

WHEAT GROWERS

news

Global Market Snapshot: China

IView: An Essential Decision-Making Tool

Summer Scouting Strategies

Wally Knock's Passion for
Creating Opportunities



Summer Opportunities and Challenges



Dale Locken
CHIEF EXECUTIVE OFFICER

This was a challenging spring, thanks to the carry over from a heavy-duty winter and the cool, wet weather that just did not want to go away. Hopefully we have good growing conditions the rest of the summer and a bountiful crop this fall.

One of the ongoing concerns in a significant part of our trade geography is the condition of the roads, particularly township and county roads. The poor condition of these roads dramatically impacted the delivery of our fertilizer application services this spring. It drove up the costs of operation and made it almost impossible to efficiently service fertilizer needs. Wheat Growers worked hard this spring to minimize the effect we might have on those roads by reducing the loads in our tendering equipment. We spent more time and money and labor to get our job done without adding undo damage to our roads.

With that in mind, I want to give a lot of credit to the dedication and hard work of our employees, who continued to operate safely while servicing the extreme demands of this late spring. I also want to thank four co-ops from neighboring states who helped Wheat Growers by moving some of their tenders and floaters up here, even though their area was having its own set of weather problems. The four co-ops are: FC from Ames, Iowa; Meadowland Farmers Cooperative from Lambertson, Minnesota; MKC, out of Moundridge, Kansas and Farmers Cooperative from Hinton, Iowa along with Zastrow Sales and Service in Hecla, South Dakota. Thanks to these great organizations and their employees for their help and hard work.

In this issue, we begin a series of market snapshots that give you insight into some of the places where your grain is going. Your co-op has taken a leadership position with our expansion to handle your increased production that will help meet growing worldwide demand. That's one of the great

opportunities we have. There are also some challenges we will be discussing in an upcoming newsletter.

This summer is prime time for making your voice heard and getting involved with our governing process. The annual delegate meetings and facilities tour takes place in Huron June 28 and 29. Delegates will have a chance to evaluate the strategic issues and important decisions that the board of directors will be facing and provide their input. We'll also tour the southern tier of Wheat Growers' facilities.

“This summer is prime time for making your voice heard and getting involved with our governing process.”

The experience of our group of past directors gives us a sense of history and a unique perspective about future challenges. That's why we meet with our past directors for an informational and interactive session on Wheat Growers' direction for the future at the annual past-directors meeting July 13 in Aberdeen. Our board retreat in August is where the directors take all the input you've given them and work to shape a strategic path for the future. After all, this is your cooperative, and your ownership means you have a key role in the decision-making.

Our overall mission and core values are still the same. We're focused on grain and agronomy and helping the producer grow a better crop at a lower price and link them up to the markets, wherever they may be in the world. These summer meetings help keep us all grounded and moving forward in the right direction.

Taking Safety to Heart:

Wheat Growers Installs Automatic Defibrillators in All Locations

Statistics show that defibrillation within three minutes of sudden cardiac arrest lifts the chance of survival by 70 percent. Wheat Growers Board of Directors had that statistic in mind when they decided to equip all 41 of your locations with Automatic External Defibrillators (AEDs). The BASE (Behaviors Achieving Safety Excellence) Team researched, purchased and implemented the AED program.



“This reinforces to our employees and patrons that Wheat Growers is committed to safety as a number one priority, in every one of our locations,” Dustin Buntrock, a BASE Team member and the Rail Transportation Coordinator for Wheat Growers, said. “According to OSHA, 13 percent of all workplace fatalities result from sudden cardiac arrest, and if we can prevent even one such fatality from happening at our locations, the investment in time and money will be well worth it.”

The AEDs and the cabinets that contain them were delivered to the locations this spring, following an orientation session for BASE Team members from a representative of the company that sold Wheat Growers the units.

Portable defibrillators are the only proven way to resuscitate a person who has had a cardiac arrest. AEDs can analyze the heart rhythm by themselves, diagnose the shockable rhythms and charge to treat. This means that no clinical skill is required in their use, allowing lay people, with proper training, to respond to emergencies effectively.

