



**AgEcon** SEARCH  
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

*The World's Largest Open Access Agricultural & Applied Economics Digital Library*

**This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.**

**Help ensure our sustainability.**

Give to AgEcon Search

AgEcon Search  
<http://ageconsearch.umn.edu>  
[aesearch@umn.edu](mailto:aesearch@umn.edu)

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

***“Great to Great” Path to Profitability:  
Performance Profile of Farmers Cooperative Grain***

**Case Study  
of  
Farmers Cooperative Grain Association  
Conway Springs, Kansas**

Prepared for

2006 Symposium and Leadership Roundtable  
January 16-17, 2006  
Grand Prairie Hotel  
Hutchinson, Kansas

Prepared by

David Barton  
Professor and Director  
Arthur Capper Cooperative Center  
Kansas State University

December 30, 2005

## Introduction

Farmers Cooperative Grain Association (FCG) is a very profitable medium-sized local grain marketing and farm supply cooperative. It does business at the retail level with farmers and other retail customers by buying farmer-produced grain, mainly wheat and milo (grain sorghum) but some soybeans and corn, and by selling farm inputs, primarily fertilizer, petroleum and feed. FCG markets the grain it purchases by selling to industry buyers such as processors and exporters. FCG purchases the farm inputs it intends to sell to producers from various industry suppliers including manufacturers, wholesalers and distributors. It is located in Sumner County in South Central Kansas. FCG operates facilities in two locations, its headquarters in Conway Springs and a branch in Belle Plaine. (See Exhibit 1 for a map of the locations and trade area.) It operates grain elevators and fertilizer facilities in both locations and in Conway Springs it operates feed, chemical and petroleum business units with associated services.

FCG has been and continues to be primarily focused on the grain business and has operated very profitably for at least 25 years. In fiscal year 2005 it had grain sales of \$25.4 million and farm supply sales of \$7.5 million, for total sales of \$32.9 million. Based on 1999-2004 comparative data for a group of about 180 peer local co-ops in the states of Kansas, Nebraska, Colorado and Oklahoma, they ranked in about the 61st percentile (P61) in sales, meaning 61 percent of peer cooperatives had sales lower than their sales. Net earnings in 2005 were \$1.44 million, of which \$1.39 million, or over 96 percent, were from local operations. Total assets at fiscal year end 2005 (March 31, 2005) were \$6.9 million and total equity was \$3.7 million or 54 percent equity to assets. They are in about the 42<sup>nd</sup> percentile (P42) in their peer group on total assets and are in the 73rd percentile (P73) on the strength of their balance sheet based on the solvency measure, equity to assets.

The company had 16 full-time employees in 2005 and has two kinds of asset investments. Outside investments total about \$700,000, including \$555,000 invested in other cooperatives, primarily regional cooperatives and the Co-Mark grain, fertilizer and petroleum joint venture with nine local co-op members. Local net fixed assets total \$2.4 million in 2005.

FCG has earned the performance label, "Great to Great." They have been highly profitable for the last 26 years, 1980-2005. Return of sales profitability in 2005 was 4.4 percent and return on equity was 38.9 percent. During 1999-2004 they averaged 5.5 percent return on sales, putting them in the 99<sup>th</sup> percentile (P99), and they averaged 30.8 percent return on equity (ROE), putting them in 99<sup>th</sup> percentile (P99). In the last 26 years, 1980-2005, ROE has ranged from a low of 9.0 percent in 1996 (P60) to a high of 38.7 percent in 2005 (P99). The three year period, 1993-95, was their lowest performing multi-year period, compared to their peer co-ops, when they averaged 14.6 percent ROE and a P88 ranking.

The purpose of this case study is to document FCG's performance and to describe their history, competitive situation and the characteristics of their operation, organization and leadership. Our ultimate challenge and purpose is to understand the nature and role of those critical factors that lead to high performance of local co-ops like FCG. These factors can be divided into two broad groups, (1) internal performance factors related to the company or firm itself that are viewed as controllable, resulting in what are frequently called "firm effects," and (2) external performance factors related to the general economic environment that are viewed as uncontrollable and often unpredictable, resulting in what are frequently called "industry effects." Internal factors of interest are strategy, execution, culture, structure, talent, innovation and leadership. External performance factors of interest are general economic conditions like crop

production (bushels produced and acres farmed), relationships with customers and partners, relationships with and behavior of competitors, and the relationships competitors have with common customers.

## **History, Locations and Trade Territory**

FCG was organized in 1954 by a group of disgruntled farmers for the purpose of constructing a 250,000 bushel elevator in Conway Springs. In Kansas, most grain cooperatives were organized in a wave of co-op development between 1900 and 1920, so FCG is one of the youngest co-ops in the state. However, it organized for the classic reason most grain and other co-ops were organized. The only in-town elevator was not treating farmers fairly in terms of prices, access to storage and discounts, following the big upsurge in grain storage due to government programs in the early 1950s.

Since that time FCG has expanded its total elevator storage capacity to about 5.1 million bushels (1) by adding storage and/or handling capacity to the original elevator five times (1958, 1963, 1974, 1978 and 1984) to a current capacity of about 2.1 million bushels, (2) by purchasing a 2 million bushel elevator located in Belle Plaine (15 miles east of Conway Springs) in 1994 from Cargill, and (3) by buying that in-town 1 million bushel elevator from the independent competitor located in Conway Springs in 2005. This last elevator purchased is referred to as their “Westbranch” and is about one quarter mile west of the main facility. It had been operated by a succession of owners including as a branch of two different chains. Since 1976 the owners have been Garretson Grain (Hq. in Wichita) from at least 1976 to 1980 and Garvey Elevators (Hq. in Hutchinson) from 1981 to 1994. An independent, Lange LLC, operated the facility from 1995-2005. The primary trade territory is the northern half of Sumner County. There are no other grain elevators in this region and there is very little on-farm grain storage in the region.

FCG diversified its operations in the 1960s and early 1970s. It added feed in 1961, bulk fuel in 1966, dry bulk fertilizer in 1971, propane in 1972 and anhydrous ammonia in 1973. Bulk, liquid and NH<sub>3</sub> fertilizer were added to the Belle Plaine location after its purchase in 1994.

Sumner County is a very productive area for wheat and grain sorghum. In 2002 there were over 1,000 farms with about 620,000 acres of cropland being farmed, virtually all as dryland operations. About 700 farms raised about 12.4 million bushels of wheat on 383,000 acres and about 400 farms raised 5.0 million bushels of milo on about 94,000 acres. In the last 10 calendar years, 1996-2005, there have been very good crops most years except 1996 and 2001, but there has been high variability, ranging from 12 to 30 million bushels of production. FCG feels like they have benefited from relatively good, reliable crops almost every year. Our research suggests that co-op profitability is highly correlated to bushels produced and handled. (See Exhibits 2, 3 and 4.)

## **Customers, Income Distribution and Equity Management**

FCG’s primary customers are agricultural producers, mainly crop producers, who sell grain to the co-op and buy farm inputs from the co-op. These producer-customers have three additional relationships with the co-op because of the unique nature of businesses that operate on a cooperative basis. These customers are also (1) members who have a vote, (2) patrons who receive a share of the profits based on their use or patronage of the co-op through the distribution of profits in the form of patronage refunds (cash and retained), and (3) owners who have an

equity investment. Each customer's equity investment is made primarily through the distribution of retained patronage refunds, which are redeemed for cash at a later time. The income distribution and equity management program, in combination with the financial performance and policies of the co-op, determine the amount and timing of (1) cash and retained (non-cash) distributions of profits and (2) cash and non-cash equity investments and redemptions.

The primary benefit of a cooperative like FCG, in the minds of most producer-customers, is the customer relationship itself, not the patron, owner and member relationships also associated with co-ops. Access to products and services desired by producers at competitive prices is a major justification for the cooperative form of business. A prerequisite to business success is being competitive in the marketplace, whether the business is a cooperative or not. An obvious first question is, "How competitive are the co-op's prices, given the availability and quality of the products and services offered by FCG?" Since patronage refunds are essentially an adjustment to the price received by producers for grain sales to the co-op and for prices paid by the producer for farm input purchases, the distribution of patronage refunds and the management of the retained portion, including the redemption of the retained portion are factors of interest. An obvious second question is, "How are those prices viewed, given the distribution of profits and the redemption of equity by FCG?" We will address the second question in this section and the first question, to the extent possible, in the next section on competitors and the marketplace.

FCG has 770 producer-customers who are also voting members, patrons and owners. However, 545 of these members are landlords who share the expenses and production with the operator. There are only 225 farmer operators among their membership. Only producer-members are also allowed to be patrons and owners. Therefore, this co-op has no non-producer customers who are treated on a patronage basis (sometimes called participating patrons or non-voting patrons) and who are allowed or expected to have an equity investment in the co-op. Each member has two classes of equity investment. First, each member is expected to hold two shares of "Common Stock" (CS) with a par value of \$100 each, or a total of \$200. No cash investment is required, so the first \$200 is earned through the distribution of retained patronage refunds. Second, all accumulated retained patronage refunds exceeding \$200 are held in a book credit class of equity called "Allocated Equities" on the balance sheet, but also referred to as "Patronage Ledger Credits" (PLC) by management.

**Income distribution.** Income distribution decisions are made following the end of the fiscal year, which is March 31. Patronage refunds, including the cash patronage refund is paid at the annual meeting in May, less than two months after the end of the fiscal year. FCG's patronage business is typically around 90 percent of total business as measured by the percentage of total earnings before income taxes distributed as by patronage refunds (often called patronage dividends). In 2005 patronage refunds were 94 percent of total earnings. During the last 10 years, 1996-2005, they have varied from a low of 89.5 percent in 2000 to a high of 126.7 percent in 2003.

All their patronage earnings are distributed as qualified patronage refunds, thereby creating a deduction from the taxable income of the cooperative and simultaneously passing on the income tax obligation to the producer-patron. Cash patronage refunds have been 75 percent for distributions on the fiscal years, 1997-2005. For the years 1985-1996 they were 50 percent. Therefore, for over 20 years FCG has paid more than enough cash to cover the income and Social Security (FICA) tax obligations of their producer-patrons in the year of distribution, estimated to be in the range of 35 to 45 percent. (See Exhibit 5 for information on patronage distributions.)

This high cash patronage rate is viewed by FCG as a major competitive advantage in their trade territory. After FCG increased its cash patronage rate to 75 percent at the close of 1997, they experienced a significant increase in business in their core trade area and an increase in business from outside this area as the outer trade area expanded. There were no increases in business assets in grain or farm supply business units between 1996 and 2004. During the years 1996-97 when the expectation had been a cash patronage rate of 50 percent, their sales of around \$15 million were in about the 50<sup>th</sup> percentile. In the following years, 1998-2004, sales jumped to an average of around \$20 million, an increase of over 30 percent, putting FCG in about the 60<sup>th</sup> percentile.

Because of their high profitability, their patronage rates per unit of business are relatively high. The overall return on sales in 2005 was 4.6 percent. FCG has six patronage pools and this resulted in the following patronage rates by pool: (1) wheat, 8.0 cents per bushel, (2) other grain, 6.7 cents per bushel, (3) grain storage, 28 percent or 3.9 cents per bushel, (4) fertilizer and associated services, 7.0 percent, (5) feed, feed milling services and chemical sales, 7.5 percent, and (6) petroleum, 6.0 percent or 9.3 cents per gallon. These rates are fairly typical for the last 10 years. (See Exhibit 6 for patronage rate information.)

These high per unit rates are also considered a major competitive advantage in their trade area because they can be viewed as an adjustment to the original transaction price. Grain sales to the co-op by producers returned more and farm input purchases from the co-op by producers cost less.

Patronage rates are the result of pricing, costs and net margins. FCG is recognized as the price leader in their area. Competitors typically pay 3 to 5 cents more per bushel for grain purchased from farmers and charge 5 to 15 dollars per ton less for fertilizer. But FCG's strategy is to set margins at a level to generate reasonable returns, given their relatively low cost structure, and then aggressively pay back profits through their cash patronage refunds and equity redemptions. A 75 percent cash patronage distribution on a typical 8 cent per bushel patronage refund represents a 6 cent per bushel refund within three months of the fiscal year end. Even though farmer-customers bring up the price differentials with competitors, such as 3 to 5 cents on grain, most understand that they are better off after the cash patronage price adjustment. This pricing strategy means that the benefits of FCG's presence and performance in the marketplace are passed on primarily to its own patrons as they share profits through the income distribution process rather than through a "best price" strategy that passes the benefits of FCG's presence on to all farmer-customers in the area through better prices, assuming competitors match or beat those prices.

Non-patronage earnings are taxable to the cooperative and are distributed to "Retained Earnings", net of taxes. They are unallocated equity or undivided earnings and constitute another class of member equity.

**Equity management.** The two classes of allocated equity, Common Stock (CS) and Allocated Equities (AE), are managed using specific investment and redemption policies. Equity investment by producer-owners is obtained entirely from retained patronage refunds. In other words, producer-members are not required to make any cash investment to obtain the profit distribution benefits of doing business with a cooperative.

As noted previously, the first \$200 of retained patronage refunds is distributed to CS. CS is only redeemed (re-purchased) by a cash payment to a producer-owner if one of several special circumstances occur, triggering a special redemption, if approved by the board of directors. Special redemptions are made for the following reasons: (1) estate settlements, (2) retirement

from farming, (3) moving away from the trade area and (4) quit farming, even if prior to normal retirement age. The last three events qualify a member-owner to apply for a special redemption only if the member has no ownership of agricultural land and no other agricultural production in the trade area. A non-cash redemption of member equity may be made as a setoff against bad debt, and only in the case of the bankruptcy of the member. Bad debt is incurred when an account receivable is not paid by the member. Therefore, CS is a semi-permanent form of equity investment, redeemable only at the end of the business relationship between the member and the co-op.

All retained patronage refunds that are made after satisfying the \$200 CS requirement are distributed to the second class of allocated equity, named “Allocated Equities” (AE). AE may be redeemed under the same special redemption policy as applied to CS. The primary redemption method used is revolving fund. A revolving fund redeems the oldest equity first, based on the year of issue or distribution, or in other words on a first-in, first-out basis.

FCG has a relatively short revolving fund of 9 years. This relatively short revolving cycle is also considered a major competitive advantage in their trade territory with their customers. About two months following the March 31, 2005 close of the 2005 fiscal year, the AE or patronage ledger credits retained from 1996 business were redeemed to coincide with the May annual meeting. Therefore the unredeemed AE was equity retained for the years 1997-2005. Special redemptions, primarily for estate settlements, are paid monthly based on approved requests. Revolving fund redemptions and cash patronage refunds are paid in May at the time of the annual meeting, less than two months after the end of the fiscal year. (See Exhibit 5 for equity redemption information.)

The combination of income distribution and equity redemption policy means that each patron receives 75 percent of their patronage refunds, their pro rata share of the patronage earnings (profits), as a cash distribution within two months of the end of the year and the remaining 25 percent of the patronage refunds as a cash distribution 9 years later. For example, the typical 8 cent per bushel patronage refund on grain is a price adjustment or price increase on grain purchases from farmer-patrons, distributed in two parts: a 6 cent per bushel cash patronage refund within two months following close of the fiscal year of the purchase transaction and another 2 cents per bushel 9 years later (or sooner if the revolving cycle shortens in the future.).

In any year, the combination of cash patronage refunds and cash equity redemptions will represent a distribution of profits to current and previous patrons. One interesting metric is the percent of a year’s total patronage income that is distributed as cash patronage refunds and cash redemptions of deferred or retained patronage refunds. An ideal might be to average 100 percent since that means patrons are getting all their patronage refunds in cash. Some co-ops try to set an upper limit on payout, such as 50 or 60 percent, but this is not an effective way to manage the balance sheet and cash flow. Most co-ops pay out much less than 100 percent but the most profitable co-ops pay a very high percentage. FCG paid out 84.7 percent in 2005 but averaged 98.0 percent over the five year period, 2001-2005, very close to the ideal. (See Exhibit 5.)

## **Competitors, Partners and Marketplace**

Today FCG has no competitors with facilities in towns where they are located, Conway Springs and Belle Plaine. Garvey Elevators and then Lange LLC were competitors in fertilizer at their Conway Springs location but that business was purchased by FCG in 2005. (See Exhibit 1.)

Lange LLC was owned by a local farm family and the senior family member had served as a director on the FCG board at two different times, the last being in 1962-1973. This family had wanted better prices than they were getting from the co-op and eventually ended up buying the competing grain elevator and associated fertilizer business in 1995. Their strategy as a business was to offer better grain prices during harvest and included sending trucks to the farm for direct pick-up, applying smaller discounts on quality differentials and “negotiating” prices with farm-based grain sellers. They generally operated “at cost” or with low profits. Norbert Gerstenkorn, the FCG general manager since 1970, observed that “Their tough competition made us better and we did well in that time period.”

However, FCG has numerous competitors in other locations in Sumner County and surrounding areas. There are at least 12 competing locations in the county operated by six other co-ops and three independent companies. As is common among co-ops, FCG's biggest competitors are the neighboring co-ops. Other prominent competitors in grain are the Scoular train loader near Wellington and the DeBruce Grain train loader in Wichita. Wichita is north and east about 30 miles of Conway Springs and 25 miles north of Belle Plaine with good connecting roads to large competing terminal elevators, a train loader and mills. Wellington is south and east of Conway Springs about 22 miles and south of Belle Plaine about 15 miles, with good connecting roads to a grain train loader and other large elevators. (See Exhibit 1.)

FCG has excellent rail service from a short-line railroad and markets grain by truck and rail to nearby mills, train loaders and other elevators and to more distant markets. Cash grain is marketed by their joint venture partner, Co-Mark.

FCG also out-sources other work to Co-Mark, including fertilizer and chemical purchasing. Out-sourcing cash grain merchandising and fertilizer and chemical purchasing is estimated to save at least \$100,000 through lower costs and higher revenues.

## **Leadership: Management and Board**

The leadership in the company has been very stable and locally grown for many years at both the CEO and board level. Norbert Gerstenkorn, the current general manager, was hired as the CEO in 1969, almost 37 years ago, and therefore is one of the longest serving CEOs of any local co-op in the state and nation. Prior to his current position he took his first position in 1959 with the nearby Farmers Cooperative Elevator Company headquartered in Garden Plain, his hometown and only 20 miles north of Conway Springs. While at Garden Plain he started as the elevator manager and worked his way up to office manager by the time he left to take the CEO position at FCG. During his tenure at FCG he has served in numerous community, business and agribusiness industry leadership positions. He has served on the local school board and currently serves as a director on the local bank board. Norbert has also served on several cooperative related boards and now serves as a director on and chairman of the Kansas Farmers Service Association board.

There were four previous managers at MCA who served from one to six years each from 1955 to 1969. The manager prior to Norbert was also a well-known cooperative leader, Dave Andra, a native of Conway Springs, who served for a little less than two years. He later became President of the Wichita Bank for Cooperatives and then General Manager of nearby Danville Cooperative until his retirement. He also served as Board Chairman of the Kansas Cooperative Council. (See Exhibit 7.)



The first board of directors had seven members and the board size has remained the same for over 60 years. The board membership has also been stable with relatively low turnover. This co-op has director terms of 3 years and does not have limited terms. Current policy is to have two candidates for each position. In the past the board has discussed introducing a limitation on the number of consecutive terms a director may serve but it decided that change should come through the traditional election process.

