

VALLEY 

pivotpoint



Responsive Valley Dealers

SUMMER 2008

IRRIGATION
NEWS, TRENDS,
PEOPLE AND
PRODUCTS



3 Top-Notch
Dealer Training



4 Ready to
Respond



7 Supplier
Spotlight



VALLEY DEALERS ARE READY TO RESPOND

In today's fast-paced society with our drive-thru style of living, we have become addicted to speed. We hate to wait for more than an instant. However, when a pivot goes down during the heat of summer, waiting for service is not only irritating, it can be downright costly.

Thankfully, that's where your reliable Valley dealer steps in to provide the responsiveness you need to get water back on your crop again...as fast as possible! Backed by outstanding company support, an unmatched network of distribution centers and the best training programs in the industry, our dealers are well prepared to keep your equipment moving and doing its job.

At Valley Irrigation, we understand that it's not just the brand or the pivot itself that means the most to you. In many cases, it's more about the people you choose to do business with — your dealer. And without a good working relationship built on trust that's been proven in the field, our quality equipment just isn't worth as much.

This issue of PivotPoint spotlights our vast network of dedicated dealers who stand by ready to respond to any service request, parts need or new equipment order. For example, you can read how a Kansas Valley dealer responded after an EF5 tornado hit in 2007. The first half of 2008 has brought volatile weather to many other areas of the country. Rest assured that your Valley dealer is there for you no matter what Mother Nature may bring.

We firmly believe responsive service matters—so much so that we made it one of our five Valley Values. Responsiveness ranks right up there with reliable and durable equipment, precise application solutions and easy-to-use systems. We are ready to respond, so visit with your local Valley dealer to see what we can do for you — and how fast the Valley team can make it happen!

Thank you!
JIM BROWN
Vice President, Sales & Marketing

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PivotPoint magazine is distributed by your local Valley dealer as a complimentary publication throughout the United States, Canada and around the world. It is published by Valmont Industries, Inc. U.S.A., Valley, Nebraska 68064. VALLEY is a registered trademark and a brand name. Valmont is a registered trademark and the name of Valmont Industries, Inc. U.S.A. Reproduction in whole or in part without permission of the publisher is prohibited. ©2007 Valmont Industries. All rights reserved. Printed in U.S.A. Agreement Number: 40030579.

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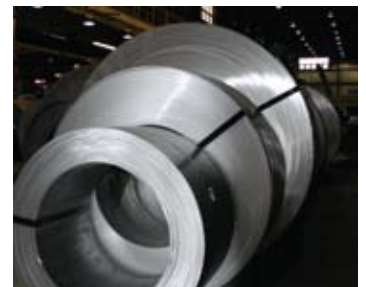
Special promotional offers valid only at participating Valley dealers in U.S. and Canada.

Cover photo: DeLon Crapo, Oliver Irrigation, Lethbridge, Alberta, Canada

Points to Ponder

Effects of rising steel prices

Globally, the price of steel has been rapidly rising because domestic and international steelmakers have endured higher input costs and must now pass these increases on to its manufacturing customers, including Valmont Irrigation. Starting in January 2008, the Valley domestic steel suppliers have adjusted prices monthly to the point that they have more than doubled in a matter of months. As a result, Valley is projecting its costs to be up 35-40% this year.



Valley uses flat hot-rolled steel that comes in as coils to factories in McCook and Valley, Nebraska.



Steel prices soar

Steel prices have soared since January 2007 as worldwide demand for the metal booms. Cost of a gross ton of hot-rolled band steel on the U.S. market:



Source: USA Today

January 2007-April 2008

Check your insurance

Due to escalating pivot prices, it is highly likely that your irrigation equipment is under insured. We encourage you to contact your insurance agent to review your coverage. Before making that call, talk to your Valley dealer to determine the current replacement cost of your equipment.

DEALER TRAINING IS TOP-NOTCH SO QUICKER RESPONSE SAVES YOUR BOTTOM LINE



Rudie Nemeec (left) works one-on-one with service school participant Darle Ponstein of Aqua-Tec Irrigation, Holland, Michigan.



