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From the Manager

Thank goodness for diversifiation

Last fiscal year began looking grim. Thankfully, it turned better.

Your cooperative had income of \$663,915 on sales of \$80,355,911. If grain drying receipts had equaled

By
Scott Dubbelde



the previous year's, earnings would have been more than the previous year. But that's expense you kept in your pocket.

The quality of corn at the start of 2003 wasn't quite up to par. Too much FM. There was no carry in the market, either. Thank goodness for diversification.

Feed and seed sales were excellent, helping to stem the financial tide that was going against us. The hardware store had a re-building year with the expansion. The second half of 2003 went smoother, even with the reduced drying revenue. We ended up with a decent financial year.

We paid you, our patrons, \$218,065 in cash dividends.

A complete financial statement is available at any of our locations, in case you couldn't attend the Annual Meeting. Many of you did attend. We served 850 meals at the new high school in Cottonwood, which gave us plenty of space.

There are a couple of items in the

SCOTT - CONTINUED ON BACK PAGE



2004-05 board of directors

Paul Kvistad (back row, right) was newly elected to the FCE board of directors at the Annual Meeting. Dan Stevens and Mark Vandelanotte were re-elected. The new board includes (back row, from left): Wes Cole, Secretary; Gerald Peterson, Vice-President; Wayne Louwagie, President; Dennis Heggseth; and Paul Kvisad. (Front row, from left): Dan Stevens; Mark Vandelanotte; Stan Knutson; and Paul Enstad.

Don't wait for the cradle to fall

When the bough breaks, the cradle will fall.

This old nursery rhyme has more merit than you can believe right now. Prices are high and are not showing any sign of a sharp drop anytime soon. Like the weary branch holding the cradle, the bulls will eventually tire and no longer support the market.

When that happens, the price of commodities will drop like the proverbial baby in the cradle.

We were fortunate to have a very experienced trader to be our host on our trip to Chicago. He knows commodities. He knows trading. Most importantly, he knows the people who trade commodities. He is a veteran of more than 25 years on the floor of the Chicago Board of Trade.

By
Bill Doyscher
Risk
Manager



When he was asked, "Where is the top on the market?," he thought that there would not be a top in the market until we knew the true size of the South American bean crop. When pressed for a time frame, he answered, quite truthfully, that he did not know. It was not because he did not want to tell us. It was because he really didn't know.

My point is that if you think you can catch the top it's most likely going to be by pure luck. If a trader of 25 years, who has his finger

BILL - CONTINUED ON PAGE 3

Soymeal storage expanded at mill

By
Gary Ellington
Feed
Department
Manager



450 tons of soy storage at the east side of the mill in Cottonwood, complete with an unloading pit. This will boost our storage to three days. This will keep us milling and hauling for better efficiencies.

The addition will more than pay for itself in a very short time.

Completion is expected by July 1. In the meantime, give us adequate time to get your soymeal to you. If we all work together, deliveries in a timely manner will go smoothly.

BERK EXPANSION

About a year and a half ago, the Berkshire team opened a domestic market in conjunction with the overseas market.

This past year the domestic market has grown from zip to 100 hogs a week. The goal is 200 hogs a week by year end.

This has opened up more demand for the Berkshire product. It has opened up a need for customers to farrow more Berk sows. If you are interested, call us at the feed mill.

The John Morrell contract has grown to 120,000 hogs annually. We have reached an agreement to



Years of service awards

Three employees were recognized for years of service at FCE at the Annual Meeting. They include Jeff Aker (left), 10 years; Rob Sorbel (center), 30 years; and Tom Huso, 10 years.

THE LATER YOU plant, the less stand you can expect to mature. In the past, we've had some re-planted corn in our area due to weather conditions. This chart gives an estimate of yield reduction due to late planting corn in our area.

Established Stand	PLANTING DATE			
	April 20-	May 5	May 20	June 1
26 - 30,000	100%	91%	81%	67%
22,000	96%	86%	78%	64%
18,000	91%	82%	74%	61%
14,000	80%	72%	65%	54%
10,000	65%	59%	53%	44%

expand this market, too.

EXPANDED TERRITORY

We purchased the feed business in Elkton, S.D., from Joan Hegerfeld last year and opened operations in January. We rent a shed for bags and are open from 8 a.m. to noon, Monday through Friday.

The purchase has been a very good investment. We have paid for nearly a third of the purchase price since opening and business continues to grow, thanks to the support of patrons in that area.

It also solidified the existing southwest portion of our territory.

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Scholarship winners

Mike Boerboom, son of Greg and Paula Boerboom of Marshall, and Laura Oftedahl, daughter of Tom and Julie Oftedahl of Hanley Falls, were awarded Kathy Willson Memorial Scholarships at the Annual Meeting. The two \$250 scholarships are awarded annually to graduating seniors going on to schools for agribusiness, agriculture, accounting or other related careers. Applications and guidelines are available at any FCE locations or on-line at www.farmerscoopelevator.com.

