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SPRING 2005 NEWSLETTER

ACREAGE REPORTS DUE JUNE 30th

Enclosed, you will find a copy of your 2005 crop year acreage report for Spring-planted crops. Please note that all acreage reports are due for Tobacco, Soybeans, Corn and Grain Sorghum by June 30th. Please notice the back of the acreage reporting form for instructions as to filling out the form.

Please be aware that we cannot change acres after the acreage reporting deadline unless there is a clear case of a typographical error. It is extremely important that we get the acreage report correct prior to the deadline. We suggest that you turn in acres at FSA prior to turning them in with us so that you are sure that the farm numbers, share and acres are correct prior to reporting to us.

PENALTY FOR INCORRECT ACREAGE REPORT

For the first time in 2005, there is a penalty that will be assessed on any claim where the acreage is over reported or under reported by greater than 10%. The penalty will be a percentage equal to the amount in excess of 10% that your acreage report is in error. This penalty applies not only to acreage, but also when there is an error in the liability amount due to incorrect shares reported. Please give extra attention to the shares that you report, especially on Tobacco. In the past, before the Tobacco Buyout, many producers had 25% landowner shares. If those shares no longer exist, please mark through the .75 share showing and write in 100% share on your acreage report.

MEASUREMENT SERVICES AVAILABLE

As in the past, measurement services are available through FSA. You are not required to have your land measured for any insured crop. However, if you want the peace of mind of knowing that your acreage is correct, you can elect to have your acreage measured. If you want to have your acreage measured privately, you may do so. John Eagle offers one private measurement service. John can be reached at (434) 836-6924. You may know of another measurement service closer to you. If so, you can use any private measurement service. If you request measurement and the measurement isn't completed by the acreage reporting deadline, you can submit estimated acreage and we can correct the acreage to correspond to the measurement service within 45 days of the acreage reporting deadline or prior to a claim being reported, whichever comes first. If your acreage is to be measured, be sure to write "Estimated acreage awaiting measurement service" on your acreage report.

REPORT NEW FARM SERIAL NUMBERS

If you have new farm serial numbers due to the removal of a combination farm serial number or due to combination of farms, please make sure that we are aware of the correct farm serial numbers at the earliest possible date that you know the new farm numbers. Per recent correspondence that we've received from FSA, the deadline for establishing new farm numbers is June 1, 2005.

FSA SIGNUP FOR WHEAT BY MAY 15, 2005

If you planted a wheat crop, keep in mind that wheat should be signed up at FSA not later than May 15, 2005. If you need a copy of the wheat acreage that you submitted to our office so that you can report the same acres and plant dates to FSA, give us a call and we'll be glad to provide you with a copy.

WHEAT PREMIUMS DUE JULY 1, 2005

If you have a wheat crop insured in 2005, you will be billed shortly for the premium. The due date on wheat premiums is July 1, 2005. If you have a wheat premium due, it is due regardless of whether you have a wheat claim filed or not. This applies to planted wheat as well as prevent-planted wheat. If you

have a claim in progress, you can expect the premium to be deducted from the claim if it hasn't already been paid.

REPORT WHEAT CLAIMS EARLY

If you suspect a loss on your wheat crop, be sure to file a claim as soon as possible. It is always best to file a claim early, even when you aren't sure whether you have a loss or not.

PREVENTED-PLANTED WHEAT ACRES

There were quite a few wheat acres that were turned in as prevented acres this year. It is important that you understand how this coverage works.

There are two sets of circumstances that involve prevented planted wheat acreage. These are, first; if you plant a crop on those acres in the Spring and second; if you don't plant a crop on those acres in the Spring.

If you plant a crop on prevented acres in the Spring, there are two possibilities on how the claim will be worked. First, if you don't have a history of double cropping the Spring-planted crop behind wheat, 35% of the normal amount paid for prevented planting will be paid. Your yield database will be affected by showing a yield for wheat in 2005 on the prevented acres that is 60% of your average yield. You can then insure the Spring-planted crop and collect a loss on that crop if you incur a loss. Second, if you do have a history of double cropping behind wheat, the prevented planted payment will be made at 100% and you can insure the Spring-planted crop. In this case, there is no affect to your wheat yield database. As you can see, a history of double cropping is very advantageous.

If you don't plant a crop on prevented acres in the Spring, you will be eligible for 100% of the prevented planted payment on the wheat acres. A cover crop can be planted on the land with no effect on the claim. However, if you hay or graze the prevented wheat acres, you will be subject to a 35% prevented planted payment and your yield database will be affected by showing a yield for wheat in 2005 on the prevented acres that is 60% of your average yield.

TOBACCO BUYOUT BEGINS A NEW ERA

Due to the recent tobacco buyout, there will obviously be a lot of changes to the tobacco business. The federal crop insurance program on tobacco will change very little other than a lower price, \$1.35 per pound for flue tobacco, will be paid if a producer doesn't produce his/her guaranteed yield. Government subsidy will not change. Therefore, you can expect premiums to be less per acre due to the decreased price per pound. Another difference is that we will be keeping track of your yields in the future instead of the way FSA kept yields through the marketing card system.

2005 CROP-HAIL PROGRAM CHANGES

The crop hail program for tobacco remains relatively unchanged in Virginia for the 2005 crop year. Rates remain the same for hail other than a very small increase in hail rates at the 10% deductible. Wind rates were unchanged in Virginia.

