

Skyland Grain

Make your voice heard

Dear Fellow Skyland Grain LLC Member:

The ability to have your voice heard is one of the great strengths of the cooperative system. Each year, we meet together as fellow farmers to participate in the decisions that will determine how our cooperative can best meet our needs as producers.

I am honored that the five-member nominating committee has again selected me to serve as chairman of the nominating committee this year. The purpose of the nominating committee is to seek out knowledgeable, progressive producers who are willing to give their time and talents in guiding our coop by serving on the Board of Directors.

At our annual meeting, the most important duty we have is to elect from among our members those who are willing to assume the responsibilities of being a director. With the rapid changes we have seen in agriculture over the past few years, the need to have committed and informed directors has never been more important. Skyland Grain is one of the largest farmers' cooperatives in Kansas and Colorado, and we take pride in our mission to advance the interests of our local producer-members. Therefore, we strongly urge you to consider bringing your knowledge and experience

to the coop's Board and sharing your perspective with your fellow producers.

It is the goal of the nominating committee this year to have at least two members nominated to each of the four expiring Board seats. Each prospective nominee will be required to undergo an interview conducted by the nominating committee.

The terms of Fred Hefley, Kenny Bock, Ken Keller and Clay Scott expire this year. The positions held by Mr. Hefley, Mr. Keller and Mr. Scott are in the Western District (all territory west of U.S. Highway 183). Mr. Bock's position is in the Eastern District (all territory east of U.S. Highway 183). Please remember, however, that all eligible voting members of the coop may cast a ballot for each of the director positions at the annual stockholders' meeting. Mr. Keller, Mr. Scott and Mr. Bock will seek the nominating committee's approval to stand for re-election to their respective positions.

After 15 years of dedicated service to your cooperative, Fred Hefley, of Walsh, Colorado, has chosen not to stand for re-election to the Board of Directors.

Continued on page 2

Skyland Grain LLC
Corporate Office
202 S. Main
Johnson, KS 67855

Ph: 620-492-6210
Fax: 620-492-6829

Eastern Region
Administrative Office
109 East 1st Street
Cunningham, KS 67035
Ph: 620-318-6050
Fax: 620-318-6019

SWKS LLC: 620-492-2126

www.skylandgrain.com

Dear Fellow Skyland Grain LLC Member:

Continued from page 1

If you are interested in standing for election as a director of Skyland Grain, please contact any member of the nominating committee no later than April 6, 2018. Please call or email any of us:

Carson Lucas

- 620-424-7574
- carsonluc@gmail.com

Mike Maloney

- 620-491-0796
- maloney41@cox.net

Dean Fitzsimmons

- 620-546-5884
- fitzsimmons.land.cattle@live.com

Jeremy Betzen

- 620-546-3933
- jeremybetzen@gmail.com

Jason Ochs

- 620-952-0688
- farmerochs@gmail.com

Also, if you know of a fellow member of our cooperative who can offer his or her wisdom and insight to better serve us all, please let one of us know. Thanks.

Sincerely,

Jason Ochs
Chairman, Nominating Committee

Introducing the New Skyland Grain App

As Skyland Grain grows and moves forward, we want to keep pace with new technology that will help you be more efficient. That's why we're excited to introduce the new Skyland Grain mobile app. It gives you easy access to your account, so you can check information anytime, anywhere.

- View scale tickets
- Track contracts
- See cash bids
- Follow futures markets
- Monitor markets
- Check pre-paid amounts
- View local weather

The Skyland Grain app is powered by Bushel™—the grain industry's first mobile app platform for elevators and cooperatives to connect with members and deliver real-time information through an easy-to-use mobile app.

Skyland Grain is the first grain elevator in Kansas, Colorado and Oklahoma to deploy a Bushel-powered app. Grain elevators in other states that have deployed the app have seen 75% of their growers download and use the app within the first few weeks of launch.

If you have any questions about the new app, call Justin Ochs at 620-492-6210.

DOWNLOAD THE APP TODAY!

The Skyland Grain app is compatible with both Android and iPhone devices. Go to the App Store or Google Play Store and search for "Skyland Grain" to download the free app.



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 all stakeholders.



