

JUNE 2012

217-355-1983

Premier CONNECTION

WWW.PREMIERCOOPERATIVE.NET



This Issue:

Early Start Promising for 2012 **P 2**

Non-GMO Soybean Program at Its Best **P 3**

It's Been Great Growing With You **P 4**

Journey of a Lifetime

BY LOUIE SCHWING, ASSISTANT GENERAL MANAGER

Forty-seven years ago, two things happened that would change my life forever. I met the girl I was going to marry, and I started working for the local co-op. In that span of time, I've worked for four cooperatives—Perdueville Cooperative, Ludlow Co-op, Fisher Farmers Grain and Coal, and now Premier. Except for a stint in the U.S. Air Force, I've spent my entire working life here in east central Illinois within 25-30 miles of where I was born.

As you might expect, the co-op business has changed quite a bit in that time. We've gone from loading boxcars with oats and unloading cars of coal to loading 100-car corn trains in 7-8 hours. I got my start working for a single-location company, and I'll conclude my career with a cooperative that has 26 locations, if you count the home office here in Champaign.

The grain industry, too, is dramatically different than it was 47 years



ago, and I believe the pace of change has really picked up in the past five years. That's why Premier's board and management team are determined to take a proactive approach to the business for the benefit of our patron owners. They understand that your cooperative needs to stay focused on the windshield, not the rear-view mirror. They see the need for this company to be even more active in operational analysis and planning so we are prepared to address and respond to future challenges.

MY ROLE GOING FORWARD

During the next few months, I will become less involved with daily operations. It is our goal to provide for a smooth transition of these daily functions to other staff members.

The board has asked me to visit each location, and work with the team there to evaluate equipment and help plan future capital expansion needs. We will be trying to look at Premier with a two, five, even 10 year time frame. Our goal is to become even more proactive in terms of asset management for your company.

So you'll see me around. For now, Cindy and I wish to thank all who have touched our lives throughout this journey. We are looking forward to our next 47 years. ☺



Cindy and Louie at John Cummings's retirement, March 1992.



Early Start Promising for 2012

BY ROGER MILLER, CEO

Our incredibly mild winter has turned into a very early start to the 2012 production year. It will be interesting to follow this corn crop, as much of it may pollinate in June before we hit the July heat. It doesn't seem unreasonable to expect an early harvest. In fact, we could be combining some of the March-planted corn in August. With the low carryout, an early harvest might be just the ticket.

The current inverted market has been telling farmers to sell the corn they have on hand, and many of you have been listening. We're shipping corn very briskly now, and we'll have all the company-owned grain shipped by the end of July. All we should have on hand would be any remaining farmer-owned bushels.

Our employees have done a great job of moving this grain in a short period of time, as we've been shipping about four million bushels a month. The fact that we've shipped so much so early will give us an opportunity to focus more effort on facility maintenance and upgrades this summer.

So, we anticipate entering the harvest of 2012 with the lowest carryover we've had in years and our facilities being in great shape. That's good, because we're hoping for the best yields we've ever seen. To that end, we need some moisture. The top six inches of our soil is abnormally dry in most locations, though I believe there is some subsoil moisture that will benefit us in the coming months. One plus—we haven't seen the huge rainfall totals we encountered last year, and that should mean that most of our nitrogen is probably still available for the corn plant to use this summer.

