StateLine Cooperative
Real People. Real Pride.

Today

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SLC Grain projects provide more speed and space

By Dean Kohlmeyer, StateLine Cooperative Grain Department Manager

StateLine Cooperative will not be accepting the non-approved Agrisure Viptera and Duracade corn varieties at our locations. Our global grain buyers cannot accept these non-approved corn traits. We don't have the capacity to segregate the non-approved varieties to honor the channeling needed to separate the corn in a harvest operation. The one exception is our Halfa Feed Mill, as the corn is used for local feed customers.

We have had our share of operational challenges in Halfa grain receiving during this past year. Please note that Halfa's maximum corn moisture is 15.5%. We had hoped to be higher than 15.5%. However, with no dryer available, we need to assure the quality of our feed production. We also experienced some wind damage at Halfa in June that limited our receiving capacity. We were able to reclaim the over half million bushels of space in the first week of September. Our sincere thanks goes out to those of you that worked with us during the year, specifically during June, July, August and the first week in September, when you delivered your corn as scheduled. We don't want to inconvenience you, and appreciate your cooperation when needed. This was a good example of how working together can bring value to you. The feed corn market in Halfa has been a benefit for cooperative customers who are in Halfa's market area; and your corn has proven to be a quality ingredient for feed customers.

StateLine invested in over a half-million bushels of new space at Cylinder during the past year, and has replaced and upgraded grain legs and conveyors at Fenton and Buffalo Center this summer. Our goal is to serve you better by increasing dumping speed or adding storage space to allow us to handle your harvest deliveries more efficiently.

The big grain project for StateLine is the Blue Earth elevator that is still in the process of comple-

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SLC ready for harvest

By Bill Beukema, StateLine Cooperative CEO and General Manager

For my first article for the Stateline Today I will begin by thanking the Board of Directors for the opportunity to serve as CEO/General Manager of StateLine Cooperative. My thanks also to Larry Sterk for the time he dedicated to me prior to his retirement. Larry did an outstanding job directing the company over the last 17 years. Larry, in conjunction with the Board of Directors, SLC staff and the support of the patrons, have succeeded in growing SLC into a very successful company that is well positioned for the future.

I have spent my entire career working in agriculture. I have had the opportunity to experience agriculture in different regions of the United States. I have worked for companies that are now publicly traded as well as privately owned and cooperatives. No matter the structure of ownership, the basics for long-term success are always the same. Provide the marketplace with information, products and services that it desires and needs, at pricing that is of value to the buyer and a benefit to the seller.

You hear a lot of business talk about how a major event occurred and changed an industry. In our world of modern production agriculture we must constantly be ready to identify, adapt and change. From a grain commodity standpoint we grow perishable items that have a shelf life that varies in length based upon the growing season that it was exposed to as well as the conditions in which it is stored. On the livestock side of agriculture the same is true. SLC has to position all three of its business units – agronomy, feed and grain for both short – and long-term situations. The role of SLC is quite simple in theory, but, very complex in practice. SLC provides goods and services in a timely manner at a value to the customer.

As SLC prepares for what appears to be a record crop for both corn and soybeans, we believe we are positioned well for fall harvest. Right now, we have low inventories at all locations. Managing inventory going into fall is always aided by an inverse in the market. When the nearby month trades a premium to the deferred months, inventories find their way into the supply pipeline. We have added space at our Cylinder location and that project is nearing completion. The new greenfield project at Blue Earth, Minn., will be ready for harvest, but not nearly as early as we intended. The Blue Earth project was to be completed Aug.1, and despite the delays, it will be ready to accept grain just ahead of harvest.

We at SLC have been closely watching the harvest that is currently underway in the southern part of the United States, as well as attempting to estimate the production of the western and eastern Corn Belt. I believe that this crop will create two major issues. I think that propane supply will be problematic as it relates to corn drying during the months of October, November and likely December. Depending upon weather conditions in late September and early October, harvest delays could be experienced by both commercial grain companies as well as by producers. SLC has one site that utilizes propane for drying, and that site is North Burt. Our other grain drying locations utilize natural gas.

