

Another year come and gone. As I write this in early February, we have only a month and a half to the end of our fiscal year. Time seems to go by so fast these days. Seems like we just finished with the auditors a few days ago and now it's time to start over.

I will have been with Valley Coop for 9 years come April 30, 2010. A lot of things have happened during that time. Many changes to facilities, new storage built, new legs built, aeration upgrades, vehicle replacement, and numerous repairs and upgrades to facilities.

During that timeframe we have returned in cash to our members over \$700,000 in deferred equity payments and over \$478,000 in estate payments. We have spent over \$4,126,000 on capital expenditures and only borrowed \$1,175,000 to do so all the while increasing working capital from \$600,000 to over \$1,300,000 at March 31, 2009. For all of that I congratulate all of you for allowing Valley Coop to serve your needs. We must be profitable in order to continue to do the things your board of directors feels necessary to keep your company moving forward. To make necessary improvements to facilities and equipment to handle the changing needs of your Coop.

CGM, LLC had another great year in 2009. Bottom line was just over \$7,300,000 net after paying handling and storage charges to members. Those earnings are distributed back to member coops on a share percentage basis. The strength of this organization again showed through this year and will present even bigger things for Valley Coop in the future. As we did not get very much wheat planted this fall. The balance of the members planted about a normal crop. While we will miss out on some handling

revenue of wheat this summer, we will be able to share in the returns on the sales of all the wheat marketed on a percentage ownership basis even though we did not contribute much grain to this pool. We in turn should again have a large fall crop and contribute to the overall pool by years end. There are many ways in which CGM has contributed to our stability. Moving grain this fall with the record soybean and corn crops would have been a very real problem had we not had the resources at our disposal because of the CGM partnership.

Many changes came upon the grain industry during the past couple of years. The timing of CGM being formed at the same time these industry changes occurred is just a coincidence. We continue to only report what the grain market is, not make the grain market. We apply what we feel is a reasonable margin plus freight to an end user of the grains we handle and put a daily grain bid out each day. If in doing this we make a profit (which according to our lenders is crucial) at the end of the year, we will issue a patronage dividend, which in essence gives the members back any monies not needed to run the cooperative during the year.

You have a strong group of dedicated employees who work diligently for your benefit. They put in long hours and go above and beyond regularly so that your Coop can be a strong profitable operation. Please let them know you appreciate their efforts, I certainly do.

We appreciate your business and look forward to serving you in 2010.

Richard Kimbrel
General Manager

CHAFF IN THE WIND

Once again we extend our greetings to you from all of us at Hackney. It's hard to believe that, yet again, I sit in front of this screen trying to think of something to put on paper that could possibly inform or entertain you. I just can't seem to get anyone else that works here to take on this task. Just think - Here is an opportunity to take keyboard in hand and just let your hair down! But, NO TAKERS. I don't understand. I guess I'll quit crying now.

With wheat topdress time upon us, I would encourage those of you that have not yet contacted us with acres to do so now. If we know what your intentions are ahead of time we can do a better job of utilizing our personnel and equipment. Remember, spring planting season is just a few weeks down the road and we have limited rigs and operators to cover all of the acres so communication is critical.

We still have adequate supplies of seed available for those of you that are still on the fence about spring seeded acres. Contact your local branch for assistance with your seed needs.

The facelift for the mill and cleaner building is still on hold. The painters assured me that they would return just as soon as the temperatures were suitable for painting. If you haven't been by to see the elevator with the Valley logo on it, you need to. It looks AWESOME! I understand that the Eiffel Tower is painted every seven years but this facility was last painted over twenty five years ago. Maybe the French should switch to American manufactured paint.

Finally, a question. If you were making Styrofoam what would you pack it in to ship it?

