

With locations in Alleman, Avon Lake, Booneville, Cambridge, Collins, Colo, Conroy, Dallas Center, Des Moines, Enterprise, Gilman, Grundy Center, Holland, Indianola, Jewell, Kellogg, Laurel, Lincoln, Luther, Madrid, Malcom, Melbourne, Minburn, Mingo, Mitchellville, Montezuma, Napier, Newburg, Panora, Pickering, Prairie City, Randall, Redfield, Reinbeck, Rippey, Slater, Stanhope, Traer, Washburn, Waukee, Winterset and Zearing.

Summer, 2007



## Leadership

By Larry Petersen, CEO/General Manager



### Year End Financials

Although the final results of the 2006-07 have yet to be reported, it is expected that this will be a record year for financial performance for Heartland Co-op. Among the many factors that lead to the bottom line this year included the fact that more acres of corn were planted, we experienced above average grain market carries, and we were able to secure profitability in the feed department area.

At Heartland we continue to emphasize the importance of bottom line profitability. Providing a profitable bottom line is important for the continued existence of our organization and without that financial lifeblood of any organization survival quickly comes into question. Maintaining Heartland profitability along with our ability to add to the profitability of our customers has become a culture that we continue to stress at Heartland. Without this combined focus, our future is in jeopardy.

### Annual Meeting

Please note that this year's annual meeting will be held at Prairie Meadows Conference Center in Altoona. After holding the annual meeting at the Palace Theatre at Adventureland for several years, the Heartland Board decided that a change of venue would be in order. This location is a more modern facility and should have adequate capacity for Heartland's annual meeting attendance. We hope to have a good turn out for this

year's meeting where we can again report solid financial results and conduct the election of directors.

The election process this year will be the same as in the past several years. All voting members will be allowed to cast a ballot for candidates in any district race regardless of the voting member's district. The candidates, however, will come from specific districts developed by the Board of Directors. If a member does not feel comfortable in voting for candidates in certain races, their vote will count in those races in which they have voted. A ballot does not need a vote in all contests to be official and counted.

All members will receive a ballot by mail which may be returned in the envelope provided. All members are allowed to vote even though they may not be able to attend the annual meeting. Voting for directors is a duty that should be taken seriously with all members participating. Through this democratic process your voice is heard in determining the future direction of Heartland Co-op.

With the merger of Central Counties on July 1, these members will be invited to this year's annual meeting. Because their membership became effective after the end of the fiscal year, these members will not yet receive Heartland patronage or have a vote. However, the Heartland Board felt it was important to begin the process of forming the newly merged Cooperative by inviting these members.

## Three director positions are up for election at the 2007 Annual Meeting of Heartland Co-op

The 2007 Annual Meeting for the membership of Heartland Co-op will be held this year at the **Prairie Meadows Conference Center** in Altoona on September 11, 2007. A meal will be served at 6:30 p.m. with the normal business meeting to follow the meal. Director positions in Districts A (Panora, Redfield, Rippey), B (Dallas Center, Minburn, Waukee) and F (Malcom, Melbourne, Montezuma, Prairie City) will be elected. Profiles of the candidates in each district are presented below.

### DISTRICT A



#### Bill Dahl of Panora

Bill Dahl and his wife, Linda, live at Lake Panorama and farm south of Panora. Bill grows corn, soybeans and hay. He also raises cattle. A current member of the Heartland Co-op Board of Directors, Bill also belongs to the Guthrie Center REC, Panora Telephone Coop and FC of Farnhamville. They also belong to ASA, Farm Bureau and the Panora Methodist Church. Bill feels Heartland Co-op should keep the member equity strong while striving to stay ahead of the ever-changing agricultural picture.

### DISTRICT B



#### Dan Taylor of Bouton

Dan Taylor and his wife, Ila Jean, grow corn, soybeans and hay in the Bouton area. They also raise cattle, hogs and sheep. Dan is a current member of the Heartland Board of Directors and is also a member of the Dallas County Cattlemen Association, Dallas County Pork Producers, Farmers Union, Iowa Corn Growers, Iowa Soybean Association and is a 4-H Club Leader. He also belongs to the Guthrie County REC, Producers Livestock Marketing Association and West Central Co-op.

