



February 2010 Newsletter

Please tell us how we are doing. SEC appreciates the opportunity that many of you have given us to earn your business, and we hope we are meeting your expectations. We also are eager to get feedback from you about how we are doing, and on how we could be doing better. We will be sure to pass on any good news, and work to improve on areas that we are doing poorly.

Contact any of us to discuss how we are doing, and how we could be doing better. We can be reached by phone at (618) 729-9009, or at the following email addresses.

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SEC's local financial results in 2009 were excellent. The audit team has completed their field work, and their results are undergoing mandatory peer review. The unqualified audit will be available in early March.

SEC added almost \$1,200,000 in new assets in 2009 in order to improve service to our members, with the largest expenditure in 2010 being the addition to our bulk seed handling facility. SEC has added more than \$8 mil in capital expenditures during the past decade, and has returned nearly \$1.8 mil in cash to our members in cash patronage and equity redemption in the past five years.

Please attend the SEC Annual Meeting on March 6th to learn more about the financial position of your company, and to pick up your patronage and equity redemption check.

Dennis Wiese's Notes: The grain market has performed this January much like it did last year. Last year we posted our winter highs on January 6th and then went into a steady decline until we hit the wet spring. As of January 27th corn has declined \$.65 and soybeans \$1.20 compared to \$.50 on corn and \$.40 on beans last year. The fall has been more severe this January because of the bearish USDA January Report.

Outside influences have played a big factor in the declining grain prices as well. The news that China was raising interest rates to curb their global purchases and to slow their economic growth to avoid inflation caused additional selling. Add on the overall excellent weather in South America that will allow them to produce a very large corn and soybean crop. Economic uncertainty remains in the U.S. due to the Chinese news, unemployment staying high, disappointing new home sales and some poor quarterly results from Wall Street.

The grain market now looks to be very flat until we get towards the end of February and get a better look at the spring weather forecast. To be honest, unless, we have a wet spring or another unknown factor surfaces, the highs are in and prices will be flat to lower. We would need a summer weather event to rally back prices. Look for any type of mild corrective type trade to make sales to reduce inventory and get started on 2010 new crop sales.

Please keep a close eye on your farm stored grain as we have already seen and heard of quality issues. The trade fears that we will have major quality issues this spring and summer. Large quantities of poor quality grain will pressure the cash basis and lead to even higher discounts. Please check your bins!



We are still booking non-GMO corn and soybeans for the 2010 crop. Programs are very limited this year and premiums are lower than last year. Please call if you are interested in any premium programs and we will gladly explain our current specialty contracts available.

We have started selling corn to the new Abengoa ethanol plant this past month. We expect Abengoa to be the best corn market for the next several months. We have our account set up and as a licensed grain dealer are ready to buy your corn for delivery to this new ethanol plant. They have worked out most of the bugs of starting up a new plant and are dumping corn with hopper bottoms only. We post a bid every night on our website for

their plant. Please call for more information if you have any questions.

Our early prepayment program was very successful, and we thank all for the early purchases. Our final date for prepaying for your 2010 crop inputs is March 6th. This date is our 2010 EXPO & Open House. Our 2010 EXPO will be combined with our Annual Meeting, and be held at our Shipman location.

Regan Wear's Notes: We are continuing to see a lot of interest in the products that can fine tune and boost yield in your corn and soybean acres. We have seen a consistent yield bump of 2 bu per acre in soybeans with Max-IN. This is a foliar micronutrient used at 1 qt per acre in-crop with your last roundup application. This product costs \$4.50 per acre and using this year's bean price could return you \$20 per acre in soybeans. These products along with seed treatments for soybeans seem to be the best bets to try as we look for incremental increases in soybean yields.

