.-29	1,463,685	12%
Mexico	183,364	39%
Canada	168,125	77%
Japan	93,077	25%

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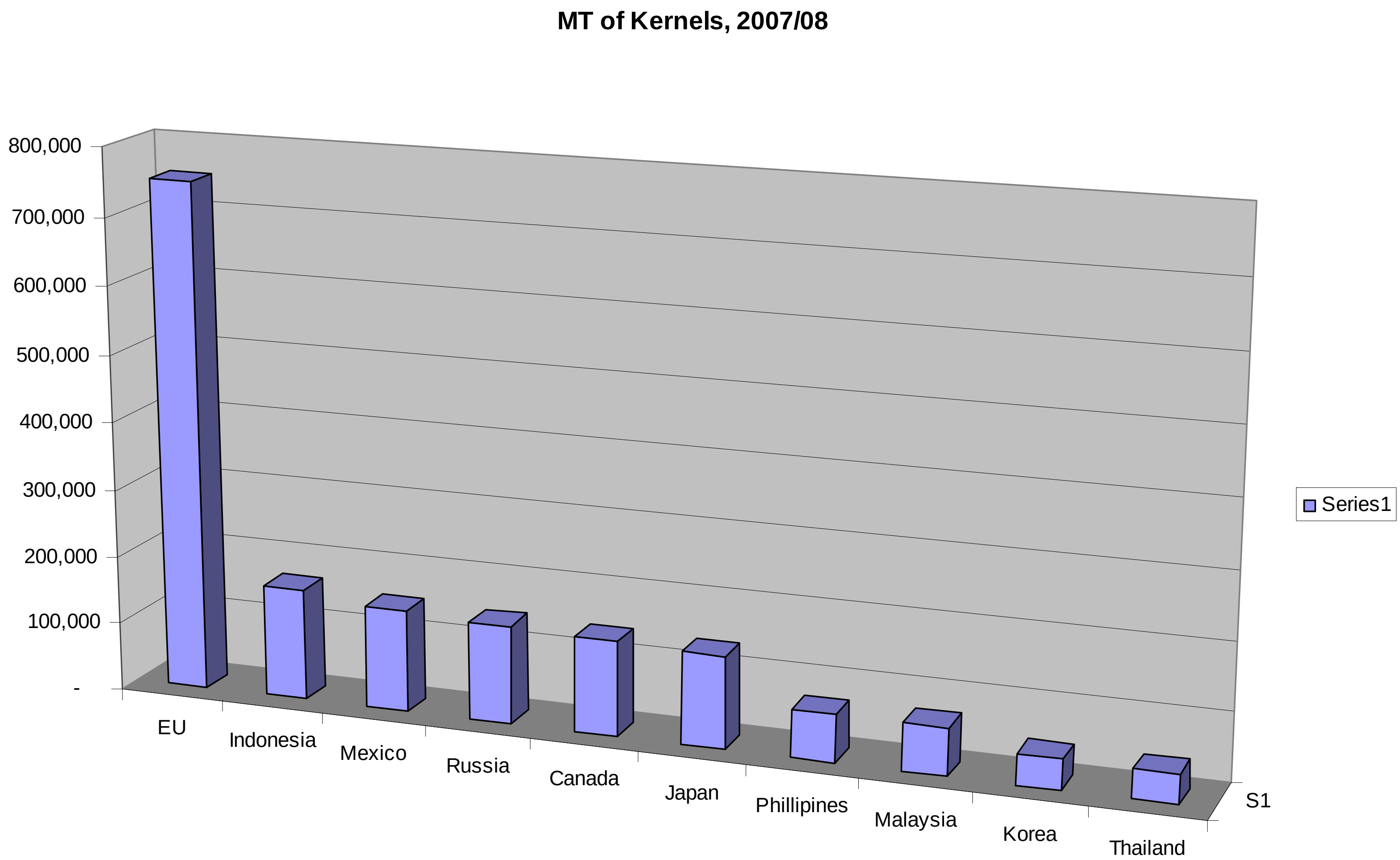
The World's Top Importers



