

News from FP Genetics

A Message from the CEO



The beginning of a new year of seed sales is underway now that harvest is complete. Reports are that harvest, for most, was better than expected after a dry start to the year. Harvest forecasts are for an average crop overall. We hope each of you had better results on your farm.

For FP Genetics, 2015 will go down in history as a record year in virtually every business measurement. First, we realized a sales increase in our cereal varieties of over 40%. This increase was driven by wheat and in particular CDC Plentiful which had the biggest launch in company history. AC[®] Transcend sales were outstanding as well. Lead by AC[®] Summit, we also realized a record sales year for oats with growth of over 50%. While we do not have final market reports to determine market growth, we expect we have gained substantial share in the marketplace. This success is a direct result of the commitment and support from many of our shareholders who have made the decision to support their company. More information will be shared at the upcoming fall launch meetings.

FP Genetics was also very successful in

launching our hybrid rye, Brasetto. FP Genetics is working directly with three grain partners who contracted growers to produce rye of high quality to be used for food and beverage uses. The market demand for high quality rye is substantial and we expect future growth which will deliver excellent return to your company.

The yearly financial audit will be conducted in November 2015 and full results will be reported at the AGM in Saskatoon in January. Thank you to all of our shareholders and staff for these impressive results, it could not have happened without each of you contributing to the success of FPG.

The Board of Directors approved the 2016 budget which calls for increases in sales and market share in all market segments. This budget, when realized, will clearly indicate to the market that a small farmer owned company can and will become the market leaders in cereals. Establishing ourselves as the "Cereal Seed Experts" will lead to continued growth.

Our growth is focused on sustaining our leadership in wheat. While sustaining our leadership position with CDC Utmost VB, we also expect substantial growth with CDC Plentiful. Elgin ND is expected to capture a significant share in the new CWIW class. Our presence in other markets will also contribute to the success of FP Genetics. According to your harvest estimates we have the

seed to meet this aggressive growth plan. However, we will need to work together to make sure we can sell all the seed we have. Therefore, we request that you work with your Territory Manager who will assist in your sales plan and help you find a sale with other shareholders for all seed stocks not accounted for by your sales plan. Please do not dispose of any seed that meets certified standards before discussing with your Territory Manager, as we believe the market demand will be there for FPG products.

I look forward to the fall launch meetings in November where we will provide you with much more information on our success in 2015, but more importantly on how we can assist your business success in 2016.

Thank you for making 2015 our most successful year to date.



Rod Merryweather,
CEO, FP Genetics Inc.

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CDC Plentiful Exceeds All Expectation in Launch Year

Thanks to our FP Genetics shareholders and staff CDC Plentiful had an incredible launch year in 2015. The start of this successful launch goes back to 2012 when 10 shareholders planted about 300kgs of Breeder seed with very encouraging results. The task was repeated in 2013 when about 15 shareholders planted all the Select seed and again we had a great harvest. In the spring of 2014 more shareholders were added to the group for a total of 48 growers and we produced a record amount of Registered seed. The company then allowed seed growers the ability to demote about 80% of this seed to certified and then prepared to help them sell all this seed for planting in 2015.

As CDC Plentiful was a key component in our portfolio we dedicated a large part of our advertising campaign to it. We focused on CDC Plentiful's key attributes; high yield, early maturity and market leading FHB resistance. The combination of high yield and early maturity would help sell any new variety. However, after the very high incidence of FHB damage to crops in 2014 having FHB resistance made CDC Plentiful VERY attractive to the commercial grower and the most popular new variety in 2015. That success was achieved even though we suggested the product be sold at a premium due to the value we saw it delivering when compared to other CWRS varieties. And the shareholders that sold CDC Plentiful captured the incremental value.

Our 2015 CDC Plentiful sales exceeded all expectations. It became the biggest launch of a single variety in company history with over 200,000 acres of sales, even with shareholders experiencing

better than market average prices. We are very proud that shareholders and staff worked together to make the launch of CDC Plentiful so successful.

Performance of CDC Plentiful also exceeded the expectations of our commercial farmer customers. They liked it because it matured up to a week earlier than varieties they had previously grown and that meant they got the crop off earlier while other wheat varieties suffered in the rain this past fall. Farmers across all regions reported that CDC Plentiful also delivered very high yields making it one of the best performing CWRS varieties in the market. They also commented on the higher protein and very strong gluten strength making it a desired product for the milling industry. In fact, Warburton found CDC Plentiful to be a great variety and has added several thousand more acres to their contracting program in 2016.