The Valmont service school features a "mini-pivot", giving participants hands-on experience.

Education, expertise & experience equals excellence

Why should you care if your Valley dealer has had access to top-notch training and support from Valmont? Because when your pivot stops in the heat of a dry summer, your crop's yield is threatened and your bottom line is at risk. You can trust that your Valley dealer has the training and technology necessary to trouble-shoot and resolve the problem faster and more efficiently.

Valmont offers a range of schools and training sessions across the country during the off-season. Between November 2007 and April 2008, seven 3-day service schools and one 4-day service school were held across the U.S. These sessions include 40-60 students per class, which results in approximately 350 people who receive training direct from Valmont each year.

These service schools offer a mix of classroom teaching and in-field training, both of which include extensive hands-on practice. "When you're talking and doing, there's better learning," explains Rudie Nemeec, Valmont Service Manager Engineer. Level I and II courses are available and content changes to suit current trends or issues in the field and in the industry, competitive information, as well as keeping up with changes in technology.

"What's more interesting is how much learning happens beyond what we teach, as the students talk to each other on their own," shares Nemeec. "Many times, they glean just as much from other techs as they do from the instructors," he adds.

Existing dealers with decades of irrigation experience still need to attend service schools on a regular basis to keep up with the latest trends and technology. "No matter how qualified or experienced you are, you can always learn something else. A person never quits learning in this industry," admits Nemeec. And as new employees are added to the dealership, they are sent to a school for the education

and background needed to gain the confidence and experience they'll use when working with customers out in the field.

When a brand-new dealer joins the Valley family, they aren't left to fend for themselves, especially if they know nothing about irrigation or are in an area where pivots aren't plentiful. Instead, new Valley dealers are warmly welcomed and given unlimited access to superior support from Valmont that includes extensive education, industry expertise and decades of field experience.

Justin Miller, irrigation manager for Tennessee Tractor out of Jackson, Tennessee, discovered this firsthand when their 40-year-old John Deere dealership decided to add Valley irrigation to its business last fall despite having very limited in-house experience with pivots. "We had to learn it from ground zero all the way up!" laughs Miller.

In just the first six months of business, the tractor-turned-pivot dealership sold 21 pivots. "We'd set a goal of five a year," he recalls. "We've done zero advertising. It's all been word of mouth this year. We put a little Valley sticker in the window in our Jackson store and people started coming in asking us about it."

Miller credits the dealership's early sales success to the support of Valmont standing behind its dealers and helping get them up-to-speed quickly. To begin with, Miller and three other employees attended a school in Georgia, which helped acclimate the group on how the pivot works. "We soaked up the class extremely well," he notes. "Valley training is much more hands-on than Deere training. There is a good teacher-to-student ratio and you get your money's worth. It's very easy to get on board. Even when we hired a new employee, we were able to get them up to speed very quickly," states Miller.

Terry Morgan, former shop mechanic on the John Deere side of Tennessee Tractor is new to irrigation—as in "brand new". He

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No matter the challenge, Valley Dealers are ready to respond

Call it Murphy's Law #393. Pivots will shut down at the most inopportune times.

For **Dave Rowe of Lexington, Nebraska**, it was July 4, 2007. That morning, Dave received alarm messages from his Valley Trackers indicating 12 of his pivots were experiencing problems, for a variety of reasons. With a full day of family activities planned, Dave knew what to do.

"I called Steve Sarnes with CVI, our Valley dealer in Lexington. Steve and Monte Vonasek jumped right on it and by one o'clock that afternoon, the pivots were all rolling again," Dave explains. "Those guys give us excellent service. Anytime, anyplace, anywhere, they're on the job 24/7."



Dave Rowe (front) and Valley dealer Steve Sarnes check the status of Dave's pivots via the Valley Tracker web site.

