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Ethanol News

By The National Feed and Grain Association

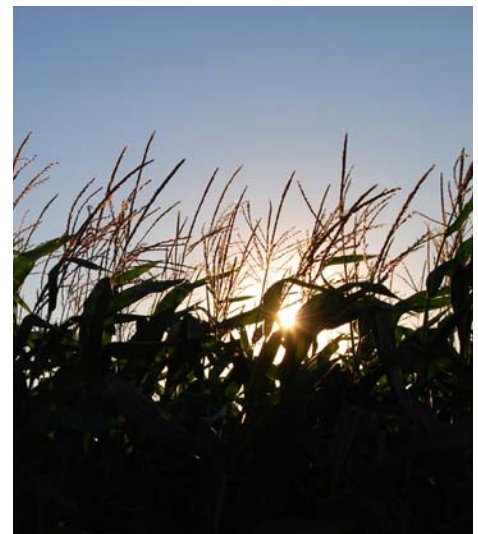
Three Senators Announce Agreement to Redirect Ethanol Tax Credit, End Import Tariff: A bipartisan group of three senators on July 7 announced they had reached an agreement that would repeal, effective July 31, the 45-cents-per-gallon ethanol blenders' tax credit, as well as the 54-cents-per-gallon tariff on imported ethanol. About two-thirds – \$1.33 billion – of the projected \$2 billion in savings would be directed to deficit reduction. The remaining \$668 million would be directed to several energy-related programs, including \$253 million for alternative fuel infrastructure through 2014 for such uses as the installation of higher ethanol-blend gas pumps, electricity-charging stations and natural gas fueling stations.

The agreement, reached by Sen. Dianne Feinstein, D-Calif., (who has led recent Senate efforts to repeal the ethanol tax breaks) and Sens. Amy Klobuchar, D-Minn., and John Thune, R-S.D., also would: 1) extend for three years the \$1.01-per-gallon tax credit for cellulosic ethanol production (currently scheduled to expire on Dec. 31, 2012), with annual caps on the amount of cellulosic fuel subsidized and expand it to include fuels from algae; and 2) allowing the small-producer tax credit to expire at the end of 2012, and reducing the credit to \$107 million.

The Senate had voted 73-27 on June 16 on an amendment cosponsored

by Feinstein and Sen. Tom Coburn, R-Okla., to end both ethanol tax provisions. But the unrelated economic development bill to which the amendment was attached subsequently failed to pass.

The ethanol blenders' tax credit already is scheduled to expire on Dec. 31. So, to count toward deficit reduction, the tax credit would need to be enacted before that date. The blenders' tax credit amounts to approximately \$400 per month. But the compromise plan may not make much headway in Congress. Sen. Coburn refused to join Feinstein in supporting it – saying the previous floor vote on the amendment demonstrated the Senate's position on the ethanol subsidy issue. Meanwhile, Rep. Jeff Flake, R-Ariz., said there are sufficient House votes to eliminate the ethanol subsidies outright.



Propane Supply/Demand - Comments

By Energy Business Team Leader - Mike Kuboushek



Mike Kuboushek

Energy Team Leader

I'm going to switch things up a bit and turn my focus to our propane supply/demand situation for this week, since many of our clients have had propane inquiries lately. Over the past few weeks, propane has been a market lagger in an otherwise bearish energy market. Thus, when energies have bounced, we've seen propane walk step in step with everything else; however, when other energies have fallen, propane has wanted to lag behind. Why is this?

There are a couple main reasons propping up propane's percentage to crude right now. First of all, our supply situation does not look good. Midwest propane stocks are about 2.2 million barrels below average this time of the year, while Gulf Coast stocks are another 5.6 million barrels below average. With us this close to fall harvest, it is almost a fact that the U.S. will come into fall thin on propane inventories. On top of that, all signs (cool, wet spring with a late planting) so far point to us having some type of dryer demand come fall. While dryer demand can easily change, the fact that we will borderline be skating on thin ice come fall is unquestionable at this point. So why are we riding so low on propane inventories? Well, the Gulf Coast inventories have been drawn down due to our record export volumes (we are the cheapest price in the world), coupled with a fully rejuvenated

petrochemical industry. While economic recovery is still up for debate, the return of our petrochemical demand (plastics production) isn't, as we are producing plastics at near record levels. Moving on to our Midwest inventories, we have to look mostly to the big cold blast we saw towards the end of last winter and into early spring, which sustained our home heat demand longer than usual. On top of that, the large Conway/Belview price spread has incentivized shipping product out of the Midwest and on to the Gulf Coast.

