StateLine Cooperative
Real People. Real Pride.

Today

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Seed News

By Steve Mulligan, StateLine Cooperative Seed Department Manager

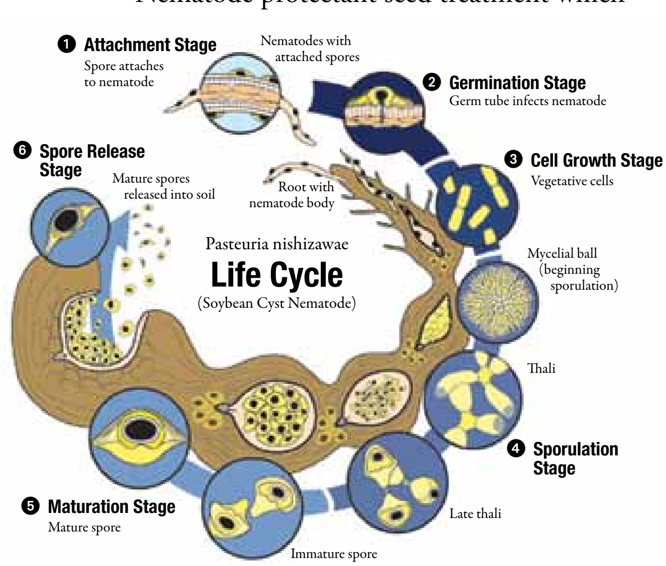
With the brutally cold winter of 2013/2014 behind us and Easter just around the corner, the sooner warmer weather arrives the better life will be. As plans are in place for the upcoming 2014 crop year I would like to share with you bits and pieces of an article I read written by Dr. Greg Tylka, Professor with the Dept. of Plant Pathology at Iowa State University. It fits our StateLine Cooperative area very well, as we are in a very High Soybean Cyst Nematode (SCN) area.

Be Cautious of High SCN Numbers in 2014

Acres that will be planted to soybeans this year may have unusually high soybean cyst nematode (SCN) numbers if soybeans were grown in the fields in 2012. The number of SCN eggs in the soil at the time of planting is a major factor determining how much damage and yield loss SCN will cause. There was an extremely high SCN reproduction observed in 2012 on both susceptible varieties and SCN-resistant soybeans with the PI 88788 source of resistance. The large increase in the cyst numbers in 2012 are believed to be somehow related to the extremely dry soil conditions that we had in 2012. Won't the brutally cold temperatures kill the Cyst Nematodes? Unfortunately, that is not what happens. There is almost 100% survival of the SCN over the winters here in the Midwest – no matter how cold. The nematode seems to survive extreme low soil temperatures very well, says Tylka.

What to Do ?

Your StateLine Cooperative Agronomy staff can work with you to grow soybeans profitably in fields infested with medium or high populations of SCN, we must use good SCN-resistant soybean varieties with high-end yield potential and nematode control. We also offer Nematode protectant seed treatment which



Above is a Life Cycle chart of the Soybean Cyst Nematode the cycle shown takes approximately 25 to 30 days, depending on temperature.

will provide added yield and protection from nematode feeding on the resistant soybean varieties. The all new Soybean Cyst treatment your local StateLine Cooperative will be

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Management Update

By Larry Sterk, StateLine Cooperative General Manager

Representing agriculture interests in Washington, D.C.

2014 Land O'Lakes Washington, D.C., Ag Forum — SLC Board President Kim Ruby and I have been invited by Land O'Lakes, along with other cooperative leaders, to make a trip to Washington, D.C., in April. We will meet with the legislature to remind them how important agriculture is to the United States economy, as well as garner support for other agriculture topics. We will meet with members of the US Senate as well as our representatives from the US House of Representatives. To give you a sample of topics to be discussed:

1. We will thank the members of Congress for their support of the cooperative system.
2. We will explain why farmer cooperatives exist, and how the local cooperative fits into the cooperative system.
3. We will ask Congress to support responsible development and use of approved agricultural technology, including biotechnology.
4. We will ask Congress to oppose any action that would limit the effectiveness and efficiency of the rural farmer and the cooperative.
5. We will ask Congress to maintain the integrity of the Capper-Volstead Act.
6. We will ask Congress to promote tax and accounting policies such as the 199 exemption.
7. We will ask Congress to support the Trade Promotion Authority.
8. We will ask Congress to use on-going trade talks to open opportunities for agricultural exports.
9. We will ask Congress to oppose administrative regulatory actions that are not founded in sound science, are duplicative, unduly burden commerce, or over reach Congressional intent.

