

DIRECTORY

Main Office
507-726-6455
800-622-2910

Darfur
507-877-5011
800-658-2475

Elysian
507-267-4305
866-317-3136

Janesville
Agronomy
507-234-5155
507-835-1720
866-458-9886
Grain/Feed/Petro
507-234-5610
507-835-3646
800-201-3646

Lake Crystal
Grain
507-726-2051
800-451-3984
Agronomy
507-726-2057
Petro-Propane
507-726-6455

LaSalle
507-375-3468
507-642-3300
507-439-6385
888-544-7687

Madelia
Agronomy/Petro
507-642-3276
800-245-5857
Elevator/Hwy 60
507-642-8896

Nicollet
507-232-3453
800-720-3453

Vernon Center
Agronomy
507-549-3056
Grain/Feed
507-549-3722
888-501-5947

Waldorf
507-239-2172
800-569-1321

Directors' & Manager's Report

FISCAL YEAR END

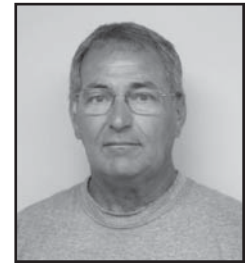
August 31 marked the end of another fiscal year for your cooperative. Higher grain prices for corn and soybeans, along with increased crop input costs, drove sales for Crystal Valley up considerably from a year ago. Total sales for fiscal year 2011 are approximately \$300 million compared with \$199 million for 2010.

Volumes increased in the sales of fertilizer, seed, crop protection products, feed and grain. With last fall's dry corn harvest, propane sales were down over four million gallons, compared with the fall of 2009. Likewise, corn drying revenues at our grain elevators were down over \$1.7 million from the prior year.

Gardner Thomsen CPA's of Des Moines, Iowa, will be here to perform our annual financial audit in October. Our preliminary internal numbers indicate that we will be comparable to last year in terms of overall profitability. Audited financial results will be reported in our next newsletter and at the annual meeting on February 8, 2012 at the Verizon Wireless Civic Center in Mankato, MN.



ROGER KIENHOLZ
General Manager



DAN JONES
Board Chairman

CUSTOMER APPRECIATION

We enjoyed seeing so many of you at our recent Customer Appreciation Dinners in Madelia and Janesville. The weather was terrific (maybe a little chilly in Janesville!) and we had record turnouts at both locations, serving over 3000 pork chops to our patrons.

Attendees in Madelia were able to see our new grain storage building nearing completion. The 300' x 500' facility will hold 4.3 million bushels of corn and will be served by a new 20,000 bushel per hour dump pit outside. The additional storage space, receiving capacity, and dual scale system will make the Hwy 60 terminal one of the premier grain facilities in Southern Minnesota.

On behalf of the board of directors and employees of Crystal Valley, we thank you for your business and wish you a safe and bountiful harvest!



"Thank you to all of those who joined us for our Customer Appreciation Events in Madelia and Janesville!"



DALE BOTTEN
Agronomy Manager

Agronomy Report

Where did the summer go? Your agronomy department is busy preparing for the upcoming fall harvest and crop nutrient application season.

With the current commodity grain prices being close to historic highs it is even more important to consider the soil fertility levels in each of your fields. The Crystal Valley Precision Ag department has been soil sampling throughout the summer to prepare for a busy fall crop nutrient application season. If you have not already done so, please let your local Crystal Valley agronomist know what additional soil sampling you will need during the upcoming harvest. For those of you that are currently grid sampling, consider moving from 4.4 acre grids to either 3.3 acre or 2.5 acre grids.

These higher grain commodity prices also mean an increased demand for crop nutrients. Now, more than ever, is the time to communicate your needs for crop nutrients for the fall season to your local Crystal Valley agronomist. Contracting crop nutrients is still the best option to lock in supply and price.

It is never too early to order your 2012 seed! Early orders will help ensure the best hybrids, seed size, traits and price for 2012. After experiencing a very late spring planting season, we should all be reminded that getting as much fertilizer application completed in the fall will save you time and money. The fall season is still the best time because of timing and price to apply your crop nutrients and Dual herbicide.

