

Farmers Cooperative

Cooperative News



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MAY 2017

Investing In Our Owners' Success!

THANK YOU!

Challenging times moving forward



Ron Velder

By Ron Velder, General Manager

Spring is here and planting is just around the corner. We have received reports of 1 to 3 inches of rain in our areas. What a great way for us to start the season!

Farmers Cooperative remains committed to adding new assets and looks at the opportunity to add value to our company. We continue to support agriculture and communities with many employment opportunities as well as capital investments.

Our Investment in Fortigen at Geneva continues to move forward, projecting a July startup date to

process 34,000 tons of anhydrous ammonia per year. This project will open up other opportunities for us in the future as plans are being developed to expand the plant and add other agriculture products at this location to further enhance our investments.

Our new train loadout facility in Frankfort should load the first train in the first half of June. It sure seems like a long process, but we are excited to offer better pricing and services for our patrons in the trade territory. We will be having an Open House in June (please watch for the date to be announced in the near future) and we hope to see you all there!

Farmers Cooperative helps with Kansas Fire Relief Effort

Livestock producers in Kansas, Colorado, Oklahoma and Texas have experienced the worst wild fires ever. In Kansas alone 700,000 acres has been lost. People have lost farmsteads, livestock, feed and in some cases everything. Farmers Cooperative Branches served as collection sites for the Kansas Relief Effort. We had several patrons donate items or funds to help with this relief effort.

We want to thank you for your contribution to help fellow producers. Because thousands of miles of fence needed to be repaired or replaced, the Kansas Livestock Association requested that we focused our donations towards fencing supplies. While the Farmers Cooperative collection of products and items has ended you can still help with the relief effort.



**Funds are still greatly needed
and you can donate to the:**

**Kansas Livestock Foundation
C/o Kansas Fire Relief Fund
6031 SW 37th
Topeka, KS 66614**

*All Donations are appreciated and again,
Thank You for your contributions!*

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NEW ASSETS

ANNUAL MEETING RESULTS; BOARD OF DIRECTOR ELECTIONS FOR FARMERS' COOPERATIVE

Elected to 4 year terms:

Michael Busboom
Darren Eberspacher
Ryan Holtmeier
Dan Tiemann

New Officers:

Chairman
Mike Nohavec
Vice Chairman
Galen Kuska
Secretary
Ron Holst



Construction is beginning on the new grain tube in Jansen. A huge post hole digger on this tall crane digs deep into the ground to form the pylons for the tank.

Our Raymond Branch will be adding a new 500,000 bushel bin south of last year's new bin. By adding this, it will help to keep grain off the ground and the ability to dump quicker.

In Jansen, we are adding a new 75,000 bushel blending tank along with a new leg, pit and a 684,000 bushel concrete tube. Here we continue to handle multiple white corn trains along with beans, yellow corn, wheat and grain sorghum.

Hanover is also adding a new leg, pit and a 684,000 bushel concrete tube. Our train loaders continue to grow in bushels so keeping our tubes updated keeps our productivity and efficiency at top notch.

Our Marietta location is North of Marysville, Kansas and we are currently building a 500,000 bushel bin for corn. Kansas has numerous wheat acres that have been switched to a corn/soybean rotation with the intention of growing more volume. Other assets are being worked on and we plan to replace 5 truck scales throughout the trade area.

In closing, I want to thank all of our patrons for your continued support of our cooperative. Without your business, we would not be able to add assets, pay equity or be able to support our local communities. Additionally, thanks to all Farmers Cooperative employees for their hard work and dedication. You are all appreciated and deserve recognition for all that you do.



East side of the Anhydrous Plant at Geneva serves as the location for Cooling towers, Electrical and Natural Gas Inputs



The Fortigen Anhydrous Ammonia plant at Geneva is almost complete and will serve as the storage tank for the product.

SAFETY

Training

By Doug Salmon, Safety Director

Farmers Cooperative has a tremendous group of employees that we value greatly. In our efforts to ensure our employees serve our patrons well and return home safely after their day's work, Farmers Cooperative devotes considerable resources to their training. This includes training to successfully perform their job responsibilities, safety training to prevent injuries and compliance training to meet regulatory agency requirements. Our Human Resources and Safety Departments also work closely with our insurance providers to identify high risk areas and take the necessary steps, including training, to lower the risk of incidents that may cause injury or property damage.

Location managers train new employees on how to safely and efficiently perform their responsibilities and they continue to coach employees as job requirements change and to improve employees' skills.

Safety and compliance training is completed prior to an employee beginning their duties and, like job duty training, continues throughout an employee's career. After initial employee training, some government-required training occurs annually and some requires refresher training every three years. Examples of mandatory training are; how to use portable fire extinguishers, forklift operation, hazards associated with a grain handling facility, confined space entry, control of hazardous energy, fall protection, DOT hazardous materials awareness, anhydrous ammonia safety, hazard communication and emergency action plans.

Other non-mandatory safety training provided to Farmers Cooperative employees includes; workplace safety & hazard identification, ladder safety, electrical safety, proper use of personal protective equipment, grain bin entry, grain engulfment hazards, DOT brake inspector and safe handling of propane. We also have monthly safety meetings at each location covering a variety of topics. These 5-10 minute discussion topics are used as a reminder to stay alert throughout the day and never become complacent.

The Farmers Cooperative Safety Department also works with local emergency responders to provide specialized training in grain engulfment rescue and some hazardous materials training. If you are interested in discussing safety training, you may call 402-604-0168.



Doug Salmon



Youth Movement at Farmers Cooperative

By Taylor Collins, Human Resources

Now I know what a lot of you are probably thinking right now, those dang millennials don't know anything and can stay away! Now to be fair, the millennial generation is actually labeled as people born between the years of 1981 and 1997, so someone who is 35 is actually considered a millennial, has been in the workforce for a while now and most likely does know a thing or two about working. However, this article isn't about who is or who isn't considered to be in a certain generation, but instead about embracing youth as a company and bringing them in to teach them the core values of Farmers Cooperative.

