

# Lifeline



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A Message From the CEO/General Manager - **Larry Petersen**

## Another Heartland Record Performance



### Annual Meeting

This year's annual meeting will again be held at Prairie Meadows Conference Center in Altoona on Tuesday, September 14. The format will virtually be the same as the past two years with two meetings held that day. One will begin with a meal at 12:00 noon and the evening meeting will begin

with dinner at 6:30. The same buffet meal will be offered at each meeting. By giving two time options, it is our hope that we will have a large turnout. Members may attend the meeting of their choice.

The annual meeting marks the time for director elections. This election is the beginning of the process to take the Board from 14 to 9 Board members elected from 9 different districts. There will be elections in 4 separate districts at this year's annual meeting. Those districts holding races and the candidates are:

District	Candidates
G	Kris Laub, Mark Vogel and David Weaver
H	Dan Taylor
K	John Parker
L	Dale Johnson

The election process will be the same as in the past several years. All voting members will be allowed to cast a ballot for candidates in any district race regardless of the voting member's district. The candidates, however, will come from one of specific geographic district established by the Board of Directors. If a member does not feel comfortable in voting for candidates in certain races, their ballot will count in those races in which they have voted. In other words, a ballot does not need a vote in all contests to be official and counted.

All members will receive a ballot by mail which may be returned in the envelope provided. Biographical information on each candidate will be included in the ballot mailing. All members are allowed to vote even though they may not be able to attend the annual meeting. Voting for directors is a duty that should be taken seriously by all members. Through this democratic process your voice is heard in determining the future direction of Heartland Co-op.



### Year End Financials

At this year's annual meeting it will be reported that the financial results for the 2009-10 fiscal year will set another record for performance at Heartland. This strong financial accomplishment has allowed Heartland to continue to invest in fixed capital expenditures and offer a variety of products and services.

In today's business climate the need to develop and maintain a strong balance sheet has become even more important. Within the cooperative business model, generating bottom line profitability is the only viable source of adding to balance sheet strength. At Heartland we continue to emphasize the importance of maintaining an adequate bottom line. Maintaining Heartland's profitability along with our ability to add to the profitability of our customers has become a culture that we continue to stress.

Among the many reasons leading to the positive outcome of the bottom line this year included:

- Grain drying substantially increased due to the unusually high amount of corn moisture.
- The decline in commodity and input prices kept our borrowings down and the corresponding interest expense was reduced.
- Building and equipment repair expense were lowered because of supplementary expensing in this area the previous year.
- Pension expenses moderated because of the increase in investment earnings and the aggressive funding of the plan in the previous year.

A better bottom line was accomplished in spite of the fact that we had several factors that had a negative impact on this year's results including:

- High moisture content and low test weights of the corn harvest caused challenging quality degradation.
- Weather conditions impacted the agronomy sales and services both in the fall and spring of this fiscal year.
- Increased fees and expenses due to the process of syndicating our bank loans.
- LP sales were down from anticipated because of less commercial usage.

The full details of the financial performance of Heartland will be presented at this year's annual meeting.

### ☞ Rain, rain, rain

Much of Heartland's trade territory has received record amounts of precipitation during the growing season. These pictures to the left were taken of one of our customer's fields and give just one example that were seeing of the excessive rain. It is yet to be determined how detrimental these high moisture levels will be to harvest yields this fall. It should also be mentioned that a good share of our trade territory has received closer to average rainfall and yields may exceed normal production.

**Ron Groskreutz** - Director of Western Grain Origination

## Wet Iowa Growing Season

It's been another wet growing season here in Iowa. What started out as one of the best spring planting seasons ever seen, has turned into a record year of rain fall. One of the big differences this year it that the majority of the crop was planted in a timely manner, and we have received adequate heat units, or degree days. How will this corn crop respond? What will the net result, or yield be this fall?

While last years calendar high was June 4th, the market moved as low as \$3.08 on September 8th, and then had a nice rally through the harvest period, and got as high as \$4.13 on October 23rd.

History says that 68% of the time your market high falls during the months of March through August.

December 2010 on the CBOT got as low as \$3.43 ¼ on June 29th this summer and then rallied back to as high as \$4.39 on August 5th. Most grain analysts have had the markets going down for the past 8 months, and yet here we are at the highest prices of the calendar year.

