

# TRAILHEAD

"BRINGING INNOVATION AND SUCCESS TO THE SANDHILLS"

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## A GOOD YEAR

There's no doubt that agricultural cooperatives—like many businesses in today's economy—have challenges. That is why it's satisfying to report that **Farmers Ranchers Cooperative** has experienced another good year. Total sales in the fiscal year ending August 31 reached \$30,673,691, an increase of more than \$4.79 million—or 18%—over 2005.

We also continue to return dollars to our member-owners. Total patronage refunds were \$600,000, including \$180,000 in cash patronage. Equity redemption—paid to member estates, 65-year-old requests and move-away requests—totaled \$187,000. In the last 16 years, total cash returned to our members, both through cash patronage and equity requirements, totals more than \$5 million. Those are dollars that can circulate in our communities.

Our positive numbers are due to several factors. We had successes and improvements in practically every area, from energy to feed, tires to our Ampride® store. The one division that presented the biggest challenge this past year was agronomy. Just as in your farming business, our agronomy sector was impacted by the energy markets. High natural gas prices drove up the costs of fertilizer early in the 2006 fiscal year. With higher-cost inventory on hand, a drop in prices later in the year reduced our margins. While we're able to hedge energy products, there is no good

## MANAGER'S MOMENT

by Keith Erickson  
President & CEO



hedging mechanism when it comes to agronomy. We're feeling more positive about the possibilities in agronomy this coming year. It looks as though corn acres—and the need for inputs—will be up in 2007.

As this year comes to an end, we want to thank you for your business. As a member, you make up an integral part of our customer base. However, it's important to recognize all of the non-members who utilize Farmers Ranchers products and services as well—whether it's purchasing appliances, tires, having oil changed, or filling up at our service stations. We're here to serve everyone in our region.

In addition to providing needed products and services, your cooperative continues to make a direct contribution to our communities and to your pocketbook. Turn to page 2 to see the real impact Farmers Ranchers Co-op makes to the Sandhills Region—both in the dollars we invest in our communities and to the patronage refunds you receive back according to the dollars you spend with us. It makes us proud to be part of the cooperative system. ■

# FARMERS RANCHERS HOSTS GRAIN BIN RESCUE TRAINING

The safety of our employees and area farmers/ranchers is a priority to **Farmers Ranchers Co-op**. That was a driving force behind the cooperative's decision to host grain bin rescue training this fall—during the height of grain harvest. What began as an idea brought by **Compliance Advisory Services**—the firm the cooperative utilizes to help with safety and regulatory issues—turned into a day-long event in October. We brought together volunteers from area fire departments, employees from our Feed Mill and Agronomy Division, and representatives from **Buckley Steel**. Even a representative from the Nebraska Fire Marshal's Office was on hand to help with, and observe, the training.

The day included 1.5 hours of classroom instruction by **Terry Kline** of Compliance Advisory. Terry covered topics including grain movement in a bin, how people become engulfed, and rescue techniques.

Following a dinner provided by the Ainsworth Ampride®, participants moved from the Ainsworth Conference Center to the Feed Mill. There, a semi trailer filled with corn served as the classroom. Several people, secured with safety harnesses, took turns becoming engulfed in grain. They also learned how to build an emergency wall around the engulfed person using strips of plywood. Once the plywood was secured, a grain vac

provided by Ainsworth Feed Yards helped remove the surrounding corn.

Participants included the Ainsworth, Johnstown, and Long Pine volunteer fire departments.

“We’re not just a business providing services and products,” says **Kent Taylor** of Farmers Ranchers Co-op. “We are part of the community. We also want to ensure that our employees and safety personnel in our communities have the proper training to deal with this all-too-common emergency. There are ways we can help save people if we can get to them in time.” ■



Grain bin rescue training hosted by Farmers Ranchers helped train local emergency personnel on basic techniques to save lives.

## FARMERS RANCHERS SCHOLARSHIP

Do you have a high school senior planning to pursue a career in agriculture? Check out “The Future of Agriculture” scholarship available from **Farmers Ranchers Cooperative**. We will award three \$1,000 scholarships in our trade area to graduating seniors planning to enroll in a two- or four-year post-secondary ag-related program in the fall of 2007. Students must demonstrate leadership abilities, academic performance, and write an essay.

Applications are available at the main office in Ainsworth, or from your high school guidance counselor. All applications must be postmarked or dropped off at the main office by March 1, 2007. For more information, or to request an application, call 800-233-6627 and ask for **Kent Taylor**. ■

## MAKING A POSITIVE DIFFERENCE

When you patronize **Farmers Ranchers Co-op**, you help grow a company that gives back to you and your community in a multitude of ways. Take a moment to look at how we make a difference.

