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CONTACT:

515-924-3555
P.O. Box 67
120 Walnut St.
Burt, IA 50522
www.statelinecoop.com

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New Cooperative Image

StateLine Cooperative continually looks for new ways to deliver on its mission of working and growing with you for the future. This year the cooperative focused on creating a streamlined and consistent image to ensure StateLine Cooperative's brand in the marketplace. During the last six months the cooperative has undergone extensive image and communications planning. As a result, StateLine Cooperative has a fresh new image and is beginning to build stronger communications throughout the company.

"We want StateLine Cooperative to be recognizable and respected in our communities," said general manager Larry Sterk. "We hope this investment in our brand will help perpetuate our cooperative into the future."

The new logo is rooted in the cooperative's history of success and our mission to serve our communities for many years to come. The icon on the left of the logo ties the image you see at many of our locations today with our strong cooperative name.

You will also notice a new tagline below the logo: *"Real People. Real Pride."* The tagline is a short, memorable phrase that explains what customers can expect from StateLine Cooperative.

"We hope to bring our tagline to life through personalized service backed by the mission and heritage of StateLine Cooperative," said Sterk.

During the next few years, StateLine Cooperative will continue to implement the new logo and tagline into cooperative locations and communications.



Measuring Economic Impact

Do you know the economic importance of StateLine Cooperative to the communities it serves? General manager Larry Sterk asked this question in his remarks at the cooperative's 11th annual meeting. "In addition to the feed, grain and agronomy services provided by StateLine Cooperative, your cooperative pays over \$500,000 annually in property taxes," he said.

And that's just one measure of economic impact. "StateLine Cooperative has more than 125 full-time employees, and puts over \$7 million dollars into the local economy through its payroll," Sterk added. "SLC employees' families also support local communities, churches and schools. They purchase homes and pay property taxes.

Thirty-five percent of SLC employees serve on local community governance as well as EMT and fire departments," he said.

In addition, StateLine Cooperative was the first in the area to award scholarships to graduating high school seniors. And, according to Sterk, the cooperative's commitment extends to other youth through a county fair ribbon program where SLC awards a cash prize to every exhibitor that presents a ribbon to cooperative offices that was earned at a county fair in the SLC service area. "We also provide youth with feed financing for fair projects at no interest," he said.

StateLine Cooperative serves real people in our communities and is proud to support many local projects in all the counties and communities served.

Record Sales Volume in Feed, Agronomy Mark StateLine Cooperative's Year

StateLine Cooperative held its 11th Annual Meeting Nov. 26, 2007, in Lakota. General manager Larry Sterk reported that record sales volumes were recorded for both feed and agronomy tons with grain bushels flat with the previous year.

Dennis Mueller, CPA from Meriwether, Wilson & Company, West Des Moines, reported the cooperative's total sales for the 2006/07 fiscal year were \$149 million with pre-tax earnings of \$2,279,806 compared to \$2,015,618 last year.

Working capital has grown to \$6.7 million dollars compared to \$3.8 million dollars last year at fiscal year-end. It was also reported that \$2.1 million dollars was allocated to members and \$629,715 (30%) was paid in cash to the members. The allocation rates were 4.59 cents per bushel, 10.72% for grain services, 3.96% for agronomy services and 2.37% was allocated on feed and merchandise. Total cash paid to members since StateLine Cooperative began operations in fall 1996 is over \$5.6 million dollars.

"Total StateLine Cooperative member equity has increased to over \$24 million dollars," he said. Long-term debt to total member equity is just under 27% and, Sterk reports, this percentage is a good place to be in light of the increased demands on the balance sheet to finance the escalating value of agronomy and grain. "You can rest assured that with the strong balance sheet of StateLine Cooperative, your deferred payments and prepayments are secure. We have the ability to secure inventory to make sure you have the agronomy products you need as well as finance the higher grain inventory values."

