## NORTHEAST REGION
### EX-LARGE STOCKER BUDGET

<table>
<thead>
<tr>
<th>HERD SIZE</th>
<th>1600</th>
<th>DEATH LOSS PERCENT</th>
<th>3%</th>
</tr>
</thead>
</table>

### VALUE OF PRODUCTION

<table>
<thead>
<tr>
<th>QUANTITY</th>
<th>WEIGHT</th>
<th>PRICE</th>
<th>VALUE</th>
<th>NEW VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>STEER CALVES</td>
<td>1552</td>
<td>750</td>
<td>$1.02</td>
<td>$1,187,280</td>
</tr>
</tbody>
</table>

### VARIABLE COSTS

1. **FEED COSTS**
   - **HAY**
     - UNITS: TON
     - QUANTITY/PERCENT: 0.00
     - PRICE: $140
     - COST: $0
     - NEW VALUE: $0
   - **STATE**
     - AUY
     - QUANTITY/PERCENT: 0.0%
     - PRICE: $0.00
     - COST: $0
     - NEW VALUE: $0
   - **FEDERAL LEASE**
     - AUY
     - QUANTITY/PERCENT: 0.0%
     - PRICE: $0.00
     - COST: $0
     - NEW VALUE: $0
   - **PRIVATE(Owned)**
     - AUY
     - QUANTITY/PERCENT: 100.0%
     - PRICE: $16.25
     - COST: $104,000
     - NEW VALUE: $65.00
   - **PRIVATE(Leased Grazing)**
     - AUY
     - QUANTITY/PERCENT: 0.0%
     - PRICE: $0.00
     - COST: $0
     - NEW VALUE: $0
   - **SALT & MINERAL**
     - TON
     - QUANTITY/PERCENT: 24.00
     - PRICE: $128
     - COST: $3,072
     - NEW VALUE: $1.92
   - **PROTEIN SUPP**
     - TON
     - QUANTITY/PERCENT: 0.00
     - PRICE: $350
     - COST: $0
     - NEW VALUE: $0
   - **OTHER**
     - 0.00
     - $0
     - $0
     - $0

   **TOTAL**
   - QUANTITY: 1552
   - VALUE: $1,187,280
   - NEW VALUE: $742.05

2. **OTHER VARIABLE COSTS**
   - **VET AND MEDICINE**
     - COST: $20,000
     - VALUE PER HEAD: $12.50
   - **LIVESTOCK HAULING**
     - COST: $0
     - VALUE PER HEAD: $0.00
   - **HIRED LABOR**
     - COST: $5,000
     - VALUE PER HEAD: $3.13
   - **OPERATING COSTS-EQUIP & MACH**
     - COST: $3,500
     - VALUE PER HEAD: $2.19
   - **OPERATING COSTS-VEHICLE**
     - COST: $4,000
     - VALUE PER HEAD: $2.50
   - **RANCH MAINTENANCE**
     - COST: $3,350
     - VALUE PER HEAD: $2.09
   - **BEEF CHECKOFF**
     - COST: $1,552
     - VALUE PER HEAD: $0.97
   - **LIVESTOCK PURCHASES**
     - COST: $972,000
     - VALUE PER HEAD: $607.50

   **TOTAL**
   - COST: $1,009,402
   - VALUE PER HEAD: $630.88

3. **INTEREST ON VARIABLE COSTS**
   - SUM OF VARIABLE COSTS X MONTHS BORROWED
   - X INTEREST RATE PER MONTH: 8.0%
   - ANNUAL INTEREST RATE: 8.0%
   - NUMBER OF MONTHS BORROWED: 6
   - VALUE PER HEAD: $44,659

   **TOTAL**
   - COST: $1,161,133
   - VALUE PER HEAD: $725.71

### OWNERSHIP COSTS

4. **ANNUAL CAPITAL RECOVERY**
   - (At Replacement Value)
   - Represents 65% Asset Ownership
   - VALUE PER HEAD: $26,147

   **CASH COSTS**
   - Taxes & Insurance
     - COST: $15,907
     - OVERHEAD
     - COST: $2,100
   - TOTAL
     - COST: $18,007
     - VALUE PER HEAD: $11.25

