



Issue #4, 2003

AMINOPLUS® Earns an A+

Dairy and Soybean Producers, University Research Give AminoPlus Top Grade

For the members of AGP and their farmer owners, AminoPlus® continues to be a real success story in the value-added arena. Midway through Fiscal 2003, sales of AGP's patented product have increased 30 percent from a year ago.

The benefits to soybean producers include new demand for soy products, replacing other non-soy by-pass sources used in dairy rations. This demand is seen both domestically and abroad.

"No one else has AminoPlus, which is a unique value-added natural product made entirely from AGP soybean meal," explained Dr. Wayne Stockland, Vice President, Nutrition and Technical Services. "Expanding sales of AminoPlus benefits our members and dairy producers who use this product."

AminoPlus's success has made great strides during the past year. There are many promising developments that point to a bright future:

- * Expanded sales/technical team and marketing program.
- * Positive results from research trials.
- * New testing procedure to enhance an already stringent quali-



Dairies in Arizona, where AGP has its greatest concentration of AminoPlus sales, leads the nation in milk production with over 23,000 lbs. of milk per cow annually.

ty control system.

- * Continued growth in key domestic and export markets
- * Increased production at Mason City, Iowa.

AminoPlus Tops University Study

Research from one of the nation's leading dairy institutions confirms what an increasing number of dairy producers already know about

by-pass soy protein sources: AminoPlus is at the top of the class.

AminoPlus out-performed competitive by-pass soy products on the market in an independent study designed and conducted by the University of Wisconsin, noted Dave Gast, the newest member of
(continued on page 2)

AMINOPLUS

"AminoPlus Earns an A+" (continued from page 1)

the AminoPlus team.

AminoPlus-fed cows produced 3.6 lbs. more milk than cows fed the soybean meal control, and out-performed the competitive by-pass soybean meal products evaluated in the trial in terms of milk volume and milk revenue.

"The results will be reported at the American Dairy Science Association meetings this June in Phoenix, Arizona, and will be available on our website when it reaches final publication," said Gast, who is Director, Nutrition and Technical Services. He holds a doctorate in animal nutrition and has extensive experience in the feed industry including Consolidated Nutrition.

"Replacing a typical soybean meal ration with AminoPlus adds about 3.5 to maybe 4 cents per day to the ration of that cow," explained Gast. "Even with milk prices in the range of 10 cents a pound, we're still more than doubling our money if we get only one extra pound of milk. The Wisconsin study, for example, showed



**Dr. Wayne Stockland
Vice President
Nutrition and Technical
Services**

a 3.6 lb. gain."

By-pass proteins must be digestible in the intestine of the dairy cow to be of any benefit. Quality control measurements of AminoPlus consistently report intestinal digestibility of 95 percent or greater.

A European study conducted in the Netherlands at the Institute for Animal Nutrition "De Schothorst" confirmed the high intestinal digestibility of AminoPlus, reporting 99 percent of the protein to be digestible.

Quality Assurance

Extensive quality control measures already in place for AminoPlus will soon be enhanced with the implementation of a new testing procedure developed by AGP's technical staff.

By utilizing High Pressure Liquid Chromatography (HPLC), Rumen Undegraded Protein (RUP), a term for by-pass

protein, can be accurately predicted. The machine measures changes in certain isoflavone peaks in soybean meal, which correlate very closely to RUP in AminoPlus.

"We have been doing HPLC analysis for the past year at a private lab and determined that it's an excellent procedure to measure RUP in AminoPlus," said Stockland. "It's a quicker time measurement, allowing same day results compared to traditional 'in situ' testing used in the industry."

The value of research and quality assurance have allowed AGP to initiate an aggressive marketing program to get the word out to more dairy producers and industry professionals about the advantages of AminoPlus.

These advantages and familiarity with AGP prompted Hamilton Farm Bureau Cooperative, Inc., Hamilton, Michigan, to add AminoPlus to their product line.

"Our dairy team was looking for a bit of an edge, something to go to the country with that was a little different and more cost-effective than the competitor's product," explained Art Nor, Hamilton Commodities, who is responsible for feed ingredient procurement. "AGP sales and technical staff provided us and other area dairy consultants and nutritionists with an overview of AminoPlus and the benefits it offers. We brought it on board about a year ago and it has worked out



**Dr. Dave Gast, Director, Nutrition/Technical Services,
is the newest member of the AminoPlus team.**

TABLE OF CONTENTS

AminoPlus Earns an A+	1 - 5
Port Facility Nears Completion	6
Commodity Comments	7
Political Pod	8 - 9
Naturally Soy Show	9
Conversations with Managers	10 - 12
Cooperative News	11

well for our customers and our cooperative."

