

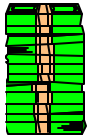
# Keith's Monday Morning Update



December 18, 2000

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**Good morning!! Happy Holidays and enjoy that last minute shopping!!**



**Prepay season...Prepay season begins at FSC this week.** Prepay prices and programs will be released early this week. Prepay season at FSC will run from December 18, 2000, through January 13, 2001. During the remainder of December many growers will be making seed commitments for the 2001 growing season. **Good luck for a successful prepay season and with seed sales during the remainder of December.**

**Retail nitrogen prices will be considerably higher this year than the past couple years.** Nitrogen products at FSC include NH<sub>3</sub> and liquid nitrogen or UAN. *Why are nitrogen prices so much higher this year than last?* Approximately 75% of the cost to produce a ton of NH<sub>3</sub> is for the cost of natural gas used in producing that ton of NH<sub>3</sub>. **Natural gas prices have more than TRIPLED in the U.S. over the past year.**

Natural gas is in high demand for electricity generation. Natural gas is a cleaner and safer way to produce electricity than coal and nuclear alternatives. Energy experts do not see natural gas prices dropping in the near future. **Continued strong natural gas prices will hold nitrogen prices high as compared to most recent years.** Nitrogen products could also be in tight supply this spring. Some nitrogen producers have shut down some inefficient production plans or have elected to sell out their natural gas position at a nice profit and not manufacture high-priced nitrogen. All this could make for an interesting spring season. I'll comment in future MMU's as this situation plays itself out.



**Birthdays...the next MMU will be published on 1-8-01, so I'll report birthdays up to that date. Birthday wishes go out to Keith Schwieso, 12-24, Defiance; Lyle Obrecht, 12-28, Harlan; Ron Johnson, 12-29, Atlantic; Dede Schnuettgen, 12-30, general office; Bob Gubbels, 1-7, Defiance; and Bryan Blum, 1-7, general office. HAPPY BIRTHDAY to each of these employees.**



**401K contributions for final 2000 pay periods...ABC has notified FSC that 401K contributions from the last payroll of 2000 will not show on the annual statements for 2000.** The contributions from the December 31st salary and December 30th hourly payroll will be considered 2001 contributions on your 401K statement from ABC. **This will have no bearing on your W-2.** The reason is, that UMB must receive the contribution by December 28th to be included in the annual statements. The last FSC payrolls are December 31st for salary and December 30th for hourly. The December 30th hourly payroll will not be processed until January 3rd, 2001. Processing time on these payrolls will not allow FSC the time to have the contributions deposited into the trust at UMB before the deadline date of December 28th, to be included on the annual statements.



**Payroll schedule for December 30th...Since FSC is closed January 1st (Monday, timecard day), the hourly payroll will be processed on Wednesday, January 3rd, and direct deposit will be effective at 8:00 a.m. on Thursday, January 4th. Thank you...**



**FSC employee meeting...I will be scheduling an FSC employee meeting sometime in January.** The employee meeting will be used to go through FSC's group health renewal. A reminder that our group health year is February 1st through January 31st. *I hope to review some other FSC benefits at this meeting including the 401K Plan, the Section 125 Cafeteria Plan and the Co-op Retirement Plan.* These employee benefits are reviewed once a year with employees. Also, the financial results for the FSC 8-31-2000 fiscal year will be presented at this employee meeting.



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**IMPORTANT!**



**FSC Expo-Annual Meeting Scheduled...**The FSC expo/annual meeting will be held **Friday, January 19, 2001 at the Veteran's Auditorium** in Harlan, Iowa. We will have approximately 30 exhibitor booths set up for chemical and seed reps as well as various other exhibitors featuring products and services pertaining to FSC. One director election will be decided at this year's annual meeting. In district two, incumbent **Gary Hall** of Manilla will be running against **Jim Zimmerman** of Manilla. If any of these gentlemen are in your office between now and annual meeting be sure and wish them "good luck". Please refer to the FSC Farmline that was mailed this past Friday for the schedule and details of the Expo-Annual Meeting.