With all the changes going on in agriculture today, Crystal Valley Coop is committed to serving your needs now and in the future. Thank you for your continued support of Crystal Valley Coop and please let us know how we can serve you better in the future.



MATT SCHOPER
Agronomy Sales Manager

Agronomy Report

2012 PLANTING DECISIONS

Year after year seed companies are introducing new technology and products that aim to increase yield and become more useful in your operation. This year is no different as Monsanto's newly launched technology is "Refuge in the Bag" (more commonly known as RIB).

It is often a time consuming task for the farmer to figure out where to plant the refuge block or strip while still complying with EPA regulations. Planting a refuge is important as it helps ensure that the insect populations do not become resistant to the B.t gene. The RIB concept mixes the B.t corn and the refuge corn in the same bag. Mycogen seeds version of this technology is called "Refuge-Advanced" – which also combines both versions of corn in one bag. We anticipate supply being limited during this initial year so please talk to your Crystal Valley Sales Agronomist about placing your order for new reduced refuge options.

You will need to make decisions regarding your soybean seeds for the 2012 planting season as well. There are two different traits we see on the market right now; RR1 and RR2. RR2 soybeans came into the market heavily this year, following a very strong fall 2010 performance. Our expectation is that RR2 soybeans will continue to perform very strongly into the future and will significantly reduce the volume of RR1 soybeans planted. The companies that we work with have ramped up their line ups with nearly all varieties being RR2 for this

season. Please watch the plots and side by sides this fall to make an informed decision on which technology you want in your fields for 2012. Don't hesitate to call your Crystal Valley Sales Agronomist to weigh test your hybrids and varieties this fall or to secure your 2012 seed needs.

HIGH YIELD CHALLENGE UPDATE

The new quest for corn growers is to hit the 300 bushel mark in the fields! In order to assist in achieving this goal, we at Crystal Valley know that we will have to change the way we make some recommendations. This past spring and summer we have been specially treating a number of trials in customer fields to hit that 300 mark; however, we still need mother-nature to work with us to help achieve this goal! We are seeing some remarkable differences despite the late season moisture shortage. The difference in these blocks involves splitting applications of nutrients, fungicide applications, being proactive in handling weed competition, foliar applying the right nutrient at the right time, and finally, scouting on a regular basis to help diagnose deficiencies or issues early. Early yield calculations done by hand have shown a 15 to 35 bushel response versus when the traditional practices are being applied. With today's prices that is another \$245 to the bottom line with \$7 corn! As you work with your Sales Agronomist, be sure to discuss how you can better position your fields for 300 bushel corn and ask about the High Yield Challenge results.



RYAN BRANDTS
Grain Originator

Grain Marketing Report

With harvest just around the corner and potential yield prospects coming in on both sides of expectations, the market volatility has remained extremely high. During the fall of 2009 we were faced with \$3.00 corn out of the field, \$4.00 corn out of the field last fall, and the potential for \$7.00 cash corn out of the field this fall! With the potential record profitability we believe it's extremely important to capitalize on these profits and make sure you have a marketing plan in place to continue capturing this profitability in the years to come.



BRETT ANNEXSTAD
Grain Originator

The USDA just released its September supply and demand report. The USDA dropped our national corn yield 4.9 bushels from 153 to 148.1 bushels per acre. This reflected yield reductions of 9 bpa in Illinois, 10 bpa in Iowa, and a 6 bpa reduction in Nebraska. However, there was some demand destruction showing up already as the USDA reduced both exports and ethanol usage by 100 million bushels each, and cut feed usage an additional 200 million bushels to a total reduction of 400 million bushels. The USDA actually raised soybean yields from 41.4 bushels to 41.8 bushels per acre, but ending stocks only rose 10 million bushels because of the 10 million bushel increase in exports.

