



December 2009 Newsletter

November was a good month for SEC and our members. I am sure everyone had hopes of getting quite a bit more accomplished during the month, but compared to October, November was very good. Some of our producers are completely finished with harvest and tillage, and others have a long ways to go. At month end, I would estimate that our corn harvest is around 80% complete for our entire trade area.

We had a very productive one week run for dry fertilizer, with four Terragators spreading fertilizer all day every day, and were able to be very current with orders up until the last day or so. We added two more tandem tenders for this fall that significantly increased our dry fertilizer spreading capabilities.

Fall NH₃ application has been disappointing with only about 15% of our fall NH₃ being applied so far. There were a couple of days that our custom NH₃ tractors were not running at full capacity and we could have gotten over some more acres if we would have had the orders. We have had some very productive Decembers for NH₃, and we will hit very hard if the weather cooperates.

I am glad we have been able to accommodate our customers by being able to take your wetter corn this fall. Our dryer has operated twice as long this year as it did last year, and has ran longer this year than it did in the first three years of its life. I am sure that no one is going to be happy when they see their drying bill, but I believe that they will be glad that those corn bushels have been harvested.

We have billed out drying charges, quality discounts, and minimum storage charges for grain in open storage. Those charges were billed to your account and are included in the "Deferred" section of your account. The grain charges are due the sooner of January 15, 2010 or whenever you collect for grain.

SEC wishes everyone a safe and healthy holiday season. I am sure that we do not always tell you

how much we appreciate the opportunity to earn your business, and I would like to take this time to express that appreciation.



SEC feels that it is very important that we continue to re-invest into our business. Improvements for 2010 will include another Rogator sprayer with 120' booms, additional tender upgrades, the addition of a dry corn leg at our grain facility, and a second dry fertilizer blender in Shipman.

The Board of Directors (BOD) of SEC is very dedicated to the success of SEC. Three directors are enrolled in a "Directors Conference" this winter.

Objective of the CHS Directors Conference is to define the renovation decision and envision what it will take for your organization to commit to renewing mature or declining businesses.

In today's volatile marketplace, board rooms are buzzing about potential business change. The decision-making might be focused on profit potential, changes in business structure or even future partners. Generally, most of the strategies the cooperative puts into place are suppose to work, but what happens when an aspect of your business, division, product or service changes? How do you lead through business renovation?

Leo Hopf, CEO of Teamhopf, author, "Rethink, Reinvent, Reposition: 12 Strategies to Make Over Your Business and Boost Your Profits" will be the lead facilitator of this year's conference.



SEC will close at noon on Thursday December 24th, and reopen for business on December 28th. **SEC will be ending its business year at noon on Thursday, December 31, 2009.** All regular accounts are to be made current before this time. Getting your account current saves you expensive and unnecessary finance charges. We will be open for 2010 business on Monday January 4th.





Regan Wear's Notes: We have had a poor fall for applying crop nutrients for the 2010 crop. We still should have some good opportunity for December spreading to help everyone get their pre-paid fertilizer applied. We need to spread fields that can be applied if frozen or that dry out enough so that we can dedicate as many resources as possible to the spring ammonia season when it hits. Let our salespeople know if we can help you with spreading of these winter-applied fields.

We are seeing some uncertainty in corn acreage for the 2010 crop. Producers are looking at new levels of crop sales dollars as well as high fertilizer input costs. All producers are looking for the best way to maximize and preserve yields in their fields. There are genetics, traits, herbicide, insecticide, fertility, non-GMO premiums and scouting options that all need to be incorporated with hybrid selection. We are ready to help provide solutions for all of these questions on your corn and soybeans acres. Talk with your local sales person to plan for your 2010 crop.



Our seed treating for soybeans continues to grow. We are seeing better stands and less early season insect and disease damage. We generally treat these beans fairly close to planting time and can be done very quickly. The Cruiser Max treatment on soybeans runs \$10.00 per unit that includes insect and fungicide treatment. The fungicide only option uses Warden RTA, and is priced at \$3.00 unit.



We will be having a company wide seed treatment meeting in early January. This meeting will provide information to you about all of the new seed

treatment options available to you. We will cover what values these products have, and sort out the best fits for your farm.