Re-elected to the StateLine Cooperative board of directors for a four-year term was Duane Seegebarth and Brian Cronk. At the board's reorganizational meeting after the annual meeting, Larry Bierstedt was elected president, Verdean Mawdsley was elected vice-president, and Brian Cronk was elected secretary.

Manager's Corner: Harvest Biofuels Update

By Larry Sterk, General Manager

On March 24, Bob Payne, CEO of Harvest Biofuels, reported that Harvest Biofuels has successfully secured financing for three ethanol plants. These plants will be located in Galbraith, Garner, and Gilmore City, Iowa.

Highlights of this report include:

- On March 18, Harvest BioFuels CEO Bob Payne informed StateLine Cooperative that a binding agreement has been executed for financing \$750 million dollars to build three ethanol plants at Galbraith, Garner, and Gilmore City, Iowa.
- The binding term sheet is with Global Infrastructure Financing and Development Group from Canada.
- Over the next 90 days, Harvest Biofuels will be completing the preparatory work to receive a bond rating to be followed by the sale of bonds to institutional investors in North America and Europe.
- Construction begins later this year.
- Ethanol production scheduled to start in the first quarter of 2010.
- Each of these plants uses 35 million bushels of corn for a total of over 100 million bushels of corn annually.
- Each of these plants will produce 100 million gallons of ethanol for a total of 300 million gallons annually.
- This is a milestone in the process. The accomplishment of this step assures the reality of these three ethanol plants.
- Harvest BioFuels is headquartered in Addison, (Dallas) Texas.
- SLC has an agreement with Harvest Biofuels to originate grain for these ethanol plants.

This is exciting news for producers in Minnesota and Iowa, as well as for StateLine Cooperative. This has been a work in progress since fall 2006. We congratulate Bob Payne and Harvest Biofuels for this accomplishment and for the confidence they have in Minnesota and Iowa producers and StateLine Cooperative to support their major investment in Iowa.



Markets Make History

By Dean Kohlmeyer, Grain Department Manager

History is in the making and I'm fortunate to have the opportunity to live during these times. A few weeks ago, many of us recognized an early Easter, the earliest Easter that anyone born after 1913 will experience. The next time Easter occurs before March 24th, it will be 2228 – 220 years from now. I'm pretty confident that I won't be walking the fields around Burt, Iowa in 2228.

Recently, we've also watched the grain markets show us some \$8 price ranges in soybeans and \$3 price ranges in corn. Most of us won't plan ahead for 220 years and the markets won't show us pricing opportunities on a steady, easy-to-market formula. So we feel it is important that each of our producers have the ability to develop a marketing plan and execute sales that will enhance their farming operation.

The table below demonstrates the price ranges and averages associated with StateLine Cooperative's October cash forward contracts:

Delivery Period	Price Range	Average Price
October 2008	\$5.80 to \$13.80	\$10.25
October 2009	\$7.45 to \$13.00	\$10.60
October 2010	\$8.75 to \$12.75	\$11.05
October 2008	\$2.30 to \$5.40	\$4.15
October 2009	\$3.20 to \$5.05	\$4.20
October 2010	\$3.70 to \$5.00	\$4.30



You could look at October 2008 prices of \$2.30 and \$5.80 and ask, "Why would a farmer sell grain at those prices?" The answer is because at that time selling grain was at a profitable level for that producer. Just remember what we thought were good prices just a few years ago?

To develop a good marketing plan you need to understand your costs, identify your markets and anticipate your production. StateLine has several tools to help you. Our agronomists can help you understand your crop production costs. You can also use the ISU Acre Comparison Worksheets on our website to outline your plans.

We offer daily market commentary on the website, www.statelinecoop.com, and offer crop insurance services through StateLine's, Paul Nerem (pnerem@statelinecoop.com). We have grain conference calls each Tuesday and Thursday morning at 8:30 a.m., where you have an opportunity to talk with Troy Lust and others at FC Stone about the grain markets. We encourage any of our customers to stop in at a location and participate in the conversation and questions. If you have any specific questions regarding our services, feel free to contact a location manager or myself at dkohlmeyer@statelinecoop.com.

