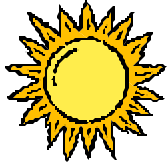


Keith's Monday Morning Update



August 4, 2003

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Good morning! Enjoy these last couple of weeks of summer before school begins! The "dog days" of summer have arrived. Crops look good across the FSC trade territory, but a timely rain would certainly keep yields in the good-to-excellent category. If travel is in your plans yet this summer, remember to travel SAFELY...

Ron Kenkel reports that spraying season is coming to an end. Delayed spring planting resulted in pretty good July spraying activity. Inventory reconciliation and year-end paperwork are underway. Locations seem to be making good progress in this area. **Speaking of year-end paperwork, FSC's year-end is rapidly approaching. Meriwether, Wilson and Co. will be on-site at FSC on Friday, August 29th, to observe year-end inventory.** Inventory should be completed on items which will not move between now and August 29th; i.e. NH3, Fertilizers, most Chemicals, etc. **More details regarding year-end inventory will be sent to your location soon.**



Summer fills are in progress for phosphate, potash, NH3 and UAN. Most product will be in place by the end of August.

An Agronomy Managers meeting is scheduled for this Friday, August 8th. The purpose of the meeting will be to begin planning for the 2003-04 year at FSC.



At June 30, 2003, FSC had in excess of \$9.3 Million in Accounts Receivable. July 15th was the due date for spring accounts, which make up the majority of the \$9.3 Million Accounts Receivable. **Gary reports that A/R collections are progressing very well with just under \$240,000 in Receivables unpaid as of this morning.** Collection efforts continue on these unpaid accounts. Thanks to each of you for your work in the collection of Spring Account balances. You have been doing an excellent job!



Birthdays...the next MMU will be published on September 8, 2003. I'll report birthdays up to that date: Neil Miller, Irwin, 8-4; Rod Knudson, Shelby, 8-4; Ryan Kasperbauer, Irwin, 8-5; Anne Pauley, Irwin, 8-6; Kurtland Peters, Harlan Elevator, 8-11; Russell Mueller, Specialty Feed Sales, 8-14; Pam Gubbels, General Office, 8-21; Leon Rhoads, Harlan Elevator, 8-22; Suzy Wear, General Office, 8-24; Dan Jensen, Oakland, 8-24; Paul Hocamp, Oakland, 8-28; and Cliff Kruse, Transportation, 8-31. HAPPY BIRTHDAY to each of these FSC employees!!



HAPPY BIRTHDAY

Employee	Hire Date	Location
Bryan Blum	8-1-96	General Office
Keith Heim	8-8-83	General Office
Kenny Crawford	8-15-94	Denison
Connie Herbold	8-17-98	Denison
Lonny Schmadeke	8-22-94	Denison
Bryan Shimp	8-25-97	Harlan Elevator
Bob Bogler	8-31-00	Information Services



Employment Anniversaries: the following FSC employees achieve an employment anniversary during the month of August. CONGRATULATIONS to each of these FSC employees! Thanks for your contributions and years of dedicated service to FSC!



FSC Vision Statement:

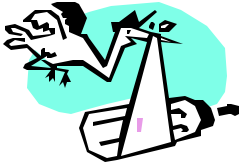
"To be the BEST ag-retail supply and grain marketing company in Western Iowa."

Keith's Monday Morning Update



August 4, 2003

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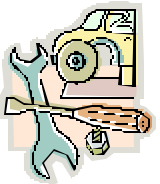
Congratulations and Best Wishes to Kelly and Larry Graber on the birth of a baby boy—Graden Knox Graber, born on July 17th!! Graden and the Graber family are reported to be doing fine Kelly works for FSC in the Specialty Feed Sales area. Congratulations, Kelly!

SAFETY...Workers' compensation and Auto claim results for July are finalized. We incurred ONE WC claim and NO Auto claims in July. This has our September-July YTD totals at FOUR WC and THREE Auto claims. Keep discussing SAFETY at your location. Work SAFELY and make sure your fellow workers are working SAFELY! Remember, the FSC Safety Committee has approved a WC and Auto Safety Incentive for the 2002-03 fiscal year. **Let's go accident free in August and our SAFETY Incentive will be achieved. Thanks for working SAFELY!!**



The FSC SAFETY Committee will resume monthly SAFETY meetings later this month. Steve Nelson will be communicating information about the August FSC SAFETY meeting in the near future.