So how do we bring youth in, train them about our culture and values, but at the same time create value for them to take back to their lives and help their careers in agriculture? Simple, the Farmers Cooperative Internship Program. This summer, we are excited to announce an official internship program that will last 12 weeks, beginning in May and ending in August, to start training younger individuals and give them knowledge that they can take back to the classroom. The program is already full speed ahead as we've finalized our spots with five agronomy interns, one marketing, and one HR intern. As this

program continues to grow, we will be able to tweak it how we want and maybe expand to even more departments. In the near future, we hope to create the same sort of experience with local 2 year programs on the quarterly schedule with the same end goal in mind, turn these hopeful interns into full time Farmers Cooperative employees.

Another way our Human Resources department has been educating the youth is by giving tours of our facilities and explaining the importance of cooperatives by having them see it for themselves, or by taking that information directly to them in the classroom. Recently, we were able to work with a tour group from UNL that went over in depth about Farmers Cooperative and our facilities. We were able to expand on how important cooperatives are, not only to local communities, but to the world as well.

With our internship program and continued education to the younger working force coming up, Farmers Cooperative has embraced youth and will continue to develop the right individuals to become the future of the company.

MILLENNIALS INTERNS WANTED!

ACH

Today's grain businesses require an accounting team not only skilled in the practices of accounting, but also have a detailed working knowledge of basis trading, spreads and market values. Concepts and practices never taught in your accounting classes. Adding to this challenge is that every year presents a different set of circumstances that can vary the merchandising objectives.

Farmers Cooperative has a team that is experienced and knowledgeable to help you manage the tough decisions of marketing your grain. The ability to arbitrage in competitive markets including domestic and local processors while providing consistent risk management programs is only one of the strengths Farmers Cooperative grain originators hold. They can go through the numerous hedging tools offered and select flexible solutions that best meet your financial needs. You can contact Doug Lewis or Roy Josoff Jr. in Dorchester, Bill Kodad in Beatrice, Gary Lytle in Plymouth, Rolan Knust in Jansen or Norbert Harms in Hallam.

Farmers Cooperative currently settles and issues grain checks in 6 locations. In Nebraska settlements are produced with payments in Dorchester, Plymouth and Beatrice. While Kansas grain is settled with payments in Hanover, Beattie and Frankfort. When the settlement is produced and payment is waiting to be made Farmers Cooperative is offering another method besides a check. You can sign up for ACH grain payments. Yes, that is correct you can get paid faster with ACH and not waiting for the mail and a visit to your local bank. When you sign up you will receive a settlement email notification the same day followed by funds deposited into your account the next business day. Forms are available on our website or all grain locations.

Farmers Cooperatives mission "Investing In Our Owners' Success" is what drives us to continually update our facilities and increase storage capacity. Farmers Cooperative is committed to providing the producer with a full support system from the farm to the market. For more information on Farmers Cooperative grain services, market updates and ACH form log onto www.farmersco-operative.com

WITH OUR
ELECTRONIC PAYMENT
PROGRAM AND
eSTATEMENT SIGN-UP





Rob Blahauvietz

Budget Billing for House Propane Customers

By Rob Blahauvietz
Credit Department Manager

Are you interested in a budget-billing program for your purchases of house propane? This would allow you to make 11 equal monthly payments throughout the year instead of making large payments in the winter months.

Together we will estimate your total house propane purchases for the upcoming 2017-2018 season. Then we will divide that figure by 11 and set up monthly payments starting in June 2017. The settlement date will be in April 2018 when we will settle your account by payment or refund and/or adjust your payments for the next year.

Whether or not you go on the budget program or one of our other contracts, you can still be on a "keep full" basis. This will avoid the possibility of you running out of propane. The number

one reason for propane related accidents is when your tank runs out of propane. If this occurs, a leak test is required which will cost you an additional fee and possibly an after hours fee as well. If you want to be on "keep full", please contact our propane order department at 800-473-4579.

If you were on the budget program this past season, we will automatically send new contracts to you. There is no need to contact the office to be on it this year.

If you are interested in the budget program, you must contact Rob Blahauvietz in the Dorchester office by May 15, 2017 at 800-642-6439. If you do not go on this program, you will be required to pay according to our normal credit terms.



Tom Garner

Energy Markets are quiet for a change

By Tom Garner
Energy Manager

The past several years have seen energy prices extremely volatile. The last half of 2016 and 2017, so far, are proving to be just the opposite. So much that in the

month of February we were the same price on gas and diesel the whole month, without any changes throughout. That is the first time that I can ever remember that happening. For the past several years, it seems like we changed the prices almost daily trying to keep pace with a moving market. It seems like there was just as many things in the news that we thought would move the market, but they either moved it by a small amount and then corrected or didn't move them at all.

Recently there has been a lot of play in the news about a coming energy rally with some estimates of gas rising 40, 50, 60 cents or more due to refinery maintenance and the startup of the summer gas production. While anyone in this business will never totally disregard the possibility of a rally at any time, for any reason, I just don't see it happening to that degree this year. The refinery maintenance and the switch over to summer gas happens every year and probably does contribute to the uptick in prices as we approach the upcoming driving season. I'm sure we will see some kind of a run up as summer approaches, but in my opinion those estimates are

on the high side. We have really good inventories of crude and energy products as shown by the most recent DOE report. We currently have 30 million barrels more crude than last year, 3 million barrels less gasoline, 8 million barrels less diesel and 19 million barrels less propane. The propane is quite a bit less, but last year was a five year high. We are also 17 million barrels higher than the 5 year low. We are situated quite nicely in all categories going into the demand season.

OPEC agreed to a production decrease by all members on November 30th which rallied the market a bit early on, but we have seen all of that and more erode in the last 45 days. They do keep making statements trying to artificially prop the market up, but so far those statements have not succeeded in a prolonged rally. I imagine they will continue to do that going forward, but I just don't see any kind of sustained rally without something else major happening in the world.

Overall, I would say boring is good in this case. There are still opportunities to contract diesel and propane for this growing season that are not quite as attractive as last year, but much better than what we have seen over the last few previous to last year.

