

Another calendar year almost over. Hard to believe they go so quickly these days. It is an election year and that always makes for some interesting times. This year has been one for the record books in a lot of ways. From record input cost of fuel and fertilizers, to record grain prices in virtually all commodities. Also financial turmoil we have not seen for decades. Numerous opportunities taken advantage of, and lost. Our new administration will have numerous challenges to tackle.

All of the above mentioned occurrences have given your coop numerous challenges during the year as well. We have been blessed with good crops this year which always makes the job of managing a little easier. This year we also joined an LLC to take care of our marketing function of our grain receipts. It is always a little tricky starting a new venture, but with the violent swings in the grain markets during this timeframe we are very fortunate that this venture has been undertaken. The dollars needed to fund this years grain purchases, and the turmoil in the financial markets have made for never before seen challenges to keep sound funding in place. The CGM, LLC structure timing was great from that standpoint. All 9 entities involved have benefited from the new venture. Valley Coop will benefit greatly from a storage income standpoint if from nothing else. At this time approximately 40% of the crop has not been sold. That means that around 600,000 bushels of our wheat would be in terminal storage at this time. In order to make room for fall harvest we have to be empty when it starts. That equates to \$18,000 per month going out in payments to

the terminal. It also limits our opportunities to sell to other markets if we have the grain stored in the terminal. All these cost are reflected on our bottom line as expenses. The group as a whole has experienced between \$600,000 and \$900,000 in annual terminal storage expense in the past 5 years. At this point in our year total terminal storage expense for the group is under \$27,000. The asset utilization of the group is of great benefit to all of us. The ability for our merchandiser to have large quantities of grain to sell into the marketplace at the right time, instead of when we need to make space or need the cash flow is also going to be an advantage.

We are **not** taking larger margins up front in order to garner these increases. But marketing when the market tells us to will be beneficial this year and well into the future. The volatility of the market this year has caused a lot of changes in the way business is being done. Not only at Valley Coop, Inc but across the country. Buying grain only during marketing hours Monday thru Friday is a change, but to be diligent in the management of **your** business, it is the only way to protect **your** investment. You may always put in an order that we can put in the overnight session to try to cover a sale of your grain. If the order gets filled we will mark the grain sold and send you the check the next day. The CGM, LLC is working for you, not against you. Several occurrences have happened this year in regards to grain quality that are not normal. The north central portion of the state had a problem with vomitoxin in their wheat crop. Milo sprout damage to name one in our area.

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Unfortunately damage is damage and the grain inspectors when they grade a sample count sprout as damaged grain. The end users sample and grade the grain we ship. We get discounted accordingly by what ever discount schedule they have set up. It is my job to do the best we can to ship out better quality grain than we receive. It is how all elevators have worked from the beginning of time. We try not to ship out 54# wheat if we can blend it up. Sometimes we can sometimes we can't. Case in point last year's freeze damaged wheat. We had no stocks in the elevators to blend with. The purchasers we sold to had better wheat, they discounted us and blended the wheat and took less discount than they charged to us. It is a fact of elevators. We do our best not to discount more than the end purchasers will discount us for the same quality product.

We are only a reflection of the markets. We only reflect the grain prices set by end users, and the input prices set by the wholesalers, add a few cents margin to pay the help, electricity, and maintenance cost and if we are lucky we overestimate a little and can return a portion of the profits to the membership.

The one thing you need to keep in mind is that as a Coop if we have profits we will return them back to you in the form of patronage refunds. Ask your independent elevator or input supplier for a refund of their profits. If your Coop does not have profits in this environment we live in today, you won't have a coop for long. Financial institutions will not back a losing operation.

Our website: vcoop.com has an article written by the CGM, LLC manager which explains operations thru September. The article is under the heading Daily Commentary. Please check out this information.

This has been a very long winded article. I hope it sheds some light on where we are coming from, and the benefits of our grain LLC. We appreciate your business and look forward to working with you in the next year. I wish you all a very safe and joyful holiday season.

Rick Kimbrel
General Manager

PATRON ACCESS: This feature gives you the ability to go online to review your grain account with CGM, LLC. You first have to set up your account with passwords and after that you can access your information anytime 24 hours a day. It gives you the ability to print ledger sheets.

To set up your account you can go to the CGMLLC.COOP website and click on the patron access icon. It will prompt you for information needed. If you need assistance, please contact Rebecca Strickert at 620-221-4343

Fertilizer Booking

We are now booking some fertilizer tons at much reduced prices from the last few months. These tons will need to be pulled from December 2008 thru March 2009. Products in this booking are as follows:

28-0-0	\$ 400 prepay
46-0-0	\$ 430 prepay
NH 3	\$ 600 prepay

Other products may become available for booking but at this point are not.

