Energy, Grains and Foods Resources for the World
Who We Are

- CHS is a diversified Fortune 100 company providing essential energy, grains and foods resources to businesses and consumers around the world.
Recent Highlights

- Fiscal 2009 net income: $381 million
- Fiscal 2009 net revenues: $25.7 billion
- Number 91 on 2010 Fortune 500 listing
- Ninth year as Fortune “Most Admired” company
About CHS

- Serves producers and consumers throughout the United States
- Supplies grain in 60 countries
- More than 8,000 employees worldwide
Our Story

- A rich history reflecting 80 years of serving U.S. producers and cooperatives
- Today’s CHS was created in 1998
Ownership

52,000 individual producers (through company-owned facilities)
Voting members

1,000 locally owned cooperatives serving about 300,000 producers
Voting members

8,000 preferred stockholders (CHSCP on NASDAQ Exchange)
Non-voting owners

CHS
A History of Success

Cash Returns to Owners

$ in millions

$1.8 billion!

$225 million

CHS
Energy
The Journey from Producer to Global Consumer

Producer → Local elevator → Travel to export terminal

Unloaded for the buyer → To foreign port → Loaded on vessel

To the processor → To the retailer → To the consumer
Benefits to Customers

Further diversify origination, so we always have a full basket

• Buyers looking for specific origins
• Different qualities to create unique blends
• Provide Security and Control with Physical Supply Chain
• Manage Risk
Opportunities

Scale, Climate, Soil and Technology

Water

4 F: Food, Feed, Fiber and Fuel

Asian Growth: Strong correlation between economic growth and total protein consumption
Huge Potential for Expansion
Brazil is one of the largest agricultural producers in the world but still has around 106 Mln Ha of unexploited farmland. More Breeding pastures will move to agriculture. This represents another 220 Mln Ha available. Brazil’s competitive advantage in agriculture is attributable to the appropriate weather conditions in the Cerrado area.
The country’s planted area expanded approximately 25% from 1996 to 2008. Mato Grosso accounts for 47.5% of this expansion, followed by São Paulo (15.7%) and Goiás (13%). Soybean accounts for the bulk of this increase.
Soybean production has grown rapidly in Brazil. It grew 101% from 2000 to 2010. An average annual growth rate of 7.23%.

Soybean planted area has also grown significantly. Soy is the crop with the largest planted area in Brazil with over 23 Mln Ha.
Brazil could grow its soybean Area to 30 Mln Ha in 2020.

Potential increase of 2 Mln Ha in the Southern (Traditional) regions.

5 Mln Ha potential increase in the Midwest and Northern (Newer) regions.
But Realizing There Are Still Inefficiencies

Logistics
  Transportation matrix and infrastructural needs

Burdensome Tax Structure

Inefficient Legal System

Skilled labor
The railroad system accounts for 21% of all freight transportation in Brazil and consists of 28,800 Km of track, which is quite limited in comparison with other countries, especially taking into account Brazil’s vast area.

**Exhibit 101: Length and density of freight railroad system**

<table>
<thead>
<tr>
<th>Country</th>
<th>Railroad network density (km / 1000 km²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>3.4</td>
</tr>
<tr>
<td>Russia</td>
<td>5.0</td>
</tr>
<tr>
<td>China</td>
<td>6.5</td>
</tr>
<tr>
<td>Argentina</td>
<td>12.2</td>
</tr>
<tr>
<td>India</td>
<td>19.3</td>
</tr>
<tr>
<td>US</td>
<td>23.5</td>
</tr>
<tr>
<td>Spain</td>
<td>28.6</td>
</tr>
<tr>
<td>France</td>
<td>53.1</td>
</tr>
<tr>
<td>Germany</td>
<td>95.8</td>
</tr>
</tbody>
</table>

Source: ANTF, Credit Suisse
## Logistics: A Comparison Between US, Argentina and Brazil

<table>
<thead>
<tr>
<th>Mode</th>
<th>US</th>
<th>Argentina</th>
<th>Brazil</th>
</tr>
</thead>
<tbody>
<tr>
<td>Road</td>
<td>60%</td>
<td>82%</td>
<td>16%</td>
</tr>
<tr>
<td>Railway</td>
<td>33%</td>
<td>16%</td>
<td>23%</td>
</tr>
<tr>
<td>Waterway</td>
<td>7%</td>
<td>2%</td>
<td>61%</td>
</tr>
<tr>
<td>Average Distance from Port</td>
<td>1000 Miles</td>
<td>200 Miles</td>
<td>1000 Miles</td>
</tr>
<tr>
<td>Average Freight Cost (in US$/Bu)</td>
<td>$1.82</td>
<td>$0.45</td>
<td>$0.71</td>
</tr>
</tbody>
</table>

*Logistical disadvantage can cost over US$ 1,00 per bushel !!!*

Source: Anec
UKRAINE, RUSSIA AND KAZAKHSTAN IS A PART OF SO CALLED BLACK SEA REGION THAT IN 2008/9MY PRODUCED 173 MMT AND EXPORTED 53 MMT OF GRAINS WHICH IS MAINLY SHIPPED VIA BLACK SEA PORTS WORLDWIDE
WORLD WHEAT TRADE IN 2009/10 CAN REACHED 123 MMT
BLACK SEA REGION KEEPS ITS WHEAT RECORD OF 57

Main Wheat Exporters in 2009/10
BLACK SEA REGION HAS HUGE GROWTH POTENTIAL FOR GRAIN/OILSEEDS PRODUCTION AND EXPORT

Black sea region has highly fertile soils, a favorable climate, plenty of human resources and a very good Export Location. The Yield potential in the country is largely underutilized due to poor agricultural practice.

Main Driver for Production Growth is Yield. Acreage is likely to stay stable or increase slightly.

The Yield increase expectations are based on the probable growth of inputs usage and investments in modern technologies.

3 Black sea Total grain Outlook
In Soviet times agricultural policy was via extensive farming
Area expansion preferred over increased yields
Today, total planted areas in Ukraine are 6 ha less than historical maximum, but realistic additional area potential is at 3 - 4 mil ha - the rest of the land is not really effective
Russia has huge area potential growth
Kazakhstan too - but needs more open agri-system
Description of Key Ports

- Biggest UKR Black sea ports are Odesa, Illichivsk, Yuzhny and Sevastopol.
- Novorossiysk is the main RU port on Black sea.
- Annual Throughput capacity of UKR ports make about 28 MMT; RU ports capacity is at 17 MMT. These capacities steadily grow. Needs to grow to 80 MMT + by 2014/2015.
Black sea Grain Production Evolution

- Wheat
- Barley
- Corn
- Others

COMPARISON OF EX-FARM PRICE AND ESTIMATED BRAKE-EVEN LEVEL IN RUSSIA, USD

2009/10 MY

Barley

Milling Wheat

Corn

Break-even level

Current Ex-Farm Price
Risks / Challenges for the Future

- Government Distortion to the Market
- Sovereign Risk / Currency
- Credit Liquidity / Availability
- Use of New Technology
Why Would the U.S. Farmer Want Us Globally?

- Understands the Need for Growth
- His Market is Global
- Hedge Against Their Production and Price Risk
- Maintain Customer Access
- Develops and Enhances New and Existing Areas of Expertise
- Creates Opportunities for Other Areas in the Company
- Platform to Create Direct Ownership / Participation in Other Areas of the World
Thank You!