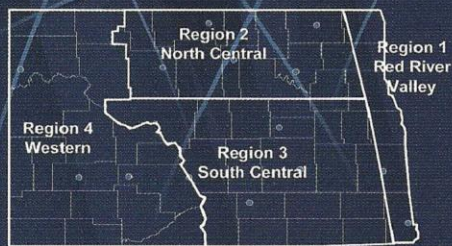


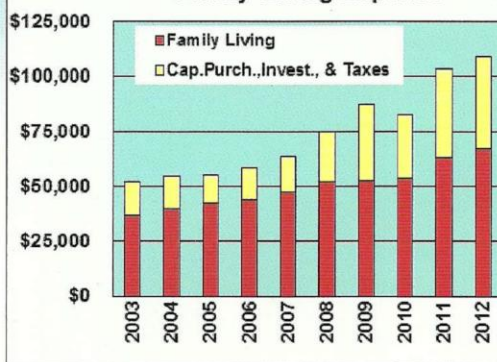
North Dakota Farm & Ranch Business Management Education Programs

Highlights from the 2012 North Dakota Averages

North Dakota Farm Business Management Programs are located in four regions across North Dakota



Family Living Expense



Nonfarm Income

The average nonfarm income for 2012 for the farms enrolled in the North Dakota Farm and Ranch Business Management Programs was \$36,637 compared to \$33,551 in 2011.

ND FARM
MANAGEMENT EDUCATION

North Dakota
cte
Career and Technical
Education

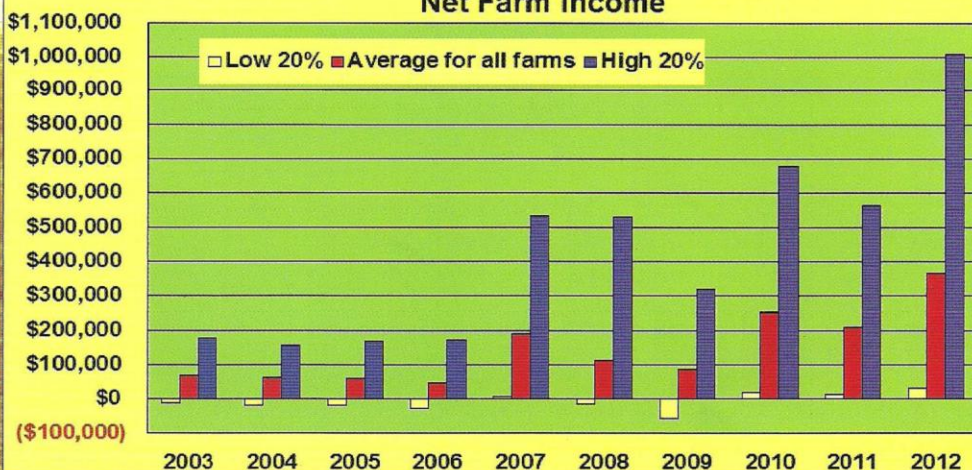
Overview of North Dakota Averages

Average farm profit for the 537 farms that were included in the 2012 North Dakota Farm and Ranch Business Management Report was \$367,317 compared to \$210,218 in 2011. Median net farm income, probably a better measure of the typical farm, was \$239,455 compared to \$145,570 in 2011 and \$174,010 in 2010.

Although production costs per acre were generally higher, crop producers enjoyed outstanding profit as excellent yields were paired with very strong prices. Stored soil moisture sustained crops through a long summer giving North Dakota farmers the yields to take advantage of high prices caused by crop shortfalls elsewhere, most notably in the Corn Belt. Profitability of livestock farms again lagged that of crop farms. Net income per beef cow was very similar to last year. Higher prices and better calf survival offset noticeably higher feed costs.

Farm financial measures continued their strong five year trend. Current assets averaged two and one-half times greater than current liabilities and on average, there was five times the capacity to make scheduled term principal and interest payments. A 25.1% rate of return on equity was greater than the rate of return on assets of 17.7%. This indicates that, on average, debt capital was profitably employed in 2012. On average farm debt increased because of purchases of machinery and land, but total assets increased by a much greater amount. Therefore average debt-to-asset improved.

