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StateLine Cooperative's 2010 Annual Meeting Recap

By Larry Sterk, StateLine Cooperative General Manager

StateLine Cooperative and its members celebrated a successful business year at the cooperative's annual meeting Monday, Nov. 29, in Ledyard. Local earnings for 2010 were \$1.9 million dollars. The Board of Directors approved an allocation of almost \$1 million dollars to members, with 30% being paid in cash patronage. In addition, the Board also voted to pass to members a tax deduction of .13 cents per bushel of grain that producers sold to SLC in this past fiscal year. This tax deduction occurred because of some tax credits that have been made available to SLC and the Board decided to pass some of that deduction on to producer members. The board decided this tax deduction to members should come prior to yearend to support income tax preparations being made. You should have

received a notice of this tax deduction, and please note you will also receive a 2010 1099-PATR form – Taxable Distributions Received from Cooperatives – noting this deduction for your 2010 income tax records.

In the manager's report, I shared that StateLine Cooperative had strong financial performance in 2010, the balance sheet continues to get stronger, and I assured

patrons that it is the strength of the balance sheet that provides the funding to make sure customers' contracts, prepayments, and deferred payments are secure at StateLine Cooperative. Another self-assuring measure is that SLC has a Board of Directors elected by the

members to oversee the financial condition of the cooperative so members and customers can rest assured your prepayments and deferred payments are secure.

In other business, Director Kim Dreyer, Fenton, Iowa, was thanked for serving on the StateLine Cooperative board of directors. He began serving on the board of directors at the inception of SLC, and has served the maximum terms allowed by the bylaws of the cooperative. The board of directors election results resulted in Rick Eggers being re-elected and Vaughn Borchardt being elected to the board.



Kim Dreyer, Fenton, Iowa, retired from the StateLine Cooperative board at this year's annual meeting. He and his wife Jane were each given a leather jacket as a small token of appreciation for Kim's many years of service to StateLine and agriculture.

Market schedule during the holidays

StateLine Cooperative will be closed all day Friday, Dec. 31. The Globex Futures markets will trade from 9:30 a.m. until 1:15 p.m. on Dec. 31. Grain pricing, contracting and offers will be available from 7:30 a.m. until 1:30 p.m. by calling Kayra at 712-298-0722.

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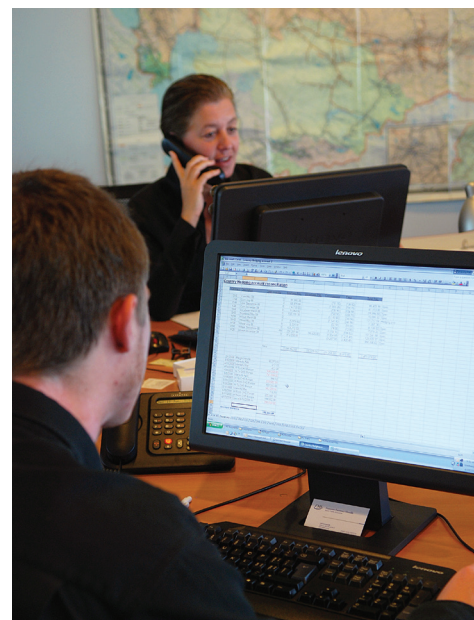
Goetz announces retirement for 2011

A long-time employee of StateLine, Derald Goetz, grain merchandiser, has announced his retirement for 2011. Goetz was the former manager of the Ledyard Cooperative and started his career there in 1975 as the accountant. He managed Ledyard Cooperative until September 1996, when Ledyard Co-op joined the group that today makes up StateLine Cooperative. Goetz has been a part of the grain merchandiser team since the transition. "I thank Derald for his 35 years of service to agriculture and for his leadership in the development and success of the StateLine Cooperative," Larry Sterk, StateLine Cooperative General Manager said. "Derald's maturity, enthusiasm, honesty and integrity are the main stay of what people refer to as the 'rural work ethic.' We wish Derald and Pam the best as they start this new chapter of their lives," Sterk added.