AGP ships AminoPlus to the cooperative by rail from Mason City, Iowa, and product quality is "very consistent and free-flowing for ease of handling" said Nor. "AGP has provided quality soybean meal and good service to our cooperative for many years and is maintaining the same standards with AminoPlus."

Hamilton markets a semi-load of AminoPlus weekly to a large dairy operation near Grand Rapids, Michigan, and mixes the product in a TMR (Total Mixed Ration) for other customers. The company also supplies AminoPlus to neighboring farm supply cooperatives.

Utilizing existing customers and AGP plant merchandisers to identify key prospects is part of the marketing strategy to grow volume.

"Working with industry and university staff such as we did at the University of Wisconsin and having a greater presence at trade shows, educational symposiums and seminars, as well as a new brochure, targeted mailings and a revamped website are all part of our plan," said Gast.

Market Growth in Tough Times

These efforts are paying off, as more nutritionists and dairy producers are hearing about AminoPlus noted Chris Schaffer, Senior Merchandiser, Ag Products Division.

"They see AminoPlus's superior specifications, University trials, and best yet, they see it in the parlor," said Schaffer. "That's where it counts."

Even though milk prices continue at historically low prices, Schaffer said it's not surprising AminoPlus sales continue to expand.

"Milk prices have reached these lows before, but generally bounce out



Hamilton Farm Bureau Cooperative, Inc., Hamilton, Michigan, delivers a 25-ton shipment of AminoPlus weekly (top photo) to a 3000-head dairy operation near Grand Rapids, Michigan. In the photo below, Art Nor (left) who is responsible for feed ingredient procurement at the cooperative, and Jim Scholten, Hamilton Trucking, agreed that product quality is very consistent and free-flowing for ease of handling.



of these valleys in a few months," said Schaffer. "Even though this trough has extended for an excruciating period, dairyman and their nutritionists understand that revenues are not helped by cheapening feed rations, but improving the ration's performance. That's where AminoPlus fits in. That's why Amino Plus sales are up 30 percent

year-to-date."

According to the AminoPlus marketing team, it's no coincidence that Arizona, where AGP has a high concentration of customers, has jumped to number one in milk production per cow in 2002 as reported by "Hoard's Dairyman" (see chart on page 4). In

(continued on page 4)

“AminoPlus Earns an A+”
(continued from page 3)

2002, Arizona’s milk production was 23,486 lbs per cow. This marks the first time any state has surpassed the 23,000-lb. level.

"Arizona has great managers and nutritionists watching over some excellent dairy herds, which are fed quality rations," said Schaffer. "AminoPlus is included in these rations, providing bypass protein that yields 5 to 7percent additional milk."

With AminoPlus sales up three-fold in California, Schaffer said the product is "definitely showing value to the western dairy producer".

He added that the western region is among many bright spots including the northeast, which has increased nearly 40 percent this marketing year.

**Increased Sales Requires
Increased Production**

With demand continuing to grow for AminoPlus, AGP is expanding its production capacity at Mason City. The project, which involves installa-



AminoPlus production capacity is being expanded at AGP’s Mason City, Iowa processing plant.

tion of a second separate system that has twice the capacity of the current system, is slated to be completed this fall.

"With two production facilities at Mason City and our existing facility at Hastings, Nebraska, we have logistical advantages to supply customers throughout the United States," said Gast.

More customers may be located in the Midwest, which could be poised

for a rebound in dairy production depending on economic conditions. Gast said that a recent survey identified two regions of particular interest for dairy expansion: 1) western Nebraska, western Kansas and eastern Colorado, and 2) the I-29 corridor north of Sioux City, Iowa toward Fargo, North Dakota.

