



THE EAR

February 2012

Manager's Report



Kevin Hartkemeyer
General Manager

Wow I'm going to like these southern winters! I know, I've been warned this isn't normal. It's been unseasonably warm all over the upper Midwest this winter. Even where I came from 600 miles NW of here in northwest Iowa, they were putting NH3 on over New Year's weekend; that's incredible to not have frost in the ground up there in January. As many of you know we have been applying some fertilizer nearly every week this winter, which is very unusual as well.

At Top Ag we are positioned with the product, equipment and the personnel to serve you this season. We have a full staff of very experienced sales agronomists to provide you product knowledge, prices and service in the coming season.

Top Ag has purchased a new 3 wheel Case IH dry floater, a new Case IH Patriot sprayer, NH3 tanks, NH3 toolbar, leased new JD tractors for custom application and purchased/replaced several additional tender trucks to be prepared for the 2012 season. We are ready to serve your needs and supply your products in 2012. Please give us a call if you have any additional purchasing decisions to be made yet before spring.

We have also committed to upgrades to the Addieville and Trenton grain facilities this summer. Each of these projects will increase the speed which you will be able to dump grain this fall. We will be constructing a new 15,000 bu/hr grain leg with a 1,000 bu. grain dump pit in Trenton to service the existing facility and be positioned to also serve new additional storage in the future when that may be built. In Addieville we will be replacing the upper conveyors to the match the 15,000 bu/hr leg that already exists this will greatly improve the dumping efficiency of that facility. Please keep this in mind as you make grain marketing decisions for this fall, we will be better ready to serve you than ever before. These improvements

are a continuation to the major upgrades that took place in Okawville and Pierron this past year!

Top Ag has made many transitions over the past few years in personnel, management, facilities and equipment. In that time, the business continues to grow! Thanks to all of you that's been possible! Top Ag customers have been very loyal; we appreciate that and we continue to invest in people, facilities, equipment and education so that we can serve your needs to the level that exceeds your expectations!

Top Ag's employees, management and Board are all very committed to being the grain and farm supply leader in the trade area! We all realize that you make decisions each day as you pull out of your drive way as to where you will do business. We are very grateful that you have chosen us. Please let us know how we might be better able to help you attain your goals in your farming operation. We are always looking for ways to grow and improve. Agriculture is a very fast moving and evolving business making it necessary for Top Ag to be continually changing and evolving as well. Your input and suggestions are always welcome and will help us to continue to be your "Partner in Success!"

Operational Updates

**Wayne Albers, Operations Manager &
Joe Rowell, EH&S Manager**

After 10 months! Almost finished!

Most of the storm damage from March 1, 2011 has been repaired; all of this without a single injury! Top Ag employees and contractors alike have worked an untold number of hours, with most of it being "elevated" work. Each and every diligent worker is to be commended.

Work is progressing on the Pierron dump pit cover building, but is expected to be completed within the next couple of weeks. Everything except permanent electrical connections is finished at Okawville.



If you see someone who worked to bring all this together, tell them: "Thank you!" There were elevator operations folks, millwrights, carpenters, electricians, who did I leave out? The best part is everyone is looking out for each other and working together to get it done in a safe manner.

CONGRATULATIONS! WELL DONE!



Okawville Elevator



Pierron Elevator

from the previous report. Soybeans came in at 41.5 b.p.a., up 0.2 b.p.a.

The corn production was a surprise to the market, as most traders were expecting reduction in yields. This increase in production was offset by a 50 million bushel increase in exports. The net result for corn was a 2 million bushel reduction in carryover. This was seen as bearish for corn because the trade was expecting to see a nearly 100 million bushel reduction to the ending stocks.

The soybean market had a 10 million bushel increase in product, but also had a 35 million bushel reduction in usage. This resulted in an overall increase of 45 million bushels to ending stocks. This is the highest projection of ending stocks in 5 years. These numbers were not a huge surprise to the market.

The wheat stocks were lowered by 8 million bushels, but this still leaves carryout at 41.2% of stock use, which is the 2nd highest number since 1988. The report also featured the planted acreage on winter wheat. The USDA reported wheat acreage at 41.95 million acres; over 1 million more than expected. The hard red wheat acreage was up 1.6 million from last year; 900,000 more than trade was expecting. The soft red wheat acres were down 190,000 from last year but nearly 600,000 acres more than expected.

