



February 28, 2010

VISION

From the General Manager

Ron Hunter



This is the final Ag Valley VISION Newsletter for fiscal year 2010. March 1 will start the process all over again and we hope that this New Year will be a year of hope, of promise and a profitable year for our member/customers.

We have the Prepaid Storage document in hand and will have mailed it out to you by the time this Newsletter reaches you. This document allows producer participation to “jump start” facility construction and shorten the timeline it takes to meet the infra-structure needs at many of our locations. We know that this type of program is being used in other parts of the grain belt today. We don’t know the level of success that others have when they make a similar offer.

We have 6 meetings scheduled throughout our trade territory planned to make it convenient for producers to attend one of the meetings. We will present the needs and take input from those present to ensure that we are moving in the direction that best meets producer needs. The trend toward increased bushel production through improved genetics says that the Ag Valley grain system will continue to be challenged going forward and we need to work together in the “cooperative” spirit to begin to resolve the issues at hand.

The grain team throughout the Ag Valley network has been working diligently on open ground piles. Trains, single rail cars and trucks are moving a mountain of corn out of the trade territory making room for more bushels to come up off the ground. We are blessed to have the cold weather and very little wet weather to deal with while our employees are working on getting the “risk” bushels to an end user or long term storage.

We are very fortunate to have mostly high quality grain coming up that take normal drying and blending to be ready to ship. We still have locations with higher moisture corn that will have to be addressed so we are not ready to call this part of the year a complete success but we are making good progress.

Ag Valley financials continue to improve as extra bushels move through the system along with drying and storage revenues. We are projecting local bottom earnings that will keep the system strong and continue to keep Ag Valley a strong cooperative. We will end our year February 28th and will open our records to you in June at the annual meetings that will reflect your coops ability to do business in the volatile environment we saw in 2009.



Grain Report

Scott Hillius



Recent harvest experiences have exposed areas that Ag Valley and many others just like us in the business must improve upon. Together with Mother Nature's grace, modern technology and improved genetics are producing crops that are outpacing handling infra-structure worldwide.

Let me begin by stating that Ag Valley does not take our customer's business for granted. We take meeting or exceeding customer expectation seriously and it is our vision to be an efficient Coop that provides goods and services at competitive prices. We strive to handle producer grain quickly, efficiently and profitably for our customers and Ag Valley Cooperative.

With 17 grain locations, it is our Mission to be "conveniently located to meet the needs of our producers." If you include all Ag Valley service divisions, we have a presence in 20 different communities, employing somewhere in the neighborhood of 270 employees. Besides being one of the largest employers in the area, we are also the largest tax payer in the majority of the communities we're located in. In some cases, we may even be the last business in town.

Accompanying our 17 grain handling facilities, we have a combined fleet of between 35 and 50 company and privately owned trucks available to haul direct out of your field, off your farm or between our locations. I'm not aware of another competitor in the area offering anything close in comparison.

We have an experienced merchandising staff offering various marketing tools, brokerage services, market planning and education. We continue to increase our customer's access to market information as well as access to their individual input purchases, contracts and grain information through our web site. As fast as things change nowadays, the information we can provide will help keep you up to speed, enabling necessary decisions when you need it.



Finally, and no less importantly, is our team of grain department personnel. This diverse group is well trained and ready to cover all of your needs, from the time your grain is received to when the final settlement check is written.

By no means am I saying we don't have room to improve upon our services but instead am trying to focus on positives that maybe get overlooked from time to time. We know that it will be imperative that we continue to meet our budgets so that much needed asset improvements can come about in a timely manner.

We'd like you to know that we also understand the importance of meeting our customer's needs. With all of this in mind, please plan to attend one of our planned informational and sign-up meetings regarding our proposed Ag Valley Coop Storage Program.

The following meetings are scheduled:

Wednesday, March 3rd, 2010

10:00 am	Arapahoe	Ella Missing Center
2:00 pm	Bartley	Bartley Community Center

Thursday, March 4th, 2010

10:00 am	Orleans	Harlan County Ag Center
2:00 pm	Norton	Prairie Land Electric (meeting room)

Friday, March 5th, 2010

10:00 am	Maywood	Maywood Community Center
2:00 pm	North Platte	Becky's Hall of Celebration

Thank you and we hope to see you at one of the meetings!

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Ag Valley Coop Storage Program

It is evident that harvest yields have more than taxed the grain handling infra-structure at Ag Valley Coop facilities. Production continues to outpace Ag Valley's ability to build the assets necessary to allow us to handle that production in a timely manner. Our goal has always been to allow you to be in the fields when the season tells you it is time to get the crop out. Extra bushels and higher moisture creates a "perfect storm" that locks the system down to a snail's pace for the greater part of harvest. In the years when the grain is dry, we move quickly to auger speed as the permanent storage in our facilities fills. This again slows the harvest down to the speed of tractors and augers. The long lines and slow dumping speed has created a lot of frustration in the country over time and we need to address the issues and find a solution that will ensure that Ag Valley is your first choice to market your production.