### Basic Numbers in 2006

Total members—3,842  
 Number of Employees (full- and part-time)—74  
 Payroll Benefits—\$2,792,962  
 Patronage Refunds—\$600,000  
 Equity Payments—\$187,000  
 Income Taxes Paid—\$84,751  
 Property Taxes Paid—\$82,272

### 2006 Patronage Refunds Per Unit

Oil—\$0.191/gallon  
 Gas—\$0.071/gallon  
 Diesel—\$0.066/gallon  
 Propane—\$0.037/gallon  
 Tires—\$3.20/tire  
 Fertilizer—\$7.03/ton  
 Feed (Valentine)—\$5.56/ton  
 Feed (Springview)—\$4.06/ton  
 Feed (Ainsworth)—\$3.84/ton

# ARE YOU READY FOR 2007?

The success of any given growing season depends, to a degree, on weather and market conditions. It's also true that success may hinge on the steps you take to help reduce risks by locking in the cost of inputs.

As the higher price of corn drives the move to plant more corn acres next spring, there's a good chance the cost of inputs will rise. While we don't expect shortages, we do expect price fluctuations. Given today's opportunities, you can lock in input costs, providing a better chance for a positive net value at the end of 2007.

**Farmers Ranchers Co-op** offers pre-pay discounts on fertilizer, chemicals, and seed. There are also significant values available through programs offered by various suppliers of chemicals and seed. These cost-saving opportunities may not always seem significant, but remember, Major League Baseball® players have made it into the Hall of Fame by hitting .350 or .400. You don't necessarily have to hit homeruns to win a game. It's generally the singles and doubles that score the points and get you to a successful outcome.

Come in and talk to us about the possibilities to save some real dollars that can make a big difference in your game plan this coming year.

## Refuge acre requirements

With the anticipated increase in corn-on-corn acres, growers will definitely be looking at planting more CRW-protected Bt corn. Farmers who plant Bt corn are required by the U.S. Environmental Protection Agency to plant 20% of their acreage within, around, or adjacent to those biotech

crops in "refuge acres"—namely non-Bt corn hybrids.

In addition to specific location requirements, refuge acres should have a similar management history to those non-refuge acres. While the refuge acre requirement may seem a bothersome detail, it certainly is worthwhile. The insect populations in the refuges help prevent resistance development when they cross-breed with insects in the Bt fields.

It's essential that we be good stewards of this technology so that it is available for years to come. If you have specific questions, don't hesitate to give us a call or stop in. We'll be happy to help you determine how best to implement the program.

