

PROGRESSIVE PARTNERS

Manager's Comments

By Mark Finck, General Manger

January has come and the start to another new year. I would like to thank all of our patrons for their patience and understanding this year during harvest even with the collapse of the silo and the loss of our 7,000 bushel /hour dryer. Even with all of the problems associated with the losses your cooperative still dumped over 4,881,000 bushels of corn this year compared to 4,150,000 bushels of corn the previous year in harvest.

Rebuilding

Your board of directors is currently looking at the options for rebuilding the silo that collapsed during harvest and replacing the grain dryer and legs. At this point in time the Board has voted to purchase a 10,000 bu/hr dryer from Zimmerman replacing the 7,000 bu/hr dryer that went down in the collapse. Looking forward to the future, the board is considering different options with our receiving and storage at the south silos possibly adding an additional dump pit and increasing the size of the silo. We will keep you informed as we move forward in the rebuilding process.

Year End and Financial Notes

During the annual meeting in November your cooperative reported profits \$1,100,969 before taxes with \$894,882 coming from local earnings. The Board of Directors allocated half of the companies' earnings as patronage and paid a 50% cash rate the distributed earnings. Your company also revolved back over 197,000 dollars in equity during last year and an additional \$325,637.75 since the beginning of the fiscal year, this includes both estates and the local portions of equity for patrons born in 1931 and 1932. Combining the cash patronage and equity revolvment your cooperative has returned over 1.9 million dollars in cash to the members since 2001. Working together your board of directors and management team continue to weigh the options when making equity payments to the members and maintaining a strong working capital position for the company to ensure a financially healthy company for the present and looking to the future. Your board will be considering Estate Payouts at the March, June, September and December board meetings.

Payouts approved at these meetings will be paid out in the month following the meeting.

Have You Checked your Bin Lately!

With all of the corn put in the bin above 16-18% last fall bin management is very critical. You need to check your grain bins weekly and when required run the fans during cold spells. If you have not taken the peaks out of bins you run the risk of the corn starting to heat up and go out of condition. The problem starts when corn starts to develop a crust on the top of the bin, when this happens just turning the fans on will not cure the problem as the top crust will restrict airflow. After talking with an area producer about this issue he went out to check his bins and discovered that one of his three bins was in the early stages of a crust forming on the top. He spent time on the top of the bin breaking up the top layer started the aeration fan, he got to the bin just in time, one to two weeks later could have had a real problem on his hands. Bin management is an ongoing project, with the warming of the days in the mid to upper 40's this late January it is important to check you bins on a weekly basis as the quality of the grain can change from week to week.

New Employee and Service

We have added a new employee, Wayne Johnson came to work for us the end of November and is operating the new semi and grain trailer. With this addition and utilizing our other equipment we are now offering the service of picking up grain on the farm. Call in and checked for picked up on the farm bids as the bids will vary based on the distance from your bin to the elevator.

House and Garage For Sale

As discussed at the annual meeting your cooperative completed purchase of the house and garage located next to the old Lee's Feed site. Our plans are to sell the house and garage to be moved. Any interested parties should contact Brad McCoy, Larry O'Connor or myself if you are interested in looking at the house or garage. We will put your names on the list and will notify you when will be accepting bids on house and/or garage.

Ag Chem and Insecticide Notes

By Lowell Feucht, Chemical Manager

A few of you are probably wondering what has been happening in the crop protection world! All I can really say is not much, but I will give you a few updates on what's happening.

In the Round-up market, most of you by now know that there are 2 different Round-ups out there this year. Round-up Ultra Max II (nickname U Max) and Original Max II (nickname O Max). U Max is the same as last year with all the warranties, cap cost and volunteer corn program. Price will be approx the same price to maybe a little cheaper. This is the premier program with a cost. O Max is the same rate as U Max, but basically there is no warranty, no cost share and no cap cost, but the cost will be considerable cheaper than U Max. We will have U Max II in bulk and package. Not sure what we'll have for O Max. What we will be selling for programs this coming year is using a ½ rate of Outlook grass herbicide in corn followed by 32 oz of a generic Round-up. If you need to re-treat BASF will pay for the product to re-treat those acres you have Outlook down on, that's more than Monsanto will do for O Max. Private label Glyphos will be cheaper than O Max even. Over the last 3 years we have sold a lot of Outlook, and the results look very good!! I have seen things with Outlook that I have not seen in any other product. The ½ rate for Outlook is 9.5 oz per acre. Outlook is made by BASF, a company that has and continues to stand behind its products.

