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***“Grim to Great” Path to Profitability:  
Performance Profile of Midway Co-op Association***

**Case Study  
of  
Midway Co-op Association  
Osborne, Kansas**

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Prepared by

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

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## Introduction

Midway Co-op Association (MCA) is a very profitable large-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, corn and sunflowers, and by selling farm inputs, primarily fertilizer, chemicals, petroleum and feed. MCA markets the grain it purchases by selling to industry buyers such as processors and exporters. MCA purchases the farm inputs it intends to sell to producers from various industry suppliers including manufacturers, wholesalers and distributors. It is headquartered at Osborne in North Central Kansas and operates facilities in twelve locations in four counties. (See Exhibit 1 for a map of the locations and trade area.) It operates grain elevators in all twelve locations and fertilizer, feed, and petroleum businesses at several of these locations. The petroleum business unit includes the operation of service stations at four locations. The company had 65 full-time employees in 2005 but at one time they had over 100 employees. They have significantly reduced employees and increased personnel productivity.

MCA has been and continues to be primarily focused on the grain business. In the period, 1999-2004, around 65 percent of sales were grain sales, above the typical co-op's percentage of 62 percent. In fiscal year 2005 it had grain sales of \$32.5 million and farm supply sales of \$19.6 million, for total sales of \$52.1 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 86<sup>th</sup> percentile (P86) in sales, meaning 86 percent of peer cooperatives had sales lower than their sales. Net earnings in 2005 were \$2.15 million, of which \$1.97 million, or about 92 percent, were from local operations. Total assets at fiscal year end 2005 (March 31, 2005) were \$22.7 million and total equity was \$10.4 million or 46 percent equity to assets. Based on 1999-2004 comparative data, they were in about the 83rd percentile (P83) in their peer group on total assets and the 44<sup>th</sup> percentile (P44) on the strength of their balance sheet based on the solvency measure, equity to assets.

They have two kinds of asset investments. In 2005, outside investments totaled about \$1.8 million, including \$1.68 million invested in other cooperatives, primarily regional cooperatives. Local net fixed assets totaled \$6.7 million in 2005.

MCA has experienced a path to profitability that can be labeled, "Grim to Great." They experienced a very grim period in 1981-86 when they were one of the lowest performing co-ops in the four state region, ranking as the worst performer on local earnings from among about 450 co-ops. This put them at risk of going bankrupt. Since then they have significantly improved their performance and in recent years they generally have been in the top 10 percent of their peer co-ops. Return on local assets (before interest expense) averaged 3.27 percent in 1980-85, a 14<sup>th</sup> percentile ranking, but improved to 12.0 percent for the period, 1999-2004, a 97<sup>th</sup> percentile ranking.

In 1981-86 they had operating or local losses for six years in a row, ranging from the smallest loss of \$122,531 in 1984 to a high of \$1,193,224 in 1985. The cumulative local losses for these six years running totaled \$3.0 million, or one-half million per year. Liquidity and solvency were extremely low and MCA was at risk of going bankrupt in 1986. Working capital was negative with current ratios of about 0.9 in 1985 and 1986, putting them in the 4<sup>th</sup> percentile. Equity to assets fell to 24 percent in 1985, putting them in the 1<sup>st</sup> percentile.

Since that period, they have improved profitability, liquidity and solvency. Return on equity (ROE) was 20.8 percent in 2005. During the period, 1999-2004, ROE averaged 13.7

percent, putting them in the 97<sup>th</sup> percentile. Return of sales (ROS) profitability in 1980-85 averaged negative 0.6 percent, putting them in the 2<sup>nd</sup> percentile. MCA's ROS has trended up to 4.1 percent in 2005, a 93<sup>rd</sup> percentile ranking. In the period 1999-2004, ROS averaged 2.9 percent and they were in the 92<sup>nd</sup> percentile. Liquidity, measured by the current ratio, has improved from a low of 0.88 (negative working capital) in 1985, a ranking of 4<sup>th</sup> percentile, to 1.17 in 2005, a ranking of 22<sup>nd</sup> percentile. Solvency, measured by equity to assets, has improved from a low of 23.7 percent in 1985 (1<sup>st</sup> percentile) to a high of 61.1 percent in 2001, and in 2005 was at 45.6 percent, a 46<sup>th</sup> percentile ranking.

The purpose of this case study is to document MCA'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 MCA. 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**

MCA was organized on June 3, 1908 in Osborne under the name of Osborne County Farmers Union Cooperative Association. Many co-ops were organized by the Farmers Union in the early 1900s and MCA was the first Farmers Union co-op to be organized as a "County Unit Organization." In 1907 a very active organizer for Farmers Union, C.W. Ames from the Corinth area, began organizing Farmers Union "local" units. A total of 35 locals were organized in Osborne County within about a year, representing a majority of the farmers in the county. The primary purpose was to increase the farmers' purchasing and marketing power. These units started as buying clubs that pooled farmer orders for commodities into car-lot sizes for commodities like coal, produce, oil and gasoline. It was some of these units that joined together to organize the Osborne county-based co-op. The name was changed to Midway Co-op Association in 1973.

Grain was the initial business of the co-op. Producers delivered grain in lumber wagons and it was manually loaded onto rail cars with a wagon loader and scoop shovels. Then a warehouse was built in 1909 to provide office space and to handle cream. A petroleum business was added in late 1909. The first big growth phase was in 1908-1917 when seven locations within the county were added. Six of the seven continue to operate today. The Forney location was closed in 1967. One of the seven locations came from a merger with a farmer-owned group at Alton. The other six were purchases of private elevators or, in one case, Portis, a store. Elevator capacity was added or expanded at all of these locations over time.

A second growth phase occurred in the late 1930s when four more locations were added from outside the county, two to the south in Russell County, Waldo and Luray, and two to the

north in Smith County, Bellaire and Lebanon. Two were mergers with other co-ops and two were purchases of private elevators.

A third growth phase occurred in the 1950s when government programs encouraged grain storage and numerous concrete elevators were built at most existing locations. In addition, a private elevator was purchased in Mankato in 1951, expanding the trade area into Jewell County.

A fourth growth phase occurred in the 1990s and 2000s when six competing grain elevators were purchased from independent grain companies five of them in towns where MCA already had elevators. An elevator was purchased in Luray from Evans Grain in 1990. The new location of Burr Oak was added in 1996 with the purchase of the Koch Industries elevator facility at Burr Oak. Two elevators were purchased from Bohm Grain in 1997, in Osborne and Corinth. And two more elevators were purchased in 2002 from Lebanon Grain in 2002, in Bellaire and Lebanon.

Today there are 12 operating locations, all with grain elevators. Grain storage capacity at the end of 2005 was 7.2 million bushels. Three of the elevators are operated on a seasonal basis (Bloomington, Corinth and Waldo). All the elevators had rail service 15 years ago, but in 2006 only six elevators are served by rail and one of those six is currently temporarily out of service (Corinth).

Their trade area is a very productive area for wheat and grain sorghum but has high variability, ranging from 17 to 37 million bushels of annual production in the last 10 years. 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**

MCA'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 MCA, 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 MCA?" 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 MCA?” 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.

MCA has 2,790 producer-customers who are also voting members, patrons and owners. It also allows other customers to be patrons and owners and has 606 of these non-voting patron-owners for a total of 3,396 voting and non-voting patrons. The non-member customers who are treated on a patronage basis are called participating patrons. Both members and participating patrons are expected to have an equity investment in the co-op. Each voting member has two classes of equity investment, Common Stock (CS) and Members Equity (ME). Each non-voting participating patron has two classes of equity investment, Participating Stock (PS) and Members Equity (ME). Members Equity is also referred to as Patronage Ledger Credits in the bylaws. First, each member-patron is expected to hold one share of CS, par value of \$10 per share, which is purchased with cash. Second, all retained patronage refunds are distributed to the book credit class of equity called “Member Equity” on the balance sheet, but also sometimes referred to as “Deferred Patronage Dividends” by management. Participating patrons have identical requirements to members, the purchase of one PS share for \$10.

**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 June, less than three months after the end of the fiscal year. MCA’s patronage business is typically around 80 percent of total business as measured by the percentage of total earnings before income taxes distributed as patronage refunds (often called patronage dividends). In 2005 patronage refunds were 78 percent of total earnings. During the last 11 years, 1995-2005, they have varied from a low of 72.5 percent in 1998 to a high of 84.6 percent in 2001. Non-patronage business includes some of the direct farm purchased grain, service stations, chemical cash and carry and tanker loads of diesel fuel.

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 were 50 percent for distributions in the last fiscal year, 2005. In fiscal years 2004 and prior they were 30 percent when earnings were positive. Therefore, for the most recent year, 2005, MCA 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. MCA expects this higher cash patronage rate to be a major competitive advantage in their trade territory in the future. (See Exhibit 5 for information on patronage distributions.)

MCA has five patronage pools and their patronage rates per unit of business are relatively high because of their high profitability. The overall return on sales in 2005 was 4.6 percent, compared to the typical co-op’s rate of 2.0 percent. When divided among the patronage pools, the rates in 2005 were (1) Grain, \$0.13 per bushel, (2) Fertilizer, 7.381 percent or about \$20.50 per ton, (3) Ag Chemicals, 7.381 percent, (4) Petroleum, 4.111 percent or about 7.5 cents per gallon, and (5) Feed and Merchandise, 4.070 percent. Over the five year period, 2001-2005, these rates have averaged (1) Grain, \$0.09 per bushel, (2) Fertilizer, 4.80 percent, (3) Ag Chemicals, 4.80 percent, (4) Petroleum, 2.62 percent, and (5) Feed and Merchandise, 2.47 percent, and this included the 2003 year when rates were zero due to the Farmland Industries investment write-down. (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.

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 three classes of allocated equity, Common Stock (CS), Participating Stock (PS) and Member Equity (ME), are managed using specific investment and redemption policies. As noted previously, CS and PS equity is obtained through the cash sale of stock in the amount of \$10. CS and PS are only redeemed (re-purchased) by a cash payment to an owner if the owner is a natural person and dies, and the estate applies for an estate settlement. Estate settlements are paid upon request, often the day of the request, as per a standing board policy. Monthly approval by the board of each request is not required. 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 and PS are semi-permanent forms of equity investment, redeemable only at the end of the business relationship between the patron and the co-op.

All retained patronage refunds are distributed to the third class of allocated equity, ME. ME may be redeemed under the same special redemption policy as applied to CS and PS.

MCA does not have a standard redemption program that always uses one or two systematic redemption methods. In the past five years, 2000-2004, a different program was used each year. The total redemption amount is determined by the financial condition of the co-op and a budgeted amount is approved by the board for payment in December. The most common method used is percentage pool. In 2004, a percentage pool redemption of 4 percent was made to all ME equity holders. The percentages have varied from 2 to 5 percent. A variation using the revolving fund method was used in 2003 and a variation using the age of patron, prorated method was used in 2001. (See Exhibit 5 for equity redemption information.)

In the future MCA expects to pay a 50 percent cash patronage refund and around a 4 percent rate using the percentage pool method, as they did in 2004. This policy applies cash distributions more heavily to current patrons and younger patrons than programs that pay lower cash patronage and/or redeem using an age of patron program or a revolving fund, the two most popular methods used by local co-ops in the Midwest. It also results in bigger estate settlements than those based primarily on age of patron or revolving fund. Given current rates of profitability it is likely that balance sheet solvency, measured by equity to assets, will improve under the projected program because new equity added to the balance sheet will exceed the redemption of equity.

This combination of income distribution and equity redemption policy means that following the close of 2005, each patron received 50 percent of their patronage refunds, their pro rata share of the patronage earnings (profits), as a cash distribution soon after the end of the year and the remaining 50 percent of the patronage refunds as a cash distribution sometime later. For example, the 2005 grain distribution of 13 cents is a price adjustment or price increase on grain deliveries by farmer-patrons, distributed in two parts: about a 6.5 cent per bushel cash patronage refund within about two months following the close of the fiscal year and the balance of 13 cents or 6.5 cents per bushel sometime later depending on the redemption program.

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. MCA paid out 75.9 percent in 2005 but averaged 85.3 percent over the four year period, 2002-2005. (See Exhibit 5.)

## **Competitors and Marketplace**

MCA has numerous competitors. Generally speaking, one set of MCA's biggest competitors are the eight diversified local co-ops whose trade areas are adjacent to MCA's trade area. They are headquartered in Beloit, Gorham, Hays, Kensington, Randall, Russell, Smith Center and Stockton. All have grain, feed, agronomy and petroleum business units. (See Exhibit 1.)

Today MCA has one competitor operating a grain elevator in one of the twelve towns where they have facilities, the Scoular train loader in Downs. Within their core trade area they also have a grain elevator competitor at Esbon. There is not a large amount of on-farm grain storage capacity in the trade area so a large proportion of harvested grain is delivered to grain elevators at harvest time. MCA feels they have a competitive advantage because of their twelve country elevators with about 7.2 million bushels of storage and because they have significantly increased their elevator leg handling capacity to handle large volumes of grain quickly at harvest time. There are three other significant grain business competitors outside their trade area including Paradise Grain, Frieling Grain at Gaylord and the U.S. Energy Partners wheat gluten plant and milo ethanol plant complex in Russell.

The biggest grain competitor is the Scoular train loader at Downs that started operations in about mid-2002. This has caused the loss of some grain business. And MCA hauls a significant amount of grain to Scoular when it is advantageous to do so. MCA still has an advantage at harvest because they have by far the largest share of storage capacity in their territory and Scoular typically does not pile grain on the ground during harvest.

MCA has numerous independent competitors in petroleum-related businesses at most of their locations, especially in Osborne and Mankato.

MCA's agronomy business has several independent and cooperative competitors throughout its trade area. They include one of Kansas' largest retailers, Boettcher Enterprises of Beloit, which sells products and provides application services. Another major competitor who sells product but doesn't provide application services is Sims Fertilizer and Chemical of Osborne. There is only one producer who does significant custom application in the trade area. The co-ops in the surrounding area are the biggest competitors in agronomy.

## **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. Dell Princ, the current General Manager, was hired as the CEO in 1996, almost 10 years ago. Prior to his current position he worked for MCA as the Assistant General Manager from 1987 to 1996, and in the view of the board, functioned more as a co-general manager. In the wake of the financial crisis facing MCA in 1987 the board selected their office manager and CFO, J.D. Boland, to serve as General Manager and their grain



merchandiser, Dell Princ, to serve as Assistant General Manager. The board made the hiring decisions on both positions and then evaluated both positions during this time. This relationship continued until J.D. Boland's untimely death due to illness in 1996 and Dell became General Manager. Dell first joined MCA as a grain merchandiser in 1979 immediately after graduating from Fort Hays State University. He continues to function as MCA's grain merchandiser as well as its CEO. His hometown is Luray, one of MCA's branch locations.

In the nearly 98 year history of the company there have been fourteen managers, not counting temporary managers. Between 1908 and 1946, a period of 38 years, there were eight managers, including one period with two co-managers (1919-1923) and one manager who left during World War Two and then returned briefly. During the post-war period, 1946 to 2006, there was more stability in managers. During this period of 60 years there were seven managers. Dell Princ has served as the General Manager for 10 years and as General Manager or as "co-General Manager" for 19 years, the longest term of any previous manager. (See Exhibit 7.)

The first board of directors had eight members, the same size as the current board. The board size has generally remained the same for over 97 years. It is unusual to have boards with an even number of directors. Most have an odd number, such as 5, 7 or 9. The board membership has also been stable with relatively low turnover in the last 10 years. MCA has director terms of 3 years and does not have limited terms. Incumbents often run unopposed but additional potential candidates are invited to stand for election although few are willing to do so.

A total of 119 different directors have served on the elected board over 98 years, 1908-2006, so the turnover has been, on average, a little over one director per year. The 111 former directors served an average of 8.0 years with range of service from less than one year (Ray Elliott, 1980) to 28 years (G.F. Jemison, 1928-1956). The eight current directors have served an average of 12.3 years with range of service from one year to 28 years. There were six directors who went off the board for one or more years and then were elected back on the board, an unusual pattern of service in most co-ops. MCA had an associate director program until about 28 years ago, when it was discontinued. The senior member of the board, Larry Yost, was the last person to serve in an associate director position before being elected to the board. In co-ops that have an associate director program it is normally very effective in providing successful candidates for open positions in the future. Larry Yost served as chairperson of the board for many years and along with one other current director, Carl Caldwell, helped guide the co-op from the grim years in the early and mid-1980s to its great years the last 10 years. According to Larry, the current board is much younger than previous boards.

There has also been stability in the 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, 1980-2005. (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, Midway Cooperative Association (MCA), Osborne, 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.) MCA’s profitability has recently been at around P97 to P99 on these measures. Profitability has improved from a being at the very bottom of the pack or “grim” level in the late 1980s and early 1990s to a top of the pack or “great” level in the late-1990s and since.

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). MCA has a grain gross margin of around P91 and a farm supply gross margin of around P86, much higher than most co-ops and not consistent with the 1999-2004 pattern. (See Exhibits 16-19.) As noted below concerning efficiency, MCA is very efficient or productive with personnel but is middle of the pack in terms of asset efficiency or turnover. Their very high profitability is therefore also tied to their relatively high gross margins, which generates high gross income.