The second issue that may adversely affect harvest 2014 will be transportation. Harvest in the southern United States began 30 to 45 days ago. The yields being reported are outstanding for both corn and soybeans. The problem brewing is that part of the country cannot handle that size crop very well. Because of ambient temperatures and moisture, storing grain outside in those areas is not a viable solution for more than a few weeks. That means that grain will have to find a market and move. That uncommonly large movement will affect all other areas of the corn and soybean belts. The large crop will likely put a strain an all modes of transportation throughout all of the course grain growing regions. Supply in excess of market demand at harvest coupled with transportation issues will likely adversely affect basis.

I look forward to this harvest in spite of all of the issues I just shared.

Beukema succeeds Sterk as General Manager

This summer the StateLine Cooperative Board of Directors named Bill Beukema to Chief Executive Officer and General Manager effective August 18, 2014. Beukema succeeded Larry Sterk who retired Aug. 31.

Beukema has over 20 years of progressively responsible leadership and experience in agriculture for both cooperatives and privately-held companies. He was previously employed as Vice President of Operations with West Central Cooperative, Ralston, Iowa. Prior to joining West Central Cooperative, Beukema was General Manager of Dakota Plains Ag Center, LLC in Parkston, S.D. His career also includes experience as Location General Manager of Renewal Energy Group, Ralston, Iowa.

"StateLine Cooperative is an outstanding company with a strong history and exciting future," stated Beukema.

"I am honored to have been selected to serve as CEO and look forward to working with the board, management staff, employees, farmer-owners and customers."

"Bill's leadership skills, diverse agricultural experience, and in-depth knowledge of agriculture positions StateLine well for the future. We are excited to have such an agribusiness professional leading our cooperative," stated Kim Ruby, StateLine Co-op's Board President. Ruby added, "The board looks forward to working with Bill and the StateLine staff as our company continues to grow and move forward."

Bill was raised on a row crop and livestock farm near Bondurant, Iowa. He is a 1993 graduate of Iowa State University with a Bachelor of Science degree in Ag Business with a minor in Agronomy. He and his wife, Stacy, have three children.

SLC Grain projects provide more speed and space (cont)

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tion for Harvest 2014. Blue Earth will have 1.8 million bushels of storage space and will be able to receive 20,000 bushels per hour. Paul Nerem and Andy Gonzalez are looking forward to moving in and serving our customers in Blue Earth. Even though Blue Earth is located by the Union Pacific railroad, we didn't build a track to load rail cars. Just like your operations on the farm, we needed to look at the cost versus the benefits when we were building. Blue Earth also doesn't have a dryer. We have bins that will hold up to 21% moisture corn and will need to manage inventories if we have a crop that doesn't dry down. Once again we had to manage the construction costs and look at the alternative ways of managing the inventories versus the costs of installing a dryer at Blue Earth.

We are looking forward to serving you during harvest and encourage you to communicate your harvest needs to your location ahead of time so we can provide the best service possible. We don't anticipate many changes in our Grain Policies for the 2014 Harvest. We are waiting to publish the policies so that we can be as flexible as needed with any changes. One change that may happen would be an increase in drying rates for corn. The increased cost of LP and Natural Gas will need to be considered as we look at the costs involved in putting the 2014 crop away. Just like you, we hope the LP delivery system will bend and not break.

Precision tools to be offered under Advantage program

By Bill Aiken, StateLine Cooperative Precision Agronomy Lead

StateLine Agronomy plans to offer a suite of precision tools for sales agronomists to assist growers "optimize" production and profit potential. These tools will be part of a new "StateLine Advantage" program in which growers will be able to work with sales agronomists in all aspects of their production programs from soil testing to harvest, and includes intensive decision management aid tools as well.

