

## **CHS invests for assured fertilizer supply**

CHS today announced it has taken a historic step that links member cooperative- and farmer-owners to long-term assured product supply, efficiency and economics.

CHS and CF Industries Holdings, Inc. have agreed to enter into a strategic venture through an equity investment agreement and a fertilizer supply agreement through CF Industries Nitrogen, LLC. The agreement includes a record \$2.8 billion investment by CHS in nitrogen fertilizer manufacturing, through CF Nitrogen.

“This investment links CHS strength as the nation’s largest fertilizer wholesaler with CF Nitrogen’s manufacturing platform, creating supply sourcing efficiency and economics for our owners,” said Carl Casale, CHS president and chief executive officer. “In short, through CF Nitrogen, CHS will be able to add direct value and provide sustained access to dependable, patronage-eligible fertilizer products comparable to our successful 70-year-old petroleum refining platform.”

As part of the announcement, Casale also announced that the company has made a separate decision against moving forward with construction of a proposed fertilizer plant at Spiritwood, N.D., noting that CHS has been a committed North Dakota business and neighbor since its 1931 founding and looks forward to a bright future that includes other investments in the state.

“Our long-term goal has always been to add value for CHS owners through investment in the nitrogen fertilizer manufacturing space. To that end, we’ve continued to look at a variety of options, including the Spiritwood project,” said Casale. “Ultimately, we determined that the construction cost, water supply challenges, overall risk profile and time required for the Spiritwood project had changed significantly since it was first considered. As a result, we concluded we couldn’t achieve the level of returns needed to justify the increased costs and risks.

“We deeply appreciate the tremendous support and assistance from the Jamestown and Spiritwood communities, North Dakota’s governor, elected officials and state agencies and organizations like the North Dakota Farmers Union; and other government leaders who have supported us through our due diligence process.”

Given the dynamic market for nitrogen fertilizer manufacturing and distribution, investing in CF Nitrogen creates access to more immediate benefits to CHS owners and customers than a four-year plant construction window, Casale said. An investment in CF Nitrogen enables CHS to serve its entire customer base through geographically diversified production and multiple transportation modes – including truck, rail and barge – that leverages the CHS distribution system and risk management expertise, he said.

CHS will make the investment in CF Nitrogen, LLC, on Feb. 1, 2016, meaning access to supply and any patronage stream opportunities will be available to eligible CHS owners and customers for the spring 2016 growing season and CHS fiscal 2016 results. CHS estimates that its new relationship with CF Nitrogen LLC will meet about 46 percent of its cooperative- and farmer-owners’ current supply needs. The company will continue to source product from other long-term suppliers to ensure that its owners’ and customers’ needs are met. The LLC agreement will include primary CF nitrogen fertilizer facilities at Donaldsonville, La., Port Neal, Iowa, and Yazoo City, Miss., with a Woodward, Okla., facility added by transaction closing.