**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. MCA’s liquidity has been relatively low at about P18, a current ratio of about 1.2. There is a very strong desire by the CEO to utilize no significant long-term debt and to see working capital as low as possible since excess working capital requires financing by either debt or equity. Since equity financing is relatively low, as noted in the next section on solvency, conserving working capital is desired. Also, MCA utilizes a relatively high level of financing from current liabilities. (See Exhibits 20-21.)

**Solvency.** The ratio, equity to assets is reported. (See Exhibits 22-23.) MCA’s solvency has been relatively weak until 2001. In 2005 it was 45.6 percent or P46. It would be much higher when viewed as a debt to equity ratio since MCA has very little long-term debt. Another solvency measure, adjusted equity to assets (total equity divided by (total assets minus current liabilities)), indicates a value of 98.3 percent and P83 due to very low long-term liabilities. MCA

has been very aggressive in acquiring competing businesses and growing their asset base, requiring additional equity financing and reducing their solvency compared to what it would be with a slower growth rate. They have averaged fixed asset purchases of \$1.5 million over the last 10 years.

**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. MCA’s ratio has been very high at around 2.78 and P85. In other words, for every dollar spent on personnel they generate \$2.78 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 36 percent of gross income. This performance is consistent with the CEO’s strategy on people as noted in the section below on strategy.

Asset productivity or efficiency is measured by two ratios, gross income to depreciation expense, and sales to net fixed assets, an asset turnover measure. MCA’s gross income to depreciation expense has been around 7.64 and P45 for 1999-2004, but has increased substantially in the last two years to 9.92 and P72 in 2005. This means they don’t have high levels of fixed assets generating high depreciation expenses relative to gross income. MCA’s sales to net fixed assets is 7.22 and P43, meaning they generate moderate levels of sales per dollar tied up in fixed assets. The MCA strategy, which they execute very well, is to work people efficiently. They are in the middle of the pack on how hard they work fixed assets. Therefore, MCA’s high profitability is also tied to their ability to achieve high margins.

**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. MCA’s sales were at about \$52 million in 2005, putting them at P81. For the last ten years they have been at around P86 even though they have grown from \$26 million in 1994 to \$52 million in 2005, a 100 percent increase. Their rate of growth appears to be very beneficial.

**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 MCA. 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 MCA 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.

MCA has expressed the broadest view of their strategy in their mission statement. Their mission is “To serve our communities with a financially sound, professionally managed cooperative offering quality products and services at competitive prices.” The primary guiding philosophy of the organization, as stated by the CEO, Dell Princ, is “...to push grain marketing as the leading strategy including securing more elevator storage capacity by buying out the competition.” MCA has been very effective in executing this strategy in the last 15 years. MCA has also developed a very large private feed manufacturing business that manufactures its own label and markets through its own retail locations and to several feedlots outside their trade area. They have the majority of the feed business in their area. Both current assets and net fixed assets have grown rapidly over the last 10-12 years but this growth has resulted in MCA’s size staying about the same, relative to their peers at around P83.

MCA’s operational strategy, as stated by their CEO, is “We focus on running efficiently. And we stress keeping the profits we earn locally.” In the December 2005 co-op Newsletter communicated to the members their strategy when he stated, “We will continue to efficiently manage your cooperative to maximize your return [on] patronage.”

MCA’s marketing strategy with respect to pricing is to be competitive, as noted in their mission statement. As their CEO observes, “We don’t chase other people’s prices. We are usually the price leader in our trade area.”

MCA has a very open communication with its members through its newsletter that outlines the philosophy of the co-op and its “value proposition” to customer-members, a key characteristic of successful companies identified in the Harvard study previously cited. In the March 2005 newsletter the CEO addressed eight questions, including:

(1) Why is Midway Co-op making money? “The answer is quite simple. It’s monitoring expenses and marketing. **Being staffed for the slow times is the biggest savings for your cooperative [emphasis added].** We are continually transferring employees from location to location to help out where needed. ... We also monitor all other expenses and try to be as efficient as possible.”

(2) Is Midway Co-op making too much money? “Midway has a plan .... Our goal is always to exceed the plan. We aggressively seek new business ... We continue to look for opportunities to increase our earnings. That, in turn, benefits our members.”

(3) Where does the profit go? “The profit from the members’ business is distributed back to the members in the form of patronage refunds.”

Other questions addressed the issues of patronage refunds, equity redemptions, and taxes paid by the co-op, and using earnings to improve assets, customer service, and the community.

Dell Princ concluded his comments by saying, “In summary, Midway is proud that it is a profitable company and that all earnings remain locally in the form of patronage. We will do

everything possible to maintain that profitable status... Midway Co-op also knows the value of its members and we will continue to work hard to earn your support.”

**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.

MCA aligns its operations on its mission, especially its customers, its employees and its company profitability. As the CEO says, “We execute. We push very hard in the grain department to be ready for harvest and the agronomy department pushes very hard to ready for the crop production season.”

**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.

The CEO says they have very clear expectations outlined for employees that are expressed in their evaluation sessions. In addition, Dell says, “We hire people who fit.” Other cultural factors were expressed by Dell in his December 2004 newsletter column when discussing three sources of their financial success. “Number One. A cooperative board that gives this company direction and has the confidence in management to make the right decisions. Number Two. The best group of employees you could ever assemble... Number Three. And last, but not least, member producers who see value in the service that Midway Co-op provides.”

**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.

MCA is viewed by its CEO as a company with a flexible, changing structure. In 2005 there were about 65 full-time employees and there were 21 directly reporting to Dell. Employees are generally assigned to locations and the various business units such as grain and agronomy are expected to share those employees in a flexible, effective way. As Dell stated, “We are not departmentalized. We have people who wear lots of hats. We are very flat and all branch managers and department managers report to me. I talk to most of them every day.”

**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.

MCA’s strategy has been to value employees, as indicated by the earlier comments made by the CEO. He says, “We have the best employee group. They are positive and want to improve the business. We mostly promote from within.”

**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.

MCA focuses on cross-training employees so they can wear several different hats and help out wherever needed, given the conscious strategy to staff for the slow times and work harder in the busy times.

**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 senior director and recent board chairperson, Larry Yost, has served on the board for a total of 28 years, longer than any other sitting director. During his 28 years of service he has been elected by the board to serve as the chief board officer (president, chairman or chairperson) for a total of 23 years. As Larry reflected on the leadership factors that have led to MCA's success he made the following observations. "We found out what it costs if you don't have a good CEO. We were fortunate to have two very good people already in the company available and capable of taking over in 1987 when we were at our most grim time. Since that time we realized that our current General Manager, Dell Princ, had other job opportunities, given his success here. Our salary for him was probably low, so we raised it to be competitive. As a board, we are now much more sensitive to compensation issues."

As noted previously, Larry feels like they now have the best board they have ever had during his tenure. They still struggle to get the best people to run for the board and to have a contest for open positions. MCA has eight districts and elects one director from each district. A nomination committee is appointed and the committee consults with the branch managers in each district to get feedback on potential candidates. Seldom is there a contest for an open position and in the last 20 years there have only been two times when there was a nomination from the floor to challenge an incumbent in which the incumbent lost.

The CEO reports that pay is linked to performance for the CEO and for the employees, a policy supported by the board for all employees and a policy directly implemented by the board in the case of the CEO's compensation.

With respect to employee pay, the CEO says MCA pays employees based on performance. This can and does result in wide variations in pay for people in similar positions.

**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 Agriliance 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.

MCA is an investor in and customer of several regional co-ops including CHS, CoBank, AGP (Ag Processing, Inc.), Land O'Lakes, Cooperative Finance Association and FCStone

(Farmers Commodity Corporation), as are many if not most local co-ops in the Midwestern States. MCA is also a member-owner of Servi-Tech and Kansas Farmers Service Association (KFSA).



## **Discussion Questions**

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

2. What changes in strategy do you think Midway Cooperative could make to improve performance? List up to three changes and rank them.

3. Given what you've learned about Midway Cooperative 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. Midway Co-op Association Trade Area, Locations and Competitors

**Pushpins**

- Midway Co-op Assn. (Osborne)
- Midway Co-op Assn. Branch Locations
- ◆ Farmway Co-op (Beloit)
- Randall Farmers Co-op Union
- 📍 Frieling Grain Co. Inc. (Gaylord)
- 🏠 The Scouler Company (Downs)
- ▲ United Ag Service Inc. (Gorham)
- ⚙️ Star Seed Inc. (Osborne)
- ✳️ Farmers Union Mercantile (Stockton)
- ★ Central Plains Cooperative (Smith Center)
- ▲ Esbon Grain & Fertilizer, Inc.
- ✳️ Pro-Ag Marketing (Kensington)
- ✳️ Agco Inc. (Russell)
- ✳️ Midland Marketing Cooperative (Hays)
- 🏠 Paradise Grain Co. Inc.

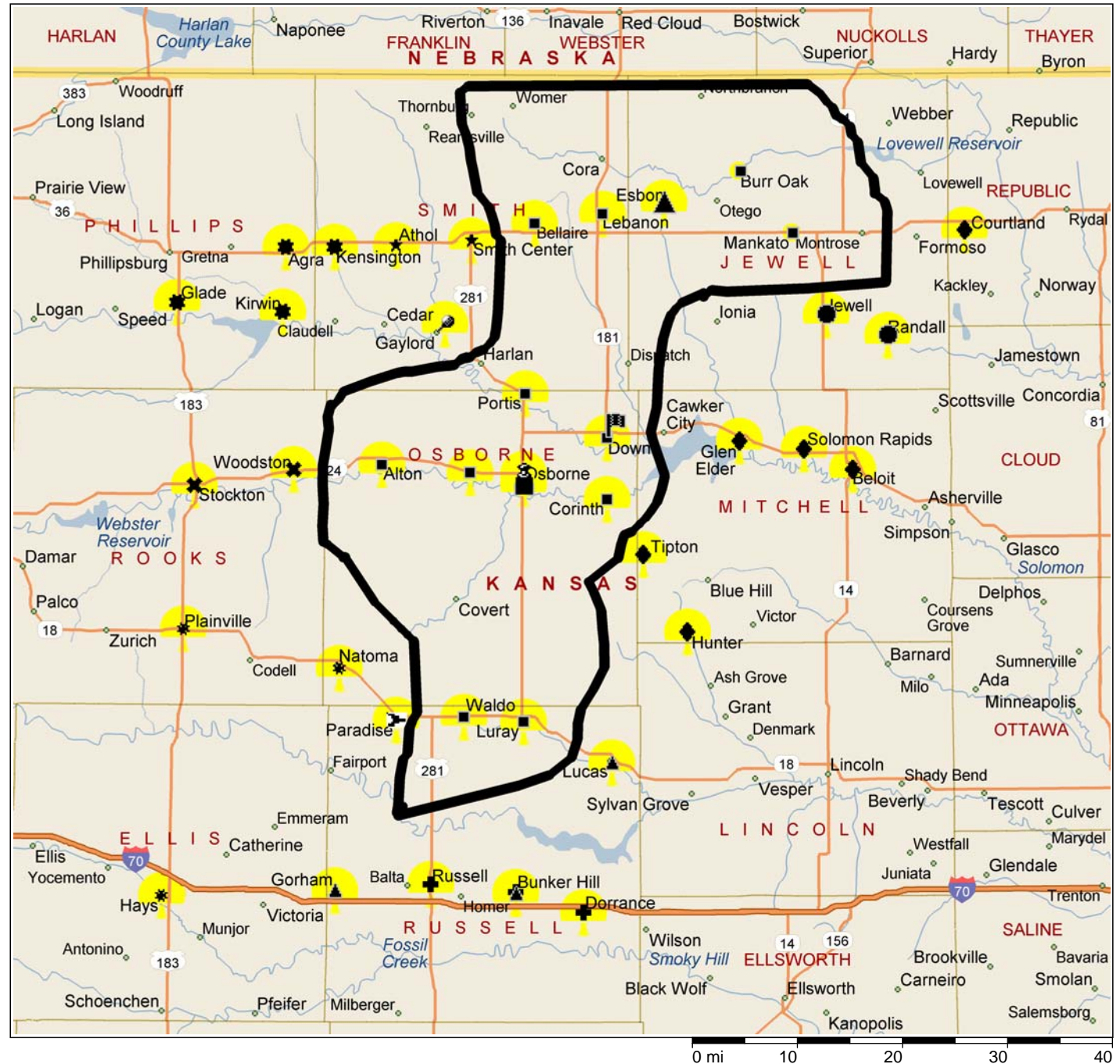


Exhibit 2. Average County Crop Production 1999-2004  
(million bushels)

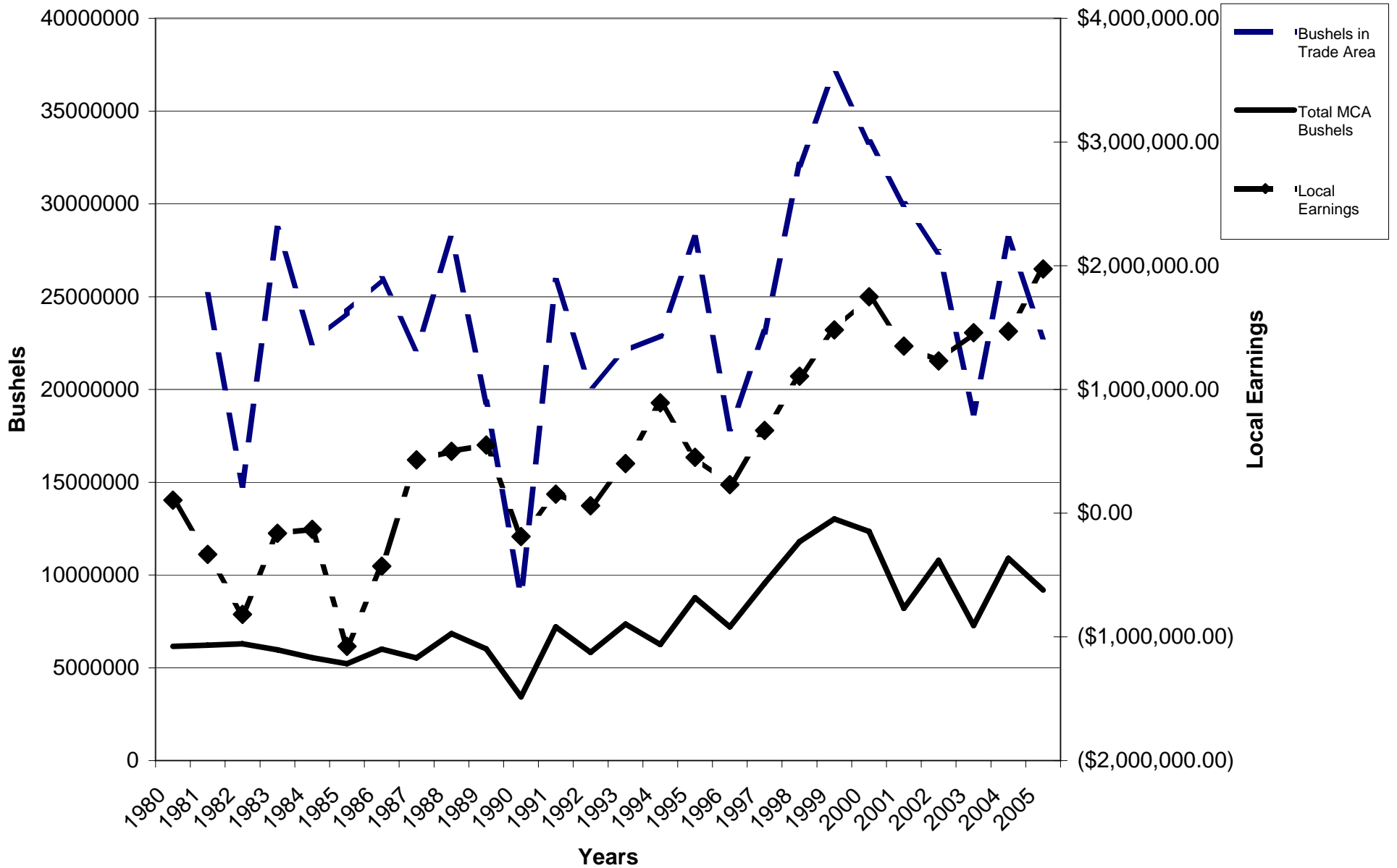
Cheyenne 2.07887	Rawlins 2.51037	Decatur 2.04234	Norton 2.03328	Phillips 1.74088	Smith 2.50622	Jewell 2.93484	Republic 3.99417	Washington 3.33046	Marshall 3.79492	Nemaha 2.82879	Brown 3.98591	Doniphan 3.70384
Sherman 4.1745	Thomas 5.73258	Sheridan 4.65549	Graham 1.90812	Rooks 1.56862	Osborne 2.12874	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 0.736887
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	Yandotte 0.11226
Hamilton 2.13672	Kearny 3.32565	Finney 6.14462	Hodgeman 1.64606	Pawnee 3.24503	Stafford 4.26574	Reno 4.66475	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	Edwards 4.26051	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. Midway Co-op Association Grain Volume, Local Earnings and Trade Area Crop Production

