

HANLEY FALLS ■ MONTEVIDEO ■ COTTONWOOD ■
Farmers Cooperative Elevator Co.
 ■ GRANITE FALLS ■ ECHO ■ MINNESOTA FALLS ■

FARMERS COOPERATIVE ELEVATOR CO.

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February, 2007

From the Manager Many good reasons to attend Annual Meeting

We hope that you can attend this year's Annual Meeting at the Lakeview School in Cottonwood on March 16. We've heard from



By Scott Dubbelde

several industry representatives that attend many annual meetings in a year's time that our FCE Patron/Owners Meeting is one of the best.

We will be handing out Equity Retirement Checks to those FCE patrons in the Cottonwood, Taunton/Minneota and Hanley Falls areas who have reached age 75 by March 31. The Echo Area patrons must have reached age 72 by March 31.

This was a goal that your Board of Directors set in 1998 and FCE actually achieved this goal in a pretty short period of time.

Lock in profits

We have some of our corn sheds and bunkers picked up.

The Hanley Falls cement bunker, Minnesota Falls bunker and Echo sheds are full from harvest yet. Our shed at Montevideo is about a third full.

It will be interesting to see what the markets will do between now and fall harvest. It appears that only one thing is certain-volatility!

Just keep locking in profits with a "Base Hit" marketing strategy. Home Run swings often end in a strikeout.

ANNUAL MEETING Friday, March 16

at the LAKEVIEW HIGH SCHOOL in Cottonwood



Belgian Waffle Supper

served from 4 to 7 p.m.
 Entertainment at 6:30 by Lakeview music groups

Belgian waffles will be served along with all the trimmings beginning at 4 p.m. to 7 p.m. ALL YOU CAN EAT. Bring your spouses and children. We'll have 38 waffle irons and everyone can wait inside. Lakeview High School is located on the north side of Cottonwood, visible from Hwy. 23.

The business meeting begins at 7:30 p.m. We'll review last year's operations of the Farmers Cooperative Elevator Co. and discuss plans for the current year. We'll also be electing three directors to the board. Profiles of the director candidates are on Page 3 of this edition.

Producers can take advantage of high markets

The corn market has gone up about \$1.50 since early September. The catalyst behind this move has been the tremendous corn demand for ethanol.

The question most often asked is "How high will this market go?"

No one knows the answer.

A more important question is "How does the producer take advantage of these high markets?"

There are several options available to you. These include forward contracting for future delivery, buying a put to cover your downside risk yet leave the upside open

By John Brandts Grain Merchandiser



or buying a call option. These are all ways of taking advantage of this market.

The next major market report will be

Strong demand boosts markets

USDA puts out quite a bit of information this time of year. We just had the 10-year baseline report; the

By
Bill Doyscher
 Risk
 Manager
 Coordinator



Outlook Conference comes on March 2, monthly Supply & Demand on March 9 and the Prospective Plantings and Stocks On Hand on March 30.

As a rule, eventually USDA gets it right. That will make April and May the most interesting months we have had yet.

Weather will be the single biggest factor this spring.

It's all about economics, and right now corn wins hands down.

Demand is still strong. Cattle and hogs can still make money. Ethanol plants are doing all right. Exports remain strong.

If something does not happen to slow demand, prices will go higher to reflect the need for more corn acres. Beans will compete to keep their share.

All in all, a nice set up going into spring.

A recap of last years sales shows us that even though we priced a lot of corn early, with the use of HTA's, Accumulators, and bonus contracts, most producers will still average over \$2.50/bushel on their corn.

Even without LDP's, this makes for a good gross dollars per acre number. It's not something to be ashamed of. It was very good risk management.

Call us for ideas on pricing corn for future years. Corn can be priced all the way to New Crop of 2010 at very good historical levels.

***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 ***

John - CONTINUED FROM PAGE 1

the March 30 planting intentions. Will the report show 6 million or 12 million more corn acres? This report will have a major impact on corn and bean prices.

The next factor to impact markets will be summer weather.

One more thing to keep in mind is the possibility of the government opening the CRP program to expand corn acreage.

Free Price Later

We are taking Free Price Later corn and beans on a no-charge basis until Sept. 1. A service charge will be assessed on Price Later grain not sold as of Sept. 1.

Contact your location manager for space availability.

Corn delivered to the Granite Falls Ethanol Plant is also eligible for Free Price Later.

Impact on basis

Another subject of interest since last fall is the corn and bean basis.

With a 500-million-bushel carryover and rising bean prices, this basis is wide. It probably will stay wide through harvest with about 5 million less bean acres this year and a smaller crop bean basis should improve once harvest is completed.

For corn, the selling has been steady with the basis showing little improvement other than the board spread gains. Basis could be volatile during the late summer time frame with carryover down to about 750 million bushels.

With a larger acreage, corn basis this fall may be wider than normal but should quickly recover once harvest is over.

We can discuss these and other marketing challenges at our annual meeting.

