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***“Good to Great” Path to Profitability:  
Performance Profile of Midland Marketing Co-op***

**Case Study  
of  
Midland Marketing Co-op  
Hays, Kansas**

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Prepared by

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

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## Introduction

Midland Marketing Co-op (MMC) is a very profitable medium to 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 sunflowers, corn and soybeans, and by selling farm inputs, primarily fertilizer, chemicals, petroleum and feed. MMC markets the grain it purchases by selling to industry buyers such as processors and exporters. MMC purchases the farm inputs it intends to sell to producers from various industry suppliers including manufacturers, wholesalers and distributors. It is headquartered at Hays in North Central Kansas and operates facilities in eleven locations in five counties (See Exhibit 1 for a map of the locations and trade area.) It operates grain elevators in all eleven locations and fertilizer, chemical, feed, and petroleum businesses at several of these locations. The feed business includes two feed mills, at Hays and McCracken. The petroleum business unit includes the operation of service stations at two locations, Hays and Plainville. Three of the locations are operated under a lease with a purchase option, Brownell, McCracken and Palco. The company had 45 full-time employees in 2005.

MMC has been and continues to be primarily focused on the grain business and has operated profitably for at least 25 years. In the period, 1999-2004, around 73 percent of sales were grain sales, above the typical co-op's percentage of 62 percent. In fiscal year 2004 it had grain sales of \$28.3 million and farm supply sales of \$11.5 million, for total sales of \$39.8 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 77<sup>th</sup> percentile (P77) in sales, meaning 77 percent of peer cooperatives had sales lower than their sales. Net earnings before taxes in 2004 were \$1.49 million, of which \$1.40 million, or 94 percent, were from local operations. Total assets at fiscal year end 2004 (December 31, 2004) were \$14.3 million and total equity was \$9.25 million or 65 percent equity to assets. Based on 1999-2004 comparative data, they were in about the 76<sup>th</sup> percentile (P76) in their peer group on total assets and the 70<sup>th</sup> percentile (P70) on the strength of their balance sheet based on the solvency measure, equity to assets. But in 2004 their equity to assets percentile had increased to P83.

It has three kinds of asset investments. In 2004, outside investments totaled about \$1.36 million, including (1) \$0.49 million invested in other cooperatives, primarily the CHS regional cooperative, (2) \$0.44 million in joint venture LLCs, primarily the Westland Terminal train loader, and (3) \$0.43 million in other investments. Local net fixed assets totaled \$2.2 million. As will be noted in a later section on past performance, MMC is especially efficient in use of fixed assets. Net fixed assets ranked in the 55<sup>th</sup> percentile compared to a sales ranking of the 75<sup>th</sup> percentile in 2004.

MMC has experienced a path to profitability that can be labeled, "Good to Great." From 1980 to 1994 they had average to above average local earnings profitability, ranking in the 78<sup>th</sup> percentile for the 6-year period, 1980-86, and the 63<sup>rd</sup> percentile for 1986-95. Beginning in 1994 profitability began trending up, relative to the industry peer group, reaching the top ten percent in the peer group in most years, 2000-2004. This uptrend followed by one year the naming of Vance Westhusin as the new CEO. In the three-year period, 1996-98, MMC ranked in the 89<sup>th</sup> percentile and the five-year period, 1999-2004, ranked in the 96<sup>th</sup> percentile. Return of sales profitability in 2004 was 3.7 percent and return on equity was 15.8 percent. During 1999-2004 they averaged 3.2 percent return on sales, putting them in the 95<sup>th</sup> percentile (P95), and they averaged 12.9 percent return on equity (ROE), putting them in 95<sup>th</sup> percentile (P95). In the last

25 years, 1980-2005, ROE has ranged from a low of minus 4.2 percent in 2002 (P35), the year of the Farmland Industries investment cancellation, to a high of 24.9 percent in 1980 (P83). The three year period, 1989-92, was their lowest performing multi-year period, compared to their peer co-ops, when they averaged 7.33 percent ROE and a P61 ranking.

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

MMC was organized on January 6, 1915 in Hays under the name of Farmers Cooperative Association (of Hays). This generic name was used by many co-ops organized in the early 1900s and a few of those early co-ops still bear this name. The name was changed to Midland Marketing Co-op, Inc. in 1993. The first attempt to organize a co-op in the Hays area occurred in 1906 when a few progressive farmers saw the need for a grain elevator owned by farmers. They organized the Farmers Grain Shipping Association and built an elevator, warehouse and office where the current feed mill and warehouse now stand with a \$5,000 capital subscription from charter members. They contracted with the Kansas Flour Mill Company of Enterprise, Kansas, to operate these facilities. This first attempt failed after a few years due to financial problems and the assets were bought by Kansas Flour Mill.

With the help of the Farmers Union local organizations in the area another organizational effort was started in 1914 and the Farmers Cooperative Association was successfully incorporated and a board of nine directors was elected from among the original 81 charter members. Nineteen days later, on January 25, 1915, they bought the elevator and related facilities for \$5,000 the earlier failed co-op had sold to Kansas Flour Mill. The charter members raised \$10,000 of capital to finance the new business venture. But more trouble beset them almost five years later when, on November 19, 1919, a neighboring business's gasoline storage tank exploded, causing a fire that burned down all their facilities, including a coal shed that had been added. The farmers in the area rallied again and raised \$25,000 in 1920 to rebuild the facilities and to also buy another elevator in Yocemento for \$7,500 from Hays City Flour Milling.

In about 1930 a bulk gasoline and oil distributing business was set up as farmers began switching from horse power to tractor power.

The depression of the 1930s was at its peak in 1933 and the co-op nearly went into bankruptcy. They survived this time of financial trouble, poor crops and dust storms with the help of the Wichita Bank for Cooperatives and the commitment of their members.

In 1935 a feed grinding and mixing business was added. Shortly after this, a service station and cream station were added.

On January 1, 1939 the association changed its business form to be strictly a membership organization that was 100 percent cooperative to take advantage of the Capper-Volstead Act of 1922. At that time the membership fee was set at \$10 and they began operating on a traditional cooperative basis, including the use of the revolving fund system of equity management.

The growth of the business accelerated during and after World War Two. Membership had expanded from 81 charter members to 176 to over 1,000. Storage capacity for wheat had become a problem and capacity was expanded numerous times in the 1940s and 1950s by leasing facilities in Hays and Toulon in 1941 and by constructing the first concrete elevator in 1947 in Hays with 200,000 bushel capacity. Additional storage was built in 1950 and 1954, raising capacity to 865,000 bushels in Hays.

The first merger took place in 1957 when the Plainville Oil cooperative was absorbed. Numerous grain elevators were built in the late 1950s including branch elevators at Yocemento, Plainville and Toulon. By 1960, the four elevator locations had storage capacity of about 3.6 million bushels.

MMC absorbed three other co-ops in mergers with Zurich in 1966, Natoma Cooperative Association in 1982 and Farmers Union Cooperative of LaCrosse in 1992. Today there are grain elevators in all eleven locations with a total storage capacity of 8.6 million bushels.

Their trade area is a very productive area for wheat and grain sorghum but has high variability, ranging from 25 to 50 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**

MMC'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 MMC, 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 MMC?" 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 MMC?” 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.

MMC has 1,067 producer-customers who are also voting members, patrons and owners. It also allows other customers to be patrons and owners and has 1,384 of these non-voting patron-owners for a total of 2,451 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. MMC is a non-stock company, so instead of having common stock to convey membership as done in stock companies, they have an equivalent class of equity called a “Membership Certificate.” First, each member is expected to hold one unit of membership equity (ME) with a par value of \$500. No cash investment is required, so this first \$500 is earned through the distribution of retained patronage refunds. Second, all accumulated retained patronage refunds, exceeding \$500, are held in a book credit class of equity called “Revolving Fund” on the balance sheet, but also sometimes referred to as “Deferred Patronage Dividends” by management.

Each participating patron is not currently expected to have an initial \$500 investment, with a corresponding “Participating Certificate.” All of their retained patronage refunds are distributed into the equity class, Revolving Fund. MMC is considering whether to apply the \$500 requirement to participating or non-voting patrons just as they do for member or voting patrons.

**Income distribution.** Income distribution decisions are made following the end of the fiscal year, which is December 31. Patronage refunds, including the cash patronage refund is paid at the annual meeting in March, less than three months after the end of the fiscal year. MMC’s patronage business is typically around 90 percent of total business as measured by the percentage of total earnings before income taxes distributed as patronage refunds (often called patronage dividends). In 2004 patronage refunds were 88.4 percent of total earnings. During the last 10 years, 1995-2004, they have varied from a low of 74.6 percent in 2001 to a high of 101.5 percent in 1997.

All their patronage earnings are distributed as qualified patronage refunds, thereby creating a deduction from the taxable income of the cooperative and simultaneously passing on the income tax obligation to the producer-patron. Cash patronage refunds have been 30 percent for distributions on the fiscal years, 1995-2004. Therefore, for at least 10 years MMC has paid a little less 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. This moderate cash patronage rate is not viewed by MMC as a major competitive disadvantage in their trade territory. (See Exhibit 5 for information on patronage distributions.)

MMC has three patronage pools and their patronage rates per unit of business are relatively high. The overall return on sales in 2004 was 3.9 percent, compared to the typical co-op’s rate of 1.7 percent. MMC has three patronage pools and this resulted in the following 2004 patronage rates by pool: (1) grain receipts, 9.3 cents per bushel, (2) direct grain delivered, 0.9 cents per bushel, and (3) farm supply, 6.3 percent. Since there is no grain storage patronage pool storage income is included in the grain receipts pool. Also, it is deliveries of grain by patrons for sale or storage that is measured, not just sales of grain by the producer to the co-op. Over the five year period, 2000-2004, these rates have averaged (1) 7.0 cents per bushel on grain, (2) 1.0 cents

per bushel on direct grain, and (3) 4.1 percent on farm supplies, and this included the 2002 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 two classes of allocated equity, Membership Certificates (MC) and Revolving Fund (RF), are managed using specific investment and redemption policies. Equity investment by producer-owners is obtained entirely from retained patronage refunds. In other words, producer-members are not required to make any cash investment to obtain the profit distribution benefits of doing business with a cooperative.

As noted previously, the first \$500 of retained patronage refunds is distributed to MC. MC is only redeemed (re-purchased) by a cash payment to a producer-owner if one of several special circumstances occur, triggering a special redemption, if approved by the board of directors. Special redemptions of MC are made for the following two reasons: (1) estate settlements and (2) special requests. MMC has an unusual provision in their policy that allows any member, regardless of circumstances, to request forfeiture of their voting member status. If approved only their \$500 membership investment is redeemed. A non-cash redemption of member equity may be made as a setoff against bad debt, and only as a last resort, such as in the case of the bankruptcy of the member with a court ordered setoff. Bad debt is incurred when an account receivable is not paid by the member. MMC always sues for a judgment before considering a setoff. Therefore, MC is a semi-permanent form of equity investment, redeemable only at the end of the business or member relationship between the member and the co-op.

All retained patronage refunds that are distributed after satisfying the \$500 MC requirement for members are distributed to the second class of allocated equity, named “Revolving Fund” (RF). In the case of participating patrons all refunds go to RF. RF may be redeemed under the same special redemption policy as applied to CS. The primary redemption method used is revolving fund. A revolving fund redeems the oldest equity first, based on the year of issue or distribution, or in other words on a first-in, first-out basis.

MMC has a relatively short revolving fund of 8 years or 7 years, depending on how you count years. This relatively short revolving cycle is considered a major competitive advantage in their trade territory with their customers. Following the close of the 2004 year, the RF equity retained from 1996 business. Therefore the unredeemed RF equity was retained from the years, 1997-2004. However, the 2002 year has no equity investment because it was a loss year so there are only 7 years of equity remaining to be redeemed. Special estate settlement redemptions are made on a monthly basis based on approved requests. Cash patronage refunds and revolving fund redemptions are redeemed in March, less than three months following the close of the December 31 (calendar) fiscal year end. (See Exhibit 5 for equity redemption information.)

This combination of income distribution and equity redemption policy means that each patron receives 30 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 70 percent of the patronage refunds as a cash distribution 8 years later. For example, the 2004 grain

distribution of 9.3 cents is a price adjustment or price increase on grain deliveries by farmer-patrons, distributed in two parts: about a 2.8 cent per bushel cash patronage refund within about two months following the close of the fiscal year and the balance of 9.3 cents or 6.5 cents per bushel 8 years later (or sooner if the revolving cycle shortens in the future).

In any year, the combination of cash patronage refunds and cash equity redemptions will represent a distribution of profits to current and previous patrons. One interesting metric is the percent of a year's total patronage income that is distributed as cash patronage refunds and cash redemptions of deferred or retained patronage refunds. An ideal might be to average 100 percent since that means patrons are getting all their patronage refunds in cash. Some co-ops try to set an upper limit on payout, such as 50 or 60 percent, but this is not an effective way to manage the balance sheet and cash flow. Most co-ops pay out much less than 100 percent but the most profitable co-ops pay a very high percentage. MMC paid out 53.5 percent in 2004 but averaged 77.7 percent over the five year period, 2000-2004. (See Exhibit 5.)

## **Competitors and Marketplace**

MMC has numerous competitors. Generally speaking, MMC's biggest competitors are the six diversified local co-ops whose trade areas are adjacent to MMC's trade area. They are headquartered in Ellis, Gorham, Osborne, Quinter, Rush Center and Stockton. All have grain, feed, agronomy and petroleum business units. (See Exhibit 1.)

Today MMC has no competitors operating grain or feed facilities in any of the eleven towns where they have facilities. Within their core trade area they have grain competitor locations at Ellis and Paradise. There is very little on-farm grain storage capacity in the trade area so MMC feels they have a competitive advantage because of their eleven country elevators with about 8.6 million bushels of storage. There are four other major grain business competitors outside their trade area: Logan Grain LLC at Logan, the Scoular train loader at Downs, the two Castle Rock Marketing train loaders at Ogallah and Wakeeney, and the U.S. Energy Partners wheat gluten and ethanol plant complex in Russell. MMC is a member-owner in the Castle Rock Marketing LLC joint venture along with Midwest Cooperative of Quinter and Cargill but they view this train loader business as a competitor to their country elevators.

MMC has numerous independent competitors in petroleum-related businesses at all of their locations, especially in Plainville, Hays and LaCrosse.

MMC's agronomy business has several cooperative and independent competitors throughout its trade area. They include one of Kansas' largest retailers, Boettcher Enterprises of Beloit, which sells products and provides application services. Other competitors who provide application services include Mid State Farmers Co-op of Rush Center and Pawnee County Cooperative of Larned to the south, Kaiser Ag to the north, and Agrilience to the west. Other major competitors who sell product but don't provide application services are Sims Fertilizer and Chemical of Osborne and Simpson Farm Enterprises of Ransom. Simpson Farm Enterprises has a location in Hays that sells seed, fertilizer and chemicals following a low margin, high volume strategy. There are also five producers who do significant custom application in the trade area.

MMC has expanded its agronomy application business in the last few years and has become higher service oriented. Major competitors are Boettcher and the co-ops at Gorham (east) and Agrilience (west). However, there are also some solid competitors who follow a high volume, low service, low margin strategy.



Overall there are at least 18 competing business locations in the counties of Rooks (2), Ellis (4), Rush (5), Ness (3), Osborne (3) and Graham (1). In addition there are the previously mentioned major grain competitors in Trego and Russell counties to the west and east.

Although MMC has many competitors, as described earlier, the CEO has an interesting view of competition. Vance Westhusin said, “My biggest competitor is my own company. I can lose more business with poor service than my competitors can take away from me.”

## **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. Vance Westhusin, the current President and General Manager, was hired as the CEO in 1993, almost 13 years ago. Prior to his current position he worked for MMC in his hometown of Plainville as branch manager, in 1990, and as MMC’s operations manager from 1991-1993. Vance is a graduate of Kansas State University with a Bachelor’s degree in Feed Science and Management and a Master’s degree in Grain Science, awarded in 1981 and 1983, respectively. Prior work experience included working for the Wayne Feed division of Continental Grain in both Nebraska and Kentucky from 1983-1989.

In the 91 year history of the company there have only been four managers. The manager prior to Vance was a well-known cooperative leader, Ken Herrman. He managed MMC for 22 years, from 1971-1993. He also served as a director on the board of Farmland Industries. The two previous managers were Dan Pfeifer (1934-1971, 37 years) and Walter Stanton (1919-1934, 15 years). The average length of service of the three previous managers is 25 years. (See Exhibit 7.)

The first board of directors had nine members, the same size as the current board. The board size has generally remained the same for over 90 years. The board membership has also been stable with relatively low turnover. MMC 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 and do so about 40 percent of the time.

MMC puts a high priority on director training and education and has as high an expectation of performance for directors as they do for employees. They conduct an annual board retreat in which they seriously address strategic issues and get updated on major industry issues by outside experts. Attendance at training sessions, the board retreat and regular board meetings is required. Compensation for directors is \$200 per meeting or per day, \$100 per day for travel days, and travel expenses. The new associate director program was implemented in 2003.

