



Ag Biz Briefs

Fall 2015

Grain Update

Ron Barkema, VP of Grain

The 2015 harvest has arrived and IAS has been very busy preparing for what looks like a very good crop. Millwright crews and electricians are in the final stages of wrapping up the numerous projects that we have had going on all summer. IAS should be in excellent shape in terms of available space to handle all your storage needs this fall. We have added additional storage capacity at Faulkner, Monona, and Waukon and additional drying capacity at Waukon, Monona, Elma, and Packard. The Packard wind damage that occurred in June created many challenges for us but construction is moving along and we are very confident that we will be ready to take your harvest bushels. When the Packard facility is completed we will have a faster more efficient receiving facility.

Basis levels have been holding very strong leading into harvest which has helped us put some additional sales on the books creating added space to handle your 2015 harvest receipts. Our 2015 harvest policies are out and we continue to offer you a very competitive policy relative to the industry in both storage and drying costs. IAS lowered drying charges this year given the fact that LP and Natural gas prices are down. We have also kept our moisture shrink at 1.4%/point removed when many in the industry have raised theirs to 1.45% - 1.50%/point.

The September monthly USDA supply/demand report that was out on the 11th and USDA lowered the national corn production number by 1 percent from the August report and down

4 percent from last year's record production number. They currently have pegged production at 13.6 billion bushels. Iowa corn production was pegged at 2.41 billion bushels which is 2 percent more than last year. They have Iowa yield at an average of 181 bushels per acre which is 3 bushels better than last year and 2 bushels less than the August forecast. USDA has pegged the national soybean number at 3.94 billion bushels which was up slightly from the August report and down 1 percent from last year. Iowa soybean production estimates are at 526 million bushels which is up 2 percent from the August report. Iowa yield is projected to be 53 bushels per acre. That is 1.5 bushels per acre more than last year and 1 bushel higher than the August report. If these Iowa production and yield estimates are realized it would be the highest on record. We continue to hear a wide range of estimates throughout the Corn Belt. Does USDA have it correct? Have they estimated ear weights and pod counts correctly in the calculations? Has the wet weather had more of a negative affect than what the industry thinks? We really don't know until the combines hit the field but one thing for sure is that our IAS trade area appears to have some of the best looking corn and bean fields in the Corn Belt. Let's hope so! With corn prices hovering around \$3.50 the better yield will be greatly appreciated.

Thank you very much for your grain business and we look forward to helping any way we can with your 2015 harvest.

IAS Board of Directors

Randy Blake, *President*
Paul Cook, *1st Vice President*
Steve Perry, *2nd Vice President*
Loren Manternach, *Secretary*
LeAllan Buerger
Tim Burrack
Adam Hill
Stan Norman
Joe Thraenert



September Update 2015

Rick Vaughan, CEO



Fall is here and we are looking forward to the harvest season. The overall geography of IAS will produce a larger crop this fall than the fall of 2014. Some of our storage, handling and drying projects will be fishing up as harvest begins. These improved and new projects demonstrate IAS's commitment to our member's farming operations and the importance of a timely fall harvest. There will be some grain relocation activity during the fall season, but we have and will continue to reduce as much in season movement as possible between IAS locations. These crop yields will reduce nutrients and therefore future yield potential. The IAS agronomy sales and service employees are busy preparing for the fall nutrient season and anxious to get started helping you with next year's very important large yields.

There will be 3 board elections this fall and all incumbents have elected to run for re-election. The incumbents are LeAllan Buerger from Monona, Tim Burrack from Arlington and Adam Hill from Ellsworth. The nominating committee is comprised of President

Randy Blake from Andrew, Secretary Loren Manternach from Cascade, Vice Chairman Paul Cook from Hubbard and Stan Norman from Union. IAS welcomes members to consider running for the board. Members in general communicate that they like to see choice on the ballot. We have visited with several potential candidates who have considered running. Thank you to those you who have served in the past, those who are currently serving, those who have considered it, those who are contemplating it and those who have elected to run. The nominating committee will consider members who live in the general geography of the incumbent board members running for re-election. If you have interest and/or have questions, you are welcome to call President Randy Blake, any of the IAS board members or myself. Your local IAS location managers can also help you with the process.