We will have herbicide and fertilizer pre-pays out soon that will allow you to buy at the best time of the crop year. Many of our finance programs will allow you to pre-pay and earn great cash discounts on products. Talk with your salesperson to see all of the options we offer for the 2010 crop needs.

Dwayne, Ronnie and Marvin have been working steadily thru the lime tons this fall. We are picking up piles in the country as fast as we can, and are holding off new hauling to the country until we are closer to spreading the fields. We can winter spread with fresh lime that has not been wet when the soil is frozen.



I would like to thank all of our customers for this year's business. We have had a very short fall application season. I know it has been a long fall for all of you, and we appreciate having these products fall applied where fall application is appropriate. We look forward to getting some winter applications on where there is a fit, and delivering products in the spring when fields will work.

SEC will be closed on Saturdays until the spring season.



Bob "Hip" Wayman is the Spotlight employee at SEC. Hip began at SEC in 1989 when we

purchased the assets of the Medora Elevator Company. Hip's primary responsibility at SEC is the operation of the Medora grain facility. Hip is an avid outdoorsman, and enjoys deer hunting and fishing. Ruth and Hip Wayman are the parents of two daughters, one son, have five grandchildren, and live in the Medora area.

This fall's dry fertilizer, fall NH₃, minimum storage charges, and grain discounts is included in the "Deferred" column on your statement and is not due until January 15, 2010. Please call if you have any questions on your statement. Consult your tax consultant for a recommendation if you should pay in 2009 or 2010.

Dennis Wieseman's Notes: What a difference a year can make! Last year at this time, I was writing about sharply lower crude oil prices, a lower stock market, a stronger dollar and weak corn exports. Well, the only thing that hasn't changed much is poor exports on corn again this fall. Crude oil has been fairly steady for the past couple of months, while the dollar has been on a continuous slide and, fortunately, the stock market has posted substantial gains since the first of 2009.

So, what about grain prices? When we compare current prices to those of a year ago, we find that corn is 50-60 cents higher than last year and soybeans are higher by \$1.60 to \$1.80 per bushel. This information alone is reason for our producers to be marketing corn and soybeans for winter delivery. We have already surpassed last winter's highs for corn and beans. Cash corn hit around \$4.25 in the first week of January and soybeans reached near \$10.50. These levels were the high for the winter months. We have already had the opportunity to sell above both of these levels and some of our producers have taken advantage of the recent highs.

If export demand doesn't pick up on corn and South America raises a record soybean crop, then it might be difficult to move much higher than the highs we posted this fall. Added pressure will come when the producer decides to market a large amount of unpriced grain in the bin. Most producers have very little grain priced to date. It is time to think about your cash flow needs and get those grain offers turned in to take advantage of the next move back up.

Please be sure to check all your stored grain for any possible quality concerns. This year's corn crop was not of very good quality and will probably not store well for over about 6 months. Remember, most fields had some level of damage from disease

issues and the crop was harvested very wet. Expect foreign material discounts when you ship corn this winter and spring.

Remember that with any grain you deliver through SEC, you can have the income deferred to January. Please let Mary know if you want your income deferred so that she can write you a deferred income contract for your records. Please remember that SEC is closed on Saturday's throughout the winter, but grain checks can be written at any time Monday through Friday.



At this time, we are still waiting for the details about our 2010 non-GMO corn programs. We believe there will be a program, but we are not sure about the bushels available or the premium that will be offered. We will post this information on our website as soon as it is available. Thanks for your patience.

SEC will be doing year-end accounting procedures on January 4th, and will be unable to write grain checks on that day. We will be issuing grain checks on Tuesday January 5th. Contact Mary Meyer if you have grain to collect for at that time, and your checks will be written as soon as possible. Please call ahead for your checks.

If you have grain that you want to collect for before the end of the year, please call Mary or Dennis and we will get your checks mailed out to you. Many customers do not want to collect until 2010, and for that reason we do not automatically send out checks for all unpaid grain.

Receiving your grain settlements electronically, and are having your funds deposited directly into your account is a free option available to SEC customers. Contact Mary or Dennis if you would like this service.

