

Western Farmer

The Official Publication of the Garden City Co-op, Inc.

FEATURES

October/November 2005

Western
Farmer

COVER STORY

Annual Meeting Date Set

2 - 4

Slate of Candidates for Board

Kendall Clark

Steven Krehbiel

Tom Mulville

Dwane Roth

5

New Associate Directors

Todd Graham

Rick Horton

6 - 7

Fall Harvest Update

Petroleum Update

Alltel Plans

Winter Hours

8 - 9

Anhydrous Ammonia Application

Crop Production Update

Crop Profit\$ Plans for 2006

10 - 11

2006 Western Cooperative Seed

Discount Programs

G.C. Co-op - New & Improved (cont.)

12

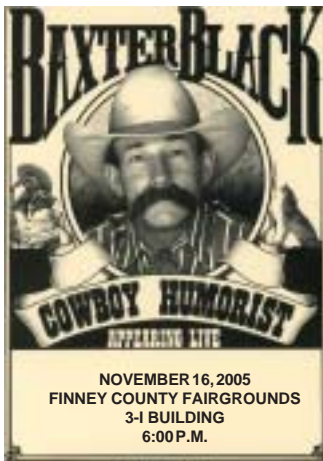
General Manager Editorial

G.C. Co-op - New & Improved



Moving Forward Together

MARK YOUR CALENDARS - NOVEMBER 16, 2005



**GARDEN CITY CO-OP, INC.
ANNUAL MEETING
NOVEMBER 16, 2005
FINNEY COUNTY FAIRGROUNDS
3-I BUILDING
6:00 P.M.**

We have once again finished our annual audit of the Garden City Co-op, Inc. Complete financial information will be presented at the Annual Meeting on November 16th. Elections will be held to elect three Directors. Entertainment for the Annual Meeting will be provided by Baxter Black. Please plan to attend your Annual Meeting to hear and receive the official reports of your cooperative and to elect Directors.

**THE GARDEN CITY CO-OP, INC.
NOMINATION COMMITTEE PRESENTS
SLATE OF CANDIDATES
NOVEMBER 16, 2005**

The Nominating Committee of the Garden City Co-op, Inc. will be presenting its Slate of Candidates for **three** positions upcoming for election at this year's Annual Meeting. Candidates include Kendall Clark, Steven Krehbiel, Tom Mulville, and Dwane Roth.

Kendall Clark and Tom Mulville both came onto the Board of Directors on April 1st, when the Farmers Elevator of Dighton merged with the Garden City Co-op. At that time, two Board Members stepped down from their positions to make room for the two Dighton members. Dwane Roth is currently serving his first three-year term and is up for re-election. Steven Krehbiel is currently serving as an Associate Director.

Following are brief Biographies on these farmers and their thoughts regarding our company.

The Board has appointed Todd Graham and Rick Horton as new Associate Directors. If you are interested or know someone who is interested in running for Board, please contact the Nominating Committee (Boyd Lear, Michael Deaver, Andy Strasser, and Bill Maughlin).



A Great Celebration
Come celebrate 86 years of "Moving Forward Together"
Great Entertainment
Baxter Black
Door Prizes
Drawings for 5 Awards of Early Redemption up to \$1,000 in Co-op Stock

BOARD CANDIDATES

KENDALL CLARK



Kendall Clark raises dryland wheat, milo, corn, and has CRP ground in Southwest Lane County and Northeast Finney County.

Kendall attended Fort Hays State University then returned home to become the 4th generation to farm the family farm.

Kendall and his wife, Maraline, have two children - Steven, who will graduate from KSU next month and Cassie, who attends GCCC.

Kendall has served on various county ag committees and feedlot Boards. Kendall became a Board Member of the Garden City Co-op in April 2005 when the Farmers Co-op of Dighton merged with us. Prior to becoming a Board Member of the Garden City Co-op, he was on the Dighton Co-op Board for six years, two as an Associate.

Kendall states, "Due to the merger and talents of our employees, this Co-op has made remarkable strides in improving our financial position. Our economic environment changes faster all of the time but I am confident our people will be there to take advantage of our new, stronger Co-op and the opportunities this presents. It has been challenging and very educational serving on your Board. It has been my pleasure to work with the many talented people here and I look forward to learning more in the future".

STEVEN KREHBIEL



Steven Krehbiel farms North of Garden City in the Friend area. Steven and his wife, Vicki, have been farming and ranching for the past 18 years. They raise wheat, corn, sorghum, alfalfa, and sunflowers and own a cow/calf operation.