CVI's response is typical of the service provided by Valley dealers all across the U.S. Valley Dealers strive to provide fast service in critical situations. Just as important, however, are the proactive irrigation solutions that Valley dealers bring to their customers on a regular basis.

"Steve Sarnes has played an important role in helping us convert from gravity irrigation to pivots in recent years," Dave says. "He helped us to understand the convenience and economics of making the switch. Now we're using about fifty percent less water, and our energy usage is at least two-thirds less than with gravity."

"We also need less labor, plus we have the ability to no-till and to apply insecticide, fungicide and fertilizer through the pivots. The pivots also allow us to water crops up and break crust when we need to. Steve has helped us with all of that."

Dave is also excited about the latest Valley innovation, the Tracker Mobile remote monitoring system. "This will be super. Everywhere I go now, whether we're on vacation or at a softball game, I will be able to check on and control the pivots. With gas at four dollars a gallon, this is a great tool."

Another CVI customer, **Scott Philpot of Overton, Nebraska**, grows corn and alfalfa. Scott is also converting from flood to pivot irrigation. He installed his first pivot in 2000 and now has 11 pivots, including four Valley machines. A fifth Valley machine will be installed this fall.

"We've been installing Valley pivots for the past two years," Scott says. "We use the Valley Pro2 panels on them, which Steve recommended to us. I like the features of the Pro2, and it's simple to use."

For Steve Sarnes, being a Valley dealer is all about addressing challenges and delivering solutions to his customers. "You really need to know your customers and understand their farming operations. It's not just about selling someone a pivot—it's about increasing their efficiency and profitability, and making their lives easier."



Dave Rowe and daughter Ellie



Skip Garner (left) and Roy Graham (center) are joined by Terry Winkelman, president of Teeter Irrigation, Garden City, Kansas

Delivering solutions in southwest Kansas

Delivering solutions to customers is what Skip Garner of Teeter Irrigation in Garden City, Kansas has been doing for the past 40 years. From the first water-drive Valley pivots in the 1960's to today's new remote control technology, Skip is constantly looking for ways to help his southwest Kansas customers become more efficient.

"One of the big challenges we have faced in recent years is corrosive water," Skip says. "Parts of this area, especially around the Arkansas River, have very high pH in the water. The salt is very hard on steel pipes. After a few years, it eats right through them."

The solution—poly-lined irrigation pipe. Valley was the first irrigation company to offer poly-lined pipe on its irrigation machines and Skip was quick to introduce it to his customers. **Bob Glunt of Holcomb, Kansas** bought one of the first Valley PolySpan® pivots.

"Skip and Teeter Irrigation do a fine job for us," Bob says. "Even though we do most of our own service work, we do appreciate how quickly they get us parts and equipment when we have a problem. We had a pivot crash in June of 2007 and I was amazed at how quick we had the parts." The parts were shipped out of the Valley distribution center in McCook, Nebraska.

Another customer of Teeter Irrigation in southwest Kansas is **Roy Graham of Triple G Farms near Deerfield**. Roy feeds hogs on contract for Seaboard and runs the hog affluent through his pivots.

"With the combination of corrosive water and the hog affluent, we demand a lot from our pivots. So every pivot we buy now is poly-lined," says Roy. "Skip and the guys at Teeters give us good service. Skip has been very helpful in designing pressures and nozzle packages. And their service guy J.R. knows as much about sprinklers as anybody could possibly know."



Darrell Wood

Responsiveness means rescue when storms damage Kansas pivots

Valley pivots are built to last but were no match for EF5 tornado

In the Midwest, strong storms are a given and tornadoes often occur. While most Valley pivots are sturdy enough to survive pretty strong winds, no pivot is a match for Mother Nature's destructive tornado force. That's what **Darrell Wood of Trousdale, Kansas**, discovered last May when 21 of his Valley pivots were damaged in an EF5 tornado that struck the Greensburg area.

"I've been a Valley customer since 1975 and until last May, I'd only had two systems go down," says Darrell. "They looked like pretzels all twisted up and some had gearboxes busted right off," he shares. "One unit was only 5 years old but you couldn't even recognize it. Thankfully, they were all insured!"