A total of 35 different directors have served on the elected board over 51 years, 1955-2006, so the turnover has been less than one director per year. The 28 former directors served an average of 10.4 years with range of service from two to 30 years. The seven current directors have served an average of 9.7 years with range of service from one year to 21 years. FCG has had an associate director program for many years in which two associate directors are appointed, each with two year terms. This program has been effective in providing successful candidates for open positions. Six of the seven current directors also served as associate directors prior to their election.

There has also been stability in the other employee positions at both the managerial and front-line level.

## **Past Performance: Case Firm and Industry**

The audited operating statement and balance sheet for fiscal years 2004 and 2005 provide recent performance information. (See Exhibits 8 and 9.) A more comprehensive financial performance profile has been created using this type of information on the case co-op and other peer co-ops over a longer period of time. (See Exhibits 10-31.)

This cooperative performance profile reviews the financial performance of cooperatives in the four states of Nebraska, Kansas, Colorado and Oklahoma for the 26-year time period, 1980-2005, and the performance of the case co-op, Farmers Cooperative Grain Association (FCG), Conway Springs, Kansas. Multiple-year averages are calculated for the multiple-year segments, 1980-85, 1986-88, 1989-92, 1993-95, 1996-1998, and 1999-2005. These multiple year averages are for the “same firms” that appear in all the years in a multiple-year segment.

We provide a brief summary of the results and refer to the accompanying Exhibits that document the performance profile. Those interested in more information are invited to contact the author. A description of the data source and analysis is provided at the end of this section. We assume the reader has a basic understanding of financial analysis for cooperative businesses.

**Performance Profile Overview.** The case co-op's values are reported in a table for each selected measure and on a graph. The tables and graphs compare the performance of the case co-op to itself over time and to the peer co-ops. The percentile information is the most useful way to compare a local's ratios to other cooperatives' ratios and to its own performance in different periods. The percentile results clearly illustrate the ups and downs of the entire industry and the wide variation between the top and bottom performers in the industry. Percentile results will be reported in a short form notation so that performance at the 90<sup>th</sup> percentile will be reported as P90. If performance is P90 for a profitability measure, like return on equity, it means the case co-op is performing better than 90 percent of the peer co-ops. It is possible for a co-op's ratio, such as return on equity, to decline from one year to the next but improve its performance relative to the industry. We have selected eleven measures to report. In addition to the standard financial analysis categories of profitability, liquidity, solvency and efficiency a size measure is reported. The primary focus is on the period, 1999-2004.

**Profitability.** Return on local assets, return on equity and return on sales are reported. (See Exhibits 10-15.) FCG's profitability has recently been at around P99 on these measures. Local earnings profitability has consistently been outstanding for over 25 years, 1980-2005, by always being above the 75<sup>th</sup> percentile in individual years and always above the 95<sup>th</sup> percentile on any of the multiple year segments. FCG has had a path to profitability of "great" to "great," a very unusual accomplishment.

The pricing strategies for the grain and farm supply business units, as reflected in gross margins, are related to profitability. The four-state performance profile suggests that the highest profit co-ops in 1999-2004 tended to have low grain gross margins and moderate to high farm supply gross margins relative to the industry. However, in previous years high profit was associated with higher grain and farm supply gross margins. (See Exhibits 16 and 18). FCG has a grain gross margin of around P40 and a farm supply gross margin of around P52, consistent with the pattern in 1999-2004. (See Exhibits 16-19.)

**Liquidity.** The current ratio is reported, since this is the most effective way to compare the liquidity between companies. However, most companies focus more on working capital dollars than ratios when managing liquidity. FCG's liquidity has been strong at about P60, with a typical ratio of 1.5. There is a very strong desire by the CEO to utilize no significant long-term debt and to see high working capital as the primary source of funds to make cash distributions for fixed asset purchases, cash patronage refund payments and equity redemption payments. (See Exhibits 20-21.)

**Solvency.** The ratio, equity to assets is reported. (See Exhibits 22-23.) FCG's solvency has been strong at about P73, averaging around 63.5 percent. It would be much higher when viewed as a debt to equity ratio since FCG has very little long-term debt and has substantial working capital and current assets.

**Efficiency.** Efficiency appears to be the primary driver of profitability in grain marketing and farm supply co-ops. Numerous efficiency measures are important but the ones most important are those related to people productivity and asset utilization. Previous research suggests that the typical local co-op could improve profitability by reducing assets, especially fixed assets, and increasing resources allocated to people in a way that increases overall productivity. This generally means hiring fewer but more talented and productive people, who are more costly per person but provide the most "bang for the buck."

Personnel productivity is measured by the ratio, gross income to personnel costs. This ratio has a very high correlation with profitability. FCG's ratio has been very high at around 4.05 and P99. In other words, for every dollar spent on personnel they generate \$4.05 of gross income. This corresponds to a more common way of expressing the same relationship, the inverse of the ratio as personnel costs to gross income, by saying personnel costs are 25 percent of gross income. This performance is consistent with the CEO's strategy on people to out-source some grain marketing and fertilizer purchasing work to their joint-venture partner, Co-Mark.

Asset productivity or efficiency is measured by two ratios, gross income to depreciation expense, and sales to net fixed assets, an asset turnover measure. FCG's gross income to depreciation expense has been around 9.25 and P75, meaning they don't have high levels of fixed assets generating high depreciation expenses. FCG's sales to net fixed assets is 10.64 and P81, meaning they generate high levels of sales per dollar tied up in fixed assets. The FCG strategy, which they execute very well, is to be very efficient in all they do. The CEO's philosophy, as stated in the section below on culture, has clearly been implemented very effectively.

**Size.** It is commonly believed that all businesses improve performance as they increase in size, referred to as economies of size. Our research suggests there isn't a strong relationship between size and performance over all ranges of sizes for local grain marketing and farm supply co-ops. In fact, the moderate sized co-ops tend to be the most profitable with the smallest the least profitable and the very large, moderately profitable. But there is high variability in profitability for any size group, so many factors other than size influence profitability.

Size can be measured in many ways. We used annual sales volume in dollars as the primary measure of size. FCG's sales were at about \$33 million in 2005, putting them at P69. For the last ten years they have grown from \$15 million in 1996 to \$33 million in 2005, a 120 percent increase. Their rate of growth appears to be very beneficial, but as the CEO relates in the section on strategy, the co-op has out-sourced more services to maintain efficiency. Their growth will most likely take another jump with the recent acquisition of an in-town competitor, Lange LLC.

**Data Source and Analysis.** Farmland Industries' database of local cooperative financial statements is used as the source of 1980-95 financial performance information and the CoBank database is used as the source of 1996-2005 financial performance information. Individual co-ops are not identified from one database to another, so calculations across databases are not possible. All individual firm data is confidential. The identity of each firm in the database is not provided. Individual firm data is extracted or revealed only with a firm's permission. We are grateful to Farmland Industries and CoBank for sharing their databases with K-State for the purpose of conducting research on cooperative finance issues.

A standard financial analysis is utilized. Selected ratios are calculated in four common categories: profitability, liquidity, solvency and efficiency. Ratios are also calculated for a fifth category, product mix, such as grain sales to total sales but are not reported in this report. A sixth category, a measure of size, total sales is also reported.

Performance measures for each ratio are reported in three ways for the peer group on a table.

First, the variability from the higher ratios to the lower ratios is reported. Five measures are reported in the "percentile values" section of the tables. They are P95 (95th percentile), P75 (75th percentile or 3rd quartile), P50 or median (middle, 50th percentile or 2nd quartile), P25 (25th percentile or 1st quartile) and P5 (5th percentile). The P25, P50 and P75 values are shown in the accompanying graphs labeled as "Percentiles."

Second, the peer group measures are divided into three groups based on profitability. The profitability groups are high, medium and low. The top 25 percent of cooperatives by profitability is the high group. The middle 50 percent is the medium group and the bottom 25 percent is the low group. An average is calculated for each group. Grouping this way makes it possible to determine which factors are associated with high or low profitability and in what way. The profitability measure used to form profit groups is return on local assets, where returns are local or operational earnings before interest and taxes and local assets are total assets minus investments including regional investments.

Third, variability is also reported using a statistical measure, coefficient of variation or CV. CV is a measure of relative dispersion. It is calculated as the standard deviation of the values in a group divided by the mean or average of the values and then multiplied by 100 to convert it to a percentage. The mean and the CV are reported in the profit group portion of the tables. The CV allows us to compare the variability of a measure, such as return on local assets,

between different years, such as 1980 and 1990. It also allows us to compare the variability of two or more different measures, such as return on local assets and return on equity.

Performance measures for the case co-op are calculated for the same measures as used in the percentile and profit groups. Both a value and a percentile are provided for the case co-op in the tables. The tables provide profit group and percentile information on financial measures for the years 1980-2005, and multiple year averages noted above.

Multiple-year averages are calculated using only those firms that are in the database for all the years used in the multi-year average. Co-ops are identified only by an identification number in the two separate databases, making it difficult to match the data with specific co-ops. Therefore, we cannot identify each co-op's financial information over the entire range of years, 1980-2005.

## Internal Performance Factors

A recent Harvard University study identified eight factors that lead to high business performance. These factors provide a useful framework for categorizing the philosophy and practices of FCG. The study, published in the Harvard Business Review in July 2003, was entitled "What Really Works." The authors (Nohnia, et al.) evaluated 200 different management practices in 160 different companies over a 10 year period. Their primary conclusions are that business basics matter and that successful businesses generally follow a "4 +2" formula for success. The first four are primary practices that virtually all successful companies excelled at. They are practices related to strategy, execution, culture and structure. The second four are secondary practices and successful companies excelled in at least two of the four. They are practices related to talent, innovation, leadership and external relationships, including mergers and partnerships. A brief description of each practice is provided along with some information about how FCG views their behavior related to the practice.

**Strategy.** Strategy involves the formation of a vision and mission by the leadership team as well as the creation of additional more specific strategies. The Harvard study found that the most important practice was the communication of a clear and obvious value proposition to the customer.

FCG has not created a formal statement on vision and mission of the cooperative. The primary guiding philosophy of the organization, as stated by the CEO, Norbert Gerstenkorn, is "To deliver quality products and services on a competitive basis to our membership while being an efficient, least cost operation, operating in a manner to make a profit on our business." In general it intends to provide a least cost, profitable service, to beat the competition by being efficient and as Norbert says, "To know we're a grain company by targeting grain customers in all business units including those doing agronomy and propane business."

**Execution.** Execution requires a company to align on its primary strategies and to be disciplined enough to implement those strategies including accomplishing its value proposition to customers and implementing its operating philosophy. The Harvard study found that the most important practice was to delegate to the lowest level possible. In general, the keys to execution are to (1) follow a strategy that aligns on customers, (2) manage people in a way that aligns people with customers and strategy, and (3) manage operations by aligning assets and processes with customers, strategy and people.

FCG aligns its operations on its grain customers. As Norbert says, "We are tenacious in following up with our customers and our employees."

**Culture.** Each company has a culture that is influenced by many factors, many of them external and out of the control of the company. The Harvard study found that the most important cultural practice under the control of the company was to create a climate of high expectations.

Norbert has high expectations of himself and the employees. He admits, “I am competitive. I want us to be the most efficient we can be, and I want to see that reflected in profitability.” He also says, “This co-op has a culture that expects people to work hard and to be persistent.”

**Structure.** Structure is related to organizational structure and the relationships and processes of how people work and communicate within the organization. The Harvard study found that simple structures were best in combination with open and sharing communication. The study also found that the best people should be close to the action. This implies a very flat organizational structure in which the CEO and other supervisors tend to have a relatively large number of people reporting to them in combination with the employment of fewer but relatively talented people so that delegation can be made to the lowest level possible, as suggested by the execution factor findings.

FCG is viewed by its CEO as a very open company with most people close to the action. In its earlier days FCG had only seven employees and all reported to the CEO. Most of these were not delegated much authority but were supervised closely by the CEO. Today there are 16 employees and the CEO delegates more authority to a few key employees. FCG also out-sources some key responsibilities in grain merchandising and agronomy purchasing to its joint venture company, Co-Mark.

**Talent.** The talent factor looks at the quantity and quality of people employed by the company but can also include the use of contractual services from outside suppliers of talent. The Harvard study found that the most important practice was to recruit the best people possible and to train and develop people.

FCG’s strategy has been to hire the best people available at the entry level, to retain them by helping them grow and develop and to reward performance, according to their CEO.

**Innovation.** Innovation includes developing new products and services as well as creating new and better ways of doing things. The Harvard study found that the most important practices were to develop new products and new methods as well as to anticipate and prepare for disruptive events. Most local co-ops do not focus on developing new products and services although they do focus on adding new products and services that are desired by customers.

FCG has focused on conducting the traditional business of local co-ops in an efficient and profitable way. They have also tried to anticipate the typical disruptions and variations in business associated with crop production and harvesting.

**Leadership.** The leadership factor focuses on the selection and development of directors as individuals and the functioning of the board as a policy making unit and the selection of the CEO as well as the relationship between the board and CEO. The Harvard study found that the most important practices were to select a great CEO, to link pay and performance and to choose directors who have a stake in the company. For a cooperative, the challenge in director selection is to be successful in getting the most talented and capable members to stand for election and get elected.

The board president, Jim Seiwert, is convinced that the FCG board has been successful in hiring and retaining an outstanding CEO, which occurred well before his board service began in 1995. He and the other directors feel fortunate to have a CEO who has encouraged their development as directors and helped them understand how to be more effective as directors. All

directors are expected to complete the Kansas Cooperative Council's four course Director Development Program and to attend other important industry meetings as a way of improving themselves. The associate director program has been effective in identifying members with potential to serve as directors, to get members interested in serving and to maintain an interested and committed set of directors. The overall strategy of the board is to set policy, to support the CEO and especially to respect the difference in the roles of the CEO and the board. As Jim stated, "We do not micro-manage."

In general, the philosophy of the board has been very stable and consistent over time, a reflection of the CEO's philosophy. The board is very aware FCG is a very strong business and they see no reason to change. They like to keep things simple, to keep the company profitable through good management and good employees, and to keep members pleased with their business with FCG. A big challenge for the board in the future will be to select a new CEO as Norbert Gerstenkorn nears expected retirement.

**External relationships.** External relationships range from ownership in other businesses such as regional co-ops and joint ventures that are suppliers and buyers, to contractual or open market, buy-sell business with producer-customers, suppliers like Agrilience and CHS-Cenex, and buyers like DeBruce Grain or Scoular Company, to communication with neighboring competitors, including other similar cooperative and independent ("investor-oriented") retail businesses. The Harvard study found that two important practices, when considering mergers or other partnerships, was the ability to leverage existing customer relationships with business partners, and to build on the strengths of the partners when forming any kind of formal business relationship.

FCG is an investor in and customer of several regional co-ops including CHS, Land O'Lakes and CoBank, as are most local co-ops in the Midwestern States. One very important joint venture partner is Co-Mark ([www.comarkinc.com](http://www.comarkinc.com)). Co-Mark was organized in 1992 by 10 southern Kansas cooperatives as a buying club for fertilizer and livestock supplies. It has since expanded into other businesses including operation of a liquid fertilizer plant in Hazelton, Kansas and, for two of the current nine members, a terminal grain elevator in Wichita. Other services include grain merchandising, Refined Fuel Delivery program coordination and safety-related risk management. Even though FCG's level of investment in Co-Mark is relatively small, they have received large benefits, especially in fertilizer and chemical purchasing and grain merchandising. As noted earlier, it is estimated that the use of these services increases profitability by about \$100,000 per year through cost savings and margin increases.

FCG has never been involved as a party to a merger in its over 50 years of existence. All of their growth has been through internal expansion and through the acquisition of two independent grain elevator and farm supply businesses. Although they were interested in acquiring the assets of the former cooperative at Clearwater, which sold to an independent, they have not acquired assets from another co-op. Their general philosophy is that it is better to buy assets, like the Cargill assets at Belle Plaine and the Lange assets at Conway Springs, than to merge.

## Discussion Questions

1. Why do you think Farmers Cooperative Grain co-op is so profitable? List up to five reasons (or factors) and then rank them.

2. What changes in strategy do you think Farmers Cooperative Grain co-op could make to improve performance? List up to three changes and rank them.

3. Given what you've learned about Farmers Cooperative Grain co-op and other high performance co-ops or other businesses, what changes can your co-op make (or co-ops in general make) to improve performance? List up to three changes and rank them.

# Exhibit 1. Farmers Cooperative Grain Association (Conway Springs) Trade Area, Locations and Competitors



## Pushpins

- Farmers Coop. Grain Assn. (Conway Springs)
- Farmers Coop. Grain Assn. (Conway Springs) Branch
- ▲ Two Rivers Co-op (Arkansas City)
- Scoular Grain (Wellington)
- ◆ Farmers Co-op Grain Co. (Caldwell)
- ◆ Danville Co-op Assn.
- ◆ Farmers Coop. Grain Assn. (Wellington)
- Mulvane Co-op Union
- ◆ Hunnewell Elevator Inc.

