



**StateLine
Cooperative**
Real People. Real Pride.

Today

Volume 07 • Sept 2009

CONTACT:

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

IN THIS ISSUE:

Shaping up	1
Year-end results favorable despite volatility	2
Monitor stalk quality as harvest nears	3
StateLine agronomy thoughts	4
New mobile functionalities for tech-savvy producers	6
Support the pork industry	8

Shaping up

Keeping StateLine Cooperative's multiple facilities in tip-top shape requires careful analysis of equipment and facility needs throughout our cooperative. This summer, your cooperative has been actively cleaning up and enhancing some locations, benefiting not only the appearance of some facilities, but also made them safe for employees and customers. Our communities benefit, too, as our neighbors are usually appreciative when we rid StateLine Cooperative properties of out-dated facilities and equipment. Another benefit to the clean-up is that StateLine Cooperative has reduced liability exposure as well.



Changes have taken place throughout your StateLine Cooperative, including:

- **Swea City** — Removed the woodhouse, annex complex, west fertilizer plant and east dryer, and remodeled the office.
- **Ledyard** — Removed woodhouse and annex and added a new feed shed.
- **Fenton** — Removed dry fertilizer building and other small sheds
- **Buffalo Center** — Removed the old feed mill



Year-end results favorable despite volatility

By Larry Sterk, StateLine Cooperative CEO

August 31 was StateLine Cooperative's fiscal year end and the audit firm from Des Moines is in the process of auditing the financial records to report to your board of directors. At press time, we expected the auditors to confirm our internal accounting that StateLine Cooperative will exceed the 2008/09 budget. You know as well as I, that volatility in grain and fertilizer prices, as well as a depressed meat market, presented challenges I have not experienced in my 37 years with cooperatives.

Earlier this summer our largest feed customer was forced to discontinue feeding pigs in the United States, leaving us with the potential of a substantial reduction of feed tonnage. Through the hard work of our feed team, they managed to keep the swine barns full, and minimized the reduction in feed business at the Lone Rock feed mill. As tough as the swine market has been for the past two years, we need to have some pig market relief for swine producers. We are convinced that long term, pigs will be fed in Iowa and Minnesota and SLC will use the feed demand to continue to keep a good market for our customers' grain.

Your cooperative's agronomy department had experiences that we have never seen, and quite frankly, do not want to ever see again. A year ago we saw unprecedented price increases that led to reduced rates and lower usage. This resulted in ending inventories that we have taken to current market prices for our fiscal year end.

The grain department had a successful year with good solid performance in volume and revenue. Carry in the markets and basis appreciation set the stage for this solid performance.

In addition to exceeding our 2008/09 budgeted earnings, SLC paid down \$750,000 in debt, added \$10 million dollars to working capital, added \$5 million dollars to member equity and enjoy a good relationship with our senior lender, CoBank.

StateLine Cooperative Annual Meeting Nov. 30

It is scheduled for Monday, Nov. 30, 2009, 9:30 a.m., refreshments; 10 a.m., business session begins. We will also hand out patronage checks.

The nomination committee is finalizing a slate of candidates for the election of three positions on the StateLine Board of Directors. Larry Jensen's position is up for re-election, while Don Heldorfer and Verdean Mawdsley have served the maximum number of years on the board under StateLine Cooperative's bylaws. We want to sincerely thank Don and Verdean for the 12 years they served on the StateLine Board of Directors. Their contribution of time, energy and wisdom has been a strong asset to the board and we again, thank them for their dedication to make SLC a strong viable cooperative.

We'll be open 'as long as you need us!'

We have extended hours at SLC locations to accommodate your harvest needs. Since I have been at StateLine, when a customer asks, "How long will you be open?" employees respond by asking, "How long do you need us to stay open?" While there are harvest hours posted on our doors, please remember that directly under the closing time it is noted, "or as long as you need us." Please take advantage of this offer and communicate with the location personnel your harvest needs.

StateLine Cooperative is truly blessed with top-notch quality employees who can navigate through these volatile times, provide superior customer services, and at the end of the day, have a financially successful year. This year emphasizes the importance of teamwork. As one area struggles with unforeseen circumstances, another area steps up and as a result, SLC has a financially strong fiscal year. It is only with experienced and dedicated employees that a company can produce these kinds of results. And it is this excellent group of employees that are standing ready and excited to serve you as we start another year.

