



Strong Performance for CHS, Midwest Cooperatives

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CHS made history in 2012, becoming the first U.S. agricultural cooperative to surpass the \$1 billion earnings mark. In November, the cooperative reported fiscal net income of \$1.26 billion for the year.

Net income of \$1.26 billion for the year ending Aug. 31, 2012, increased 31% from the \$961.4 million reported for fiscal 2011, which was also a record. CHS also set a new mark for revenues at \$40.6 billion in fiscal 2012. That figure represents a 10% increase from the previous record of \$36.9 billion, also set in fiscal 2011.

“Continued strong performance has allowed CHS to invest in growing our business, maintain a strong balance sheet and—most important—return direct economic value to those who own this cooperative,” said Carl Casale, CHS president and chief executive officer.

Based on fiscal 2012 earnings, CHS expects to return a record nearly \$600 million in cash to its owners during fiscal 2013.

Locally, Midwest Cooperatives, which is a part of the Country Operations division of CHS Inc., will be able to report earnings exceeding \$6.4 million at our annual meeting scheduled for mid-February.

Expansion planned for Phillip

Midwest Cooperatives is expanding our agronomy service center located in Phillip. In this first phase of a three-phase plan, we will expand our current liquid fertilizer capabilities as well as construct a new 6,000-ton dry fertilizer plant, seed warehouse and seed treatment facility.

This expansion should decrease our customer load times from 45 minutes to less than 10. We're also adding automation that allows us to induct liquid products onto dry fertilizer to increase nutrient efficiencies.

The new dry fertilizer plant will be situated on existing land owned by Midwest Cooperatives. Space is also available to accommodate the Canadian-Pacific railroad as it increases its train sizes in western South Dakota. The phase one enhancement will allow the plant to unload 25 cars of fertilizer in six hours.

Details of subsequent phases are not final, but phase two plans include grain storage expansion with additional train loading and truck unloading capacity in phase three.

Our goal is to provide our patrons both speed and space at our facilities that are unrivaled in the area. Our board and management are firmly committed to growing alongside our customers to ensure Midwest Cooperatives is able to meet their needs now and in the future. ▀

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www.midwestcooperatives.com

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Navigating a "Wow!" Market



By JEREMY FROST, GRAIN MARKETING MANAGER • 605-224-5935 OR CELL: 605-295-3100 • JEREMY.FROST@CHSINC.COM

Our grain markets seem to have plenty of "Wow!" and "What?" built in these days. Are you prepared for the next round? Were you comfortable with the last few surprises our markets delivered?

The bottom line is, our industry will always have lots of unknowns that lead to a lot of "what?" and "wow!" The only thing we can do in marketing is be prepared and comfortable, not knowing for sure what direction the next big event will be. I think our markets are at very profitable levels, but my personal bias remains slightly to the upside. Nevertheless, the right thing to do when it comes to marketing is to take risk off the table at good profit levels. Make sales that make sense, yet NEVER get oversold.

Get comfortable

Many have done a good job getting yourselves comfortable by making good, smart business decisions or profitable sales over the past several months. If you want help, the Midwest Cooperatives grain team is ready to help you. We can sit down and put together a marketing plan and strategy that helps you get comfortable with

an unknown future. We can't pick tops—nor are we ever going to try to—but we can take a fundamental and technical look at the market, and tie that into what makes good business sense for you and your operation. We can come to your farm, or you can schedule an appointment at our office. Just give us a call if you would like some planning assistance.

Along those risk management lines, we want to make sure everyone is getting our mid-day update. It's a voice update on what the markets are doing, plus a little reason why, sent out around noon every day.

We also will be sponsoring a couple of grain marketing workshops. On December 19 in Philip and December 20 in Pierre, Kevin Van Trump from Farm Direction and Tregg Cronin from CHS Hedging will be joining us. Tregg will be speaking in Philip on December 19, and both Kevin and Tregg will speak in Pierre on December 20. Make sure to join us to gain a little more market insight.

Finally, I want to thank all of you for your patronage this past year. We wish you and your family the best this holiday season. ▀



Less Than Prime Forage? We Can Help

By JUSTIN PARKER, FEED DEPARTMENT MANAGER • 605-224-5935 OR CELL: 605-280-5518 • JUSTIN.PARKER@CHSINC.COM

With the year we've had, I know there's plenty of low-quality forage out there. Payback Forager liquid feeds can increase the nutritional value and palatability of both less-than-optimum and high-quality feeds. These liquid feeds supply cattle with essential proteins and sugars, and are formulated with a balance of trace minerals, vitamins and a high level of phosphorous.

There's a lot of interest in liquid feed

right now, so we're offering liquid applicators to mount on your bale processors. The cost for one of these applicators is normally \$2,100, but if you buy your Payback liquid from us, we'll give you \$25 per ton back up to \$600. This cuts your cost for the applicator down to \$1,500.