Fiscal Year*	Total Grain Production in Trade Area Counties				Bushels in Trade Area	Total MCA Bushels	MCA Market Share	MCA Local Earnings	MCA Total Net Earnings
	Jewell	Smith	Osborne	Russell					
1980						6,149,643		\$105,289.00	\$412,869.00
1981	5,140,300	6,488,000	8,232,100	5,229,800	25,090,200	6,220,476	24.79%	(\$333,569.00)	\$233,363.00
1982	3,262,500	3,946,900	3,850,800	3,779,600	14,839,800	6,291,309	42.39%	(\$818,503.00)	(\$602,319.00)
1983	5,680,700	7,765,700	8,689,500	6,533,200	28,669,100	5,964,528	20.80%	(\$162,141.00)	(\$37,891.00)
1984	4,821,400	5,431,200	6,743,700	5,522,700	22,519,000	5,542,083	24.61%	(\$130,247.00)	\$5,309.00
1985	3,968,000	7,261,400	7,525,400	5,414,400	24,169,200	5,222,087	21.61%	(\$1,075,879.00)	(\$979,548.00)
1986	5,546,400	6,623,100	7,790,800	5,995,500	25,955,800	5,999,566	23.11%	(\$429,020.00)	(\$295,223.00)
1987	4,529,000	6,410,300	5,100,900	6,103,800	22,144,000	5,524,530	24.95%	\$430,740.36	(\$181,218.50)
1988	5,599,600	7,502,000	7,893,300	7,219,500	28,214,400	6,846,183	24.26%	\$499,949.81	\$644,951.71
1989	3,501,300	5,000,100	5,177,000	5,636,400	19,314,800	6,021,111	31.17%	\$549,998.10	\$800,627.87
1990	1,075,300	2,269,800	3,426,600	2,144,400	8,916,100	3,437,881	38.56%	(\$188,316.85)	\$162,033.34
1991	4,936,500	7,106,800	8,457,600	5,356,400	25,857,300	7,201,914	27.85%	\$152,860.77	\$304,046.72
1992	3,690,000	6,150,400	6,136,600	4,176,700	20,153,700	5,831,698	28.94%	\$59,729.46	\$233,137.72
1993	4,009,200	5,776,800	6,658,900	5,628,300	22,073,200	7,354,325	33.32%	\$401,547.64	\$530,085.22
1994	5,550,000	7,110,100	7,009,600	3,240,900	22,910,600	6,253,668	27.30%	\$890,938.95	\$1,004,386.28
1995	5,846,000	7,181,500	8,141,600	7,001,000	28,170,100	8,777,024	31.16%	\$451,016.00	\$778,304.00
1996	3,410,700	4,879,300	5,039,600	4,563,200	17,892,800	7,209,280	40.29%	\$230,652.00	\$564,103.00
1997	5,407,300	5,656,500	6,213,600	5,815,600	23,093,000	9,552,108	41.36%	\$668,005.00	\$1,028,914.00
1998	6,737,500	8,492,100	9,243,700	7,636,400	32,109,700	11,791,723	36.72%	\$1,106,660.00	\$1,439,323.00
1999	7,071,300	8,880,000	10,822,100	10,372,400	37,145,800	13,020,669	35.05%	\$1,481,840.00	\$1,735,661.00
2000	8,286,500	7,012,600	9,140,600	8,882,500	33,322,200	12,342,186	37.04%	\$1,749,529.00	\$1,757,144.00
2001	6,130,700	8,745,700	8,318,900	6,798,200	29,993,500	8,206,181	27.36%	\$1,350,719.00	\$1,375,600.00
2002	5,115,500	7,410,700	7,725,800	7,167,800	27,419,800	10,784,581	39.33%	\$1,230,708.00	\$1,371,587.00
2003	4,046,500	5,648,100	5,079,600	3,963,700	18,737,900	7,280,158	38.85%	\$1,458,521.00	(\$133,744.00)
2004	5,593,900	8,043,500	8,057,900	6,425,200	28,120,500	10,893,827	38.74%	\$1,470,044.00	\$1,344,640.00
2005	6,019,000	6,534,700	5,865,700	4,409,400	22,828,800	9,191,565	40.26%	\$1,974,285.18	\$2,151,177.50

\* MCA'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. Midway Co-op Association Grain Volume,  
Local Earnings and Trade Area Crop Production**



**Exhibit 5. Patronage Refunds and Equity Redemptions, 1995-2005**  
**Midway Cooperative Association**  
**Osborne, Kansas**

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Avg. 2002-2005
<b>Patronage Refunds (\$)</b>												
<b>Cash Rate (%)</b>	30%	30%	30%	30%	30%	30%	30%	30%	0%	30%	50%	39%
<b>Cash Refunds</b>	\$183,036	\$151,661	\$257,706	\$343,313	\$428,746	\$441,520	\$380,539	\$377,017	\$0	\$348,331	\$920,377	\$411,431
<b>Retained Refunds</b>	\$427,084	\$353,875	\$601,315	\$801,063	\$1,000,408	\$1,030,214	\$887,925	\$879,706	\$0	\$812,772	\$920,377	\$653,214
<b>Total</b>	\$610,121	\$505,536	\$859,021	\$1,144,375	\$1,429,154	\$1,471,734	\$1,268,465	\$1,256,723	\$0	\$1,161,103	\$1,840,753	\$1,064,645
<b>Earnings Before Taxes</b>	\$778,303	\$620,513	\$1,128,092	\$1,578,013	\$1,892,413	\$1,910,384	\$1,499,759	\$1,487,919	-\$68,816	\$1,475,008	\$2,345,290	\$1,309,850
<b>Patronage Percent</b>	78.4%	81.5%	76.1%	72.5%	75.5%	77.0%	84.6%	84.5%	0.0%	78.7%	78.5%	81.3%
<b>Equity Redemptions</b>												
<b>Specials (Est. &amp; Ret.)</b>	\$60,353	\$75,310	\$92,669	\$87,003	\$121,363	\$123,586	\$60,136	\$76,043	\$112,097	\$118,430	\$199,636	\$126,551
<b>Systematic Methods</b>	\$0	\$0	\$0	\$224,084	\$243,947	\$276,026	\$317,109	\$338,902	\$158,972	\$707,468	\$276,906	\$370,562
<b>Total</b>	\$60,353	\$75,310	\$92,669	\$311,087	\$365,310	\$399,612	\$377,245	\$414,945	\$271,069	\$825,898	\$476,542	\$497,113
<b>Total Cash Payment</b>	\$243,389	\$226,971	\$350,376	\$654,399	\$794,056	\$841,132	\$757,785	\$791,961	\$271,069	\$1,174,229	\$1,396,919	\$908,544
<b>Cash Payout % of Patronage Refunds</b>	39.9%	44.9%	40.8%	57.2%	55.6%	57.2%	59.7%	63.0%		101.1%	75.9%	85.3%



Exhibit 7. Director and Manager History						
Midway Co-op Association						
Osborne, Kansas						
First Name	Last Name	Title	Beginning Date	Ending Date	Years Served	Non-Consecutive Service
<b>Former Directors</b>						
Willian	Asper	Director	1908	1912	4	
C.J.	Hose	Director	1908	1913	5	
George K.	Knoll	Director	1908	1916	8	
W.H.	Gray	Director	1908	1911	3	
John L.	Stroup	Director	1908	1911	3	
Scott	Dillon	Director	1908	1916	8	
J. M.	Byrd	Director	1908	1924	16	
R.A.	Lough	Director	1908	1913	5	
W. W.	Crist	Director	1911	1920	9	
Ira	Bickle	Director	1911	1915	4	
W.E.	Bowers	Director	1912	1920	8	
S. W.	Cox	Director	1913	1914	1	
J.A.	Roice	Director	1913	1916	3	
Thomas	Easterly	Director	1913	1915	2	
W.T.	Hammond	Director	1915	1931	16	
H.A.	Schrader	Director	1915	1921	6	
J.T.	Paynter	Director	1916	1921	5	
D.O.	Bancroft	Director	1916	1919	3	
N.A.	Bossing	Director	1916	1942	26	
Frank	Rathbun	Director	1919	1927	8	
J.A.	Roice	Director	1920	1923	3	X
Fred	Tetlow	Director	1920	1924	4	
George K.	Kissell	Director	1920	1923	3	
Frank	Ernst	Director	1921	1927	6	
J.M	Critzmeier	Director	1921	1922	1	
Horace	Francisco	Director	1922	1924	2	
Ed	Conn	Director	1923	1926	3	
Harold	Walker	Director	1923	1927	4	
Coleman	Wonderlich	Director	1924	1941	17	
J.C.	Gregory	Director	1924	1927	3	
Russell	Ware	Director	1924	1927	3	
C.R.	Bradley	Director	1926	1931	5	
William	Reich	Director	1927	1930	3	
Bert	Kaser	Director	1927	1930	3	
John	Ramaker	Director	1927	1931	4	
William	Cornwell	Director	1927	1944	17	
G.F.	Jemison	Director	1928	1956	28	
L.D.	Brent	Director	1928	1934	6	
Matt	Mertz	Director	1930	1933	3	
Herman	Ramaker	Director	1931	1935	4	
John	Yost	Director	1931	1934	3	
D.A.	Brown	Director	1932	1935	3	
William	Reich	Director	1933	1942	9	X
C.R.	Bradley	Director	1934	1940	6	X
Justin	Miller	Director	1934	1943	9	
W.A.	Holloway	Director	1934	1937	3	
L.D.	Brent	Director	1935	1949	14	X
Joe	Bloomer	Director	1937	1950	13	
R.D.	Wyckoff	Director	1937	1943	6	
A.J.	Schwarz	Director	1938	1959	21	
E.E.	Bratton	Director	1939	1957	18	
Lane	Staalduine	Director	1940	1943	3	
O.J.	Simson	Director	1941	1942	1	
William	Robinson, Jr	Director	1942	1946	4	



Exhibit 7. Director and Manager History						
Midway Co-op Association						
Osborne, Kansas						
First Name	Last Name	Title	Beginning Date	Ending Date	Years Served	Non-Consecutive Service
H.A.	Storer	Director	1942	1963	21	
C.R.	Bradley	Director	1943	1949	6	X
Nick	Heitschmidt	Director	1943	1964	21	
Grover	Bradshaw	Director	1943	1950	7	
J.E.	Worley	Director	1943	1952	9	
O.C.	McFadden	Director	1944	1946	2	
Roy	Horn	Director	1946	1959	13	
Tom F.	Hale	Director	1949	1964	15	
Dale	Lerew	Director	1949	1958	9	
Roy	Harvey	Director	1950	1956	6	
O.J.	Herndon	Director	1950	1956	6	
Alvin	Otte	Director	1952	1966	14	
Ray	Ellsworth	Director	1952	1966	14	
Joe	Bloomer	Director	1956	1962	6	X
Glenn	Towne	Director	1956	1959	3	
Leslie	Kaser	Director	1956	1958	2	
Lloyd	Beatty	Director	1957	1963	6	
Paul	Pletcher	Director	1958	1979	21	
Raymond	Mayers	Director	1958	1968	10	
Jean	Woods	Director	1959	1962	3	
Louis	Albrecht	Director	1959	1968	9	
Warren	Kendig	Director	1959	1968	9	
Gerald	Overmiller	Director	1962	1971	9	
Bill	Franklin	Director	1962	1968	6	
Lloyd	Guyer	Director	1963	1975	12	
Willis	Paschal	Director	1963	1981	18	
Roy	Keller	Director	1964	1967	3	
Dale	Cooper	Director	1964	1973	9	
John	Muck	Director	1965	1971	6	
Charles	Soash	Director	1966	1981	15	
Earl	Zweifel	Director	1967	1973	6	
William C.	Cady	Director	1968	1980	12	
Arnold	Krier	Director	1968	1979	11	
Howard	Dietz	Director	1968	1971	3	
Morton	Demoss	Director	1969	1972	3	
Bill	Overmiller	Director	1971	1983	12	
Ernie	Schlatter	Director	1972	1984	12	
Bob	Long	Director	1972	1978	6	
Eugene	Thornburg	Director	1973	1985	12	
John	Palmer	Director	1973	1990	17	
Albert	Henke	Director	1975	1979	4	
Jim	Wolters	Director	1978	1981	3	
Jim	Dooley	Director	1978	1982	4	
Cap	Streit	Director	1979	1983	4	
Dean	Hale	Director	1979	1984	5	
Ray	Elliott	Director	1980	1980	0	
Melvin	Wilcoxson	Director	1980	1989	9	
Bill	Thomas	Director	1981	1987	6	
John	McDowell	Director	1983	1989	6	
Bob	Dietz	Director	1984	1992	8	
Gerald	Wonderlich	Director	1984	1990	6	
Carol	Peterson	Director	1985	2000	15	
Fred	Eilert	Director	1987	1990	3	
Kendall	Peterson	Director	1987	1989	2	
Alvin	Younger	Director	1989	1998	9	

<b>Exhibit 7. Director and Manager History</b>						
<b>Midway Co-op Association</b>						
<b>Osborne, Kansas</b>						
First Name	Last Name	Title	Beginning Date	Ending Date	Years Served	Non-Consecutive Service
Wayne	Knowles	Director	1989	1992	3	
Gail	Hall	Director	1990	1993	3	
Mike	Detloff	Director	1990	1993	3	
Evertt	Storer	Director	1990	2001	11	
Orvin	Wilson	Director	1992	1998	6	
Marvin	Kugler	Director	1992	1998	6	
John	Bergman	Director	1993	1996	3	
J. Alan	Guttery	Director	2000	2005	5	
				Total Years	886	
				# of Directors	111	
				Mean Years	8.0	
<b>Current Directors</b>						
Larry	Yost	Director	1978	2006	28	
Carl	Caldwell, Jr.	Director	1981	2006	25	
Jack	Schneider	Director	1993	2006	13	
Lynn	Cooper	Secretary	1998	2006	8	
Jerry	Lambert	Vice Chairperson	1998	2006	8	
Ken	Garman	Director	1998	2006	8	
Larry	Stanley	Chairperson	1999	2006	7	
Brice	Guttery	Director	2005	2006	1	
				Total Years	98	
				# of Directors	8	
				Mean Years	12.3	
<b>Managers</b>						
R.A.	Lough	General Manager	1908	1919	11	
Eli	Roadhouse	General Manager	1919	1923	4	
Mort	Crawford	General Manager	1919	1923	4	
Will	Robinson	General Manager	1923	1924	1	
Ira	Crawfod	Temporary Manager	1924	1924	0	
I.J.	Baumgartner	General Manager	1924	1925	1	
Ed	Conn	General Manager	1925	1926	1	
J.C.	Gregory	General Manager	1926	1942	16	
			1945	1946	1	
R.D.	Wyckoff	General Manager	1942	1945	3	
Ed	Johnson	General Manager	1946	1964	18	
John M.	Martin	General Manager	1964	1978	14	
Ed	Palmer	General Manager	1978	1981	3	
Doug	Grathaus	General Manager	1981	1986	5	
Larry	Krehbiel	General Manager	1987	1987	0	
J.D.	Boland	General Manager	1987	1996	9	
Dell	Princ	General Manager	1996	2006	10	
				Total Years	101	
				# of Managers	14	
				Mean Years	7.2	

Midway Co-op Association			
Osborne, Kansas			
<u>Exhibit 8. STATEMENTS OF OPERATIONS</u>			
For Years Ended March 31, 2005 and 2004			
		2005	2004
<u>Sales</u>			
Grain		32,545,257.56	34,995,666.05
Supply		19,595,901.90	16,836,752.66
Total sales		52,141,159.46	51,832,418.71
<u>Cost of sales</u>			
Grain		29,236,826.41	31,935,456.55
Supply		16,445,903.65	13,882,898.06
Total cost of sales		45,682,730.06	45,818,354.61
<u>Gross margins on sales</u>		6,458,429.40	6,014,064.10
<u>Other operating income</u>			
Storage and handling		964,422.51	809,862.87
Mill operations		228,430.98	221,997.53
Freight and delivery income		239,749.93	176,795.88
Application income		1,091,355.16	1,005,600.03
Station services		180,645.63	189,353.88
Farm service income		41,013.76	47,498.35
Finance charges and interest income		177,808.06	150,574.12
Incentive rebates		228,724.24	269,808.88
Gain on disposal of property, plant and equipment		49,850.00	1,883.58
Miscellaneous		41,242.96	59,891.12
Total other operating income		3,243,243.23	2,933,266.24
<u>Gross income from local operations</u>		9,701,672.63	8,947,330.34
<u>Operating expenses</u>			
Personnel costs		3,452,498.54	3,302,001.26
Fixed expenses		1,620,554.26	1,791,484.77
Other operating expenses		2,654,334.65	2,381,916.59
Total operating expenses		7,727,387.45	7,475,402.62
<u>Savings from local operations</u>		1,974,285.18	1,471,927.72
<u>Other savings</u>			
Patronage dividends		369,441.60	214,438.54
Investment Loss		0.00	(212,921.87)
Dividends on stock		1,563.50	1,563.50
Total other earnings (loss)		371,005.10	3,080.17
<u>Savings before income taxes</u>		2,345,290.28	1,475,007.89
<u>Income taxes</u>		(194,112.78)	(130,368.16)
<u>Net savings</u>		2,151,177.50	1,344,639.73
<u>Distribution of net savings</u>			
Patronage dividends		1,840,753.42	1,161,102.75
Retained earnings		310,424.08	183,536.98
<u>Total</u>		2,151,177.50	1,344,639.73