As you can see, we have a full schedule to get this done in three days. This forum is very important for us to represent agriculture as we feed the world. It is important for agriculture to get in "face-to-face" meetings with our Members of Congress to get agricultural issues supported in a correct and sensible perspective. You can rest assured that there are many "anti-agriculture" organizations that are spending time in "face-to-face" meetings with the legislature promoting issues that would hamper or damage our ability to produce food for the world.

Preparing for the growing season

At the start of the 2014 crop growing season SLC's facilities and equipment are ready and fertilizer supplies are on hand. It has been a long, cold winter and if the old wives tale holds true that temperatures average out, we should be in for a "normal" spring. With grain prices lower than what it has been the last couple of years, it will be more important than ever to maximize the yields on your farm. Your agronomy sales people are ready to assist you in maximizing your yields.

Halfa Feed Mill

These past few months have been a busy time at your cooperative. We continue to fine-tune the equipment at the Halfa Feed Mill, and SLC is now grinding over 200,000 bushels of corn per month. The demand for pellets has grown, and we are now running the pellet machine in two shifts at least five days per week. We also have a night shift hauling feed to keep good service to our customers. The feed team has done a great job in adjusting operations of the feed mill to accommodate the additional pelleting volume. Employees from other areas of StateLine have really stepped up to assist the feed department to help throughout this winter as the feed continues to adjust for additional volume.

We are not taking any feed out of the Lone Rock Feed Mill today. It has been shut down and our staff is getting it cleaned up. The plan for the Lone Rock Feed Mill is to reassess the needs for a manufactured cattle feed in the area. For now, we will continue to have Ottosen Cooperative make cattle feed for SLC customers.

SLC Blue Earth location

Work at the Blue Earth facility has continued despite the cold winter. The two large grain bins are up and the infrastructure to fill and empty them is installed. The main receiving leg is up and work is being done on the electrical center. When the frost comes out we will pour concrete for the remaining two grain bins, the scale, receiving building and the office. We should be ready to take grain at this facility well ahead of the Aug. 1, 2014, targeted completion date. Feel free to stop in at our temporary SLC Office at 407 South Grove, Ag Center, Blue Earth Minn. We plan to move the office to the new grain site west of Blue Earth on Highway 16 sometime in June or July.

Cylinder and Buffalo Center asset improvement

Construction of additional grain storage at the Cylinder location should begin this summer and be completed for the fall of 2014. We are also researching ways to improve grain receiving capacity at SLC's Buffalo Center location and should have some improvements completed by the 2014 harvest.

SLC is here throughout the growing season

As I mentioned earlier, this will be a year that maximizing your yields to offset lower grain prices will be most important. The StateLine Cooperative employee team is ready to meet your needs through the growing season. We have agronomists and facilities to assist you in growing your crop, facilities to take your harvest and grain originators to work with you to tailor a grain marketing plan specifically to meet the financial needs of your business. In today's volatile marketing environment, a marketing plan and the discipline to follow it are essential to net you more dollars per acre than trying to out-guess the market.

SLC Board working on management succession

In early January, your StateLine Cooperative CEO Larry Sterk announced his retirement to the SLC Board of Directors effective Aug. 31, 2014, which is also the end of the SLC fiscal year. (See Larry Sterk's letter to members on page 6.)

A few years ago, your board of directors put together a succession planning committee that would set the guidelines the board would take in the event of the retirement or sudden loss of the CEO.

The SLC Board's Succession Planning Committee has been hard at work since Larry Sterk announced his retirement. They have followed the advice of industry leaders to interview and select a search firm. The committee selected three well-respected firms, and after two days of interviews, they selected Hedlin & Associates of Des Moines to lead the search for a new CEO. During the February meeting, your full Board of Directors defined the criteria for our next CEO.

Your board is very committed to the succession process, and has set aside three days in late spring and early summer to interview and hire the very best person as the next CEO of StateLine Cooperative.

