



Two Rivers

Cooperative

Monroe: 259-2232

Otley: 627-5311

Pella: 628-4167

Tracy: 949-6411

www.tworivers.coop

MISSION STATEMENT

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

Two Rivers Cooperative

Pella, Iowa 50219

November, 2008



Crop Talk

By
**Robby
Wilson**

With soybean harvest approaching an end, it looks like for the most part our customers have had a very good bean crop this year, with a lot of 50 and upper 50 bushel per acre yields being reported.

Considering how things started and all this bean crop has gone through, those are positive results I feel all of you can and should be pleased with.

While the jury is still out on corn since so much of the crop is still waiting for the combines, it appears from the early stages of corn harvest that our yields will be very respectable too.

Again, when all the challenges of this year are taken into account, corn yields averaging 180 bushels per acre, as it appears our crop will do, are definitely testimony to the good management and wise selection of inputs that you put into the crop.

Were the decisions you made to treat your seed at planting time this past spring rewarded by the crop you're harvesting this fall?

I don't think there is any doubt or question anyone would have considering the kind of a season we had this year that the added protection made possible by treating seed put extra yields in the bin.

Did it really pay to spray your beans for aphids this summer?

For the most part it appears that nearly every field that was sprayed had as much as a 10 bushel per acre yield

advantage over the bean fields that weren't sprayed, and I think that's proof positive of the value of getting timely aphid treatments out there.

Was your decision to apply a pre herbicide program before the crop was planted or before it came up a sound choice?

Here again, I think there is universal agreement from all of our customers that **“Starting Clean”** was by far better than **“Starting Green”** especially when we had so many early season weather delays and those pre products did such a tremendous job holding the line on weeds until it was time for the post to go down.

Not only that, the pre strategies opened a wider window of time for you and us to get to the post products and programs, and those extra days mean more to everyone as we have

Watch For Your Ballots & Annual Meeting Details To Arrive In The Mail In November

By Tracy Gathman

In the October newsletter we had an advance notice of this year's Annual Meeting of the Two Rivers Cooperative, and I hope all of you have marked the evening of Thursday, December 11th on your calendars so you and your spouse can join the members of the Two Rivers Co-op Family at the Vermeer Pavilion in Pella for a fine meal and the report of a positive year of business for your co-op.

We will be sending out Official Notices of the Annual Meeting to all members of Two Rivers with complete details included, and will also have another announcement as a reminder to all in the December issue of the newsletter.

All Class A members of Two Rivers will receive a ballot to be used to cast their vote for the candidates of their choice in this year's Board of Director election.

Once again this year we will be conducting the election using mail in ballots, and while I am sure most of you are by now familiar with the process and procedures to follow to cast your vote by mail, we will have instructions included in the Official Notice you receive and, of course, you can also feel free to contact me at the office if there are any questions you have on how to cast your vote by mail.

We have included a brief biographical profile of each of this year's Board of Director Candidates as a separate insert to this issue of the newsletter so we can introduce you to the candidates selected by the Nominating Committee.

I am looking forward to seeing a good turnout of the membership of Two Rivers for this year's Annual Meeting, and I feel all of you will be very pleased to see and hear about the fine year of business that has been achieved through the support and business each of you have provided.

more acres planted to the Roundup Ready or similar genetics.

Did the fungicide applications really work?

Thus far the corn yields I have seen or heard about comparing fields sprayed with fungicides and those not sprayed tell me there is a substantial yield advantage for promoting stalk health and strength by spraying a fungicide on corn.

And I am sure we'll have more conclusive evidence coming in as more of this corn crop is taken out that tells us the role of fungicides in corn and soybeans alike is one that makes it virtually automatic in most situations.

Were your N-P-K rates a factor in this year's crop?

You better believe that without the

CROP TALK

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**Fuel
Facts**
By
**Scott
Bensink**

After an entire spring and summer of steadily increasing fuel prices, we've all felt relieved to see them dropping lately, and dropping in dramatic fashion, at that.

There are a number of factors involved in all of this, just as there were in the run up of fuel prices that took them to record levels earlier.

Having crude oil finally ease back from the record prices we hit, getting some strength back into the dollar and, of course, having the investor funds shift their attention out of the commodity, fuel and energy markets as the specter of governmental regulations started to become a factor have all been a part of the softer markets we now have.

