

SPRING 2016

Creating a Vision for Success

This is an incredibly exciting time as we begin the process of blending our two companies into a new and dynamic cooperative that will serve our customer/owners well in the years to come.

Our new board of directors held a strategic planning session recently, and among the topics was a discussion of the vision, mission and values for the “new” Country Partners Cooperative. Here are the results of that discussion:



Tod Clark
General
Manager

- **Our Vision:** A motivational image of what success will look like.
 - o To aggressively pursue the producer and employee of the future by providing best in class products, services, facilities and technology while maintaining continual profitable growth
- **Our Mission:** Why the cooperative exists and what it seeks to accomplish
 - o To be the leading Agricultural Cooperative focused on customers, employees and profitability with integrity, safety, pride and vision
- **Our Values:** The basic beliefs that guide the cooperative’s members as they pursue the cooperative’s mission.
 - Growth is essential for our relevance and sustainability
 - Be a trusted advisor to targeted customers
 - Customer experience matters
 - Fiscally responsible

- Employees are our number one asset and will be treated as such
- Integrity guides our actions
- Clean, well-maintained and safe facilities

Cooperatives are different

Whenever we go through an exercise like this, we are reminded that guiding all of our planning, mission and vision statements, and the way we do business every-day, is another set of values—the cooperative principles. Because cooperatives are owned and controlled by the members who use the services and goods, we play by a different set of rules, so to speak.

The most fundamental difference is the fact that cooperatives are not focused on extracting profits for outside investors, but rather on creating value for our customer-owners. Cooperatives were created to help their members accomplish things together that they couldn’t hope to realize as individuals. That is still the case today, as our success is defined by yours.

Every time two organizations come together, there are a lot of things going on behind the scenes as we work on some of our internal processes. This takes time, is not a surprise, and will ultimately make us better. As we continue to transition, we intend to minimize the impact of these processes on how we interact with you, our customers.

If you have questions or concerns feel free to contact me any time at the office 308-537-7141, on my cell phone 308-631-5876 or by email, tclark@countrypartnerscoop.com. Please, have a safe spring season as you begin your fieldwork. ■



COUNTRY PARTNERS COOPERATIVE PHONE LISTING

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 Fax.....402-395-1721

AMHERST:.....308-826-3285
 Fax.....308-826-2016

ARNOLD:.....308-848-3215
 Fax.....308-848-3218

BARTLETT:.....308-654-3555
 Fax.....308-654-3557

CALLAWAY:
 Agronomy.....308-836-2231
 Fax.....308-836-2748
 C-Store/Station (Bear Pad)
308-836-2226
 Fax.....308-836-2227
 Toll-Free.....888-344-3745

CEDAR RAPIDS:.....308-358-0250
 Fax.....308-358-0263
 Petroleum.....888-368-0250
 C-Store.....308-358-0817

COZAD:
 Energy Facility.....308-784-3106
 Fax.....308-784-3267
 Agronomy.....308-784-4000
 Fax.....308-784-4796
 Agronomy (South) Fax
308-784-2508
 Service Station.....308-784-4501
 Fax.....308-784-4502

EUSTIS:
 Agronomy.....308-486-3551
 Fax.....308-486-3841

FARNAM:
 Feed & Grain.....308-569-2531
 Fax.....308-569-2455
 Service Station.....308-569-2461
 Agronomy.....308-569-2423

GREELEY:.....308-428-5065
 Fax.....308-428-4135
 C-Store.....308-428-4665

GOTHENBURG:
 Main Office.....308-537-7141
 Toll-Free.....866-320-6464
 Fax.....308-537-2249
 Grain & Feed.....308-537-7144
 Fax.....308-537-3880
 Grain Marketing.....308-537-7812
 Agronomy.....308-537-7145
 Fax.....308-537-7646
 Fax - Mark Ballmer.....308-537-7153
 Ampride.....308-537-3405

