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NEWSLETTER

FALL 2004

Accounting Notes

By Gaylord Sanneman
Six Months

Financial Update



The cooperative underwent its usual financial review for the first six months of this year's operation that ended on July 31, 2004. As members of the cooperative, this is your best assurance that the operations and financial results obtained are meeting the needs required.

Financially, the cooperative remains in a good, strong financial condition as the result of improvements made in total sales and margins. The result is that the cooperative experienced significant net savings gains compared to last year. However, in order to maintain the good financial improvement, the cooperative must maintain its current sales base and continue to strengthen its margins. In addition, expenses are always under review and scrutiny.

One of the biggest challenges that face the cooperative at the present time is the cost of energy. Not only on an operational basis does management deal with this problem, but on the sales side as well. With the cost of all petroleum products increasing, this tends to reduce our sales opportunities to our customers.

In summary, your cooperative continues to perform financially within an acceptable level. We did meet all of

our financial objectives as required by our major creditor. In short, you can be assured that your cooperative is here to serve you now and in the future.

I recently attended the annual meeting of the Midwest Chapter of the National Society of Accountants for Cooperatives in Wichita. The range of topics that was presented in this forum was interesting to say the least.

We were presented subjects of risk management, financial statement fraud, competing with big box stores, keeping your computer safe, and Co-Bank's perspectives on cooperatives' financial statements.

Although all the subjects were interesting, the most intriguing presentation to me was the subject of competing with the big box stores.

Dr. Kenneth E. Stone, professor of economics and extension economist at Iowa State University, was the presenter. He is a most sought out speaker in areas where the "Big Box Store" has or will be building or expanding their retail operations.

Dr. Stone began his presentation by stating that when he began his in-depth study of the "Big Box Store" in the late 1980's, he and his study subject were considered less than appropriate scholarly endeavors. Since that time, Dr. Stone has become one of the best authorities on the economics of the "Big Box Store."

I always had the preconceived theory that the presence of this type of retail

outlet is a negative impact on the local economy and especially on the small-owner retail stores. However, as verified by the years of study Dr. Stone has conducted, that theory is incorrect. Dr. Stone's study did indicate a decline in the small operations that handle the same type of merchandise. Conversely, an increase will be experienced in small businesses that do not compete with the type of merchandise offered by the "Big Box Store." Dr. Stone presented several locations where small businesses actually increased in number and sales size because of the proximity to the customer draw of the "Big Box Store."

Another criticism of the "Big Box Store" is the treatment of labor. Dr. Stone said that he was making a presentation when a local merchant was present in the audience that he knew and this question was presented. He asked the local merchant how many part-time employees he employed. The merchant replied, about fifteen. To which, Dr. Stone asked what kind of fringe benefits do you offer these employees? The merchant replied, not any. Dr. Stone said that he was not trying to defend the "Big Box Store" but their part-time labor is treated no differently than what most businesses compensate part-time employees. Moreover, full-time "Big Box" employees receive excellent benefits and when their particular store does exceptionally well financially, they are rewarded with very lucrative cash bonuses.

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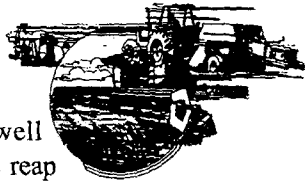
According to Dr. Stone, one of the biggest misconceptions about the "Big Box Store" is that they will have the least expensive merchandise. He said that he randomly conducts little tests to validate this claim and what he always finds is that there are some items in the "Big Box Store" that are not the least expensive. He further added, as consumers and business owners, we need to sharpen our pricing skills.

In conclusion, Dr. Stone offered various ways and methods of, not so much competing with the "Big Box" store, but using them for your economic benefit.

Crop Production Notes

By Kent Ochs

Harvest is well underway as we reap what appears to be a great harvest. Amazing summer rains coupled with cool temperatures have hopes high for great yields. Some say the drought is not over but what a welcome relief the moisture was. Many of



the rains were slow, soaking ones and even more amazing was each rain benefitted all parts of the county. This is very odd during the summer months since summer storms are more sporadic.

The fall nitrogen scene seems to have more questions than answers. Your Co-op has positioned itself to weather the looming price hike of anhydrous ammonia by prepaying product. The scene is set for some crazy prices not only in anhydrous but dry and liquid nitrogen as well. Shortages are said to also be possible. My only answer is: if you have ground that needs nitrogen, get it on!!! Truck shortages and rail car shortages are also a problem. See, I told you there are more questions than answers. Your Co-op has several suppliers we are working with so please be patient during this fertilizer season and, hopefully, we can keep you rolling.