Corn continues to be locked in a trading range on March futures between the \$5.90 to \$6.50. The basis on corn has remained strong during the month of January with no cash carry in the market. Look for corn basis to remain strong as farmer movement of corn remains at a slow pace. The soybean market has also seen strong basis over the past 30 days and that should continue for the next month as we wait on the South America Crop to hit the market.

The rail market continues to be competitive to the local market. Top Ag offers competitive pricing on all grain sales. Please call myself, Seth, or Mike for these quotes.

Grain Insight

Scott Harre
Grain Manager

If anyone needs NH3 toolbar parts or repairs, we can help! For quantity discount purposes, please place your order as soon as possible!

On January 12th, the final production adjustments to the 2011 corn and soybean crops were released. The corn yields came in at 147.2 bushels per acre, up 0.5 bushels



Mike Fuhler

Grain Merchandiser

NON GMO & Specialty Grain Programs

Old crop non-gmo grain movement was good during December and January, but now we are seeing supplies starting to tighten. Premiums have remained unchanged on both corn and beans.

We do have an open non-gmo corn program for early February shipment with a 50 cent premium; beyond that, you would have to wait for a March/April program which would have a 60 cent premium.

Please let me know if you have any old crop non-gmo beans. I am not currently aware of an open program, but we might be able to get some additional bushels into one of our existing programs.

Interested in receiving the market prices straight to your phone?

Call Mike Fuhler today to sign up!

I am also looking for additional non-gmo white corn bushels for a March/April delivery. This program has a 65 cent premium and all non-gmo White corn hybrids should qualify.

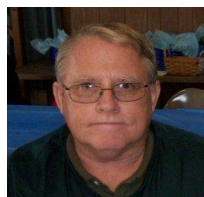
I have several producers who have locked in premiums on their 2012/2013 crop. Non-gmo corn premiums are at 60 cents per bushel with deliveries beginning in November of 2012. There are still open bushels for the primary delivery months of December 2012, January 2013, February 2013, and March 2013 available, but these delivery months will fill up quickly. New crop non-gmo beans have a \$1.30 premium and we are booking bushels into a Dec/Jan and a Jan/Feb program.

We also have a variety of specific non-gmo bean programs, which offer a \$1.80 premium with a Jan/Feb '13 delivery; it is for the E-Merge 448 variety. If you haven't made all your seed bean purchases, you may want to consider this variety. It could work well to plant double crop behind your wheat. Check with any of our Top Ag seed salesmen for more details about this variety.

For those non-gmo white corn producers, we have an 85 cent premium for next winter.

I can be reached at the Trenton location: 618/224-7332 or tolls free

1-888-508-3477. Give me a call for more details that may qualify for some premiums

Trucking Department

Lonny Schultz
Trucking Manager

As the snowbirds head south, you should begin thinking about pulling those bins down and getting air ran through them in order to protect your investment. Top Ag's Trucking department has our 10 Semis ready to help you pull those bins down or empty them out if you prefer.

As most winters go away so does the rock in your driveways and around your farm; we can replace that rock for you. Just call me for our best price at 618-224-7332.

Top Ag's Trucking Department provides transportation services for grain, rock, limestone, Cow Sand, Bulk Fertilizer and Feed. Our drivers have over 104 years of experience between them. Please call the people you trust to handle your product!

You may reach me at 618-224-7332 or 618-779-7001.

WE APPRECIATE YOUR BUSINESS!



Our new tender truck, which replaces an older model.



Agronomy News



Willis Harriss

Agronomy Manager

Top Ag has leased two new John Deere tractors for custom application of NH3 pre-plant. We have also purchased one new 19 knife toolbar for custom application.

Stop by our locations and get to know the custom applicators. In Okawville, our custom applicators are Carl Powers, Jarid Henss, Don McMurtry and Adam Epplin. At the Trenton location, our applicators are Gary Dall, Jordan May, and Jim Brown. We have Gary Hilmes, Nick Smith, Carl Krieg and Jeremy Stout in Pierron. This great group of men is always willing to listen to what you want from your crops this year.