At least 98 different directors have served on the elected board over 81 years, 1915-2006, so the turnover has been on average, a little more than one director per year. The 89 former directors served an average of 7.7 years with range of service from less than one year (J.R. Chittenden, 1919, and others) to 32 years (R. A. Leiker, 1924-1942 and 1943-1957). The nine current directors have served an average of 13 years with range of service from one year to 26 years. There were 15 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. The current chairperson of the board, Kent Stamper, is one of those directors. He has served a total of 26 years in two segments, 1976-1988 and 1992-2006. MMC recently began an associate director program in which two associate directors are appointed, each with two year terms. This program is expected to be effective in providing successful candidates for open positions in the future. The newest

member of the current board is the first director to have served as an associate director prior to election.

There has also been stability in the employee positions at both the managerial and front-line level. More information about turnover is provided in the section on talent.

## Past Performance: Case Firm and Industry

The audited operating statement and balance sheet for fiscal years 2003 and 2004 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, Midland Marketing Co-op (MMC), Hays, 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.) MMC's profitability has recently been at around P95 on these measures. Profitability has improved from a middle of the pack or “good” level in the late 1980s and early 1990s to a top of the pack or “great” level in the mid-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). MMC has a grain gross margin of around P40 and a farm supply gross margin of around P60, consistent with the 1999-2004 pattern. (See Exhibits 16-19.)

**Liquidity.** The current ratio is reported, since this is the most effective way to compare the liquidity between companies. However, most companies focus more on working capital dollars than ratios when managing liquidity. MMC's liquidity has been very strong at about P80, a current ratio of about 1.9. There is a very strong desire by the CEO to utilize no significant long-term debt and to see high working capital as the primary source of funds to make cash distributions for fixed asset purchases, cash patronage refund payments and equity redemption payments. (See Exhibits 20-21.)

**Solvency.** The ratio, equity to assets is reported. (See Exhibits 22-23.) MMC's solvency has been strong at about P70, averaging around 62 percent. It would be much higher when viewed as a debt to equity ratio since MMC has very little long-term debt and has substantial working capital and current assets.

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

Personnel productivity is measured by the ratio, gross income to personnel costs. This ratio has a very high correlation with profitability. MMC's ratio has been very high at around 2.80 and P87. In other words, for every dollar spent on personnel they generate \$2.80 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. MMC's gross income to depreciation expense has been around 12.60 and P96, meaning they don't have high levels of fixed assets generating high depreciation expenses relative to gross income. MMC's sales to net fixed assets is 15.32 and P96, meaning they generate high levels of sales per dollar tied up in fixed assets. The MMC strategy, which they execute very well, is to work people and assets very hard.

**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. MMC's sales were at about \$40 million in 2004, putting them at P75. For the last ten years they have been at around P75 even though they have grown from \$26 million in 1994 to \$30 million in 2004, a 54 percent increase. Their rate of growth appears to be very beneficial, but as the CEO relates in the section on strategy, as the co-op has grown it has been much harder for the CEO to keep track of everything as was common in the past.

**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 MMC. 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 MMC 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.

MMC has expressed the broadest view of their strategy in three types of statements: a vision, a mission and a motto. Their vision is “To be the first choice of our customers and our employees.” Their mission is “To profitably provide quality products and services that help our customers succeed.” Their motto is “Your business is our business.” The primary guiding philosophy of the organization, as stated by the CEO, Vance Westhusin, is “We live the vision. Everything we do connects to our vision.” As farm programs changed and producers shifted to more acres in fall crops and fewer in wheat, including less summer fallow, MMC decided to shift with their customers by shifting the agronomy operations to serve the needs of their customers. They moved to grow the business in both grain and agronomy by investing in a higher service agronomy business that included more assets and people to provide application and other services.

MMC’s operational strategy, as stated by their CEO, is ... “to have good people but to work the assets and people hard. For example, instead of covering 20,000 acres per year per RoGator application unit we try to get 40,000 acres. We can afford more machines, I just don’t want more.” In terms of day-to-day supervisory philosophy, their CEO says, “I try to know as much as possible, every day, on all parts of the business. I see all the mail and approve all the bills and payments. All purchases over \$50 need my prior approval. All complaints by customers or employees have to be documented within 24 hours of their occurrence. I don’t like surprises. But as we’ve gotten bigger it is harder to keep track of everything.”

MMC’s marketing strategy with respect to pricing is to be competitive. As their CEO observes, “We don’t try to have the best price or the worst price. People tell me we are usually the price leader.”

MMC’s asset investment strategy is to be very frugal. Asset utilization or turnover ratios are expected to be very high. As noted in the section on past performance, the average efficiency ratio, sales to net fixed assets, for 1999-2004 was 15.32 placing MMC in the 96<sup>th</sup> percentile on net fixed asset utilization or turnover. This compares to the typical or 50<sup>th</sup> percentile ratio of 7.53. Vance Westhusin expressed his philosophy this way: “I want fewer assets than I really need.”

**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.

MMC aligns its operations on its vision and mission, especially its customers, its employees and its company profitability. As Vance says, “We are disciplined on the follow-through. We execute.”

**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.

Vance has high expectations of himself and the employees. He admits, “I expect our employees to do more with less, such as with our agronomy application equipment. And I don’t want to give things away. Also, I push the idea of ‘No mistakes.’ Mistakes really irritate me and our people know that.”

**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.

MMC is viewed by its CEO as a company with a flexible, changing structure. Today there are 45 employees and the CEO has 7 direct reports. Three are area managers over operations, and the others are department managers including crop production, grain merchandising with significant strategy input from the CEO, office management including accounting and maintenance management. Employees are generally assigned to locations and the various departments are expected to share those employees in a flexible, effective way.

**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.

MMC’s strategy has been to hire the best people available at the entry level, to retain them by helping them grow and develop and to reward performance, according to their CEO. It is getting harder to recruit and retain employees, especially at the more rural locations. Overall, turnover is expected to be about 20 percent annually or around 10 employees each year from all levels combined. In 2005 MMC hired nine new employees and has hired 25 new people in the last five years. There is good stability at the department manager level. The years of tenure of the seven direct reports are: Three area managers, 1, 5 and 27; crop production, 14; grain merchandising, 2; office manager, 7; and maintenance manager, 20. This is an average of about 11 years.

**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.

MMC focuses on trying to anticipate employee turnover and having people trained to take over when needed. Cross-training is used as much as possible to minimize hiring of extra people that may not be fully utilized.

**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 current board chairperson, Kent Stamper, has served on the board for a total of 26 years, longer than any other sitting director. His service has been broken into two segments, 1976-88, and 1992-2006. He has also served as a director on two different regional cooperative boards, Union Equity and Farmland Industries. During his 26 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 20 years, not all of them contiguous.

Kent believes the foundation for MMC's success has been an outstanding board and their ability to hire and retain a high performing CEO. The board has established a compensation system that links CEO pay with performance. And they have maintained a very close working relationship with the CEO that focuses primarily on strategic issues. As Kent notes, "We believe in the strategic planning part of our responsibilities. We look at issues in a 3 to 5 year time frame and try to understand what will impact the membership and the co-op in the future. We do not spend a lot of time discussing past history and past numbers. And we believe our CEO executes our business plan very well."

A major strategic focus by the board has been on building a strong board with very capable directors. Kent describes their strategy as having four components: recruitment, retention, education and expected participation and support. In terms of recruitment, MMC uses a nominating committee that aggressively looks for good candidates and describes the high expectations they have for directors. As was noted in the previous section on leadership by management and the board, MMC started an associate director program in 2003 and now has its first elected director as a previous participant in that program. In terms of retention, the co-op does not have term limits. Education and development of directors is strongly encouraged. Their policy is that new directors must attend the complete the Kansas Cooperative Council's four course Director Development Program and all directors are encouraged to attend other important industry meetings as a way of improving themselves.

Perhaps the biggest on-going focus for the board is to stress participation in board activities and stress supporting the co-op with not only their time but their business. Kent said, "We have annual board retreats for 2-3 days and we have monthly board meetings. Attendance at these meetings is required." And they stress that directors should do as much business as possible with the co-op. According to Kent, "We have only had one director in my 26 years on the board that I remember we ever had to visit with about supporting the co-op with their farm business."

The board is careful to build strong support for major strategic decisions before moving ahead. In looking back, Kent said they have developed a working philosophy on decision

making. “We have found if there is not a strong majority supporting a strategy we just don’t do it. We generally get a unanimous vote on key issues but if we don’t get strong support we wait and rethink the strategy.”

The board is very aware of MMC’s past success but they are always looking at new possibilities to improve. They value their customers as reflected in their vision statement and they pay attention to customer requests, according to their board chairperson. The board and CEO believe in retaining good employees.

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. However, Vance Westhusin sees pay to the CEO as broader than financial compensation. He stated, “I don’t see my financial pay as a major issue. The biggest factor for me is board support and dedication.”

With respect to employee pay, the CEO says MMC tries to be competitive on wages but expects high performance. Bonuses are paid to employees. But performance is also measured in terms of the personnel costs as a percent of gross income with a target of being below 40 percent (or a gross income to personnel cost ratio of 2.5 or higher). As noted in the previous section on past performance, the gross income to personnel cost ratio averaged 2.81 for the years 1999-2004, putting MMC at the 87<sup>th</sup> percentile. A strong effort is made to keep personnel costs low. Wages of frontline people are based on the local market. Department manager compensation is based more on the broader agribusiness market for comparable skills. According to the CEO, MMC is about in the middle of the pack to the top one-fourth for compensation for the department manager people, given the company’s size, based on the CHS/LOL Member Services compensation survey information.

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

MMC is an investor in and customer of several regional co-ops including CHS, Land O’Lakes, Midwest Energy and FCStone (Farmers Commodity Corporation), as are most local co-ops in the Midwestern States. MMC is also an investor in other joint venture companies, formed as LLCs. The primary one is their 30 percent ownership of Westland Terminal LLC, a joint venture company that owns the grain train loader at Ogallah. In turn, Westland is part of the Castle Rock Marketing joint venture with Cargill that operates the Ogallah and Wakeeney train loaders.

MMC has been very active in participating in various joint ventures in their area that are related to their primary business lines of grain, agronomy and petroleum. As is the case with many local co-op investments in joint ventures, the results have been mixed. Also, the CEO has focused a lot of time in developing relationships with other stakeholders in the industry.



## **Discussion Questions**

1. Why do you think Midland Marketing Co-op is so profitable? List up to five reasons (or factors) and then rank them.

2. What changes in strategy do you think Midland Marketing Co-op could make to improve performance? List up to three changes and rank them.

3. Given what you've learned about Midland Marketing Co-op and what you know about 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. Midland Marketing Co-op, Trade area, Locations and Competitors

**Pushpins**

- Midland Marketing Co-op, Inc. (Hays)
- Midland Marketing Co-op Branches
- ✈ Golden Belt Co-op Assn., Inc. (Ellis)
- ✂ Simpson Farm Enterprises (Ransom)
- Pawnee County Coop. (Larned)
- ✕ Logan Grain, LLC
- 🚛 The Scoular Company (Downs)
- 📍 Midway Co-op Assn. (Osborne)
- ★ Castle Rock Marketing, LLC (Wakeeney)
- ▲ Star Seed Inc. (Osborne)
- Mid State Farmers Co-op (Rush Center)
- ◆ Farmers Union Merc. & Shpg. Assn. (Stockton)
- ✚ United Ag Service, Inc. (Gorham)
- ✱ Paradise Grain Company

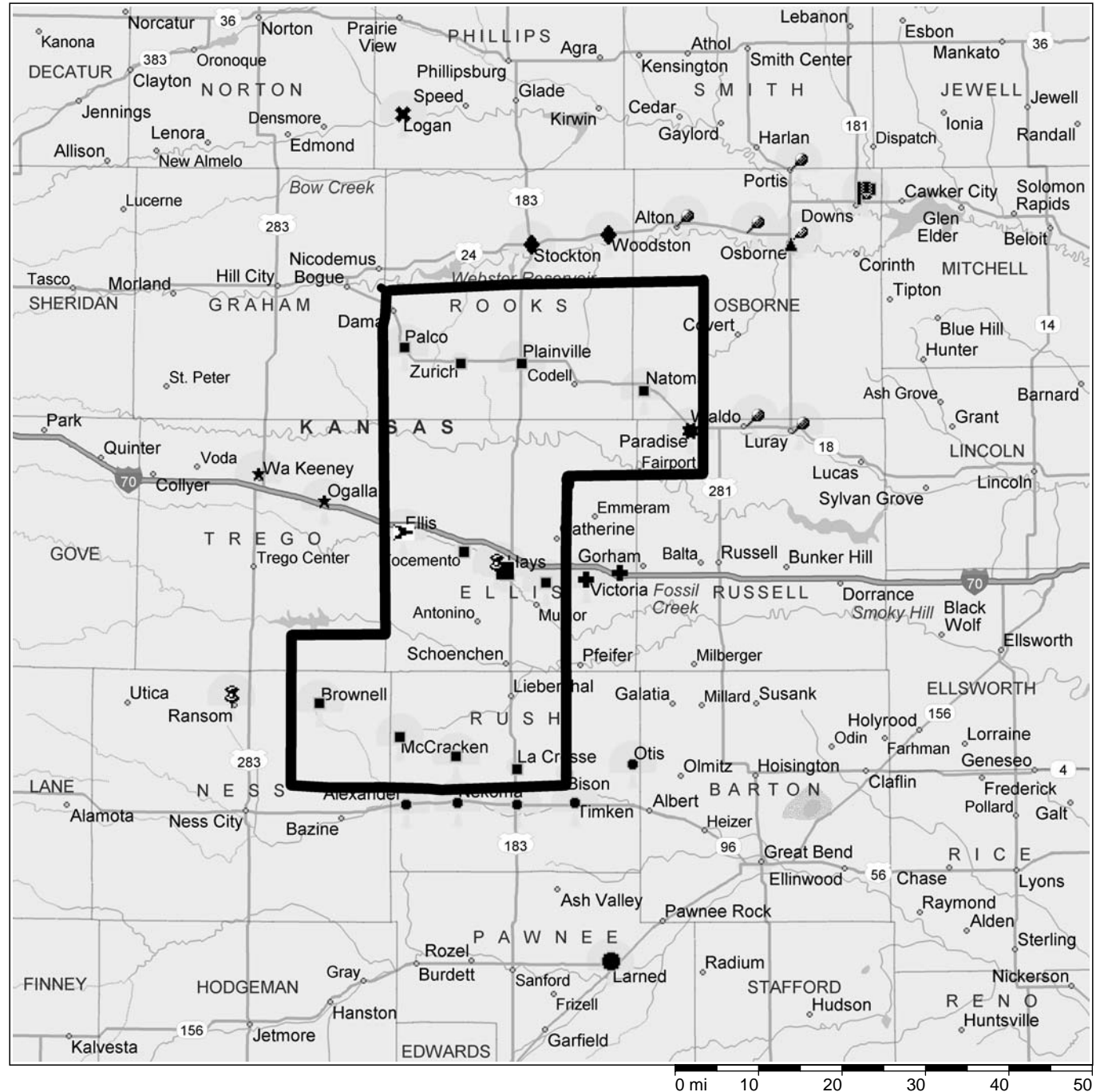


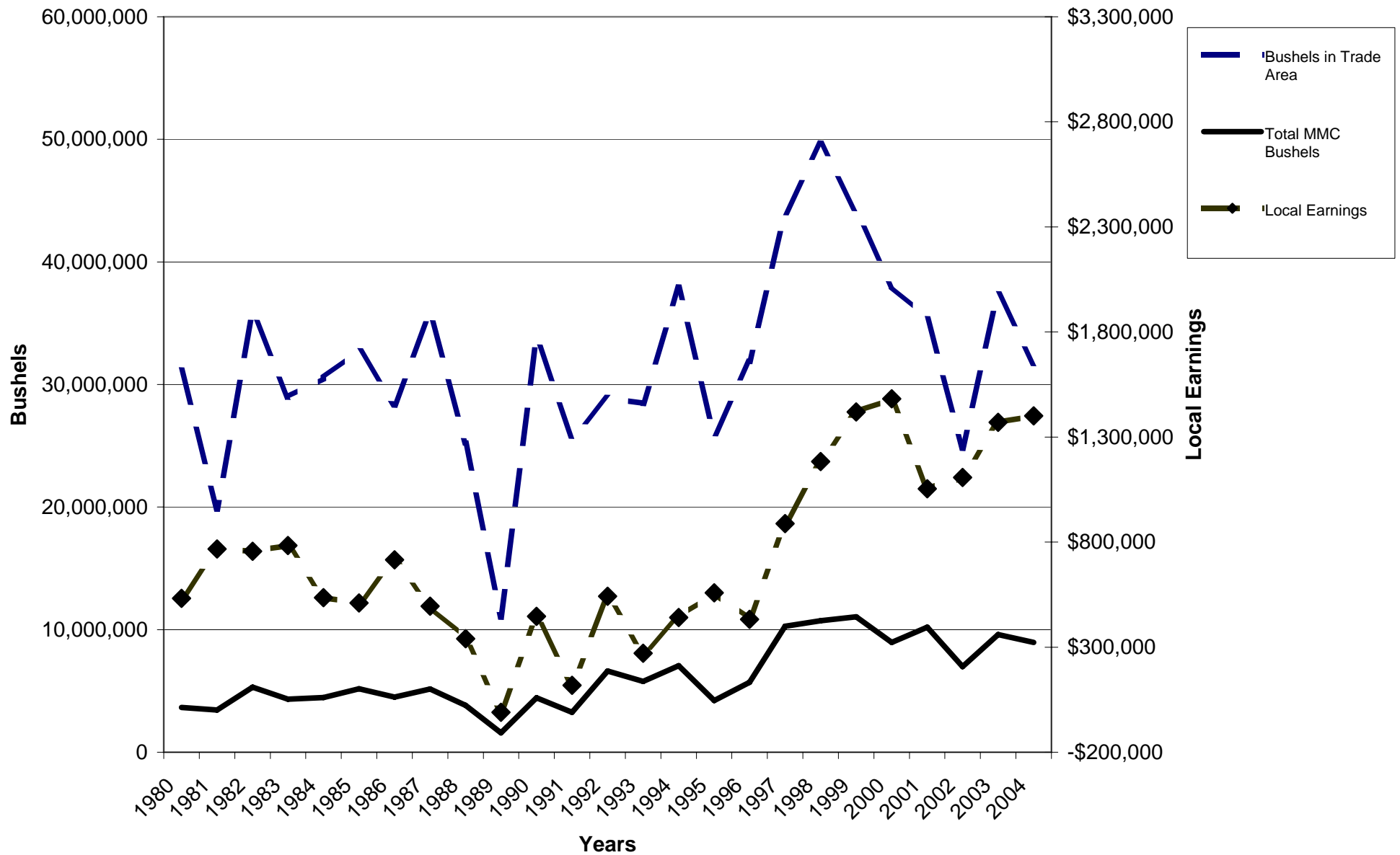
Exhibit 2. Average County Crop Production 1999-2004  
(million bushels)