FINANCIAL FOCUS

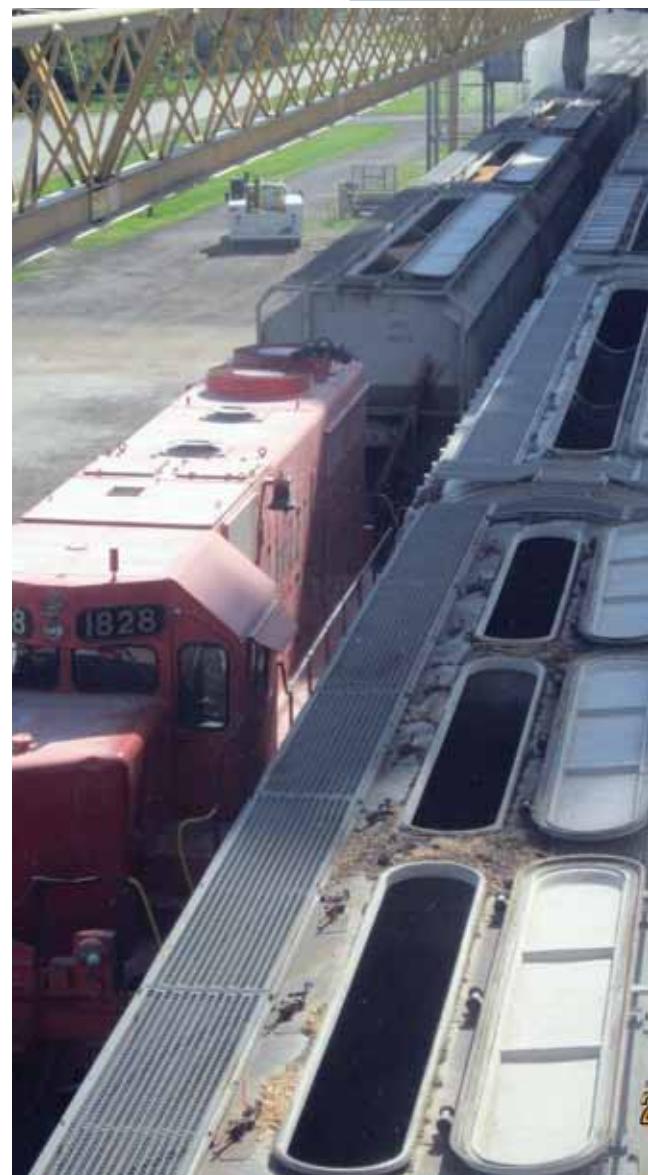
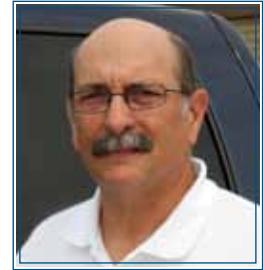
As I mentioned above, we have been shipping a lot of grain in response to the inverted market. That will cut into our storage revenue and, when combined with fewer bushels to

start with due to the production difficulties of 2011, will result in lower grain-based income this fiscal year. On the back side of this production year, a likely consequence of our potential early harvest is minimal drying revenue for the cooperative—but a good problem to have from your perspective.

Nevertheless, we still anticipate a profitable year, with earnings in the \$3-3.5 million range. While not as high as last year, that's still very respectable.

Premier Cooperative is on solid footing. I recently read an article in *Rural Cooperatives* magazine about the 100 largest ag cooperatives in America. Premier made the list at #83. While that does indicate that we are gaining the economies of scale and the ability to impact the markets we were looking for when Fisher Farmers, Grand Prairie, Farmers Elevator of Jamaica, and Rising Farmers consolidated, size is not our primary focus. Retaining our community presence and delivering great customer service at every Premier location is number one. I believe we've gained the benefits of size without losing what's most important, local customer focus and attention.

Thanks to all of you for your past business, and we'll continue to work hard to earn it in the future. And thanks, too, to all the employees for their efforts. It takes a great team to make Premier Cooperative the success it is. ☐



Spring Construction Underway

BY TOM SINDER, REGIONAL OPERATIONS MANAGER

We've got a couple of new projects underway this spring, and another reaching the halfway mark. In Sidney, work has begun on a new bin that will measure 90 feet in diameter and hold 540,000 bushels of grain when complete.

At Fulls, we're putting in a 4,700-bushel-per-hour GSI dryer. That will triple our drying capacity there and be a huge asset in a wet year. And finally, work continues at Broadlands as we take advantage of the fire

that destroyed the office to improve the facilities there. Work on the scales is nearing completion, and once that's done, we'll begin work on the new office. ☐

Non-GMO Soybean Program Better Than Ever

BY DEAN KILLION, MARKETING MANAGER

We are excited about the Non-GMO Soybean Program that Premier is offering our patrons for 2012-2013. The \$1.90 per bushel premium over our normal bid for soybeans is one of the largest premiums ever paid, and we've also expanded your delivery location choices.