Steven has an Associate Degree from the Garden City Community College. He is a member of the Prairie View Church of the Brethren, Finney County 4-H Foundation, American Sales Association, NRA, and he is a certified instructor for the Kansas Fur Harvest Association. Steven enjoys spending his "free" time running his children, Troy (age 14) and Aleasha (age 12) to 4-H and school events.

Steven states, "I have enjoyed the past two years learning about the Co-op as an Associate Director. I believe our agricultural community has a tough road ahead of us in the next few years but with sound decisions and foresight, we will continue to have a strong and innovative Co-op".

BOARD CANDIDATES

TOM MULVILLE



Tom Mulville farms in Southwest Lane County. He raises dryland wheat and milo and occasionally dryland corn and sunflowers.

Tom and his wife, Roxie, have four children, Audrey, Heather, Sarah, and Matthew.

Tom is a member of the United Methodist Church in Dighton, served two years as a Director of Farmers Coop Oil in Dighton, and nine years as Director of Farmers Co-op Elevator in Dighton. He was also involved in the merger of both companies.

Tom became a Board Member of the Garden City Co-op in April 2005 when the Farmers Co-op of Dighton merged with us. He is currently serving as Vice Chairman.

Tom states, "As I look back over my 11 years as a Co-op Director, the words that best describe the atmosphere Co-ops have had to cooperate in is rapid change. I have been very impressed with the job that past and present Boards have done to structure this Co-op to best adapt in this environment. I look forward to the opportunity to use my experience to continue the tradition set by past Boards in order to move forward together in these very challenging times".

DWANE ROTH



Dwane Roth farms in Northwest Finney County. He raises corn, wheat, milo, soybeans, and sunflowers, part of which is dryland, center pivot, flood, no-till and strip-till.

After high school, Dwane enlisted in the military from 1983 to 1986.

Dwane and his wife, Kim, have three daughters - Rachelle, Maggie, and Grace. Dwane likes to take part in his kids' activities at school and other community events.

Dwane is currently serving his first term as a Board Member of the Garden City Co-op.

Dwane states, "The Garden City Co-op is a vital part of our Western Kansas communities. As ag producers, we face an onslaught of challenges every day whether it is Mother Nature, high input prices with low commodity prices, and/or government regulations and bureaucratic red tape. What affects the ag producer will in turn affect our Co-op. So, for the ag producer and our Co-op, we must show responsibility and financial restraint in order for the Co-op to be here today and tomorrow to serve the ag producer".

NEW ASSOCIATE DIRECTORS

TODD GRAHAM



The Board has appointed Todd Graham as an Associate Director. Todd farms five miles North of Deerfield with his father, Roy Graham. They raise corn, wheat, and edible beans. They also run a hog operation.

Todd has a Bachelor's Degree in Agricultural Economics from Kansas State University.

Todd and his wife, Becky, have a two year old son, Kendall. When he's not busy at the farm, Todd enjoys fly fishing and snowboarding.

Todd states, "I am extremely interested in getting involved with the Garden City Co-op Board. This opportunity has presented itself in one of the most challenging times in modern agricultural history".

RICK HORTON



The Board has also appointed Rick Horton as an Associate Director. Rick farms about 15 miles North of Deerfield with his Dad, Ken Horton and his Uncle, Jim Horton. He also operates a portable seed cleaner. They raise dryland wheat and milo and a little irrigated corn.

Rick has a Bachelor's Degree in Agribusiness from Kansas State University.

Rick just got married this past summer. His wife's name is Ashley. They are members of Christ Covenant Church in Leoti. He is also a member of the Kansas Crop Improvement Association.

Rick states, "I am very grateful to receive a chance to serve as an Associate Board Member. It is an excellent opportunity to learn the ins and outs of the Co-op system, and I hope to be a beneficial asset to the Garden City Co-op.

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FALL HARVEST UPDATE

Ken Jameson, V.P. Grain Division

As this is being written, we are 95% complete with the corn and soybean harvests and approximately 60% finished with the milo harvest in our Southern division. The Northern division is also 95% complete with the corn and soybean harvests but only about 25% completed with the milo harvest. Hopefully, the recent freeze will get the milo harvest moving along at a better clip.