Kim Ruby
StateLine Cooperative Board President

StateLine Agronomy Thoughts

By Chuck Peter, StateLine Cooperative Agronomy Department Manager

During his presentation at the annual Integrated Crop Management seminars at ISU in Ames this past December, ISU Extension Climatologist Elwynn Taylor made the statement that over the next 20 or so years, due to what he sees in current weather patterns, those of us in my generation would be seeing winters that would remind us of the days of our youth.

I remember when I was growing up, winter was a season that my friends and I enjoyed and looked forward to, at least in part because there's nothing quite like a snow day from school when you're a kid, and the more, the better. As I watch the remainder of what our local weatherman tells me is 5-8" of snow fall this morning, April 4, if we really are going back to the winter weather patterns of my youth, I'm thinking that the coming winters will be more about endurance than enjoyment.

StateLine Agronomy Team will introduce the StateLine Cooperative Advantage to you during summer 2014.

Spring is coming soon, and for the employees at StateLine Cooperative, it comes with the opportunity and excitement of being part of the supporting cast as you, our owners, continue your effort to produce the food that helps feed hungry people all around the world. Each year producers and ag retailers alike have to be better at our jobs than the year before, as well as be smarter about how we perform our jobs. This year will be no exception. Whether we agree or not, ever increasing regulation has become a reality in agriculture. To me, the best way to approach this reality is to keep up to speed on, and do our best to comply with future regulations, while also working with farm and commodity organizations to help shape them. We need to be viewed by the leadership in places like Des Moines and Washington, D.C., that we are part of the solution to the problem, and not only as the problem itself.

How we as an industry (yes, industry, because that's how we are viewed and reported on these days) manage our fertilizer usage and application continues to be one of the practices drawing the most scrutiny by regulators and public opinion makers. It's a matter of shared responsibility, and shared benefit. If we allow ourselves in agriculture to be portrayed as uncaring about other people's health and financial well being, and if that message convinces enough of the public that we are not safe and responsible in the way we conduct our business, we lose.

The fact is, not all of the nitrogen applied, or that is released naturally by the soil, gets taken up by crops. Some of it leaves the field, and ends up in places where it can contribute to environmental problems. If we can find ways to manage that loss of nitrogen better, we can in most cases use less applied nitrogen, saving the farmer money and helping improve water quality downstream. This will assist others who are dependent on having clean water available to support what they do for a living, be it fishing, recreation or making drinking water safe.

We already are performing a number of cultural practices to help manage nitrogen usage. Nitrogen loss due to spring volatilization and leaching has sometimes been offset by increasing the rate of nitrogen applied. We have products available to use with your spring applied nitrogen that will help minimize or eliminate much of these nitrogen loss issues, usually at a cost less than that of using additional nitrogen to compensate, if we choose to use them. The products are available for use with whatever nitrogen source that best fits your farming operation. I would ask that you visit with your StateLine Sales Agronomist to help you make the best choice of these products. In the event that you choose a supplier other than StateLine Cooperative for your spring nitrogen needs, I would also ask that you use these products with your nitrogen. Again, water quality is about shared responsibility, and shared benefit. It's also the right thing to do.

One way StateLine Agronomy plans to assist our owner/customers as we continue to try to solve the nutrient management puzzle, is by using more of the tools available through our Precision Ag services. For the vast amount of information (or "Big Data" as it is termed these days) to be of use to our customers, there has to be ways of conclusively demonstrating that the proposed solutions offered that utilize your information actually do what they say they will do to improve the profitability of your farming operation, while also reducing the size of both your and our "footprint" in the environment. We have to find answers that solve issues, not just one or the other. To help accomplish this, your StateLine Agronomy Team will be introducing the StateLine Cooperative Advantage to you during summer 2014. The "Advantage" program will help you evaluate trends and histories associated by farm/field soil tests, soil type, management practices, weather data, and incorporate variable rate strategies to accommodate your planning process. Utilizing GPS/GIS software and your StateLine Agronomy team, you can positively impact your production and profitability, while minimizing adverse effects on the environment.

We again thank you for allowing us to be your supplier of choice this and every season. We will continue to work hard to earn that opportunity. We understand that your cooperative is successful only when you, our owners are successful. Please remember that the main reason StateLine Cooperative exists is to assist you to improve the profitability of your farming operation. If we are not doing that job in a manner to meet or exceed your expectations, or if you have any questions regarding StateLine Agronomy, please let me know. I can be reached at my office 515-924-3859, cell phone 515-320-1466, or e-mail cpeter@statelinecoop.com.

