

FALL 2007

Manager's notes

By *Gaylord Sanneman,*
General Manager

Sixth Month Review —

Your cooperative completed the first half of our 2008 year at the end of July and your board of directors, as usual, authorized the auditors to review this time period for accounting purposes. As a result of their report, I am glad to report to you that your cooperative remains in good financial status and that the net savings achieved for our first six months of operation is the highest ever.

Several areas showed remarkable improvement that aided your cooperative in posting such a good financial return for the first six months. The first is accounts receivable. Coupled with good grain prices and the cooperative offering the Northwest Farm Credit input loans, past-due accounts were at an all-time low. Although we are not completely out of the woods on this challenge, we have been able to make great strides in the reduction and elimination of this problem.

The other area that contributed the most to the financial success of the first six months is the profitability of our Crop Production Department. As you may recall the challenge we faced last year within the pricing of crop nutrients, we had contracted fertilizer and the price dramatically dropped leaving your cooperative with a substantial loss just in margins alone. This year we were able to recoup some of that loss that we had to incur last year and maintain a respectable average margin on what we sold. Thereby, the Crop

Production Department was able to achieve the best six months ever recorded in the history of the company which was a great addition to the profit and loss statement's net bottom line.

An area of concern to me as your manager is the large amount of operating funds it is taking to keep your cooperative operational. Given the higher commodity prices, we could expect some increase in funds needed to operate your cooperative. However, the spike in the wheat market added to the historically high number of bushels that was bought at harvest this year or shortly thereafter has really placed a squeeze on our operation loan. At the time of this writing, your cooperative has a seasonal operating line of credit of \$17 million. In addition, we have not been able to move as much wheat as we wanted, not only to reduce our loan but to make room for the fall harvest which is now upon us.

If you would like more specifics on the first six months of operation, please stop by my office and I will be glad to visit with you about what your cooperative has achieved this first six months of operation. In spite of the poor wheat crop of 2006, your cooperative was able to withstand and be ready to supply your farming needs for this year.

Last but not least, I would like to take this opportunity to thank all the employees

for their extra effort that they made to make this financial result possible. In addition, I would also like to thank the board of directors for their support and guidance. A good cooperative cannot exist without great people and in my opinion Sublette Cooperative has the best members, board members, and employees possible.

Certificates of Indebtedness program

This has proven to be one of the most successful ventures of your cooperative in recent years. Not only is it a win situation for the cooperative but as a member/owner, it has proven to be a most popular and profitable program for you as well.

At the current time we have all classifications available for additional investments. Give us a call or stop by and visit with Jane or me about how you can help your cooperative and yourself at the same time with your investment program. It is a win – win situation for everyone concerned.

Notes from the Grain Pit

By *Lawrence Baxa*

Hello all! It's newsletter time again. Can you believe it? Fall harvest is here! As I am

Continued on page 2



writing this note, we are receiving corn and trying to ship wheat to get everything ready as best we can for fall harvest.

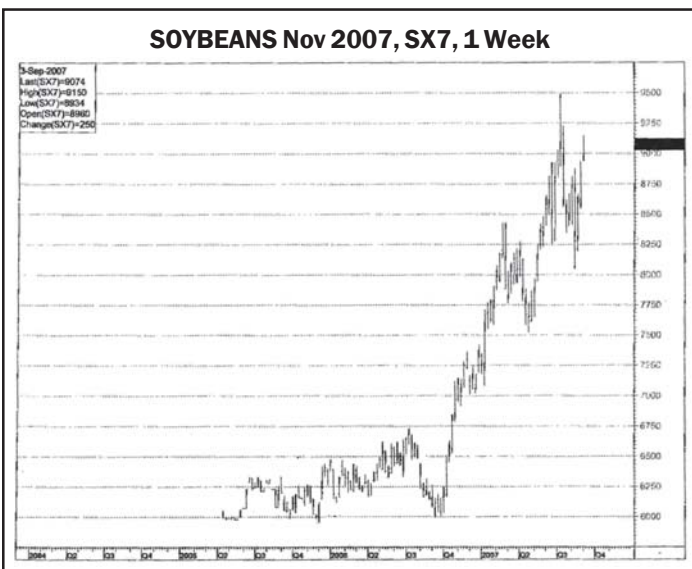
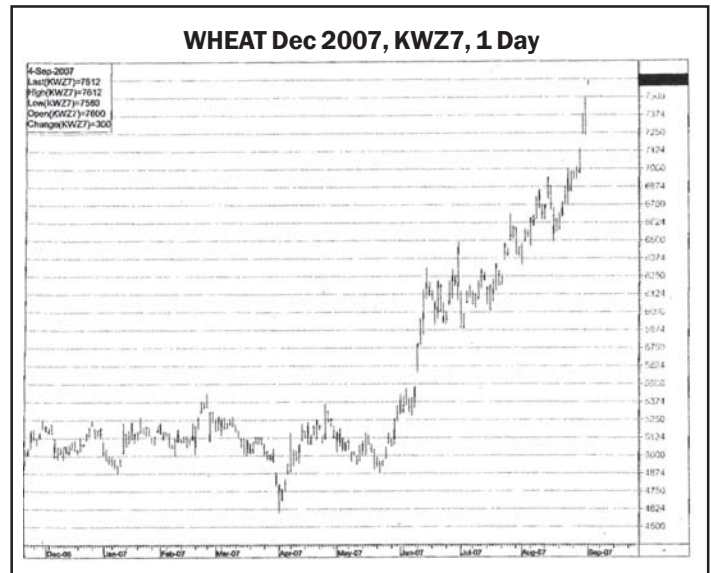
I'll take just a few minutes here to give you a recap of the first six months in the grain department. Here is what we have done and where we might be headed. First, looking back at wheat harvest, we had the second best harvest on record; second only to a harvest in the early 90s. We took just about two million bushels of wheat, all of which was very good quality. Yields in the area were very good as well. We have begun to sell our wheat and make space for receiving the upcoming fall harvest. With the short wheat crop in Central Kansas and short world wheat crops, we should be able to generate some good margins on a lot of marketable bushels. If this fall harvest turns out as good as it looks we are looking forward to having a good year. Looking at our financial numbers

