

FARMERS COOPERATIVE COMPANY

HINTON · OYENS · AKRON · LE MARS

JUNE 2011

Our Focus Remains on Grain

BY DARWIN FRANZEN, GENERAL MANAGER
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Driving with your eyes focused on the rearview mirror is not only difficult, but dangerous when you're trying to move forward.

The same idea applies to running a successful business. You have to be oriented towards the future, rather than the past, so you can spot new opportunities and take advantage of them.

That's why your Farmers Cooperative Company (FCC) board members made time in their busy schedules to attend the annual board retreat in Sioux City on March 23-24. We analyzed the co-op's various businesses and spent a lot of time evaluating the future of the

company. One of the most interesting discussions centered around FCC's presence in the grain business.

While we think ethanol production and the livestock industry are here to stay, we don't see significant growth in these sectors. We do believe crop yields will continue to rise, however. Some experts say we could be looking at a 300-bushel-per-acre corn average in 10 years. As a result, FCC will need to upgrade and expand our grain assets to handle this change. While we want to maintain our presence in the ethanol and livestock industries, we think it's more important to invest more of our financial resources on enhancing our grain handling assets.

As we move forward, we're also keeping our eyes open for other areas where we can serve you more effectively. Finding new ways to improve the products and services we offer not only benefits your operation, but also strengthens the financial health of your cooperative. Thank you for your business, and we hope you enjoy a successful growing season in 2011. 




The Power to Produce

BY JOE CLARK, FEED DEPARTMENT
MANAGER, JCLARK@MY-COOP.COM

It takes high-quality feed to help your animals reach their maximum potential, and Farmers Cooperative Company offers the expertise and feed programs to help you put it all together.

As a feed licensed manufacturer (FLM), we give you the power to produce with Land O'Lakes Purina Feed for swine, beef, and dairy. We were honored recently with the Land O'Lakes Purina Feed's "Dedication to Quality" award for meeting or exceeding the national feed manufacturer's safety and quality standards. Over the years, we've consistently been honored with this award, and we're glad that you've trusted us to be a key partner in your livestock operation.

We couldn't provide this level of service without our dedicated feed team employees.

Thank you for the opportunity to meet your feed needs. We look forward to serving you in the future. 

DIRECTORY

Hinton	947-4212
Le Mars	546-6382
Oyens	546-4585
Akron	568-2426
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Read the Story Your Crop is Telling

BY MICK THON, AGRONOMY DEPARTMENT MANAGER, MTHON@MY-COOP.COM



Everyone likes to think about the possibility of 300-bushel corn and 100-bushel beans, but if we keep doing the same things we've always done, how can we expect different results?

While our tissue testing and foliar feeding program can't guarantee record-breaking yields, it is offering a powerful new precision agriculture tool to maximize local growers' yield potential. The goal is to pinpoint any nutrient deficiencies and correct them before they rob any yield.

This summer, we're working with 20 farmers in our trade territory who have been willing to include one corn or soybean field in the project. We're not using the tissue testing process on their whole farm because it's important to walk before we run.

Here's how the system works:

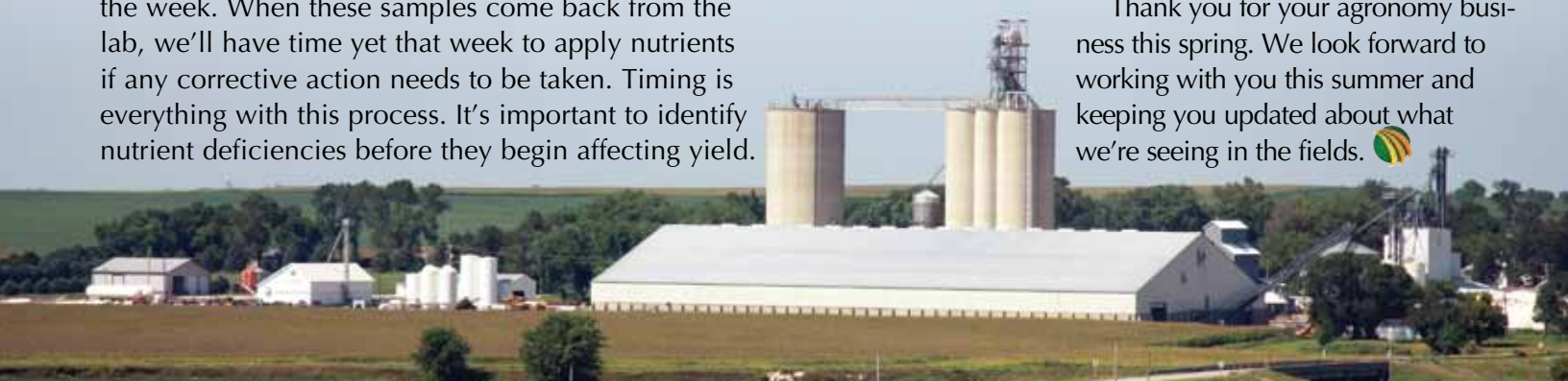
- Seed treatments were used on all the acres included in the project, and we're also using some pre-emerge products and fungicides. We'll take three tissue samples from the crops during the growing season. On corn, for example, we'll pull the first sample at the V4 to V6 stage, followed by another sample at the V9 to V11 stage, and one more sample at tasseling.
- The samples will be pulled at the right time so that the laboratory analysis can be completed early in the week. When these samples come back from the lab, we'll have time yet that week to apply nutrients if any corrective action needs to be taken. Timing is everything with this process. It's important to identify nutrient deficiencies before they begin affecting yield.

