

Central Farmers INFORMER

Translating Opportunity Into Strength

BY STEVE DOMM, GENERAL MANAGER



In today's competitive and volatile agricultural environment, no organization can enjoy long-term success by standing still. That's one reason we've applied for a conditional use permit to build a shuttle loader in Lyons, just north of Sioux Falls.

The new loader would serve one of the most productive agricultural areas in the state—and one which does not have a shuttle loader or grain processing facility. This facility will be a tremendous addition to the asset base that Central Farmers has in the area. It will also help us use our most important asset, our people, more efficiently. The more bushels we handle with the same amount of staff, the lower the cost per bushel. That benefits all the customers and communities we serve.

Though a lot of details have to fall into place, everything related to the project looks favorable at this point. We'll keep you posted as we move forward. Numerous other projects are getting underway as the weather warms, and you can read about these in Troy's article on page 2.

Why cooperatives work

The cooperative system is alive and well and working for each producer that chooses to do business with Central Farmers. Your cooperative returned just shy of \$1 million in cash patronage to our members this year.

That figure demonstrates one strength of doing business with a company that you own.

Providing a return to our member/owners is one reason we, as managers, focus much of our attention on the financial strength of your cooperative. In this economic climate, there is an even more important reason. With talk of corn approaching \$7 and bean prices hovering between \$12 and \$14, cash is king. Central Farmers must maintain a strong financial position in order to access the funds needed to cover the hedges on these commodities at these price levels.

We're committed to sustainable growth because we're committed to serving you. And we can only do that well by building—and maintaining—a strong financial foundation. ■



April 2011

Construction Popping Up All Over

By TROY WOITZEL, OPERATIONS MANAGER



Spring has arrived, and with it construction season. We've got several projects slated for spring and summer that will help us improve customer service.

In Marion, we'll be replacing the inbound and outbound truck scales with flush mount units. This will eliminate issues with snow that we deal with in the winter months.

We expect construction to get underway this month and last 8-10 weeks. We'll be down to one scale during that time period, but shouldn't encounter any operational issues.

We're also adding a 10,000-ton bin for potash to our fertilizer building, which will extend the plant 80 feet to the east. That work will get underway as soon as soil conditions allow. And in Montrose, we will be tearing down the old office, scale, elevator, and flat storage

building. The bins will stay in place.

We'll be performing our regular summer maintenance at all locations. Though this work isn't as visible, it's just as important to providing excellent service as new construction. And as Jeff mentioned in his article, we've purchased three of the biggest floaters on the market—plus tenders to service them—in the past 12 months. It's all intended to help us increase speed and efficiency, which ultimately benefits our patrons.

Training investment

Winter is a time of preparation for our operational staff, particularly our applicators. They take advantage of both in-house and industry training so they're up on the latest technology and ready to go come spring.

This is also the time of year when a little training may benefit all of us. Both cooperatives and farmers bring on seasonal help to handle the rush of planting. Often, those seasonal employees are drivers, and taking some extra time to make sure they're familiar with the equipment they'll be handling can help keep everyone safe. It's also not a bad idea to bring them into the cooperative location you use to familiarize them with the traffic patterns. It's one way we can all operate more efficiently—and safely—this spring. ■



Getting the Most for Grain

It was investments that interested him, and a school career fair that hooked him. Now Peter Roth is putting his finance degree to work helping Central Farmers patrons get a good return on their grain.

A native of Chicago suburb Naperville, IL, Peter earned that degree at Bradley University. At a Bradley career fair, he discovered ADM. "They were interesting to me, and I wound up doing an internship with them in North Dakota," Peter elaborates. "Af-

ter I graduated, they hired me and sent me right back to Velva, ND, where I had interned. I worked there buying canola for a crush plant before coming to Central Farmers."

Though he didn't grow up on the farm, his grandmother did, and Peter spent quite a bit of time on his grandparents' dairy farm in Wisconsin. "So I do have some farm roots," Peter says with a smile. "I was into investing in high school, and like most people, I didn't really know what I wanted to do when



I started college. This is a good fit for me. I enjoy talking to farmers and working to get them the best price for their grain that I can."

Peter currently lives in Sioux Falls and enjoys hunting and fishing. ■



This year, high calf prices make creep feeding a virtual slam dunk.

Hitting the Ground Running

By JOE LIVERMONT, FEED DIVISION MANAGER



My first few months here at Central Farmers have been busy, as I've been getting to know the organization and meeting some of you. Thanks to everyone who made me feel right at home.

