	<b>Farmers Cooperative Elevator Co.</b>	HANLEY FALLS ■ MONTEVIDEO ■ COTTONWOOD TAUNTON ■ ELKTON GRANITE FALLS ■ ECHO ■ MINNESOTA FALLS	<b>FARMERS COOPERATIVE ELEVATOR CO.</b>	<b>Hanley Falls:</b> 507-768-3448 800-626-2510 <b>South Elevator:</b> 507-768-3602 <b>Uptown Elevator:</b> 507-768-3484 <b>Cottonwood:</b> 507-423-5412 <b>Feed Mill:</b> 507-423-6235 800-423-6230 <b>Elevator:</b> 507-423-6489 <b>Hardware Store:</b> 507-423-6231	<b>Echo:</b> 507-925-4126 <b>Ghent:</b> 507-428-3255 <b>Granite Falls:</b> 320-564-3834 <b>Minneota:</b> 507-872-6134 <b>Minnesota Falls:</b> 320-564-3835 320-765-4100 <b>Montevideo:</b> 320-269-6531 <b>Taunton:</b> 507-872-6161
	P.O. BOX 59, Hanley Falls, MN 56245 P.O. BOX 108, Cottonwood, MN 56229  E-Mail: <a href="mailto:fce@mvtvwireless.com">fce@mvtvwireless.com</a> Web Site: <a href="http://www.farmerscoopelevator.com">www.farmerscoopelevator.com</a>		April, 2007		

## From the Manager Changing times take teamwork

Time really flies by when you're busy and having fun.

When I joined FCE 15 years ago, each cooperative was a single location. The shifting economic winds over that decade and a half demanded that cooperatives bond



By  
Scott Dubbelde

together to protect their financial strength.

Today, we have nine locations.

Our communities have seen tremendous changes in the way we do business in agriculture over those 15 years. These changes have come quickly.

Ethanol may have been a dream on someone's mind 15 years ago, but it certainly wasn't the commonplace word it is today. Forward contracting and basis were

SCOTT - CONTINUED ON PAGE 4



## 2007-08 Board of Directors

Mark Vandelanotte, Paul Kvistad and Dan Stevens were re-elected to the FCE Board of Directors at the Annual Meeting. The 2007-08 board includes, from left, seated: Paul Kvistad, Dennis Heggseth, Mark Vandelanotte (president) and Dan Stevens. Standing, from left: Gerry Peterson, Stan Knutson (vice-president), Steve Doom, Paul Enstad and Wes Cole (secretary/treasurer). There were about 900 Belgian waffle meals served at the Annual Meeting.

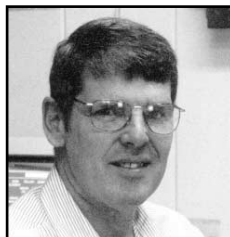
## 4-million-bushel storage shed set at Hanley Falls

With the anticipated increase in grain volumes next harvest, and the increase we experienced this year, the board of directors have approved construction of a new grain storage shed at Hanley Falls.

It will be located south of the office, across the road from the silos. It will be 300 feet wide, 450 feet long and will hold approximately four million bushels of corn. It will cost about \$7 million.

This storage is needed. The old bunkers are in bad condition and were designed for temporary storage only. We see more corn acres being planted this year and trend line yields are climbing.

By  
John Brandts  
Grain  
Merchandiser



This past year, we handled nearly 30.6 million bushels of corn, just more than 6.7 million bushels of soybeans and 311,000 bushels of wheat. Each of these grain volumes had considerable increases over the previous year.

Corn bushels were up 8.8 million bushels, soybeans up 596,000 bushels and wheat up 55,000 bushels. We piled some 2.5 million bushels of corn outside to get us through harvest - and this doesn't include the 2.2 million bushels we had under tarp in Minnesota Falls.

Open piles can cost money in lost grain, particularly when the weather doesn't cooperate.

The new grain dryer at Hanley Falls has increased our drying capacity to 18,000 bushels an hour.