It is important, as always, to get soil samples from your ground. Many of you have been cutting fertilizer rates these last few years because of the drought. Now that top yields may be here coupled with the fertilizer rate cuts, it is extremely important for soil sampling. Soil sampling is free as long as the fertility needs are purchased from your Sublette Co-op.

Safety is all too often overlooked during the busy times. The few seconds it takes to make mistakes can last a

lifetime or death. I read a very interesting article by Bill Field, a longtime Purdue University farm safety specialist. It concerned grain bin deaths. Amazingly, these deaths still occur even after all the media attention. This time of year is the busiest for grain bin usage because of seed wheat and of course fall harvest crops. The culprit is getting in the bin with the outlet auger running trying to unclog the system. September was "Farm Safety Awareness Month" and we hope you took some precious moments to talk to the hired men and family members helping on the farm about grain bin safety and the importance of thinking things through before taking action. This can be true in all aspects of the busy fall farming season.

The information on death by suffocation is something to think about. Thank you for your business and good luck this fall.

NE Branch news

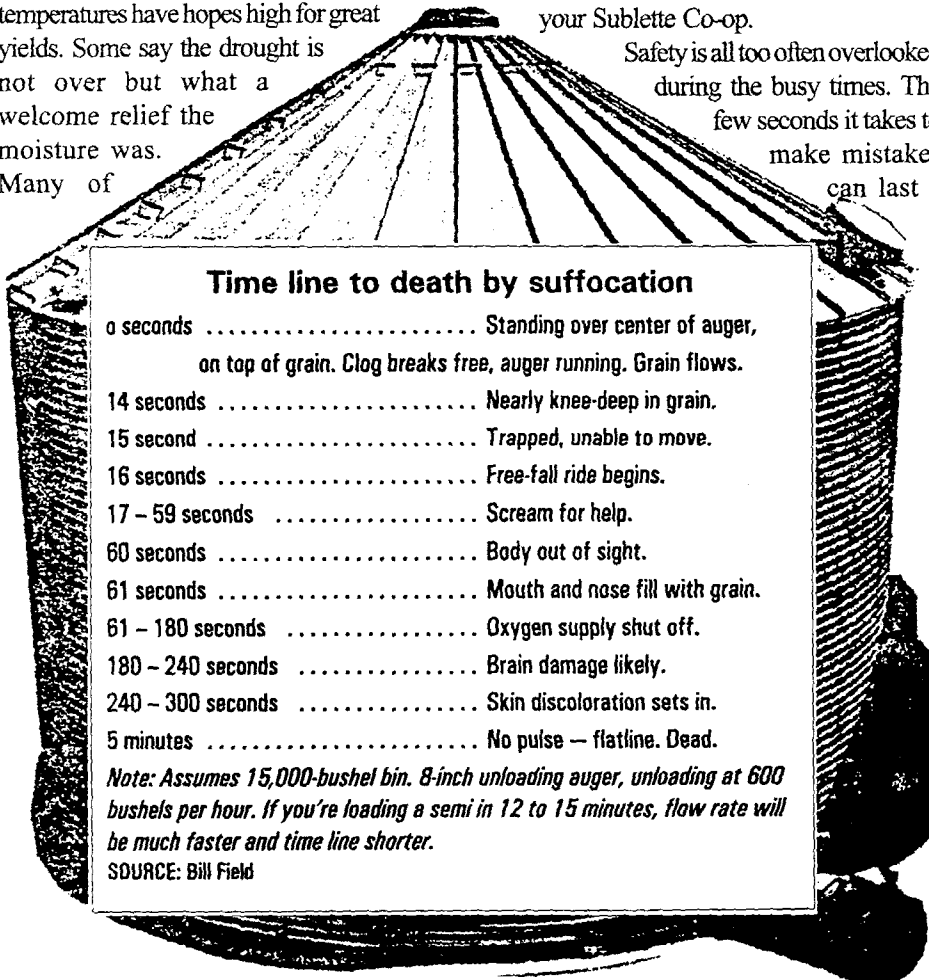
By Lawrence and Nolan

As I sit writing this story for the newsletter, the fall time of the year is upon us. We have had some good moisture this summer, the fall crops are looking good, and the dryland wheat prospects look as good this fall as they have for the last three years. I hope this letter finds harvest going smoothly for you. We will be done before we know it. We at the NE branch would like to take this time to say *thank you* to our patrons and wish you good luck with your fall harvest. We appreciate your business and welcome the chance to serve you.