Our intended goal Precision Agronomy Lead at StateLine, is to work with growers in three key aspects of crop production. We will assist in 1) producing more yield per acre; 2) identifying profitability opportunities; while 3) minimizing negative impact on our environment.

The tool utilizes a foundational, web-based program after collecting soil samples. We follow that with specific science-based fertilizer math to determine appropriate application rates that can be applied, variable rate, based on yield goals, soil types, or other desired management zones. The same capability exists for variable rate planting with this program. Application of materials, whether fertilizer or crop protectants, can be included in the record keeping component in the "As-Applieds" field history portion of the program.

The value of a systematic record keeping system adds value now, however, more so as we move to address key issues facing producers such as the Water Quality Initiatives and Nutrient Management Reduction strategies. While these issues now remain voluntary, the industry presumes that at some point growers may receive a benefit from being able to document farm and field histories. While yet unknown where legislation and regulation will drive our producers, we are aware of current "Memorandums" from a collaboration of Iowa Department of Ag, US EPA, and regional NRCS offices that encourage judicious, science-based use of production inputs and management practices. Each of our agronomy locations will have access to the Advantage suite of tools, allowing a grower rapid access to their field histories, nutrient status and "what if" scenarios as they determine how best to proceed with their production program.

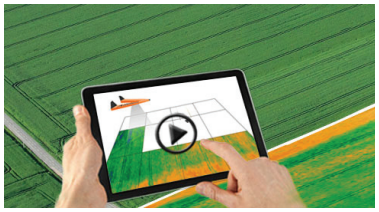
As we move into a cycle of potentially depressed market prices, assisting our growers capitalize on maintaining profit per acre remains high on our priority list. Our Advantage program places a high emphasis on precision capabilities, allowing producers to maintain soil productivity, while insuring their intended crop has an adequate amount of supplemental nutrients for the season.

Creating management zones, based on desired yield goals, soil test, soil type, and management practices with the StateLine Advantage program is the best place to start. Followed by a variable rate prescription application of needed nutrients from a plan developed by SLC agronomists.

Understanding that a grower may encounter several changes in soil type as they manage their production program, it makes sense from both an agronomic and

sustainable perspective to enroll production acres to maximize production where feasible, and optimize the less productive zones.

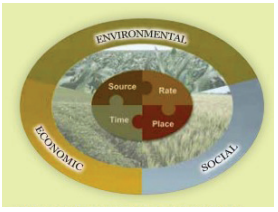
The precision industry is evolving very rapidly. The technology that we are evaluating today may very well be old news within six to eight months. The StateLine Advantage umbrella or toolbox will enable us to continue evaluating new and emerging technology, and include it as an Advantage tool should it prove to add value to our growers and company.



During the 2014 growing season, for example, we looked at several new items for evaluation. One was the WingScan UAV drone project where we enrolled several cooperating growers as a pilot to evaluate the potential of overflights with our drone during key growing season dates. While our efforts met with some challenges, we feel that as we look at opportunities to identify yield limiting aspects with our growers, this technology bears another look. Our sense is that the real value will be as the service providers develop data processing programs that allow the pictures captured to be formatted in a manner that allows agronomists and growers to make decisions in a timely manner during the growing season and for future rotations.

Another new program evaluated this season under the Advantage Umbrella was a systematic crop scouting program, initially named "StateLine Scout." Our interns were trained on effective methods of pest identification, critical growth stages, and thresholds relative to our growers growing crops. Under the direction of our agronomists and the Precision Lab at Ringsted, they utilized a new web-based program, enabling them to scout the target fields with a GPS enabled I-Pad, document their findings, and send the reported findings back to the agronomists, and ultimately the growers. We felt that the results and reporting of Integrated Pest Management issues back to the agronomists and growers, utilizing this technology added value this season, and will look at it further into the 2014-15 growing season.