With the current market values we have been encouraging producers to take a look at making some sales for the 2012 crop. As we continue to lock in fertilizer for the 2012 crop we believe it's extremely important to lock in these prices to cover the fertilizer that's been purchased as it is still unknown how much demand destruction has taken place or the size of the crop in the field. With all these uncertainties we continue to encourage producers to proactively follow your marketing plan. We would rather see you make proactive sales based on your profitability versus reactive sales due to market volatility.

If you have any marketing questions please feel free to give either of us a call and we'd be happy to sit down with you to review your questions or concerns. We hope everyone has a safe and productive fall!

From everyone at Crystal Valley Coop:

*Please have a Safe and
Successful Harvest Season!*





JEFF SPENCE
Grain Manager

Grain Report

With harvest just around the corner we are emptying our bins and silos to create space for the new crop, including space in our new Madelia storage facility.

The crop in our trade area seems to be consistent with the national outlook; a smaller crop than last year because of the overwhelming heat and lack of moisture. I expect to see continued volatility in the markets as the USDA tries to figure out if we need to raise the price of commodities to create rationing. We are seeing this situation currently with poultry prices in the red, wheat being substituted for corn and flocks reduced. Cattle numbers are also down for various reasons and it will be some time before we begin to see those numbers rise. Ethanol and hogs have been doing well overall, but exports are beginning to slow down. It will be important to watch our rationing, as over rationing could mean prices falling into summer 2012.

Please be sure to get a full night's rest before putting in a full day's work! I wish you a safe harvest season!

MADELIA NOTES:

- ✓ The cement has been poured and we are finishing installing equipment in the new storage facility.
- ✓ New software installation for the dual scale system.
- ✓ We will issue tags for each truck the first time through the scale – please assist our staff in making sure that your truck has been recorded with the correct information.

2011 CRYSTAL VALLEY COOP FALL GRAIN POLICIES

The following grain policies are in effect for 2011. Please remember that this information can change at any time. We will communicate any changes as quickly as possible for our patrons and keep our elevators open as often as possible during the harvest season. Please check your location's hours of operation prior to hauling.

There is a 10-day grace period for delivered grain. If you know how you want your bushels applied at time of delivery, please give instructions to your driver so he/she can let us know. If you are undecided on what you would like to do at that time, the grain will be put into open storage until we are notified. If the grain is not priced within 10 days of being delivered, storage will revert to the date of delivery.

REMINDER:

THERE IS NO AVERAGING OF CORN OR SOYBEANS DURING THE HARVEST SEASON

Storage charges on both corn and soybeans will be \$.0013 per bushel per day or \$.04 per month with no minimum at this time. With the size of the crop still an unknown, we may be forced to reconsider putting on a minimum storage fee to protect your coop in the event that we are forced to ship unpriced grain. We will post a notice to inform you of any minimum storage rate to be charged. Grain Bank corn delivered at harvest time will have no storage charges the first two months and a maximum of four months of usage.

Corn drying charges will be \$.025 per bushel per .5 point of moisture over 14% for open storage, delayed price, grain bank and warehouse receipt, and \$.025 per each .5 point of moisture over 15% for cash and contracted; plus shrink of 0.7% per .5 point of moisture.

Soybean moisture discounts will be 1% per .5 point of moisture over 13%; 2% per .5 point 14.1% and over; with anything over 15% subject to rejection.

Checks will be issued only on request. Please contact any of our grain offices if you would like us to settle bushels that have been delivered.

Any grain applied to storage this fall that is not priced by August 31, 2012, will have the storage billed to your account. Storage will start accumulating again on September 1, 2012.

Off farm trucking will be on going this fall but we will require a three day notice to help us meet all our customer's requests. We do not haul direct delivered grain at harvest time.

Feed Report



WILL BOWERS
Feed Manager

It seems like summer just started and now fall is already here! With fall harvest upon us, I would like to take a moment to remind you of our same day order policies:

1. All feed orders require a 24 hour notice prior to delivery. Please keep in mind that we do appreciate a 48 hour notice as all orders are scheduled for delivery based on the type of feed to be made, additives to be used and the delivery logistics.
2. We will always try to accommodate short notice deliveries, but cannot guarantee same day service. A charge will be applied to all short notice deliveries.
3. We only make cattle feed on **Wednesdays**. This policy ensures that we do not contaminate the cattle feed.