The Non-GMO Soybean Program has always been popular in our Southern Region and the Rising elevator area, in part because the program there offered both harvest and after-harvest delivery. This year, we have expanded harvest and after-harvest delivery to our Fisher elevator in the Northern Region, and it has proven to be a big hit with our patrons in that area as well.

This year's non-GMO program will be one of our largest ever with over 26,000 acres signed up so far. We are currently accepting non-GMOs for harvest delivery at our Sadorus elevator in the south, Bondville and Rising

elevators in the Middle Region, and Fisher elevator in the north. Since we have more than one buyer for our non-GMO soybeans, we were able to offer more acres to contract and schedule pickup or delivery for farm-stored soybeans with more flexibility than in the past.

If you would like more information on our non-GMO program—or any other program Premier has to offer—please call your local elevator, Dave Prahl, or me at the corporate office in Champaign. ☎



Food, Fuel, and a New Face

BY DAVE KIEFFER, NORTHWEST REGIONAL OPERATIONS MANAGER AND FUEL DIVISION MANAGER

Can you taste the pork chops? We don't have a date set, but this summer we'll hold our used oil drop-off day. Watch your mailbox and our website for details, and don't miss this chance to swap your old oil for a delicious lunch.

The energy market just keeps bouncing. There's been a lot of talk about fuel prices hitting \$5. My personal opinion is that they won't, and even if they do, they won't stay there very long. We've watched prices for gas and diesel test those upper limits and drop back down again for months. The world economy simply can't handle those price levels right now, and I don't foresee any massive increase, barring a significant political crisis in the critical oil-producing areas.

I work with a broker out of London, and he's advising me to watch diesel over the next few years. Diesel engines are becoming the preferred choice, especially in Europe, as everyone is looking for higher efficiency. He believes that will be the trend in the U.S. as well.

WHO'S ON THE PHONE?

If you've called the Dewey office, you may have already talked to our new grain originator, Cassie Shanner. Cassie comes to us from a large grain



company, and brings with her a strong background in elevator operations and good customer relations skills. If you haven't spoken to her on the phone or met her in the office, you'll likely see her as she's out traveling the area with Maynard in the coming weeks. Please make her feel welcome.

On the spring project front, we'll be putting up a new wet grain leg in Thomasboro to supply the dryers. The leg will also be connected to a new reclaim conveyor that will tie our northernmost storage into the rest of our facility. At 10,000 bushels an hour, the new leg is more than we need for our dryers. But we've intentionally over-engineered it to accommodate future expansion.

Finally, as part of our ongoing focus on maintaining a safe environment for both our employees and patrons, we're in the midst of a three-phase project involving all our facilities. Stage two of the process was completed at the end of April, with the remaining phase to be completed this fall. ☎



PRESORTED
FIRST-CLASS MAIL
U.S. POSTAGE
PAID
VISTACOMM

2104 West Park Court
Champaign, IL 61821



It's Been Great Growing With You

BY KEN BIERMAN, MANAGER, UNITED PRAIRIE LLC

If you haven't heard, what has been a wonderful 15-year chapter in my life came to a close on April 27th, my last day as manager of United Prairie. I've spent the last eight of those 15 years as the manager, and I've seen some pretty significant growth here in that time:

- From 28 full-time employees to 49.
- From 37,900 tons of total fertilizer to a projected 67,500 tons this year.
- From 14 floaters and sprayers to a fleet of 26.
- And, from sales of just over \$16 million to projected sales this year of over \$60 million.

True, we've benefited from a healthy ag economy, but we have also grown as a company because of the responsive service we deliver. That is a credit to our great, hard-working staff. Our families have spent a great deal of time together, and they really, truly are family to me. So while the next step in my career represents a great personal opportunity, it is a bittersweet move for the Bierman family.

I am headed to Clarksville, TN, where I will be the CEO of Security Seed and Chemical in Clarksville. The move is made easier knowing that

United Prairie is in good shape. I leave a strong and growing company with great people. This will be the highest volume year we've ever had, and likely one of the most profitable as well. We have two new facilities that have yet to reach their full potential, so there is opportunity for continued strong growth.

I'll conclude by thanking our customers for your faithful support through the years, and our employees for the long hours and commitment to service that built our reputation and our company. It's been a great 15 years. ☺



The United Prairie application fleet continues to grow to meet customer demand.