This will be the first statement and SEC newsletter to several new SEC customers, and we hope you find your statement easy to read, and that the newsletter contains some info that you find valuable. Please feel free to contact anyone at SEC to answer any questions that you may have.

Ron Sheppard's Notes: I would like to wish everyone Happy Holidays and a prosperous new year. For your continued support, we in the Petroleum Department would like to say **Thank You!** Without great customers, we would not be successful!

After the first of the year, we will be sending out new lease agreements for all leased petroleum equipment that we supply to our customers. This is for us to update our records.

As winter approaches, we have a few things to remember for winter fuel storage and usage.

- 1) We recommend to use no more than a 5% Soydiesel for this winter. Currently, the price difference between 11% Soydiesel and #2 Diesel fuel is around 12 cents. The use of over 5% Soydiesel increases the chance of filter plugging. Higher biodiesel content has shorter shelf life than straight petroleum diesel.
- 2) Fill your fuel tanks. Full tanks allow less room for air and moisture in the tank, which means less chance of condensation.
- 3) Change your fuel filters. Fuel filters on storage tanks should be changed at least once a year. Filters that are partially plugged will plug much faster in cold weather.

We have been injecting Artic Flow Plus winter additive since mid October and this should take your fuel down to -10 or so. If your tanks have not been filled since October 20th, they most likely have not been treated. Let us know ASAP if we need to winterize your tanks, so there is no problems with your diesel fuel this winter. To help with cold weather starting, I would also recommend using Ruby Premium Diesel Additive (RPDA). The increased Cetane from RPDA will greatly aid in those cold weather starts. Please call us with any winter fuel questions.



Brent Phelps Notes: Happy holidays from all of us as SEC. Looking back on the past year one thing stands out the most, and that is that this crop will be the most expensive crop we will ever harvest. No time has ever been more important to make good agronomic decisions on hybrids, chemicals, and fertility. Those decisions can confuse the best of us, we are here for you and have a plan in mind that together we can implement for success and profitability.

Our success is only measured by your success, and this past year our seed lineup took a back seat to no one, and weed control was super. We have all the tools to keep your operation on the cutting edge. Our staff is committed to excellence and will stop at

nothing to make sure you see that excellence on your bottom line. I have never been more proud to work for a company so strong in delivering simply the best AG products and service anywhere. I would put our producers up against any in the Corn Belt. Together we will break the 100 bushel bean mark and 300 bushel corn mark. It is coming, and I promise you we be there sooner than you think.

This time of year makes me stop and give thanks for all I have with and the wonderful relationships I've made with you and all the people here at SEC. Customers and coworkers become family.

*From the Phelps family to yours,
Happy Holidays!*

I am sure that some of you are tired of hearing of me talk about NH3 toolbars, and why you need to own you own. Our current customers own three toolbars for every one that is owned by SEC, and I doubt if any of those customers would consider giving up the flexibility and convenience that they enjoy by owning their own toolbar.

Because of the record low amount of NH3 that has been applied so far this fall, the demand for toolbars from our rental fleet will be greater than ever this spring. We have some special pricing for current and prospective NH3 customers, and want to make it extra attractive to you to own your toolbar this spring.

Here are some of the used toolbars that we have for sale now. New toolbars are also available.

Toolbar #4, 17-shank DMI 5300, 18" disk sealers, 20" coulters, dual equalizer Dickey John controller, priced at \$32,000

Toolbar #28, 15-shank DMI 4300, 20" coulters, single equalizer Dickey John controller, priced at \$21,000

Toolbar #15A, 15-shank DMI 4250, 20" coulters, 14" sealers, tandems, tandem wing wheels, twin canister Dickey-John controller, priced at \$17,500

Toolbar #13A, 13-shank DMI 4100, 20" coulters, twin canister Dickey-John controller, priced at \$4500

We offer five-year financing for qualified customers, with a financing fee that is well below market interest rates. Contact Bart, Regan, or your salesperson for info on these or on other toolbars in our fleet.