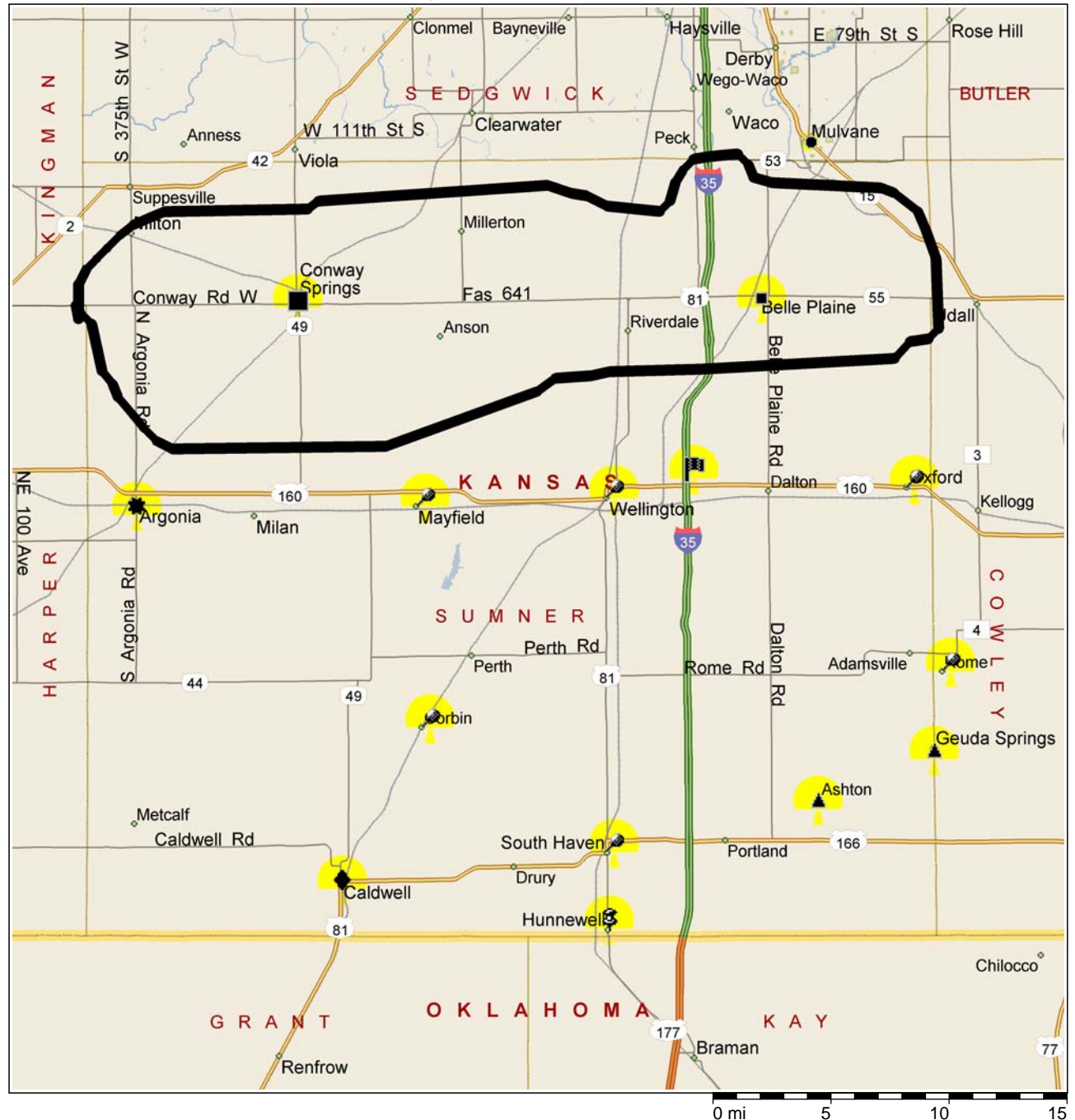




Exhibit 2. Average County Crop Production 1999-2004  
(million bushels)

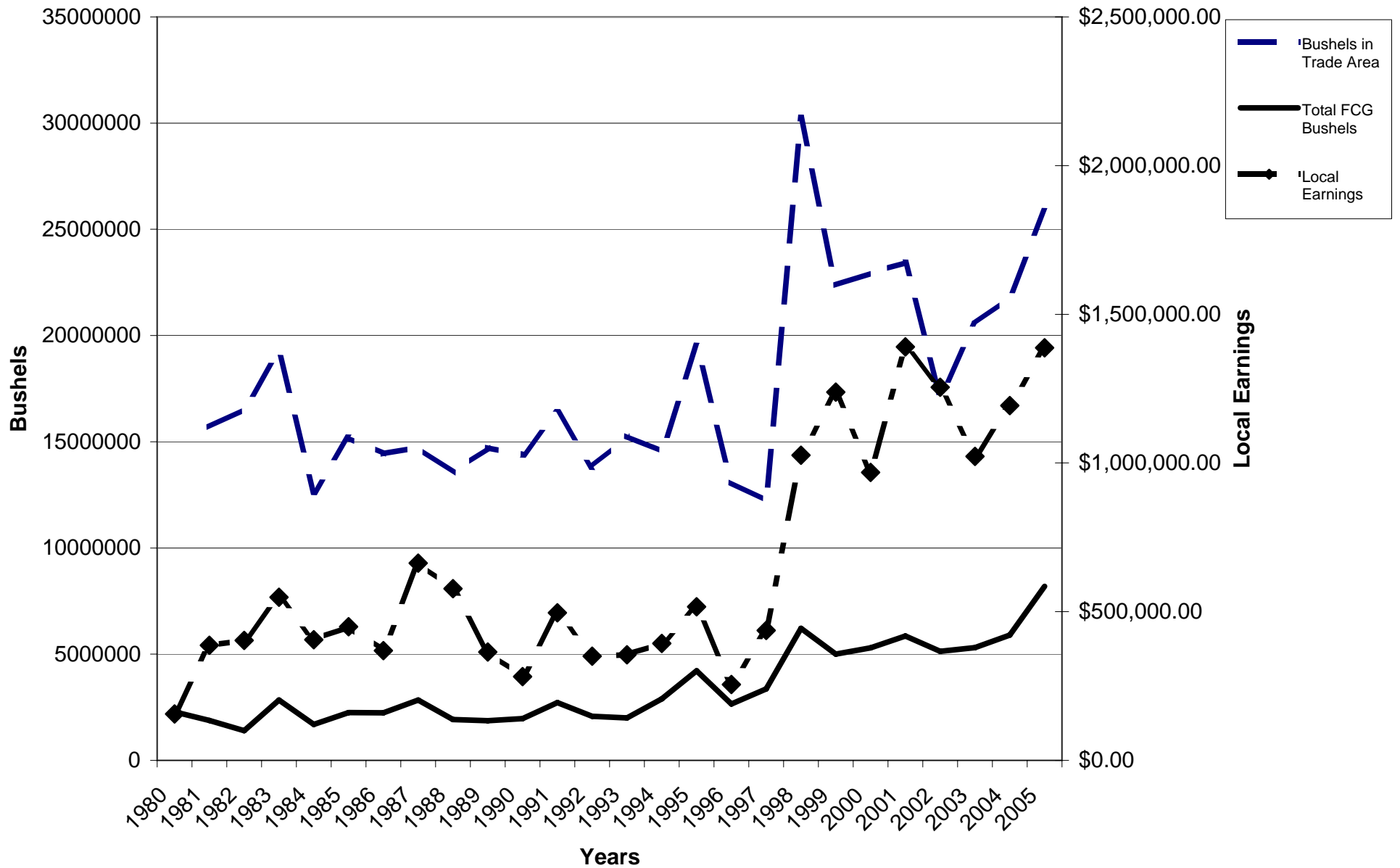
Cheyenne 2.07887	Rawlins 2.51037	Decatur 2.04234	Norton 2.03328	Phillips 1.74088	Smith 2.50622	Jewell 2.93484	Republic 3.99417	Washington 3.33046	Marshall 3.79492	Nemaha 2.82879	Brown 3.98591	Doniphan 3.70384
Sherman 4.1745	Thomas 5.73258	Sheridan 4.65549	Graham 1.90812	Rooks 1.56862	Osborne 2.12874	Mitchell 3.26797	Cloud 2.81777	Clay 2.64597	Pottawatomie 1.30185	Jackson 1.0414	Atchison 1.76055	
Wallace 2.50261	Logan 1.88738	Gove 2.5108	Trego 1.70286	Ellis 1.53009	Russell 1.55678	Lincoln 1.7862	Ottawa 1.91929	Geary 0.533025	Riley 0.997167	Shawnee 1.33048	Jefferson 1.33333	Leavenworth 0.736987
Greeley 2.23085	Wichita 3.16653	Scott 3.72559	Lane 1.6653	Ness 2.00857	Rush 1.80814	Barton 3.70277	Ellsworth 1.59133	Saline 2.18341	Wabaunsee 0.740663	Douglas 1.06889	Johnson 0.545261	Wyandotte 0.11226
Hamilton 2.13672	Kearny 3.32565	Finney 6.14462	Hodgeman 1.64606	Pawnee 3.24503	Edwards 4.26051	Stafford 4.26574	Rice 3.71806	McPherson 4.55129	Morris 0.906354	Lyon 1.12612	Osage 1.26843	Franklin 1.21696
Stanton 4.9342	Grant 3.98734	Haskell 6.67657	Gray 6.35999	Ford 4.73784	Kiowa 2.17007	Pratt 4.69848	Kingman 2.58612	Harvey 3.44257	Chase 0.395258	Coffey 1.37259	Anderson 1.52684	Miami 0.778183
Morton 2.08252	Stevens 6.17435	Seward 3.6288	Meade 4.93991	Clark 0.839833	Comanche 0.836755	Barber 1.52259	Harper 2.63212	Sedgwick 4.11625	Butler 2.2023	Greenwood 0.453017	Woodson 0.811171	Linn 0.712667
										Elk 0.262639	Allen 1.2164	Bourbon 0.499675
										Chautauqua 0.124826	Neosho 1.1836	Crawford 1.58456
											Montgomery 1.12062	Cherokee 2.21411

### Exhibit 3. Farmers Cooperative Grain Association Grain Volume, Local Earnings and Trade Area Crop Production

Fiscal Year*	Sumner County	Bushels in Trade Area	Total FCG Bushels	FCG Market Share	FCG Local Earnings	FCG Total Net Earnings
1980			2,280,707		\$156,064.71	\$268,178.27
1981	15,682,900	15,682,900	1,876,224	11.96%	\$386,747.15	\$564,551.33
1982	16,549,500	16,549,500	1,399,165	8.45%	\$403,234.78	\$531,798.94
1983	19,239,800	19,239,800	2,840,453	14.76%	\$548,694.46	\$601,124.15
1984	12,623,200	12,623,200	1,696,016	13.44%	\$405,809.89	\$448,033.80
1985	15,192,200	15,192,200	2,248,979	14.80%	\$449,707.10	\$546,703.13
1986	14,427,100	14,427,100	2,238,369	15.52%	\$369,060.60	\$412,460.41
1987	14,745,200	14,745,200	2,835,129	19.23%	\$663,568.09	\$517,845.56
1988	13,542,800	13,542,800	1,919,010	14.17%	\$577,481.47	\$621,191.23
1989	14,730,400	14,730,400	1,871,891	12.71%	\$364,080.12	\$417,441.64
1990	14,386,300	14,386,300	1,969,474	13.69%	\$281,763.85	\$374,779.57
1991	16,386,000	16,386,000	2,715,856	16.57%	\$496,233.73	\$605,417.38
1992	13,812,900	13,812,900	2,070,882	14.99%	\$350,230.74	\$410,068.04
1993	15,276,000	15,276,000	1,993,623	13.05%	\$355,155.41	\$386,581.59
1994	14,534,700	14,534,700	2,897,519	19.94%	\$392,998.46	\$439,422.77
1995	19,521,700	19,521,700	4,221,183	21.62%	\$516,845.00	\$599,158.00
1996	13,085,500	13,085,500	2,652,351	20.27%	\$255,108.00	\$308,215.00
1997	12,216,700	12,216,700	3,364,873	27.54%	\$436,863.00	\$519,423.00
1998	30,253,700	30,253,700	6,220,741	20.56%	\$1,026,035.00	\$1,195,863.00
1999	22,360,600	22,360,600	5,001,342	22.37%	\$1,238,038.00	\$1,367,494.00
2000	22,938,100	22,938,100	5,295,188	23.08%	\$968,154.00	\$984,542.00
2001	23,445,200	23,445,200	5,857,646	24.98%	\$1,390,787.00	\$1,373,053.00
2002	17,130,800	17,130,800	5,134,940	29.97%	\$1,254,322.00	\$1,030,092.00
2003	20,547,300	20,547,300	5,314,296	25.86%	\$1,022,164.00	\$789,017.00
2004	21,834,200	21,834,200	5,901,327	27.03%	\$1,192,969.00	\$1,212,072.00
2005	25,866,400	25,866,400	8,196,390	31.69%	\$1,387,567.13	\$1,438,363.13

\* FCGA's fiscal year ends March 31 so the crop production year is the year prior. Crop production year 2004 is matched to fiscal year 2005.

**Exhibit 4. Farmers Cooperative Grain Association Grain Volume,  
Local Earnings and Trade Area Crop Production**



**Exhibit 5. Patronage Refunds and Equity Redemptions, 1995-2005**  
**Farmers Cooperative Grain Association**  
**Conway Springs, Kansas**

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Avg. 2001-2005
<b>Patronage Refunds (\$)</b>												
<b>Cash Rate (%)</b>	50%	50%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
<b>Cash Refunds</b>	\$271,701	\$141,768	\$358,463	\$831,032	\$962,322	\$680,546	\$952,547	\$922,655	\$750,950	\$868,244	\$1,029,158	\$904,711
<b>Retained Refunds</b>	\$271,701	\$141,768	\$119,488	\$277,011	\$320,774	\$226,849	\$317,516	\$307,552	\$250,317	\$289,415	\$343,053	\$301,570
<b>Total</b>	\$543,402	\$283,536	\$477,950	\$1,108,042	\$1,283,096	\$907,394	\$1,270,063	\$1,230,206	\$1,001,267	\$1,157,658	\$1,372,211	\$1,206,281
<b>Earnings Before Taxes</b>	\$599,158	\$315,185	\$530,938	\$1,222,162	\$1,395,453	\$1,013,793	\$1,422,491	\$1,056,152	\$796,481	\$1,224,163	\$1,459,434	\$1,191,744
<b>Patronage Percent</b>	90.7%	90.0%	90.0%	90.7%	91.9%	89.5%	89.3%	116.5%	125.7%	94.6%	94.0%	101.2%
<b>Equity Redemptions</b>												
<b>Specials (Est. &amp; Ret.)</b>	\$14,292	\$18,018	\$25,317	\$17,470	\$46,300	\$19,576	\$47,550	\$48,120	\$22,955	\$28,752	\$8,620	\$31,199
<b>Revolving Fund</b>	\$132,051	\$131,256	\$95,138	\$287,046	\$222,000	\$161,576	\$270,036	\$292,081	\$152,755	\$392,932	\$124,574	\$246,476
<b>Total</b>	\$146,343	\$149,274	\$120,455	\$304,516	\$268,300	\$181,152	\$317,586	\$340,201	\$175,710	\$421,684	\$133,194	\$277,675
<b>Total Cash Payment</b>	\$418,044	\$291,042	\$478,918	\$1,135,548	\$1,230,622	\$861,698	\$1,270,133	\$1,262,856	\$926,660	\$1,289,928	\$1,162,352	\$1,182,386
<b>Cash Payout % of Patronage Refunds</b>	76.9%	102.6%	100.2%	102.5%	95.9%	95.0%	100.0%	102.7%	92.5%	111.4%	84.7%	98.0%
<b>Retained Patronage Refunds</b>												
<b>1986</b>		\$192,470	\$190,278									
<b>1987</b>		\$196,387	\$194,603									
<b>1988</b>		\$234,146	\$232,267	\$224,994								
<b>1989</b>		\$172,345	\$170,555	\$168,960	\$163,063							
<b>1990</b>		\$161,162	\$159,779	\$158,896	\$153,329	\$151,392						
<b>1991</b>		\$264,954	\$262,302	\$260,897	\$255,769	\$253,280	\$123,142					
<b>1992</b>		\$186,509	\$184,868	\$183,891	\$180,624	\$179,142	\$176,304					
<b>1993</b>		\$171,198	\$170,134	\$169,192	\$164,799	\$163,637	\$159,959	\$155,909				
<b>1994</b>		\$178,130	\$177,149	\$176,136	\$173,553	\$172,390	\$169,136	\$165,625	\$162,679			
<b>1995</b>		\$260,603	\$255,939	\$254,822	\$252,179	\$250,467	\$245,038	\$240,137	\$235,038			
<b>1996</b>		\$141,789	\$136,086	\$135,523	\$134,230	\$133,477	\$131,338	\$128,640	\$126,670	\$124,944		
<b>1997</b>			\$119,488	\$119,487	\$113,329	\$112,696	\$109,930	\$107,621	\$106,340	\$104,846	\$104,644	
<b>1998</b>				\$276,665	\$265,097	\$263,632	\$257,578	\$251,567	\$249,518	\$245,709	\$245,174	
<b>1999</b>					\$320,700	\$310,981	\$306,394	\$299,933	\$298,154	\$293,602	\$292,731	
<b>2000</b>						\$226,716	\$219,143	\$216,513	\$215,361	\$213,016	\$212,235	
<b>2001</b>							\$318,509	\$307,392	\$305,978	\$302,602	\$301,892	
<b>2002</b>								\$313,076	\$301,268	\$299,050	\$298,285	
<b>2003</b>									\$250,317	\$243,756	\$243,127	
<b>2004</b>										\$289,415	\$282,443	
<b>2005</b>											\$350,582	
<b>Total</b>		\$2,159,693	\$2,253,448	\$2,129,463	\$2,176,672	\$2,217,810	\$2,216,471	\$2,186,413	\$2,251,323	\$2,116,940	\$2,331,113	

Exhibit 6. Patronage Rates, 1995-2005												
Farmers Cooperative Grain Association												
Conway Springs, Kansas												
	1995				1996				1997			
Pool	Volume		Rate	Total	Volume		Rate	Total	Volume		Rate	Total
Wheat	3,117,417	bu	\$0.05	\$155,870.85	1,842,115	bu	\$0.03	\$55,263.45	1,026,742	bu	\$0.07	\$71,871.94
Other Grain	221,203	cwt	\$0.10	\$22,120.30	266,511	cwt	\$0.18	\$47,971.98	869,703	cwt	\$0.12	\$104,364.36
Storage	\$293,339		35%	\$102,668.65	\$167,105		24%	\$40,105.20	\$202,789		35.5%	\$71,990.10
Fertilizer	\$1,465,869		7.5%	\$109,940.18	\$1,237,649		5%	\$61,882.45	\$1,414,021		8%	\$113,121.68
Feed & Chemicals	\$1,402,345		6.0%	\$84,140.70	\$1,200,635		4%	\$48,025.40	\$1,434,748		4%	\$57,389.92
Petroleum	\$851,475		8.0%	\$68,118.00	\$757,197		4%	\$30,287.88	\$897,299		4%	\$35,891.96
Total	-	-	-	\$542,858.68	-	-	-	\$283,536.36	-	-	-	\$454,629.96
	1998				1999				2000			
Pool	Volume		Rate	Total	Volume		Rate	Total	Volume		Rate	Total
Wheat	3,142,319	bu	\$0.08	\$251,385.52	3,151,425	bu	\$0.09	\$283,628.25	3,225,702	bu	\$0.06	\$193,542.12
Other Grain	883,995	cwt	\$0.20	\$176,799.00	652,841	cwt	\$0.22	\$143,625.02	787,126	cwt	\$0.17	\$133,811.42
Storage	\$572,741		39%	\$223,368.99	\$744,575		44.0%	\$327,613.00	\$731,952		29.5%	\$215,925.84
Fertilizer	\$1,849,291		13%	\$240,407.83	\$1,854,570		15%	\$278,185.50	\$1,864,825		10%	\$186,482.50
Feed & Chemicals	\$1,527,418		8%	\$122,193.44	\$1,452,565		10%	\$145,256.50	\$1,380,397		8%	\$110,431.76
Petroleum	\$938,878		10%	\$93,887.80	\$806,062		13%	\$104,788.06	\$958,109		7%	\$67,067.63
Total	-	-	-	\$1,108,042.58	-	-	-	\$1,283,096.33	-	-	-	\$907,261.27
	2001				2002				2003			
Pool	Volume		Rate	Total	Volume		Rate	Total	Volume		Rate	Total
Wheat	3,239,200	bu	\$0.09	\$291,528.00	2,802,141	bu	\$0.08	\$224,171.28	3,589,930	bu	\$0.07	\$251,295.10
Other Grain	1,147,579	cwt	\$0.20	\$229,515.80	749,592	cwt	\$0.20	\$149,918.40	1,122,328	cwt	\$0.12	\$134,679.36
Storage	\$795,979		33%	\$262,673.07	\$866,479		38%	\$329,262.02	\$622,535		34%	\$211,661.90
Fertilizer	\$2,317,578		12%	\$278,109.36	\$2,787,283		11%	\$306,601.13	\$2,313,005		9%	\$208,170.45
Feed & Chemicals	\$1,517,707		8%	\$121,416.56	\$1,724,612		8%	\$137,968.96	\$1,565,501		8%	\$125,240.08
Petroleum	\$1,240,284		7%	\$86,819.88	\$1,179,734		7%	\$82,581.38	\$1,158,971		6%	\$69,538.26
Total	-	-	-	\$1,270,062.67	-	-	-	\$1,230,503.17	-	-	-	\$1,000,585.15
	2004				2005				2001-2005 Average			
Pool	Volume		Rate	Total	Volume		Rate	Total	Volume		Rate	Total
Wheat	3,820,155	bu	\$0.08	\$305,612.40	4,339,951	bu	\$0.08	\$347,196.08	3,558,275	bu	\$0.08	\$283,960.57
Other Grain	1,045,343	cwt	\$0.14	\$146,348.02	1,801,454	cwt	\$0.12	\$216,174.48	1,173,259	cwt	\$0.15	\$175,327.21
Storage	\$707,515		35%	\$247,630.25	\$1,059,057		28%	\$296,535.96	810,313		33%	\$269,552.64
Fertilizer	\$3,309,170		8%	\$264,733.60	\$3,704,803		7%	\$259,336.21	2,886,368		9%	\$263,390.15
Feed & Chemicals	\$1,871,805		8%	\$140,385.38	\$2,018,370		7.5%	\$151,377.75	1,739,599		8%	\$135,277.75
Petroleum			5%	\$0.00	\$1,697,127		6%	\$101,827.62	1,055,223		6%	\$68,153.43
Total	-	-	-	\$1,104,709.65	-	-	-	\$1,372,448.10	-	-	-	\$1,195,661.75

