

Farmers Cooperative Cooperative News



Dorchester, Nebraska 402-946-2211 • 800-642-6439
Plymouth, Nebraska 402-656-3615 • 800-456-3538

DECEMBER 2016

Investing In Our Owners' Success!

THANK YOU!

Challenging times moving forward

By Ron Velder, General Manager

Your Cooperative's fiscal year results are in. The CPA firm **Gardiner Thomsen** of Des Moines, Iowa completed our August 31, 2016 year end audit and provided results to your Board members at the October meeting. Total sales this past year were \$723,670,000. This number is down from last year as all grain pricing is lower as well as energy, fertilizer and feed numbers. Our volumes remained the same or in some cases increased.

Total gross revenue was \$87,914,500 with expenses being \$78,392,500. The local savings for August 31, 2016 is \$9,522,000. Income from Regional Cooperatives is \$6,885,250. That being said after taxes, and other income, the net savings total is \$15,779,000. Farmers Cooperative will pay out \$2,380,500 cash, which is 50% of the local savings allocation.

The Farmers Cooperative Board of Directors voted to pay the last half of 2008 deferred equity back to the members. The balance of the 2008 deferred equity is \$1.3 million and will be mailed about the same time as you receive this newsletter.

The challenging times in agriculture will look much different than the past few years at the farm gate. Farmers Cooperative is committed to rural communities with the cooperative value that builds assets and provides jobs to rural America. Management and The Board need to be visionary for the future and try to identify what patrons need, before they need it. Even in challenging times, our Cooperative will look at long term commitments that will be a benefit for our members for many years to come.

Our Cooperative has the ability to withstand these down years. Through all of the mergers and acquisitions we have built a balance sheet that has allowed us to pay patronage, pay estates, revolve equity and invest in our owner's communities. Working together as one, we move forward looking for opportunity and remain committed to the Cooperative model. None of this happens without your support of your Cooperative.

I want to thank all of you and have a blessed Holiday Season.



Ron Velder



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The 7 HABITS Of Highly Effective People

- 1 Be Proactive
- 2 Begin With The End In Mind
- 3 Put First Things First
- 4 Think Win-Win
- 5 Seek First To Understand, Then To Be Understood
- 6 Synergize
- 7 Sharpen The Saw



Stan Mitchell

Closing the Books

By Stan Mitchell, Chief Financial Officer

The books have been closed for August 31, 2016 and the results have been tabulated. This year has been and will be a challenging year for everyone in agriculture. For some of us “old timers” we have seen it before.

As I think about this past fiscal year, it's easy to think about the “challenges” but I am reminded of a book by Dr. Stephen Covey where he talks about the seven habits of highly effective people. I think it is worthwhile to mention the first three habits because it puts things in perspective as we look forward to the next year.

Habit #1; Be Pro-active; it is so important that we don't sit and wait in a reactive mode. Waiting for problems to happen before taking action causes stress and being realistic about changes in the future helps us better prepare to adapt to changes while encouraging a positive attitude. Your Cooperative will be very pro-active as we look forward to next year.

Habit #2; Begin with the end –in- mind-envision what you want in the future so you can work and plan towards it. As your Cooperative begins this year planning for capital investment and improvements, while maintaining services to you our patrons, the vision is to provide for your needs.

Habit #3; Put first things first; what is important and what is urgent.

At Farmers Cooperative putting “first things first” is knowing that we need to provide the very best products and services to our member owners.

Agriculture has been your Cooperative's business for over a hundred years and will continue for generations to come. Farmers Cooperative will continue to “Invest in Our Owners' Success”.

Smoke Alarms

By Doug Salmon, Safety Director

October is traditionally Fire Safety Month but during the rush of harvest something as simple as checking the smoke alarms in our homes may be overlooked. The risk of dying in a home fire is cut in half in homes with working smoke alarms.

Every bedroom should have a working smoke alarm, as well as every level of your home; including the basement. Ensuring your smoke alarms function properly involves 3 simple steps;

1. Test the smoke alarm monthly
2. Replace smoke alarm batteries twice a year. The easiest way to remember when to do this is when the time changes to and from Daylight Savings Time
3. Replace smoke alarms every 10 years

Entering Grain Bins

Safe entry into grain storage structures by Farmers Cooperative employees is a huge concern for our company, just as we are equally concerned about the safety of our patrons.

With most of the crops harvested, farmers will be entering their bins to check grain quality, or to begin delivery of grain to their local elevator. Every time you enter a grain bin, you are at risk from toxic atmospheres, potential engulfment situations, or entanglement in withdraw equipment.

Farmers Cooperative urges you to always have a spotter outside the bin observing you as you enter the structure. If entering from the top of the bin, the entrant should wear a harness and be attached to a lifeline to prevent engulfment.