   **NON CASH COSTS**
   - Purchased Livestock
     - COST: $0
     - Machinery & Equipment
     - COST: $0
     - Housing & Improvements
     - COST: $0
   - Interest on Retained Livestock
     - COST: $71,237
   - Management & Operation Labor (6% of gross returns)
     - COST: $44.52
   - TOTAL
     - COST: $71,237
     - VALUE PER HEAD: $44.52

   **TOTAL FIXED COSTS**
   - COST: $89,243
     - VALUE PER HEAD: $55.78

   **TOTAL CASH AND VARIABLE COSTS**
   - COST: $1,179,140
     - VALUE PER HEAD: $736.96

   **TOTAL COSTS**
   - COST: $1,250,376
     - VALUE PER HEAD: $781.49

   **RETURN ABOVE TOTAL CASH COSTS**
   - COST: $8,140
     - VALUE PER HEAD: $5.09

   **RETURN ABOVE TOTAL COSTS**
   - COST: ($63,096)
     - VALUE PER HEAD: ($39.44)

### BREAKEVEN CALCULATIONS

- REQUIRED AVG. CALF PRICES CASH COST (cwt)
  - COST: $6,450.74
  - VALUE PER HEAD: $6,550.78
- REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)
  - COST: $6,450.74
  - VALUE PER HEAD: $6,946.54

---

1) Death loss indicates those calves which were turned out but were not accounted for when removed from the pasture.
2) Prices represent 2006 price projections from Cattle Fax, Doanes reports for New Mexico feeder cattle cash prices.
3) Market prices include commissions, brand inspections, beef council, yardage, feed, and insurance.
4) Annual capital recovery is the method of calculating depreciation and interest recommended by the National Task Force on Commodity Costs and Returns Measurement Methods.
5) The 35% reduction in asset values which represent a mix of new and used machinery.
6) Interest on average investment.
NORTHEAST REGION
EXTRA-LARGE RANCH INVESTMENTS

<table>
<thead>
<tr>
<th>Number</th>
<th>Land Values</th>
<th>Price Per Unit</th>
<th>10 Yr Avg Rate of Return</th>
<th>Purchase Price</th>
<th>Salvage/Cull Value</th>
<th>Useful Life</th>
<th>Share</th>
<th>Recovery</th>
</tr>
</thead>
<tbody>
<tr>
<td>90000</td>
<td>Acres of private land</td>
<td>$85</td>
<td>3.9%</td>
<td>$7,650,000</td>
<td>$7,650,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>500</td>
<td>AU Values¹</td>
<td>$2,500</td>
<td>3.9%</td>
<td>$1,250,000</td>
<td>$1,250,000</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sub Totals $8,900,000

<table>
<thead>
<tr>
<th>Number</th>
<th>Buildings, Improvements</th>
<th>Price Per Unit</th>
<th>Rate of Return</th>
<th>Price</th>
<th>Salvage/Cull Value</th>
<th>Useful Life</th>
<th>Share</th>
<th>Recovery</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>Miles of pipeline</td>
<td>$2,000</td>
<td>3.9%</td>
<td>$32,000</td>
<td>$3,200</td>
<td>25</td>
<td>100</td>
<td>$1,949</td>
</tr>
<tr>
<td>10</td>
<td>Wells</td>
<td>$12,000</td>
<td>3.9%</td>
<td>$120,000</td>
<td>$12,000</td>
<td>25</td>
<td>100</td>
<td>$7,308</td>
</tr>
<tr>
<td>95</td>
<td>Miles of Fence</td>
<td>$4,000</td>
<td>3.9%</td>
<td>$380,000</td>
<td>$38,000</td>
<td>25</td>
<td>100</td>
<td>$23,143</td>
</tr>
<tr>
<td>2</td>
<td>Corrals/Working Facilities</td>
<td>$12,000</td>
<td>3.9%</td>
<td>$24,000</td>
<td>$2,400</td>
<td>30</td>
<td>100</td>
<td>$1,328</td>
</tr>
<tr>
<td>1</td>
<td>Barns &amp; Shop</td>
<td>$18,000</td>
<td>3.9%</td>
<td>$18,000</td>
<td>$1,800</td>
<td>30</td>
<td>100</td>
<td>$996</td>
</tr>
</tbody>
</table>