Midway Co-op Association							
Osborne, Kansas							
<b>Exhibit 9. BALANCE SHEET</b>							
March 31, 2005 and 2004							
<b>ASSETS</b>				<b>LIABILITIES AND MEMBERS' EQUITY</b>			
<b>Current Assets</b>		2005	2004	<b>Current Liabilities</b>		2005	2004
Cash	\$	283,488.61	\$ 277,836.12	Accounts, taxes and expenses payable	\$	2,166,112.73	\$ 2,255,342.57
Accounts and notes receivable - trade		2,089,204.90	1,617,996.19	Grains payable		176,928.65	607,035.49
Allowance for doubtful accounts		(133,140.57)	(140,385.57)	Collections received in advance		707,814.28	367,254.81
Grains receivable - trade		3,329,789.76	1,501,463.91	Current maturities of notes payable		6,184,693.28	6,285,360.63
Grain storage receivable		413,893.06	346,638.99	Certificates of indebtedness		1,844,259.95	1,442,392.25
Other receivables		344,332.30	679,592.03	Patronage dividends payable		920,376.71	348,330.83
Prepaid commodities		1,974,178.23	1,695,859.77	Income taxes payable		194,112.78	130,440.16
Inventories		5,920,033.58	7,123,905.18	Total Current Liabilities		12,194,298.38	11,436,156.74
Total current assets		14,221,779.87	13,102,906.62				
<b>Investments</b>				<b>Long-term liabilities, excluding current maturities</b>			
Corporate stock		1,680,111.35	1,450,486.64	Grain contracts payable		45,005.25	43,364.69
Other		168,643.96	142,659.65	Other		138,198.42	123,810.43
Total investments		1,848,755.31	1,593,146.29	Total Long-Term Liabilities		183,203.67	167,175.12
<b>Property, Plant, and Equipment</b>				<b>Members' equity</b>			
Cost		21,021,686.20	20,075,646.56	Common stock		72,800.00	163,790.00
Accumulated depreciation		(14,348,262.77)	(13,553,954.17)	Participating stock		6,390.00	6,340.00
Net property, plant and equipment		6,673,423.43	6,521,692.39	Members' equity		6,675,859.00	6,242,089.54
				Per-unit retains		9,912.10	9,912.10
				Patronage dividends		920,376.71	812,771.92
				Retained savings		2,681,118.75	2,379,509.88
				Total Members' Equity		10,366,456.56	9,614,413.44
Total Assets		22,743,958.61	21,217,745.30	Total Liabilities and Members' Equity		22,743,958.61	21,217,745.30

Exhibit 10. Return on Local Assets: Profit Group Mean and Percentile Values of Midway Co-op Association  
and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles and Values, 1980-2005.

Year	N	Profit Group Mean Value (%)					Percentile Values (%)					Midway Co-op	
		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	26	7.46
1981	502	8.91	99.11	-0.22	8.56	16.62	20.47	12.66	8.53	4.52	-7.53	18	2.72
1982	500	8.64	83.78	0.84	8.69	16.32	20.41	12.27	8.57	4.61	-2.69	8	-0.82
1983	507	8.07	105.38	-0.6	7.75	15.2	17.65	11.79	7.71	3.44	-5.96	50	7.71
1984	505	7.77	106.02	-1.01	7.48	14.19	17.05	11.13	7.58	3.44	-9.3	43	6.24
1985	499	6.41	137.24	-1.95	6.28	13.06	15.25	9.82	6.24	2.3	-8.5	9	-3.25
1986	488	9.22	86.21	-0.44	8.44	15.99	18.62	12.17	8.77	4.44	-5.87	23	3.84
1987	486	9.83	97.34	-1.06	9.24	17.58	20.19	13.2	9.01	4.35	-8.19	95	20.16
1988	484	8.97	100.56	0.48	9.17	16.34	19.66	12.7	8.86	5.09	-3.6	64	10.76
1989	477	6.54	183.94	-4.41	6.08	14.74	19.74	10.32	5.9	0.81	-7.65	81	11.88
1990	472	5.38	164.98	-3.81	4.77	11.94	15.44	8.2	4.8	-0.18	-9.92	41	3.21
1991	457	5.56	134.84	-1.42	4.67	12.18	17.44	8.24	4.47	1.54	-5.05	73	7.92
1992	443	4.25	170.26	-3.72	3.87	9.72	11.89	6.76	3.47	-0.11	-9.2	77	7.21
1993	393	5.29	201.06	-1.61	4.87	10.86	14.37	8.18	4.83	1.77	-7.37	81	8.88
1994	375	5.94	123.43	-0.74	5.75	13	16.2	9.3	5.9	2.39	-4.85	95	16.14
1995	314	5.92	110.35	-0.92	5.46	12.63	15.21	8.42	5.58	2.53	-5.54	73	8.24
1996	159	5.26	130.67	-0.41	5.01	9.57	14.08	7.42	5.04	2.73	-4.7	75	7.46
1997	158	6.76	68.08	2.11	6.92	11.92	13.78	9.37	6.72	4.21	0.34	82	10.41
1998	159	8.27	58.09	3.95	8.16	14.56	17.13	11.26	8.01	5.92	1.82	83	13.24
1999	167	7.07	75.68	2.48	6.96	13.88	16.4	10.56	7.26	4.37	-0.09	90	15.01
2000	167	6.61	79.47	2.64	6.91	12.93	15.44	10.11	6.8	4.37	-0.03	95	15.89
2001	173	6.19	86.88	0.82	6.39	12.09	14.24	8.67	6.02	3.37	-1.63	95	14.24
2002	173	4.78	104.16	0.14	4.33	9.85	12.37	6.57	4.19	1.95	-3.35	89	10.04
2003	178	3.04	218.1	-4.64	2.61	9.04	9.54	4.92	2.47	-0.63	-6.97	97	10.18
2004	179	3.95	190.95	-2.4	3.52	10.6	12.82	6.37	3.41	0.25	-6.07	89	9.16
2005	110	4.63	128.78	-1.92	4.39	10.37	14.93	7.51	4.27	1.95	-6.4	89	10.41
1980-1985	452	8.56		3.22	7.92	13.84	15.48	10.91	7.76	5.34	0.2	14	3.27
1986-1988	452	9.45		2.3	8.84	14.83	17.22	11.8	8.68	5.3	-2.28	67	10.83
1989-1992	381	5.7		-0.82	4.92	10.88	14.05	7.76	4.8	1.17	-3.56	75	7.6
1993-1995	296	5.88		0.45	5.31	11	14.3	8.36	5.55	2.59	-2.47	87	10.7
1996-1998	153	6.74		3.14	6.83	11.32	13.62	8.85	6.88	4.94	1.85	88	10.51
1999-2004	158	4.98		1.43	4.66	9.22	11.27	6.29	4.68	2.96	-0.56	97	12.02

# **Exhibit 11. Return on Local Assets** **Midway Co-op Association and Colorado, Kansas, Nebraska, and** **Oklahoma Cooperatives Percentiles, 1980-2005**

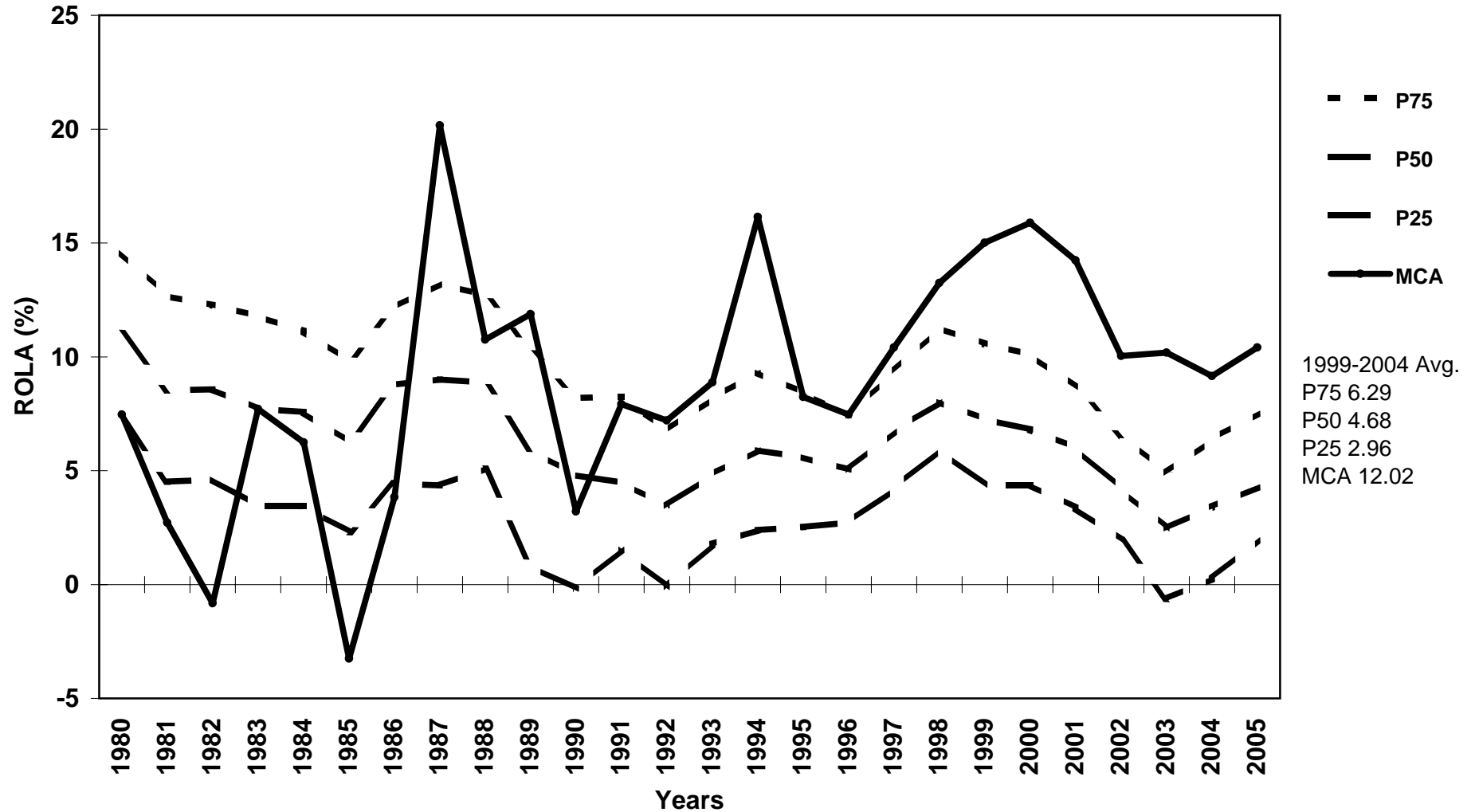


Exhibit 12. Return on Equity: Profit Group Mean and Percentile Values of Midway Co-op Association  
and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles and Values, 1980-2005.

Year	N	Profit Group Mean Value (%)					Percentile Values (%)					Midway Co-op	
		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	15	9.57
1981	501	14.88	112.44	3.49	14.14	23.05	31.92	19.97	14.19	7.21	-3.44	20	5.31
1982	500	9.97	98.72	1.24	9.39	17.94	24.81	14.21	9.12	3.55	-8.04	2	-15.99
1983	507	7.98	158.27	-2.3	7.1	15.58	20.48	12.14	6.92	1.57	-10.11	16	-1.03
1984	505	6.5	350.6	-5.8	6.04	13.99	19.46	10.99	6.05	0.16	-15.07	25	0.15
1985	499	4.1	312.01	-7.12	4.27	10.84	16.93	8.53	3.86	-0.8	-14.24	1	-37.9
1986	488	3.85	397.57	-8.03	3.4	11.13	17.51	9.21	3.41	-4.83	-23.1	13	-12.26
1987	486	7.5	199.85	-6.11	7.63	15.11	20.74	11.94	6.37	0.3	-14.98	10	-8.91
1988	483	10.56	99.62	-0.72	11.12	17.87	22.4	13.96	9.31	4.87	-5.11	96	24.58
1989	477	8.07	142.44	-5.72	7.42	17.68	23.2	11.87	6.6	0.74	-11.53	95	24.95
1990	471	7.54	146.16	-4.97	6.91	15.5	21.1	11.15	5.94	0.2	-11.6	42	4.96
1991	457	7.47	162.25	-2.17	6.26	15.46	22.52	10.66	5.86	1.15	-8.16	69	8.82
1992	442	5.85	176.75	-3.95	5.33	12.35	16.09	8.76	4.68	0.27	-9.63	61	6.48
1993	418	7.35	165.5	-1.17	6.75	13.29	16.77	10.49	6.04	2.48	-7.17	88	13.49
1994	402	8.75	155.85	1.91	8.13	14.91	19.1	11.96	7.79	3.56	-5.79	97	22.07
1995	338	10.15	120.47	2.48	8.96	18.12	21.69	13.35	8.85	5.08	-5.06	83	15.48
1996	159	8.11	133.17	0.37	8.1	13.37	19.95	10.93	7.64	4.02	-3.76	73	10.55
1997	158	10.54	285.98	3.98	10.91	16.49	20.55	13.56	9.58	6.09	1.23	87	17.07
1998	159	12.66	110.15	7.17	12.77	17.88	21.48	15.7	12.13	8.56	3.93	94	21.14
1999	167	10.6	85.95	2.56	11.48	17.11	20.4	14.73	9.5	5.78	-1.28	98	22.42
2000	167	8.72	111.45	3.79	8.1	15.25	20.32	12.52	7.86	3.77	-0.72	95	20.32
2001	173	6.76	220.05	0.04	7.02	13.81	16.81	9.63	6.29	2.89	-5.12	92	14.84
2002	173	0.72	5404.78	-14.74	1.96	10.66	16.24	7.71	2.47	-13.12	-45.78	91	13.93
2003	178	-5.27	-847.46	-27.24	-4.36	6.72	15.02	5.51	-3.75	-19.41	-48.36	57	-1.42
2004	179	5.75	667.17	-4.54	5.48	14.93	19.63	11.4	5.47	0.32	-11.61	83	13.99
2005	110	9.67	470.95	-3.21	9	19.82	24.93	13.9	8.14	3.35	-11.17	92	20.75
1980-1985	453	10.04		3.74	8.91	15.67	0.18	14.54	5.63	9.1	0.93	2	-4.32
1986-1988	451	7.43		-1.43	6.79	13.79	5.23	11.32	8.52	2.12	-8.05	32	2.38
1989-1992	381	7.59		-0.87	6.55	13.94	13.56	4.52	8.16	3.32	-6.28	81	11.09
1993-1995	325	8.94		1.27	8.24	14.48	13.76	12.29	5.82	5.36	-5.03	94	17.12
1996-1998	153	10.53		5.46	10.64	15.41	14.35	3.03	10.55	9.31	0.58	93	16.67
1999-2004	158	3.9		-2.11	3.99	8.81	12.8	6.71	4.76	3.17	-7.44	97	13.66

### Exhibit 13. Return on Equity Midway Co-op Association and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles, 1980-2005

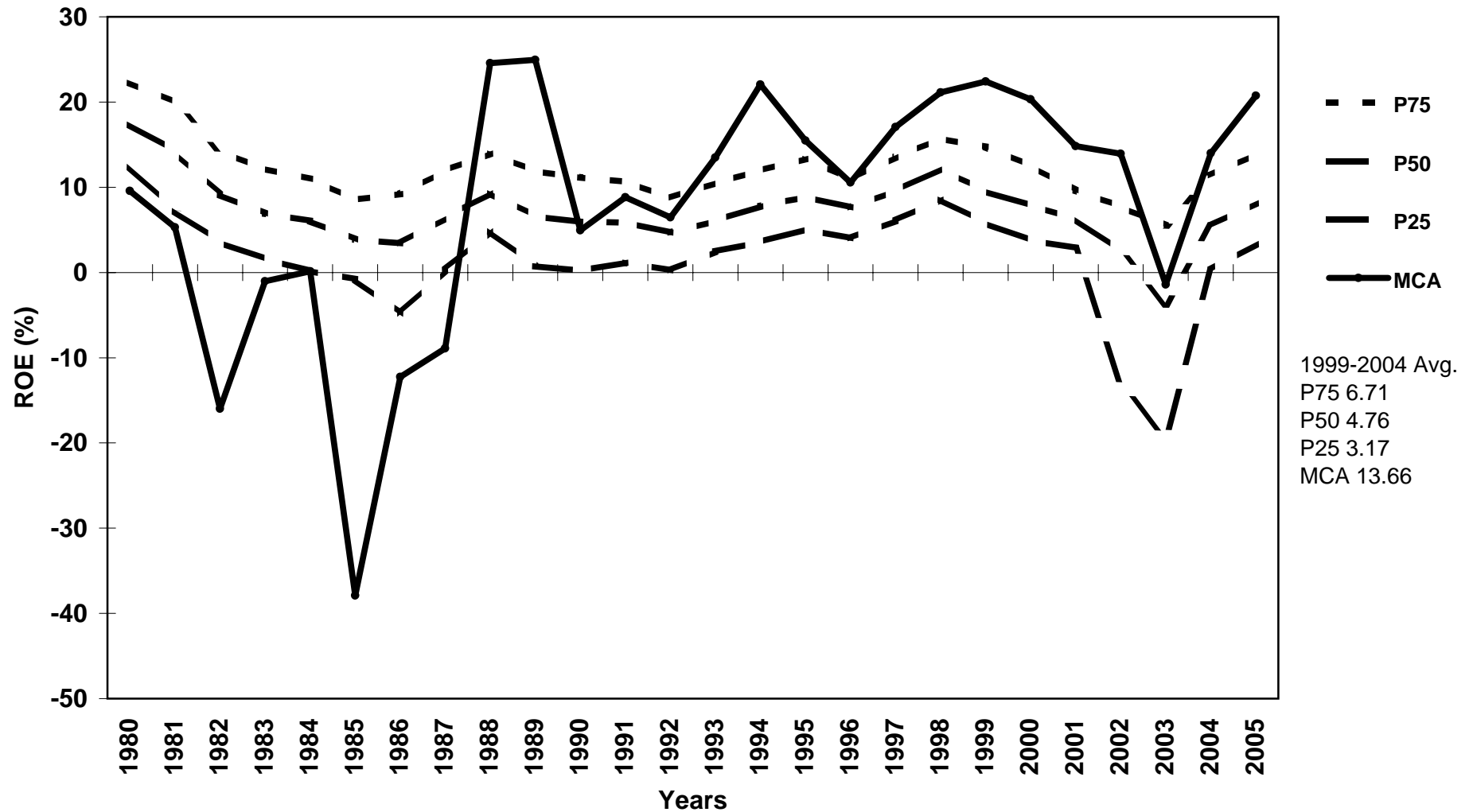




Exhibit 14. Return on Sales Percent: Profit Group Mean and Percentile Values of Midway Co-op Association  
and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles and Values, 1980-2005.