Being in the bin while grain is being withdrawn poses great risk to the entrant. Flowing grain may lead to engulfment, or entanglement may occur from contact with sweep augers or from stepping into open sumps and coming in contact with under-floor withdraw equipment.

In the past 5 years, there have been at least 33 engulfment incidents per year, resulting in at least 13 deaths every year, with a high of 26 deaths in 2010.

Farmers Cooperative cares about our patrons and we encourage you to follow safe work practices when entering bins. If you have questions regarding bin entry, please contact our Safety Department at **402-604-0168**.



Doug Salmon



Tom Hermance

We Are The Best Of The Best

By Tom Hermance
Human Resources
and Safety Director

I would like to start off with something funny.

Three elderly men, Eddie, John and Max go to the doctor for their annual memory test. It's even a miracle that they remembered the appointment!

Anyway, the doctor begins asking Eddie, "What is five times five?"

"191," is his reply.

The doctor rolls his eyes and looks up at the ceiling, and says to John, "It's your turn, what is five times five?"

"Wednesday," says John.

The doctor shakes his head sadly, then asks the third man, "Okay Max it's your turn, what's five times five?"

"Twenty five," says Max.

"That's great!" says the doctor. "How did you get your answer?"

"That's easy," says Max, "just subtract 191 from Wednesday."

Some of you may be smiling right now because you are of the age you know it can happen. So what is the tie in? A recent study by Wells Fargo stated that people are forced to work longer if they can. Nearly one third or 30%, now plan to work until they are 80 or older – up 25% from just a year ago.

Recently I attended a retirement conference with several other companies. One HR professional stated "The best thing about our company is we have a lot of older employees. The worst thing about our company is we have a lot of older employees." I pondered that a bit about our own Cooperative and quickly realized that same theory applies to us. We have some amazing employees who have been a part of Farmers Cooperative for nearly their entire career. Although a wonderful retirement is in their future they pride themselves in mentoring the next generation.

This brings me to the meat of my news article. Farmers Cooperative continues to hire young new talent whose energy and skills is very encouraging. I have shared with many of our seasoned colleagues when they ask "What do I do with these new guys coming into our Cooperative?" Follow my rule of the 3 E's. Embrace, Encourage, and Enjoy.



Farmers Cooperative is, in my opinion "the employer of choice" in our area. As our company continues to grow up it is also growing out. The opportunities for young talent to grow and develop their career at Farmers Cooperative is greater now than any other time in our company's history.

I recently attended a college career fair where a student asked me the question "If I worked at your company, what would I be doing in five years?" My response was quick and direct. "You would be working for the greatest Cooperative in the greatest area of the country and in the greatest industry in the world!" Sounds like pretty bold talk but I would never have said it if I didn't truly believe it. And you, the patrons, have helped make it very believable.

I have been allowed to be a part of many wonderful opportunities while at Farmers Cooperative. The most enjoyable part is helping someone start their career in our company. I have also been a part of helping an employee transition into a new phase of their life called retirement. Each has brought me great joy because both are really new beginnings.

In closing let me throw out a challenge to you the readers. Do you or someone you know have what it takes to raise the bar and be a part of our company? We are looking for the next generation of top talent that will continue to help our company grow up and grow out. Embrace, Encourage, and Enjoy. God Bless and Happy Holidays.



Rob Blahauvietz

News from the Credit Department

By Rob Blahauvietz
Credit Department Manager

Please help our Propane Drivers

You can help our propane drivers by making sure there is a clear path to your propane tank this winter. Keep a clear path both for the truck and also for the driver to walk to the tank with the hose. Be sure all tree branches and bushes are trimmed in the path. Also, please do not pile snow around the tank.

Be sure to watch your propane level this winter. If you do run the tank empty, we are required by law to do a leak test which will cost you \$75.00.

The house propane budget program is working great. This is our seventeenth year for this program. The customers like the even monthly payments while keeping their tank on a keep full basis. If you are not on this program but are interested, please be sure to contact me in April 2017 to get on the budget next season.

SOYBEANS

Defending your Balance Sheet

By Doug Lewis, Grain Originator

It has been a few weeks since the November 8th Supply/Demand report. The next day we then elected a new president. What an exciting week! Report showed record yields and production of 52.5 bu/ac for beans and a crop size of 4.361 billion bushel. Corn numbers were also high enough to set a record and came in at 175.3 bu/ac giving us a crop size of 14.6 billion bu. Final crop size estimates will be released in the January 2017 crop report.

Early estimates have the potential for the U.S. producer to plant an additional 2.1 million acres of beans in 2017 as compared to 2016. South American estimates have the bean crop size as high as 102 mmt. An offset to record production is the increase we have seen in demand. This can be attributed to the decrease in the size of the palm-oil crop. China continues to purchase U.S. beans and will continue to with the profitable crush margins as of this writing. Total domestic usage for beans is estimated at 4.1 billion bushel and exports are projected at 2.05 billion bu.