"A combination of land availability, feed supplies, positive regulatory environment relative to growth, and famil-

Leading Dairy States in 2002

<u>Total Milk Cows</u>			<u>Total Milk Production</u>		<u>Production Per Cow</u>	
1	California	1,647,000	California	34.88 billion lbs.	Arizona	23,486 lbs.
2	Wisconsin	1,271,000	Wisconsin	22.07 billion lbs.	Washington	22,753 lbs.
3	New York	678,000	New York	12.22 billion lbs.	Colorado	21,590 lbs.
4	Pennsylvania	585,000	Pennsylvania	10.78 billion lbs.	California	21,180 lbs.
5	Minnesota	487,000	Minnesota	8.46 billion lbs.	New Mexico	21,124 lbs.
6	Idaho	388,000	Idaho	8.16 billion lbs.	Idaho	21,018 lbs.
7	Texas	309,000	New Mexico	6.32 billion lbs.	Michigan	19,883 lbs.
8	New Mexico	299,000	Michigan	5.95 billion lbs.	Kansas	19,515 lbs.
9	Michigan	299,000	Washington	5.62 billion lbs.	Nevada	19,400 lbs.
10	Ohio	262,000	Texas	5.30 billion lbs.	Montana	18,944 lbs.

Source: Hoard’s Dairyman

ilarity of the area with animal agriculture makes these regions desirable for potential expansion," said Gast. The Mason City expansion allows the AminoPlus marketing team to increase truck sales into the I-29 corridor as well as additional new business opportunities in the dairy-dense Wisconsin market.

AminoPlus growth also continues beyond U.S. borders.

Masterfeeds, AGP's animal nutrition business in Canada, launched a new program last year emphasizing AminoPlus, which resulted in greater market penetration. The product is moving south into Mexico, which also has a sizable dairy industry.

Completion of a new west coast vessel-loading facility at the Port of Grays Harbor later this year will provide opportunities to deliver AminoPlus more efficiently into Asian markets. "There is on-going interest in Japan which remains a good customer," said Gast.

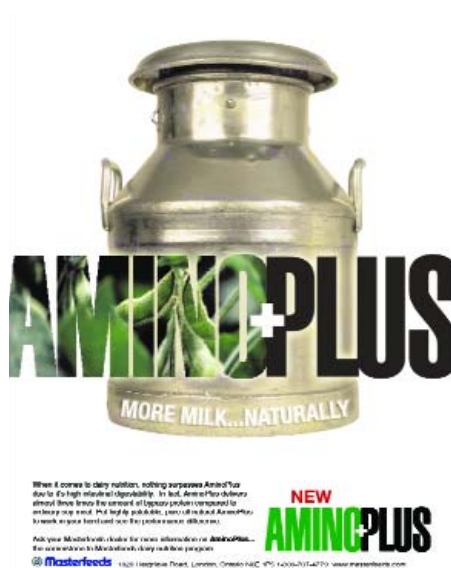
The reshaping of Europe with new countries joining the European Union next year may bring about changes in food production and opportunities for new technology. "Food production may begin a gradual shift to the East into highly productive rural areas of Hungary and Slovakia who are looking at improving their lifestyles with more milk and more meat," said Gast.

AGP now has a greater presence in this area with the creation of a new merchandising office in Slovakia, which will market feed products including AminoPlus.

AminoPlus is truly a success story for dairy producers, soybean growers and AGP. With growing demand, new production and expanded markets, AminoPlus expects to remain at the head of the class when it comes to bypass protein.



AGP supplies AminoPlus and soybean meal to Hamilton Farm Bureau Cooperative, Inc., Hamilton, Michigan, a member cooperative. "AGP has provided quality soybean meal and good service to our cooperative for many years and is maintaining those standards with AminoPlus," said Art Nor, Hamilton Commodities.



Masterfeeds launched an aggressive marketing campaign to introduce AminoPlus to Canadian milk producers.

"Replacing a typical soybean meal ration with AminoPlus adds about 3.5 to maybe 4 cents per day to the ration of a dairy cow. Even with milk prices in the range of 10 cents a pound, we're still more than doubling our money if we get only one extra pound of milk. The Wisconsin study, for example, showed a 3.6 lb. gain."

Dr. Dave Gast
Director, Nutrition and Technical Services
AGP
Omaha, Nebraska

New Port Facility Moving Towards Completion

AGP's new vessel loading facility at the Port of Grays Harbor, Aberdeen, Washington, is progressing towards completion early this fall.

The AGP international marketing team met in late April to view the construction progress at the Port and participate in a tactical marketing seminar. Several merchandisers representing AGP in Pacific Rim countries were in attendance.

The group also attended a dedication ceremony of the new loop track system operated by the Puget Sound and Pacific Railroad (PSAP) and a rail tour of port facilities. Following the tour, an informational workshop was held featuring maritime services available at the Port of Grays Harbor.