<b>Exhibit 7. Director and Manager History</b>					
<b>Farmers Cooperative Grain Association</b>					
<b>Conway Springs, Kansas</b>					
First Name	Last Name	Title	Beginning Date	Ending Date	Years Served
<b>Former Directors</b>					
Gene	Porter	Director	1955	1962	7
Warner	Pfaff	Director	1955	1957	2
Homer	Hunt	Director	1955	1965	10
H.C.	Altman	Director	1955	1963	8
John	Baum	Director	1955	1961	6
Ed	Meyer	Director	1955	1976	21
Charles	Rerick	Director	1955	1957	2
Elmer	Andra	Director	1957	1960	3
Harold	Lange	Director	1957	1960	3
Charlie	Hartman	Director	1960	1963	3
Joseph	Becker	Director	1960	1975	15
Cecil	Good	Director	1961	1968	7
Harold	Lange	Director	1962	1974	12
Robert	Ohl	Director	1963	1978	15
Lloyd	Harrington	Director	1963	1975	12
S.J.	Andra	Director	1965	1980	15
Harold	Burford	Director	1968	1979	11
Clyde	Clark	Director	1973	1977	4
Bob	Pauly	Director	1974	1996	22
Charles	Kraus	Director	1974	2001	27
John	Becker	Director	1975	2005	30
Thomas	Curry	Director	1977	1985	8
Charles R.	Riggs	Director	1978	1995	17
Roger W.	Lemon, Jr.	Director	1979	1985	6
Norbert	Meyer	Director	1980	1995	15
Bill	Dalbom	Director	1988	1993	5
Steve	VanAllen	Director	1995	1997	2
Jim	Busch	Director	1996	1998	2
				Total Years	290
				# of Directors	28
				Mean Years	10.4
<b>Current Directors</b>					
Howard	Ohl	Vice President	1985	2006	21
Alan	Pauly	Director	1993	2006	13
James	Seiwert	President	1995	2006	11
Dick	Mercer	Sec./Treas.	1997	2006	9
Michael	Neises	Director	1998	2006	8
Robert	Headley	Director	2001	2006	5
Gary	Wolke	Director	2005	2006	1
				Total Years	68
				# of Directors	7
				Mean Years	9.7

<b>Exhibit 7. Director and Manager History</b>					
<b>Farmers Cooperative Grain Association</b>					
<b>Conway Springs, Kansas</b>					
First Name	Last Name	Title	Beginning Date	Ending Date	Years Served
<b>Managers</b>					
Wayne	Lawrence	Manager	1955	1959	4
Loren	Newell	Manager	1959	1962	3
Donald	Ross	Manager	1962	1968	6
David	Andra	Manager	1968	1969	1
Norbert	Gerstenkorn	Manager	1969	2006	37
				Total Years	51
				# of Managers	5
				Mean Years	10.2

The Farmers Cooperative Grain Association				
Conway Springs, Kansas				
<b>Exhibit 8. STATEMENTS OF OPERATIONS</b>				
For Years Ended March 31, 2005 and 2004				
		2005	2004	
<b>Sales</b>				
Grain		25,364,171.16	19,873,735.27	
Supply		7,552,198.09	6,572,525.06	
Total sales		32,916,369.25	26,446,260.33	
<b>Cost of sales</b>				
Grain		23,784,879.47	18,663,310.25	
Supply		6,503,957.41	5,634,493.63	
Total cost of sales		30,288,836.88	24,297,803.88	
<b>Gross margins on sales</b>		2,627,532.37	2,148,456.45	
<b>Other operating income</b>				
Grain storage and handling services		843,823.66	657,430.55	
Feed mill services		115,030.97	113,169.34	
Seed cleaning income		14,546.30	0.00	
Interest income		41,884.30	40,998.30	
Agronomy services		198,584.56	234,349.90	
Sundry		325.38	8,091.00	
Total other operating income		1,214,195.17	1,054,039.09	
<b>Gross income from local operations</b>		3,841,727.54	3,202,495.54	
<b>Operating expenses</b>				
Personnel costs		1,079,476.02	884,670.05	
Fixed expenses		703,592.60	586,915.87	
Other operating expenses		671,091.79	537,940.17	
Total operating expenses		2,454,160.41	2,009,526.09	
<b>Earnings from local operations</b>		1,387,567.13	1,192,969.45	
<b>Other earnings</b>				
Patronage dividends and investment income		70,278.39	29,693.98	
Dividends on stock		1,588.00	1,500.00	
Total other earnings		71,866.39	31,193.98	
<b>Earnings before income taxes</b>		1,459,433.52	1,224,163.43	
<b>Income taxes</b>		(21,070.39)	(12,090.94)	
<b>Net earnings</b>		1,438,363.13	1,212,072.49	
<b>Distribution of net earnings</b>				
Patronage dividends		1,372,211.20	1,157,958.80	
Retained earnings		66,151.93	54,113.69	
<b>Total</b>		1,438,363.13	1,212,072.49	



The Farmers Cooperative Grain Association							
Conway Springs, Kansas							
Exhibit 9. BALANCE SHEET							
March 31, 2005 and 2004							
ASSETS				LIABILITIES AND MEMBERS' EQUITY			
Current Assets		2005	2004	Current Liabilities		2005	2004
Cash	\$	16,464.79	\$ 75,200.91	Accounts payable and accrued expenses	\$	586,990.06	\$ 413,536.94
Accounts receivable - trade		1,186,643.58	1,054,825.44	Grains payable		318,341.88	360,655.81
Grains receivable - trade		1,171,611.92	763,232.65	Collections received in advance		68,659.09	66,512.11
Grain storage receivable		458,646.23	347,884.61	Grain storage collected in advance		15,576.97	2,890.23
Other receivables and prepaid expenses		43,243.63	104,345.55	Notes payable		900,000.00	325,000.00
Inventories		964,418.98	1,128,560.80	Patronage dividends payable		1,029,158.40	868,469.10
Total current assets		3,841,029.13	3,474,049.96	Equity retirements payable		124,573.94	392,931.69
				Income taxes payable		21,830.33	12,090.94
Investments				Total Current Liabilities		3,065,130.67	2,442,086.82
Equity in other cooperatives		555,520.47	511,171.37				
Other		144,177.53	136,608.85	Long-term Liabilities, excluding current maturities			
Total investments		699,698.00	647,780.22	Other		144,177.53	136,608.85
Property, Plant, and Equipment							
Cost		7,293,737.95	6,433,789.31	Members' Equity			
Accumulated depreciation		(4,910,249.30)	(4,538,293.07)	Common stock		151,000.00	148,300.00
Net property, plant and equipment		2,383,488.65	1,895,496.24	Allocated equities		2,331,113.41	2,123,818.00
				Retained earnings		1,232,794.17	1,166,512.75
				Total Members' Equity		3,714,907.58	3,438,630.75
Total Assets		6,924,215.78	6,017,326.42	Total Liabilities and Members' Equity		6,924,215.78	6,017,326.42

Exhibit 10. Return on Local Assets: Profit Group Mean and Percentile Values of Farmers Coop. Grain Association (Conway Springs)  
and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles and Values, 1980-2005.

Year	N	Profit Group Mean Value (%)					Percentile Values (%)					Farmers Coop. Grain	
		All	Coeff Var	Low	Medium	High	P95	P75	P50	P25	P5	Percentile	Value
1980	497	10.76	63.04	4.71	10.75	18.76	22.7	14.56	11.04	7.29	1.07	77	15.04
1981	502	8.91	99.11	-0.22	8.56	16.62	20.47	12.66	8.53	4.52	-7.53	99	27.12
1982	500	8.64	83.78	0.84	8.69	16.32	20.41	12.27	8.57	4.61	-2.69	99	28.86
1983	507	8.07	105.38	-0.6	7.75	15.2	17.65	11.79	7.71	3.44	-5.96	100	32.43
1984	505	7.77	106.02	-1.01	7.48	14.19	17.05	11.13	7.58	3.44	-9.3	95	17.23
1985	499	6.41	137.24	-1.95	6.28	13.06	15.25	9.82	6.24	2.3	-8.5	99	22.11
1986	488	9.22	86.21	-0.44	8.44	15.99	18.62	12.17	8.77	4.44	-5.87	93	17.97
1987	486	9.83	97.34	-1.06	9.24	17.58	20.19	13.2	9.01	4.35	-8.19	98	25.34
1988	484	8.97	100.56	0.48	9.17	16.34	19.66	12.7	8.86	5.09	-3.6	97	22.89
1989	477	6.54	183.94	-4.41	6.08	14.74	19.74	10.32	5.9	0.81	-7.65	94	17.79
1990	472	5.38	164.98	-3.81	4.77	11.94	15.44	8.2	4.8	-0.18	-9.92	85	10.84
1991	457	5.56	134.84	-1.42	4.67	12.18	17.44	8.24	4.47	1.54	-5.05	96	18.8
1992	443	4.25	170.26	-3.72	3.87	9.72	11.89	6.76	3.47	-0.11	-9.2	96	13.4
1993	393	5.29	201.06	-1.61	4.87	10.86	14.37	8.18	4.83	1.77	-7.37	94	13.59
1994	375	5.94	123.43	-0.74	5.75	13	16.2	9.3	5.9	2.39	-4.85	91	14.04
1995	314	5.92	110.35	-0.92	5.46	12.63	15.21	8.42	5.58	2.53	-5.54	97	17.47
1996	159	5.26	130.67	-0.41	5.01	9.57	14.08	7.42	5.04	2.73	-4.7	87	9.18
1997	158	6.76	68.08	2.11	6.92	11.92	13.78	9.37	6.72	4.21	0.34	96	13.98
1998	159	8.27	58.09	3.95	8.16	14.56	17.13	11.26	8.01	5.92	1.82	99	26.58
1999	167	7.07	75.68	2.48	6.96	13.88	16.4	10.56	7.26	4.37	-0.09	99	29.96
2000	167	6.61	79.47	2.64	6.91	12.93	15.44	10.11	6.8	4.37	-0.03	99	21.97
2001	173	6.19	86.88	0.82	6.39	12.09	14.24	8.67	6.02	3.37	-1.63	99	31.97
2002	173	4.78	104.16	0.14	4.33	9.85	12.37	6.57	4.19	1.95	-3.35	99	28.08
2003	178	3.04	218.1	-4.64	2.61	9.04	9.54	4.92	2.47	-0.63	-6.97	99	19.62
2004	179	3.95	190.95	-2.4	3.52	10.6	12.82	6.37	3.41	0.25	-6.07	99	23.25
2005	110	4.63	128.78	-1.92	4.39	10.37	14.93	7.51	4.27	1.95	-6.4	99	23.34
1980-1985	452	8.56		3.22	7.92	13.84	15.48	10.91	7.76	5.34	0.2	100	23.25
1986-1988	452	9.45		2.3	8.84	14.83	17.22	11.8	8.68	5.3	-2.28	100	22.14
1989-1992	381	5.7		-0.82	4.92	10.88	14.05	7.76	4.8	1.17	-3.56	96	15.24
1993-1995	296	5.88		0.45	5.31	11	14.3	8.36	5.55	2.59	-2.47	97	15.15
1996-1998	153	6.74		3.14	6.83	11.32	13.62	8.85	6.88	4.94	1.85	98	16.86
1999-2004	158	4.98		1.43	4.66	9.22	11.27	6.29	4.68	2.96	-0.56	99	25.48

# **Exhibit 11. Return on Local Assets** **Farmers Coop. Grain Association (Conway Springs) and Colorado,** **Kansas, Nebraska, and Oklahoma Cooperatives Percentiles,** **1980-2005**

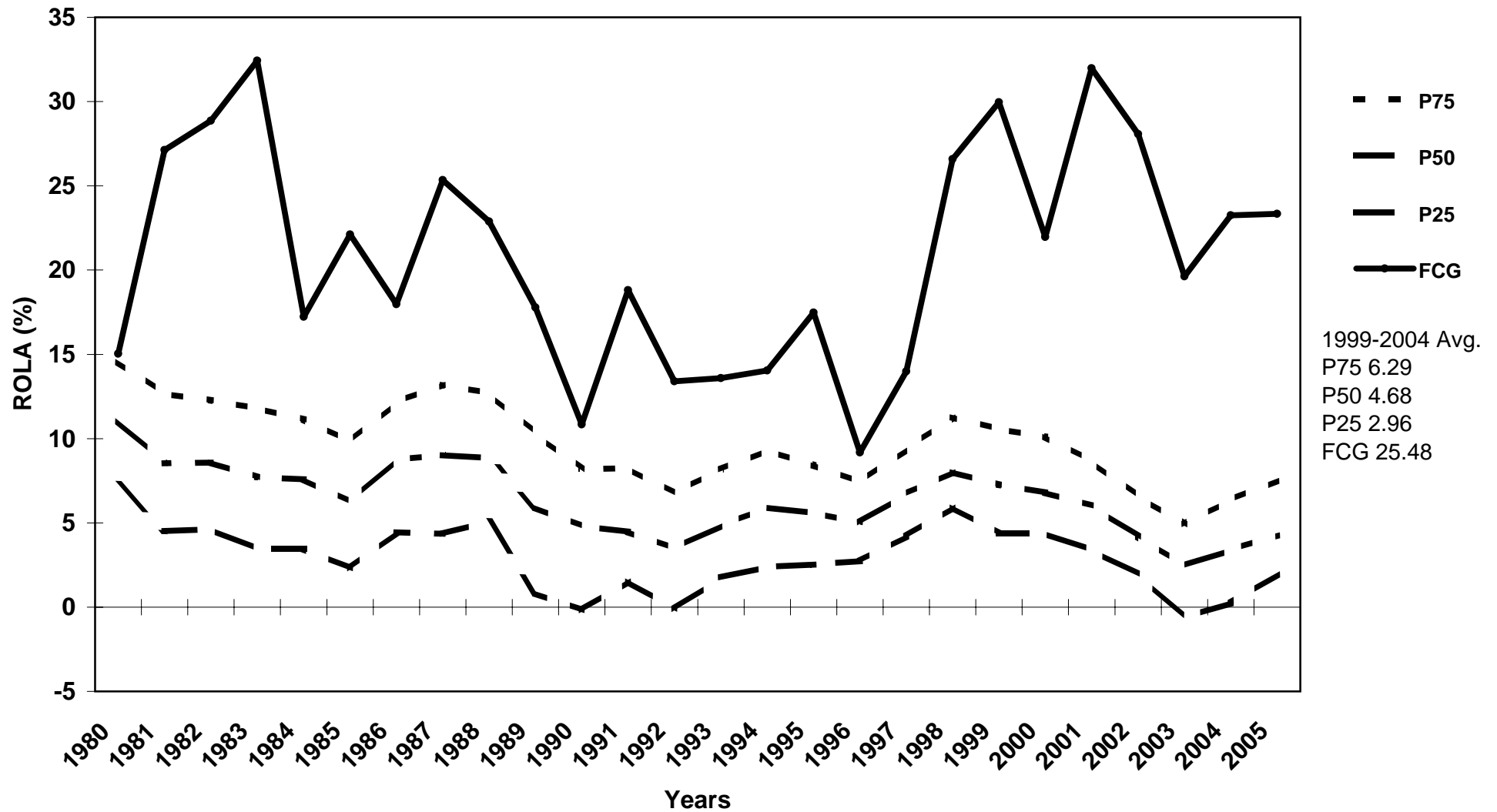


Exhibit 12. Return on Equity: Profit Group Mean and Percentile Values of Farmers Coop. Grain Association (Conway Springs)  
and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles and Values, 1980-2005.

