

December 20, 2007

Friends:

Word file attached. All should print off a fresh set of monthly, weekly, and daily charts of the next 3 harvest month options (08,09,10) and review.

Merry Christmas!

(Attached word file is below)

**Plan Implementation CRITICAL Update
DECEMBER 14th, 2007**

2008 through 2010 marketing plan will be ready January 30th.

First of all, let me thank you for all of your encouraging words of this past year and for your interest in our thought process. Your friendship is very valuable to Jane and I. As we approach the annual rebirth of God's church on this planet, please join us and take a moment to reflect upon the grace and blessings we have experienced this year.

As many of you know, Dad and I have spoken often about the importance of "making" a decision versus having a decision forced upon you and your business. When times are very bad, or very good, the value of this thought process is usually richly rewarded. NOW is such a time.

One of our objectives in this light is to ALWAYS be willing to "decide" to take ZERO PRICE risk at times, or at other times to take 100% PRICE RISK. If you recall, in October 2005 we were buying grain from other farmers and taking more than 100% price risk. I have spoken often about the 114 month time count that bottomed in November, 2005. I do not call this a cycle because the word cycle implies up and down, whereas my time counts need to be studied with a mind that is not that closed or predisposed to one outcome or another.

If you looked at the sales triggers I used in the last update, you know that we sold both corn (now 50% sold 07 and 5% sold 08) and soybeans (now 80% sold 07 and 5% sold 08) on those sales triggers. Some could argue they didn't work, which is very fair criticism - this all becomes statistics and sometimes statistics don't work - BUT over the long-run it does work. (If not there would be no trillion dollar casino industry.)

Strategic Concepts of Importance:

1. Which crop is safer to sell and which is more likely to be lower in price at delivery?? 2009 and 2010. All the weather risk is in the 2008. Just from a historical perspective, there is huge price risk in the deferreds. My point being that if you look at history, for any market, on any continent, after 3 years of explosive price advances, those advances almost never persist into the 5th and 6th years without a serious retracement. THIS IS MOST VALUABLE as we develop our plans.

2. At this point it is quite clear that our expectation for major price highs in 2008 is cast in stone as a reality. Will the high be on 1/2/08 or will it be on 6/20/08? I am still studying on that one but it will be included in the multi-year plan we will have finished on 1/31. Between 12/15 and 1/2/08 there are a series of significant reasons for a high to occur. This is the real reason for this update. Don't be like most farmers right now and zone into asleep at the wheel.

3. The peak of the "demand" portion of a market is almost always earlier than the actual and final peak of the market due to a "supply" issue. Of note, think about corn in 1973 which had a demand peak at \$3.30 in July 1973 but the actual high was on numerous supply problems created by the 1974 growing season capped by a very early frost. Wheat just experienced this phenomenon. Corn and soybeans may or may not be up to the weather. Experts I trust are very much in disagreement about weather, by the way.

4. The imbalances in the market right now are EXTREME. Globally, all exchanges combined, if my attempt to calculate is right, we have allowed speculators to purchase over 80% of global production for 2008. This is just unintelligent, at any and all levels. IMBALANCES are always resolved and seldom without pain to someone. Of course, with new fund money to invest, this phenomenon is actually why the highs could occur right now as that bubble money is forced to be invested.

5. We have a policy of NEVER losing money storing old crop after the financials are done on 12/31. Last time we did was in 1994 and that was the result of a really dumb marketing guy, me. When a market explodes into year-end like this, we just like to make those financial statement values real cash and move on to next year. NOTE: this does get us selling too early sometimes but over the long haul we just like to operate this way.

6. Odds of a drought in IOWA, not Ohio or Minnesota, are really high this year or NEXT YEAR. I have been talking about an 08 drought for 5 years now. Well, it is here and it is even possible it seems. BUT, we must keep an open mind and there is conflicting evidence to the contrary (not reading much about that are we...) A safe sale is usually when the most prominent forecaster goes public calling for high odds of a drought...Ellwyn just did this. I'm merely saying that it is wise to keep an open mind but proceed AS IF one is LIKELY, meaning no margin risk in the 08 crop year contracts.

PLAN IMPLEMENTATION UPDATE: 12/15/07

WHEAT: We are not in the wheat business as you all know. Nor are we wheat experts, but neither are most people with an opinion about wheat. Strictly from a math, calculus, time, and spiral basis, IF nearby wheat can double-top on 12/31/07 to 1/2/08 it would be beyond belief. BUT remember a timing high can either be a spike high, OR it can be the epicenter of a 10 day double-top type pattern. Be aware of this. We can project backwards in time and note that 5 days before 12/31 is either 12/21 or 12/24: a MERE 5 days away. The 12/31 is a mere 10 days away. This high in wheat could very well be a multi-year or multi-decade high. IF you grow wheat this is something to think about. Selling the 2009 crop is far easier and far more important in our view, but in wheat we are so far into the rally, selling all of 08 is also important.

CORN: At only 50% sold, we have substantial price risk indeed with CK trading at \$4.50, and CZ08 at \$4.50. If you will recall our forecast charts from last February, \$4.50 and \$5.40 have been the price levels we have focused upon as significant. Action: We are going to sell another 25% on a stop below the previous day's low, namely CH8 @ 4.32 for Monday OR sell the 25% on a offer of \$4.48 CH8, whichever is hit first. The reasons are lengthy but this issue is still in doubt. This is one place for a high of significance. First of 3 windows actually. The final window is 6/20 to 7/1 this summer. So, if you think about it, we want to have 3 years sold by 7/1/08 and yet we still own 50% of last year's...we have a lot of selling to do in the next few months. Please reread one of the opening paragraphs about choosing when to take no risk.

BEANS: At 80% sold we don't have much risk, but storing an \$11.25 bean is really expensive. Please think about the strategic point of which crop is safest to sell. With mountains of bean acres globally that can easily be in production by 2009, the downside for beans looks far more risky than corn. Everywhere we look people are talking about growing more beans. The market is getting it if you look at the SX08 lagging momentum. So, for all the above reasons, we will complete sales of the 2007 crop on a stop below last week's low at 11.44 SF7 OR on an offer at 12.46 whichever happens first. We choose to take NO RISK on old beans. Wrong or not at least we choose our destiny. SELLING 08 AND 09 BEANS is very important in the next 12 weeks. Beans will top before corn, especially in the distant years. Please ponder this thought about selling 09 and keeping the 08 more open. We will have insurance for 08 beans in 8 weeks but will not have it for 2009 for 60 weeks. A lot can happen in 60 weeks.

INVESTMENTS: We are taking 10% of our windfall this year and investing it in things we understand. Half of that is being placed in investments in agriculture-related companies that we understand using our timing signals for entry. The other half we are going to invest in Dec 2008 hog futures. The hog market

is exactly where corn was on July 30th , if you recall we expected July 30th to be a low in corn and it was. Just look at the LHG8 and the CZ7 chart from June to August 1 and compare to the LHG8. This is as easy as it gets. EVER.

Please note that a lot of the influences that have caused this tremendous rally are starting to grow old in the tooth. The dollar is actually trying to bottom and recover. The energies have divergent massive sell signals. The metals are acting a little tired with a decline after the fed's inflationary moves, which should have been bullish.

BOTTOMLINE: Not saying the highs are in since for corn and soy that will occur on a weather event this summer most likely, but the downside risk is increasing parabolically and we choose to take less and less risk as the slope of the parabola increases. We're just funny that way....

SO: It is time for some serious decision making and planning for us all. As I have said, we will have the multi-year plan done by late January. It will incorporate all the above and frankly we will be extremely short after the weather goes bad in June IF that happens.