



solutions in action

Spring 2012

Delivering solutions for a brighter future.

Hindsight: The Right Decision Made

You've heard that phrase, "If it sounds too good to be true, it probably is" right? LaPorte County, Indiana, farmer **Jerry Werner** has heard it, too. Jerry and his son, Adam, farm mostly irrigated acreage in the small community of Union Mills, and Jerry has been a loyal member of the local co-op for decades. In fact, Jerry has served on the LaPorte County Co-op Board, and currently serves as Vice President on the Co-Alliance LLP Board.

Several years ago, Jerry and his fellow farmers who own LaPorte County Co-op were invited to join a progressive new co-op enterprise. That is Co-Alliance LLP, a partnership, and today, it is made up of five cooperatives: Midland Co-op, IMPACT Co-op, LaPorte County Co-op, Frontier Co-op and Excel Co-op.

"We voted in favor of partnership. Today, my farming neighbors and I are in a position where our patronage refund checks are significant. Our equity is being redeemed more aggressively. We are offered competitive incentives to purchase seed. We have access to proprietary technology. That couldn't have happened for us just a few years ago.

At first, we thought, this is too good to be true... But it is true," he says with a smile. Almost immediately, local producers gained a higher rate of return on their co-op investment (and a higher return on equity) than ever before.

"Joining the partnership is one of the best decisions farmers here could have made," Jerry continues. "We have a strong balance sheet and our business is diversified. We anticipate more good things for the future."

"I have a unique vantage point serving on the Board, but even if I wasn't on the Board, I would be very encouraged about the direction the company is going. I know farmers here are in good hands."

LaPorte County Farmer **Jerry Werner** serves on the Board of Directors.



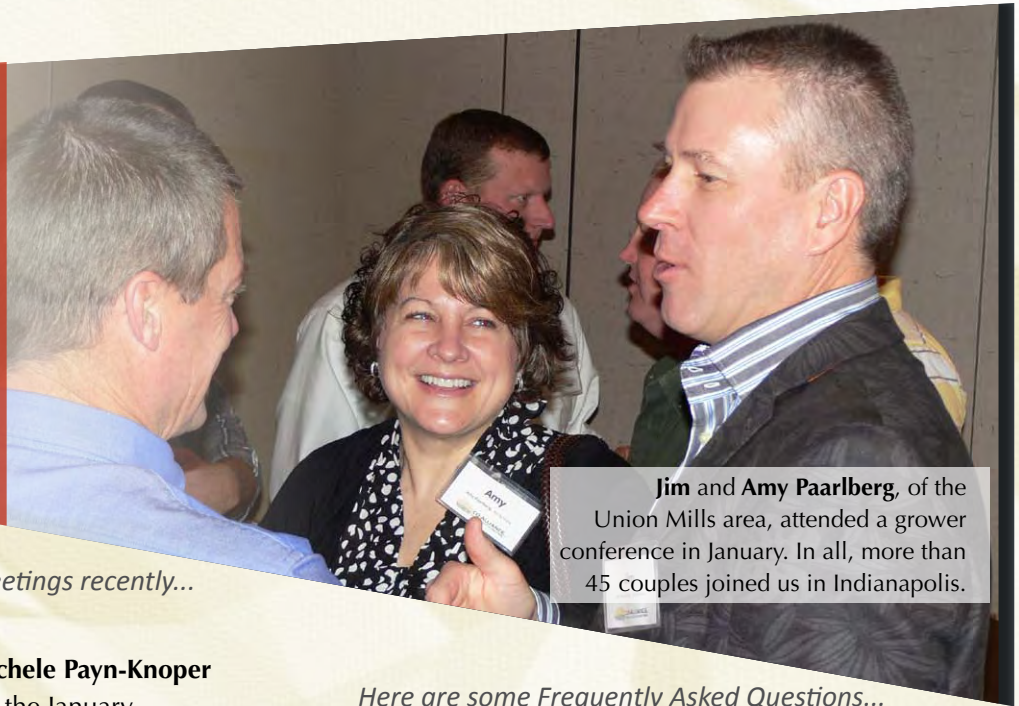
- Farm: Corn and beans in primarily LaPorte County, Indiana
- The Werner farm operation includes Jerry's son, Adam.
- Wife: Sandy, retired teacher

The Werner File



Interestingly, Jerry and Adam farm in a limited partnership with a neighboring grower. They used the structure of the Co-Alliance LLP as their guide when the two operations came together in business. "There are so many advantages to working together with a strong partner," says Jerry.

Members gather to learn, share and grow



Jim and Amy Paarlberg, of the Union Mills area, attended a grower conference in January. In all, more than 45 couples joined us in Indianapolis.

We've been pleased to host several meetings recently...

Progressive Farmer Conference

Nationally recognized ag advocate **Michele Payn-Knoper** was one of several excellent speakers at the January Progressive Farmer Conference hosted by Co-Alliance. The annual event is a highlight of the business year for your Co-op staff, and Michele's workshop was designed to equip our guests with tools so they can advocate on behalf of agribusiness more aggressively. In addition to Michele's workshop, guests enjoyed a presentation about an innovative weather modeling service called Planalytics.

Chad Parker, Deputy Administrator of the USDA's Cooperative Development Office spoke, and Co-Alliance Safety and Risk Manager **Shawn Lambert** presented the latest SPCC news. Guests enjoyed an entertaining show from late-night comedy regular **Dennis Regan** and a night on the town.

Top Producer Conference

Lambert and the Planalytics professionals were also on the agenda for a smaller group gathering of farmers in February. That group met at the JW Marriott to develop strategies to help them strengthen their operations. Topics included compliance, weather, HR issues and how Co-Alliance can better serve large operational needs.

