	Farmers Cooperative Elevator Co.	■ HANLEY FALLS ■ MONTEVIDEO ■ COTTONWOOD ■ ■ TAUNTON ■ ELKTON ■ ■ GRANITE FALLS ■ ECHO ■ MINNESOTA FALLS ■	FARMERS COOPERATIVE ELEVATOR CO.	P.O. BOX 59, Hanley Falls, MN 56245 P.O. BOX 108, Cottonwood, MN 56229 E-Mail: fce@mvtvwireless.com Web Site: www.farmerscoopelevator.com	March, 2005	Hanley Falls: 507-768-3448 800-626-2510 South Elevator: 507-768-3602 Uptown Elevator: 507-423-5412 Feed Mill: 507-423-6235 800-423-6230 Elevator: 507-423-6489 Hardware Store: 507-423-6231	Echo: 507-925-4126 Elkton, S.D.: 605-542-2941 Ghent: 507-428-3255 Granite Falls: 320-564-3834 Minnesota: 507-872-6134 Minnesota Falls: 320-564-3835 320-765-4100 Montevideo: 320-269-6531 Taunton: 507-872-6161

From the Manager
**New software
 improves access
 and efficiencies**

We encourage you to attend our 2006 Annual Meeting. There's always a lot of good information reported to our patron/owners.

By
 Scott Dubbelde



Since it's set for March 17, we'll observe St. Patrick's Day with fitting entertainment. Details are published here on Page 1.

One of the several items we'll be reporting to you is our updated computer software system. We have entered a new era of computer convenience and efficiency.

This new system allows us to print the 1099 of your dividend check on the stub. Do not throw this stub. You will not be mailed another 1099 in January, 2007.

This will save us all time and money by not having a separate 1099 mailing.

SCOTT - CONTINUED ON PAGE 4

BUS TRIP

There are a few seats remaining for our Chicago Board of Trade/John Deere Tractor Plant tour March 23-24. Call or stop at the Hanley Falls Office if interested.

**ANNUAL MEETING
 FRIDAY, MARCH 17**

at the
LAKEVIEW HIGH SCHOOL
 in Cottonwood

*Belgian Waffle Supper

from 4 to 7 p.m.

*Entertainment at 6:30 p.m.

THE IRISH will be saluted

during our pre-meeting entertainment this year.

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 32 waffle irons and everyone can wait inside. The 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.

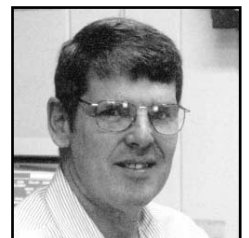
Profiles of the director candidates are on Page 3 of this edition.

PL grain taken as space allows

We've had several inquiries about Free Price Later for corn and soybeans. We are now taking Free Price Later corn and beans — as space permits. We've been busy trying to make room.

Since the last newsletter all of the piled corn has been picked up. Only the two covered bunkers at Hanley Falls remain. These should be gone sometime during April or May. The half-million-bushel bin at Hanley Falls has been switched to

By
 John Brandts
 Grain
 Merchandiser



corn. Several shuttle trains have been ordered to handle your grain.

With these transitions being

JOHN - CONTINUED ON PAGE 4

HARDWARE HANK'S MARCH SPECIALS

LEVITON

Smartlock GFI
(white, almond, ivory)

\$9.97

GAS CANS

Spill proof, 5 gallons

\$10.97

Spill proof, 2 1/2 gallons

\$6.97

Poly, 2 1/2 gallons **\$3.77**

Poly, 5 gallons **\$6.97**

AMES

RD PT shovel, garden bow
rake-14 inches, or garden
hoe

\$7.77

24-inch RAKE

Steel or bamboo, **\$3.97**

NIGHT LIGHT

Basic LED, **\$1.50**

ADAPTER

Six outlet **\$1.97**

GLOVES

8 ounce, brown Jersey

50 cents

Marketing 101: DO's and DON'Ts

In the final analysis, you will be a better marketer of your crop if you adhere to the basics. Here are some DO's and DON'Ts in marketing.

DO ' s

* Sell on up days. The price is better than the day before, and it is psychologically good for you.

* Sell the carry, or premium. If the price is better later, and it pays you over interest, you will make more money.

* Take big LDPs. In rare cases does the LDP ever get better than at harvest (paying the tax is still better than not taking the LDP).

* Market for price, not cash flow. Sell when the price is good enough, not when you need the money.

* Use all contracts to help. Some of the newer contracts will be here for a long time; learn to use them to your advantage.

DON'Ts

* Market based on weather. It represents less than 10 percent of the risk to your operation. Comparably, your seed choice represents as much risk.

* Expect more from the market than it can give. Eventually, supply and demand will determine price

By
Bill Doyscher
Risk
Manager
Coordinator



(every year!). The day it doesn't, we're all gamblers.

* Look back. Unless you're willing to learn from it.

* Forget about the government. The programs in place are there to help you, but you must be willing to use them correctly.

* Sweat the small stuff. A penny here or there will not make or break you. But, stubbornness will.

These simple measures will make marketing easier to understand.

Trying to "outsmart" the market ends up costing you in the long run. "I'd rather be lucky than good" isn't a very smart marketing position to be in.

It's better to be good and disciplined than to hit a home run every 10 years.

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

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 27. Prices vary by breed. Call Lois at the Feed Mill in Cottonwood with your pricing questions and orders

Mild winter good for livestock

January weather could have lasted until April, and then got really nice. All in all, we've had a good winter.

There's not been too much snow and the temperatures have been above normal. This is always a good combination for the livestock producer.

The Feed Team sponsored a beef meeting in Marshall recently on marketing and finishing. It was exciting to see the number of people who turned out for the meeting.