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 0.736687
Greeley 2.23085	Wichita 3.16653	Scott 3.72559	Lane 1.6653	Ness 2.00857	Rush 1.80814	Barton 3.70277	Ellsworth 1.59133	Saline 2.18341	Wabaunsee 0.740663	Douglas 1.06889	Johnson 0.545261	Wyandotte 0.11226
Hamilton 2.13672	Kearny 3.32565	Finney 6.14462	Hodgeman 1.64606	Pawnee 3.24503	Edwards 4.26051	Stafford 4.26574	Rice 3.71806	McPherson 4.55129	Morris 0.906354	Lyon 1.12612	Osage 1.26843	Franklin 1.21696
Stanton 4.9342	Grant 3.98734	Haskell 6.67657	Gray 6.35999	Ford 4.73784	Kiowa 2.17007	Pratt 4.69848	Kingman 2.58612	Harvey 3.44257	Chase 0.395258	Coffey 1.37259	Anderson 1.52684	Miami 0.778183
Morton 2.08252	Stevens 6.17435	Seward 3.6288	Meade 4.93991	Clark 0.839833	Comanche 0.836755	Barber 1.52259	Harper 2.63212	Sedgwick 4.11625	Butler 2.2023	Greenwood 0.453017	Woodson 0.811171	Linn 0.712667
										Elk 0.262639	Allen 1.2164	Bourbon 0.499675
										Chautauqua 0.124826	Neosho 1.1836	Crawford 1.58456
											Montgomery 1.12062	Cherokee 2.21411

### Exhibit 3. Midland Marketing Cooperative Grain Volume, Local Earnings and Trade Area Crop Production

Fiscal Year	Total Grain Production in Trade Area Counties					Bushels in Trade Area	Total MMC Bushels	MMC Market Share	MMC Local Earnings	MMC Total Net Earnings
	Ellis	Rush	Ness	Rooks	Osborne					
1980	5,140,300	6,488,000	8,232,100	5,229,800	6,069,300	31,159,500	3,650,402	11.72%	\$532,099	\$905,144.67
1981	3,262,500	3,946,900	3,850,800	3,779,600	4,993,500	19,833,300	3,446,357	17.38%	\$766,811	\$853,907.29
1982	5,680,700	7,765,700	8,689,500	6,533,200	7,242,700	35,911,800	5,316,400	14.80%	\$755,960	\$775,783.07
1983	4,821,400	5,431,200	6,743,700	5,522,700	6,451,400	28,970,400	4,332,118	14.95%	\$783,550	\$800,810.35
1984	3,968,000	7,261,400	7,525,400	5,414,400	6,348,900	30,518,100	4,465,255	14.63%	\$535,540	\$623,041.53
1985	5,546,400	6,623,100	7,790,800	5,995,500	6,886,900	32,842,700	5,179,324	15.77%	\$509,952	\$403,118.75
1986	4,529,000	6,410,300	5,100,900	6,103,800	6,191,600	28,335,600	4,506,969	15.91%	\$715,245	\$401,243.56
1987	5,599,600	7,502,000	7,893,300	7,219,500	7,611,600	35,826,000	5,156,664	14.39%	\$494,472	\$553,221.58
1988	3,501,300	5,000,100	5,177,000	5,636,400	5,911,000	25,225,800	3,811,965	15.11%	\$339,621	\$464,019.78
1989	1,075,300	2,269,800	3,426,600	2,144,400	2,106,500	11,022,600	1,582,432	14.36%	-\$9,960	\$131,149.76
1990	4,936,500	7,106,800	8,457,600	5,356,400	7,941,900	33,799,200	4,433,397	13.12%	\$446,633	\$531,677.00
1991	3,690,000	6,150,400	6,136,600	4,176,700	5,499,500	25,653,200	3,261,694	12.71%	\$118,620	\$202,672.86
1992	4,009,200	5,776,800	6,658,900	5,628,300	6,826,900	28,900,100	6,631,617	22.95%	\$541,976	\$602,150.86
1993	5,550,000	7,110,100	7,009,600	3,240,900	5,545,000	28,455,600	5,775,501	20.30%	\$270,566	\$307,793.81
1994	5,846,000	7,181,500	8,141,600	7,001,000	9,754,300	37,924,400	7,051,745	18.59%	\$440,685	\$610,333.00
1995	3,410,700	4,879,300	5,039,600	4,563,200	7,936,200	25,829,000	4,220,941	16.34%	\$558,995	\$732,186.85
1996	5,407,300	5,656,500	6,213,600	5,815,600	8,784,200	31,877,200	5,704,473	17.90%	\$432,013	\$533,567.58
1997	6,737,500	8,492,100	9,243,700	7,636,400	11,823,500	43,933,200	10,280,409	23.40%	\$888,265	\$940,152.00
1998	7,071,300	8,880,000	10,822,100	10,372,400	12,503,100	49,648,900	10,732,496	21.62%	\$1,183,756	\$1,220,579.00
1999	8,286,500	7,012,600	9,140,600	8,882,500	10,778,800	44,101,000	11,052,894	25.06%	\$1,419,059	\$1,515,468.00
2000	6,130,700	8,745,700	8,318,900	6,798,200	8,040,100	38,033,600	8,953,796	23.54%	\$1,481,391	\$1,407,132.90
2001	5,115,500	7,410,700	7,725,800	7,167,800	7,956,300	35,376,100	10,207,407	28.85%	\$1,053,846	\$1,248,894.19
2002	4,046,500	5,648,100	5,079,600	3,963,700	6,071,300	24,809,200	6,980,041	28.13%	\$1,108,086	(\$336,361.57)
2003	5,593,900	8,043,500	8,057,900	6,425,200	9,337,800	37,458,300	9,595,888	25.62%	\$1,369,993	\$1,089,622.70
2004	6,019,000	6,534,700	5,865,700	4,409,400	8,905,400	31,734,200	8,965,943	28.25%	\$1,400,926	\$1,460,991.46

**Exhibit 4. Midland Marketing Cooperative Grain Volume,  
Local Earnings and Trade Area Crop Production**



**Exhibit 5. Patronage Refunds and Equity Redemptions, 1995-2005**  
**Midland Marketing Cooperative**  
**Hays, Kansas**

[illegible]

## Exhibit 6. Patronage Rates, 1995-2005

## Midland Marketing Cooperative

## Hays, Kansas

Pool	1995				1996				1997			
	Volume		Rate	Total	Volume		Rate	Total	Volume		Rate	Total
Grain Received	4,220,941	bu	0.085	\$358,779.99	5,704,473	bu	0.044	\$250,996.81	10,280,409	bu	0.061	\$627,104.95
Direct Grain Delivered		bu				bu				bu		
Supplies Sold												
Total												
Pool	1998				1999				2000			
	Volume		Rate	Total	Volume		Rate	Total	Volume		Rate	Total
Grain Received	10,732,496	bu	0.096	\$1,030,319.62	11,052,894	bu	0.112	\$1,237,924.13	8,953,796	bu	\$0.134	\$1,199,808.66
Direct Grain Delivered		bu				bu				bu	\$0.022	
Supplies Sold											4.5%	
Total												
Pool	2001				2002				2003			
	Volume		Rate	Total	Volume		Rate	Total	Volume		Rate	Total
Grain Received	10,209,407	bu	\$0.055	\$561,517.39	6,980,041	bu	\$0.000	\$0.00	9,595,888	bu	\$0.070	\$671,712.16
Direct Grain Delivered		bu	\$0.007			bu	\$0.000			bu	\$0.013	
Supplies Sold			6.0%				0.0%				3.5%	
Total												
Pool	2004				2000-2004 Average							
	Volume		Rate	Total	Volume		Rate	Total				
Grain Received	8,695,943	bu	\$0.093	\$808,722.70	8,887,015	bu	\$0.07	\$648,352.18				
Direct Grain Delivered		bu	\$0.009	\$0.00		bu	\$0.01					
Supplies Sold			6.3%	\$0.00			4.1%					
Total												

Exhibit 7. Director and Manager History						
Midland Marketing Cooperative						
Hays, Kansas						
First Name	Last Name	Title	Beginning Date	Ending Date	Years Served	Non-Consecutive Service
<b>Former Directors</b>						
Louis	Kraus	Director	1915	1919	4	charter
James	Ross	Director	1915	1915	0	charter
A.J.	Herklotz	Director	1915	1919	4	charter
Joe	Rupp	Director	1915	1919	4	charter
William	Gottschalk	Director	1915	1920	5	charter
Nick	Pfannenstiel	Director	1915	1919	4	charter
Gus	Riedel	Director	1915	1924	9	charter
P.J.	Gabel	Director	1915	1919	4	charter
T.A.	Werth	Director	1915	1919	4	charter
H.W.	Joy	Director	1915	1923	8	not charter
JR	Chittenden	Director	1919	1919	0	
Peter J.	Walter	Director	1919	1923	4	
Joe	Urban	Director	1919	1922	3	
Alex	Befort	Director	1919	1924	5	
A.J.	Klaus	Director	1919	1920	1	
Joe A.	Dinges	Director	1919	1919	0	
Alois	Rupp	Director	1919	1919	0	
Jacob	Brull	Director	1920	1927	7	
Frank	Rohr	Director	1920	1926	6	
George	Johnson	Director	1921	1951	30	
Alois	Rupp	Director	1922	1925	3	X
Fred	Tauscher	Director	1922	1928	6	
Felix	Werth	Director	1922	1925	3	
John	Urban	Director	1924	1927	3	
R.A.	Leiker	Director	1924	1942	18	
Joe	Bahl	Director	1925	1934	9	
R.D.	Joy	Director	1925	1926	1	
Adie	Crissman	Director	1927	1930	3	
Joe	Urban	Director	1928	1936	8	X
Carl	Werth	Director	1928	1934	6	
C.W.	Kraus	Director	1929	1959	30	
William	Gottschalk	Director	1929	1939	10	X
R.D.	Joy	Director	1929	1943	14	X
O.M.	Straily	Director	1931	1934	3	
Frank	Karlin	Director	1931	1950	19	
Harry	Kirkman	Director	1934	1943	9	
Hans	Jensen	Director	1934	1943	9	
Paul J.	Schmidt	Director	1936	1951	15	
A.C.	Wasinger	Director	1939	1948	9	
Alex	Schmidt	Director	1942	1960	18	
Walter	Joy	Director	1944	1953	9	
John P.	Gross	Director	1943	1945	2	
R.A.	Leiker	Director	1943	1957	14	X
Peter W.	Johnson	Director	1951	1952	1	
William	Johnson	Director	1946	1958	12	
Felix	Roth	Director	1948	1959	11	
Fidelis	Engel	Director	1950	1958	8	
Ray	Wasinger	Director	1951	1957	6	
Fidelis	Befort	Director	1952	1958	6	
Benno	Karlin	Director	1954	1957	3	
Joe	Luecke	Director	1956	1962	6	
Alphonse	Gross	Director	1957	1963	6	
Walter	Joy	Director	1957	1963	6	X
Adam	Garvert	Director	1958	1964	6	
Alois	Binder	Director	1958	1964	6	



Exhibit 7. Director and Manager History						
Midland Marketing Cooperative						
Hays, Kansas						
First Name	Last Name	Title	Beginning Date	Ending Date	Years Served	Non-Consecutive Service
<b>Former Directors (continued)</b>						
Frank	Polifka	Director	1958	1964	6	
Norman	Johnson	Director	1959	1965	6	
Benno	Karlin	Director	1959	1962	3	X
William	Johnson	Director	1960	1966	6	X
Felix	Roth	Director	1962	1968	6	X
Alex	Schmidt	Director	1962	1968	6	X
Joe	Luecke	Director	1963	1969	6	X
Alex	Gross	Director	1963	1968	5	
Fidelis	Befort	Director	1964	1967	3	X
Clarence	Hageman	Director	1964	1968	4	
Kenneth	Kraus	Director	1964	1970	6	
James	Hrabe	Director	1965	1968	3	
Francis C.	Staab	Director	1966	1970	4	
Ora	Baldwin	Director	1966	1970	4	
Fidelis	Engel, Jr.	Director	1967	1973	6	
Robert	Towns	Director	1968	1970	2	
Walter	Urban	Director	1968	1974	6	
Norman	Johnson	Director	1968	1972	4	X
Herman	Davis	Director	1969	1975	6	
Albert	Keller	Director	1969	1975	6	
Richard	Dechant	Director	1969	1976	7	
Walter	Joy	Director	1970	1976	6	X
Delbert	Walters	Director	1970	1977	7	
Duane	Lambert	Director	1971	1977	6	
John	Kraus	Director	1972	1978	6	
Paul	Binder	Director	1973	1982	9	
John	Schmidt	Director	1980	1986	6	
Richard	Pfeifer	Director	1975	1981	6	
Adolph	Billinger	Director	1975	1981	6	
Raymond	Armbrister	Director	1976	1985	9	
Leo	Walter	Director	1977	1983	6	
Robert	Kriley	Director	1977	1980	3	
Cliff	Pfannenstiel	Director	1978	1993	15	
Orville	Haselhorst	Director	1974	1980	6	
Melvin	Keller	Director	1980	1983	3	
Wayne	Armbrister	Director	1981	1987	6	
Charles	Schmidt	Director	1982	1994	12	
Donald	Casey	Director	1983	1989	6	
Richard	Kreutzer	Director	1985	1991	6	
Orville	Haselhorst	Director	1986	1989	3	X
Glenn	Lambert	Director	1987	1990	3	
Ron	Westhusin	Director	1988	1991	3	
Orville	Pfortmiller	Director	1989	1992	3	
Mike	Grabbe	Director	1989	1995	6	
Duane	Steeple	Director	1991	1997	6	
Arlyn	North	Director	1995	1998	3	
Frank	Joy	Director	1981	2002	21	
Charles W.	Kraus	Director	1997	2003	6	
Harold	Lowry	Director	2002	2005	3	
				Total Years	686	
				# of Directors	89	
				Mean Years	7.7	

<b>Exhibit 7. Director and Manager History</b>						
<b>Midland Marketing Cooperative</b>						
<b>Hays, Kansas</b>						
First Name	Last Name	Title	Beginning Date	Ending Date	Years Served	Non-Consecutive Service
<b>Current Directors</b>						
Kent	Stamper	Chairperson	1976	1988	12	
			1992	2006	14	X
Tom	Benoit	Vice Chairperson	1990	2006	16	
Bill	Hoffman	Director	1983	2006	23	
John	Irvin	Director	1993	2006	13	
Norman	Legleiter	Director	1998	2006	8	
Jerry	McReynolds	Director	1994	2006	12	
Brian	Staab	Sec./Treas.	1991	2006	15	
Les	Rogers	Director	2003	2006	3	
Mike	Werth	Director	2005	2006	1	
				Total Years	117	
				# of Directors	9	
				Mean Years	13	
<b>General Managers</b>						
Walter	Stanton	General Manager	1919	1934	15	
Dan M.	Pfeifer	General Manager	1934	1971	37	
Ken	Herrman	General Manager	1971	1993	22	
Vance	Westhusin	General Manager	1993	2006	13	
				Total Years	87	
				# of Managers	4	
				Mean Years	21.8	