The Board of Directors and Management of Ag Valley has been searching for alternative solutions that would begin to resolve the in-efficiencies that allow our grain handling systems to get bogged down early in harvest. The Ag Valley Coop Storage Program is one of the solutions that the Board of Directors and Management have come up with as a way for Ag Valley Coop to become more efficient in the grain handling and storage areas while giving the producer the benefit of grain storage at a reduced cost and without the up-keep and maintenance of owning their own bins.

The **Ag Valley Coop Storage Program** will be structured as follows:

	20 Year Program	10 Year Program	5 Year Program
Initial Cost-Up-Front Fee (Price per Bushel)	\$1.85	\$1.25	\$.70
Annual Fee Charged (Price per Bushel...Guaranteed for 5 years)	\$.06	\$.06	\$.06

- Contracts will be in 5,000 bushel lots.
- The program is only available to stockholders of Ag Valley Coop.
- The program year will run from July 1 thru June 30.
- The stockholder can haul their grain to any Ag Valley Coop facility that is open and taking grain and be eligible for the storage program.
- Stockholders can store multiple commodities (corn, wheat, milo, beans).
- The initial cost/up-front fee and the annual fees are not refundable.
- The annual fee will be billed on July 1st and must be paid by July 25th of every year. The annual fee applies even if the storage is not utilized.
- The Annual Fee will be locked in for 5 years at which time the rate will be evaluated and may be changed based on the ever-changing variable costs and any other unforeseen regulations that may affect the storage of grain.
- The owner of the storage may allow another stockholder to use that storage for the next year provided that the request is in writing and must be in the Edison Office by June 20th of every year. The request will take effect on July 1 and cannot be changed again until the next year.
- As required by the Nebraska Public Service Commission, storage will be charged at the time of settlement at the Ag Valley Coop published rate on all bushels in the storage program. The storage charges on those bushels will then be rebated on a separate check after settlement.

Please plan to attend one of the meetings to sign-up for the Ag Valley Coop Storage Program. **The sign-up period for this program will run until March 19, 2010 or until we have 2.5 million bushels committed to the program, whichever comes first.** Depending on the success of this program, we plan to have another sign-up period in December 2010.

Feed Report

Bob Myers



Many of our producers are calving or getting ready to calve. With the hard winter we have had and the continuing snow and moisture, we anticipate more problems with weak calves and scours than we have experienced for several years. Please remember to get the Bio-Mos tubs in front of these cows pre-calving and follow with the Ag Valley calving mineral when the first calves hit the ground. The Bio-Mos is available in the Crystalyx BGF 30 and Natural 27 as well as the Kent AN 25. It is never too late to get the Bio-Mos in front of the cattle. We have had success stopping scours after they have started, just remember that once a calf gets sick he will never keep up with his herdmates. Prevention is always the best route, but if you have started calving we can still provide a strong level of protection for you.

Mineral prices will be going up in April as mineral prices will increase, so now is the time to get your needs covered. We will offer current pricing on mineral until April, but you need to have it picked up by then. We are not offering a booking price that allows you to take delivery at a later date. You can figure that a cow eats about 1.5 bags of mineral per year, so you can calculate your mineral needs and get that ordered in time for us to make it before April 1.

We will be offering creep pricing on two different formulas this year; our conventional pelleted 14% creep and our 70/30 ddg mix. With the success we have had with this product this winter we are very confident that we can get the performance on the cattle at a very affordable cost of gain. Current pricing looks like the conventional creep will run around \$240 per ton and the 70/30 mix will run around \$175 per ton, both f.o.b. Maywood.

Just a reminder, the feedmills will be closed Friday afternoon, February 26, and Saturday February 27, for year end inventory. So plan your feed needs accordingly.

Ag Valley Coop Board of Directors

Dale Cramer	Cambridge
LaVern Banzhaf	Cambridge
Steve Downer	Cambridge
Tom Hansen	Wellfleet
Todd Hartley	Maywood
Steve Henry	Arapahoe
Dennis McConville	Indianola
Dan Huebner	Hershey
Mark Miller	North Platte
Bob Unger	Bartley
Dave Brown	Beaver City
Leon Ehrke	Stamford
Gary Frecks	Cambridge
Dwight Sprigg	Norton, KS
Curtis Lowry	Almena, KS

Phone Numbers

Edison	Oxford Ampride	Arapahoe	Bartley	Beaver City	Cambridge
800-228-1352	308-824-3850	877-250-2049	308-692-3444	308-268-4155	866-339-4057
Curtis C-Store	Hendley	Holbrook	Indianola	Lebanon	Maywood
800-416-5795	800-848-2575	308-493-5690	800-762-1589	308-375-4211	800-233-4551
Moorefield	North Platte	Orleans	Oxford	Stamford	Wilsonville
888-214-6898	800-303-7636	308-473-4075	308-824-3431	308-868-2785	308-349-4401
Norton Fertilizer	Norton Elevator	Norton Station	Clayton, KS	Reager, KS	Maywood Fert.
785-877-5900	785-877-5131	785-877-5188	785-693-4522	785-877-3707	888-418-4443