Dwayne Milner's Notes: This past week I went up to Minneapolis MN for some agronomy training at the Land O'Lakes headquarters. The two days I spent up there were packed full of great presentations from experienced agronomists. Many

of the topics helped me relate some information to what we seen in the fields this year. We had several fields of short soybeans that didn't obtain their normal height. I found the reasoning behind this was not just maturity related like I initially thought.

Corn is a C4 plant, as they concentrate carbon dioxide in the plant until they get the growing conditions to continue to the next growth stage. This is why we notice corn grow several inches in a week when we get the required GDU's needed. C4 plants essentially never run out of carbon dioxide.

C3 plants like soybeans have to extract carbon dioxide from the atmosphere while they are growing. Soybeans don't have the ability to store carbon dioxide in the plant for a later date. C3 plants (soybeans) are like a car without a fuel tank, upon receiving the necessary heat units; they produce the energy needed to move to the next growth stage. Essentially soybeans couldn't make up for the lack of quality growing days to continue adding trifoliolate. This is why later planted soybeans prefer closer row spacing and more plants to maximize yield.



An interesting fact I learned about soybeans is that they need manganese to produce nodules that fix nitrogen in the plant. At several of our Answer Plots we have talked about how glyphosate ties up manganese in the plant. This is shown by the yellow flashing we see in certain areas of some fields. This is another reason when we spray micronutrients like Max-In-Manganese on soybeans we are seeing an increase in plant growth and eventually yield.



Tim Gueldener's Notes;

The new yield books containing 2009 data will be in soon. These books contain data from across our trade area as well as some from central and southern Illinois. Our new lineup of triple stacks as well as double stacks exceeded expectations in our plots this fall and are available for your farm this next year. With a diversified lineup of proprietary Pioneer genetics you can add a competitive advantage to your operation.

Pioneer's "Y" series soybean lineup proved its worth this season. Pioneer's soybeans had an overall 1.3 bu. advantage across all competitive varieties and a 2.8 bu/ac yield advantage over Asgrow varieties with the Roundup Ready 2 Yield technology.

Pioneer FIT mapping is available again this year. If you have a yield monitor with GPS capabilities, we can copy your data cards and send it in to Pioneer. Pioneer will print out the yield maps at no cost to the producer. Yield maps can help you identify problem areas in fields that may require better drainage or better fertility rates. Please get your data cards to John or myself as soon as possible.

John, Matt, and I are having great sales with our new Pioneer Corn and Soybean lineup. We appreciate everyone who has taken advantage of the early discounts. Pre-Season Rewards Program is over and the next Early-Season Rewards is January 22, 2010. Pay by the 22nd of January and receive a 6% cash discount. However, if you wait until the deadline to order your Pioneer seed you may not get exactly what you want.

Thank you for your business this past season and have Happy Holidays!

Mary Meyer asked me to extend thanks to all of our customers that have called ahead for their grain checks. Calling ahead saves you valuable time, and allows Mary to better prioritize her day.

Joe Kuykendall's Comments: SEC greatly appreciates your fuel and lubricant business and is continually looking for ways to add value to our products and services that will help you succeed.



One added value is the **Total Protection Plan (TPP) Warranty from Cenex**. As the New Year approaches you may be making plans to upgrade

equipment or even trade for a new tractor. **The TPP is available on used or new agriculture equipment with up to 10yrs./10,000hrs of protection.** Signing up for the TPP is fast and easy. Please contact me for more details and visit www.cenex.com for testimonials on the TPP and Cenex Lubricants.



Now is a great time to purchase Cenex Lubricants. From now thru Jan 31 you can earn a **\$75.00 gift card** on a 100-gallon purchase of Cenex Diesel Engine Oils and/or Qwiklift HTB. In addition, for every 4 boxes of Cenex Grease you will be eligible to receive **an additional \$25.00 gift card.** **Gift cards are for Cabela's, Applebee's, or Sears.**

We did our best to get all of our fertilizer, lime, and spraying billed out before the end of November. Please review your statement, and get back to us ASAP if we need to make any changes. All of our customers were very prompt in getting billing information to SEC quickly, and we really appreciate your efforts.

Derek Kahl's Notes: As we enter into the final month of 2009, one question on a producers mind revolves around their 2009 income tax position. I recommend that now is the time to meet with your tax advisor to review your 2009 financial numbers.