As we continue to evaluate new technology and production management practices StateLine agronomists and support staff are conscious of our stated goals of increasing production, profitably, while addressing sustainability issues important to our industry and neighbors. One of the litmus tests associated with new product/program evaluations will be its ability to meet the 4R program. Utilizing the Winfield R-7 tools, and their partners to higher degree in future production years will assure our growers that StateLine agronomists have the appropriate tools under StateLine Advantage to meet those above mentioned goals. Using the Right Product, at the Right Rate, in the Right Place and at the Right Time. To find out more about the StateLine Advantage program contact any sales agronomist or staff at the StateLine Precision Lab at 712-866-0581.



About StateLine Advantage

StateLine Advantage program enables growers and their agronomists to look into four key areas for their production

1. Field operations

- These can be entered and tracked by Grower, Farm, Field, and Management
- Asset tracking
- Data Layer Mapping

2. Soil Fertility

- Providing elemental as measured analysis
- Soil lab integration
- Laboratory and/or custom equations for fertilizer math
- Generate personalized recommendations for application
- Prescription uploads for file machine connections

3. As-Planting/As-Applied-Yield

- Desktop upload
- Direct equipment upload
- Wireless Data Integration

4. Spatial Analysis

- Allows for multiple format of layering
- Advanced analysis tools

Big Event Winners

Thank you for attending StateLine Cooperative's Plot Days at Fenton and Ringsted, Iowa, and Elmore, Minn.

Also, thank you for attending The Big Event, held in July. We had an excellent turn-out, and the door prize winners are:

80 acres fertilizer application
Dusty Nauman

80 acres fertilizer application
Kim Ruby

80 acres grid sampling
Nick McGuire

40 acres N-serve
Jeff Berkland

40 units Warden RTA Seed Treatment
Terry Naig

3 bags CROPLAN Seed Corn
Jim Crawford

12 bags CROPLAN Seed Beans
Joel Klocke

12 bags STINE Seed Beans
Duane Boehm

3 bags DEKALB Seed Corn
Bob Brones

12 bags ASGROW Seed Beans
Larry Jensen

3 bags MYCOGEN Seed Corn
Glen Olsen

12 bags MYCOGEN Seed Beans
Verdean Mawdsley

3 bags NK Seed Corn
Tim McNertney

12 bags NK Seed Beans
Derrick Bauer

3 Bags CURRY Seed Corn
Glen Christ

12 bags CURRY Seed Beans
Art Kockler

Food safety requirements increase documentation

By Cherilyn Krichau, StateLine Cooperative Feed Department Manager

As StateLine Cooperative approaches harvest we will be asking anyone who has corn contracted to Halfa, (or that may want to deliver corn to Halfa), help us meet the requirements of the Food Safety Modernization Act. The Halfa Feed Mill is considered a food manufacturing facility and as such, it is our job to ensure consumers that they are receiving a safe product.

Staff at Halfa Feed Mill will require that prior to delivery you will answer a short questionnaire about the handling of the grain coming into the facility. We are asking you to do this so that we can be certain that you have not hauled any products prior to hauling grain into Halfa that could contaminate the grain and in turn be a detriment to the food supply.

Information that will be needed will include identification of products transported in the same equipment that you haul grain with. You will also need to identify your method for cleaning the transport equipment in between loads. Sweeping is one of the approved methods and probably the easiest way to ensure a trailer or wagon is clean.

We will also need license plates or specific identification for transport vehicles, as well as a list of people who will be operating them. Should any questions ever arise with a product produced at our facility, we will have all the information we need to track its origination. We thank you in advance for your cooperation with compiling this information.

We appreciate your business and look forward to serving your future needs. Please let us know what we can do to assist you with your livestock and grain operation.

Making the right hybrid and trait decisions

By Steve Mulligan, StateLine Cooperative Seed Sales Manager

As harvest season rapidly approaches, we will be busy in the field as well as planning next year's crop inputs. This year, perhaps more than ever, it will be worthwhile to connect with your StateLine Agronomist and discuss your total input needs.

