

CALCULATION OF THE 2008 OPERATING INCOME USED IN THE MARCH 1, 2011 AGRICULTURAL LAND BASE RATE

| | 2007 | 2007 | 2007 |
|---------------------------------|-----------------|---------------------|---------------|
| | Gross Cash Rent | Less Property Taxes | Net Cash Rent |
| Net Income for Cash Rented Land | \$157 | -\$17 | \$140 |

Source or Formula
Purdue Ag. Econ. Report (PAER) for rents & a DLGF Study for taxes

Net Income for Owner-Operated Land November Price Annual Avg. Price Market Year Avg. Price

| | 2007 | | 2007 | | 2007 | |
|-----------------------------|--------|--------|--------|---------|--------|---------|
| | Corn | Beans | Corn | Beans | Corn | Beans |
| 1 Yield Per Acre in Bushels | 160 | 45 | 160 | 45 | 160 | 45 |
| 2 Price Per Bushel | \$4.04 | \$9.47 | \$4.98 | \$11.78 | \$4.39 | \$10.20 |
| 3 Sales (Gross Income) | \$646 | \$426 | \$797 | \$530 | \$702 | \$459 |
| 4 Less Variable Costs | \$380 | \$182 | \$380 | \$182 | \$380 | \$182 |
| 5 Contribution Margin | \$266 | \$244 | \$417 | \$348 | \$322 | \$277 |
| 6 Plus Government Payments | \$25 | | \$25 | | \$25 | |
| 7 Total Contribution Margin | \$268 | | \$395 | | \$312 | |

Source or Formula

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Page 35
Line 1 (Yields) times Line 2 (Prices) = Sales (or Gross Income)
Page 48
Line 3 (Sales) minus Line 4 (Variable Costs) = Contribution Margin
Page 51
Line 5 (Corn) plus Line 5 (Beans) plus Line 6 divided by 2

Less Overhead:

| | | | | | |
|-----------------------|------|--|------|--|------|
| 8 Annual Machinery | \$58 | | \$58 | | \$58 |
| 9 Drying/Handling | \$9 | | \$9 | | \$9 |
| 10 Family/Hired Labor | \$52 | | \$52 | | \$52 |
| 11 Real Estate Tax | \$17 | | \$17 | | \$17 |

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| | | | | | |
|----------------------|-------|--|-------|--|-------|
| 12 Net ReturnTo Land | \$132 | | \$259 | | \$176 |
|----------------------|-------|--|-------|--|-------|

Line 7 minus Lines 8, 9, 10, 11 = Net Return to Land

| | | | | | |
|--------------------------------------|-------|-------|------------------------------------------------|--|--|
| 13 Net ReturnTo Land-November | \$132 | | | | |
| 14 Net ReturnTo Land-Annual Avg. | \$259 | | | | |
| 15 Net ReturnTo Land-Market Yr. Avg. | \$176 | | | | |
| 16 Net ReturnTo Land - Average | | \$189 | This is the Net Income for Owner-Operated Land | | |

Line 12 - November Price
Line 12 - Annual Avg. Price
Line 12 - Market Year Avg. Price
Average of the Lines 13, 14, and 15

| | Income | | Capitalization Rate | = | Value |
|------------------------------------|--------|---|---------------------|---|---------|
| Net Income for Cash Rented Land | \$140 | / | 6.56% | = | \$2,134 |
| Net Income for Owner-Operated Land | \$189 | / | 6.56% | = | \$2,881 |
| Average of the Two Net Incomes | \$165 | / | 6.56% | = | \$2,508 |

This number is one of the six years used to calculate the base rate.

As illustrated in the following equation, the market value in use of agricultural land is calculated by dividing the net income of each acre by the appropriate capitalization rate.

$$\text{Market Value In Use} = \text{Net Income Divided By The Capitalization Rate}$$