Recent history has shown us the importance of maintaining flexibility in our marketing strategies. On this day, one year ago November 16 beans closed at \$8.70/bu. November 2016 beans then traded to a high of \$11.60/bu. on the close on June 13th. This demonstrated that markets and the factors that influence it will always be unpredictable. It also illustrates the importance in choosing carefully the manner in which we protect prices and the tools we use to manage floors. November 2017 beans closed today at \$9.8625. Exactly one year ago today, the November 2016 beans closed at \$8.80. Market is giving us the opportunity to protect next year's beans at profitable levels and would encourage producers to take advantage of it.

Defending your balance sheet is more important than ever.

After the report, December 2016 corn futures plummeted to a one-month low and January 2017 soybeans tumbled more than \$0.20. It bears repeating and it's important to remember that the updated forecasts of U.S. corn and soybean carry-out for 2016/17 represent a substantial increase compared to last year and to recent history. While the 2016 U.S. harvest is now essentially in the bin, there are still many unknown fundamentals including a growing season in South America that is just getting started. Last year was a prime example of how quickly crop prospects in Brazil and Argentina can change with weather developments. Defending your balance sheet is more important than ever.

As always, price prediction remains impossible including trying to determine a "harvest low". The latest price change highlights the value of consistently managing price volatility utilizing available risk management tools. The likelihood of additional market uncertainty—and volatility—emphasizes the importance of maintaining regular contact with us here at Farmers' Cooperative in the execution of marketing strategies.



Keeping engines protected in cold weather is a priority!

By Chuck Swerczek
Petroleum Sales & Marketing



Chuck Swerczek

Maintain fuel tanks for cold weather performance:

With proper tank maintenance and fuel handling, you can avoid most common cold-weather problems. During winter months, ice formation in fuels containing water creates severe fuel line and filter plugging problems. It's important to regularly

remove water from storage tanks, vehicle fuel tanks and filter bowls, and to replace fuel filters according to manufacturer recommendations, or at least once a year. A water logged filter will swell and freeze restricting fuel flow.

It's time once again to take steps to protect your diesel-powered equipment from harsh winter weather. Premium Diesel Fuels are exactly what you need. Farmers Cooperative offers Roadmaster XL®, Ruby Fieldmaster® seasonally enhanced with CFI (Cold Flow Improvers), and #1 Diesel Blends. All three are formulated for moderate climates and provide outstanding protection during extreme cold conditions.

Industry Winter Terminology

Cloud Point - The fuel will look cloudy and wax crystals will begin to appear

CFPP- (Cold Filter Plugging Point) is a cold flow test that chills fuel to the point it will plug a 45 micron filter. New equipment filters today are two and five micron. Most cold flow additives are CFPP technology, which make the CFPP test somewhat less liable

Operability - the lowest temperature at which equipment will operate without loss of power due to wax formation in the fuel delivery system

WASA - (Wax Anti Settling Additive) Keeps wax particles dispersed evenly for long periods of time;

- > Long weekend shut downs
- > Extended outside storage
- > Avoids overwhelming the fuel filters
- > Operability increases by dispersing smaller crystals

Proper use of cold flow improvers can extend the operability of fuels without the use of #1 fuel. They serve two functions; First, changing the wax structure of diesel fuel so it can pass through filters more readily, and second keeping wax crystals dispersed longer when fuels are stored below the "cloud point" (temperature at which paraffin in fuel begins to form cloudy wax crystals and reduce flow). Cold flow additives do not reduce cloud point; Using # 1 fuel is the only way to reduce the cloud point of diesel fuel as it typically has a very low cloud point.

Always blend fuel & fuel additives when fuel is at least 10 degrees about its cloud point. #2 Fuel made in our area typically has a cloud point of around 14°F (*Blending Cold Flow additives into diesel that is already at or below its cloud point will have no effect on the fuel*)

Rule of Thumb

For every 10% of# 1 fuel used, the cloud point will drop by 3 degrees

Example: 50% #1 into the 50% Ruby Fieldmaster + CFI will reduce the cloud point of the blended fuel by 15 degrees or lower

Cenex Premium Diesel Fuels are enhanced with special additives designed for new diesel engines. These advanced additives help prevent common problems associated with using standard diesel, including injector failure, clogged filters, reduced efficiency, power loss, poor starting, costly repairs and even engine failures. The additives are smart injected at the terminal when the fuel is loaded. You can be confident each gallon has the additives you are purchasing to meet your needs.

We are offering Diesel Fuel Contracts for next season, March 1st thru November 30th 2017. Contact me at 402-580-7562 or your nearest Branch Manager for more details.

Farmers Cooperative and I appreciate your support this past year and look forward to serving you in the future. *"Investing In Our Owners' Success"*

Wishing all our patrons, family members, and employees a Merry Christmas and Happy New Year in 2017!