Sub Totals $574,000 $34,724

<table>
<thead>
<tr>
<th>Number</th>
<th>Machinery &amp; Vehicles</th>
<th>Price Per Unit</th>
<th>Interest Rate¹</th>
<th>Price</th>
<th>Salvage/Cull Value</th>
<th>Useful Life</th>
<th>Share</th>
<th>Recovery</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>3/4 ton pickup 4WD</td>
<td>$30,000</td>
<td>7.5%</td>
<td>$90,000</td>
<td>$18,000</td>
<td>7</td>
<td>50</td>
<td>$7,472</td>
</tr>
<tr>
<td>1</td>
<td>1 ton pickup 4WD</td>
<td>$32,000</td>
<td>7.5%</td>
<td>$32,000</td>
<td>$6,400</td>
<td>7</td>
<td>50</td>
<td>$2,657</td>
</tr>
<tr>
<td>1</td>
<td>Tractor</td>
<td>$5,000</td>
<td>7.5%</td>
<td>$5,000</td>
<td>$1,000</td>
<td>7</td>
<td>100</td>
<td>$830</td>
</tr>
<tr>
<td>3</td>
<td>Gooseneck trailer</td>
<td>$6,500</td>
<td>7.5%</td>
<td>$19,500</td>
<td>$3,900</td>
<td>7</td>
<td>100</td>
<td>$3,238</td>
</tr>
<tr>
<td>1</td>
<td>Horse tack</td>
<td>$6,000</td>
<td>7.5%</td>
<td>$6,000</td>
<td>$1,200</td>
<td>10</td>
<td>100</td>
<td>$789</td>
</tr>
<tr>
<td>1</td>
<td>Misc. equipment</td>
<td>$7,000</td>
<td>7.5%</td>
<td>$7,000</td>
<td>$1,400</td>
<td>10</td>
<td>100</td>
<td>$921</td>
</tr>
</tbody>
</table>

Sub Total $159,500 $15,907

<table>
<thead>
<tr>
<th>Head</th>
<th>Purchased Livestock</th>
<th>Price Per Unit</th>
<th>Interest Rate¹</th>
<th>Price</th>
<th>Salvage/Cull Value</th>
<th>Useful Life</th>
<th>Share</th>
<th>Recovery</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>Horses</td>
<td>$2,500</td>
<td>6.5%</td>
<td>$32,500</td>
<td>$12,350</td>
<td>10</td>
<td>100</td>
<td>$3,606</td>
</tr>
<tr>
<td>0</td>
<td>Bulls</td>
<td>$2,000</td>
<td>6.5%</td>
<td>$0</td>
<td>$0</td>
<td>4</td>
<td>100</td>
<td>$0</td>
</tr>
<tr>
<td>0</td>
<td>Cows</td>
<td>$1,100.00</td>
<td>6.5%</td>
<td>$0</td>
<td>$0</td>
<td>8</td>
<td>100</td>
<td>$0</td>
</tr>
</tbody>
</table>

Sub Total $32,500 $3,606

<table>
<thead>
<tr>
<th>Head</th>
<th>Retained Livestock</th>
<th>Price Per Unit</th>
<th>Interest Rate¹</th>
<th>Price</th>
<th>Salvage/Cull Value</th>
<th>Interest on Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1600</td>
<td>Stockers</td>
<td>$1,100</td>
<td>6.5%</td>
<td>$1,760,000</td>
<td>$668,800</td>
<td>$90,213</td>
</tr>
<tr>
<td>0</td>
<td>Replacement Heifers</td>
<td>$1,000</td>
<td>6.5%</td>
<td>$0</td>
<td>$0</td>
<td>0</td>
</tr>
<tr>
<td>1600</td>
<td>Total AUYs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sub Total $1,760,000 $668,800 $90,213

Total $140,843

¹) The interest rate of 3.9% used to calculate the capital recovery cost is the USDA-ERS's ten year average long-run rate of return to production assets for New Mexico.

²) For intermediate assets an interest rate of 7.50% was used.

³) A rate of 6.50 percent reflects a typical return on a low-risk investment (30 YR Treasury Bond)