Meteorology, Geography and Politics: Grain Markets React to All Three



By Matt Overturf
Grain Division
Manager
620-492-6210

WHEAT PRICES UP DUE TO DROUGHT

We had a nice little rally in the wheat market starting in mid-January. This is a direct reflection of the drought in wheat-growing areas of the U.S.—especially Kansas, Oklahoma and Texas. If we get some good moisture, wheat will probably go on the defensive because there's still a lot of wheat worldwide.

If we don't get much-needed rain for 2018 wheat, you'll want to be able to take advantage of the market running up. Or if we get the needed rains, you'll get the yields—but prices will drop. There are ways to work with either of these scenarios. Just give us a call and we can talk through the details.

SOUTH AMERICA IMPACTS CORN AND SOYBEANS

The soybean harvest underway in Argentina looks to be below average due to dry weather in that area. That caused a significant rally in the U.S. bean market and the corn market.

Why is corn part of that picture? It's because corn and beans will compete for acres when planting begins this spring. If one goes significantly higher than the other, then we would over-plant that crop. So there's kind of a "gentleman's agreement" in the market—never allowing corn or beans to get too far one way or the other. By keeping corn and bean

prices on the same path, it helps make sure the acres don't get too far out of kilter.

KEEP AN EYE ON POLITICAL TENSIONS WITH CHINA

Until recently, approximately 90% of U.S. milo has been exported to China. But things changed in February when the U.S. put a tariff on washing machines and solar panels coming into our country. China retaliated by basically putting what's called an "anti-dumping law" against milo going into their country. For now, that's put a major damper on our milo market.

Going forward, China is a huge wildcard in all of our ag commodities due to political and trade tensions with the U.S. It's no longer just about what's happening here in our backyard. It's a world market—and it all affects your bottom line.

WE'RE HERE TO HELP

So far this year, you've had some decent opportunities to price some of your old crop, and certainly some opportunities for pricing new crops. But with the abundance of grain both in the U.S. and worldwide, those opportunities are probably going to be short and sweet. You need to be ready to take advantage of opportunities when they come up. Skyland Grain offers a number of risk management tools to help you make wise decisions. You can contact me in the Johnson office at 620-492-6210, or Tony Loehr in the Cunningham office at 620-518-2818. We look forward to visiting with you. ◦

Planning Pays Off for Skyland and All of Our Members



By Steve Arnold
Johnson Board
President
620-492-3030

Sometimes you can put a plan in action and Mother Nature slaps you. But last year, the plan worked really well, and we're grateful for that. Minding the balance sheets and merging Cairo and Johnson Coops really freed up some working capital so we could make some decisions on speed and space. That helped our producers during the big harvest last year.

WANT TO GET INVOLVED?

As you can see in the letter on page 1, the Skyland Grain Nominating Committee is looking for good people to run for the board. It does require time and effort. Plus, you've got to be able to think outside the box and look for what's best for the entire company ... not just what's best for your local elevator. That's what makes the whole company do well.

