

# PRIMELAND PERSPECTIVE



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## THE COOPERATIVE SYSTEM WORKS

By **KEN BLAKEMAN, GENERAL MANAGER**  
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As members of Primeland Cooperatives, you have ownership in a successful, cutting-edge company. You are part of a cooperative that is fulfilling our mission: "Improve company profitability and stakeholder value."

### VISION FOR THE FUTURE

Financial success is necessary for Primeland Cooperatives' future. Remember, it's not always easy. There are many hard and important decisions that result in a strong balance sheet.

All departments—agronomy, seed, fuel, grain, and retail—were successful and maintained good margins. Even during these times of extreme market volatility, we were able to successfully market our grain. We deal with the same volatile markets that you do. They certainly don't make any of our jobs easier; however, they do keep us on our toes! We must weigh each decision carefully to ensure it meets our future goals.

Your cooperative did it again! In 2008, we ended the year with \$4.6 million in total patronage, \$2.8 million in equity, and \$1.8 million in cash payments. What an exciting year!

The financial success of your cooperative is a result of a strong vision, solid board of directors, you and your loyal patronage, and an amazing staff of skilled employees who work hard each day to provide you with the best service possible—our employees are the best!

*"You are part of a cooperative that is fulfilling our mission."*

As a member of this cooperative, it's refreshing to know that no matter what input prices do this year, at least when you purchase your inputs from Primeland Cooperatives, you receive dividends. ●

# UNITED FOR SUCCESS

By **KEN BLAKEMAN, GENERAL MANAGER & HAROLD LOOMIS, ST. JOHN BRANCH MANAGER**

Two years ago, the board of directors of St. John Grange Supply began investigating what they needed to do to survive and continue to provide a cooperative presence in their market area.

During the same time, Primeland Cooperatives was looking at its agronomy and fuel business and asking, "What size and scale do we need to be to compete in the marketplace of tomorrow." We knew we needed a bigger footprint to remain competitive with the private agronomy and petroleum companies. With this in mind, we were open to partnering with St. John Grange Supply.

## A GOOD FIT

Our two organizations share the same goal: maintaining a cooperative presence in this area so producers can continue to receive excellent service and participate in the resulting profits. Because Primeland

Cooperatives is now a larger organization, we have a little more flexibility in today's market. Bigger isn't always better—we're still relatively small compared to our competitors.

## WELCOME TO PRIMELAND!

It's over a month into our merger, and we like the direction our united cooperative is moving.

For both St. John Grange Supply and Primeland Cooperatives, the advantage of combining market areas means better use of the expensive equipment we need to serve you. For Primeland, it means joining hands with a co-op who, unlike us, is a primary source of nitrogen and nitrogen application equipment for its customers. For customers of St. John, it means being able to offer you more purchasing options than in the past—such as fuel and fertilizer contracts and prepayment programs.



We welcome our new St. John members to Primeland Cooperatives! As you've probably noticed, the products and services you've come to expect from your St. John locations haven't changed—only the name has. We share the same philosophy of service that made St. John Grange Supply successful and earned your loyalty in the past—doing the right thing and operating with integrity and honesty.

We are excited about this merger and the benefits it brings to all of our members! If you have any questions, feel free to give Ken Blakeman a call at 208-743-8551. ●

# NEW LOOK FOR ALL COUNTRY STORES

By **DAVE O'DONNELL, RETAIL DIVISION MANAGER**

It's been almost a year since we completed the new Grangeville Country Store, and what great feedback you've given us. So good, in fact, that we just finished giving the exterior of the Craigmont Country Store a facelift. It's our goal to give all the country stores a unified look as soon as possible. We'll be starting on our Lewiston remodel this summer.

One of the biggest benefits to the new Grangeville Country Store you've shared with us is the new layout and the way merchandise is displayed. We agree. Because of the extra space, we'll be expanding some of our inventory lines, including our seasonal clothing lines, our farm and ranch tools, electrical fencing lines, and sprayer parts. Thanks to the decrease in metal prices, we expect our fencing supplies to reflect this in their prices soon.

## ALMOST TIME TO PLANT YOUR GARDEN

Our country stores have all the supplies you need for gardening, from tools to seeds and starts. We even have hanging baskets available—just in time for Mother's Day!

If you need any baby chicks, ducks, pheasants, or chukar, give us a call. The day after we place your order, the chicks arrive—only a day old. ●



Dave O'Donnell and John Lamb stand outside the newly finished Grangeville Primeland Country Store June 2008. Almost a year later, Dave says he's eager to give all the Country Stores a unified look.

# WHICH ROAD WILL THE FUEL MARKETS TAKE?

By **JEFF HAGEMANN, ENERGY DIVISION MANAGER**  
[JEFF.HAGEMANN@CHSINC.COM](mailto:JEFF.HAGEMANN@CHSINC.COM), 208-298-1014



When it comes to markets, don't we all wish we could know the future? Looking ahead, I see two roads fuel prices could follow. Both are dependent on the overall perception of the economy.

## TWO ROADS DIVERGE

The first road follows typical seasonal trends upward. We normally see diesel prices increase starting in mid-February through the first part of June. I expect to see the same this year—however, I expect it to a lesser degree than last year based on current economic outlook.

