



Two Rivers

Cooperative

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MISSION STATEMENT

“Two Rivers Cooperative Is Committed To Building Profitable Business Relationships Based On Integrity And Quality”

Two Rivers Cooperative

Pella, Iowa 50219

December, 2008



Crop Talk

By
Robby
Wilson

I can understand how and why there is a temptation to consider cutting back on P & K rates as a response to higher crop nutrient costs.

But I sincerely hope that before anyone makes a firm decision to do so they will first very carefully and completely evaluate all the facts, and all the consequences.

I am sure everyone knows there can and will be negative consequences for not providing the crop with the nutrients necessary to optimize growth, health and performance, and, naturally, to maximize the full yield potential of the advanced genetic packages you're paying for in every bag of seed you buy these days.

One thing about coming up short on P & K is that for the most part you really don't see the impact until you harvest the crop in the fall, and by then, of course, it's too late to make up for sagging yields.

P & K play vital roles throughout the growing season, and when either or both are lacking, the crop suffers, and yield reductions result.

Here are some of the critical things we rely on P & K to do for our crop.

Potash is second in line behind nitrogen in importance and use by corn. It is the nutrient that activates important plant enzymes that play a key crucial role in plant photosynthesis and metabolism, both of which are necessary for growth.

We Look Forward To Seeing You At The TWO RIVERS COOPERATIVE ANNUAL MEETING THURSDAY, DECEMBER 11TH At The Vermeer Global Pavilion In Pella Evening Meal Served At 6:00 p.m. Business Meeting To Follow The Meal

We hope to have a fine turnout of the Two Rivers Cooperative Family for this year's Annual Meeting where we will present the complete financial details for the fiscal year that ended August 31, 2008 to all of you.

This has been a very exciting and eventful year for everyone at Two Rivers, and we hope you will be there to share in the fellowship and friendship that make our cooperative a special and unique business.

At the appointed time during the Business Meeting we will also be presenting the results of this year's Board of Director election to the members, and as always there will be plenty of good food and good conversation with your friends and neighbors as we highlight the past year and look forward to our new year together.

Plants break down potash to supply the energy needed so the crop is able to break down nitrogen into proteins that help to strengthen stalks, fight diseases and reduce lodging.

In soybeans, potash plays a key role in plant development, and in alfalfa, as I discussed last month, potash plays a vital role in strengthening the stand and boosting both quality and yield.

Phosphorus is the third most important crop nutrient, ranking directly behind nitrogen and potash in order of importance to the growth, health and yield of your crop.

Most soils require phosphorus to be applied at higher rates since it is a nutrient that can easily be tied up in the soil profile.

Most crop scientists compare phosphorus to the engine in a vehicle, since phosphorus is the nutrient necessary to start the enzyme processes in corn that enable the plant to photosynthesize sunlight into energy.

Phosphorus plays a crucial role during the all-important early stages of the

growing season by promoting rapid growth and seedling vigor, as well as protection against a number of crop diseases that can have a season-long negative impact on crop performance and, ultimately, the final yield.

A lot of people are trying to rationalize and/or justify cutting back on P & K rates, and one of the comments I've heard is that with yields up in that 200 bushel per acre range, some feel the savings on P & K expense will compensate for any yield reduction.

Maybe some can afford leaving 10, 15 and perhaps even 20 bushels per acre on the table by cutting rates. But what if we have a dry season?

Those yield sacrifices will mushroom because the crop doesn't have all the nutrients needed to support growth, performance and build yields in the face of severe weather stress.

And how much more will they then have to spend to make up for the wider gap between nutrient availability

CROP TALK

Continued On Page 3



Fuel Facts

By
Scott
Bensink

It's been quite a turn around in our fuel and energy markets lately, since after many months of steadily increasing prices and pressures, the markets have now been in an unprecedented retreat away from the highs for the past couple of months.

Crude oil prices, for example, pushed below the \$50.00 per barrel mark for a short time the other day, and while they are still currently in the low to mid fifties, that's a huge difference from the over \$150.00 per barrel crude highs we were caught in over the summer.

Our entire economy, indeed the entire worldwide economy, has had the bottom fall out, thus the dramatic dip that we've experienced in crude oil prices, the price of gasoline, diesel, LP and other forms of energy have been matched by the sharp decline in the value of corn, soybeans, and the virtual free-fall that our financial markets all have been going through.

