



*Denny Addis
President,
Plant Nutrient Division*

It is my pleasure to write you after what has to be one of the highest volume spring seasons on record. I'm sure that you and your employees were challenged to a significant degree to keep up with your customers' expectations. You should be proud of what you accomplished this spring.

In looking forward to the next crop production year we encourage you to keep your eyes on several fronts. First, collect your receivables on a timely basis. With much higher nutrient prices your receivables may be inflated over historical levels. However, offsetting higher costs, growers are enjoying improved crop prices; thus, their ability to pay on a timely basis should be good. Second, keep in close touch with your Territory Manager at The Andersons; particularly if you expect your nutrient demands to materially exceed traditional levels. U.S. and world crop nutrient consumption are at historically high levels, and I anticipate that consumption will continue to grow and keep pressure on the supply system to keep up. We are taking many steps to ensure we continue to be a reliable supplier for you. For instance, we're adding more storage, improving our production and product handling efficiencies, and working much closer with the railroads to improve transit times. In addition, we have extended our supply and sales planning time horizon to six to twelve months. So, obtaining periodic estimates from you on your expected purchases from The Andersons can help us ensure uninterrupted supplies for your business.

Many businesses are working longer hours and handling more volume than ever, pushing personnel and equipment to the limit. I encourage you to take extra measures to ensure the safety and health of your employees. The best way to assess and mitigate the risks is to enlist the help of and engage your employees. They will appreciate you for it, and you will sleep better knowing you took the extra steps to ensure their safety.

You should be aware of the very fine work going on at the Nutrients for Life Foundation. This is a non-profit organization funded by The Andersons and many other companies dedicated to communicating and informing the general public on the benefits of crop nutrients. Please take some time to check out their website at www.nutrientsforlife.org. There is a lot of content available in print and on video which you can use in your communities to spread the word and correct the many misconceptions which exist about fertilizers.



We are pleased to announce the newly redesigned Plant Nutrient Group website. The new site can now be accessed directly at www.andersonsnutrients.com or by going to The Andersons main site www.andersonsinc.com and clicking on Plant Nutrient Group.

The new site offers expanded information on our Locations, Territory Managers, and Product offerings. Extended business hours are also posted in season and available from any of the Location pages by clicking on the Extended Business Hours link under the location picture.

The site also has a new logon feature that allows customers to view their current Credit Status and a listing of Open and Paid Invoices for the last three years. Clicking on an Invoice will show the Invoice detail exactly as it appears on the original copy, and it can be printed directly from the site. **Please contact your Territory Manager to submit a request for a logon to the site.**

Please visit our new site today, and provide any feedback on your experience. We want to make sure it has the information you need, and is in a format that is easy to use. You can provide your feedback either through your Territory Manager or by clicking the email link (png@andersonsinc.com) located on the Contacts page.



With the fall application of phosphates just around the corner, a new product affecting phosphate availability in the soil is now available. AVAIL®, a phosphate fertilizer enhancer produced by Specialty Fertilizer Products is now available from The Andersons. Research has shown that 75-90% of phosphate fertilizer gets tied up in the soil, never getting used by the plant. AVAIL® changes this situation, allowing phosphate fertilizer to remain available to the plant, creating larger root systems, healthier plants, and increasing yield potential.



Check with your territory manager, and see what opportunities AVAIL® brings to your customers, as well as opportunities to your business.

AVAIL®: Any Crop. Any Soil. Any Climate.



*Jeff Bradford,
Agronomist*

AGRONOMY CORNER

Fall Applied Nitrogen

It is getting close to that time of the year, time for fall applied nitrogen. What should we consider when making these applications?

Well, let's start with our soils. Coarse-textured, low CEC soils should not have large amounts of nitrogen applied in the fall. These would be sandier soils. These soils do not have the ability to hold onto high amounts of ammonium-N. If the soil cannot hold onto the nitrogen, then it is available for loss. In sandier soils, there is a large potential for loss. Medium to fine-textured soils with a high CEC can hold onto large amounts of ammonium-N. These would be loams, silt loams, and high clay soils. These finer-textured soils have less nitrogen loss potential.

Soil temperature should also be considered. Wait until soils are cooler than 50 degrees F. Conversion of ammonium-N to nitrate-N is slowed down when soils are cooler than 50 degrees F and essentially stops when the soil freezes. Under warmer soils conditions, ammonium-N can rapidly convert to nitrate-N. Nitrate-N is immediately available for loss due to denitrification or leaching.

