



DECEMBER 2011

# AG Supply Department

PGG AG Supply plays a major role in Eastern Oregon and Washington to provide agriculture products to its members and customers. Our stores take great pride in providing the customer a high level of customer service that is hard to find anywhere else. The customer is PGG's number one priority and many times that customer is the owner of the company. These Co-op members have stores located in Athena, Joseph, Hermiston, Milton-Freewater, Island City and Pendleton.

PGG's Animal Health Department carries a complete line of products for your pet and farm animals. Payback feeds offer your animal a scientifically formulated source of nutrient ion to help it grow strong and healthy. We offer all the medicines and equipment needed to keep your animal healthy and safe in our ever-

changing world. A complete line of fencing and livestock handling equipment are key components to completing your animal's needs.

PGG's irrigation has played a major role in developing the farm ground for Eastern Oregon. Without large mechanized irrigation systems much of the land would still be sage brush or blow sand. Our expertise and experience has given our customers the ability to develop all types of crops on their land including orchards, vineyards, better pastures and crops such as potatoes, corn and mint. Irrigation has changed over the years and here at PGG we have changed along with it. Water is at a high demand these days and every drop counts; we offer irrigation forms that are very efficient in getting the water to the crop and not wasting any in run-off and evaporation. We offer

high efficiency motors and variable frequency drives that only use as much energy that is needed at any given moment. Once again PGG offers water solutions from drip systems in a flower bed all the way up to large farms and river pump stations.

PGG's AG Supply stores also offer you products for completing your household repairs and repair parts on farm equipment. We offer a large selection in plumbing, electrical, lawn and garden and hardware products, with our skilled and knowledgeable sales and service staff we are here to serve our customers needs. PGG's clothing department is geared for the working family with products that last in the field and the styles that look good when going to town. With good variety and selection you are sure to find the style that is right for you and your family.

PGG COUNTRY NEWSLETTER IS PUBLISHED BY PGG STAFF EVERY QUARTER.

If you would like to receive your newsletter in your e-mail, if there are topics that you would like to see published, if you would like to unsubscribe or have an address change – please contact

Shannon Denton at 541-278-5011 or [sdenton@pggcountry.com](mailto:sdenton@pggcountry.com)

# from the CEO'S Desk



Allen Waggoner, CEO

I imagine that all of you had a wonderful Thanksgiving holiday this year. My family and I did. It seems no more than we finish that last bite of turkey; we start talking and planning for the Christmas holidays. It is amazing how time flies! I remember my Dad always telling me that as you get older time speeds up. I guess he knew what he was talking about.

PGG is continuing to have a positive year as you will see in Melanie's CFO report. We are truly enjoying serving our members. Not only are we experiencing improved sales and profitability in almost every business unit but we are working together to optimize service to our member owners. We recently had a firm conduct a needs assessment of our information systems-technology to determine areas needing investment and improvement. The Board has approved several upgrades that will allow us to improve what we can offer our customers. Also, we are conducting a marketing study to assess how our customers view PGG as a brand and business. The information from this study will help us to better utilize our marketing and advertising dollars to remain relevant in the markets we serve. Our desire is to be good stewards of your resources.

If you visit the Pendleton main office, you will notice some changes. Grain Marketing staff will be moving into the front office (formerly my office) to be more accessible and available for our grain customers. Plans are to upgrade our reception area to a more friendly and contemporary environment. Our focus is to provide an environment of friendly, professional, customer service. We are all excited about these changes as we continue to look for ways to improve to meet our customers/members needs now and in the future. We appreciate your patience with us as we make these improvements over the next month or so.

Again, enjoy the holiday season and I hope you will stop by one of our Ag Supply stores to purchase your gifts. Have a wonderful holiday season!

*Allen B. Waggoner*



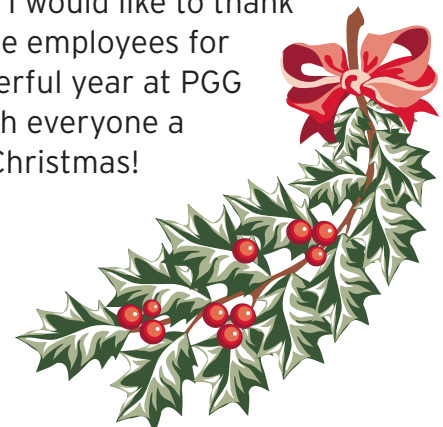
Melanie Correa, CFO

## Financial report

Pendleton Grain Growers, Inc. is continuing to have an exceptional year. As of October 31st, sales have increased 57.49% over last year. All of the core business units are realizing increased year to date sales compared to last year. Agronomy sales increased 25.41%, Ag Supply 7.65%, Grain 78%, and Energy 38.67%.

As a company, excluding unrealized futures gains, year to date net earnings are at \$9,000,000, which is \$7,700,000 higher than one year ago through October. We are anticipating PGG's best year on record!