We have completed another fiscal year as of August 31, 2015. The final audit results will not be available until late October. I can report to you that IAS will have another good year overall. Earnings from IAS's core operations will be similar to the previous year. We have added a substantial amount of new capital assets again this past year to enhance service levels for our patrons. We once again exceeded budget levels in revolving deferred dividends to IAS members. The net results of this financial activity strengthened our balance sheet while balancing the cash flow needs of the business and our members. Full details of fiscal 2015

financial results will be available in our 2015 annual report mailed to you later this fall.

The USDA has announced a significant decline in net farm income over the past year. The current supply and demand economics are challenging for our members' crop production. Additionally, livestock prices appear to be headed lower. I do think world demand for our products will remain robust and continue to grow over the longer term. I believe the world weather necessary to maintain these current surpluses will be a challenge for mother-nature. This large world demand for agricultural products will result in more robust pricing volatility with shorter cycles than we have been historically used to. All of this will lead to opportunity. We all must maintain an opportunistic outlook and keep our pencils sharp with our cash flows. Innovative Ag Services is committed to be here for the long term and desires to be your valued long term supplier. Our investments and commitments to long term assets and people will help all of us to weather these down cycles and be positioned to take advantage of the up cycles.

Have a safe fall harvest season! Thanks for your business!

Sustain Growers Add Value to Ag Industry

Tim Krausman, VP of Agronomy

As I look at the fields right now it appears we have a large crop out there. The corn is showing some added stress due to some nitrogen loss and disease pressure. I believe when the combines begin to run, we will notice a large difference in the fields that have had fungicide applied and those that did not. It will be another year of data points that will show the value of managing the crop through the growing cycle.

One of the main management strategies we are using to have an entire growing season focus is Innovative Advanced Solutions and our Sustain program that sits within it. Sustainable agriculture is extremely important and we continue to garner knowledge on how we can enhance our growers profit while being more environmentally friendly in the process.

The Sustain Nutrient Management Strategy allows growers to optimize their use of crop nutrients while helping them significantly invest in their land and their future. As consumer demand and government regulations begin to require all members of the food supply chain to comply with environmentally sustainable agriculture practices, SUSTAIN growers will be recognized as adding value to their industry while maintaining or increasing yield.

We are developing a certification process for growers within our Sustain program. Innovative Ag believes in the sustainability of agriculture as it sits as a piece of our core values. With that said, we also know that growers should be recognized for their efforts and their continual enhancements in their operation. These are not easy decisions but we continue to train our team on technologies, products, and cultural practices to add to our growers' confidence in being more sustainable. Our location teams will have more information available on what it means to be certified after harvest so please look forward to them contacting you about it.

As the large crop may cause more challenges to get put away, please remember that safety is extremely important even when you are hurried.

Thanks for the business this past fiscal year and we look forward to serving you again here at Innovative Ag.





Data Analysis to Improve Profitability

Donna Swanson, Agronomy Business Development Manager

With harvest just around the corner, now is the time to reflect back on our year to help us make decisions for next year. The amount of data that we can collect throughout the year can seem overwhelming, making it hard to derive any sort of management decision. Used effectively, all this data can drive your decision making to ultimately make your operation more profitable. One year of data can teach us something, two years can start to show us trends, multiple years start to show us the big picture, and multiple years over a large group then become invaluable.

IAS can help you make sense of all this data and help you use it to make better management decisions with our Silver Program. As harvest approaches, re-familiarize yourself with the monitors in your combine. From this data we

can generate your yield maps, run yield reports by hybrid, by soil type, by planting date, seed company, fertility levels, and much more. We can do this on a field level, over your entire operation, and IAS group data by area or companywide. We can also take your yield maps to the next level with enhanced yield maps that show spatial trends, temporal stability, and management units. Our precision team can help you understand these maps and what they mean to your operation.