Kellogg Comments

What a busy fall it has been. Luckily we have had some really nice weather to get most of the crops in and out. We cut our Dyna Gro soybean test plot at the Kellogg location this week. With the wet weather we had this spring we weren't able to plant it until July 9th. With it being so late we planted only Group 4 beans. There were six varieties, with the low making 32.4 bushels per acre and the high made 45.2 bushels per acre. I thought this was real well considering the late planting and the rain. Special thanks to A.W. (Bud) Beeman for letting us plant them on his ground and for harvesting them.

Once again it's time to start feeding your stock for the winter. There is always the question; What is the best buy for supplementing my cowherd? Normally when feeding for the winter we are trying to provide protein to go along with our forage. Following is a list of feeds with the price for a pound of actual protein at today's prices:

- Rolled corn..... \$.86
- Rolled milo..... \$.67
- 16% cubes..... \$.63
- 20% cubes..... \$.55
- 30% protein tubs..... \$1.20

As you can see typically as you go up in protein it cost less per pound of protein except for the lick tubs, but you are paying for a convenience factor when using them. All operations have different needs to consider when deciding what to feed. Give us a call and let us help you with our complete line of feeds.

There have been some questions about why we are seeing yellow wheat in our newly planted fields. The following is an article from Jim Shroyer, Extension Agronomy State Leader that explains some causes of yellow wheat.

If wheat is yellow this fall, producers will want to know why. Is it something they can correct? Will it hurt yields?

The most common causes of yellow wheat in the fall are:

* Poor root growth. This may be due to dry soils, waterlogging, or poor seedbed conditions at planting time. If the plants have been emerged for several weeks or more, can be pulled up easily, and have only a couple primary roots visible, then the plants are yellow because the root systems are not extensive enough to provide enough nutrients. After a few weeks, plants should be developing secondary roots and the color should be nice and green.

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* Nitrogen deficiency. Nitrogen deficiency causes an overall yellowing of the plant with the lower leaves yellowing and dying from the leaf tips inward. Nitrogen deficiency also results in reduced tillering, top growth, and root growth in the fall. The primary causes of nitrogen deficiency are insufficient fertilizer rates, leaching from heavy rains, and the presence of heavy amounts of crop residue, which immobilize nitrogen.

* Leaf rust. If leaf rust infects young seedlings in the fall, the plants may turn yellowish. Fall infections of leaf rust are not common in Kansas, but can occur. Producers will be able to see pustules on the leaves. Tan spot can also cause wheat to turn yellow in the fall. Viral diseases, such as soil-borne mosaic, wheat streak mosaic, and barley yellow dwarf, can infect wheat in the fall, but yellowing symptoms do not normally show up until early spring. It rarely, if ever, pays to treat fields in the fall for leaf rust or tan spot, even if those diseases do cause yellowing. Cold temperatures in the winter normally cure this problem.

* Cold temperatures. When temperatures are quite cold at the time wheat emerges, it can result in yellow banding on leaves. If this is cause of yellowing, symptoms should eventually fade away.

-- Jim Shroyer, Extension Agronomy State Leader
785-532-0397, jshroyer@ksu.edu

That's about all I have to say for now. Holidays will be here before you know it! So from the Kellogg Crew "Happy Holidays"

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



Seasons Greetings

The logo features the words "Seasons Greetings" in a stylized, blue, serif font with a light blue drop shadow. The text is surrounded by several blue snowflake icons of varying sizes, scattered above and around the letters.



OFFICE CHATTER

As the year-end of 2008 approaches, prepaid contracts come in to the picture for your tax year planning. Please remember—All prepaid contracts are non-refundable as per IRS laws and regulations! You must use the product that you are prepaying- and it is to be used up in the next calendar year. Talk to your tax preparer to see if a prepaid product contract would be in your best interest for the tax year ending 2008. All product contracts must be purchased by noon on December 31, 2008 and can be done at all of our locations.

Substitute 1099's will be mailed out in January 2009—these 1099's will include Patronage and/or Investment Interest and/or Deferred Grain Interest. Amounts under \$10.00 will not be reported as per IRS guidelines. Please verify your social security number when you receive the 1099 and contact me at the Main Office – 221-4343 or 1-800-221 4346 if there are corrections to be made! For those patrons that received an Equity Retirement payment in September --- this payment will NOT be reported on a 1099 as a 1099 was issued to each patron in the year that the equity was earned.

Investment interest checks will be mailed out the first week of December. The interest rates went down on November 1—3 YR C of I is 4.75%, 1 YR C Of I is 3.75%, and Demand Certificates are 2.75%. This is the first interest rate reduction since April 2008.

Newsletter FYI-- After Rick and the Branch Managers submit their newsletter articles, Rebecca takes the articles and “creates” the newsletter by formatting each article and adding a personal touch with art clips and then prints it off at our office. She does a great job and I hope you will let her know how much you enjoy receiving it in the mail!

Rebecca and I wish you a safe and Happy Holiday season!

Donna

Don't forget about deferred payment contracts. If you want to sell your grain at today's price and stop the storage from accumulating, but don't want the income until 2009 please contact Rebecca at 221-4343.