I'm working to put together plans for our feed division as we move forward, and I'm also hoping to meet more of our feed customers to determine how we can best serve you.

Spring means calves

Looking at your world, it's calving time, so post-calving and pre-breeding mineral supplementation is critical. We've got everything you need for mineral and protein supplementation, including tubs, loose mineral, and hi-mag formulations for new grass.

Our creep feed prices will be out in the next few days. This year, high calf prices make creep feeding a virtual slam dunk.

One relatively new addition you might want to consider for your mixed rations is distiller's soluble syrup (DSS) from NuGen. There's a

difference in quality between NuGen and other DSS sources in that their production process yields a low-sulfur syrup. We market DSS by the semi load, and it is an excellent, economical energy source you can use to replace some of your high-priced corn. It's also a great way to help condition a dry ration and take some of the dust out. Talk to me for more information on DSS.

Looking ahead

One of the hot topics in the livestock industry is the concept of fetal programming and cow nutrition. While the standard assumption in the industry has been that cow nutrition in the third trimester is critical in the formation of a healthy calf, studies at the University of Nebraska-Lincoln and elsewhere are showing that nutrition in the first and second trimesters may be much more important than we originally thought.

It appears that boosting nutrition even earlier in the genetic development of the unborn calf has a significant impact on weaning weights, health, and overall calf performance. It's something we're taking a close look at. If you want to know more, talk to me or one of our feed sales staff. ■

ABOUT JOE

Joe Livermont is a South Dakota native, born in Deadwood, SD and raised north of Aberdeen, SD. He has been involved in farming and ranching all his life. Joe attended South Dakota State University, graduating with a degree in animal science. In the course of his career, he has worked as a beef specialist, in feed sales and sales management, in feed product development, and most recently as a feed division manager for a Nebraska co-op. Joe's family consists of five grown children and a 3-year-old son at home that keeps him and his wife, Teresa, young. Teresa has been a nurse in the Avera healthcare system for 25 years. Joe and Teresa's hobbies include fishing, snowmobiling, and spending time with their family. ■

Fueling Up for Spring

By DEAN KOCH, ENERGY DIVISION MANAGER



It's been good to watch the water run as winter has finally departed, though for some there has been too much of a good thing when it comes to moisture.

Something else that should have brightened up the world a bit was your patronage check. It's an indication of the successful year your cooperative had as a direct result of your support, so thank you for your loyalty and your business.

Trouble ahead?

As we look to the future, everyone is concerned about the effect of continued unrest in the Middle East, speculator involvement in the market, and the disaster in Japan will have on energy

prices. As we watch the markets continue their yo-yo performance, it's clear we're operating in a world economy.

As we get closer to spring, it's a good idea to fill your tanks. Even though inventories currently are more than adequate, the logistics of getting enough product to the right place at the right time become more challenging as spring demand picks up. The RFD system is an effective way to ensure that you always have enough fuel in the tank even when you're busy in the field. With RFD, you can also choose consumption billing, so you only have to pay for the product as you use it.

If you need tires this spring, don't wait. Call Brad today, as prices are on the rise and inventories may be a concern when planting hits full stride. Whether fuel, oil, or tires, we're here to take care of you. Here's hoping we have great weather, and that you enjoy a safe and smooth planting season. ■

Get Ready for the Ride

By MATT ASHTON, GRAIN DIVISION MANAGER



The much-anticipated March 31 USDA planting intentions and supply and demand report has set the tone for the markets as we move into the spring planting season. However, the focus is likely to shift soon to that standard spring market driver, the weather. Will the upper Midwest remain soggy, and how much impact will the March rain

delays in South America ultimately have on bean harvest?

Another market factor to monitor is the condition of the winter wheat crop as it comes out of dormancy in Texas, Oklahoma, and Kansas. Acres where the wheat looks tough have the potential to switch to corn. Then you can mix in the international factors—the disaster in Japan and continued political unrest in the Middle East—and you have all the ingredients for another volatile season for commodities.

New opportunity

I want to highlight a new marketing option we've just introduced, the average seasonal pricing contract. Typically, the most volatile time of the year is the spring planting season, and this contract provides a way to price bushels on a weekly basis.

Two contracts are available, one for harvest delivery and one for summer delivery. If you're interested, call the Marion office and talk to me or any of the grain originators for more details.

We still have very attractive old and new crop prices. Don't lose these opportunities. Take a look at your breakevens and lock in some profits on all your commodities. If you have a target price in mind, place some offers with us and we'll watch them for you during the busy spring season.

