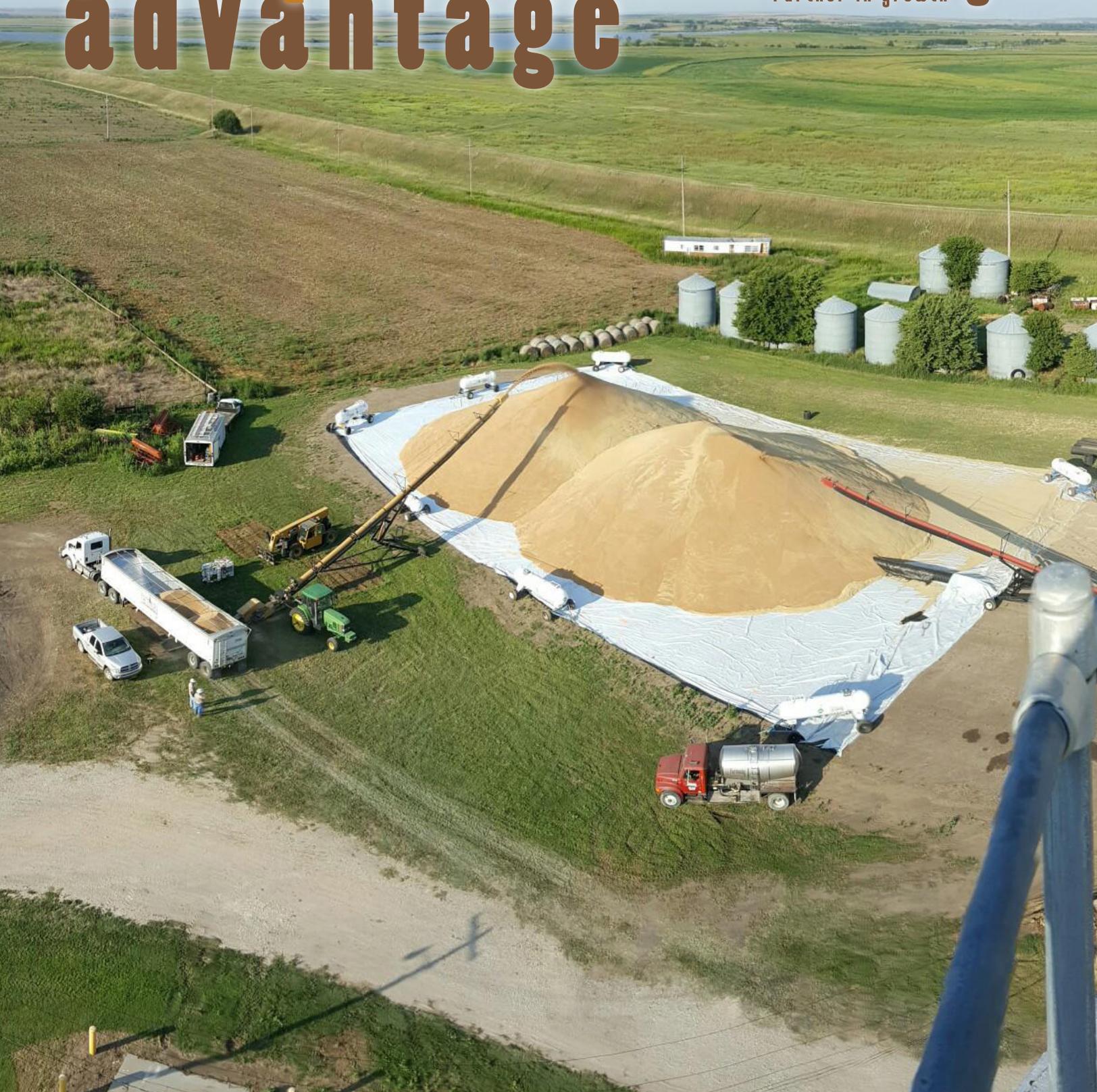


FARMWAY CO-OP, INC.

the cooperative advantage

Farmway
Partner in growth



August/September 2016
VOLUME 67 • ISSUE 3

**Interested in no missed discounts? No missed payments? No finance charges?
No checks to write? No stamps to buy?**

When you sign up for a recurring online bill payment (ACH); payment will be drafted on the date you select upon signing up. You will receive a monthly email of your statement of transactions. You will also continue to receive a paper copy in the mail.

