

A Partner in your Rural and Urban Ranch Family



FARMERS FCA COOPERATIVE ASSOCIATION

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Locally owned, locally operated, and locally controlled.

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From the Manager's Desk— Daryl Meyer

What does it mean to be an FCA member? Is every customer automatically a member? How do you become a member of FCA? What are the benefits of being a member? These and other questions come up frequently as we have new people applying for membership with FCA each month. They are also questions that some long time members ask, having forgotten over the years what the real benefits of FCA are.

First, anyone can be a customer of FCA. Applying for an account and being approved for credit does not automatically make you a member. To be a member, you must apply for membership by filling out an application and purchase a share of stock in the amount of \$10. The Board of Directors approve member applications monthly, and if you are an agricultural producer, you qualify for Class A membership, and if not, then you qualify for Class B membership. Class A members can vote and serve on the Board of Directors. Both classes of members have all the other benefits of membership, including sharing in the profits of the company, and accumulating equity in the business.

Some members ask if they get a discount that non-members do not get. The answer is no. All pricing is the same to everyone. The reason being every business has expenses, including buildings, equipment, employees, and overhead expenses. Margins must be set to pay for these expenses. The benefit of being a member is that at the end of the year, when income is above expenses, that profit is divided back out to the members. The member gets both a cash portion and equity portion. The equity portion accumulates to create an equity position in the business and is

used by the Board and management to update equipment and facilities.

So what are the benefits of membership? The largest benefit is to provide services that may not be provided without the business in the community. But the added benefit is that profits are returned to the members. In addition, the business is locally owned, and all money stays in the community to benefit those that live, work, and play here.

FCA has been here a long time with minutes of meetings going back to 1923, even though it was not incorporated until 1928. For our ranch members, most have been a member for a long time, so there are times that FCA is probably taken for granted. The benefits of FCA probably have long been forgotten or lost as the original members died. Many of the non-ranch customers are newer so the benefits of membership are more in mind, but the purpose of membership is the same. So as we think about it, the purpose is just as alive and valid today as it was eighty seven years ago. FCA stands in the community as a balance wheel in the competitive market place. FCA pays taxes like any other business, and supports local events just like any other business. The net cost of items purchased at FCA are less than another business by the amount of profits returned at the end of the year. The equity portion builds value as the years go by, as long as the member continues to do business with FCA.

Some members have said that the equity they have in the cooperative is of little value because it was paid back to members only in the member estates. That used to be true. A couple years

ago, the FCA Board made the decision that as cash flow allowed, we would pay equity back to members before the member died. At that time FCA members who were age eighty seven or higher were paid out. As the business has generated cash flow since then, the Board has continued to update the facilities and equipment and pay down indebtedness, but also keeping in mind the goal of returning money to members as soon as possible. Last month they made the decision to pay back a percentage of the equity of all members over the age of seventy. If you fall into that category, and we have your birth date on file, you will be getting a letter regarding this program in the near future.

FCA is financially strong, and the Board and employees work hard to maintain quality service to our customers, many of whom are also members. The facilities and equipment are constantly reviewed and updated where it is needed. Most of you have seen changes over the years as the Board approved improvements in the operations. If any of you have not been by the elevator and warehouse site on 1st Street, you should drop by and see the recent improvements in those facilities. Our truck fleet is in good shape and our full time mechanic works hard to keep them operational. Members of FCA can be proud of their business and the service that is provided to members and non-members alike.

All of us at FCA want to thank you for your business and hope you see the value of your cooperative in your community. Our employees try to earn your business anew every day of the year!

Petroleum Department- Paul Dudley

Farmers Cooperative Association is no longer offering blended fuels in their station pumps. We have dyed and clear premium diesel fuel at 3605 Hackathorn (card pumps off 14-16 highway north of Gillette) and have all premium diesel fuels at the 1206 S Douglas Hwy station. We will start providing blended diesel again on November 1, 2010.

Propane Gas

Even though the winter heating season has ended, we are in the process of purchasing propane gas for next year's winter use. You should have received the FCA budget billing program for your 2010-2011 heating season. The EEPP (Even Energy Payment Plan) is a way for the consumer to have an stable monthly propane bill and lock in the price of propane for next winter. Remember when the propane delivery driver left your property and on your door was a rather large propane bill? With EEPP, you will have a payment that will help you budget your propane.

At FCA we strongly recommend the EEPP for all customers. It is designed for 11 monthly payments that allows you to build up a credit before the heating season begins so you do not have to worry about the number of deliveries you receive in the winter. The price protection avoids any significant spike in the price of product during the heating season. FCA estimates your winter heating usage (Oct 1-March 31) and divides it into 11 monthly payments.