Good News: 2010 crop input prices are lower than they were for the 2009 crop year, but many producers will still face difficult cash flow issues.

SEC has some possible solutions available to producers to help ease the stress caused cash flow issues. In addition to our CFA and CoFina Crop Input Financing Program, we also have financing programs available from seed and chemical companies. Give me a call today to set up a meeting to review your 2010 cash flow position and receive recommendations for additional financial assistance.

One thing to remember when looking at financing options to help provide needed cash flows, is to be prepared for your meeting with the financing provider. The numbers on every ones mind these days are FICO Score. This is also referred to as your credit score. These scores range from 800

down to 350, with the higher your score the better chance you have of obtaining loans.

To stay on top of your credit report and the FICO Score obtained from it; you should verify the information on your credit report annually. All consumers are allowed one free credit report in a 12-month period. These reports do not give your FICO Score, unless you pay for it. But they will allow you the chance to review the information on your report to make sure it is accurate. To obtain a free copy of your Credit Report, log on to www.annualcreditreport.com.

As the 2009 year comes to an end SEC would like to remind all producers that they need to return their Sales Tax Exemption Certificate that was mailed to you in November. Failure to sign and return the Certificate could result in your account being charged sales tax on inputs that are normally exempt.

REMINDER: Customers need to have their SEC accounts in good standing by December 31, 2009. If you are having issues making payments on your SEC Account contact me to work out a payment option.

For the tax year ending December 31, 2009, SEC is computing the *Domestic Production Activities Deduction* under IRS Code Section 199. As such cash payments made for grain by your cooperative to members are being considered, for Section 199 purposes, as per-unit retain paid in money. Therefore, you will not be able to consider these payments that you have received from your cooperative to be qualified production activities income when computing your Section 199 deduction on your farm tax return. These qualified payments should NOT be included in your receipts classified as grain sales but rather as receipts classified as taxable distributions from cooperatives.

The net affect of this info is that your gross grain sales to SEC will be included on your 1099-PATR. Please consult your tax advisor to determine how this treatment may or may not affect your farm tax return this year. Your 1099-PATR from SEC will be mailed in January.

The Domestic Production Activities Deduction is expected to have a very positive net affect for SEC, and that affect could amount to several hundred thousand dollars. We have filed an amended tax return for 2005, and are planning to file amended returns for 2006-2008.



Joe Wieseman's Notes: As many of you may have already heard, AgLeader has announced some big changes for the upcoming year. AgLeader has been on the forefront and changing the face of precision agriculture for many years and is continuing to do so with the introduction of some new systems and displays. I am excited about the new products coming available this winter.

AgLeader has introduced a new display called the INTEGRA which is the full-featured, year-round precision farming solution featuring a large 12.1" HD touch-screen including support for automated steering, harvest support, mapping, planter and application control, real-time data logging, four video camera inputs and more.



Also new for the 2010 season is a new economical steering system called the OnTrac2 to be used with the EDGE display. This new steering system features quick, easy "Lock-n'-Roll" installation, superior to friction-design eliminating slippage.



Myself and others SEC staff members will be heading to Ames, Iowa the first week of December to go to the grand opening of the AgLeader Academy. The academy is a new training facility for dealers and tech support specialists.

Also with the introduction of the new products a new dealer structure was announced and the Blue Delta Dealer program was introduced. There will be three of these in the state of Illinois and SEC was selected to be one of them. What is a Blue Delta Dealer? A Blue Delta Dealer is the most elite of Precision Farming experts. They have the most intensely trained and highest quality employees backed by the best resources in the industry. We at SEC are very excited about the changes coming to us and expect that the products and services we will have available to offer to you our customers will be second to none. I look forward to strengthening the relationships we already have and building new ones to help improve the efficiency of your farming operation.

If you have any questions about these products or services please feel free to call me at 618-779-2741.

HAVE A SAFE AND HAPPY HOLLIDAY SEASON



Rich Metzger's Notes: The year is slowly coming to an end. Harvest is finished or will soon be finished. With that said, this is a good opportunity to look at yield data whether it is from your farm or from other sources.

