



A Message From Larry Petersen... CEO/General Manager

There continues to be a large amount of activity and interest in the production of ethanol not only in Iowa but throughout the world. As I have expressed in the past, Heartland will be impacted by this trend in many different ways.

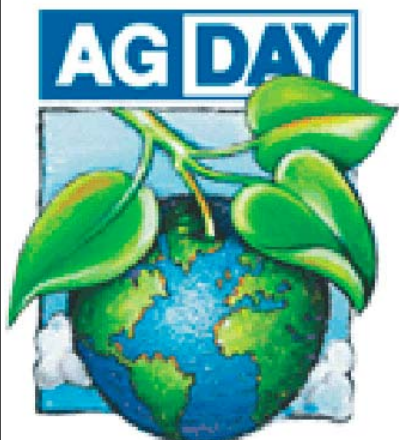
Heartland's direct involvement in ethanol production continues to evolve. Up to this point, our connection has been to provide grain to several different ethanol plants that are in production in our geographic area. Although the possibility of a direct relationship with an ethanol manufacturer located at a Heartland site may still be a possibility, the likelihood has diminished recently. The current profitability picture of ethanol has been lessened because of the higher price of corn and the lower price of crude oil and ethanol. Another factor impacting ethanol plant profitability is the increasing price of building materials and construction expenses to erect a plant.

The discussions with ethanol producers centers on the possibility of originating grain for plants under a contractual arrangement. Many ethanol producers are recognizing that having a consistent supply of grain is becoming an important aspect of profitability and the long term viability of a plant. That consistency of grain supply will become an even bigger factor as more plants come on line.

There have been many consequences of the production of ethanol that were not anticipated. The escalating price of grain has caused stress on the profitability of the livestock industry. This has been most apparent in the swine and poultry areas where a byproduct of ethanol production, DDGS, may not be used to as large a degree as in beef and dairy rations. It is obvious that in the long term the price of meat at the retail level will have to increase to allow for necessary profitability in the livestock sector. In the meantime, livestock profitability may have a struggle.

With the anticipated switching to corn acres from soybeans, our agronomy sales along with bottom line results should be impacted positively. However, the added demand will create stress on the seed and fertilizer supply areas. Over the past several years, the industry has placed an emphasis on matching supply to demand with diminished ability to increase supply on a short term basis. This will create supply outages not seen in the past.

Undoubtedly, with the large amount of ethanol production anticipated, Heartland will play a role in this new industry. That role is still to be determined.



National Agriculture Week March 18-24

**To learn more about National Ag Day
and other activities, visit:**

www.agday.org

2007 CONSTRUCTION PROJECTS.....

by Tom Hauschel, EVP Grain



The Heartland Co-op Board of Directors has approved the expansion of four Heartland grain locations and the retrofit of the Minburn bunker. The four expansion projects include new storage space and new 15,000 bushel per hour receiving capacity at each location. Booneville, Dallas Center, Melbourne, and Redfield are the locations which have been approved for expansion during the summer of 2007. The designs of the projects will allow for future expansion of the facilities as the grain volumes dictate.

The Booneville project will include a 15,000 bushel per hour receiving pit, leg and a Lemar center fill round bunker. The bunker will store over 650,000 bushels of corn and utilize a center tower air system to maintain grain quality.