Net Farm Income



Net farm income is the amount of income available for family living, term debt principal payments, and new investments. The average farm size was 2550 acres, of which 701 were pasture. The average farmer was 44.7 years of age and has farmed for 20.8 years.

Highlights from the 2012 Red River Valley Averages

Overview

This report includes information from 227 farmers enrolled in the Farm Business Management Programs in the Red River Valley. These programs are located in North Dakota and Minnesota.

In 2012 the average farmer was 45 years of age, had farmed for 29 years, and farmed 1731 acres. This average farmer spent \$850,730 for inputs in the local community.

In 2012 net farm income for the 227 farms averaged \$536,722 which was an increase of \$229,669 from 2011. The primary reasons for the increased net farm income were excellent yields and excellent prices.

The operating expense ratio was 55.4% in 2012 compared to 64.4% in 2011.

The term debt coverage ratio for 2012 was 5.28 with a capital replacement margin of \$426,499 compared with \$191,421 in 2011.

2012 Crop Yields and Returns on Cash Rented Land

Hard Red Spring Wheat

The average yield for 2012 was 64 bushels per acre compared to 45 bushels in 2011.

Net Return per acre:

| | |
|----------|----------|
| Average | \$135.04 |
| Low 20% | \$21.14 |
| High 20% | \$278.90 |

The average price for HRSW was \$8.46 per bushel vs \$8.02 in 2011.

Corn

| | Bu/acre | Net Return |
|------|---------|------------|
| 2006 | 138 bu | \$51.51 |
| 2007 | 131 bu | \$140.54 |
| 2008 | 155 bu | \$132.49 |
| 2009 | 132 bu | -\$47.95 |
| 2010 | 149 bu | \$223.91 |
| 2011 | 115 bu | \$154.78 |
| 2012 | 145 bu | \$331.42 |

The average price for corn was \$6.40 per bushel vs \$5.75 in 2011.

Soybeans

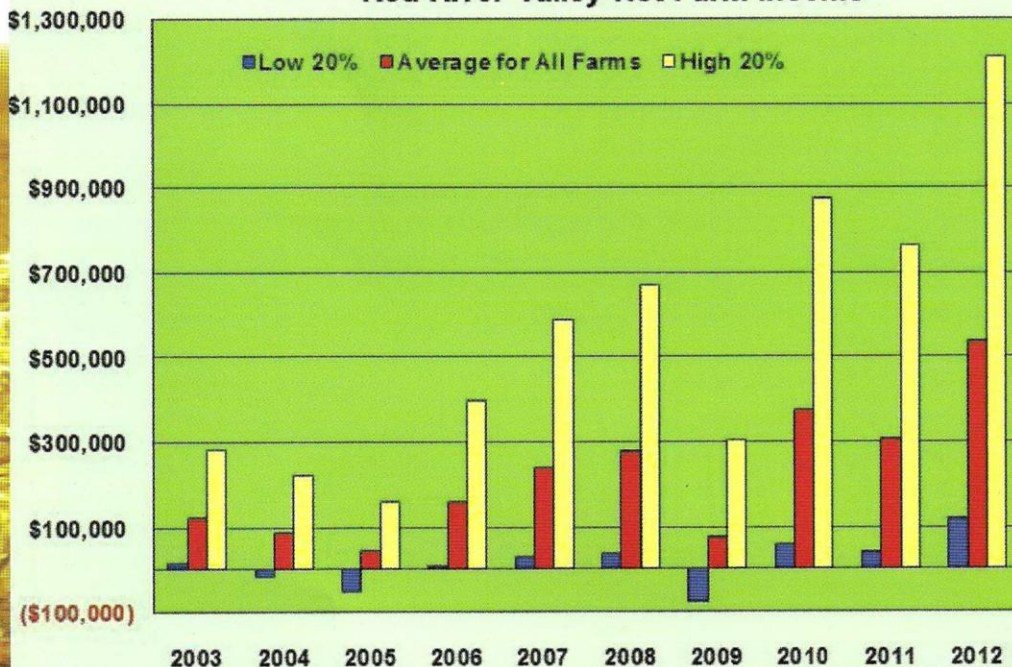
The average yield for soybeans in 2012 was 40 bushels per acre, up 9 bushels from last year.

