



P.O. Box 100
Providence
Utah 84332



November 14, 2014

Dear Shareholder(s),

As you are aware, the Logan Hyde Park Smithfield Canal Company ("LHPS") and the Logan & Northern Irrigation Company ("LNIC") have recently merged into the Cache Highline Water Association ("CHWA"). The Merger Plan and Articles of Merger (collectively, the "Merger Plan"), approved by the shareholders in connection with the merger requires that all shareholders of both companies exchange their respective LHPS and LNIC stock certificates for new CHWA stock certificates. As of the effective date of the merger, under Utah law, LHPS and LNIC ceased to exist, thus necessitating the issuance of new CHWA stock certificates to document each shareholder's interest.

Both LHPS and LNIC have historically had an almost identical water entitlement under their respective water rights in the Logan River. When both canal companies were formed back in the late 1800's, LHPS issued certificates at the rate of 1/2 share for each acre watered, and LNIC issued certificates at the rate of 1 share for each acre watered. As it turned out, both companies have also had similar operating budgets over the years, so that the LHPS per-share assessments were approximately double that of the per share assessments for LNIC, consistent with water allocation ratio per share. These historical facts governed the formulation of the plan for exchanging LHPS and LNIC shares for CHWA shares.

As dictated by the Merger Plan, shares of CHWA stock will be issued as follows: (i) LNIC shares will be converted into CHWA shares at the rate of 1 - LNIC share in exchange for 1 - CHWA share, and (ii) LHPS shares will be converted into CHWA shares at the rate of 1 - LHPS share in exchange for 2 - CHWA shares. So, for example, if a LHPS shareholder turns in a LHPS certificate for 5 shares, he/she will receive a new CHWA certificate for 10 shares, and if a LNIC shareholder turns in a LNIC certificate for 5 shares, he/she will receive a new CHWA certificate for 5 shares. This conversion formula prevents the dilution of any shareholder's interest and maintains historical consistency in terms of the allocation of the combined water supply, and facilitates the equalization of annual assessments, as among the shareholders of both former companies.

It is not necessary to have separate stock certificates for separate land parcels owned. Your land parcels will be assigned by number of shares to headgate numbers. For those of you who have share ownership in both canals, share numbers greater than #3000 would probably be LNIC Shares, and less than that number would be LHPS shares.

In order to facilitate the exchange of certificates, please observe the following instructions:

1. Find your existing certificate(s). Refer to the attached affidavit listing of total shares owned and stock certificate numbers.

(a) If you are to be the owners of the shares identified on the new CHWA certificates to be issued, sign the back of each LHPS and/or LNIC certificate in the lower right hand side, and return it to CHWA as instructed below. You may ignore the "appoint attorney" and "in presence of" sections.

(b) If you are transferring your shares so that a new owner or owners are to be identified on the CHWA certificates being issued, endorse the back(s) of your existing LHPS and/or LNIC certificates in the lower right hand side and on the 'transfer unto' line list the exact name(s) of the new owner(s), including their address(es) and phone number(s). You may ignore the 'appoint attorney' and 'in presence of' sections.

2. If you are unable to find any or all of your existing certificate(s), you must complete the attached 'Affidavit of Lost Certificate' ("Affidavit"), for the certificate(s) that cannot be located. The attached Affidavit form lists your name(s) as presently registered on the records of LHPS of LNIC, as the case may be.

(a) If you are to be the owner(s) of the share(s) identified on the new CHWA certificate(s), simply sign the Affidavit before a notary public, and return it to CHWA as instructed below.

(b) If you are unable to find your certificate(s), and you are transferring any of your shares so that a new owner or owners are to be identified on the CHWA certificates being issued, given the inability to endorse a Lost Certificate to effectuate a transfer of ownership, the Affidavit, may be used to effectuate such changes, including changes in ownership, additions of owners, of a new trust or entity owners, and/or deletions of owners, any of which differ from the ownership of the Lost Certificate as registered on the records of LHPS or LNIC, as the case may be. If there are any such ownership changes, identify them where indicated in the Affidavit form.

3. It is best to have the owners who hold title to the new certificates identified by the same name(s) as title is held on the property on which the water is used, including full names of husband / wife, including initials, or in some cases title may be held in the name of a trust or other entity. Trust and entity names need to be exact.

4. To effectuate the exchange of shares, you may mail your LHPS and/or LNIC certificate(s), and/or the Affidavit to CHWA, filled-out and signed in conformance with the above instructions, in the enclosed, self-addressed, envelope; or, if you prefer, you may hand deliver them to Lyle Thornley, at Watkins Printing, 110 West 1200 North, Logan, Utah. The newly issued CHWA certificate(s) will be mailed to you at your address registered on the records of the company. Please notify CHWA immediately of any address changes.

Please feel free to call me if you have any questions. I will be available on weekdays at (435) 213-1771. If I have stepped out of my office, please leave a voice message and I will promptly return your call. Thank you for your cooperation.

CACHE HIGHLINE WATER ASSOCIATION
Lyle D. Thornley, Treasurer