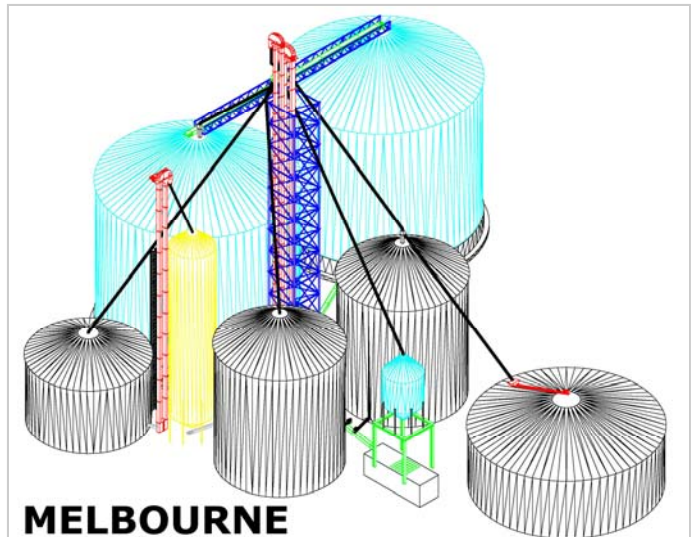
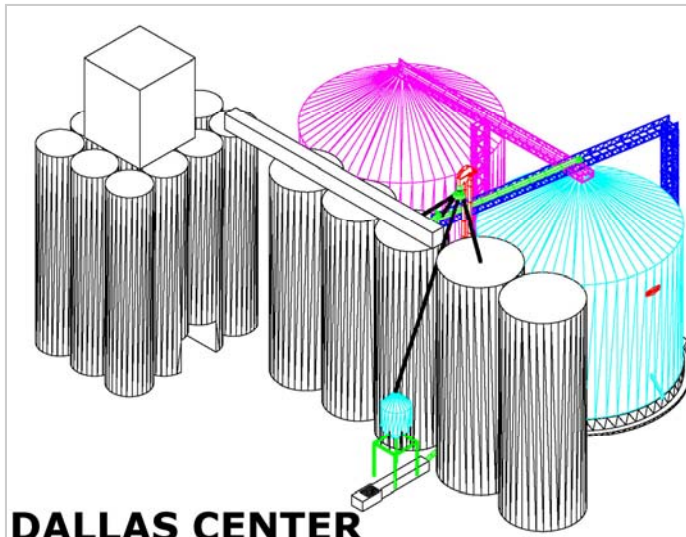
The Dallas Center project will construct a 15,000 bushel per hour receiving pit on the West side of the two tank Annex and a 680,000 bushel bin on the East side of the Annex. A new overhead grain loadout bin will also be installed.

Melbourne will be the most extensive remodeling project this year. The existing grain drier, wet bin, and loadout bin will be replaced. The drier will be moved to East side of the Behlan bins. The existing receiving leg will be converted to the dry corn leg and a new 15,000 bushel per hour receiving pit and leg will be installed. Two grain bins will also be constructed to add over 550,000 bushels of storage space to the facility. Each leg will be able to access six grain bins. This access will improve the flexibility and speed of the location.

The Redfield project will be constructed on the newly purchased property directly South of the existing bunker location. The project will construct a 15,000 bushel per hour receiving pit and leg, a 380,000 bushel grain bin, and the conversion the existing bunker into a round center fill and center aeration system. This project will add over 600,000 bushel of new storage space and allow for over 1 million bushels of storage space to be accessed by the new receiving capacity. The new property and the design of this project will allow for additional storage and receiving to be added as business volumes grow.

The 2.5 million bushel bunker in Minburn will be reduced in size to fit the needs of the Minburn location. This bunker was originally built to serve the needs of several Heartland Co-op locations. The addition of storage capacity at the other locations in the area has reduced the need for such a large bunker. The addition of new conveyors on top of the elevator and reduced inter-company corn transfers to the bunker will improve the receiving capacity at Minburn.

Here are two of the design prints for the projects at Dallas Center and Melbourne.



CONNECTIONS

Employee Assistance Program

Budget Woes, Making a U-Turn

Some financial crisis are out of our control. For many American families however, buying can substitute for emotional and relationship needs. These attitudes and habits shaping our monetary decisions aren't easy to spot. Step back from your spending routines. Is it time to forge a new link between priorities and behavior? Make a U-turn from the unhealthy patterns of spending by:

- **Start with small changes first.** Don't try to roll back spending in every area at once. Begin with one or two problem spots. Sheila started with her family's birthday dinners. She stopped the "restaurant routine" and moved their celebrations back home, creating more personal events with unrushed time for conversation at a much lower cost. Bill had the paper delivered and started eating breakfast at home. He saved \$7-9 every day, almost \$50 week and still enjoys the newspaper with breakfast.
- **Determine your financial priorities.** Figure out and talk about your family goals: how you'll spend your money; what kind of debt (if any) you feel comfortable carrying that won't endanger your family's financial health; and how much you'll save. One couple committed to the goal of living debt-free when they married. That priority shaped decisions on everything from allowances to recreational activities. Family discussions focused on how spending priorities had to fit with the family's spiritual and charitable goals. Money was seen to be a tool to provide for needs, their own and others. These priorities shaped purchasing decisions as opposed to constantly scanning *what others might have* or advertising suggests *we should have*.