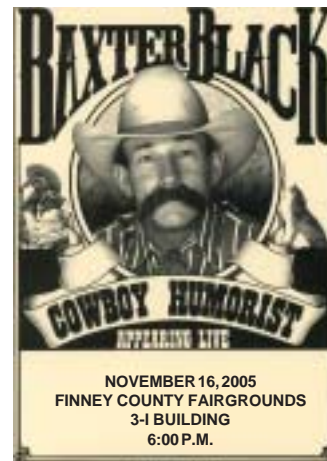
The addition of the Northern division elevators will obviously skew current receipt totals to our historical numbers as we build a new history together. Right now, I can tell you this will be the largest fall crop your Garden City Co-op has ever handled. For the Southern division, this looks to be the third largest corn and soybean crops we have ever handled, while the milo crop is still too early to call. Quality of this fall's crops have been excellent with corn averaging 59.74 test weight, milo 59.43 and soybeans 57.12.

Better than expected yields is always something we like to hear versus the opposite, but when that phrase applies across the country, it typically leads to lower prices. The corn and milo markets continue to grind lower as Chicago December corn futures traded below 2.00 on October 24th. Latest U.S.D.A. estimate for the nation's corn crop is 10.857 billion bushels and as harvest has progressed, the trade believes the November 10th U.S.D.A. report will show a larger number with some going above 11 billion bushels. Reports of massive ground piles of corn and elevators going to a cash only basis on new receipts in the big corn states just fuels the talk of an 11 billion bushel crop. The Chicago September corn futures bottomed out at 1.95 and many in the trade see December futures doing the same.

The nation's soybean crop is also coming in better than expected with the latest U.S.D.A. estimate at 2.967 billion bushels. Many in the trade are looking for the November 10th report to go over 3.0 billion bushels. The deadly bird flu is also impacting this market as soybean meal exports could be sharply curtailed if there is a massive outbreak of the flu that would require a major destruction of flocks. There have been more reports of the disease across Russia and now a report of an imported parrot from South America testing positive for the bird flu in Britain. Planting season has started in Argentina and Brazil and while Brazilian acreage is expected to be lower, the Argentineans appear to plan on picking up the difference.

The wheat market has settled back to the level it was trading when the U.S.D.A. put out their surprisingly low U.S. all wheat production number in late September. The 25 cent plus rally took us to a level that priced us out of the export market versus Black Sea and Australian values. With the pull back, we are now seeing some export possibilities showing up. Rumors have Iraq buying another 1.0 million metric tons but no confirmation as of this writing. Commodity funds still hold a record long position in Kansas City wheat so what will they do with it?

These lower prices have the LDP game in place for corn and milo, so please remind your landlords when you report to them on this year's fall crops. They must take the LDP before they sell their crop. Also, please come in and check your tickets and make your divisions as soon as possible after harvest so we can keep those landlords happy when they call.



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6:00 P.M.**

GRAIN DIVISIONS

If you haven't been in yet to check your grain tickets or make divisions, please do so as soon as possible so we can make sure your grain is in the proper accounts. Thank you.

MARKET HOTLINE

**Call (620) 275-9772 (G.C.)
Call (620) 397-6068
(Dighton)**

FOR DAILY GRAIN BIDS

**SEE OUR WEBSITE AT:
www.gccoop.com**

PETROLEUM UPDATE

Cheryl Haug, Petroleum Division

What is it you long for when you long for the "good old days?"

It has been said that we are living in a changing world, and in seeing all the Garden City Co-op, Inc. Petroleum Division changes and additions that have been made in the past few years, I'm sure this is true.

But the season is winding down and some important seasonal projects are at the top of the fall "To Do" list. Grateful for the 150-plus growing days we enjoy here in Western Kansas, it is time to get ready for the winter season.

November must surely be the most beautiful month of the year, sandwiched between the heat of summer and the cold of winter, the nip in the early morning air prompt reaching for a sweatshirt.

While price surges over the past couple of years were in part driven by headline-grabbing factors, ranging from the Iraq war, the rampaging insurgency in that country and unrest in Nigeria and other global hotspots central to international oil production. Katrina and Rita compounded the crunch and brought the problem into focus. At least 80 percent of the U.S. Gulf Coast crude oil and natural gas production was temporarily shut down and many refineries were crippled at a time when they would have been shifting away from gasoline in anticipation of growing distillate demand for heating oil.

This has set the stage for further price spikes, assuming a range of factors including: that global economic growth continues at a projected rate of 3 percent, and some refiners are forced to take down their plants for maintenance that was deferred in the wake of the hurricanes.