This years crop will probably be a bit lower than most were hoping for. Though it feels like we should continue to rally into this late summer and beyond, remember that we live in volatile times. This market makes 50 cents appear and disappear so quickly you can hardly make a sale before it happens. So remember to focus on profitability, know your cost of growing the crop, and make the sale when you can put a known profit in your pocket. If you do those things, you will be farming again next year.







Paul MacKendrick - Central/East Region Sales Manager

## CROPLAN Answer Plots

On a recent summer day around 100 seed and agronomy advisors along with their producers attended the Answer Plot at Napier and Grinnell.

On these days, the goal of the Answer Plot is to train our employees and customers on how to produce 100 bushel soybeans, insect management, corn trait comparisons, 300 bushel corn needs and corn genetic characterizations.

We're essentially educating sales agronomists with product information they need to maximize yield and profits. We're focused on agronomic and placement training, making sure we're getting the right product in the right field.

The Answer Plots are designed for agronomist and producers to take the information home and use it on their own operations. It's not a commercial or a hard sell type of event. It's an information day.

Each Answer Plot site consists of roughly 3,000 trials that provide side-by-side comparisons of genetics and traits and treated with numerous defenses against insects and disease. These sites encompass a wide portfolio of products from Monsanto, Syngenta, Dow as well as CROPLAN Genetics brand seed.

### THE R7™ PLACEMENT STRATEGY. PROOF THAT WE DIG DEEPER

Success doesn't happen through luck. Success happens when you evaluate all the contributing production factors to arrive at the smartest seed decisions for a specific plot of land. That's our stance. We call it the R7™ Placement Strategy. It's what we teach you all about at our Answer Plot® Knowledge Events.



### THE RIGHT GENETICS

The right hybrid will allow you to grow more consistently year after year. We help ensure you get the genetic hybrid that works best for your plot of land.

### THE RIGHT SOIL TYPE

Proper hybrid and variety selection cannot be made without first considering soil type. We dig deep to find the right selection for you.

### THE RIGHT PLANT POPULATION

Optimal plant population varies from one hybrid to another, based on ear type stress tolerance.

### THE RIGHT CROPPING SYSTEM

Selection of the right hybrid is also influenced by the cropping system. Hybrids have different strengths and weaknesses, which must be considered.

### THE RIGHT TRAITS

Selecting the proper traits will protect your crops and help them reach their genetic potential.

### THE RIGHT PLANT NUTRITION

Soil fertility and the plant nutrition plan influence the choice of genetic family. We work to develop a strategy that reflects input costs as well as the yield potential of your field.

### THE RIGHT CROP PROTECTION

We help you select the right protection plan to defend your seed investment, so it can achieve maximum yield potential.



Gary Mohr - Director of Feed



## Heartland Quality Control Measures

Heartland Co-op works diligently every day to protect the safety of your livestock feeds and our food system. We want your livestock to achieve their potential to produce efficient, high quality protein for consumers. Heartland has performed hundreds of lab analyses on all of the major feed ingredients we use (much more than any of our program requirements) to test nutrient quality and many aspects that might inhibit animal

performance. This has been done for many years at our three largest mills and we began the same process at the Newton Mill a couple of weeks prior to acquisition so we would have a baseline established there at our start up.

One area of concern for feed ingredient quality was the potential for mycotoxins in last year's corn crop. Your cooperative's feed and grain departments worked together to do sampling for three of these – Zearalonone, Vomitoxin and T-2 at the beginning of harvest. We identified the only strong threat early last fall to be Vomitoxin and have verified that in our milling locations with re-checks during the past ten months. For several months we sent test samples for Vomitoxin to an outside lab and early in the 2010 calendar year we made the decision to have an internal lab located at

Reinbeck. We also continue to send complete feed samples to an outside lab to double check our results of the ingredients. These tests are not required by the feed industry, however, the Heartland Feed Staff wanted to provide extra insurance for the safety of your feed supply and continues to keep that commitment.

One of the registrations we hold at two mills is to manufacture specific Land O'Lakes Formula Feeds under a Feed License Agreement with LOL/Purina. Once again both of those mills, Prairie City and Reinbeck, were awarded the Dedication to Quality Award for manufacturing. These locations have achieved this award for many consecutive years and it is a testament to the Heartland Feed employee's dedication to meet this standard.