Fertility is a good place to start your planning for next year. Silver program provides you with grid sampling and create data driven fertility recommendations including crop removal. This gives you and your IAS Agronomy Advisor a good baseline to set you up for success with your seed

placement recommendations. We can combine the knowledge of the hybrids and varieties that we offer with our knowledge of the fertility of your fields, cropping rotations, use of traits, and your other management practices to make the best possible seed placement recommendation. Using the data that we have already collected, we can also provide you with variable rate planting recommendations to maximize your yield where we have left potential on the table.

As we are wrapping up this growing season, let's not miss this opportunity that we have to learn and improve upon what we are doing. You IAS Agronomy Advisors are equipped with the best tools in the industry to help you maximize your profitability.

2016 Seed Decisions

Ross Enslin, Agronomy Sales Advisor

As soon as the combines start to roll this fall we will instantly begin to analyze and evaluate as to whether we made the right seed decisions this past growing season. Obviously we always use yield as the ultimate measuring stick when comparing hybrids/varieties, but that yield component is influenced by a variety of factors that are directly related to what we chose to plant in a certain field. With summer coming to an end and the growing season almost over, I want to highlight a couple of issues related to corn production that I noticed this summer that you need to address when making seed purchases this fall and winter.

By now I am guessing most of us noticed a field or two this summer that was severely infected by Northern Corn Leaf Blight (NCLB), and soon we will see what yield loss occurred in untreated fields. It has been a few years since we have seen this widespread of a disease infection in corn, and that can lead to issues for next year. NCLB fungus overwinters on corn residue and with the heavy pressure we've seen, it is fairly safe to say that the conditions will be in place for a repeat next year. With that in mind here are a few practices to consider when making a hybrid selection:

1. Hybrids show drastically different levels of resistance to NCLB so if you are planting into a high pressure situation make sure to select a hybrid that has a good NCLB rating.

2. Corn-on-Corn is typically a higher disease pressure environment already so if you have a field with severe NCLB it would be a good candidate to rotate to soybeans.

3. If you decide to plant a NCLB susceptible hybrid make sure to plan on a fungicide application.

The other issue that concerns me is the amount of Northern Corn Rootworm beetles that I am seeing in corn fields and outside of them as well. Rootworm levels have been unpredictable the last few years as 2012 and 2013 we saw record high levels and then in 2014 they were greatly reduced, but it looks to me like they are making a return and if we see average weather into next growing season I expect to see more rootworm issues again. There are different options as to how you want to

control rootworm pressure, including rotation, traits, and insecticide and all of them have effective control in the right environment. Therefore I think it is something we need to make sure we are accounting for when making a seed plan for next year.

With margins tightening on the farm I know it is easier to make every purchase based on price, but we need to be diligent and make sure we are looking at the overall package and value that we are getting from the products we chose to plant in 2016. As you harvest your crops this fall think about what practices worked this year and which ones did not. Then as we get into planning for next year make it a point to talk with your Agronomy Advisor at IAS and come-up with a plan to help overcome those challenges you faced this past season.



Photo of Northern Corn Leaf Blight

Courtesy of Iowa State University Extension

Feed Progress Report 2015

Mike Duncomb, VP of Feed

As we close the books on fiscal 2015, your feed division has had a successful year. Volumes are up in all specie areas, investments in manufacturing and distribution continue to improve efficiencies, and profitability has been good. Thank you for your business and support of the IAS Feed Division.

As we look into fiscal 2016, there are a few storm clouds on the horizon with profitability being challenged in all specie areas. We have plenty of meat and milk to move through the supply chain. Our focus by specie area will be as follows:

- Swine – networking pig owners and barn owners together. There continues to be opportunities to grow our swine business. We are

increasing our focus on records and data management through MetaFarms to help make better decisions. Our MetaFarms bureau continues to grow.