### DISTRICT F



#### Tom Keuning of Monroe

Tom and his wife, Paula, farm in the Prairie City and Monroe area. They raise corn, beans, oats, alfalfa, finish cattle and operate a NC+ seed dealership. Tom served on the Board of Directors of FCE prior to their merge with Heartland Co-op and has served on the Heartland Board of Directors since 2002. He is also a member of SCE in Sully and the Two Rivers Cooperative of Pella. Tom belongs to Gideon's International, Farm Bureau, Iowa Cattlemen Association, Iowa Corn Growers and Iowa Soybean Association. Tom and Paula are members of the Liberty Evangelical Free Church in Pella and both are AWANA leaders. Tom feels the highest priority for Heartland Co-op should be the best service possible to the patrons while maintaining a highly profitable company.



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## Sales & Marketing

By Dave Coppess, VP Sales and Marketing



### “Helping farmers produce and market grain, profitably”

This is the first article for the “new” Heartland Co-op that came together with the merger of Central Counties Cooperative and the “old” Heartland Co-op. We are a different company than either of the parent organizations, hopefully, an even stronger company than originally envisioned for the merger.

We’ve made a few changes in our marketing and sales structure with the objective of providing stronger customer interaction and support to help you produce and market your grain more profitably. In the new organization, our professional sales team has been united into a common marketing and sales unit that we think can provide better communications and continuity between our departments. We want to be certain the “right hand” knows what the “left hand” is doing, to avoid duplication of effort and work towards our common objectives...which are to help you make money. Let us know if we fall short of this objective. It’s the only way will know how we can improve.

### Crop Year 2008

As each of you know, we are well into the planning stages for the 2008 crop year. Many of you have been to plot tours and other informational meetings to learn what’s new for

2008 and begin the decision making for your crop inputs. We hope our sales agronomists are providing the necessary technical support to help with those decisions. They’ve been busy scouting insects and arranging for treatment as deemed necessary, but hopefully, they are also discussing seed selection for 2008 even as we work to protect your 2007 crop that’s still in the field.

Our petroleum department has launched a diesel fuel contracting program for fall. The details will be sent to you in the mail and can also be provided at one of our many local stores. Please call for a price and give us a chance to earn your business.

### Advocacy

Heartland Co-op stays active in many trade organizations that provide information and support on legislative and regulatory issues that impact your business. Some key issues such as air and water quality, transportation, homeland security, and others have been and will continue to be key concerns for farmers. Our management believes we have a responsibility to represent your common interests in the best manner we can. Your thoughts and opinions are important as we work on those issues that are appropriate for us to be involved. We hope you place value on these efforts as you make your buying and grain marketing decisions.



## Petroleum Tips

By Clair Rew, Director Petroleum



### REFINED FUELS – The fall season is just around the corner!!

Your Refined Fuel Salesmen have been busy filling fuel barrels during August for customers preparing for harvest. We are also Contracting Diesel for this fall, please call today for prices.

### PROPANE - Summer Fill & Contracting

Your Propane Team has been summer filling propane tanks and should be completed by August 31, 2007.

Propane Contracting for fall corn drying and home heating seasons began July 1 and we will continue through August 31, 2007. This contracting program allows you to lock in all or a portion of your needs to minimize the risk of high price during peak propane seasons. Of course, no one knows what prices will be when fall corn drying or the winter season comes, but locking in at least a portion of your needs is the

safe bet.

Your Propane Service Technicians have been replacing out-of-date regulators and performing “S.A.F.E Gas Checks” on our customer’s complete propane systems. The regulator manufacturer’s recommend replacement if they are 15 years or older. Heartland Co-op and the Iowa Propane Gas Association also recommend that your propane system be checked on a periodic basis by a certified technician.

Heartland Co-op rewards each customer with a \$50.00 Safety Discount when a Heartland Certified Technician performs this service. Call today and ask about “S.A.F.E Gas Check”.