BILL - CONTINUED FROM PAGE 1

directly on the pulse of the market, doesn't know, I doubt if anyone else does either.

Our trip to Chicago was a fast one, but also very much worth the time spent. The highlight for many of us was to be on the floor at the open. The room goes from organized conversation and business to a volume-packed, free-for-all.

It is incredible that traders manage to see, hear and trade with someone who is sometimes 20 feet away. Yet, the system works, and continues to be the standard for all the marketplaces in the world.

We hope to have another trip next year, and I would recommend it to anyone.

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It's not so much how busy you are, but why you are busy. The bee is praised. The mosquito is swatted.

Veteran employee retires from hardware

By CAROL KOMPILIEN

The hardware store is getting ready for spring.

We'll have more landscape products available this year. We had Anchor B3lock last year and this year we'll be adding mulch, cedar chips and

peat.

As I announced at the Annual Meeting, Glenn Gniffke, my right-hand man, will be retiring this month. We wish him well and hope he enjoys his retirement fully.

Glenn has assured me he'll be

available to help with Walker Mower questions. Glenn has been with us since the beginning — 11 years this month. We will miss him.

We wish everyone a safe planting season. Think of us for your roller chain, bearings and hydraulic needs.

HARDWARE HANK'S APRIL SPECIALS

**3M Filtre
Furnace Filters \$8.97**

**Solar Fence
Post Light \$18.88**

**Solar
Lantern Light \$16.88**

**Solar
Carriage Light \$16.88**

**Hanging
Solar Light \$9.88**

**Scott's GrubeX
(5,000 Sq.Ft.) \$18.88**

**Wells Lamont
Grain Cowhide
Unlined Gloves
(XL, LG, MED) \$6.44**

**Garden Bow Rake
(RD, PT, Shovel or Hoe) \$6.44**

Not only is America's food supply the world's safest, it's also the most affordable. Americans work only 36 days to pay for their annual food supply. The percentage of dis-

posable personal income spent for food in the U.S. has declined over the last 30 years. Trends indicate Americans are buying more expensive convenience food items for prepa-

ration at home, as well as more food away from home.

Hot Pacific market won't last forever

The Pacific Northwest market remains the hot spot in marketing. We are fortunate to be loading 110-car shuttles on the Burlington Northern, too.

By
John Brandts
Grain
Merchandiser



It's fun to be offering our patrons a good grain bid and excellent service at the same time.

A weak dollar is making U.S. grain more competitive in the world market. China is reducing corn exports, allowing the West Coast market to capture some of China's traditional customers on the Pacific Rim.

China will also import more soybeans, some of which will come off the West Coast. The ocean freight spread favors this market, too. Any foreign country importing U.S. grain will find the cheapest grain off the West Coast.

What makes this market work so well for your local cooperative is the shuttle program. It allows us to access this market with the cheaper freight cost by moving trains in shuttle quantities. Being on the Burlington Northern gives us car availability.

Some major rail lines are struggling to provide cars to local elevators. On the Burlington Northern, car availability is not a problem.

Some shippers on other lines are as much as six months behind in receiving cars to move grain.

We will be loading a shuttle per week from now through August. We are in the position to handle your grain needs and look forward to providing you with the best service possible.

But just remember how fast things can change. We can not get complacent.

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Retired

Jim Hoepner retired from the board of directors at the Annual Meeting. Jim represented the Echo area, serving a total of 15 years on the board, two terms as President. He was presented with a gold watch at the Annual Meeting in appreciation of his valued service.



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statement I will mention.

A Small Business Administration loan is listed under our liabilities. This is a 20-year loan with an interest rate of 4 percent. This was part of the Granite Falls tornado package that we completed in 2003.

Another new item is the non-qualified distribution on the Profit and Loss Statement. This is from the Land O'Lakes vitamin settlements. Cottownwood and Hanley Falls have received these before from Harvest States.

We've never taken them as income nor listed them before. We don't see much value in them in the near future since the regional cooperatives will retire qualified equities first.

The bottom line is that we have a financially-sound cooperative with an excellent future. Your support has made the difference.

Your board of directors and management team will continue to look for new ways to do what we're doing today even better, continue to look for new efficiencies and continue to look at new ventures that will have a high probability of success.

These favorable rates will not always be the case. We need to hit every market possible, whether it be by truck, main line rail or short line rail. That's why we feel strongly about our involvement with the Granite Falls Ethanol Plant.

This project creates another market for local usage of your corn. The plant will save money on corn supply. We have more than nine million bushels of licensed storage capacity that will allow the ethanol plant to source its corn economically year round.

It appears everything is lining up for the plant to be launched with a groundbreaking in early May.

Changing landscape

A new face is emerging in Iowa landownership, and she's not your typical farmer.

Nearly half of Iowa's farmland is owned by women, according to a 2002 study by Iowa State University Extension.

To be precise, women own 47 percent.

There are two distinct groups representing most female landowners.

One is typically an older, over-65 women who has outlived her producer-husband and retained ownership of the farmland. The other category is an off-land farm owner, ranging in any age group.

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