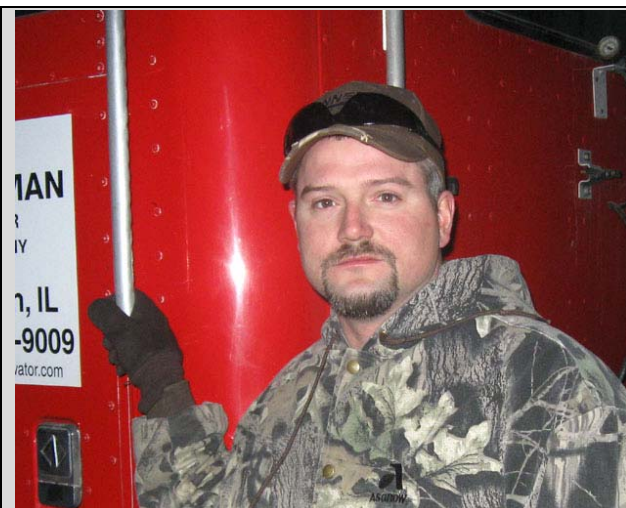
Managing non-GMO and refuge acres in your cornfield can be challenging. With these refuge acres, and with acres that you choose not to use rootworm corn hybrids, we offer Force granular insecticide in 50# bags. Force is the Leading granular insecticide in our area. Talk with your sales person to identify which of the options best fit your farming operation.

We continue to have good success with our Smart Box insecticide program. We have several new units in and still have time to get new systems in for this years planting season. This delivery system has proven to be very accurate and safe for the farmer. Call Regan or Dean to order one of these systems for your planter today to ensure delivery for the 2010-growing season.



We are starting to put together seed and chemical deliveries for the 2010 crop year. SmartBoxes are one thing that would help us greatly to deliver to your shop or warehouse. Let us know if you can take these early so that we can continue to bring our supply in.

Fertilizer prices have retreated greatly from last year's highs. Anhydrous and Dap have declined the most from last year. We have some fertilizer on this fall and will need to put a lot more on frozen ground applications as the weather is fit. This will be a big help as we get to the critical spring ammonia time so that we can dedicate as many resources to nh3 as possible when the time is right.



Dan Dorks is the February spotlight employee for SEC. Dan began at SEC in 2002, and is a member of the operations team. Dan drives one of our Terragators with a spray unit, and is our primary spray operator for the fall season, and will begin applying pre-plant and burn-down herbicide applications as soon as weather conditions allow.

Dan is a life long resident of Greene County, and he and his wife enjoy camping with their two children.

Any seed, herbicide, or insecticide deliveries that can be made now would be greatly appreciated. We have had a pretty steady flow of products in, and can deliver now if you can take the product.



Talk with your salesperson or Dean, Jim, or Regan at the Shipman office for delivery of your products.

Derek Kahl's Notes: SEC has various options available for producers for their 2010 input costs. With interest rates currently remaining at a low levels this year, now is a great time to look into your financing options for 2010.

With the Wall Street Journal Prime Loan Rate remaining at 3.25% for the past year, many producers will have the opportunity capitalize on lower cost financing. However some banking institutions have tightened their credit standards due to the current economic crisis and some producers will not be able to borrow additional funds that they need to operate for the 2010 crop year. By adding financing provided by one of SEC's partners, you will be able to gain the cash flow needed for your 2010 operating year.

I am willing to sit down with you to review your current financing plans for 2010, and give you options on how to further lower your 2010 interest costs. Between loans available at local banks and programs offered through SEC, together we can develop a financing plan that will help minimize your 2010 interest costs.

Give me a call today to discuss how the lower interest rates can benefit your bottom line.

Ron Sheppard's Notes: I want to remind everyone of our Spring Stock Up on Cenex lubricants. We are offering a 5% discount on all Cenex lubricants purchased and delivered in February. This is an excellent opportunity to get your Spring lubricant needs taken care of at a great price! Since I am discussing lubricants, there has been talk of a price increase by many suppliers. Most of the base oil suppliers have already issued price increases to the blenders, so it is a matter of time before it is passed down to us.

We have seen a downturn in the energy markets the last two weeks. We are looking at diesel contract levels that we haven't seen in over a month. Typically, January and February have been an excellent time to contract. Please call us with your fuel contract needs or questions.