Of course, liquid isn't the only way to provide the supplemental nutrition your cattle need. We have SmartLic tubs and

a full line of cakes and range cubes from 14-38%. For feedlot cattle, consider our Roughage Pro 41-15.

If you need some advice as you're putting together rations to make the best use of the feedstuffs you have, don't hesitate to give us a call. We're here to help. ▀



Don't Get Skunked on Seed

BY DAN HABERLING, AGRONOMY SALES MANAGER • 605-224-5935 OR CELL: 605-280-9338 • [DAN.HABERLING@CHSINC.COM](mailto:Dan.Haberling@chsinc.com)



The news you need to act on most quickly is the fact that seed supplies are tightening earlier than normal. Two factors are causing the tight supplies: Lower seed production due to the drought, and a general awareness of that fact in the trade, which is driving more farmers to order early. You need to be among them, so come in and talk to us. The earlier

we can nail down your order, the more likely you are to get the seed you really want.

Our lack of moisture throughout the Corn Belt has led to a pretty stagnant fertilizer market. Until we receive some moisture to get the market moving, that picture is not likely to change much. I understand there is apprehension about the weather, but we're pretty sure you're going to fertilize and plant, so let's get together and get some planning done. Waiting until the last minute is not an option.

Once we get your plans in place, we can move to lock in resources. The same is true for those considering our YieldPoint™ precision ag program. The sooner we get those precision acres signed up, the more efficiently we can get those acres sampled (if necessary) and applied.

Also, if you've talked to Rich about financing, we need to get farm plans put together so we can get you enrolled in the program. You definitely want to look into the possibility of financing at 0% interest.

We're mobile

All the sales staff is on Twitter now, so if you're there, too, you can find us. Follow our conversations and be the first to learn about what's happening.

We're also working to keep our website populated with more current agronomy content. We're committed to using technology to deliver more value to you. ▶

The Grilling Guys

Marlin Nipp proudly displays the Friend of 4-H Award that our top-notch grilling team received from the Prairie Winds 4-H club. The team, which includes (from left) Chris Carter, Ed King, Marlin, and Steve Pickard, has done the cooking for the club's Achievement Days for at least 15 years.

"It's almost a part-time job," Steve says. "We've also cooked for the 4-H state rodeo for about 10 years, and then we do bull sales and other area events."

The guys do have some harrowing tales to tell of grills that have gone before, but they love their new grill and have pretty much mastered the art of cooking for a crowd. At top speed, they can crank out between 350-400 burgers in 90 minutes. ▶



SPCC Questions?

Whether you're fine-tuning your storage or rethinking your entire system in light of the Spill Prevention Control and Countermeasures (SPCC) requirements, we can help. We can get the tanks you need—no matter what you have in mind.

Contact Ed King, 605-224-5935 (office), 605-280-5176 (cell), or Ed.King@chsinc.com to order tanks or ask SPCC questions. ▶

www.midwestcooperatives.com

Precision Critical in Challenging Environment

BY DALTON ELLEFSON, PRECISION AG SPECIALIST • 605-224-5935 OR CELL: 605-280-5147 • DALTON.ELLEFSON@CHSINC.COM

I'd like to begin this article by briefly introducing myself. I grew up on our family farm near Egan, South Dakota. While attending Lake Area Technical College, I interned here at Midwest Cooperatives. After graduating, I returned and worked with the Next Level program. In August, I took on the responsibility of heading up the precision ag program for Midwest Cooperatives.

The big news for us: What was Next Level is now YieldPoint. The transition should be seamless for our precision ag customers, but there is more to the change than just a new name. The YieldPoint™ program gives us—and our precision ag customers—access to additional resources that enable us to deliver improved services and even better results. It's a significant step forward in our precision ag program.

Another positive for 2013 is the fact that we will have a new satellite providing satellite imagery to complement our precision program. Satellite imagery helps you keep tabs on the condition of your crops, and identify developing concerns, at various times during the production season. Ask us about the value of satellite imagery.

Tough times call for precision

One of the key components of any good precision ag program

is zone management—breaking down your farm into management zones, which allows us to precisely match inputs to growing conditions.

In this past year, we've observed that zone management is just as important—maybe more important—in a drought year as it is in an average or wet year. It's extremely important when margins are this tight to make sure you're getting the most out of every input and every acre. That's what zone management is all about.

In a drought year, you need to precisely manage all the variables you can control to help offset the variables that you can't. Ultimately, precision agriculture is not a management choice—it's a game changer. That is particularly true when the rules of the game are stacked against you.

Happy holidays everyone, and be safe. ▶



Congratulations!

5 YEARS - KENNETH CARROLL (PIERRE)

10 YEARS - CHRISTI HAND (AGRONOMY SALES)