



Leading the Way: Fostering Innovative and Effective Leadership

Michael Toelle, Chairman
CHS Inc.

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CHS Vision and Mission

Vision

**To be an integrated supply and grain-based
foods system linking producers with
consumers.**

Mission

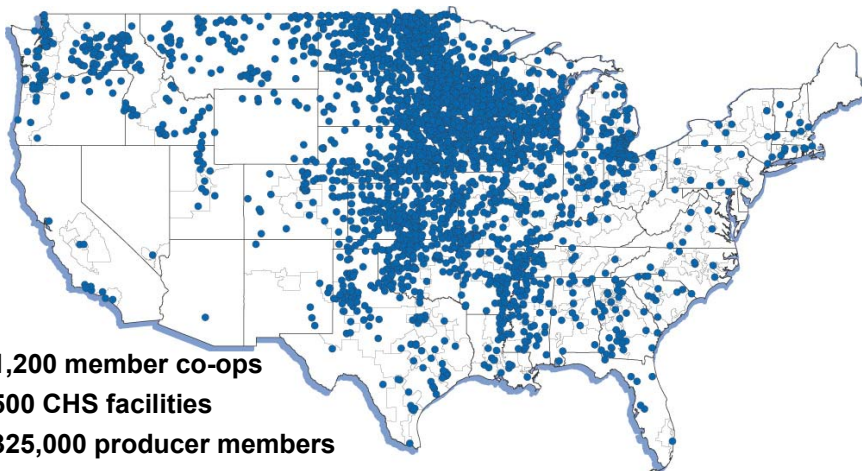
**To improve company profitability and
stakeholder value.**



About CHS

- A diversified energy, agronomy, grains and foods company
- Largest U.S. cooperative
- Number 212 on 2004 Fortune 500 list
- Created June 1, 1998, but roots back nearly 75 years

CHS Trade Territory



1,200 member co-ops
500 CHS facilities
325,000 producer members
7,000 CHS/5,500 partner employees
7,000 preferred stockholders



Financial snapshot

	FY 2003 (full year)	FY 2004 (through 3rd Q)
Net income	\$123.8 mil.	\$140.6 mil.
Sales	\$9.3 bil.	\$7.96 bil.



Cumulative results 1998 - 2003

Net Income	\$617.9 Million
Cash Returns to Owners	\$306.6 Million
Capital Investments	\$732.9 Million

	<u>1998</u>	<u>2003</u>
Equity	\$1 Billion	\$1.5 Billion
Assets	\$2.4 Billion	\$3.8 Billion



CHS Board Priorities

- To provide governance for CHS:
 - With professionalism
 - With oversight
 - With a vision for the future
 - With accountability
 - With commitment to communication



Director development

- Traditional director roles and responsibilities continue
- Increased skills/knowledge needed to “stay the course” in today’s business environment, including legal and regulatory requirements
- 21st Century leadership requires cultivating a visionary, innovative, entrepreneurial mindset
- CHS Board is committed to increasing knowledge and leadership skills to help fulfill company mission and vision



CHS Board Development Objectives

- To enhance leadership skills
- To gain business acumen
- To cultivate entrepreneurial outlook
- To meet and exceed board responsibilities, including required oversight



Development philosophy

A two-component approach:

- Knowledge and skills developed through ongoing board responsibilities and involvement
- Outside professional development opportunities

A formal component of Director Duties and Responsibilities



Development in the Board Room

- Monthly industry insight from staff
- Special presentations (4-5 times each year) from outside experts. Examples:
 - Energy
 - Fertilizer
 - Health Care
 - Grain markets
 - Bio-science
- Board evaluation



Other opportunities to learn

- Member meetings
- Producer roundtables
- Hosting guests
- New Leader Institute
- Washington, DC, trips
- Service
 - CHS Foundation Trustee/representative
 - FFA judging



External development opportunities

Goal:

Each CHS director will attend a minimum 3-4 days annually of professional development outside the boardroom



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[Business Reporting: New Initiative Will Guide Voluntary Enhancements](#)
September 2004, Vol 28, No 9, Pg 1

What's New
Family Business Governance Resources
Rules of the Road -- What the Board Expects from the CFO
Dec. 1, 2004
Jrmi Shoreham Hotel, Washington, DC

Just Released!
Report of the Blue Ribbon Commission on Board Leadership
This new report provides directors with the first profession-wide clarification of how leadership roles should be divided between the leader of the *independent directors* and the leader of the *company*. It also provides recommendations for who should set board agendas, the characteristics and qualities of an independent board leader, the leadership responsibilities of independent committee chairs and board leadership roles in times of crisis. [Review and order now.](#)

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Upcoming Seminars

Nov 9 2004
Role of the Governance Committee: Raising the Bar on Board Policies, Practices and Board Evaluations
(Los Angeles, CA)

Nov 10 2004
What the Board Really Expects from the General Counsel and Corporate Secretary
(Los Angeles, CA)

Nov 16 2004
Role of the Board in Corporate Strategy and Risk Oversight
(Research Triangle Park, NC)

Nov 17 2004
Director Professionalism: Building Board Value
(Research Triangle Park, NC)

Dec 1 2004
Rules of the Road -- What the Board Expects from the CFO
(Washington, DC)



External development opportunities (examples)

- NCFC Director's Workshop 2 days
- Farmer Cooperative Conference 2 days
- National Association of Corporate Directors programs TBD
- CHS-LOL Directors Leadership Institute 2 days
- International trip (4 directors yearly) 10 days
- Skill development (technical, communication, etc.) TBD
- Future opportunities (available or identified) TBD



**Board commitment to
professional development
helps cooperatives fulfill their
visions and missions**

Thank you!