By the time you see streaking in the leaves and notice other visual symptoms of nutrient deficiencies, you've already lost some yield.

- We'll likely make more trips across the field for applications this summer, because timing is critical in this precision agriculture system. While glyphosate and fungicide may have been tank-mixed together to make one pass across the field in years past, now we're going to put each product on at exactly the right time to maximize yield potential.
- By tracking all the expenses and measuring yields this fall, we'll run the numbers to see whether the tissue sampling and foliar feeding system paid off. None of the data will have individual farmers' names attached, but the data will be aggregated, so we can share the results.

This is an interesting project, and it's one important facet of our precision ag services. While it requires more intensive management, the system has a lot of potential to increase your bottom line. So far, we're not looking at a major investment, and if it can help you raise an extra three to five bushels per acre, it can pay off.

Thank you for your agronomy business this spring. We look forward to working with you this summer and keeping you updated about what we're seeing in the fields. 🌾



Meet Mark Schaffner, Certified Energy Specialist

Interested in fuel contracting programs? Wondering whether premium fuel might make sense for your operation? Mark Schaffner, the co-op's new certified energy specialist, is here to help you make the right choices for your business.

Mark joined Farmers Cooperative Company in early April, and he is well versed in agriculture and the cooperative system. The 2008 South Dakota State University graduate grew up on a farm near Aberdeen, SD, and worked part-time at a local co-op during his high school and college years. Mark also brings a unique perspective

to the energy business, since he is a staff sergeant and fuel systems mechanic with the 114th Fighter Wing of the Air National Guard in Sioux Falls.

"I'm here to serve you and look forward to meeting you to answer your energy-related questions," says Mark, who is based out of our LeMars location. Contact Mark at 712-540-5944 or mark.schaffner@chsinc.com to schedule a time to meet at your farm, or at the office.

Editor's note: Mark and his wife, Julie, live in Lawton, where they keep busy with home improvement projects in their spare time. 🌾



Thanks for Your Patience at the C-Store



BY SUE LANG, HINTON C-STORE MANAGER

Ever hear the joke that the only people who like change are wet babies? Well, we've experienced a big change with our computer system at the C-Store in Hinton this spring, and it hasn't always been easy or convenient. I want to thank all of you who've been so patient during this busy transition time.

In mid-March we started the computer upgrade to modernize our system. Not only did we need to update our cash register, but our old computer program was no longer compliant with new requirements focused on preventing credit

card identity theft. Customer support service was no longer going to be available for the old system, so we began installing the new system, which has created some challenges.

While we've resolved most of these issues, we're still fixing a few things, like putting your vehicle numbers on your receipt, if you choose, and getting patronage credited when you pay for fuel with cash. I know this has been inconvenient for some of you, and I really appreciate your patience. Every customer is important to us, and I want to personally thank you for your business. Thanks for being so understanding as we work through our new computer system.

In the long run, this new technology offers a good solution to help transactions run more smoothly at the store, and it will make bookkeeping more efficient at the co-op. I'm happy to report that everything is starting to come together, and we look forward to serving you soon at the C-Store.

Editor's note: Sue is a great asset to the Hinton C-Store. She has worked here since the store opened 16 years ago. 🌱



Risk Management Strategies Apply to Fertilizer, Too

BY MICK THON, AGRONOMY DEPARTMENT MANAGER, MTHON@MY-COOP.COM

While we all know how volatile the grain market can be, the fertilizer market has also become much more volatile. Recently, the price of diammonium phosphate (DAP) changed three times in one day, and it wasn't going down. I've never seen anything like this in my 35-year career.

If corn prices continue to rise, I suspect that input prices will, too, since they tend to follow the corn market. That's why I strongly encourage you to take a new look at how you buy fertilizer, crop protection products, and seed.

Just as you don't sell all your bushels at one time, you don't need to buy all your inputs at the same time. Next time you sell some bushels, that can be a good time to buy some inputs. We have fall fertilizer pricing available, so I encourage you to talk to our agronomists about your options. We look forward to serving you. 🌱





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Count on Us for a Competitive Basis

BY CATHY WEDMORE, MERCHANDISING MANAGER

Corn supplies are going to be tight in the coming months and are already getting tighter. Did you know that the ethanol plants are willing to work with us on large quantities of corn? We've already brought back five or six trains so we can sell the grain to area ethanol plants.

If you're interested in shipping direct, talk to us first. We may be able to get you a premium by combining your grain with ours. You can reach me at 712-947-4212.

In addition, our basis is competitive with other local co-ops. At our Oyens location, for example, we're paying the same price for corn as the local ethanol plant. If that pulls any bushels from areas south or east of Oyens, that could help save on freight.

Here are a few other grain remainders and tips:

- If you have corn or beans on a price-later contract that's free, you'll need to have the grain priced by October 15. Watch the prices in the summer months when the basis narrows down, and the grain supply becomes tighter.
- The basis is still somewhat wide on new-crop corn and soybeans. If you're selling new-crop grain, use a hedge-to-arrive (HTA) contract and watch for the

basis to narrow up as we get close to the end of summer, especially with any weather-related issues that might occur.



Looking ahead to harvest

While it seems like planting just got done, we're already starting to prepare for harvest. We have our sales on with the ethanol plant, which will clean out our facilities so that we mainly have customer-owned grain left. Also, some of the grain (including most of the grain at our Oyens location) will be used for livestock feed. Throughout the summer and early fall, we'll be making changes to improve our grain handling speed, which should improve the flow of traffic this fall. 🌾