INCREASING PRICES

Higher commodity prices do not always immediately result in higher food prices as the prices of finished food products in the marketplace will likely not increase substantially. However, with the projected tight grain supplies, shoppers will continue to see a rise in prices at the register. The fortunate side of this is, while we can't protect ourselves from the higher food prices, we can protect our inputs from the market volatility with the various risk management tools that Crystal Valley Coop has to offer. If you would like to look further into these services please contact me, or your sales person, and we can begin working on a risk management plan for your operation.

We are continuing to examine the new Food Safety Modernization Act that will go into effect July 2012 and are working toward establishing and certifying our own HACCP plans.

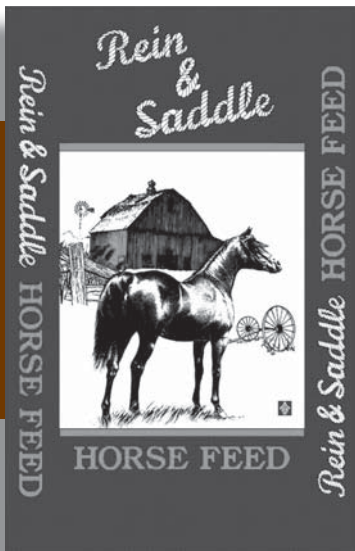
I wish you a safe and bountiful fall!

Rein & Saddle Horse Feed

EQUINE FORTIFIER MP # 9071

A VITAMIN-MINERAL SUPPLEMENT FOR HORSES

Now floor stocked in 25lb bags!



For an average of \$.20 a day (4oz)...

- Balance a horse's diet of hay and oats
- Supplement the horses that do not need all the calories of a full ration of complete food
- Solution for horses with metabolic issues that require a low-starch diet

General feeding levels in ounces/horse/day

Idle Horse	2.0-4.0
Light Training	6.0-8.0
Intense Training	8.0-10.0
Broodmare: Early Gestation	4.0-6.0
Broodmare: Late Gestation-Lactation	6.0-10.0
Weanling	4.0-6.0

Extra easy to handle, keeps the products fresher & a more affordable purchase price!





GLENN THOMPSON
Energy Manager

Energy Report

SYNTHETIC MOTORS OILS VERSUS CONVENTIONAL MOTOR OILS

Synthetic motor oil can cost up to three times more than regular conventional motor oil. Is the added expense of using synthetic oil an added value or a waste of money?

Dealerships, auto repair shops and fast lube facilities will often recommend using synthetic oil when a vehicle is brought in for an oil change or routine vehicle maintenance. Naturally synthetic motor oil is much more expensive than conventional oil, so before making a decision, find out the differences between synthetic and conventional motor oil and what it means to a car's engine.

What is Conventional Motor Oil?

Conventional or regular motor oil is processed from crude oil out of the ground. The crude oil is separated at the oil refinery. The thicker oil is used for applications like roofing tar and asphalt. The thinner oil is used for applications like gasoline and engine oil, among other applications. This oil becomes the base stock for the oil. Engine oil base stock refined from crude oil contains small amounts of natural contaminants that can't be removed from the base stock used in processing engine oil.

What is Synthetic Motor Oil?

There are two components to synthetic motor oil like a Conventional Motor Oil:

- 1. Base Stock** - Unlike conventional motor oil, synthetic motor oil's base stock is artificially created or synthesized. Because of the higher purity of synthetic oil, the properties of synthetic motor oil can stand up to heat much better before breaking down than conventional motor oil. Synthetic motor oil can also withstand colder temperatures better than conventional motor oils. This is a huge benefit when an engine is first started in cold weather.
- 2. Performance Additives** - Beside the base stock, performance additives are added to both conventional and synthetic motor oils. According to 'Oil Experts' the performance additives used in synthetic motor oils are engineered with special additives that help to fight off sludge and mineral deposits that are naturally caused by combustion. Performance additives in synthetic motor oil provide superior protection in extreme driving conditions like extremely cold or hot temperatures.