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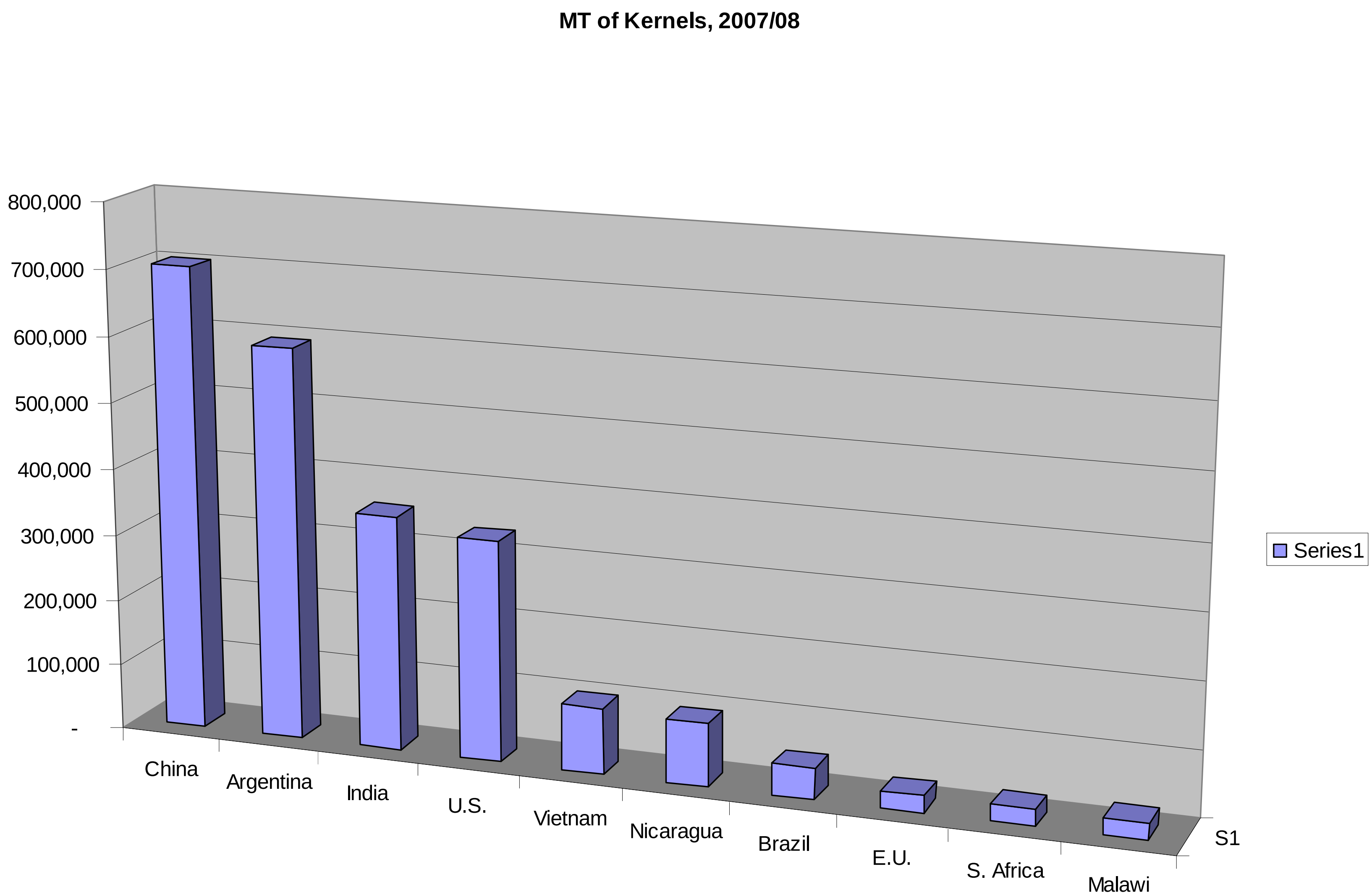