Year	N	Profit Group Mean Value (%)					Percentile Values (%)					Farmers Coop. Grain	
		All	Coeff Var	Low	Medium	High	P95	P75	P50	P25	P5	Percentile	Value
1980	497	17.97	59.77	10.3	17.58	25.6	37.13	22.28	17.38	12.41	3.06	50	17.43
1981	501	14.88	112.44	3.49	14.14	23.05	31.92	19.97	14.19	7.21	-3.44	95	31.98
1982	500	9.97	98.72	1.24	9.39	17.94	24.81	14.21	9.12	3.55	-8.04	97	28.12
1983	507	7.98	158.27	-2.3	7.1	15.58	20.48	12.14	6.92	1.57	-10.11	99	29.42
1984	505	6.5	350.6	-5.8	6.04	13.99	19.46	10.99	6.05	0.16	-15.07	96	20.37
1985	499	4.1	312.01	-7.12	4.27	10.84	16.93	8.53	3.86	-0.8	-14.24	98	22.97
1986	488	3.85	397.57	-8.03	3.4	11.13	17.51	9.21	3.41	-4.83	-23.1	94	16.51
1987	486	7.5	199.85	-6.11	7.63	15.11	20.74	11.94	6.37	0.3	-14.98	95	20.74
1988	483	10.56	99.62	-0.72	11.12	17.87	22.4	13.96	9.31	4.87	-5.11	96	23.33
1989	477	8.07	142.44	-5.72	7.42	17.68	23.2	11.87	6.6	0.74	-11.53	85	15.19
1990	471	7.54	146.16	-4.97	6.91	15.5	21.1	11.15	5.94	0.2	-11.6	81	13.36
1991	457	7.47	162.25	-2.17	6.26	15.46	22.52	10.66	5.86	1.15	-8.16	94	20.35
1992	442	5.85	176.75	-3.95	5.33	12.35	16.09	8.76	4.68	0.27	-9.63	91	13.47
1993	418	7.35	165.5	-1.17	6.75	13.29	16.77	10.49	6.04	2.48	-7.17	85	12.39
1994	402	8.75	155.85	1.91	8.13	14.91	19.1	11.96	7.79	3.56	-5.79	84	13.6
1995	338	10.15	120.47	2.48	8.96	18.12	21.69	13.35	8.85	5.08	-5.06	90	17.62
1996	159	8.11	133.17	0.37	8.1	13.37	19.95	10.93	7.64	4.02	-3.76	60	9.02
1997	158	10.54	285.98	3.98	10.91	16.49	20.55	13.56	9.58	6.09	1.23	84	15.02
1998	159	12.66	110.15	7.17	12.77	17.88	21.48	15.7	12.13	8.56	3.93	99	33.99
1999	167	10.6	85.95	2.56	11.48	17.11	20.4	14.73	9.5	5.78	-1.28	99	37.39
2000	167	8.72	111.45	3.79	8.1	15.25	20.32	12.52	7.86	3.77	-0.72	98	26.04
2001	173	6.76	220.05	0.04	7.02	13.81	16.81	9.63	6.29	2.89	-5.12	98	35.37
2002	173	0.72	5404.78	-14.74	1.96	10.66	16.24	7.71	2.47	-13.12	-45.78	98	28.18
2003	178	-5.27	-847.46	-27.24	-4.36	6.72	15.02	5.51	-3.75	-19.41	-48.36	97	22.43
2004	179	5.75	667.17	-4.54	5.48	14.93	19.63	11.4	5.47	0.32	-11.61	97	35.25
2005	110	9.67	470.95	-3.21	9	19.82	24.93	13.9	8.14	3.35	-11.17	97	38.72
1980-1985	453	10.04		3.74	8.91	15.67	0.18	14.54	5.63	9.1	0.93	99	25.05
1986-1988	451	7.43		-1.43	6.79	13.79	5.23	11.32	8.52	2.12	-8.05	98	20.26
1989-1992	381	7.59		-0.87	6.55	13.94	13.56	4.52	8.16	3.32	-6.28	92	15.62
1993-1995	325	8.94		1.27	8.24	14.48	13.76	12.29	5.82	5.36	-5.03	88	14.62
1996-1998	153	10.53		5.46	10.64	15.41	14.35	3.03	10.55	9.31	0.58	97	19.47
1999-2004	158	3.9		-2.11	3.99	8.81	12.8	6.71	4.76	3.17	-7.44	99	30.81

# Exhibit 13. Return on Equity Farmers Coop. Grain Association (Conway Springs) and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles, 1980-2005

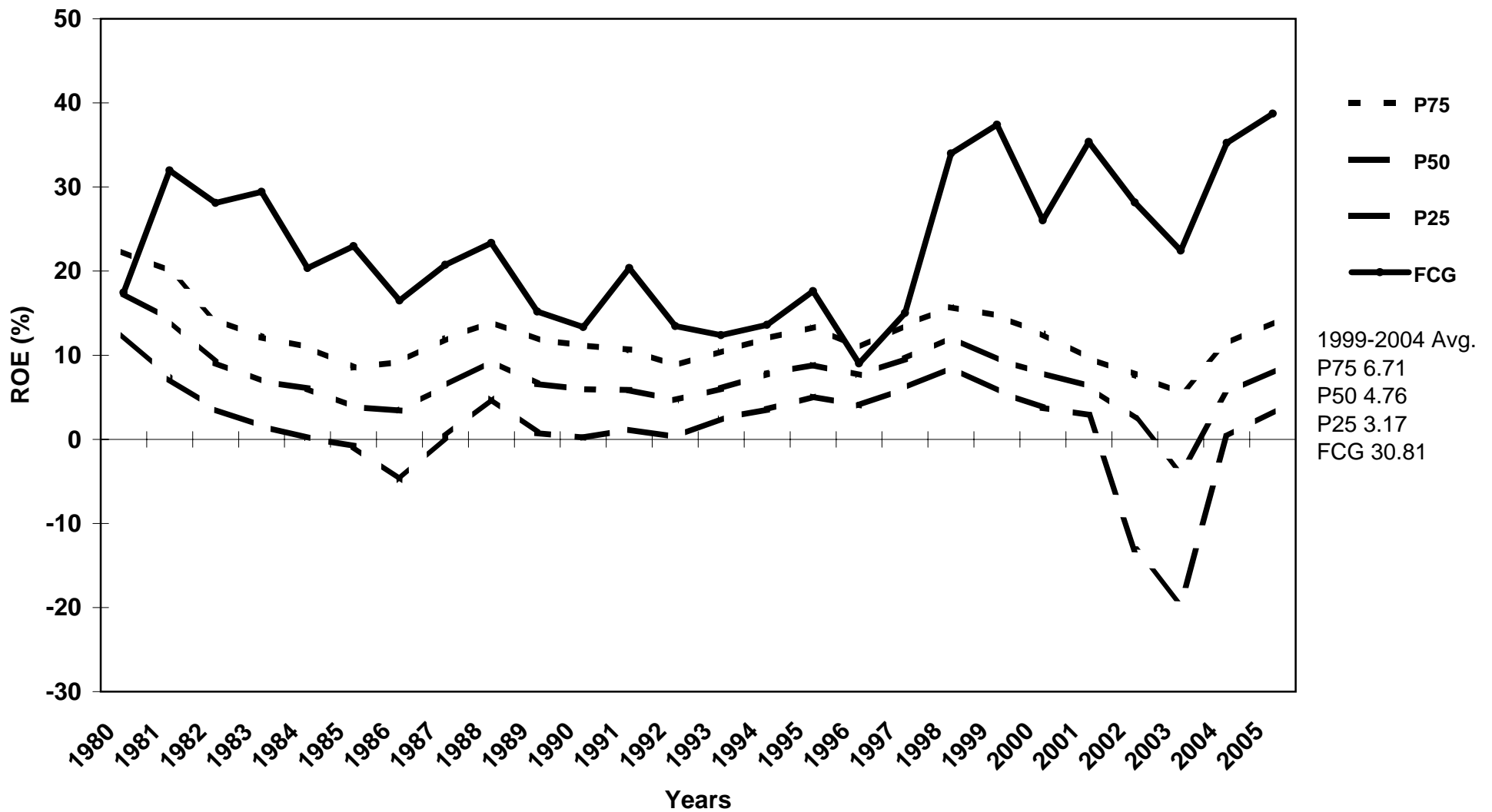


Exhibit 14. Return on Sales Percent: Profit Group Mean and Percentile Values of Farmers Coop. Grain Association (Conway Springs)  
and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles and Values, 1980-2005.

Year	N	Profit Group Mean Value (%)					Percentile Values (%)					Farmers Coop. Grain	
		All	Coeff Var	Low	Medium	High	P95	P75	P50	P25	P5	Percentile	Value
1980	491	3.58	105.37	1.82	3.5	5.61	9.94	4.98	3.54	2.3	0.48	31	2.6
1981	497	3.13	218.24	0.63	2.96	4.99	8.14	4.83	3.22	1.44	-1.02	86	5.88
1982	493	2.4	208.5	0.3	2.25	4.68	7.09	3.79	2.4	0.83	-1.54	91	6.2
1983	502	2.09	209.47	-0.56	1.87	4.21	6.32	3.47	1.74	0.35	-2.85	93	5.87
1984	501	1.59	319.54	-1.42	1.44	3.54	5.61	3.06	1.48	0.03	-3.47	95	5.71
1985	495	1.09	424.75	-1.83	1.11	3.03	5.68	2.52	1.16	-0.26	-3.47	94	5.35
1986	487	1.23	984.7	-2.67	1.08	3.44	7.66	3.32	1.13	-1.69	-6.96	95	7.37
1987	486	2.22	253.71	-1.73	2.38	4.19	7.37	3.69	2.07	0.11	-5.85	90	5.69
1988	482	2.61	170.06	-0.25	2.74	4.76	7.23	4.11	2.55	1.2	-1.34	93	6.58
1989	474	1.86	203.17	-1.43	1.71	3.89	6.67	3.14	1.72	0.18	-2.63	81	3.77
1990	470	1.8	263.81	-1.39	1.67	3.51	5.83	2.99	1.62	0.06	-2.91	83	3.65
1991	454	1.84	195.19	-0.56	1.52	3.88	6.31	3.05	1.55	0.35	-1.9	93	5.82
1992	439	1.46	238.16	-1.03	1.29	3	5.57	2.44	1.27	0.07	-2.57	89	4.32
1993	415	1.77	201.96	-0.28	1.58	3.38	5.24	2.7	1.54	0.59	-2.14	88	3.71
1994	399	2.03	218.6	0.41	1.92	3.41	6.3	3.04	1.94	0.95	-1.39	81	3.4
1995	334	2.38	146.62	0.66	2.01	4.12	6.06	3.33	2.14	1.25	-1.65	75	3.33
1996	158	1.48	106.94	0.08	1.44	2.2	4.07	2.61	1.6	0.74	-0.88	64	2.05
1997	156	1.96	75.16	0.77	1.91	3.3	4.79	2.71	1.99	1.3	0.35	85	3.28
1998	157	2.58	58.89	1.55	2.58	3.55	5.39	3.59	2.77	1.86	0.8	96	5.43
1999	163	2.53	72.9	0.79	2.72	3.8	5.55	3.52	2.58	1.57	0.06	99	8.21
2000	165	2.02	121.85	0.85	1.95	3.31	5.54	3.34	1.95	1.03	-0.23	96	5.94
2001	170	1.5	123.84	0.02	1.51	3.06	4.49	2.66	1.55	0.84	-1.14	98	6.94
2002	170	0.15	2871.47	-3.28	0.39	1.83	3.85	1.82	0.65	-2.65	-10.29	99	5.59
2003	176	-0.87	-586.42	-4.96	-0.87	0.86	3.24	1.23	-0.72	-4.05	-9.25	94	3.22
2004	177	0.89	241.34	-0.9	0.81	2.11	4.13	1.93	0.86	0.05	-2.5	96	4.58
2005	108	1.47	141.58	-0.64	1.33	2.53	4.51	2.31	1.45	0.54	-2.11	94	4.37
1980-1985	449	2.4		0.83	2.05	4.05	5.78	3.48	2.22	1.19	0	92	5.21
1986-1988	452	2.15		-0.43	2.01	3.89	6.22	3.25	1.72	0.26	-2.71	96	6.43
1989-1992	381	1.87		-0.23	1.56	3.54	5.44	2.77	1.51	0.58	-1.14	90	4.39
1993-1995	321	2.06		0.35	1.76	3.49	4.96	2.92	1.84	1	-0.61	83	3.45
1996-1998	152	2.02		1.09	1.97	3.09	4.23	2.86	2.07	1.42	0.55	91	3.82
1999-2004	155	0.8		-0.48	0.8	1.77	3.16	1.57	0.75	-0.08	-1.61	99	5.52

# **Exhibit 15. Return on Sales Percent** **Farmers Coop. Grain Association (Conway Springs) and Colorado,** **Kansas, Nebraska, and Oklahoma Cooperatives Percentiles,** **1980-2005**

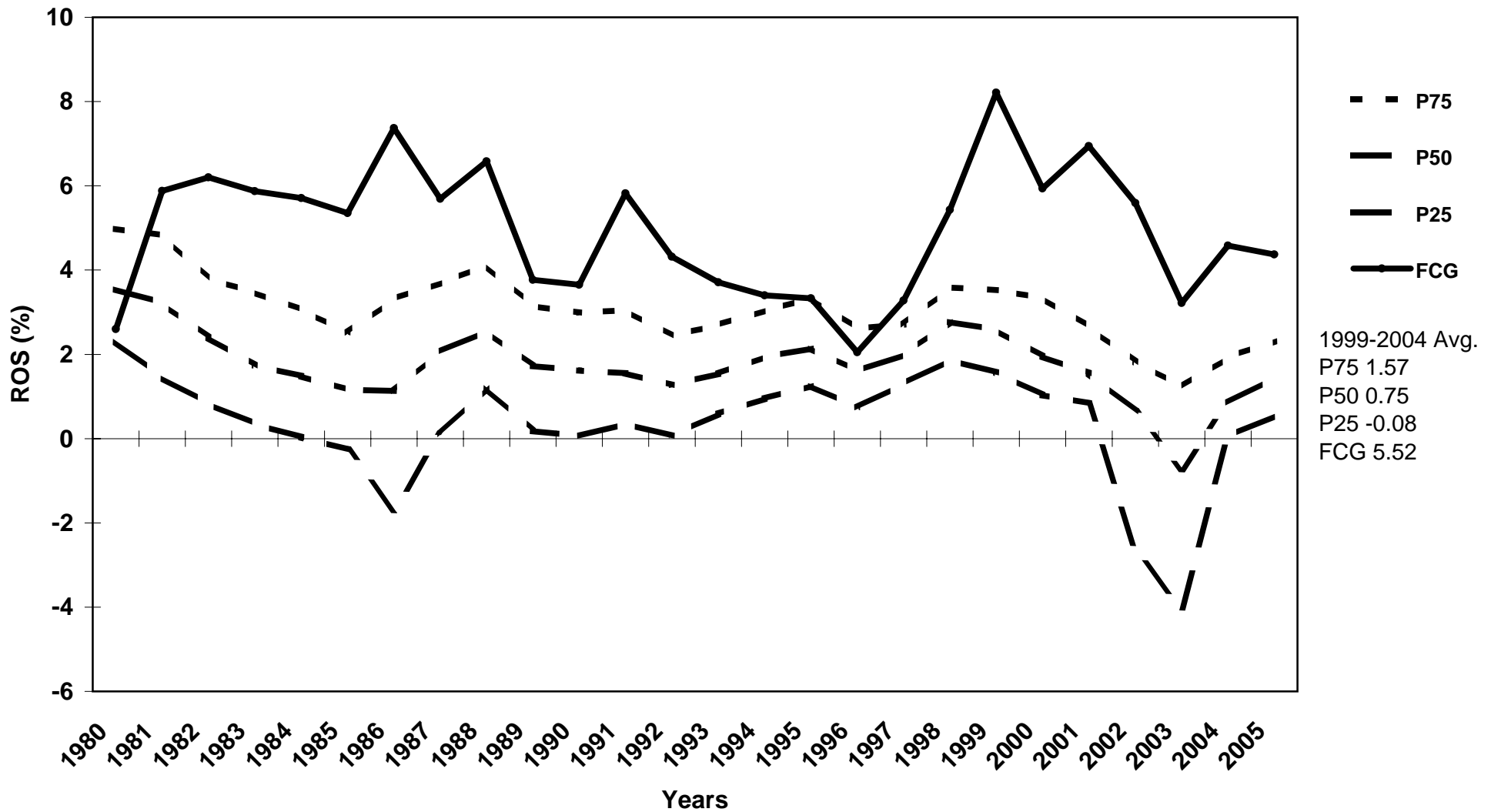


Exhibit 16. Grain Gross Margin: Profit Group Mean and Percentile Values of Farmers Coop. Grain Association (Conway Springs)  
and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles and Values, 1980-2005.

Year	N	Profit Group Mean Value (%)					Percentile Values (%)					Farmers Coop. Grain	
		All	Coeff Var	Low	Medium	High	P95	P75	P50	P25	P5	Percentile	Value
1980	332	4.06	79.08	3.14	4.3	4.38	6.43	4.81	3.98	3.18	1.9	6	2.07
1981	330	3.99	37.75	2.79	3.97	4.7	6.34	4.96	4.09	3.13	1.41	96	6.61
1982	305	4.38	35.06	3.89	4.28	4.94	6.8	5.35	4.39	3.52	2.28	95	6.8
1983	310	4.31	558.43	4.11	4.29	4.5	6.92	5.36	4.6	3.75	1.77	77	5.41
1984	322	3.65	456.91	3.44	3.59	3.9	6.98	4.94	3.96	3.02	1.62	97	7.49
1985	312	4.04	53.54	3.39	4.02	4.5	7.95	5.43	4.51	3.36	1.81	75	5.43
1986	307	4.82	123.22	4.39	4.76	5.22	8.8	6.27	4.91	3.78	1.93	80	6.62
1987	310	4.76	108.47	3.9	5.2	4.67	8.88	6.14	4.98	3.98	1.72	77	6.22
1988	293	4.19	87.15	3.58	4.24	4.62	7.62	5.53	4.51	3.43	1.79	88	6.98
1989	273	3.57	51.56	3.03	3.62	3.74	6.61	4.63	3.74	2.73	1.04	83	4.93
1990	297	3.68	54.71	3.17	3.87	3.64	6.32	4.73	3.84	2.94	1.33	28	2.98
1991	303	4.44	53	4.13	4.34	4.79	8.48	6.38	4.99	3.77	2.09	26	3.86
1992	284	4.61	53.83	4.32	4.56	4.85	8.54	6.22	5.14	3.92	2.35	48	5.08
1993	272	4.95	96.84	4.74	4.73	5.7	9.16	6.81	5.28	4.12	2.45	29	4.37
1994	259	4.66	107.59	4.55	4.43	5.32	9.64	6.62	5.02	3.98	2.52	36	4.55
1995	214	4.56	75.68	4.27	4.49	4.82	8.74	6.16	4.96	3.94	2.05	22	3.78
1996	149	4.19	268.78	4.81	3.99	4.3	7.97	5.66	4.5	3.36	1.8	40	4.03
1997	147	3.92	199.69	3.57	3.88	4.35	7.47	5.32	4.33	3.5	2.11	63	4.98
1998	147	5.05	218.21	4.65	5.05	5.43	8.91	6.67	5.43	4.29	2.51	34	4.67
1999	152	8.31	158.79	5.88	9.3	7.77	12.28	8.91	7.12	5.26	2.93	47	6.85
2000	152	9.56	137.73	13.76	8.08	8.23	14.72	10.33	8.31	6.25	3.8	40	7.53
2001	154	7.73	139.12	6.76	7.89	8	15.05	10.49	8.27	6.12	3.29	51	8.28
2002	154	7.13	152.64	7.2	6.19	9.4	13.12	8.52	6.81	5.63	3.93	56	7.26
2003	159	6.81	212.22	6.79	7.38	6.11	10.62	7.28	5.71	4.31	2.29	49	5.67
2004	160	5.68	225.38	5.01	6.01	5.26	10.71	7.49	6	4.38	1.83	51	6.09
2005	97	6.18	163.91	7.76	6.44	5.33	10.55	7.51	6.23	4.78	2.28	49	6.23
1980-1985	215	4		3.5	4.02	4.29	5.82	4.85	4.19	3.36	2.62	93	5.44
1986-1988	252	4.58		4.3	4.73	4.55	7.82	5.69	4.78	3.91	2.32	90	6.61
1989-1992	193	4.06		4	4.1	4.02	6.25	5.16	4.4	3.45	2.16	45	4.22
1993-1995	192	4.74		4.74	4.61	5.06	7.76	6.33	5.3	4.22	2.4	23	4.15
1996-1998	143	4.39		4.15	4.4	4.65	7.54	5.76	4.75	3.76	2.19	47	4.58
1999-2004	141	6.93		6.75	7.16	6.56	11.8	8.45	7.37	5.47	3.96	40	6.81



# Exhibit 17. Grain Gross Margin

## Farmers Coop. Grain Association (Conway Springs) and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles, 1980-2005