SLC High School Graduate Scholarships

This year StateLine Cooperative awarded eight, $500 scholarships to graduating seniors who will continue their education in an ag-related field. We also awarded four, $500 SLC "Duane Richter" Scholarships to acknowledge Duane's efforts of laying the groundwork to make the SLC Blue Earth location a reality. The four Duane Richter Scholarships were awarded to Ledyard/Blue Earth area customers' high school graduates.

StateLine was the first Cooperative in this area to offer a scholarship program for high school graduates in an effort to encourage graduates to continue their education in an ag-related field. We have offered these scholarships since 1998 and have invested approximately $25,000 in area high school graduates' college careers.

General Manager Larry Sterk announces retirement

By Larry Sterk, StateLine Cooperative General Manager

Dear StateLine Cooperative member:

In January 2014 I notified the SLC Board of Directors of my plans to retire as CEO of StateLine Cooperative, effective Aug. 31, 2014. This was not an easy decision for me when I think of the relationships with directors, employees and customers that I have developed over the last 17 years. I have been involved with the cooperative system for 42 years. I believe this cooperative system is the best business model to provide goods and services to farm producers. I also believe that the cooperative system keeps the playing field level for farmers so you have competitive access to markets for the goods you produce and the products you need for your business operations.

As I reminisce, 17 years ago when I started at StateLine Cooperative it was a new cooperative made up of the 6 cooperatives that were members of the Big 6 Grain Cooperative located on the UP railroad north of Burt. The employees and directors of these six cooperatives were long time competitors, Murphy Brown opened up a feed mill that consumes 12 million bushels of corn annually, it was a time when the financial fiasco of the "Hedge to Arrive" grain contracts was at its peak and the customers attitude and outlook in general was very bleak.

When I started on April 7, 1997, there were no valid financial statements, and at the end of the first fiscal year SLC posted sales of $99 million dollars which decreased to a low point of $79 million dollars in 1999. From there, we started to rebuild. I also know at that time there was a lot of speculation in the industry that SLC would not survive.

Through the team efforts of the Board of Directors and employees working together, (remember our motto is Committed to Working and Growing Together for the Future), StateLine has evolved into an established, viable cooperative in the industry, serving local farmers.

StateLine Cooperative has grown to over $280 million dollars in sales and has built a strong financial position. The state of the art fixed assets and rolling stock are in good shape and most important, SLC has a dedicated and skilled employee group that works hard to make StateLine the best it can be to serve producers. (Our cooperative's tagline, Real People, Real Pride, communicates a partnership based on genuine trust, success and pride between the cooperative and its member-owners.)

I consider it a privilege to have worked with such a dedicated group of directors and employees. In the lowest of times they kept their heads high and stayed on task to build SLC to what it is today.

My tenure at SLC will conclude on Aug. 31, 2014. My wife Marsha and I thank current and past directors, employees and customers for allowing us to share the last 17 years with you. I know StateLine Cooperative is positioned to serve you today and I am confident that SLC will be positioned to continue to serve you for a long time in the future. Marsha and I are excited as we look forward to see what God has in store for this next stage of our lives.

Sincerely,
Larry Sterk, General Manager
StateLine Cooperative, Burt, Iowa

Planting Intentions

By Dean Kohlmeyer, StateLine Cooperative Grain Department Manager

The USDA issued the Prospective Plantings report on March 31 to rearrange the stage we will use to base upcoming corn and soybean supplies. The next time we will see Planted Acreage updates from USDA will be June 30. So, the markets will be watching weather and trying to guess the acreage shift between corn and soybeans. The March 31 numbers came out with 91.691 million acres of corn and 81.493 million acres of soybeans for a total of 173.184 million acres to be planted for 2014.

