

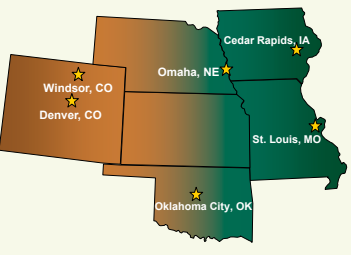


# Agribusiness First

AGRIBUSINESS BANKING DEPARTMENT • 1620 DODGE STREET • OMAHA, NE 68197

FALL 2008 - VOLUME 1.3

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### { Food for Thought }

Where did the saying “living high on the hog” come from?  
(see back for answer)



### Greetings from Vice President, Ginny Stichternath

Ginny recently joined First National Bank in June of this year. Ginny has been involved in lending to agribusinesses and integrated agricultural producers across the United States for more than fifteen years. She is a graduate of Kansas State University, with a Bachelor of Science degree in Agricultural Economics and a Masters of Business Administration degree with an emphasis in Finance.

### Challenging Economic Times

You often see the words uncertain and volatile in numerous headlines describing the current state of these challenging economic times. Challenging times exist everywhere whether you are referencing the commodity markets, equity markets, debt markets, housing markets, etc. And, the volatility is impacting everyone whether it is the cost of food or the cost of fuel or the cost of money.

Bank failures tend to grab the headlines as well, further highlighting the impacts of the struggling economy. Even government-sponsored enterprises or GSEs have not been exempt from the impacts of the current state of the economy. With the crisis in the housing sector, the federal government chose to take extraordinary steps utilizing taxpayers’ money to takeover Fannie Mae and Freddie Mac.

All of this is contributing to an uncertain future. So, what lies ahead – higher or lower interest rates, increased or decreased unemployment, higher prices or lower prices? While many provide predictions as to what the future holds, it all remains to be seen. However, the uncertainty certainly makes all of us more conscious of our current personal financial condition.

Dependable, reliable, consistent, committed – these are not the kind of words you see in today’s headlines. But, they are words that spring to mind as I think about First National Bank. As I contemplated a career move earlier this year in the face of trying economic conditions, the reputation of First National Bank was quite appealing. Having worked in partnership with this institution throughout my agribusiness lending career, I experienced the culture of First National Bank firsthand. The culture is definitely one that demonstrates these types of characteristics through good economic times and bad.

First National Bank has always been a dependable and reliable lender in the key industries it serves, which is reflected in the growth we have experienced during 2008 as we remain focused on the communities we serve. With more than 150 years as a bank with the same name and family ownership, our disciplined and consistent lending practices ensure our commitment to preserving the sound financial condition of First National Bank. Our holding company, First National of Nebraska, is the largest privately owned banking company in the United States with \$21 billion in managed assets. First National Bank is in sound financial condition, is well funded and has sufficient back-up credit resources to weather the financial problems facing the current financial services environment.

With this in mind, I encourage you to choose (or continue to choose) First National Bank – just as I did. We offer a wide range of services to meet the needs of the agricultural sector from operating and term loans to investment banking to wealth management. We also offer a competitive suite of treasury services that includes our Corporate Money Market Deposit Account (CMMDA) which you can read more about later in this issue. Contact any agribusiness banker at First National Bank and make a sound financial choice.

Ginny Stichternath

## Product Spotlight

# Corporate Money Market Deposit Account

### What is a Corporate Money Market Deposit Account?

The First National Bank Corporate Money Market Deposit Account (CMMDA) is a liquid FDIC Insured interest-bearing savings account designed to maximize your cash deposits.

### Why a Corporate Money Market Deposit Account?

Ability to earn a competitive interest rate while having the flexibility to withdraw funds up to six (6) times per month with no penalty. The interest earned is compounded daily and paid on a monthly basis. There are no fees for maintaining a CMMDA with First National Bank.

### What are the risks associated with a Corporate Money Market Deposit Account?

The risks associated with the CMMDA are the same as with any other bank deposit account. Balances are FDIC insured up to \$100,000 per tax id and per institution. Amounts in excess of that are subject to the creditworthiness of First National Bank of Omaha.