Considering ACH? Use the below form or visit our website at www.farmwaycoop.com, go to the bottom of the front page and click on the Electronic Funds Transfer Authorization Agreement.

Return to our office at:
Farmway Co-op, Inc.
c/o Accounting Department
P.O. Box 568
Beloit, KS 67420-0568

Want to access your statements archived online? Visit www.farmwaycoop.com and click on Account Login at the top!

----- PLEASE CUT HERE -----



ELECTRONIC FUNDS TRANSFER AUTHORIZATION AGREEMENT
(Please include a copy of a voided check)

Customer Name: _____

Address: _____

City: _____ State: _____ Zip: _____

E-Mail Address: _____

_____ hereby authorizes Farmway Coop, Inc. to initiate a credit and/or a debit entry to the customer's account indicated below, and also authorizes the depository institution named below to credit and/or debit such entries to the customer's account.

Terms to have funds drafted: _____ 5 days after invoice _____ 15 days after statement date
(invoices must be emailed)

_____ 5th day of the month _____ 10th day of the month _____ 25th day of the month

Bank Name: _____

Bank Address: _____

City: _____ State: _____ Zip: _____

Bank Routing Number: _____ (Attach a copy of a voided check)

Customer Bank Account Number: _____

Bank Telephone Number: _____

This authorization shall remain in effect until terminated upon 30 days written notice by either the Customer or Farmway Coop, Inc. A \$25.00 charge will be assessed for a returned ACH payment.

Customer Authorization:

Authorized Signature: _____

Date: _____

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Farmway
teams up
with ADM



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The 2016 wheat harvest beats 2008 record
- 7 **Propane comfort that is close to home**
Your cooperative is your propane supplier

greetings

I am happy to announce that Farmway Co-op Inc. will be retiring equity for the 12th consecutive year in August. The strength of Farmway's balance sheet, the prospects of a good fall crop, on top of a record wheat crop provide the confidence your board of directors needs to make the equity retirement. Farmway will be retiring the year of 1993 across both Farmway and former Farmer's Union members. This year's equity retirement will total \$403,000. In 12 years the equity retirement has been nearly \$7 million.

This year we are introducing a new plan to roll retired equity directly into preferred stock of your co-op. Preferred stock is non-voting stock. This means that there is no danger of outside investors having any control or say so in your co-op. This holds true to the one member, one vote structure of our common stock equity holders. Kansas statutes allow your cooperative to pay dividends on this preferred stock to producers at very competitive rates when compared to the interest rates paid by many other financial institutions. This allows members who don't need the cash to maintain an interest in their cooperative while receiving a nice return on their investment. You can still receive a cash payout by making a request to the board of directors or if you have less than \$50 in retired equity for 1993 we will automatically send you a check. If you have more than \$50 (par value of preferred stock) in retired equity it will automatically be rolled into preferred stock. We will have a request form for cash payment available to you. The board will act on these requests at their monthly meeting. The retired equity which is rolled into preferred stock will receive 5% dividend each year. In order to receive a dividend you will need to own your preferred stock at the time the board of directors decides to issue a dividend. The current plans are to issue the dividend semi-annually at the end of February and August of each year to preferred stock shareholders of record 30 days prior to the payment dates. In the future your co-op plans to sell another class of preferred stock to outside investors and to members who want to invest additional funds above those amounts they are receiving from their retired equity. This second class of preferred stock will receive a 3.5% annual dividend. These stocks can be redeemed but must be held for periods of at least six months.

A letter of explanation will accompany notification of the equity retirement. Any questions may be directed to Monte, our CFO, or me. We realize that when times are tough, cash is important to our producers, but having the means to receive a decent return on investment is also important. For the cooperative (depending on the success of the program) preferred stock may provide the capital for major facility upgrades. Our regional cooperative has been using this method of equity retirement for some time. There are also many local cooperatives throughout the country using this method of equity retirement.