I am highly suggesting applying Ascend to your corn this year. See Michael's article or ask your salesman how it works!

Come to the right place for seed, chemicals, fertilizer, soil testing. We offer competitive pricing on all our products.

Thank you for your continued business!

Justin Harre

Agronomy Salesman, Okawville

First of all, spring is right around the corner and seed supplies are starting to get tight if you haven't noticed already. Since Top Ag supports four different seed companies now (**Croplan, Dekalb/Asgrow, NK, and now Mycogen**), we have access to a great variety of top genetics and can find the right hybrid for any acre of ground whether it be corn or soybeans.

It has been a mild winter for us as, which can lead to added insect pressure in the coming year,



Top Ag has a good supply of Round-Up Ready Alfalfa available for spring seedings.

Early orders still have discounts available. We have 3 excellent choices available.

Please call your salesman to place your order.

including aphids in the wheat where they can transmit the **Barley Yellow Dwarf Virus (BYDV)**. There have been reports of some aphid problems in southern IL in spots. The aphids become the most active when daytime temperatures rise above the 50°F level. Personally, I have checked a few fields in the area out of curiosity, but have not seen much activity **YET**. That doesn't mean that they can't show up in the coming weeks as new flights of aphids and other insects get carried in by the spring storms that roll through.

Furthermore, I know some of you have already applied your Nitrogen for your wheat. However, for those of you who haven't yet made that application or if you are wanting to split apply your Nitrogen, ask myself or one of the other Agronomy Salesman at Top Ag about the benefits of using **Hydra-Hume** with your liquid 28% and Harmony application. I look forward to doing business with you!

Do you farm 400 acres or more of one commodity?

Ask your salesman about our Emerald Extras Grower Program or contact Ashley to sign up!

Learn about the fantastic prizes & benefits in the program.

The program is completely **FREE!**

Michael Stewart

Agronomy Salesman, Okawville

The 2012 planting year is quickly approaching. Many of the inputs have been purchased and producers are ready to go. This is the time, the calm before the storm, that the farmers should be asking themselves "Am I doing everything I can to maximize my corn yields?" If you are not using Ascend, then the answer is probably not.

Top Ag, in conjunction with Winfield Solutions, is promoting Ascend to push corn yields to the next level. Ascend is a combination of three plant growth regulators, Cytokinen, Gibberellic acids, and Indolebutyric acid. These increase cell

division in plants, drastically improve plant emergence, and improve overall young plant health. All of these items are important to give the plant the chance to work to its maximum potential early in the game. A combination of Ascend, 10% Zinc solution, and 10-34-0 on average increases corn yield by 20 bushel per acre. The best results for Ascend are by in furrow application. This does mean that planters will have to be modified and additional equipment will be needed. Top Ag has equipment purchase programs that in most cases will negate cost of the planter modification.

Top Ag would be happy to make a personal field or have a small group discussion to answer any grower questions. Matt Atwood, the Winfield Solutions representative, has demonstration materials available for farmers to view with regards to equipment as well as answer any other questions. Top Ag will be having a field comparison plot south of Okawville to show the benefits of the Ascend system.

If you would like to get more information on Ascend or schedule a personal visit, please contact your Top Ag sales agronomist. Phone numbers are listed on the second-to-last page.

Feed Department

Shawn Meier

Feed Department Manager

Winter is upon us and although it has seemed to be mild, the moisture and temperature changes are hard on animals; especially the younger animals but, it can also affect larger animals.

We have seen some cases of pneumonia in dairy cows all the way down to calves. We have a variety of medications that can be used as a treatment or for prevention. These medications can be added to the feed, water, or top dressed; although, some cases require a more drastic treatment with injectable medications. We also have several milk replacers that have a 1600/1600, oxy/neo medication level.

Remember that early-detection is always key. Once there is lung damage, it is difficult for the animal to repair the damaged tissue.

Remember to place feed orders early to help us accommodate everyone's needs in an efficient manner.

Cattle do not have the lung capacity to breathe with any damaged tissue. That is the reason we never rode any cattle.

Horses, on the other hand, have larger lungs to carry their body size.