Midland Marketing Co-op, Inc.			
Hays, Kansas			
<u>Exhibit 8. STATEMENTS OF OPERATIONS</u>			
For Years Ended December 31, 2004 and 2003			
		2004	2003
<u>Sales</u>			
Grain		28,324,683.85	26,814,450.74
Supply		11,451,026.48	9,812,108.36
Total sales		39,775,710.33	36,626,559.10
<u>Cost of sales</u>			
Grain		26,508,441.09	24,874,899.57
Supply		9,752,870.13	8,212,225.31
Total cost of sales		36,261,311.22	33,087,124.88
<u>Gross margins on sales</u>		3,514,399.11	3,539,434.22
<u>Other operating income</u>			
Storage and handling		831,909.87	809,182.53
Station services		73,230.26	77,468.90
Feed processing		56,032.45	56,078.41
Feed delivery		29,692.08	20,504.30
Custom application		701,611.19	566,316.85
Equipment rent and blending		24,752.96	17,605.05
Seed cleaning and treating		22,878.16	0.00
Miscellaneous		11,919.27	18,134.84
Interest income		30,230.80	13,177.03
Finance Charges		51,826.97	47,915.20
Total other operating income		1,834,084.01	1,626,383.11
<u>Gross income from local operations</u>		5,348,483.12	5,165,817.33
<u>Operating expenses</u>			
Personnel costs		2,022,030.29	1,905,861.84
Fixed expenses		933,416.65	838,892.54
Other operating expenses		992,110.35	1,051,070.02
Total operating expenses		3,947,557.29	3,795,824.40
<u>Earnings from local operations</u>		1,400,925.83	1,369,992.93
<u>Other earnings (loss)</u>			
Patronage dividends		135,637.78	103,980.59
Dividends on stock		1,500.00	1,500.00
Investment Loss		(45,677.74)	(372,871.06)
Total other earnings (loss)		91,460.04	(267,390.47)
<u>Earnings before income taxes</u>		1,492,385.87	1,102,602.46
<u>Income taxes</u>		(31,394.41)	(12,979.76)
<u>Net earnings</u>		1,460,991.46	1,089,622.70
<u>Distribution of net earnings (loss)</u>			
Patronage dividends		1,319,713.25	899,269.52
Retained earnings		141,278.21	190,353.18
<u>Total</u>		1,460,991.46	1,089,622.70



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

Year	N	Profit Group Mean Value (%)					Percentile Values (%)					Midland	
		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	56	11.91
1981	502	8.91	99.11	-0.22	8.56	16.62	20.47	12.66	8.53	4.52	-7.53	77	13.42
1982	500	8.64	83.78	0.84	8.69	16.32	20.41	12.27	8.57	4.61	-2.69	60	9.88
1983	507	8.07	105.38	-0.6	7.75	15.2	17.65	11.79	7.71	3.44	-5.96	77	12.41
1984	505	7.77	106.02	-1.01	7.48	14.19	17.05	11.13	7.58	3.44	-9.3	80	11.97
1985	499	6.41	137.24	-1.95	6.28	13.06	15.25	9.82	6.24	2.3	-8.5	76	9.96
1986	488	9.22	86.21	-0.44	8.44	15.99	18.62	12.17	8.77	4.44	-5.87	81	13.55
1987	486	9.83	97.34	-1.06	9.24	17.58	20.19	13.2	9.01	4.35	-8.19	51	9.27
1988	484	8.97	100.56	0.48	9.17	16.34	19.66	12.7	8.86	5.09	-3.6	44	8.22
1989	477	6.54	183.94	-4.41	6.08	14.74	19.74	10.32	5.9	0.81	-7.65	27	1.36
1990	472	5.38	164.98	-3.81	4.77	11.94	15.44	8.2	4.8	-0.18	-9.92	81	9.75
1991	457	5.56	134.84	-1.42	4.67	12.18	17.44	8.24	4.47	1.54	-5.05	41	3.4
1992	443	4.25	170.26	-3.72	3.87	9.72	11.89	6.76	3.47	-0.11	-9.2	84	8.75
1993	393	5.29	201.06	-1.61	4.87	10.86	14.37	8.18	4.83	1.77	-7.37	45	4.41
1994	375	5.94	123.43	-0.74	5.75	13	16.2	9.3	5.9	2.39	-4.85	58	6.81
1995	314	5.92	110.35	-0.92	5.46	12.63	15.21	8.42	5.58	2.53	-5.54	69	7.65
1996	159	5.26	130.67	-0.41	5.01	9.57	14.08	7.42	5.04	2.73	-4.7	74	7.41
1997	158	6.76	68.08	2.11	6.92	11.92	13.78	9.37	6.72	4.21	0.34	81	10.24
1998	159	8.27	58.09	3.95	8.16	14.56	17.13	11.26	8.01	5.92	1.82	84	13.25
1999	167	7.07	75.68	2.48	6.96	13.88	16.4	10.56	7.26	4.37	-0.09	87	13.94
2000	167	6.61	79.47	2.64	6.91	12.93	15.44	10.11	6.8	4.37	-0.03	92	14.03
2001	173	6.19	86.88	0.82	6.39	12.09	14.24	8.67	6.02	3.37	-1.63	85	10.57
2002	173	4.78	104.16	0.14	4.33	9.85	12.37	6.57	4.19	1.95	-3.35	86	9.5
2003	178	3.04	218.1	-4.64	2.61	9.04	9.54	4.92	2.47	-0.63	-6.97	96	9.95
2004	179	3.95	190.95	-2.4	3.52	10.6	12.82	6.37	3.41	0.25	-6.07	92	11.21
2005	110	4.63	128.78	-1.92	4.39	10.37	14.93	7.51	4.27	1.95	-6.4		
1980-1985	452	8.56		3.22	7.92	13.84	15.48	10.91	7.76	5.34	0.2	78	11.51
1986-1988	452	9.45		2.3	8.84	14.83	17.22	11.8	8.68	5.3	-2.28	63	10.29
1989-1992	381	5.7		-0.82	4.92	10.88	14.05	7.76	4.8	1.17	-3.56	63	6.09
1993-1995	296	5.88		0.45	5.31	11	14.3	8.36	5.55	2.59	-2.47	62	6.38
1996-1998	153	6.74		3.14	6.83	11.32	13.62	8.85	6.88	4.94	1.85	89	10.59
1999-2004	158	4.98		1.43	4.66	9.22	11.27	6.29	4.68	2.96	-0.56	96	11.4

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

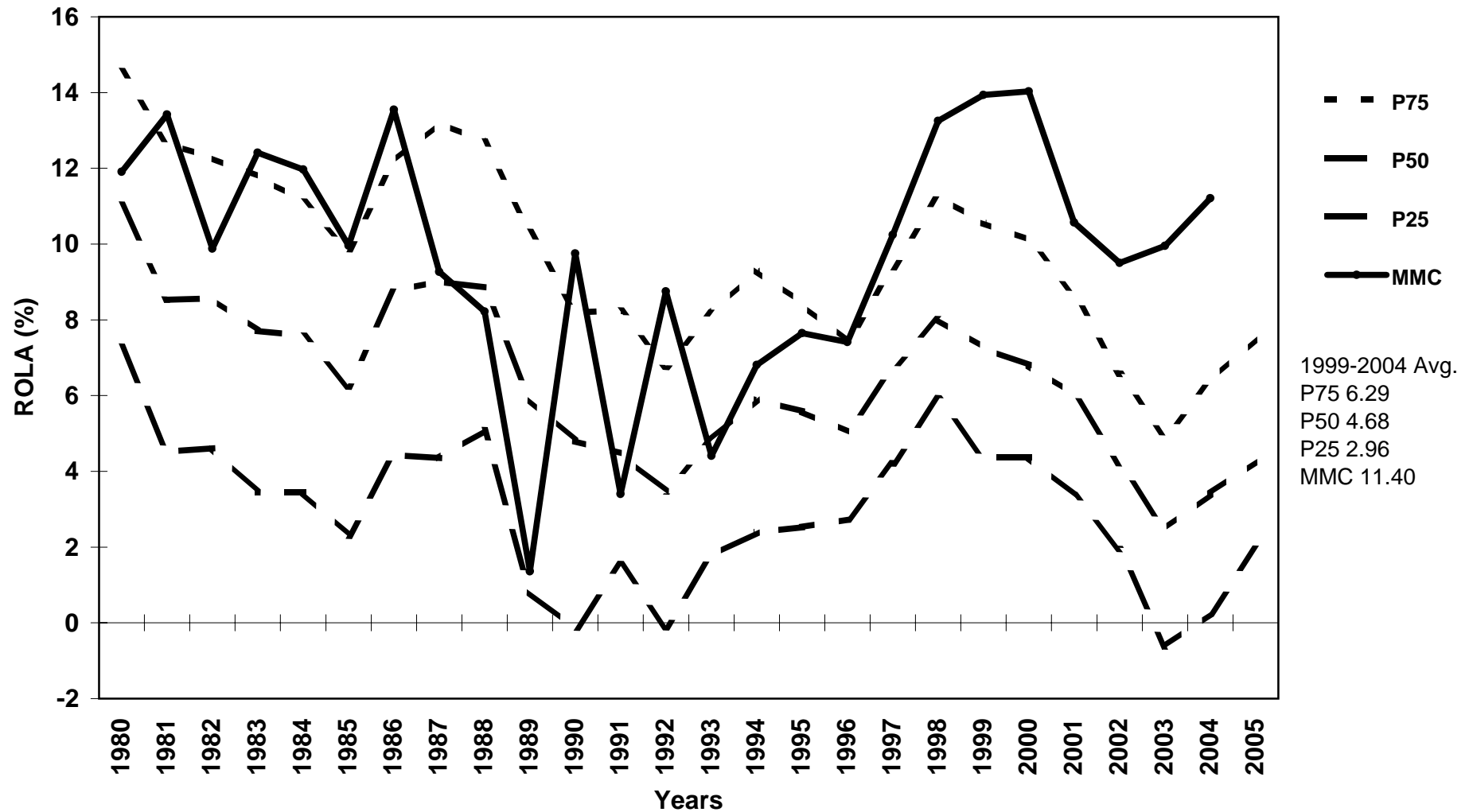


Exhibit 12. Return on Equity: Profit Group Mean and Percentile Values of Midland Marketing Co-op, Inc.  
and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles and Values, 1980-2005.

Year	N	Profit Group Mean Value (%)					Percentile Values (%)					Midland	
		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	83	24.95
1981	501	14.88	112.44	3.49	14.14	23.05	31.92	19.97	14.19	7.21	-3.44	79	21.41
1982	500	9.97	98.72	1.24	9.39	17.94	24.81	14.21	9.12	3.55	-8.04	83	16.89
1983	507	7.98	158.27	-2.3	7.1	15.58	20.48	12.14	6.92	1.57	-10.11	89	16.65
1984	505	6.5	350.6	-5.8	6.04	13.99	19.46	10.99	6.05	0.16	-15.07	82	12.92
1985	499	4.1	312.01	-7.12	4.27	10.84	16.93	8.53	3.86	-0.8	-14.24	75	8.51
1986	488	3.85	397.57	-8.03	3.4	11.13	17.51	9.21	3.41	-4.83	-23.1	72	8.51
1987	486	7.5	199.85	-6.11	7.63	15.11	20.74	11.94	6.37	0.3	-14.98	73	11.51
1988	483	10.56	99.62	-0.72	11.12	17.87	22.4	13.96	9.31	4.87	-5.11	53	9.71
1989	477	8.07	142.44	-5.72	7.42	17.68	23.2	11.87	6.6	0.74	-11.53	31	2.76
1990	471	7.54	146.16	-4.97	6.91	15.5	21.1	11.15	5.94	0.2	-11.6	74	10.65
1991	457	7.47	162.25	-2.17	6.26	15.46	22.52	10.66	5.86	1.15	-8.16	40	4.21
1992	442	5.85	176.75	-3.95	5.33	12.35	16.09	8.76	4.68	0.27	-9.63	84	11
1993	418	7.35	165.5	-1.17	6.75	13.29	16.77	10.49	6.04	2.48	-7.17	46	5.44
1994	402	8.75	155.85	1.91	8.13	14.91	19.1	11.96	7.79	3.56	-5.79	65	10.07
1995	338	10.15	120.47	2.48	8.96	18.12	21.69	13.35	8.85	5.08	-5.06	67	11.44
1996	159	8.11	133.17	0.37	8.1	13.37	19.95	10.93	7.64	4.02	-3.76	54	8.2
1997	158	10.54	285.98	3.98	10.91	16.49	20.55	13.56	9.58	6.09	1.23	74	13.49
1998	159	12.66	110.15	7.17	12.77	17.88	21.48	15.7	12.13	8.56	3.93	80	16.27
1999	167	10.6	85.95	2.56	11.48	17.11	20.4	14.73	9.5	5.78	-1.28	92	18.74
2000	167	8.72	111.45	3.79	8.1	15.25	20.32	12.52	7.86	3.77	-0.72	88	16.67
2001	173	6.76	220.05	0.04	7.02	13.81	16.81	9.63	6.29	2.89	-5.12	91	14.4
2002	173	0.72	5404.78	-14.74	1.96	10.66	16.24	7.71	2.47	-13.12	-45.78	35	-4.2
2003	178	-5.27	-847.46	-27.24	-4.36	6.72	15.02	5.51	-3.75	-19.41	-48.36	92	12.64
2004	179	5.75	667.17	-4.54	5.48	14.93	19.63	11.4	5.47	0.32	-11.61	91	15.79
2005	110	9.67	470.95	-3.21	9	19.82	24.93	13.9	8.14	3.35	-11.17		
1980-1985	453	10.04		3.74	8.91	15.67	0.18	14.54	5.63	9.1	0.93	89	16.41
1986-1988	451	7.43		-1.43	6.79	13.79	5.23	11.32	8.52	2.12	-8.05	72	9.92
1989-1992	381	7.59		-0.87	6.55	13.94	13.56	4.52	8.16	3.32	-6.28	61	7.33
1993-1995	325	8.94		1.27	8.24	14.48	13.76	12.29	5.82	5.36	-5.03	61	9.11
1996-1998	153	10.53		5.46	10.64	15.41	14.35	3.03	10.55	9.31	0.58	73	12.84
1999-2004	158	3.9		-2.11	3.99	8.81	12.8	6.71	4.76	3.17	-7.44	95	12.5

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

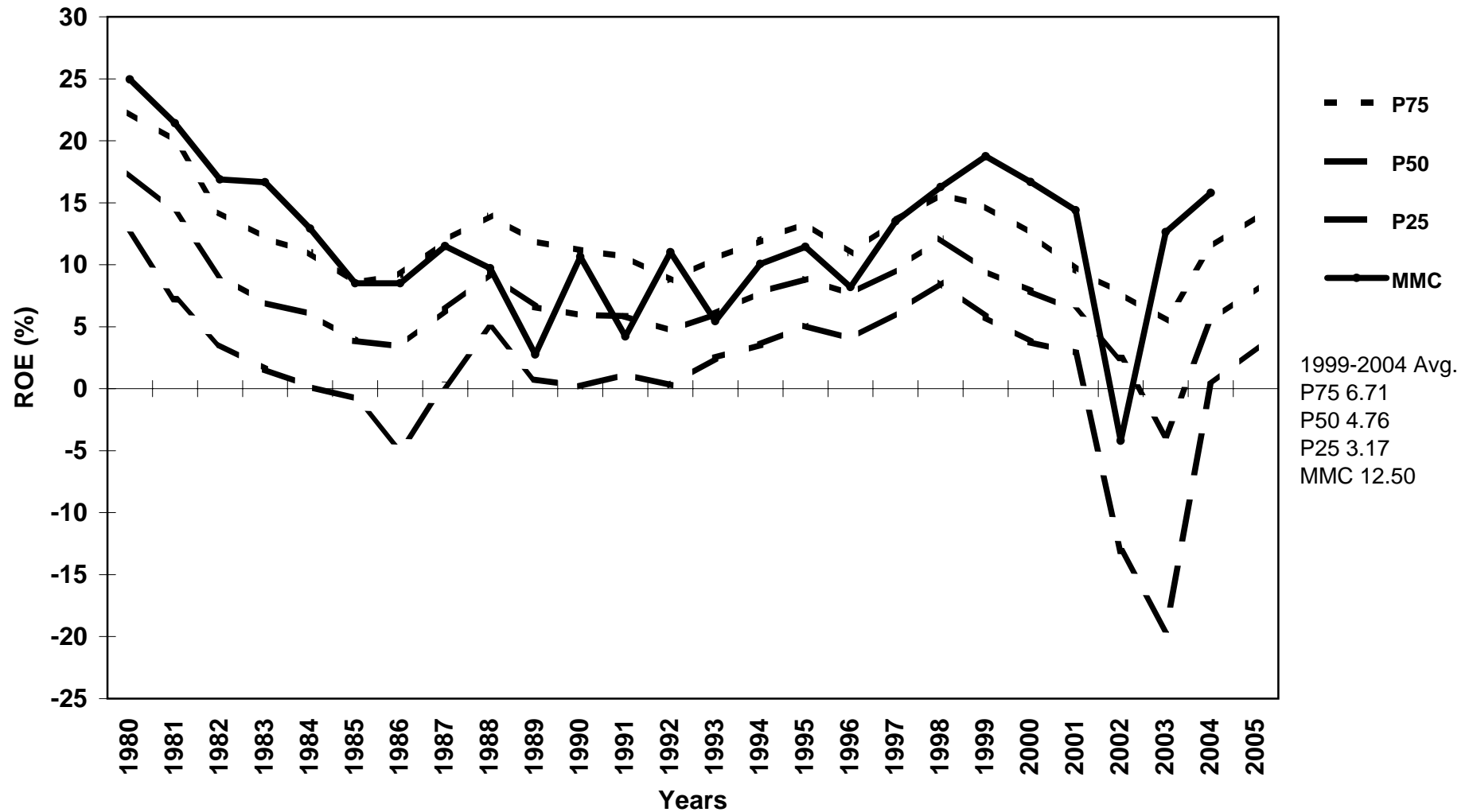




Exhibit 14. Return on Sales Percent: Profit Group Mean and Percentile Values of Midland Marketing Co-op, Inc.  
and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles and Values, 1980-2005.