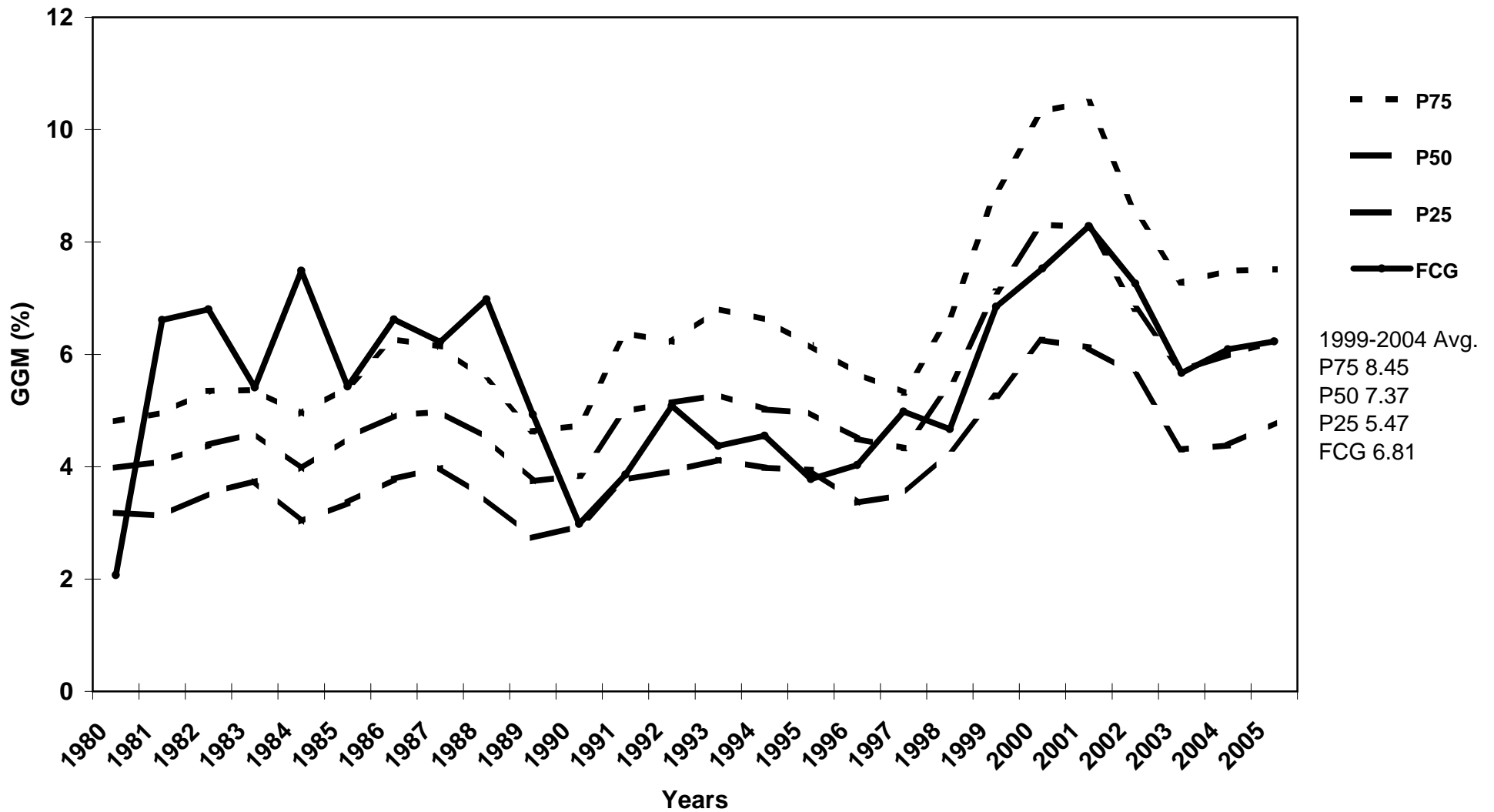


Exhibit 18. Farm Supply Gross Margin Percent: Profit Group Mean and Percentile Values of Farmers Coop. Grain Association (Conway Springs)  
and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles and Values, 1980-2005.

Year	N	Profit Group Mean Value (%)					Percentile Values (%)					Farmers Coop. Grain	
		All	Coeff Var	Low	Medium	High	P95	P75	P50	P25	P5	Percentile	Value
1980	404	14.04	32.66	13.23	14.14	14.55	19.54	15.48	13.64	11.65	6.96	28	11.96
1981	397	13.35	29.21	12.14	13.34	14.22	17.32	14.55	13.08	10.99	6.1	26	11.1
1982	369	13.42	38.09	12.31	13.65	13.81	17.92	14.67	12.91	11.32	6.99	22	11.09
1983	369	13.54	48.94	12.19	13.94	13.71	18.04	14.66	12.92	11.21	6.42	35	12.11
1984	373	14.43	37.66	14	14.57	14.51	18.41	15.32	13.72	11.96	8.83	26	12.12
1985	349	14.66	24.21	13.9	14.67	15.19	18.71	15.63	14.11	12.13	9.2	21	11.86
1986	322	15.33	28.82	15.31	15.14	15.69	20.07	16.97	14.73	12.57	7.6	25	12.59
1987	293	16.77	27.07	15.83	16.53	17.81	23.33	18.24	16.23	14.23	9.17	39	15.48
1988	207	16.42	24.99	15.15	16.18	17.96	20.79	17.96	15.86	13.54	8.25		
1989	193	16.46	32.04	15.83	15.94	17.36	21.94	17.76	15.82	13.55	7.58		
1990	191	16.38	25.26	15.25	15.85	17.51	20.06	17.56	15.3	13.14	7.08		
1991	173	15.71	30.9	14.62	15.91	15.93	19.62	16.74	14.83	12.82	0		
1992	179	16.07	68.14	15.34	15.6	16.92	20.4	17.12	15.2	13.22	3.53		
1993	172	16.17	33.71	15.98	15.93	16.67	20.66	17.52	15.46	13.45	0		
1994	170	16.28	27.64	15.17	16.14	17.17	20.65	17.5	15.42	13.49	7.67		
1995	148	15.64	27.84	14.7	16.08	15.34	20.49	17.17	15.49	13.66	4.99	34	14.3
1996	154	19.08	39.47	14.63	22.76	13.56	20.2	16.39	14.6	13.31	10.43	20	13.07
1997	152	17.15	32.51	14.77	18.21	15.69	20.16	16.12	14.23	13.14	9.61	16	12.59
1998	152	14.93	23.25	15.57	14.46	15.69	21.32	17.01	15.29	13.93	10.44	22	13.71
1999	155	15.97	21.04	16.93	15.42	16.4	21.26	18.12	16.31	14.8	12.19	66	17.16
2000	156	14.77	21.89	12.67	15.6	15.04	20.01	16.99	15.52	13.41	10.79	40	15.02
2001	160	14.21	25.75	12.13	15.37	13.72	19.34	16.56	14.39	12.58	10.6	57	15.1
2002	160	14.44	27.79	13	15.49	13.55	20.15	16.88	14.8	12.88	10.06	64	16.06
2003	161	17.37	83.17	15.64	17.43	18.24	22	17.24	15.21	13.32	10.96	49	15.21
2004	162	14.53	57.73	13.51	14.64	14.99	20.36	16.16	13.67	12.19	10.28	47	13.44
2005	99	12.61	26.89	11.81	12.54	13.14	17.14	14.83	12.95	11.07	7.89	56	13.46
1980-1985	222	14.12		13.69	14.15	14.41	17.44	14.82	13.59	12.33	10.1	14	11.7
1986-1988	153	16.34		15.12	16.07	17.31	20.65	17.3	15.65	13.92	10.72		
1989-1992	69	16.64		15.66	16.65	17.02	20.02	17.85	16.13	13.93	11.3		
1993-1995	92	16.41		15.42	15.76	18	21.48	17.61	15.79	14.14	10.57		
1996-1998	148	17		14.54	19.06	13.97	20.25	16.2	14.71	13.52	11.34	16	13.14
1999-2004	147	14.91		12.64	15.88	15.03	21.11	16.83	14.87	13.32	11.69	52	15.19

# **Exhibit 19. Farm Supply Gross Margin Percent Farmers Coop. Grain Association (Conway Springs) and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles, 1980-2005**

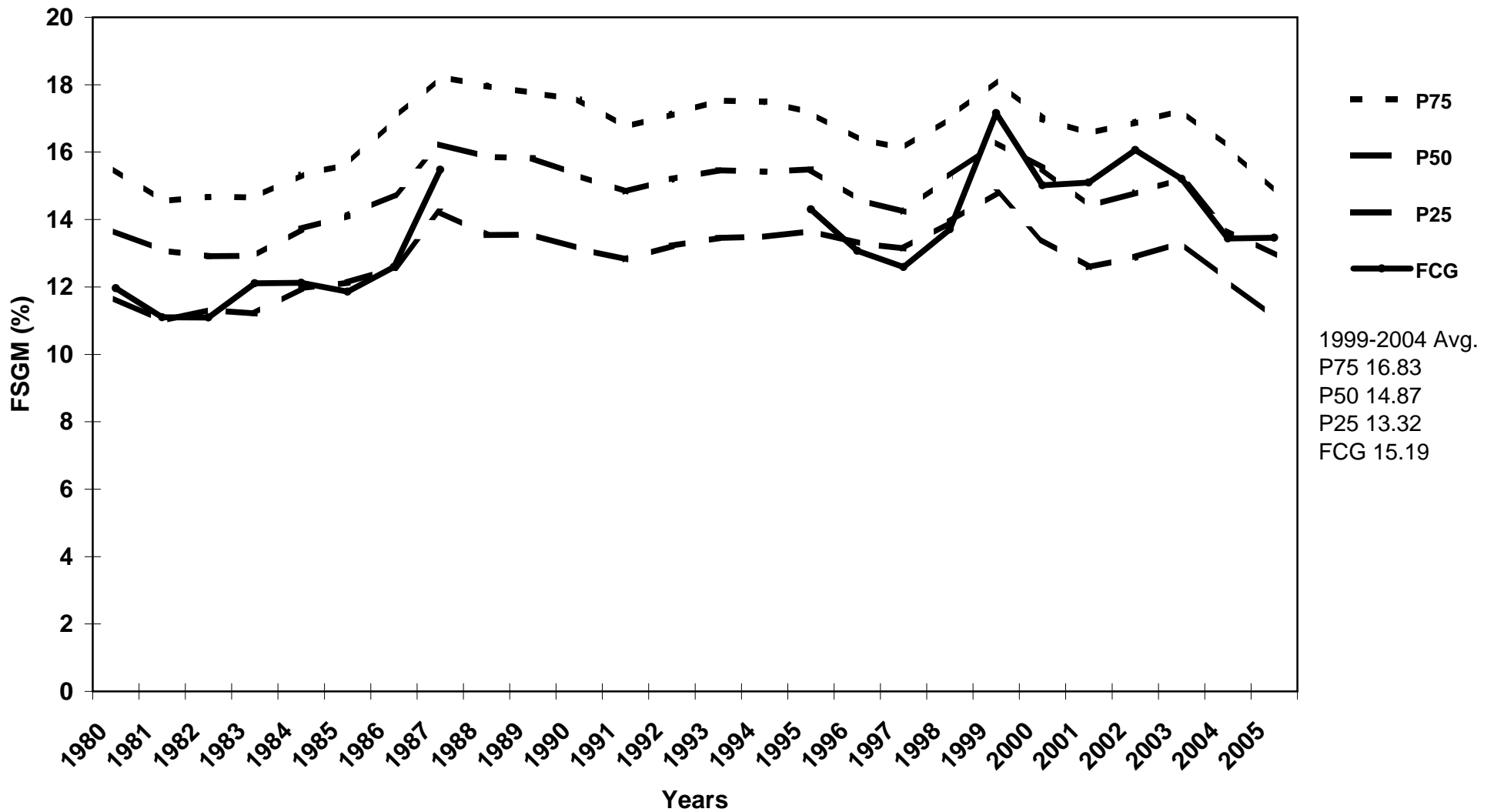


Exhibit 20. Current Ratio: Profit Group Mean and Percentile Values of Farmers Coop. Grain Association (Conway Springs)  
and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles and Values, 1980-2005.

Year	N	Profit Group Mean Value (ratio)					Percentile Values (ratio)					Farmers Coop. Grain	
		All	Coeff Var	Low	Medium	High	P95	P75	P50	P25	P5	Percentile	Value
1980	496	1.47	116.29	1.29	1.45	1.94	4.19	2.16	1.64	1.31	1.05	63	1.83
1981	501	1.55	447.8	1.33	1.5	1.92	5.02	2.27	1.67	1.35	1.02	68	2.05
1982	497	1.59	167.78	1.39	1.53	2.12	6.65	2.47	1.7	1.33	0.98	63	2.11
1983	506	1.59	299.29	1.39	1.53	1.97	7.37	2.54	1.72	1.3	0.93	77	2.62
1984	505	1.53	542.09	1.3	1.48	1.95	7.72	2.64	1.67	1.27	0.98	51	1.69
1985	499	1.64	391.55	1.41	1.58	2.05	9.5	3.04	1.82	1.31	0.91	70	2.59
1986	488	1.72	408.97	1.56	1.75	1.75	9.48	3.16	1.95	1.36	0.95	60	2.27
1987	486	1.69	601.98	1.52	1.7	1.78	8.89	3.08	1.84	1.35	1.02	60	2.21
1988	484	1.56	576.44	1.42	1.51	1.97	7.56	2.89	1.72	1.29	1.04	65	2.33
1989	477	1.61	623.86	1.45	1.56	1.88	8.71	3.13	1.86	1.28	1.01	69	2.67
1990	472	1.57	1412.45	1.36	1.54	1.77	8.57	2.88	1.76	1.26	0.99	74	2.86
1991	457	1.53	314.25	1.28	1.51	1.81	8.95	2.74	1.66	1.26	0.98	71	2.48
1992	443	1.53	438.99	1.47	1.47	1.71	8.99	3.07	1.75	1.29	1.06	74	3.01
1993	418	1.46	382.71	1.38	1.39	1.73	9.26	2.74	1.68	1.29	1.08	78	3.03
1994	402	1.45	263.95	1.37	1.39	1.83	8.98	2.76	1.65	1.31	1.05	73	2.55
1995	338	1.38	231.8	1.44	1.3	1.69	6.78	2.54	1.61	1.28	1.09	72	2.29
1996	159	1.36	79.63	1.29	1.37	1.36	3.38	2.03	1.5	1.25	1.07	68	1.82
1997	158	1.42	55.13	1.4	1.39	1.58	3.61	2.07	1.51	1.28	1.1	69	1.94
1998	159	1.4	82.04	1.3	1.39	1.64	3.43	2.14	1.53	1.27	1.09	60	1.71
1999	167	1.33	93.94	1.42	1.27	1.56	4.06	2.04	1.53	1.22	1.1	61	1.71
2000	167	1.27	64.21	1.18	1.3	1.37	3.13	1.93	1.42	1.19	1.06	51	1.43
2001	173	1.29	57.23	1.27	1.26	1.46	2.97	1.85	1.38	1.2	1.04	59	1.55
2002	173	1.26	61.94	1.27	1.24	1.29	3.03	1.73	1.35	1.19	1.02	68	1.54
2003	178	1.24	56.08	1.18	1.23	1.33	2.95	1.69	1.34	1.18	1.01	57	1.39
2004	179	1.28	87.13	1.27	1.24	1.43	3.02	1.67	1.35	1.18	1.03	61	1.42
2005	110	1.24	191.3	1.17	1.25	1.27	2.64	1.5	1.27	1.18	1.01	47	1.25
1980-1985	452	1.57		1.34	1.5	2.03	4.89	2.28	1.65	1.32	1.06	68	2.07
1986-1988	452	1.66		1.63	1.63	1.75	7.76	3	1.78	1.35	1.05	66	2.26
1989-1992	381	1.58		1.48	1.51	1.82	7.29	2.78	1.8	1.34	1.08	73	2.74
1993-1995	325	1.46		1.51	1.37	1.72	6.82	2.65	1.69	1.33	1.11	74	2.58
1996-1998	153	1.4		1.33	1.38	1.59	3.14	1.97	1.54	1.28	1.12	66	1.81
1999-2004	158	1.29		1.3	1.26	1.38	2.71	1.74	1.38	1.22	1.12	60	1.49

# Exhibit 21. Current Ratio

## Farmers Coop. Grain Association (Conway Springs) and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles, 1980-2005

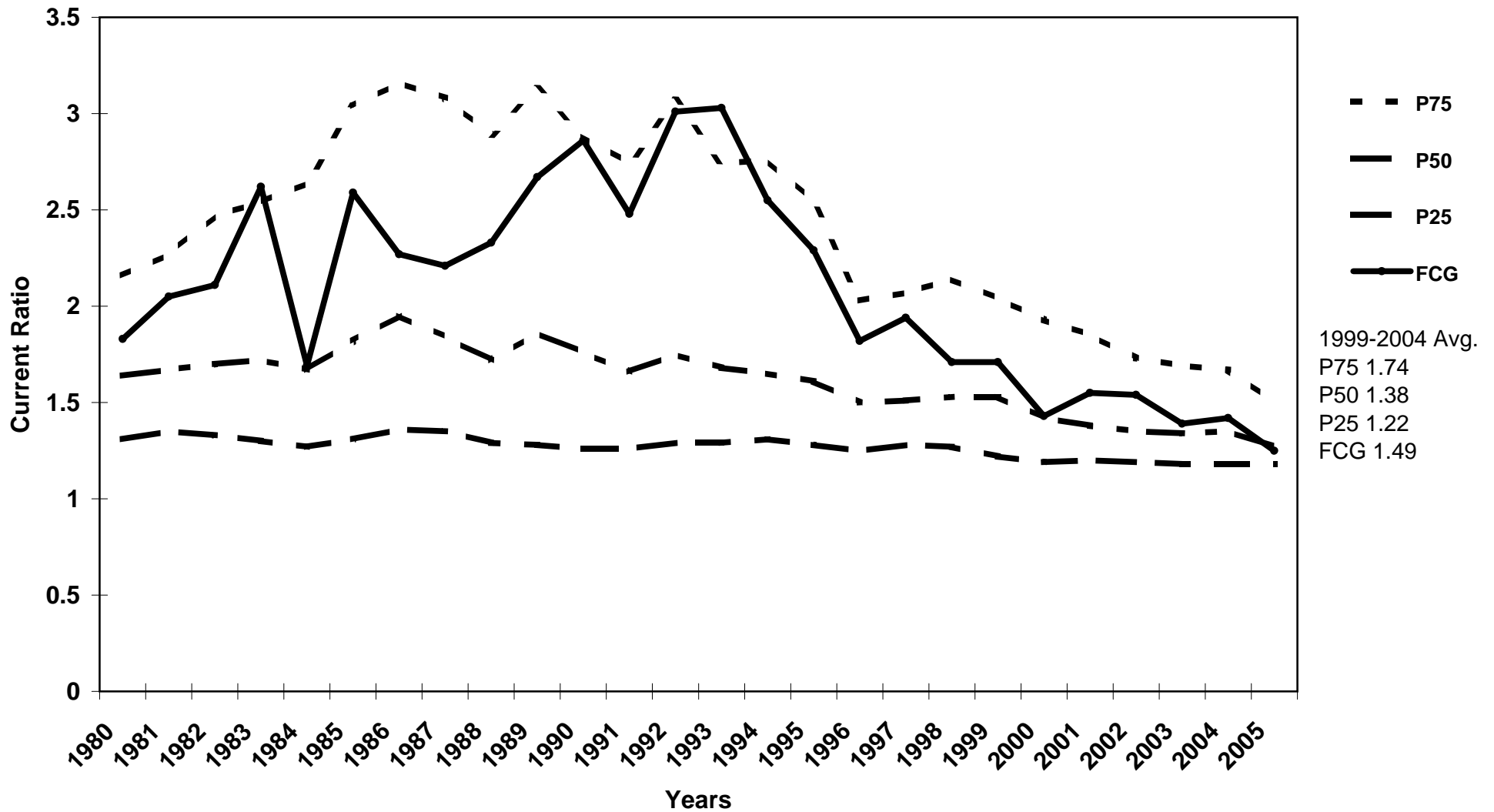


Exhibit 22. Equity to Assets: Profit Group Mean and Percentile Values of Farmers Coop. Grain Association (Conway Springs)  
and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles and Values, 1980-2005.