While the rapid retreat in fuel and energy prices has made some question their earlier contracting decisions, there are a couple of key factors that I feel you need to keep in mind.

First and foremost, two or three months ago, when you made a decision to lock in a supply and price by contracting diesel fuel and/or LP, there was no way you or anyone else could have predicted the prices of those products would tumble as far and as fast as they have today.

Secondly, at the time you contracted, the prices you locked in were competitive, attractive and, most importantly, they were lower than the posted price on the spot/open market for those products at that time.

Third, contracting needs to be looked at in much the same way a person looks at insurance, namely as a form of protection against potentially dire consequences that can occur unexpectedly at any time.

For example, you can pay car insurance premiums to protect yourself in case of an accident for years without ever filing a claim, and as we all know, that protection doesn't come cheap.

But neither do repair or hospital bills, and if you're involved in a major accident, the protection of your insurance will cover some huge costs that will outweigh all the premiums you have ever paid.

Fourth, as proof of that, just consider how many fuel and/or energy dollars contracting has saved you over the past 5, 10, or more years.

I'm confident those savings would add up to be far more than the difference between your contracted price this year and the current price.

Fifth, let's also keep in mind the energy market that has taken such a dramatic dip the past couple of months has just as much potential to turn around at any moment and move back higher by an equal or even greater amount.

This is only the end of November, and there's still a long winter ahead of us, so don't be too quick to doubt your LP contracting decisions, as they may yet prove their merit.

FUEL BLENDING: We are now winter blending fuel for customers who contact us to advise they are ready for their on-farm fuel to be blended.

This is an **"On-Request"** service, so please let us know when you're ready to have your fuels switched to the winter blend.

CHANGE FILTERS: If you have not already done so, be sure that you take a few moments as soon as possible to change the paper filters in your on-farm fuel storage system.

These paper filters trap moisture to prevent it from entering your vehicle and equipment fuel lines, and as the

temperatures dip to below freezing, this moisture freezes and slows/stops the flow of fuel out of the tank.

Clogged paper filters cause far more fuel flow problems than fuel gelling, so take care of this right away.

Seed & Stuff

By
Jay
Van Woerkom



In the space below I have included some of the highlights from the corn test plots that we had out in Two Rivers Country this season, and as you can see, the hybrids that we handle to serve the needs of our customers turned in some very impressive yields.

Complete data from these three corn plots, as well as the information from the soybean plots we had out in the area this year, is in the hands of all of the Two Rivers Agronomists at this time, and they are ready to assist you with comparisons and evaluations of these hybrids and varieties to make the best choices for your fields in 2009.

As always, the best selection, the most attractive discounts and the biggest savings are available for orders placed early.

I would therefore encourage all of you to talk to your Two Rivers Agronomist soon to lock in your top preferences so you can have those numbers reserved for your fields.

Two Rivers Cooperative Corn Test Plot Results

Monroe Area Test Plot

Hybrid	Moisture	Yield
Croplan 6150 VT3	15.8%	249.00
NK 71M GT/CB/LL/RW	19.6%	244.47
NK 7166 / 73Y	18.6%	245.43
Dekalb DK 63-42 VT3	17.5%	255.72
Dekalb DK 64-24 VT3	16.8%	262.14

Otley Area Test Plot

Hybrid	Moisture	Yield
Croplan 6725 VT3	24.1%	229.98
Croplan 6425 VT3	20.8%	196.24
Croplan 6463 VT3	22.2%	196.32
Croplan 6531 VT3	24.6%	200.68

Pella Area Test Plot

Hybrid	Moisture	Yield
Dekalb DK 62-29 VT3	19.3%	229.07
Dekalb DK 62-99 RR/CB1	8.4%	229.58
Croplan 6986 TS	20.8%	227.07
Croplan 6725 VT3	20.1%	237.88
Dekalb DK 63-42 VT3	20.5%	227.35



**Hybrid
Vigor**
By
Joe Toillion
Swine & Beef
Specialist

This month I'm going to devote my entire article to the subject of treating bales by pouring our **QLF Liquid Supplement** over them, which can accomplish a lot of things for your livestock operation as we enter the winter feeding period.