If some of you are thinking about trying Round-up corn but are a little afraid because of continuous Round-up usage in corn and beans to speed up resistance? One other alternative is, we highly suggest is using Liberty on corn. A couple of program we like is 1. ½ rate of a grass herbicide followed by Liberty and atrazine after the corn emerges. 2. Half rate of Balance & atrazine followed by 32 oz Liberty after emerges. Either one of these program work well. Seed companies are coming out with more and more new varieties that Liberty can be used on, Herculex and Liberty Link. By planting NK Brand any variety that has the BT in it, Liberty can be used. With the Liberty program for corn, you break up the continuous Round-up cycle. We handle 2 brands of corn where Liberty can be use on; Croplan has 3 varieties that look good in our area. 412HX/LL is a 100 day, 503HX/LL is a 104 day and 579 HX/LL is a 107 day. We also handle all the NK Brands

Corn and beans. N67-T4 has looked good the last couple of years.

In soybean department, really nothing is new in the grass and weed department. We still are pushing to use a residual down first followed by Round-up. By putting down a Treflan type product, buys you so much time and keep out that early grass pressure which can drastically hurt soybean yields. Over the last couple of years, we have fought wind more than the weather which can keep you out of the field as much or more than a rain.

I am sure all of you heard about the Rust in the United States by now. A lot of things yet to learn about this Rust issue. I highly suggest to you that you attend any kind of meetings that are and will be going on through out the area over the next couple months.

There are so many different beliefs on what to expect over the next years. Some are saying we will see it in our area 2 out of 10 years, some are saying 6 out of 10 years. We just don't know. Some things we do know, it will attack the plants if the conditions are right at the R1 stage, which is pod set. We will have only a few days to treat after the plant has been infected not spotted infected. Scouting is going to be very crucial and treatment on a timely manner is important. We will never be able to scout all the fields fast enough. I am suggesting is to learn what the fungus looks like. Scouting, timing, and treatments, the window is very small. Then also comes what do we treat it with, we will have a lot of choices and will probably using a tank mix. A lot of info yet to come over the next few months. One product we will be using this year even if Rust does not show up is called Headline. We will putting out test plots with Headline to see if we can get some respond to just plain plant health. Headline produces so much healthier plant even when do symptoms of any disease are present. BASF is seeing a 4-6 bushel increase in a lot of there test plots already. If you are interested in a test plot let me know.

Refresher on Counter-Cyclical Payments

By Stuart Carlson

On October 22, 2004 Agriculture Secretary Ann Veneman announced the first partial counter-cyclical payments (CCP) for the 2004 crops. Just like the direct payments, the

counter –cyclical payments are made to producers who have enrolled in the USDA farm program and have a crop program base regardless if they planted the actual program crop.

The following table shows the projected 2004 annual payments.

Crop	Total Projected CCP Rate	Projected Avg.Farm Price or Loan Price	1st payment
Corn	.40	1.95	.14
Sorghum	.27	1.95	.0945
Wheat	.10	3.30	.035
Soybeans	.26	5.10	.26
Barley	.15	1.85	.0525
Rice	.90	7.25	.3150
Cotton	.1373	.52	.0481

How the CCP rate is determined- when calculating the potential payment, take the target price of the crop and subtract the direct payment. This results in what is known as the Effective Target Price. Then subtract the **higher** of either the national loan rate or the national 12-month seasonal average price as determined by the USDA from the effective target price to determine the potential CCP rate. The maximum CCP is the difference between the effective target price and the national loan rate. The counter-cyclical payment can be less than the maximum if the 12-month average farm price is greater than the national loan rate. **The total CCP payments to the producer are calculated by multiplying the base acres of the eligible crop x 85% x payment yield x payment rate.**