- Beef – best management practices using production records combined with years of records experience continues to put our beef team in a strong competitive position. We are working to bring a strong business focus to the cow/calf business as well.
- Dairy – the IAS calf and heifer business continues to be a growth area along with flexibility in blending mixes for the dairy lactation business. We continue to work closely with our suppliers to bring new technology and information to the farm gate.

We will continue to invest in technology and improvements for your manufacturing and distribution system. We will be implementing facility improvements at our Hubbard and Cuba City feed mills in 2016 along with adding to the delivery fleet. Increasing our capacity and efficiency are a high priority to compete in today's competitive environment along with a dedicated Mill and Delivery Team. Your IAS Sales and Production Specialist teams bring a wealth of experience in all specie areas to the country. We look forward to meeting your livestock business needs in Fiscal 2016!





Stock Cow Fall/Winter Feeding Options

Patrick Bries, Beef Production Specialist

It is that time of year again to begin thinking forward to feeding your stock cows for the fall and winter. Cows can be seen in a feed yard, dry lot, pasture, or on the road, each way requires different methods of feed delivery. Of these methods there are countless ways to supply nutrition to stock cows over the course of gestation and lactation. These range from grazing, stock piling, or a total mixed ration delivered daily. Here are a few pointers to keep in mind.

Cows have a daily requirement for energy, protein, minerals, and vitamins. Having a balanced cow ration that accounts for all of these can be an

essential tool for profitability moving forward in the cow business. A few of the important factors in a ration are the levels of energy and protein, but also the urea level going into the cows, along with the level and availability of minerals to those cows. Cows needs change based on what stage of gestation or lactation they are in. Changing rations and levels of nutrition throughout the year will be extremely helpful to maintain a 365 day calving interval, good body condition, conception rates, and health. These are factors you will want to keep in mind when making your choice on how and what to feed your cows.

Feed Efficiency is something that is spoken about often in a feed yard setting but often over looked in a cow herd. There are many ways to increase feed efficiency in a cow but one quick and fast way is to feed Rumensin. Rumensin for cows does have a different feeding rate than for a feed yard animal but can still be used to increase efficiency by over 10%. If you have any interest in Rumensin please contact your local IAS Beef Production Specialist for feeding rates and methods of feeding.