“The unit is fully automatic; no medical or clinical training is required to use it,” Buntrock said. “It has voice prompts as well as on-screen displays to direct you on how to use the unit, and will not deliver a charge unless the system, after analyzing the person’s situation, determines there is a need for one.”

“These devices give all our locations, especially those in rural areas, an increased measure of safety.”

“These devices give all our locations, especially those in rural areas, an increased measure of safety,” Buntrock said. “Several of our locations are in areas where response times to a cardiac emergency are not ideal, so this is a way to bring an added measure of security to Wheat Growers employees and the patrons we serve.”

Protecting Your Voice

The Wheat Growers Board of Directors and the Governance Committee recently took action to strengthen your cooperative’s Articles of Incorporation. To protect the rights of all members, an amendment was proposed to clearly define a voting quorum for the association in the event of asset dispersal. The article amendment requires a “50 percent plus one of all members must vote” to approve the sale of all, or substantially all, of the association’s fixed assets.

Your Board of Directors felt it should take at least 50 percent of voting members to vote on a decision of this magnitude.

Wheat Growers delegates were given the opportunity to vote on the article amendment at a Special Delegate meeting held May 12. Of participating delegates, the vote was unanimous to approve the article change.

Patience and Progress



Hal Clemensen
BOARD PRESIDENT

As I'm sitting here writing this article I'm looking out the window at yet another wet spring. I can't help but wonder what lessons we are to learn from it. It seems like the weather continues to throw curve balls to all parts of the U.S. and the world. From mudslides, record snowfalls, tornadoes, tsunamis, hurricanes and continued wet conditions in the upper Midwest, our weather has become much more volatile and unpredictable.

While we as farmers are dealing with the effects of these unusual weather patterns, your cooperative is also having to react to conditions out of their control. I believe that somebody is trying to teach us patience. Patience is defined as "endurance under difficult circumstances." Your co-op — just like us farmers — will endure!



I think that we as farmers and cooperative employees are a little more aware than the average person that we cannot control our own destiny, but we still need to learn the art of patience and how we react to these issues. This year's weather is not what we had hoped for to plant a crop, and we waited for dry ground and terragators to show up on fields in order to get acres planted between rains.

I have heard from some that you are frustrated with spring application equipment being late to your fields or getting stuck this spring. I believe this is the same type of frustration that Wheat Growers heard on the grain side before we started the Connecting to Tomorrow initiative to provide faster dumping and more storage for your crops at harvest. We will review and look for ways to provide better fertilizer application service across our trade territory as it looks like these wet springs may have become the rule rather than the exception.

Wheat Growers has 58 terragators trying to stay in front of a thousand-plus planters, some of which cover more ground per pass than the 75-foot booms of the applicators. We have heard your concerns and will try to address issues that are within our ability to control. To add to the issue, farmers and our co-op employees were in the field at the same time in early May. We did not get our usual two to six week head start on spreading before farmers got to the field themselves. With planters outnumbering our application equipment by probably 20 times, is it any wonder we fell behind?



Your board has been and is continuing to evaluate how to fix this bottleneck. None of us are satisfied with how this spring evolved, and we'll give it our highest priority to do a better job in spring seasons to come.

There's more progress to report: The Connecting to Tomorrow project in Andover is completed, and Roscoe will be completed in time for wheat harvest. Believe me, people in the Wheat Growers organization have had to learn patience as these projects were delayed by weather and other man-made situations out of their control. We appreciate the patience demonstrated by the patrons in these matters. Your cooperative is moving ahead with the BFOR initiative (Balanced Facility Operations Review) and has held meetings in the locations that will be affected. BFOR is necessary on two fronts. Because these facilities are so dated, Wheat Growers has to meet all the federal dust standards that are currently being enforced, and provide the safest work place possible for your employees. Bids have been received on many locations so ownership changes will probably take place. We will be discussing this at our upcoming Delegate Meeting in Huron the end of the month.