As CEO, special thanks to the entire SLC board, and to you, the customer. It is only through the business you do with your cooperative that SLC remains financially solid to serve your needs today and in the future. StateLine Cooperative customers are the "Real People, Real Pride" of our business. "Committed to Working and Growing Together for the Future."

Monitor stalk quality as harvest nears

By Steve Mulligan, StateLine Cooperative Seed Sales Manager

Just a reminder to everyone how important it is to check your corn fields for stalk integrity issues. Many of you remember the severe lodging that occurred from the October winds in 2008.

Factors affecting stalk integrity

Genetics, soil fertility, insects and environmental pressures all can impact stalk integrity. We are looking at very high yielding corn this season. When high yield potentials and high kernel numbers are exposed to these stress factors, stalk rots are often common as the plant just can't keep up with the carbohydrate demand of the developing kernels. The most common stalk disease is Anthracnose, caused by a fungus that attacks the corn plant at different stages, causing leaf blight, crown rot of seedlings and stalk rot of mature plants.

Testing stalk quality

Monitor stalk quality at physiological maturity. A lot of stalk problems are easily spotted, but many are not. Two tests — the pinch test and the lean test can be used to identify less visible stalk problems.

- The pinch test: randomly select 20 plants from five different locations in the field; remove the lower leaves and pinch the stalk above the brace roots to check if it is rotted.
- The lean test: randomly select 20 plants from 5 different locations in the field; apply pressure on the plant about halfway up, leaning it to a 45-degree angle. If it buckles and stays over, the field is at risk for lodging.

These tests can help you in determining which fields are at the highest risk and need to be harvested first. Early harvest of these fields often results in higher profits per acre compared to fields where major lodging occurred while waiting for the corn to field dry. Once we get into October, don't expect large drops in moisture. Bottom line: Harvest fields with poor stalk quality as early as possible to reap maximum yields.

When considering hybrids for next season

Ask your StateLine Agronomist to help you pick out the hybrids that best fit your type of soils. And they can also help you identify fields that usually have stalk quality issues. By doing this, you can pick hybrids that are well-adapted for late season plant health and disease resistance. A good mixture of hybrids with varying characteristics and technologies allows you to manage your time during harvest, and spread the risk of yield loss due to poor stalk quality. Thank you for your on going support of StateLine Cooperative, have a safe harvest.



StateLine agronomy thoughts

By Chuck Peter, StateLine Cooperative Agronomy Department Manager

Another crop year is winding down, and from where I sit, it looks to be a rather remarkable one. This summer we witnessed the development of what could be a record corn crop locally. While individual hand yield checks frequently don't dazzle us, when you consider that this year there were few, if any, drowned out spots, and likewise few, if any, burned up spots in local corn fields, it could be a really big harvest. A couple more early frost scares in the media and who knows, we might even get a price rebound. Soybeans could be a different matter, with all the SDS and White Mold around, but again, we might be in for a pleasant surprise there, and, from a

'Big Event' Agronomy Day a success

It was great to see a big turnout at the Big Event July 30. Those attending received expert information from StateLine Cooperative Agronomy field team members. Here is a list of the Big Event door prize winners:



40 Acres Custom Fall NH3	George Howell
40 Acres Custom Fall NH3	Phil Hellman
80 Acres 4.4 Grid Samples	Doug Karles
80 Acres 4.4 Grid Samples	Cole Cherland
Grain Bin Inspection	Scott Weisbrod
Grain Bin Inspection	Gene Busch
Grain Bin Inspection	Dude McGuire
3 Bags of Croplan Genetics Seed Corn	Verdean Mawdsley
3 Bags Mycogen Seed Corn	Kim Dreyer
3 Bags NK Seed Corn	Duane Peter
3 Bags Curry Seed Corn	Duane Seegebarth
12 Bags Croplan Genetics Soybeans	Jim Crawford
12 Bags Mycogen Soybeans	Terry Naig
12 Bags Stine Soybeans	Denny Marty
12 Bags NK Soybeans	Mark Larson
12 Bags Latham Soybeans	Kim Ruby
50 Bags Soybean Treatment (Warden RTA)	Roger Christensen
50 Bags Soybean Treatment (Warden RTA/Optimize)	Brian Cronk
50 Bags Soybean Treatment (Warden CZ)	Glen Christ

historical standard at least, bean pricing still looks good. Overall, I'd have to say a bit of optimism might be in order as we head into fall.