Some items to note for this coming fall as you are planning for next year's crop are: We are your local dealer for your Dekalb and Croplan seeds. This includes everything from alfalfa to soybeans. Nolan will be working on the seed end of the business at the branch. Give us a call if you want to discuss variety results and characteristics for our area.

With regard to fertility, we will be able to pull soil samples and work up some programs, depending on what type of farming program you will be employing for the upcoming season. This would include traditional farming or if you are looking at a no-till or strip-tillage program, depending on your situation.

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Time line to death by suffocation

- 0 seconds Standing over center of auger, on top of grain. Clog breaks free, auger running. Grain flows.
- 14 seconds Nearly knee-deep in grain.
- 15 second Trapped, unable to move.
- 16 seconds Free-fall ride begins.
- 17 - 59 seconds Scream for help.
- 60 seconds Body out of sight.
- 61 seconds Mouth and nose fill with grain.
- 61 - 180 seconds Oxygen supply shut off.
- 180 - 240 seconds Brain damage likely.
- 240 - 300 seconds Skin discoloration sets in.
- 5 minutes No pulse - flatline. Dead.

Note: Assumes 15,000-bushel bin. 8-inch unloading auger, unloading at 600 bushels per hour. If you're loading a semi in 12 to 15 minutes, flow rate will be much faster and time line shorter.

SOURCE: Bill Field

Lastly, we will have dry fertilizer to be applied as well as anhydrous ammonia (NH₃) in the double 1,000-gallon tanks so you can hook up one tank and cover many acres. This allows for more efficient operation. Our new dry fertilizer rig is something new for this fall, so be sure to watch for it. For your alfalfa, keep us in mind. This new dry rig has on-board chemical impregnation; so for you hay farmers, we will be able to combine the price value of dry fertilizer with a chemical application and do two jobs at once without having to pay for two applications.

Finally, I will close and once again say thank you for all your business and we look forward to serving you in the future. Remember, we also have pet food and some gardening supplies, and a good selection of sprayer parts out in our store, so be sure to come by and see us.

Fall is upon us

By Mark D. Horinek

Fall is here again and it is time to drill wheat, harvest fall crops, and hopefully, get ready for next year. Farming is a year-long occupation with hardly a break in the winter anymore.

Monsanto, the parent company of Dekalb and Asgrow, has been trying to get into the corn market in a big way. Their hybrids have been showing up in plots with outstanding yields. They also have transgenic traits availability. Next year, they will offer Roundup Ready, Roundup Ready + corn borer, Roundup Ready + corn root worm, corn root worm + corn borer, straight corn borer, straight corn root worm, and Roundup Ready + corn borer + corn root worm. Please stop by to discuss what is offered if you have any questions.

I would also like to tell you about the Croplan Genetics corn that we are offering for sale. They have excellent hybrids and are doing great in the side-by-sides and tests in the area. The genetics and traits that they have to offer are sourced from a variety of companies. Testing is carried out in an area and only the varieties that do well are allowed to be sold in that area. Of the varieties that are available for sale in an

area, only the ones that fit the grower's situation should be placed on a particular field. The company stresses that only hybrids that do well in particular situations should be sold.

At the beginning of the year, we hoped that we could put the varieties in as many different situations as we could. This was done this year in that we were able to stress all of our corn as much as possible and still get a crop. It is my hope that next year we will be able to be blessed with continued rain and favorable conditions during the growing season so that water is not such a limiting factor in production. I am extremely interested in yield results and will have a weigh wagon available, so please call if you want a side-by-side test done or if you want your harvest monitor checked.

For the next year, Monsanto will be offering a financing program that is similar to the Dupont Tru-Choice. A grower will be able to finance seed as well as ag chemicals through Monsanto.

Soon it will be time to apply fertilizer for next year. We at the Sublette Cooperative would like to serve you in that capacity again this year. As you know, we offer FREE soil sampling if you buy the fertilizer from us. We also offer a full line of application services from dry to liquid.

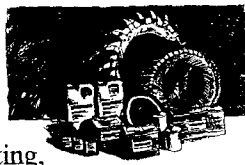
It is our hope at the Sublette Co-op that you have a profitable and safe harvest. We also thank you for your business and would like to do business with you in the future.