Consider the nitrogen source. Ammonia, urea, and ammonium-N containing materials are best suited. Ammonium-N is positively charged and can be held on by the negatively charged soil. Nitrate-N containing materials are poorly suited. Nitrate-N is negatively charged and cannot be held on by the negatively charged soil. Nitrate-N is immediately available for loss due to denitrification or leaching.

The last main point would be to use nitrification inhibitors. Nitrification inhibitors stop the conversion of ammonium-N to nitrate-N for a period of time. Again ammonium-N can be held on by the soil. The longer we keep our nitrogen in the ammonium form the better it is protected.

These are just a few factors to think about when applying fall applied nitrogen.



*Product Manager
Steve Eberly*

PHOSPHATE OUTLOOK

We want to thank you for your support during a hectic spring! Most dealers questioned the values when summer fill DAP and MAP tons were offered back in May/June. As it turned out, those were good prices as India stepped into the market in a big way, and values moved back up to near spring levels. Prices look stable through fall. Based on the current supply/demand balance, the lack of carry over inventories, good wheat prices, and steady rumors that India still has some DAP/MAP to buy, there's a better chance for DAP/MAP prices to go up rather than down this fall. The natural resistance to these prices by farmers is tempered by the supply/demand equation that suggests the only thing worse than paying these prices, is not putting on what's needed to get the right yield.

As you know, we are adjusting some of our storage space to accommodate more MAP, and we appreciate your support in this effort. MAP is a more efficient and lower cost source of P2O5. With rock quality in Florida making it more difficult to attain DAP's 18-46-0 analysis without adding cost, it's a matter of time before the spread widens between DAP and MAP values. Why should manufacturers of DAP add supplemental N to their product and then sell it at a discount in the market? Would you? MAP also reduces the amount of expensive nutrients lost when fall or early spring dry applications are followed by rain and saturated soils before the crop can take advantage of the available N. In the last couple of years more folks would have changed to MAP if supply had been available, so we're changing our storage to help give you the confidence that we'll be there when you need us! We're keeping some GTSP in Maumee and Lordstown, but the price spread to DAP/MAP keeps narrowing. So, MAP still looks like the phosphate product of choice as we look toward the future.

We encourage you to watch our progress on the new product Avail®. We have data that supports the claim that this product enhances the efficiency of phosphate uptake by crops. We're doing some testing of our own and will share that information when it's available. In the meantime, you may want to consider some strip tests of your own.

Thanks for your business. We hope you have a great fall!

Keep Your Focus on the Customer

Did You Know?

- Only 5% of customers who have had a problem will ever complain to management; although 45% tell front line employees
 - Most customers just go away because they believe their complaints will not do any good
 - For every complaint you hear, there are 26 additional customers with unresolved problems or complaints and 6 of these are serious
 - You will never hear from these 26 again - and they are the ones who could tell you how to make your business better
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*Rick Feedback
Product Manager*

AMMONIA OUTLOOK Midwest

International prices have firmed up recently due to short supply and increased demand. This will put pressure on U.S. Gulf prices which have been relatively flat for the past two months. First half September prices could be up \$25 over the current levels. This upward trend should continue into the first quarter of the year.

The ammonia supply world wide should remain tight over the next two to three years. The response to the summer fill and fall prepay programs offered back in June has tightened supplies in the Midwest, and prices have rebounded back to early spring side-dress levels. We do expect prices to increase further by the start of the fall application season. We could see prices break through the \$500 per ton level. Spring 2008 prepay FOB the Indiana pipeline was offered at \$510 the week of August 20.

UAN OUTLOOK

The strong demand last spring left most UAN tanks empty after season. Surprisingly, despite this tremendous demand, total Uan imports to the U.S. were down nearly 10% for the year ending in June. The reduction was driven by comparatively low U.S. values. However, rising domestic values over summer should help encourage more imports to the United States, and these tons will be necessary to make up the short-fall in available tonnage due to low ending inventories and forecasted demand for 2007/2008.

We were still in the heat of the spring season in May when nitrogen producers came out with a July / August rail-delivered program. Available tons were restricted as producer tonnage was in short supply following the strong spring demand. Since then, most producers have sold out their production into January, and prices have escalated back to spring season values. Recent sales of UAN have stalled due to the high cost per pound of nitrogen vs. ammonia, and the fact that spring of 2008 is so far away. Even so, we expect an up-tick in UAN prices as urea and ammonia values increase over the next few weeks.