Veterinary Feed Directive – VFD



Kevin Wittler

By Kevin Wittler
Feed Department Manager

Recently the Food and Drug Administration published the final rule for the Veterinary Feed Directive “VFD” regulation. The regulation expands the list of antibiotics included in the VFD, which is a program that has been in effect previously but has

affected primarily only Pulmatil usage at your cooperative feed mills. To simplify this and relate it to the vast majority of your cooperative’s livestock producers I will narrow it to “if you feed only Rumensin, Bovatec or Carbadox, they are not affected by this rule.” If you feed other animal health products you may be required to obtain a VFD from your veterinarian.

A VFD is a prescription which increases veterinary involvement and consultation in your decision making process. This helps meet the key principle of the rule to limit the use of medically important antimicrobial drugs to those uses considered necessary for assuring animal health (therapeutic purposes).

A VFD must be issued within the context of a veterinarian-client-patient relationship by a licensed veterinarian, must include the vet’s electronic or written signature, and cannot be verbally issued. It must be issued in compliance with drug approval, and no longer utilized for extra-label use. A VFD feed cannot be fed after the expiration date, so when your veterinarian is filling out the necessary form it is important to communicate the accurate timeline of your medication needs.

VFD’s are able to authorize the use of combination VFD drugs but must include the Affirmation of Intent Statement of either “May not be used in combination, May be used with listed drugs, or May be used in any approved combinations.” The largest use drugs locally which are affected will be Chlortetracyclines, Oxytetracyclines, Lincomycin, Neomycin, Penicillin, Sulfas, Virginiamycin and Tylosin. This is by no means a complete list and several name brands are registered that fit into these product categories.

*You need to
prepare now!*



On January 1, 2017, new regulations take effect on the use of medically-important antibiotics in feed and water for food-producing animals.



Additionally, production uses such as growth promotion and feed efficiency will no longer be allowed on any VFD covered product.

It is important to note that water soluble versions will also require a prescription. However, injectable versions of these products are not affected.

Your veterinarian must retain the original VFD and your Cooperative as your supplier, as well as you, the producer, must retain a copy of the VFD for a period of 2 years. The final rule has been issued. The updated labels will be issued late 2016, the veterinary Oversight Target date is 12/12/16, so by 12/31/16 we all need to be in compliance.

Your feed team is available to assist you in compliance and answer questions you may have, however, the VFD must be issued by your veterinarian. Upon rule implementation, we must have a current VFD in order to manufacture and deliver your order.

We want to thank each of you for the products and services you have allowed us to provide your operation this past year. We continually strive to cost effectively meet the needs of your operations and the expectations of you, our producer owners.

As we begin the holiday season, we want to express our appreciation for the advanced planning and ordering you were able to allow your feed mills last year at this time. Please attempt to place orders as far in advance as possible in order to allow your employees a much deserved holiday break with their families. We thank You in advance for your help in scheduling holiday feed needs and wish everyone a

Merry Christmas and a Happy New Year.



And the survey says...

By Roger Kreifels
LP Operations & Compliance

I'm sure many of you are familiar with that famous phrase from the show Family Feud. Just like the show, the answers to the surveys we send out to you are just as important to us here at Farmers Cooperative. Because of the way we schedule propane deliveries, we have to know what affects your usage. There is a simple formula that has been around for over 50 years that is incredibly accurate when there is consistent usage of your gas furnace, regardless of type, size or condition of your home. If you only have a gas furnace, tracking your usage is a very simple task. If you have a gas water heater and we know how many people are in the household, we can subtract a certain amount per day to help account for that. Where it gets difficult is if you have a heat pump, a wood/corn stove, or any other type of appliance you are also using to heat your home. To help you understand how important it is for us to know these things, there are two examples below taken from our delivery system of two customers. The "Est %" column is what was predicted to be in the tank, and the "Start %" column is what was actually in the tank when the driver got there to deliver propane. The first example is a customer with a furnace only and you can see how accurate the system is with consistent usage of a gas furnace.

Delivery Date	Old DD Reading	New DD Reading	Glns Deliv	Prev Glns	Est Glns Left	Est % Left	Start%	End%	Curr KFactor	Calc K-Factor
09/19/16	-322	17	139.60	283	268.50	54	52	80	10.32	14.74
04/12/16	3586	4739	8.30	412	298.68	60	55	57	8.28	8.42
02/13/16	1752	3586	241.70	400	170.69	34	34	82	7.95	7.97
12/28/15	-5	1752	250.00	400	150.51	30	30	80	8.47	7.03
09/12/15	-5	5	0.00	400	296.07	59	75	75	7.40	0.40
08/03/15	4221	7485	280.20	400	124.62	25	24	80	10.97	11.66
01/29/15	1519	4221	250.10	400	140.69	28	30	80	10.84	10.81

This second customer has a gas furnace and a heat pump but as you can see there is no accuracy. Because of this, on the 01/12/16 reading, you can see that when it got cold, the heat pump shut off, the gas furnace kicked in, and this customer's tank got way too low. Based on their past history, it was showing they should still have had 42% left in the tank. This customer could have very easily run out of propane on a very cold day. Wood/Corn stoves can cause the same issue because like heat pumps, we don't know when the gas furnace is running and when it's not. For those of you who have additional sources of heat, it is critical that we know that so we can work with you to make sure you do not run out of propane. Some other things that affect and change usage would be additions to your homes or added gas appliances. It is also very important to let us know about any changes that will affect your usage.