Other programs offered include a contract period for a specific quantity for the next year. This is offered in July and August, and the price is historically similar to the EEPP pricing. FCA believes that is more important to be prepared for the heating season than to be surprised by the cost of the heating season. We are committed to providing energy solutions to ensure your comfort this heating season. Call us, we are here to help.

Refined Fuels

FCA is proud to continually offer our customers Cenex Fieldmaster and Cenex Roadmaster Premium Diesel Fuel.

As of last month, Cenex Premium Diesel Fuels is even better. Enhanced Cenex Premium Diesel Fuels offer a welcome solution to a problem experienced in modernized engines (2007 models and newer). In those engines, increased pressure and temperatures can cause diesel fuel to "cook" leading to injector/filter problems, reduced efficiency, costly repairs and even engine failures. Cenex is currently the only diesel brand containing a special element to help prevent fouling issues.

Cenex premium diesel fuels are also designed to optimize performances in running older engines. In fact, no other diesel fuel on the market contains a more complete balanced and quality additive package. Cenex Fieldmaster and Cenex Roadmaster are sold in both bulk delivery and retail locations at 1206 S Douglas Hwy and 3605 Hackathorn in Gillette. FCA's Sundance location delivers both products through our bulk delivery.

A true premium diesel fuel has a higher cetane number, better lubricity, and injector cleaning capability versus standard #2 diesels. Higher cetane rating provides a shorter ignition delay and better ignition quality for quicker start-ups and less pollution. Lubricity reduces friction, which extends the life of the fuel pump and reduces down time. A detergent cleans your fuel system for optimum heavy equipment engine performance. Not all premium fuels are alike. Both base fuels and additives used to achieve "premium" status vary widely by supplier. Cenex Roadmaster and Cenex Fieldmaster offer a quality base fuel and a complete, balanced additive package. It is continually researched and tested to ensure it is the highest quality premium diesel fuel on the market.

As of April 21, 2010, gasoline retail prices are up 80.1% from the same time period last year, diesel fuel prices up 85.3% and propane prices up 48.8%. Crude oil is up 32.61% from the same period last year and predictions for crude oil are \$80 to \$85 into spring barring disruptions. Oil has raised \$12 in the last 30 days. The trading range between \$69 and \$80 is expected to continue as currency values fluctuate and the global economy recovers.

Oil Rig Counts Increase

Baker Hughes reported that the number of oil rigs drilling in the United States has recovered since the low levels seen in June 2009. The rig count surpassed its previous post-1993 peak of November 2008 on February 1, 2010 and was a 5% higher as of March 12. Half of the overall increase in rig counts since 2009 has been in the Permian Basin of West Texas, where rigs drill primary conventional vertical wells. Just under one-fifth of the increase has occurred in the Williston Basin, straddling Montana and North Dakota, where horizontal drilling programs have rapidly increased production from the Bakken Shale.

The increased use of horizontal drilling has been an important aspect of the natural gas industry in recent years and is just now becoming predominant for oil. Horizontal rigs account for 32% of the total rig count at the November 2008 peak.

2010 Diesel Engine Emission Regulations

The third wave of diesel engine emission regulations will wash over the commercial truck sector beginning January 2010, and how truck buyers react could well change the face of commercial trucking in the United States.

Unlike the two previous changes in on-highway diesel regulations when engine manufacturers used essentially similar technologies to cut emissions, in 2010, truck buyers will make a choice between two competing and different technologies.

In the 2002/2004 set of diesel emissions regulations, the Environmental Protection Agency targeted nitrogen oxides. Heavy duty engines had to lower their NOx levels in 2002 while medium and light duty diesel engines had a 2004 deadline. All engine makers used the same version of EGR to meet those levels. For 2007, the EPA focused on particulate matter emissions and all on-highway trucks now come with a diesel particulate filter to trap the soot in the exhaust.

For 2010, the focus shifts back to NOx. The regulations set maximum NOx emission levels at .2 gram/brake horsepower hour, a 90% reduction from the per-2004 levels.

How They Work

In 2010, technologies are distinctly different. A typical exhaust gas recirculation (EGR) system cycles a portion of the engine's exhaust gases back into the engine's cylinders. Mixing recalculated exhaust with the engine's intake air lowers combustion temperatures, which in turn, limits the generation of nitrogen oxides (NOx).

Selective Catalytic Reduction (SCR) removes NOx by injecting- or dosing- a non toxic diesel exhaust fluid (DEF) composed of water and urea into the exhaust before it enters a catalyst. A chemical reaction in the catalyst breaks down the NOx into nitrogen and water vapor.

