

# LUDLOW COOP 2011-2012 CROP POLICIES

## CORN

UNLESS YOU NOTIFY US OTHERWISE, CORN WILL BE PLACED INTO STORAGE 7 DAYS AFTER FIRST DAY OF DELIVERY.

**CORN IS NO LONGER AVERAGED!**

**EACH LOAD IS SEPARATE ON SHRINK/DRYING**

### SHRINK:

**CORN IS SHRUNK TO 15.0% (LOAD BY LOAD BASIS)**

"MO" on Delivery Sheet

1.4% each 1% (or fraction thereof)

Over 15.0% for Contract, Delayed

Pricing, or Storage.

### DRYING:

"DR" on Delivery Sheet

1.750 cents each 1/2% moisture over 15.0%

Drying charges are based on wet bushels.

Drying charges will be billed after harvest, and are payable by January 10, 2012.

Service charges will be assessed on unpaid drying bills as of January 25, 2012.

### STORAGE CHARGES:

12 cents day of delivery plus 1/10 cent per bushel per day thru 8/31/12.

### DELAYED PRICE CHARGES:

11 cents day of delivery plus 1/10 cent per bushel per day thru 8/31/12.

Corn remaining in Storage and Delayed Price as of 9/1/12 will be assessed the new 2012-2013

minimum charges plus daily storage rate and any applicable carryover charges in effect at that time.

Any accumulated and unpaid storage charges as of that date are payable and due by September 25, 2012.

Delayed Pricing charges subject to change without notice due to market conditions.

## BEANS

UNLESS YOU NOTIFY US OTHERWISE, BEANS WILL BE PLACED INTO STORAGE 7 DAYS AFTER FIRST DAY OF DELIVERY.

**BEANS ARE NO LONGER AVERAGED!**

**EACH LOAD IS SEPARATE ON SHRINK**

### SHRINK:

**BEANS ARE SHRUNK TO 13.0% (LOAD BY LOAD BASIS)**

"MO" on Delivery Sheet

1.25% each 1/2% (or fraction thereof)

Moisture 13.1% to 15.0%

2.0% each 1/2% moisture over 15.0%.

### STORAGE CHARGES:

14 cents day of delivery plus 1/10 cent per bushel per day thru 8/31/12.

### DELAYED PRICE CHARGES:

12 cents day of delivery plus 1/10 cent per bushel per day thru 8/31/12.

Beans remaining in Storage and Delayed Price as of 9/1/12 will be assessed the new 2012-2013

minimum charges plus daily storage rate and any applicable carryover charges in effect at that time.

Any accumulated and unpaid storage charges as of that date are payable and due by September 25, 2012.

Delayed Pricing charges subject to change without notice due to market conditions.

**WAREHOUSE RECEIPTS  
AVAILABLE UPON REQUEST.  
CONTRACTED GRAIN-IF NOT SPECIFIED  
PRIOR TO HARVEST OR AT TIME OF  
SALE WILL BE APPLIED BY  
DATE OF SALE OF CONTRACT!**



**Let us help you with faster deliveries in Paxton...**

When delivering grain to the Paxton elevator this harvest, **IF** lines start to form for the inbound scale (north side), please line up all the way back to Route 45, then start a second line and so on. We need to keep the lines tight!

Pit #1 (south side) is typically the bean dump. Pit #2 (middle) and #3 (north side) are the corn dumps. On a day when we are loading a **BEAN** train, pit #3 will be used as the bean dump.

Please have trailers un-tarped before pulling onto the inbound scale.

As harvest is an extra-busy time and we have a lot of part-time workers, please be especially careful, watch for people and keep your speed down when driving through the dump area. Have all doors and gates in good working condition, ***especially hopper bottom doors***. On a busy day we can open and close up to 1,000 doors, hoppers and gates. Always double-check to make sure your doors get closed.

Make sure you double check all your scale tickets before leaving the elevator lot. If you have questions or problems with a scale ticket in reference to the weights, commodity, name, etc or any other questions please call the Paxton office at 379-4366. If your problem can not be solved, you are welcome to call management at the Ludlow office at 396-4111.

By working together we can have a safe 2011 harvest. Thank you in advance for your cooperation!

Paxton Elevator Employees

Once again we would like to remind all of our patrons that we would appreciate it if you would inform us of any **NEW** accounts we need to set up for you prior to harvest! This would include any new or changed grain splits. You should have your grain splits set up the same way as the FSA office. We can also add your FSA farm numbers to your existing farm splits or set up different 100% grain ID's with your farm numbers on them. Please let the location you settle grain with know of the additions/changes **PRIOR TO HARVEST!** Or you may email one of the offices with your information!  
Thank you in advance for your cooperation!!