There are, however, some clouds on the horizon that might turn prices around and start them on another journey up the ladder.

November is less than a week away as I write this, and there is still a very large percentage of this year's corn crop standing in the fields.

Mother Nature's dry down influence on corn is rapidly disappearing, and with a lot of corn still in excess of 20% to 23% moisture, or more, the potential of needing to dry a significant portion of the 2008 corn crop in farm and commercial dryers could push LP demand and costs much higher in the weeks ahead.

There have already been shortages developing, so if you have not already had your farm's corn drying LP needs delivered, get in touch with us right away to have the boys stop by.

Also keep in touch with them and us as the corn drying season unfolds so we have a good handle on how much you'll need and when you need another delivery to your place, and definitely don't let your tank run too low before ordering, since as I said, there are some definite supply issues taking shape at this time.

It's a similar story with diesel fuel. At the time of this writing just before Halloween, the industry was reporting that the entire state of Illinois was out of diesel fuel at its pipelines and termi-

nals, and eastern Iowa's terminals have been out at times as well.

That puts even more pressure and demand on the main pipeline out of Des Moines, where the lines of diesel transports are stretching out longer each day.

Again, don't let your on-farm inventory drift too low before ordering delivery, since these supply issues could get much worse before they get better.

As always, the more advance notice you can provide when you place an order for fuel, the better, since we still need to have everyone's cooperation to maximize efficiency in routing each trip our drivers make into the country.

Also this month, I want to advise our customers that Two Rivers Oil Specialist Eric Moormann is presently working with our Cenex representative on some exciting new and innovative oil and equipment lube programs that will bring added savings, convenience and inventory management benefits to your farming operations.

Be watching for Eric to stop by your place to update you on all that we have to offer, and, of course, if you have any oil, grease, or other equipment lubrication and fluid questions or needs, call on Eric.

**Seed
&
Stuff**

By
**Jay
Van Woerkom**



As everyone knows, we've had a lot of variations this season, and they started right out of the starting gate with wet conditions, cooler weather, delayed planting, replanting, heavy aphids in some areas.

That carried over into your corn and soybean fields, and into our test plots as well, where we're seeing as much as a 30 bushel per acre difference between the same corn hybrids and as much as an 80 bushel difference in yields within the same plot.

This wide variation makes it even more important that you use multi-year data when you're ready to start making seed choices and decisions, since that will compensate for the distortions caused in a unique year such as this one has been.

Look at side-by-side comparisons, and take notice of how different numbers performed in different soil types,

with different planting dates and maturity dates, the tolerance they demonstrated in the face of different stresses.

Evaluate stand/stalk strength ratings and scores, and of course look at yield data of your own as it fluctuates across an entire field. And since we had such a wet year, see how acres where you have field tile stacked up against acres needing it.

As always, try to focus on areas where you can make changes, areas where you can control the outcome rather than on those you have no control over, so if there are improvements to be made you can pinpoint and act upon them.



**Feed
For
Thought**
By
Jason Smit

As you can see from the notice I've included elsewhere, we'll be removing the feed pelleting equipment at Two Rivers and implementing some changes in our pelleted feed services.

In conjunction with this change, we are also removing the corn cracking equipment from the elevator and installing it at the feed mill.

This will enable us to crack corn for our customers to provide them with a higher quality finished product containing fewer fines than in the past, since up to now we have used the roller mill to crack corn.

I am sure everyone who uses cracked corn from our feed mill will definitely and immediately notice the improved quality and the significant reduction in the fines this change will make possible.

As Joe has noted in his article, feed ingredient pricing and, in some cases, availability, continues to be a rapidly changing situation, and we are working very closely with our feed nutritionists at Land O' Lakes to stay abreast of these changes, and to keep our customers' rations current with the latest and least costs.

HOLIDAY CLOSING
THURSDAY, NOVEMBER 27th
THANKSGIVING DAY
*Please Plan All
Supply-Service-Business Needs
In Advance Of This Closing Date*

Board Of Director Candidate Profiles

The following individuals have had their names submitted by the nominating committee to be included on the ballot for the position of Director. Class A members can vote for their choice of 1 candidate from each of the 3 Director Area Districts in which a candidate is to be elected, with the individual receiving the highest vote total in each District elected to the Board.

