

# Ludlow Coop 2010-2011 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:

("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)  
1.875 cents each 1/5% moisture over 15.0% Drying charges are based on wet bushels. Drying charges will be billed after harvest, and are payable by January 10th, 2011. Service charges will be assessed on unpaid drying bills as of January 25, 2011.

### Storage Charges:

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

### Delayed Price Charges:

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

Corn remaining in Storage and Delayed Price as of 9/1/2011 will be assessed the new 2010-2011 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, 2011.

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:

("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:

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

### Delayed Price Charges:

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

Beans remaining in Storage and Delayed Price as of 9/1/2011 will be assessed the new 2010-2011 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, 2011.

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!**

**NO MORE AVERAGING**

Ludlow Co-op  
ELEVATOR COMPANY

P.O. Box 155 Phone  
Ludlow, Illinois 60949

See All Daily Bids | End of Day Bids by Location | CME Group - Corn | CME Group - E

LUDLOW COOP GRAIN BIDS ARE NOW "ACTIVE" ON OUR WEBSITE. GO TO *SEE ALL DAILY BIDS* - It works off a several minute delayed "composite" of the electronic trading. All bids are subject to confirmation and change. Customers are reminded to communicate sales either directly or via telephone.

**AS OF 8/31/10 -ANY GRAIN REMAINING IN OPEN STORAGE &/OR DELAYED PRICING WITH ACCUMULATED CHARGES (STORAGE & DRYING) WILL BE INVOICED TO PATRON AND INCLUDED IN YOUR AUGUST '10 ACCOUNTS RECEIVABLE STATEMENT AND DUE 9/25/10!**

**THIS INFORMATION WAS NOTED ON 2009-2010 CROP POLICIES IN SEPTEMBER OF 2009**

**GILMAN OLD BOYS & GIRLS REUNION AUGUST 12-14**  
LUDLOW COOP'S FLOAT IN THE PARADE FEATURING DANFORTH, GILMAN & LAHOGUE



# Grainery September 2010

## 2009-2010 FINANCIAL HIGHLIGHTS

GRAIN BUSHELS	24,575,914
NET INCOME BEFORE TAXES	\$ 3,745,137

### DISTRIBUTION OF INCOME

DIVIDENDS PAID	\$ 27,869
INCOME TAXES	\$ 146,284
ADDED TO RETAINED EARNINGS	\$ 2,143,527
PATRONAGE - CASH	\$ 567,487
PATRONAGE - ALLOCATED	\$ 859,970
PATRONAGE - TOTAL PAID	\$ 1,427,457

### PATRONAGE RATES

CORN/BEANS/WHEAT	2 CENTS PER BUSHEL
STORAGE CHARGES	5% OF CHARGES
DRYING CHARGES	20% OF CHARGES

### REDEMPTIONS

ALLOCATIONS PAID-2005 & 50% OF 2006	\$ 413,026
TOTAL CASH PAID BACK-2010	\$ 1,358,294

The board of Directors of Ludlow Co-op Elevator Co. was pleased to redeem the outstanding portion of your 2005 patronage and 50% of your 2006 patronage. This decision places us well ahead of the Board's goal of redeeming all patronage within ten years of the date of issue.

As a reminder, the income tax for the total patronage is paid when it is received. So, the 2005 and 2006 redemption should not be included as income in your 2010 taxes. The 2010 patronage and dividends are taxable, 1099 forms on this will be mailed to you by the end of January 2011.

This may be a good opportunity to consider reinvesting your redemption or patronage in Ludlow Co-op preferred stock. Ludlow Co-op first preferred stock pays an 8% non-cumulative dividend and second preferred pays a 6% non-cumulative dividend. If you are interested in further information please call the Ludlow Office at 217-396-4111.

All of us at Ludlow Co-op, Staff, Board, and Management, appreciate your business and look forward to continuing to serve you in the future.

## 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, 2010.** 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 2010 harvest delivery the dates are shown as 10/1/10-11/30/10.

**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 storage at harvest and have 5,000.00 bu sold for SEPTEMBER 2010 your statement as of today will show 10,000.00 bushels storage and an open 5,000.00 bushel SEPTEMBER 2010 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

## LUDLOW COOP 2009/2010 STOCKHOLDERS MEETING-AUGUST 18, 2010

### Rick Nelson, President

It's been another great year to be in the grain business, at least from a financial standpoint. Over \$3.7 Million of Net Income this year following the almost \$4 M of Net Income last year. While we were all challenged by the long, wet harvest last fall, and while the quality of the 2009 corn crop is still giving the grain industry some problems, the financial results were excellent.

And just like last year, this is when one of the big benefits of being a cooperative comes into play: Instead of the profits from this outstanding year being put in the personal bank accounts of investors in Chicago or New York, or buying someone's second home in Florida or Phoenix, those profits are being distributed to you, the users of the co-op, as patronage, or they are being used to improve the service capability and financial strength of your co-op for the benefit of you, its members. This is what being a cooperative is all about!

