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This Issue:

Roadmap for Research **P 2**

Corn, Bean Sales **P 3**

Elliot Bulk Plant Operational **P 4**

Acquisitions Increase Marketing Options

BY ROGER MILLER, CEO

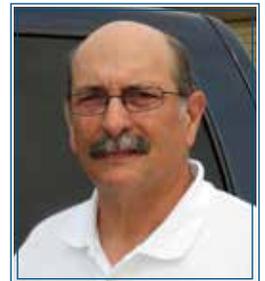
As many of you have no doubt heard, the big news at Premier Cooperative is our March acquisition of three grain elevators in Royal, Collison and Rossville. The opportunity to acquire these elevators from JBS United first came to our attention last May, when we heard they would be up for sale.

One of our goals as an organization is to have elevators on as many Class 1 railroads as we can. With this acquisition, we've gained a 110-car loader on the Union Pacific at Royal, and a 12-car loader on the CSX at Rossville, providing us access to four Class 1 lines. The benefit to Premier customers is the arbitrage possibilities that additional rail options provide.

Another great benefit of these new locations is how well they fit into our existing footprint. Royal is well-positioned between our existing rail loading locations, and we see an opportunity for grain from our

Gifford, Dillsburg and Fulls locations to move toward Royal when prices on the Union Pacific are favorable.

We have been gaining market share in that area, in part because of the uncertainty regarding who the new owner of these facilities would be. I believe that customers in the area are comfortable with Premier, and some of the volume that moved to Thomasboro will now flow back to Royal.



Red pins indicate new elevators purchased by Premier Cooperative.

BY THE NUMBERS

To give you an idea of the additional capacity we've added, Royal offers 6.4 million bushels of storage, drying capacity of 8,000 bushels per hour and the ability to unload trucks at a rate of 60,000 bushels per hour. Collison has 1.35 million bushels of permanent storage, a 400,000-bushel ground pile, a small flat storage building, 4,000-bushel-per-hour drying capacity and can dump 30,000 bushels per hour. It is a truck house that serves processor markets in both Illinois and Indiana.

Continued on page 2





Acquisitions Increase...

Continued from page 1

Finally, Rossville has a 12-car loader on the CSX, which is the best market if you're able to load unit trains, and still offers a very competitive bid for the smaller car lots. It has 1.6 million bushels of permanent storage and a 400,000-bushel ground pile, 30,000-bushel-per-hour truck unloading capacity and a 4,000-bushel-per-hour dryer. We normally flow grain from Ellis and Reilly all the way to Dewey to load, but now we can send some of that grain to Royal or Rossville—about one-third the distance and a substantial freight savings.

The UP in Royal is one of four U.S. railroads that go to Mexico—the leading importer of U.S. corn. Last year, the Mexican export market increased 15%, and it's projected to increase another 15% to 18% this year. We believe that trend will continue. There's also a new shuttle unloader being built to serve the Texas feeder markets, so we expect the market on the UP to continue to improve.

A GREAT ASSET

We're very pleased with the 12 full-time employees who came to us through the acquisition. They bring many years of experience, a great work ethic and a deep knowledge of the grain industry. Thanks to them,

we won't miss a beat with customers at those locations, and we hope to further improve the service they've been receiving.

Operationally, the new locations will be organized as their own region within Premier. Jason Risley will be the the operations manager for that region. Renee Hoffschneider will be the office manager for the Royal office, Brandon Smith will continue as the Rossville location manager and Mike Yeary will be the Royal and Collison superintendent. This is very similar to the organizational structure that was in place under JBS United.

Rossville will also be a full-service settlement location now in addition to the existing settlement office at Royal. Patrons of the former JBS locations should see immediate savings this fall, as our moisture shrink factors and service charges for storage and price later will be lower than what has been charged in the past.

We're happy to have the patrons and employees of our Royal, Rossville and Collison locations on board, and we look forward to serving you in 2017 and beyond. ○

Creating Our Roadmap for Research

BY TIM HUGHES, MANAGER, UNITED PRAIRIE LLC

Favorable weather has enabled us to get a lot of work done early and given us a great jump on spring. We've continued to add and upgrade equipment to make sure we're ready to get the work done in an ever-shrinking planting window.

We've just finalized all the tests and trials we'll be conducting at the Innovation Farm this season. This will be by far our most ambitious and extensive look at new products, practices and trends to date. At the same time, we're also looking at a wide variety of new technologies, such as drones, scouting platforms, weather platforms and more. There are so many new technologies coming onto the market, and we're taking the

same basic approach that we employ at the Innovation Farm: Do they do what the marketing literature says they do? Do they perform right here where you farm?

The big news for spring, of course, is the approval of the herbicide system for dicamba-tolerant soybeans. The labels are evolving constantly, to the extent that what was true a week ago may not be right today. The labels are also not consistent between the various

products. Our agronomy staff is on top of the situation, so please talk to your United Prairie agronomist for the most up-to-date information.

As a company, we're coming off strong fall and winter prepay seasons, and we expect another good year if Mother Nature cooperates. As planting hits high gear, remember we're here to help and look forward to working with you. ○

Connection Central a Great Marketing Tool

BY JIM DETERS, CHIEF FINANCIAL OFFICER

I'd like to call your attention to two valuable features of Connection Central, our customer portal. The first feature allows you to set up notifications for receiving emails and/or text messages from Premier. Currently, notifications can be set up for scale tickets and grain bids.