HARDWARE HANK'S MARCH SPECIALS

24-inch RAKE Bamboo, steel tine, poly	\$3.97	TORCH KIT 2-piece (Magna)	\$9.97
SUPER GLUE 2 grams	88¢	BUTANE LIGHTER	\$1.99
QUICKTITE High performance glue	\$1.99	PLUMBER'S KIT (Magna)	\$34.99
LIQUID NAILS 4 ounces	\$1.89	PROPANE 14 ounce	\$2.97
DUCT TAPE Transparent 60-yard roll	\$3.99 \$2.89	WAYNE	
MASKING TAPE 2x60 yards 3/4x60 yards	\$1.99 79¢	1/3 horsepower submersible sump pump (CDU790)	\$89.97
PAINTING KIT 7-piece Micron	\$3.97	1/3 horsepower submersible sump pump (RSP130)	\$69.88
		Sump pump hose 1.5 inches	\$10.97
		Sump pump check valve	\$10.96

Director Candidate Profiles

COTTONWOOD AREA

MARK VANDELANOTTE



Mark Vandelanotte is an incumbent director, farming six miles south of Cottonwood with his brother, David. They have a dairy operation and finish calves from their beef herd. Mark and his wife, Jane, have two daughters: Abby, a junior at Augustana College, and Bayli, a freshman at Gustavus College

HANLEY FALLS AREA

DAN STEVENS



Director, having served six years on the board. He farms three and a half miles north of Hanley Falls with his brother, Bob. They grow corn, soybean and wheat. Dan also weans-to-finishes 15,000 hogs a year. Dan is a member of the Yellow Medicine Corn and Soybean Growers, and served two years as director of the soybean association. He is active in the

Yellow Medicine Lutheran Church. Dan and his wife, Sharon, have four children: Amy, 22, Chris, 18, Josh, 9 and Jared, 7.

ECHO AREA

PAUL KVISTAD



Paul Kvistad is an incumbent director, completing his first term on the board. He farms northwest of Echo growing corn and soybeans and finishing turkeys. Paul is active in the Echo Lions Club, where he serves as vice chair, the Yellow Medicine Corn Growers and the Echo Alliance Church, where he is Sunday school

superintendent. Paul and his wife, Jamie, have three sons: Hunter, 9, Payton, 6, and Brock, 4.

JON THOSTENSON



Jon Thostenson farms some 500 acres between Hanley Falls and Wood Lake with his brother, Mark, in a corn-soybean rotation. He is active in the American Legion, the Veterans of Foreign Wars, the Yellow Medicine Corn Growers and the Yellow Medicine Lutheran Church. John and his wife, Terri, have three sons.

Rollover went well

The rollover to the automation and micro bin system was done Dec. 8. Considering all that needed to be done, things went well.

This rollover was followed by the four-day weeks of Christmas and New Year. We're fortunate to have good people at the feed mill. Thanks to our customers for their help.

Meanwhile, the installation of the new Twin Shaft Mixer is planned for the weekend of March 23. We will not

be able to manufacture feed on Friday, March 23, but should be back in operation by Monday, March 26.

FCE will be sending out notices before that weekend so you will have enough time to order accordingly. Plans are to have an open house in April so you can tour and see the results of the automation.

Brian Brewers is a new employee at FCE feed mill. Brian will be helping in production and delivery.

By
Gene
Goldenstein
Feed
Department
Manager



Feed cost continued to rise but there are still opportunities in livestock production long term.

Feed efficiency

I would like to commend our Cottonwood Feed Team for the huge effort that was put forth during our Automated Feed System switchover.

It took countless man and woman hours before, during and after the conversion. We are gaining efficiency each week. Next month, after the new mixer is installed, we should see even more improvement.

Hats off to our dedicated Feed Team for their efforts!

Insurance option

You should be receiving information in the mail from the Nationwide/Allied Insurance Company. This is the former Regional Cooperative owned Farmland Insurance Company.

We have agreed to a joint marketing effort with Allied throughout our FCE territory. We feel that it can do you no harm to get a competitive quote, if you choose to do so. You are absolutely under NO OBLIGATION to switch your farm's insurance.

We feel that it is our job to show you ventures that could add to your bottom line or could enhance your operation's risk management.

HTA fee increase

From March 1 forward, until further notice, we will be increasing our Hedge to Arrive (HTA) initial fee to 4 cents per bushel.

The Chicago Board of Trade (CBOT) is now requiring more money down per contract and the interest on this initial margin required is not even covered by the former 2 cents per bushel fee. Rolls will still be 2 cents per bushel and all of the other rules still apply.

Ask us about our "mini" CBOT contracts.

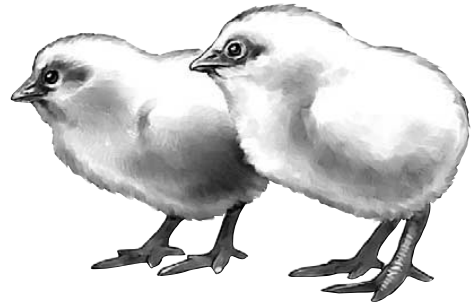
Remember that all policies are subject to change as markets change. If you have any questions, feel free to call or stop in.

SCHOLARSHIP DEADLINE

Kathy Willson Memorial Scholarship applications are due March 1. Farmers Cooperative Elevator awards two scholarships for agribusiness, agriculture, accounting or related careers. Applications are available at any of our offices or online at www.farmerscoopelevator.com.

Time to order chicks

It's time to order your chicks. We have a large selection. Regular delivery is every other week on Mondays, beginning March 26. Prices vary by breed. Call Lois at the Feed Mill in Cottonwood with your pricing questions or orders.



Pharming for i.d.'s

One of the latest trends in identity theft is called pharming.

Thieves will direct you to a phony Web site where you are asked to enter your personal data.

Farmers Cooperative Elevator Company

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