for the first six months, if the numbers are any indicator, it will pay you more than ever to do business with your local Sublette Co-op in all areas of your operation.

As we look at the grain complex, it will be hard to tell what the markets will be doing from the time I am writing this note to when you folks are actually reading it. What I will do is give you a brief overview of where corn might be headed and look at 2008. USDA in August projected a record 13 billion plus bushels corn harvest. While this will most likely put pressure on prices, it remains to be seen just how low they will go. We continue to see the world grain demand keep pressure on the markets. The domestic demand for corn created by the ethanol industry in addition to export demand, plus a tight world grain-stocks situation is keeping the grain complex nervous. Looking out into '08, monitor the N/C Dec for pricing opportunities because

the market may move past this big fall harvest and start trying to buy acres for next year. But, with the expected increase in the cost of seed and all other crop inputs, corn will have to rally to — A. Remain profitable, and B. Protect its acres. At this time, all grains are competing for acres. Look for the traders to watch acreage figures and production estimates for all grains here in the U.S. and in the world market to give us some price direction. It does not appear at this time that price will ration demand. With the dollar weak against the euro and the lack of production overseas, the markets should not fall out of bed.

Where are we headed? That is a question I get asked quite a bit. I had an analyst tell me to watch out into 2009. This person studies cycles and how they affect things. Right now, we are in a demand market. But, if the government releases CRP



acres to go back into production, we could find ourselves back where we came from. My information tells me to watch out by the spring of 2009. So, that's it for my crystal ball. Here's something to think about though. We need crop production acres. We are working on a new farm bill. Think about this: What better way to get a farm bill passed than by releasing CRP acres? This gets the funding requirements for the bill lowered to help it pass. Time will tell.

As we get into fall harvest and the grain is delivered, give us a call to discuss pricing and payment options. For those of you who will not need any more income in 2007, we can put your payment on a deferred payment contract to allow you to take advantage of current pricing but not take the income until next year in 2008. We pay 4% interest on these types of contracts. So give me or Glenda a call with your questions.

By the time you are reading this, fall harvest will be winding down so let me take this time to thank you for your grain business this fall, and thank you for your patience as it was a busy time moving the fall grain in and still trying to get the wheat moved out. It looks like it's going to be a good year. I would also like to remind you that October is Co-op Month. Thanks again, come in and see us. Also, thank you for supporting your local cooperative.

Crop production notes

By Kent Ochs

Fall harvest is underway as we begin to reap what appears to be a great harvest. Amazing spring rains coupled with cool temperatures have our hopes high for great yields. Several areas of our county were blessed with six-foot moisture profiles that really helped the row crops hang on during those 100-degree August days. Let's hope the yields are up there.

The fall nitrogen scene seems to have more questions than answers. The scene seems to be set for some crazy prices not only for anhydrous but also for dry and liquid nitrogen as well. Shortages are also said to 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 cooperative has several suppliers we are working with so please be patient during this fertilizer season and, hopefully, we can keep your equipment 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 samples to be taken. Soil sampling is free as long as fertilizer needs are purchased from your Sublette Co-op.

Safety is all too often overlooked during busy times. The few seconds it takes to make mistakes can last a lifetime or may even cause death. I read a very interesting article by Bill Field, a longtime Purdue University 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 harvested crops. The most common culprit is getting in the bin with the outlet auger running while trying to unclog the system. September is "Farm Safety Awareness Month" so please take some precious moments and 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 a busy fall farming season.

Thanks for your business. Good luck this fall!

Fall of the year

By Mark D. Horinek

Fall is upon us again and it will be 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.

