

Keith's Monday Morning Update

May 21, 2001

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Good Morning... Quite a rain on Sunday. Sounds like 2.5-4.0 inches of rain soaked the FSC trade territory. Good progress has been made this spring on restoring subsoil moisture.


In the last MMU I visited about the early part of spring season at FSC and mentioned I would put some comparative volumes in today's MMU. **Below are comparative numbers for dry fertilizer, NH³, liquid fertilizer and fuels.** Keep in mind this years spring season is behind last year's spring season by at least two weeks. By the next MMU these numbers will be even a better comparison and I will then include custom application, chemicals and seed.

	Thru 4-30-2001	Thru 4-30-2000
Dry fertilizer	15,122 tons	16,530 tons
NH ³	6,907 tons	12,712 tons
Liquid fertilizer	5,117 tons	7,596 tons
Gasoline and Fuels	1,439,787 gallons	1,478,514 gallons

I believe our volumes will come into line with last year and in some product areas surpass last years volumes once we get through May and June. *Ron Kenkel reports agronomy operations continue to go very well. The Sunday rain gives a welcome break for 2-3 days to FSC employees and customers.* **THANKS to all FSC employees for your EXCELLENT and SAFE efforts this spring season. Good Job!**

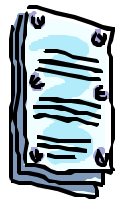


Birthdays...The next MMU will be published on 6-4-01. I'll report birthdays up to that date. Birthday wishes go out to **Lance Axland, 5-30, Irwin; Bob Berndt, 5-30, Shelby/Persia; Scott Ahrenhotz, 6-1, Oakland and Neil Woebke, 6-2, transportation and Irwin.** **HAPPY BIRTHDAY to each of these FSC employees.**

Benefit Information...In the next week, you should receive a packet from Farm Service Co-op. **This will contain the new plan document for Farm Service Coop's health plan, effective February 1, 2001.** Also enclosed in the packet will be your annual *Co-op Retirement Plan statement.* **You should keep these items for your record.** 

ABC has updated their website to provide more online information. To access it go to www.associatedbenefits.com. *Helpful information at their site that pertains to FSC includes:*

- 401K pricing information
- BenefitDirect Information
- Section 125 Cafeteria Plan Payment Schedule
- ABC Employee Contact List
- Online Benefit Notes Newsletters
- Form Downloads
- Insurance Plan Benefit Summaries (only applies to FSC for Long Term Disability)
- Answers to Frequently Asked Questions
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For Benefit Direct information on the 401K plan, you will need your social security number and pin number.

New items will be added to the site on a regular basis so be sure to check back for the latest updates.

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FSC 401K Plan Returns...below are the returns for the 11 funds available for you to invest your 401K Plan funds with. I have included returns for the year ending 3-31-01 and the 3 months quarter ending 3-31-01.

	1 year, 3/31/01	3 months, 3/31/01
General Fund	6.80%	1.65%
UMB Scout Money Market Prime	5.97%	1.30%
UMB Scout Stock Fund	-12.97%	-8.62%
UMB Scout Bond Fund	11.29%	2.98%
Fidelity Adv. Equity Growth	-31.68%	-16.61%
T. Rowe Price Intl Stock	-30.27%	-15.50%
Vanguard Index 500	-21.63%	-11.90%
PBHG Small Cap	2.99%	-6.05%
Vanguard Value Index Fund	-1.06%	-6.57%
T. Rowe Price Value Fund	14.62%	-0.57%
Vanguard Institutional Index	-21.54%	-11.87%

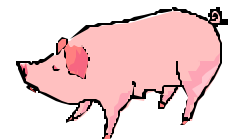


Feed and Livestock Update...4-H Incentive Program Sign-up...the 4-H livestock show season is coming soon. For the twelfth year, FSC will be sponsoring an incentive program designed to reward area youth for their participation in 4-H County Fair Livestock shows. *This is the last reminder to make sure that we have identified those participants who have qualified for the contribution program and need to pre-register by filling out an application form.*

These forms are available at an FSC office or from an FSC feed specialist.

- Participants must have fed FSC feed to the livestock to be shown at the fair.
- The FSC contribution for the 2001 fair season is as follows:

- Swine.....\$10.00 / Head
- Market Beef.....\$18.00 / Head
- Breeding Beef.....\$18.00 / Head
- Cow/Calf Pairs.....\$5.00 / Head
- Calves.....\$5.00 / Head
- Sheep.....\$5.00 / Head
- Horses.....\$10.00 / Head
- Rabbits.....\$3.00 / Head



- Send completed forms to Farm Service Cooperative c/o Tom Trotter

New Grow-Finish and Sow Nutritional Programs to be released this summer! Akey, Inc., the swine Nutrition Company that provides formulations and feeding recommendations to FSC, has announced some significant changes in their swine programs provided to grower and finisher pigs as well as sows. **Akey will be holding a meeting in June to introduce the new products to the dealers and manufacturers.** The new products are projected to be available sometime in July.

