

PROGRESSIVE PARTNERS

Grain Policies

Here is a summary of our 2004 harvest policies for corn and soybeans. Please remember that these policies are a guideline and are subject to change depending upon harvest conditions. First and foremost, all grain delivered to your cooperative is considered OPEN bushels unless otherwise specified. You have five days (5) to price your grain or to make a commitment on your delivered grain (sale, warehouse receipt, price later, grain bank, etc.) If we do not hear from you within five (5) days any open bushels will start to accrue storage until sold.

Warehouse Storage

Warehouse storage is available only for those using the receipts for the government sealing program and having made previous arrangements with our storage reserve program. Warehouse storage loans with the Commodity Credit Corporation (CCC) will be accepted with prepayment of nine months of storage prior to sealing the grain.

Price Later Contracts

Price Later Contracts will have a minimum service charge of 12 cents per bushel for the first 90 days and then 3 cents per month per bushel thereafter.

If you have made prior arrangements with us on the storage programs, please contact our office to confirm your previous plans. **We will need a firm commitment now on the previous information we have.**

Please notify us on deferred payments contracts by December 15, 2004.

Corn

The cooperative will be pricing on a wet basis with a 3.50 cent per point drying charge (**subject to change with changes in fuel costs**) plus a 1.40% shrink. **There will be no moisture averaging.**

Soybeans

Soybeans above 13 percent moisture content will be docked per terminal rates in effect at the time. Soybeans over 16 percent moisture are subject to rejection

Delivery Cards

Please stop in and let us know how many cards you will need. We will be making up cards for each of the accounts that you will be delivering for, these cards will contain the account number and account name. You are asked to please display the card in the window, this will help to get the grain applied to the proper accounts.

Managers Comments

By Mark Finck,
General Manager

The auditors are at work on last years numbers and we are busy preparing for harvest. The annual meeting is set for November 22nd this year and I look forward to seeing you at the meeting. This year you will have an additional reason for attending the meeting, we will be handing out the dividend checks at the meeting.

Over the past year I have written articles to keep the membership informed as to the equity revolvment policy of the board of directors. Since the 1st of July your company has paid all estates current and has revolved back both the local and regional equity portions of the equity for patrons born in 1929 and the local portion of the equity for patrons born in 1930. There were a few questions from the members born in 1930 as to why they did not receive the total amount of equity, the answer to this question is that the company will revolve back the regional portions of the equity as they receive revolved equity back from the regional cooperatives. With this policy in place we are protecting the local equity of all members of the cooperative.

One other question that comes up is: Why does management not revolve back estates immediately when turned in? The answer to this is that all equity requests must be presented to and voted on by the board of directors of the company.

With harvest just around the corner I would like to remind you to take the time to be safe in harvest. A few extra minutes is all it takes to ensure yours and others safety. Have a safe and bountiful harvest!

Are You “Long the Market?”

By Stuart Carlson

Volatile markets like the ones we have been experiencing often have wild price swings and large ranges from high to low. During these volatile times you are likely to find varied opinions on when might be a good time to get “long the market.” As a farmer you don’t need any help knowing when to get long the market, you already are. In fact you might say you are an expert at knowing what it is like to be long the market. You are long every bushel that has not been marketed... everyday, all day. This could be old crop in the bin, new crop in the field, or next year’s crop in the bag. You know what it is like to experience good times when prices rally. You have also experienced the pain and frustration when prices fall.

Since you are inherently long the market, you see a gain in the value of your unsold production when the cash market rallies. Unfortunately, you also see a loss when the market drops. You may not get a statement detailing how much was lost, but it is a loss just the same. The goal of price risk management is to let you experience the positives of being long in a rallying market, while at the same time protecting you from some of the potential losses if prices move against you. The world is becoming a smaller place all of the time. It is hard enough to determine what factors in this country are going to affect the markets let alone the rest of the world. Just to add a little more confusion, sometimes the way the market reacts and the way it is expected to react are two different things. You will no doubt hear about what the market is going to do from various market “experts.” You might just want to ask them for next week’s winning lottery numbers instead. It would be a lot quicker and easier. How is your Advance Trading Risk Management Advisor different than these market experts? He or she doesn’t know what the market is going to do for sure and they aren’t afraid to tell you that.

What they do know how to do is help you manage the risk associated with having your revenue tied to an unknown market. We strive to accomplish this by helping you manage your production assets, not by trying to predict price. Our goal is not to turn you into options traders, but to make you more efficient marketers. We use options as a tool to help manage risk because they help provide flexibility, which is very important when price direction is uncertain.

When market get volatile it is easy to let emotions dictate our marketing decisions. When prices are going up it is human nature to think they will continue on that path partly because that is what we want to have happen. There is nothing wrong with being bullish on prices, but what plan do we have in place to handle the bull suddenly turning into a bear. What if I look at a rally in the market today and decide to do nothing and wait to see what happens tomorrow or next week? If the market rallies 40 cents in that time then I am feeling good, provided I take action at that point. If the market drops 40 cents then I will no doubt be kicking myself. What if I decide to use price risk management and protect prices by buying a put option? If the market rallies 40 cents then I am happy because the value of my cash grain has gone up. Sure I won’t pick up the whole 40 cents, but I have the opportunity to gain a good portion of it. If prices drop 40 cents then the put I purchased can gain in value and help offset some of the loss to the cash value of my grain. Price risk management provides flexibility and puts you in control of your marketing.

Your goal should not be trying to pick a good time to get long the market. Leave that up to the “speculators.” Your goal should be to run a profitable farm business. Marketing your crops through the consistent use of a price risk management plan brings you closer to achieving that goal. Let us help.