Net Return per acre:

| | |
|----------|----------|
| Average | \$213.14 |
| Low 20% | \$89.78 |
| High 20% | \$341.26 |

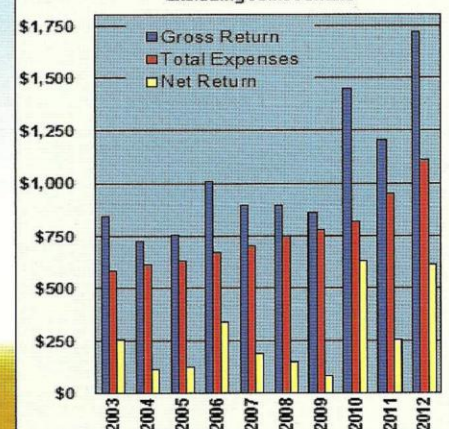
The average price for soybeans in 2012 was \$13.97 per bushel compared to \$11.42 in 2011.

Red River Valley Net Farm Income



Net farm income is the amount of income available for family living, term debt principal payments, and new investments.

Sugar Beet Costs & Returns on Cash Rented Land Excluding Joint Venture



Summary of Cash Flows

| | |
|----------------------|-------------|
| Gross Farm Income | \$1,163,839 |
| Non Farm Income | \$20,105 |
| Total Cash Farm Exp. | \$850,730 |
| Income Taxes | \$29,517 |
| Family Living | \$90,773 |
| Investing | \$346,757 |
| Money Borrowed | \$585,324 |
| Principal Payments | \$455,825 |

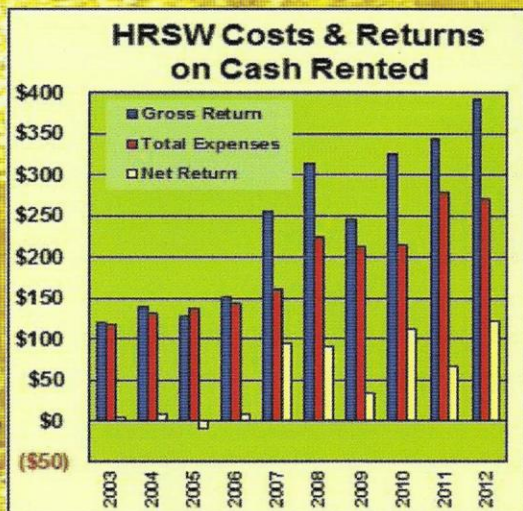
Highlights from the 2012 North Dakota Region 2 Averages

Overview for Region 2

The North Central region of North Dakota enjoyed the highest net farm income over the past five years. The average farm profit for 161 farms enrolled in the area Farm and Ranch Business Management Education Programs was \$302,314, a 47% increase from 2011. Good yields and higher prices received along with significant increases in inventory changes combined to offset higher operating costs in accounting for the levels of profit seen in the region.

The average farm consisted of 2036 acres of cropland and 400 acres of pasture which was slightly above the size recorded for 2011. The average operator age was 43.8 years with the number of years of farming at 20.3. These numbers continue to reflect the move to younger producers becoming engaged in farming.

The average farm in 2012 maintained a debt to asset ratio of 33%, a strong current ratio (2.59), and working capital of \$389,207. An operating expense ratio of 57% and a net farm income ratio of 36.3% indicated better profitability in 2012--the best in the past 5 years.