We are already working on budgets, capital plans, and our annual plan of operations for 2012. The Board has completed a strategic planning session and the Operation Directors are moving forward with the Board's strategies. As we enter the holiday season, I would like to thank all of the employees for a wonderful year at PGG and wish everyone a Merry Christmas!



# MEET YOUR PGG AG SUPPLY DEPARTMENT

PGG AG Supply is very proud to offer the services of some very fine people. Our crew has many years of experience and is here to serve all your ag, farm and home needs. The crew at PGG is well versed in the products we offer and is ready to learn about what is new in the industry.

My team and I consider customer service our number one priority, so let the PGG AG Supply team go to work for you and find the solutions to your needs. The PGG AG Supply team has about 75 proud members, but here a few that you might run into either in our stores or in your fields.



**ROB REA**  
Director of Ag Supply



**TERRY POTRATZ**  
Pendleton/Athena Mgr.



**RON JOHNSON**  
Milton-Freewater Mgr.



**DOUG CAMPBELL**  
Hermiston Mgr.



**DON STARR**  
Island City/Joseph Mgr.



**REED STEWART**  
Sales Manager



**DAVE WHELAN**  
Irrigation Sales  
Island City



**GUNNAR ROLF**  
Irrigation Sales  
Island City



**JAMES BROWER**  
Irrigation/Vineyard Sales  
Milton-Freewater



**GARRY MOORE**  
Motor/Control Sales  
Hermiston



**JAKE SEAVERT**  
Ag Supply Sales  
Pendleton East



**CALVIN ASHBECK**  
Ag Supply Sales  
Pendleton West

**ROBB REA** - AG Supply Director  
Robb has been with PGG for over 16 years, mainly out of the Island City location as a manager and Center pivot Technician. Robb has taken the reigns of Ag Supply Director now for a little over a year.

**REED STEWART** - Sales Manager  
Reed has over 30 years experience with large agricultural irrigation projects as well as our newest product, Hydroflow, which is an electronic water conditioning device that can replace water softeners

**TERRY POTRATZ** - Manager Pendleton/Athena  
Terry started with PGG over 26 years ago in the Pendleton Feed & Seed. Terry considers his PGG customers and staff to be part of his family. Terry's knowledge of products and services at PGG is always continuing.

**DOUG CAMPBELL** - Manager Hermiston  
Doug has been doing Pump & Irrigation for 23 years. Sales & Service of all sizes of system's, Domestic & Agricultural. Doug has been with PGG for 3 years.

**RON JOHNSON** - Manager Milton-Freewater  
From FFA Star Chapter Farmer to PGG, Ron has over 25 years in Agriculture & Retail Business, joining AG Supply as the Manager of the Milton-Freewater Store in March of 2011

**DON STARR** - Manager Island City/Joseph  
Don owned and operated an irrigated farm for 35 years and ran his own irrigation business for 9 years. Don has just joined the team and is in his first year with PGG

**GUNNAR ROLF** - Irrigation Sales Island City  
Gunnar is part of our irrigation system design and sales team proudly serving Wallowa, Union, Baker and Umatilla County. He is also the Island City branch VFD technician. Gunnar has been involved with irrigation as a well driller and pump technician since 1998.

**GARRY MOORE** - Motor/Control Sales  
Garry can handle any sales & service of VFD drives, electrical controls & pumps for farm/agricultural, municipal and industrial applications. Garry has even traveled to several foreign countries starting larger systems. Garry has been with PGG for four years.

**JAKE SEAVERT** - AG Supply Sales  
Jake has a BS degree in Ag business management from Oregon State University. He has been involved in the ag industry focused on beef cattle production for over 10 years

**CALVIN ASHBECK** - AG Supply Sales  
Calvin was born and raised on a Wheat and Cattle operation. He has 36 years of AG Consulting and sales experience

**DAVE WHELAN** - Irrigation Sales Island City  
Dave has been servicing the irrigation needs of people in Eastern Oregon for over 21 years.

**JAMES BROWER** - Irrigation/Vineyard Sales  
James Brower studied at Walla Walla Community College, he was also in the 1st Gulf War. James has been in the Pump & Irrigation Business for 15 years. James is also married with 2 children.

**MERRY CHRISTMAS** *from your*  
*friends at Pendleton Grain Growers*



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PENDLETON GRAIN GROWERS



**PGG**  
AG SUPPLY

Pendleton 276-7611  
Hermiston 564-4013  
Athena 566-3545  
Island City 963-4195  
Milton-Freewater 938-5551

800-422-7611

This coupon good for  
**\$5.00 OFF**  
ANY \$20 OR MORE PURCHASE OF  
REGULAR PRICED MERCHANDISE.

- \* Coupon Good for Regular Priced Merchandise Only
- \* Coupon Expires Dec. 31, 2011
- \* Some Restrictions Apply, (see store for details)
- \* One coupon / discount per purchase please.

Total Transaction: \$ \_\_\_\_\_

FIVE DOLLARS