Speaking of improving service capability, and particularly storage capacity, the ag industry is beginning to focus on doubling the yields of corn and soybeans over the next 20 years. By improving agronomic practices, working with conventional seed selection improvements, and utilizing new GMO traits, the goal is to double the national average corn yield by the year 2030. That would mean a 300 bushel per acre average yield!! Think about the steel and concrete and the transportation that will be needed to handle a 26 B bu corn crop!! It will take a tremendous amount of capital investment to build this new, expanded grain handling system.

At Ludlow Co-op, we're looking ahead and planning and expanding now to help meet this need. At the annual meeting we announced the retirement of all of the 2005 and 50% of the 2006 allocated earnings issued by Ludlow Co-op, as well

as a proportionate share of the Farmers Grain of Piper City patronage that was converted to allocated earnings at the time of the merger into Ludlow. This totals \$413,000 of redemptions. Our goal continues to be that we have no



allocations over 10 years old. With this redemption, our oldest outstanding allocations are 50% of those allocations issued in 2006 - only 4 years ago!!!

I would also remind you that 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. Our stock redemption policy continues to be that either class of stock is redeemable upon request of the shareholder after it has been held for at least 5 years. I would remind you that there is a combined limit of 80 total shares of these classes of stock per person. If you are interested in investing in Ludlow Co-op preferred stock, please contact the Ludlow Office.

Turning to a different area, there have been some changes this past year at our merchandising company - Midwest Grain LLC. We have been joint owners of Midwest Grain with Evergreen FS since we formed it in the year 2000. On September 1, 2009 we added the first new member to Midwest Grain. Assumption Cooperative Grain of Assumption, Illinois brought their 12M bushels of grain volume to our joint merchandising company along with direct access to the Decatur processor markets and also access to the St. Louis grain markets as well.

Assumption has 6 elevator locations in Christian and Shelby counties. As a result of this expansion, Midwest Grain has a more geographically diversified grain origination base, broader market access with more arbitrage opportunities, and it marketed in excess of 52 M bushels this last year. Earlier this summer, Evergreen FS purchased the grain assets of Towanda Grain Company and this will expand Midwest's merchandising volume even more. There have also been changes in personnel. Jay Mathews joined the Midwest Grain Merchandising team last January. Jay brings many years of merchandising experience and has already been a great asset to the company. Fred Gent has been one of our merchandisers at Midwest since we formed the LLC and he is greatly respected in the grain industry. Fred retired in late July and we wish him well in his retirement. Mike Snyder joined Midwest in July. His past experience provides a solid base for his new role as a merchandiser for Midwest Grain. Debby Jolly completes the team at Midwest as she continues to process the paperwork and keep the accounts in order as she has for the past several years.



**iView ACCOUNTS ARE AVAILABLE AGAIN!**

**Ludlow Co-op**  
ELEVATOR COMPANY

P.O. Box 155 Phone: (217) 396-4111  
Ludlow, Illinois 60949

See All Daily Bids End of Day Bids by Location CME Group - Corn CME Group - Beans Home

**iView Online Grain Accounting**  
Check on your grain account online. The iView online grain accounting system is available for sign up.

New! Go to iView Producer Reports  
New! Sign up for iView Producer Reports

Patrons can look up their grain accounts online again! If you were on the old system you will have to register again. You can register online from the website or by emailing Jennifer Babbs at [jbabbs@ludlowcoop.com](mailto:jbabbs@ludlowcoop.com).

### PBL EDUCATION FOUNDATION INVITES YOU TO JOIN THE 100 BUSHEL CLUB

It's an opportunity for you to help the students in the Paxton-Buckley-Loda School District keep abreast of the ever-changing world of technology. The 100 Bushel Club is a new fundraising initiative created by the Paxton-Buckley-Loda Education Foundation to provide you with an easy way to benefit students at every grade level in the PBL schools.

For more information on the Foundation you can go to [www.pblfoundation.org](http://www.pblfoundation.org)

The 100 Bushel Club works by when you deliver your grain to one of our elevators, simply tell them that you want to donate 100 bushels or whatever amount you choose to the PBL Education Foundation. Ludlow Coop will take care of the rest. The grain will be sold immediately, and a check will be issued to the Foundation, noting you as the donor.

**FARMER APPRECIATION COOKOUTS**  
**SATURDAY, OCTOBER 9TH**  
**PBL FFA WILL BE HOSTING**  
**COOKOUTS**  
**AT THE FOLLOWING FACILITIES:**  
**PAXTON - LUDLOW - PERDUEVILLE -**  
**BUCKLEY - CLARENCE - DELREY - LODA**