Final Planted Acres for 2013 were estimated at a total of 171.898 million acres with 95.365 million corn acres and 76.533 million soybean acres. We had 3.617 million acres of Prevented Plant Corn and 1.704 million acres of Prevented Plant Soybeans in 2013. So the June 30 report will be looking to add some planted acres to corn and soybeans for 2014 unless we see the acreage shifting to other commodities this spring. Recent history showed us increases of 1.053 mln in 2008, 3.508 mln in 2009 and 2.719 in 2012. Recent history suggests that we could add back 2 million acres into corn or soybean acres from the March 31 numbers. We are working with over four million less corn and soybeans Prospective Planted acres in 2014 when compared to 2013.

Last November I thought $4.50 was a good price for the 2013 corn crop and that $13 was about all the 2013 soybean value would reach. As I write this on April 1 (April Fool's Day), I see prices of $4.80 and $14.40. You can see who guessed incorrectly last November and now we can all start guessing on 2014 prices. I'll leave the April Fool's joke line to your pleasure. We now have a $3 difference in April 2014 and October 2014 soybean prices. The fundamental difference is that we are now estimating the 2013/14 soybean U.S. Carryout at 150 million bushels and the 2014/15 could go above 300 million. So, if we shift more acres towards soybeans this spring; the market will feel the pressure from the current supplies coming from South America and the 2014 US anticipated harvest.

Just a reminder of Crop Insurance February Averages of $4.62 for December 2014 corn, and $11.36 for November 2014 soybeans. The 2013 prices were $5.65 for corn and $12.87 for soybeans. The March 2014 Ending Stock estimates for soybeans were 141 million for 12/13 and 145 million for 13/14. The Ending Stocks for 13/14 will need to be lowered as we have shipped more export soybeans than had been estimated. However, do imports from South America change this later?

Ending Soybeans stocks for 14/15 are being estimated at 245 – 280 million bushels which compares to 2009 Stocks to Use Ratios of 7%. Soybean futures prices with a 7% Stocks To Use Ratio ranged from $10.50 - $11.00. So does $12.00 SX 14 futures prices tell us to have some soybeans sold this year? The speculators in the market were holding on to over 208,000 contracts of soybeans on April 1. The record speculative fund long in soybeans was nearly 241,000 contracts. So the Relative Strength Index is telling us that we should see some fund selling in the coming month.

USDA Final Planted Acres for 2013 were estimated at a total of 171.898 million acres with 95.365 million corn acres and 76.533 million soybean acres.

We will need to watch the planting weather this spring and see if we get more planted than estimated. The speculative funds were also long corn on April 1 with over 287,000 contracts compared to a record long position of over 409,000 contracts. Once again, the USDA is estimating we will build Ending Stocks in corn if the 92 million acres gets planted. So do you target $5.25 CZ 14 as a point to sell more corn for 2014? The last time we were above the $5.25 was on Aug. 26, 2013.

Give us a call with your grain offers and let us monitor the market while you plant the crops this spring. StateLine also has worksheets and other online programs that can assist you with your grain marketing. Tell us what your needs are and we'll share the tools that will fit your farm.

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Seed News (cont.)

By Steve Mulligan, StateLine Cooperative Seed Department Manager

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offering is called Clariva Complete Beans by Syngenta. Clariva Complete is a nematicide/insecticide and fungicide, a combination of separately registered seed treatments that adds the revolutionary nematicide Clariva to the market-leading, broad-spectrum seed treatment of CruiserMaxx beans with Vibrance insecticide/fungicide.

How it works

Once treated seed is planted, P. nishizawae spores are released into the surrounding soil. The spores attach to the outer layer of second-stage juvenile SCN as they pass through the treated soil. Once attached, the spores produce germ tubes that penetrate and infect the nematode's interior body. The infection results in reduced SCN reproduction and feeding, and ultimately leads to the death of the nematode. As the remains of the deceased nematode decompose, P. nishizawae spores are once again released into the soil, and will infect new generations of SCN. P. nishizawae is scientifically proven to work well under varying environmental conditions such as soil type, moisture content, pH and temperature. Clariva Complete is tailored to meet the needs and challenges of soybean growers, complementing existing SCN management practices such as the use of SCN-resistant varieties and crop rotation, and helping to manage resistance.

Your StateLine Cooperative Agronomy team is ready to help you protect the genetic potential of high-value seed on your acres. We have four locations that can treat seed and help you get the maximum return on your investment. We also have a very excellent lineup of cyst resistant soybean varieties available for your spring needs. Stop in and ask about the cyst treatment program your Cooperative is offering.