One Internship Program Year Ends & Planning for 2016 Program Begins

Craig Schroeder, HR Generalist II

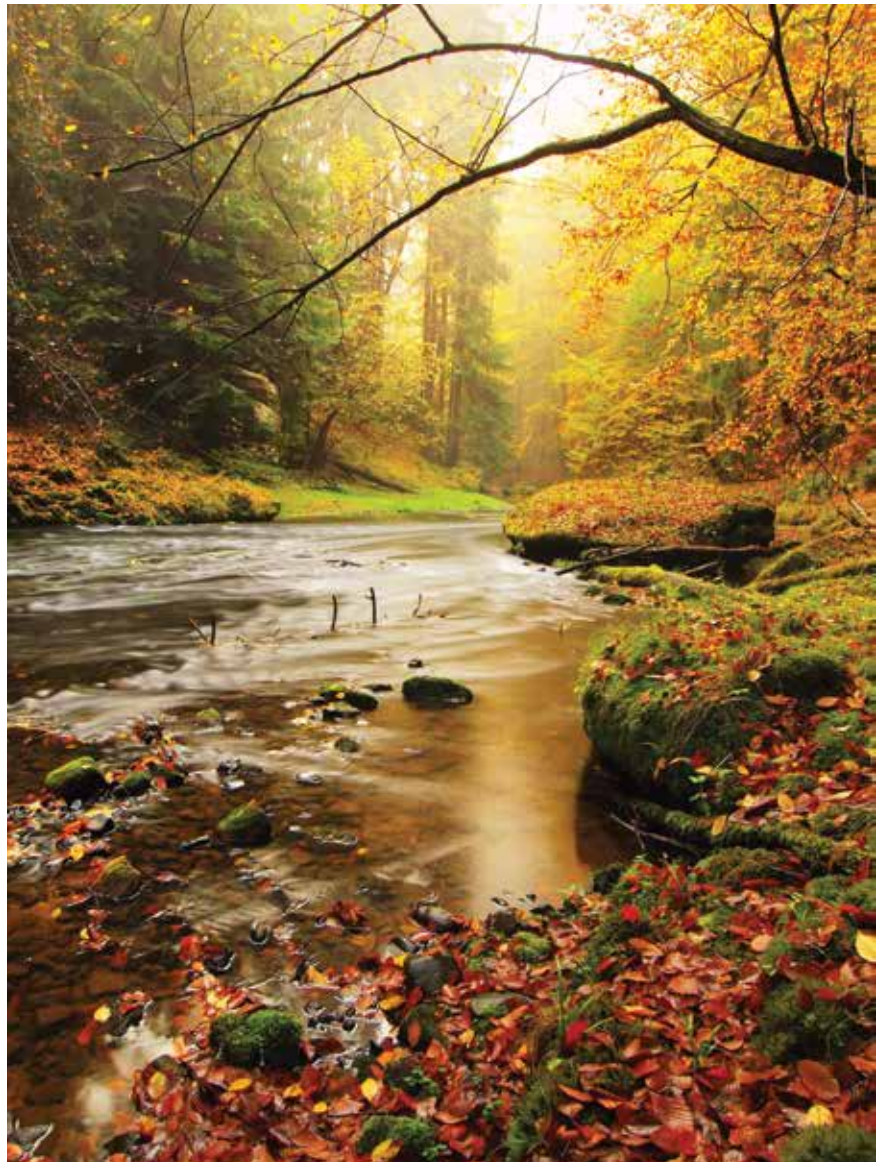
The summer of 2015 Internship Program came to a close on Wednesday, August 12th. The program ended with a Wrap-Up Golf Outing that included internship presentations, a 9 hole, 4 person best shot competition, and a steak dinner. The interns have now returned to their respective colleges with a better understanding and knowledge of how Innovative Ag Services operates and a better outlook on their future plans.

We would like to thank our members and customers for the impact that you have played in the success of this program. Throughout the summer many interns stated how great our members and customers treated them and how much they learned from you. We all play a key role in helping these students learn, grow, and succeed in their careers.

As our Purpose Statement states we are always trying to have Continuous Improvement and that is true with the internship program. We are already discussing what worked, what didn't work, and how can we improve on the program for next year. As a part of that process we are starting the recruitment to find our talented student interns for summer 2016. We will be at Career Fairs at University of Wisconsin Platteville on September 28th and at Iowa State University on October 20th. If you have a student or know of a student that may be interested, have them talk to us at one of these career fairs or have them apply online at www.innovativeag.com/careers. If you or any students have

questions in regards to the internship program please have them contact Craig Schroeder at craig.schroeder@ias.coop or at (319) 465-2022 Ext 128 or contact Renee Dubberke at renee.dubberke@ias.coop or at (641) 864-2561 Ext 20.

Again, we thank you for your help and support of the internship program. We had a very successful summer 2015 Internship Program and we look forward to having a successful summer 2016 Internship Program as well.





Pre-Harvest Planning

Thatcher Block, Director of Safety and Compliance

Everyone has heard me say this before, Agriculture ranks among the nation's most hazardous industries. Farmers are at high risk for fatal and nonfatal injuries. During this fall harvest season, countless hours will be spent in combines, tractors, trucks and other equipment by farmers. As harvest is gearing up, it is important to make sure that proper safety precautions are taken. Before the combines get turned on, please consider several important pre-harvest safety tips:

- Review the owner's manual for correct operating procedures and safety precautions
- Clean equipment
- Carefully check for loose fittings, ensure shields or guards are in place
- Inspect all belts, chains, other components

- Take breaks and get enough sleep
- Have all PPE in proper condition, such as safety glasses, hearing protection, and respiratory masks
- Maintain a fully charged fire extinguisher

Pre-harvest planning is recommended to prevent injuries. Shortcuts and carelessness often lead to personal injuries to operators and workers. Develop, implement and enforce daily inspections of equipment to ensure that it is safe to operate. Proper pre-harvest planning, competent machinery preparation and safe operation are vital elements in reducing the potential of an injury.