Farmers Cooperative, energy division, thanks you for your business and we hope to continue to serve your energy needs far into the future. Have a safe and productive year.

Tank Maintenance

By Chuck Swerczek
Petroleum Sales & Marketing



Chuck Swerczek

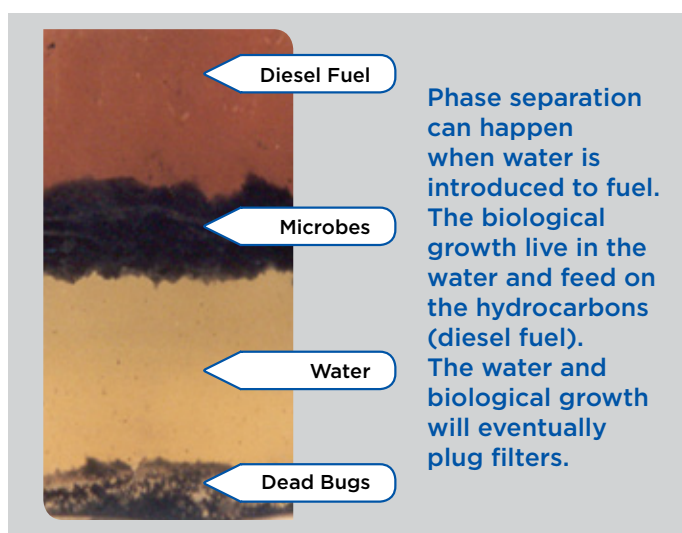
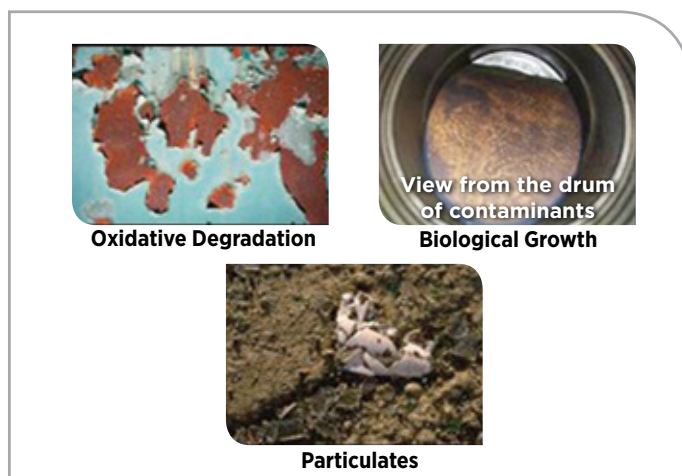
Proper tank maintenance helps ensure your fuel supply stays clean and free of harmful contaminants in your storage tank — and remains that way until it reaches your fuel system. Removing water, sediment and other impurities from the storage tank prevents them from entering your fuel system where they can lead to corrosion, filter plugging and ice formation that severely hampers engine performance.

Water gets into diesel fuel storage and vehicle tanks in several ways — by condensation of humid air, during transportation, by leakage through faulty fill pipes or vents and by careless handling. During fuel withdrawals, tanks can breathe in large volumes of humid air.

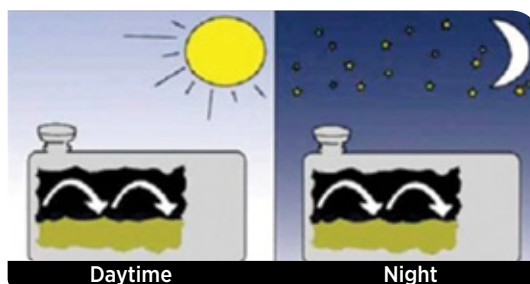
Water in the fuel can cause injector nozzle and pump corrosion, biological growth and fuel filter plugging with materials resulting from the corrosion or biological growth. In cold northern winters, ice formation in fuels containing water creates severe fuel line and filter plugging problems.

Managing the impact of water in your storage tanks is the foundation of proper tank maintenance. A significant amount of water in the tank will likely cause problems including oxidative degradation (rust or scale), particulates and microbiological growth. Follow these guidelines:

- Tilt tanks to direct water and debris away from the outlet
- Pressurize tanks to keep vapor and air inside
- Drain and remove all contaminants every three months (or as often as needed)
- Install proper filtration systems on bulk tanks
- Filters: All engine manufacturers equip their engines with fuel filters to protect the fuel system. You should replace these filters according to the manufacturer's recommendations. Some manufacturers also provide filters with drain valves and recommend periodic draining of any water that may accumulate from condensation and careless handling in storage or vehicle tanks
- Clean pump screens regularly
- Sample fuel for quality assurance purposes quarterly
- Clean tanks annually



Tank Maintenance Diagram:



Pre-Vent Fill Cap

Cooperative Creep Feeder Programs



Kevin Wittler

By Kevin Wittler
Feed Department Manager

It's Spring and we just received an abundance of much needed moisture! Calving season is in full force and has gone very well with tremendous weather thus far.

We are once again offering your Spring Mineral and Creep Feed Booking Program. Contracting feed at reduced prices is offered while supplies last or through May 30, 2017, with a pull period through September 30, 2017. Spring Mag, Breeder and Fly Control Minerals will be offered in bagged loose or cooked molasses tubs. Your spring calving cows are currently in a stage of production that requires additional mineral supplementation.

A cow's requirement for phosphorus has increased and remains high pre-calving through breeding. Calcium is required in high amounts as the cow progresses through her lactation stage. Calcium along with magnesium supplementation help to prevent grass tetany as we approach the early grazing season. Additional minerals and vitamins are critical to high fertility, fetal development and are essential for the immune system. The roles minerals play are numerous, and essential for optimum productive performance. As a reminder, you need to visit with your Veterinarian, prior to contracting, if you plan on utilizing Aureomycin in your mineral program. We are prohibited from transferring ownership to you without a valid VFD.

Please keep the nutritional needs of your momma cows in mind as we move into spring. Also, make sure to contact your Beef Specialist or nearest Farmers Cooperative location to take advantage of the savings offered through May 30th on your mineral needs.