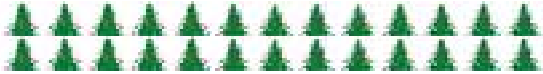
Most of the variety plots have been harvested with Croplan and Mycogen entries doing very well. Some of Croplan's numbers include; 6125, 6525, 6763 and of course 7505. Mycogen numbers include; 2A720, 2V732, 2G847 with a very impressive new non-GMO number of 2H733. All of Shipman's local plot can be found on our web site, www.shipmanelevator.com. Just click on the Agronomy tab. Another nice web site to view for plots is www.firstseedtrial.com.

Seed treatments will be a popular topic this winter. SEC will be hosting a seed treatment meeting to sort through all of the different types of seed treatments offered. We will showcase our new bulk seed storage and treatment center.

SEC will offer the Lightbar and Auto-steer program for 2010. This is a great program for the grower. These units will help you be more efficient in the field by reducing skips and overlaps of fertilizer, chemical and tillage. Call Joe Wieseman at 618-779-2741 or myself for more information.

I hope at in 2009 SEC has met your expectations and we look forward to serving you in 2010.

"Growing Your Future One Field At A Time"



I will be billing the annual payments for NH3 toolbars, bulk oil systems, fuel tanks, and combine yield monitors in early December. I will be sure to mail you a copy of the invoice, so that you can pay in 2009, or 2010 depending on your tax situation.



SBI Update: Center Ethanol Company is operating at full capacity with limited production challenges. Financial performance for 2009 has been disappointing, however the outlook for 2010 is improved for CEC.

One Earth Energy in Gibson City appears to be the shining star for SBI. Their plant is operating smoothly, and their margins and profits so far this year are excellent.



SBI will not be making a cash distribution in 2009, and it is way too soon to speculate on a distribution for 2010. We do anticipate that our portion of the operating loss at CEC will more than offset any income at OEE, and that SBI will be passing on operating loss thru to SBI members. We will also be passing thru the Small Producer Tax Credit, and that amount will be similar to the credit of this past year.

SEC and Land O'Lakes (LOL) have been able to help out three food pantries in our trade area this fall. LOL is a regional cooperative which owns companies including Croplan Seed, Winfield Solutions, and Purina Feeds, and is one of SEC's business partners. LOL had a program this fall in which they matched local coops contributions to the local food charities. We hope to have made a difference for some of the needy within our communities, and we were able to double our contribution using the LOL matching program.

SEC is selling one of our Rogators. The Rogator for sale is an 1998 model 854, with an 800 gallon tank, 80' booms, and just under 6000 hours. Mike Brooks has operated this unit for the past several years. This is a unit that we bought new, and our asking price is \$35,000. We know of no major issues with this unit, and would be very comfortable going into this upcoming season as it is.



We have upgraded to a new Model 1184 with an 1100 gallon tank, and 120' booms.

Shipman Elevator Company

Phone	(618) 729-9009
	(618) 836-5568
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Shipman Scale House	(618) 836-5560
Medora Scale House	(618) 729-3228

Management and Support Staff

Bart Baker	General Manager
Regan Wear	Agronomy Sales Manager
Dean Allen	Operations Manager
Dennis Wieseman	Grain Manager
Ron Sheppard	Petroleum Manager
Derek Kahl	Credit Manager
Joyce Allen	AR & AP Bookkeeper
Mary Meyer	Grain Payable Bookkeeper
Cathy Meininger	Billing Specialist

Sales Staff

Randy Brown	Eastern Area Agronomy
John Hunter	Jersey County Agronomy
Matt Haarmann	Western Area Agronomy
Jim Walker	Precision Ag Specialist
Joe Kuykendall	Certified Energy Specialist
Dwayne Milner	Seed Specialist/Agronomy
Brent Phelps	Central Area Agronomy
Joe Wieseman	Precision Ag Sales
Rich Metzger	Southern Area Agronomy
Tim Gueldener	Central Area Agronomy

This has been a long fall for many of you, and I remind you to remember to be safe. Safety matters,

and your health and the health of those around you
is much more important than saving a moment of
your time.

