

Grainland Perspective

CUSTOMER NEWSLETTER



Changing to Meet Market Demands



By Rick Unrein, General Manager

I hope this letter finds you and your loved ones happy, healthy and enjoying your summer.

We have been very busy at your organization since our last letter. We have picked up all 600,000 bushels of wheat in the bags, transferred several hundred thousand bushels from elevator locations to the terminal and loaded three more trains in preparation for what we feel should be a great wheat harvest. Your grain teams have also been working hard to make sure your facilities are in tip-top shape and ready to handle your needs in an efficient manner.

We have also had tremendous numbers for our farm-delivered and on-farm grain pickup programs this year. I know Scott Kirkwood, our grain merchandiser, has outlined tentative locations for delivery of all crops, including specialty grains, but it is always worth a call to make sure nothing has changed before you make plans for delivery. We are changing our bidding structure this year to better suit the market in which we are trading. Hard red winter wheat will be based on 12% protein, so make sure you visit with your grain merchandiser about the changes.

Our fuel business has seen a nice increase in diesel sales and we continue to see some progress on the propane side of the business.

The Grainland convenience stores and the A&W have had a good winter and are anxious to get into the summer months, when we'll supply everything you need—and all the extras you appreciate—during this busy season.

Our Car Care locations have struggled

a little with the economy as it is, but are geared up to take care of you during these critical times of planting and harvest.

Feed continues to grow its market share; we have been very busy at both locations.

Equity retirement

I do want to take the time to answer some questions on the information you received in the mail regarding the changes in CHS equity retirements that will become effective on September 1. I will reply to the questions I have received with what I think you want to know, in short form:

You will still be able to apply for, and receive, your equity when you reach the age of 70. The big change for members over 70 is that they will no longer receive 100% of their earnings for that year in cash, but will receive the same 40/60 split that other members receive. CHS is moving to an “age of equity” system rather than the “age of producer” system

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Great Tires at a Great Price

By Larry Nail, Manager, Haxtun Car Care

Looking for a quality tire at an affordable price? We have some good news for you. CHS Grainland is now an official Hercules Tires® dealer. Since Hercules purchased the molds and rubber formulation for their light truck and car tires from Cooper Tires®, when you buy a Hercules tire, you're really getting a Cooper tire at a better price. In my opinion, these are some of the best tires you can purchase for the money.



Better yet, they carry free road hazard protection. Hercules will replace a damaged tire at no cost for the first 2/32", then prorate the payment down to 50% tread depth. That's huge for farmers, who constantly run the risk of a stalk running through their sidewall. Hercules is also offering a \$50 rebate on select tires during the month of June.

We have a nice inventory of Hercules tires, and while we can't stock every tire they sell, we can get any size within 24 hours.

Stay cool anywhere

The heat of summer is coming, and there are few things worse than having your AC go out when you're in the field. That's not

a problem, thanks to our portable air conditioning repair trailer. We have an onboard generator, refrigerant recovery equipment and all the common parts needed to recharge or repair your system. If you can't come to us, we'll come to you.

You can avoid breakdowns by thinking about having your belts, hoses and coolant levels checked before the hot weather arrives. Old radiator hoses can soften and collapse in the heat, cutting off coolant and causing your vehicle to overheat. Let us look everything over now, to save you time and frustration later.

Finally, we will be here for you at harvest. Our harvest hours will be 7:30 a.m. to 8 p.m. Monday through Saturday, and 9 a.m. to 8 p.m. on Sunday. Hours will vary by location and circumstance, so please check.

New Face on Familiar Ground

Brendon Howard is in familiar territory in his new role as a CHS Certified Energy Specialist (CES) working with CHS Grainland: "I've been working in sales for years with an industrial gas company," Brendon says. "This area has also been part of my territory, so I already know many of the customers I'll be working with."

As a CHS CES, Brendon works with all the quality Cenex® products and programs that CHS offers, and can help Grainland customers determine the best product(s) that fit their particular situation. "If you have an energy need, we can find a solution for that need," Brendon confirms.