Year	N	Profit Group Mean Value (%)					Percentile Values (%)					Midway Co-op	
		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	13	1.49
1981	497	3.13	218.24	0.63	2.96	4.99	8.14	4.83	3.22	1.44	-1.02	16	0.86
1982	493	2.4	208.5	0.3	2.25	4.68	7.09	3.79	2.4	0.83	-1.54	3	-2.28
1983	502	2.09	209.47	-0.56	1.87	4.21	6.32	3.47	1.74	0.35	-2.85	17	-0.16
1984	501	1.59	319.54	-1.42	1.44	3.54	5.61	3.06	1.48	0.03	-3.47	24	0.02
1985	495	1.09	424.75	-1.83	1.11	3.03	5.68	2.52	1.16	-0.26	-3.47	4	-3.72
1986	487	1.23	984.7	-2.67	1.08	3.44	7.66	3.32	1.13	-1.69	-6.96	26	-1.53
1987	486	2.22	253.71	-1.73	2.38	4.19	7.37	3.69	2.07	0.11	-5.85	18	-0.92
1988	482	2.61	170.06	-0.25	2.74	4.76	7.23	4.11	2.55	1.2	-1.34	47	2.39
1989	474	1.86	203.17	-1.43	1.71	3.89	6.67	3.14	1.72	0.18	-2.63	68	2.57
1990	470	1.8	263.81	-1.39	1.67	3.51	5.83	2.99	1.62	0.06	-2.91	33	0.66
1991	454	1.84	195.19	-0.56	1.52	3.88	6.31	3.05	1.55	0.35	-1.9	42	1.24
1992	439	1.46	238.16	-1.03	1.29	3	5.57	2.44	1.27	0.07	-2.57	42	0.91
1993	415	1.77	201.96	-0.28	1.58	3.38	5.24	2.7	1.54	0.59	-2.14	59	1.96
1994	399	2.03	218.6	0.41	1.92	3.41	6.3	3.04	1.94	0.95	-1.39	86	3.78
1995	334	2.38	146.62	0.66	2.01	4.12	6.06	3.33	2.14	1.25	-1.65	57	2.36
1996	158	1.48	106.94	0.08	1.44	2.2	4.07	2.61	1.6	0.74	-0.88	46	1.35
1997	156	1.96	75.16	0.77	1.91	3.3	4.79	2.71	1.99	1.3	0.35	58	2.23
1998	157	2.58	58.89	1.55	2.58	3.55	5.39	3.59	2.77	1.86	0.8	66	3.25
1999	163	2.53	72.9	0.79	2.72	3.8	5.55	3.52	2.58	1.57	0.06	82	3.88
2000	165	2.02	121.85	0.85	1.95	3.31	5.54	3.34	1.95	1.03	-0.23	85	4.24
2001	170	1.5	123.84	0.02	1.51	3.06	4.49	2.66	1.55	0.84	-1.14	88	3.68
2002	170	0.15	2871.47	-3.28	0.39	1.83	3.85	1.82	0.65	-2.65	-10.29	92	3.45
2003	176	-0.87	-586.42	-4.96	-0.87	0.86	3.24	1.23	-0.72	-4.05	-9.25	56	-0.31
2004	177	0.89	241.34	-0.9	0.81	2.11	4.13	1.93	0.86	0.05	-2.5	84	2.59
2005	108	1.47	141.58	-0.64	1.33	2.53	4.51	2.31	1.45	0.54	-2.11	93	4.13
1980-1985	449	2.4		0.83	2.05	4.05	5.78	3.48	2.22	1.19	0	2	-0.62
1986-1988	452	2.15		-0.43	2.01	3.89	6.22	3.25	1.72	0.26	-2.71	25	0.26
1989-1992	381	1.87		-0.23	1.56	3.54	5.44	2.77	1.51	0.58	-1.14	47	1.42
1993-1995	321	2.06		0.35	1.76	3.49	4.96	2.92	1.84	1	-0.61	70	2.67
1996-1998	152	2.02		1.09	1.97	3.09	4.23	2.86	2.07	1.42	0.55	58	2.29
1999-2004	155	0.8		-0.48	0.8	1.77	3.16	1.57	0.75	-0.08	-1.61	92	2.89

**Exhibit 15. Return on Sales Percent**  
**Midway Co-op Association and Colorado, Kansas, Nebraska, and**  
**Oklahoma Cooperatives Percentiles, 1980-2005**

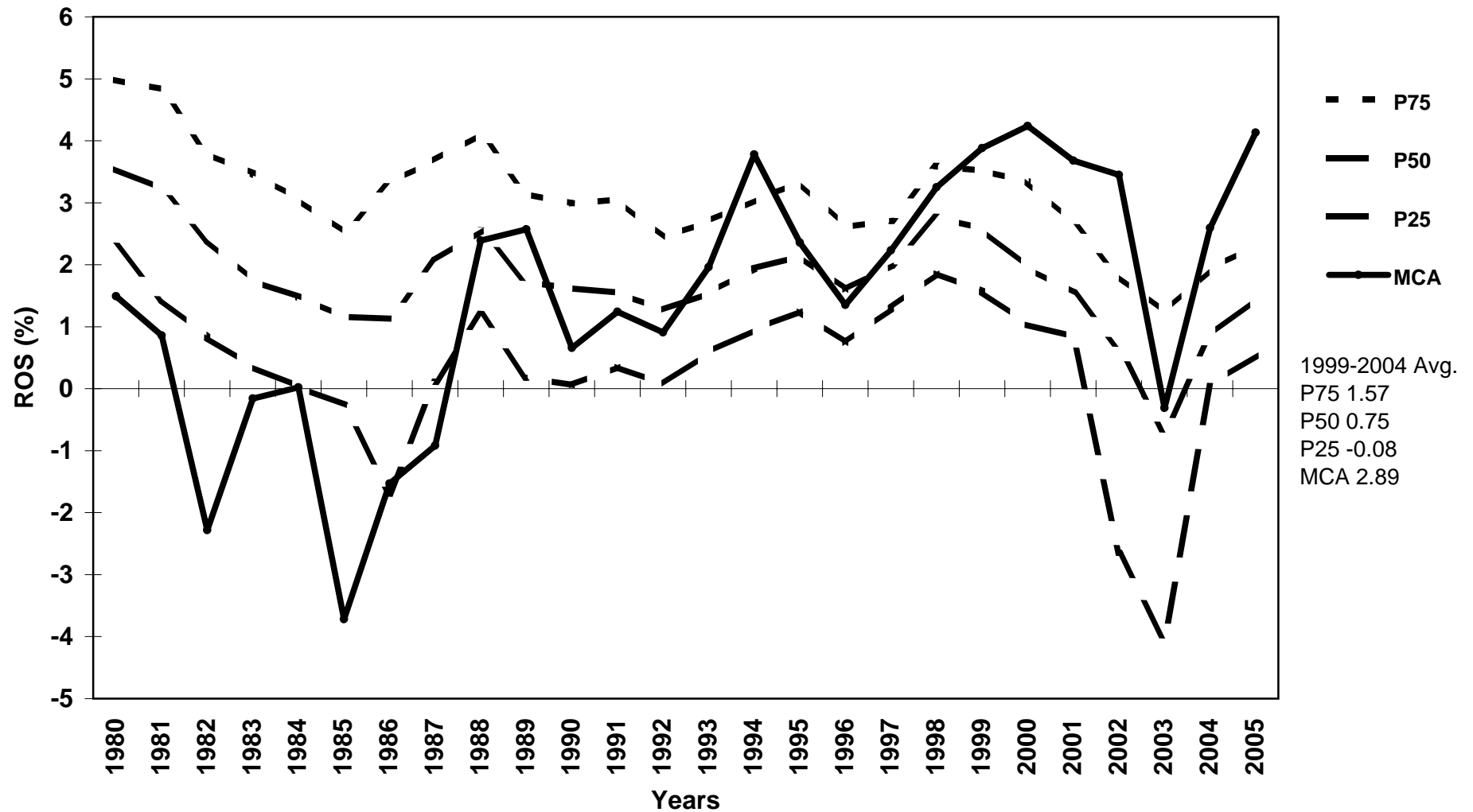


Exhibit 16. Grain Gross Margin: Profit Group Mean and Percentile Values of Midway Co-op Association  
and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles and Values, 1980-2005.

Year	N	Profit Group Mean Value (%)					Percentile Values (%)					Midway Co-op	
		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	37	3.58
1981	330	3.99	37.75	2.79	3.97	4.7	6.34	4.96	4.09	3.13	1.41	28	3.29
1982	305	4.38	35.06	3.89	4.28	4.94	6.8	5.35	4.39	3.52	2.28	22	3.36
1983	310	4.31	558.43	4.11	4.29	4.5	6.92	5.36	4.6	3.75	1.77	70	5.16
1984	322	3.65	456.91	3.44	3.59	3.9	6.98	4.94	3.96	3.02	1.62	36	3.51
1985	312	4.04	53.54	3.39	4.02	4.5	7.95	5.43	4.51	3.36	1.81	22	3.23
1986	307	4.82	123.22	4.39	4.76	5.22	8.8	6.27	4.91	3.78	1.93	40	4.49
1987	310	4.76	108.47	3.9	5.2	4.67	8.88	6.14	4.98	3.98	1.72	76	6.2
1988	293	4.19	87.15	3.58	4.24	4.62	7.62	5.53	4.51	3.43	1.79	76	5.7
1989	273	3.57	51.56	3.03	3.62	3.74	6.61	4.63	3.74	2.73	1.04	70	4.45
1990	297	3.68	54.71	3.17	3.87	3.64	6.32	4.73	3.84	2.94	1.33	56	4.07
1991	303	4.44	53	4.13	4.34	4.79	8.48	6.38	4.99	3.77	2.09	78	6.5
1992	284	4.61	53.83	4.32	4.56	4.85	8.54	6.22	5.14	3.92	2.35	82	6.84
1993	272	4.95	96.84	4.74	4.73	5.7	9.16	6.81	5.28	4.12	2.45	79	7.04
1994	259	4.66	107.59	4.55	4.43	5.32	9.64	6.62	5.02	3.98	2.52	93	9.15
1995	214	4.56	75.68	4.27	4.49	4.82	8.74	6.16	4.96	3.94	2.05	84	6.91
1996	149	4.19	268.78	4.81	3.99	4.3	7.97	5.66	4.5	3.36	1.8	76	5.71
1997	147	3.92	199.69	3.57	3.88	4.35	7.47	5.32	4.33	3.5	2.11	67	5.08
1998	147	5.05	218.21	4.65	5.05	5.43	8.91	6.67	5.43	4.29	2.51	86	8.09
1999	152	8.31	158.79	5.88	9.3	7.77	12.28	8.91	7.12	5.26	2.93	82	9.28
2000	152	9.56	137.73	13.76	8.08	8.23	14.72	10.33	8.31	6.25	3.8	86	12.11
2001	154	7.73	139.12	6.76	7.89	8	15.05	10.49	8.27	6.12	3.29	88	12.31
2002	154	7.13	152.64	7.2	6.19	9.4	13.12	8.52	6.81	5.63	3.93	88	10.3
2003	159	6.81	212.22	6.79	7.38	6.11	10.62	7.28	5.71	4.31	2.29	93	9.98
2004	160	5.68	225.38	5.01	6.01	5.26	10.71	7.49	6	4.38	1.83	87	8.74
2005	97	6.18	163.91	7.76	6.44	5.33	10.55	7.51	6.23	4.78	2.28	92	10.17
1980-1985	215	4		3.5	4.02	4.29	5.82	4.85	4.19	3.36	2.62	33	3.65
1986-1988	252	4.58		4.3	4.73	4.55	7.82	5.69	4.78	3.91	2.32	69	5.55
1989-1992	193	4.06		4	4.1	4.02	6.25	5.16	4.4	3.45	2.16	83	5.37
1993-1995	192	4.74		4.74	4.61	5.06	7.76	6.33	5.3	4.22	2.4	94	7.61
1996-1998	143	4.39		4.15	4.4	4.65	7.54	5.76	4.75	3.76	2.19	83	6.28
1999-2004	141	6.93		6.75	7.16	6.56	11.8	8.45	7.37	5.47	3.96	91	10.3

# **Exhibit 17. Grain Gross Margin** **Midway Co-op Association and Colorado, Kansas, Nebraska, and** **Oklahoma Cooperatives Percentiles, 1980-2005**

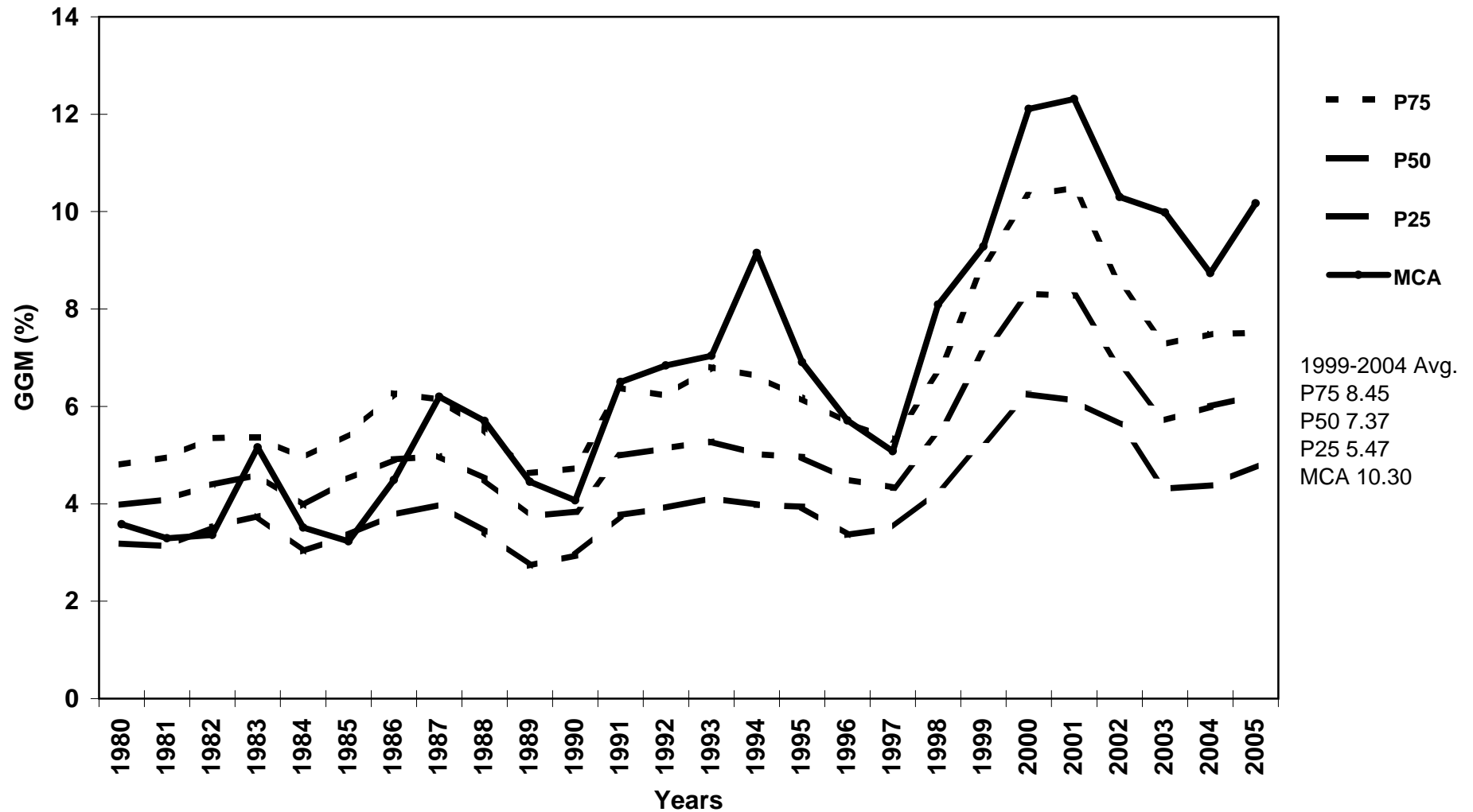


Exhibit 18. Farm Supply Gross Margin Percent: Profit Group Mean and Percentile Values of Midway Co-op Association and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles and Values, 1980-2005.