Year	N	Profit Group Mean Value (%)					Percentile Values (%)					Midland	
		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	84	5.7
1981	497	3.13	218.24	0.63	2.96	4.99	8.14	4.83	3.22	1.44	-1.02	69	4.36
1982	493	2.4	208.5	0.3	2.25	4.68	7.09	3.79	2.4	0.83	-1.54	78	3.99
1983	502	2.09	209.47	-0.56	1.87	4.21	6.32	3.47	1.74	0.35	-2.85	76	3.51
1984	501	1.59	319.54	-1.42	1.44	3.54	5.61	3.06	1.48	0.03	-3.47	70	2.64
1985	495	1.09	424.75	-1.83	1.11	3.03	5.68	2.52	1.16	-0.26	-3.47	76	2.63
1986	487	1.23	984.7	-2.67	1.08	3.44	7.66	3.32	1.13	-1.69	-6.96	67	2.58
1987	486	2.22	253.71	-1.73	2.38	4.19	7.37	3.69	2.07	0.11	-5.85	62	2.78
1988	482	2.61	170.06	-0.25	2.74	4.76	7.23	4.11	2.55	1.2	-1.34	45	2.3
1989	474	1.86	203.17	-1.43	1.71	3.89	6.67	3.14	1.72	0.18	-2.63	36	1.02
1990	470	1.8	263.81	-1.39	1.67	3.51	5.83	2.99	1.62	0.06	-2.91	83	3.72
1991	454	1.84	195.19	-0.56	1.52	3.88	6.31	3.05	1.55	0.35	-1.9	46	1.35
1992	439	1.46	238.16	-1.03	1.29	3	5.57	2.44	1.27	0.07	-2.57	78	2.63
1993	415	1.77	201.96	-0.28	1.58	3.38	5.24	2.7	1.54	0.59	-2.14	43	1.32
1994	399	2.03	218.6	0.41	1.92	3.41	6.3	3.04	1.94	0.95	-1.39	61	2.32
1995	334	2.38	146.62	0.66	2.01	4.12	6.06	3.33	2.14	1.25	-1.65	68	2.87
1996	158	1.48	106.94	0.08	1.44	2.2	4.07	2.61	1.6	0.74	-0.88	63	2
1997	156	1.96	75.16	0.77	1.91	3.3	4.79	2.71	1.99	1.3	0.35	79	2.88
1998	157	2.58	58.89	1.55	2.58	3.55	5.39	3.59	2.77	1.86	0.8	73	3.57
1999	163	2.53	72.9	0.79	2.72	3.8	5.55	3.52	2.58	1.57	0.06	93	5.19
2000	165	2.02	121.85	0.85	1.95	3.31	5.54	3.34	1.95	1.03	-0.23	90	4.73
2001	170	1.5	123.84	0.02	1.51	3.06	4.49	2.66	1.55	0.84	-1.14	89	3.79
2002	170	0.15	2871.47	-3.28	0.39	1.83	3.85	1.82	0.65	-2.65	-10.29	35	-0.99
2003	176	-0.87	-586.42	-4.96	-0.87	0.86	3.24	1.23	-0.72	-4.05	-9.25	93	2.97
2004	177	0.89	241.34	-0.9	0.81	2.11	4.13	1.93	0.86	0.05	-2.5	93	3.67
2005	108	1.47	141.58	-0.64	1.33	2.53	4.51	2.31	1.45	0.54	-2.11		
1980-1985	449	2.4		0.83	2.05	4.05	5.78	3.48	2.22	1.19	0	79	3.74
1986-1988	452	2.15		-0.43	2.01	3.89	6.22	3.25	1.72	0.26	-2.71	65	2.55
1989-1992	381	1.87		-0.23	1.56	3.54	5.44	2.77	1.51	0.58	-1.14	65	2.25
1993-1995	321	2.06		0.35	1.76	3.49	4.96	2.92	1.84	1	-0.61	59	2.2
1996-1998	152	2.02		1.09	1.97	3.09	4.23	2.86	2.07	1.42	0.55	75	2.88
1999-2004	155	0.8		-0.48	0.8	1.77	3.16	1.57	0.75	-0.08	-1.61	95	3.16

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

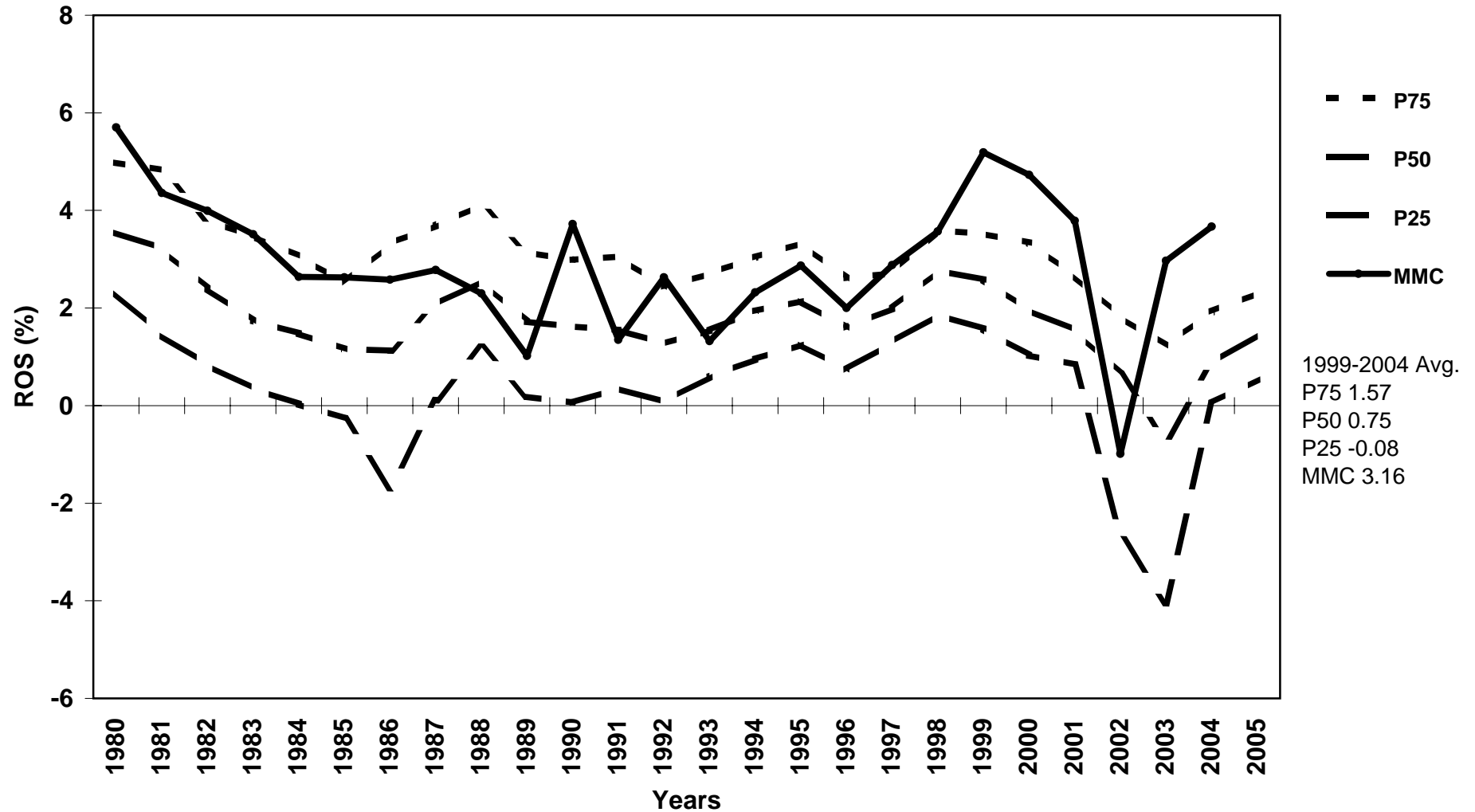


Exhibit 16. Grain Gross Margin: Profit Group Mean and Percentile Values of Midland Marketing Co-op, Inc.  
and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles and Values, 1980-2005.

Year	N	Profit Group Mean Value (%)					Percentile Values (%)					Midland	
		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	87	5.44
1981	330	3.99	37.75	2.79	3.97	4.7	6.34	4.96	4.09	3.13	1.41	92	5.96
1982	305	4.38	35.06	3.89	4.28	4.94	6.8	5.35	4.39	3.52	2.28	95	6.86
1983	310	4.31	558.43	4.11	4.29	4.5	6.92	5.36	4.6	3.75	1.77	53	4.7
1984	322	3.65	456.91	3.44	3.59	3.9	6.98	4.94	3.96	3.02	1.62	55	4.2
1985	312	4.04	53.54	3.39	4.02	4.5	7.95	5.43	4.51	3.36	1.81	63	4.92
1986	307	4.82	123.22	4.39	4.76	5.22	8.8	6.27	4.91	3.78	1.93	28	3.96
1987	310	4.76	108.47	3.9	5.2	4.67	8.88	6.14	4.98	3.98	1.72	27	4.11
1988	293	4.19	87.15	3.58	4.24	4.62	7.62	5.53	4.51	3.43	1.79	42	4.23
1989	273	3.57	51.56	3.03	3.62	3.74	6.61	4.63	3.74	2.73	1.04	77	4.72
1990	297	3.68	54.71	3.17	3.87	3.64	6.32	4.73	3.84	2.94	1.33	88	5.54
1991	303	4.44	53	4.13	4.34	4.79	8.48	6.38	4.99	3.77	2.09	67	5.94
1992	284	4.61	53.83	4.32	4.56	4.85	8.54	6.22	5.14	3.92	2.35	67	5.89
1993	272	4.95	96.84	4.74	4.73	5.7	9.16	6.81	5.28	4.12	2.45	20	3.85
1994	259	4.66	107.59	4.55	4.43	5.32	9.64	6.62	5.02	3.98	2.52	25	4.02
1995	214	4.56	75.68	4.27	4.49	4.82	8.74	6.16	4.96	3.94	2.05	63	5.49
1996	149	4.19	268.78	4.81	3.99	4.3	7.97	5.66	4.5	3.36	1.8	48	4.37
1997	147	3.92	199.69	3.57	3.88	4.35	7.47	5.32	4.33	3.5	2.11	29	3.57
1998	147	5.05	218.21	4.65	5.05	5.43	8.91	6.67	5.43	4.29	2.51	49	5.39
1999	152	8.31	158.79	5.88	9.3	7.77	12.28	8.91	7.12	5.26	2.93	62	8.07
2000	152	9.56	137.73	13.76	8.08	8.23	14.72	10.33	8.31	6.25	3.8	46	8.21
2001	154	7.73	139.12	6.76	7.89	8	15.05	10.49	8.27	6.12	3.29	16	5.11
2002	154	7.13	152.64	7.2	6.19	9.4	13.12	8.52	6.81	5.63	3.93	49	6.81
2003	159	6.81	212.22	6.79	7.38	6.11	10.62	7.28	5.71	4.31	2.29	74	7.23
2004	160	5.68	225.38	5.01	6.01	5.26	10.71	7.49	6	4.38	1.83	54	6.41
2005	97	6.18	163.91	7.76	6.44	5.33	10.55	7.51	6.23	4.78	2.28		
1980-1985	215	4		3.5	4.02	4.29	5.82	4.85	4.19	3.36	2.62	89	5.29
1986-1988	252	4.58		4.3	4.73	4.55	7.82	5.69	4.78	3.91	2.32	30	4.11
1989-1992	193	4.06		4	4.1	4.02	6.25	5.16	4.4	3.45	2.16	84	5.61
1993-1995	192	4.74		4.74	4.61	5.06	7.76	6.33	5.3	4.22	2.4	33	4.46
1996-1998	143	4.39		4.15	4.4	4.65	7.54	5.76	4.75	3.76	2.19	41	4.47
1999-2004	141	6.93		6.75	7.16	6.56	11.8	8.45	7.37	5.47	3.96	42	6.93

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

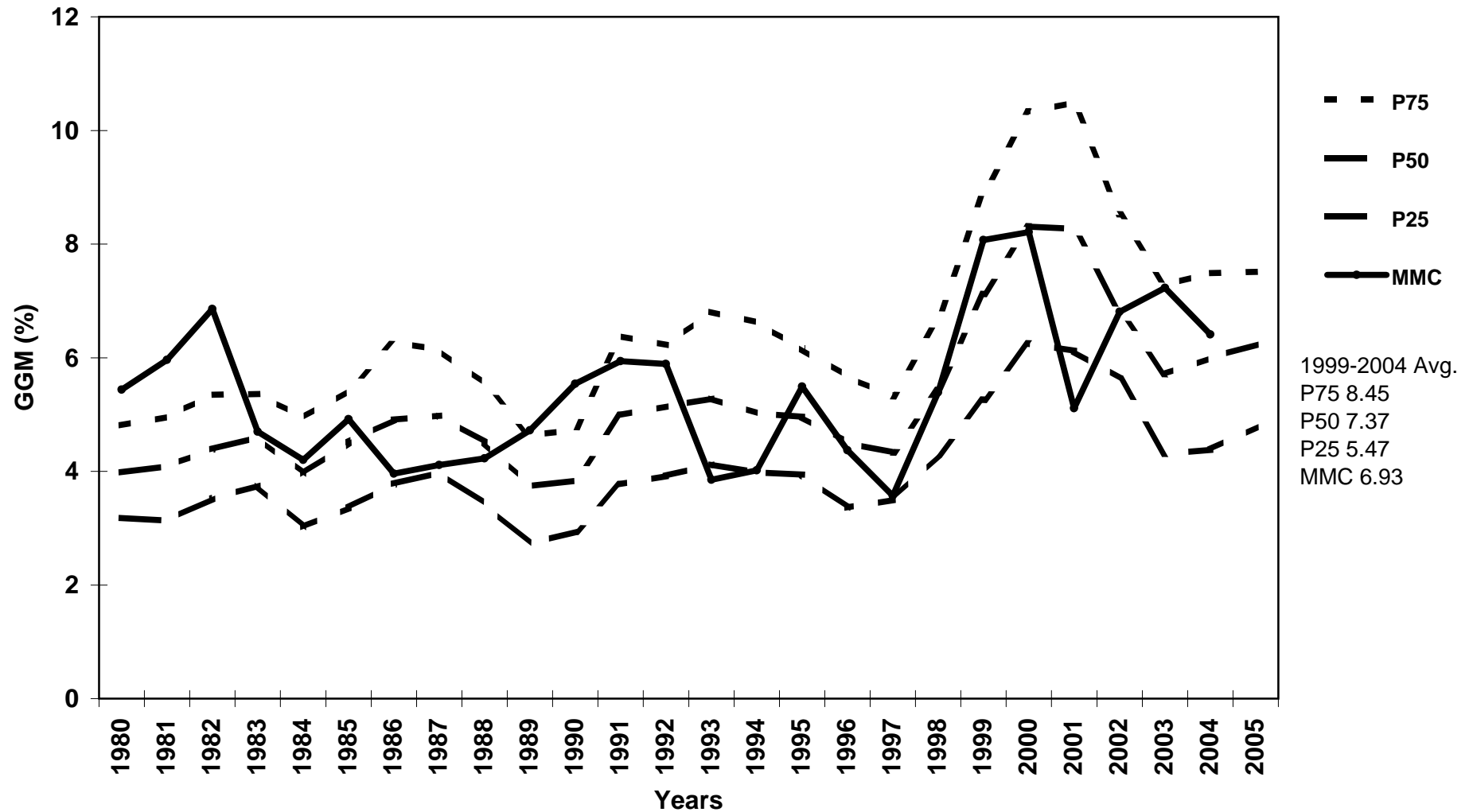


Exhibit 18. Farm Supply Gross Margin Percent: Profit Group Mean and Percentile Values of Midland Marketing Co-op, Inc.  
and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles and Values, 1980-2005.