Delivery Date	Old DD Reading	New DD Reading	Glns Deliv	Prev Glns	Est Glns Left	Est % Left	Start%	End%	Curr KFactor	Calc K-Factor
10/19/16	-833	197	0.00	410	349.51	70	75	75	16.04	29.43
03/15/16	2376	4228	100.20	425	172.72	35	62	82	9.49	16.10
01/12/16	-805	2376	434.70	426	209.06	42	2	85	10.50	7.30
09/10/14	-805	8201	0.00	426	0.00	0	84	84	8.79	39.99
04/03/14	3072	7386	191.10	427	0.00	0	47	85	5.20	22.47
01/03/14	0	3072	187.00	0	0.00	0	48	85	4.00	4.00

After seeing these examples, you know why every time we send something out, it's extremely helpful if you take a few minutes to fill out the survey to let us know what affects your usage. It's because what the "Survey Says" is important to us to be able to serve you the best way we can. I want to thank all of you for your past, present and future business and wish you and your families Safe & Happy Holidays.



Dale Hayek

Harvest Space

By Dale L. Hayek
Grain Department

Harvest is finally finished and we were pleasantly surprised with our harvest volumes. Several factors contributed to this; being extremely empty going into harvest, constant local and export demand, railroads performing unseasonably efficient and a longer than normal harvest.

Our employees, especially at our shuttle facilities, do an outstanding job. The amount of hours and weekends worked are tremendous and tend to be taken for granted by many. Also, our new storage space continues to make us more efficient; and therefore more manageable and profitable. In 2017 we are planning new space in Hanover, Jansen, and Raymond.

Soybeans had a difficult time drying down, and harvesting them proved to be a bigger challenge than we have seen in a long time. I think everyone was more than happy with their soybean yields; not only in Nebraska and Kansas, but in all of the cornbelt. Thanks to China's demand, we shipped a record number of soybean trains throughout harvest, and we will continue to ship for the next few months. Upward price action on the board of trade has many scratching their heads. Fundamentally, this was a huge harvest for the US and there is little justification for the board to rally, but it did. I hope everyone took advantage of it and sold some.

Corn on the other hand was a different story. There were several areas in our trade territory that had production issues. It was due to poor hybrid performance or weather related. For the most part, we experienced average corn yields, not a bin buster, but not a disaster either. Ethanol demand continues with their margins looking good, along with steady livestock demand. In the US as a whole, we need the export market to come into play to help facilitate this huge crop. Kansas, North Dakota and Minnesota will be challenged to find markets for all the corn piles after harvest.

With only a month under our belts with the merger of the Beattie Co-op (effective 9/1/16), we were able to manage through a large fall harvest. Although a little challenging at times, the employees did an excellent job accommodating the Fall harvest, new computer systems, etc. The addition of an operational Frankfort shuttle facility will only make this go smoother in 2017. This will also alleviate pressure put onto Hanover's employees and facility.

We thank everyone for their patience during this long harvest and the opportunity to serve you. We strive to put safety first in all we do, while taking your harvest bushels as efficiently as possible. All we need now is the market to give us an opportunity to capture higher grain prices.

FINANCE

The Key is Communication

By Rob Blahauvitz

We have completed the 2016 season and hopefully your financing needs for the 2017 year have been arranged. I would like to remind you of your cooperative's credit terms and policies. All monthly statements are due and payable in full by the last day of the month following the purchase. Any balance not paid at the end of the month will be considered past due and be assessed a finance charge at an annual rate of 16%. Any account 30 days past the due date could be subject to being placed on a COD basis.

If you will need extended terms from the Coop, please contact me to apply for additional financing. We do have long term financing available through the Cooperative Finance Association for your crop inputs at a very favorable interest rate. If you have CFA financing, you will also receive any cash discounts available. This must be done as soon as possible and before the season begins. You must also have your 2016 crop inputs paid before any new inputs will be delivered.

The key to working with you is communication. You can contact me at the Dorchester office at **800-642-6439**.



Congratulations to this year's CCA of the Year, Chad Bearinger.

Pay Attention to the Donut

By Chris Foree
The Oil Guy



Chris Foree

Starting December 10, 2016, diesel engine owners will really have to pay attention to the donut. Answering new diesel engine technologies which debut for model year 2017, the American Petroleum Institute has invested the past few years developing new diesel engine lubricant requirements to replace the current category CJ-4.