John - CONTINUED ON PAGE 2

## Scholarship winner

Tony Klosterboer, with his parents Rick and Tina Klosterboer of Montevideo, attended the Annual Meeting to accept his \$250 Kathy Willson Memorial Scholarship. Jarret Berg, son of Ken and Barb Berg of Clarkfield, was the other scholarship winner. Jarret was unable to attend the Annual Meeting. These two scholarships will be awarded annually to graduating seniors going on to school for Agri-business, Agriculture, Accounting or other related careers. Applications and guidelines are available at any FCE location or on the FCE Web site [www.farmer-scopelevator.com](http://www.farmer-scopelevator.com)



John - CONTINUED FROM PAGE 1

The new shed will be designed so that transfer trucks of corn can be dumped directly into it. This will keep these trucks out of the farmer lines in the fall.

On the marketing side of the grain equation, it appears to us that basis for both corn and beans will remain in a rut for quite some time. While we may see some improvement on cash grain in the next 30 to 60 days, the overall outlook for any improvement in basis in long-term corn and beans doesn't look promising.

It will likely get worse.



There are more churches than casinos in Las Vegas. Not surprisingly, many churches receive a large number of casino chips in their collection plates. Churches have joined together and sent the chips to a local monastery to be sorted, and then cashed. Of course, the sorting is done by chip monks.

FARMERS COOPERATIVE - PAGE 2

## HARDWARE HANK'S APRIL SPECIALS

### H.J.

Zoom organic fertilizer	<b>\$7.88</b>
Zoom organic fertilizer 8 pounds	<b>\$6.88</b>
Bone meal, 3.5 pounds	<b>\$3.97</b>
Blood meal, 3 pounds	<b>\$4.97</b>

### GRASS SEED

Quick Green, 4 pounds	<b>\$5.97</b>
Sun & Play, 4 pounds	<b>\$6.97</b>
Supreme Mix, 4 pounds	<b>\$7.97</b>

### TAPE

Long mask tape 1 inch by 60 yards	<b>\$2.99</b>
3M duct tape, transparent 1.88 by 20 yards,	<b>\$3.99</b>
3M duct tape 2 inches by 60 yards	<b>\$3.99</b>

### AMES

Garden shovel, bow rake, hoe	<b>\$9.97</b>
Poly rake with foam grip, 30 inches	<b>\$7.77</b>
Hand held spreader	<b>\$7.97</b>

### SIMER

1/3 horsepower submersible sump pump	<b>\$64.88</b>
1/4 horsepower submersible sump pump	<b>\$54.88</b>

Sump pump hose 1 1/4 inches	<b>\$6.79</b>
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### ROLLER COVERS

3 piece Heavy duty roller frame	<b>\$9.97</b>
	<b>\$1.97</b>

### WELLS LAMONT

Pigskin gloves	<b>\$7.77</b>
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### HUDSON

1 gallon sprayer with Asian Beetle Spray	<b>\$16.97</b>
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## Grain markets have been kind

Over the past few months, grain markets have been kind to us.

Since the Sept. 12 crop report, corn has gained about \$1.75/bushel and

By  
Bill Doyscher  
Risk  
Manager  
Coordinator



beans have gained about \$2.05/bushel. With good yields last year, we expect our producers to have good revenue this year.

Of course the big questions we always get are about grain priced early last year at lower prices than we currently have. While those sales were made under the assumptions of a normal crop and at lower levels, most if not all of those sales could add value by picking up carries or basis improvement in the market.

Most everyone had only priced less than 50 percent of their production. This allowed new sales and the carry and basis to add value to those early sales. Coupled with cash and forward sales, most producers have at least 75 percent sold.

Radical markets lie ahead of us, and my mantra of late has been "keep your last 10 percent for the summer," Remember, we are IN the business to stay in the business. This basic philosophy still prevails.

Weather will play a huge roll in the coming months. Remember, a warm, dry spring will mean more corn acres than expected.

Members of the risk management group have done well this year, even with some early sales. By maintaining the flexibility to carry hedges forward and making new sales, we expect good results. New crop sales are also at a good pace.

We may soon be shipping soybeans out of Montevideo in containers. This is the first step in a long process for your coop to try to locate new markets and new products for our members. We continue to find the best markets for all your grain. We will keep you posted on future developments.

\*\*\*This information is taken from sources which we believe are reliable, but is not guaranteed. This info is sent to you for information purposes only. There is a risk of loss when trading commodity futures & options, and is not suitable for everyone \*\*\*



## Employees recognized

The strength of FCE is its dedicated employees. Four were recognized for the years of service at the Annual Meeting. They were, from left: Wayne Johnson, Cottonwood location, 10 years; Judy VanMaldeghem, Cottonwood location, 15 years; Bill Doyscher, Hanley Falls location, 20 years; and Ray Martin, Minnesota Falls, 20 years.