KEARNEY SEED:
 Main Office.....308-237-2737

LEXINGTON:
 Agronomy.....308-324-2000
308-324-4614
 Fax.....308-324-6578
 Seed Dept Fax.....308-324-3459
 C-Store.....308-324-3468

Fax.....308-324-3500
 Ampride.....308-324-8003
 Fax.....308-324-1730

LOOMIS:.....308-876-2342
 Fax.....308-876-2374

MIDWAY:.....308-396-1461
 Fax.....308-396-1462

NORTH LOUP:.....308-496-4280
 Fax.....308-496-3307

ORD:.....308-728-3254
 Fax.....308-728-5940

PRIMROSE:.....308-396-1650
 Fax.....308-396-1605

SPALDING:.....308-497-2266
 Fax.....308-497-2118
 Feed Warehouse.....308-497-2396

SUMNER:.....308-752-2845
 Fax.....308-752-3014

SUPS:.....402-395-2243
 Toll-Free.....888-787-8811
 Fax.....402-395-8537

WESTERVILLE:
 Agronomy.....308-935-1217
 Toll-Free.....888-344-3739
 Fax.....308-935-1455

Will Weather Give Markets a Lift?

By Scott Hillius, Vice President of Grain

As the other contributors have done, I want to begin my article with a brief professional background. I've worked in the cooperative system for more than 30 years, and I got my start in the grain business dumping grain trucks. I worked as a branch manager for High Plains Cooperative, and after earning my Series 3 brokerage license accepted a grain origination position with Ag Valley Cooperative in Edison, Nebraska. Fourteen years later, I was given the chance to oversee the grain division here in Gothenburg.



With thoughts quickly turning to planting, Country Partners has been steadily moving corn, beans and wheat to market from most of our facilities. Farmer grain movement has been slow, as most of you wait on better prices. Those have been slow to materialize, as demand remains sluggish. Buyers are operating hand-to-mouth as we see poor margins out on the deferred months.

Buyers are defensive, exemplified by Japan and South Korea posting all-time low purchases of U.S. corn. Europe has purchased two million bushels and Africa one million compared to 13 million between them a year ago.

On a positive note, corn used to produce U.S. ethanol is up 4 percent versus the forecast of a 0.3 percent increase in corn grind. We've also seen a seven-fold increase in Chinese ethanol imports, and U.S. soybean exports are exceeding expectations to this point.

The USDA's February supply and demand report showed corn exports down 50 million bushels, imports up 10 million, and ethanol usage up 25 million bushels, for a net 35 million bushel increase for ending stocks—1.837 billion bushels. For soybeans, the crush was down 10 million, increasing ending stock by the same amount to 450 million bushels.

Turning to South America, the Brazilian bean harvest is proceeding normally and more than 25 percent complete. Transportation is still the big issue, with larger-than-usual lineups and loading delays at the ports. The free market reform in Argentina and high U.S. dollar have driven South American corn and bean prices to near-record levels as well.

U.S. markets stuck

Our grain markets remain range bound, hindered by slow economies in China and here at home. Depressed crude oil prices aren't helping, and Argentina's reforms make them even more competitive with U.S. grain. In recent days, spec funds have held record or near-record short positions in wheat and soybeans. Currently, the U.S. has a seven-month surplus of HRW wheat.

At the USDA's Outlook Forum the last week in February, the agency forecasted a 2-million-acre increase in corn plantings and larger ending stocks for both corn and wheat.

There is talk that China—which currently holds 54 percent of the world's corn stocks—will more aggressively sell their corn reserves. Much of that grain has been in storage for a long time, so there are questions about quality. Will they become an exporter? If that becomes the case, it would certainly not be good news.

China's recent purchase of Syngenta is not surprising, as they need to feed their people. With a 93-bushel-per-acre average versus the U.S. average of 167 bushels, they have some catching up to do.

Weather our friend?

So what are the chances of a weather market at some point? There has been much talk about whether La Niña will follow El Niño. Here's what history has to contribute:

We've had a wet November and December. Five of the six worst U.S. corn crops, and four of the six worst bean crops, have followed a wet November/December period.