One program Brendon is working hard to promote is the Cenex Total Protection Plan®. "I'm finding that many of the customers I visit with aren't familiar with what this program can offer," Brendon says. "It really is a unique program that can provide a great benefit to farm equipment owners." The plan provides up to 10 years or 10,000 hours of engine and transmission coverage



on new equipment, when Ruby Fieldmaster® Premium Diesel fuels and Cenex® lubricants are used exclusively. Coverage extends above and beyond the manufacturer's warranty and there is no deductible. "It's really the best warranty in the industry, and I would love to talk with anyone who has questions about it," Brendon offers. The best way to reach Brendon is at his cell phone number: 970-466-2135.

One final note from Brendon: Propane contracts will be available mid-summer, so talk to him if you want to lock in prices for grain drying and the coming winter months.

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they have used for many years.

This change is exactly what most of us were hoping for, because it gives our younger producers a chance to receive their earnings in a much more timely fashion. It is exciting to me and your directors because this is what the original board of directors had in mind when we

merged Grainland, Holyoke and Amherst. I believe it proves the CHS board does listen to what we feel is beneficial in the country. We know how important it is to keep our young producers involved.

Things are changing so rapidly in our world. We are tightening a few things up where possible to get through the trying

times ahead, and I do appreciate any suggestions you might have. Please be assured we do have your needs in mind in all our decisions. Visit with your directors and let them know your feelings.

May your harvest and summer be safe and fruitful. Thanks for the opportunity to be your manager.

Don't Underestimate the Importance of Minerals



By Brian Santistevan, Manager, Haxtun Feed Mill

The importance of a good mineral program may be the most consistently underestimated component of your entire livestock production process. A balanced mineral program is essential for timely reproduction; overall cow, bull and calf health; and optimum rate of gain. If you're not certain that your mineral program covers all the bases, talk to us. We work with nutritionists, have a wide selection of quality minerals and supplements and can tailor a program to fit just about any specific need. We'll be happy to help—either by designing the entire program or just filling in the gaps. And we're always happy to work with new customers.

We'll be heading into creep feeding season in the next couple of months. While profits in cattle haven't been as spectacular recently as they were a couple of years ago, creep feeding still provides a great way to put profitable pounds of gain on your calves. Creeping your calves opens up the opportunity for a bigger return on your investment.

Thanks, Jeanne

One of our dedicated drivers, Jeanne

McClain, retired in May. We appreciate her years of service to our company and wish her the very best in her retirement. The only good thing about losing a great employee is the opportunity to add someone new. We're pleased to bring aboard Kelly Herod, our new teammate in Haxtun.

Putting customers first

Our ongoing goal is to provide the best possible service to customers at all

of our feed locations. We're working especially hard at the Ogallala location to increase our presence in the Sand Hills area, and I believe we're making progress.

I want to close by telling our customers how much my team and I appreciate the opportunity to work with you. We couldn't enjoy the success we have without you. We're always open to suggestions on how to do an even better job.

Quality Is Key for Wheat Buyers

By Scott Kirkwood, Grain Merchandiser



Wheat harvest will be here before we know it! Given the moderate temperatures and beneficial moisture we've experienced, the chances for a better-than-average crop look high.

However, the price fundamentals for wheat definitely have a bearish outlook at the moment. There are adequate supplies of wheat in the U.S. and around the world. The U.S. HRWW stocks-

to-use ratio is approaching 60%, and U.S. wheat exports are expected to be the lowest they have been in the past 20 years.

Given the world supply of wheat, the quality of our crop will be a key factor for both domestic and export buyers. The quality factors that buyers are generally focusing on are protein (12.0 protein), good test weight and .60 dockage. Some buyers are now requiring testing for other quality factors, including falling numbers, vomitoxin, etc. As a result, effective June 15, 2016, Grainland hard red winter wheat bids will be based on basis 12.0 protein, with market scales up and down. Hard white wheat in the Ardent Mills program will not be affected by this. Please feel free to contact any grain merchandiser if you have questions regarding this new pricing schedule.