Year	N	Profit Group Mean Value (%)					Percentile Values (%)					Midway Co-op	
		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	51	13.77
1981	397	13.35	29.21	12.14	13.34	14.22	17.32	14.55	13.08	10.99	6.1	46	12.69
1982	369	13.42	38.09	12.31	13.65	13.81	17.92	14.67	12.91	11.32	6.99	13	9.78
1983	369	13.54	48.94	12.19	13.94	13.71	18.04	14.66	12.92	11.21	6.42	53	13.02
1984	373	14.43	37.66	14	14.57	14.51	18.41	15.32	13.72	11.96	8.83	57	14.27
1985	349	14.66	24.21	13.9	14.67	15.19	18.71	15.63	14.11	12.13	9.2	42	13.47
1986	322	15.33	28.82	15.31	15.14	15.69	20.07	16.97	14.73	12.57	7.6		
1987	293	16.77	27.07	15.83	16.53	17.81	23.33	18.24	16.23	14.23	9.17	37	15.29
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		
1996	154	19.08	39.47	14.63	22.76	13.56	20.2	16.39	14.6	13.31	10.43	86	17.89
1997	152	17.15	32.51	14.77	18.21	15.69	20.16	16.12	14.23	13.14	9.61	77	16.81
1998	152	14.93	23.25	15.57	14.46	15.69	21.32	17.01	15.29	13.93	10.44	87	18.22
1999	155	15.97	21.04	16.93	15.42	16.4	21.26	18.12	16.31	14.8	12.19	79	18.58
2000	156	14.77	21.89	12.67	15.6	15.04	20.01	16.99	15.52	13.41	10.79	85	18.45
2001	160	14.21	25.75	12.13	15.37	13.72	19.34	16.56	14.39	12.58	10.6	79	16.86
2002	160	14.44	27.79	13	15.49	13.55	20.15	16.88	14.8	12.88	10.06	88	18.51
2003	161	17.37	83.17	15.64	17.43	18.24	22	17.24	15.21	13.32	10.96	84	18.4
2004	162	14.53	57.73	13.51	14.64	14.99	20.36	16.16	13.67	12.19	10.28	88	17.16
2005	99	12.61	26.89	11.81	12.54	13.14	17.14	14.83	12.95	11.07	7.89	86	15.56
1980-1985	222	14.12		13.69	14.15	14.41	17.44	14.82	13.59	12.33	10.1	35	12.89
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	84	17.62
1999-2004	147	14.91		12.64	15.88	15.03	21.11	16.83	14.87	13.32	11.69	86	17.97

# **Exhibit 19. Farm Supply Gross Margin Percent Midway Co-op Association and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles, 1980-2005**

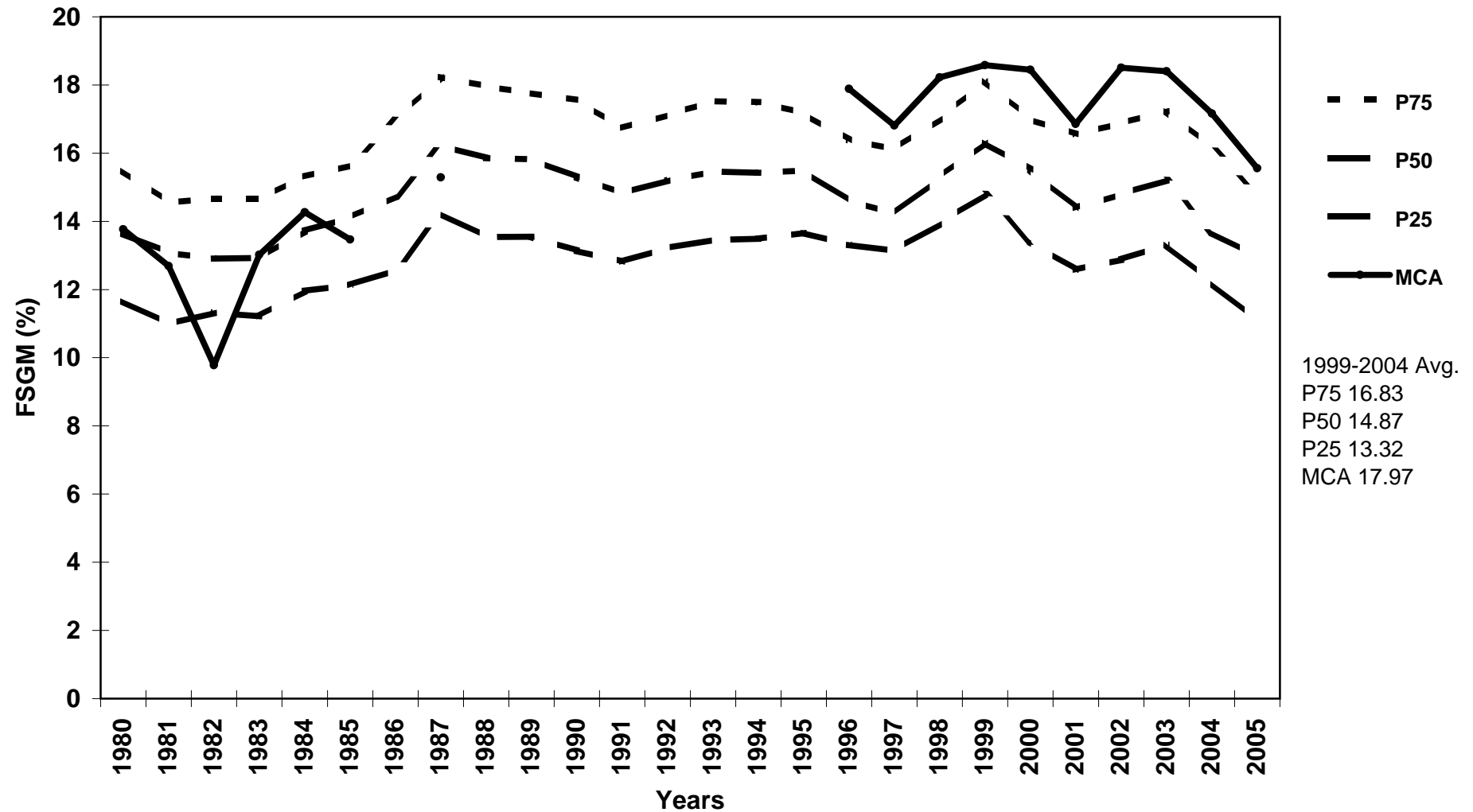


Exhibit 20. Current Ratio: Profit Group Mean and Percentile Values of Midway Co-op Association  
and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles and Values, 1980-2005.

Year	N	Profit Group Mean Value (ratio)					Percentile Values (ratio)					Midway Co-op	
		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	12	1.17
1981	501	1.55	447.8	1.33	1.5	1.92	5.02	2.27	1.67	1.35	1.02	14	1.18
1982	497	1.59	167.78	1.39	1.53	2.12	6.65	2.47	1.7	1.33	0.98	6	1
1983	506	1.59	299.29	1.39	1.53	1.97	7.37	2.54	1.72	1.3	0.93	13	1.1
1984	505	1.53	542.09	1.3	1.48	1.95	7.72	2.64	1.67	1.27	0.98	11	1.09
1985	499	1.64	391.55	1.41	1.58	2.05	9.5	3.04	1.82	1.31	0.91	4	0.88
1986	488	1.72	408.97	1.56	1.75	1.75	9.48	3.16	1.95	1.36	0.95	4	0.93
1987	486	1.69	601.98	1.52	1.7	1.78	8.89	3.08	1.84	1.35	1.02	9	1.09
1988	484	1.56	576.44	1.42	1.51	1.97	7.56	2.89	1.72	1.29	1.04	12	1.15
1989	477	1.61	623.86	1.45	1.56	1.88	8.71	3.13	1.86	1.28	1.01	28	1.32
1990	472	1.57	1412.45	1.36	1.54	1.77	8.57	2.88	1.76	1.26	0.99	18	1.19
1991	457	1.53	314.25	1.28	1.51	1.81	8.95	2.74	1.66	1.26	0.98	32	1.37
1992	443	1.53	438.99	1.47	1.47	1.71	8.99	3.07	1.75	1.29	1.06	28	1.31
1993	418	1.46	382.71	1.38	1.39	1.73	9.26	2.74	1.68	1.29	1.08	29	1.34
1994	402	1.45	263.95	1.37	1.39	1.83	8.98	2.76	1.65	1.31	1.05	31	1.36
1995	338	1.38	231.8	1.44	1.3	1.69	6.78	2.54	1.61	1.28	1.09	15	1.18
1996	159	1.36	79.63	1.29	1.37	1.36	3.38	2.03	1.5	1.25	1.07	12	1.17
1997	158	1.42	55.13	1.4	1.39	1.58	3.61	2.07	1.51	1.28	1.1	8	1.13
1998	159	1.4	82.04	1.3	1.39	1.64	3.43	2.14	1.53	1.27	1.09	9	1.16
1999	167	1.33	93.94	1.42	1.27	1.56	4.06	2.04	1.53	1.22	1.1	19	1.19
2000	167	1.27	64.21	1.18	1.3	1.37	3.13	1.93	1.42	1.19	1.06	22	1.19
2001	173	1.29	57.23	1.27	1.26	1.46	2.97	1.85	1.38	1.2	1.04	40	1.31
2002	173	1.26	61.94	1.27	1.24	1.29	3.03	1.73	1.35	1.19	1.02	27	1.2
2003	178	1.24	56.08	1.18	1.23	1.33	2.95	1.69	1.34	1.18	1.01	17	1.13
2004	179	1.28	87.13	1.27	1.24	1.43	3.02	1.67	1.35	1.18	1.03	18	1.15
2005	110	1.24	191.3	1.17	1.25	1.27	2.64	1.5	1.27	1.18	1.01	22	1.17
1980-1985	452	1.57		1.34	1.5	2.03	4.89	2.28	1.65	1.32	1.06	4	1.06
1986-1988	452	1.66		1.63	1.63	1.75	7.76	3	1.78	1.35	1.05	4	1.03
1989-1992	381	1.58		1.48	1.51	1.82	7.29	2.78	1.8	1.34	1.08	22	1.3
1993-1995	325	1.46		1.51	1.37	1.72	6.82	2.65	1.69	1.33	1.11	18	1.28
1996-1998	153	1.4		1.33	1.38	1.59	3.14	1.97	1.54	1.28	1.12	11	1.15
1999-2004	158	1.29		1.3	1.26	1.38	2.71	1.74	1.38	1.22	1.12	18	1.18

## Exhibit 21. Current Ratio

### Midway Co-op Association and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles, 1980-2005

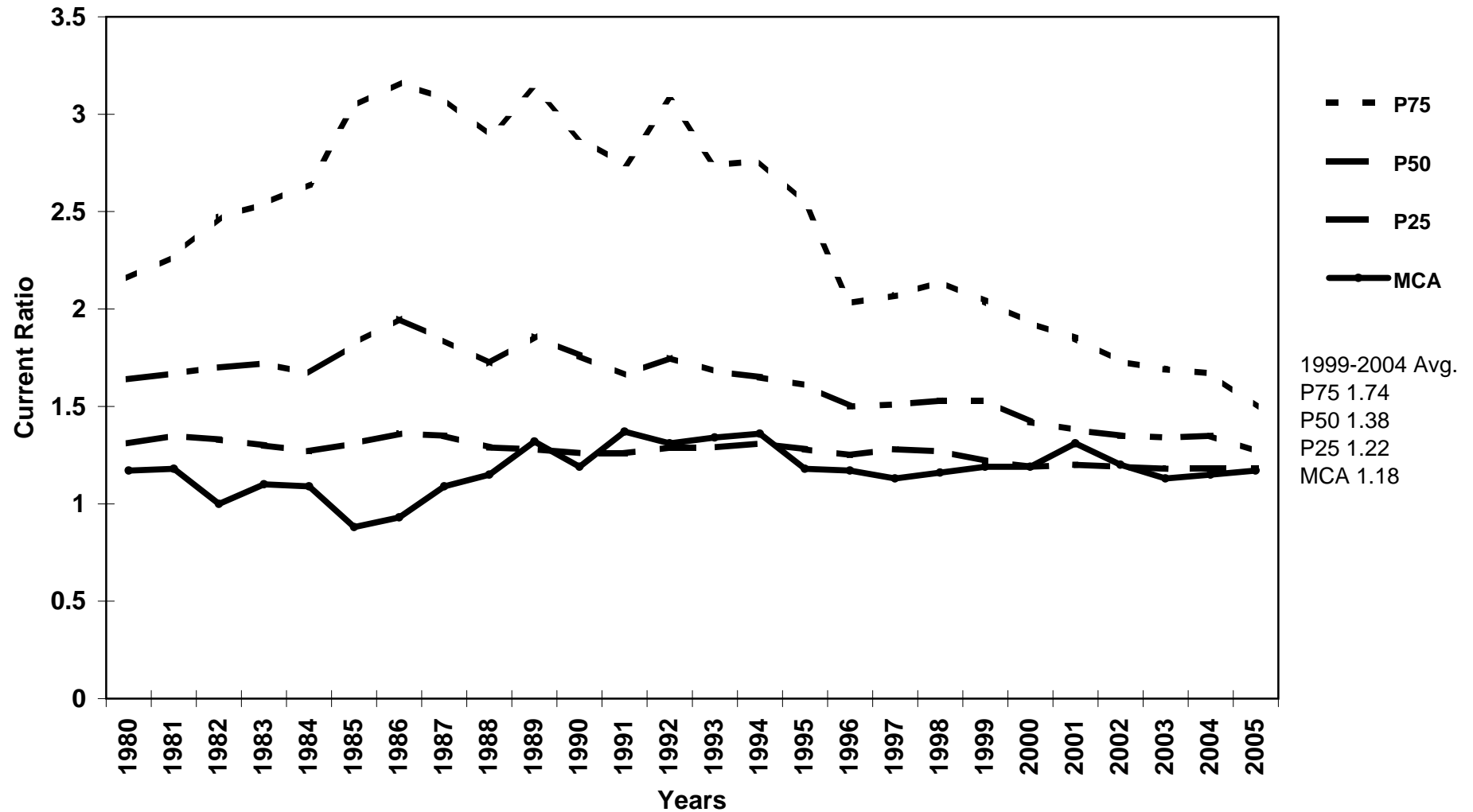




Exhibit 22. Equity to Assets: Profit Group Mean and Percentile Values of Midway Co-op Association  
and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles and Values, 1980-2005.

