

Skyland Grain

At your service.

TOGETHER WE CAN ACHIEVE WHAT WE CANNOT ACHIEVE ALONE

Syracuse Cooperative recently merged with Johnson Cooperative, and today the two cooperatives will do business as Skyland Grain. I will remain an active member, serving on the Johnson Cooperative board of directors, as will Ken Keller.

This merger makes sense for many reasons—specifically because it exemplifies the foundation of the cooperative model. Together we can achieve what we cannot achieve alone.

United, we are fiscally stronger. As one cooperative within Skyland Grain LLC, we are able to become even more efficient, maintain a stronger balance sheet and enhance customer service during a challenging time in agriculture.

Overall, the merger allows us to be better positioned for growth and to better weather the challenges brought on by low commodity markets. This merger also allows us to take advantage of opportunities to better serve our customers.

The Skyland Grain LLC business model gives us a voice as a local cooperative as well as access to ADM's worldwide perspective, marketing expertise and access

to global markets. This merger continues to provide us with these benefits.



By Kent Eddy
Board Member of
Johnson Cooperative
620-384-5265

HAMILTON COUNTY WELCOMES A NEW MANAGER

Skyland Grain LLC recently hired a new Hamilton County location manager, Justin Scott, who joined us on April 18. I encourage everyone to stop in and say "hello" to welcome him. ◦

ANNUAL MEETING TIME!

All members are invited to attend their local cooperative's annual meeting. The meetings begin at 6 p.m. followed by a meal at 7 p.m.

CAIRO COOPERATIVE:
May 20, 6 p.m.
Cunningham High School Gymnasium

SKYLAND GRAIN (JOHNSON COOPERATIVE):
May 24, 6 p.m.
Johnson Senior Center
205 E. Weaver Ave.

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Corporate Office
304 East Highland Ave
Johnson, KS 67855

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Eastern Region
Administrative Office
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SKYLAND WILL CONTINUE TO PROVIDE ANHYDROUS AMMONIA

For years, agricultural use of anhydrous ammonia has been exempt from certain Occupational Safety and Health Administration (OSHA) regulations. This recently changed. And although folks are working to reverse this decision, Skyland Grain LLC is striving to comply with OSHA standards. This way, if the decision is not changed, we'll be ready to move forward. There are a lot of moving parts and pieces. We have to evaluate safety and cost to make sure it is the right direction for everyone.

The reason agricultural use of anhydrous ammonia has been exempt from OSHA regulation in the past, is due to the use. In agricultural use, there are only a few trained individuals handling product outdoors. By contrast, when anhydrous ammonia is used in other industries—for example, in a packing plant for refrigeration—it is in a contained environment full of people.

If you have any questions about this, please give me or your local Skyland agronomist a call at 620-492-6210. ◦



By Justin Ochs
Agronomy Manager
620-492-6210

STRONG & CONNECTED

With the Johnson Cooperative annual meeting just around the corner, I have been reflecting on where we are today as members of the Skyland Grain LLC model.

It's a service-first model that also focuses on safety and increasing efficiencies—all the while connecting our local farmers to global grain markets.

I firmly believe if it were not for Skyland Grain LLC and its connection to global grain markets through ADM, Johnson Cooperative would not be where it is today.

Before Skyland Grain LLC, we were out here all alone.

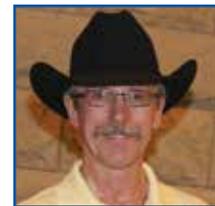
Today, as part of Skyland Grain LLC, our balance sheet is strong. A strong balance sheet enables us to upgrade and build facilities to best serve our farmers' growing and changing needs. The Skyland Grain model means that even when commodity markets are down, Johnson Cooperative remains solid and continues to retire equity.

RECENT MERGER WITH SYRACUSE

As the territory of Skyland Grain LLC has grown, our balance sheet has increased while our risks have decreased.

For example, if an area of the trade territory is hailed out or doesn't receive timely rains, chances are, other areas are OK.

At the same time, the wisdom found on the Skyland Grain LLC board of directors has also increased. When



By Steve Arnold
Johnson Cooperative
Board President

you bring this many farmers and experts to the table, to work toward a common goal, great ideas arise.

For all these reasons, I think the recent merger with Syracuse Cooperative makes sense. It

continues to increase efficiencies and build upon our strengths.

ANNUAL MEETING

I welcome the Syracuse Cooperative members and encourage you all to attend the Johnson Cooperative annual meeting on May 24 at 6 p.m. in Johnson at the Senior Center.

This is YOUR cooperative and the annual meeting is the best event to learn about the direction your cooperative is moving, ask questions and share ideas. ◦

“As the territory of Skyland Grain LLC has grown, our balance sheet has increased while our risks have decreased.”
—Steve Arnold, Johnson Board President

Ask Us to Deliver!

- All agronomic inputs including: chemical, fertilizer, seed
- No-cost chemical delivery to your farm begins with a quick phone call to your local Skyland Grain facility today!

OUR MISSION STATEMENT CONNECTING OUR PRODUCERS TO THE WORLD.

