



Tomorrow's Vision Today

Amherst · Britton · Claremont · Doland · Forman · Groton · Gwinner · Hecla · Pierpont · Wilmot

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All Eyes on
OPEC

Not Where We Want to Be, But Better Than Many

While I would always like to paint the most positive picture possible when discussing your cooperative and our industry, I also want that picture to be an accurate reflection of reality. Financially, this past fiscal year was not as profitable as the year before, and next year is likely to be even less so. However, as I stated at our annual meeting, while our local profits were not where they need to be, I am proud of our performance when I hear reports from other cooperatives throughout our region.

Our board and management have put together some big three- to five-year goals, and they come with a significant price tag. If conditions remain as they are, we will have to scale those plans back. Some have suggested that we cut staff to save money. Cutting staff can be a short-term solution with long-term negative consequences. As I said last year, this is the best team I've worked with in my 21 years here, and finding individuals of their quality to hire when times improve is extremely difficult in our area.

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Colostrum
Critical

Like you, we have been impacted by lower prices for both grain and energy. We also receive annual patronage from CHS and Land O'Lakes. That income source has been trending downward, and I expect that trend to continue in 2017. CHS just experienced one of the worst years they've had since I've been in the business.

We have a good team. Fertilizer and seed sales were up this year, and we were one of the few cooperatives that increased seed sales. Our location managers and sales staff are doing a fantastic job. We remain in a strong financial position, and were able once again to pay off both our seasonal and revolving loans this year.

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Annual Meeting
Features Ag
Secretary

Over the past five years, we've paid off 13 years of old equity, with the goal of paying off three years each year. Despite the financial constraints we're all facing, we were still able to retire two years of old equity in 2016. We've also spent \$32 million on fixed assets in that same five-year period. We work hard to provide the facilities necessary to serve and retain our customers while also executing our mission of protecting and returning patron equity. In times like these, finding the balance is challenging.

We will continue to work hard to serve our patrons well, maintain our exceptionally strong financial position and ride out the current downturn by working together with you, our owners.

The rules are changing

Agriculture is increasingly being steered by public opinion—whether that opinion is grounded in facts or not. One area of concern that has been confirmed by actual science is

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By Dave Andresen
Chief Executive Officer

OPEC Takes Center Stage



By Darren Medhaug
Energy Manager

The energy market has been responding to news of planned production cuts coming out of the recent OPEC meeting. Their plan is to reduce production by 1.8 million barrels a day beginning immediately and going through July, and that has driven prices up 20 to 25 cents. It remains to be seen if Russia will ultimately go along with the agreement.

Depending on the stability of their current agreement, contract prices could head higher. I'm suggesting you, our farmers, buy a portion of your fuel needs now as a hedge against a potential big spike down the road. If you're thinking about buying out your tanks, the AFD program sets prices based on the lowest nearby terminal. We have the advantage of Jamestown being 3 to 6 cents lower than anyone else right now. Talk to me if you're interested in contracting or a tank buyout.

Propane trends

On the propane side, it appears that prices are likely to be on the rise for the rest of the heating season. The cold weather and heavy exports have driven the price up from \$.95 to \$1.25 in the past six weeks. Exports are projected to stay steady or even move higher, so I would expect prices to continue upward into February. Consider filling now if you'll need propane to finish out the heating season.

Don't forget that we service home and shop furnaces, so if the cold has exposed some problems, let us know. We also sell and install shop heaters plus in-floor and radiant tube systems.

Thanks for your business the past year. Count on us for quality service and help managing your energy risk in 2017. |

Not Where We Want to Be, But Better Than Many

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the problem of nutrient runoff. If you haven't heard of the Des Moines Water Works lawsuit, you will. It is a federal lawsuit over nitrate watershed contamination, and the targets are the three area water districts and, ultimately, the ag producers.