With spring around the corner, now is a good time to think about worming animals. This can be done annually or preferably bi-annually. There are several different methods that wormers can be administered: in the feed, blocks, pour on, injected, or orally.

With some lower harvest yields, the commodity and grain prices have been staying somewhat higher. There was also a lower hay harvest due to decreased tonnage and decreased acres planted, which makes any fiber more expensive. Several companies have announced price increases: Elanco, Pfizer, Church & Dwight, and Alpharma. While prices continue to climb, milk replacer prices will also increase. The good news is that livestock prices continue to be strong.

We hope that all of the changes in the feed department have not been too much of an inconvenience to anyone. Everyone has tried their best to accommodate these changes for customers. If you have any suggestions or concerns I would be happy to hear them. Please call Duane, Lucas, or myself with any questions or needs. Remember to place feed orders early to help us accommodate everyone's needs.

For the best service, here is the contact info for the Feed Department:

Trenton, for bulk loads	618/224-7332
Shawn Meier, Department Manager	618/698-3123
Duane Kampwerth, Trenton	618/979-1787
Lucas Lehde, Okawville	618/314-2596



Financial Details

Linus Wilke

Controller

Hopefully everyone had an enjoyable holiday season. The only bad thing about the holidays is that right after they are over one has to start worrying about getting information together to file their tax returns, and that is what we are busy working on right now here at TOP Ag Cooperative, Inc. Because of that fact, this article will be short, but sweet.

One item I would like to bring to our members attention is the information on the 1099-PATR when you receive it and where to properly record this information on your tax return. The issue comes with the Per-unit retain allocations reported on the form which represents the "gross" proceeds of the grain a member has sold to TOP Ag Cooperative, Inc. during the calendar year and was eligible for the Domestic production activities deduction (DPAD). This amount is considered a "qualified" per-unit retain distribution and must be reported on your Schedule F or Schedule 4835 as income. This is where the issue is occurring, some members are reporting this amount as income on line 1 of these forms but it should actually be recorded on line 3 with the Schedule F or line 2 of the Schedule 4835 depending on which schedule you file with your return.

Some of our members are getting letters from the IRS stating they are not reporting all of their income on their tax returns as reported to the IRS with the Form 1099-PATR. The members are reporting the income but it is just on the wrong line of their tax returns, and believe me trying to prove something to the IRS (like the income was reported) can be a long drawn out and stressful event. Be sure to consult your tax preparer on this issue to make sure the information is placed on the correct line of your tax return, because I'm sorry to say it isn't TOP Ag's problem if the information isn't placed on the correct line of your tax return.

The other thing I wanted to point out with the Per-unit retain allocations is the reporting of the "gross" proceeds on the form. This is required of TOP Ag Cooperative to report per the regulations put out by the IRS. The one thing you have to remember is that

because you are reporting the "gross"

proceeds as income on your return any type of deductions (check off, storage charges, quality discounts, etc.) taken can be taken as a deduction or expense on your tax return. By taking these deductions as expenses against the gross proceeds on your tax return the effect will bring you back to the net amount of grain checks you received during the year.

Well that's all for now, if you or your tax preparer still have questions about these issues or need totals on deductions taken off your grain checks please feel free to give me a call at 618-243-3298. And remember this, 2012 has been declared The International Year of the Cooperative so the 7 Principles of Cooperatives (not examined yet) will be explained in future issues, thank you.

Lumberyard....

Dave Wilke & Carol Lohman

Top Ag's Lumberyard provides a full line of quality lumber, building supplies and services at very competitive prices. Some of what our lumberyard has to offer includes:

Standard lumber	Treated Lumber
Plywood	Ox board
Drywall	Siding
Shingles	Soffiting
Entry doors	Garage doors
Windows	Cabinets
Countertops	Hardware
Tools	Paint & Caulk
Lake & Pond Chemicals	Lacrosse Boots
Boom Truck Service	Screen & Window Repair

Come in or give us a call for all your home or building needs and we will work up an estimate for you!

The Lumberyard is located on 12th Street in Okawville next to the chemical building.

