



Cornstalk

A Publication of the Nebraska Corn Board

www.nebraskacorn.org



Your corn checkoff investment: The building blocks for success

With ethanol production continuing to expand, cattle on feed numbers growing and corn prices holding at levels well above a year ago, one could say it has been a tremendous and exciting year for Nebraska corn producers!

The investment you make through your corn checkoff has helped build the foundation for this success by supporting research important to corn and livestock producers, backing federal rules that aid the adoption of clean fuels like ethanol and promoting all the exciting uses for Nebraska corn.

The Nebraska Corn Board has also supported corn exports, whether those exports are to Asia or California and pork and beef exports,

because exporting Nebraska livestock products means exporting Nebraska corn. The board also supports future agriculture leaders, including those involved in FFA, 4-H, the Nebraska LEAD program and the Nebraska Ag Youth Institute.

As you look through this annual report — an annual summary of our programs and efforts over the past year — know that the Nebraska Corn Board is proud of these achievements and continues to work hard to make wise choices with your corn checkoff investment, helping to maintain a strong foundation to build upon for future success.



FIELDnotes

by Jon Holzfaster, Chairman

It's no secret that agriculture in Nebraska has undergone significant and exciting changes in recent months. It is also clear that no other state is better situated nationally and globally to capitalize on the powerful relationship between corn, ethanol, distillers grains and livestock production than Nebraska.

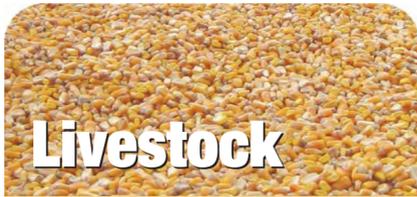
This is our time. But transforming this incredible potential into reality and economic success for Nebraska requires vision, cooperation, leadership — and resources. This is why the Nebraska Corn Board has entered an exploratory process to consider increasing the corn checkoff to 4/10 of one cent, as allowed by the legislature in the 1978 Corn Resource Act.

First, a bit of history: The Nebraska Corn Resource Act, which created the Nebraska Corn Board, was passed by the Unicameral in 1978 and allows for a checkoff rate on corn of up to 4/10 of a cent per bushel without further legislative action. The checkoff rate actually began at 1/10 of a cent, where it remained for the first six years. It increased to 15/100 of a cent for four years and then to 1/4 cent — where it has remained for the last 19 years.

Put another way: In the 29 years of Nebraska's corn checkoff, the state's corn producers have invested a total of less than 6¢ per bushel in promoting their product and developing the dozens of new uses that have emerged over the past few decades.

The corn industry has changed dramatically in recent years (and months!) — creating new opportunities and greater demand for the resources needed to capitalize on them. These new times create challenge and exciting possibilities for not only corn producers, but for our colleagues in agriculture, livestock production, agribusiness and ag education and research. To help guide us through this process, we have developed a comprehensive business plan outlining the manner in which

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Livestock

The livestock industry has a major impact on corn consumption in Nebraska. Recognizing this, your Nebraska Corn Board funds several organizations, research efforts and other projects that are working to maintain and grow the livestock industry in Nebraska and the U.S.

Facing the challenges

When concerns surfaced about the availability of corn and higher corn prices, the Nebraska Corn Board addressed them openly and honestly. From participating in listening sessions organized by Nebraska Cattlemen to addressing concerns from pork producers, the Corn Board worked hard to reassure end users that corn and ethanol co-products would always be available for livestock feed even as ethanol production expands.



In March, officials of the Nebraska Corn Board traveled to Washington, D.C. with representatives of the Nebraska Cattlemen organization to address issues of mutual interest. Among the highlights was a private meeting with Secretary of Agriculture Mike Johanns. Pictured (l-r) are Greg Baxter of Grand Island, Nebraska Cattlemen; Chris Hagedorn of Cozad, Nebraska Cattlemen; Michael Kelsey of Lincoln, Nebraska Cattlemen; Secretary Johanns; Jon Holzfaster of Paxton, Nebraska Corn Board; Stan Boehr of Henderson, Nebraska Corn Board; and, Don Hutchens of Lincoln, Nebraska Corn Board.