I sincerely hope you have been able to get the vast majority of your acres planted and that the services provided by Wheat Growers has helped your planting season. If you have any constructive ideas, your board and management team are very willing to listen and incorporate them into future plans. Please communicate your thoughts. After all, this is your company and together we are learning patience!



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Farming is an information hungry enterprise, and you need vital information to keep on top of your business. When you sign up for Wheat Growers' IView eStatements, you'll receive a copy of your statement online through your password-protected, online IView account, on the first day after the end of the month.

After you sign up, you won't receive Wheat Growers' paper statements anymore. That means your paperless Wheat Growers account will save you and your co-op money!

Sign up for eStatements today by clicking the "IView" link at www.sdwg.com. And when you activate eStatements before September 30, 2011, you become eligible to win one of three \$500 Visa® Gift Cards.

This giveaway is open to legal U.S. residents 18 years old or older. Void where prohibited by law. Only one entry per person, per household. The deadline to enter is September 30, 2011. Three winners will be chosen at random. If a winner does not claim the prize within 7 days, an alternate winner will be chosen. The alternate winner will also be given 7 days or the prize is forfeited. NO PURCHASE NECESSARY TO ENTER OR WIN.

GLOBAL MARKET SNAPSHOT:

Destination China:

Wheat Growers' grain is in a geographic sweet spot

China's appetite for U.S. grain has grown at an insatiable rate in recent years due primarily to the country's increasing population and income. Wheat Growers' infrastructure and industry alliances offer producers critical access to global export markets, such as China.

Wheat Growers' ability to connect producers to export markets is not new, but the cooperative's Connecting to Tomorrow initiative, including seven first-class shuttle train-loading facilities in our system, offers members a competitive advantage.

"Global markets continue to take more grain. The most efficient method to get grain from this part of the world to those export elevators is shuttle trains," said Roger Krueger, Wheat Growers Vice President, Grain. Connecting to Tomorrow improvements give producers better market prices in the geographies where the shuttle loaders are located because we get lower freight rates from the railroad."

Producers in land-locked states such as South Dakota and North Dakota may seem to have a disadvantage in global markets, but Krueger said that's not true.

"Geographically, we're situated in a very sweet spot," Krueger said. "We can't get ships into South Dakota and North Dakota, but we can get the Dakotas' grain to export ships. We're the nearest source of surplus corn and soybeans to the Pacific Northwest."

Wheat Growers has many partners in the export process, one of which is Louis Dreyfus Commodities, one of the top five global grain export companies. Tom Sexter, Louis Dreyfus Merchandizing Manager for U.S. western oilseeds and corn, monitors global market trends and said the China market is promising.

"It's hard for a farmer to go to China and sell something," Sexter said. "We are one link in the chain to China as we have access to the world market for Wheat Growers and the producers they represent. The Chinese market has grown tremendously."

Sexter said 15 years ago soybean exports to China were nearly zero. Today China imports approximately 55 million metric tons of soybeans. Exports to China have grown steadily 5 percent to 10 percent a year.

"That's a very compelling growth rate, and we expect them to continue until the protein in their diets is equivalent to a Western diet," Sexter said.

Sexter expects corn to be the next China import trend. Analysts believe China has depleted feedstocks, and demand is coming from the country's growing livestock industry which includes the largest swine herd in the world.

"We sold corn to China for the first time last year, and we believe they'll become importers of more feed grains as well as oilseeds," Sexter said. "In the past it was a China-bean story. Going forward it will be more of a China-corn story."

He cautions that the corn market opportunity will likely be unpredictable.

"I believe there will be a future for corn exports, but we also have to recognize that there will be stops and starts to that progress," Sexter said. "China is important and looks very bright, but there will be other smaller Chinas — up and coming markets under the radar. That's healthy because it diversifies our risk."

At a Glance:

At 1.3 billion, China's population is the largest in the world. In 2011, China emerged as the top market for U.S. agricultural exports for the first time.

