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Spring Newsletter

“Geography has made us neighbors. History has made us friends. Economics has made us partners, and necessity has made us allies. Those whom God has so joined together, let no man put asunder.” [John Fitzgerald Kennedy](#)

In our last newsletter we included a broader range of topics than we do normally. Many people were unaware of our compost products, commodity brokerage services and cattle verification programs. While we have a diverse group of customers from across the US, we all share a common goal. We have chosen agriculture to be our livelihood. Within that, we work together, sharing ideas and sometimes labor. We have expanded the quarterly newsletter to capture some of that diversity to possibly spark an idea that you can use on your operation. We are also in the process of expanding our website to provide support and links to the different services we offer, one of which will be a bi-weekly market update.

Program Development

By Jordan Mueller

Temple Grandin is coming to Samson PVP!

Renowned expert in the field of livestock care, Temple Grandin, will be coming to the Samson PVP Summer Event on August 5-6, 2012. Ms. Grandin will be giving a demonstration on animal handling as well as doing a seminar with Samson customers. More details to follow in our next newsletter; however you may RSVP for the event at any time.

Many customer have asked about the NHTC program and what it entails, so here are some details:

The NHTC program is for cattle that have not been implanted, fed MGA, Optaflexx, Zilmax or Zilpaterol. The calves must be certified and tagged with a PCT at the ranch of origin, with an on-site audit being conducted. Cattle certified for NHTC are destined for the European Union. If you have questions, or would like to know more about the NHTC program call Jordan @ 402-606-4096.

Marketing your AV, NHTC, or NE3 calves? Looking for AV, NHTC, or NE3 cattle to buy?

Let Samson PVP help you connect with other PVP customers. If you have calves for sale or are looking to buy calves that are certified VQA, Age & Source, NHTC, and/or Never Ever 3, let us know and we will send out an email to our customers who meet the requirements for the specific export programs. If you would like to have us send out an email, or to get on the list, call our office @ 402-606-4096 and ask for Jordan.

For our Compost Users

By Jordan Mueller

To follow-up on our last newsletter, here is a breakdown of the fertilizer values found in Samson compost:

NITROGEN VALUE = 7.2 # (1st Yr) 14.7 # (Total)

PHOSPHORUS VALUE = 27.0 # (1st Yr)
30.0 # (Total)

POTASSIUM VALUE = 26.4 # (1st Yr & Total)

1ST YEAR FERTILIZER VALUE/TON = \$34.06

TOTAL FERTILIZER VALUE/TON = **\$38.93**

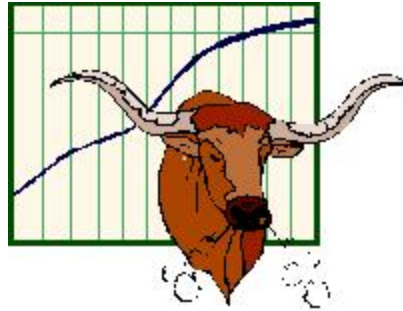
In addition to the fertilizer value, compost also offers an organic material component that can be very beneficial to fields. We are currently in the process of expanding our compost production and have also retrofitted our spreader with a GPS unit so that variable rate spreading can be done, giving you better application specific to your field locations.

Markets

Live Cattle Outlook

By Jordan Mueller

A big question in the live cattle outlook is "Where are prices heading?" The cattle market continues to climb to all time highs due to a continued shortage of feeders and strong exports. This is being tempered by weak packer margins, which reached as high as -\$100 per head at their peak. To put the near term in perspective, the increase in beef production between the first quarter and second quarter is expected to be around 135 million pounds. In comparison, the increase in production is usually between 250-300 million pounds. This year's expected increase would be the smallest increase in 12 years. Compare this to the total number of cattle and calves in the US as of 1/1/12 which was 90.8 million head and the lowest number since 1952, and we see a bullish outlook for live cattle prices going forward into the spring and summer. The biggest issue, as always, is managing costs. Hedges and options in cattle, feeders, and corn can



help mitigate swings in prices due to macro market effects and unforeseen circumstances.

Feeder Cattle Outlook

By Scott Mueller

The feeder cattle will remain well supported through the next couple of years. Ample bunk space will keep the feedyards competing for the limited supply of feeders. It appears that we are starting to rebuild our cow numbers so that will limit the available numbers even further. For the next quarter, I would anticipate a continuation of the record high feeder prices across all weight brackets. The only challenge I could see during the next 3 months would be if fed cattle could not take out the previous highs and corn prices take off to the upside due to adverse spring planting conditions. Even then, I would expect feeders to remain well priced at current levels until there is a sustained loss in the feeding industry.

Markets (cont'd)

Corn Outlook

By Sara Eickmeier

The market has definitely seen some volatility in the past month, with March corn seeing a 60 cent swing since the USDA crop production report on Jan. 12. We seem to be in a "trading range" that is having a hard time breaking through some psychological resistance points and support levels.

Our attention is now shifting to the new crop outlook. Current ending stocks are tight, demand is solid, and the basis is strong. If we plant 2 million more acres of corn and yield is close to "normal" (162), we will see an increase of ending stocks for the next year end, if increasing exports don't eat into those numbers. It is definitely an unusual marketing year with uncertainties in the amount of the South American crop, ethanol production and margins, and feed usage. Take advantage of upswings in the market and keep incrementing sales on bounces. With high volatility, it is best to set price goals you are happy with and stick to that marketing plan, rather than trying to outguess the market because then it is usually too late and opportunity is lost.