CEO Marty Reagan, Cal Meyer, Group Vice President, Processing, and Terry Voss, Senior Vice President, Transportation, participated in the PSAP activities.

Visit AGP's Port of Grays Harbor Website

AGP has a new website that is live and ready to assist in the marketing of the new vessel loading facility under construction in Aberdeen, Washington:

www.agpportofgraysharbor.com

Additionally, a new "Export" section is being added to the "Products and Services" area on the AGP home page (www.agp.com), which will link to the AGP Port of Grays Harbor website.

Another new feature on the AGP website provides directions to the corporate office in Omaha as well as area hotel information. Simply click on the "Contacts" button on the left side of the home page and follow the prompts.



AGP's international marketing team met at the Port of Grays Harbor in Aberdeen, Washington, in late April to view the progress of the new vessel loading facility which is scheduled to be operational by this fall. The team included employees from the corporate office in Omaha and AGP representatives from Pacific Rim countries. Discussing the capabilities and advantages of this new facility are (left to right), Shari Duensing, Export Documentation Coordinator; Pete Mishek, Manager of International Trade and Business Development; Fadjar Setiawan, Indonesia; Carolyn Levy, Australia; Dominic Vanzella, Australia; and Marie Marte, Philippines. Not pictured, Robert Bruenn, a representative of Singapore.

2003 Area Meeting Schedule

Monday, June 23

Chances R, York, Nebraska - 3:30 p.m.

Tuesday, June 24

Oaks Hotel & Convention Center,
Sioux Falls, SD - 3:30 p.m.

Wednesday, June 25

Mogies, Dawson, Minnesota - 9:45 a.m.
Kinbrae South, Sheldon, Iowa - 3:30 p.m.

Thursday, June 26

Holiday Inn, Mason City, Iowa - 10:00 a.m.
Fort Dodge Country Club, Fort Dodge, Iowa - 3:30 p.m.

*AGP members should have received an information packet about the Area Meetings. Please contact **Mike Maranell**, Senior Vice President, Corporate and Member Relations if you have questions: 800-247-1345, ext. 2279.

Ag Partners Helps Area Farmers Search For Oil

Editor's Note: Following is a reprint of an article published in the "Hiawatha Daily World", Hiawatha, Kansas.

There is oil all over northeast Kansas and southeast Nebraska and Ag Partners Co-op is paying a premium for it. Soybeans, one of the predominant crops raised by farmers in the area, contain oil. The more oil, the greater value to the producer and the cooperative system.

AGP, a regional cooperative headquartered in Omaha, and Ag Partners Co-op have teamed up to pay farmers a premium for soybeans that have a higher oil content. The research has been going on for the past few years and the focus has been on identifying soybean varieties that contain the highest amounts of oil and protein.

When these select varieties are processed, the higher protein yield is beneficial to the processor and saves them money. The savings are now being passed back through the cooperative system.

"This is one of the easiest, most farmer-friendly programs we've ever offered" said Dave Christiansen, President of Ag Partners Co-op. Christiansen went on to say, "This is the cooperative system at its finest; AGP benefits from higher oil and protein soybeans and our members are being rewarded for producing a product that meets those criteria."

"Over the past few years we have been successful in bringing cash premiums to our producers through identity-preserved programs," stated Bob Freese, grain division manager. "This is just another example of our continuing commitment to bring value to area producers."

The program is pretty simple. Ag Partner's CCA Certified Agronomist, together with AGP, has compiled a list of soybean varieties that perform best in the area. The agronomist works with



**Dave Christiansen
President
Ag Partners Co-op**

the farmer to develop a plan to determine how many acres of specific varieties will work on their farm and an acreage contract is written up.

At harvest, the producer can then keep the soybeans at home in farm storage to be delivered at a later date; deliver them to an Ag Partners Co-op location; or deliver them directly to AGP in St. Joseph, Missouri. For doing this, the producer is guaranteed a minimum of five cents per bushel and the premium, depending on oil and protein levels, can potentially go up to ten cents per bushel.

In a year with 40-50 bushel soybean yields, this can potentially bring a producer an extra \$5 dollars per acre. Bryce Brobst, agronomist and seed division coordinator for Ag Partners Co-op, said, "Our intent was to use varieties that have been proven to have excellent yields in our area so we don't sacrifice any yield while we maximize oil and protein content."