### Account Features

- » Available to any business regardless of size
- » No minimum balance required to open or maintain your account
- » Maximum number of six (6) withdrawals permitted each statement cycle, 3 of which may be checks
- » Unlimited number of deposits allowed
- » Variable interest rate based on 30-day LIBOR, adjusted daily
- » Transaction history and details included in a monthly account statement
- » Access and make transfers to or from your CMMDA via First National Bank Cash Management Online (“CMO”) and/or the 24 Hour Banking system



**To open an account, contact your First National Bank relationship manager.**

## What's In the News

### What's Behind the Surge in Global Rice Prices?

U.S. and global rice prices surged to record highs this spring. Thailand's high-quality long-grain rice—a benchmark for global trading prices—exceeded \$1,000 per ton in late April 2008, double its price in early February and triple prices of a year earlier. U.S. prices soared as well, with long-grain milled rice quoted at \$950 per ton, up \$410 from early February and more than double the price of a year earlier. The global market has a big impact on U.S. prices, as the U.S. exports about half its crop each year. Global prices have declined about 25 percent since late April; U.S. prices have dropped about 13 percent.

The rapid price increases were not due to poor harvests, a surge in demand, or a tight global supply situation. Global rice production in 2007-08 was the largest on record, and the 2008-09 crop is forecast to be even larger. Global ending stocks actually increased in 2007-08, and are projected to rise this year, as well. Instead, factors not directly related to rice market fundamentals accounted for the surge in prices.

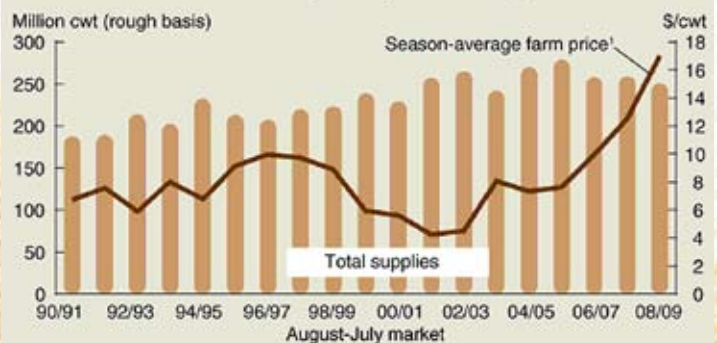
Export bans, restrictions, and taxes implemented by several major suppliers were the most important factors behind the price surge. In fall 2007, Vietnam and India, the second- and third-largest global exporters of rice, placed partial bans or restrictions on new sales. Then, in December 2007, China announced an export tax. The bans, restrictions, and taxes were imposed to ensure affordable domestic prices for rice, a key food staple in Asia, in an environment where rising fuel and commodity prices are eroding the purchasing power of low-income Vietnamese, Indian, and Chinese consumers. However, by insulating and stabilizing rice prices in domestic markets, these actions reduced the availability of rice on global markets, and world rice prices began to rise.

The price increases accelerated in March 2008 when India and Vietnam reimposed their bans, and two smaller exporters, Egypt and Cambodia, announced temporary bans as well. Prices were further boosted when the Philippines—the world's largest rice importer—attempted to purchase large amounts of rice to ensure adequate supplies and limit food price increases. Finally, in late April 2008, Pakistan announced minimum export prices for various grades of rice. By early May, among top global exporters, only Thailand and the U.S. were not restricting sales.

Three other factors also contributed to the surge in global rice prices. First, prices for fuel and fertilizer—major farm inputs—reached record levels. Second, prices for most other agricultural commodities, such as wheat, corn, and soybeans, were at or near-record highs. And finally, the weak U.S. dollar boosted global prices since most rice is traded in dollars.

~USDA, Economic Research Service

**The 2008/09 U.S. season-average farm price is the highest on record**



2008/09 mid-point of range.  
Sources: USDA, Economic Research Service, 1990/91-2005/06,  
2007 Rice Yearbook; 2006/07-2008/09, World Agricultural Supply and Demand Estimates,  
[www.usda.gov/oce/commodity/wasde/index.htm](http://www.usda.gov/oce/commodity/wasde/index.htm)

## { Food for Thought }

It started among enlisted men in the U.S. Army, who received shoulder and leg cuts of pork while officers received the top loin cuts. So “living high on the hog” came to mean living well.