The primary benefits include improved digestibility and palatability, an increased protein level and overall improved quality of the feed stuffs that have been baled.

Any types of bales can benefit from this treatment - corn stalk bales, bales made of legumes, grass or any blends of them.

By improving their palatability you naturally reduce the amount of waste, thus you get more feed value from every bale.

That's especially true with bales made of corn stalks and/or any other bales that are lower in quality.

Treating bales also enables you to reduce the number of higher priced tubs you're feeding, thus saving you money.

If all of those advantages, the savings and the convenience of treating bales sound good to you, there are a couple of things we need to do to set things up so your cattle receive the optimum benefits.

The first thing is to sample and analyze the bales you'll be treating to determine protein content and nutritional values.

This tells us how we need to adjust the amount of liquid protein we treat the bales with so you're feeding at the optimum rate to benefit your cows.

We need to feed higher levels of protein the later we get into the late trimester of the cow so the calf she's carrying receives the optimum benefits for its growth and development.

Supplying salt and mineral free-choice to the cows is another key, and it's very important to feed only a moderate level of ethanol bi-products to the cows when you're feeding them QLF treated bales.

This is because the sulfur contained in these bi-products will tie up nutrients in the feed rations your cattle are consuming, and they won't be getting the

full nutritional values they need.

Also keep in mind that feeding higher levels of ethanol bi-products to cows will result in fleshier cows, something we definitely want to avoid as calving time arrives.

Just ask any cattleman who has given in to the temptation of feeding higher levels of lower cost ethanol bi-products if he had any regrets about the decision when calving time arrived and you'll see why this is so important.

We have all the equipment needed to treat your forage bales!

So all you need to do is pick up the phone to give Jason or me a call to set things up and arrange for a convenient time for us to bring the equipment out to your farm to take care of pouring QLF on your forages.



**Feed
For
Thought**
By
Jason Smit

As you can see from the announcement elsewhere on this page, we have 2 mid-week holidays approaching as we close out 2008, and this naturally makes the task of checking feeders and feed supplies, planning and ordering your feed needs in advance even more important for everyone.

Winter weather has also arrived, as have the much shorter daylight hours, and in the weeks ahead we're bound to be experiencing a few snow storms, probably at least a couple of ice storms mixed in for good measure.

Along the way there will also be periods of bitterly cold temperatures and ridiculous wind chill factors, and all the other **"Fun & Games"** that make everything and everyone move at a slower pace until nicer, warmer weather returns.

As you also know from your own experiences, equipment is tougher to

start, and working out in the cold bundled up to protect yourself against the elements slows the pace even more.

The bottom line is it simply takes more time to do something in the winter than in the summer, and since we can't beg, borrow or steal any extra hours or minutes in a day, we need to cooperate and work together on planning and ordering feed more efficiently to keep things moving as smoothly as possible on your farm and at the mill.

So start putting forth a little extra dose of consideration and care for the man out there hauling feed to your farm in some of winter's nastiest weather and road conditions.

Plan ahead and call ahead to help him serve you in the most timely, efficient manner possible and, most importantly of all, as safely as possible too, since it can be very dangerous out there in the cold, snow, ice and dark of winter.

PELLET PLANNING: By the time you receive this we will have the feed pellet manufacturing equipment removed from our mill and, as mentioned in last month's newsletter, we'll be getting all future pelleted feed items from the Land O' Lakes Central Plant.

If you need pelleted feed supplies, please contact us in advance so we can coordinate the logistics of ordering them from the Central Plant so they can be delivered to us in the most timely manner, and we can therefore keep you well supplied smoothly and efficiently too.

CROP TALK

Continued From Page 1

and what the crop needs the following two seasons?

You have to feed the crop to get the growth, performance and health it must have throughout the season to give you the yield results you must have at the end, so before you make any snap, emotional decisions on rate cutbacks, talk to one of the Two Rivers Agronomists first.