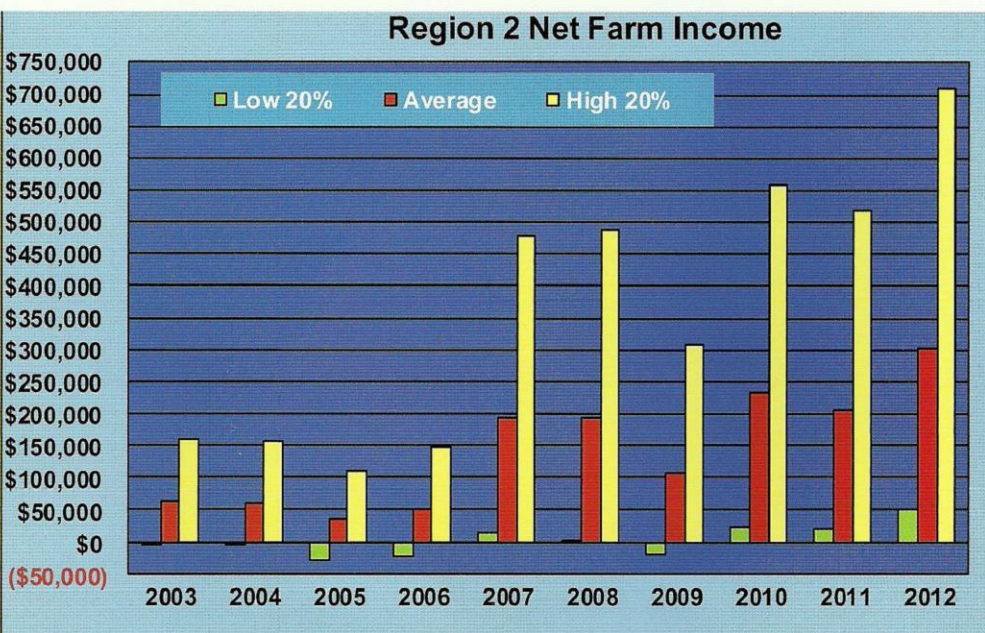
2012 Crop Yields and Returns on Cash Rented Land

Crop production continued to show good returns for most of the major crops grown within the region. Most traditional crops showed higher average yields and higher prices received. Corn and pinto beans led the way in being the highest net return crops for the region in 2012.

| | <u>HRS Wheat</u> | <u>Corn</u> | <u>Soybeans</u> | <u>Barley</u> |
|----------------------|------------------|-------------|-----------------|---------------|
| 2012 yield/acre | 47.34 bu | 105.1 bu | 32.08 bu | 66.13 bu |
| 2011 yield/acre | 38.61 bu | 110.5 bu | 29.28 bu | 55.23 bu |
| 2012 net return/acre | | | | |
| All farms | \$121.45 | \$252.40 | \$189.03 | \$169.34 |
| Low 20% | \$14.43 | \$52.74 | \$93.57 | \$ 47.87 |
| High 20% | \$237.38 | \$447.97 | \$306.00 | \$271.96 |
| 2012 Price/unit | \$ 7.97 | \$6.16 | \$13.05 | \$6.05 |
| 2011 Price/unit | \$7.35 | \$5.10 | \$10.98 | \$4.47 |

Beef Summary

Cow-calf herds saw a slight drop in net return with average returns per cow of \$165.40. This was a decrease of \$36.17 per cow compared to 2011. Higher feed costs per cow along with increases in costs incurred by cattle producers led to the decreases in profitability. Background beef continued to show positive returns in 2012 averaging \$16.44 per hundred weight of production. This was lower than the previous year due to higher feed costs.



Net farm income is the amount of income available for family living, term debt principal payments, and new investments.

Highlights from the 2012 North Dakota Region 3 Averages

Overview for Region 3

The south central region of North Dakota enjoyed a profitable year. The average profit for the 146 farms enrolled in the area Farm and Ranch Business Management Programs was \$421,735 and was 83% more than the average profit of \$230,398 generated in 2011. The average farm consisted of 1914 crop acres and 552 acres of pasture or rangeland. The average farm operator was 45.7 years of age and had been farming for 21.8 years.

The farm profits were the result of a combination of higher crop prices and increased crop yields for many producers. Leading the list of profitable crops were corn, pinto beans, soybeans and barley.

The net income per cow in the region was \$188.15, an increase of \$33.53 per cow over 2011's net return of \$154.62. The average net income per backgrounded calf decreased from \$114.85 per head in 2011 to \$27.96 per head in 2012.

2012 Crop Yields and Returns on Cash Rented Land

Barley

The average yield for barley was 71.69 bushels per acre compared to 49.91 bushels in 2011.

