



FARM SERVICE COOPERATIVE

IDA GROVE

DEFIANCE

SHELBY

MOORHEAD

IRWIN

OAKLAND

DENISON

HARLAN

ATLANTIC

Farmline

JANUARY 09

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Resolved: To Communicate More Often

BY GARY JAHN, GENERAL MANAGER



Though most often it's an individual who makes a New Year's resolution, a cooperative can make one, too. Our resolution for 2009 is to increase communication with our stockholders and customers.

On August 31, your cooperative closed the books on a successful year with a very solid balance sheet. Working capital increased, which in turn, gave FSC the borrowing capacity needed to operate smoothly in the midst of high inventory costs.

Change is the only word to adequately describe the past year in agriculture and agribusiness. Crude oil reached all-time highs only to rapidly fall to more normal levels—assuming we can actually define normal.

Meanwhile, agronomy input costs reacted to global demand for fertilizer while corn and soybean prices raced into uncharted territory. Every commodity that connects your business and FSC was subject to some sort of change last year: fuel, agronomy products, feed ingredients, and grain. Each of these changes meant new challenges for you and for FSC.

In this newsletter, you'll hear from each of our division managers to find out how they're meeting the challenges. On behalf of everyone at FSC, thank you for the opportunity to work through change side-by-side. We resolve to continue earning your business in the New Year! ♦

You're looking at one result of our resolution. A brand new newsletter that will tell you, among other things, what's changing at FSC. There've been several changes at FSC over the past 18 months.

In January 2008, Mark Ragaller, Vail, was elected to our Board of Directors representing district one. He's a familiar face, having served on our FSC Associate Board back in 1991-92. We appreciate the talents Mark brings to the board.

This past June, FSC had the opportunity to sell its 35% ownership in FSC/ADM LLC to Archer Daniels Midland; we'd been pursuing this sale for some time. FSC retained its fertilizer storage facility in Manilla and its agronomy center in Atlantic.



Seed Innovations Keep Stimulating Yields

BY RON KENKEL, AGRONOMY DIVISION MANAGER



Visit our Web site and you'll see how some of last year's newest seed technology performed in local soil and weather conditions. It was the first year for triple-stack hybrids and our tests, plus results from customers' fields, tell us if this innovation performed well.

This year, the brands FSC carries—Monsanto,[®] Syngenta,[®] Croplan Genetics,[®] and Mycogen[®]—offer new numbers and some interesting possibilities. Monsanto and Croplan introduced Roundup Ready 2 Yield™. This technology has shown soybean yield increases ranging from 7-11 bushels.

Seed treatment is another yield booster, one with a positive

history among our customers. In Oakland, Denison, and Irwin, we've been treating seed for two years. In fact, that service is what I'd call a growing part of our business. Your local agronomy salesman can tell you more about the advantages of seed treatments and you'll also find data from our seed treatment trials on the Web site.

If you have a favorite Croplan variety, you'll notice something different this year. All Croplan corn varieties will come already zinc-coated. Last year, Croplan claimed a yield response between four and six bushels for their chelated zinc treatment.

To all of that let me add a word of caution: new technology doesn't have limitless availability. Check with your local FSC salesman for variety availability and remaining order discounts. Don't wait too long to complete your 2009 seed ordering process because there is never enough of the most popular choices. ♦

Don't Miss Out on Low Energy Prices

BY CHRIS BEHRENS, ENERGY & TRANSPORTATION DIVISION MANAGER



It's tough for me to imagine how you could be hurt by buying at least some of your 2009 energy needs at current prices. True, the devaluation of commodities happened really fast as markets tumbled from record highs to below-normal lows. But it seems unlikely prices will go drastically lower.

The next move downward will be computed in dimes but the upward potential is counted in dollars. Since we've just come from high energy costs, we should all remember how that felt seeing record prices everyday.

By contracting some of your supply for spring field work, you can take advantage of the market's over-correction

while it lasts. For now, refineries have slowed down production of gas and diesel, which will eventually create a shortage. Then, supply and demand will take control.

We might see diesel selling near \$3 this summer and gasoline at \$2.50—that's only my opinion, naturally, based on what I see in the markets. Not so long ago, we were part of a local energy economy, but no more. As the world's economy grows or any time something goes wrong in China or India, it impacts you because their customers are shopping for the same fertilizer and fuel.

To fully capture savings from today's energy prices, you might want to add more fuel storage. Some customers have inquired about tank upgrades and I tell them we offer tanks to purchase or leasing options. When spring fieldwork starts, you'll discover the really important factor is having fuel already on the farm and ready to use. ♦

Here's Your Five-Minute Virtual Tour

BY TOM GROTE, FEED AND GRAIN DIVISION MANAGER



Maybe you don't know the essential facts about our feed and grain division. That could be preventing you from taking advantage of some really useful services. Let's take a quick virtual tour of the division starting with our mill in Harlan.