"Right after it hit, I called Don [Schoonover] at 6am at his house," tells Darrell about contacting his Valley dealer, Ag Systems of Larned, Kansas. "It took about 30 days to get everything back up and watering again," he explains.

According to Kent Schoonover of Ag Systems, the tornadoes on May 4-5, 2007 hit a 20-mile swath from Greensburg to Ellenwood, wiping out nearly everything in their path. "I've been in this business for 30 years and I've never seen tornado damage to this degree before!" marvels Kent.

To replace 70 pivots within two months, Ag Systems brought in five set-up crews, in addition to the dealership's own two crews. They worked seven-day weeks with 15-16-hour days.

Wood is very happy with how Ag Systems responded to the crisis. "Don and Kent and the other folks at Ag Systems are the best. They give 110% all the time," he concludes.

Good Profits Even With High Costs

Rich Pottorff, Vice President, Chief Economist, Doane Agricultural Services



RICH POTTORFF ANALYZES DEVELOPMENTS IN U.S. AND WORLDWIDE AGRICULTURE AND DEVELOPS FORECASTS, BRINGING PRODUCERS INSIGHTFUL COMMENTARY ABOUT THE AG ECONOMY. HE RECEIVED HIS DEGREES IN AGRICULTURAL ECONOMICS FROM COLORADO STATE UNIVERSITY.

As you are well aware, farmers are facing high production costs this year. Fertilizer prices are up dramatically, with some products costing nearly twice as much as they did a year ago. Fuel costs have also increased dramatically as crude oil prices reach record highs almost every day. In general, seed costs are up about 30% year over year, according to USDA's Agricultural Prices report in April. Other costs are also up, such as custom operations and chemical pesticides. The actual data won't be available for awhile, but there is little doubt that production costs for 2008 will be record high.



The increases in production costs are very impressive, but not as impressive as the recent gains in revenue. Corn revenue doubled from 2003 to 2007 and revenue will increase by another 45% for 2008-09 based on current new crop futures prices. The story is similar for soybeans with a 40% increase likely for 2008-09. Yields could still be low or prices could fall, but based on current expectations, net returns for crop producers will be the highest ever for the 2008 crop, despite the sizable increases in production costs.

Net returns for an acre of corn could be more than \$600 for this year's crop using the December futures price and trend yields. This compares to a net of \$414 for 2007 and \$240 for the 2006 crop. Before 2006, net returns for corn never got to \$200 per acre, at least not in the period from 1998 through 2005. Soybean net returns are projected at \$450 per acre this year, 50% more than for the 2007 crop, far above any profit recorded in the last decade.

The expected benefits associated with strong profits are augmented by the general belief that good crop prices are here to stay. Few farmers expect crop prices to go back to levels recorded a couple of years ago anytime soon, and most expect good prices and profits to continue. Things can always change, but at least for now the agriculture industry is enjoying some of the most favorable economic conditions that we have seen in decades.

DEALER TRAINING

(continued from page 3)

started on the Valley business in March 2008 and attended his first service school at Valmont just a few weeks later. "I already know a lot more just from the classes and I'll put that to the test out in the field this season, too," he says.

As Miller explains, "Customers have trusted us enough to purchase a pivot. We need to supply the service they expect. We have an excellent reputation on the John Deere side and we need to continue that on Valley side. They're expecting us to be there for them."

Steve Foster, owner of Steve Martell Well Drilling, Somerset, Wisconsin, knows all too well the steep learning curve facing a new dealer in an area unfamiliar with center-pivot irrigation. "The Valmont schools are almost a necessity for us here because we were really in the dark when we first became a Valley dealer last fall," he admits. He's had three employees go to four different schools and he's attended several himself as well. "We have done well not knowing anything about it before we began the business, so clearly the training and support from Valmont makes a big difference," he concludes.