WE BELIEVE:

- All our interactions will be conducted with integrity and responsiveness.
- The safety of our employees and communities is paramount.
- Environmental stewardship is our responsibility.
- Sustainable growth is essential to our future.
- The success of our producers contributes to our success.
- Our financial strength is crucial to our stakeholders.



LEADING YOUR COOPERATIVE

During the Johnson Cooperative Grain Company and the Cairo Cooperative annual meetings, ballot elections will be held for positions on the Johnson and Cairo board of directors. Once elected, a director serves a three-year term.

Selecting leadership for your cooperative is a big decision. Read on to learn more about the board members up for re-election.

Johnson COOPERATIVE BOARD NOMINEES:



BART PARKS

Bart Parks farms Southeast of Johnson with two uncles and his dad, Mark. They raise wheat, corn and sorghum. He and his wife, Lori, have a young daughter.

Why do you want to continue to serve on the Johnson Board of Directors? "As a member of the board, it is my goal to keep our cooperative progressive and always look for new opportunities to strengthen our cooperative. The stronger our cooperative is, the more money we are able to return to members and our county."



STEVE ARNOLD

Steve farms near Johnson, raising dryland wheat and sorghum. He and his wife, Kathleen, have five children.

Why do you want to continue to serve on the Johnson Board of Directors? "I've served on the board since before Skyland Grain LLC was formed. I'm proud of where we are today and who we have become. We did the right thing, for the right reasons. Over the years we have experienced the benefits of belonging to Skyland Grain LLC. It is a proactive business model that is sustainable because we are always looking for better and more efficient ways to serve our members. If re-elected to serve on the board, I will continue to work to make the right decisions for our cooperative and its membership."

Cairo COOPERATIVE BOARD NOMINEES:



JOHN STEFFEN

John Steffen and his son, Jay, run a cow/calf operation and raise wheat and alfalfa near Cunningham.

Why do you want to continue to serve on the Cairo Board of Directors? "I believe in the direction Cairo Cooperative is headed and I want to see the projects we have begun through for the patrons we serve."



PHIL DICKSON

Phil Dickson and his wife, Malinda, farm near Preston. He raises irrigated corn and soybeans as well as dryland corn, milo and wheat. Phil also operates a trucking company with his son, Zeke.

Why would you like to serve on the Cairo Board of Directors? I want to ensure the future of the cooperative and try to get the patrons the best price for their products and services.

SPRING CONSTRUCTION UPDATE

Facility upgrades and improvements that began this fall are wrapping up across Skyland Grain territory. It's exciting to see these projects wrap up one by one! Read on to learn more.

CUNNINGHAM, KANSAS: The permanent 750,000-bushel grain bin and 20,000-bushel-per-hour leg is complete! The eastern region operations office and full service agronomy center should be complete and operational by May 10.

The fertilizer storage tanks (half million and 1 million gallon) should be complete and the scale installed by May 1.

Construction of the new rail spur should start in May. This rail spur will allow us to bring five rail cars at a time to produce our own 10-34-0 fertilizer.

CALISTA, KANSAS: Construction of the 1.2-million-bushel bin and 20,000-bushel-per-hour leg is complete, and the office and new scale is operational.

SOUTH CAIRO, KANSAS: Crews are currently putting up the 540,000-bushel bin. Estimated completion of this bin is May 20. The bin will have a 20,000-bph leg.

Construction of the office and scale should be complete by May 10.

ROLLA, KANSAS: Concrete crews for the 1.2-million-bushel bin will be wrapping up the last week in April. Although we can make no promises, we are doing everything possible to have this location operational by wheat harvest. ◦

Current as of April 21, 2016.



By Guy Martin
COO
Skyland Grain



Construction projects are getting wrapped up across Skyland Grain. This April 7 photo shows the Cunningham office just days from completion.

SKYLAND MODEL WORKS FOR YOU!

One year into Cairo Co-op's investment in Skyland Grain LLC, I realize there are still cooperative members who don't understand the Skyland Grain LLC business model.

I have also visited with several members who understand a portion of it, but have a few things mixed up. Now, when I run into members who don't understand the model, my first question is, "Were you at the annual meeting for Cairo Co-op last year?" and guess what the answer usually is...

Other questions I ask include: "Do you read the information that has been sent out?" And, "Do you go to the meetings held during the year?"

Don't get me wrong here, a majority of members do take steps to be informed. I am not criticizing anyone here, because the patrons are very important to Cairo Co-op and Skyland Grain LLC.



**"Your involvement
in the business of
YOUR cooperative is
important."**

*—John Steffen
Cairo Board President*

I strongly urge ALL patrons, not just Cairo Cooperative patrons, to attend the annual meetings in your area. And if you have time, attend meetings in other areas this

year. This is your chance to be informed and involved.

Your involvement in the business of YOUR cooperative is important.

There has been a lot of construction going on. The annual meeting is your chance to receive first-hand information on these projects, as well as meet the employees and board members. And, if you have any questions, the annual meeting is a great place to get them answered.