Net Return per Acre:

| | |
|----------|----------|
| Average | \$201.72 |
| Low 20% | -\$0.88 |
| High 20% | \$284.40 |

The average enterprise value for barley was \$6.80 per bu.

Corn

The average yield for corn grain was 130.82 bushels per acre which was 20.8 bushels higher than the 110.06 bushels in 2011.

Net Return per Acre:

| | |
|----------|----------|
| Average | \$383.96 |
| Low 20% | \$93.07 |
| High 20% | \$554.06 |

The average enterprise value for corn was \$6.45 per bushel.

Soybeans

The average yield for soybeans in 2012 was 36.31 bushels per acre compared to 28.8 bushels in 2011.

Net Return per Acre:

| | |
|----------|----------|
| Average | \$217.76 |
| Low 20% | \$93.81 |
| High 20% | \$330.74 |

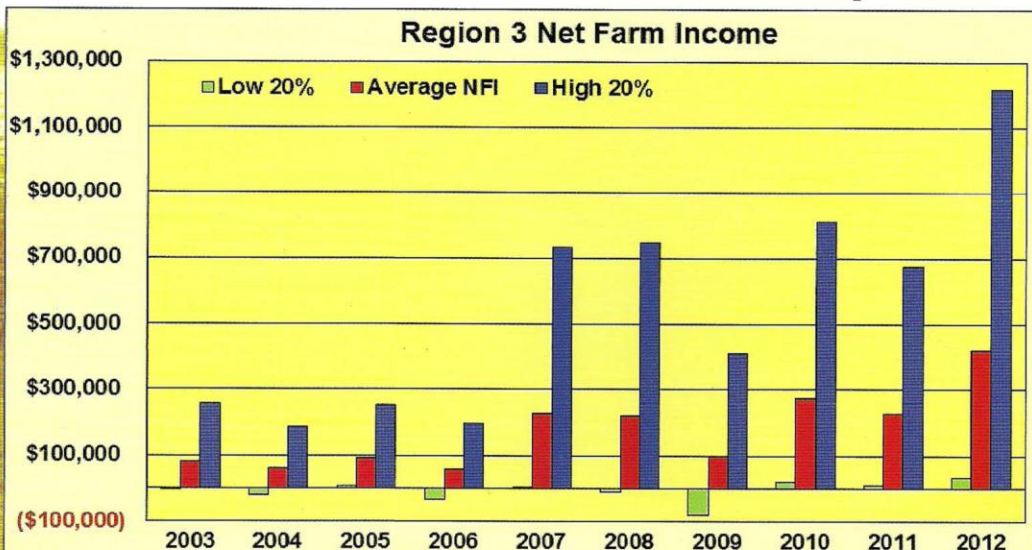
The average enterprise value for soybeans was \$13.83/bu.

Pinto Beans

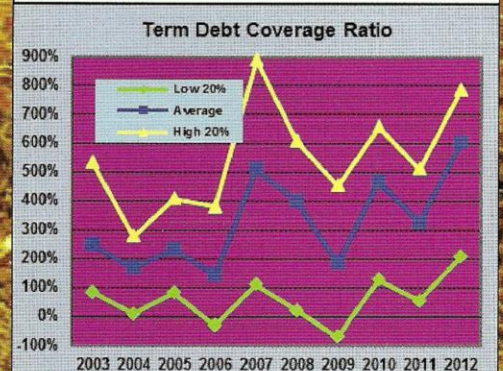
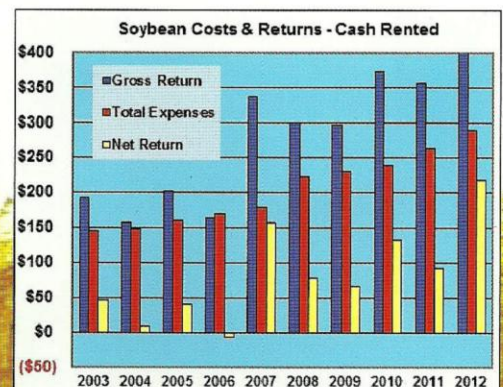
The average yield for pinto beans in 2012 was 20.04 cwt per acre compared to 13.72 cwt in 2011.

