



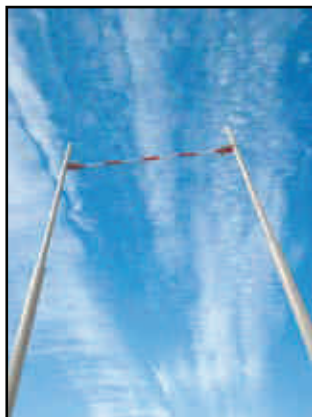
The Point



Raising the bar

Gary Smith, general manager

NorthStar will distribute a record amount of patronage to common stockowners as a result of our fiscal 2008 sales success. In fact, the bar has been raised for coming years as nearly every performance area measurable reached new company records. As a result, common stockowners will receive an 8.3 percent return on their purchases, of which 50 percent (\$435,000) will be distributed in cash. Additionally, preferred stockowners will enjoy a distribution of .57 cents per share, which totals over \$21,000 in dividends.



NorthStar's consolidated sales and service revenues climbed 18.5 percent to a new level of over \$21 million. Many factors played a role in this success including providing quality products and services, new technologies, as well as satisfied customers and stockowners. Certainly a more knowledgeable field staff was also a key ingredient, which is the direct result of our new focus towards employee development and training. The good dairy economy also played a role; but it took more than just that to reach these record levels.

New technologies created many opportunities for growth. Our shared leadership through Select Sires to develop the highest quality, most reliable "sexed" semen product definitely impacted the market and our bottom line. This combined with advancements in bull collection to produce more *gender* SELECTed™ semen allowed our field personnel to capture a larger share of the market. *gender* SELECTed sales grew to 51,454 units, an 80 percent increase over last year. Additionally, advancements in collection processes for conventional semen, combined with industry leading genetics, enabled us to reach a new record of 806,948 units sold. This 9.7 percent increase in unit sales was possible because of the focused expansion efforts in reproduction services through the addition of several new reproduction specialists.

A dedicated team effort by our DHI Services personnel resulted in 5.4 percent more cows on test compared to last year, helping us to reach over 2.5 million cows tested for the year. Both of our milk processing labs turned-in banner years analyzing 2.7 million samples in total. These successes were accomplished while maintaining record turnaround times within the industry. In addition, we expanded our involvement with data collection through a cooperative project including AntelBio and Select Sires to verify animal identification.

The joint efforts of all our field personnel had a tremendous impact on sales of ag products. This past year sales increased over \$430,000, allowing us to reach another milestone of more than \$2.3 million in sales.

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New web site launched

NorthStar Cooperative has a new web site. With a focus on ease of use the home page has several changes including links to the most often viewed pages, as well as a "What's New" section to keep visitors aware of what's new or changing with products, services and technologies. New information has also been added to the site including an "Events" calendar which lists upcoming NorthStar meetings and workshops, as well as key industry events.

The NorthStar web site will continue to undergo updates to ensure that the site is even more useful to visitors. Take some time and visit northstarcooperative.com to see what's new.

Change in semen extender

For more than five

years, Select Sires has been evaluating the use of a milk-based semen extender. After careful analysis the decision has been made to begin using this milk-based semen extender, which Select Sires feels will provide a higher quality product to producers.

The recommendation for thawing and handling semen remains the same as what producers have been used to for more than 35 years (thaw in 95°F water for 45 seconds and protect from environmental temperature changes). The only difference producers may notice is the color of the semen—white, rather than yellow. ★

Enhancing producer profitability through integrated services.

Economic costs of metritis

Julie Ainsworth, PAS, dairy production analyst



Metritis is probably the most important postpartum economic disorder in dairy cattle, causing high economic losses due to prolonged days open and involuntary

culling. Predisposing factors are dystocia and retained fetal membranes, as well as deficiencies in hygiene and metabolic imbalances around parturition.