StateLine will continue to offer opportunities to forward contract grain, as this is one way we become a true extension to your farming operation. Cooperatively, we can bring more opportunities back to your farms and ensure that any profits realized will be going directly back to the farms where the crop was produced.

Seed Treatment Makes Dollars and Sense

By Doug Welbig, StateLine Cooperative Agronomist, a Certified Crop Advisor

Starting your soybeans strong may be more important this year than ever before. With current bean prices and increasing input costs, every bushel can make a big difference.

By treating your soybean seed you can protect it throughout the seedling stage and get your soybeans off to a healthy early start. Cruiser and Optimize both have positive seedling vigor effects that generally give treated plants one more trifoliate than non-treated beans. Earlier growth not only produces better top growth, but also helps create a larger root mass early in the season that will have the ability to provide more water and nutrients to the plant later in the season.

The combination of Warden CZ and Optimize will cost less than a bushel of beans per acre. This is the most effective way of getting your 2008 soybean production started on the best foot to maximize yields this fall.

Both Warden CZ and Optimize can be applied to your seed beans with one pass through the seed treater. Both products have a low use rate to avoid any planting problems with the beans being too sticky or wet. Treating does not take much time, a bulk bag can be treated and in your wagon in about 3-4 minutes.



ABOUT WARDEN CZ

Warden CZ is a new premix formulation of Cruiser (thiamethoxam) and Warden (fludioxonil + Mefenoxam) seed treatment for soybean seed insect and disease protection. Warden protects your soybean seed and seedlings from seed and soil borne diseases such as: Pytoththora, Pythium, Rhisoctonia, Phomopsis, and Fusarium. These diseases are the primary cause of any early season damping off. Cruiser protects your soybeans from seed and foliar feeding insects, including wireworm, seed corn maggot, bean leaf beetle, and early season control of soybean aphid. By protecting your soybeans from these diseases and insects, you can insure a healthier start on your 2008 soybean crop.

ABOUT OPTIMIZE

Optimize is a soybean inoculant and growth promoter. Inoculation is still important even though we have a corn and soybean rotation. Rhizobia are live bacteria in the soil that infect soybean roots to create nodulation. Without this infection, a soybean will not produce nodules. The soybean uses these nodules to produce its own nitrogen. If we have a lack of rhizobia in the soil, this will negatively affect the health of the soybean and the amount of nitrogen it fixes. Rhizobia are like cyst nematodes, they cannot live on corn roots, every year that a field is planted to corn the natural count of rhizobia in the soil will decrease. Optimize also contains LCO Promoter Technology which is a natural molecule that enhances early development

creating a larger root mass and quicker canopy.

Stateline Cooperative now has three locations that can treat your soybeans this spring. The locations are Ringsted, Cylinder and North Burt. Please give any of these locations a call or visit with your local agronomist about seed treating options.

Making Critical Decisions with New Paradigms

By Chuck Peter, StateLine Cooperative Agronomy Department Manager

I used to think I was an expert. Well, maybe not an expert, but at least I had plenty of self-confidence, and was not bashful about letting people know just how good I was. I'm not sure if it's my advancing age, maturity, or helping my wife raise our teenage daughter, but it is quite apparent to me that the further along the road I get in life, the more I realize just how much I really DON'T know about many subjects. What brings this dose of humility to me now are the mind-boggling changes occurring in today's agricultural commodity markets, including fertilizer and crop protection chemicals.

As the person in StateLine Cooperative Agronomy Division responsible for making many of the critical decisions that affect the availability and cost of these products to our customers and owners, the many lessons learned in my 32 years about how fertilizer and chemical markets operate are now obsolete. A new set of paradigms are moving into place, and unless I adapt to the "new world order" our business now operates within, I will make an increasing number of bad decisions that could have negative consequences for our customers, cooperative, and employees alike.