Net Return per Acre for the average farm was \$318.12.

The average enterprise value for pinto beans in 2012 was \$35.02 per cwt.



Net farm income is the amount of income available for family living, term debt principal payments, and new investments.



Highlights from the 2012 North Dakota Region 4 Averages

Overview for Region 4

Most farmers and ranchers in western North Dakota had a very good year in 2012. Following a warm, open winter most areas of the region received very little rain during the 2012 growing season. However, most annual crops produced impressive yields due to superb subsoil moisture carried over from 2011. Acreage planted to corn for grain

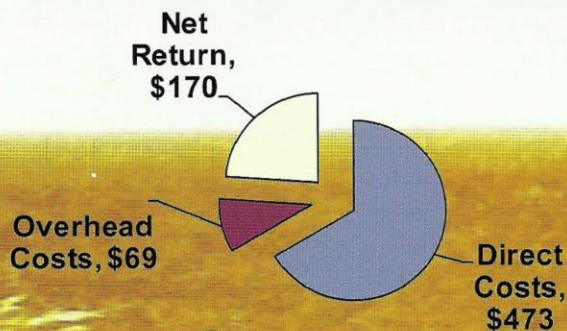
increased. Some farmers ventured into seeding soybeans. On average, sunflowers, HRS wheat, winter wheat, corn, and soybeans all yielded quite well and had good net returns per acre. Inadequate moisture caused substandard pasture growth and lower production of perennial hay crops. Weevils decimated alfalfa fields.

The warm, dry spring weather was accommodating to calving. The average calf death loss declined to 5.4% while the average weaning percent increased to 90.5%. Weaning weights decreased 2.3% to 516 pounds, due primarily to the poorer pasture growth. Average net return per cow improved \$19.37 to a respectable \$169.69.

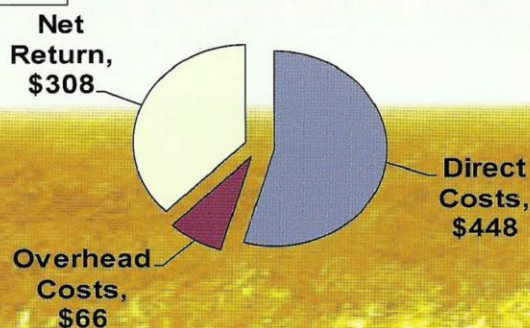
2012 Crop Yields and Returns on Cash Rented Land

| | Spring Wheat | Winter Wheat | Corn Grain | Soybeans | Oil Sunflower | Alfalfa/ Grass Hay |
|-------------------------|-----------------|-----------------|---------------|----------|------------------|-----------------------|
| Yield per acre | 34.66 bu | 53.12 bu | 74 bu | 31.18 bu | 15.1 cwt | .83 ton |
| Gross Income per acre | \$305.34 | \$423.20 | \$505.70 | \$441.38 | \$401.14 | \$58.56 |
| Direct Expense per acre | \$201.94 | \$204.75 | \$281.08 | \$235.23 | \$244.42 | \$42.81 |
| Total Expense per acre | \$230.31 | \$236.02 | \$327.97 | \$274.83 | \$277.29 | \$60.58 |
| Net Return per acre | \$75.03 | \$187.17 | \$177.73 | \$166.55 | \$123.85 | \$ -2.02 |
| Cost per Unit Produced | \$6.64 | \$4.44 | \$4.43 | \$8.82 | \$18.37 | \$72.92 |