According to one account I read, in a normal year the U.S. has a one-in-eight chance of below-normal yields due to extreme weather. With El Niño falling out the way it is this year, we have

a one-in-three chance of below-normal yields. The most likely scenario is a wet early season, followed by dry, hot conditions.

With a sub-par yield of 158 bushels per acre and demand similar to this year, our corn carryout would fall to 1.363 billion bushels—which could push prices back into the \$4.50 range. But an average yield of 170 bushels pushes that carryout to almost 2 billion bushels. It will certainly be a year to watch the weather. ■



Striving for Operational Efficiency, Safety

By Ron Rutten, Chief Operations Officer

Our two cooperatives are now officially one, and a lot has been done to bring us together. As is always the case, there's still a lot to be done as we put our systems together and figure out the most efficient ways to go about our business. From a customer perspective, very little will change in our day-to-day operations. You'll still be working with the same familiar faces you were before the merger.



My role has changed to some extent, as I've moved from general manager to chief operations officer. This is actually very familiar territory for me, as operations was my primary focus at Country Partners for many years before I became general manager in the summer of 2013. I'll be working with a number of people to oversee all the operational pieces, plan and budget for major projects, upgrade rolling stock, and achieve optimal operational efficiency.

Our goal is to remain very customer focused, providing the products and services you need at a reasonable price. We'll continue to expand our investment in technology. And while efficiency is something we're striving for, we will never pursue that at the expense of safety for our employees and our customers.

Expansion plans

Looking ahead from an operations standpoint, as Mark stated in his article, wet conditions meant fewer fall acres covered than has been the case in normal years. We'll be

starting out a little behind, and it looks like we may have a wet spring too. This is great for subsoil moisture levels, but will slow our entry into the fields.

We do have one facility expansion project underway—a new liquid fertilizer storage tank and loadout facility in Cedar Rapids. We're also looking into other potential projects for the coming year.

Please stay safe this spring. We like having you around. ■

Sign up for our texts and email updates

It's easy to have the grain futures and our cash bids delivered to you via text and/or email by visiting www.countrypartnerscoop.com and subscribing to this service by clicking the "Patron Message Login" near the top of our homepage and then "Click Here to request a username/password." You will be asked to provide some information about yourself and also to select the messages you'd like to receive. We offer futures markets for corn, beans and wheat along with our cash bids from all of our locations.

The messages for the futures are sent three times on weekdays at 9 a.m., noon and 2 p.m. The messages for our cash bids are sent three times on weekdays at 9 a.m., noon and 3 p.m.

By accessing your account you will be able to change or cancel your subscriptions at any time. Please visit our website to add us to your smartphone.

Grain Policy Changes

Effective May 1, 2016 – Country Partners Cooperative will make the following changes to our grain storage and handling rates:

- Grain Bank Storage will accrue at a rate of \$0.00120 per day (\$0.036 per month)
- Wheat Storage will accrue at a rate of \$0.00150 per day (\$0.045 per month)
- Oats Storage will accrue at a rate of \$0.00150 per day (\$0.045 per month)
- Grain Sorghum (Milo) Storage will accrue at a rate of \$0.00150 per day (\$0.045 per month)

- Rye Storage will accrue at a rate of \$0.00150 per day (\$0.045 per month)
- Handling (In/Out) Charges will be 25 cents per bushel on all commodities currently handled by Country Partners Cooperative (Corn, Grain Bank, Grain Sorghum, Oats, Rye, Soybeans & Wheat)

After our February 1 merger, we found it necessary to do a little "housekeeping" and officially bring all of our storage and handling rates up to date. As required by Nebraska Public Service Commission, a mini-

mum of 30 days notice must be given prior to implementing these changes. Please note: These changes do NOT pertain to grain already on Price Later or Price Later Storage Rates, nor do they replace any of our other Grain Policies currently in place. Also, Grain Bank bushels processed through our feed mills will NOT be subject to the 25-cent-per-bushel handling fees, but instead only posted rolling and/or mixing charges. Please contact your nearest Country Partners Co-op location to answer any questions you may have related to this notice. ■

Up, Running, and Ready for Spring

By Mark Ballmer, Vice President of Agronomy

Since I haven't yet had the opportunity to meet many of the patrons reading this first post-merger issue, here's a little of my background. I began my agronomy career with Farmland Service in 1978 as a mix plant operator, then spent four years as a custom applicator. I became the assistant location manager in Gothenburg in 1984, and then agronomy division manager for Farmland Service Coop in 2003. I've been the agronomy vice president since 2007. I'm also a CCA-certified agronomist.