News from the Service Station

By Jim Creeden

The fuel prices are still going up from the summer prices. At this writing, they are about 15 cents above the prices we had in August. The one thing that has helped the irrigation farmers is the timely rains that we had in July and August.

One other thing that the Sublette Co-op did to help out the farmers this year was to put in more fuel storage at the Sublette bulk plants. We have put in two new bulk plants, one is on Highway 83 at the Co-op anhydrous plant. The other one is at the Northeast branch by the Mennonite School.



With these two new bulk plants, time will be saved in delivering fuel to the farmers since most of our diesel irrigation engines are located north of Sublette. These locations will also save time, wear, and tear on our equipment.

As winter is coming soon, make sure that you come in and get your antifreeze for your irrigation engines and also for your vehicles. We are still in the feed business, so come in and get your pet food and your mineral and salt for your cattle.

Have a safe and plentiful harvest.

Grain Markets

By Bill Miner

Sublette Cash Grains

(please note, all bids per bushel)



Date	Wheat	Milo	Corn	Soybeans	New Crop 2004 Corn
06/10	3.43	2.51	3.02	7.95	2.97
06/17	3.45	2.43	2.94	8.05	2.89
06/24	3.37	2.38	2.89	8.58	2.89
07/1	3.26	2.26	2.78	8.49	2.73
07/8	3.33	2.12	2.64	8.58	2.60
07/15	3.29	2.06	2.58	7.96	2.56
07/22	3.21	1.84	2.39	6.19	2.34
07/29	3.09	1.84	2.39	6.10	2.33
08/5	3.09	1.89	2.44	5.96	2.41
08/12	2.83	1.83	2.38	6.10	2.35
08/19	2.90	1.94	2.49	6.15	2.46
08/26	2.93	1.90	2.45	6.32	2.01
09/2	2.95	1.94	2.48	6.29	2.42
09/9	3.00	1.84	2.41	5.47	2.33
09/16	3.24	1.75	2.22	5.03	2.22
09/23	3.16	1.67	2.14	4.68	2.14
09/30	2.98	1.65	2.12	4.57	2.12
10/7	2.94	1.65	2.12	4.56	2.12
10/12	3.01	1.62	2.09	4.43	2.09

Market Hotline —

We still have our answering machine operating. This market information hotline is here for you to use. Call 675-2288 (or 800-280-2297) for the current market information. It is updated with the closes for the day and any pertinent market information by 3:00 p.m. This is an answering machine hooked to the phone line. This has been installed to allow you to call after hours to get our bids. We won't be able to talk with you on this line. If you need to sell grain, continue to call us on 675-2297 or 800-894-2297.

If you would like to receive our markets by Internet, please e-mail us at subcoop@pld.com giving us the following information: your name, address, phone number, and e-mail address.

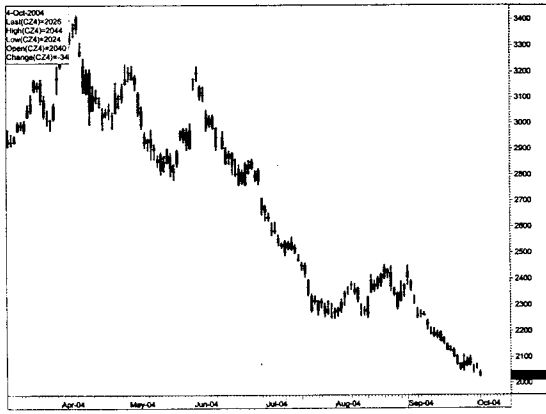
Chicago November 04 Soybeans

SOYBEANS Nov 2004, SK4, DTN, CBOT, 1 Day/Candlestick



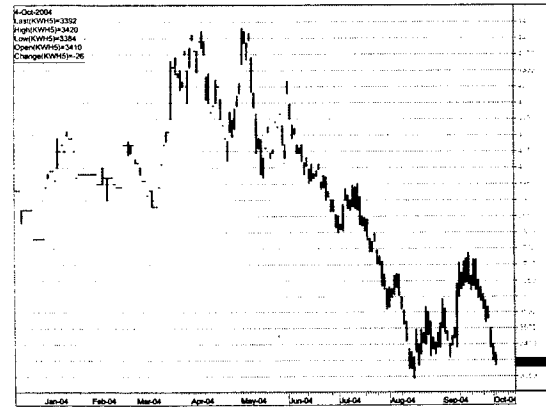
Chicago December 04 Corn

CORN Dec 2004, C24, DTN, CBOT, 1 Day/Candlestick



Kansas City March 04 Wheat

WHEAT Mar 2005, KWHS, DTN, KCBT, 1 Day/Candlestick



Sublette Cooperative, Inc.