Every year in September, we send out an important Propane Safety Packet to our propane customers to increase their understanding of how to use propane safely. Please read this material and if you have questions, call your local Heartland office.

HAVE A SAFE HARVEST AND TILLAGE SEASON!



## Grain

By Tom Hauschel, VP Grain



I would like to take this opportunity to welcome all the new Patrons and readers of the newsletter. We look forward to the combined benefits of Central Counties and Heartland Co-op. We also would like to thank you for your patience as we transition from two companies to one. Over the next few newsletters we will review the services offered by the grain team. I would like to give you a brief overview of two very important projects we are currently working on.

### Pickering Storage

The Board of Directors has approved a new grain bin, truck scale, and grain probe for the Pickering location. The new space will have many benefits such as keeping more corn in position to load trains, more wet corn storage, and better quality segregation. The new scale and probe will help traffic flows, increase receiving speed, and allow NH3 tanks to be weighed away for the elevator. The completion date is not known at this time, but if all goes well the project will be ready to use shortly after harvest.

### Condo Storage

Heartland Co-op has a condo grain storage program that I would like to share the basic details of with you. I would encourage you to call your local office, Reinbeck, or West Des Moines for more details if this sounds like a program you would be interested in.

The Heartland Grain Storage III, LLC has been launched. The basic details of the program are very similar to the original Heartland Grain Storage LLC. A maximum of 323 shares are being offered. The share price for Heartland Grain Storage III, LLC is \$1.40 or \$7000 per 5000 bushel Membership Unit. This price will be offered until all Membership Units have been sold or until April 30, 2008, whichever comes first. Heartland Co-op intends to offer the unsold Membership Units at \$1.50 or \$7500 per Membership Unit until September 1, 2008.

Subscription agreements will be available at your local Heartland Co-op location or by contacting the Grain team in West Des Moines.

Here is an explanation of the 2007 Heartland Grain Storage III, LLC.

A Limited Liability Company (LLC) is the legal entity that has been chosen to facilitate the ownership of the grain bins. The LLC will be the owner of the steel bin, foundation, and quality control systems. The owners of the LLC will own shares of stock in the LLC. This method allows for the

transfer of ownership (of the shares of stock) in a much easier fashion than transferring the actual title of the bin. Members of the LLC will have voting rights relating to the business affairs of the LLC. These voting rights are separate from the voting rights relating to Heartland Co-op. The ownership of the bin and the storage rights in the LLC will last for as long as the bin is usable. The LLC members will be responsible for the taxes, insurance, electricity, and maintenance relating to the ownership of the bin, which will be paid through an annual service fee. The owners of the LLC must be voting members of Heartland Co-op and residents of the state of Iowa. Three interrelated documents outline how the daily operations will be handled and what rights and obligations all of the involved parties have.

Each share of stock will provide storage rights to 5,000 bushels of space. The space can be used in any combination for corn and beans. Even if the LLC grain bins are in a location that is not the location that you do business with, the LLC members will have the right to deliver their grain to any Heartland Co-op location and use their storage rights allowed in the grain storage rules agreement. The service fee to pay for the taxes, insurance, electricity, and maintenance will be \$.046 per bushel per year. Heartland Co-op will guarantee the service fee for the first three years, then the service fee will move down or up with the actual cost of these expenses.

The locations of bins in this year’s program will be: 1-375,000 bushel bin at Redfield, 1-682,000 bushel bin at Dallas Center, and 2-279,000 bushel bins at Melbourne.

Commodities allowed in condo storage will remain the same as in past years, corn or beans. Specialty grains will not be allowed to be stored in condo space.

Locations with no restrictions at this time are Alleman, Booneville, Cambridge, Colo, Conroy, Dallas Center, Enterprise, Grundy Center, Indianola, Jewell, Kellogg, Lincoln, Luther, Prairie City, Malcom, Melbourne, Minburn, Mitchellville, Montezuma, Panora, Randall, Redfield, Reinbeck, Rippey, Slater, Stanhope, Traer, Washburn, Waukee, Winterset, Mingo,

Locations which are subject to commodity and quantity restrictions: Collins, Napier, Madrid, Gilman, Laurel, Newburg, Gilbertville.