As I write this, work on the new Gothenburg fertilizer facility is complete, we're filling it with product, and it will be ready to go this spring. Our snow cover has melted, but the fields are still too wet to enter. The wind has been blowing, and we're hoping for dry conditions in coming days so we can get applicators back into the fields before spring fieldwork really picks up.

Farmers nationwide have been hesitant to place fertilizer orders in hopes that prices will continue to drop. I believe we've reached the low point, and I expect prices to head up as we draw closer to planting season. If you've been waiting, it's time to pull the trigger. Come in, talk over your plans with us, and lock in your fertilizer so we can order and have what you need on hand. We have the capacity, but we're not going to order fertilizer until we know someone will use it.

We've been assembling seed orders since the beginning of February. Let us know when you're ready to take delivery, and we'll bring your seed out so you're ready to go when your fields are ready to plant.

New products for this coming season aren't as plentiful as we thought they might be due to the delays in the dicamba-based systems. One to mention would be Resicore™ herbicide from Dow®. Resicore combines three active ingredients with three different modes of action, and is positioned as a residual product that controls a broad spectrum of grass and broadleaf weeds—including many resistant weeds. Talk to one of our agronomists if you want more information.

For those planting soybeans, the best control option continues to be a pre-product with residual activity, followed by a post application that also provides residual control. That's the best approach for hard-to-control resistant weeds.

If you haven't talked through your plan with us, please come in soon to do so. Help us help you, as things will go a lot more smoothly if we know what you're going to need ahead of crunch time.

One final note of interest is the new data management system we're offering from Crop Tech Solutions. They provide a web-based program that pulls a wide variety of financial, market and production data together to provide you with break-evens in real time. It basically puts farm management and marketing at your fingertips. Contact your local agronomy manager for more details on this new opportunity. ■



INSIDE:

Striving for Operational Efficiency

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Merger Opens a World of Energy Opportunities

By Scott Haller, Vice President of Energy

I'll begin this article with some personal background for those cooperative customers who I haven't had the chance to meet yet. I started my co-op career in July of 1989 driving a tank wagon for Farmers Coop Grain Company in Merna, Nebraska. After 10 years there, I spent four years as a Certified Energy Specialist with Cenex, which brought me to Country Partners in 1998. I've been here ever since, assuming the position as energy department manager in 2002. That was my position until I took on my new role as vice president of energy on February 1.

I'm excited about the vast opportunities we have in the area of energy as a result of the merger. Our larger unified footprint gives us both increased purchasing power and opportunities for growth—particularly in some of the underserved areas that exist between our former boundaries. I also look forward to working with Craig Saum, director of energy operations. He's a strong part of the team, as he puts his 37-plus years of energy industry experience to work for a new group of customers.

Energy outlook

Though the road ahead is never completely clear when it comes to energy pricing, we believe we have seen some pretty good buying opportunities in the market. I realize we're just coming out of the home heating season, but now is already the time to be thinking about locking up your propane needs for the winter of 2016-17. Talk to Craig in Gothenburg about contracting opportunities and options.

It seems almost certain we're going to be in a range-bound market for refined fuels barring a major geopolitical event. Again, contracting helps level out some of the risk. If you can lock in the price of at least one of your major inputs at favorable levels, consider contracting some or all of your refined fuel needs.

With prices as low as we've seen them in some time, make sure you top off your tanks for spring and also take care of your bulk lubricant needs. We could see an early spring. ■