The second road is one of sideways price changes. If we continue to see greater negative news coming from Washington, prices could remain relatively flat. However, in either case, I feel there is greater upward pressure on prices than down.

My biggest concern comes later this year. Refiners have balanced the supply and demand picture, and we could see a spike if demand rapidly outpaces supply. If we see any unforeseen rebound in the economy, starting after the first quarter of this year, prices could jump rather rapidly. We could see crude in the \$50-to-\$60 range, and products could go up 15¢ to 25¢ in a fairly short period of time. We know OPEC is meeting in mid-March, and we are expecting a minimum of another one-million-barrel-per-day decrease in crude oil shipments.

The last production cut we saw in the December-to-January time frame of 2.5 million barrels has really been muted by the demand destruction seen globally. Another one-million-barrels-a-day reduction could create upward price pressure if the economy does start to show some rebounding. OPEC's target is \$70 a barrel; compare this to the price at the end of February, which was about \$38.

## OUR PLAN

Primeland's solution to control this continued price volatility is to put together a risk management plan for our members' fuel purchases. Primeland Cooperatives has led the way in providing risk management solutions to you, our members, for the past six years.

We understand every producer's needs and situations are different. We would like the opportunity to sit down and discuss ways that you can control the continued fuel market volatility.

Want more information? E-mail me at [jeff.hagemann@chsinc.com](mailto:jeff.hagemann@chsinc.com). ●

# CENEX® DECREASES LUBE OIL PRICES

By **JEFF HAGEMANN, ENERGY DIVISION MANAGER**

Effective Feb. 15, Cenex Lubricants announced a decrease of \$1 a gallon on all their lubricants. This is in response to the rapid decrease in crude oil prices. Primeland Cooperatives is happy to partner with Cenex Lubricants in passing on this savings to you!

In addition to these price decreases, Cenex Superlube TMS 15W40 motor oil has been enhanced with new Wear Saver Technology that handles the conventional soot of older engines and the harder-to-contain soot of modern EGR engines.

Superlube TMS also has been enhanced with new Radial Polymer Technology to provide better viscosity retention than older technology. Maintaining viscosity is the key to controlling wear. In diesel engines, there are many areas where oil is exposed to shearing forces that can grind up polymers and reduce viscosity.

Thinner oil makes for greater metal-to-metal contact between the moving parts of the diesel engine and ultimately increases wear between these moving parts. Compared to other major oil brands and agricultural OEM (original equipment manufacturer) oils, Superlube TMS with Radial Polymer Technology retains viscosity better.

For more information on quality Cenex lubricants, please contact Jeff Hagemann at 208-743-9541 or 208-791-3886. ●



In today's agriculture industry and volatile input markets, Primeland Cooperatives Agronomy Division understands the value of variable rate technology. We continue to invest in technical custom application equipment. This spring we purchased the '09 John Deere 4930 fully equipped with auto steer, auto boom height, section shutoffs, mapping capabilities, and more. To learn more or to schedule an application, contact your local agronomy location or

Tom Herres at 208-924-5515. ●

## 2008 PATRONAGE RATES

SEP. 2007 - AUG. 2008 BUSINESS

	PER	
WHEAT	32.69	CENTS BU.
BARLEY	25.03	\$ TON
OATS	42.31	\$ TON
CANOLA	1.66	\$ CWT.
PEAS	0.15	\$ CWT.
PETROLEUM	2.10	%
LUBRICANTS	1.95	%
FEED	2.62	%
SEED	11.86	%
FERTILIZER	5.91	%
CHEMICALS	6.96	%
SERVICES	2.39	%

TOTAL PATRONAGE ALLOCATION	\$4,699,872
EQUITY	\$3,054,917
CASH	\$1,644,955



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## SO MANY WAYS TO ACCESS THE MARKETS

By **KEITH SCHUMACHER, GRAIN DIVISION MANAGER**  
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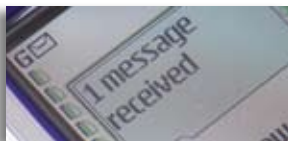
Just as our producers manage their farming operations different from their neighbors, we understand you favor different forms of communication as well. That's why Primeland Cooperatives provides so many ways to access the daily markets.



**Your local marketing team:** Primeland's marketing team and department managers have a strong understanding of daily markets. They put a lot of time and energy into keeping up with them daily—test them out next time you see them!



**[www.primelandcoop.com](http://www.primelandcoop.com) & e-mail alerts:** Now you have access to the markets 24/7. Want daily e-mail market alerts? Contact any Primeland location or send me an e-mail at [kschumacher@primelandcoop.com](mailto:kschumacher@primelandcoop.com).



**Text messages make you LOL?** In case your teen hasn't explained, that's "laugh out loud" in text lingo—don't worry, our text market service is much more clear! To receive text updates on your cell phone, simply go to [www.primelandcoop.com](http://www.primelandcoop.com) and sign up. The link is on our home page. We don't charge for the service; however, depending on your cell phone package, your provider may.



**Market Hotline:** If you don't use the Web and prefer to dial in, that's what our Market Hotline is for. 800-544-6275.

Contact me at 800-456-8551 if you have any questions. ●