Here's the tricky part. For the first time since 1994, there will be two new diesel engine oil classifications instead of just one. The new CK-4 classification will be the heavy-duty version designed to be backward compatible with CJ-4 and several earlier classifications. Even so, everyone is chasing fuel economy; thus CK-4 marks a sea change in the industry. Lighter viscosity grades have lower traction coefficient, allowing parts to move easier. So, although CK-4 engine oils are designed for heavy duty, high horsepower engines, you will begin to see 10W-30 increase market share for heavy duty diesel applications in the next several years. The day will come when there won't be many bottles of 15W-40 on store shelves. Don't panic, though; that day is quite a ways off.

The second category, known FA-4, will not be backward compatible because these oils have a lower High Temperature High Shear (HTHS) rating and may not properly protect moving parts in engines not designed specifically for use of FA-4 oils. The reason for lower HTHS is to make the oil even "thinner," so it will have even less resistance to moving parts in order to reduce the amount of energy required for operation. The "F" doesn't officially mean anything according to the API, but most people will remember how to keep it straight by thinking "F means Fuel Efficient."

Obviously, this might present a little confusion when you stop by your local Farmers Cooperative to grab a few gallons in order to do an oil change in the coming years, especially since there will come to be 5W-30's and 10W-30's available in both versions! The only way to make sure you will get the right product will be to check your owner's manual, and to look closely at the API Donut on the box or bottle.

So, with a little help from the API website, I made a handy little chart to help keep you organized. It took me about three hours to make this little gem, which is sad, because my kid could have done it in five minutes. Please grab a pair of scissors and cut it out and tape it to something, to make me feel useful and to remind yourself to pay attention to the donut. Be careful out there!



TO AVOID WRONG OIL IN YOUR DIESEL ENGINE, CLIP OUT AND STICK TO SIDE OF TOOLBOX

OR CALL FARMERS COOPERATIVE OIL GUYS 402-742-3311



CURRENT

Introduced in 2010

Meets Tier 4 emission standard

Exceeds performance criteria and can be used where these API classifications are specified:

CI-4 PLUS, CI-4, CH-4, CG-4, CF-4
(BACKWARD COMPATIBLE)

Common viscosity grades:

15W-40

10W-30

5W-40



NEW and IMPROVED*

Introduced Dec. 1, 2016

Meets Tier 4 emission standard

Exceeds performance criteria and can be used where these API classifications are specified:

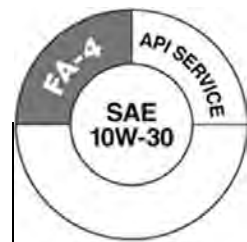
CJ-4, CI-4 PLUS, CI-4, CH-4
(BACKWARD COMPATIBLE)

Expected viscosity grades:

15W-40 & 5W-40

10W-30

5W-30



NEW and DIFFERENT

Introduced Dec. 1, 2016

For engines expected to be on the road sometime in 2016 or 2017

NOT COMPATIBLE WITH
API CK-4, CJ-4, CJ-4, CI-4, or CH-4
May be recommended, or may not be recommended, for previous model-year vehicles

Expected viscosity grades:

10W-30

5W-30

0W-30

**PAY ATTENTION
TO THE DONUT!**

RULE OF THUMB: THINK OF THE "F" IN "FA-4" AS "FUEL EFFICIENT"

BOARD APPROVES TO REVOLVE 2008 DEFERRED EQUITY



By Brian Bohling
Controller

Brian Bohling

Farmers Cooperative must be competitive like any business. A cooperative is a business which provides benefits to members through marketing transactions, including input buying and output selling, and through a distribution of patronage earnings from these transactions. The cooperative business model is unique but is still a business that is subject to the principles of business finance, business management and economics.

Annually, Farmers Cooperative management and the Board of Directors review net margins and strategically calculates what portion should be returned to customers, what portion will be utilized for investment and the amount needed to meet financial requirements from lenders. This includes the deferred equity distributed to patrons based on annual utilization of Farmers Cooperative over the years.

The primary objective of equity management is to ensure Farmers Cooperative has adequate equity capital invested in it to serve the members in an efficient and effective manner. Your Board of Directors has the ultimate responsibility for managing the equity with guidance from management. Equity equals financial strength for Farmers Cooperative and its patrons. Farmers Cooperative is proud of the financial strength that has allowed equity to be returned to customers again this year. It's one of the benefits of belonging to a financially stable cooperative. Not all of the surrounding cooperatives in the Midwest are able to return equity to patrons.

Starting with fiscal year 2003 the Board adopted the policy to revolve equity by fiscal year earned. This policy of redeeming equity credits by fiscal year earned will allow the Board to distribute periodically in the order in which they were provided. It also allows the patron to receive some of their deferred equities regardless of their age and usually while they are still an active member. Under this current policy Members' Equity Credits received from fiscal years 2003 thru 2008 are paid 100%.