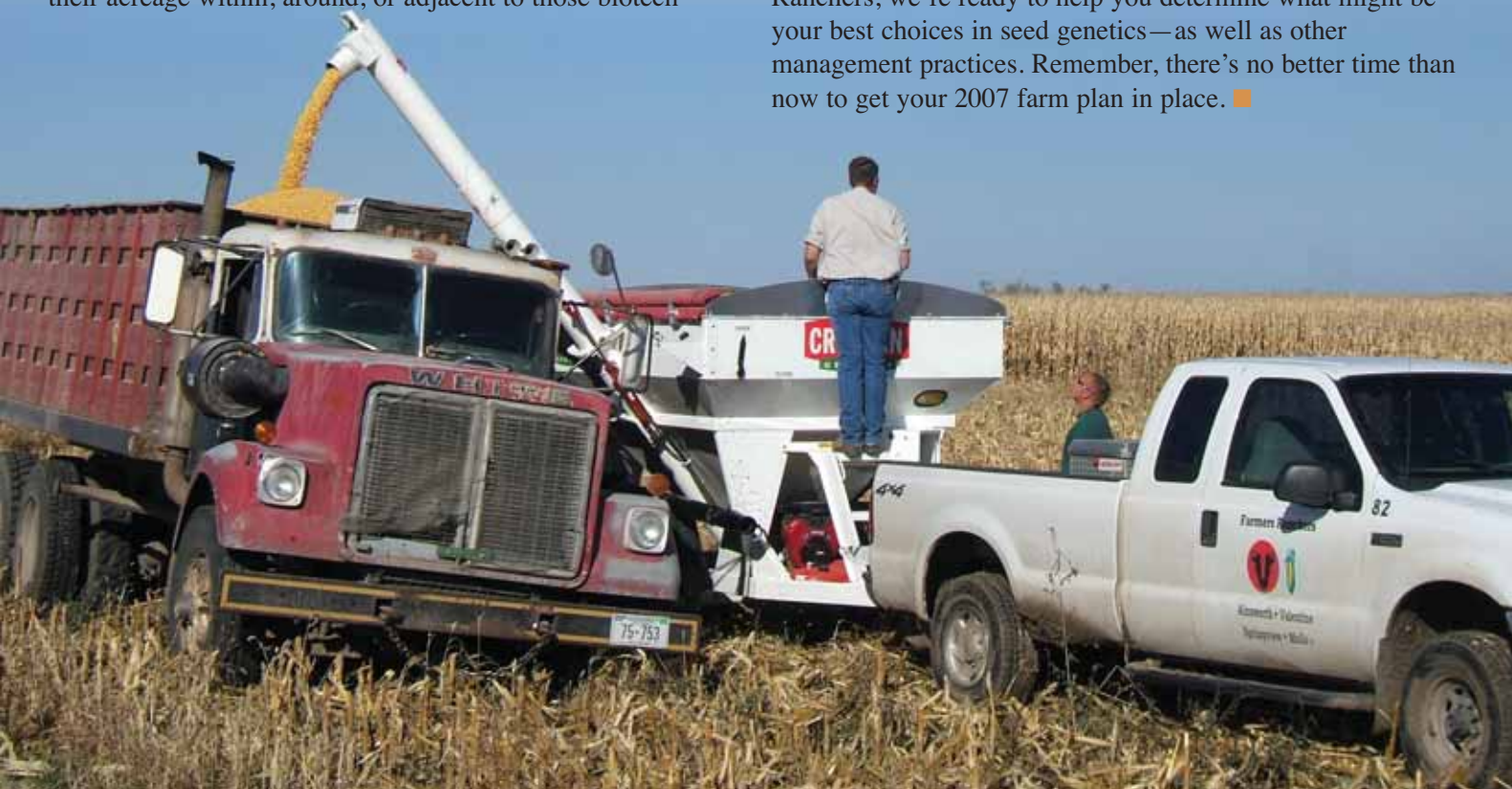
## Check out our test plot results

As you make seed decisions for 2007, check out results from the Farmers Ranchers test plot. We have them posted on our Web site at [www.farmersrancherscoop.com](http://www.farmersrancherscoop.com). If you prefer, we can provide you with a printed format.

Considering the dry, hot year, you'll find better-than-expected yields. If you breakdown the successful plots, it comes back to the right genetics in the right environment. The tricky part is that can change from field to field. At Farmers Ranchers, we're ready to help you determine what might be your best choices in seed genetics—as well as other management practices. Remember, there's no better time than now to get your 2007 farm plan in place. ■

## AGRONOMY ADVICE

by Glen Howell  
Agronomy Division Manager



## DIVISION PROFILE: FEED

### FEED MILL WINS AWARD—AGAIN!

For the fifth year in a row, the **Farmers Ranchers Feed Mill** in Ainsworth has taken home the trophy—or certificate in this case. **Land O'Lakes**® once again presented the Feed Mill with the Dedication to Quality Award for 2006.

This award, which measures quality practices, is just one of the reasons **Rocky Sheehan**, feed marketing director, is so proud of the Feed Division at Farmers Ranchers. "Winning this award is a great accomplishment," says Rocky. "The success of our Feed Division isn't due to one person. It's an entire team effort."

That team—made up of 19 dedicated employees—includes everyone from the salesperson on the road to the person behind the counter at the Springview or Valentine feed centers to the Feed Mill workers in Ainsworth or the feed delivery drivers that take the product to the farm and ranch.

"The person who delivers your feed is just as important as the person who takes the order," says Rocky. "They're all focused on finding out what the customer needs and making certain that message gets back to the mill where our feed products are made."

When it comes to manufacturing the feed at our mill, Land O'Lakes has established guidelines and a point system to measure quality practices. Feed mill performance is measured by laboratory testing, FDA and state inspections, and on-site review by Land O'Lakes quality assurance specialists.

Feed mills earn points by:

- Assigning one employee quality assurance responsibility.



- Sampling and testing bulk ingredients.
- Sampling and testing locally made Land O'Lakes Formula Feeds.
- Retaining samples of all customer feeds manufactured at the mill.
- Conducting a mixing distribution evaluation of supplements and mineral texture products.
- Complying with FDA manufacturing practices, including labeling, approved medication use, record keeping, and documenting flushing.

Following the guidelines is no small task when you consider that Farmers Ranchers sold more than \$9 million worth of feed in 2006—making up 30% of the co-op's total sales volume.

"Our feed business continues to be a cornerstone of this cooperative," says **Keith Erickson**, president and CEO. "Livestock production is a huge part of the Sandhills Region, and we focus on meeting the needs of our livestock producers. This prestigious award is just one more indication of our commitment." ■

## It's On the Web!

Check out our 2006 test plot results on our Web site at [www.farmersrancherscoop.com](http://www.farmersrancherscoop.com)

*Check it out today!*

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