Soybean Outlook

By Scott Mueller

The soybean market reminds me of the little engine that could for the last couple of years. Forecasts of increasing world supplies have been constantly met with increased consumption from China and disappointing production throughout the world. Brazil and Argentina continue to reduce yield expectations for their 2012 crop.

In the US, beans are making a push to steal some acres from corn to make up for the lost South American production. I am expecting to see prices gain through April into May. If planting season moves quickly and the crop gets off to a good start, prices will come under pressure into harvest. Watch the oil market closely however, as this will have an inflationary effect on all crops.

Customer Services Department

By Amber Miller

Receiving PVP Tagged Cattle

Do you wonder what you need to do when you purchase cattle that are already tagged with a PVP tag?

Here are some simple steps to follow:

- * Read the tags the 1st time you work the cattle and write them down or check them off the shipping document you received with the cattle.
- * Submit the tags read, any shipping documents that were received with the cattle, and a Back-verification or Receiving Form to our office.

We will enter everything into the system and when you are ready to ship those cattle just give us a call.

If you have any questions with this process please call or email us and we'll be happy to assist you.

Shipping Affidavit Requests

Approximately 5 days prior to shipping cattle, please call, fax, or email us with the details of the shipment. This will ensure that we can complete the Shipping Affidavit and fax or email it back to you prior to loading your cattle. If you would like the Shipping Affidavit mailed to you, please give us an even bigger lead time.

If the cattle are tagged at the ranch and the Shipping Affidavit is NOT requested prior to the cattle to being shipped; that is considered a Non-Conformance. We can't guarantee those cattle will be eligible to stay in the PVP system.

The only way to know, for certain, that the cattle will be eligible for the program when they reach their destination, is to request and obtain the Shipping Affidavit prior to loading. Tagged cattle should always have the Shipping Affidavit accompany the truck to the destination.

Our phone is 402-606-4096, fax is 402-606-4161 and our email address is contact@samson-inc.com.

PLEASE NOTE THAT THERE IS AN INHERENT RISK OF LOSS ASSOCIATED WITH TRADING FUTURES AND OPTIONS CONTRACTS EVEN, WHEN USED FOR HEDGING PURPOSES. PLEASE CAREFULLY CONSIDER YOUR FINANCIAL CONDITION BEFORE INVESTING IN FUTURES AND OPTIONS CONTRACTS. FUTURES TRADING IS NOT SUITABLE FOR ALL INVESTORS. WHEN INVESTING IN THE PURCHASING OF OPTIONS, YOU MAY LOSE ALL OF THE MONEY YOU INVESTED. WHEN SELLING OPTIONS, YOU MAY LOSE MORE THAN THE FUNDS YOU INVESTED.

Customer Spotlight

The Jim Klug Family

By Scott Mueller

Jim and I go way back. Way back to diapers when our families would get together on the 2nd Friday night of each month with 10 other couples for cards. The kids would play together and grow up and do those things parents aren't supposed to know about. After we finished college, we found ways to work together. Some of those included me hiring Klug Trucking to haul cattle, harvesting crops together or making a phone call to Jim when the cattle were out and I was 6 hours away at a meeting in Rapid City, SD. There are even a number of "near death" stories we have shared as we worked and lived.

Jim is married to Ivy and they have four children; Beau, Fran, Wynne and Reece. They own and operate a farm, feedyard, trucking and custom harvesting business. Jim and Ivy are also actively involved in the community through 4-H, school, church and the Platte County Ag Society. No matter how busy they are, they are always ready to answer a call if someone needs help.

Many of you have recognized the voices of Crystal and Wynne Klug on the phone when you called the Samson office. They are the daughter-in-law and daughter of Jim and Ivy. Crystal, as you may remember, worked at Samson until they had their first child, Briggs. Crystal continued to work part-time until she helped us find Amber Miller to take her place over a year ago. Crystal and Beau (who's back on the family farm) are now expecting a second child, so we wish them the best of luck. Fran married Clay Grotelueschen and they have a daughter, Atley. Fran is a daycare provider at St. John's Lutheran Church while Clay farms, feeds cattle and has a cow herd. (Yes, they are Samson Verified.) Wynne, a recent graduate of UNL, is now engaged to Travis Sterner from Merna, NE. She will be getting married this November and is leaving Samson soon as she found a job near Broken Bow. We were trying to convince Travis to move to Columbus but didn't have much luck. Reece, who is a sophomore at UNL, plans to return home to the family farm.

As a side note with Crystal and Wynne, having young people involved at Samson has been a real asset due to their energy, convictions and knowledge of the cattle business. But, with an average age of 28 in our company (myself excluded), we get the joy and challenge of watching some excellent people move on in their lives.

Thank you

I chose the Jim Klug Family as our "profile" family because I believe their family culture epitomizes what Samson strives to be. The Samson staff still has that "family / we are in this together" mind-set that makes us want to be supportive of those around us. As you are well aware, things in business, no matter how well-intentioned, go wrong. To me, the mark of a "family-oriented" company is not the elimination of problems, but how they deal with and support others when problems arise. I know I speak for everyone in our office when I say "Thank You" for your business. We understand you have alternatives when doing business, so we appreciate your decision to do business with us. Our goal is to be the neighbor family that you grew up with that you know will be there to support you no matter the time or day.

Scott Mueller