## Automation improves feed accuracy

Computers have taken over a lot of chores at the feed mill.

We became automated last year, installing a new WEM automated batch system and Abel micro ingredient bins.

The WEM system is a computer program that replaces the manual process of manufacturing feed. The Abel micro bins are 32 bins for smaller inclusion ingredients.

When the two systems converged, your feed mill had the capability to manufacture feed more accurately and efficiently. Since the implementation of these two systems, we've seen our efficiencies improve on a weekly basis.

But computers are only as good as the people who operate them. Our feed team has responded to the challenge of learning the systems and assuring that the products we manufacture for you are the best for your operation.

Our diligence and attention to detail are key ingredients for expanding our customer base.

Customer service and efficiency to meet your needs is what we strive to improve each year. We have purchased two new feed semi trailers and two used feed semi tractors that will go into service in the next month or so.

We make it our top priority to research and improve our livestock programs, feed manufacturing and delivery

By  
Gene  
Goldenstein  
Feed  
Department  
Manager



methods to better satisfy you.

Our swine and beef customer base has grown through expanding products to existing patrons and gaining interest from new customers.

The Berkshire program continues to grow from 34 members with 3,500 sows in 2005 to 42 members with 5,600 sows in 2006.

Since the North America Berkshire Association was developed by FCE in 2006, it has issued 6,500 pedigrees for the animals that it registered. This has added value and reassurance to future producers of pure Berkshire hogs.

The Consolidated marketing contract has offered several different options for hog producers to John Morrell, as well as numerous beef and dairy programs for beef and dairy producers.

Last year, we manufactured and delivered more than 100,000 tons of feed, a record volume.

We appreciate your business and will continue to work to earn it.

minor points of discussion.

The business of agriculture has become more sophisticated.

Your cooperative has kept up with the times and adjusted to these rapid changes.

My family and I truly appreciate the recognition of our 15 years at the Annual Meeting. But, in truth, one person couldn't possibly have made these adjustments by themselves.

It took a team of forward-looking directors and hard working, highly qualified, caring employees willing to learn new procedures to accomplish this type of transition.

FCE has 52 full time employees, including myself, and several part time employees who are responsible for the \$121,562,291 in sales last year. Because of their combined efficiencies in handling your business, we had savings last year of \$1,851,807 before taxes; \$1,577,267 after taxes.

Our farmer/patrons received about \$593,000 in dividend checks from those



**General Manager Scott Dubbelde was recognized for 15 years of service at FCE's Annual Meeting.**

## Bean exports

The U.S. recorded another billion bushels of soy exports during the 2006 marketing year. Soybean exports reached more than 937 million bushels and soybean meal exports totaled more than 293 million soybean bushel equivalents. In total, more than 1.2 billion bushels were exported with an approximate value of more than \$8 billion.

savings. Since 1998, you have received \$5.4 million in cash paid to shareholders.

Another \$314,000 was paid this year in equity retirements. This year, four qualifying patrons will be paid more than \$20,000 each for equity retirement.

These payments are indicators of a financially healthy cooperative.

They also emphasize the advantage of doing business with your local cooperative. Sure, we've gotten larger over the past 15 years, but we still are your local cooperative, with local people who are

highly motivated in making your business successful.

This year, 2007, marks the 95th anniversary of the founding cooperatives, which are the roots of FCE. We exist for your benefit.

Without customers, we have no business; no FCE.

Thank you for your support. All of us will continue to anticipate and respond to the rapidly changing economic world - and earn your business.

## Local road weight limits and information

Sgt. Ron Madison of the Minnesota State Patrol has the latest information on load limits on area roads and highways. He is located at Cottonwood and has expressed his willingness to answer any questions you may have on weight limits and regulations.

Sgt. Madison can be contacted by phone at 507-829-5068 or by e-mail at ron.madison@state.mn.us.

If there are any significant changes, FCE will sponsor a public information meeting lead by Sgt. Madison.

## Farmers Cooperative Elevator Company

P.O. Box 59

Hanley Falls, MN 56245

Presorted Standard  
U.S. POSTAGE  
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