PROS AND CONS OF USING SYNTHETIC MOTOR OIL

PROS

- Synthetic motor will increase the life of an engine
- Longer oil change intervals, because of no viscosity break down
- Better for extreme driving conditions, especially extremely cold or hot weather.

CONS

- Synthetic motor can cost up two- three times more than conventional motor oil.

So is Synthetic Oil Better than Conventional Motor Oil?

There's no doubt that synthetic oil is better than conventional motor oil. Since synthetic oil is made with smaller molecules and has fewer impurities it's just a plain better lubricant. It's especially better for today's modern engines that have tighter tolerances and smaller oil passages that need a super lubricant. Car manufacturers are requiring that synthetic oil be used more and more. Most new vehicles are at least required to use a synthetic blend. General Motors is now requiring full synthetic motor oils.



Credit Report



GARY HULKE
Credit Manager

The Five C's of Credit. You may wonder what information we use when we establish new accounts or when updated information is needed from existing accounts. The basics of credit revolve around what is known as the "5 C's of Credit." These five C's are character, capacity, capital, collateral, and conditions. Some of these terms are self-explanatory, but further explanation will help to clarify them.

Character. Character refers to the overall integrity of the applicant. Moral and/or ethical strength and truthfulness are examples of desired characteristics.

Capacity. Capacity directs us to the ability to pay. In other words, there needs to be enough cash flow to service the obligation.

Capital. Capital refers to net worth of the customer. The underlying question would be, is there sufficient net worth to service the obligation even under severe economic conditions?

Collateral. Collateral is the asset or assets needed to secure the debt. Crystal Valley is usually an unsecured creditor, but we may refer you to a collateralized loan through a lender such as AgQuest.

Condition. Conditions address the current situation involving the economy of our industry and the individual circumstances applicable to the customer.

When the "5 C's of Credit" are favorable, the customer receives the products and services desired to help make profitable decisions, and Crystal Valley receives payment for those products and services. The customer and the company benefit from a mutually strong relationship involving the "5 C's of Credit."

Energy Assistance. The heating season is sneaking up on us quite soon. Preparations are underway for the energy assistance program to help individuals and families who qualify for energy assistance grants. Funding may not be available until the heating season has already started. The accompanying information shows the income guidelines and contact information for the program.



2011-2012 ENERGY ASSISTANCE PROGRAM

What is energy assistance?

- Funds to help low income households pay heating/energy bills

Who is energy assistance for?

- Wage earners
- Seniors
- Self-employed people
- Other low-income households

Who can apply for energy assistance?

- Homeowners
- Renters who pay heating costs
- Renters with heat included in rent, but pay electricity

What are the eligibility requirements?

- You must be income eligible

Persons in Household	Gross income for previous 3 months
1	\$5,596
2	\$7,318
3	\$9,040
4	\$10,762
5	\$12,424
6	\$14,206

For more information or to receive an application call

507-345-6822

-or-

1-800-767-7139

or visit our website at www.mnvac.org

Application deadline is May 31, 2012



P.O. Box 210
 Lake Crystal, MN 56055
 www.crystalvalley.coop

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 U.S. POSTAGE
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 Madelia, MN
 56062

NEW STAFF MEMBERS



JENNA MANSKE
 Communications

Jenna Manske,
Communications Coordinator

Jenna grew up in Eagle Lake, MN and graduated from Minnesota State University-Mankato with a degree in Sport Management and Marketing. She will be focusing primarily on advertising, patron meetings and events, newsletters, our new website, community relations and donations.



ASHLEY LEIVERMANN
 Human Resources

Ashley Leivermann,
Human Resources Coordinator

Ashley grew up in North Mankato, MN and graduated from St. Cloud State University with a degree in Human Resource Management. Her role at Crystal Valley Coop will be to coordinate all recruiting, interviewing, hiring and employee orientation efforts.

What's Inside...

Agronomy Report

Page 2

Grain Marketing Report

Page 3

Fall Grain Policies

Page 4

"Synthetic vs Conventional Oil"

Page 6