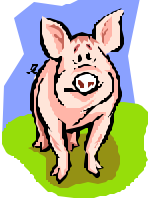
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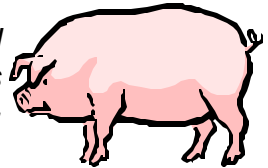
Midwest Feeders Cooperative (MFC) Update... Midwest Feeds Cooperative has been operating for nearly two years. During the first year and a half of operations, feeder pigs were purchased and placed directly into the finishing facilities. During the fall of 2000, MFC decided to add two 1100 head contract nurseries to the hog feeding operation. *This enhancement allows MFC to purchase weaned pigs weighing 12 pounds instead of 50 pound feeder pigs.* This addition allows MFC a longer ownership period that should improve the flexibility of feeding operation as well as enhanced profitability. *Kevin Goshorn, project coordinator, feels that the use of "off-site" nurseries should provide a healthier more profitable pig in the finishing facilities.*



Specialty Feed sales for FSC exceeded 500 tons during April (nearly \$220,000 worth). This is one of the largest "one-month" sales for the Specialty Feed products. Specialty feed sales for the current fiscal year should total nearly 6000 tons, with sales exceeding 2.2 million dollars. *Growth goals include improved distribution to areas such as Northern Minnesota, Wisconsin, Southern Texas, Louisiana and Arkansas.* FSC is now sending semi-load quantities of horse feed to Canada. The number of horse feeds manufactured by FSC continues to grow as well. Buckeye is in the process of adding another 6 feeds to the product blend.



Swine feed represents the largest volume of feed sold by FSC. The swine industry continues to consolidate with the number of locally owned hogs declining. *FSC feed specialists Jim Kenkel, Dave Hamilton and Kenny Crawford and swine projects coordinator Kevin Goshorn, continue to grow feed volumes by providing local farmer-feeders with contract feeding opportunities.* There continues to be demand for contract nurseries and finishing facilities, by large scale farrowing operations. This type of "networking" has been a key sector of growth in hog production in Western Iowa. Much of the growth has been in the construction and use of new up to date finishing facilities. Recently we have seen more growth in the construction and renovation of nursery operations. These types of relationships will be the key to continued growth of swine feed sales for FSC.



Congratulations go out to:

- Kenny Crawford for his efforts with the spring beef feed booking program. Kenny has once again booked over 350 tons of calf creep feed.
- Dave Hamilton for adding a number of new farrow to finish customers.
- Jim Kenkel for a new 1100 head nursery barn to be built this summer in Harlan area, for one of Jim's out of state farrowing customers.
- Kevin Goshorn for his efforts to make MFC a successful livestock feeding organization.
- Kelly Graber for expanding the dealer network in Iowa.
- Russell Mueller for his support and expanded sales efforts in Oklahoma and Colorado.
- Tommy Brock for expanding distribution into other areas of Texas and Louisiana.
- Bruce Rogge and his excellent group of manufacturing, delivery and accounting people that do an outstanding job of servicing the specialty feed accounts.
- The manufacturing, delivery and accounting staff that support the growth of hog and cattle feeds sold out of the Denison mill.
- Paul Krueger for his strong customer sales and service efforts at Oakland.
- All other FSC employees that provide contacts and leads, and assist the feed division on a daily basis.



The feed division is made up of a lot of individuals with diversified areas of responsibilities. Each individual relies heavily on others in order to be successful. **FSC has a great group of individuals that continue to make a great team even better. GOOD JOB!!!**



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Congratulations to Steve and Tami Petersen on the recent birth of a baby boy. Jack Steven Petersen was born on Tuesday morning, May 15, 2001. All is reported to be going well at the Petersen household. **Congratulations Steve!!**

Today is timecard day...A reminder to branch managers, if you need someone to pick up your timecards, please call the general office and visit with Marcia Hansen. *Thanks.*



The next MMU will be published on Monday, June 4, 2001. I look forward to visiting with you then. In the meantime, have a great two weeks at FSC. **Please remember to work and drive SAFELY at all times.**

Keith Weim

FSC VISION STATEMENT:

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

FSC Mission Statement:

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