

2013-2014 STORAGE/DRYING RATES

CORN

Unless you notify us otherwise, CORN will be placed into storage 7 days after first day of delivery.

NO AVERAGING!

EACH LOAD IS SEPARATE ON SHRINK

SHRINK:

CORN SHRINK:

15.0% for Contract or spot purchase

14.5% for Delayed Pricing or Open Storage

“MO” on delivery sheet

1.4% each 1% (applied as 0.14% each 1/10%

moisture) over

DRYING:

“DR” ON delivery sheet

1.75 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, 2014.

Service charges will be assessed on unpaid

drying bills as of January 25, 2014.

STORAGE CHARGES: SHRUNK TO 14.5%

12 cents day of delivery plus 1/8 cent per

bushel per day thru 8/31/14.

DELAYED PRICE CHARGES: SHRUNK TO 14.5%

10 cents day of delivery plus 1/8 cent per

bushel per day thru 8/31/14.

Corn remaining in Storage and Delayed Pricing as of

9/1/14 will be assessed the new 2014-2015 minimum

charges plus daily storage rate and any applicable

carryover charges in effect at that time. Any accumulated

and unpaid charges as of that date are payable and due

by September 25, 2014.

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

Warehouse receipts are available upon request.

BEANS

Unless you notify us otherwise, BEANS will be placed into storage 7 days after first day of delivery.

NO AVERAGING!

EACH LOAD IS SEPARATE ON SHRINK

SHRINK:

BEANS ARE SHRUNK TO 13.0% (load by load)

“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:

12 cents day of delivery plus 1/8 cent

per bushel per day thru 8/31/14.

DELAYED PRICE CHARGES:

10 cents day of delivery plus 1/8 cent

per bushel per day thru 8/31/14.

Beans remaining in Storage and Delayed Pricing as of

9/1/14 will be assessed the new 2014-2015 minimum

charges plus daily storage rate and any applicable

carryover charges in effect at that time.

Any accumulated and unpaid charges as of that date are

payable and due by September 25, 2014.

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

Warehouse receipts are 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!

NEW CROP RATES WILL GO INTO EFFECT ON GRAIN CURRENTLY ON DP & OPEN STORAGE FRIDAY 9/13/13 AT 1:15 P.M.



GRAIN BANK CHARGE INCREASE FOR 2013 DELIVERIES...

July 2013 Grainery - Grain Bank charges on CORN & OATS will be increased up to 1/10 cent per bushel per day (about 3 cents a month). The previous charges were 1/2 cent a month on both CORN & OATS.

If at anytime you decide to sell your grain out of grain bank, the Open Storage charges will revert back to time of delivery and the rate in effect at the at time.

We didn't mention the drop charge still remains in effect-which is on CORN a 4 cent drop charge and on OATS a 1 1/2 cent drop charge, in addition to the daily rate on both!



Ludlow Coop still offers your grain picked up out of the field at a reasonable cost to the farmer - be sure to contact Steve Myers at 217-841-4855 for more information and to get trucks lined up

FACILITIES WILL BE POSTING SIGNS WITH DATES OF FARMER APPRECIATION COOKOUTS FOR THIS UPCOMING HARVEST

www.ludlowcoop.com

Ludlow Coop Elevator Company



Patrons at the 2013 Shareholder Meeting...

With 2013 Harvest approaching we wanted to remind our patrons of a few things...

- Please be sure to have new and/or changed accounts set up prior to delivery of grain.
- Limit cell phone usage
- Have trailers/wagons untarped prior to entering the scale
- Be courteous and let empty vehicles weigh out, if you are waiting to weigh full
- Double check tickets and make sure they are correct when weighing out

Reference to statement location numbers:
Ludlow #100 Perdueville #300
Buckley #400 Loda #500
DelRey #600 Danforth #610
LaHogue #630 Piper City #640
Direct Shipments #800
Paxton #900

Enclosed with this brochure is your patron grain statement.

The information on the enclosed statement pertains to your grain account as of 2:00 p.m. SEPTEMBER 11, 2013.