Year	N	Profit Group Mean Value (%)					Percentile Values (%)					Farmers Coop. Grain	
		All	Coeff Var	Low	Medium	High	P95	P75	P50	P25	P5	Percentile	Value
1980	496	52.96	30.05	46.36	51.09	66.86	86.05	70.01	57.58	46.49	33.87	49	57.41
1981	501	56.08	28.95	50.19	53.8	65.82	87.32	71.33	60.96	48.52	35.51	60	64.17
1982	499	58.3	27.69	52.46	56.36	68.95	90.93	73.77	63.71	50.97	36.83	65	68.92
1983	506	58.75	28.18	53.13	55.99	69.08	89.33	74.41	62.89	51.26	37.31	74	74.18
1984	503	58.61	29.65	53.12	56.11	67.9	91.63	75.85	63.03	50.37	36.09	45	60.78
1985	497	61.58	28.88	55.19	60.39	69.28	93.59	79.39	66.94	53.17	36.15	47	65.62
1986	487	63.92	27.08	61.79	63.87	65.24	94.11	81.74	69.1	56.14	37.42	43	66.47
1987	485	63.99	27.27	61.83	63.59	66.16	93.9	81.51	69.18	56.18	37.84	44	66.21
1988	483	61.07	29.93	56.97	59.17	70.12	93.18	80.8	68.42	54.92	34.91	60	72.88
1989	476	62.95	28.13	62.38	60.41	69.01	94.21	82.88	70.51	55.08	36.9	65	77.58
1990	470	62.06	29.3	58.53	60.8	66.63	93.9	81.98	69.5	53.78	37.43	73	80.93
1991	457	60.94	29.64	55.34	59.97	67	93.85	81.6	66.41	53.59	37.15	80	84.35
1992	443	60.57	29.66	60.9	58.38	65.06	93.92	82.34	67.64	53.4	38.1	81	86.36
1993	417	56.27	32.77	55.43	53.57	63.52	94.1	80.38	64.8	51.14	35.48	82	84.61
1994	401	54.32	33.31	54.61	50.5	67.23	92.95	79.37	65.34	52.22	35.94	70	76.57
1995	337	49.94	37.74	55.16	44.85	63.06	91.85	77.58	62.89	48.2	30.14	74	77
1996	159	50.36	34.96	51.35	49.66	51.29	86.99	72.65	59.81	46.62	29.76	72	71.01
1997	158	54.3	28.63	54.48	52.06	61.56	85.11	72.35	60.63	49.24	35.23	81	76.7
1998	159	54.73	28.06	49.27	53.77	64.6	84.88	72.64	61.05	49.33	35.38	72	69.89
1999	167	49.85	32.22	53.03	46.32	60.95	85.69	71.51	62.08	49.13	34.24	68	68.41
2000	167	45.51	35.01	34.92	48.44	54.82	82.43	66.31	58.04	46.93	29.91	71	64.58
2001	173	46.93	35.04	51.08	44	55.22	81.33	66.37	56.55	45.27	27.9	79	68.22
2002	173	42.97	39.28	43.6	42.78	42.96	81.74	63.06	52.04	40.92	26.15	79	66.7
2003	178	38.98	44.08	40.87	37.71	41.03	75.63	60.63	48.42	35.38	21.49	70	57.11
2004	178	41.81	39.46	45.54	38.46	48.04	79.57	59.89	46.4	37.99	24.33	71	57.15
2005	110	38.96	43.49	35.39	38.74	42.35	74.72	60.42	45.76	35.13	24.12	65	53.65
1980-1985	454	58.34		52.51	55.51	68.7	86.19	72.44	61.4	51.14	38.67	56	65.02
1986-1988	451	63.69		63.02	62.58	66.23	93.41	80.89	68.53	56.44	39.68	50	68.47
1989-1992	381	62.6		61.43	60.34	67.69	92.71	81.54	69.39	55.92	42.03	77	82.31
1993-1995	324	55.98		57.61	52.24	63.78	91.7	78.12	64.46	51.45	35.57	76	79.13
1996-1998	153	53.22		49.12	52.33	61.63	84.53	68.97	61.91	48.74	34.74	78	72.4
1999-2004	158	46.66		48.08	44.03	52.54	78.98	64.23	53.43	44.03	30.69	73	63.48

# Exhibit 23. Equity to Assets Farmers Coop. Grain Association (Conway Springs) and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles, 1980-2005

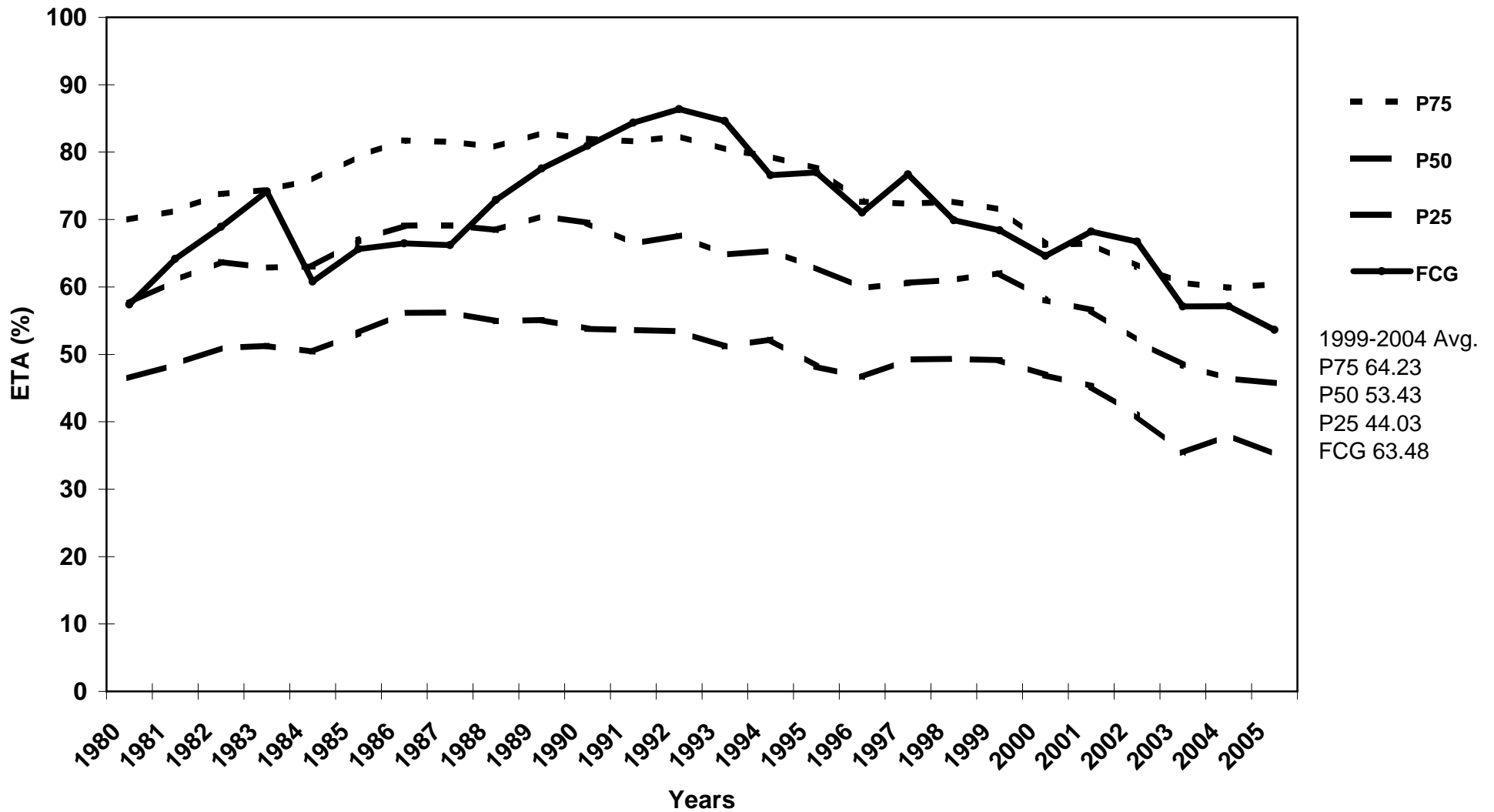


Exhibit 24. Gross Income to Personnel Expense: Profit Group Mean and Percentile Values of Farmers Coop. Grain Association (Conway Springs)  
and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles and Values, 1980-2005.

Year	N	Profit Group Mean Value (ratio)					Percentile Values (ratio)					Farmers Coop. Grain	
		All	Coeff Var	Low	Medium	High	P95	P75	P50	P25	P5	Percentile	Value
1980	455	2.87	30.09	2.47	2.94	3.13	4.58	3.49	2.81	2.41	1.9	92	4.26
1981	462	2.69	44.71	2.11	2.69	3.16	4.42	3.17	2.63	2.16	1.67	97	5.14
1982	433	2.66	38.83	2.23	2.68	3.01	4.09	3.15	2.61	2.21	1.85	98	5.02
1983	451	2.66	31.86	2.11	2.71	3.08	4.22	3.17	2.6	2.18	1.75	98	5.07
1984	491	2.62	32.76	2.14	2.65	2.92	3.98	3.01	2.53	2.15	1.73	97	4.3
1985	474	2.49	28.63	2.09	2.46	2.89	3.9	2.93	2.41	2.09	1.69	99	4.83
1986	466	2.69	30.15	2.07	2.69	3.14	4.11	3.14	2.58	2.19	1.72	98	4.58
1987	467	2.77	31.14	2.12	2.74	3.32	4.28	3.17	2.61	2.18	1.69	99	5.45
1988	447	2.67	29.31	2.22	2.68	3.09	4.15	3.07	2.61	2.23	1.74	99	5.12
1989	432	2.46	25.32	1.89	2.48	2.8	3.66	2.75	2.36	2.01	1.59	99	4.16
1990	431	2.38	33.04	1.92	2.34	2.69	3.32	2.6	2.25	1.98	1.56	98	3.64
1991	413	2.36	23.07	2.04	2.36	2.54	3.39	2.66	2.29	2.04	1.65	100	4.22
1992	403	2.29	25.41	1.84	2.34	2.56	3.27	2.56	2.22	1.97	1.58	97	3.42
1993	392	2.42	24.48	2.13	2.4	2.62	3.38	2.7	2.38	2.04	1.7	94	3.34
1994	374	2.4	20.25	2.19	2.38	2.59	3.42	2.65	2.38	2.11	1.69	97	3.58
1995	310	2.44	23.87	2.12	2.39	2.76	3.35	2.64	2.36	2.1	1.69	98	3.95
1996	159	2.34	34.17	1.96	2.32	2.65	3.23	2.61	2.27	2.01	1.73	92	3.11
1997	158	2.42	22.14	2.12	2.47	2.56	3.44	2.64	2.4	2.13	1.8	96	3.47
1998	159	2.49	19.96	2.37	2.48	2.62	3.43	2.76	2.5	2.27	1.96	98	4.26
1999	165	2.44	25.75	2.17	2.48	2.63	3.57	2.72	2.41	2.16	1.73	98	4.64
2000	166	2.5	18322.51	2.39	2.45	2.71	3.6	2.74	2.46	2.2	1.76	97	4.05
2001	171	2.42	32.75	2.13	2.48	2.53	3.44	2.64	2.35	2.13	1.72	98	4.7
2002	171	2.31	40.39	2.03	2.31	2.62	3.4	2.51	2.21	2.06	1.74	96	4.04
2003	174	2.22	85.84	1.76	2.26	2.51	2.98	2.39	2.11	1.87	1.55	97	3.64
2004	176	2.25	77.86	1.92	2.25	2.55	3.15	2.46	2.18	1.93	1.72	97	3.57
2005	107	2.31	33.22	1.96	2.26	2.66	3.39	2.44	2.26	2.04	1.65	95	3.52
1980-1985	348	2.67		2.32	2.71	2.93	3.94	3.12	2.6	2.26	1.88	99	4.78
1986-1988	414	2.72		2.23	2.71	3.09	4.11	3.07	2.59	2.24	1.73	99	5.06
1989-1992	322	2.37		2.01	2.35	2.6	3.3	2.58	2.26	2.04	1.7	99	3.85
1993-1995	295	2.39		2.14	2.37	2.55	3.22	2.64	2.38	2.08	1.76	98	3.65
1996-1998	153	2.42		2.24	2.45	2.5	3.22	2.66	2.39	2.22	1.89	97	3.66
1999-2004	157	2.33		2.13	2.34	2.48	3.01	2.47	2.29	2.09	1.75	99	4.05



# **Exhibit 25. Gross Income to Personnel Expense Farmers Coop. Grain Association (Conway Springs) and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles, 1980-2005**

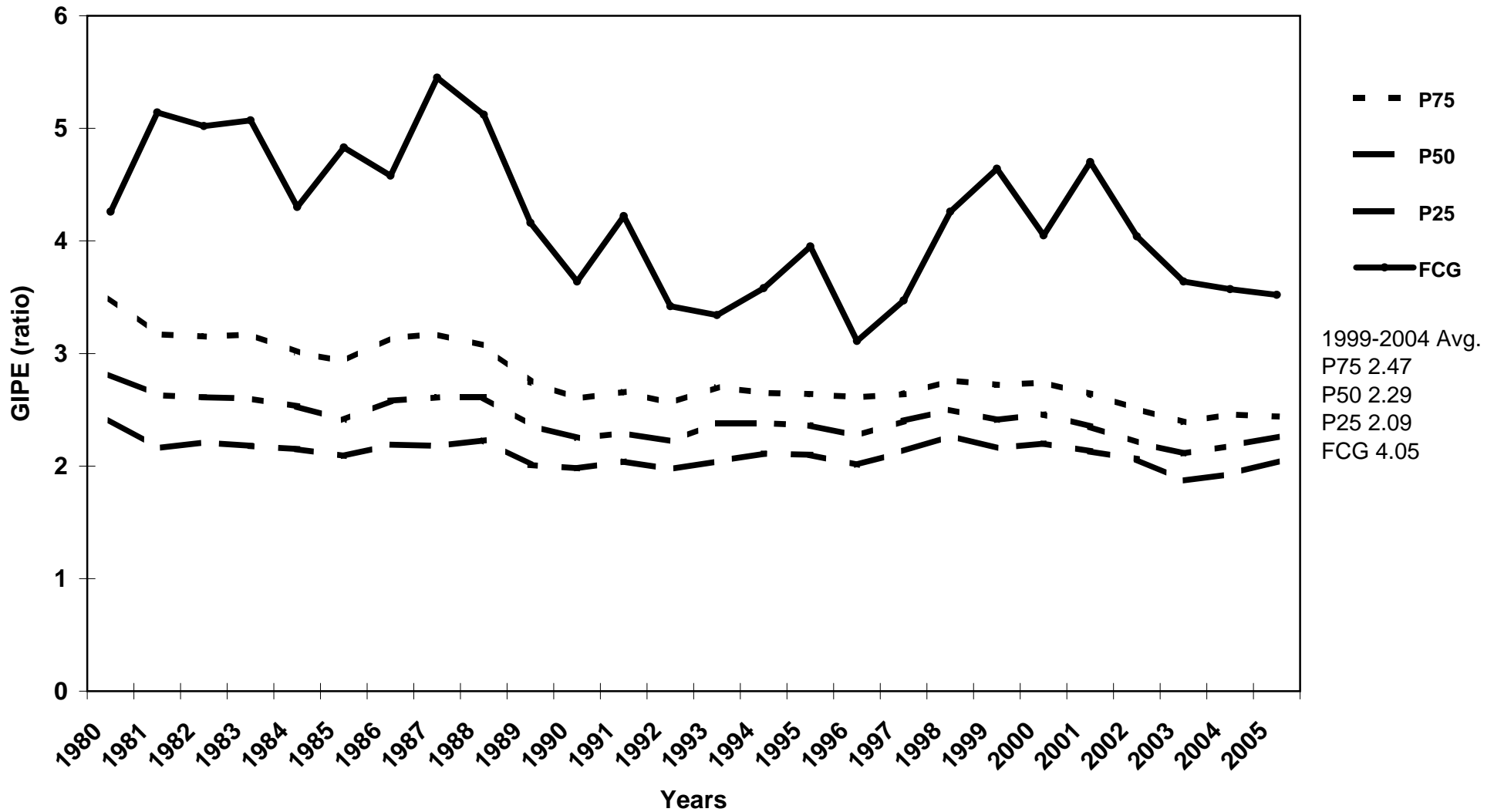


Exhibit 26. Gross Income to Depreciation Expense: Profit Group Mean and Percentile Values of Farmers Coop. Grain Association (Conway Springs)  
and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles and Values, 1980-2005.