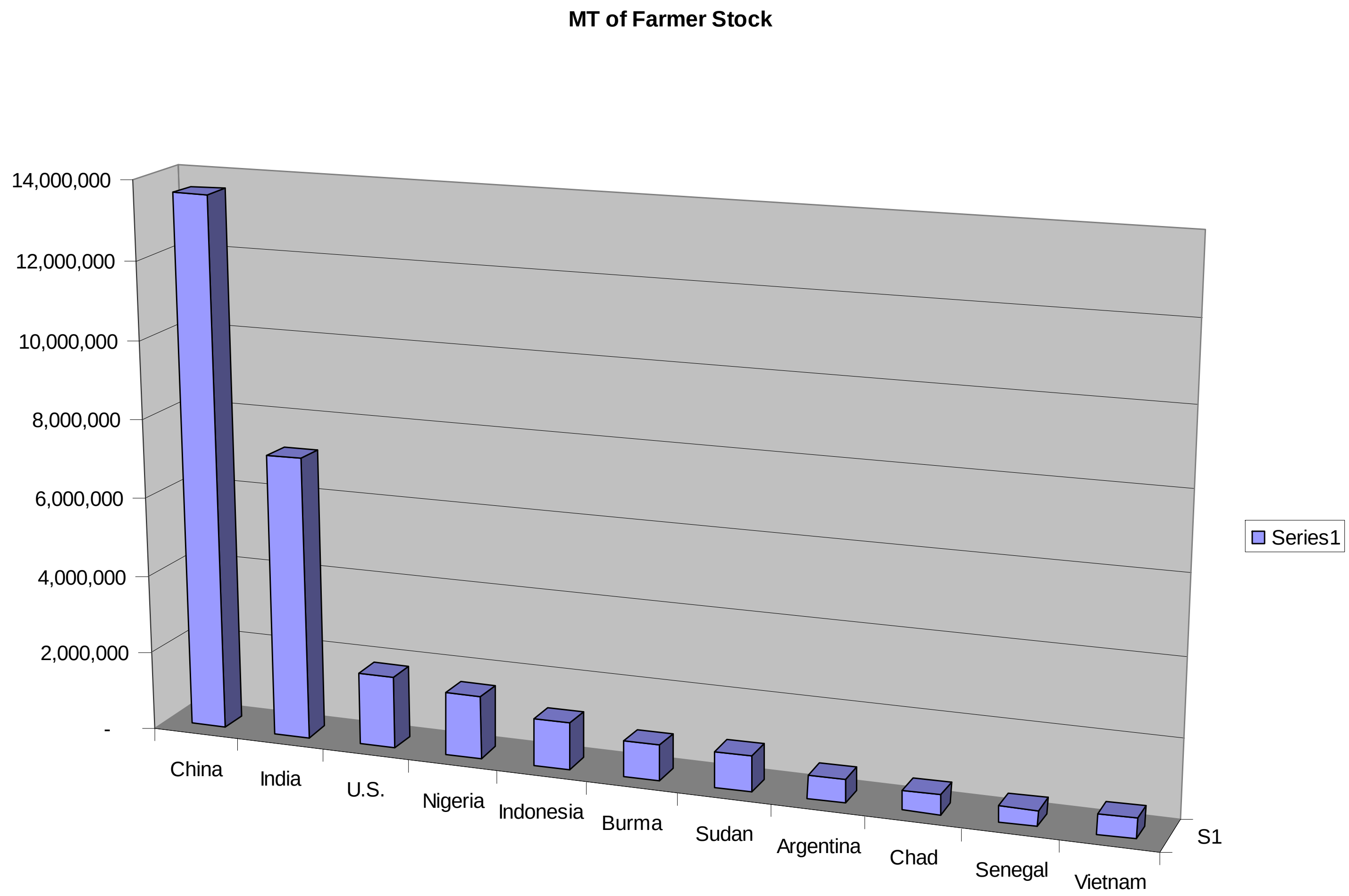
The World’s Top Exporters