Once again this year, members who will not be able to attend the Annual Meeting in person will be able to cast their vote by mail, using the mail in ballot and envelopes to cast mail in votes that will be sent to all Class A members with their Official Notice of the Annual Meeting.

PELLA AREA

Dave Nossaman

Dave has been farming for 15 years. The Nossaman farming operation, which Dave and his brother Richard farm together, is located near Leighton and includes corn, soybeans and hay crop production, along with a finishing hog swine and cow/calf beef livestock operations.

Dave and his wife Robin have four children: Daughters Amanda, 12; Macy, 10; Erica, 9 and Erin, 5.

Dave has been a member of the cooperative for the past 15 years.



MONROE AREA

Rodney Schakel

Rodney has been farming for 16 years. The Schakel farming operation is located southwest of Monroe and includes corn, soybeans and alfalfa crop production, plus a cow/calf beef livestock operation.

Rodney and his wife Lori, who works for Iowa Telecom as Treasurer Analyst, have 3 children: Daughters Kaci, 12; and Kayla, 9; and son Kolby, 7.

Camping and spending time with the family are Rodney's favorite pastime activities.

A cooperative member for 16 years, Rodney is also a member of the Monroe United Methodist Church. He is currently serving on the Two Rivers Associate Board.



PELLA AREA

Keith Newendorp

Keith has been farming for 31 years. The Newendorp farming operation is located 4 miles east of Pella and includes corn and soybeans crop production.

Keith and his wife Cheryl, who is the Manager of the Work Of Our Hands Store in Pella, have three adult children: Daughter Jaci (Mrs. Brian) Visser; and sons Eric and David.

The hobbies that occupy the majority of Keith's free time include woodworking and working with the 4-H young men and women.

A cooperative member for 30 years, Keith is also a member of the 1st Reformed Church in Pella; a member of the Farm Bureau and a member of the Corn Growers Association.



Steve Nunnikhoven *

Steve has been farming for 23 years. The Nunnikhoven farming operation, which Steve farms in partnership with his father Merle, is located near Pella and includes corn, soybeans and hay crop production, plus a cow/calf beef livestock operation.

Steve and his wife Lynn, who is a teacher at Lincoln Elementary in Pella, have three children: Daughter Abbie, 7; and sons Mitchel, 14 and Zachary, 10.

Enjoying numerous family activities occupies the majority of Steve's spare time.

A cooperative member for 18 years, Steve is also a member of the Ebenezer Reformed Church in Leighton. He is completing his second term on the Two Rivers Board of Directors.



Stan Woody *

Stan has been farming for 27 years. The Woody farming operation, which operates as S & K Woody Farms Inc, is located 3 miles south of Reasner and includes corn, soybeans, oats and alfalfa crop production, plus a cow/calf and finishing cattle beef livestock operations.

Stan and his wife Karri, who is Director of Clinics at the Skiff Medical Center, have two children: Daughter Brooke is 19 and a freshman at UNI; and son Devon is 13 and in 7th Grade at PCM.

Playing golf, attending the various activities the kids are participating in at school and other family activities are Stan's favorite pastimes.

A cooperative member for 22 years, Stan is also a member, Deacon and Board member of the First Baptist Church in Monroe; plus a member of the Farm Bureau. He is completing his first term on the Two Rivers Co-op Board.



Dave Willemsen *

Dave has been farming for 38 years. The Willemsen farming operation is located 3 miles southeast of Pella and includes corn and soybean crop production, plus a beef cattle livestock operation.

Dave and his wife Gloria, who works in the payroll department at the Vermeer Corporation, have three adult children: Daughters Kim and Stacey; and son Ryan.

Going camping, taking in sporting events around the area, and visiting the children are the activities that Dave enjoys the most in his free time.

A cooperative member for 38 years, Dave is also a member of the Third Reformed Church in Pella; a member of the Farm Bureau; and a member of the Corn Growers and Soybean Growers Associations. He is completing his first term on the Two Rivers Board.



*** Signifies Incumbent Director**



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

That Ingredient pricing has been driving us bonkers lately, with changes in prices coming at us fast and furious, making it a constant challenge to keep pace with their overall impact on ration formulations as we continue to strive to give our producers the best least-cost advantages.

The nutritionists at our suppliers are undoubtedly wearing out the keys on their computers calculating and recalculating as these changes in ingredient pricing - and availability - come at them, and no doubt there are some having nightmares over how fast things are moving at this time.