It's also a great opportunity to catch up with friends, neighbors and enjoy a good meal together. I hope to see you there this year! ◦



By John Steffen
Cairo Board
President
620-770-9061

GRAIN MARKET UPDATE

The grain markets continue to struggle mainly due to large supplies and very limited demand.

The export market is weak due to several factors, including:

1. The strong U.S. dollar and large crops worldwide—especially in South America.
2. The Chinese economy is slowing down and talks of them opening up their corn reserves have put a halt to most of the milo export programs.

The U.S. government says we are going to plant record corn acres this coming

year, and that has also put a lid on the feed grain market. Very limited demand on the wheat side of things has offset smaller wheat acre numbers. Conditions seem to be surprisingly good for this time of year. Even though Kansas has been dry for the past 90 days, the market assures us every Monday that the next rain is only 10 days away.

There are some talks of dryness in the Ukraine, which could help support wheat prices. At the end of the day, we are still sitting on burdensome supplies of all commodities not only here in the U.S., but in the World as well.

We did get the USDA Report out of the way the end of March. Now the market will focus on spring planting weather which can always get interesting.

As I write this, corn planters are rolling in the Midwest. We all know

that once they start, it will be hard to stop them from getting their 93 million-plus acres planted; even though some say a switch to beans may happen.

If the fertilizer is already put on, it will be hard to switch this late in the game.

Unfortunately, we are at the point in the game when we need some sort of huge weather event to turn these markets around. From a drought in the Corn Belt this summer, to dryness in the Ukraine or too much rain in South America—something has to happen or else we could be in for a long and painful marketing year.

For questions or advice, please give me a call, 620-492-6210. ◦ *Current as of April 7, 2016.*



By Matt Overturf
Grain Division
Manager
620-492-6210



Get to know: TONY LOEHR, EASTERN DIVISION GRAIN ORIGINATOR

Growing up in Garden Plain, Kansas, Tony Loehr spent his summers working on his Uncle Dale's farm. This connection to farming and the desire to help farmers like his uncle return profits, led Tony to a career working in grain marketing.

He started with Cargill more than six years ago, and in November 2015 he joined Skyland Grain LLC as our eastern region grain originator.

"I'm eager to work with farmers and help them with their marketing decisions," says Tony.

In his role as grain originator, Tony will spend his time meeting with farmers to better understand their farming opera-

tions so he can introduce them to risk management products that can help them increase profitability. While stationed in the eastern region he is available to help all Skyland's customers.

"What I do is more about relationships than transactions," Tony explains. "Risk management provides opportunities for producers to be profitable—I enjoy working with farmers and grain marketing keeps me on my toes."

Tony is familiar with the area because it's the same region he covered in his previous position with Cargill. He says that before he joined the Skyland Grain LLC team, he was impressed by the cooperative's model and the people who make up Skyland Grain LLC.



To visit with Tony and learn more about how Skyland Grain LLC's risk management tools can help you market your grain, call 620-518-2818. •



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www.skylandgrain.com



WILL OIL PRICES REMAIN STEADY?

Recently I read an article from Reuters World News Agency. I'd like to share part of that article here.

Oil analysts have raised their average price forecasts for 2016 for the first time in 10 months, but cautioned that investor sentiment may sour short-term without solid improvement in market fundamentals, a Reuters poll showed. The oil price has risen by about 45 percent from 12-year lows close to \$27 a barrel reached in January.

"The recent rally is more a comeback from very bearish sentiment that took place at the beginning of the year with China headlines, Iran sanctions lifted, reasons that we actually found to be an irrational move of the market," Raymond James analyst Luana Siegfried said.

The survey of 31 economists and analysts forecast benchmark Brent crude would average \$38.60 a barrel in the second quarter of this year, against current levels around \$40. For 2016, analysts raised their average Brent forecast to \$40.90 a barrel, from \$40.10 in last month's survey, marking the first increase since last May and up from the current average for the year to date of \$35. The prospect of an agreement among the world's largest producers to keep oil output at January's levels, along with a marked decline in

higher-cost U.S. shale oil output, have fed the belief among investors that January's price lows will mark the end of an 18-month-long rout. Most analysts polled for the survey agreed that the oil price may not have much reason to fall below January's lows, but softer demand projections and a weakening economic outlook could limit the scope for bigger gains. (March 31, 2016)



By Paul Sack
Southwest Kansas
Coop Services
Energy Director
620-492-2126

We continue to see some volatility in the oil market however we seem to be locked in that range from the mid-thirties to the low forty dollar price for crude. If we can believe what the analysts are saying, we should be able to enjoy sub two dollar dyed diesel and unleaded gas for most of the summer. The above forecast of \$40.90 average for the year though would mean that we need to see some upper \$40 to lower \$50 dollar crude this fall to achieve that higher average. We do need to keep an eye on news from the Middle East as any new flare ups from ISIS or fighting in Syria, as well as an agreement from OPEC to cut supply, could quickly send prices higher. So we would recommend that as long as we are seeing these lower prices let's keep tanks topped off. ◦