Global Peanut Production by Country

Note that China, India and the U.S. represent almost 80%



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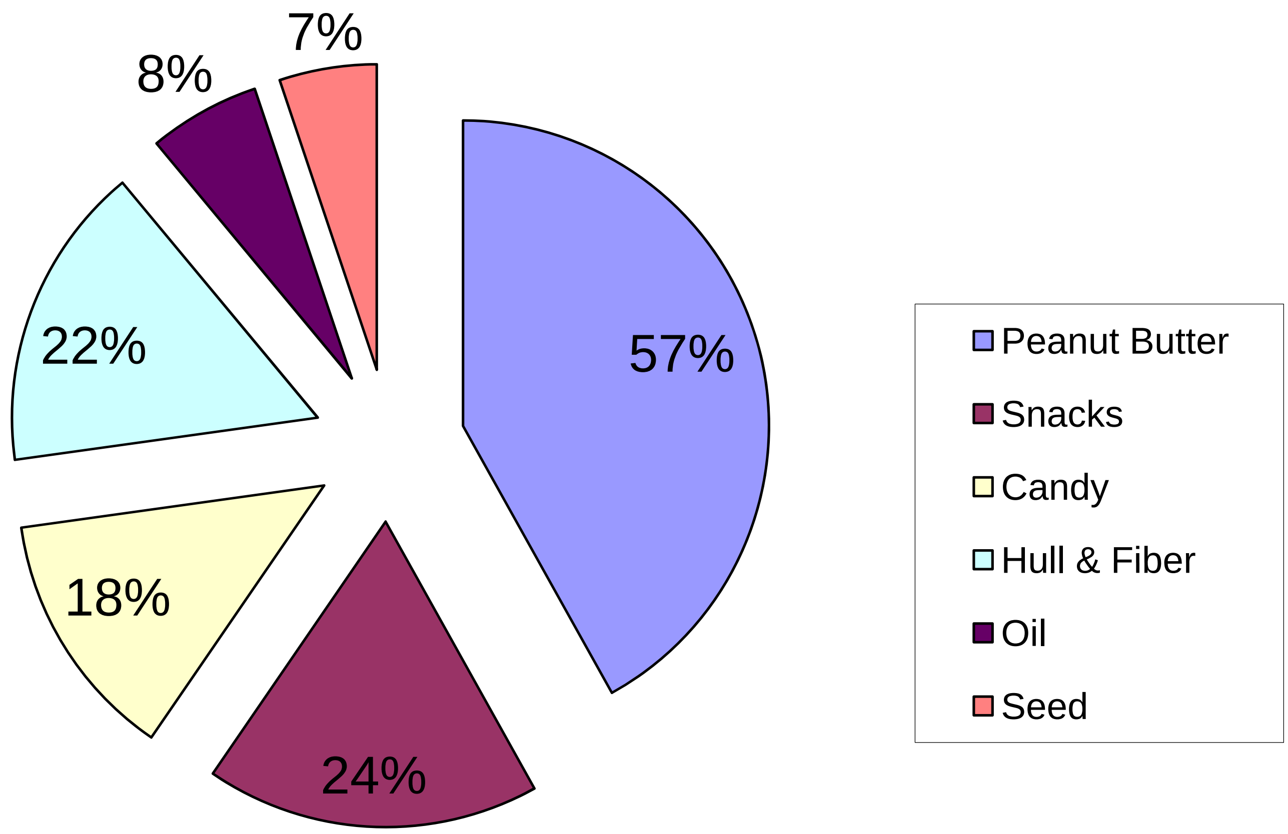
U.S. Market Breakdown of Peanut Usage



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Physical Makeup of an Average Farmer Stock Ton

1,375 lbs.	**Edible kernels**
175 lbs.	**Oilstock**
450 lbs.	**Hulls, Foreign Material, etc.**
2,000 lbs.	