Farmway was the recipient of a record number of wheat bushels during this past harvest. With the acres being reduced our projections did not forecast handling the more than 12 million bushels of wheat that came to our elevators. Mother Nature provided the ideal conditions for the average per acre wheat yield to set records all over the state. The perception of the wheat market prices during harvest were set to take advantage of the producer at the local elevator level is in a word – false. At the time when harvest was taking place even with a \$1 under the board basis bid, the bids to us in Kansas City and/or the end user for ordinary wheat was \$1.20 under the futures board. There are carries in the market that eventually will enable us to gain a margin on the grain we sell, but in order to take advantage we need to hold onto the grain for almost a full year. This makes for a challenge to hold onto the wheat to maximize margin, while still needing funds to pay for the operating expenses to run our grain facilities. AgMark has helped with the time differential by paying us a throughput to help with costs as well as maximizing margins on deferred sales. This helps a lot in keeping things from getting completely out of whack, but margins on the majority of this year's wheat crop will cross our fiscal year-end.

Farmway's management team and Board of Directors are in the process of strategic planning. The question we are forming the answer to is "In order for Farmway to be successful in the year 2021, Farmway needs to _____." This has been an interesting discussion and soon to be developed into initiatives that will be put into action. When this process is completed, we will inform the membership on what we are going to be "when we grow up." Actually this process is not just once and done. It is an ever changing objective and needs to change with the needs of our producers and the market place.

As always, stay safe.

- Board Chairman**
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- Vice Chairman**
Alan Aufdemberge, Lincoln, District 2
- Secretary**
Jacob Porter, Mankato, District 1
- Directors**
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- Vice President Agronomy**
Jeff Jensby



Record breaking wheat harvest

By Wes O'Bannon, Executive VP Grain

Wheat harvest 2016 started on June 8th (eleven days earlier than 2015) and as July 23 was basically finished. We were very strung out starting because of the difference in wheat ripening that had been treated with a fungicide or not. During the week of June 20th harvest was finally in full swing, but rains over the next two weeks stretched harvest past July 4th in most locations. Farmway received a record of more than 12 million bushels of wheat this year during harvest. This record beat the 2008 record by almost 1 million bushels.

It is hard to believe with acres down as much as they were that we could set a harvest handle recorded, but the yields were as good as or better than any year previous. Yields averaged close to 55 bushel an acre over the entire trade territory. There were several large fields that had final yields in the 95-plus bushel to the acre. Protein was significantly lower than the last several years, company side we averaged 11.6 proteins. Test weight was excellent through the first $\frac{3}{4}$ of harvest averaging about 62 pounds to the bushels, but late rains caused the last $\frac{1}{4}$ to average 58.5 pounds to the acre.

The wheat market continues to have very little demand compared to supply. We are preparing to put almost 3 million bushels of

wheat in bunker or envelope systems prior to harvest to help with space logistics for fall harvest. An Envelope System is very similar to a bunker except there are no walls. A bottom tarp is placed underneath the grain with a top tarp over it, which is sealed together, thus no aeration fan is needed.

We are busy shipping the last of several bunkers from last year and wheat from this year to make additional space for fall harvest. We do anticipate filling all remaining 14 bunkers with milo and corn this fall.

We have several capital projects that we expect to complete prior to fall harvest. The largest is our new 365,000 bushel bin at Clay Center. We will also be installing a new overhead at Esbon and several interior conveyors to help with speed. A couple planned projects that will not get completed prior to fall harvest are the Courtland west facility leg upgrade, and the Leonardville west facility leg upgrade.

I want to close by saying "Thank You!" We appreciate your business and want to continue earning your business by helping you succeed!

Farmway teams up with ADM Animal Nutrition

Upon approval from the Board of Directors, Farmway is now offering its livestock producers bagged and tubbed feed along with minerals and salt. Nine Farmway locations will service the cooperative's trade territory. Those locations are: Asherville Elevator, Belleville Agronomy, Beloit Elevator, Clay Center Crop Production, Courtland Agronomy, Esbon Elevator, Hunter Elevator, Leonardville Elevator and Lincoln Elevator. The feed will be supplied by ADM Animal Nutrition.