Expanding livestock production

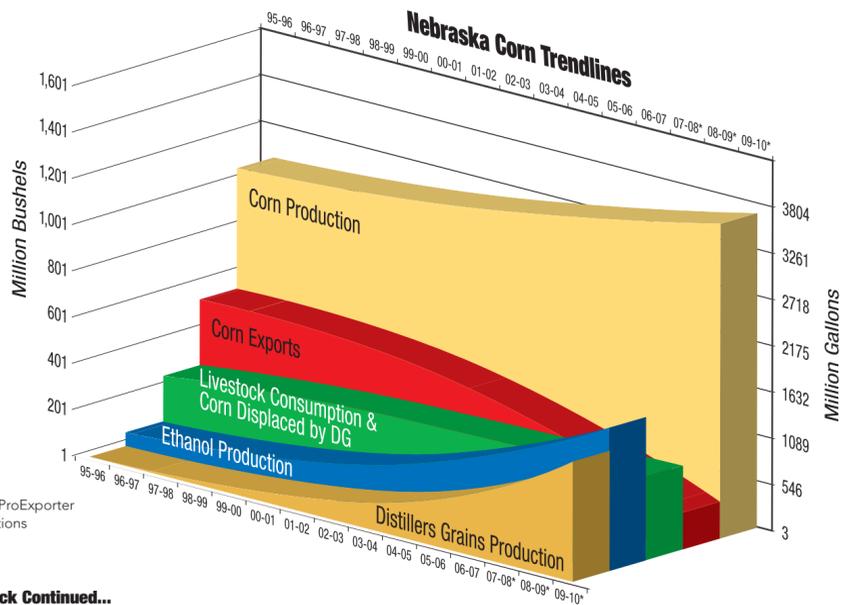
In addition to supporting the Alliance for the Future of Agriculture in Nebraska (A-FAN), a Nebraska organization that helps producers looking to start or expand livestock operations, your Nebraska Corn Board encouraged livestock producers to relocate to Nebraska. At the World Ag Expo in Tulare, California, the Nebraska Corn Board and other Nebraska entities hosted a luncheon for California dairy producers that may consider leaving urban sprawl and high production costs behind for greener pastures (and corn fields) in the Midwest.

Aiming for beef exports

Using a grant from the U.S. Department of Agriculture, the Nebraska Corn Board helped sponsor a weeklong workshop in the U.S. for the Chief Veterinary Officers and other animal health officials of several Caribbean countries. The purpose was to update the officials on U.S. BSE safeguards and garner loyalty to U.S. beef products in a region that is one of the world's top tourist destinations.

Promoting pork, beef in Asia

The Nebraska Corn Board helped sponsor two major meat export initiatives as part of its on-going efforts to support Nebraska's pork and beef industries. The first event was the 2007 American Pork Trade Seminar & Reception in Tokyo, Japan. Information from U.S. Meat Export Federation (USMEF) shows that the equivalent of 3,500 Nebraska hogs are exported per day. That's 14% of Nebraska's production, which translates into more than \$25 million worth of Nebraska pork annually that is exported around the world.



Livestock Continued...

In mid-March, the Nebraska Corn Board sponsored a Nebraska pork producer and a Nebraska beef producer to attend the USMEF Market Expo in Japan and Taiwan.

Supporting USMEF

More than \$300,000 in corn checkoff dollars were invested into the USMEF in the past year. Investments in USMEF mean investments in the development of beef, pork, lamb and veal exports around the world. Since 1979, when USMEF was founded, the Nebraska Corn Board has invested more than \$5 million in support of its efforts.



Ethanol

Nebraska's ethanol industry is booming. Nebraska currently has 13 operating ethanol plants. Several existing ethanol plants are expanding while an additional 12 plants are being built. Ethanol production — and the amount of corn used for ethanol — will increase significantly over the next few years, keeping Nebraska as one of the top ethanol producing states in the country.



Dispelling myths, providing answers

As ethanol production expanded and corn prices jumped, concerns over food prices, sustainability and other issues suddenly became popular headline-grabbing news in Nebraska and around the country. Your Nebraska Corn Board dealt with these issues by answering questions from the media, speaking at numerous events and releasing information that helped set the record straight.

Bringing ethanol history to life

A small service station at the corner of 14th and N in Lincoln sold gasoline with 10% corn ethanol for the first time on April 11, 1933. To celebrate and explain the long history of ethanol in Nebraska and America, the Nebraska Corn Board sponsored a replica of the 1933 filling station at Husker Harvest Days. A short skit between station attendants and customers brought history to life in a fun, educational way. The Corn Board hopes to bring the replica station back to Nebraska in the near future.



Ethanol Co-Products

As the production of ethanol co-products like distillers grains continues to increase, your Nebraska Corn Board is working to make sure as much of this nutrient-rich ethanol co-product can be utilized in the state as possible. Adding value to Nebraska distillers grains by feeding Nebraska livestock is good for all Nebraskans.

More distillers research needed

With the Renewable Fuels Standard enacted, and some, including President George Bush, calling to increase the RFS even further, the Nebraska Corn Board has asked the federal government for more research into feeding the ethanol co-product distillers grains to livestock and poultry. Corn checkoff dollars have — and will continue — to support the feeding of distillers grains, but with significant production increases expected, more needs to be done.