Year	N	Profit Group Mean Value (%)					Percentile Values (%)					Midway Co-op	
		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	18	43.55
1981	501	56.08	28.95	50.19	53.8	65.82	87.32	71.33	60.96	48.52	35.51	13	42.17
1982	499	58.3	27.69	52.46	56.36	68.95	90.93	73.77	63.71	50.97	36.83	5	36.23
1983	506	58.75	28.18	53.13	55.99	69.08	89.33	74.41	62.89	51.26	37.31	4	36.3
1984	503	58.61	29.65	53.12	56.11	67.9	91.63	75.85	63.03	50.37	36.09	4	34.1
1985	497	61.58	28.88	55.19	60.39	69.28	93.59	79.39	66.94	53.17	36.15	1	23.68
1986	487	63.92	27.08	61.79	63.87	65.24	94.11	81.74	69.1	56.14	37.42	1	26.18
1987	485	63.99	27.27	61.83	63.59	66.16	93.9	81.51	69.18	56.18	37.84	2	28.77
1988	483	61.07	29.93	56.97	59.17	70.12	93.18	80.8	68.42	54.92	34.91	5	36.09
1989	476	62.95	28.13	62.38	60.41	69.01	94.21	82.88	70.51	55.08	36.9	10	44.5
1990	470	62.06	29.3	58.53	60.8	66.63	93.9	81.98	69.5	53.78	37.43	16	47.67
1991	457	60.94	29.64	55.34	59.97	67	93.85	81.6	66.41	53.59	37.15	10	43.09
1992	443	60.57	29.66	60.9	58.38	65.06	93.92	82.34	67.64	53.4	38.1	9	42.55
1993	417	56.27	32.77	55.43	53.57	63.52	94.1	80.38	64.8	51.14	35.48	12	43.32
1994	401	54.32	33.31	54.61	50.5	67.23	92.95	79.37	65.34	52.22	35.94	23	51.12
1995	337	49.94	37.74	55.16	44.85	63.06	91.85	77.58	62.89	48.2	30.14	14	41.98
1996	159	50.36	34.96	51.35	49.66	51.29	86.99	72.65	59.81	46.62	29.76	18	43.62
1997	158	54.3	28.63	54.48	52.06	61.56	85.11	72.35	60.63	49.24	35.23	21	47.94
1998	159	54.73	28.06	49.27	53.77	64.6	84.88	72.64	61.05	49.33	35.38	25	49.33
1999	167	49.85	32.22	53.03	46.32	60.95	85.69	71.51	62.08	49.13	34.24	25	49.13
2000	167	45.51	35.01	34.92	48.44	54.82	82.43	66.31	58.04	46.93	29.91	37	53.29
2001	173	46.93	35.04	51.08	44	55.22	81.33	66.37	56.55	45.27	27.9	60	61.18
2002	173	42.97	39.28	43.6	42.78	42.96	81.74	63.06	52.04	40.92	26.15	60	55.49
2003	178	38.98	44.08	40.87	37.71	41.03	75.63	60.63	48.42	35.38	21.49	50	48.68
2004	178	41.81	39.46	45.54	38.46	48.04	79.57	59.89	46.4	37.99	24.33	46	45.31
2005	110	38.96	43.49	35.39	38.74	42.35	74.72	60.42	45.76	35.13	24.12	46	45.58
1980-1985	454	58.34		52.51	55.51	68.7	86.19	72.44	61.4	51.14	38.67	3	35.84
1986-1988	451	63.69		63.02	62.58	66.23	93.41	80.89	68.53	56.44	39.68	1	30.02
1989-1992	381	62.6		61.43	60.34	67.69	92.71	81.54	69.39	55.92	42.03	7	44.3
1993-1995	324	55.98		57.61	52.24	63.78	91.7	78.12	64.46	51.45	35.57	12	45.11
1996-1998	153	53.22		49.12	52.33	61.63	84.53	68.97	61.91	48.74	34.74	22	47.06
1999-2004	158	46.66		48.08	44.03	52.54	78.98	64.23	53.43	44.03	30.69	44	51.72

### Exhibit 23. Equity to Assets Midway Co-op Association and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles, 1980-2005

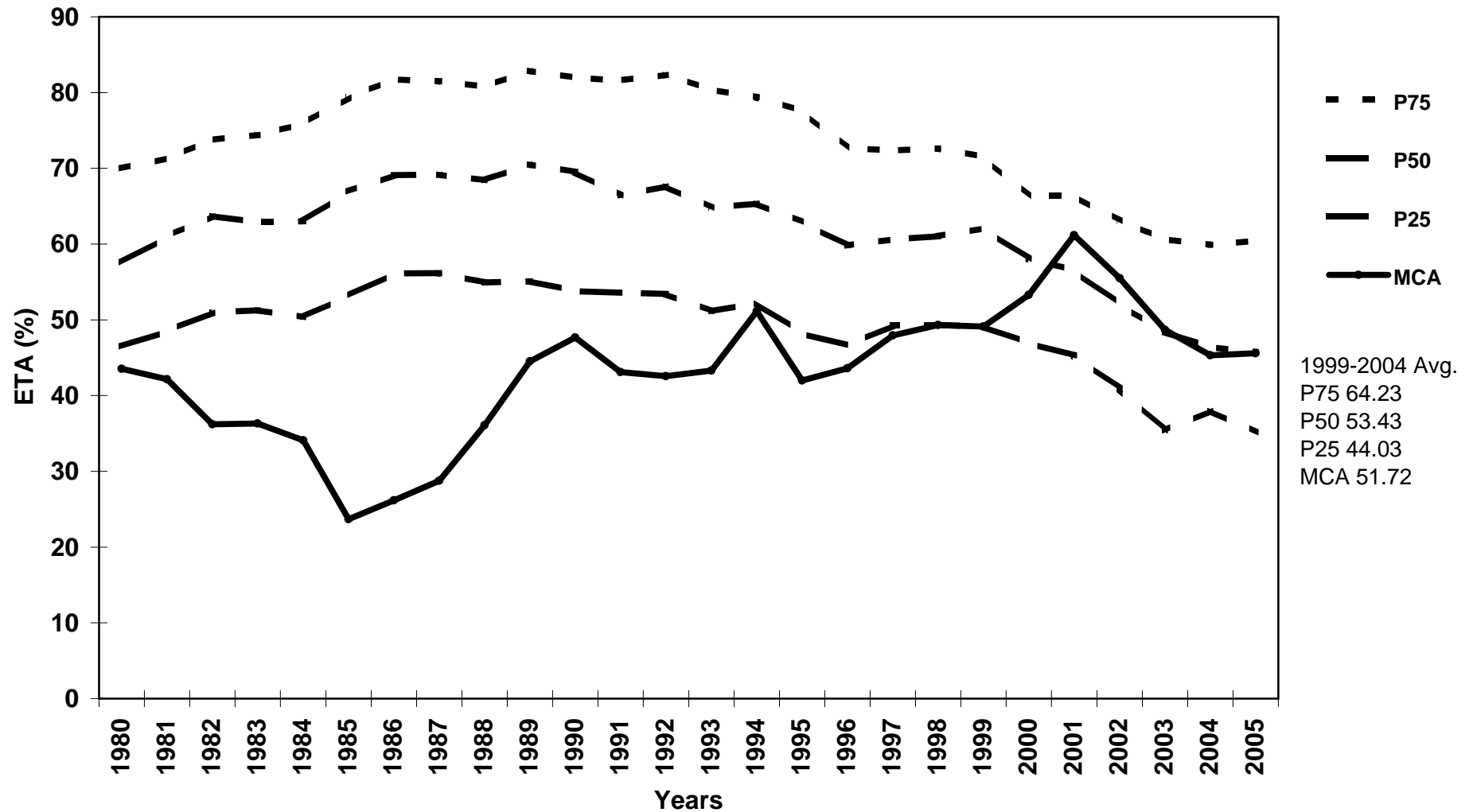


Exhibit 24. Gross Income to Personnel Expense: Profit Group Mean and Percentile Values of Midway Co-op Association and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles and Values, 1980-2005.

Year	N	Profit Group Mean Value (ratio)					Percentile Values (ratio)					Midway Co-op	
		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	21	2.31
1981	462	2.69	44.71	2.11	2.69	3.16	4.42	3.17	2.63	2.16	1.67	25	2.16
1982	433	2.66	38.83	2.23	2.68	3.01	4.09	3.15	2.61	2.21	1.85	9	1.93
1983	451	2.66	31.86	2.11	2.71	3.08	4.22	3.17	2.6	2.18	1.75	37	2.39
1984	491	2.62	32.76	2.14	2.65	2.92	3.98	3.01	2.53	2.15	1.73	43	2.42
1985	474	2.49	28.63	2.09	2.46	2.89	3.9	2.93	2.41	2.09	1.69	30	2.16
1986	466	2.69	30.15	2.07	2.69	3.14	4.11	3.14	2.58	2.19	1.72	36	2.38
1987	467	2.77	31.14	2.12	2.74	3.32	4.28	3.17	2.61	2.18	1.69	53	2.69
1988	447	2.67	29.31	2.22	2.68	3.09	4.15	3.07	2.61	2.23	1.74	55	2.67
1989	432	2.46	25.32	1.89	2.48	2.8	3.66	2.75	2.36	2.01	1.59	72	2.66
1990	431	2.38	33.04	1.92	2.34	2.69	3.32	2.6	2.25	1.98	1.56	31	2.07
1991	413	2.36	23.07	2.04	2.36	2.54	3.39	2.66	2.29	2.04	1.65	52	2.33
1992	403	2.29	25.41	1.84	2.34	2.56	3.27	2.56	2.22	1.97	1.58	54	2.26
1993	392	2.42	24.48	2.13	2.4	2.62	3.38	2.7	2.38	2.04	1.7	48	2.36
1994	374	2.4	20.25	2.19	2.38	2.59	3.42	2.65	2.38	2.11	1.69	79	2.71
1995	310	2.44	23.87	2.12	2.39	2.76	3.35	2.64	2.36	2.1	1.69	70	2.55
1996	159	2.34	34.17	1.96	2.32	2.65	3.23	2.61	2.27	2.01	1.73	66	2.47
1997	158	2.42	22.14	2.12	2.47	2.56	3.44	2.64	2.4	2.13	1.8	75	2.64
1998	159	2.49	19.96	2.37	2.48	2.62	3.43	2.76	2.5	2.27	1.96	80	2.83
1999	165	2.44	25.75	2.17	2.48	2.63	3.57	2.72	2.41	2.16	1.73	88	2.99
2000	166	2.5	18322.51	2.39	2.45	2.71	3.6	2.74	2.46	2.2	1.76	85	2.94
2001	171	2.42	32.75	2.13	2.48	2.53	3.44	2.64	2.35	2.13	1.72	82	2.77
2002	171	2.31	40.39	2.03	2.31	2.62	3.4	2.51	2.21	2.06	1.74	82	2.65
2003	174	2.22	85.84	1.76	2.26	2.51	2.98	2.39	2.11	1.87	1.55	87	2.7
2004	176	2.25	77.86	1.92	2.25	2.55	3.15	2.46	2.18	1.93	1.72	85	2.66
2005	107	2.31	33.22	1.96	2.26	2.66	3.39	2.44	2.26	2.04	1.65	88	2.74
1980-1985	348	2.67		2.32	2.71	2.93	3.94	3.12	2.6	2.26	1.88	22	2.22
1986-1988	414	2.72		2.23	2.71	3.09	4.11	3.07	2.59	2.24	1.73	49	2.57
1989-1992	322	2.37		2.01	2.35	2.6	3.3	2.58	2.26	2.04	1.7	55	2.32
1993-1995	295	2.39		2.14	2.37	2.55	3.22	2.64	2.38	2.08	1.76	69	2.54
1996-1998	153	2.42		2.24	2.45	2.5	3.22	2.66	2.39	2.22	1.89	75	2.66
1999-2004	157	2.33		2.13	2.34	2.48	3.01	2.47	2.29	2.09	1.75	85	2.78

## Exhibit 25. Gross Income to Personnel Expense Midway Co-op Association and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles, 1980-2005

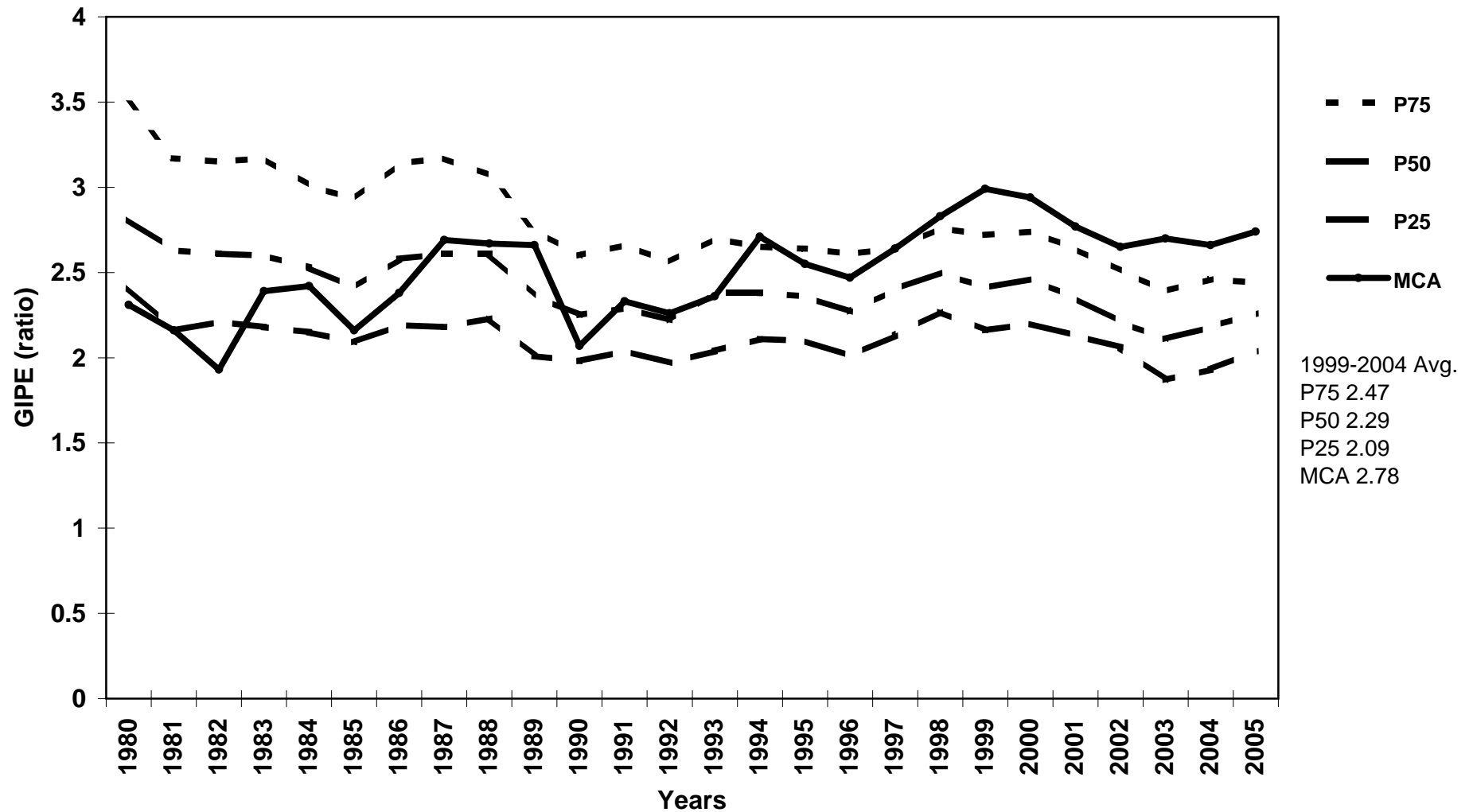


Exhibit 26. Gross Income to Depreciation Expense: Profit Group Mean and Percentile Values of Midway Co-op Association and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles and Values, 1980-2005.

Year	N	Profit Group Mean Value (ratio)					Percentile Values (ratio)					Midway Co-op	
		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	40	9.37
1981	468	9.22	56.15	7.27	9.12	10.89	20.63	11.49	9.14	7.65	5.15	44	8.79
1982	455	9.13	298.12	7.69	8.99	10.73	19.34	11.49	9.06	7.59	6	34	8.17
1983	468	8.43	119.49	7.48	8.17	9.77	18.34	11.07	8.69	7.14	5.16	63	9.55
1984	485	8.14	108.47	6.76	8	9.5	16.99	10.53	8.61	6.69	4.47	60	9.25
1985	469	7.76	96.07	6.18	7.87	8.91	16.94	10.16	8.05	6.45	4.27	64	9.1
1986	453	8.22	738.44	7.05	7.98	9.37	16.22	10.28	8.34	6.74	4.8	79	10.74
1987	441	8.59	65.07	7.14	8.45	9.76	17.19	10.68	8.45	7.2	4.6	81	11.5
1988	431	8.81	60.64	7.77	8.88	9.59	18.53	11.15	9.19	7.38	5.46		
1989	410	8.49	114.9	6.28	8.46	10.32	19.47	11.15	8.68	6.7	4.65		
1990	426	8.35	120.26	6.26	8.22	9.92	19.07	10.89	8.28	6.54	4.51	77	11.13
1991	409	8.63	82.96	7.19	8.44	10.11	21.96	11.54	8.83	7.03	5	81	12.49
1992	387	8.32	74.88	7.19	8.02	9.55	20.28	10.87	8.35	6.88	5.02	81	11.72
1993	384	8.6	151.69	6.94	8.36	10.37	17.81	10.68	8.52	7.03	5.33	79	11.14
1994	369	8.49	114.59	7.12	8.34	9.86	18.5	10.48	8.54	7.02	5.08	83	11.95
1995	308	8.63	411.35	7.37	8.31	10.33	20.58	10.32	8.35	6.91	4.84	69	9.75
1996	157	8.24	35.6	7.11	8.05	9.47	12.43	9.53	7.98	6.65	5.38	51	7.99
1997	157	8.55	33.01	7.71	8.45	9.76	13.35	9.99	8.45	7.35	5.58	46	8.23
1998	158	8.71	31.49	7.57	8.75	9.96	12.96	10.78	8.75	7.61	5.77	27	7.71
1999	165	8.71	37.61	7.3	8.95	9.8	13.87	9.87	8.31	7.12	5.65	44	8.01
2000	166	8.6	69.69	9.77	8.02	8.78	13.94	9.58	8.35	6.81	5.56	30	7.31
2001	171	7.99	55.45	6.7	8.04	9.52	13.37	9.47	7.81	6.67	4.75	24	6.67
2002	170	7.67	96.18	6.53	7.62	9.15	12.54	9.29	7.78	6.36	4.73	46	7.37
2003	175	7.43	189.79	6.1	7.22	9.07	13.66	8.82	7.31	6.04	4.3	54	7.74
2004	177	7.74	190.85	6.26	7.62	9.49	13.89	9.57	7.78	6.49	4.55	66	9.02
2005	108	8.36	105.07	6.41	8.41	9.66	15.52	9.99	8.18	7	5.3	72	9.92
1980-1985	387	8.64		7.77	8.58	9.45	16.52	10.56	8.55	7.32	5.84	60	9.03
1986-1988	390	8.45		8.09	8.26	8.98	16	10.43	8.6	7.22	5.07		
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	80	10.83
1996-1998	151	8.55		7.83	8.42	9.76	12.42	9.89	8.49	7.34	5.76	35	7.95
1999-2004	157	7.68		6.73	7.59	8.89	11.09	9.18	7.75	6.54	5.4	45	7.64