ADM Animal Nutrition™, based in Quincy, Illinois, is a division of Archer Daniels Midland Company (ADM) and is a leading manufacturing, nutrition and marketing business offering a wide range of innovative products for the global animal nutrition market. ADM Animal Nutrition provides innovative, technologically advanced and cost-effective products, services and business solutions to optimize customer opportunities for efficiency, performance, profitability and satisfaction. Each ADM Animal Nutrition product is specifically created to help producers meet animal nutritional demands while balancing environmental concerns. They offer nutritional products for livestock including their highly sought after MoorMan's® ShowTec® show feeds, plus products for equine, pets, rabbits, chickens, deer, elk and game birds. Product offerings include high-quality feed products, supplements, pre-mixes, custom ingredient blends and feed ingredients.

As a division of ADM, ADM Animal Nutrition has the resources

and opportunities to develop and apply new technologies for feed manufacturing and ingredients, increasing efficiencies — all aimed at making livestock production more efficient while enhancing health and well-being of the animal. While the commercial feed aspect of ADM Animal Nutrition might appear to some as a newcomer to the feed industry, it encompasses what were once several independent livestock feed companies. Most notable of those companies were MoorMan's®, Consolidated Nutrition, SuperSweet®, Master Mix® and Tindle Feeds®. The roots of some of these companies trace back to the late 1800s with a focus on improving livestock feed to help enrich America's food supply.

Check out these top-quality, dependable products at your local Farmway Co-op.



Different technologies promise weed control

By Jeff Jensby, VP Agronomy

To say it was the summer of the pigweed is an understatement. Pigweed, tall waterhemp and Palmer amaranth invaded fields with a vengeance. Weeds resistant to glyphosate, ALS, HPPD and PPO inhibitor herbicides were identified in many areas. Many growers were left shaking their heads trying to come up with solutions.

Your Farmway agronomy team can offer you several solutions. Two technologies, one old and one new, can help you negotiate these risky weed control times. RoundUp Xtend and Liberty Link herbicide programs will likely both be tools available this next year to help you have cleaner, weed-free fields and better yields to improve your bottom line.

Let's start with the Liberty Link option first. Liberty herbicide has been in the marketplace for roughly 25 years. It simply didn't catch on when RoundUp resistant technology entered the picture for both corn and soybeans at the same time. We are most certainly glad the Liberty Link technology is still available today! Farmway's LG, Hoegemeyer, Stine and Croplan seed companies are producing corn and soybean products that resist Liberty herbicide, a completely different mode of action than the other broad groups of herbicides we use. Once applied Liberty works quickly in terms of foliar uptake and control... so much so that a weakness is its tendency to simply burn off hard to control perennials like field bindweed and dogbane too quickly. Its control activity on pigweed species is excellent however! Using it in a system approach of early burndown and residual chemistry makes this an excellent, proven herbicide program on both soybeans and corn. For the first time Farmway has Liberty Link soybean customers across the trade area and a great relationship with Stine Seed, the birthing place of Liberty Link soybean varieties for the entire industry. Look for Farmway Liberty soybean fields in your area and see what this system can do for you!

RoundUp Xtend technology is the newest tool we have to combat resistant weeds. Most growers have now learned that planting in a clean seedbed is the first step for successful weed control. Dicamba, the backbone of the RoundUp Xtend platform, helps one do exactly that. Over the crop applications of RoundUp Xtend have not yet been approved but approval is expected sometime over the winter months ahead of next year's 2017 crop season. This technology offers growers another mode of action not now available in soybeans... one that promises good control activity on young pigweeds and other broadleaves.

This technology has been waiting on the side for three years on approvals from both China and the European Union which has now occurred. These new soybean varieties have been tested more than any other group of new products to hit the market and their yield advantages look excellent over our current varieties.

Farmway has RoundUp Xtend soybean plots across our trade area. Attend a local field plot tour this fall and get your RoundUp Xtend or Liberty beans on order today with your Farmway Agronomy Team for a successful 2017!

Farmway field marketer, Jared Gray, checks a F.A.R.M. Test Plot.