That is one reason we will be working with the SUSTAIN business unit formed by Land O'Lakes. You'll be hearing more about this in the months ahead, but in brief, the technology they have developed will enable you to use up to 35% less fertilizer to produce the same yields. The other benefit of the more stable products is reduced runoff and leaching. We'll keep you in the loop on this one.

The other side of the new consumer-driven ag industry is one I've talked about before, and will keep talking about until we make some progress. Those of us in the business of agriculture must tell our story. Consider these numbers:

- Less than 1.4% of population is involved in production ag.
- Less than 1.8% of senators and congressmen have an ag background.
- Science says GMOs are safe. Yet 57% of U.S. adults believe GMOs are unsafe, and 67% of U.S. adults believe scientists don't understand the effects of GMOs.
- 62% of adults get their news from social media. Facebook reaches 67% of U.S. adults, and 44% of them get their news from that site.
- The balance of the 62% get their news from YouTube and Twitter.

I think recent events have clearly established how reliable social media is as a news source. The bottom line—if we don't tell our story, someone will tell it for us. The odds are good they will get it wrong.

Agriculture is a great industry, filled with some of the finest people in the world. As the video clip I showed at the annual meeting illustrated so well, no matter what you do for a living or how powerful or humble you are, the farmer produces the food you eat. We have a lot to be proud of and a great story. Let's tell it as only we can. |



Colostrum Critical in Calf's First Hours

By McKenzie Chambers
Livestock Production Specialist



While calving may not be at the forefront of our minds right now, it's right around the corner for most producers. We all hope that calving conditions are up to par this year, but there are always those unforeseen circumstances where a calf may need a little extra help to get a great start to life. Colostrum replacement just may provide that great start.

Throughout the course of gestation, a cow gives the calf a sterile environment to grow and provides the fetus with all the nutrients it needs. However, because of this sterile environment, calves are born without antibodies in their bloodstream and become vulnerable to diseases.

In order to give the calf the best possible start to life, a mother provides colostrum to their young within the first 24 hours of life. Colostrum transfers growth factors and immunity against infectious diseases from the mother to the calf.

Whether we like to admit it or not, we

sometimes encounter environments that don't allow the cow to provide colostrum for their calf. During this time, Purina® highly recommends providing colostrum within the first 24 hours after birth. Calves are born with only a limited amount of energy reserves in stored fat. Newborns don't have the ability to digest proteins or carbohydrates,



but need energy in times of stress. Therefore, all immediate energy to begin metabolism on their own must be provided by fat in colostrum. Increased disease susceptibility and death loss may be associated with calves

that don't receive supplementation.

When selecting the correct colostrum for your herd, it is important to determine whether the colostrum is a replacement or a supplement. Colostrum supplements are designed to enhance the colostrum that is already being supplied by the mother. A colostrum replacement is designed to be fed as the sole source of colostrum when no other is available.

Highly palatable and pasteurized for safety, Land O'Lakes Colostrum Replacement is the only replacement for maternal colostrum that is licensed by the USDA. Land O'Lakes Colostrum Replacement is easy to feed. Full Circle Ag carries single dose packs for your convenience. Simply mix into one quart of 110-120 °F water with a wire whisk or electric mixer. For best results, feed the entire dose with a bottle as soon as possible.

Please feel free to contact us if you have questions on colostrum replacement or other nutritional needs.)

New Board Member Brings Unique Perspective

A perspective on Full Circle Ag "from both sides of the counter" will be one of the assets Jeff Mills brings with him to his position as the newest member of the Full Circle board of directors. "As a farmer, a business person and a former Full Circle employee, I may be able to bring some helpful input from that standpoint," Jeff states.

Jeff farms with his wife's cousin, DuWayne, north of Britton and three miles south of the North Dakota border. "We farm in both states and also farm my family's land near Clinton, Minnesota," Jeff says. Jeff and DuWayne raise crops and run Bolt Marketing, a commodity marketing and crop insurance business. "We had cows, but sold them about six years ago when we decided to ramp up Bolt Marketing," he notes. Jeff also worked for Full Circle as a sales agronomist right after graduating from college.