New calves hitting the ground also means that spring calf creep feed season is just around the corner. With our most recent moisture and with warmer days on the horizon, grass should get off to a great start. Creep feed supplementation later in the season can take some pressure off your pastures as well as your momma cows. Each additional pound of gain is certain to pay needed dividends.

If you want to utilize our cooperative creep feeder programs and have not reserved a rental, rent-to-own or purchase option, please reserve those as soon as possible. Each year our availability becomes very tight during the prime feeding periods and forecasting those needs allows us to most closely fulfill your requests. Availability of feeders allows us to help you, as our producer owners, capture the many benefits creep feeding your calves offers. We would certainly appreciate the opportunity to discuss those programs with you and provide a recommendation on what best fits your needs and performance goals.

We sincerely appreciate and thank you all for your business and wish everyone a safe & successful season!



COMMUNITY SUPPORT

Farmer's Cooperative is happy to announce that we are now selling gift cards. These cards can be used at any of our 24 locations, day or night. They will work at our pedestals and pay at the pump locations as well as any of our seven convenience stores. These cards can be purchased between \$5 and \$200.00. Please do not throw these cards away as they can be reloaded when the balance is gone. You can purchase these cards at Auburn, Beatrice North C-Store, Burchard Station, Daykin C-Store, Dorchester Station, Firth C-Store, Plymouth C-Store, Pony Express in Hanover, KS, Seward and Wilber Station. When you are looking for a gift for someone and are not sure what to get them, please consider a Farmers Cooperative Gift Card.

If you have any question please feel free to contact Robin Hahn at 402-239-5909.

Regulators, and Your Safety

By Roger Kreifels
LP Operations & Compliance

Regulators are such an important part of your propane system that in fact, they may be the most important, because regulators are what control the flow of propane into your home. There will always be a regulator under the lid of your tank. Depending on the type of system you have, there can also be one at your house where the gas line enters. On the right there are examples of regulators, which may or may not match what is on your system.

The propane vapor pressure in your tank can range from as low as 30 psi (in the winter when it's cold) to possibly over 200 psi (in the summer time when it's hot). Regulators reduce the propane vapor pressure coming out of your tank down to about ½ psi, which is what your gas appliances require to run properly. They do this constantly, 24 hours a day 365 days a year, in all elements of weather and they eventually wear out. Due to the importance of keeping extremely high gas pressure out of your home, regulators must be replaced before a malfunction occurs. To help with this, all regulator manufacturers have a recommended service life for their regulators. Depending on the manufacturer and when the regulator was built, recommended service life can vary from 15-25 years. With such a large variance, we use the manufacturer's recommendations to determine when your regulators need to be replaced.

Over the next few months we will be contacting those of you whose regulators are beyond the manufacturer's recommended replacement life to schedule an appointment to get them updated. Once your regulators have been updated, a leak check of your entire gas piping system will be done to ensure the safety to you and your family.

If you have questions about this or anything else please call me at 402-641-3863 or email me at rkreifels@farmersco-operative.com. I also want to take this opportunity to say thank you for your past, present and future business and for allowing us to be your propane supplier.



COMMUNITY SUPPORT

In an ongoing effort to ensure the safety of our patrons and our employees, Farmers Cooperative, in cooperation with our local community Fire and Rescue teams continue to train in Grain Extrication and Rescue. Recently Farmers Cooperative Safety Directors, Doug Salmon and Tom Hermance coordinated efforts with the Firth Fire and Rescue department to conduct Grain Engulfment training.

With the assistance of Farmers Cooperative's employees Barry Heany and Jason Wallman, a grain trailer loaded with corn was used to engulf the victim and then equipment purchased by the Firth Fire and Rescue Department was engaged to rescue the entrapped victim.

This type of training is invaluable to the departments with the hope that it will never be needed in an actual situation. It is with great gratitude that we appreciate all the volunteers of our community Fire and Rescue Departments.



USDA Forecasts Pressure on the Market

By Doug Lewis, Grain Originator

The March 31 USDA Prospective Plantings report showed that last year's corn acreage number surprised the market when it came in at 3.6 million acres higher than the average trade guess. Dec 16 corn closed \$0.1525 lower on that day at \$3.6875. That turned out to be the lowest settlement until July 1st. Average estimate for corn acres this year is for a decrease of 4 million acres vs last year at 90.9 million acres and has a range of 89 – 92.5 million acres. Average estimate for beans acres is for an increase of 5 million acres over last year at 88.3 million acres with a range of 86.4-90.2 million acres.

Accurately predicting USDA report estimates and the impact in the market from these reports is impossible. Your time is better spent designing and executing a disciplined risk management strategy.

Corn sales and actual shipment numbers continue to run ahead of last year's pace. Corn being shipped out of the Gulf is priced competitively vs our competitors in the export markets.

South American production estimates that are matching/exceeding the USDA's March forecasts are bringing pressure on the market. Estimates of the South American bean crop have gone from being unchanged vs last year to now being 11 MMT larger than last year's crop. In spite of the South American crop of soybeans continuing to increase in size, exports sales continue to run ahead of last year's pace and the USDA projections. This is due to strong demand and slow producer selling in South America.

As always, price prediction remains impossible. 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.

TyrFil | 360

TyrFil 360™ Pivot Tire Flatproofing

A center pivot line is only as good as its weakest link.

TyrFil 360 eliminates flats and delivers strong ROI round after round after...

TyrFil™ 360 is a polymer based tire fill designed specifically for use in center pivot irrigation ties. Its formulation combines the best of both worlds—lightweight and flat free. It can be used in any pneumatic pivot tire so you can continue to use what has always worked well but TyrFil 360 makes it even better.

- Use in any traditional pneumatic tire of choice
 - Any size
 - Any tread pattern
- Holds specified PSI, eliminating premature tire failure from excessive flexing and fatigue
- Lightweight tire fill treads lightly across field
- Eliminates flats 100%
- Allows tire deflection for great traction
- Less rutting
- Compatible with existing equipment
- Overall lightweight assemblies allow straightforward in-field maintenance

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www.nebraskatire.com



Staying Ahead of the Oil Price Curve

By Chris Foree
The Oil Guy

The little boy asked his dad one evening, "Daddy, how much does it cost to get married?"

