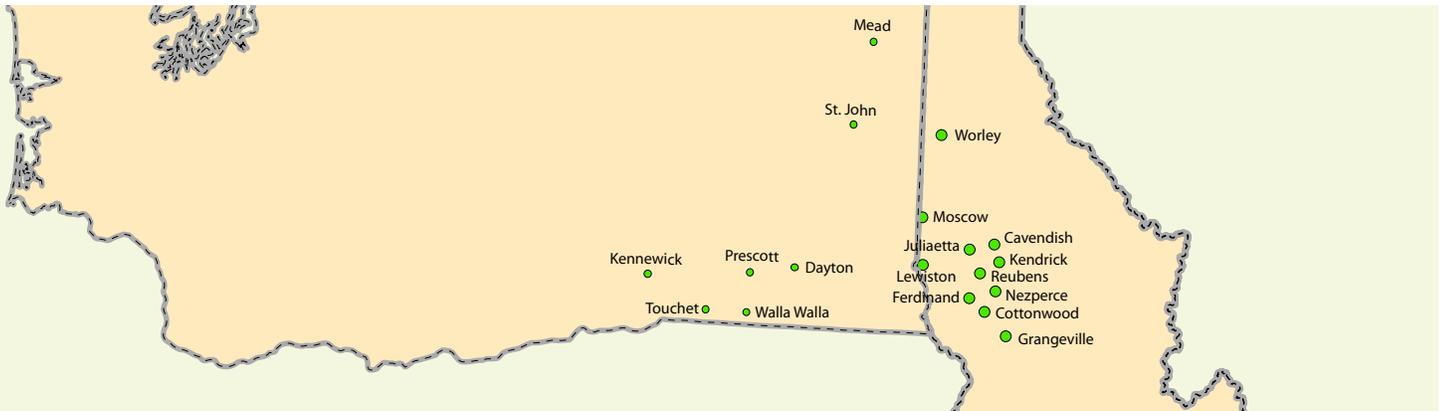


August 2016

Primeland Perspective

CUSTOMER NEWSLETTER



Consolidation of CHS Primeland and CHS Farmers Co-op

You couldn't find two business units more compatible in goals and operating approach than CHS Primeland, based in Lewiston, Idaho, and CHS Farmers Co-op, based in Walla Walla, Wash. When we officially join forces on Sept. 1, 2016, we will all experience the outcome of a long-term close working relationship.

Over the years, conversations in meetings of both our boards touched on a dominant theme: How could we employ our assets to best serve producers in our area? We've shared assets and employees in the busy seasons. We know each other.

Recent construction at CHS Primeland added another dimension to our discussion. When we completed our massive Port of Wilma Agronomy Hub Plant, we created a resource right for sharing.

Our two boards of directors voted

for an arrangement that allows collaboration and mutual access to this outstanding new resource.

The consolidation will yield positive outcomes for both groups of farmer-owners. The new organization will be known as CHS Primeland. To you, the producers, the benefits will be improved clout in the marketplace, as well as increased fertilizer storage capacity, thereby creating opportunities for more favorable prices for agricultural products. The newly combined company will be better positioned competitively, due to our combined size and scope.

We have not yet finalized all the operational details. However, the board of directors will change as we adjust, to assure that producers from all areas are well represented.

You will continue to work with your



*By Ken Blakeman
General Manager, CHS Primeland*

local agronomist who knows your farming operation. I also urge you to investigate our robust credit offerings and energy contracts—additional services that will now be available to you across the entire service area.

Count on dedicated employees from both operations to join forces as they have before. We will work hard to provide a transition that minimizes disruptions for you, our customers.

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2 Learn more about the ways our consolidation will work for you.

4 Our Triple Play for Ranchers

Port of Wilma Agronomy Hub Plant Open House Spotlights Extensive Resources

CHS Primeland and CHS Farmers Co-op have a long-term working relationship. We welcome the new connection with their agronomy team and hope to accomplish more efficiency for our combined customers. That's the vision shared by CHS Primeland Seed and Agronomy Division Manager Ken Mingo and Stacy Beckman, Agronomy Manager for CHS Farmers Co-op, Walla Walla.

The two agronomy managers point to one outstanding tool for making that connection happen. Our Port of Wilma Agronomy Hub Plant offers a massive new resource to all of our patrons. As Ken points out, "The capacity to store more plant food and crop protection products—ahead of the season—gives us power to choose our price."

"And," Ken continues, "Once our purchase volume expands to include CHS Farmers Co-op customers, our leverage in the agronomy products marketplace will increase again."

Stacy says, "Equipment, expertise and a truck fleet to transport our supplies...at CHS Farmers Co-op we have all of those components plus the driving ambition to serve more customers more effectively. What have we needed? Better opportunities to tap bigger quantities of fertilizer and crop protection products and more attractive prices."

"Thanks to our new connection with CHS Primeland, I predict our ability to offer our customers better efficiencies will intensify, and they're going to notice synergies, too. We operate four agronomy locations: Kennewick, Prescott and Dayton, along with the hub office in Walla Walla, Wash."

"Most of the business we do mirrors activities at CHS Primeland. Primary crops in our service area follow the same rotation, though our customers—especially in the Walla Walla area—do raise some other crops," Stacy adds.

An equipment-sharing relationship between CHS Primeland and CHS Farmers Co-op goes back years. Now the new Port of Wilma Agronomy Hub Plant adds to the resources we'll leverage for our combined customer base.