The fertilizer roller coaster continues. Prices have gone from previously unheard of highs to levels that might look good in comparison to the past couple years, but are still relatively high given current corn values. My short take on fertilizer markets right now is to be cautious in purchasing for long term use until we get another month or two down the road. Fall applied products, I believe, are relatively settled, or close to it, and spring applied UAN looks to be an opportunity, as the spread between fall NH₃ and spring UAN is considerably narrower than we have seen in the past few years, but past that I don't see a real advantage to buying for spring 2010 yet.

You have not seen your local StateLine Sales Agronomist twisting your arm to do a bunch of fertilizer prepaids this summer, and with good reason. When we were approached earlier this summer about pricing, we felt that buying at that time would not be a bad idea, but we also told our customers that we also did not see them getting rich on the savings. Given how things have developed this summer and fall, I believe we chose the proper strategy, both from a cost standpoint, and from a risk management standpoint for our customers. Don't worry, whenever we feel that a real buying opportunity is there, we will be suggesting that you take at least a portion of your needs, but we will not push our customers to purchase products just to cover StateLine's risk position on products we have purchased, regardless of who recommends that we do so. It may be smart business to sell that way, but it is not how we believe we should to do business with you, our owner/customers.

I don't usually use this space to make chemical recommendations, since the team of Sales Agronomists I work with are MUCH better sources of that information, but we have been noticing a rather disturbing trend this summer that concerns us. There seems to be a number of fields having water hemp, lambsquarter, and occasional wild buckwheat plants still standing after multiple glyphosate applications. This summer we have treated many fields with tank mixes combining different products with glyphosate to help control the weed escapes we have been experiencing, and the results have been very good. Many times I have heard farmers say, "I'll worry about chemical resistant weeds when they get here." I would suggest to you that time might be now.

Again, thank you for allowing us to be your supplier of choice this and every season. We will continue to work hard 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. If we are not doing that job in a manner to meet or exceed your expectations, or if you have any questions regarding StateLine Cooperative Agronomy, please let me know. I can be reached at 515-924-3859, cell phone 515-320-1466, or e-mail cpeter@statelinecoop.com.



*We understand that
your cooperative
is only successful
when you, our owners
are successful.*

New mobile functionalities for tech-savvy producers

By Dean Kohlmeyer, StateLine Cooperative Grain Department Manager

Producers geared to making marketing decisions on the go will appreciate the information now available from www.statelinecoop.com and our new mobile site <http://mobile.statelinecoop.com>, which is accessible from any mobile internet device, cell phone or for smaller screens.

There are many more charts available on the websites. Look for information that is underlined within quotes or bids, as more information and/or a chart are just a click away when you click on underlined information. This will allow you to look at trends and set goals within your marketing plan.

Other web highlights:

- You can customize the Futures Quotes you see on the Home Page by registering on the website.
- You can enter different commodity futures or even stock quotes.
- You click on the Customer Login tab located in the upper left hand corner of the menus, then click on Register and fill out the information as indicated.
- Once you have registered, you will be able to click on Website Login to view your personalized quotes. This option will allow you to easily monitor those commodity futures and even stock values that are important to you. Sorry, no link to mutual fund stocks within this platform. Registering on the website just allows the website to recognize you and bring up your customized quotes.
- Our Home Page Futures default settings will display three or four current CME Globex (electronic) futures trading months for corn, soybeans and soybean meal. The Globex markets trading day starts at 6:00 p.m. until 7:15 a.m. and then from 9:30 a.m. to 1:15 p.m.