We also continue to update processes that go beyond our current quality control measures. One of those involves the scrutiny of feed grade antibiotics in the food industry today and several processors have asked our customers to provide additional verification of antibiotic withdrawal prior to slaughter with traceback to feed mill practices. We have moved forward with those requirements and will continue to anticipate more new standards to meet Feed and Food Security requirements. Every day your Heartland Feed Staff does a multitude of things that help you keep your commitments to meat consumers. It is all part of how we work to help you 'produce and market livestock profitably'.



Clair Rew - Petroleum Sales &amp; Marketing Director

### Petroleum News

## PROPANE – S.A.F.E. Gas Check

Propane systems are like any other mechanical system, it needs a periodic check up. Maintenance of your propane system will minimize the risk of costly leaks and or

explosions. If you have not had a **Certified Propane Service Technician** do a check of your propane system in the last 5 years it would be a good, safe idea to do one now. The National Propane Gas Association, Iowa Propane Gas Association, and our insurance company recommend our customer's propane system be checked at a minimum of every 5 years. Schedule your...

**\$37.00 S.A.F.E Gas Check TODAY!** (Plus applicable tax)

**Safety...** It's up to you! Propane is a safe, reliable fuel. Like many other fuels, however, it is flammable. This means it can be dangerous if not handled properly. Remember, in order to protect you, your family, and others, you must be aware of (and respect) the normal, everyday hazards around you. Propane is no exception.

### MANY OF THE SYSTEMS WE CHECK HAVE 1 OR MORE PROPANE LEAKS!

Leaks can be anywhere in the system. The regulators, lines, fittings, or your appliances.

**To show our commitment to your safety,** Heartland Co-op would like to offer **\$50.00 off a complete propane system check.** Once we have completed a checkup of your propane system you will have peace of mind knowing you have protected yourself, your family, and others.

**Note:** If your system is in good working order, an estimate of your cost is **\$87.00 – \$50.00 safety discount = \$37.00 plus applicable taxes.** Each propane storage tank is a separate system to check.

**If you would like to have your system checked, please contact your local Heartland office and we will set up a time to complete this gas check.**

**WE THANK YOU FOR YOUR BUSINESS!**



Marc Melhus - E.V.P. of Operations



# August Updates & Information

The acquisition of Roorda's Feed Center by Heartland has been a primary focus for many the past several weeks. The conversion process appears to be going smoothly. Many of the Roorda customers were already members of other cooperatives so although Heartland is new, the coop concept is not. From the customer's perspective, operational changes have been negligible and although there are some differences in some of our operating policies it appears that the transition continues to move forward positively.

## Storage Challenges

Rain may make grain but it also spoils it too. Managing corn quality for our locations has been challenging this summer. Hot spots in bins have occurred in bins where none have ever been seen before. Low test weight combined with the effects of drying high moisture corn resulted in more foreign material and the wide variance of moisture content in the wet corn we received last Fall are all contributing factors. Corn Moisture contents ranged from 18% all the way to 27% plus were run through the dryers at the same time. Dryers struggle to compensate for that difference and therefore, we have areas in our bins where corn is not the moisture we thought it should be. Warm and humid conditions coupled with a lower than normal quality corn crop have added to the problems. Location employees have been climbing bins, taking temperatures and doing what they can to manage these issues. Not an easy task when we have this kind of weather but they are on top of it, literally. The good news is that if the weather cooperates it appears that we should have an earlier than normal harvest and that grain quality will be much improved.

## Custom Application

Over the past two years we have ramped up our ability to offer custom ammonia application at several of our agronomy locations. This service has gone over well and based on the growth we've seen appears to be something our customer's value.

Using a combination of outside contractors and our own employees, we have been successful in providing this service to many Heartland Customers. We would like to continue to expand this service, so if you have an interest in your area, contact your local Heartland Agronomist or location manager and we will work on developing a system to meet your needs.



## Heartland Safety Program

You may have read about the tragic story of 3 boys who were engulfed in a grain bin in Mount Carroll, IL a few weeks ago. Two of the boys, ages 14 and 19 died in the bin. Another young man, 20 years old, was eventually pulled to safety after 12 hours of being trapped. Although the accident is still under investigation OSHA director David Michaels responded quickly by sending a letter to the industry outlining the responsibilities of each employer to properly protect and avoid situations that put our workers in danger. Director Michaels made it very clear about his expectations of how the industry should accomplish this and reminding all that severe penalties up to and including jail time for those that don't. A sobering reminder of what can happen when preventable accidents take place.