Year	N	Profit Group Mean Value (ratio)					Percentile Values (ratio)					Farmers Coop. Grain	
		All	Coeff Var	Low	Medium	High	P95	P75	P50	P25	P5	Percentile	Value
1980	468	10.01	60.11	8.52	9.88	12.05	21.5	12.98	10.07	8.39	6.59	43	9.61
1981	468	9.22	56.15	7.27	9.12	10.89	20.63	11.49	9.14	7.65	5.15	78	12.32
1982	455	9.13	298.12	7.69	8.99	10.73	19.34	11.49	9.06	7.59	6	77	11.8
1983	468	8.43	119.49	7.48	8.17	9.77	18.34	11.07	8.69	7.14	5.16	83	12.44
1984	485	8.14	108.47	6.76	8	9.5	16.99	10.53	8.61	6.69	4.47	80	11.18
1985	469	7.76	96.07	6.18	7.87	8.91	16.94	10.16	8.05	6.45	4.27	84	11.7
1986	453	8.22	738.44	7.05	7.98	9.37	16.22	10.28	8.34	6.74	4.8	60	9.1
1987	441	8.59	65.07	7.14	8.45	9.76	17.19	10.68	8.45	7.2	4.6	79	11.28
1988	431	8.81	60.64	7.77	8.88	9.59	18.53	11.15	9.19	7.38	5.46	61	9.91
1989	410	8.49	114.9	6.28	8.46	10.32	19.47	11.15	8.68	6.7	4.65	58	9.23
1990	426	8.35	120.26	6.26	8.22	9.92	19.07	10.89	8.28	6.54	4.51		
1991	409	8.63	82.96	7.19	8.44	10.11	21.96	11.54	8.83	7.03	5		
1992	387	8.32	74.88	7.19	8.02	9.55	20.28	10.87	8.35	6.88	5.02		
1993	384	8.6	151.69	6.94	8.36	10.37	17.81	10.68	8.52	7.03	5.33	65	9.78
1994	369	8.49	114.59	7.12	8.34	9.86	18.5	10.48	8.54	7.02	5.08	63	9.48
1995	308	8.63	411.35	7.37	8.31	10.33	20.58	10.32	8.35	6.91	4.84	55	8.65
1996	157	8.24	35.6	7.11	8.05	9.47	12.43	9.53	7.98	6.65	5.38	25	6.65
1997	157	8.55	33.01	7.71	8.45	9.76	13.35	9.99	8.45	7.35	5.58	26	7.44
1998	158	8.71	31.49	7.57	8.75	9.96	12.96	10.78	8.75	7.61	5.77	69	9.94
1999	165	8.71	37.61	7.3	8.95	9.8	13.87	9.87	8.31	7.12	5.65	76	10.08
2000	166	8.6	69.69	9.77	8.02	8.78	13.94	9.58	8.35	6.81	5.56	49	8.35
2001	171	7.99	55.45	6.7	8.04	9.52	13.37	9.47	7.81	6.67	4.75	78	9.73
2002	170	7.67	96.18	6.53	7.62	9.15	12.54	9.29	7.78	6.36	4.73	81	9.71
2003	175	7.43	189.79	6.1	7.22	9.07	13.66	8.82	7.31	6.04	4.3	74	8.7
2004	177	7.74	190.85	6.26	7.62	9.49	13.89	9.57	7.78	6.49	4.55	68	9.08
2005	108	8.36	105.07	6.41	8.41	9.66	15.52	9.99	8.18	7	5.3	75	10.22
1980-1985	387	8.64		7.77	8.58	9.45	16.52	10.56	8.55	7.32	5.84	82	11.56
1986-1988	390	8.45		8.09	8.26	8.98	16	10.43	8.6	7.22	5.07	70	10.1
1989-1992	301	8.48		6.92	8.46	9.64	18.12	10.5	8.57	6.76	5.4		
1993-1995	289	8.55		6.86	8.59	9.5	18.21	10.27	8.43	7.1	5.4	61	9.21
1996-1998	151	8.55		7.83	8.42	9.76	12.42	9.89	8.49	7.34	5.76	40	8.11
1999-2004	157	7.68		6.73	7.59	8.89	11.09	9.18	7.75	6.54	5.4	75	9.25

# **Exhibit 27. Gross Income to Depreciation Expense Farmers Coop. Grain Association (Conway Springs) and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles, 1980-2005**

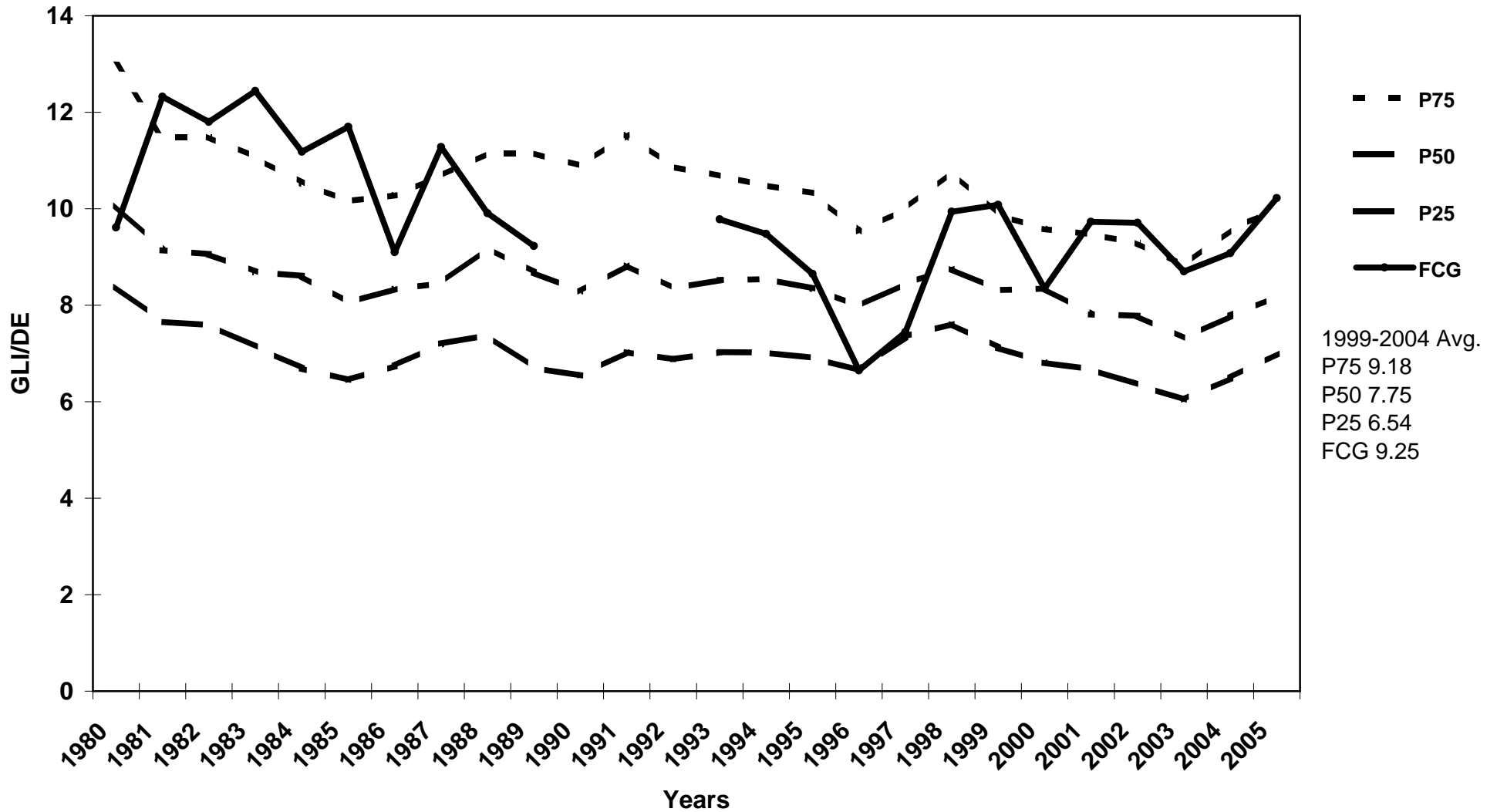


Exhibit 28. Sales to Net Fixed Assets: Profit Group Mean and Percentile Values of Farmers Coop. Grain Association (Conway Springs)  
and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles and Values, 1980-2005.

Year	N	Profit Group Mean Value (ratio)					Percentile Values (ratio)					Farmers Coop. Grain	
		All	Coeff Var	Low	Medium	High	P95	P75	P50	P25	P5	Percentile	Value
1980	495	8.4	81.06	8.23	8.36	8.68	19.52	12.57	9.25	7.23	4.35	41	8.58
1981	500	8.09	93.18	7.45	8	8.72	19.59	11.98	8.67	6.65	3.4	41	7.98
1982	498	7.09	112.86	7.25	6.91	7.34	18.3	11.13	7.92	5.82	3.01	45	7.55
1983	505	6.54	123.02	6.53	6.17	7.36	18.29	10.89	7.45	5.43	2.86	66	9.5
1984	503	7.25	103.83	6.88	7.14	7.73	19.59	11.02	8.1	5.86	2.89	16	5.12
1985	498	6.73	113.77	6.25	6.64	7.29	18.54	10.21	7.36	5.19	2.78	36	6.09
1986	488	5.62	842.31	6.06	5.36	5.94	16.41	9.02	6.08	4.27	2.32	14	3.45
1987	485	6.23	100.22	6.9	5.82	6.71	18.02	9.41	6.92	4.93	2.82	35	5.81
1988	483	7.87	179.56	8.13	7.71	8.07	21.96	11.4	8.43	6.18	3.54	25	6.2
1989	474	8.66	78.64	7.66	8.17	10.55	21.77	12.56	8.8	6.64	3.67	34	7.45
1990	470	8.26	239.96	6.82	8.11	9.47	23.64	11.79	8.55	6.35	3.66	37	7.4
1991	455	7.81	104.9	7.23	7.69	8.45	22	11.48	8.28	6.25	3.93	46	7.84
1992	441	8.02	129.11	7.22	7.78	9.11	21.93	11.6	8.11	6.29	3.89	44	7.59
1993	388	8.3	189.32	8.31	7.97	9.25	22.73	12.17	8.56	6.58	4.21	51	8.63
1994	379	7.48	227.46	9.45	6.65	9.34	25	12.72	9.2	7.09	3.84	33	7.76
1995	318	7.15	643.01	6.79	6.59	9.44	24.63	13.18	9.3	6.92	3.79	60	10.55
1996	158	11	1524.83	9.2	10.57	13.27	25.22	13.82	10.37	8.12	5.54	42	9.52
1997	157	10.45	65.62	9.97	10.48	10.87	22.9	14.13	10.31	8.3	5.77	46	9.86
1998	158	9.03	53.44	7.57	8.92	11.38	19.31	12.64	9.32	7.37	4.46	80	13.52
1999	165	7.37	59.37	6.39	7.36	8.82	16.23	10.2	7.39	5.86	4.11	76	10.39
2000	166	7.22	73	7.41	6.82	8.03	14.02	9.31	7.18	5.69	3.72	66	8.28
2001	172	7.48	2246.71	7.08	7.47	8.01	16.41	8.75	7.07	5.62	3.67	80	9.96
2002	172	7.95	3343.52	6.3	7.87	9.72	16.2	9.96	7.36	5.59	3.29	71	9.26
2003	177	8.73	3958.6	6.89	8.18	11.6	19.17	11.08	7.84	5.97	3.63	80	12.09
2004	178	9.9	7414.4	7.7	9.7	12.56	20.24	12.73	9.18	6.95	4.09	80	13.95
2005	109	10.08	975.18	7.35	10.62	10.65	22.32	12.02	9.55	7.33	3.5	81	13.81
1980-1985	449	7.42		10.73	6.41	8.58	16.62	10.52	7.99	6.41	4.33	39	7.26
1986-1988	451	6.58		9.27	5.57	7.76	17.95	9.59	7.24	5.1	3.17	25	5.12
1989-1992	379	8.13		9.38	7.21	9.75	18.84	11.39	8.44	6.69	4.55	39	7.57
1993-1995	295	8.8		12.32	7.6	10.12	23.66	12.84	9.12	6.99	4.23	48	9.03
1996-1998	152	10.14		14.27	8.9	12.14	22.27	13.12	9.99	8.13	5.83	61	10.99
1999-2004	155	7.89		7.04	7.43	10.17	14.82	9.42	7.53	6.35	4.28	81	10.64

# **Exhibit 29. Sales to Net Fixed Assets** **Farmers Coop. Grain Association (Conway Springs) and Colorado,** **Kansas, Nebraska, and Oklahoma Cooperatives Percentiles,** **1980-2005**

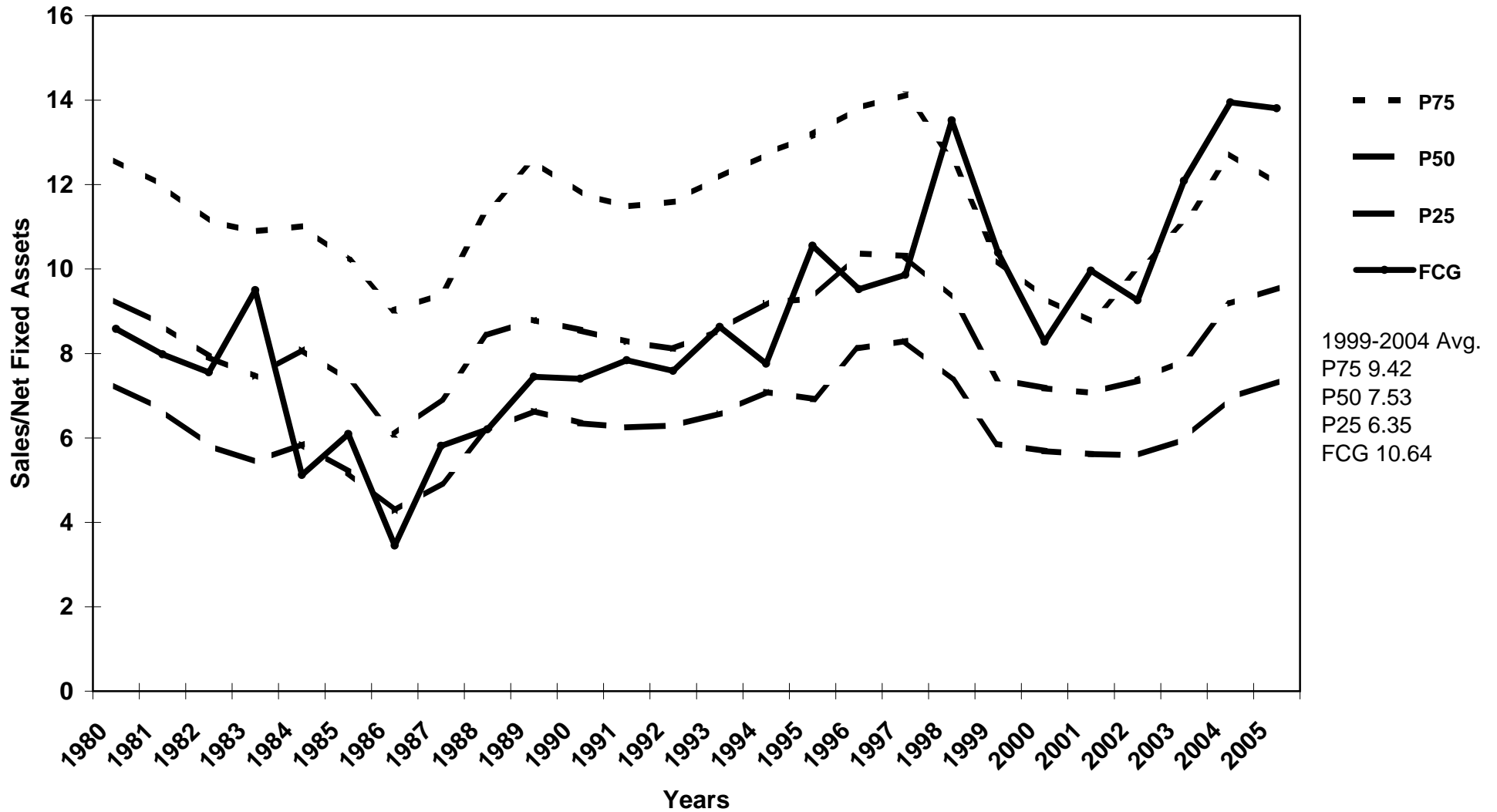


Exhibit 30. Total Sales (Thousands of Dollars): Profit Group Mean and Percentile Values of Farmers Coop. Grain Association (Conway Springs)  
and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles and Values, 1980-2005.

Year	N	Profit Group Mean Value (\$1,000)					Percentile Values (\$1,000)					Farmers Coop. Grain	
		All	Coeff Var	Low	Medium	High	P95	P75	P50	P25	P5	Percentile	Value
1980	491	7,534	98	6,970	8,269	6,635	17,965	9,692	5,630	2,924	985	78	10,298.78
1981	497	7,665	107	5,323	8,311	8,710	21,779	9,402	5,409	2,936	867	76	9,603.69
1982	493	7,134	103	6,634	7,408	7,085	19,358	8,669	5,174	2,926	850	74	8,576.75
1983	502	6,742	103	5,160	6,987	7,837	17,940	8,225	4,903	2,704	747	81	10,238.56
1984	501	7,481	104	4,819	8,245	8,608	22,030	9,216	5,210	2,956	652	69	7,839.71
1985	495	6,797	106	5,037	7,369	7,419	19,496	8,573	4,504	2,598	723	81	10,226.43
1986	487	5,640	102	3,377	6,211	6,766	16,620	7,113	3,867	2,129	636	68	5,594.28
1987	486	6,291	103	4,288	6,655	7,573	18,720	8,046	4,315	2,325	726	79	9,101.41
1988	482	7,824	107	6,259	8,904	7,211	23,624	9,463	5,507	2,792	753	75	9,438.27
1989	475	8,777	111	5,556	9,475	10,609	31,128	10,605	5,755	2,836	902	76	11,065.46
1990	470	8,893	113	5,348	9,423	11,387	29,100	10,732	5,653	2,807	888	73	10,257.72
1991	454	9,154	117	5,829	10,324	10,160	28,010	10,497	5,711	3,057	990	74	10,396.13
1992	440	9,381	120	5,648	10,407	11,064	27,731	10,627	5,788	2,802	837	70	9,490.03
1993	415	10,371	115	6,318	12,138	10,907	33,615	12,444	6,510	3,335	995	69	10,416.25
1994	399	12,239	116	7,971	14,652	11,704	43,981	15,101	7,507	3,783	1,060	69	12,934.13
1995	334	13,526	111	7,786	16,056	14,266	40,929	17,814	8,372	4,075	1,168	76	18,006.56
1996	158	23,012	108	12,486	26,691	26,365	70,724	27,753	13,968	8,399	4,867	52	15,037.10
1997	156	23,866	95	17,724	29,926	17,888	76,233	29,166	16,152	9,090	5,223	48	15,845.26
1998	157	23,707	100	20,692	25,950	22,180	71,905	28,582	16,316	9,281	4,293	63	22,041.72
1999	163	21,988	97	18,168	26,474	16,946	69,237	29,195	14,130	8,431	4,256	56	16,658.91
2000	165	23,356	106	22,502	24,040	22,825	76,242	29,646	14,975	8,038	3,892	55	16,563.95
2001	170	27,042	128	20,399	34,358	18,705	96,309	32,937	15,331	8,412	3,534	62	19,772.91
2002	170	28,688	137	19,321	32,730	29,779	106,759	32,690	15,932	8,314	3,745	56	18,439.83
2003	176	32,462	144	19,170	32,613	45,453	138,048	33,843	16,728	8,895	3,785	65	24,532.17
2004	177	36,011	142	22,952	40,993	38,994	150,596	39,776	19,940	9,657	3,922	63	26,446.26
2005	108	38,467	135	18,684	43,659	47,867	140,905	43,023	18,827	10,624	3,484	69	32,916.37
1980-1985	450	7,484		5,575	7,881	8,592	19,449	9,290	5,498	3,266	1,065	76	9,463.99
1986-1988	452	6,669		4,777	6,908	8,082	19,929	8,428	4,736	2,551	813	74	8,044.66
1989-1992	381	9,536		5,927	10,446	11,316	28,264	11,599	6,239	3,264	1,036	70	10,302.33
1993-1995	321	11,834		6,002	14,077	13,152	33,207	15,182	7,390	3,842	1,214	71	13,785.64
1996-1998	152	23,043		18,133	28,052	17,936	74,346	27,876	15,998	9,044	5,276	55	17,641.36
1999-2004	155	24,969		18,626	28,161	25,011	81,502	31,312	15,453	8,884	4,242	61	20,402.34

# Exhibit 31. Total Sales

## Farmers Coop. Grain Association (Conway Springs) and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles, 1980-2005