Have a great and safe spring,

Jim M., Jim N., Stacie, Marty, Hoss, & Les

Kellogg Comments

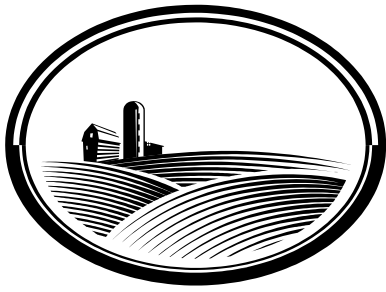
The feed mill expansion here at Kellogg has been completed. We added four new finished product bins that will give us 176 ton of added cube storage. We replaced all of the old spouting and distributors which were 6 inch, with 10 inch spouting and distributors, raised the leg and added round bottom chain drag conveyors. These improvements will let us be more efficient and improve quality. This also has opened up bins for other products. At this time we have two new feeds that we will be stocking. The first one is an All-Stock pellet. It is 3/16 in size, is 13% protein and is an all purpose feed that can be fed to cattle, horses, sheep and goats for growing, finishing or maintenance. The second feed is called Range Nuggets. It is also a 3/16 pellet that is 20% protein. It is an economical alternative to a 20% Range Cube. Both of these feeds can be picked up without an appointment or minimum amount. Just weigh in, pick up the amount you want and weigh back. It is our goal to make purchasing feed easier and more convenient for you. Give me a call and let me tell you more.

Hopefully spring is near. Thank you for your time and business.

The Kellogg Crew,

Donnie, Ingrid, Mark, Stan, Roger, Tony, Larry and Logan





FIELD NOTES

It has been a rough winter for most of us, with very little time in the field for tillage, NH₃ or applications for crop pre-emerges. At this writing it will certainly be March before some of these activities can begin. A wet fall prevented normal acres of wheat to be drilled; some have commented 50% of normal.

With more row crop planned and a narrow window to get it in, time will be more important than ever. Valley has added a new service this year; we took delivery of a portable seed treater. It has a generator for a power supply and can inoculate and apply seed treatments to soybean seed. Also wheat seed in the fall.

The advantage of having Valley inoculate and apply seed treatments will save you time when filling your planter. We will be using a 120 day inoculant called Excalibre. It can be applied well ahead of your intended planting date along with a fungicide alone or a fungicide/insecticide. If your seed comes in a bulk bag or a hard box we can treat and put right back in the same bag or box. Yes, we will treat paper bags but you must have a truck or wagon to collect the seed after treatment, will not be rebagging.

You may be asking why do I need a fungicide/insecticide treatment on soybean seed? Here is what K-State had to say: "Soybean seed is increasingly costly, which makes getting a good stand the first time more valuable than ever. Seed rot and seedling diseases can reduce germination, emergence, and seedling survival. A good insurance policy for protecting stands and yields is to use a planting time fungicide seed treatment. K-State evaluations have shown an average yield increase of 2.5 bushels per acre when a seed treatment was routinely used over the past six years."

Since it is difficult to know or predict what seedling diseases may be a problem in any particular field, it is usually best to select a product that will give a broad spectrum of disease control. Valley Coop will be offering you 2 choices, "Warden RTA" is a broad spectrum fungicide and "CruiserMaxx" is a fungicide/insecticide. The benefits of commercially applied seed treatments, they are cheaper and the seed is more uniformly covered. One of the most important factors in getting good results from seed treatments is to make sure to get good seed coverage. The following questions may apply to you:

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- **Can Fungicides/Insecticides be applied together with inoculants?** Yes, if the label allows it. Warden & CruiserMaxx are OK.
- **I ordered my seed early, had to decide on CruiserMaxx at that time. Will Valley apply an inoculant alone?** Yes.
- **Will Valley treat seed they didn't sell?** Yes, with a \$1.00 per unit treater charge, .50 for Valley purchased seed.
- **What about bulk seed?** We will still treat it, just has to be weighed to determine the amount.
- **What locations will Valley treat at?** Hackney, Kellogg, Atlanta, Burden & New Salem. If you have a minimum of 500 units we can treat on your farm.
- **I have treated seed to return, will you take it back?** No, order treatments only on seed you plan to use. Any treated seed is non returnable. Valley's policy on seed returns are no open or damaged bags. If you open it, it is yours.
- **Why should I have Valley apply seed treatments / inoculants?** You won't have to make a decision on treatment choices so early, we can apply treatments cheaper than seed companies and coverage of the seed is more uniform.
- **Can I get seed treated in the morning so it can be planted that same day?** Probably not, just plan ahead. Warden RTA & CruiserMaxx have no minimum planting intervals. Excalibre has a 120 day window. Valley would like to stay in the 45-60 day interval if possible so if we have a 2 - 3 week wet spell the inoculant would still be usable.
- **When will you start treating soybean seed?** Most likely in late March and into April for May plant dates. June plant dates would be pushed back to a May treatment. Of course if you want to treat all of your seed at once, let's go ahead and get it scheduled.
- **Will the treatment coating make the seed not flow as well in my planter/drill?** It could, we suggest using a lubricant like Talc or Graphite. This may be something we have to offer, more details coming later.