RULES CHANGE FOR FERTILIZER MARKETS

First off, it is no longer "our market," as formerly defined by the US market. Supply and demand still rules, it's just a different set of rules. It used to be that if US farm demand, particularly Midwest demand, for fertilizers was slack, that the price would suffer, and if we as dealers and farmers were patient, the market would come. Mostly, the competition for prices paid for fertilizers and chemicals was between our domestic producers and our domestic consumers. I can't tell you the number of times I've seen one or more North American potash producers, (usually PCS) announce a \$5-\$10 per ton price increase, only to have one producer decide to not go along with it, and as a result the price increase never happened. This was when the cost of potash to the dealer was \$100 OR LESS. Now, there's only 3-4 significant producers worldwide, and we've just experienced back to back \$50/ton increases, with an \$80/ton increase being projected next. Additionally, our ability to purchase potash is subject to allocation determined by the producers and distributors. Yes, the rules, like the times, they are a changin.....

Other than the allocation part, the situation is very similar for phosphates. World demand, along with some countries' needs for capital, has caused a literal explosion in the cost of phosphate fertilizers, virtually doubling in the past year. The Chinese have implemented a 35% export tariff on exported phosphate fertilizers; they used to export a LOT of phosphate ore and fertilizers. They are more concerned about the cost of fertilizing their domestic crops than they want to benefit from the rising international fertilizer market, and their reaction has helped fuel even more price increases in phosphate fertilizer. Yes, the rules, like the times, they are a changin....

Nitrogen wise, much of the story is about Urea. As the "world" nitrogen commodity, Urea is becoming the "price maker" internationally for much of the nitrogen used, regardless of form. When a country like India makes a decision, based on internal politics, to buy a few million more tons of Urea than they normally do, this decision ripples through the world market at a time when most analysts were seeing an oversupply of Urea in the world market, firming the world market at a time when those same analysts were predicting world nitrogen prices to soften. Currently, there are many barges of Urea riding in the Gulf area, waiting for demand from top-dressing the US wheat crop to use them. Due to weather conditions, either too dry, or too wet, top-dressing much of the wheat crop is in question. Normally, having this weather situation occur would result in the Gulf price of Urea declining, dragging the rest of the domestic Nitrogen market with it. Presently, however, the US price of Urea is the lowest in the world, so word is that if the Urea goes unused, it soon will be re-loaded on ocean vessels and transported to where the market price is stronger. Again, the rules, like the times, they are a changin.....



Making Critical Decisions with New Paradigms

(Continued)

DECISION-MAKING IN A VOLATILE MARKETPLACE

My point to all this is; the old “cause and effect” lessons I’ve learned over many years in this business can drag me into making bad decisions. I’m learning that it’s better to be a **PRIORITY** customer to a supplier, than to be a “when I need it” purchaser of products. Also, due to what I see of the developing situation in the world, our product planning is occurring much earlier than usual. I’m **NOT** at this time advocating making our customers buy their inputs months ahead of when they normally do. I **AM**, however, making the following recommendations to our customers:

- 1) Precision application pays. Phosphate fertilizer cost will likely be approaching \$.50 per pound this fall. With precision soil testing and application together costing only \$6-10/acre more than no sampling and regular application, how many pounds of phosphate need to be saved per acre annually from going in the wrong place to pay for the difference? 12-20 lbs; less if you look at the potash, also. Folks, precision sampling and application are rapidly approaching the “no brainer” stage.
- 2) When evaluating products for use in your fertilizer programs, please remember; if it sounds too good to be true, it probably is. In my experience, whenever fertilizer and crop protection chemical costs have seen significant increases, products seem to come out of the woodwork “guaranteed to save you money.” Folks, there has been untold research done on more products than you and I can imagine that make these type claims, and usually they don’t measure up. For example, if anyone tells you that using a particular brand of liquid nitrogen (that coincidentally costs more per pound of N but you’ll save money by using less nitrogen) instead of your present liquid nitrogen source will allow you to use 1/3 less nitrogen, rest assured that IF that proves true, you are using more nitrogen in the first place than you should be using. It’s that simple!!!