The terminal elevators, Avon, Pickering and 18th St. have commodity restrictions as well as being restricted to receiving grain as space and train schedules allow.

**REMINDER**  
**2007 Annual Meeting,**  
**NEW PLACE, Prairie Meadows**  
**Conference Center**



## Livestock Beat

By Oscar Meyer, Livestock Production Specialist



### Treating Forages

The growing season we are going through this year has not been favorable to our hay crops, to say the least. Although quality has been good for the most part, we simply are not getting the needed tons off of our acres. Needless to say, we will have to take a look at feeding more residue roughages to stretch the hay supply we will have.

We have had a program in place for a number of years utilizing QLF Beef Elite 40 liquid supplement either in a lick tank scenario or by injecting or pouring it into stalk bales, bean stubble bales or lesser quality hay. This process not only adds crude protein, but also improves palatability, digestibility, and adds sugars, phosphorous, potassium, vitamins and trace minerals. Treating roughages with Beef Elite 40 will also reduce feed wastage.

We have the equipment needed to inject or pour bales, as well as 1000 gallon "Bullets" that can be used on the farm as needed. (Check with your local branch on availability). They are equipped with a discharge hose and are pressurized so a pump is not needed. The process is quite simple. Ideally, we want to apply 7-10% of the bale weight with liquid. Bales to be poured are laid face up, product is

applied to the surface and the bales are then stood back up after a period of hours when they have had a chance to soak through. Soaking times will vary depending on the type of roughage and density of the bale. Bales to be injected are lined up facing out and the product is pumped into the bales with an injection probe. After treating any type of forage in these manners, the roughage can be free-chopped as is or ground into a pile.

The cost of treating bales will typically run \$12-\$14 per bale, depending on the amount applied. When comparing this cost with climbing hay prices, this is a useful and inexpensive tool for us to utilize some lesser feedstuffs and still provide for the animals overall nutrition needs.

Please feel free to contact us for the answer to any questions you may have concerning this program or any other service we can provide for your operation. As this goes to print, we are right around the corner for silage chopping, so please have a safe and plentiful harvest.

We would also like to congratulate all of the 4-H and FFA exhibitors that we have had the pleasure of doing business with this year. The overall quality of their projects continues to improve as does their knowledge of the livestock industry. We will compile and publish a list of all the champions from all of the fairs in our next issue.



## Seed

By Cecil Harry, Manager North/West Regions Seed Sales



Thanks goes to all the customers that worked with us this past year for their seed purchases. Positioning the proper genetics and traits are becoming a bigger challenge each year. Our agronomists have had a really busy summer taking care of the fungicide and aphid spraying but they are all checking out the new hybrids they placed this spring. Our expectations are quit high and so far we have not been disappointed with what we're seeing in the field.

We are having several plot tours in the next few weeks. All of the seed manufactures are introducing several new hybrids and varieties. We don't expect anyone to try to keep the positioning of all the hybrids straight. That's our job. We work with it all the time and it's still a challenge for us. The main thing we want to do is to help you stay abreast with what's new and how we can utilize it to enhance

your operations. I hope you can find time to participate in our plot tours.

We are offering savings for your commitment to work with us with your seed needs for next year. The discounts award our customers for making a commitment to us. When we do put their orders together we can focus on the right hybrids and varieties for the right fields. Many of our customers have participated in this program over the past few years and tell us they like the program. They get to have more time and information when making their decisions on seed placement. We offer the program with Dekalb, Asgrow, Stine, Croplan, NK, and Mycogen seeds. There are gifts that we reward our participants with along with the discounts. This year we are offering a sign up gift of a cooler, sweatshirt, glass set or ponchos. Be sure to check with your agronomist to participate in this program.



## Precision Farmer

By Ryan Lemke, Precision Ag Manager



I want to welcome all Central Counties Cooperative customers to Heartland Co-op. We have been working very hard to ensure that the transition has gone and will continue to be very smooth as we come closer to our busy fall season.