Over the past few years, Heartland has worked hard on keeping our employees safe. Employees are required to attend annual hands-on training focused on preventing these types of accidents. A great deal of time and effort is expended ensuring our employees have the information they need to make good decisions about their work environment. Each employee is taught to understand that he/she is responsible for their own and others safety and to make decisions accordingly. Unfortunately, accidents still take place but Heartland's management will continue to make safety a high priority as we move into the future.



Leah Schomburg - President, Champions For Agriculture and NewsWorks Communications

# Champions For Agriculture Continues Push For Consumer Awareness

Heartland Co-op has been a leader in promoting the Champions For Agriculture,

an initiative created to promote positive messages about the agriculture industry to a consumer audience. Recent events, including a community concert and race event at the Iowa Speedway provided Heartland customers and staff an opportunity to interact with consumers.

An important part of the Champions For Agriculture program is providing farmers and people who work in agribusiness with facts they can use when they talk with non-farm family and friends.

Recently, Midwest Farm & Livestock Directory magazine, along with its sister publications, Southern Farm & Livestock Directory and Eastern Farm & Livestock Directory, have joined the Champions For Agriculture movement, including the Champions story in publications that reach more than 200,000 subscribers nationwide.

Be sure to look for the Champions For Agriculture display at the Heartland Co-op Annual Meeting where we'll have more tools available for those who want to help communicate positive messages about agriculture.

## Facts about Agriculture

- America has the safest, most affordable, most abundant food supply in the world.
- Americans spend just 9.8% of their income on food—less than consumers in any other country.
- Today's farmer provides food and fiber for about 140 people—up from just 19 people in 1940.
- It takes just 40 days for most Americans to earn enough to pay for their entire year's food supply, but 129 days to earn the money to pay their federal, state and local taxes.
- Ninety-five percent of U.S. farms are run by families, farmer partnerships or co-ops—less than 5 percent are corporate farms.
- Iowa has produced the largest corn crop of any state for more than 14 years.
- Soybeans are the world's foremost source of vegetable protein and oil. Each 60-pound bushel of soybeans yields about 48 pounds of protein-rich meal and 11 pounds of oil.



## Earn a Free Multi-tool!

Just by taking a few minutes to learn how you can protect your fall nitrogen investment!

### How to Earn

1. Visit [www.heartlandcoop.com](http://www.heartlandcoop.com) and click on the link for Agronomy.
2. Click on the Dow AgroSciences logo and watch a short video about Instinct Nitrogen stabilizer.
3. Visit your local Heartland agronomists to claim your prize!
4. Offer ends October 31<sup>st</sup>, 2010



Hydra-Hume DG-A

Treated (right) 10 lbs/A Hydra-Hume DG-A (2010 Ankeny, IA)

## MAXIMIZE YOUR FERTILIZER'S EFFICIENCY & PROFIT

**HYDRA-HUME DG-A ADVANTAGES**

- Increased fertilizer efficiency
- Improves fertilizer uptake
- Helps prevent nutrient "tie up"
- Improves crop health and growth

Ask your Heartland Agronomist about the discount on prepay for Fall Applications!!

To learn more about Hydra-Hume DG-A contact your Heartland Proprietary Product Specialist, Corey Hillebo at (515) 371-2808 or [chillebo@heartlandcoop.com](mailto:chillebo@heartlandcoop.com)

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Ryan Augustine - Precision Ag Intern



Technology Is the Future

This summer I have had the opportunity to work for Heartland Co-op in the Precision Agriculture department. It has proven to be an outstanding experience and I have learned a great deal about the basics of Precision Agriculture and how valuable it can be to a farmer's operation. I grew up on a family farm in southeast Iowa and come from a background that does not currently utilize any GPS guidance or precision controlled applications. My internship this summer has exposed me to the wide variety of applications where technology can be applied and just how much that technology has evolved in the last few years.

One of the things that I have enjoyed the most about my experience has been the day-to-day diversity that comes with the job. In the few months that I have spent here this summer I have had the opportunity to assist with on farm GPS and precision hardware installations, perform updates on several of Heartland's RTK base stations, help develop an inventory management system, and create informational materials for summer sales meetings. Another great part of my experience has been the opportunity to interact one-on-one with farmers and help them implement the newest technologies available.