We're also now buying beans for delivery to Montrose starting in October 2011. Call the Montrose office for up-to-date bids.

If you have grain to haul while you're busy in the field this spring, just give Wendy a call. We'll be happy to haul those bushels for you.

In conclusion, I'd like to take this opportunity to welcome Peter Roth, our new grain originator, to the team. You can read more about him on page 2.

Thanks for trusting us with your grain, and have a safe and productive planting season. ■

People and Grain Don't Mix

BY TIM HUEBSCHMAN, HEALTH, SAFETY, AND REGULATORY DIRECTOR



Grain bin entrapments continue to be a major area of concern in the grain industry and farm community. There were 51 grain entrapments documented in 2010—the highest number ever recorded. And in the past few years, roughly 70% of these entrapments have occurred on the farm.

What's behind the increased entrapment numbers? Certainly, the condition of the 2009 crop resulted in more out-of-condition and spoiled grain, and consequently more bridging and plugged flow. The increased demand created by the ethanol industry has resulted in the largest buildup of Midwest storage capacity in history. Consequently, we're seeing more grain stored for longer periods of time, which can also result in out-of-condition crops.

Central Farmers Cooperative has partnered with other organizations to donate grain engulfment rescue tubes to several area fire departments. We're proud of our commitment, but would prefer that these tubes never have to be used. The reality is that every flowing grain entrapment is a preventable incident. Grain is never worth your life. So, please let these safety tips serve as a reminder to follow the correct procedures when dealing with issues in the bin.

Entrapment Prevention Tips:

1. Never enter a bin with flowing grain.
2. Use inspection holes or grain bin level markers instead of entering a grain bin.
3. If you have to enter a bin, never do so alone.
4. Make sure all unloading systems are shut down and locked out before you enter a bin.
5. Spoiled grain can create a bridge over a void in the bin. Use a pole to break up possible grain bridges from outside the bin.
6. Be sure to inspect the walls for hanging grain. In larger bins, there can be enough grain on the walls to bury a person cleaning the bin from the bottom.

7. If you are cleaning a bin bottom into a conveyor, be sure there isn't enough grain remaining to bury you if you were caught in the flow.
8. Invest in the proper safety equipment, such as a harness, and use it.

Can they see you?

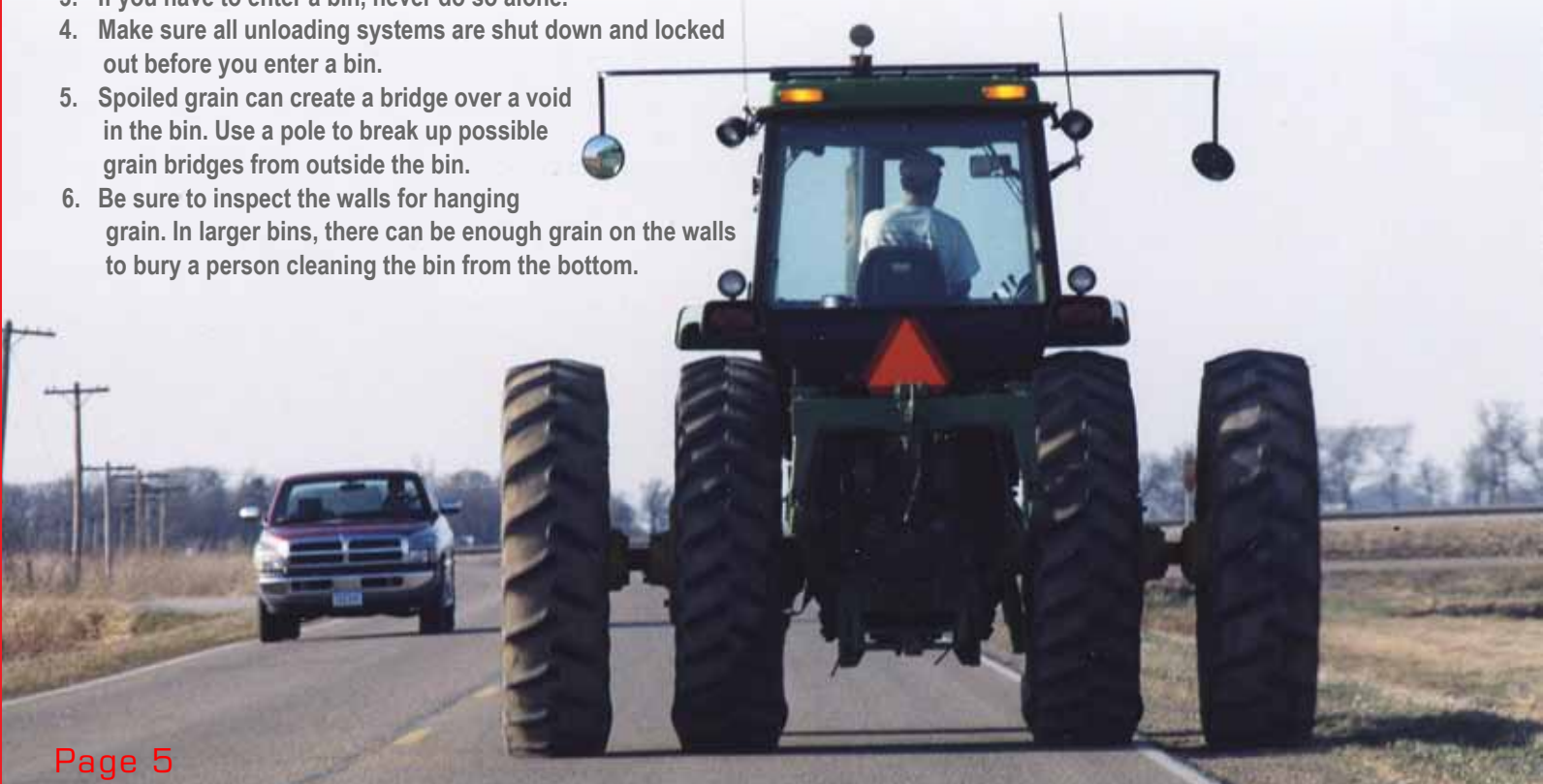
Farm equipment isn't just moving in the field during planting season. It's moving on area roads as well. Keep yourself—and others—safe by making sure that others on the road can see you, and your equipment.