New Projects Will Be Ready in Time for Wheat Harvest

BUCKEYE LOCATION

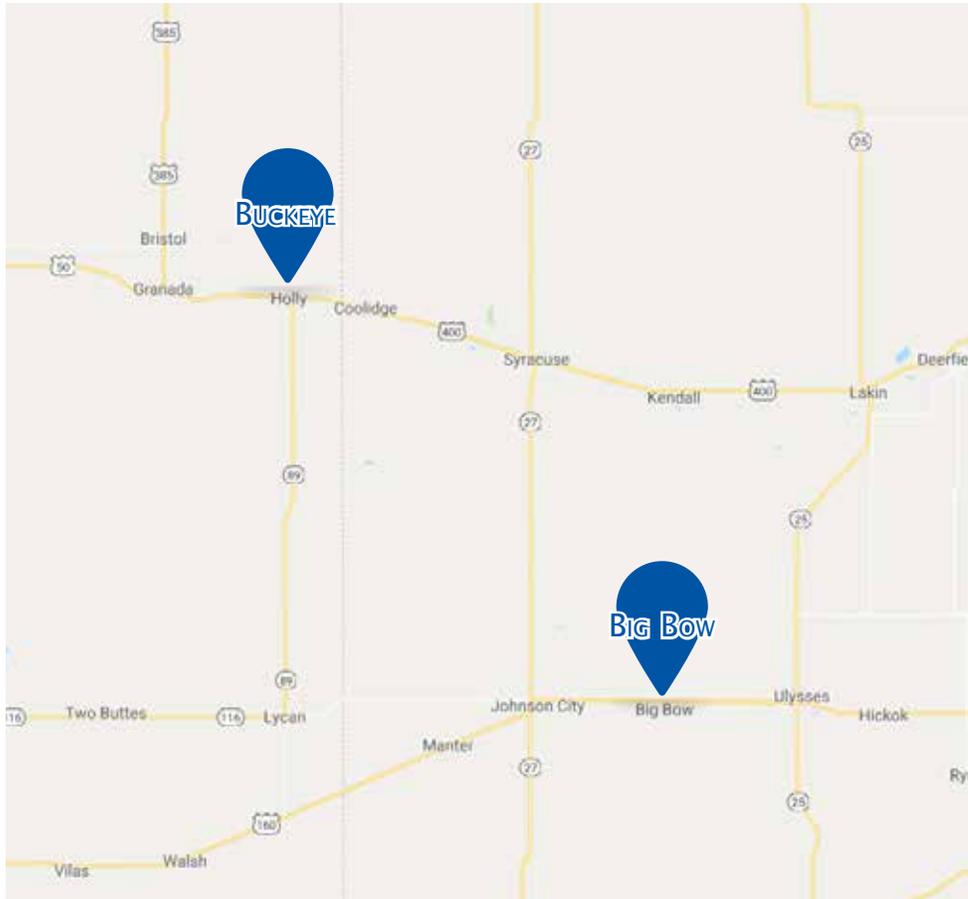
With just one scale, it was always hard to keep things moving during harvest at our Buckeye location near Holly, CO. So we're adding an outbound scale and probe, and we expect this will significantly improve traffic flow for this location.

BIG BOW LOCATION

We are also looking to improve the traffic flow at Big Bow. More on this at a later time. ◦



By Guy Martin
COO
Skyland Grain LLC



If this is something that interests you—or if you know someone you think would serve your coop well—I hope you'll contact the Nominating Committee. I can tell you from personal experience it is rewarding to get involved and help make your coop prosper for the good of all members.

MARK YOUR CALENDARS FOR THE ANNUAL MEETING

This year, the meetings will take place on May 18 for the Eastern District, and May 22 for the Western District. *See page 6 for meeting details.* I always encourage all Skyland Grain members to attend—especially young, active producers. 2017 was a good year for your coop, and that definitely makes the meeting more fun for all of us. I hope to see you at the meetings. ◦

Grateful for a Solid Year in 2017

We finished up Skyland Grain's fiscal year at the end of January, and it was a very strong year for your coop. We look forward to getting together with all members at the annual meetings in May. *See page 6 for meeting details.*



By David Cron
CEO
Skyland Grain LLC

At the previous two annual meetings, we shared our strategy to maximize carries in the grain markets. As a result of holding on to that grain, we ended up with a real nice year in fiscal year 2018. This approach isn't the easiest way to handle grain. It's a lot more work for employees to deal with bunkers and piles, and keep grain in condition. But just like the farmer, we're always trying to maximize income opportunities wherever we can. I feel like we're being rewarded for that now.

PROJECTS ON THE HORIZON

At the last board meeting, we approved building projects at Big Bow and Buckeye locations. *See Guy Martin's article on this page.* We're excited about these projects, and know they will really help improve traffic flow at both locations.

As always, Skyland Grain's success is dependant on your support. We sincerely appreciate your business, and look forward to another successful year working together. ◦

2018 Scholarships

Skyland Grain Continues Commitment to Education

APPLICATION DEADLINE IS MONDAY, APRIL 2

Skyland Grain has awarded \$82,000 in scholarships since 2014. We're pleased to offer scholarships again this year for students graduating from high school this spring.

- Available to graduating seniors who will be pursuing an agricultural or business-related education
- Awarded to students planning to attend a four-year college, two-year college or technical/vocational school

For full details, including requirements and application forms, visit skylandgrain.com, click on Programs and then Scholarships.