Hours: Mon-Fri 7am-5pm
Saturday 8am – noon

Phone: (618) 243-6137



Local Events



Euchre Tourney

Single Player Registration

Sponsored by the Germantown Kernel Nut Club

Friday, February 3rd

Germantown American Legion Hall

Registration: 6:30 p.m. Play begins at 7:30

Tickets: \$25 in advance, \$30 at the door
~ Includes Free Draft beer, soda and chicken

ALL PROCEEDS BENEFIT YOUTH ACTIVITIES

**St. Mary Church
Breakfast
Trenton, IL**

All you can eat:
Pancakes, sausage,
eggs, hash browns &
fruit

**Sunday, February 5th
St. Mary's Parish
Center**

Chamber of Commerce
Auction Dinner Dance

Saturday, February 4th
Hidden Lake Winery

Silent Auction: 5:30 – 7:30 pm
Verbal Auction: begins at 8pm

Tickets are \$15
~ Only 200 sold ~

Available at: Deien Chevrolet, FCB
Bank, Hank's Bowl, K&D
Countertops, Tempo Bank, &
Trenton Community Bank

MARDI GRAS BASH FOR CASH

Proceeds to benefit the Damiansville PTO

**Saturday, February 25th
Albers American Legion
5:00pm – midnight**

Tickets: \$15 in advance, \$25 at the door
Includes wings, beer & soda

Silent and Oral Auction, DJ, Games & More!

Top Ag Cooperative, Inc.

Okawville	(618) 243-5293
Trenton	(618) 224-7332
Pierron	(618) 654-9804
Addieville	(618) 424-7736
Mascoutah	(618) 566-8248
St. Libory	(618) 768-4348

Lumber Yard	(618) 243-6137
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Management

Kevin Hartkemeyer	General Manager
Willie Harriss	Agronomy Sales Manager
Scott Harre	Grain Department Manager
Lonny Schultz	Trucking Department Manager
Shawn Meier	Feed Department Manager
Wayne Albers	Operations Manager
Dave Wilke	Lumber Yard Manager
Linus Wilke	Controller
Lloyd Strubhart	Credit Manager

Location Managers

Jeff Eddings	Addieville
Wayne LaQuet	Mascoutah
Dennis Wernle	Pierron
Bill Keck	St. Libory
Bob Ottensmeier	Trenton

Sales Staff

Gary Cross, Trenton	(618) 224-7332
Justin Harre, Okawville	(618) 243-3354
Michael Stewart, Okawville	(618) 243-3353
Richard Hunt, Pierron	(618) 654-9804

Staff

Marsha Bergmann, Accounting Clerk	(618) 243-3369
Jennifer Durr, Staff Accountant	(618) 243-3297
Seth Swoboda, Grain Merchandiser	(618) 243-5293
Beth Potthast, Grain Accountant	(618) 243-3350
Mike Fuhler, Grain Merchandiser	(618) 224-7332
Joe Rowell, Safety	(618) 243-3362
John Thomas, Billing	(618) 243-3359
Duane Kampwerth, Feed, Trenton	(618) 224-7332
Lucas Lehde, Feed, Okawville	(618) 243-5293




Top Ag Cooperative Inc.

702 South Elevator Street
Okawville, IL 62271
618-243-5293

«first_name» «last_name»

«Farm_name»

«Street»

«city», «state» «zip»



Euchre Tourney

*Sponsored by the St. Rose
Development Club*

Single Player Registration

Saturday, March 3rd
St. Rose School
Gymnasium

*(This is all the information
available at this time.)*

Fish Fries

Addieville Community Club

Fridays: Feb. 3 – March 30

Serving From:
5:00 – 8:00 pm

OFFICE HOURS

Addieville, Okawville, Pierron, St. Libory, Trenton

Monday – Friday 8 am – 4:30 pm

Mascoutah

Monday – Friday 6:30 am - 3:00 pm

Lumberyard

Monday – Friday 7 am – 5 pm
Saturday 8 am – noon

Wurstmarkt

Sunday February 12th
Educational Building, Okawville, IL
3:00-7:00 pm

ALL YOU CAN EAT
~ carry outs available

Place orders by Feb. 5th to
Melinda Albers 243-5354

Lenten Fish Fry

St. Rose Park
Fridays during Lent

Serving:
4pm-7:30pm