Christiansen said, "We have an excellent relationship with AGP, and by working with them to drive value down to the farm level, we are adding strength to the total system. Our Ag Partners members have more than \$2 million invested in AGP, and programs of this kind that put money into area farmers' pockets only serve to strengthen that alliance."

COMMODITY COMMENTS

by Daryl Dahl

The May USDA Supply - Demand Report had no real surprises for traders. They were expecting the USDA analysts to tighten the already tight soybean carryout number by 10 to 25 million bushels. The actual carryout number was reduced 10 million bushels by increasing exports 15 million bushels and reducing crush by 5 million bushels, leaving a carryout number of 135 million bushels.

Some of the traders' attention has been shifted to the planting season. Farmers started out in April with very good planting progress, but have been bogged down by frequent rains during the month of May. Soybean planting through Sunday, May 18th was 25 percent compared to a 5-year average of 44 percent planted. It is the slowest planting progress in 6 years. However, it is not late enough to be a real problem yet. After last year's drought problems, it's good to have the rains replenish the soil profiles.

The soybean market has been making new contract high prices during the month of May. The funds have been buying the soy complex for the past few months. That has kept the market from making new lows even while South America harvests a record soybean crop.

The dollar has been weakening against their currencies, which has made the South American farmers soybeans worth less while the Chicago Board of Trade prices were working higher. South American farmers sold a large portion of their new crop last October and November when their currencies were very weak. They have been making windfall profits for the last year, because their soybeans are sold into the export market and they have been paid in the strong dollar.

The lack of cash selling has allowed
(continued on page 8)

POLITICAL POD

by John Campbell



AGP and our biodiesel friends prevailed in our efforts with USDA. We appreciate all those who helped by sending comments to USDA. Adding to our pleasure is the tremendous response of farmers and their AGP - Member fuel suppliers. Soydiesel coverage in the Midwest farm market has blossomed the last couple of years. After 10 years of struggle in this market, it is very rewarding to see such widespread acceptance - especially by farmers.

I recently had the opportunity to visit customers in New York City and to walk a lubricants trade show. It was amazing to see all the vegetable oil based offerings. These new products

"Commodity Comments" (continued from page 7)

the soybean market to work higher during the last month. U.S. farmers have been reluctant sellers the entire crop year, so they haven't pressured the futures market either. The extremely tight carryout number should keep prices strong until the market is sure of a new crop of soybeans to harvest next fall. Any weather problem would cause a quick upward price reaction from soybean traders. This will cause the soybean market to be more volatile than normal during this year's growing season.

are further evidence that there is more potential for renewable resources in everything from chain saw oil to hydraulic fluids.

While in New York, I took the opportunity to visit "ground zero". I did not know what to expect other than the horrific images from 9/11. There has been a lot of news since then about selection of a new building design for the space. Jogging toward lower Manhattan, I kept wondering when I would run into the site. Finally, I came upon what looked like the largest urban construction site I have ever seen. Looking for burned out buildings, wreck and ruin was virtually fruitless. The surrounding area is open for business. Glass-fronted hotels are open, Burger King was doing a little patch up, and a couple of buildings were still shrouded. The only sign of disaster was the lone steel beam memorial cross. The cross was draped with a weather-beaten firefighters' coat.

Otherwise, what you see are thousands of men in hardhats, dozens of mobile food caterers, hundreds of concrete and supply trucks and a hole so deep and so big that it looks like some sort of open-face coal mine in Wyoming.

After walking around the outside of the site for about 45 minutes, I was left with the thought that countries are about what we build. It seems that America is driven to build - sometimes without regard to other issues. We are good at building. New York City is building. Yes, New Yorkers remember and yes, they still have hard economic times but they are busy fixing, remodeling, and rising out of ground. I left the City with a renewed sense that we really do live in an amazing country.

Now for something more disturbing. Spring rains were an answer to our prayers. One more year of drought and the social landscape of many states would change dramatically. The rains came persistently and in some cases

AGP Participates in NCFC Expo on Capitol Hill

AGP will be on display with other agricultural cooperatives during the Farmer Cooperative Lunch Reception and Expo on Capitol Hill. The event, which is sponsored by the National Council of Farmer Cooperatives (NCFC), aims to raise the profile of farmer cooperatives among the nation's congressional leaders.

AGP's logo, company description and contact information are included in the Expo, along with other NCFC members. The event is scheduled for June 12, 2003.

severely. We have not had rains like that for a few years.