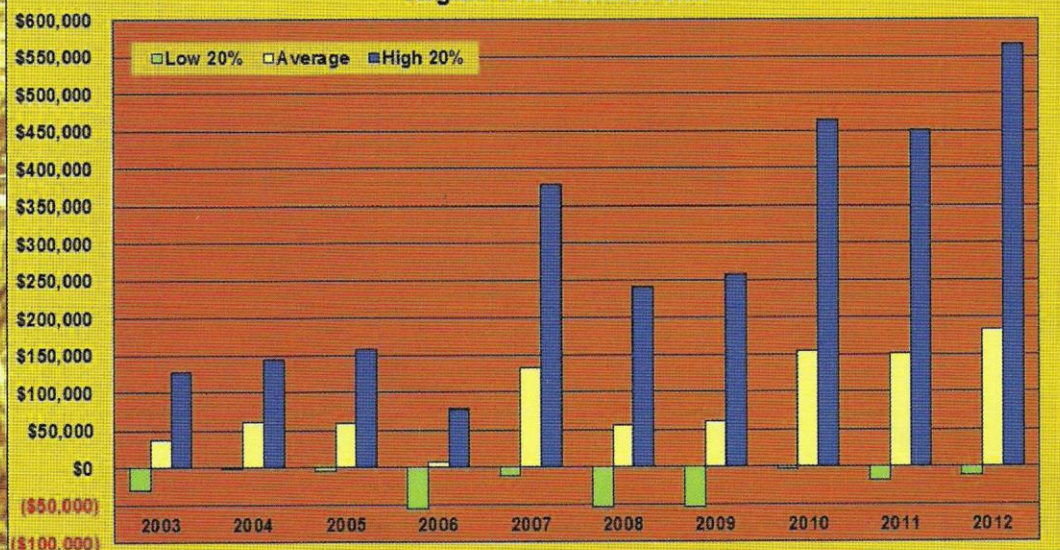
Average Farms



High Profit Farms



Region 4 Net Farm Income



The average net farm income for 2012 was \$183,863 compared to \$150,100 in 2011. Net farm income is calculated on the accrual basis and is the amount of income available for family living, term debt principal payments, and new investments. Non-farm income is also available to accomplish these goals and in 2012 non-farm earnings averaged \$60,050.

For more details check out the website at finbin.umn.edu.

More Highlights from the 2012 North Dakota Farm and Ranch Business Management Averages

Beef Production in North Dakota for 2012

Cow-Calf Herds

The average weaning weight for 2012 was 527 pounds which was 12 pounds lower than the 539 pounds recorded in 2011.

Net Return per Cow:

| | |
|----------|-----------------|
| Average | \$171.70 |
| Low 20% | -\$34.65 |
| High 20% | \$347.25 |

The average price received for calves sold directly off the cows was \$157.34 in 2012 compared to \$150.27 in 2011.

Feed cost went up from \$300.40 in 2011 to \$322.83 in 2012.