Year	N	Profit Group Mean Value (%)					Percentile Values (%)					Midland	
		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	66	14.76
1981	397	13.35	29.21	12.14	13.34	14.22	17.32	14.55	13.08	10.99	6.1		
1982	369	13.42	38.09	12.31	13.65	13.81	17.92	14.67	12.91	11.32	6.99		
1983	369	13.54	48.94	12.19	13.94	13.71	18.04	14.66	12.92	11.21	6.42		
1984	373	14.43	37.66	14	14.57	14.51	18.41	15.32	13.72	11.96	8.83		
1985	349	14.66	24.21	13.9	14.67	15.19	18.71	15.63	14.11	12.13	9.2		
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		
1988	207	16.42	24.99	15.15	16.18	17.96	20.79	17.96	15.86	13.54	8.25	0	0
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	74	17.17
1996	154	19.08	39.47	14.63	22.76	13.56	20.2	16.39	14.6	13.31	10.43	71	15.99
1997	152	17.15	32.51	14.77	18.21	15.69	20.16	16.12	14.23	13.14	9.61	74	16.05
1998	152	14.93	23.25	15.57	14.46	15.69	21.32	17.01	15.29	13.93	10.44	66	16.54
1999	155	15.97	21.04	16.93	15.42	16.4	21.26	18.12	16.31	14.8	12.19	69	17.59
2000	156	14.77	21.89	12.67	15.6	15.04	20.01	16.99	15.52	13.41	10.79	53	15.62
2001	160	14.21	25.75	12.13	15.37	13.72	19.34	16.56	14.39	12.58	10.6	56	15.05
2002	160	14.44	27.79	13	15.49	13.55	20.15	16.88	14.8	12.88	10.06	67	16.34
2003	161	17.37	83.17	15.64	17.43	18.24	22	17.24	15.21	13.32	10.96	63	16.31
2004	162	14.53	57.73	13.51	14.64	14.99	20.36	16.16	13.67	12.19	10.28	61	14.83
2005	99	12.61	26.89	11.81	12.54	13.14	17.14	14.83	12.95	11.07	7.89		
1980-1985	222	14.12		13.69	14.15	14.41	17.44	14.82	13.59	12.33	10.1		
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	74	16.2
1999-2004	147	14.91		12.64	15.88	15.03	21.11	16.83	14.87	13.32	11.69	59	15.86

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

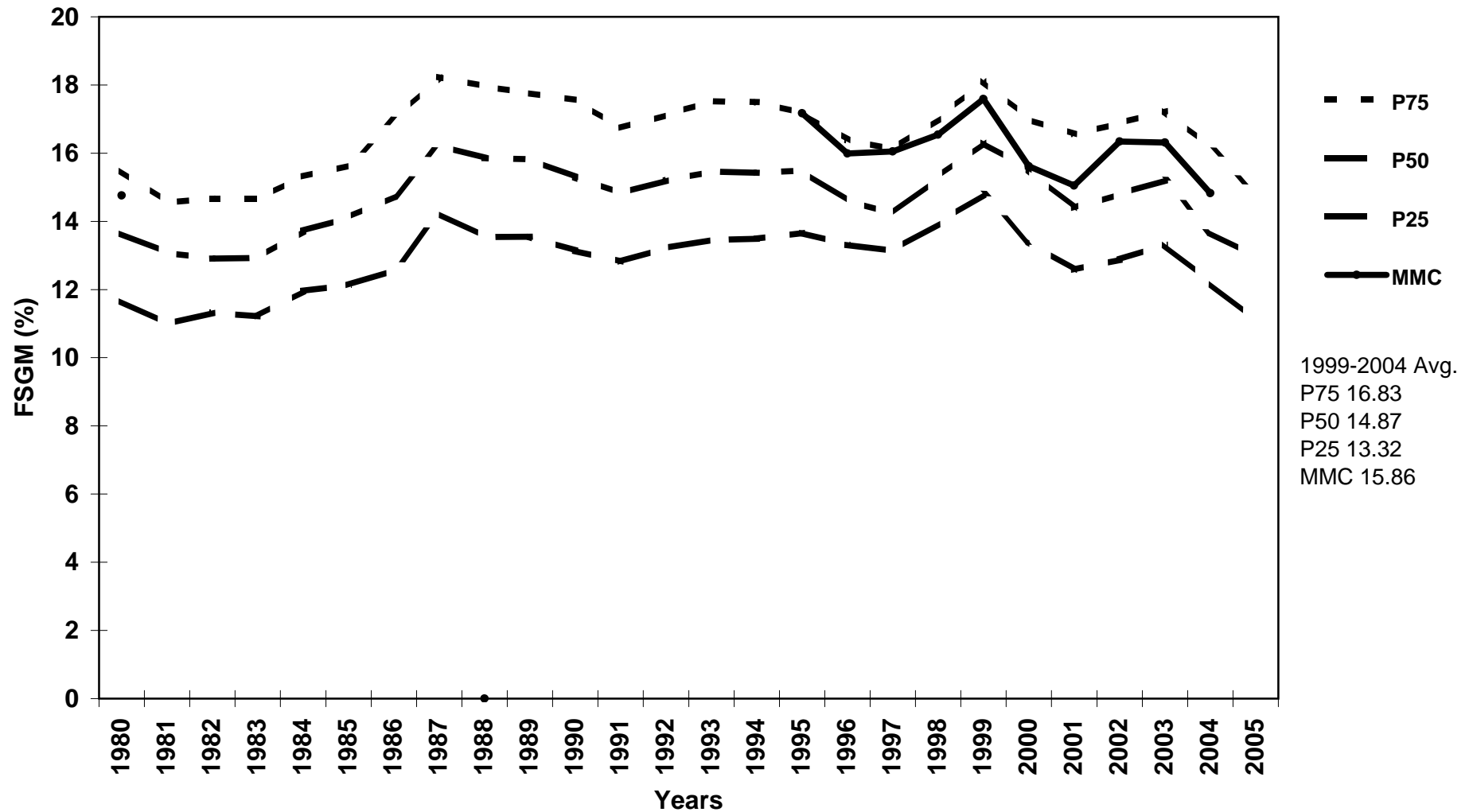


Exhibit 20. Current Ratio: Profit Group Mean and Percentile Values of Midland Marketing Co-op, Inc.  
and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles and Values, 1980-2005.

Year	N	Profit Group Mean Value (ratio)					Percentile Values (ratio)					Midland	
		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	4	1.04
1981	501	1.55	447.8	1.33	1.5	1.92	5.02	2.27	1.67	1.35	1.02	33	1.42
1982	497	1.59	167.78	1.39	1.53	2.12	6.65	2.47	1.7	1.33	0.98	13	1.14
1983	506	1.59	299.29	1.39	1.53	1.97	7.37	2.54	1.72	1.3	0.93	8	1.01
1984	505	1.53	542.09	1.3	1.48	1.95	7.72	2.64	1.67	1.27	0.98	3	0.93
1985	499	1.64	391.55	1.41	1.58	2.05	9.5	3.04	1.82	1.31	0.91	10	1.01
1986	488	1.72	408.97	1.56	1.75	1.75	9.48	3.16	1.95	1.36	0.95	15	1.2
1987	486	1.69	601.98	1.52	1.7	1.78	8.89	3.08	1.84	1.35	1.02	18	1.22
1988	484	1.56	576.44	1.42	1.51	1.97	7.56	2.89	1.72	1.29	1.04	29	1.35
1989	477	1.61	623.86	1.45	1.56	1.88	8.71	3.13	1.86	1.28	1.01	69	2.69
1990	472	1.57	1412.45	1.36	1.54	1.77	8.57	2.88	1.76	1.26	0.99	75	2.95
1991	457	1.53	314.25	1.28	1.51	1.81	8.95	2.74	1.66	1.26	0.98	54	1.72
1992	443	1.53	438.99	1.47	1.47	1.71	8.99	3.07	1.75	1.29	1.06	41	1.52
1993	418	1.46	382.71	1.38	1.39	1.73	9.26	2.74	1.68	1.29	1.08	43	1.56
1994	402	1.45	263.95	1.37	1.39	1.83	8.98	2.76	1.65	1.31	1.05	45	1.58
1995	338	1.38	231.8	1.44	1.3	1.69	6.78	2.54	1.61	1.28	1.09	49	1.61
1996	159	1.36	79.63	1.29	1.37	1.36	3.38	2.03	1.5	1.25	1.07	73	1.95
1997	158	1.42	55.13	1.4	1.39	1.58	3.61	2.07	1.51	1.28	1.1	62	1.77
1998	159	1.4	82.04	1.3	1.39	1.64	3.43	2.14	1.53	1.27	1.09	66	1.89
1999	167	1.33	93.94	1.42	1.27	1.56	4.06	2.04	1.53	1.22	1.1	68	1.88
2000	167	1.27	64.21	1.18	1.3	1.37	3.13	1.93	1.42	1.19	1.06	71	1.79
2001	173	1.29	57.23	1.27	1.26	1.46	2.97	1.85	1.38	1.2	1.04	78	1.91
2002	173	1.26	61.94	1.27	1.24	1.29	3.03	1.73	1.35	1.19	1.02	78	1.85
2003	178	1.24	56.08	1.18	1.23	1.33	2.95	1.69	1.34	1.18	1.01	75	1.75
2004	179	1.28	87.13	1.27	1.24	1.43	3.02	1.67	1.35	1.18	1.03	89	2.33
2005	110	1.24	191.3	1.17	1.25	1.27	2.64	1.5	1.27	1.18	1.01		
1980-1985	452	1.57		1.34	1.5	2.03	4.89	2.28	1.65	1.32	1.06	7	1.08
1986-1988	452	1.66		1.63	1.63	1.75	7.76	3	1.78	1.35	1.05	19	1.26
1989-1992	381	1.58		1.48	1.51	1.82	7.29	2.78	1.8	1.34	1.08	54	1.9
1993-1995	325	1.46		1.51	1.37	1.72	6.82	2.65	1.69	1.33	1.11	45	1.59
1996-1998	153	1.4		1.33	1.38	1.59	3.14	1.97	1.54	1.28	1.12	71	1.86
1999-2004	158	1.29		1.3	1.26	1.38	2.71	1.74	1.38	1.22	1.12	82	1.91

# **Exhibit 21. Current Ratio** **Midland Marketing Co-op, Inc. and Colorado, Kansas, Nebraska, and** **Oklahoma Cooperatives Percentiles, 1980-2005**

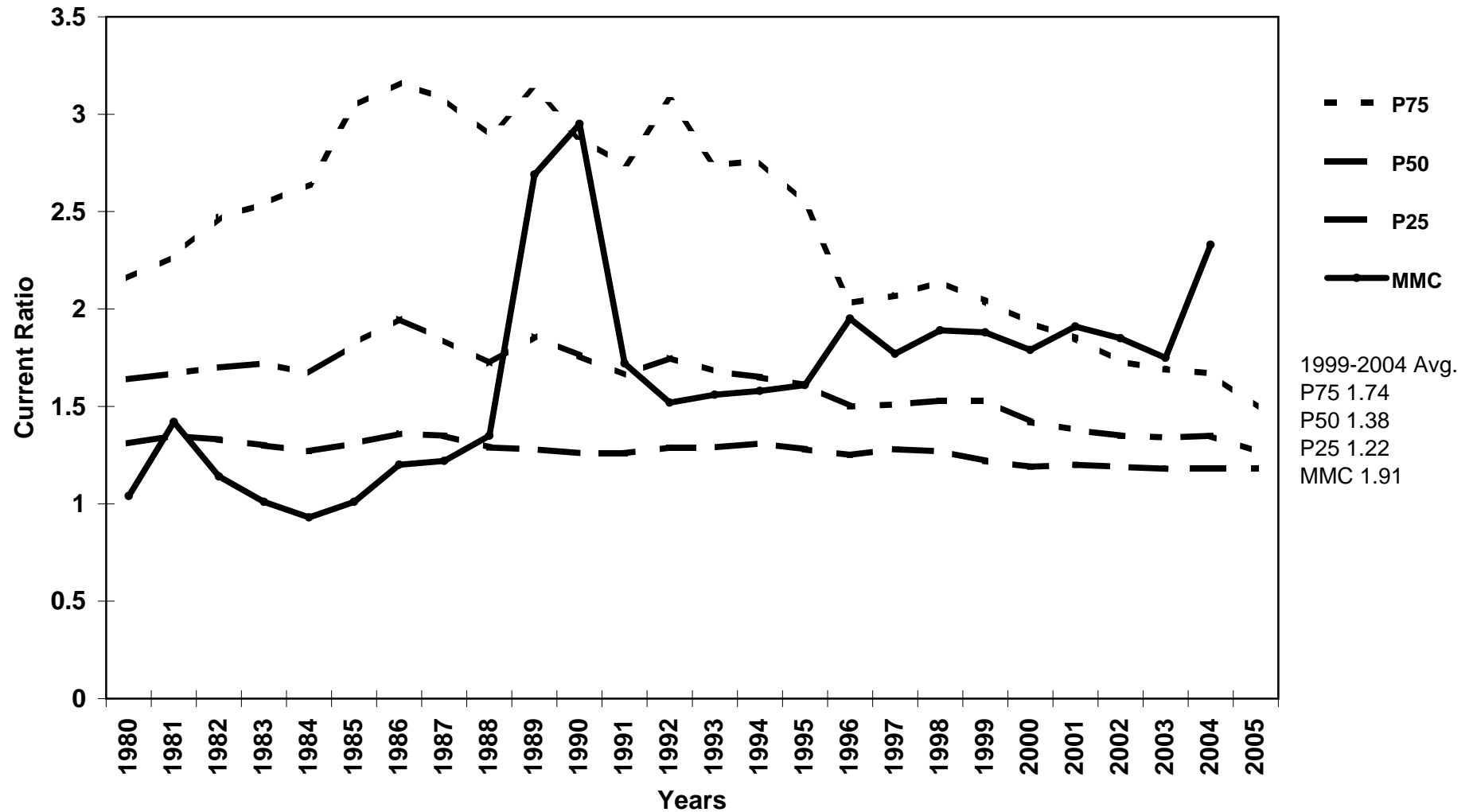




Exhibit 22. Equity to Assets: Profit Group Mean and Percentile Values of Midland Marketing Co-op, Inc.  
and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles and Values, 1980-2005.