Customer meetings on tap for winter

StateLine Cooperative plans to conduct several small group customer meetings later this winter. SLC values the information our member producers share with us at these meetings, says Larry Sterk, General Manager. "Customers and non customers are invited to meet with cooperative management for the purpose of discovering how customers farming operations are changing and how SLC can support producers in these changes," says Sterk.

Managing price volatility, such as hourly corn and soybean price swings, and crop nutrients price swings of \$200 per ton in a 30-day period, has led the StateLine Cooperative management team to offer these listening sessions so we can work together with our customers to manage price volatility while still making assurances that the product is physically available when it is needed. Each of these groups will involve five to eight customers and the value comes from the informal discussions we can have around a cup of coffee. "We also want input from producers on how SLC can assist in the risk management of their farming operations," adds Sterk.



Grain Information Meeting scheduled Jan. 19

Mark your calendar for Wednesday, Jan. 19, at 10 a.m., and come to Water's Edge Nature Center, 1010 250th Street Algona, Iowa, for the annual StateLine Cooperative Grain Information meeting and meal with Troy Lust of FCStone. Troy will review grain markets and answer your questions. Paul Nerem will review crop insurance coverages with our crop insurance provider, RAMS, Inc. The Nature Center is located three miles north of Algona's Hwy 18/ Hwy 169 intersection then 1.3 miles west on CR B30/ 250th Street from Hwy 169. For more information contact Paul Nerem, 515-924-3892.

Political changes require our leadership

By Larry Sterk, StateLine Cooperative General Manager

The winds of politics in Washington, D.C., could also have a big impact on agriculture and rural America. I will not get into a party political dialogue, However, I will say that as politicians get voted out of office and are replaced for whatever reason, the fact remains that Federal Senate and House Ag Committee members also change.

Agriculture has Democrat and Republican friends and when they get voted out of office we need to understand that agriculture also loses friends in our government. When the politicians get voted out, we need to make sure that the new ones coming in are educated about agriculture and that they understand the world's food supply is dependent on the American Farmers. We must help these new politicians understand that by nature the American farmer is a conservationist. We also want a clean environment for our children and grandchildren to grow up in. What they [politicians] must know is that rules and regulations imposed on farmers must be science-based and applied with common sense. Bizarre government regulation, brought on by the wishes and whims of far left environmentalists that violate all common sense, just add cost to what we produce and hinder our ability to compete in the world market. What we need to do is be an educated voter and then we must vote every opportunity we have. What happens in Washington, D.C ., does affect us in rural America.

Preparing for 2011 at SLC

We have just finished another successful year. The 2010 harvest is over. Yields were good and quality of grain was excellent, a nice relief from last year. In the next few months we will move the 2010 harvest to feed, ethanol and international markets. This time of year we get our equipment and facilities ready to service you next spring. As challenging as the future of agriculture may appear, I believe the future of production agriculture is brighter than ever before. The world population continues to grow and world economies continue to improve demanding more and better quality food. You, the American farmer, has always met that challenge and will continue to do so. With volatility of price, supply, demand and transportation, we will find new and better ways to manage the risk of the high stakes business you on your farm, and your cooperative, now experience. This is no longer a business for the faint hearted. We know our customers will adapt and be successful. You can be assured that SLC will continue to evolve into a more efficient cooperative, so long term we will be here to service your business needs today and in the future. I firmly believe that if you want to know what SLC will look like in the future, look at the customers we need to serve. Therein lies your answer.

Thank you for your business. We appreciate you allowing us to be a part of your operation. At StateLine, we are real people, serving you with real pride 365 days of the year. We wish you a very Merry Christmas and a Happy New Year. Enjoy the time with family and friends celebrating the birth of Christ this Christmas.

"Committed to Working and Growing Together for the Future"



StateLine Agronomy Thoughts

By Chuck Peter, StateLine Cooperative Agronomy Department Manager

As I look out the window this morning, it's hard to believe that just one month ago the temperature outside was in the mid 70's. Less than one week later we were dealing with temps in the mid teens, and one of the longest uninterrupted stretches of rainless weather I can ever remember having, came to an abrupt end.