While there were some complaints of lodging especially in wet areas of Manitoba, (which can be expected with taller varieties) they were minimal and should have little if any impact on future sales. The reason we say that, is reports from those areas indicate that CDC Plentiful stood better than most CWRS varieties in the rains and winds

of last fall. Overall, Western Canadian farmers reported that they received top performance from our new variety.

All of us involved in seed production, from shareholders to FPG staff, knew CDC Plentiful was going to be our next great variety. Knowing that, we undertook a huge multiplication program in 2015 that positions us with seed of all pedigrees to sustain future CDC Plentiful sales. In 2016 we expect to more than double our impressive 2015 sales and early demand from farmers is proving our expectations are correct.

CDC Plentiful will continue to be popular, and will be the FP Genetics flagship, until we launch new (and improved) products in 2018 that we recently acquired.

As we move into the future we need more shareholders to help us reach our sales objectives. If you are not fully involved with our FP Genetics portfolio yet we would appreciate your consideration.

If you have any questions please don't hesitate to contact any member of the FP Genetics staff.



Shareholder Comments on CDC Plentiful

**Wayne Alford,
Swan Valley Seeds Ltd.,
Swan River, MB**

I've grown CDC Plentiful for four years and it has performed admirably.

What I like about it is that it is a good disease resistance variety with early maturity. Other varieties have disease resistance that yield well, but CDC Plentiful also matures early. In our area, that is a beautiful combination.

The fusarium resistance is as good as you can get, and is superior to most varieties.

CDC Plentiful is noticeably earlier than other varieties I've grown.

Harvestability is good, and it is even better with PGRs.

One of the first varieties we have with good disease resistance, early maturity and good yield.

**Dan Visser,
Galloway Seeds Ltd.,
Fort Saskatchewan, AB**

Our overall impressions on CDC Plentiful is that it is a strong new variety with a lot of things going for it. We like the early maturity, improved yield potential and MR rating for fusarium.

This will be the 4th year we have had CDC Plentiful wheat in the ground on

our farm. We have averaged between 75-85 bu/ac with it.

We have been impressed with the yield, early maturity and harvestability.

CDC Plentiful is among the best new varieties in the CWRS class.

**Brent McCarthy,
McCarthy Seed Farm Ltd.,
Corning, SK**

Three years of growing CDC Plentiful and first year of selling retail seed to customers. So far, from field reports from customers, the variety has been very good.

Yield is good and quality is excellent.

This year, there has been a little lodging but overall, CDC Plentiful seems to stand up.

I would say it has earlier maturity. In our area, we can be short on growing days and having the variety come in early is an advantage to us. This is the second year we have seen earlier maturity. CDC Plentiful seems to mature quickly and when it ripens it is ready to go.

CDC Plentiful seems to stand up to Fusarium Head Blight pretty well. We didn't have much Fusarium this year, but last year it performed well.

Good yield. Good standability. Great all-round variety.

Tragedy in Agriculture - Time for Reflection and Action

Cordon Geisam,
Territory Manager - SK, Corporate Safety Officer

In the past few weeks three young girls were entrapped in grain and lost their lives because of it:

<https://www.realagriculture.com/2015/10/farm-safety-tradition-is-a-loaded-gun/>

A grandfather and his 14 year old grandson tragically lost their lives in the in the same sort of accident:

<http://chattetelevision.ca/news/the-community-of-burstall-is-devastated-as-a-grandfather-and-his-grandson-suffocate-to-death-while-unloading-a-grain-trailer/>

These accidents are tragedies that remind us that we are in an industry that has many potential dangers. In past articles, we have talked about "Safety as a Culture". Taking time to talk with our family members and employees about what it means to "BE-DO-HAVE" - a culture of safety. What is it that we need to "BE" in order to "DO" so that we ultimately can "HAVE" a culture of safety in our respective organizations and families? You may think this is a weird concept, but this was taught to me personally by Thelma Box, the founder of Choices Seminars. It is an intensive 3 part - 10 day seminar (Thelma Box and Dr. Phil McGraw worked together when they were younger).

<http://choicesseminars.com/content/about>

As a person who travels a lot in urban and rural areas on many different roads and road conditions, while needing to be available by phone in a vehicle, these tragedies really remind a person of the need to be vigilant - not to be distracted by the phone. Let's be sure that we take time to mentor and train our family, employees, co-workers and ourselves to being safer in all we do.