STATELINE COOPERATIVE INVITES YOU TO FOLLOW US ON TWITTER

We know that communication is very important and Twitter will provide a quick and convenient way for StateLine to pass on information to you. We will update harvest hours and important news throughout the season. Let us keep you up to date with the newest in technology. Find us on Twitter or go to our web page at www.statelinecoop.com.

- The CBOT Open Outcry (Pit Trading Floor) still trades from 9:30 a.m. to 1:15 p.m. each day. We are displaying the Globex markets because they now trade well over 80% of the commodity futures transactions for corn and soybeans. Just remember the highs and lows will include activity starting at 6:00 p.m. and running through the 1:15 p.m. close.

Changes in 2009 Grain Policies

There are two changes in the StateLine Cooperative Grain Policies for 2009 harvest season:

- 1 The drying rate is now at \$0.045 per bushel per each 1 point of moisture removed.
- 2 Grain Bank fees start at delivery and no longer offer a 60 day grace period.

We have had these changes posted on our website and available at all StateLine Cooperative locations since mid August. StateLine is the only company we know of that applies no drying charge for corn delivered between 15.1% to 16.0% moisture. All other companies charge full drying rates and shrink these bushels. StateLine only shrinks this corn, using a 1.4% shrink factor. Loads above 16.1% will be averaged together and drying charges will apply. StateLine wants to encourage our customers to not over-dry their corn and lose bushels due to loss of water weight. Energy costs have decreased and allow lower drying charges. Over-drying losses are something you can't recover.

Stay focused on your personal safety during this harvest season. Long hours bring added risks when you try to push the limits. Please communicate your need for extended hours to your locations. We'll do our best to keep your trucks and wagons going this fall. Each StateLine Cooperative location determines when extended hours are needed by listening to their customers. Remember, your communication with a location is the driving force in the decision to offer extended hours. Don't forget to leave some time for your faith and family. Once again, thank you for giving us the opportunity to serve you and we look forward to another great harvest. We intend to be open "as long as you need us."



SLC Fair Float Wins

StateLine Cooperative's float won "BEST USE OF THEME" at the Iowa State Fair Parade. Beautiful weather greeted onlookers taking in the sights and sounds of the 2009 Iowa State Fair Parade, held Wednesday, Aug. 12, in downtown Des Moines. The parade is the largest in Iowa and also serves as the kick-off to the State Fair. Parade Marshall and Olympic Gold Medalist Shawn Johnson led approximately 200 floats, animals, vehicles, novelty and performing units from the State Capitol west down Grand Avenue to 13th Street. Making the trek to Des Moines (as well as participating in all the local area parades this summer) was Ken Van Ginkel from the StateLine Cooperative's Lone Rock location.

Support the pork industry

By Cherilyn Krichau, Feed Department Manager

Many of you reading this newsletter are grain commodity farmers and may have very little to no involvement with livestock production, however, most of you know of the severe economic crisis going on in the pork industry the past 24 months. Since September 2007 producers have lost an average of more than \$21 on each hog they have marketed. These losses have been incurred due to high input costs, depressed markets and media reports of the H1N1 flu, putting fear into the minds of pork consumers that H1N1 can be contracted from the eating of pork.

Although you may feel unaffected today by the struggles that swine producers are experiencing, it does have an impact on your grain operation. StateLine Cooperative provides area grain producers a market for their corn at our Lone Rock location. During our 2008-2009 fiscal year, StateLine's Lone Rock location purchased over four million bushels of corn that was processed and utilized to manufacture feed for swine. We have

been able to maintain our volume of feed through our feed mill even through the pork industry's turmoil in the past two years. The demand for corn for feed is what helps maintain a respectable corn bid at our Lone Rock location.

Input costs for pork producers are declining and the future markets are showing promise as well, but the pork industry still needs the support and demand of the consumers. That is why I would like to ask for everyone's assistance in supporting not only the swine industry, but also the general agriculture industry. Remember, you cannot get H1N1 flu from eating pork or pork products. EAT PORK!!! Pork provides many vitamins and minerals your body needs. Check out some great pork recipes at www.theotherwhitemeat.com.

Help us help you. When you talk about H1N1 flu, use its medical name, not a name that may confuse a consumer of the pork industry who might be listening in on your conversation.