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Hemingford • Hay Springs • Gordon

FARMERS COOP ELEVATOR

Hemingford, Hay Springs & Gordon, Nebraska

FCE Board of Directors Authorizes Equity Payment

On December 15th, over 700 checks were mailed to members returning deferred equity earned in the year 2000.

As many of you know earnings returned back to members in the form of patronage is often paid in both cash and deferred equity. The deferred equity is held in the members account by the year it was earned. This deferred equity is the portion of the stockholder earnings that finance the activities of the cooperative such as building new facilities and purchasing new equipment. Over time that deferred equity is revolved - or paid out in cash - to the stockholder so long as the capital needs of the cooperative are being met.

There are two common ways that deferred equity is paid out to the stockholder. The first is a system that is based on the age of the stockholder. For example, when the stockholder reaches a certain age - say 68 - then that member's equity is paid out to them. A second system is based on the age of the equity. The equity is tracked by the year it was earned and the oldest is paid out when additional new equity is added. This is a revolving type of system that returns cash to members ***much sooner*** and keeps the burden of equity financing on the more current active members.

The revolving age of equity program is the system that Farmers Coop has in place. The board of directors strives for a 15 year revolving term and has been successful in keeping with that pace in recent years because of the financial success of the company.

A third way that deferred equity is redeemed is to the estate of a stockholder upon their death.

There is often times deferred equity that is abandoned because living relatives of a stockholder are unaware that the equity may be paid out.

It is often easy to forget the benefits of doing business in the cooperative model where the patron has a financial interest in the success of the company. A healthy patronage and revolving equity program is good for our members and our communities and Farmers Coop has been able to provide both with the support of our customers.

We at Farmers Coop would like to thank our members and patrons who trust us with their crop and livestock production needs and hope that you will continue to do so into the new year!

Visit us at our website: www.farmcoop.com

We hope you find the content and information in this email valuable and informative. We strive to communicate the business of the cooperative to our members in a way that respects your time and adapts to how you want to receive information. We believe current and relevant content delivered via email does that.

Should you not want to receive communications from Farmers Coop in this way please see below for opt-out instructions. Also, feel free to forward this to others so that they may enroll for their own copy.

Sincerely,



Dale K. Anderson
General Manager & President
(308) 487 3317
dale.anderson@farmcoop.com
<http://www.farmcoop.com>