The discussions I have been hearing is, "Do I "cheapen" up my seed cost by possibly going to a conventional hybrid?" StateLine Cooperative Agronomist Mike Perkins, from the Fenton location, has put together an example to help figure out this question. Mike shares this information so you can better understand the possible impact on "cheaper" seed corn cost.

Example only, seed cost will vary:

$175.00 per bag	Conventional Seed Cost
$275.00 per bag	Traited Seed Cost
$100.00 @ 34,500	Plants Per Ac. = $43.12 per ac. savings.

Crop Protection Chemical Cost for Conventional Hybrids

Corvus @ 5 oz =	$26.15
Atrazine @ 1Lb.=	$ 3.85
AMS@ 1.5 Lbs.=	$ .44
Destiny @1/2 per 100 =	$ 1.95
Total Cost	**$46.75**

Additional Waterhemp Control = $7.75

If grass gets by, come in with another rescue treatment:

Accent Q =	$25.65
Destiny =	$ 1.95
AMS =	$ .73
Total Cost	**$28.33**

On a problem field your potential cost could be $82.18 per acre.

Also, grass in Conventional Corn requires cultivation. Grass must be controlled before tilling, or it is pretty much game over for weed control. We would expect suppression at best.

Crop Protection Chemical Cost for Traited Hybrids

Zemax @ 1Qt. =	$14.97
Halex GT @ 3.6 Pt.=	$17.07
AMS @ 2.5 lbs. =	$ .73
NIS @ 1 qt. per 100 =	$ .83
Total Cost	**$33.60**

Bottom line on this example:

The cost of a *Conventional Hybrid* with ALL the chemistry needed is $158.26 per acre.

Cost of a *Traited Hybrid* with appropriate treatments is $166.31 per acre.

Your savings is $8.05 per acre.

For $8.05 you are giving up these protections.

- Root Worm
- Corn Borer
- Western Bean Cutworm
- Corn Ear Worm
- Fall Army Worm
- Black Cut Worm
- Drought Protection
- And in some cases the newest genetics.

The key is while harvesting your crop this fall, watch for any problems you see in each of your fields. There may be a field or two that you can give up some of these protections. That is where your StateLine Cooperative Agronomist can sit down with you on a field by field situation and help work through the pest or weed pressures on your farm.

I would like to again thank Mike Perkins, StateLine Agronomist at Fenton for putting this example together and for sharing this Information with all of you.

Have a safe harvest!

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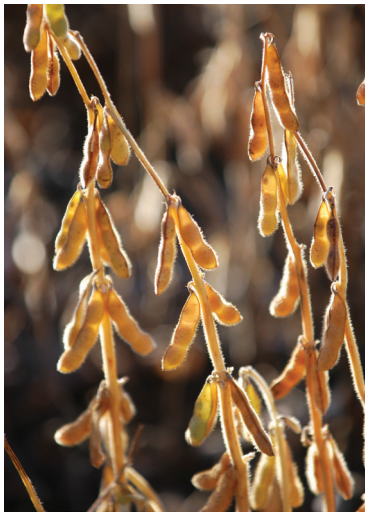
Commodity markets

By Cherilyn Krichau, StateLine Cooperative Feed Department Manager



Fall harvest is approaching quickly, and I'm sure everyone is looking forward to reaping the benefits of their hard work over the past several months.

As a feed manufacturing company, StateLine is also looking forward to the crops being harvested as feed ingredient markets have been steadily increasing because of last year's production. Commodities such as wheat midds, soybean meal and distillers dried grains have continued to sustain steady to stronger prices in anticipation of new crop corn and soybeans as well as several plant shut downs in the past few weeks. We continue to update formulas weekly to provide quality feed products at industry competitive pricing until we get into new crop commodity markets. The use of distillers dried grains has increased significantly with lower inclusions of soybean meal.

It does not appear at this writing that we will run out of soybean meal even with significant bean harvest being a few weeks away. With crop prospects looking good, we hope to see the markets weaken as we get rolling in the fields.