The Nebraska Corn Board strongly believes that cattle, swine and other livestock feeding operations can add numerous jobs and income to Nebraska's rural communities — right alongside the growing ethanol industry — by feeding ethanol co-products. To help make that happen, more research needs to be done to make sure the estimated 7 million tons of distillers grains to be produced in Nebraska by 2010 can be fed. That message was reiterated in a letter from the Nebraska Corn Board that was hand delivered to Agriculture Secretary Mike Johanns during the Nebraska Corn Board's joint lobbying effort with the Nebraska Cattlemen in Washington, D.C., this year.

Survey to ID opportunities

With support from a federal grant, the Nebraska Corn Board conducted an extensive survey of livestock producers and feeders in Nebraska and 11 other states. The goal of the survey was to better understand livestock producers' attitudes about distillers grains. Since distillers grains are an important part of the corn-livestock-ethanol equation, the survey will help identify opportunities for increased usage. Results will be released this summer.

Phosphorus concerns examined

Feeding distillers grains may increase the amount of phosphorus in manure. Your Nebraska Corn Board, with support from grants and with the assistance of UNL, continues to examine manure nutrient management from animals fed distillers grains.



Exports

Developing and maintaining foreign and domestic markets is an important part of the Nebraska Corn Board's mission. Being a part of trade missions and trade shows is a component of this, as is hosting trade teams and publishing corn quality reports.

Reassuring domestic customers

Communicating with key domestic customers in California, Oklahoma and Texas continued its importance this past year, especially as corn prices increased and concerns over availability began making their way into news reports. At the World Ag Expo in Tulare, California, Nebraska Corn Board officials reassured end-users that U.S. corn producers would supply enough corn to meet their needs. At the same time, the Corn Board urged California feed suppliers and dairy producers to take a closer look at distillers grains as alternatives to corn in their feed rations. California is the largest domestic export market for Nebraska corn.

Study aims at Mexican market

The Nebraska Corn Board used a USDA grant to examine ways for regional grain shippers in the Corn Belt to help meet corn demands in Mexico. Many shippers in the Corn Belt have upgraded their facilities in order to load shuttle trains and improve efficiencies. Having another rail market would be helpful to the shippers and corn producers. The grant funded two workshops — one in Chicago and another in Guadalajara, Mexico — and was a joint project with the Iowa and Illinois corn promotion boards.

Supporting foreign customers

With about 10 percent of Nebraska corn going to other countries, the Nebraska Corn Board supports the U.S. Grains Council (USGC), which develops export markets for U.S. corn and distillers grains. In addition, the Corn Board helped sponsor an international biotechnology conference — the fifth of its kind — that was coordinated last fall by the USGC.



New Uses

Helping identify and promote new uses for corn is one of the important missions of the Nebraska Corn Board. Ethanol is a great example of this, but so are products like corn-based plastics, fabrics and carpets. Continuing to invest in new uses is important to the future of the corn industry.

Products made from corn have continued to expand, with corn-based plastics becoming more available in a wider variety of applications — from deli containers to gift cards to lipstick cases. Add to that corn-based fabrics used in designer clothing, comfy T-shirts and stain resistant carpet. In fact, the Nebraska Corn Board now has corn-based carpet in its office. To highlight all of these new uses for corn, as well as some that people may not realize, the Corn Board published a New Uses Brochure this past spring.

Field Notes

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the Nebraska Corn Board could invest additional dollars. The plan calls for checkoff revenue to be focused in the following major areas:

- Expanding support for the development of environmentally responsible, economically viable livestock production in Nebraska to enhance rural development, ensure the continued viability of the ethanol industry and provide opportunities for young farm families.
- Stronger commitment to research focused on the use of distillers grains in the diets of all major species — from beef cattle to dairy, from swine to poultry.
- Endowment of faculty positions at the University of Nebraska to ensure the state's leadership in animal nutrition research and to provide educational support for agriculture and livestock production in the state.
- Support for research and extension activities related to environmental stewardship including water usage, nutrient management and animal waste.
- Addressing critical issues such as transportation, marketing, and risk management.

You may find it interesting that this plan focuses less on corn production and more on the development and support for Nebraska's livestock producers, rural development, environmental stewardship and research. The Nebraska Corn Board understands that corn producers do not stand alone in this state. Our success is intertwined with that of our customers, our University and our colleagues in agriculture and rural development. We must work together to help Nebraska capitalize on its unique opportunity to become the nation's leader in the corn-ethanol-distillers grains-livestock relationship — and lay the foundation for statewide economic vitality that will have a powerful and positive effect on Nebraska for years to come.

Think of where we would be today had checkoff dollars not been invested in the development of the ethanol industry, researched the use of distillers grains in cattle or fought for expanded export markets for Nebraska's beef, pork and poultry. Our mission is to keep strengthening the demand for what you produce. We have solicited feedback from the state's major farm and commodity groups, and we welcome your input on this important matter as well.