As welcome as they were, they also exposed the soft underbelly of agriculture. Soil, herbicides, insecticides and fertilizers washed out of unprotected fields at a sickening pace. Ugly gouges opened up in fields to the depth of the tools that worked it. Washouts were evident everywhere.

Yet, some fields did not wash at all. No-till cornfields held firm. No-till soybean ground ran but not as bad as the ground that had been worked. Those few fields with grass waterways and turnrows caught most of the sediment and chemicals that wanted to run to the creeks and rivers.

I am baffled as to why we put up with this kind of erosion. The benefits of no-till have been known for 20 years. We have known for 50 years the importance of grass waterways, terraces and the like. In the 1985 Farm bill - almost 20 years ago - we mandated management plans for highly erodible farm ground.

Riding in the jump seat with a no-till neighbor friend while he planted
(continued on page 9)

SoyGold Featured on “The Naturally Soy Show”

“Political Pod”
(continued from page 8)

24 rows behind 250 horsepower, I asked why other farmers insisted on using field cultivators and disks. He gave a four-part answer: generational, agronomic, financial and cultural. In one sentence it went something like this: “The older generation can’t figure out that by spending \$200/row on their planter they can get good seed to soil contact and that saving moisture and soil is more important than having neat fields.”

I know that sounds harsh and is not a complete picture of a long conversation. My own observations are that young farmers happily stir up the dust in the spring and fall at about the same rate as older farmers. Younger farmers just do it on more acres with larger equipment.

I wonder how much of it really has to do with spring fever, cows and sows. If every farmer had to look after 50 cows and 100 sows, would there be enough time to get over all the ground two or three times? Thirty years ago, most producers did have cows and sows to look after and they still did multiple tillage operations but not on as many acres. I may be all wet, but I know myself that need to get out and do something in those months when the ground is not frozen.

Now it is your turn. It would be very enlightening to hear from readers on this conservation topic. Why do we see such a wide variety of tillage practices on the same type of ground and why do we put up with continued top soil erosion and water pollution?

In the next issue I will summarize the responses (but leave out the cuss words). Don’t worry, your name will be protected. Please e-mail me at jcampbell@agp.com or write to me at PO Box 2047, Omaha, NE 68103.



Blake Hendrix, Vice President, Technology - Marketing and Applications, displays soy methyl ester samples to Diane Cook, Producer of “The Naturally Soy Show” prior to taping a segment on soy biodiesel. Hendrix and John Campbell (background), Vice President, Government Relations and Industrial Products, were filmed at AGP’s methyl ester plant in Sergeant Bluff, Iowa for the show which aired on RFD-TV.

Educators, Students Visit AGP

Recent visitors to AGP included ag marketing students at Iowa Western Community College (IWCC), Council Bluffs, Iowa, and agricultural representatives from Iowa State University, Ames, Iowa.

The IWCC students were introduced to AGP by the Corporate and Member Relations Department prior to a session on commodity hedging by Daryl Dahl, Vice President, Hedging. Greg Twist, Director of Marketing, and Glen Heitritter, Director of International Marketing, were also on the program.

Ron Deiter, Professor of Ag Economics and Mike Gaul, Director of Ag Career Services at Iowa State, received an update on AGP from Mike Maranell, Senior Vice President, Corporate and Member Relations. They also learned about human resource needs from Jim Seiler, HR Director.

Ethanol Use Improves Air Quality

According to the latest figures from Argonne National Laboratory, the use of ethanol-blended fuels reduced CO₂ equivalent greenhouse gas emissions by approximately 4.3 million tons in the U.S. during 2002, up from 3.6 million tons in 2001. This reduction is equivalent to removing the annual greenhouse gas emissions of more than 636,000 cars from the roads.

The laboratory has determined that for every gallon of gasoline replaced by ethanol, greenhouse gases are reduced by 30 percent. This reduction is due, in part, to the “carbon cycle”, whereby much of the carbon dioxide released when ethanol-blended fuels are used is reabsorbed by biomass plants, like corn, during growth. These biomass plants provide the feedstocks for ethanol production.