According to the U.S. Department of Agriculture, China imported agricultural products valued at \$17.5 billion from the United States in 2010, accounting for 15.1 percent of the total exports of U.S. agricultural products.

New Elevators Link to Fast-growing Grain Markets in Asia



As your essential “link to the market,” Wheat Growers needs to continually align your elevators with the best markets. Wheat Growers’ Board of Directors looked at the big picture and decided to invest and capitalize on future opportunities. As a result, the recent Connecting to Tomorrow build-out adds three new shuttle-loaders to your elevator system. This allows shuttle pricing at the new elevators in Andover and Roscoe; and the upgrade at the Highmore facility allows that elevator access to the BNSF shuttle network, too.

This means that producers near Andover, Roscoe and Highmore no longer need to haul their grain the extra miles to get the prices of a Wheat Growers shuttle-loader.



Wheat Growers’ new elevator, Andover, SD



Wheat Growers’ new elevator, Roscoe, SD

These elevators couldn’t have come at a better time. With exports to Asia growing significantly, new infrastructure investments by your co-op match up well with expansions by the exporters in the Pacific Northwest (PNW).

The exporters in the PNW will increase capacity on the West Coast by about 30 percent over the next couple of years. In addition to the expansion of existing elevators in the Seattle/Portland area, there is also a new elevator being built there that will be placed in service this fall.



Bunge’s Longview grain terminal Longview, WA

Bunge and their partners have constructed an elevator in Longview, Washington, that will have the ability to handle over 300 million bushels of grain per year; loading ocean-going vessels that serve the Asian market. This new facility will have the ability to stage five loaded shuttle trains at once and unload two shuttles at the same time.

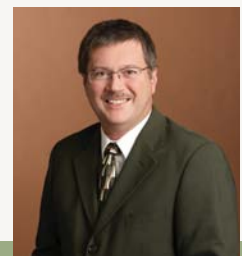
The estimated total cost of all these export capacity improvements in the PNW is more than half a billion dollars.

The rapid growth of the export markets that these elevators serve — Japan,

Korea, Taiwan, Vietnam, China, etc. — is based on the rising economics of that region. As per capita income rises, spending on improved diets is a priority that drives our export markets.

The most efficient route from here to Asia is by shuttle-train to the PNW, rather than to the elevators on the Gulf of Mexico. The shorter distance by ship from the PNW to Asia makes this route more favorable. Shuttle handling capacity is critical for moving your grain from the Dakotas to the PNW and bringing you the best prices. In addition to being able to load a shuttle in eight hours, the elevators in Andover and Roscoe will be able to unload over 50 trucks per hour to get you back to the field quickly and keep your combine rolling.

As grain production increases in the Wheat Growers trade area, all the additional grain grown will need to be shipped out. Thanks to Connecting to Tomorrow, Wheat Growers is ready to meet that need.



Roger Krueger
VICE PRESIDENT OF GRAIN

Creating Opportunities is a Passion for Wheat Growers Board Member



You wouldn't want to play Trivial Pursuit with Wally Knock. A self-proclaimed trivia buff, Knock says he has more "worthless information than any person should have," and he is often called upon to settle trivia disputes between friends, even in the middle of the night.

Yet there is nothing trivial about Knock's agricultural pursuits, which include a multi-generational diversified grain and livestock enterprise near Willow Lake, S.D. Corn, soybeans, wheat and alfalfa/grass hay are grown on 1,500 acres, in addition to a 150-head cow herd, swine finishing business and 80 ewes. Chickens complete the picture with 40 laying hens and up to 400 butcher chickens each year.

8.

Joining Wally and his wife, Kathy, in the farming operation is their son, Jared, the second oldest of their family. Their oldest son, Eric, and two daughters, Ashley and Jennifer, complete their quartet of kids.

Even with a full farming and family profile, Knock manages to find time for community and industry involvement. As a 10-year member of the Wheat Growers board, Knock finds satisfaction in being part of a progressive organization that is growing in pace with producers and production.

