



For Immediate Release

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Pendleton Grain Growers to Divest Grain Division Assets

PENDLETON, Ore. – Oct. 28 – Pendleton Grain Growers (PGG), a member-owned agricultural marketing and supply cooperative serving the farming communities of Eastern Oregon and Eastern Washington, will explore options for putting its grain business assets under the control of a third party prior to the 2016-2017 season. The grain division will continue to buy and operate as normal until a transaction is completed, and the organization is committed to only accepting a deal with terms that are beneficial to its members.

After evaluating the results of the 2015 harvest, the board determined that it would be in the long-term best interests of the members of the organization to consider offers of third parties to operate the grain division's assets. A number of entities have expressed interest in acquiring or operating these assets, which include the McNary river terminal, Feedville piles and various upcountry elevators.

"The grain business is one that requires scale to ensure competitiveness, and our grain division did not attract enough handle this year for us to effectively move forward," said Tim Hawkins, chairman of the co-op board. "Without sufficient grain producers using PGG's grain services, it does not make economic sense to continue to operate these assets ourselves. Our first choice would be to find a co-op that is interested in operating these assets, but we have also been approached by exporters who are considering investing. The decision will come down to who offers the greatest value for our members. As always, our goal is to find a balance that guarantees marketing options for our members while also maximizing the value that members realize from their co-op assets."

In 2014 PGG restructured its operations and improved its financial position, significantly reducing its total debt and creating ample working capital reserves. Earnings at the end of June increased \$4 million over the same time last year, and the organization has the cash resources and income to fully secure its commitments and continue operating into the future. PGG does not have a deadline for setting a deal and is committed to securing beneficial terms for the membership.

"We had informed the growers in meetings that the future of the grain business would be evaluated based on the size of the handle this year," said Hawkins. "PGG greatly appreciates the support of the producers that brought us their grain, but there simply were not enough of them."

The board will evaluate all offers available, identify the option that offers the greatest member value and bring that option to the membership for a vote.



About Pendleton Grain Growers

Founded in 1929, Pendleton Grain Growers is a member-owned agricultural marketing and supply cooperative serving the farming communities of Eastern Oregon and Eastern Washington. PGG's mission is to deliver quality agricultural products and services at a competitive price to its cooperative members and customers with superior service. PGG has 67 employees and 1,850 members.

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