## September 2011 Grainery of Ludlow Coop Elevator Company

### 2010-2011 Financial Highlights

Grain Bushels	20,575,892
Net Income Before Taxes	\$1,254,656

### Distribution Of Income

Dividends Paid	\$32,047
Added to Retained Earnings	\$1,026,071
Patronage - Cash	\$117,598
Patronage - Allocated	\$184,140
Patronage - Total Paid	\$301,738

### Patronage Rates

Corn/Beans/Wheat	.01 per Bushel
Storage Charges	5.00%

### Redemptions

Allocations Redeemed - 2006	\$199,119
Total Cash Paid Back - 2011	\$348,764

**TAX DEDUCTION PASS THRU TO PATRONS \$840,000**



## PATRON GRAIN STATEMENTS

Enclosed with this brochure is your patron grain statement.

**The information on this statement pertains to your grain account as of 2:00 p.m. AUGUST 31, 2011.**

We are sending this information to you in order for you to double check your records to ours. The statement details your grain that is on open storage/delayed pricing/hold etc. Also included on the statement are the open contracts of grain you have sold through Ludlow Coop for future deliveries or to be applied to your bushels that are in the elevator already. The dates are shown by month and year for the delivery period of the contract in which the grain was sold. For example, if you have sold grain for 2011 harvest delivery the dates are shown as 10/11/11-11/30/11.

### GRAIN IN THE ELEVATOR AND OPEN CONTRACTS

When you look at your grain statements the bushels in storage or on delayed pricing are NOT reduced by any existing contracts for future delivery periods. We cannot apply grain sold for a future delivery period until the 1st day of that delivery period. For example, if you put 10,000.00 bushels in Delayed Pricing this past harvest and have 5,000.00 bu sold for JANUARY 2012 your statement as of today will show 10,000.00 bushels storage and an open 5,000.00 bushel JANUARY 2012 contract.

We are asking that patrons please look over the statements and if you find any errors please contact our Buckley/Ludlow/Danforth/Piper City offices immediately! Please do not wait until a later date.

Thank you for your assistance,  
Office Staff

#### Reference to statement location numbers:

Ludlow #100	Clarence #200
Perdueville #300	Buckley #400
Loda #500	DelRey #600
Danforth #610	Gilman #620
LaHogue #630	Piper City #640
Direct Shipments #800	Paxton #900

**WATCH FOR SIGNS AT LOCATIONS THIS FALL... FARMER APPRECIATION COOKOUTS**

## 2010-2011 STOCKHOLDER ANNUAL MEETING - AUGUST 17, 2011

### Rick Nelson, Ludlow Coop Elevator Board President

The 2010 crop was a production challenge for many of our patrons. As a result, our grain volume was down. Drying revenue was almost non-existent due to the early harvest of a dry corn crop. Even with those difficulties, your co-op earned \$1.2 M of income and paid patronage. Please take note of the financial results which are summarized in this newsletter.



I want to give a brief explanation of the Domestic Production Activities Tax Deduction, also known as the Section 199 deduction. It is a federal tax deduction for producing goods here in the United States and it applies to producing crops. If you are a grain cooperative, you can claim this deduction for the grain you purchase from your members because the co-op is seen as the marketing component of the farm operation. This interpretation by the IRS just came into use in the last couple of years. This is a **big deal** and is a great benefit to cooperatives and their members.

In simple terms, this deduction is limited to a maximum of 50% of the amount of wages paid to employees. Since many farmers do not have employees but the co-op does, the co-op can maximize the deduction for its patrons. And, better yet - if the co-op does not need the tax deduction itself in any given year, it can pass the deduction through to its patrons.

Ludlow Co-op has some other tax benefits available to use this year, so the board has decided to pass the Domestic Production Activities tax deduction on to you based on bushels sold to the co-op. This deduction totals almost \$840,000! That is approximately 4 cents per bu! It is a real and valuable benefit of being a member of Ludlow Co-op. We do not know what the tax situation may be in future years, so this deduction may not be passed through again. But it is being passed through to you this year. It's a simple deduction for you to claim - just enter the amount on line 23 of Tax Form 8903 and attach it to your tax return. Specific information about your individual amount will be mailed to you in November for your tax planning purposes, and the amount will also be listed on your individual 1099 which will be mailed to you by the co-op in January. When you add together dividends, patronage, redemption of allocations, and the domestic production activities tax deduction, the total financial benefits to patrons of Ludlow Co-op this year is approximately \$1,373,000.

At the annual meeting we announced the redemption of all of the allocated earnings issued by Ludlow Co-op through 2006, as well



as a proportionate share of old Farmers Grain of Piper City patronage that was converted to allocated earnings at the time of the merger into Ludlow. Our goal continues to be that we have no allocations over 10 years old. With this redemption, our oldest outstanding allocations are those allocations issued in 2007 - only 4 years ago.

We continue to offer Ludlow Co-op stock for sale. Our First Preferred stock has a \$50 par value and pays an 8% non-cumulative dividend. Our Second Preferred stock has a \$100 par value and pays a 6% non-cumulative dividend. Please remember that there is a combined limit of 80 total shares of these classes of stock per person.