I also want to say "Good Job" to our customers who purchased Cenex lubricants during Cenex's "Hardworking Bonus" program. Our customers earned over 60 gift cards with their qualifying purchases of SuperLube TMS and Qwiklift HTB from November through January.



Tim Gueldener's Notes:

John, Matt, and I have a good supply of hybrids still. If you have not done so yet, I encourage you to

contact us to take a look at the benefits that **exclusive** Pioneer hybrids have to offer on your farm. This is an industry that thrives on information about new genetics due to the short life-cycle of most hybrids. If you are interested in seeing the agronomic benefits that Pioneer has to offer, I suggest contacting one of us to help set up a Side-by-Side comparison so that you can learn about our hybrids on your own farm. Throughout the year we will walk a Side-by-Side and make comparisons as well as take it to yield at the end of the season.

It is time to calibrate your planter meters with our Meter Max System. Our system can calibrate Kinze fingers, John Deere fingers & vacuum planters as well as Case/IH air planters. SEC also offers the option of updating or replacing meter parts with Precision Planting parts. By calibrating your planter meters to the seed size you plant, you can achieve proper seed placement and a 6 to 10 bushel yield advantage in some cases.

Seed delivery is just around the corner. Many of our hybrids are in the warehouse and are ready to be shipped out. Having your seed storage area clean and free of rodents is very important prior to delivery. John, Matt or I will be contacting you about any last minute seed order changes and possible delivery dates in the coming month.

Thank You for Your Business

Joe Kuykendall's Comments: As always we appreciate your fuel and lubricant business. **SEC is your one stop shop for all of your lubricant and petroleum related needs.** We have a complete lineup of **Cenex Lubricants** for your agriculture, automotive, construction, and trucking needs. These products can be conveniently delivered or picked up in person at SEC.



Spring Oil Sale! -Now is a great time to stock up on Cenex lubricants. During the month of February SEC will be running a 5% early fill discount on all Cenex lubricants. This is a great opportunity to save valuable time and be prepared for the busy season ahead of us.

If you have not taken delivery on your farm lubricant needs please contact us so that we can make sure your bulk tanks are full. In addition, our fuel drivers (Bryan Murray & Kevin Albert) usually have pump

filters and grease products on their trucks. Feel free to ask them for some if needed.

SEC also has fuel storage pumps and petroleum equipment to fit your needs. **This is a great time of the year to place your order for any updates you may need for your tanks or pumps. In addition, if you are considering upgrading fuel tank sizes please let us know so that we can schedule the installation at your convenience.**

Brent Phelps Notes; New Mycogen SmartStax Hybrids are built to take corn yield potential to the next level. This is the future of corn hybrids and it's worth your time to consider some on your farm. SmartStax is a joint venture between Dow Agro Science and Monsanto. EPA has reduced the refuge to 5% when using SmartStax. That is sure to add money to your bottom line. Multiple modes of action results in multiple BT proteins being expressed throughout the entire plant, providing whole plant protection from yield-robbing pests. As an insect ingests these multiple modes of action, the proteins attack two different areas of its mid-gut. This reduces concerns about insect resistance and allows for reduced refuge requirements. I'm very excited about this new BT event and can talk in great detail about placing these SmartStax on your farm. If you haven't purchased every acre of seed it is worth a look at now. By 2012 it will be a big player in your seed portfolio.

LET'S GROW SOMETHING TOGETHER!

The Macoupin County Ag Education Foundation (MCAEF) is offering \$7000 in college scholarships this spring to up to 10 Macoupin County students that will be attending an Ag college this next fall. You must either be a resident of Macoupin County, or attended a high school in the county to be eligible. Applications are due March 20, 2010.

Making a cash contribution to the MCAEF is a great way to encourage Macoupin County students to study agriculture. SEC is a supporter, and we encourage you to do the same.