Throughout the course of my internship I have been able to learn much about precision agriculture, but probably one of the biggest things I will be able to take away from all of this information is how much cost saving potential there is for a farming operation utilizing GPS equipment. Even though at first some of the price figures may seem daunting, the accuracy and efficiencies gained with Precision Agriculture equipment is well worth the investment for any farmer and in most cases will pay for the cost of the equipment in just a few short years. Heartland does an excellent job tailoring these precision systems to its customers and their individual operations. I have thoroughly enjoyed my experience this summer and thank Heartland for the internship opportunity.

Charlie White - Grain Intern



Valuable Summer of Learning

For those who haven't met me, or talked to me on the phone, my name is Charlie White, and I have been interning in the Grain Department here at Heartland Co-op now since January. Originally from the small town of Calamus in Eastern Iowa, I grew up on a farm and am currently attending Iowa State University. Ag related Internships have kept me busy the last three summers which has worked perfectly with my studies primarily focusing on Agricultural Business and Economics along with a minor in Agronomy.

When the 2009 Fall Career Fair came to Ames last fall, Paul MacKendrick, whom I had keep in touch with over the years, told me about Heartland's internship opportunity in the grain department. While I have been involved with the agronomy side of agriculture, and recently the finance aspect of the operations through my previous internships, the grain piece just felt like it was time for me to give it a try.

During my six months that I have spent here at Heartland, I have had the opportunity to learn a great deal about the grain markets, the risk management tools Heartland provides its members, as well as some of the logistical management it takes to keep grain flowing throughout central Iowa. Throughout the summer I have been able to apply the things I've learned in the classroom at ISU as well as my own background through traveling to countries like Argentina, who plays a major part in driving the commodity markets. Being able to take advantage of the market and lock in prices is very important, and through the variety of contracts Heartland offers, I have seen firsthand how fortunate Heartland's patrons are at having these valuable tools at their disposal. I have had the opportunity to learn about all of these tools, and have been able to promote these and one in particular, our Accumulator contract, which is allowing producers the opportunity at gaining large premiums over current market values.

This summer has been a valuable learning experience for me, and I have enjoyed learning about what it takes to be involved in such a large grain handling operation. I have enjoyed learning through the entire journey, and being able to meet and talk to so many of the farmers in central Iowa. If you haven't been introduced to all of the contracts Heartland offers, I urge you to contact a member of the grain department to discuss your operation with them and determine if any of the contracts might fit into your farm. Thanks for the opportunity these past months to learn and serve you at Heartland Co-op!



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Des Moines, IA 50325-0399

Address Service Requested

HEARTLAND CO-OP LOCATIONS

<b>Alleman</b> 515-685-3541 866-613-0094	<b>Gilman</b> 641-498-7495 800-493-6019	<b>Marengo</b> 319-642-5529	<b>Randall</b> 515-328-2315 800-334-1182
<b>Belle Plaine</b> 319-444-2154 800-328-2667	<b>Grundy Center</b> 319-824-5466 800-319-7775	<b>Melbourne</b> 641-482-3206	<b>Redfield</b> 515-833-2953
<b>Blairtown</b> 319-454-6411	<b>Hartwick</b> 319-525-2311	<b>Minburn</b> 515-677-2256 800-422-0298	<b>Reinbeck</b> 319-788-6831 800-717-2667
<b>Booneville</b> 515-996-2295 800-244-8579	<b>Holland</b> 319-824-6638 800-375-6638	<b>Mingo</b> 641-363-4250	<b>Rippey</b> 515-436-7411 800-442-7411
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<b>Enterprise</b> 515-964-2390	<b>Malcom</b> 641-528-2535 800-273-4485	<b>Prairie City</b> 515-994-2651 800-383-0723	
		<b>Prairie City West</b> 515-994-2631	

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August Checklist

- ✓ Schedule Grid Soil Sampling
- ✓ Fall Fertilizer Plans
- ✓ Hydra-Hume
- ✓ N-Serve
- ✓ Schedule Custom NH3 Needs
- ✓ VRN – Variable Rate Nitrogen
- ✓ Seed Plans – Secure The Best Varieties for 2011
- ✓ Precision Hardware Installations – Yield Monitors
- ✓ Monitor Stalk Strength – Harvest Schedule
- ✓ Heartland Co-op Technology Event September 16th Napier

VISIT THE HEARTLAND CO-OP WEB SITE and visit the new agronomy page featuring videos and breaking news articles.