CONVERSATIONS WITH



Dennis Flemming
*La Bolt Farmers
Grain Company
La Bolt,
South Dakota*

The 2003 crop is off to a good start for farmers in the La Bolt, South Dakota area. In between slow, soaking rains that occurred during Easter and early May, producers completed corn planting and were about 25 percent done on soybeans. "The wheat crop is looking good and corn is beginning to emerge," reported Dennis Flemming, General Manager at La Bolt Farmers Grain Company. "There's a long way to go before it's in the bin but we're optimistic about this year's crop." Producers in Northeast South Dakota have turned to a crop rotation of Roundup Ready soybeans and conventional corn, with spring wheat thrown in the mix every third or fourth year. Buckwheat is also planted to serve a niche market in Japan, but acreage has decreased recently for this crop under a sluggish Japanese economy.

Grain, agronomy and feed comprise the business units of La Bolt Farmers Grain Company, which has grown to include locations in Waubay, Waverly and South Shore, as well as a feed store in Watertown, South Dakota. Dennis has 26 years of experience in the grain business including nine years at La Bolt from 1980 to 1989 before he became co-owner of the South Shore grain operation. When the cooperative acquired South Shore in 2001, Dennis returned to La Bolt as General Manager. "It has worked out well," said Dennis.

Grain volume has grown steadily to approximately 4 million bushels annually. Corn is utilized in local feed production or sold to nearby ethanol plants, with soybeans marketed to AGP's processing plant in Dawson, Minnesota. AGP's Component Premium Program is one tool the cooperative uses to compete in the grain business. Dennis is working with AGP to explore opportunities to possibly expand the list of approved seed varieties for the contracted acreage program.

Feed and agronomy have also contributed to solid earnings during Fiscal 2002 and the current year. The company recently discontinued handling anhydrous ammonia and is focusing the business on dry fertilizer, chemicals and custom application.

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George Hohwieler
*Aurora
Cooperative
Elevator Co.
Aurora, Nebraska*

George Hohwieler, a South Dakota State University graduate and 18-year veteran of the seed industry, brought his skills and experience to Aurora, Nebraska this past January to manage one of Nebraska's largest cooperatives, Aurora Cooperative Elevator Company. "I am truly excited about the opportunity to serve at Aurora," said George, who earned an MBA from the University of Nebraska in 1994. His background includes positions in seed marketing and management, including the past 11 years managing the Syngenta production plant at Phillips, Nebraska.

The company that George and his team of 240 employees operate today looks much different than it did when it was formed 95 years ago. Aurora Cooperative Elevator Company has grown to 26 locations in Nebraska and one in Kansas (Republic), with a trade territory encompassing roughly 110 miles north to south and 65 miles east to west. Annual sales are on track to exceed \$200 million. Grain is the largest business segment, followed by ag retail (feed and agronomy). Petroleum, convenience stores, tire centers, financing, and crop insurance round out the company's products and services.

George noted that while a "phenomenal" wheat crop is on the horizon, corn and soybean plantings are uneven. Farmers in the southern section of the trade area are making good progress but much-needed spring rains are causing northern producers to fall behind schedule. With a short window to get corn in, more soybeans may be planted this spring. Farmers in this area generally follow a 2/3 corn, 1/3 soybean type rotation, as George said government programs are predicated more to U.S. corn growers than the soybean side. "AGP has created an excellent market for soybeans with the plant in Hastings, and producers are aware of how this crop helps them be better stewards of the land, so soybeans will continue to be important to our members," said George.

AGP's Approved Variety Program is also causing the members of Aurora Cooperative Elevator Co. to take a look at

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MANAGERS



Rob Jacobs
*Cooperative
Elevator
Association
Ocheyedan,
Iowa*

Although Rob Jacobs has only been on the job as General Manager at Cooperative Elevator Association, Ocheyedan, Iowa since late March of this year, it's not exactly unfamiliar territory. Rob, who has served as Marketing Manager at Ocheyedan for the past two years, grew up on the family farm 7 miles from the cooperative where his father served on the Board of Directors for 18 years. "I look forward to working with the employee team, the Board, and members to help our cooperative succeed," said Rob, who has several years of management experience in grain, feed and LP (liquid propane) with Golden Sun Feeds, Hunting Elevator, Terra and Agro Distribution.

A good crop in 2003 would certainly help prospects for a successful year. After two years of production shortfalls - extremely dry weather last year and severe hail damage in 2001 - farmers are cautiously optimistic for this year. "Producers are having a good spring, with corn planting complete (early May) and a good start on the soybeans," said Rob. "The ground is in great shape and when we catch some heat, this crop should really get going."