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 2013 harvest delivery the dates are shown as 10/1/13 -11/30/13.

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 2014 your statement as of today will show 10,000.00 bushels Delayed Pricing and an open 5,000.00 bushel JANUARY 2014 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

2012-2013 - A VERY DIFFICULT YEAR BY RICK NELSON, BOARD PRESIDENT

September, 2013

With the drought of 2012 being severe, we had predicted that our 2013 fiscal year would not be good. It was not. It has been a very difficult year. Net income for the year is a loss of \$2,067,386. The drought resulted in a very small crop with some corn fields in our trade territory yielding in the single digits - less than 10 bu per acre. The result was significantly fewer bushels to handle. The small crop nationwide caused there to be little or no "carry" in the market meaning little merchandising profit opportunity for the elevator. Aflatoxin was an issue of concern in corn. At Ludlow Co-op, we chose to accept corn from our regular patrons without applying aflatoxin discounts because the bushels affected were unknown to the patron and the local test process was inconsistent. Many of our neighboring elevators discounted corn \$1.00 per bushel or more. We also dried the corn crop to less than 14% moisture in an effort to keep the aflatoxin from growing during storage. This over-drying increased the company's costs per bushel for drying and also lowered the saleable weight of grain due to the reduced weight of the extra moisture removed. Area competitors were bidding very aggressively to obtain bushels, resulting in less local operating margin to cover our operating expenses. The expense structure of a grain company is one of high fixed costs: bins, legs, pits, conveyors and people - all needed to handle a big crop - are all needed for the next year if we anticipate at least a "normal" sized crop. Also, with the large operating loss this year, it was not possible to pay dividends on any class of stock.

Now for the good news. The Balance Sheet is strong and able to absorb this loss. Our Shareholder Equity is still over \$13 Million. As we look ahead, we are examining everything we do and the way we do it in order to become more efficient at receiving, drying, storing, and merchandising your grain. Also, Ludlow Co-op will be passing through to you the Domestic Production Activities Deduction again this year - it is estimated to be approximately seven cents per bushel and totals \$837,971. Specific information about your individual amount will be mailed to you in late November for your tax planning purposes, and the amount will be listed on your individual 1099 which will be mailed to you by the co-op in January.

In late June as we looked ahead at the challenges we have, at the changing marketplace and the work to be done to position Ludlow Co-op for the future, Bruce Bastert submitted his resignation as General Manager. The Board asked Dave Hastings, our previous manager (now retired from the grain business), to come back to serve as Interim Manager to get the company ready for harvest and to allow the Board time to conduct the search and selection process for a new Manager. We already have a list of potential candidates, but have determined it is in the company's best interest to defer the interviews of candidates until after harvest so that appropriate time and focus can be placed on this important task. We anticipate having new permanent management in place before spring.

On behalf of the Board of Directors and our entire employee group, thank-you for your continued support of your cooperative. Have a safe harvest.

Welcome Pam Hoogstraat to Ludlow Coop



Ludlow Coop Elevator would like to welcome Pamela Hoogstraat as our new employee at our Piper City location. Pam will be handling the office duties at the Piper City location replacing Jennifer Babbs, who has accepted a position with another company. Pam lives in the Piper City area with her husband Randy. She will be available to assist you with almost all of your grain needs including pricing, grain settlements, or any information you might need. Please stop by and welcome Pam to our Ludlow Coop family.

When delivering grain to Paxton...

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

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. Please refrain from cell phone usage. **Before leaving the elevator lot**, make sure you double check all your scale tickets. If you have questions or problems with a scale ticket in reference to the weights, commodity, name, etc or any other questions please notify the **Paxton** office. If your problem cannot be solved, you are welcome to call management at the Ludlow office at 396-4111.

IE 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. An employee will direct you to the correct pit.
By working together we will have a safe 2013 harvest.
Thank you in advance for your cooperation!
Paxton Elevator Employees

WHEN SELLING GRAIN AT THE PAXTON FACILITY - SALES CANNOT BE MADE OVER THE INTERCOM OR CB. YOU MUST CALL THE OFFICE OR COME INTO THE OFFICE!