Check your reflectors, SMV emblems, and lights to make sure everything is clean, in place, and in working order. When possible, avoid using the main highways for long distances. Try not to travel in low visibility situations and during peak traffic times. And be sure to check your hitch and your safety chains before getting underway.

And finally

Don't leave your goggles and gloves in the pickup when handling chemicals. It's worth a couple of seconds to avoid long-lasting effects.

As a reminder to our LP customers, federal regulations require that regulators older than 15 years be replaced. An outdated regulator can cause safety issues for you and your family. We've replaced a lot of them throughout our trade territory, but if you're not sure if your regulator is current or not, check with the staff in Salem or ask your delivery driver. ■





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Let's Go!

By JEFF SCHMIESING, AGRONOMY DIVISION MANAGER



Well, I'm certainly ready for spring, and I suspect you are too. Central Farmers is also prepared, as we've replaced two older floaters with new machines and added another new floater on top of that. We also added four semi tender units to our support fleet.

Though we're ready to go, and the good fall gave us a good leg up on spring work, advance planning is always appreciated. We need a minimum notice of 24 hours to efficiently schedule our equipment and personnel, and it's always a good idea to take a look at your fields before we come to make sure they're ready for our equipment. By working together, everyone receives better service.

Keep a lid on weeds

It's too soon to tell what the weather will be like when that first flush of weeds shows up. If we're wet, you could be in trouble if you're relying solely on post-emergence products. That's why we strongly recommend including pre-emergent herbicides in your control program. They help keep weeds under control and give you a bigger application window for your post products. Talk to your agronomist for a pre-emergent recommendation that fits your situation.

Another factor to consider when putting your control program together is product rebates. A number of them are available when you use Roundup WeatherMAX.® When you consider the rebates, and the limited warranty on Roundup, is utilizing a slightly cheaper glyphosate really worth it? Get in touch with your local agronomist if you have questions on the products or rebates.

Get every bushel

It looks like it could be an early spring, and that favors seed treatment. At these commodity prices, seed treatment is a very affordable way to help your seed deliver its maximum yield potential. We've added new bulk seed tanks in Salem and Marion, and increased the speed of our treatment equipment to help keep you moving.

We have a very good selection of corn and bean seed available, so if you've put off some of your seed purchases—or are changing your mind—talk to us.

Finally, a lot of you have already made decisions this year and booked fertilizer for the fall of 2011 and beyond. We do have pricing available. But if you're locking in your fertilizer, make sure you're also locking in some grain sales to cover those contracts. ■