Effective November 1, 2005, Garden City Co-op, Inc. will increase the Cenex credit card gas discount to .03 per gallon. This discount will be operational at all Garden City Co-op, Inc. locations. So stop by Country Corner East or the Petroleum Office and pick up an application today!



Country Corner East
Hwy 50 & Campus Drive

Dighton Station
239 E. Long, Dighton, KS

AFS Fuel Locations: Bulk Plant

Harding & Fleming

Seventh & Fulton

Pierceville, KS

Dighton Ampride

GARDEN CITY PETROLEUM STORE HOURS HAVE CHANGED WINTER HOURS WILL BEGIN OCTOBER 31, 2005



8:00 A.M. - 5:00 P.M. MONDAY THRU FRIDAY

8:00 A.M. - 12:00 P.M. SATURDAY

DIGHTON STATION HOURS REMAIN THE SAME

7:00 A.M. - 5:00 P.M. MONDAY THRU FRIDAY

7:00 A.M. - 12:00 P.M. SATURDAY

ALLTEL PLANS

For only \$75.00, you will receive two lines of service that share 1000 National Freedom Anytime minutes, Unlimited Mobile to Mobile and Unlimited Nights and Weekend Minutes beginning at 7 p.m. Up to three additional lines may be added to this plan for only \$9.99 each. Some conditions apply. Call Jayrene at the Dighton Office for details and all your cell phone needs.

(620-397-5343)



"MOVING FORWARD TOGETHER"

COUNTRY CORNER EAST
HWY 50 & CAMPUS
GARDEN CITY, KS

WINTER HOURS
STARTING
NOVEMBER 7, 2005

5:00 A.M. - 10:30 P.M.
MONDAY THRU SATURDAY

6:00 A.M. - 9:30 P.M.
SUNDAY

ANHYDROUS AMMONIA APPLICATION

The Garden City Co-op owns its own custom anhydrous ammonia application machine.
We are excited to be able to offer you this program.

NH3 Only - \$6.50 per acre

NH3 w/ broadcast placement of Dry Phosphorus - \$8.50 per acre
(This phosphorus will be applied with an 8144 Terragator in a separate application)

*****Any NH3 sold through this system will be priced at \$10 below plant price.*****

We have 3 different application methods for your choosing
sweeps, chisel point, and reduce tillage.

Please stop by our location at Lowe to view these options.



GARDEN CITY CO-OP, INC.



Kevin Goertzen (272-6691)
kgoertzen@gccoop.com
Lowe Office (277-2230)



CROP PRODUCTION UPDATE

Barry Brant, V.P. Crop Production Division

I would like to thank everyone for their business this past season and look forward to serving your needs in the future. Energy prices, as everyone knows, are affecting many portions of our business. The high energy prices have caused fertilizer prices to reach all-time highs and inventories of fertilizers to be very low. Manufacturers of anhydrous ammonia are working off of very low inventories and only producing enough product to cover what has been sold. The manufacturers do not want to have a tank full of inventory and have the natural gas price go down. Supply is also going to be a concern with 32% and 10-34-0. Liquid Phosphates (10-34-0) is in very tight supply due to the shortage of phosphoric acid, which is used in making the finished product. Our goal is to make the best effort of having supply in stock when needed.

Fall fertilizing is still a good idea this year even with prices where they are today. I do not see much relief in fertilizer prices through next spring. If you're going to plant corn next spring, it would be a good idea to apply or have us custom apply your NH3 this fall. **We are offering some attractive finance programs through FarmPlan this fall if you want to apply your fertilizer now and pay for it in Dec. 2006.** Please contact myself or any of our experienced staff for any of your crop input needs or questions you may have.