Please Plan Ahead For The Holiday Season

*Two Rivers Locations Will Be Closed For Business
The Following Dates & Times In Observance Of The Holidays*

CHRISTMAS HOLIDAY

Closed At Noon

Closed All Day

Wednesday, December 24th

Thursday, December 25th

NEW YEAR'S HOLIDAY

Closed All Day Thursday, January 1st



As I See It

By Tracy Gathman
General Manager

By the time you receive this newsletter in the mail all of the members of Two Rivers will have received their **Official Notice of the Annual Meeting**, ballots and other information regarding this **Very Important Date**, and hopefully all of you will have made plans to attend.

Again this year I feel you will be very satisfied with the results of the past year of operations that will be reported to you the evening of **December 11th** following a nice meal.

And once again this year, I also feel you will be extremely pleased when you open the patronage dividend envelope you will receive and find out when you inspect your check that it was Well Worth It for you to set aside time to join your friends, neighbors and our Two Rivers Cooperative Family for this year's Annual Meeting.

I will have more to say and more details to discuss in my presentation at the Annual Meeting, but until that time I will simply say **Thank You** to all of the members of Two Rivers for their continued support and the business they have done which will make the evening a memorable one for all.

Now I need to direct some comments to a much less enjoyable issue, one that has caused some confusion and, I am starting to believe, has also created some misunderstanding.

I refer to crop nutrient prices and, more specifically, to various media reports and radio/television commentary concerning prices on those nutrients having come down significantly in recent weeks.

While it is indeed true prices for crop nutrients have recently eased back some from the unprecedented highs that we were witness to this past spring and summer, it is very important when making such claims to **Compare Apples To Apples, Oranges To Oranges**.

Not to disparage the media, however as is so often the case in today's **Instant News World**, there is often much more substance to a story than the basic headlines or the **Big Show Highlights** typically suggest, or bother to delve more deeply into.

There are a number of basic flaws in the story that have been overlooked in these attention grabbing reports of nutrient price reductions.

First and foremost among them is that in most instances, suppliers such as your Two Rivers Cooperative had their crop nutrient inventories purchased and thus the price and supply locked in for your fall needs well before the market prices peaked.

Secondly, unlike grain and, to a lesser degree, fuel and energy products, there is no comparable hedging system or vehicle in place in the crop nutrient industry that can be used to protect prices from sudden and dramatic shifts.

Third, as the crop nutrient industry has re-structured itself in recent years, with many of the former sources of supply exiting the marketplace each year so that today there is now an extremely limited choice from which your needs can be secured, there is no longer the flexibility or freedom of choice we once benefited from.

Fourth, this has also eliminated any type of spot supply options, as seasonal volumes are now offered only for limited periods, at specific prices and terms, and for specific delivery dates.

It has become, as I have said in previous newsletter articles, come down to a **"Take It Or Leave It"** process of nutrient procurement from today's limited sources of supply to secure the nutrients our customers will need for their fall and/or spring applications.

Your Board of Directors and the Management of Two Rivers firmly believe that it is the top priority and the main responsibility of this company to secure the inputs needed by the customers to produce their corn and soybean crops.

As a result, and given the type of marketplace the crop nutrient industry

has transitioned into, this past summer this company made firm commitments on crop nutrient inventories to secure the N-P-K volumes your orders and the discussions you had with our agronomists indicated would be needed this fall.

As with so many choices we are all faced with in businesses and in our lives, the Board and management of Two Rivers strives to make the best possible choices given all of the facts and information we have available to us at the time when it is necessary to make those decisions.

We have the investments, equities and future of your cooperative at stake in doing so, and I am pleased to say we feel we made the best decision, since the prices at which we were able to lock in your nutrients this fall are, in fact, very competitive with and comparable to the current prices which are the focus in the media reports.

Can you expect further reductions in crop nutrient prices?

Perhaps, although it would be naïve to assume they might retreat in a manner similar to gasoline and diesel fuel prices, and again you must compare apples to apples, oranges to oranges.

Worldwide demand for crop nutrients remains high, supplies are limited, and sources of supply are even more so.

And, as I am sure all of you are fully aware, we are all facing some very challenging times and situations as our national and the world economies seek to recover.

Nevertheless, Two Rivers remains dedicated to serving your crop nutrient needs, and I furthermore reiterate that our top priorities and major responsibilities will be that we are always in the best possible position to serve as your reliable, dependable source of supply for crop and livestock production inputs at competitive prices.



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