Scale ticket notifications provide you with the basic details of a load as soon as the scale ticket is completed. Many customers have found this very helpful in managing their harvest logistics and verifying proper application of the loads.

Grain bid notifications enable you to receive an alert of current prices up to five times daily. You may choose one commodity and delivery location or more than one, as well as the frequency of the updates.

If you have an established login for Connection Central, you can set these notifications up yourself by logging in and navigating to the notifications menu under the grain tab. Of course, any of our customer service staff or the staff at the Champaign office can set you up as well.

OFFERS, TOO

The second valuable online service I want to point out is our offers feature. Through your portal access, you can submit offers to price grain currently in the elevator or for future delivery at a desired strike price. Once you are logged in, select "Offer" from the side panel, complete the required fields on the input screen and submit the offer. Your submission will generate an email notification to the merchandising staff. Once you receive an acknowledgement of your offer, it is active until it expires or you notify us to cancel it.

Offers are a good tool to use if you are looking for a certain price opportunity and don't have the time to monitor the markets during trading hours. ○

Corn, Bean Sales Diverge

BY ROGER MILLER, GENERAL MANAGER

With discussions of projected corn and bean acreage dominating the news of late, I thought it would be interesting to show the history of your grain sales to Premier since September of 2016. These charts start off Sept. 6 and run through March. The first column shows the number of bushels sold each month, the second column shows what percentage of total sales column one represents, and the third column shows the futures prices at the end of that month.

In looking at these tables, I can draw two conclusions. You were very aggressive soybean sellers when prices were above \$10, and you have done a good job of selling that crop. Even the sales you made in March came early in the month, when prices were still above \$10.

The second conclusion, which will come as no surprise to you, is that corn hasn't provided many good selling opportunities. Though we saw a bit of a rally in January and February, reflected by relatively strong sales in those months, prices have, for the most part, hovered right around the cost of production.

With the current projections of record soybean and fewer corn acres, many of you are anticipating the potential for better corn prices as we move into summer—a reasonable expectation. One potential roadblock for that rally is South America. Brazil's bean crop was planted early, so it will be harvested early. That will allow the early planting of their second corn crop, the safrinha corn. Forecasters are calling for a growing period three degrees cooler than average, which could boost corn yields. That crop will come to the world market in July or August and could impact summer corn prices here.

The other factor, of course, is weather. As is always the case, issues during the growing season could give corn prices a boost. These are a few of the factors to watch as we head into the 2017 production season. ○

CUSTOMER SOYBEAN SALES HISTORY, 2016 CROP

	SOYBEAN BUSHELS SOLD	% OF SOYBEAN BUSHELS DELIVERED	END OF MONTH FUTURES PRICE
SEPTEMBER	943,588	6.4%	\$ 9.54
OCTOBER	5,853,164	39.7%	\$ 10.12
NOVEMBER	2,244,923	15.2%	\$ 10.32
DECEMBER	1,029,513	7.0%	\$ 10.04
JANUARY	1,704,612	11.6%	\$ 10.24
FEBRUARY	685,530	4.7%	\$ 10.35
MARCH	540,908	3.7%	\$ 9.46
NOT PRICED	1,737,762	11.8%	
TOTAL GRAIN RECEIVED	14,740,000	100%	

CUSTOMER CORN SALES HISTORY, 2016 CROP

	CORN BUSHELS SOLD	% OF CORN BUSHELS DELIVERED	END OF MONTH FUTURES PRICE
SEPTEMBER	5,302,993	12.1%	\$ 3.37
OCTOBER	11,874,572	27.0%	\$ 3.55
NOVEMBER	2,617,581	6.0%	\$ 3.48
DECEMBER	1,812,681	4.1%	\$ 3.52
JANUARY	4,717,306	10.7%	\$ 3.60
FEBRUARY	3,929,540	8.9%	\$ 3.74
MARCH	1,449,179	3.3%	\$ 3.64
NOT PRICED	12,259,148	27.9%	
TOTAL GRAIN RECEIVED	43,963,000	100%	



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New Facility Cuts Turnaround Time, Boosts Service

BY GARRETT BRUNS, NORTHERN ENERGY SALES

Our new Elliott bulk plant is complete, fully functional and is already proving to be a great asset. The biggest benefit is efficiency. Our old plant would loadout at 100 gallons per minute. The new plant operates at a rate of 400 to 500 gallons per minute. Translation: Loading that used to take us an hour now takes 10 to 12 minutes. That's a lot of time we can now use to make deliveries.



This level of efficiency will make a huge difference in the heat of a planting or harvest season, when we often receive orders with less lead time than normal. We'll be able to turn our trucks around more quickly and more often and, hopefully, provide everyone with same-day service when every minute is critical.

The new facility features six 24,000-gallon tanks for fuel and an

underground tank for soybean oil. We can blend that with straight diesel onsite for our biodiesel customers, ensuring the correct blend. Along the same line, all of our trucks have been upgraded with the equipment needed to precisely blend additives into our fuel. That means we can fill the truck with regular diesel, then blend the additives on the spot for customers who request premium diesel.

DEALS ON DEF

Finally, the new building at our location provides additional space for packaged product storage. We'll have more product on hand now to service our patrons, including our Cenex® Total Protection Plan warranty customers. We also have more room for our full line of pumps and hoses.

The fact that the north half of the building is heated and insulated also allowed us to add 6,000 gallons of bulk DEF storage. As a result, we're now delivering bulk DEF to our customers at a considerable savings over the packaged alternative. So from diesel to lubricants to DEF, the Elliott facility is a great resource for Premier energy customers. ○