In the brave new world with 2010-compliant diesels, truck operators will need to factor consumption of DEF into their operating cost equations. According to Detroit Diesel, DDC engines will consume DEF at an average rate of 2% of fuel burned. Estimated cost of DEF is about \$2.75 per gallon.

In closing I would like to say THANK YOU for your business. If you have any questions please contact us at 307-682-4468.

Paul Dudley

Petroleum Manager

FCA Country Store- Jim Oswalt

Spring is almost here and the FCA Country Store has been busy preparing for an active spring season. We have a record number of chick orders this year and are prepared with a full line of feeds, grit and brooding supplies. Everything needed to fatten up that 4-H project or supply your laying hens with the nutrition for delicious eggs will be available here at the FCA Country store.

As spring arrives we will also be bringing out:

- Fertilizers to assist you in developing a lush, green lawn.
- Lawn & Garden Herbicides to keep those weeds and insects in control.
- Pots for all your plants.
- Potting soil to provide a rich soil for your plants.
- Garden hoses and supplies to assist you in water management.
- Chairs, swings, rockers and tables to assist you in relaxing and enjoying the day.
- Calving and lambing supplies.

A new addition to the FCA Country Store this year will be an outdoor Garden Market. We will have the grand opening on May 1st and will continue doing business through early summer. The Garden Market offers bedding plants, hanging baskets, vegetables, strawberry roots, trees and shrubs. Please stop in to see the top quality plants that we have for you. To further

assist you, we will be stocking more soil amenities, pots, yard art, watering cans, garden carts and tools. We are your one stop shop for all your lawn and garden supplies.



Campbell County Chamber of Commerce Ribbon Cutting Ceremony at the FCA Garden Market.

Have you seen our new arrivals from all of our clothing vendors? The spring fashions are here and you and your family are sure to look stylish in items from Wrangler, Cruel Girl, Cowgirl Tuff, Cinch, Justin, Tony Lama, Ariat and more. Also check out our clearance racks where you can find values up to 50% off. Don't forget that we also carry tack, feed and a complete line of Ferrier supplies to keep your horse's hooves in top performance condition.

In preparation for our Anniversary sale, scheduled for May 15, we have started giving out FCA Bucks. These "Bucks"

will be awarded to customers based on the dollar amount of purchases in the store, elevator and new this year, bulk purchases. With the "bucks" that you accumulate, you will be able to bid on merchandise that our vendors and the Farmers Cooperative Association have donated. The big item this year will be a trip to the Kansas City Speedway and tickets to two NASCAR races. Come in and see how many you can collect by May 15th.



Campbell County Master Gardeners are looking for vendors to GROW the Gillette Farmers Market in 2010. They are looking for vendors who would like to sell food, food products, crafts and art at the market this summer. They will help you bring your products to the people of Gillette. They are also looking for volunteers and customers for the market. If you or any of your friends or neighbors have interest, you can contact them at GilletteFarmersMarket@gmail.com or call 307-682-7281. FCA is happy to promote the home-grown and locally made products that the Farmers Market will sell.

Grain Elevator- Vic Richards

At the Farmer's Cooperative Association Elevator, it is our goal to offer customers great service and quality products at competitive prices.

At our 1st Street location, we have a great line of both sacked and bulk livestock feed. We have range cake, tubs, liquid, and other commodity feed. Spring has finally arrived and as the grass begins to green up, we have both bagged and bulk cake with added magnesium or an IGR (Insect Growth Regulator), Altosid. IGR tubs break the fly life cycle and can improve animal production in the hot summer months. Contact us for more information or to order.

Market signals continue to indicate large wheat stores this year and abundant supply with dwindling Global trade, causing the US market to remain low.

We hope calving and lambing are going well for everyone. Please keep us in mind for all your livestock needs, including branding vaccine and lambing supplies. Fencing season is in full swing and we are well stocked with all your fencing needs.

Check out our specials on salt, twine and steel posts this week for the anniversary sale! You won't believe our discounts!

We appreciate your business and hope to see you all soon.

NOW CARRYING





ANNIVERSARY CELEBRATION!

PLAN TO BE THERE!!

Saturday, May 15, 2010
1206 S. Douglas Hwy. - Gillette



Buffalo Burgers, Hot Dogs and Coca Cola
11:00 am - 1:00 pm
FCA Anniversary Auction
1:00 pm



*FCA Bucks available now at FCA Country Store,
Elevator and Bulk Fuel Purchases!*



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The Business Partner You Own