Joe Wieseman's Notes: AgLeader has many great products in its lineup and a couple I would really like to discuss with you at this time is the SeedCommand System and the SureStop clutches that can be paired with these systems. Now I'm sure you have all heard how great automatic row shutoff is and how much money it can save you on seed costs and improved stand in end and point rows. So why aren't more growers utilizing this technology you ask. In many cases producers just don't understand how simple these systems are to install and operate. I would like to show you, the systems we have to offer and in doing so hope that you the grower, will be more comfortable discussing

the many options we have available to help you be more efficient and productive in your farming operation.

SeedCommand is the term for the system that automatically controls the shutoff of individual sections of your planter as you enter headlands and point rows.



The main component behind these systems is the row clutch. AgLeader offers an electric clutch that is low maintenance and fail safe. This clutch is known as the SureStop Clutch. Each clutch requires only 1/3 amp to operate. Using GPS, the SeedCommand system communicates with SureStop clutches to turn planter sections on/off based on field maps and already-planted areas. The clutch starts and stops seed flow by temporarily disengaging the seed meter, eliminating double-planted areas as well as the need to accurately raise/lower the planter at end rows.



If you have any questions about the products or services we offer please feel free to call me @ 618-779-2741

"YOUR PRECISION AG SPECIALISTS"



SBI Update: SBI is waiting on tax info from Center Ethanol Company and One Earth Energy before we can provide you with a K-1 for your tax professional. We expect to provide that info to prior to the end of March.

The SBI Annual Meeting will be on Saturday March 20th, and will be at the SEC office. The meeting will begin at 10:00 am. SBI will not be making a distribution this year, and will be passing thru a significant tax loss due to a combination of profitability challenges and accelerated depreciation at One Earth Energy.

One Earth Energy in Gibson City is our smaller investment and it has been in production for six months. Preliminary financial results are very positive for that facility, and we will release that info as it becomes available.

Dwayne Milner's Notes: This year producers are looking for ways to economically increase soybean yields on their farm. We need to look at several key aspects of unlocking a soybeans genetic potential. Seed treatments are a valuable input that can increase yield by improving stand establishment, plant health, and no dualization. Research has shown the earlier you can plant soybeans the higher the yield potential is due to the length of daylight during critical stages in the plants reproductive cycle. Seed treatments combined with a variety with good tolerance to SDS, PRR, and BSR help us push the envelope for early planting as well.

A fungicide such as Apron Max protects the soybeans against soil born pathogens that hurt yield and stand establishment. Insecticides like Cruiser protect the plant from early season insects like wire worm, bean leaf beetle, seed corn maggot, grape colaspis, white grubs, and thrips that will not necessarily kill the plant but rob its top end yield potential. Also for the acres that have been continuous corn for several years there are encapsulated inoculants that offer aggressive, early season nodulation and hormonal growth kick. These seed treatments can be mixed and matched to fit the needs of any field. There is no silver bullet in pushing soybean yield over the hump. We are going to have to make small incremental strides that are profitable.

We will be having a Seed Treatment meeting at our office on February 17th at 10 a.m. This will be an open forum so if you have any questions on seed treatments I encourage everyone to ask them any time. After the meeting we will serve lunch at noon.

Rich Metzger's Notes: SEC has a great supply of corn and soybean seed available for 2010. The non-GMO varieties for corn are getting tight so don't hesitate to get your orders in now for this year.

On February 17th SEC will be hosting a seed treatment meeting. At this meeting we will sort through all of the different treatments available and discuss which one is right for your farm. SEC will

also have on display their new seed treating system and new seed tendering equipment.

As we get into busy season you can call either Operations Manager Dean Allen or myself, as you need delivery of products to your farm. The Shipman office number is (618) 729-9009.

Growing Your Future One Field At A Time

The Southwestern Educational Foundation banquet will be on March 13th, and will be at the LCCC Commons area. SEC and our vendors have some very attractive items that you could bid on including six units of Pioneer corn, six units of Croplan corn, and 100 gallon of Ruby diesel fuel.

SEC will have openings for seasonal drivers. We have a great crew of seasonal drivers, however there are times of the year that we need additional help. Seasonal drivers need to have a Class A CDL, or be able to obtain a Restricted CDL.