While the weather certainly was welcomed by everyone in the Midwest, it also helped make for a rather stressful season in our business. Without the occasional "rainy days" we normally encounter in a fall season, equipment maintenance and repairs ended up being done "on the go." That means that time needed to perform these duties had to be taken away from customer service activity time, or added on at the end of the day. Usually it was the latter, and I am very proud of, and thankful for, your excellent team of StateLine Cooperative operations employees who spent many more hours than usual away from their families this past season. Hats off to the men and women of StateLine Cooperative, you did a fantastic job!

Nice fall weather identifies need for dry fertilizer storage

The incredible weather also contributed to another seldom seen fall phenomena. In my 34 years in this business, product shortages of one type or another have come and been dealt with, but having a shortage of dry fertilizer in a fall season is a new one for me.

Setting new records for product movement in a season is fine, but without the ability to get timely delivery of much of the product we had on order from suppliers for in-season delivery this past fall, we were forced to carry a portion of the workload into spring. We appreciate the understanding of the situation shown by our customers. In order to help ensure that this situation does not repeat itself in future years, SLC will add a considerable amount of dry fertilizer storage at our Armstrong facility this coming summer, along with enhanced blending capability. This addition, which will enable StateLine to hold a full seasons dry fertilizer needs, coupled with the liquid fertilizer storage and loading enhancements we are presently finishing at Armstrong, will enable us to be in a much better position in future years to serve the ever increasing needs of you, our customer owners. In hindsight, we probably should have undertaken this expansion a year or two ago, but being mindful of

who ultimately gets to pay for projects like this, we have always tried to operate as efficiently as possible while keeping overhead costs as low as possible. Again, THANK YOU for your business and understanding.

Connect with us for seed

We are now heading into the year-end prepay season, and I would like to encourage your consideration of StateLine Cooperative as one of your seed suppliers of choice. As the number of seed options and new technologies grow, choosing the correct hybrids and varieties for your field becomes increasingly difficult. Your StateLine Cooperative Sales Agronomists are well trained, and are ready to help you sort out your seed needs.

Thank you for your business

As we head into the upcoming Christmas holiday, we want to say thank you for allowing us to be your supplier of choice this and every season. We will work hard to continue to earn that opportunity. We understand that your cooperative is only successful when you, our owners are successful, and we again say a big THANK YOU for the faith you put in us, and for supporting that faith with your business. Please remember that at StateLine Agronomy, the main reason we exist is to help you improve the profitability of your farming operation. If we are not doing that job to in a manner to meet your expectations, please let me know. As always, 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.

Seed brands from SLC

Croplan Genetics
Curry (DuPont)
Dekalb (Monsanto)
Latham

Mycogen (Dow AgroSciences)
Nutech (DuPont)
NK Brand (Syngenta)
Stine

Ask us about the Early Order and Growth programs we have in place along with the Grower Rewards program. We also have three seed treaters at StateLine Cooperative facilities, along with bulk soybean delivery for your convenience. Give your local StateLine Sales Agronomist a call today.

Let the Good Times Roll

By Dean Kohlmeyer, StateLine Cooperative Grain Manager

Some of you may remember the radio or TV game show “Name that Tune.” The radio show started in 1952 and the TV show ended in the 1980s. The contestants would listen to a few notes and then try to name the title of the song before other contestants. Notes would be added and the game would continue until a contestant successfully identified the song title.

StateLine has an employee that has lived through both the radio program and outlasted the TV show. We think he was waiting for the online internet version. Derald Goetz will retire after 35 years of employment in the cooperative system at the end of 2010. Derald began in Ledyard in 1975 and has been with Stateline since its inception in 1996. Derald has given cooperatives many value points throughout his career — from leading the cooperative, to everyday customer service. Derald will be making big boards smaller, completing all of his at home jobs and becoming a mobile Grandpa before the end of January 2011. So, if you ever wanted to give him a bit of harassment, your time is running out. Please join us at StateLine in thanking Derald for his years of service and dedication to his customers. We hope the good times Derald has given us will be there for him in his retirement years.

