

FARMERS COOPERATIVE ASSOCIATION

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General Manager Highlights

By Harlan Schafer

2010 Outlook is Promising

Prepay prices for fertilizer have been much improved over those of last year, but the only good fertilizer price is one that works in your marketing plan to deliver a profit when you sell your grain. As of this writing the wind has come out from under the grain markets with corn cash prices for fall hovering around the \$3.60 mark. Commodities markets remain highly volatile as they seem to react on a large scale to global economic news as well as global supply and demand reports.

Fertilizer prices have been rising slowing, even amid news of potential shortages (particularly in the phosphate market). While there may be a chance for prices to rise sharply, the market seems to be content to wait and see. Your cooperative is positioned well with products on hand at our two plants or at our nearby suppliers ready to meet the needs of this year.



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2010 Outlook (Continued)

The next most frequent topic of discussion has to be what we can expect for weather come planting season. A large part of the work that would have been done in the fall was postponed due to the late harvest. If fog days mean anything, we should plan for our spring work to be heavily compressed into brief periods that will be dry enough to get in the field. Now, I'm one that believes in "hope for the best but plan for the worst". The agronomy team will be constantly monitoring the projected work load, time allowed for its completion and the available resources so that adjustments can be made on the fly to get us to your field when you need us. Communication will be critical.

To meet your needs, Farmers Cooperative will be tracking every job, every field, from prepay to harvest. Offering enhanced agronomic scouting service, recommendations and follow-up. To fulfill our commitment to you, we intend to focus most on what you care about most...your harvest.

The seeds aren't in the ground yet, but the seeds of success are already being laid. We plan to be there for you every step of the way and we look forward to the success we're about to grow with you.

From the Agronomy Desk

Grower Meeting Scheduled for Feb. 2nd

Many experts in the industry claim that within 15 years American farmers will be raising 300 bushel per acre corn on a consistent basis. With irrigated acres routinely producing over 200 bushels per acre now, when 160 bushels per acre justified “bragging rights” not too many years ago, we at Farmers Cooperative expect to continue reaching for new yield goals every year; and some of the tools necessary are available now. There are a number of steps you should consider taking now to increase your yield and your bottom line.

Farmers Cooperative will be holding a Grower Meeting on Tuesday, February 2nd at the Ravenna City Auditorium beginning at 11:30 AM, lunch will be provided. We will show some of the proven steps you can take to increase yield and profit on a consistent basis. We'll be talking about many products and practices and showing you some local success stories.

We'll be offering some early season discounts on products like Headline and we'll also be talking about how Farmers Cooperative plans to continue working to get you the best market price for the crops you raise.

Our aim is to care most about what YOU care about, and sometimes that means we have to listen. Please come to have your questions answered or to tell us how we might help you more. You've got a crop to raise and we intend to earn the spot as your supplier of choice; Grow with Us!

Mark Your Calendars

**Grower Meeting Feb. 2,
Ravenna City Auditorium at 11:30 am**

2010 Fuel Contracts

As I write this report, energy markets are trading mixed and continuing their search for direction. It is very common for diesel fuel prices to find an annual low-point somewhere between November and February; but they have been trading relatively narrow band since the first of October.

Continuing economic uncertainty in the U.S., China, and India, seems to be holding crude oil prices down. The cold winter has put some upward pressure on heating oil and propane prices, but those have eased a bit as the extended cold loosened its grip on the U.S. and Europe. Another cold wave may tend to push prices higher, but new economic concerns including potential new banking regulations in the U.S. and the tightening of credit in China seem to be reigning in the enthusiasm for higher prices.

Farm fuel prices for spring and summer field work are selling at a mere ten cent premium to the current truck price giving little incentive to lock in contract prices. But with spring and summer farm fuel contracts running in the \$2.55 – \$2.59 range, this may be a good time to contract up to half of your projected needs. Then, when and if the market decides which way it's going you'll have a bit of protection against sharp increases and an opportunity for more favorable prices if we get them.

If we see conditions shaping up for a market move in fuel we'll send a text message to everyone on our list. If you're not currently receiving fuel and fertilizer price notifications please contact Justin at the main office, 308-390-4599 or watch for notifications of grain and fuel prices on our redesigned web site at:

www.farmerscooperative.net.

Farmers Cooperative, Grow With Us.

**Notice of a change in the handling of gas and diesel fuel discounts for those customers using
Farmers Cooperative fuel cards
January 25, 2010**

Since August of 2007 Farmers Cooperative has been proud to offer discounted fuel prices to our valued patrons using Farmers Cooperative Fuel Cards along with approved convenience credit accounts. We feel this program allows us to maintain acceptable profit margins while allowing our local stockholder-patrons to take advantage of our lowest possible prices. Until recently, the practice has also served as an effective marketing tool by allowing you to see the price difference on your printed receipt at the time of purchase.

In November Farmers Cooperative installed new control equipment to improve the security of all credit card information. The new equipment does not calculate discounts in the same manner as in the past, consequently your discounts are not printed on receipts, but have instead been calculated by our accounting system behind the scenes. While it was easy for any of us to show that you received a discount, we lost our visible marketing tool. Additionally, some of our fleet customers reported that receipts no longer matched statement charges creating additional accounting work for them.

Beginning after the December 2009 statements, the manner in which our fuel discounts are handled has been changed. All customers using a Farmers Cooperative fuel card for gas purchases will receive a 3 cent per gallon discount and all diesel fuel purchases will be discounted 5 cents per gallon. Your discount amount will appear in the upper portion of your statement along with an amount due if paid by the 25th of the month. While the discount does remain the same, to take advantage of the discount it is important that your Farmers Cooperative Convenience Credit account be paid on a monthly basis. This is similar to the way our company has always handled fertilizer discounts when they apply.

On the page of your statement that recaps your monthly purchases, you will also note that your discounts are shown for each type of product. We take great pride in offering you this best-price program and in the reporting provided for you to track fuel purchases by type and card number.

If at any time, you choose to add a PIN (Personal Identification Number) to your card(s), we are now able to assign the 4-digit PIN of your choosing. With the old system we were stuck with the number it gave us. Peg, Lee, or Harlan can help you assign PIN numbers if you are interested. Thank you for allowing Farmers Cooperative to be of service to you.
Harlan Schafer, General Manager

NEBRASKA COOPERATIVE COUNCIL
EDUCATION FOUNDATION

Scholarship Program

In Honor of Michael S. Turner

2010/11 Academic Year

**UNIVERSITY OF NEBRASKA-LINCOLN COLLEGE OF
AGRICULTURAL SCIENCES & NATURAL RESOURCES...**

Up to five \$950 scholarships, based on available resources— one to an incoming student and the balance to upperclass students with a major in agricultural business/economics

**NEBRASKA COLLEGE OF TECHNICAL AGRICULTURE
AT CURTIS...** One \$650 scholarship to a student with a major of business/management or ag production systems with the business option

CHADRON STATE COLLEGE... One \$650 scholarship to an upperclass student with a major or minor in agribusiness

For sons/daughters of parents/legal guardians who have been members/directors/employees for 3 years of a cooperative in good standing as a member of the Nebraska Cooperative Council for at least 5 years. Contact your cooperative manager for a brochure which provides the application form as well as additional information on selection criteria. These materials are also available on the Council's website at www.nebr.coop.

Applications are due to the respective colleges
by **April 15, 2010**

Nebraska Cooperative Council Education Foundation
Phone: 402-475-6555; www.nebr.coop