In North Carolina, the hail rates were unchanged but the wind rates increased significantly at the 0% and 5% deductible levels. At the 10% deductible, the wind rates increased only slightly. This appears to be an effort by the company to push more growers to the 10% deductible if they choose to carry wind and hail coverage. As always, the biggest bang for the buck appears to be in Federal Crop Insurance with crop-hail being a way to round out your coverage if you so choose.

SIGN-UP FOR THE TOBACCO BUY-OUT NOW

Beginning March 14th and ending June 1, tobacco producers and quota holders can sign up at FSA for tobacco buyout payments.

SIGN-UP FOR THE DISASTER PAYMENT NOW

Disaster payment sign up began at FSA on March 14th. If you were paid a loss in the 2003 or 2004 crop years, you are probably eligible for a disaster payment. If you need assistance determining whether you had a loss or in which year you had the greatest loss, feel free to call and we will help in whatever way possible.

GETTING OUT OF THE TOBACCO BUSINESS?

If you are a quota holder or producer and will not have a share in a tobacco crop in the future or a risk in a crop, you will not need a crop insurance policy on tobacco in the future. If this is the case, we will need a written request from you to cancel your crop insurance policy. Upon receipt of such a request, we will cancel your tobacco coverage effective for next year's crop. For 2005, we will need the enclosed acreage report signed and dated showing 0 acres. All 0 acre reports will not incur a premium charge.

HELP US HELP YOU WITH YIELD TRACKING

As you sell your 2005 crop of wheat, tobacco, soybeans or corn; please be sure to write the farm serial number on which the crop was grown on the sales ticket. This type of record keeping is needed for tracking production in the event of a loss or even for establishing yields when there is not a loss.

For crops that are not harvested for whatever reason, be sure to file a claim so an adjuster can appraise production, even if you don't expect a low enough yield for us to pay a loss to you. Any insured crop that is cut for hay should also be appraised to determine yield.

Any corn harvested as silage should also be appraised unless you are sure that you will not have a loss. In that case, you should tally silage loads as you cut the corn and the tonnage can then be converted to bushels. You should weigh at least a couple of loads of silage on each wagon or truck that is being used so that the total tonnage can be calculated.

FORWARD PRICING CAN BE A GOOD IDEA

Currently, there are few opportunities for forward pricing other than in the case of soybeans. Please keep this marketing strategy in mind to get the most that you can for your crop. Some futures prices that exist at the time of writing this newsletter are as follows:

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| Soybeans: Nov 2005, | \$6.22/bu. |
| Corn: Dec 2005, | \$2.26/bu. |
| Wheat: July 2005, | \$3.23/bu. |

You may wish to consider booking some of your soybeans now rather than waiting to see where the market is at harvest. If you book the soybeans at a grain elevator, you don't have to worry about margin calls. You might also want to consider an option on soybeans at \$6.20 per bushel to protect that price and this will give you the ability to sell your beans at a price higher than \$6.20 if the price goes up instead of down.

You can request a marketing newsletter from Jonah Bowles at Jonah.Bowles@vafb.com. Jonah produces his newsletter weekly and each newsletter is filled with suggestions on marketing the commodities that you produce. You can also request a mailed copy of the newsletter by sending a written request to Jonah at:

Jonah J. Bowles III
 Ag Risk Management Coordinator
 Virginia Farm Bureau Federation
 12580 West Creek Parkway
 Richmond, VA 23261

You may also reach Jonah at:
 (804) 290-1117 - Office
 (804) 370-4061 - Mobile

DCP SIGN-UP AT FSA

If you are a grain producer, you should take advantage of the Direct and Counter-Cyclical Program (DCP) at FSA. Any farm that has an established grain base is eligible to participate in the program. The person in control of the acreage for the 2005 crop year will be the person eligible to receive a payment. The sign-up deadline for 2005 is June 1, so don't let this opportunity slip by without taking advantage of it.

PRICE ELECTIONS FOR 2005 CROPS

Following are the price elections that have been announced for the 2005 crops. These are the prices that will be paid by crop insurance in the event of a loss.

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|--------------------------------|---------|
| Apples, Fresh Market, APH, bu. | \$ 8.05 |
| Barley, APH, bu. | \$ 2.35 |
| Cabbage, APH, cwt | \$ 6.40 |
| Corn, APH, bu. | \$ 2.20 |
| Corn, CRC in VA, bu. | \$ 2.32 |
| Corn, CRC in NC, bu. | \$ 2.27 |
| Grain Sorghum, APH, bu. | \$ 2.15 |
| Oats, APH, bu. | \$ 1.60 |
| Peaches, Fresh Market, bu. | \$11.75 |
| Soybeans, APH, bu. | \$ 5.00 |
| Soybeans, CRC, VA, NC, bu. | \$ 5.53 |
| Tobacco, Burley, APH, lb. | \$ 1.50 |
| Tobacco, Fire-Cured, APH, lb. | \$ 1.80 |
| Tobacco, Flue-Cured, APH, lb. | \$ 1.35 |
| Wheat, APH, bu. | \$ 3.50 |
| Wheat, CRC, VA and NC, bu. | \$ 3.40 |

AS ALWAYS, WE GREATLY APPRECIATE YOUR BUSINESS!!