Please note that you **will not** be able to pick up deferred grain checks this year. All checks will be mailed from the CGM office in Cheney.

CHAFF IN THE WIND

A fine “How do you do” to you from all of us here in the bustling metropolis of Hackney!!

What a summer and fall it has been. I personally have not seen the record prices on grains, fertilizers, and fuels we have encountered before and hope to never see fertilizer and fuels at those levels again. I am certainly in favor of the grain prices returning to near record levels. It is very refreshing to hand a producer a grain check and see a BIG SMILE rather than a scowl accompanied by a low growl.

As many of you are aware, some not, we are no longer offering Asgrow/DeKalb seeds at our locations. After many years of dealing their lines, Monsanto pulled our dealership and are no longer supporting Valley Co-op as a seed dealer. In light of the loss of those seed lines we continue to offer the Dyna Gro line for soybeans, milo, and corn. Dyna Gro has a very strong line of genetics that have consistently proved worthy to place in your fields. Please contact us for your needs for spring planting. We offer competitive discounts for volume and early pay. With the increase in seed prices this year it certainly will pay to compare.

The transition into the Comark Grain Marketing LLC went quite a bit smoother than I anticipated for our location and seems to be an asset for your co-op. I know some had pretty strong reservations about it but from my perspective it appears to be working.

As we close the year we have witnessed an historic election for our country. The road ahead will certainly be challenging for most everyone. I, for one, will be watching the “CHANGE” in my pocket while looking for “change” in our nations’ capitol. It certainly will be interesting.

From all of us at Hackney- Happy Thanksgiving, Merry Christmas, & Happy New Year

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

Hello from Beautiful Downtown Winfield

Fall has arrived and fall crops are rolling in. As always we hope for a safe and profitable harvest for each one of you.

We are offering wood pellets for those that are using a pellet stove. They are produced at the Oxford Dehy plant.

We have fescue grass seed, both K-31 and water saver, which seems to be a good variety for this part of the state.

As I have said in the past, now is a good time to treat your lawn for weeds that will have you pulling your hair out this spring. Weed and feed or strait fertilizers—get it here at your double circle co-op. Valley Coop home of the good deal!!

Thank you for your business!

Ron, Bob, Gary and Grant

On a personal note I would like to thank everyone for their well wishes on Deborah and my wedding. Your friendship means a lot to us. You are the best people in the world and I am glad to be your friend.

Ron Kramer

A green banner with a ribbon-like shape, featuring the text "Atlanta News" in a bold, black, serif font centered within a white rectangular box.

We live in a different world today, many times the morning will start with A, go to Z by lunch and somewhere else before the day is done. Money invested in stocks fits the description. So do inputs for your farm or ranch. Traditional times to buy and sell don't always work like they used to. What does work takes a lot of planning, discipline and looking for opportunities.

With a record rainfall year in the books and still several weeks left, many producers were held up in planting row crops this spring. A simple burn down prior to planting turned into 3 burn downs or tillage trips to start with a clean seed bed. With that in mind, we are starting to make fall applications of Basis for corn and Canopy EX for soybeans. Time frame to apply is now through January. Can be applied to frozen ground as long as it thaws sometime during the day. Works best in a no till operation, if tillage is your choice then make sure all tillage is done prior to applications of Basis or Canopy EX. This will ensure winter annual broadleaf control. Pricing through December is as follows:

Post harvest for fields to be planted to corn: Basis	.5 oz/Ac	\$9.34
24D LVE	1 pt/Ac	3.00
Crop Oil	1 qt/ 100	.17
Apply		4.25
Total		\$16.76

Post harvest for fields to be planted to SB's: Canopy EX	1.75 oz/Ac	12.66
24D LVE	1 pt/Ac	3.00
Crop Oil	1 qt/ 100	.17
Apply		4.25
Total		\$20.08

If volunteer wheat/ cheat is growing plan to add Roundup RT 3 to the tank mix. Can be applied anytime water can be sprayed, preferred Nov. – Jan. If planning to knife in NH3 later this winter, may lose some control of winter annuals where soil was disturbed. Both of these products should give you a clean seedbed to plant into up until May 1st. Winter annuals have already emerged with all the rain, in a no-till situation I would encourage you to get these products applied. They will also save you moisture and any carryover nutrients that weren't used by the previous crop.

If you are not sure what to do with a field, give me a call. Would be glad to look it over and make suggestions. Basis applied to corn ground can be switched to soybean's, Canopy, just make sure these acres are going to beans.

Have a great holiday season.

Kirk, Darren, Katherine, Jimmy, Terri & Joe

Holiday Closings:

Thanksgiving

November 27, 2008 Closed

Christmas

December 24, 2008 Close at 12:00 p.m.

December 25, 2008 Closed

New Year's

December 31, 2008 Close at 12:00 p.m.

January 1, 2009 Closed