Beef Backgrounding

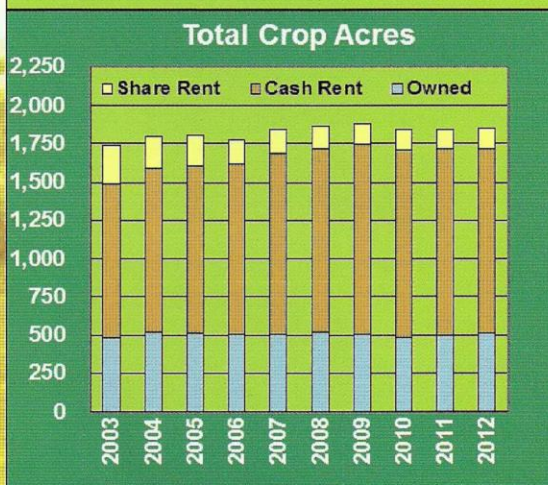
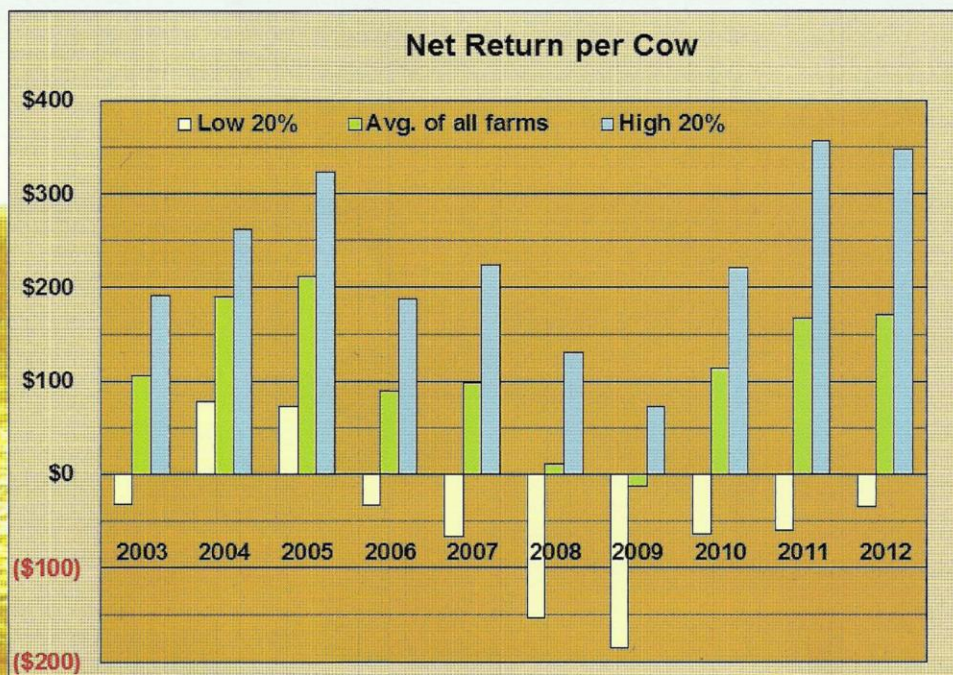
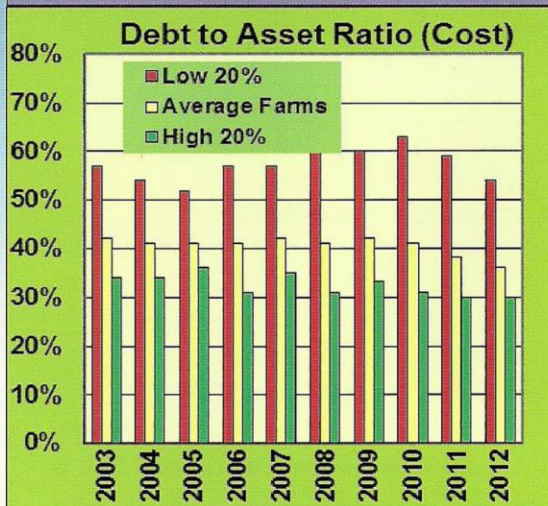
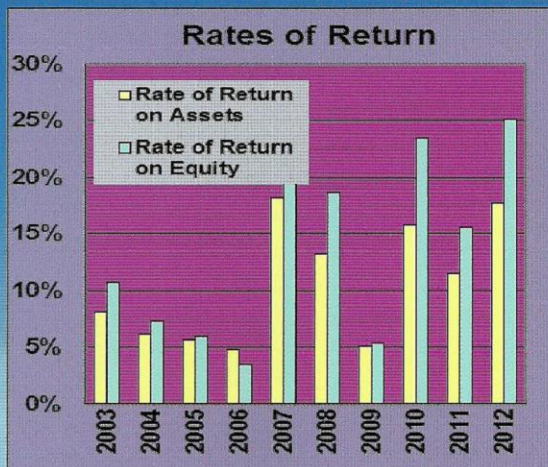
The average beef backgrounding program added 154 pounds per head in 2012 compared to 119.6 pounds in 2011.

Net Return per cwt produced:

| | |
|----------|-----------------|
| Average | \$17.31 |
| Low 20% | -\$73.12 |
| High 20% | \$66.64 |

The average sales price in 2012 was \$143.56 compared to \$131.63 in the previous year.

The average farm fed 13.44 lbs of feed per lb of gain, with 4.98 lbs of that being concentrates. This resulted in an average daily gain of 1.51 lbs.



For More Information

If you would like a complete averages book or additional information please contact your local Farm and Ranch Business Management Education Program or the North Dakota Agricultural Education Supervisor at (701) 328-3162. You can also find more detailed information by checking out our website at www.ndfarmmanagement.com or the Finbin website at www.finbin.umn.edu.

Our Mission

To provide lifelong learning opportunities in economic and financial management for adults involved in the farming and ranching business.