Equity is one side of the ownership coin and member benefits are the other side. Patrons provide tangible support with their equity investment and in return Farmers Cooperative provides benefits. The most important benefit for patrons is the existence of Farmers Cooperative itself. People invest in a co-op because

they want to use its services. In addition, members receive the benefit of being a part of the community, supporting the mission of Farmers Cooperative as well as the communities it serves. Alignment of a financial business strategy on cooperative principles and business model, including equity management, are critical issues for the success of Farmers Cooperative. Management and your elected Board of Directors will continue to Invest in Our Owners' Success.

EQUITY PAY BACK TO OUR PATRONS

Farmers Cooperative revolves equity to patrons in three different methods.

1. The first method is to just redeem estates. Under this method when a member passes away and Farmers Cooperative is notified, the Board of Director's elects to redeem 100% of the equity balance to the estate. Estate requests are reviewed monthly at local board meetings.
2. The second method is age of patron. Under the age of patron method Farmers Cooperative redeems equity when a member reaches a trigger age of 65. Our current year payout is for anyone who turned 65 during 2016 or was born in 1951. Notifications were mailed to patrons in early December for the birth years we have on record. The application must be signed and mailed back with checks being distributed in January. Equity earned prior to and including fiscal year ending August 31, 2002 along with equity from acquisitions falls into this redemption plan.
3. The last method starts with fiscal years 2003 to our current fiscal year. This method is called the revolving fund method where equity is redeemed based on age of stock or year stock was earned. Each patron is paid out regardless of age. This is a Board of Director decision on when these will be paid out.

All equity decisions are based off fiscal year ends and reviewed annually by your elected Board of Directors.



Farmers Cooperative

Invites You To Attend

Thursday, April 20, 2017

4-H Building – 13th & Tuxedo Road

Saline County Fairgrounds

Crete, Nebraska

Doors Open at 5:15 – Evening begins at 6:15

Dinner and Entertainment



HOLLY HOFFMAN

“Nobody can go back and start a new beginning, but anyone can start today and make a new ending.”

A lifelong resident of America's Heartland – Holly was born and raised in Eureka, South Dakota. Together, with her husband Charlie, they built and continue to manage a ranch in north central South Dakota. Holly Hoffman was the last remaining member of the Espada Tribe and last woman standing on Season 21 of “Survivor Nicaragua”. Through that experience, and others throughout her life, Holly was inspired to share her message of positivity as the author of Your Winner Within. Holly's writing and speaking not only offers encouragement and optimism, but a roadmap for self-discovery and spiritual enlightenment. Holly acknowledges that life is made up of challenges, and we are oftentimes faced with situations that seem insurmountable. But within each of us is an ability to focus our thoughts, emotions, and energy to succeed – if only we have the knowledge, tools and discipline to do so.

Reservations Required

Space is Limited

RSVP

Starting March 1, 2017

Thru April 10, 2017

sharre@farmersco-operative.com

or call 800-642-6439



Musical
Performance:
Wilber-Clatonia
Swing Choir



OWN YOUR POWER, YOUR ATTITUDE AND YOUR LIFE

Farmers Cooperative, Advocate for Agriculture

By Dennis Kenning
Marketing Director

Back in my days as an Agricultural Educator, I remember taking FFA members to an Elementary School to present a program about Agriculture. The FFA Members asked a simple question, "Where does your food come from?" To my dismay, the first answers were McDonalds, Burger King, and the Grocery Store. Finally we heard the correct answer when a little girl in the front said we get our food from Farmers.



Stan Mitchell works with Omaha Bryan Students

There should be good reason for concern; our society is becoming more and more removed from the Agricultural Industry because the average American is now at least three generations removed from the farm. Another problem is that farm families make up less than 2 percent of the U.S. population. Most of our Elementary Schools teach about Agriculture only if it is part of a state standard. Just a few weeks ago, Presidential Candidates said little about Agriculture before the election. Agriculture was not an important political issue.

Compounding the problem is the National Media providing misinformation. If you believe everything you read and hear, the media makes Agriculture look like the bad guy. Sometimes the media paints the picture that Farmers are not good stewards of the land, they don't care about the environment, you should hate GMOs, and that livestock producers mistreat their animals. We know that none of these statements are true. For example, we know that most of our production animals are better taken care of than many of our children in schools. Production Animals get good health care, fed correctly and on time, and have a relatively stress free environment. What they don't understand is that Producers take good care of the land and animals because that is their livelihood. That's how they support their families and pay the bills.

The Farmers Cooperative is doing our part to tell the real story of Agriculture; after all we are in this thing together. One way we are trying to educate people about Agriculture is through our involvement with youth programs.