Year	N	Profit Group Mean Value (%)					Percentile Values (%)					Midland	
		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	14	41.33
1981	501	56.08	28.95	50.19	53.8	65.82	87.32	71.33	60.96	48.52	35.51	44	58.11
1982	499	58.3	27.69	52.46	56.36	68.95	90.93	73.77	63.71	50.97	36.83	18	47.36
1983	506	58.75	28.18	53.13	55.99	69.08	89.33	74.41	62.89	51.26	37.31	35	56.36
1984	503	58.61	29.65	53.12	56.11	67.9	91.63	75.85	63.03	50.37	36.09	31	54
1985	497	61.58	28.88	55.19	60.39	69.28	93.59	79.39	66.94	53.17	36.15	32	57.43
1986	487	63.92	27.08	61.79	63.87	65.24	94.11	81.74	69.1	56.14	37.42	34	61.95
1987	485	63.99	27.27	61.83	63.59	66.16	93.9	81.51	69.18	56.18	37.84	32	59.44
1988	483	61.07	29.93	56.97	59.17	70.12	93.18	80.8	68.42	54.92	34.91	37	60.59
1989	476	62.95	28.13	62.38	60.41	69.01	94.21	82.88	70.51	55.08	36.9	76	83.21
1990	470	62.06	29.3	58.53	60.8	66.63	93.9	81.98	69.5	53.78	37.43	74	81.9
1991	457	60.94	29.64	55.34	59.97	67	93.85	81.6	66.41	53.59	37.15	49	66.03
1992	443	60.57	29.66	60.9	58.38	65.06	93.92	82.34	67.64	53.4	38.1	44	64.08
1993	417	56.27	32.77	55.43	53.57	63.52	94.1	80.38	64.8	51.14	35.48	47	63.63
1994	401	54.32	33.31	54.61	50.5	67.23	92.95	79.37	65.34	52.22	35.94	47	63.73
1995	337	49.94	37.74	55.16	44.85	63.06	91.85	77.58	62.89	48.2	30.14	45	60.18
1996	159	50.36	34.96	51.35	49.66	51.29	86.99	72.65	59.81	46.62	29.76	72	71.66
1997	158	54.3	28.63	54.48	52.06	61.56	85.11	72.35	60.63	49.24	35.23	59	64.62
1998	159	54.73	28.06	49.27	53.77	64.6	84.88	72.64	61.05	49.33	35.38	57	65
1999	167	49.85	32.22	53.03	46.32	60.95	85.69	71.51	62.08	49.13	34.24	59	64.43
2000	167	45.51	35.01	34.92	48.44	54.82	82.43	66.31	58.04	46.93	29.91	65	63.13
2001	173	46.93	35.04	51.08	44	55.22	81.33	66.37	56.55	45.27	27.9	74	66.06
2002	173	42.97	39.28	43.6	42.78	42.96	81.74	63.06	52.04	40.92	26.15	66	58.85
2003	178	38.98	44.08	40.87	37.71	41.03	75.63	60.63	48.42	35.38	21.49	66	55.81
2004	178	41.81	39.46	45.54	38.46	48.04	79.57	59.89	46.4	37.99	24.33	83	64.75
2005	110	38.96	43.49	35.39	38.74	42.35	74.72	60.42	45.76	35.13	24.12		
1980-1985	454	58.34		52.51	55.51	68.7	86.19	72.44	61.4	51.14	38.67	27	52.06
1986-1988	451	63.69		63.02	62.58	66.23	93.41	80.89	68.53	56.44	39.68	35	60.63
1989-1992	381	62.6		61.43	60.34	67.69	92.71	81.54	69.39	55.92	42.03	57	72.47
1993-1995	324	55.98		57.61	52.24	63.78	91.7	78.12	64.46	51.45	35.57	43	62.4
1996-1998	153	53.22		49.12	52.33	61.63	84.53	68.97	61.91	48.74	34.74	66	66.79
1999-2004	158	46.66		48.08	44.03	52.54	78.98	64.23	53.43	44.03	30.69	70	61.99

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

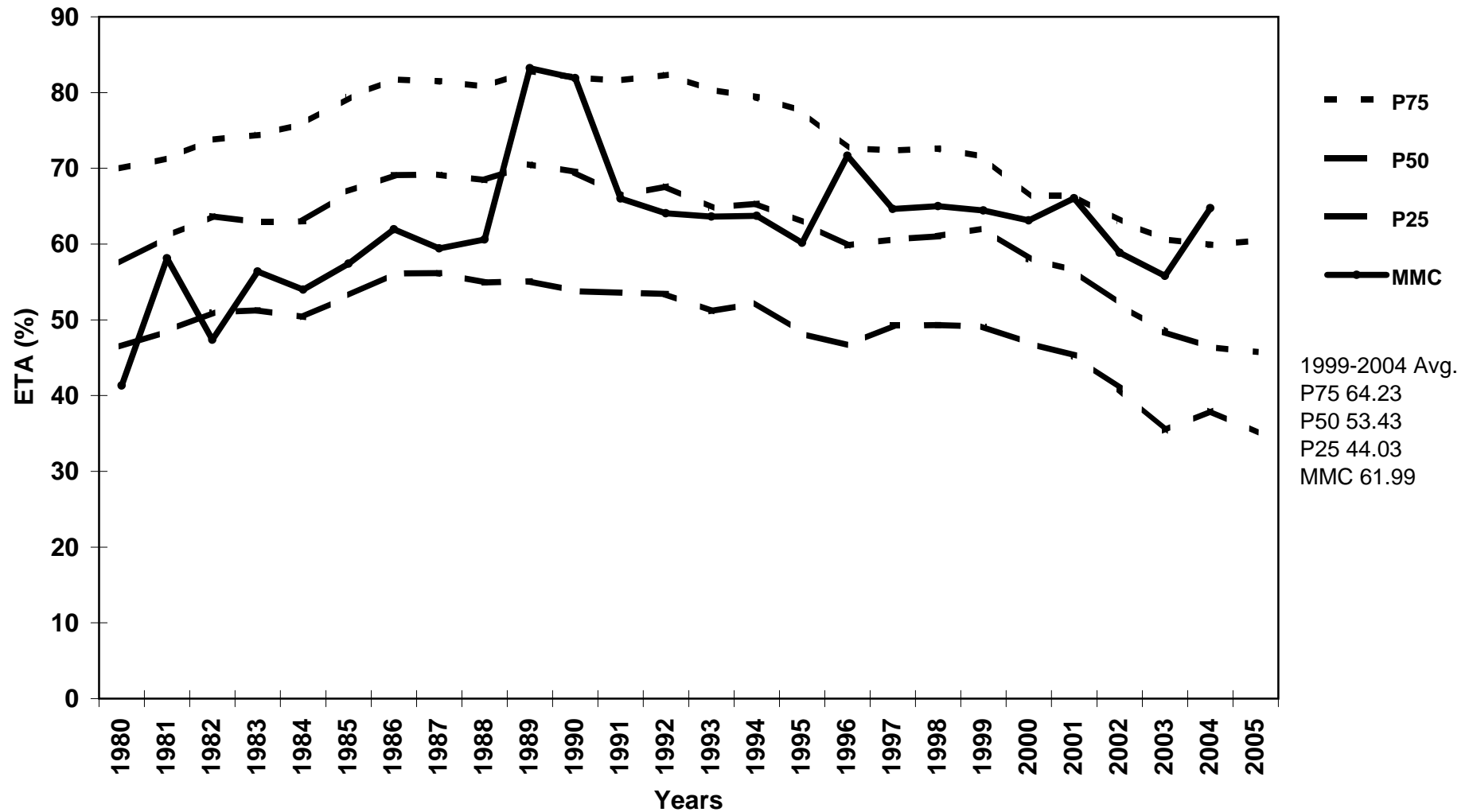


Exhibit 24. Gross Income to Personnel Expense: Profit Group Mean and Percentile Values of Midland Marketing Co-op, Inc.  
and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles and Values, 1980-2005.

Year	N	Profit Group Mean Value (ratio)					Percentile Values (ratio)					Midland	
		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	60	3.02
1981	462	2.69	44.71	2.11	2.69	3.16	4.42	3.17	2.63	2.16	1.67		
1982	433	2.66	38.83	2.23	2.68	3.01	4.09	3.15	2.61	2.21	1.85		
1983	451	2.66	31.86	2.11	2.71	3.08	4.22	3.17	2.6	2.18	1.75		
1984	491	2.62	32.76	2.14	2.65	2.92	3.98	3.01	2.53	2.15	1.73		
1985	474	2.49	28.63	2.09	2.46	2.89	3.9	2.93	2.41	2.09	1.69		
1986	466	2.69	30.15	2.07	2.69	3.14	4.11	3.14	2.58	2.19	1.72		
1987	467	2.77	31.14	2.12	2.74	3.32	4.28	3.17	2.61	2.18	1.69		
1988	447	2.67	29.31	2.22	2.68	3.09	4.15	3.07	2.61	2.23	1.74		
1989	432	2.46	25.32	1.89	2.48	2.8	3.66	2.75	2.36	2.01	1.59	50	2.36
1990	431	2.38	33.04	1.92	2.34	2.69	3.32	2.6	2.25	1.98	1.56		
1991	413	2.36	23.07	2.04	2.36	2.54	3.39	2.66	2.29	2.04	1.65		
1992	403	2.29	25.41	1.84	2.34	2.56	3.27	2.56	2.22	1.97	1.58		
1993	392	2.42	24.48	2.13	2.4	2.62	3.38	2.7	2.38	2.04	1.7	56	2.43
1994	374	2.4	20.25	2.19	2.38	2.59	3.42	2.65	2.38	2.11	1.69	80	2.73
1995	310	2.44	23.87	2.12	2.39	2.76	3.35	2.64	2.36	2.1	1.69	88	2.94
1996	159	2.34	34.17	1.96	2.32	2.65	3.23	2.61	2.27	2.01	1.73	79	2.68
1997	158	2.42	22.14	2.12	2.47	2.56	3.44	2.64	2.4	2.13	1.8	87	2.93
1998	159	2.49	19.96	2.37	2.48	2.62	3.43	2.76	2.5	2.27	1.96	91	3.06
1999	165	2.44	25.75	2.17	2.48	2.63	3.57	2.72	2.41	2.16	1.73	92	3.16
2000	166	2.5	18322.51	2.39	2.45	2.71	3.6	2.74	2.46	2.2	1.76	89	3.18
2001	171	2.42	32.75	2.13	2.48	2.53	3.44	2.64	2.35	2.13	1.72	83	2.77
2002	171	2.31	40.39	2.03	2.31	2.62	3.4	2.51	2.21	2.06	1.74	76	2.52
2003	174	2.22	85.84	1.76	2.26	2.51	2.98	2.39	2.11	1.87	1.55	88	2.71
2004	176	2.25	77.86	1.92	2.25	2.55	3.15	2.46	2.18	1.93	1.72	84	2.65
2005	107	2.31	33.22	1.96	2.26	2.66	3.39	2.44	2.26	2.04	1.65		
1980-1985	348	2.67		2.32	2.71	2.93	3.94	3.12	2.6	2.26	1.88		
1986-1988	414	2.72		2.23	2.71	3.09	4.11	3.07	2.59	2.24	1.73		
1989-1992	322	2.37		2.01	2.35	2.6	3.3	2.58	2.26	2.04	1.7		
1993-1995	295	2.39		2.14	2.37	2.55	3.22	2.64	2.38	2.08	1.76	78	2.69
1996-1998	153	2.42		2.24	2.45	2.5	3.22	2.66	2.39	2.22	1.89	88	2.91
1999-2004	157	2.33		2.13	2.34	2.48	3.01	2.47	2.29	2.09	1.75	87	2.81

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

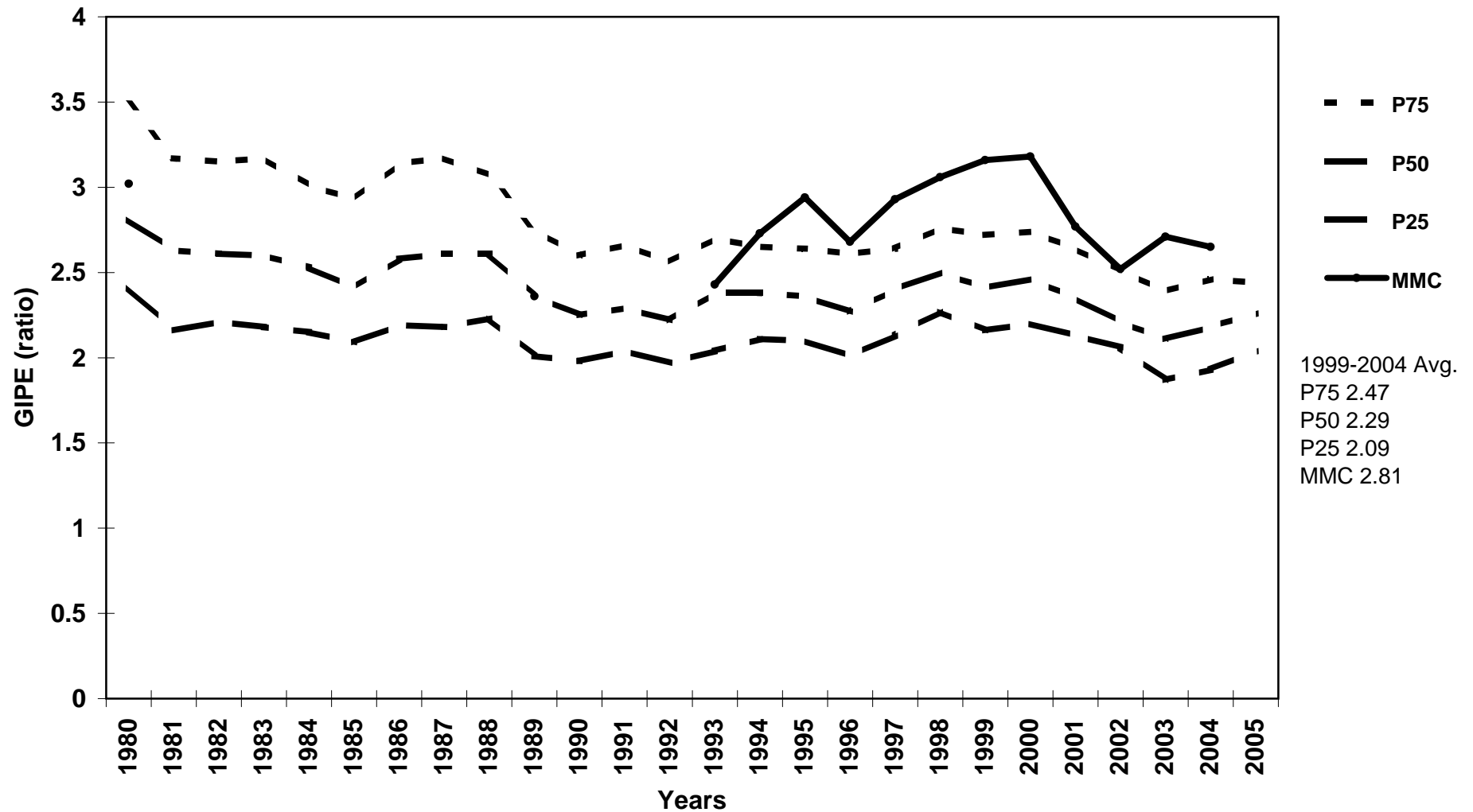


Exhibit 26. Gross Income to Depreciation Expense: Profit Group Mean and Percentile Values of Midland Marketing Co-op, Inc.  
and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles and Values, 1980-2005.

Year	N	Profit Group Mean Value (ratio)					Percentile Values (ratio)					Midland	
		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	70	12.05
1981	468	9.22	56.15	7.27	9.12	10.89	20.63	11.49	9.14	7.65	5.15		
1982	455	9.13	298.12	7.69	8.99	10.73	19.34	11.49	9.06	7.59	6		
1983	468	8.43	119.49	7.48	8.17	9.77	18.34	11.07	8.69	7.14	5.16		
1984	485	8.14	108.47	6.76	8	9.5	16.99	10.53	8.61	6.69	4.47	58	9.17
1985	469	7.76	96.07	6.18	7.87	8.91	16.94	10.16	8.05	6.45	4.27	42	7.49
1986	453	8.22	738.44	7.05	7.98	9.37	16.22	10.28	8.34	6.74	4.8	42	7.85
1987	441	8.59	65.07	7.14	8.45	9.76	17.19	10.68	8.45	7.2	4.6	43	8.18
1988	431	8.81	60.64	7.77	8.88	9.59	18.53	11.15	9.19	7.38	5.46	35	8.15
1989	410	8.49	114.9	6.28	8.46	10.32	19.47	11.15	8.68	6.7	4.65	25	6.74
1990	426	8.35	120.26	6.26	8.22	9.92	19.07	10.89	8.28	6.54	4.51	58	9.02
1991	409	8.63	82.96	7.19	8.44	10.11	21.96	11.54	8.83	7.03	5	42	8.28
1992	387	8.32	74.88	7.19	8.02	9.55	20.28	10.87	8.35	6.88	5.02	63	9.56
1993	384	8.6	151.69	6.94	8.36	10.37	17.81	10.68	8.52	7.03	5.33	39	7.87
1994	369	8.49	114.59	7.12	8.34	9.86	18.5	10.48	8.54	7.02	5.08	44	8.16
1995	308	8.63	411.35	7.37	8.31	10.33	20.58	10.32	8.35	6.91	4.84	39	7.75
1996	157	8.24	35.6	7.11	8.05	9.47	12.43	9.53	7.98	6.65	5.38	41	7.48
1997	157	8.55	33.01	7.71	8.45	9.76	13.35	9.99	8.45	7.35	5.58	76	10.15
1998	158	8.71	31.49	7.57	8.75	9.96	12.96	10.78	8.75	7.61	5.77	94	12.88
1999	165	8.71	37.61	7.3	8.95	9.8	13.87	9.87	8.31	7.12	5.65	94	13.82
2000	166	8.6	69.69	9.77	8.02	8.78	13.94	9.58	8.35	6.81	5.56	95	14.83
2001	171	7.99	55.45	6.7	8.04	9.52	13.37	9.47	7.81	6.67	4.75	92	12.18
2002	170	7.67	96.18	6.53	7.62	9.15	12.54	9.29	7.78	6.36	4.73	94	12.27
2003	175	7.43	189.79	6.1	7.22	9.07	13.66	8.82	7.31	6.04	4.3	90	12.06
2004	177	7.74	190.85	6.26	7.62	9.49	13.89	9.57	7.78	6.49	4.55	89	11.34
2005	108	8.36	105.07	6.41	8.41	9.66	15.52	9.99	8.18	7	5.3		
1980-1985	387	8.64		7.77	8.58	9.45	16.52	10.56	8.55	7.32	5.84		
1986-1988	390	8.45		8.09	8.26	8.98	16	10.43	8.6	7.22	5.07	41	8.05
1989-1992	301	8.48		6.92	8.46	9.64	18.12	10.5	8.57	6.76	5.4	47	8.38
1993-1995	289	8.55		6.86	8.59	9.5	18.21	10.27	8.43	7.1	5.4	40	7.93
1996-1998	151	8.55		7.83	8.42	9.76	12.42	9.89	8.49	7.34	5.76	77	10.07
1999-2004	157	7.68		6.73	7.59	8.89	11.09	9.18	7.75	6.54	5.4	96	12.61