2017 SKYLAND GRAIN SCHOLARSHIP RECIPIENTS

| | | |
|-------------------------|----------------------------|------------------------------|
| Jared DeWeese | Skyline High School | Kansas State University |
| Ciara Hodgkinson | Pratt High School | Pratt Community College |
| Drew Krehbiel | Kingman High School | Hutchinson Community College |
| Nick Lucas | Pratt High School | Pratt Community College |
| Jose Mendoza | Stanton County High School | Emporia State University |
| Guthrie Meyer | Elkhart High School | Redlands Community College |
| Ty Montgomery | Skyline High School | Oklahoma State University |
| Chandler Rushton | Holly High School | Dodge City Community College |
| Emily Westeman | Syracuse High School | Colby Community College |
| Catie Wharton | Syracuse High School | Texas Tech University |
| Weston Wilkerson | Syracuse High School | Texas Tech University |

Agronomy

Changes in China Mean Higher Fertilizer Prices Here in Kansas

By Justin Ochs, Agronomy Manager

In the past, China has been an exporter of fertilizer. But due to production issues in their fertilizer plants, China is now importing fertilizer. This has pushed prices upward. We expect this upward trend to continue until we get corn in the ground, so it's important to be proactive. We'll work with you to lock in some prices now before

supply gets tighter ... and prices go up even more.

We also want to remind you that we will deliver chemicals anywhere in the Skyland Grain area. Now is a great time to meet with your local Skyland Grain agronomy team member to make sure you have everything set for planting season. We hope to hear from you soon! ◦

EASTERN AREA

KYLE BANKS, 620-546-3447

SAM KINSLER, 620-491-0681

WESTERN AREA

WENDELL ISBEL, 620-952-2765

CURTIS SCHWEIZER, 620-952-1454

DOUG SEEMANN, 620-492-5154

JUSTIN OCHS, 620-424-7772

OR CONTACT YOUR LOCAL
SERVICE LOCATION FOR
ADDITIONAL DETAILS.





Skyland Grain LLC
202 S. Main
Johnson, KS 67855

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SAVE THE DATE FOR ANNUAL MEETINGS

EASTERN AREA

Friday, May 18, 6 p.m.
 Cunningham High School

WESTERN AREA

Tuesday, May 22, 6 p.m.
 Stanton County Senior Center



Fuel Prices Expected to Climb

After the hurricanes last fall, we've seen sustained higher prices through the winter months, and markets are holding firm at this time. Looking ahead, we always have a jump in gasoline prices of 20 to 30 cents in April, May and June because of the simple fact that they're refining a different type of gas that's not as volatile during the warmer months. Diesel prices are normally higher at that time as well, due to increased demand during planting and harvest season.

If you haven't already done so, we recommend locking up a portion of this coming season's fuel usage to protect against price spikes. Call Cam Walker, Garrett Hodges or me about contracting: 620-492-2126 or 800-869-0727.

MEET JORDAN STEELE

If you haven't already met Jordan Steele, our new refined fuels and lubricant salesman, you should be hearing from

him soon. He's conveniently located between our eastern and western divisions, giving him great access to our entire system. If you would like to talk to Jordan, call 620-952-3601.

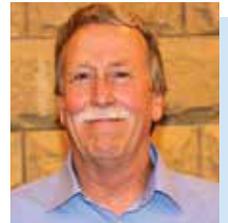
ARLINGTON CARDROL FUEL CENTER NOW OPEN

Our new Cenex® full-line fuel center on Highway 61 in Arlington is up and running. It offers Cenex Premium Roadmaster XL® and Ruby Fieldmaster® diesel fuels; regular, mid-grade and premium E-10 gasoline; as well as DEF (diesel exhaust fluid) at the pump. It's available 24/7 to the general public and Southwest Kansas Coop members. Remember, you get a two-cent-per-gallon discount at the pump when using your

Southwest Kansas
 Coop charge card.

GO ONLINE FOR EASY ACCESS AND BILL PAY

Southwest Kansas Coop has patron access and online bill pay. Just visit www.swkscoop.com for details. ◦



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