Dennis Kenning with Bryan Urban Ag

This past November, Stan Mitchell arranged a presentation with students in the Omaha Bryan High School as part of their Agriculture and Food Science Academy. I attended with Taylor Collins and we presented programs about Employment Skills, Marketing an Agribusiness, and How Cooperatives Work.



Centennial FFA Chapter - Safety Day

The Omaha Bryan Ag Program is relatively new and includes some 51 FFA members. They use a semi-trailer containment unit outside as a learning lab for plant science and utilize poultry to teach animal science skills. This program helps bring the story of agriculture to a very urban area.



Doug Brandt – Geneva Location – Fillmore County Schools

Farmers Cooperative supports programs like a “Day on the Farm” or “Ag in the classroom”. These programs help educate elementary students about the importance of Agriculture and where their food supply comes from. Some of our employees provided presentations at these events. Other projects that we work with, such as Farm Safety Camps, also help expose youth to Agricultural Life and the importance of farmers.

Farmers Cooperative offers tours to Elementary, High School and College students. This past October we were a host site for Fillmore County Schools, Career Day. Area high school students toured our WinField Agronomy Center at Geneva. The purpose is to help educate youth about Agriculture and the opportunities available to them.

We applauded the work of individual producers who have promoted Agriculture. We know that some producers have traveled to more of the urban settings to educate youth about Agriculture. We would also would like to thank other Agricultural Organizations who are Advocates of Agriculture. Groups such as the Nebraska Corn Board, A-Fan and the Nebraska Farm Bureau work to educate the public about Agriculture.

The fact is that the general public is becoming less connected to Agriculture. It’s always going to be a fight to keep Ag in the positive light. The best shot we have is to continue to educate people, and work together to tell the story of Agriculture. That is most likely are our greatest strength, working together and forming alliances that support Agriculture; “Advocates of Agriculture”.

We would like to thank you for your business in 2016 and look forward in serving you in 2017. Merry Christmas & Happy Holidays from all of us at Farmers Cooperative.



FFA Officers visit Dorchester – Ag Industry Tour

Farmers Cooperative would like to thank all patrons and their families for a good 2016 fall harvest. Harvest appreciations were conducted at all grain handling facilities with support from local FFA chapters, radio stations and Farmers Cooperative employees.



Members of the Fairbury FFA Chapter preparing meals at the Jansen branch



Lewiston FFA member, Megan Wehrbein with producer Norm Fleshner in Burchard



The agronomy meeting at Frankfort, Kansas provided an opportunity to meet our new patrons from the Beattie Farmers Union Cooperative. Farmers Cooperative looks forward to working and serving all patrons the "Cooperative Way".



The Venezuela trade team toured the Hanover branch. This was a joint project with Farmers Cooperative, Nebraska Wheat Board and Kansas Wheat Board. Farmers Cooperative is working to bring world markets to you!

Be sure to attend our Producer Meetings!

Farmers Cooperative is pulling for you!

Tractor Pull Tailgate Party – AG Expo

TOP 5 REASONS TO ATTEND THE FARMERS COOPERATIVE AG EXPO

- 1. No long speeches**
- 2. Special Offers, only found at our Producer Meetings**
- 3. Great Food**
- 4. Super Prizes & Gifts**
- 5. Fun, Never Boring!!**

Watch for tickets to the event!





Farmers Cooperative
208 West Depot
Dorchester, NE 68343

Address Service Requested

Check us out on Facebook!!!!
 Go to our Facebook page and click on Like to be updated on new photos and company news.
<http://www.facebook.com/FarmersCooperative>

FARMERS COOPERATIVE & SYNGENTA SUPPORT MCCOOL JUNCTION FFA CHAPTER

Farmers Cooperative and Syngenta supported the McCool Junction FFA Chapter through the Syngenta Blue Jacket program and the National FFA Organization. Syngenta's generosity and Farmers Cooperative provide funds used to support Agricultural Education and nurture agricultural leaders. Each year students from local FFA Chapters participate in National FFA programs like the National Convention, area leadership conferences, local competitive events, contests and chapter functions. Syngenta and the Farmers Cooperative help to provide support to the National FFA Organization for these activities.

The blue jackets are award to a qualified FFA member from a chapter in our local area. Farmers Cooperative, as a participating retailer in the FFA Blue Jacket Program is sponsoring the McCool Junction High School FFA Chapter. The jacket will be sent to the school and may be awarded based on financial need, outstanding achievement or excellent participation. The FFA Jacket award winner is selected by the local FFA Chapter.

The Chapter is also receiving a check for \$750 to support Agricultural Education/FFA at McCool Junction High School.



Front row in the group is:

Dennis Kenning, Sales & Marketing Manager

Craig Nelson, Syngenta, Sales Representative

Tim Shellington, McCool Junction Branch Manager

Bryan Christian, McCool Junction Agronomy Manager

Dana Hall, McCool Junction High School FFA Advisor