POLYPHOSPHATE OUTLOOK

The drop in acid prices that we normally see in June didn't happen this year. Green acid producers took steep increases to keep pace with rising dry phosphate prices and the higher net backs from industrial acid sales. This will force us for the first time to increase our fall fill prices on base poly over the ending spring prices.

The high demand for poly last spring left most of our terminals with only heels left in our tanks. These low ending inventories, coupled with no additional acid production for the 2007/2008 fertilizer year, will create limited fill tons this fall, which is likely to continue through next spring.



*Tom Langevin
Product Manager*

UREA OUTLOOK

International:

The international scene for the last 60 days has been a buzz with of all things China exporting rather large amounts of urea. Traders found this perplexing considering China's overall demand for this product. Not sure anyone but the Chinese will ever be able to explain the rationale for their desire to sell, but for the most part it put downward pressure on world urea values this summer. During this same time period, India has been playing cat and mouse with the Arab Gulf producers and just in the last two weeks it appears the mouse is going to end up being India. World values have begun to strengthen as the above scenarios play out. The longevity of this price strength is still a big question mark at this point in time.

Domestic:

Just on the heels of the SWFC in San Antonio, TX, most producers were very bearish regarding domestic urea values between now and the end of the year. Granular values in the U.S. Gulf just three weeks ago were breaking below the \$300 level, and most had their sights fixed on \$285. Since this time, we find prices spiking up over \$330. Most of this can be attributed to the lack of foreign imports this summer and tight domestic supplies coming out of spring. Where we are going all depends on a multitude of issues yet to be resolved. UAN certainly benefited by all the corn planted this spring (relative high value of urea versus other N sources) and left many folks wondering where did all the urea business go? With wheat planting down last fall and poor winter weather, only added to the woes for urea. If these issues level themselves out this fall, we trust we will see urea volumes on the upswing. Once again, many speculators question the longevity of this current run-up in values.

POTASH OUTLOOK

International:

With the help of China, India, and Brazil, Canpotex is on pace to hit record potash volumes before the end of 2007. With all reports, volumes are rumored to be on pace to far exceed 10.0 million tonnes for the entire calendar year. While PCS has very aggressive expansion plans at several of their Canadian mines, we look for these increases to barely keep pace with increased demand in coming years.

Domestic:

Do you have your potash owner's manual left over from 2005? The market is in very similar patterns today. We need to look in the table of contents under *allocation* and get back in the swing of things. With current tight supply situations at all production points and warehouses as well, we look for things to be a real struggle this fall. Re-supply after spring has almost been nonexistent so we are going to start the fall with just in time inventories. Stay really close to your territory managers as prices are scheduled to go up October 1 by \$20/\$25 per ton depending on regional locations. I trust this news will not come as a surprise to anyone reading this.

**The
Andersons**

P. O. Box 119
Maumee, OH
43537

We're proud to bring you quality products from the following suppliers:

Agrium

CF Industries

Honeywell

Mosaic

PotashCorp

Terra



*Scott Gebhart
Senior Grain Buyer*

COMMODITY CORNER

The USDA issued new production estimates on August 3rd, and it appears that the corn market dodged a bullet from a production standpoint this year. The current U.S. corn carryout estimate next year is a bit more comfortable at 1.516 billion bushels based on a national yield estimate of 152.8 bushels per acre and a 13.054 billion bushel crop. However, there are a few issues the corn market needs to address as you look into next year's production cycle.

The first issue is that corn demand continues to rise with the current estimate up 200 million bushels at 12.690 billion, very close to current production. At the same time, world corn stocks continue to decline with the latest estimate indicating a drawdown of 700 million bushels since the 2005/2006 marketing year.

The potential problem in this scenario (rising demand, lower world stocks) is that current new crop 2008 economics do not necessarily favor higher corn production potential. New crop 2008 soybeans are currently trading around the \$9 per bushel with new crop 2008 soft red wheat at \$5.75-5.80 which is historically very high priced. Both of these crops are attractive due to lower input costs. Meanwhile, new crop 2008 corn futures have languished around the \$3.90 area with producers looking at higher corn input prices next year. Anecdotal evidence seems to suggest that farmers may go back to more of a normal rotation and plant less corn. Remember, corn acres this past year were up almost 20% from the prior year based on the corn demand story, along with a favorable price relationship to soybeans and wheat.

The market will remain volatile heading into the next marketing year. Based on today's market prices for 2008, it appears that new crop corn for 2008 has some upside potential to insure that we plant enough corn to satisfy demand next year.