Young and old alike seemed enthusiastic and excited about raising beef.

FCE offers meetings like this throughout the year, both for swine and beef. We want our livestock producers to get involved.

Feed input prices have not changed much this winter. If you haven't yet covered your needs, there's still time. Give Wayne or me a call.

We are in the planning stage of the mill automation project. We've

By
Gene
Goldenstein
Feed
Department
Manager



done a lot of research and now need to put the plan together. The automation will create great efficiencies. It will allow us to add a number of ingredients in bulk purchases, good for the mill and our customers.

DIRECTOR CANDIDATE PROFILES

Minneota/ Ghent Area



DENNIS HEGGESETH

Dennis is an incumbent director, farming some 500 acres south of Minneota in a corn/soybean rotation since 1977. He has served on several community boards besides his terms on the cooperative board. Dennis and his wife, Anne, have two grown sons and an adult daughter, and two grandchildren.



TIM GOSSON

Tim farms some 640 acres five miles northeast of Minneota in a corn/soybean rotation. He also farrows-to-finishes about 1,200 head of hogs a year. He has served on the school board and the Farm Service board. Tim and his wife, Betty, have five adult children.

SCHOLARSHIP DEADLINE

Kathy Willson Memorial Scholarship applications are due March 10. 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.

Granite Falls/ Montevideo Area

PAUL ENSTAD



Paul is an incumbent director from the Granite Falls area. He farms with his two brothers, Dale and Mark, in a cash grain operation. Paul is a member of the Minnesota Corn Growers and the Yellow Medicine County Soybean Growers Board. He is also chairman of Granite Falls Energy, LLC, the operating board of the new ethanol plant. Paul and his wife, Tammy, have two adult sons and another son, Zacharia, 14.

DEREK BUESING



Derek farms about five miles west of Granite Falls on Hwy. 67 with his father, Don, and an uncle, Dean. Besides their corn-soybean operation, they farrow-to-finish hogs. He is a member of the corn and soybean growers associations. Derek is single.

Hanley Falls Area

WES COLE



Wes is an incumbent director representing the Hanley Falls area, serving as secretary-treasurer of the board. He is active in several organizations, including the Minnesota Grain and Feed Association where he serves as state president. Wes and his wife, Janette, have an adult daughter and two adult sons.

GRANT VELDE



Grant is a fifth generation family farmer in the Hanley Falls area, farming with his father, Tim, and grandfather, Gerald, who served for many years on the Hanley Falls board. They operate a corn/bean farm in which Grant has been active for 15 years. He is a volunteer firefighter and First Responder for the Hanley Falls Fire Department. Grant and his father also have a livestock trucking business and Grant and his wife also operate a garbage service business. Grant and his wife, Rebecca, have two children: Brooke, 12, and Tyson, 10.

New head drives

The Montevideo south facility is in the process of getting new head drives on the grain legs. This will speed up dumping and maintain better corn quality at this location. We have installed new heads with modern technology at most all of our locations. It will mean much better service in the long run.

**Your fences need to be horse-high,
pig-tight and bull-strong.**

The new software package also includes the E-Ag Vantage patron Internet service.

We have many patrons signed up to view their accounts on this system. You can look up your accounts receivable transactions, grain settlements, your current balances and your equity information — all online. This is a convenient, important communication tool.

Call Sandi or Bill to get set up to utilize this service.

Extended harvest

I commend our FCE employee team for the job they did in 2006.

As of mid February, all of our open corn piles were picked up, with very little spoilage or shrinkage. Our employees had harvest workloads extended with these

piles.

The Minnesota Falls team hung in there the longest and deserves an extra pat on the back.

We still have about two million bushels on the ground at Hanley Falls and will get that picked up by early summer.

Nice, new market

The Granite Falls Ethanol Plant is

now running, and performing excellently.

It is a nice market for your corn and is also another good employer in the area.

There will be a grand opening celebration this summer. We will be sure to supply you with the details as they become available.

made, we are now taking the Price Later corn and soybeans on a no-charge basis until Sept. 1.

A service charge will be assessed on Price later grain not sold as of Sept. 1.

Space varies at each location. Please contact your location manager for space availability.

Your cooperative will also attempt to take forward contracted grain 10 to 15 days before the month that the contract matures. Contact your location manager for space availability.

Smoother flow

Since mid November, we have been picking up the 2.6-million-bushel corn pile at Minnesota Falls and delivering it to the Granite Falls Ethanol Plant. This project has taken place at the same time as

farm delivered loads.

There was some congestion at the ethanol plant during the joint deliveries.

On Feb. 15, the crew finished picking up the Minnesota Falls pile. With this pile gone, we anticipate that the dump site in Granite Falls will become less congested. We appreciate your patience.

Basis on defense

Another subject of interest the past few weeks has been basis.

With carryout numbers of 2.4 billion bushels on corn and 50.5 million on beans, the market will keep larger forward carry premiums. The best chance for basis improvement is from now until planting.

If and when large numbers of grain move, the basis will be on the defensive. The markets look similar to last year. Large carryout num-

bers, large carry in the market and basis results wider than normal.

As for the grain markets, the funds have been buying futures and are now long in both corn and beans.

If and when the funds decide to sell, the market will probably work lower. From spring time forward, the weather will be the main market mover.

Selling the carry in these markets still seems to be the best alternative. We offer Accumulator Contracts, Hedge-to-Arrive Contracts, Extended Price Contracts and Basis Contracts.

If you have any questions or would like more information, contact any of the location managers or the Hanley Falls office.

Farmers Cooperative Elevator Company

P.O. Box 59
Hanley Falls, MN 56245

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