# **Exhibit 27. Gross Income to Depreciation Expense** **Midland Marketing Co-op, Inc. and Colorado, Kansas, Nebraska, and** **Oklahoma Cooperatives Percentiles, 1980-2005**

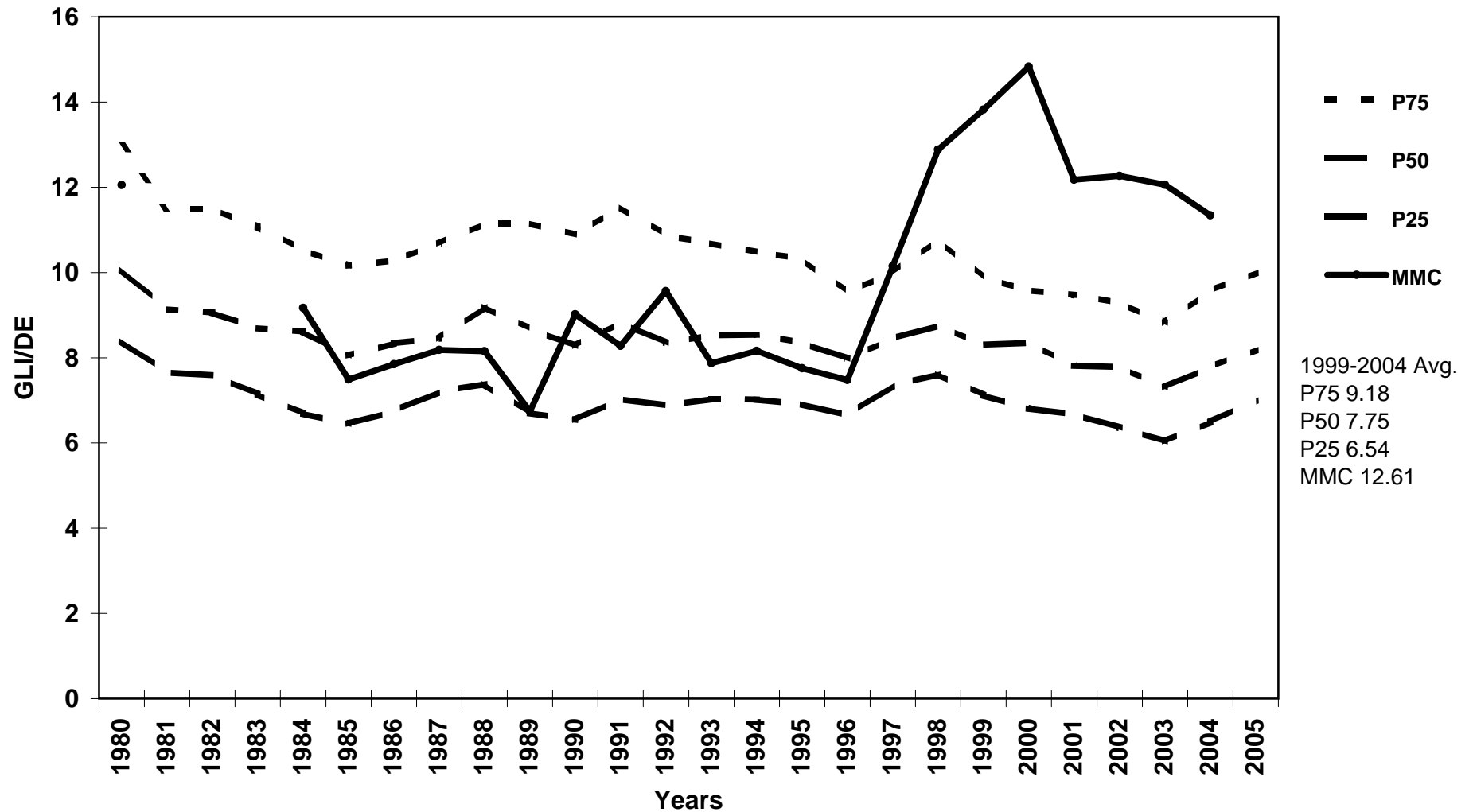


Exhibit 28. Sales to Net Fixed Assets: Profit Group Mean and Percentile Values of Midland Marketing Co-op, Inc.  
and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles and Values, 1980-2005.

Year	N	Profit Group Mean Value (ratio)					Percentile Values (ratio)					Midland	
		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	52	9.47
1981	500	8.09	93.18	7.45	8	8.72	19.59	11.98	8.67	6.65	3.4	75	12
1982	498	7.09	112.86	7.25	6.91	7.34	18.3	11.13	7.92	5.82	3.01	70	10.38
1983	505	6.54	123.02	6.53	6.17	7.36	18.29	10.89	7.45	5.43	2.86	62	8.92
1984	503	7.25	103.83	6.88	7.14	7.73	19.59	11.02	8.1	5.86	2.89	34	6.78
1985	498	6.73	113.77	6.25	6.64	7.29	18.54	10.21	7.36	5.19	2.78	17	4.63
1986	488	5.62	842.31	6.06	5.36	5.94	16.41	9.02	6.08	4.27	2.32	39	5.23
1987	485	6.23	100.22	6.9	5.82	6.71	18.02	9.41	6.92	4.93	2.82	51	6.96
1988	483	7.87	179.56	8.13	7.71	8.07	21.96	11.4	8.43	6.18	3.54	43	7.79
1989	474	8.66	78.64	7.66	8.17	10.55	21.77	12.56	8.8	6.64	3.67	13	5.3
1990	470	8.26	239.96	6.82	8.11	9.47	23.64	11.79	8.55	6.35	3.66	22	6.04
1991	455	7.81	104.9	7.23	7.69	8.45	22	11.48	8.28	6.25	3.93	28	6.44
1992	441	8.02	129.11	7.22	7.78	9.11	21.93	11.6	8.11	6.29	3.89	52	8.23
1993	388	8.3	189.32	8.31	7.97	9.25	22.73	12.17	8.56	6.58	4.21	55	9.02
1994	379	7.48	227.46	9.45	6.65	9.34	25	12.72	9.2	7.09	3.84	61	10.43
1995	318	7.15	643.01	6.79	6.59	9.44	24.63	13.18	9.3	6.92	3.79	63	10.87
1996	158	11	1524.83	9.2	10.57	13.27	25.22	13.82	10.37	8.12	5.54	69	12.87
1997	157	10.45	65.62	9.97	10.48	10.87	22.9	14.13	10.31	8.3	5.77	84	16.73
1998	158	9.03	53.44	7.57	8.92	11.38	19.31	12.64	9.32	7.37	4.46	92	17.59
1999	165	7.37	59.37	6.39	7.36	8.82	16.23	10.2	7.39	5.86	4.11	92	14.28
2000	166	7.22	73	7.41	6.82	8.03	14.02	9.31	7.18	5.69	3.72	94	13.8
2001	172	7.48	2246.71	7.08	7.47	8.01	16.41	8.75	7.07	5.62	3.67	94	15.76
2002	172	7.95	3343.52	6.3	7.87	9.72	16.2	9.96	7.36	5.59	3.29	92	14.84
2003	177	8.73	3958.6	6.89	8.18	11.6	19.17	11.08	7.84	5.97	3.63	89	15.42
2004	178	9.9	7414.4	7.7	9.7	12.56	20.24	12.73	9.18	6.95	4.09	91	17.68
2005	109	10.08	975.18	7.35	10.62	10.65	22.32	12.02	9.55	7.33	3.5		
1980-1985	449	7.42		10.73	6.41	8.58	16.62	10.52	7.99	6.41	4.33	50	8.03
1986-1988	451	6.58		9.27	5.57	7.76	17.95	9.59	7.24	5.1	3.17	43	6.61
1989-1992	379	8.13		9.38	7.21	9.75	18.84	11.39	8.44	6.69	4.55	22	6.57
1993-1995	295	8.8		12.32	7.6	10.12	23.66	12.84	9.12	6.99	4.23	59	10.08
1996-1998	152	10.14		14.27	8.9	12.14	22.27	13.12	9.99	8.13	5.83	83	15.67
1999-2004	155	7.89		7.04	7.43	10.17	14.82	9.42	7.53	6.35	4.28	96	15.32

**Exhibit 29. Sales to Net Fixed Assets**  
**Midland Marketing Co-op, Inc. and Colorado, Kansas, Nebraska, and**  
**Oklahoma Cooperatives Percentiles, 1980-2005**

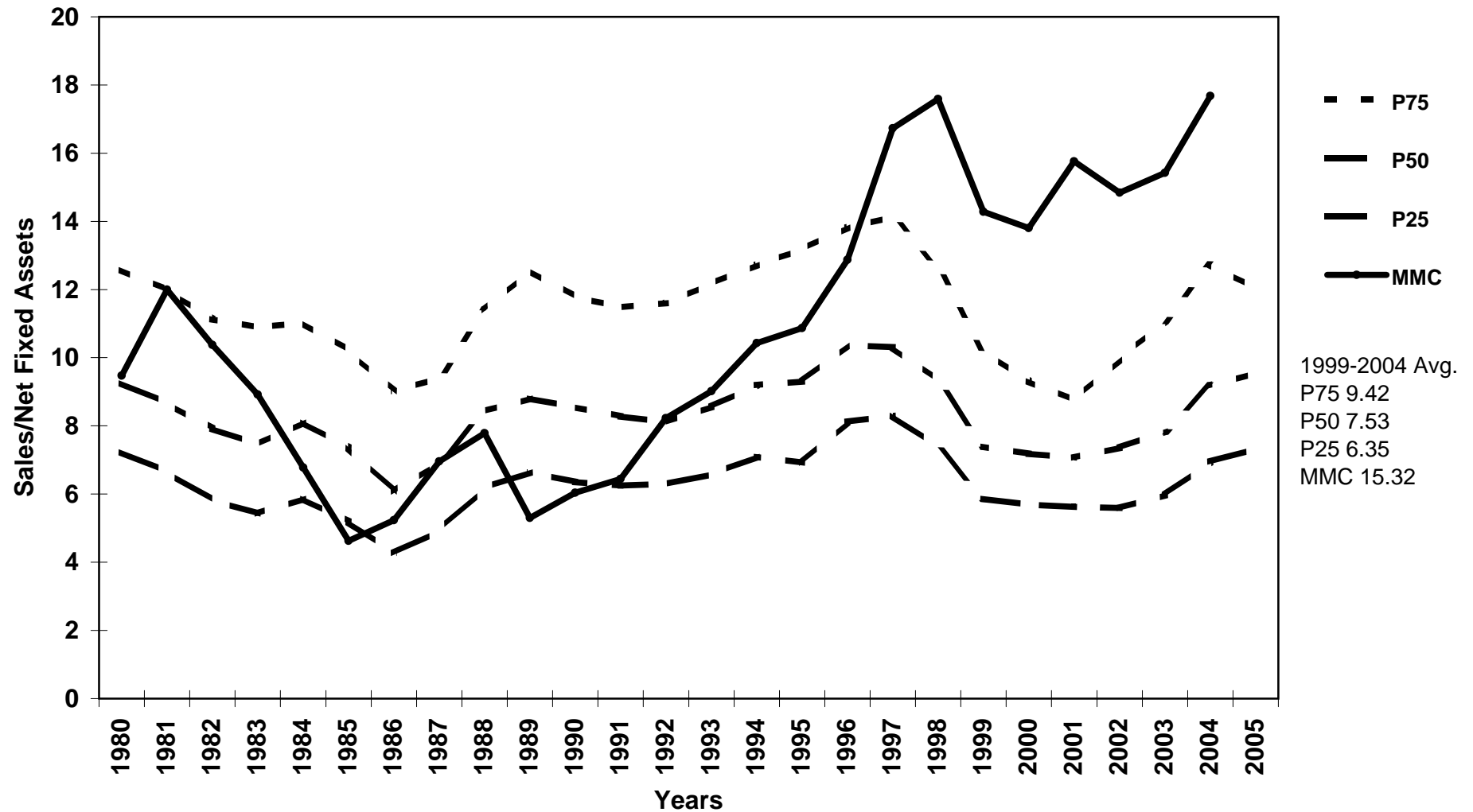




Exhibit 30. Total Sales (Thousands of Dollars): Profit Group Mean and Percentile Values of Midland Marketing Co-op, Inc.  
and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles and Values, 1980-2005.

Year	N	Profit Group Mean Value (\$1,000)					Percentile Values (\$1,000)					Midland	
		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	90	15,878.37
1981	497	7,665	107	5,323	8,311	8,710	21,779	9,402	5,409	2,936	867	94	19,603.14
1982	493	7,134	103	6,634	7,408	7,085	19,358	8,669	5,174	2,926	850	95	19,461.30
1983	502	6,742	103	5,160	6,987	7,837	17,940	8,225	4,903	2,704	747	97	22,794.90
1984	501	7,481	104	4,819	8,245	8,608	22,030	9,216	5,210	2,956	652	96	23,639.74
1985	495	6,797	106	5,037	7,369	7,419	19,496	8,573	4,504	2,598	723	91	15,319.12
1986	487	5,640	102	3,377	6,211	6,766	16,620	7,113	3,867	2,129	636	94	15,548.30
1987	486	6,291	103	4,288	6,655	7,573	18,720	8,046	4,315	2,325	726	96	19,887.87
1988	482	7,824	107	6,259	8,904	7,211	23,624	9,463	5,507	2,792	753	93	20,208.34
1989	475	8,777	111	5,556	9,475	10,609	31,128	10,605	5,755	2,836	902	79	12,917.73
1990	470	8,893	113	5,348	9,423	11,387	29,100	10,732	5,653	2,807	888	83	14,292.02
1991	454	9,154	117	5,829	10,324	10,160	28,010	10,497	5,711	3,057	990	84	15,034.94
1992	440	9,381	120	5,648	10,407	11,064	27,731	10,627	5,788	2,802	837	91	22,862.91
1993	415	10,371	115	6,318	12,138	10,907	33,615	12,444	6,510	3,335	995	89	23,301.51
1994	399	12,239	116	7,971	14,652	11,704	43,981	15,101	7,507	3,783	1,060	88	26,363.73
1995	334	13,526	111	7,786	16,056	14,266	40,929	17,814	8,372	4,075	1,168	85	25,477.30
1996	158	23,012	108	12,486	26,691	26,365	70,724	27,753	13,968	8,399	4,867	72	26,674.48
1997	156	23,866	95	17,724	29,926	17,888	76,233	29,166	16,152	9,090	5,223	78	32,617.27
1998	157	23,707	100	20,692	25,950	22,180	71,905	28,582	16,316	9,281	4,293	80	34,219.30
1999	163	21,988	97	18,168	26,474	16,946	69,237	29,195	14,130	8,431	4,256	75	29,223.24
2000	165	23,356	106	22,502	24,040	22,825	76,242	29,646	14,975	8,038	3,892	75	29,748.11
2001	170	27,042	128	20,399	34,358	18,705	96,309	32,937	15,331	8,412	3,534	75	32,937.41
2002	170	28,688	137	19,321	32,730	29,779	106,759	32,690	15,932	8,314	3,745	76	33,924.78
2003	176	32,462	144	19,170	32,613	45,453	138,048	33,843	16,728	8,895	3,785	77	36,626.56
2004	177	36,011	142	22,952	40,993	38,994	150,596	39,776	19,940	9,657	3,922	75	39,775.71
2005	108	38,467	135	18,684	43,659	47,867	140,905	43,023	18,827	10,624	3,484		
1980-1985	450	7,484		5,575	7,881	8,592	19,449	9,290	5,498	3,266	1,065	95	19,449.43
1986-1988	452	6,669		4,777	6,908	8,082	19,929	8,428	4,736	2,551	813	94	18,548.17
1989-1992	381	9,536		5,927	10,446	11,316	28,264	11,599	6,239	3,264	1,036	84	16,276.90
1993-1995	321	11,834		6,002	14,077	13,152	33,207	15,182	7,390	3,842	1,214	87	25,047.51
1996-1998	152	23,043		18,133	28,052	17,936	74,346	27,876	15,998	9,044	5,276	78	31,170.35
1999-2004	155	24,969		18,626	28,161	25,011	81,502	31,312	15,453	8,884	4,242	77	33,705.97

### Exhibit 31. Total Sales Midland Marketing Co-op, Inc. and Colorado, Kansas, Nebraska, and Oklahoma Cooperatives Percentiles, 1980-2005