Grower Gatherings

In March, a small group of growers also gathered in Tipton, Indiana, with our company's senior leadership to discuss enhancements being made at that facility. It was a great opportunity for farmers, directors and company leadership to work cooperatively to address local needs.

Rounding out the scheduled meetings with growers, the five partner co-ops each hosted annual meetings for members recently, and several regional advisory group meetings were conducted by CEO **Kevin A. Still**.

Thanks to all farmer-owners who make a point to be involved and engaged as leaders within the Co-Alliance trade area.

Here are some Frequently Asked Questions...

Why should farmers do business with a co-op?

There are many competitive advantages. They include the local relationships, ownership structure and community connections possible working with a co-op, not to mention the innovative, progressive solutions you gain. Plus, with a co-op, all investments stay local, and members receive patronage and equity.

What is patronage really worth in a typical year?

Remember to factor in the potential patronage return when comparing prices. As example, this year, patronage for some members was equal to saving about \$19 on a ton on NH₃, a \$6.50 discount on every bag of seed corn and \$0.04 off the price of every gallon of diesel.

What is equity and can I redeem it now?

Equity is what you earned by doing business with the co-op or its predecessors. It isn't redeemed on demand because your co-op uses it to make investments and to build balance sheet strength for the company. Without the owners' equity, your co-op could not establish long-term strategies, or build and grow the business.

How is equity redeemed?

The co-ops who partnered as Co-Alliance LLP are committed to a responsible equity retirement program. All five have redeemed approximately \$1 million dollars of equity each of the last three years. Equity retirement programs consist of two plans: redeem all presented estates and an age-based redemption plan.

Who decides this?

Farmer-owners. The Directors of each of the five co-ops and those serving on the Co-Alliance Board are farmers. They provide leadership and make decisions which guide the co-op according to local co-op bylaws.

Thanks for your interest in the co-op. We're proud to work here, but you own it!

Other questions?
E-mail advocate@co-alliance.com.
We want to hear from you!



cooperative spirit @work

Great news! Enhancements are underway at Tipton to improve speeds and performance... all part of our on-going commitment to invest in local facilities.

Enhancements are underway at Tipton!

- ▶▶ faster dump speeds
- ▶▶ installation of new origin scales
- ▶▶ new dust suppression system

These projects and others began as part of the recent discussion among Co-Alliance leadership and local farmers. The meeting was an excellent opportunity to engage, discuss and plan needed action. The spirit of cooperation among the members who took part was outstanding (as was the effort to coordinate by experienced director **Bill Peters**). Significant enhancement projects have also been slated for Goodland Grain this year, thanks to the leadership of your directors and our grain team. Keep watching for details. Your Co-Alliance grain team wants to earn your business!

A Lesson For All of Us: Do you know your area director? In order to most effectively voice your opinions about this co-op you own, get to know your directors. Contact information is available through your branch. Co-Alliance directors are listed on the back page of this *Solutions in Action*.

Doubling Up on the Donations

Through the Matching Grants Program offered by Land O'Lakes, our contributions to worthy local causes will go even farther this year. We secured **matching grant donations** from LOL for several organizations, including:

- 4-H Youth Educators in Carroll, White, Boone, Clinton, Putnam, Howard and Hamilton County
- 4-H Programming in Area 9, which serves several counties in NW Indiana, benefitting kids from the Goodland/Remington area
- LaPorte County 4-H Youth Camps
- Farm Safety 4 Just Kids – specifically in Tipton Area
- Cutler Volunteer Fire Department
- Carroll County Sheriff K9 Operation
- St. Joe Fairgrounds improvement project in Michigan
- Fulfillment of pledge to Boone County Capital Campaign.



Co-Alliance is proud to give back thousands of dollars in the communities we serve.

Now B5!

Your premium CountryMark diesels from Co-Alliance are now being delivered in a **B5** blend across Indiana and Michigan!

We're proud to support **American** energy solutions... and help CountryMark meet EPA requirements and promote a cleaner product.

Thanks for your support of B5. It's the **right** thing to do!

LLP Hits \$1B; Pays Record Returns

Your team at Co-Alliance is proud to report that the 2011 business year concluded with record sales and marketing volume, and **the return of record levels of patronage refunds to shareholders.**

Total sales and grain marketing for Co-Alliance LLP exceeded \$1.012 billion, and net income was \$26.7 million for year-end August 31, 2011.

Cash patronage, which is a return paid to share-holding members based on the amount of business they do with the co-op, reached \$10 million this year, and each of the five partnering co-ops indicate this is a record achievement. In addition, the co-ops returned \$1 million in equity redemption to their oldest loyal members.

In the last four years, approximately \$30 million has been returned to growers via patronage.

"We are thankful for your business, and this year in particular, growers can see the strengths we have working together," reported Co-Alliance CEO **Kevin A. Still** at the regional annual meetings for shareholders. "These are the synergies we gain working in cooperation on behalf of local growers," he said.

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your directors



L-R Back: **Chuck Monjon** (Goodland), **Greg Gore** (Monrovia), **Kim Ames** (Fillmore), **Dan Coapstick** (Frankfort), **Allen Mohler** (Lebanon), **Gary Kinsler** (Frankfort), **Tim Burke** (Monticello). Front: **Chris Wiese** (Reynolds), **Dave Himsel** (Danville), **Jerry Werner** (Union Mills), **Stan Archibald** (Kirklin), **Ken Boilini** (LaPorte) and **Keith Berry** (Greencastle).

In each issue of the **Solutions in Action** newsletter, we feature a Co-Alliance Director. Please don't wait for your local director to be featured if you want to be in contact about issues important to you. Each director is ready to visit with you and answer any questions you may have about this cooperative you own. Members are also invited to contact CEO **Kevin A. Still** at (317) 745-4491 any time. Thank you!