Seal of Quality

FP Genetics and our shareholders continue to build and strive to be the Cereal Seed Experts of the industry. In doing this you will see the Seal of Quality and the seed tests that encompass this program take a prominent place in FPG's offerings and promotions of our high quality Certified seed. We believe that top quality seed testing can create a differentiated product in the market place and show your customers that we are providing the highest quality standards of pedigree seed. As producers in Western Canada continue to look for new options and solutions in an Integrated Pest Management System to produce the best crop possible we can provide them with the first tool in the true viability testing of Certified seed. As a pedigree seed grower business you are always looking to meet the needs of your customer in an ever changing environment. The added tests from the Seal of Quality package can assist with this challenge by providing information on performance and the health of your product to your customer.

To our industry partners in milling or our wholesale customers such as Warburton's we can create a product that has the next step in traceability and quality parameters to meet the needs of this high standard industry. Providing these stakeholders and industry partners with quality and perfor-



mance will continue to place your pedigree business as the partners of choice.

As we strive to be the Cereal Seed Experts the Seal of Quality will be recognizable to Western Canadian growers, agricultural professionals and the pedigree industry for quality and dedication to product performance.

We encourage you to talk to the seed testing professionals at 20/20 Seed Labs and have the value of the Seal of Quality added to your pedigree seed business.



Preparing for the Future - Growing Seed to Meet Sales Forecasts



As the CEO's message indicated, 2015 was a banner sales year for FP Genetics'

shareholders blowing away numerous records. Congratulations to all shareholders and staff on a job well done. Sales increases of the magnitude achieved in 2015 are a result of both careful planning and a strong dedication to execution by all shareholders and staff.

It is now time to move forward to the 2017 sales forecast. A significant component in any sales forecast is forward planning to produce the required amount of seed to meet the forecast, including an allowance for the inevitable carryover inventory when selling large and increasing amounts of Certified seed.

The 2015 CSGA acres for wheat of FP Genetics' varieties were 40% higher than they were in 2014. Pedigreed

seed sales of wheat (FPG varieties) in 2015 rose by 41%. The 2015 sales were from 2014 production and carryover. Essentially, many varieties were close to 'sold out' after the 2015 sales season. The 2016 budget is up by 10% over 2015 sales (CDC Plentiful is up 100%) and there should be adequate seed supplies to meet those sales, however we are expecting some regional shortages with a surplus in other regions. It is important that no surplus pedigreed seed be sold before contacting your Territory Manager who will likely be able to move it into another region.

In order to continue meeting the ambitious sales forecast in 2017, it is essential that we build upon the 2016 acreage base by adding another 10% to what was grown in 2015.

There are many opportunities for both active and less active shareholders to become more involved. Continued strong growth for CDC Plentiful along with opportunities to grow higher

pedigrees of the new varieties acquired this past spring, including a new durum (CDC Alloy), a new midge tolerant semi-dwarf CWRS (BW971 VB) and a new semi-dwarf CWRS (BW965). The sales forecast for these new varieties requires many more shareholders to become involved. Strong growth is also forecast for Elgin ND and Breeder seed of a new CPSR variety (HY537) will also be available for planting in spring 2016. To obtain higher pedigrees of the exciting new varieties, contact your local Territory Manager.

Sustainable growth, the kind achieved in the recent past and in future forecasts can only be achieved by FP Genetics' shareholders and staff working together as a strong, coherent team. Given the vast geography that we cover, communication is a key aspect of working together; I would encourage all shareholders and staff to communicate quickly when issues arise throughout the year to ensure the best possible results for all.

Please Join Us at One of the FP Genetics Fall Launch Meetings

MANITOBA - RESCHEDULED TO:

Wednesday, January 20, 2016

7:30 - 10:00 am

Brandon Keystone Centre

1 - 1175 - 18th Street. Brandon, MB

(breakfast served)

Please RSVP to clambert@fpgenetics.ca

ALBERTA

Thursday, November 12, 2015

7:30 am - 11:00 am

Sheraton Red Deer Hotel

3310 - 50 Ave. Red Deer, AB

(breakfast served)

Please RSVP to hlambert@fpgenetics.ca

SASKATCHEWAN

Tuesday, November 17, 2015

12:00 pm - 4:00 pm

Radisson Hotel Saskatoon

405 - 20th Street East. Saskatoon, SK

(lunch served)

Please RSVP to cgeisam@fpgenetics.ca

FP Genetics' 2016 AGM - SAVE THE DATE

Wednesday, January 13, 2016

Saskatoon Inn & Conference Centre

2002 Airport Drive. Saskatoon, SK

(formal invitation to follow)



MARK YOUR
CALENDAR!