Jeff credits retiring board member and neighbor Mike Buisker



with convincing him to run for the board. "We've worked together over the years, and Mike wanted someone to represent our area when he retired," he says. "This is my first board experience of any significance, and I'm not sure what to expect, but I hope to learn more about the decision-making process

and the interaction between the various divisions."

Among the challenges Jeff sees for the cooperative, the pullback in the ag economy coupled with increased competition are the most pressing. "I believe there is still room for Full Circle to grow, but we need to be thoughtful in how we proceed," he concludes.)

Financing Still Available for 2017



By Kelli Erickson
CFA Certified Lender

Each year, more of our customers take advantage of our convenient financing options. If you have been considering applying for 2017 producer financing, it's not too late. The two financing providers we offer to our producers are CFA and Secure™ by WinField®.

The CFA program has a buydown rate of 3%[†] on all general crop input purchases through Full Circle Ag. Secure by WinField offers rates of either 0%^{**} or 2%^{**}—depending on qualifications—

on all products sourced through WinField United and purchased through Full Circle Ag. The application deadline for CFA is March 1 and March 31 for Secure by WinField.

Stop in or give us a call in the Britton office with any questions or to fill out a loan application.)

[†]Variable interest rates are based on the CFA Advantage Rate. CFA interest rate indices are published at www.cfafs.com/financials

^{**}Fixed interest rates through Secure by WinField

Celebrating 80 Years of Service



By Tammy Satrang
Chief Financial Officer

Our annual meeting on Jan. 4 was the 80th such gathering in the history of our cooperative. Farmers Union Co-op Association of Britton—the first of several cooperatives that would eventually form Full Circle—was founded in 1936. Sixty farmers raised roughly \$600 to buy out the High Test Gas and Oil Company, and Farmers Union had a home.

The Farmers Union Cooperative of Brown County was formed the next year. Both cooperatives enjoyed success as they grew and diversified the products and services they offered. These two cooperatives merged in 1990. Over the next two-plus decades, other cooperatives and ag retailers came on board, resulting in the strong cooperative we call Full Circle Ag today.

- Amherst-Claremont Elevators merged with Farmers Union - 1991
- Kidder Elevator was purchased - 1992
- Petroleum Partners, LLC formed Sept. 2001



- Farmers Union Oil Company of Redfield/Doland merger - 2005
- Farmers Union Oil Company of Pierpont/Bristol merger - 2005
- Gwinner Farmers Elevator merger - 2011
- Petroleum Partners, sole ownership by Full Circle Ag - 2011

We're proud of our history, and remain committed to the cooperative way of doing business, where the members own and guide the company they patronize, share in the success of the organization and accomplish more together than they could hope to as individuals.)

Finding a Market for Great Crops

By Jim Gallagher and Eric Medhaug

We've heard plenty of comments from all age groups that this fall saw the best crop yields many of you have ever experienced. We started the growing season with extremely dry conditions, and just when it seemed we could be looking at a total crop disaster, we received widely beneficial moisture throughout the area. Moisture continued to come in a timely manner, resulting in great yields.

If only great yields were accompanied by good prices. Unfortunately, that has not been the case due to a large crop

nationwide, especially on corn.

We want to thank everyone for their patience during this harvest and for the opportunity to serve you. We are wrapping up the construction project at the Forman elevator, and look forward to receiving your bushels as efficiently as possible. With that in place, all we need is the market to give us an opportunity to capture higher grain prices. These are not easy times, and we will continue working to find ways to make your operation successful.)

2016 Yields Were No Accident



By Joe Gustafson
Britton Agronomy Manager

I think it is safe to say that much of our trade area experienced above-average corn and soybean yields in 2016. We always need to give Mother Nature her credit when this happens, but she is not the only one deserving praise for this past year's bounty. You, the producer, did a great job investing in your 2016 crop. When ideal growing conditions became available, your crops were able to take advantage of Mother Nature's generosity.