- 3) Do ALL the math before making a decision regarding fertilizer, crop protection chemicals, or any other production input. Did you **REALLY** think that the price of the commodities you produce could increase two to three times without the cost of crop inputs going up proportionately? All I’m suggesting is that whoever your trusted advisor is on your crop inputs, insist they help you focus on both ends of the production cost/earnings generation equation, not just the cost end. If your soil fertility will support temporary reductions in application rates, that can be a good thing. If you have a source for alternative fertilizers such as liquid manure or litter, that can also be a good thing, as long as they are handled properly, and you understand what you are really buying, and all the issues that can go with them.

Again, thank you for allowing us to be your supplier of choice. We will work hard to continue to earn that opportunity. We understand that your cooperative is only successful when you, our owners are successful. Please remember that at StateLine Cooperative Agronomy, the main reason we exist is to help you improve the profitability of your farming operation. Please don’t hesitate to contact your StateLine Sales Agronomist or myself with any questions or concerns you may have. I can be reached at 515-924-3859, cell phone 515-320-1466, or e-mail cpeter@statelinecoop.com.



Protect Yourself with Personal Protective Equipment

By Dean Holland, StateLine Cooperative Safety Coordinator

With spring application of herbicides and insecticides let's make sure we are protecting ourselves with the right personal protective equipment (PPE). The use of gloves, goggles, aprons and chemical resistant footwear may be required. Check the label of the product that you are using to find out what PPE you need to work safely.

Anhydrous ammonia is another product you may use this spring. Make sure you always wear your PPE when working with anhydrous ammonia. Anhydrous gloves and goggles are a must when working on any type of anhydrous equipment. Make sure you have a water bottle in your pocket and other water supply available when working with anhydrous ammonia. Remember the treatment for anhydrous ammonia burn is water and more water.

Have a safe spring!



Kick Off Kossuth County Fair's 150 Year Celebration...

...by joining a scenic 60 mile tractor ride that leaves from the Kossuth County Fairgrounds. A morning stop at Irvington and an afternoon stop at Titonka are planned. Noon lunch will be provided to the riders at Wesley compliments of K & H Cooperative.

Entry fee of \$35.00 due by July 15, 2008 includes a complimentary cap and meal at the end of the ride.

Application forms are available at the Kossuth County Extension office, Minnowa Medical Supplies and StateLine Cooperative (all locations).

Registration: 7:00 - 8:00 a.m. at Kossuth County Fairgrounds

Rides: Begin at 8:30 a.m.

****Slow moving signs & rear-view mirrors are required on all tractors****

NO ALCOHOLIC BEVERAGES ALLOWED.

Each driver is responsible for their own insurance.

Not responsible for accidents.



For more information, call:

Edgar Meyer: cell (515)320-5604 or (515)272-4504

Robert Barber: cell (515)320-3430 or (515)295-5353

Richard Simpson: cell (515)341-5415

Warren Waltman: cell (641)430-2177

Louie Bormann: cell (515)320-0332

Thank You for Supporting Your Cooperative

Thank you for your support. Commodity market volatility marks this era of agriculture, and during these times we firmly believe St. Line Cooperative is more important as an extension of your operation than ever before. Be sure and read grain marketing insight from grain department manager Dean Kohlmeier on page three of this newsletter and daily on our website, www.stlinecoop.com.

The St. Line Cooperative Board of Directors, management and employee team take pride in working hard to build a strong balance sheet so we can continue to serve you. You are the reason we are in business and we look forward to serving you. We are “Committed to Working and Growing Together for the Future.”