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USDA Grain Supply/Demand Summary

October 12, 2004

October-04

U.S. Corn Supply/Demand (mb)					World Corn Supply/Demand (mmt)			
	Oct USDA 02/03	Oct USDA 03/04	Sep USDA 04/05	Oct USDA 04/05	Oct USDA 02/03	Oct USDA 03/04	Sep USDA 04/05	Oct USDA 04/05
Planted	78.9	78.7	81.0	81.0				
Harvested	69.3	71.1	73.4	73.3				
Yield	129.3	142.2	149.4	158.4				
Carryin	1596	1087	954	958	148.04	122.42	93.96	94.70
Production	8967	10114	10961	11613	601.48	618.86	664.46	683.74
Supply	10578	11214	11929	12586	749.52	741.28	758.42	778.44
Feed	5563	5781	5850	6050	434.84	446.36	458.69	463.12
Exports	1588	1900	2100	2075				
Ethanol	996	1200	1370	1370				
Other Ind	1344	1375	1400	1400				
Demand	9491	10256	10720	10895	627.10	646.58	670.51	677.76
Carryout	1087	958	1209	1690	122.42	94.70	87.90	100.68
CO/Use	0.115	0.093	0.113	0.155	0.195	0.146	0.131	0.149
Price range	\$2.32	\$2.42	\$2.00	\$1.75	China Production: 04/05		122.0; up 2.0	
			\$2.40	\$2.15	Argentina Production: 04/05		15.5; unch	

U.S. Soybean Supply/Demand (mb)					World Soybean Supply/Demand (mmt)			
	Oct USDA 02/03	Oct USDA 03/04	Sep USDA 04/05	Oct USDA 04/05	Oct USDA 02/03	Oct USDA 03/04	Sep USDA 04/05	Oct USDA 04/05
Planted	74.0	73.4	74.8	75.1				
Harvested	72.5	72.5	73.7	74.0				
Yield	38.0	33.9	38.5	42.0				
Carryin	208	178	105	112	33.22	40.67	37.36	38.59
Production	2756	2454	2836	3107	196.81	189.55	222.99	228.94
Supply	2969	2638	2947	3225	230.03	230.22	260.35	267.53
Crush	1615	1530	1615	1645	164.86	165.36	179.83	178.49
Exports	1044	885	1000	1025				
Seed	89	92	90	89				
Residual	41	19	53	61				
Demand	2791	2526	2758	2820	189.36	191.63	208.81	208.28
Carryout	178	112	190	405	40.67	38.59	51.54	59.25
CO/Use	0.064	0.044	0.069	0.144	0.215	0.160	0.247	0.284
Price range	\$5.53	\$7.34	\$5.35	\$4.70	Brazil Production: 04/05		64.5; dn 1.5	
			\$6.25	\$5.50	Argentina Production: 04/05		39.0; unch	

U.S. Wheat Supply/Demand (mb)					World Wheat Supply/Demand (mmt)			
	Oct USDA 02/03	Oct USDA 03/04	Sep USDA 04/05	Oct USDA 04/05	Oct USDA 02/03	Oct USDA 03/04	Sep USDA 04/05	Oct USDA 04/05
Planted	60.3	62.1	59.7	59.7				
Harvested	45.8	53.1	50.6	50.2				
Yield	35.0	44.2	42.0	43.1				
Carryin	777	491	546	547	202.06	167.39	132.36	130.98
Production	1606	2345	2123	2164	566.93	551.57	610.61	615.84
Supply	2468	2909	2729	2770	768.99	718.96	742.97	746.82
Food	923	911	920	920				
Exports	850	1159	950	975				
Seed	83	80	81	81				
Feed/Res	120	211	200	225				
Demand	1976	2361	2151	2201	601.61	587.98	600.64	605.31
Carryout	491	547	578	569	167.39	130.98	142.33	141.51
CO/Use	0.248	0.232	0.269	0.259	0.278	0.223	0.237	0.234
Price range	\$3.56	\$3.40	\$3.00	\$3.10	Australia Production: 04/05		23.5; dn 0.5	
			\$3.50	\$3.50	Argentina Production: 04/05		14.5; unch	

Mission Statement

To be a marketing and service-oriented cooperative organization dedicated to the long-term success of our patron/owners.