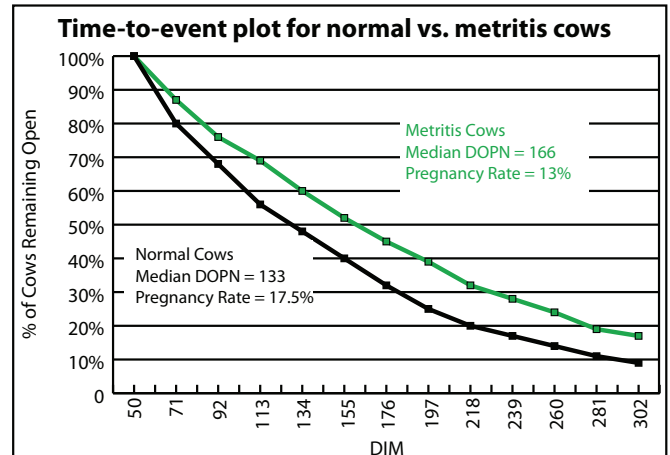
Metritis causes severe economic losses due to costs for treatment, milk withdrawal, reduced reproductive performance and premature culling. Research published in 1986 stated that the cost of a case of metritis was \$106; however current research shows the cost to be much higher.

Recently I attended the Dairy Cattle Reproduction Council (DCRC) Conference where a detailed computer spreadsheet model developed by Mike Overton, veterinarian at the University of Georgia and John Fetrow, veterinarian at the University of Minnesota, was presented and indicates that the average cost of a case of metritis has increased substantially and is now \$358. One difference between the studies that is noteworthy of mentioning is the 1986 study used monthly milk reports, while this model used daily milk weights obtained via milk meters.

The model presented at DCRC uses data from a large California herd and included 500 cows diagnosed with metritis in the first 10 days in milk (DIM). Metritis was defined as the presence of an atonic uterus, a malodorous, watery vaginal or uterine discharge, and a fever of 103°F or greater within the first 10 DIM. Cows experiencing metritis were compared to a randomly selected group of normal cows (not diagnosed with metritis) that were also monitored daily for the first 10 DIM. The overall lactation risk for metritis was 22 percent.

The cows diagnosed with metritis in this study had the following attributes:

- An average of 33 increased days open.
- Pregnancy rate dropped from an average of 17.5 to 13 percent.
- Total average reproductive costs per case were \$109.
- Lower milk production at an average loss of \$83.
- Total loss due to excess culling and death of \$85 on average.
- Total treatment costs varied by the drugs administered, whether the milk had to be discarded or if it could be fed as waste milk. Therefore, treatment costs varied from \$53 to \$109.



In summary, the total cost of metritis in this herd was estimated to be \$358 per case, clearly demonstrating that metritis is an expensive disease problem. If the results of this problem are applied to a 1,000 cow herd and the lactational incidence is 22 percent as in the model, then the total cost of metritis can be estimated at approximately \$79,000. Of course, individual herd costs will vary due to season, nutritional deficiencies, cow comfort potential, definition of metritis, treatments utilized, and many other factors. Regardless of the exact cost, significant financial gains can be made by improving transition management and reducing the risk of metritis.

To learn more about how to reduce the incidence of metritis contact me or your area NorthStar representative to discuss having a dairy production analysis run on your herd. ★

Raising the bar

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Our non-patronage-based business unit, AntelBio, also achieved some new records for samples tested and revenues. Most of this success can be attributed to two keys items: more DHI labs running the AntelBio Johne's Milk ELISA and the expansion of the milk platform to now include progesterone testing. In 2008, two more labs added equipment to run the

milk ELISA's, which clearly supported the 22 percent increase in total revenues and 23 percent increase in sample submissions. AntelBio's leadership has been significant and has played a role in the USDA's decision to include milk testing through DHI samples into the National Johne's Voluntary Control Program Standards which are available for finan-

cial reimbursement should states elect to include this option into their Johne's control programs.

2008 was a great year. Thank you for your trust and confidence and allowing NorthStar to be your choice for service provider. We look forward to continuing to be a valuable part of your operation in 2009. ★