"I don't know, son," replied his dad, "I'm still paying for it."

Buying anything that burns gas or diesel and rolls around on tires, is a little bit like getting married. You better be fully committed to the relationship, embrace the fact that love is costly and know that sometimes the costs are going to seem like they are outpacing the good times. Farming itself is a matter of commitment. I'm willing to bet there isn't a farmer reading this that doesn't know what I mean. In a way, you marry your machines, for better or for worse. Some guys maybe take that idea a little too seriously, I might add.

It's true that communication is key to a happy marriage and mine is a grateful voice of personal experience. Knowing what might be on the horizon always helps a couple overcome the rough spots. It's good to get regular check-ups and keep your sweetheart informed on your blood work. For you and your machines, that's what oil analysis is for. We offer that for our customers and it works. It keeps a lot of stress out of the man-machine relationship.

It's also good to know ahead of time when your wife is planning on a day at the mall with your mother-in-law. Just a heads-up before the spending spree gives a guy a chance to be mentally prepared for the shock to the bank balance. I know, it sounds like I'm writing from about 1950. Old-school, maybe; but fair warning about future expenses has kept many marriages successful.

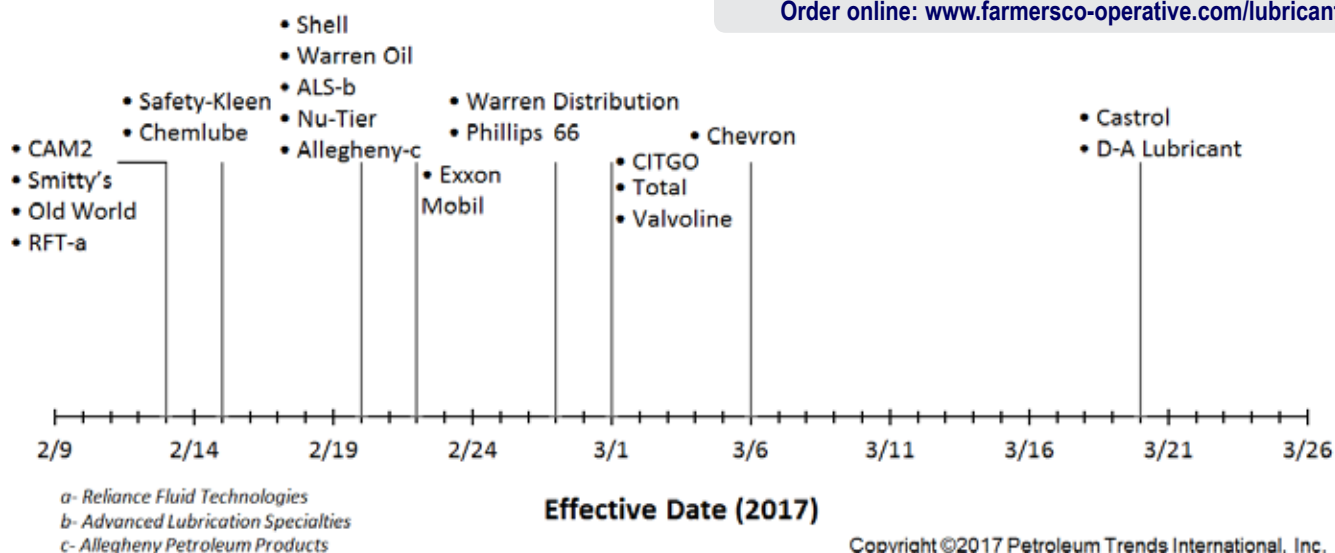
In the spirit of keeping a happy "marriage" with our customers, we'd like to communicate ahead of time that lubricants prices are on the rise. If you look at the graph that accompanies this article, you'll see that that whole lubricants industry is putting out new price sheets. Please note that this graph is only "round 1" of the industry-wide increases we are going to see. Several of these big lubricants blenders have already announced "round 2." I figured one graph was enough, since I'm trying to stay on one page these days.

Now, knowing that only does a guy some good if he can get a little bit ahead of the curve. Most of the time, lubricants end-users have no idea there's going to be an increase until it shows up on the bill. So a guy needs to keep his ear to the ground. We do that because it's our job to protect our owners. That's you. So here's to letting the cat out of the bag.

New Farmers Cooperative lubricants price sheets will hit the streets on May 1. That'll give everyone a chance to purchase what they need, a little bit ahead of the price curve. You can stop by your nearest Farmers Cooperative location and work with the folks you know, contact us at a Lube Order Desk or "click to order online" at the Lubricants tab at www.farmersco-operative.com. We thank you for your business, and look forward to helping your machines run faithfully, and cost-effectively, this growing season.



Chris Foree



Beatrice Lube Order Desk: 402-223-3200
Emerald Lube Order Desk: 402-742-3311
 Order online: www.farmersco-operative.com/lubricants

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Dale Hayek

USDA Planting Intentions

By Dale L. Hayek
Grain Department

This year is proving to be very challenging for the grain industry from the farmer's perspective as well as the commercial grain handler. Farmers still haven't seen an obvious selling opportunity, and with our current stocks and South American production increasing after every report, chances are, the marketing environment will continue to be very frustrating. Unfortunately, it's looking like a corn market rally will depend on the weather in the United States. You shouldn't be afraid to "pull the trigger" on some bushels as there are still a lot of farm stored stocks in the country and praying for a weather issue is not a sustainable marketing plan. "Planting delays are selling opportunities" and although there's nothing unique in that statement, it might very well be more prominent this year than ever.

Basically the USDA March report just underscored what the market place has been saying all long, "the US is going to plant a lot of soybeans." This year, there's a record high on soybean acres. The challenge will be harvest and finding demand. We all know the US and South America feed China's demand, however, with this years large South American crop and their inability to export right away (partly due to the US shipping delays of the PNW) South America might still be exporting into our harvest season. It's estimated that we have lost approximately 200 million bushels of fall soybean exports due to South America's large crop. The unwillingness of the South American producer to continue to sell might be the very thing to bring China's demand back to the US quicker. Currency exchange rates have more impact on this than anything. There is no doubt we will export to China, but that program might be delayed by a month or two.