Most grain purchased by FSC ends up in one of our mills, but Harlan is the only mill buying soybeans. Those beans go to a processor that returns soybean meal for use in all of our three locations.

Though the Harlan mill can make beef or swine feed, the staff there mostly keeps busy creating equine feed for Progressive Nutrition.® (See Tom Trotter's article on page 4 for more information.) Horses all over the nation eat feed made right here in Harlan, distributed either in 50-pound bags or in bulk. The Harlan mill's special capability is mixing whole grain with molasses to create sweet feeds.

Denison is home to our main bulk-feed setup. We process corn with a double-stack roller mill to 700 microns or fewer. We do no bagging at this mill because the goal is producing swine feed for operations of all sizes and categories. Up to 40,000 tons per year are made in Denison and delivered by our two semis and three straight trucks.

Maybe you can't tell from the outside, but the Ida Grove mill is an all-purpose facility for FSC. The pellet mill there can accommodate our customers' expectations for

pellets in three sizes (from 3/32-inch to 5/32-inch.) We deliver in bulk or create bagged feed, depending on customer requirements.

The newest innovation in our mill system is a new tote-filling machine in Ida Grove. Totes add efficiency for the livestock producer who doesn't need a bulk order but would rather not empty lots of bags. Totes also make it easy to deliver an ample supply of specialty product—a particular show feed, for instance—or to request milk-based products that are difficult to handle in bulk. In the end, there are also fewer bags to dispose of.

Our service from all three mills is supported by a three-person sales force with many years of experience helping customers determine the best diets for their livestock through on-farm visits. We can sample your own feed ingredients to ensure properly balanced rations. And we have the ability to request supporting information from a worldwide nutrition company.

We'd be glad to tell you more about our feed products and services...and we'd be happy to give you an in-person—not virtual—tour of any of our mills. ♦



We Offer the Complete Package

BY LINDA HANSEN, COMPUTER DIVISION MANAGER



The new Dell XPS1 offers the sort of technology that can simplify your life or, at the very least, create more space on your desk. It's an all-in-one desktop computer with no cumbersome tower, no need for external speakers, and fewer cords to manage. The package in-

cludes a wireless keyboard with a built-in mouse as well as a wireless mouse.

I'd say the XPS1 closely resembles our service from the FSC computer division. Talk about all-in-one! We offer the latest products—trendy-colored notebook computers for students, wireless printers, all the gadgets to help you expand computer functionality, and one of the most extensive selections of ink and laser toner in our part of the state.

We do lots of repairs and maintenance regularly, keeping over 60 businesses equipped with everything from supplies to hardware to virus cleaning services. I guess you could say we offer the complete package. If you've never visited our store, stop by soon. ♦

A Feed Success Story on a Worldwide Stage

BY TOM TROTTER
PROGRESSIVE NUTRITION GENERAL MANAGER



Though you may not have heard of Progressive Nutrition® LLC, the products we manufacture in the FSC Harlan mill have fans across the nation and around the world. It all began in June 2003 when FSC formed a joint venture with North American Nutrition Companies.

Saving our mill in an era when other companies were closing theirs was our first goal. Who knew our second objective would be global recognition for the quality horse feed we create as part of Progressive Nutrition.

Today, we're turning out 7,000 tons per year from a plant some said wouldn't survive. Feed manufactured in Harlan could find a home in any of the 30 states west of the Mississippi and, most likely, you'll find it fed in some fancy horse barns. The Progressive Nutrition brand has attracted horse owners from among the most horse-savvy of the rich and famous. It's even fed to a number of world champions.

Progressive Nutrition markets feed in all 50 states, but the rations sold east of the Mississippi are created in the joint venture's Ohio plant.

So you see, we're covering the earth—and all from a physical plant built in the 1960s. The conversion to horse feed began in 1980s but, by the time FSC began discussions with North American Nutrition, the facility was looking its age. When we solidified our new arrangement, Progressive Nutrition was ready to reinvest in the new mill. That's good for our local communities because it saved jobs. ♦



2308 Pine Street
Harlan, IA 51537

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ON LOW ENERGY
PRICES . . . PG 2



Connect With Self-Service Account Info

BY BRYAN BLUM, CONTROLLER



If you've ever had to call us for the information on a mislaid invoice or to replace a statement, you know why we're adding online account

access to our Web site. If you like using online access through your bank to see account activity day-by-day, you're going to like Connection Central through FSC.

This will be a live system, meaning you can view a ticket almost immediately after the transaction is complete. You can also view your total grain on storage and outstanding grain contracts.

Once Connection Central installation and staff training is complete, we'll send you a notice telling you how to obtain your password. Then you'll be ready to log in to your account information from our home page at www.fscoop.com. ♦

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