Keep this in mind when planning for 2017. We are still in a very tight farm economy going into this growing season, and providing a strong foundation for yields should continue to be your top priority. Looking back at the products and technologies utilized during the 2016 growing season, there are a few that stand out as trending higher as compared to previous years' purchases:

1. Variable-Rate Technology—2016 saw a record number of variable-rate acres

within our trade area. Matching inputs to the variability within your fields was a key to top yields last year. We expect this trend to continue.

2. Split Application of Fertilizer—We saw an upward trend in multiple fertilizer applications during the growing season. Whether it was fall, preplant, in-furrow, top-dress, side-dress or foliar-applied, many of the top-yielding producers in our region took a much more managed approach to their crop nutrient programs.

3. Soybean Seed Treatment—We live in a region where the top two seedling diseases, Pythium and Phytophthora, are prevalent. The use of seed-applied fungicide and insecticide increases each year. Besides increasing germination 5-10%, as studies have shown, seed treatments are a great insurance policy against early-season insect pressure.

4. Soybean Residual Herbicides—Harken back to the days before Roundup Ready® soybeans, and you would have had a hard time raising a clean crop without putting one or two residual herbicides down. Last year, most fields were treated as if they were conventional soybeans, and many were re-treated in-crop with a second or third residual mode of action. Because of this we had, for the most part, great weed control in our area. If you are choosing to go the route of dicamba-tolerant soybeans this year, please do not forget how effective residual herbicides have been for hard-to-control weeds like kochia and tall waterhemp.

Hopefully, by remembering what we did to succeed in 2016, we can set ourselves up to have a successful 2017. Of course, Mother Nature will need to cooperate again. But if we manage our crop investments correctly, we'll be ready for her.)

Annual Meeting Features State Ag Secretary

South Dakota Secretary of Agriculture Mike Jaspers was the featured speaker at the 80th annual meeting of Full Circle Ag on Jan. 4.

After giving an overview of the five major areas that the department oversees—including the state fair—Secretary Jaspers touched on ag-related issues that he expects to see during the 2017 session of the state legislature. Two areas of special focus will be water quality issues—specifically an improved version

of last year's buffer bill—and how to fund needed upgrades and expansion at the Animal Disease Research and Diagnostic Lab in Brookings.

Prior to Secretary Jaspers' comments, four directors were elected to the board. Roger Bopp, Miles Mendel and Kelly Johnson were re-elected for three-year terms. In the central district, Jeff Mills was elected to fill the seat vacated by Mike Buisker, who retired after 20 years of board service.)





Tomorrow's Vision Today

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Celebrating
80 Years

Agronomy Services Expanding in Wilmot and Forman



By Ehren Grupe
Chief Operations Officer

Our new Wilmot agronomy facility is on track to be fully operational by April 2017. We'll have seed, seed treatment, crop protection chemicals and 450 tons of liquid fertilizer storage at the site, located three miles east of Wilmot on Highway 15. Though we won't offer custom application services initially, we'll carry a full line of crop protection products from the main basic manufacturers, as well as proprietary products from WinField United.

The drive-through crop protection bay is served by a fully automated Kahler system for precise formulation and efficient loadout. A second drive-through bay enables you to load seed treated by our new KSI treater under roof and out of the elements. We'll have an outstanding seed lineup, including Croplan®, DEKALB®, NK® and Mycogen®.

Tim Fieber will be the sales agronomist in Wilmot, and we're still



looking to fill other positions.

Full Circle is also building a virtually identical facility in Forman, North Dakota. The target completion date for this project is June 1, depending heavily on how Mother Nature treats us. The new Forman agronomy center will be located a half-mile west of town on Highway 11.

We're also updating the Britton seed facility with a new, fully automated KSI treater identical to the units we're installing in Wilmot and Forman.

Thanks for your support in 2016, and we look forward to serving you through the 2017 production season. As we face this challenging ag environment, we're committed to helping you operate as efficiently as possible.)

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