The other main reason for propane prices staying high is the intense forward buying pressure LP has seen lately and will continue to see. It is no longer a secret that the entire industry is behind usual levels for its pre-buying activity at this point. In fact, I'd take a guess that the entire industry has bought around 20% to 35% less than they normally do by this time, continuing a 6-month trend. Therefore, with so many marketers nearing crunch time for launching their fall/winter customer contracting programs, pre-buying is also nearing its crunch time too. Thus, when you have a lot of people needing to buy in an increasingly smaller time frame, it is inevitable that prices are going to stay supported.

Hopefully this gives you some incite as you make your plans for fall and winter LP. As always if you have any questions please contact your Propane Sales Specialist.

A Value Added Opportunity for Viafield Members

A vehicle purchasing program offered through your cooperative and Land O' Lakes and CHS

Viafield Active members can leverage the buying power of Land O' Lakes and CHS purchasing their cars and trucks through their fleet services program.

Items to Note:

- Vehicle is built to your specifications
- Trade-ins on vehicle purchases are welcome
- All incentives advanced to qualifying members in purchase price

- Truck equipment available

For more details please contact:

Jason Bill

Saxon Fleet Services
651-312-1873
jbill@saxonfleetservices.com

Jason Bill is your Land O' Lakes and CHS vehicle purchasing program account manager.

2012 Models Are Available

Ford
Lincoln
Ford Med Duty
Chevrolet
GMC
Cadillac
Chrysler
Dodge
Dodge Med Duty
Jeep

Finance, Pay Cash, or Lease

Feed Facilities and Feed Team Update

By Feed Business Team Leader - Bill Hayes



Bill Hayes

Feed Team Leader

Here we are ten months into Viafield. When we first started I wasn't sure how everything was going to progress. Thanks to all the help from the feed team, everything has gone fairly smoothly. Currently, among all 4 mills we are manufacturing about 790 tons per day. The major species of livestock we are feeding include swine, dairy, beef, broilers, and turkeys.

We have made quite a few changes at our Rudd mill, enabling us to increase production. In the past couple of months we have had days when we've made close to 150 tons of feed. We are in the process of putting in a bulk liquid molasses system. This month we are replacing a couple of distributors.

At Elgin, we have installed a new pelleter this past February, which doubled our pelleting capacity. Out of the Elgin and Maynard mills, we are delivering feed from Cascade to Decorah and Independence to northwest of Fredericksburg.

Out of the Rudd and Northwood mills, we are delivering feed from Minnesota to Clarion to Riceville. I would like to thank livestock producers that are using Viafield as a feed supplier. If you have any questions, always feel free to give me a call.

Don't forget to call your Mike Kirby or Matt Pearson to help you choose the Land O'Lakes Rangeland mineral for your breeding cattle — one that matches your forage and cow nutrient requirements. You can reach Mike at 563-419-9522 and Matt at 641-832-0232.



The Viafield Feed Mill in Elgin, Iowa

Meet us at the Croplan Answer Plot

By Agronomy Team Leader - Mike Harden



Mike Harden

Agronomy Team Leader

The concept of an Answer Plot is a relatively new idea in the world of agriculture. Different from a test plot, Answer Plots are more about answering farmer's questions and allowing growers to dig up plants, see roots, and understand any diseases that might be present. The best way to think of an Answer Plot is to imagine it as an outdoor laboratory that shows what a corn crop would

look like under ideal conditions. Answer Plots are an opportunity for for customers to learn about Croplan and Viafield corn and bean products, herbicides, insecticides, and fungicides, while sharing local knowledge about growing conditions.

Started about 10 years ago by Croplan Genetics, Answer Plots were originally used as a training tool for cooperative

agronomists. About 5 years ago, cooperatives realized that the knowledge learned at Answer Plots would be valuable to anyone growing crops, and Croplan started inviting producers.

These half day events are free to the public. With presentations at several stations within the Answer Plot covering a variety of situations with typical crops for the area, producers will learn something that they can use in the field tomorrow.

We invite our growers to attend one of the following Answer Plots:

Charles City — July 22, 9:00 a.m.–12:00 p.m.

Charles City — September 8, 9:00 a.m.-12:00p .m.

Britt — September 7, 9:00 a.m.-12:00 p.m.

For more information on these Answer Plots or anything agronomy related please contact your Viafield Agronomy Relationship Manager today.



PO Box 38
Marble Rock, la 50653



Connections

July Issue

- Ethanol Subsidy Article - Grain Team
- Propane Supply/Demand - Energy Team
- Feed Facility Update - Feed Team
- Value Added Opportunity for Co-op Members
- Answer Plot Information - Agronomy Team

Look inside for more information

July Customer Service Surveys

We want your feedback! Visit any Viafield location or go to viafield.com to tell us how we are doing. Survey runs from July 11-22.

www.viafield.com