Once again, CHS Grainland will be offering both Price Later and Price Later Advance contracts. We encourage producers to also place Target Orders to eliminate the need to constantly watch the market. Please feel free to contact any grain merchandiser with marketing questions or to discuss our grain programs.

We will be accepting hard white wheat at some, but not all, CHS Grainland locations. We will be accepting the Snowmass variety at Amherst, Holyoke and Haxtun. The premium for Snowmass is .80 cents over the HRWW price, plus an additional premium of .20 cents for protein at 13.0 or better. The NuGrain, Thunder and Sunshine varieties will be taken in Amherst, Holyoke, Haxtun and Fleming. The premium for both NuGrain and Thunder varieties will be .40 cents over the HRWW price, plus an additional premium of .20 for protein at 13.0 or better.

We ask that you contact any CHS Grainland office if you have new grain accounts or need to update any of your grain accounts.

Have a safe and bountiful harvest!

Partnership Creating Solutions

By Anthony Brass, General Manager, CHS A.I.P.



The first spring of the new Agronomy Internal Partnership (AIP) between CHS Grainland and CHS Yuma is well underway. We have experienced a few growing pains along the road, but overall, I am very pleased with the ability of our team to come together for a common goal: the ability to supply and service our owner-growers. We wouldn't be here without your continued support.

I challenge our team each day they walk through our door to think about what they can do to help our owners remain relevant and successful. We strive to be the supplier of more than just another

commodity. Our area is a saturated market, and if the only value we bring is to supply you with another commodity, we are not living up to our expectations or helping our owners grow. Instead, we hope to provide needed solutions.

An example of owner-driven solutions is our recent agreement with TerrAvion. TerrAvion is an imagery tool we can offer growers to help them increase efficiency and profitability. There isn't an imagery solution in our market that can provide the kind of detail produced by TerrAvion. That detail, combined with our knowledgeable Agronomy YieldPoint™ sales team, yields results that are second to none. This is just one of the many solutions we continue to develop to keep your operation moving forward in 2016. If you'd like to hear more, please remind your AYS the next time he or she is on your farm.

Search for Operational Efficiency is Ongoing

By Bob Schaefer, Operations Manager

Last year at wheat harvest time, I said it seemed that wheat has nine lives: yet again, the wheat crop endured multiple threats from Mother Nature and gave us all a good crop. That large wheat crop last year, coupled with big millet yields and a huge corn harvest, left CHS Grainland facilities full to the brim . . . and then some. With all the recent moisture, it appears we can expect another high-yielding crop season.



As you may know, CHS Grainland's grain facilities provide in excess of 22 million bushels of storage capacity. Yet with this current string of great yields, we're constantly searching for the best ways to use our storage space as we move from one crop to the other. We're also working to maintain the grain-handling equipment at a level that offers harvest time speed and convenience.

Terminal a great addition

The new shuttle terminal in Holyoke received new-crop wheat for the first time during the 2015 wheat harvest and will be receiving red wheat again this upcoming harvest. The growers who used the terminal during harvest and throughout the year have been impressed with the speed and convenience of the facility;

it is great to be able to offer our growers such a phenomenal delivery option at harvest time and beyond!

This facility has proven to be a very valuable asset, not only at harvest but also during shuttle-loading operations. To date, we have loaded 15 trains, some destined for such overseas locations as Egypt and Ethiopia. We have also loaded several trains for domestic flour mills throughout the U.S.

Equipment upgrades

We are in the process of replacing some worn grain-handling equipment at our New Haven, Stateline and Brule locations; we are repairing and updating other equipment to optimize performance and convenience during

harvest operations. The replacements and repairs will be completed and ready to go prior to harvest—part of our commitment to offering increased performance at harvest time and year-round.

We are constantly exploring opportunities for expansion and improved performance in our operations, as well as ways to enhance value for the company—all while helping our owners grow. As is the case in your own operations, we are moving forward with due diligence and financial discipline in these tough economic times. We expect to emerge from today's challenges, only stronger and more ready for the challenges of tomorrow.

Have a safe and productive harvest, and thank you for your patronage of CHS Grainland.