Port of Wilma Agronomy Hub Plant puts increased capacities at your command:

- **24,000 tons dry fertilizer storage.**
- **Just over 2.5 million gallons liquid storage.**
- **17,000-square-foot crop protection warehouse, houses both bulk and packaged products.**

- **Fertilizer blending equipment and the ability to melt products into a liquid formulation.**
- **Accessible to barge, rail and truck deliveries.**

We'll have the ability to produce and supply about any blended crop nutrient you might need. That capability makes this new facility unique in the Pacific Northwest!

Harness Energy Costs and Lean Into Grain Rallies

Customers in the Walla Walla area will be able to take advantage of CHS Primeland energy services right out of the chute. Forward fuel contracting and weekly petroleum update emails from Jeff Hagemann work together.

CHS Primeland began offering forward energy contracts 17 years ago. Even though prices are more difficult to predict these days, customers who commit to the practice are still money ahead, year to year.

Contracting offers you the ability to fix the price on some of your fuel expenses months in advance of purchase. As a result, you manage unforeseeable risks—hurricanes, geopolitical issues and refinery downtime, for example. Most importantly, as Jeff sees it, forward contracting helps you get a handle on at least one aspect of your operating expenses.

To facilitate your contracting decisions, we email information on what's driving fuel prices. Backed up by charts and quotes from respected energy economists, Jeff says these insights

offer more than a gut feeling. You can count on an industry perspective other fuel suppliers don't provide.

Grain Division Manager Russ Braun's information is similarly well-founded, but not particularly optimistic right now. "Nothing in the market outlook changed once harvest began in the Upper Midwest. Yields were as good or better than expected and weather events had little impact on prices."

Russ urges you to sell into whatever brief rallies come along. "Once you get more grain priced and grow more comfortable with your cash flow, we can help you use CHS Compass contracts to extract a cash premium from the market."

Quality grain is worth that premium. Russ says his team is "adamant that you should clean all of your harvesting equipment. We must assure clean and healthy grain products for destinations around the globe. That starts at your farm gate. Don't forget we're handling raw food!"



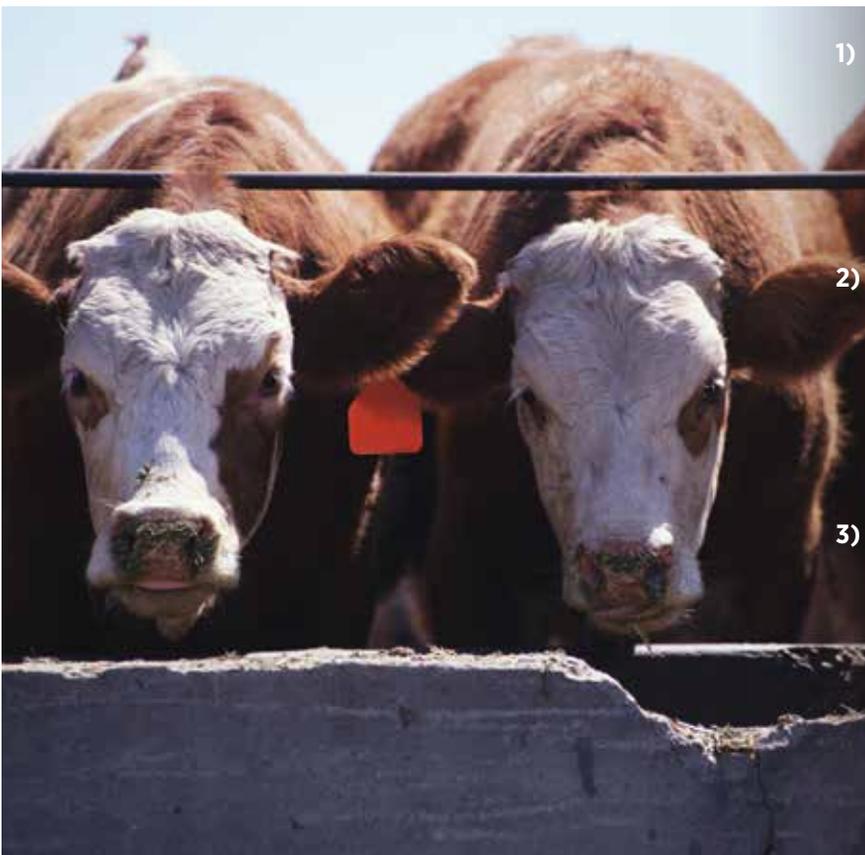
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Welcome new readers from CHS Farmers Co-op!

Our Triple Play for Ranchers



- 1) We're diversifying our feeding programs to improve your stats. Coming this fall, our new liquid product from Westway Feed Products gives you more choices for successfully weaning fall calves. Ask about Primeland Pro-Lix and Primeland Stress Lix—two special formulations for cattle in the Northern Idaho region.
- 2) With this addition to our lineup, we have the ability to serve every cattle rancher with three quality products: Payback® Cattle Feeds, Smartlic® Protein Tubs and Westway Liquid lick tubs. The Primeland Pro-Lix can be used in different applications such as liquid tubs, top dressing for hay or as a mix-in for a custom ration.
- 3) We will have lick tubs and 275-gallon totes available at both the Lewiston and Grangeville stores. Offering the big totes also enables us to deliver these products to our Craigmont and St. John locations. If you'd like to schedule time to learn more about our cattle feed programs, contact Dave O'Donnell at the Lewiston Store (208-743-8602 or 208-791-3467) or John Lamb at the Grangeville Store (208-983-1745 or 208-983-5819).