The Precision Ag Department has kick-started the summer with several new marketing programs that will be offered this fall to Heartland Co-op customers. The state of the art program we offer is called our Premier program. In the past we generally referred to

### The Complete Precision Solution

- ▶ SeedCommand helps you eliminate seed waste and reduce seed cost by turning planter sections on/off based on maps and already planted areas.
- ▶ DirectCommand gives you variable rate control of liquid and granular products. Works with sprayers, spreaders and strip-till carts.
- ▶ Variety/Hybrid Mapping allows you to generate color maps while planting so you can see the location of each variety or hybrid.
- ▶ Yield Monitoring allows you to see yield maps over as-planted maps in real time.

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this as the Advanced program. The Premier program includes all segments of our department from intensive soil sampling, data collection and evaluation, down to calculating net profit per acre or per bushel. The data analysis capabilities of the Premier program are limitless. From hybrid analysis to fungicide studies and from fertility examination to tillage system scrutiny, the Premier program allows you to truly focus on your fields' capabilities as well as limits.

We also are offering a straightforward package called our Preferred program. This program gives you the ability to evaluate and correct soil fertility and pH. We used to refer to this program as our Basic program. Realizing that the way we soil sample and the results we can get

can be different, we are now offering many different possibilities to fit your needs.

On one last note I want to let you know that Heartland Co-op sells and supports a variety of Precision hardware tools. We are dealers for Ag Leader Technology, Tru Count, Inc., as well as Trimble Navigation. We also have several software solutions from Ag Leader Technology and SST Development Group. If you are in the market for both Precision services and Precision hardware we have programs that allow you to take advantage of lower prices and financing programs. If you have questions or comments about any Precision programs or products please consult with your local salesman.



## Financing

By Neal Tapken, Credit Manager



### 2008 Seed Financing

In an effort to give you more flexibility with your seed purchases, Heartland Co-op is offering a low interest seed financing program for your 2008 seed needs. This program rewards you with ultra low interest rates when you make your seed commitments early. The other huge benefit of the program is the wide range of seed brands that qualify for financing. This gives you the flexibility to match the seed that will best fit each of your planting scenarios.

#### Purchase by:

- December 15, 2007--  
0% APR until May 1, 2008.  
2.5% APR after May 1, 2008
- January 15, 2008--2.5% APR
- March 15, 2008--4.5% APR
- \* Product lines: Asgrow, Croplan, Dekalb, Mycogen, Stine & NK
- \* Minimum purchase: \$5,000
- \* Maturity date: November 25, 2008
- \* Volume discounts will be taken from the cost of the seed at time of billing.
- \* Prepay discounts do not apply to seed financing.

Why finance your seed with Heartland Co-op? Like many producers today you probably have a crop input line of credit set with your local bank or financial institution. It's no secret that interest rates have increased and they now make up a large part of your operating expense each year. The Heartland seed financing program gives you the benefit of locking in your seed purchases at an extremely low interest rate without using any of your higher interest crop input line of credit.

I encourage you to contact your Heartland Co-op salesman and discuss the benefits of this financing program. There is a quick application process designed to give you a fast and easy approval. Feel free to also contact me at 515-974-4337 if you have any questions.

Heartland Co-op will also be offering full line crop input financing which covers all crop input products purchased from any Heartland Co-op location. We have offered this service for many years and encourage all of our producers to take a look at our various programs. I will have more information in our next newsletter regarding each specific program.



## Market Strategies

By Dean Ohrt, Director Central & East Regions Origination



### Managing Change

One of my favorite quotes is "Change will not occur until the pain of change becomes less than the pain of staying the same". We all have experienced many changes in our communities and our work. There is no doubt that managing change is becoming increasingly important and will take more of our time as we manage our farms and businesses. As the world adjusts to higher energy prices and an alternating oversupply or shortage of commodities, every facet of our community and work place will have to adapt and deal with this rapid change.

No where is this change more evident than in our grain marketing. Ethanol plants and realignment of soybean processing has changed the demand. It was once unheard of for grain to move from east to west but it is now routine. Our marketing choices used to be 3 or 4 local elevators or a few processors. We now have access and the means to move grain virtually anywhere in the US. It is difficult to measure how much of this new access filters to the farm gate but it is substantial. By having access to these markets, Heartland Co-op is in a position to provide competitive bids and continue the improvement of storage and handling facilities.