"It's one thing to be able to see what needs to be done, but one of the exciting things about being involved with

Wheat Growers is that we're part of an organization that has the capabilities to do something about it," Knock said.

As ag production accelerates, the ability to link farmers to markets is second only to providing efficiencies at harvest time, and Wheat Growers has worked to answer that call.

"Farmers are telling us that when they're going out planting all this crop, someone needs to do something to take care of it," Knock said. "In surveys we've done, the number one thing that people want is faster dumping and faster receiving; they don't want to sit in line at harvest."

The Wheat Growers' Connecting to Tomorrow initiative was developed to address those needs through expanded infrastructure in key areas; increasing efficiencies and allowing access to growing markets.

"As a Wheat Growers member, you have access to grain markets like the Asian market that are really lucrative right now," Knock said. "Corn and beans need to go to the West Coast to ship, and it's projected to take between 20 to 30 unit trains a day for the shipping places to fill to capacity. That's a lot of grain, and we're probably as close logistically as any place in the United States for getting that production to those markets."

Knock's Wheat Growers board leadership gives him the chance to take part in something else he's passionate about: creating opportunities.

"I've wanted to farm my whole life," Knock said. "Looking back, somebody gave me the opportunity to experience agriculture as we know it. Whether it was the people who started these co-ops 50 years ago or the generation before me, they all did something so there was an opportunity for me. I don't want it to be said that I didn't try and give the next generation that same opportunity," Knock said.



Wally Knock's daughter, Jennifer, makes fast work of chores by bottle-feeding three calves at once.



Participation in various leadership programs, including the South Dakota Ag and Rural Leadership class, and on other boards such as Dakotaland Feeds, South Dakota Value Added Development and as an 18-year school board member, has taught Knock to expect and then engage.

"You only get out of something what you put into it," Knock said. "If you have the expectation that this will make you better, it will. But you have to go into it with that expectation and you have to engage in it. When I got on the Wheat Growers board, my expectation was I wanted to help agriculture and give the next generation the same opportunities I had. But just being part of a board wasn't going to do it unless I was passionate enough to really go after it."

Knock's passion for agriculture extends beyond his board participation and his own farmyard. He loves agriculture, and wants to make sure that the decision-makers and influencers in D.C. know that farmers are caretakers of the land.

"This whole food versus fuel issue — we have to do a better job of educating people about the benefit of our labor which allows consumers to have the cheapest, safest food supply in the world," Knock said. "So if I could change anything, it would be that people understand what we're doing. We are the closest to the land and care more about it than anyone."



Summer Scouting Spotlight:

Your guide for growing season field monitoring

As we head into summer, there are several opportunities across every field to increase yield. Most areas have had a cool, wet spring, which can trigger higher insect and disease issues, along with possible nutrient deficiencies.

Many issues can be prevented or corrected with proper timing of pesticide and nutrient supplements. Producers should be scouting fields, taking tissue samples and talking to a Wheat Growers sales agronomist to stay on top of possible problems.

The most important thing a producer needs to remember when it comes to scouting during the growing season is to be proactive. Spend time in fields weekly, or at least biweekly. Communicate with a Wheat Growers sales agronomist about what they have been seeing in the area. The purpose of scouting is to be ahead of problems before they can limit yield.

10.

In-season weather conditions can accelerate specific diseases, weeds and insects. Your local Wheat Growers agronomist has the expertise to help you stay up-to-date with these specific conditions and the problems they may present.

The following is a timeline of possible issues producers should scout for in their fields throughout the summer.

CORN

June 15–June 30

V4-V6

From the fourth to sixth leaf stage is the time to be scouting corn fields for hard-to-kill broadleaf weeds such as buckwheat, velvetleaf, Russian thistle and mares tail. Tank mixing a broadleaf herbicide with glyphosate will better control these hard-to-kill broadleaf weeds in Roundup Ready corn. Also, it is

vital that producers know the proper growth stage and follow label restrictions.