Grain, agronomy and feed provide an even balance of the cooperative's annual sales which exceeded \$40 million last year. Revenue from a growing lumberyard business also contributed to earnings. In addition to the main office in Ocheyedan, branch locations are at Hartley and Sibley, Iowa.

The cooperative has a 75-car load-out at Ocheyedan, but securing competitive freight rates on the short line railroad that serves the facility is a challenge. Cooperative Elevator Association continues to be pro-active in value-added livestock and poultry production, such as assisting in the development of local swine and dairy operations. This has resulted in a thriving feed business which utilizes about 2/3 of the company's annual corn handle of between 6 and 7 million bushels. Excess corn is marketed to a neighboring cooperative shuttle loader, and a new ethanol plant in the area offers a potential

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Cooperative News

Management

* **Dale Locken** is CEO of South Dakota Wheat Growers Association, Aberdeen, South Dakota. A native of Bath, South Dakota, Dale served as U.S. Director of Sales for BASF based in Raleigh, North Carolina, prior to joining the Wheat Growers last December.

* **Jerry McCarty** is General Manager of Round Lake Farmers Cooperative, Round Lake, Minnesota. Jerry, who previously managed Larchwood Farmers Cooperative Elevator, Larchwood, Iowa, replaces **Court Baumgard**, who retired from Round Lake in January.

Mergers/Acquisitions

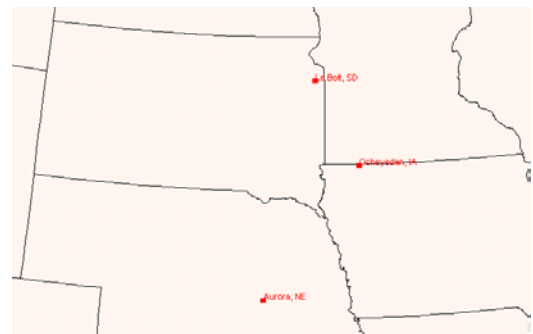
* Farmers Union Co-operative Company, Blue Springs, Nebraska, merged with Farmers Cooperative, Dorchester, Nebraska, on January 1, 2003. **Ron Velder** is the General Manager at Farmers Cooperative.

* Farmers Cooperative Exchange, Rock Rapids, Iowa, merged with Farmers Elevator Company, Rock Valley, Iowa, on January 1, 2003. **Zom Zomermaand** is the General Manager of Farmers Elevator Company.

* The members of Tri-Valley Cooperative, St. Edward, Nebraska, and Agland Cooperative, Oakland, Nebraska, voted to merge their cooperatives with Central Farmers Cooperative, O'Neill, Nebraska, effective September 1, 2003. **Doug Derscheid**, General Manager of Central Farmers Cooperative, will serve in that capacity of the merged company.

* Hills-Beaver Creek Cooperative, Hills, Minnesota, merged with New Vision Cooperative, Worthington, Minnesota, on March 1, 2003. **Frank McDowell** is the General Manager of New Vision Cooperative.

Manager Call Locations



"Dennis Flemming"
(continued from page 10)

Although La Bolt Farmers Grain Company does not market petroleum, it does use SoyGold® soy biodiesel purchased from a distributor in Watertown for its diesel-powered equipment. "We have been impressed with the performance of soydiesel, and the product is a great opportunity for agriculture to help itself and the environment," said Dennis.

La Bolt Farmers Grain Company enjoys working with the staff at Dawson. "The facility improvements are also appreciated," he added.

"George Hohwieler"
(continued from page 10)

increasing their soybean acreage. "I think programs of this type are the future of IP (Identity Preserved)," said George. "What we've learned from our past experience with biotechnology is that if at all possible, we want to be involved with an IP product that won't ruin the big pile if it would happen to get into the mainstream. This program that Aurora Cooperative and AGP are doing together makes a lot of sense, creating a value-added crop for producers that ends up in the big pile at the processing plant."

"Rob Jacobs"
(continued from page 11)

new outlet. The bulk of the soybeans are sold to AGP's processing plant in Sheldon, Iowa, which also serves as the primarily soybean meal supplier to Ocheyedon. "The facility upgrades at Sheldon are great improvements for members," said Rob. "We particularly appreciate the faster unloading time."

He also commended AGP for innovations such as the Component Premium Program. "Developing programs like this enhances the value of the cooperative system," said Rob.

AGP Wishes You a Great Summer!