AUGUST / SEPTEMBER 2016

When people think of Farmway Co-op, propane may not be the first thing that comes to their mind. Propane, however, has become one of the main products offered by Farmway to its members and customers. This has evolved over many years, and also changing has been our improvements on how we deliver, service, and market the propane segment of our business. Many of our propane competitors have taken a different approach to how they present propane to their customers than the path we have chosen here at Farmway. Many propane dealers focus only on the delivery of the product, ignoring options like customer safety, more reliable equipment, properly trained employees and many items at the expense of the customer, only to offer the product for a few pennies less. Others have chosen to take the opportunity to sell their business, and even though the name may be the same, they have placed the decision-making and the ownership in some far-away state. Both of these strategies eliminate the customer from the equation of doing business. Here at Farmway, being customer owned, and focused on partnerships with those customers, we have chosen the path of developing relationships with the people that do business with us, making sure they are safe in their homes and businesses, and offering employees that can recognize what is best for the customer, as well as the company that our customers own.

In order to demonstrate this, it is our mission to make sure that we have checked every propane system we service for leaks, operational deficiencies, or any items that could lead to future problems. You may have been contacted this summer to assist us with scheduling one of these tests. If you haven't, we likely already have a completed test of your system on file. Over the next year or two, we will continue to develop this program to make sure all systems are tested every seven years or less. If you feel it has been a while since your system was looked over by our staff, please do not hesitate to contact us to schedule an updated inspection.

Another project we have recently completed is installing computer tablets in our delivery trucks. We have placed information in the cab that allows our drivers to know much more about your needs than just what they can remember. Items such as past history, contract balances, GPS tank locations, equipment age, and many other items are available to every driver on every tank. This allows us to better manage your needs, both in propane supply as well as safety. If you did business with us last year, you should have received a contract in the mail for the upcoming Winter. Along with cheaper

prices at the gas pump, we are also currently enjoying low propane prices compared to where they have been in the recent past. Our contracts allow customers the choice of locking in these prices for the entire winter season, eliminating the worry of prices being affected by cold weather, global economics, politics, or other items that are out of our control. If you have not received a contract from us, and would like to see what we have to offer, please contact one of our two energy offices and explore what best fits your budget.

Even though the items mentioned above are benefits to our customers, they are not the most important thing that we have to offer. Above all, our people are driven to be the best at what they do. It makes us proud to know that you are taken care of in the best way possible. And that you will be warm, safe, and know that your propane needs are in good hands. We still operate on the theory that a relationship with our customers is the best way to do business. We want you to be proud of who you buy from, as much as we are proud to have you as a customer. Our mission is to have the best drivers, the best office staff, the best equipment, and most importantly, the best customers. If you are not already taking advantage of those opportunities, maybe it's time that we started a relationship with you.

I am looking forward to continued improvements in what we have to offer from the propane portion of our business. Please have a safe summer, and be sure to call us if there is any way we can assist you with your energy needs.



By Lee Parker, VP Petroleum

Energy Offices
Beloit: (785) 738-2241
Minneapolis: (785) 392-3031





PO Box 568
Beloit KS 67420



Farmway Co-op Inc. seeks Clerical Assistants and Grain Handling Assistants for Fall Harvest

Clerical Assistants must be 16 years or older. Duties include: computer entry, grain sampling, and scale operations.

Grain Handling Assistants must be 18 years or older. Duties include: monitoring grain, assisting truckers, and keeping work area clean. Outside Grain Handlers are eligible for a \$500 bonus after completing the entire harvest season.

Teamwork and excellent customer service required. Farmway is an Equal Opportunity Employer. To apply, contact Paula at 785-738-0794 today!

Farmway Co-op, Inc.
Attn: Human Resource Dept.
PO Box 568
Beloit KS 67420

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Lee Parker
Farmway Co-op, Inc.
Vice President of Petroleum

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Would you like a more productive fleet? Are you doing everything you can to keep your equipment on the job? At Farmway, we're committed to using our knowledge of fuel and engines to help keep your vehicles operating as efficiently as possible, and to earning your business through exceptional service. Call or visit us today.
~ JD Bahret (785) 534-9851 / Tracy Haller (785) 738-0717 ~

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