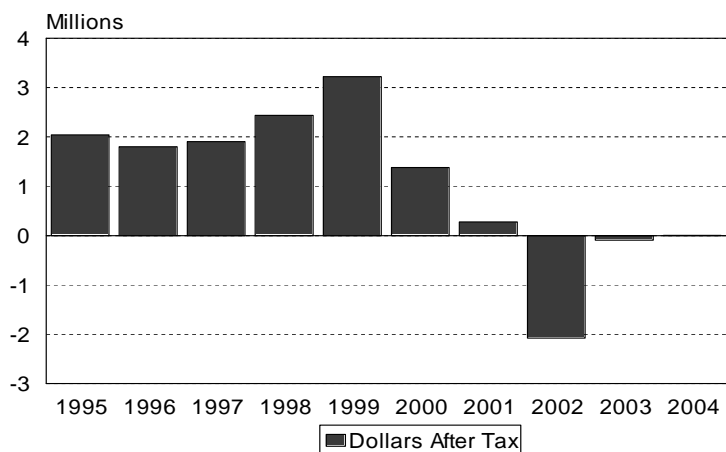
Barry Brant
Office 620-277-2230
Cell 620-271-3446
barry@gccoop.com



Western
Cooperative
Seed



Earnings History



* 1999 Includes sale of GCW Railroad of \$1.5 million
* 2002 Includes Farmland writedown on investment of \$2.306 million

CROP PROFIT\$ PLANS FOR 2006

The 2006 crop year presents producers with many difficult challenges. Continued expensive energy costs, fertilizer and other crop inputs edging higher and uncertain commodity futures prices. The crop input decisions that will be made over the next five months will go a long way in determining the success of your operation for the coming year. Crop Profit\$ in partnership with Garden City Co-op can help you through this process. We can run "what if" scenarios in the planning stage and help you evaluate different crops and different production levels. For example: What is more profitable? Full water high yielding corn or limited water reduced input corn production. The answer to this question is not the same for every producer. It is likely field specific and needs to be addressed on a field-by-field basis.

Once the planning decisions are in place, Crop Profit\$ will be there to follow through on the crop with weekly field monitoring and written scouting reports in order to make adjustments and react to changing conditions presented by the environment and the pests. As always crop input decisions are the growers but the best decisions will always be made with the most reliable information. Contact the Garden City Co-op sales staff at Lowe or Crop Profit\$ in Sublette for more information.

PO Box 156
Sublette, KS 67877
Office 620-675-2599



Fred Fisher
Cell 620-640-1600
fredlu@pld.com

Trevor Pippitt
Cell 620-640-1169
tpippitt@pld.com



Garden City Co-op, Inc.
PO Box 838
Garden City, KS 67846
Office 620-277-2230
Cell 620-271-3446
Barry Brant
barry@gccoop.com

2006 Western Cooperative Seed Discount Programs

Quantity Discounts

For all Croplan Genetics, NK, Dekalb and Asgrow Orders:

Alfalfa - Buy 40 bags, get 8 free (Croplan only) No RR alfalfa

By December 1st, 2005

Corn - Buy 45 units and get 5 units free

By February 1st, 2006

Corn - Buy 20 units, get 1 unit free

Soybeans - Buy 95 units, get 5 units free

(All booked corn can be canceled by April 1st, 2006 at no charge)

Prepay Discounts

By December 1st, 2005

- Additional 5% cash prepay

By February 1st, 2006

- Additional 2.5% cash prepay

Financing Available

- Purchase over \$5,000 worth of seed and receive 3% interest on seed. (Dec. 2006) - Farm Plan
- Receive Prime -1 Interest rate on your fertilizer and chemical purchase when you purchase \$5,000 worth of qualified seed.

(Credit upon approval)

- Farm Plan
- CFA
- PIP

(Interest starts the day the seed is delivered to your farm.)

Seed Tender Program

Free Seed Tender

Minimum purchases of \$60,000

Must be Croplan Genetics, Dekalb, or Asgrow seeds

- Have up to 3 years to minimum purchase

Or

- \$60,000 of seed in one or two years combined

NO quantity discount on Seed Tender Program

OR

- Purchase a tender for \$7,000
- and \$30,000 over 3 years

Quantity discounts apply



GARDEN CITY CO-OP

NEW & IMPROVED (cont.)

Cont. From Page 12

some tough years of losses recently and made worse by the demise of Farmland Industries. We had the balance sheet to withstand that, but now it is time to rebuild. We were able to add over \$1.6 million in retained savings. We were also able to build to meet your future needs. We purchased over \$1.1 million in new equipment compared to \$326,000 last year. This did not include huge new capital projects or initiatives but was needed upgrades of equipment and computers to better serve you. We were able to add to our liquidity by adding \$750,000 to working capital.

In addition to rebuilding our balance sheet and upgrading equipment, we are able to return some cash to you. We will be retiring estates and equity for both members of the previous Garden City Co-op and Farmer's Co-op in Dighton that was earned through 1985. That redemption will put more than \$550,000 cash in your pockets. We are also allocating patronage with the standard 30% cash portion in all of our member businesses. The patronage distribution will total over \$750,000.