The CORNER Office

by Don Hutchens,
Executive Director

It's time to go on the offensive for Nebraska's corn industry. For starters, there's no need to apologize for higher corn prices. Nebraska corn farmers are in the business to make money and stay profitable so they can continue to do what they do best: Grow corn! I hope that a new threshold of corn values is being realized and that we never see corn prices below \$2.50 again — if for no other reason than the rising cost of inputs.

But wait — the news media has decided that with higher corn prices, the American consumer will be ravaged with higher food prices. With just a little research they could have given you the facts versus suppositions. Look at recent retail food price data from the Bureau of Labor Statistics for the period of January 2006 to March 2007:

Product	Jan'06	Mar'07
Corn	\$1.98	\$3.76
Milk gallon	\$3.20	\$3.07
Chicken (lb)	\$1.06	\$1.06
Eggs	\$1.45	\$1.63
Pork Chops	\$3.15	\$3.14
Ground Beef	\$2.74	\$2.81

For that 15-month period, the aggregate price increase for these and other related items was 2.1%, compared to the 25-year average annual food inflation rate of 2.9%! Sure, there could be some increase long-term with higher corn prices, but it is insignificant compared to what we will see in higher fuel prices if we don't utilize renewable fuel sources to reduce our dependence on foreign crude. In fact, as the demand for more corn, soybeans and other commodities grows for food, feed and fuel, there should be an opportunity to see higher values across the board. "A rising tide raises all ships," and if that is what it takes to keep U.S. farmers and ranchers in business, then it is a good thing.

Let's just wait and see if today's farmers are capable of supplying this country with corn for both food and fuel, before we sell them short. I'll bet my next meal on a Nebraska farmer or rancher any day.

Research

The Nebraska Corn Board receives numerous research funding proposals each year that cover a wide variety of uses — or new uses — for corn or corn co-products. The Board analyzes these proposals and provides support to those projects that hold the most merit.

Distillers Grains Research

Corn producers have helped lead the charge on new research so livestock can take full advantage of distillers grains. Corn checkoff dollars have funded numerous feeding trials at the University of Nebraska–Lincoln. The Nebraska Corn Board also helped sponsor a distillers grains beef and dairy nutrition conference for animal nutritionists last fall, and is planning a similar conference for swine and poultry nutritionists this summer.

Research grants surpass \$1 million

With two new grants being received in 2006, the Nebraska Corn Board surpassed more than \$1 million in research grants since being awarded its first grant in 2004. Applying for and receiving grants is one way to extend producer's checkoff dollars and help address,

through research, important issues for the corn, livestock and ethanol industries. Grants received are funding research that addresses ways to reduce the risk of phosphorus pollution in surface waters to enhancing market opportunities for distillers grains to irrigation management with a limited water supply.



The March 2007 meeting of the Nebraska Corn Board included a tour of the University of Nebraska's animal science facilities. In this photo, veteran UNL researcher Dr. Terry Klopfenstein (left) discusses various feed rations formulated with distillers grains. Mark Jagels of Davenport (center) listens, while Bart Beattie of Sumner (right) inspects one of the samples. Jagels and Beattie are farmer-directors of the Nebraska Corn Board.

Promotion & Education

The Nebraska Corn Board works to create a positive perception of corn, the corn industry and corn co-products in the minds of consumers and in legislators and regulators in Washington, D.C. We also promote the overall importance of agriculture, including the fact that one out of every three jobs in Nebraska are related directly or indirectly to agriculture (according to the University of Nebraska Bureau of Business Research).

Providing a voice on Capitol Hill

As work continues on the 2007 Farm Bill, the Nebraska Corn Board will represent the interests of Nebraska corn producers in Washington, D.C. Your corn checkoff funds make sure your voice is heard by Congress as it works to construct the new Farm Bill — or any piece of legislation that affects corn production or demand. The Nebraska Corn Board helps assure that members of Congress are aware of your concerns by passing them along and by making annual lobbying visits to Washington to meet with senators, representatives and federal agencies.

Being a resource for the media

From biotechnology to distillers grains to corn-based resins to positive corn-related stories, your Nebraska Corn Board regularly communicates with members of the media and the general public. From radio to newspapers to television, the Nebraska Corn Board works to be a credible and reliable source of information for the media and the public, helping to end myths and misinformation that surface from time to time.

Developing future leaders

The Nebraska Corn Board actively supports efforts of the FFA, 4-H, the Nebraska LEAD program and the Nebraska Ag Youth Institute. This means your corn checkoff dollars help develop and support future agricultural leaders.

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Nebraska Corn Board members represent the eight districts indicated on the map and are appointed by the Governor. One at-large member is elected by the other Board members.



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