At last year's annual meeting the shareholders approved a new class of stock called Third Preferred Stock. This stock class is a non-voting investment class of stock. The first series of this stock - Series A - has been authorized for sale by the Board of Directors. Third Preferred Series A pays a 4% non-cumulative dividend. The par value is \$500 per share. There is a minimum purchase of 5 shares (or \$2,500) and a maximum purchase of 200 shares (or \$100,000) per investor. Up to two thousand (2,000) shares will be offered for sale for a total purchase price of up to \$1,000,000.

Our stock redemption policy continues to be that any class of stock is redeemable upon request of the shareholder after it has been held for at least 5 years. If you are interested in investing in any class of Ludlow Co-op preferred stock, please contact the Ludlow Office.

On a different subject, I had the opportunity to travel to Southeast Asia in July as part of a group from Growmark. The trip was hosted by Bunge. We first visited Bunge's new export terminal on the Columbia River in Longview, Washington. It can unload a 110 car train in 4 hours. The train keeps moving at 1/2 mph as the unload doors are opened and closed by robotic arms. The facility has room for 4 loaded trains and 2 empty trains on the property at the same time. The conveyors can handle 120,000 bu per hour. Ocean going vessels are fully loaded on the river at this facility.

We then visited Singapore, Viet Nam, and China and saw first-hand the expanding markets in that part of the world. Major facilities are now being built to service those markets. While there will likely be ups and downs, the demand for grain in Southeast Asia is going to continue to grow.

So back here in Illinois, our challenge and our opportunity is to help feed this growing part of the world. With the shifting domestic demand base over the past few years, Illinois has become the state with the most corn to export - either into other domestic markets or to the world market. At Ludlow Co-op, our job is to be your connecting link in the food, feed, and fuel supply chain. We are dedicated to being that connecting link - and to doing it efficiently and effectively for the benefit of all involved.



The past two and a half months have flown by faster than I could imagine. I have been honored to already take advantage of numerous opportunities as the Illinois FFA State President. On June 16, 2011 the rest of my team and I were installed into state office at the 83rd Illinois FFA Convention. This year I am serving with Jim Tobin, Vice President, Chris Steppig, the

Reporter, Jacob Meisner, the Secretary, and Clayton Carley, Illinois FFA's Treasurer.

The first week after state convention, the other officers and I started training for our year. We participated in training put on by the National FFA and Andrew McCrear. During the week we also attended the Illinois Association for Vocational Agricultural Teachers (IAVAT) Conference in Decatur, Illinois. Here we visited and worked with agriculture teachers from around the state. Later on in that week, the officers and I attended BLAST OFF Training. This training is designed to work with the officer teams, find each individual's strengths, weaknesses, and qualities. After training was completed, I departed with the rest of the team and the Illinois Farm Bureau for Washington D.C. on the Heritage and Cooperative tours. While on the tours, I got to visit and interact with our members for the first time. I learned a lot about the nation's heritage and had the opportunity to visit monuments and honor our fallen heroes.

The following week the other officers and I attended the National Leadership Conference for State Officers (NLCSO). I visited with other state officers from Missouri and Wisconsin and learned about the ways they lead their state associations. At the conference, Tiffany Rogers and Riley Pagett, two of the National FFA Organization's national officers, facilitated workshops to help state officer team's work together throughout their year, put on workshops, and strengthen our leadership qualities. After the conference the team and I prepared for our first state officer meeting with Illinois' newly elected section presidents. At the meeting, the sections presidents were given resources to help make their year in office successful and beneficial to the 16,500 members of the Illinois FFA. Also at the meeting, the section presidents and major state officers decided on this year's state theme and set goals for the year. I am proud to announce that this year's theme is "Miles of Opportunity!" I feel that it accurately captures what the FFA is about. We provide endless opportunities for our members not only in the FFA and developing their leadership, but also in the field of agriculture which is in desperate need of a well-educated workforce to fuel the United State's never ending need for food and fiber.

Soon it came time for the Illinois State Fair, where section presidents and major state officers spent their time in the FFA Barnyard. The barnyard's purpose is to educate the general public on the positive impacts of agriculture, as well as, teach people about the different livestock showcased in the FFA's barn. After the state fair, the officers split ways and I had the opportunity to speak at the GROWMARK annual meeting in Chicago, IL. I was extremely honored to speak about the importance of leadership in agriculture to over 1,500 shareholders attending the annual meeting. I was accompanied by Clayton Carley and Jim Tobin. Chris Steppig and Jacob Meisner took a trip down south to the Du Quoin State Fair to represent the Illinois Association FFA in the fair parade. We are now back in Springfield getting prepared for chapter visits. I am very excited to get the rest of the year under way. Agriculture is and has always been my passion and I look forward to continuing to travel and speak out for agricultural education and working with the members of the FFA!