NELSON IRRIGATION CORPORATION

As an irrigation industry icon itself, Nelson Irrigation Corporation is working as a Valley authorized provider, giving customers and dealers a promise of collaboration that leads to improved water application solutions.

“We work with a lot of different vendors. There are very few relationships that have gone so well over the years.” said Jerry Gerdes, Valmont Irrigation Water Application Product Manager. “We work closely with Nelson because they offer quality products and also support Valley dealers and customers before and after the sale.”



Reid Nelson

No stranger to the irrigation industry, the name “Nelson” has been decades in the making in the field of mechanized irrigation. “Our relationship with Valley basically goes back to Valmont Industries’ founder Bob Daugherty and my grandfather, Russ Nelson,” said Reid Nelson, a 4th-generation family member and now vice-president of the company.

Nelson Irrigation Corporation has focused on the agricultural market by designing its own line of state-of-the-art sprinkler products from the pivot point to the end gun. “As the pivot is the platform, our company is involved in all aspects of the water application,” states Nelson. Celebrating 35 years in business, Nelson Irrigation Corporation has supplied sprinkler products on board Valley Pivots that whole time.

End guns await shipment from the Nelson Irrigation plant in Walla Walla, Washington



Innovation from Nelson Irrigation has brought about revolutions such as Rotator® technology on drops and Big Gun® sprinklers. Today, Nelson is a fixture in the irrigation industry, offering what it has termed “geocropical™” water application systems with a full line of products designed for specific field conditions and crops that result in higher yields and quality at harvest.

“We depend on Nelson for many of the products that we utilize in our sprinkler charts. They do an excellent job of designing the sprinkler products and offer continuous improvements,” Gerdes added. “This relationship seems to work very well because we are both bringing something to the table. Our mutual goal is to maximize the grower’s benefits by offering excellent products and the best overall water application solution.”

“I just finished my first service school and the trainers were very informational. That helps me know what I’m doing so I can build confidence with customers since they respect our company,” said Mike Thoreson, set-up foreman of K&T Irrigation, West Fargo, North Dakota. “My favorite part was wiring with the schematics because I learned a lot from that.”

Another first-timer to service school, Telle Manchester, has been in the service department of Agland Electric in Ord, Nebraska for one year. He agrees the classes were very beneficial because instructors explained everything to make it easier to understand. He also found the in-field hands-on aspects of the training very helpful. “The first time you look inside a pivot panel, it’s pretty intimidating. But once you figure out how to read the schematic so you know what each wire does, what it runs and why it’s there, it makes more sense. If you know that, you pretty much know what can be wrong and it won’t take me as long to get it going again,” explains Manchester.

“Anytime you can get formal training, it’s a huge asset,” tells Jeff VandeVoorde, president and co-owner of VandeVoorde Sales in Annawan, Illinois. “I’m very impressed with how informational the classes are and how intent the instructors are that the students really understand the material,” he says.

After more than 30 years as a dealership of grain handling equipment, VandeVoorde took on the Valley business in 2003. He knows that a new dealership and new people require regular attendance at service and sales schools offered by Valmont. He and three other employees attended a service school at Valley, Nebraska in March. It was his sixth time at this type of school, but two of his employees were there for the first time.

“In our area, we can’t find qualified irrigation repairmen so we have to train them and the Valmont schools help make us more professional and more comfortable dealing with customers. In an industry based on your reputation, people rely on you, so you need to know your stuff!”

Walla Walla, WA



Irrigation control in the palm of your hand



Introducing Tracker *Mobile*, the latest advance in Irrigation Management

Valley Tracker *Mobile* makes monitoring and controlling your irrigation equipment easier than ever. With a Smartphone, PDA or a web-enabled device with a Windows mobile browser, you can follow the status of each pivot and control its operations with just a touch – no matter where you are. Easy to understand color-coded symbols and an array of monitoring and control options mean convenience that will save you time, money and hassles.

**Log on to Valley Tracker Mobile at <http://m.valleytracker.com> for a demo.
Or visit your local Valley dealer for more information.**

www.valmont.com/irrigation

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