Corn continues to be "king," except the kingdom will be 4 million acres smaller this year, if the planted acres holds true. In a nutshell, we have evolved to a new plateau and we are stagnant at this level. It should be noted that South America has a record corn production; up 1.3 billion bushels from 2016. Production issues aside, creating more demand is still the challenge. Ethanol production levels are maintaining and whether we fuel higher blend rates continues to be debated. The fact that ethanol company's names change continually and there are plants for sale, speaks volumes for that industry.

	<u>Nebraska</u>	<u>Kansas</u>	<u>US</u>
CORN 2016	9,850 AC	5,100 AC	94,004 AC
CORN 2017	9,550 AC	5,200 AC	89,996 AC
BEANS 2016	5,200 AC	4,050 AC	83,433 AC
BEANS 2017	5,700 AC	5,000 AC	89,482 AC
ALL WHEAT 2016	1,370 AC	8,500 AC	50,154 AC
ALL WHEAT 2017	1,110 AC	7,500 AC	46,059 AC
MILO 2016	200 AC	3,100 AC	6,690 AC
MILO 2017	140 AC	2,500 AC	5,757 AC

We are still waiting for the final dollar loss we are absorbing with the York-Abengoa plant. As most of you realize, the local ethanol demand is still "hand-to-mouth," buying 30-60 days out, with a few exceptions.

It goes without saying wheat and milo production will be substantially less this year; as everyone wants to get the most return from every acre. The US is still carrying large wheat stocks because 2017 is a record year for reduction in wheat acres. Milo demand is thin with few stocks. The basis reflects this when the demand shows up and we expect this to be the norm.

Our game plan continues to be to facilitate "speed and space" at harvest time, just as Mr. Velder outlined our facility asset upgrades in his article. Double scales at our high volume locations continue to be very positive for the producer and make us more efficient. We continue to make strides to best utilize locational assets and resources while making these decisions. Local production and competition challenges are constantly changing and we are trying to accommodate these issues.

We continue to ship daily; primarily to be empty by harvest but also to accommodate local movement. The weather was far more cooperative this year for us on getting our ground piles picked up. There's nothing that motivates us more after last year's harvest piles and the amount of rain. The only covered bunkers in the company are those that we will eventually ship to Frankfort. Our new facility in Frankfort is scheduled for June to start shipping out shuttles.

Farmers Cooperative is on pace for a record bushel handled this year and we thank you, the producer, for giving us the opportunity to work together.

Sulfur (S) is an important nutrient to remember to include in a balanced fertility plan.



Barry Jung

By Barry Jung
Fertilizer Manager

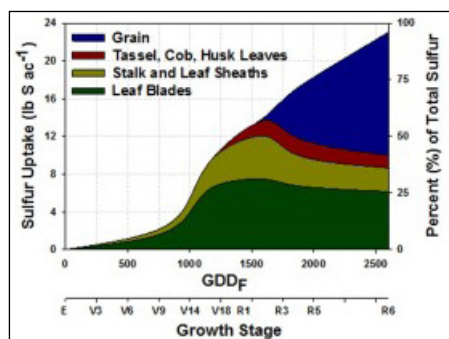
To ensure investment in S produces more bushels of corn, three key questions must be addressed:

- How much S does corn need and when does it need it?
- What form does S need to be in to be available for uptake by the corn crop?
- How can S be supplied in the right form at the right time?

How much S does corn need and when does it need it?

Sulfur is an critical nutrient to make required proteins. from 0.1 to 0.12 pound S per bushel of corn to the total nitrogen (N) required by a corn yield potential unless S is available at the

When is the right time? S uptake occurs over the entire growing season, with relatively constant uptake from the 14-leaf stage to maturity. Unlike nitrogen, in which 70% to 75% of the total N is taken up by flowering, only 40% to 50% of the total S is taken up by flowering (see chart below). Furthermore, S is also immobile within the plant, which means the plant is unable to compensate for low levels of S that may occur late in the season by moving S from



essential nutrient for corn growth, and a Total uptake of S in a corn crop ranges produced. While this pales in comparison crop, that same crop cannot maximize its right time in non-limiting concentrations. older growth to new growth. Therefore, if a steady supply of S is unavailable over the entire season, late-season S deficiencies can significantly impact yield, since S already in the plant cannot be moved for use in the growth of new leaves and grain.

Research has shown that the timing of S uptake by corn is very consistent, even when different varieties and locations are considered.

What form does sulfur need to be in to be available for uptake by the corn crop?

In order for S to be available for the corn crop to use, it must be in the form of sulfate (SO₄). There are two common forms of S available in fertilizers today: One is in the available form of SO₄, and the other is in elemental form. Elemental sulfur (ES) must be broken down by microbes in the soil (oxidized) into SO₄ before it is available for uptake by plants. The amount of SO₄ released from ES depends on the physical size of the ES; larger pieces take longer

to break down than smaller pieces. (Think how much quicker ice cubes melt than a large block of ice; the smaller the particle sizes, the quicker the ES releases). The environmental conditions also affect how quickly ES converts into SO₄. Since microbes dominate the process, warm, moist soils with good aeration, result in more ES being released. The oxidation of ES into SO₄ means that S is slowly available over time from ES sources.

How can S be supplied in the right form at the right time?

If S must be in SO₄ form, why not just put down S in its available form of SO₄? Similar to N, S in its available form is subject to losses. Just as we focus on ways of controlling losses of N from the system, S needs to be protected as well. Putting down all of a crop's S requirements in the available form at one time does not ensure that there is a steady supply all season long. Using a fertilizer that supplies S in both its readily available SO₄ form and in a slowly available ES form, means that as soon as the fertilizer is put down, there is S available for the crop; and as the growing season progresses, then the ES will be released, ensuring a season-long supply of S that matches crop demand.