I would like to touch on some points of interest to you. Earlier this spring, I was able to get out some triple stack (Roundup Ready, corn borer tolerant, and corn root worm tolerant) corn to a lot of different growers. We are now getting the harvest results and preliminarily the varieties that we got out (Dekalb DKC 64-76 & DKC 61-66) are looking great. At the time of this newsletter printing, we were just getting started on collecting the data in the field. Time will tell how well they both do in the

side by side comparisons with the varieties of other companies in which we put them.

In 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 more rain during the growing season so that water is not such a limiting factor in production.

Monsanto will be offering a financing program that is similar to the DuPont TruChoice. A grower will be able to finance seed as well as ag-chemicals through Monsanto. Also, we are able to offer Farm-Flex financing on seed at 0% interest on orders over \$7,500 through Monsanto.

I would like to say something about the Croplan Genetics varieties that we have out. They are looking extremely good but, time will tell how well they do. We will have a lot more data later when harvest is in full swing.

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 for dry and liquid.

It is our hope at the Sublette Cooperative Inc. 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.

NE Branch news

By Ron Isenberg

Hello, from the NE Branch! It is September and the combines are rolling. This is a good time to check your fields while you are on the combine. Make notes of any problems so we can try to solve them for the next year. This is also the time to think about what alternative crops might need to be considered for planting next year if water is beginning to be a problem. Don't forget that wheat prices have been good and wheat yields can be increased if nitrogen and phosphorous are applied before, or at, planting time.

Well, I'll quit rambling. But remember, if we can help you in any way, stop by or give us a call at the NE Branch. Thanks for all your business.



News from the Service Station

By Terry Presley

Your network —

One of the most popular television commercials featuring cellular phones — each time the customer uses his/her phone, this extraordinary large group of people representative of the whole infrastructure of wireless communications shows up behind the person representing the large network of people ready, willing, and able to serve their communications needs. Not to plagiarize their commercial, but in theory and even in a practical sense, all of us, each department, each employee at the Sublette Co-op is here standing behind you Mr. Producer. What you do, we in agribusiness also do: hard work, long hours, lack of employee pool to draw from. I hear your grumbling every day about needing a grain cart driver, a semi truck driver, a full-time man and we here also feel it. Every step along the way, it is interesting to note the similarities and to recognize the comparisons. But, most important, we all deal with the daily challenges and to persevere profitably, safely, and respectfully. I said all of that to convey this — we are with you every step of the way.

We try our best. Sometimes we drop the ball but we get back up and try it again just like you do every day. I'm proud of our employee group. Remember, we are not "spring chickens" and look at our producers average age. You guessed it, we are just like you, getting older.

Two things—first, thank you Mr. Producer and "local" patron for choosing Sublette Co-op as your "network." And second, thank you fellow employees for grinding it out hour by hour, day by day, in order to provide quality products with extraordinary customer service. Keep on keeping on!



Kristen Smith, a new employee in the Petroleum Department

Say hello to our new employee, **Kristen Smith**, who joins our team at the Service Station. She'll be found at the front counter in the mornings. Kristen has three children, Kelsey 11, Keenan 10, and Kendrick 8. Husband, Kevin, is employed at Cargil in Dodge City.

The Smiths have been in the Sublette area for about three years and Kristen and husband cheer for the Denver Broncos!

Congratulations in joining Sublette's best.

Sublette Cooperative, Inc.

500 West La Lande, P.O. Box 340
Sublette, KS 67877-0340

Officers and Directors

Pete York	President
Rex Brown	Vice President
Rick Koehn	Secretary
Lynn Leonard	Director
Rusty Sherwood	Director
Chris King	Associate Director
Nicki McLain	Associate Director
Gaylord Sanneman	General Manager

Mission Statement

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

It is Great!!!!

Our Alene Fosler brought this dish to the Co-op and we devoured it! Try this. You'll love it, too!

Smackin' Good Snack Mix

Prep: 15 min. Bake: 40 minutes + cooling

Tailgaters love to munch, so this crunchy snack mix is a must for a pregame spread. "Everyone who has tried it likes it," says Lucile Cline of Wichita, Kansas. A retired extension home economist, Lucile won a ribbon at her state fair with this recipe.

6 cups original Bugles

5 cups nacho cheese-flavored Bugles

4 cups miniature cheese crackers

1 package (6 ounces) miniature colored fish-shaped crackers.

3 cups miniature pretzels

2 cups Crispix

2 cups lightly salted cashews

3/4 cup butter-flavored popcorn oil

2 envelopes (1 ounce each) ranch salad dressing mix

In a large bowl, combine the first seven ingredients. Combine oil and dressing mix. Transfer to three greased 15-in x 10-in. x 1-in. baking pans. Bake at 250°F for 40 - 45 minutes or until crisp, stirring occasionally. Cool on wire racks. Store in an airtight container. **Yield:** 6 quarts.