## Exhibit 27. Gross Income to Depreciation Expense Midway Co-op Association and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles, 1980-2005

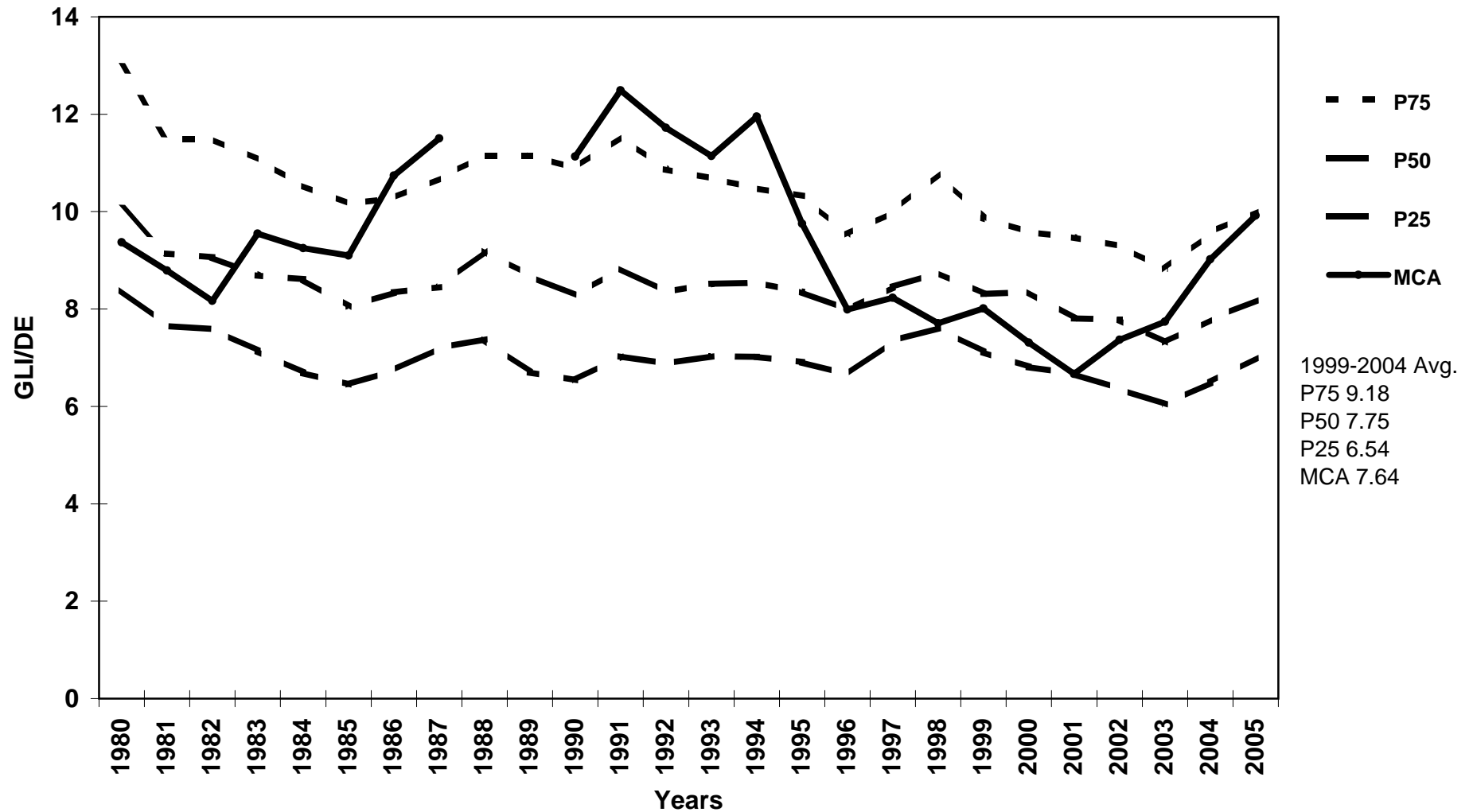


Exhibit 28. Sales to Net Fixed Assets: Profit Group Mean and Percentile Values of Midway Co-op Association  
and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles and Values, 1980-2005.

Year	N	Profit Group Mean Value (ratio)					Percentile Values (ratio)					Midway Co-op	
		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	43	8.76
1981	500	8.09	93.18	7.45	8	8.72	19.59	11.98	8.67	6.65	3.4	48	8.6
1982	498	7.09	112.86	7.25	6.91	7.34	18.3	11.13	7.92	5.82	3.01	61	9.02
1983	505	6.54	123.02	6.53	6.17	7.36	18.29	10.89	7.45	5.43	2.86	61	8.83
1984	503	7.25	103.83	6.88	7.14	7.73	19.59	11.02	8.1	5.86	2.89	69	10.2
1985	498	6.73	113.77	6.25	6.64	7.29	18.54	10.21	7.36	5.19	2.78	74	10
1986	488	5.62	842.31	6.06	5.36	5.94	16.41	9.02	6.08	4.27	2.32	68	7.85
1987	485	6.23	100.22	6.9	5.82	6.71	18.02	9.41	6.92	4.93	2.82	73	9.2
1988	483	7.87	179.56	8.13	7.71	8.07	21.96	11.4	8.43	6.18	3.54	86	14.78
1989	474	8.66	78.64	7.66	8.17	10.55	21.77	12.56	8.8	6.64	3.67	89	17.26
1990	470	8.26	239.96	6.82	8.11	9.47	23.64	11.79	8.55	6.35	3.66	90	17.08
1991	455	7.81	104.9	7.23	7.69	8.45	22	11.48	8.28	6.25	3.93	89	15.76
1992	441	8.02	129.11	7.22	7.78	9.11	21.93	11.6	8.11	6.29	3.89	88	15.48
1993	388	8.3	189.32	8.31	7.97	9.25	22.73	12.17	8.56	6.58	4.21	88	16.43
1994	379	7.48	227.46	9.45	6.65	9.34	25	12.72	9.2	7.09	3.84	73	12.42
1995	318	7.15	643.01	6.79	6.59	9.44	24.63	13.18	9.3	6.92	3.79	51	9.51
1996	158	11	1524.83	9.2	10.57	13.27	25.22	13.82	10.37	8.12	5.54	65	12.21
1997	157	10.45	65.62	9.97	10.48	10.87	22.9	14.13	10.31	8.3	5.77	56	10.73
1998	158	9.03	53.44	7.57	8.92	11.38	19.31	12.64	9.32	7.37	4.46	41	8.41
1999	165	7.37	59.37	6.39	7.36	8.82	16.23	10.2	7.39	5.86	4.11	57	7.92
2000	166	7.22	73	7.41	6.82	8.03	14.02	9.31	7.18	5.69	3.72	54	7.36
2001	172	7.48	2246.71	7.08	7.47	8.01	16.41	8.75	7.07	5.62	3.67	47	7
2002	172	7.95	3343.52	6.3	7.87	9.72	16.2	9.96	7.36	5.59	3.29	43	6.84
2003	177	8.73	3958.6	6.89	8.18	11.6	19.17	11.08	7.84	5.97	3.63	28	6.3
2004	178	9.9	7414.4	7.7	9.7	12.56	20.24	12.73	9.18	6.95	4.09	34	7.95
2005	109	10.08	975.18	7.35	10.62	10.65	22.32	12.02	9.55	7.33	3.5	32	7.81
1980-1985	449	7.42		10.73	6.41	8.58	16.62	10.52	7.99	6.41	4.33	63	9.18
1986-1988	451	6.58		9.27	5.57	7.76	17.95	9.59	7.24	5.1	3.17	79	10.27
1989-1992	379	8.13		9.38	7.21	9.75	18.84	11.39	8.44	6.69	4.55	92	16.4
1993-1995	295	8.8		12.32	7.6	10.12	23.66	12.84	9.12	6.99	4.23	72	11.94
1996-1998	152	10.14		14.27	8.9	12.14	22.27	13.12	9.99	8.13	5.83	51	10.18
1999-2004	155	7.89		7.04	7.43	10.17	14.82	9.42	7.53	6.35	4.28	43	7.22

# **Exhibit 29. Sales to Net Fixed Assets** **Midway Co-op Association and Colorado, Kansas, Nebraska, and** **Oklahoma Cooperatives Percentiles, 1980-2005**

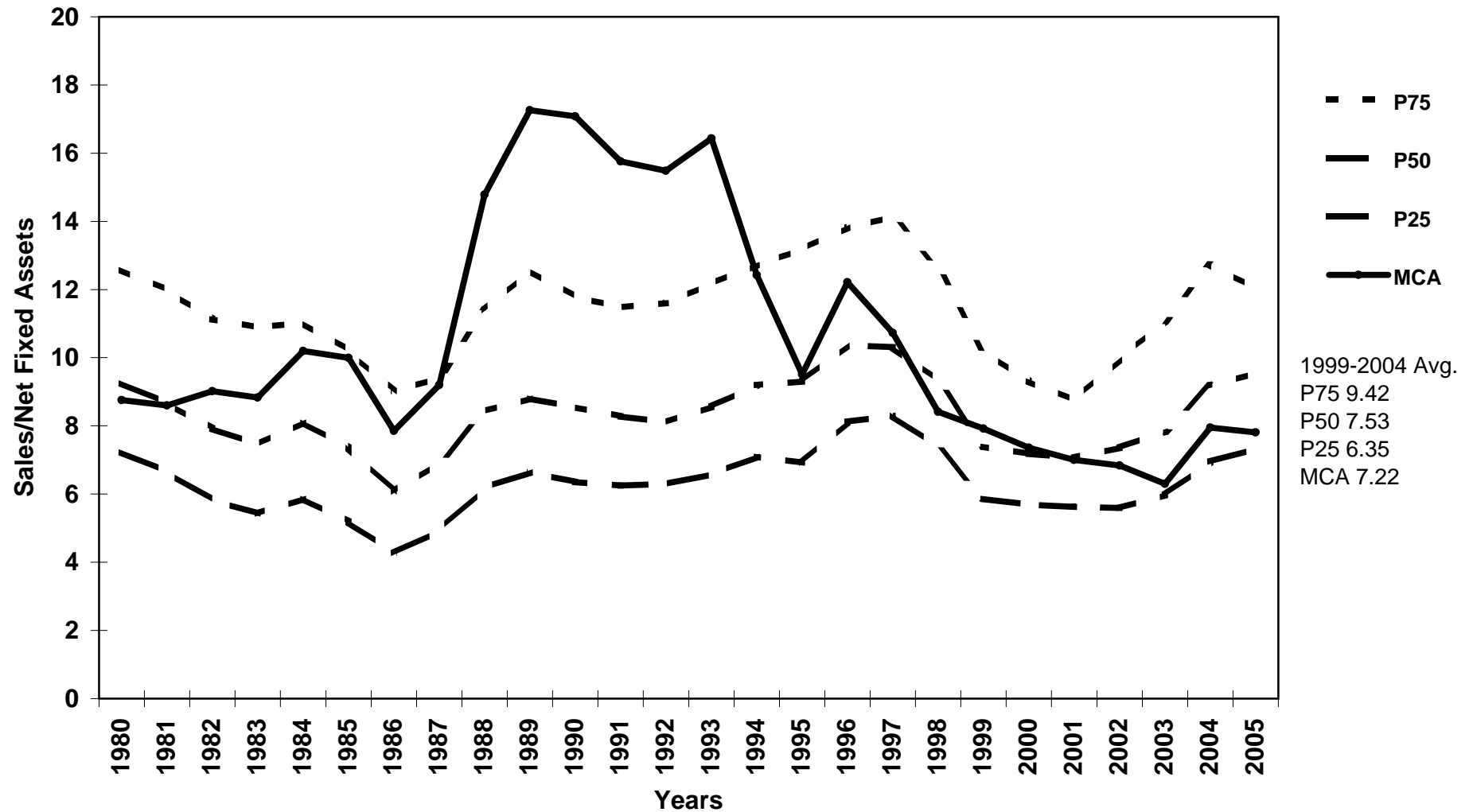




Exhibit 30. Total Sales (Thousands of Dollars): Profit Group Mean and Percentile Values of Midway Co-op Association  
and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles and Values, 1980-2005.

Year	N	Profit Group Mean Value (\$1,000)					Percentile Values (\$1,000)					Midway Co-op	
		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	98	27,723.52
1981	497	7,665	107	5,323	8,311	8,710	21,779	9,402	5,409	2,936	867	97	27,095.54
1982	493	7,134	103	6,634	7,408	7,085	19,358	8,669	5,174	2,926	850	98	26,390.86
1983	502	6,742	103	5,160	6,987	7,837	17,940	8,225	4,903	2,704	747	98	23,635.71
1984	501	7,481	104	4,819	8,245	8,608	22,030	9,216	5,210	2,956	652	97	24,784.27
1985	495	6,797	106	5,037	7,369	7,419	19,496	8,573	4,504	2,598	723	97	26,332.66
1986	487	5,640	102	3,377	6,211	6,766	16,620	7,113	3,867	2,129	636	97	19,287.82
1987	486	6,291	103	4,288	6,655	7,573	18,720	8,046	4,315	2,325	726	95	19,594.17
1988	482	7,824	107	6,259	8,904	7,211	23,624	9,463	5,507	2,792	753	96	26,956.80
1989	475	8,777	111	5,556	9,475	10,609	31,128	10,605	5,755	2,836	902	95	31,127.61
1990	470	8,893	113	5,348	9,423	11,387	29,100	10,732	5,653	2,807	888	93	24,502.10
1991	454	9,154	117	5,829	10,324	10,160	28,010	10,497	5,711	3,057	990	94	24,530.67
1992	440	9,381	120	5,648	10,407	11,064	27,731	10,627	5,788	2,802	837	93	25,659.49
1993	415	10,371	115	6,318	12,138	10,907	33,615	12,444	6,510	3,335	995	92	27,075.05
1994	399	12,239	116	7,971	14,652	11,704	43,981	15,101	7,507	3,783	1,060	89	26,544.04
1995	334	13,526	111	7,786	16,056	14,266	40,929	17,814	8,372	4,075	1,168	91	32,972.58
1996	158	23,012	108	12,486	26,691	26,365	70,724	27,753	13,968	8,399	4,867	87	41,769.67
1997	156	23,866	95	17,724	29,926	17,888	76,233	29,166	16,152	9,090	5,223	87	46,119.33
1998	157	23,707	100	20,692	25,950	22,180	71,905	28,582	16,316	9,281	4,293	87	44,337.36
1999	163	21,988	97	18,168	26,474	16,946	69,237	29,195	14,130	8,431	4,256	88	44,736.50
2000	165	23,356	106	22,502	24,040	22,825	76,242	29,646	14,975	8,038	3,892	85	41,411.49
2001	170	27,042	128	20,399	34,358	18,705	96,309	32,937	15,331	8,412	3,534	79	37,359.81
2002	170	28,688	137	19,321	32,730	29,779	106,759	32,690	15,932	8,314	3,745	81	39,756.99
2003	176	32,462	144	19,170	32,613	45,453	138,048	33,843	16,728	8,895	3,785	81	42,545.63
2004	177	36,011	142	22,952	40,993	38,994	150,596	39,776	19,940	9,657	3,922	82	51,832.42
2005	108	38,467	135	18,684	43,659	47,867	140,905	43,023	18,827	10,624	3,484	81	52,141.16
1980-1985	450	7,484		5,575	7,881	8,592	19,449	9,290	5,498	3,266	1,065	98	25,993.76
1986-1988	452	6,669		4,777	6,908	8,082	19,929	8,428	4,736	2,551	813	96	21,946.26
1989-1992	381	9,536		5,927	10,446	11,316	28,264	11,599	6,239	3,264	1,036	94	26,454.97
1993-1995	321	11,834		6,002	14,077	13,152	33,207	15,182	7,390	3,842	1,214	92	28,863.89
1996-1998	152	23,043		18,133	28,052	17,936	74,346	27,876	15,998	9,044	5,276	86	44,075.45
1999-2004	155	24,969		18,626	28,161	25,011	81,502	31,312	15,453	8,884	4,242	86	42,940.47

### Exhibit 31. Total Sales Midway Co-op Association and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles, 1980-2005