**Winter Driving...**We have reached the time of year for winter driving conditions. Please allow extra time when driving on snow-packed, icy road conditions. Make good decisions when to drive and when to pull-off and wait for suitable driving conditions. **On days when conditions are poor, deliver only those deliveries that are required on that day. If possible, wait for better driving conditions. SAFETY IS OUR #1 CONCERN!**



 **Gary Jahn reports that several agronomy loans for 2001 have already been written with more appointments already scheduled.** For 2001 producers will have the choice of either a fixed or variable rate of interest on their agronomy loans. These loans will finance any inputs purchased from FSC. **If you know of someone who might be interested, please have them give Gary a call.**



**For Sale...**FSC has a 1990 Ford F250 4x4 pickup for sale. V-8, 4-speed. Please call **Steve Gawley** at the FSC shop with any interest (755-7435).

**Holiday Closings at FSC...**FSC offices will be closed **Saturday, December 23rd through Monday, December 25th to observe Christmas.** FSC offices will also be closed Monday, January 1, 2001 for New Year's Day. FSC offices will be open Saturday morning, December 30th for prepay. **HAPPY HOLIDAYS to each of you and your families.**



**The Farmer of the future: Here's what you'll look like:**

What will a farmer look like in the year 2020? Hans-Wilhelm Windhorst gives us this portrait. Windhorst is an economist and professor of rural development at the University of Vechta in Germany. He is an international expert on intensive agriculture and the food industry.

**Certain tasks will be gone**—Farmers of the future will be contractually bound to a production chain, so their tasks will change, says Windhorst. In 2020 farmers will devote most of their time to management tasks. The manual work load will decrease, thanks to increased mechanization of the production process. Certain tasks, for instance manure application, will no longer be undertaken by farmers themselves, but by agricultural contractors.

Farmers will manage their farms like mid-sized industrial enterprises, accessing information via modern communications technology. Banking transactions will be carried out via home or mobile computers. Inputs such as fertilizer, feed and fuel will all be purchased using E-commerce.



FSC Mission Statement:

**"Providing quality supplies, services and marketing at a competitive price for the economic benefit of it's members and their cooperative."**

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## The Farmer of the future: Here's what you'll look like (continued...)

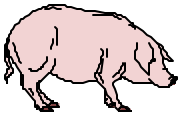
**All data will be shared**— Farmers will regularly deliver production data to a central service organization which will then make the information accessible to the farm's contractual production partners. This organization will evaluate the data and make suggestions for change.

All farm data will be shared and compared with other members in the farm production chain. This information will then be available from the data bank. Farmers can access at any time an exact overview of their position within the production system.

In livestock production, high performance transgenetic animals resistant to most virus diseases will be used. Microchips implanted in the livestock will enable farmers to call up at any time via their computers the development data of single animals or herds. They will plan further action according to this information.



Specific feed mixes will be used according to the age and breeding of the animals, enabling high feed efficiency rates. In crop production, farmers will utilize intelligent sensors to match fertilizer application to the actual requirements of the growing plants so that the soil and the groundwater are not polluted.



Pesticides will only be applied after a risk calculation. These tasks will then be handled by a farm contractor using the most modern technology for absolute application precision.

Meet requirements or go— It is not a question of welcoming or avoiding these changes, says Windhorst. They will be required to meet the demands of the new food system which will demand traceability from farm to consumer. Those farmers who do not meet the requirements will be rapidly removed from the system. Those who adapt will remain.

**Does this sound far-fetched? Sound like a lot of change? Do you see a lot of opportunities for an ag-retail supplier such as FSC as you read through this projection of the future? If this projection of agriculture doesn't sound realistic for 20 years from now, reflect a bit on the progress that has been made the past five years...ten years???**



**Today is timecard day.** A reminder to branch managers, if you need someone to pick up your timecards please call the general office. If you have questions please give Marcia Hansen a call.

**The next MMU will be published on Monday, January 8, 2001. I look forward to visiting then. In the meantime, I would like to wish each of you and your families a JOYOUS HOLIDAY SEASON!**



**See you next year!**

*Keith Heine*

If you have anything for me to include in a "Monday Morning Update", either ask your branch manager to pass it on to me, or give me a call at 1-800-452-4372. I'd appreciate any comments or suggestions...

### FSC VISION STATEMENT:

"TO BE THE BEST AG-RETAIL SUPPLY AND GRAIN MARKETING COMPANY IN WESTERN IOWA."