



January 4, 2016

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Dear Patron,

Thank you for doing business with CHS this past year. Your producer board and management spent much of the year identifying how we can operate more efficiently and make it easier for you to do business with CHS. We've begun implementing some of those ideas through a series of steps that will take a few years to complete.

The first step came with the 12,000-ton dry fertilizer expansion completed this past summer at the St. Charles location. The next is the 16,000-ton dry plant currently under construction located between Grand Meadow, Ostrander and Leroy. We expect that facility to be completed in early fall 2016. Next, we will break ground on a 12,000-ton dry plant in Claremont with construction expected to begin in fall 2016 or spring 2017. While these projects are all agronomy focused, we are also planning grain facility improvements in the coming years.

While we are busy with expansion projects and making improvements, there has also been numerous discussions that are not nearly as comfortable to have. You may have had similar conversations on your farm about retiring a planter or a combine that still operates, but isn't large enough to cover the ground necessary. It is our responsibility to regularly review your co-op's assets and determine what is truly viable and able to meet your needs as your operations grow.

Other agribusinesses like ours are asking themselves these same questions: What do we do with the smaller, inefficient facilities that can no longer serve our patrons' needs in a manner they deserve and expect? What would the cost be to upgrade facilities to the level our customers need today as well as into the future? After much thoughtful discussion, the answer was clear. It is time to begin closing facilities that are no longer able to bring long-term value to our patrons.

Effective January 16, 2016 our grain facility in Elkton, MN, will close permanently. The Elkton agronomy facility will remain open until the new agronomy facility in between Grand Meadow, Ostrander and Leroy is completed. The downtown Spring Valley location will also be closed at the close of business on January 15, 2016.

Your producer board and management team did not make these decisions lightly and we realize this may impact your operation in the near term. Our overriding focus is to help our farmer-owners like you grow and succeed. To do this, we need to continually improve on how we deliver value to your farm. If you have questions or concerns, please feel free to contact any one of our board members or management team.

Thank you again for your business over the years. We look forward to continuing to serve your growing needs for many years to come.

Sincerely,

Mark Grove  
General Manager  
CHS

Tony Rossman  
Chairman – Producer Board  
CHS