SEC offers a great work environment, and offers competitive wages and benefits within our industry. SEC currently has over thirty full time employees.

SEC will be closed on Monday February 15th for President's Day.

The Macoupin County Anti-Meth Coalition is hosting a 3 on 3 basketball tournament on March 20, 2010 at the Demuzio Sports Center. Paula Campbell is the contact, and her number is (217) 899-3449. Registration is due on March 5, 2010.

Shipman Elevator Company (SEC) has well over \$100,000 dollars of bulk chemical transfer equipment on hand currently; and we are always updating and expanding our equipment line. It is very important to keep the equipment operating and maintained at the excellent level that you expect from SEC. SEC will be implementing a returnable deposit program for chemical pumps and tanks with mounted pumps. The deposit will be \$200 per item.

For example:

1 Sotera pump = \$200 deposit

1 Sotera pump and 1 corn shuttle with a pump attached = \$400 deposit

2 Sotera pumps and 1 glyphosate shuttle with a pump attached = \$600 deposit

SEC needs to have the best possible equipment available to our customers. We are asking you to store the tanks, pumps, and meters inside as much as possible in order to minimize the potential for water damage to any of the equipment. We also ask that you return the equipment or notify SEC that the equipment is ready to be picked up as soon as you are finished so that we can perform any post-

season maintenance and return that equipment to our storage area.

This program will enable SEC to track where the equipment is located at all times, and keep the repair and maintenance at an acceptable level. The deposit will then be refunded when the equipment is returned in satisfactory condition. The implementation of a refundable deposit program will enable SEC customers to have the best possible equipment and for it to be maintained in a way that keeps that equipment reliable for you.

2010 Emerald Extra Brazil Trip by Regan Wear

I had the good fortune in late January to travel to Brazil with Terry Baker and Tom Connors to learn a little about some of South American Ag and culture as we attended the Emerald Extra 2010 Grower Summit. Terry and Tom earned an opportunity to participate in the Summit by purchasing specific products at SEC that included Croplan seed and some specific crop protection products.



First thing I came away with was how thankful we should be for all of the things we sometimes take for granted, especially the roads and transportation in the United States that we use to haul grain to market.

We traveled into the Mato Grosso area and the average trip to port where the grain is exported is 600 miles. This needs to be accomplished by truck on very rough roads. I would think the average travel speeds are around 30 mph. They seemed to think that it takes about 1 week to make a round trip to port. One thing that they do have is large fields, some fields looked like full 640 acres sections or much bigger.



These fields had some dirt roads in them but you may travel 5-10 miles between roads. They had very few houses or farmsteads, just soybeans.

The beans they were harvesting were coming out of the field at 17-20 moisture and they were drying them with large dryers that were fired by wood. Eucalyptus trees are planted and harvested just for that purpose.



These fields are quickly being planted to cotton and corn. I was very surprised by the amount of cotton that is grown in this area, and they love to grow it.



The logistics of hauling away a crop like corn makes it unprofitable to grow and haul that far. Soybeans were costing \$3.00 per bu to get them to market from that area. There were some very large farms that seem to have become huge in 1979 thru 1984. We traveled to the Bom Futuro farm that was 750,000 acres. We traveled over 20 miles of dirt roads to get to the main farm.

On average, soybeans in this area have to be sprayed 8 times with herbicides, fungicides and insecticides. The Mato Grosso area has 2 seasons which are hot and wet, or hot and dry. Bean harvest started in mid January and will go thru the end of March. The corn and cotton is going in quickly to beat the dry season that starts in May.

Ask your salesperson on how to earn your Emerald Extra award for the 2010 crop year. The top award for this year is a trip for two to the 2011 Grower Summit that is part of a seven day cruise.

SEC customers know the benefit of having their own toolbar, and SEC is offering used toolbars to our **existing customers** at prices below the market. Here are some of the toolbars that we have for sale to SEC customers. 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