Crop	Loan Rate	Fixed Payment	Target Price	Effective Target Price	Max. CCP
Corn	1.95	.28	2.63	2.35	.40
Sorghum	1.95	.35	2.57	2.22	.27
Wheat	2.75	.52	3.92	3.40	.65
Soybeans	5.00	.44	5.80	5.36	.36
Barley	1.85	.24	2.24	2.00	.15
Rice cwt	6.50	2.35	10.50	8.15	1.65
Cotton lb	.52	.0627	.72	.6573	.1373

Timing of the CCP Payments-a producer can elect to receive up to 35 percent of this projected payment (as determined by Secretary of Ag) in October of the year the crop is harvested. The Sec. can issue an additional 35 percent payment in the beginning of February of the following year. The balance, if any further payment is due, will be made after the end of the 12-month marketing year for the specific crop. Also, if the final CCP rates turn out to be less than the 1st and 2nd partial payments, the producers are

required to pay back the overpayments. This did occur for some 2003 crops. Additional information can be found on the FSA website at http://www.fsa.usda.gov/pas/farmbill/mya_entry.htm

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Fertilizer & Seed News

By Chad Nelson, Fertilizer and Seed Manager

Fertilizer Notes:

Fertilizer prices this year are the highest we have seen in a long time. Bad news is that it does not look like it is going to go down. A big reason for the increase in fertilizer prices this year has been due to the high prices of natural gas. Even though natural gas prices are not as high as they were earlier, it is still high, with a lot of the winter season to go. Most of the fertilizer right now is holding steady, to a little higher. But as Spring gets closer, prices seem to always increase. Driving prices then is supply, demand and transportation. Compared to last year at this time, nitrogen prices have increased 15.5%, phosphorus price have gone up 16%, and potassium has increased 35.5%. These increases are substantial and will probably continue to increase as we get closer to Spring.

There is still savings to be had by purchasing your fertilizer this winter. If you have any questions please feel free to give Lowell or myself a call.

Seed Notes:

By this time of year many of the seed decisions for your operations have been decided, and I hope you took the time to really study the varieties that you will be planting next spring. This is the most important decision you will make for your operation for this years growing season. If you do not plant match up the proper varieties with each farm, you have limited your yield potential for that ground before the seed is in the ground. Use plot data, and even better yet your own information from this fall to see which varieties you like and dislike. A big factor this year was the moisture that the corn came out of the fields at, this is something that does not happen every year, but it is something to keep in mind. There will be more early maturity corns planted this

coming season, and that is a good thing. Many of these early season corns can yield just as much as the later maturity corns, and by planting earlier maturity numbers you can start combining sooner. By planting a combination of early and late season corn, will spread your risk out depending on what the weather does this summer. If you can get a good combination of varieties on your farms it will spread your risk out across your operations.

If you would like to go over varieties of corn and soybeans for your operations, feel free to stop in or give me a call. There is still good savings to be had on both corn and soybeans.

Bid Line or Website

You may call in on the following numbers for our daily updated grain bids.

Local (605) 763-8043

Toll Free (888) 415-2580

Or check out our bids online at
www.fceberesford.com.

Farmers Coop Elevator Company
P.O. Box 512
Beresford, SD 57004

Feed Department News

By Larry Bork, Feed Manager

Kent Feeds Energilass Tubs are a 250# barrel. Energilass is a cooked, hardened blend of molasses, solids, fat, protein, minerals and vitamins. Advantages of feeding Energilass Barrels are; improved roughage and total ration digestion, increased saliva production, improved rumen microbe environment, improved dry matter intake, PNP for efficient protein utilization, low moisture content (2-4%), nutrient-dense package, higher phosphorus availability, stronger heat signs and higher conception rates, easier weaning of heavier calves, 20% greater carrying capacity on pasture, controlled consumption, convenient feeding without sacrificing nutrition, weather-resistant. We have 2 different types available, the Energilass 20 and Energilass Rumen Booster.

Country Vet Pet Foods are formulated for optimum nutrition. Your pet will enjoy eating these nutritious soy-free premium foods. We handle Premium High Protein Dog Food 50#-27% Protein, 12% Fat; Premium Puppy Food 20#-26% Protein, 18% Fat; Choice Maintenance Dog Food 50#-21% Protein, 8% Fat, Choice Cat Food 20# & 40#-30% Protein, 9% Fat. Stop in and see us for any of these product