As we continue to expect more yield from high-producing hybrids, it is necessary to fine-tune crop nutrition plans. As with other nutrients, application, timing and rate of S will be an important piece of the corn yield puzzle. In Short, add Thiosul to late season fertigation for increased yield and plant health.



Nutrient Deficient Corn



Nutrient Healthy Corn



Brent Colgrove

Service Truck at the Pony Express

By Brent Colgrove
TBA Manager

Yes it's true, Farmers Cooperative will have a service truck at the Pony Express Service center this spring. This will help take some of the pressure off of the

store in Plymouth. If you need "on the farm tire service" in the Hanover, Marysville, or Washington area, just call Tyler at the Pony Express service center at 785-337-2900.

We have added an Ag tire machine at the Pony as well as at our Fairbury store.

If you need a farm tire fixed or replaced and don't want to wait for a truck or you just want to save the service call, you can take it to one of these locations and the guys can use this new and improved equipment. We have large Ag tire machines in Plymouth, York, Milford, Firth, Fairbury and the Pony Express service center.

Just to update you, we have service trucks in Plymouth, York, Firth, Milford and the Pony Express service center. We still offer 24 hour service for emergency situations at 402-656-4000.

Spring is busy and if you need a tire replaced on any of your equipment, it's a good time to take advantage of all the manufacturers' rebates going on. You can save money with Goodyear/Titan, Firestone, or Mitas Ag tires through the end of May.

Don't forget the center pivot tires. We continue to offer pivot checks on your center pivot for \$25.00 a system. We will air

up and check the conditions of all tires. If we feel that any of the tires will not make it through the growing season, we will let you know and you can decide if you want to purchase replacements. If at any time you feel the tires are not going to make it on the whole system, give us a call and we will give you a quote for replacements in the field. We have Titan pivot tires built in the USA, that will last longer than a lower grade import tire. We will give you the choice, because price will dictate the difference. A lower grade tire may work perfect for you if you plan on upgrading the pivot in the near future.

We are offering a new technology in the pivot tire business. We have a pivot tire and wheel assembly with airless foam. This new technology is called TyrFil 360. This new pivot tire assembly will never need air, it's light weight and very flexible. This new technology has been in tested for the past 3 years and now it's ready for the field.

If you want to upgrade your center pivot system to tall tires or are looking at purchasing a new center pivot, give us a call and we will help you with your purchase. Please see the brochure for additional information in this newsletter.

Finally, we have been very aggressive finding deals to save you money and have quite a number of closeout tires for sale. Included are medium truck, tractor implement, passenger and light truck tires. Before you buy, give us a try at your local Cooperative. You will be surprised at the money you can save. Be safe this spring and thanks for your continued support.

RETREAT

2017 Young Member Retreat Successful!

According to the Young Member Retreat Survey, our 2017 event was a success. Over 40 participants from across the trade territory attended the event on Saturday, January 14th at the Embassy Suites in Lincoln, Nebraska.

The event included a meeting, tour of Memorial Stadium, dinner at Misty's and tickets to the Ice Box for a Stars Hockey Game. Some of the meeting topics included: the importance of our young member owners, how cooperatives work, overviews of departments and what "Investing in our Owners' Success!" means to our member owners.

The retreat provides us the opportunity to meet with our younger patrons, explain our company and provide information about our projects. The retreat also serves as a recruitment tool for open positions on our board of directors. We value the input of the participants about our company.

At Farmers Cooperative we realize that our company's success is dependent on our patrons, both now and in the future. We appreciate all those who attended the retreat and would like other young patrons to consider attending Farmers Cooperative Retreat next year.

Again, thank you to all our participants.



Our Young Patron Group is standing at the entrance for a tour at Memorial Stadium. The lobby provides an area for the NU trophies and team awards.

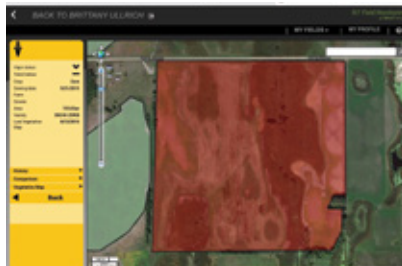
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- Compares historical NDVI growth curves in relation to current growing season to help identify trends in growth patterns and understanding of crop performance after harvest
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Contact us for more information or to schedule an appointment.

Wesley Hedges /// 402-239-3749 /// whedges@farmersco-operative.com

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TECHNOLOGY



Tom Hermance

Technology, embrace it! We often refer to the word technology as if it is a new concept when in fact it has always been here and will never go away. Just think about how you may have started your day today. Think! You zipped up your pants. Did you know the zipper was invented in 1913? The toaster, 1919. Did you dry your hair with a hair dryer? 1920. Did you use hair spray? 1927. How about shaving with an electric razor? 1931. A few years ago we finally bought a plasma television set for our house. We were so excited that we were finally getting into the modern age. Boy was I disappointed when I learned that the plasma TV was actually invented in 1964. Well, I guess I am only about 50 years behind. What was really amazing; I thought the internet was a fairly new piece of technology until I discovered it was developed in 1969. And yes I did read that on the internet and with the amazing internet speed that I have at my little house in the country, it only took about 20 minutes to download the information. Remember back in the old days when you had to go to a place called “the library” to get a book to read? Now we can simply download any book we want on our tablet. However, I learned this morning that tablets will soon be obsolete. Why carry a big tablet when you can read a book on your wrist watch? Remember when you used to have a wrist watch to tell the time? Now they can tell us that we are just getting fat and we need to exercise. I have a belt that will do the same thing.

Why the history lesson and how does this relate to Human Resources and Safety? Sometimes looking back helps determine how to move forward. Recently at Farmers Cooperative we

conducted two retirement seminars for our more “experienced” employees and their spouses. As I sat through the meetings and looked over the group, I thought to myself, how could I capture all this knowledge and experience that was sitting in the room and share it with the next generation of Farmers Cooperative employees? Our company has been so privileged over the years to have so much talent and longevity. This is rare. If you have read any of my past articles you have read my line “the best thing about our company is that we have a lot of long term employees”. “The worst thing about our company is that we have a lot of long term employees”. The next generation of new employees is like new technology. It is happening now and will continue to happen. The two are almost simultaneous. As Farmers Cooperative continues to evolve so will the talent and skill level of our employees. Our new young talent is bringing along a type of energy that even us older employees can enjoy. I often tell our seasoned location leaders, when you hire a new employee, don’t just train them but teach and mentor them. Within our Human Resources and Safety Department we are always looking at new methods to coach and improve our employee base and teach them processes so they are safe and can go home to their loved ones at night. As stock holders in this company you can be quite proud of the men and women that wear our logo. Embrace, Engage and Enjoy.