Equipment Maintenance... The past few years, good progress has been made in equipment maintenance, record keeping and preventive maintenance at FSC. This progress is attributable to many things, including Steve Gawley and Jerry Murray's efforts, an excellent corporate shop and each FSC employee taking better care of the equipment at your location. Thanks for contributing your part to this so important area of equipment care.



One year ago we adopted the following steps in an effort to take equipment maintenance to the next level at FSC. These same policies (see below) will be followed again for the upcoming year at FSC. I'd ask Steve Gawley, FSC Branch Managers, and FSC Energy Specialists to begin this work as soon as possible. Thanks!



***Each FSC custom application machine will go through the corporate shop. The machine operator, Steve Gawley and Jerry Murray will go through the machine. This three-person team will make all needed repairs to the machine. If a manufacturer rep needs to come in and work on the machine, Steve and Jerry will make that determination. Steve Gawley will schedule these machines to the shop working through the branch managers. Each of FSC's 28 custom application machines will travel through the corporate shop.**

***FSC propane, petroleum and feed delivery trucks are to go through the shop a minimum of every six months with the driver. This six-month visit to the shop will be for regular oil/grease/filter. In addition, the three-person team of Steve Gawley, Jerry Murray and the driver will inspect the truck for any other needed work. Again, Steve Gawley will schedule these truck visits to the shop through the branch managers.**



***Just a reminder, no FSC equipment should be purchased, sold, leased, traded or taken out of service without first communicating with Steve Gawley. We want to look at all options from a corporate standpoint each time an equipment decision is made.**

Again thanks to each FSC employee for your part in equipment maintenance. We have some good momentum in this area so let's take this area of our business to the next level.





For Sale: 1991 Ford F-250 pick-up. Please contact Steve Gawley at the Harlan Shop, 755-7435, for more information!



LP Summer-Fill and Contracting...FSC has just kicked off our annual LP summer-fill and contracting program. *Many people fill their LP tanks in the summer because the price is often lowest during the summer months and keeping your tank full helps prevent moisture condensation. FSC's contracting program allows customers to lock in a specified number of gallons at a guaranteed price. Both the summer-fill and contracting programs run through August 22nd. If you have questions on either program, check with an FSC LP Specialist, Pam Gubbels or Steve Petersen.*

Demand Capital & Employee Reserve Accounts...the interest rate paid on Demand Capital and Employee Reserve accounts will remain at 3.0% during the month of August.



VACATION REMINDER: *In July of 2002, all employees were notified of a change in the vacation accrual policy. The change communicated at that time was that "each FSC employee's vacation year begins on August 31st." The handbook states that employees with hours in excess of the allowed 80 or 120 hours will have the excess written off at FSC's fiscal year end, August 31st. This time is fast approaching and several employees have vacation time to be used in order to be in compliance with the policy. In March 2003, and June 2003, individual letters were sent to employees notifying them of their vacation status and the hours required to be taken to be in compliance. **If you are unsure of your accrued vacation hours, please check your last payroll stub or call Marcia Hansen.** Thanks for your efforts and cooperation to have your vacation accrual in order by August 31st!*

FSC Board Tour...*The annual FSC Board Tour will be held on Tuesday, August 12, 2003. A schedule will be mailed to Branch Managers as we get closer to the tour date.*



IMPORTANT! *All FSC Offices will be closed on Monday, September 1, 2003, in observance of Labor Day. Enjoy your day!*



The next MMU will be published on Monday, September 8, 2003. I look forward to visiting with you then. In the meantime, have a GREAT MONTH at FSC. Please remember to work and drive SAFELY as you go about your work. THANK YOU!!

Keith Heim

P.S. If you have a student headed off to college, you might want to check with Linda, Bob, Dede or Pam in Information Services for some great prices on DELL and Gateway systems. FSC also has very competitive financing terms right now (5.25%).



FSC Mission Statement:

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