The good news is that today it's costing you fewer dollars to get your animals to market weights than it has been costing, and in some cases the difference is significant.

Still, it's important to stay on your toes in these fast-changing times, something I'm sure is made more difficult for all of you who are also concentrating so much time, energy and attention on getting the remainder of this year's crops in from the fields.

That's where the Feed Team here at Two Rivers can be a big asset to you and to your operation, since we're ready and able to assist you with ration questions and issues to help keep your costs in check, giving you more time to focus on the tasks at hand in the fields.

Here is a quick rundown of what has been happening in the feed ingredient arena the past 30 days or so:

Fat is much lower in price than it was, and we therefore need to look even more closely at this ingredient, especially if you are among the producers who booked corn at higher prices than what corn is bringing on the spot market.

Soybean Meal is following the activity of soybean prices in the bean market, which, as we all know, have been in retreat lately. This has made bean meal a lot lower in cost than it has been, and again makes it worth a closer look in rations.

DiCal prices have not budged a bit, since the soaring worldwide demand for phosphorus and the ele-

vated price of that product has kept the pressure on supply.

DDGS are still a workable alternative, but with the current ethanol woes facing the ethanol industry at the present time, I feel the entire DDGS situation could become even more interesting in the weeks to come.

Perhaps the brightest star in the sky for pork and beef markets has been the strong export demand we've had in recent months, and we definitely need to say a little prayer that this level of demand stays strong for some time.

We have been virtually throwing record volumes of meat at our export markets, and certainly demand for our pork and beef are strong in the improving economies of nations with vast populations, who are demanding diet improvements along with the improvements in their lifestyles.

Lately, however, we've seen some weakening in the cash and futures, most likely as a result of the added strength the dollar seems to have found as it recovers around the world.

Still, the pork and beef export markets have thus far been able to hold their own even though there has been some softening in the cash and futures, and that's a positive sign in itself, since in the past our markets have normally folded their tents when faced with weaker conditions.

CROP TALK

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nutrients to promote good plant health, growth and performance in the

face of all the challenges this year's corn and soybean crops have faced, those yields would have never had a chance to be as high as they are.

So how does that affect your crop nutrient decisions for 2009?

After all, we all know N-P-K prices have continued to move steadily higher, so it's even more tempting to think about trimming back a bit to lower expenses, right?

Don't be fooled by that kind of thinking, not for a second.

A 50 bushel soybean yield and a 160 bushel corn yield has taken 105 pounds of P and 110 pounds of K out of your 2-year P & K application, and if either crop yielded higher, more of those nutrients were taken out of the soils to make those extra yields.

Can you really afford to let crop performance, productivity and yields fall off by shorting next year's crop of the nutrients needed to perform and yield to its full genetic potential?

And while on that subject, let me also mention alfalfa crop nutrient needs, which at 5 tons per acre for your hay crop will consume 70 pounds of P and 260 pounds of K per acre, nutrients that you need to replace if you're going to keep that stand productive again in 2009.

You have to plan for a successful crop if you hope to produce one, and if you put limits on your crop, on yourself or on your fields right out of the starting gate with your decisions, the consequences could be even more costly to you next fall.

Changes In Our Feed Pellet Services

By Jason Smit

As we have been monitoring on-going costs of all phases of feed manufacturing and related services, along with the returns each provides, we have reached the conclusion that Two Rivers can no longer justify the rising costs for maintenance, repairs and upkeep of the feed pelleting system that we operate, and we will therefore be turning to other more viable, cost-effective and efficient alternatives.

As harvest concludes, we will be removing the pelleting equipment at the Pella mill and will be ordering our pelleted feed products directly from our Land O' Lakes central feed manufacturing plant located in Clarence.

We have already made arrangements with the central plant to order in larger volumes to receive the most favorable manufacturing and freight terms possible, and we will make available a larger space at our feed mill to accommodate delivery of these feeds so we can in turn deliver them in the most timely manner.

Perhaps the biggest challenge will be to handle the larger orders of 4 to 5 tons of bulk pelleted feed for certain customers, however with their cooperation in planning and advance ordering of their needs, I feel this can easily be accommodated.

For example, orders that are received by Monday can be delivered to Two Rivers from the Land O' Lakes central plant by Thursday so that we can have those needs delivered by the weekend to your operation.