Now may be the ‘good times’

The question we may have in the grain markets now is: Are we at a new price plateau? Do we need to listen to a few more notes, or is the song entitled, “Let the Good Times Roll?”

Looking at the last five years of corn and soybean price history shows us that we seem to be in the good times. Corn prices are in the upper 10% of the range and upper 20% or better for soybeans. The only time we have been higher in the last five years was in 2008. We still need to work through the market’s reaction to our declining grain supplies and the USDA’s January 11, 2011, Crop Production & Supply/ Demand reports. Then the market will decide if there will be an acreage battle for planted acres between corn, soybeans and other commodities during the late winter and early spring months.

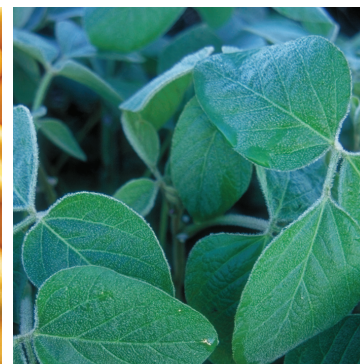
We also can’t forget about the South American weather that will determine the amount of production that will enter the world outside of our own production. Seasonal price trends in new crop December corn and November soybean futures have

given us the following results during 1990-2009 from May 1 until October 1:



CORN

- 16 years (80%) the market declined
- 4 years (20%) the market improved



SOYBEANS

- 14 years (70%) the market declined
- 6 years (30%) the market improved

The markets may give you opportunities this winter and spring to sell corn and soybeans at some attractive profit margins. The key for you will be to take advantage of the pricing opportunities when the markets give them to you. We have been very successful at filling offers made by customers during price rallies last year. Please do a little homework this winter and identify the cost of producing your crops against the prices the grain markets are giving you. Our Grain Origination team and our Agronomists can help you identify your crop production margins, just give us the chance to review your marketing and crop production numbers.

Protect production costs with crop insurance

One way of protecting your cost of production is through the purchase of crop insurance. Paul Nerem is StateLine’s licensed crop insurance agent. You can reach Paul by phone at 800-373-8509 or 515-924-3892. You can also send Paul an e-mail at pnerem@statelinecoop.com.

Paul would be glad to review the different crop insurance programs with you and then help you purchase the crop insurance products that would give you the best protection for the money invested.

StateLine Cooperative's 2010 Annual Meeting Recap (cont.)

(Continued from page 1.)

We also want to thank those who were selected by the nomination committee as community leaders and had their name on the ballot for a director position at StateLine. Finding qualified people willing to run for this important position is key to the future success of your cooperative. Thank you to the nomination committee for the work done to bring us this list of qualified candidates.

The capital improvements of fixed assets at Ringsted, Swea City, Armstrong, Fenton and Buffalo Center were noted. It was also announced that SLC will add 17,500 tons of fertilizer storage at the Armstrong location. (We are currently using about 10,000 tons of temporary and obsolete fertilizer storage facilities that can be taken out of service.) In addition to StateLine Cooperative's total capacity of temporary and permanent fertilizer storage facilities, we still rely on 4,000 to 5,000 tons to be delivered in season to our fertilizer plants. To continue to service our customers in this volatile environment,

having enough storage to hold a season's needs is very important. This additional fertilizer storage is long overdue and will fill this urgent need. Completion date will be on or before Aug. 1, 2011. This dry fertilizer storage will compliment the liquid storage built in Armstrong as well as the updated liquid UAN loading facilities.

In the departmental report, feed tonnage at Lone Rock remains strong. SLC currently processes 4 million bushels of corn through Lone Rock as feed for pigs. Agronomy tonnage is up 28% over last year and corn receipts and purchases have each increased over 30% compared to fiscal year 2009. The success of these departments only happens because of the quality of employees SLC has in each of these businesses. They are able and willing to go above and beyond to provide the best service possible to our members and customers. You have the best and most qualified employees working for you at StateLine Cooperative.