One of the biggest challenges facing producers is marketing. It is a lot like milking cows as it is difficult

to take a day or a week off. To be good at it, you need to devote a substantial amount of time and attention. Some of us love it and others detest the chore. It has an air of being right or wrong and none of us like to be wrong very often. To understand marketing, you first have to convince yourself that neither you nor anyone else knows the future. We can listen to a lot of "market noise" and have a perspective but it is impossible to be right consistently. The key is to position so that you can deal with whatever direction the market chooses to move. We as merchandisers have learned a couple of things that keep you in the game. Rule # 1 is that your first loss is always always your smallest. If you get to thinking differently, you are in big trouble. Rule #2 is to always have plan B. Virtually every time we take an offer for a particular price, the focus is on setting a higher price and hoping. Very rarely do we have an offer with a stop under it or a put in place to protect the value of the grain.

Grain prices are not predictable but they are protectable. To be successful as a marketer requires dedication, discipline and determination. Not unlike farming. To be successful requires a dedication of time, being determined to learn new skills and discipline to follow the plan. We at Heartland Co-op and Diversified Ag have people and tools to make your marketing effort easier and profitable. Give us a call today.



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- ➔ View monthly statements & sales tickets
- ➔ View all sales information for last several years
- ➔ View current grain balances
- ➔ View current grain contracts
- ➔ View grain settlements
- ➔ View Booking & Prepaid contracts for agronomy, feed and fuels

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#### Heartland Co-op Locations

<b>Alleman</b> 515-685-3541 866-613-0094	<b>Jewell</b> 515-827-5431 800-728-0017	<b>Pickering</b> 641-478-3296 800-542-7887
<b>Booneville</b> 515-996-2295 800-244-8579	<b>Kellogg</b> 641-526-8236 800-845-1075	<b>Prairie City</b> 515-994-2651 800-383-0723
<b>Cambridge</b> 515-383-4345	<b>Laurel</b> 641-476-3427 800-861-7275	<b>Randall</b> 515-328-2315 800-334-1182
<b>Carlisle</b> 515-266-4215	<b>Lincoln</b> 641-473-2640 800-392-2667	<b>Redfield</b> 515-833-2953
<b>Collins</b> 641-385-2334 800-448-4028	<b>Luther</b> 515-795-2386	<b>Reinbeck</b> 319-788-6831 800-717-2667
<b>Colo</b> 641-377-2253 800-397-9513	<b>Madrid</b> 515-795-3047	<b>Rippey</b> 515-436-7411 800-442-7411
<b>Conroy</b> 319-662-4100 800-272-6422	<b>Malcom</b> 641-528-2535 800-273-4485	<b>Slater</b> 515-685-3571 800-779-3571
<b>Dallas Center</b> 515-992-3767 800-362-0305	<b>Melbourne</b> 641-482-3206	<b>Stanhope</b> 515-826-3226 877-255-3506
<b>S.E. 18th Street</b> <b>Des Moines</b> 515-262-2522	<b>Minburn</b> 515-677-2256 800-422-0298	<b>Traer</b> 319-478-2147 888-243-2149
<b>Enterprise</b> 515-964-2390	<b>Mingo</b> 641-363-4250	<b>Washburn</b> 319-296-1392
<b>Gilman</b> 641-498-7495 800-493-6019	<b>Mitchellville</b> 515-967-4288 866-605-8167	<b>Waukee</b> 515-987-4511 866-616-8495
<b>Grundy Center</b> 319-824-5466 800-319-7775	<b>Montezuma</b> 641-623-5727	<b>West Des Moines</b> 515-225-1334 800-513-3938
<b>Holland</b> 319-824-6638 800-375-6638	<b>Napier</b> 515-292-2323	<b>Winterset</b> 515-462-4611 866-605-8168
<b>Indianola</b> 515-961-2505 800-992-2505	<b>Newburg</b> 641-498-2553	
	<b>Panora</b> 641-755-2114 800-422-0914	