Obviously, holidays and winter weather create added time and logistic issues that need to be considered and accommodated, and I am sure we can all work together to handle these situations as well.

Please feel free to call if there are any questions on any of these changes.



As I See It
By Tracy Gathman
General Manager

Over the past several months there have been a number of times when I have wondered to myself whether it was really worth trying to keep pace with all of the struggles our national economy has been going through.

I've questioned how my sanity, mood, my health and well-being were being impacted by a seemingly endless parade of negative news passing before me on the television, on radio, in the newspapers and magazines, and, in fact, during the course of many conversations I've had with customers, friends and business acquaintances, all of whom were also being subjected to a similar flood of negativism from these same sources.

It has become, after all, an increasingly difficult task each day to maintain a positive outlook, to convey an optimistic mood, to have a cheerful approach to things, or to feel upbeat, enthusiastic and forward thinking when so many forces in the media seem obsessed with anything and everything that will keep those feelings and emotions at bay.

I imagine many of you find yourself with similar thoughts, wondering how and why we seem to have so much stacked up against us and so many things going wrong, and how and why we seemingly have so little going for us and so few things going right.

These are indeed challenging times, and there is no denying or downplaying their seriousness.

But I also feel that with the media's constant bombardment of negative news drummed into us in every headline and in every broadcast, we're at risk of overlooking and perhaps even ignoring so many of the positive things that are also taking place.

Yes, it has been a shame to see corn and bean values cut in half, and more, from the highs our commodity markets were reveling in just 90 to 120 days ago, and I am sure many are asking how this dramatic downturn in prices could happen so quickly.

Well, just as the struggle to climb a mountain takes time and requires significant energy to be expended to reach the summit, the upward momentum for

grain prices to hit those highs was a slow and steady process encompassing many months, beginning in the late summer of 2007 with some very optimistic demand and usage "projections" and "expectations" made for our crops.

Then, driven by vast investments and unprecedented speculative activity from **The Funds**, prices for grain surged dramatically up the ladder, as did our financial markets, as did crude oil prices, as did fuel and energy costs, as did crop input prices, and as did virtually everything else.

The fact that few, if indeed any, of these remarkable developments had any firm foundation in terms of the pure economic fundamentals of supply and demand seemed to have little bearing on things.

Nevertheless, a wave of unbridled optimism erupted throughout the economy, and though so much of it had little substance, but was instead more smoke and mirrors, it was so easy to believe that the happy days and good times would just continue to keep getting bigger and better.

But in keeping with our mountain climbing example, we also know it's equally true that once the summit is reached, it's pretty much a straight and sudden journey down the other side, and once you begin to tumble, the momentum and speed of the descent only continues to increase.

The most remarkable thing of it all is that for the most part, we could have and perhaps even should have seen a lot of these things coming.

After all, **The Funds**, who were the prime force in driving these values higher, have profit motives to their investors to be satisfied, and once they reach those objectives they switch from being active buyers to enthusiastic sellers and the artificial "paper demand" they

were creating to support higher values evaporates and prices plunge.

In past newsletter articles, and in numerous conversations I have had with customers during the course of this run up in corn and soybean prices, I suggested and often recommended that you utilize the opportunity to take advantage of sales at the higher new crop values to help cover the costs of the higher priced inputs you would need to produce the next crop, and I sincerely hope all of you have done so.

Furthermore, while I agree we've come down a long way from the highs that were available in the corn and soybean markets only weeks ago, I feel it's very important to maintain a solid perspective as you harvest this year's corn and soybean crop, which appears to be a respectable one.

Prices in excess of \$3.50 for corn and \$8.50 for soybeans, which were the new crop bids on October 28th as we went to press, are still well above the average prices we have had over the course of the past 4-5 years when you discount the exceptional influence of the unprecedented values corn and soybeans soared to between July of 2007 and September of 2008.

As difficult as it may sometimes be in the face of the on-going wave of negative stories we continue to see and hear from all sources of news we turn to for information, I firmly believe we need to do our best to keep a positive outlook and an optimistic approach as we begin each day.

And I feel we can all do so strengthened and supported by our families at home and by our cooperative family in business, by our faith in the future and our determination to succeed as we focus on what lies ahead and what can be, rather than dwelling on the past and what might have been.



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