2017 Producer Meetings

**By Dennis Kenning
Marketing Director**

The roar of the powerful engines, the clouds of black smoke in the air, the dirt flying everywhere and the excitement of a Tractor Pull at the 2017 Producer Meetings. This event plotted loud huge machines of green, blue and red monsters against one another. Hot Rod Tractor Operator's hustling down a track, it's "pedal to the metal," as it challenged each driver's ability to control the beast.

Well maybe not quite that much excitement, but, we do hope that you enjoyed our 2017 Producer Meetings. This year's theme was a "Tractor Pull Tailgate" and we want to take this opportunity to thank you for your attendance at these meetings. Over 1,230 patrons attended these meetings at 10 locations throughout our trade territory.

These meetings serve a valuable benefit for both patrons and staff. We enjoy these events because it is a great opportunity for our company to connect with you, the member owners. They allow us to put a face with a name, time for us to say "thank you" for your business and provides you the opportunity to meet our department heads, managers and branch staff.

Farmers Cooperative is fortunate to have many great specialists who are truly experts in their field. They are professional and possess a wealth of knowledge through their experiences and continued training. These meetings allow our experts to communicate with you about topics such as; eliminating tire and fuel problems, understanding the new API service rating for lubricants, VFDs in Feed, managing the risk side of grain and tackling resistant weeds. These meetings also allow us the opportunity to highlight what's new at Farmers Cooperative. We have lots of interest in the new NH3 plant partnership at Geneva and the new Grain Loadout facility at Frankfort.

These meetings also provided special offers and promotions on products as well as services that patrons will need during the season. In this tight farm economy, these promotions save you the patron, money. These offers can help us open up warehouse space or reduce demand during peak-in season use.

For the past 2 years, we have used a different type of approach at these meetings, because we value your time as our patrons. Once again, we thank you for your attendance and involvement at these meetings.

With even more excitement, we hope to see you at the 2018 Producer Meetings.

Congratulations to all Tractor Pull winners and the Farmers Cooperative Grand Prize Winners.

Chris Mussman – \$2,000 Rear Tractor Tires

Matt Schmidt – 500 Gallons of Fuel

Chris Mitchell – 55 Gallons of TMS Engine
Oil and 55 Gallons of
Power Fluid

Skyler Gibson – iPad with Field View

Lynn Strouf – iPad with Field View



Three lucky patrons drove their Pull Tractor down the track in front of a large crowd at Daykin. All three patron's names were placed in the hat for the final grand prize drawing.

**Inventions that have made and impact on the nation or the world...
and they were born in Nebraska:**

- | | |
|--|--------------------------------------|
| 1. The Reuben Sandwich - Omaha | 6. Kool-Aid – Hastings |
| 2. Vise Grip Locking Pliers - DeWitt | 7. Dorothy Lynch – Duncan |
| 3. SAFER Barrier (Racing) – UNL | 8. Runza – Lincoln |
| 4. Bakers Candies – Greenwood | 9. Collapsible Voting Booths – Crete |
| 5. The Chair Lift (AKA Ski Lift) – Omaha | 10. Arbor Day – Nebraska City |



Things you didn't know about Kansas:

- | | |
|---|---|
| 1. Helium was discovered in 1905 at the University of Kansas. | 5. The world famous fast-food chain of Pizza Hut restaurants opened its first store in Wichita. |
| 2. The graham cracker was named after the Reverend Sylvester Graham (1794-1851). He was a Presbyterian minister who strongly believed in eating whole wheat flour products. | 6. Dodge City is the windiest city in the United States, with an average wind speed of 14 mph. |
| 3. In Kansas, farmland covers more than 88 percent of the total land. | 7. There are 27 Walnut Creeks in the state of Kansas. |
| 4. The first national hamburger chain started in Kansas when Walter Anderson opened the first White Castle hamburger restaurant in Wichita in 1921. | 8. Kansas really is flatter than a pancake. Scientists proved it when they compared the topography of Kansas against that of a pancake from IHOP. |
| | 9. The largest ball of twine is in Cawker City and it measures over 38 feet in circumference and weights more than 16,750 pounds. |
| | 10. Smith County, Kansas is the geographical center of the 48 contiguous states. |

FFA



The Heartland FFA Chapter used their Farmers Cooperative FFA Foundation Grant to conduct a local community welding contest for both Youth and Adult Learners.



Members of the Lewiston FFA Chapter constructed this sign with the help of the Farmers Cooperative FFA Foundation Grant.

Congratulations to all of our Chapter Grant Winners through the Nebraska FFA Foundation. Other grants went to Auburn, Fillmore Central, Norris, Wilber-Clatonia and the Fairbury FFA Chapters.



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Dorchester, NE 68343

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NEBRASKA STATE FFA CONVENTION

Nebraska FFA members and chapters were honored for their accomplishments at the 89th Nebraska FFA State Convention held April 5-7, 2017 at the Pinnacle Bank Arena in Lincoln Nebraska.

Farmers Cooperative played a part in helping honor those FFA members by attending the career fair and sponsoring several award categories. Farmers Cooperative employees Tom Hermance, Taylor Collins and Dennis Kenning were in attendance.

The Nebraska FFA Association was the sixth state chartered by the National FFA Organization in 1928. The Association has a current membership of over 8,000 members in 176 chapters. Nebraska FFA members are enrolled in agricultural education courses, conducts a Supervised Agricultural Experience Program and can participate in a variety of FFA competitions and activities. Every year the convention draws over 4500 members to the PBA which includes career development, workshops and Leadership Skill Events.