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Ag Chem Notes

By Lowell Feucht, Ag Chem Manager

Some people have been wondering “what is going to happen in the Round-up market?” Monsanto has come out with its Round-up pricing for the 2005 year. Ultra Max II will now be called Weather Max. Same products, just a different name, still the 22 oz rate. Round-up will be in 2 different formulas next year. Weather Max will carry the entire Rewards programs that have been associated with the Ultra Max II brand. Warranties like rain fast, capped cost and volunteer corn. Now also available will be

Round-up Original Max, which is also the 22oz rate product. The biggest difference will be in pricing and programs that go along with this product. It will be considerable cheaper than Weather Max but the only program that will be tied to it is the trait replant and crop loss rewards. No rain fast, no capped cost, and no performance warranty. You can see by the chart below how it going to be. These prices are just a rough estimate, but you'll be able to see the comparisons.

Monsanto Rewards Program	Weather Max \$7.50 to \$8 Per Acre(Estimate)	Original Max \$4.75 Per Acre(Estimate)
Trait Replant Crop Loss or Replant Refund	\$10 per Unit on Soybeans	\$7.50 per for Soybeans
Round-up Weed Control Warranty	\$7.50 Per Acre	None
Rain Fast Warranty-30 minute	\$7.50 Per Acre	None
Crop Safety Warranty	\$20.00 Per Acre	None
Cost Share For Soybeans	\$7.50/A for 3 Trips \$2.80/A for 2 Trips	None
Volunteer RR Corn Share Program	\$2.60 Per Acre	None
Round-up Corn Cap Cost Weed Control Program	\$7.50/A	None

We have not heard or seen any pricing from the private label Round-up companies yet to see what kind of difference there will be in the generic label market. Rumors and only rumors are saying the generic market could be up a little in pricing. We will have to wait and see. I think we will see some kind of pricing by the year end.

BASF, makers of Outlook, said they will have a program available for farmers that use a 1/2 rate of Outlook followed by a private label Round-up with some kind of warranty. More details to follow.

One subject that I have not talked about for a while is Precision Ag farming. We have added some program that gives us more options on what to do for recommendations to help you. Over the years I have seen some really good returns for you. With P&K pricing go up, it will be more crucial to hit the areas that need more and not put on as much where it is not needed. Most of the time it will not cost you any more than conventional

applied P&K, but let's get it where it needs it the most for the best return for you.

Last, I can not express enough to keep the good work on fall fertilization. We all have come a long way with putting it on in the fall. Fall fertilizer is a big benefit for both of us. It gets the work done for us to help us out in the spring but you the grower get the biggest benefit. P&K are more available for spring usage, it is usually cheaper than the spring and it is that much more that is done for you verse doing it I the spring. Also do not be afraid to try some fall nitrogen. We have more growers that are trying it and have been very happy with this program. You do have to wait until the conditions are favorable. Even with the rains we had this spring, I am not seeing any signs of leaching, things look good. So stop in and let's talk about a program that works for you. I would like to take a quick second wish everyone have a safe harvest. I know it is a hectic time of the year, but it can be the most dangerous. Please be safe instead of being fast.

Fall 2004 Newsletter

By Chad Nelson Fertilizer and Seed Manager

It has been another season filled with many different situations, both good and bad. Moisture and insects have been the top two topics of summer. We can not control what Mother Nature allows us for rain, but we can do something about the bugs. This year everyone was very aware of the soybeans aphids potential problems. And I have not seen near the infestation this year as compared to last year, but numbers were increasing in many of the field I scouted. But I saw fields that did not need treatment also, because number stayed steady or even decreased in aphid populations. The good thing is everyone started scouting for aphids and some bean leaf beetles early, and after scouting the fields for awhile you choose too spray or left it alone. This is good pest management practices, and we will be doing it more and more every year.

Fertilizer Notes:

Fertilizer prices have not backed off since this spring. We will see nitrogen and phosphorus prices steady it a touch higher than last spring's prices. Potassium prices will be higher than they have been. Reason for this is, exports of potash out of Canada to other countries have been tremendous and it has increased the price of potash a lot.

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These are things you did not want to hear, but can be managed. I have talked about soil sampling every farm in your operation, and treating them all individually. Each farm should have its own fertility program, some fields may need more fertilizer than others. Which means you may spend a lot on one farm, but not so much on another. In the end the average of all your acres won't be so high, and you will have the fertilizer where you need it most. So if you would like Lowell or myself to do soil sampling or grid sampling this fall give us a call.

Although fertilizer prices are going to be higher this coming year, do not cut back on your fertility programs. The way it looks right now we are going to see good yield on the corn again and soybeans are coming along good too. The bigger the crop the more fertilizer we take out of the ground and that must be replaced for next year's crops.

Fall fertilizing is beneficial to your operations; it allows your P, K, Sulfur, and Zinc to breakdown more over winter to make it more available for the plants in the spring. In the fall, your cost of fertilizer is usually cheaper and application prices are always lower. Compaction is less of an issue in the fall than in the spring, and that can result in yield increases for your operation. In closing, there

are many positive factors to applying your fertilizer on in the fall; available fertilizer, cost of fertilizer and application, less compactions, and most importantly lessens the work load for the upcoming spring season.

Seed Notes:

In preparation for fall, be sure to have your planting book in your combine. This will help you identify which hybrids you planted where. A very important tool to have when making seed decisions for the next year. Make notes of any positive or negative issues with each hybrid you combine, it will be a huge benefit to your operation.

Plot days will be starting soon, try to attend some. They are a great opportunity to see new hybrids coming out and see hybrids that you have planted on your farms. The company representatives are always around to help answer any questions that you may have. Our plot day west of town will be coming up in early September, invites will be mailed out to you. Thank you for your business and have a safe harvest season.

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