To Determine Total Revenue

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How do we determine the market price for peanut kernels and peanut oil without a futures market?

- Actual Trades
- Bids and Offers
  - -Brokerage Network
  - -Directly with Customer
- Publications
  - -The Public Ledger
  - -Oil World

Even without a futures market, there is a market established everyday for anyone who wants to trade peanut kernels or peanut oil.

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How do we use this information to determine a value for farmer stock?

We look at production costs and prices of competitive crops.

22-Mar-10 — **PRODUCTION ECONOMIES**

Southeast — **Based on UGA Variable Production Costs**

Dryland Crops Costs and Returns

	Units	Price		Yield		Income	'09 Var. Cost	'10 Var. Cost	Return Over VC
Corn, Conv Variety, Dryland	Bu	$4.09		85		$348	$340	$263	$84
***Cotton BT/RR, Dryland**	Lb	$0.73		800		$584	$430	$382	$202
Peanut, Dryland	Ton	**$464**		3000		$696	$568	$493	$202
Soybean RR, Dryland	Bu	$9.21		30		$276	$230	$215	$61
***Wheat/Cotton 1**	Bu/Lb	$4.52	$0.73	55	600	$687	$610	$534	$153
Wheat/Soybean 1	Bu/Lb	$4.52	$9.21	55	24	$470	$410	$367	$102

Southeast — **Based on UGA Variable Production Costs**

Irrigated Crops Costs and Returns

	Units	Price		Yield		Income	'09 Var. Cost	'10 Var. Cost	Return Over VC
Corn BT Variety, Irrigated	Bu	$4.09		185		$757	$725	$522	$234
***Cotton BR/RR, Irrigated**	Lb	$0.73		1100		$803	$579	$495	$308
Peanut, Irrigated	Ton	**$437**		4000		$875	$696	$567	$308
Soybean RR, Irrigated	Bu	$9.21		55		$507	$312	$287	$219
***Wheat/Cotton Irrigated 1**	Bu/Lb	$4.52	$0.73	65	1000	$1,024	$829	$734	$290
Wheat/Soybean Irrigated 1	Bu/Lb	$4.52	$9.21	65	44	$699	$562	$525	$174

Southwest — **Based on Texas A&M 2009 Production Costs with Adjustments**

Irrigated Crops Costs and Returns

	Units	Price	Yield	Income	'09 Var. Cost	'10 Var. Cost	Return Over VC
Grain Sorghum, Irrigated	CWT	$5.61	6000	$336	$430	$395	-$59
***Cotton BR/RR, Irrigated**	Lb	$0.70	1100	$770	$596	$550	$220
Peanut, Irrigated	Ton	**$481**	4200	$1,010	$806	$790	$220
Wheat, Irrigated 2	Bu	$4.77	60	$286	$432	$400	-$114

* Ginning not included in cost. If seed revenue is more than enough to offset ginning, that is reflected at 650 SE 800 SW lbs. per bale

1 Soft red wheat

2 Hard red wheat

	Futures:			Basis	Net		
	Corn	Jul	$3.84	$0.25	$4.09		
	Beans	Nov	$9.46	($0.25)	$9.21		
Wheat	Soft	Jul	$5.02	($0.50)	$4.52		
	Hard	Jul	$5.02	($0.25)	$4.77		LDP
SE	Cotton	Dec	$ 0.75	($0.02)	$ 0.73	$	-
SW	Cotton	Dec	$ 0.75	($0.05)	$ 0.70	$	-
	Ctn Seed		$0		$0.00		
	Sorghum		$3.84	($0.70)	$5.61	per CWT	

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How do we use this information to determine a value for farmer stock?

1. **We determine the prices at which shelled kernels are trading.**

2. **We determine the price at which peanut oil is trading.**

3. **We determine our cost of operation and hopefully a profit margin.**

4. **We are then ready to offer a farmer stock contract based on the net of the above calculations.**

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