Necessary cleanup is done in Colo.....



As is happening in many locations, necessary clean-up has been done at Colo. The feed mill had actually been out of operation for 10+ years, after putting in 50 some years of serving area livestock customers with their bulk feed needs. At this time there are no plans for the vacant spot, however the warehouse section is still being used. I will have a final picture later when the final cleanup is done.

2007 GRADUATES.....

We will again this year profile graduates of our employees. Have your graduating son or daughter send to us, in writing, an announcement of their graduation. They must give their name (and child of), high school, date of graduation, accomplishments throughout their four years of high school (academic, arts, music, sports, clubs, etc.) and their plans after graduation. We will feature them in our April through June Heartbeats and a gift will be sent to them upon receipt of their profile. Have them also include a picture which will be scanned and returned to them. We also welcome news of other graduates at this time of year and would be pleased to acknowledge them, so send your pictures and information to Cindy Williamson.



April Employee Birthdays

Drew Keuning	04/01	Prairie City
Grant Ostercamp	04/04	Prairie City
Brian Sprecher	04/05	Slater
Jason Westhoff	04/05	Conroy
Lori Ketchum	04/06	Avon
Larry Mitchell	04/06	Alleman
David Sickels	04/07	Waukee
Oscar Meyer	04/08	Alleman
Robert Weber	04/09	Dallas Center
Andy McIlrath	04/12	Redfield
Jay DeVries	04/13	Prairie City
Stephen Sesker	04/13	Alleman
Mike Gannon	04/14	Prairie City
Ryan Mallo	04/15	Enterprise
Chuck Davenport	04/16	Waukee
Bob Ricketts	04/16	Conroy
Justin Pitsenbarger	04/20	Colo
Brenda Boeck	04/22	Panora
Robert Dingman	04/23	Winterset
Kerra Swenson	04/23	Stanhope
Shane Pugh	04/25	Waukee
Randy Wignall	04/25	Melbourne
Terry Hoy	04/26	Booneville
Calvin Barber	04/29	Winterset
Curtis Barber	04/29	Winterset
Gary Bensley	04/29	Avon

April Anniversary Hire Dates

Ted Anderson	1966	Slater
David Bowlin	1970	Prairie City
Jack Bonker	1977	Panora
David Meyers	1979	Minburn
David Lee	1985	Cambridge
Kent Jessen	1988	WDM
James Brown	1991	Slater
Donald McDowell	1991	Malcom
Gary Hunzelman	1993	Conroy
Gregg Wright	1993	Randall
David Kerwood	1994	Avon
Phil Gowdy	1995	Melbourne
Michael Gross	1995	Booneville
Tom Whitney	1995	Luther
Gregory Anderson	1998	Waukee
Byron Gutshall	1998	Booneville
Tammy Parks	1999	WDM
Zac Greenfield	2001	Indianola
Wade Entriken	2002	WDM
Adam Richardson	2002	Slater
James Hyslope	2003	E. 18th St.
Douglas Rose	2003	Enterprise
William Borris	2004	Avon
Ross Berglund	2005	Randall
Tom Christeson	2005	Stanhope
Timothy Griggs	2005	Avon
Chris Laidig	2005	Prairie City
David Lundstrom	2005	Indianola

Congratulations to Ashley Boeck!!



Ms. Ashley Boeck represented Guthrie Center High School as a finalist for the 27th Annual America's Homecoming Queen Contest on March 3rd and 4th in Des Moines.

America's Homecoming Queen, Inc. is a non-profit organization promoting education and community service for high school homecoming queens in all 50 states.

Twenty contestants representing Iowa and six contestants representing Nebraska were in attendance. The competition consisted of a personal interview, essay and an evening gown competition. Ms. Boeck received special recognition as "Miss Congeniality" by her fellow contestants. Congratulations Ashley!

Ashley is the daughter of **Brenda Boeck** (PANORA) of Guthrie Center and Terry Boeck of Schleswig, IA. Ashley will be attending the University of Northern Iowa next fall to major in Speech and Language Pathology.

*****FOR SALE*****

DONKEYS FOR SALE

**Get your club calves broke to
lead the EZ way!!!**

**My son is in college and now too
busy to show calves.**

**I have both jacks and a
jenney, that's why we're up to 6
head....
a new one shows up every year.**

**Mike Sibert (AVON)
Cell 515-240-0345**