That ends the story of 2004-2005. Every one of our divisions was profitable and we will be allocating patronage based on this great year. It was a year full of challenges, many not yet completely resolved. It was a year that we embraced your needs and you rewarded us with your commitment. It was the year that turned the corner back to profitability and allows us to be even a larger contributor to your farm's survival and ultimate success in the future.

There are always concerns and obstacles in High Plains agriculture. That is why we celebrate our successes when they come. Be sure to join us for that celebration at our Annual Meeting on November 16th at the 3-I building at the Finney County Fairgrounds. How do you celebrate agriculture more effectively than having Baxter Black for the evening's entertainment? Tickets to Baxter are hard to get and usually involves lots of travel. We bring him to Garden City for your enjoyment for free and the opportunity to share in our goodwill offering for the Red Cross. Don't miss it!!!

GARDEN CITY CO-OP OFFICERS & DIRECTORS 2004-2005

Boyd Lear -	Board Chairman
Tom Mulville -	Vice Chairman
Randy Richmeier	Secretary/Treasurer
Kendall Clark-	Ass. Sec./Treasurer
Michael Deaver-	Director
Tim Miller -	Director
Dwane Roth -	Director
Steven Krehbiel -	Assoc. Director
Bill Maughlin -	Assoc. Director

GARDEN CITY CO-OP STAFF MEMBERS

John McClelland
General Manager

Brent Merz
C.F.O.

Ken Jameson
V.P. Grain

Barry Brant
V.P. Crop Production

Rod Petty
V.P. Petroleum

**Hurricane
Season**
2005



The Garden City Co-op, Inc.

In August, Hurricane Katrina cut a path of destruction across the Gulf Coast and left the nation facing an unprecedented tragedy. Since the beginning of the 2005 hurricane season, the American Red Cross has been there. The generous support of donors like you will allow the American Red Cross to continue to be there until the last victim of this monumental storm season is helped. Thank you on behalf of those we serve.



American Red Cross
Together, we can save a life



GARDEN CITY CO-OP

NEW & IMPROVED

Your Garden City Co-op is a much different company than it was at the Annual Meeting last year. This new company is the result of a merger, a return to good levels of farm productivity, and the need to quickly change some of our business practices to react to the challenges facing the producers that own the Co-op.

I am pleased to report on the success and financial health of your Co-op. The first interesting statistic is total sales. In 2004, we had \$68.5 million in total sales and \$115 million in 2005 for an increase of \$46.5. This results in the largest real dollar increase and percentage increase in sales experienced by our auditor or this Co-op. I have acknowledged previously in this column that growth for growth's sake is usually not a positive indicator. That is not the case here and parts of this growth are very positive.

The first driver of increased sales is inflating petroleum product prices. We have seen both fertilizer and refined fuel prices double and triple in the last year. That certainly doesn't help producers without oil or gas wells and is not a positive for the Co-op

either. Most of our margins are driven by cents per unit and not a percentage of total costs. When we experience wild commodity inflation, it dilutes our margins compared to sales. We end up taking on much more risk for much less margin.

The rest of the reasons for sales growth are positive. The first is the merger with the Farmer's Co-op in Dighton. It is rare that a merger results in an immediately improved balance sheet for the new company. It is even more rare that operational efficiencies greater than expected are experienced the first year. I am happy to report that we accomplished both.

The new larger and more successful company was able to increase sales and market share by reacting quickly to your needs. We have experienced a real challenge this year by large crops and unsure supplies of needed crop inputs and transportation. We were able to handle these extreme situations by meeting your needs even in those times when we couldn't do it at a price either of us liked. That is a real credit to our professional and



John McClelland
General Manager

committed employee group. Without their dedication and commitment to make sure you had what you needed when you needed it, this year would have been even more volatile than it was.

The next exciting statistic is profit for the year. Last year, we posted a modest \$5,554 in total income and in some regards were happy to do it. This year, we are pleased to report an income of \$2,379,697. Of that income, only \$500,000 was generated through local operations. We were able to execute on our plan to offer the best prices and services in large part financed by outside income.

It is exciting to report profitable earnings but even more fun to explain what we can do with those income dollars. As you know, we have had

Cont. Page 11



P.O. Box 838
106 N. 6th St.
Garden City, KS 67846
(620)275-6161

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