STAY SAFE!!

Driver Safety

Rural areas face a number of unique safety challenges. Rural crashes are more likely to be at higher speeds than urban crashes; victims of fatal crashes in rural areas are more likely to be unbelted than their urban counterparts; and it often takes first responders longer to arrive at the scene of a rural crash, leaving victims waiting longer for medical attention. Outdated roadway design and roadside hazards such as utility poles, sharp-edged pavement drop-offs, trees and crops close to the roadway also are major contributors to the severity of rural crashes. Please remember, as we drive our vehicles on rural roadways, to slow down as we approach intersections. With the height of corn and the roadways becoming busier at harvest, take the time to slow down and stop at all uncontrolled intersections.

Market Insights

IAS	7/31/2015	7/31/2014	8/31/2015	8/29/2014
CORN	3.81	3.67	3.75	3.64
SOYBEANS	9.40	10.82	8.87	10.24
SOYBEAN MEAL	397	474	367	543



Common Goal's Bring IAS Together

Carla Elliott, VP of Human Resources

The IAS core value of delivering the “Exceptional Customer Experience” continues to be a driver for all of us at IAS. I get a real sense of pride when I look around and see how well our employees represent this statement and pull together during these very busy and important times of our business. Specifically in the spring and harvest seasons it amazes me how no matter what, we get the job done. We ask a lot of our employees and they deliver.

The employees at IAS have a lot of priorities they work through on any given day. As you know we have a new learning system so employees

are actively working on safety training and other courses offered through our new system. It has been good to see co-workers help each other and become mentors as we continue our learning. By the time you are reading this we will have transitioned to our new ADP payroll and timekeeping system that went through an upgrade in late September as well. Again, the IAS employees are working through these new challenges to help move the company forward. In early December we have a Wellness Screening the employees can participate in so right now they have the opportunity to participate in a weight loss challenge to get ready for the screening. There

is nothing like some good healthy competition to bring people together. Boy is it hard not to eat all the good food people here at IAS like to share though 😊. Speaking of competition I don't know many of the employee's that don't enjoy a good football game, so you might stop in this fall and see us on a Friday in one of our favorite team jersey's for a little fun. No matter what you see us doing when you meet one of our employees I hope you get to experience the common goal we all work towards every day delivering the exceptional customer experience. Your business is important to us. Stay safe this harvest season.

Welcome



As Innovative Ag Services continues to grow and develop our locations we would like to introduce some of our new leadership group that have come on board with us in the last few months. If you have the opportunity to meet them please welcome them we are excited to add this very talented group to our company. (in clockwise order)

- Drew Dunkel, IT Director, Monticello, IA
- Mike Hoyle, Location Manager, Hubbard, IA
- Eli Zoske, Controller, Hubbard, IA
- Tony Krapfl, Location Manager, Monticello, IA
- Michael Hurd, Location Manager, Elma, IA
- Andy Raisch, Location Manager, Garden City, IA



Printer
to insert
Indicia

Iowa Locations

- Ackley
- Alden
- Alta Vista
- Andrew
- Austinville
- Cascade
- Center Junction
- Central City
- Cleves
- Elkader
- Ellsworth
- Elma
- Farley
- Faulkner
- Garden City
- Geneva
- Hopkinton
- Hubbard
- Independence
- Lawn Hill
- Manchester
- Monona
- Monticello
- Oran
- Owasa
- Packard
- Union
- Waukon
- Williams
- Winthrop

Wisconsin Locations

- Cuba City
- Hazel Green
- Platteville

Store Hours

Monday thru Friday
7:30am to 4:30pm

Saturday
All locations hours are varied with the season check with your local IAS location to confirm.



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