V4 to V6 is a great time to tissue sample corn. Proper sampling is 30-35 whole plants, above the surface, randomly selected across the field. Special care should be taken when sampling to avoid contaminating samples. At this time, nutrient deficiencies possibly could be corrected with side dressing nitrogen or by a foliar application of micronutrients. Wheat Growers sales agronomists can answer any questions about sampling procedures.

June 15 – July 15

V6-V11

At this point of the growth stage, producers should be monitoring refuge fields for first generation European corn borer. When scouting refuge acres, you will be looking for leaf chewing and tunneling into midribs and boring into stalks. If you think you have a problem with corn borer, contact a Wheat Growers sales agronomist to help decide if it is economical to apply an insecticide.

July 1 – July 15

Evaluate fields to see if herbicide applications have controlled weeds. This is the last chance to apply glyphosate before corn canopies. Roundup Ready corn cannot be sprayed with glyphosate past 30 inches tall.

V9-V11

At the V9-V11 growth stages is another chance to tissue sample corn for nutrient deficiencies. The proper method for this is to collect 30-35 fully collared leaves from the upper most portion of the corn plant.

Also during this time, start scouting for corn leaf aphids. Aphids are found on leaves and in the whorl of a corn plant. Corn leaf aphids are the biggest threat at tassel time. However, producers need to be scouting for infestation prior to tassel.

July 15 – July 30

Many diseases start to take place in corn fields during this time. Humid, wet conditions will intensify disease pressure. Producers should scout for diseases such as Southern Corn Leaf Blight, rust and Gray Leaf spot. Fungicide application can be beneficial if disease pressure is high enough.

August 1 – Harvest

As harvest nears, producers should be checking fields for stalk quality. This can be beneficial to help decide which fields should be harvested first.

SOYBEANS

June 15 – June 30

V3 to V6

These early growth stages are a great time to do tissue sampling in soybeans. For proper tissue sampling for soybeans, collect 30-35 samples of the uppermost fully open trifoliolate randomly selected across the field. At this time, nutrient deficiencies could possibly be corrected by application of foliar micronutrient products.

Scouting soybean fields for volunteer corn early will allow producers to tank mix herbicides with glyphosate for control of volunteer corn. Do not leave volunteer corn for the last application of glyphosate. This will cost yield and increase the cost of controlling larger volunteer corn.

While scouting for weeds, also be looking for damage caused by two-spotted spider mites. Mites are not visible without magnification. Damage from mites will cause leaves to appear sandblasted or bronzed. Mites are more prevalent in drier years.

Checking for diseases at this time is also beneficial. Depending on the disease and severity, fungicides can be economically applied.

July 1 – July 15

Continue to monitor soybeans to determine how well post applications of herbicides performed.

July 15 – September 15

R1 Bloom to R4 Full Pod

Scouting for soybean aphids is advised. Aphid numbers vary greatly by year. Generally, in wetter years, we see more aphids. Economic threshold for aphids is 250 aphids per plant. Aphids are found on the underside of soybean leaves, stems and pods. Aphid numbers can increase rapidly. It is important to check fields frequently.

Scouting for bean leaf beetles is also necessary. Bean leaf beetles can cause leaf defoliation as well as pod chewing and clipping. Economic threshold for bean leaf beetles is 20 percent defoliation or 5 percent to 10 percent pod feeding. Grasshopper damage should also be checked for at this time.

As you are checking for insects, evaluate fields for diseases. Diseases such as downy mildew and white mold should be controlled by fungicide application.



908 Lamont Street South
Aberdeen, SD 57401

Upcoming Wheat Growers Summer Events

Wheat Growers Location Open Houses

Andover, S.D. – June 23
10 a.m. – 3 p.m. with Lunch Provided

Roscoe, S.D. – July 28
10 a.m. – 3 p.m. with Lunch Provided

Farm Shows and Fairs

Brown County Fair (410 and 411) — August 16 – 21

Dakotafest (Seed Row 14) — August 16 – 18

South Dakota State Fair — September 1– 5
(93N and 94N on West 3rd Street)



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