I would encourage you to start thinking of your planting dates for soybeans and the treatment choices that will fit your operation. Please call me to schedule a day, time and location well ahead of when you need it. I'm very confident this new service will save our growers time and money. Spend less time getting the seed ready and more time in the field planting.

Kirk Kennedy

Seed/Agronomy Fieldman

Mobile 620 229 0312

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Changes in Atlanta

Watch for some minor changes at the Atlanta KS location. We are doing some rearranging and some house keeping



around the buildings at the Atlanta branch. These changes will hopefully not only make things more eye-appealing, but safer as well. There are also a few changes inside. We want to invite those who haven't been to the elevator in while to stop by and meet the new guy. Lewis Kuchar has come on board to fill the vacancy left by Kirk Kennedy. Lewis is not a stranger to the area, but he is new to the elevator business. Lewis was an employee of the John Deere dealership in Winfield for 14.5 years. He was a salesman and their manager for many years. Lewis hopes to provide the customers of Valley Coop, Inc with many years of service and a friendly and professional environment for customers. Lewis started at the first of the year and is looking forward to the seasons to come.

Hello from Beautiful Downtown Winfield

I guess the groundhog was right 6 more weeks of winter! With the temperature going up and down it has played fits with the health of our livestock. We carry some medications for them and will be happy to help you anyway we can.

Spring will spring forth sooner or later, and when it does come see us for your yard supplies for weeds and insect control.

Wild bird lovers can get their bird feed here. Wild bird mix, sunflowers and thistle seed are what we carry here at Manning and are at each Valley Coop location. Feeding the birds is a good pastime for the young and old alike.

The Cowley County Humane Society is having a spay and neutering event February 23rd. Contact them at 620-221-1698 for more information.

As always thank you for your business.

Ron, Bob, Gary and Grant

After our last newsletter, one of our producers (won't tell his name but he is from the Hackney area) made a suggestion to have "a little humor" added to our "publication."

This is our first "Did you hear this one?"

A city slicker moves to the country and decides he's going to start farming. He goes to the local co-op and tells the man, "Give me 100 baby chickens." The co-op man complies. A week later the man returns and says, "Give me 200 baby chickens." The co-op man complies. Again a week later the man returns. This time he says, "Give me 500 baby chickens." "Wow!" The co-op man replies. "You must really be doing well. "Naw," said the man with a sigh. "I'm either planting them too deep or too far apart!"



On the Border Pasta Shells

Recipe submitted by Rebecca Strickert

24 jumbo pasta shells
16-oz. jar picante sauce
8 oz. can low-sodium tomato sauce
½ cup water
1 medium onion chopped
1 pound lean ground beef
1 teaspoon chili powder
1 teaspoon cumin
¼ teaspoon crushed red pepper

½ cup finely chopped cilantro, divided
4 oz. can chopped green chilies, divided
¾ cup shredded Monterey Jack cheese, divided
¾ cup shredded cheddar cheese, divided
sour cream
½ cup chopped green onion
½ cup chopped black olives
½ cup chopped fresh tomatoes

Cook pasta according to package directions; drain. Mix picante sauce, tomato sauce and water in small bowl. In a skillet, brown onion and ground beef over medium heat. Remove from heat and drain. Add chili powder, cumin, red pepper, green chilies, ¼ cup cilantro, ½ cup Monterey Jack cheese, ½ cup cheddar cheese and ½ cup sauce mixture. Pour half of the remaining sauce mixture in the bottom of a 13 x 9 x 2-inch baking dish. Fill each cooked shell with 1 to 2 tablespoons meat mixture and place shells in baking dish. Pour remaining sauce mixture over top. Cover with aluminum foil and bake in a preheated 350 degree oven for 30 minutes. Top with remaining cheeses; bake uncovered 5 to 10 minutes or until cheese melts. Serve immediately. Top each serving with a dollop of sour cream, green onions, black olives, tomatoes and cilantro. Makes six servings.