

Unification Study Frequently Asked Questions

Primary Goal :

“To be a relevant long term provider of agricultural markets, goods and services for farmers and agribusinesses in our trade area.”

1. Why are we looking at unification between United Farmer’s Co-op, George IA, Farmers Elevator Cooperative, Rock Valley and Cooperative Elevator Association, Ocheyedan?

There are changing dynamics in NW Iowa, and we want to make sure we are positioned to thrive in this marketplace. No cooperative in this study is in financial distress. In fact, by coming together they are in a position of strength that will create additional value for our membership and enhance customer service for generations to come.

2. What do the boards recommend?

The boards of United Farmers Coop, Farmers Elevator Cooperative and Cooperative Elevator Association all recommend and support this unification of the three cooperatives. These boards of directors believe this unification is in the best interest of their members. They want your cooperative to provide you, the members, with the best service provided by the best people with the latest technology. This unification will provide greater operational efficiencies, cost savings, and a stronger balance sheet for its members.

3. What process was used?

The process we followed involved six committees, comprised of 57 employees and board members, along with 7 industry experts. These committees have worked diligently to study the differences in services today and the benefits possible with unification. These committees presented to the all three boards of directors in early March where all committee members endorsed the unification. Based on the committee results and further discussions, the boards of directors of all three cooperatives have voted to support the unification by bringing it to the next step of membership-vote.

4. What will the name of the new company be?

The new name of the unified company will be **Cooperative Farmers Elevator**.

5. Who will be the manager of the new cooperative?

Rob Jacobs, current manager of CEA, Ocheyedan, will assume the role of general manager. Jeff Christensen, current manager of UFC, George will assume the role of VP Grain, and Mark Finck, current general manager of FEC, Rock Valley will assume the role of Chief Financial Officer. Each of these managers has a proven record in managing cooperatives and is excited to work as a team in leading your cooperative.

6. Where will the main office be?

It was advised to select the company with the longest history to become the parent company, therefore FEC, Rock Valley, which was established in 1899 will go on record as the parent company. Both UFC and CEA were founded in 1906. It is planned that all current offices will remain open for your convenience.

7. Will employees be at risk?

No changes in the number of employees are anticipated. Employees have been and will continue to be our most important asset. This unification will create new career opportunities and career paths for our staff. We also believe the unification will attract and retain talented employees. Customers can expect to work with their sales, administrative and operational staff as they have in the past.

8. What is the size of a combined unification between these three companies?

Unification would result in an estimated \$550 million in total sales.

- 615,000 tons of feed annually
- 54 million bushels of grain marketed annually
- 117,000 tons of fertilizer

9. How will the new board be structured?

The new cooperative will consist of 17 board members. Both Farmers Elevator Cooperative and Cooperative Elevator Association will appoint 6 directors to the new board and United Farmers Coop will appoint 5 directors. The goal is to reduce the board to eleven members by 2018.

10. What will happen to my equity?

Every member's equity will be honored dollar for dollar as it is today in your current cooperative. As with your current board, the new board of directors will make equity management decisions including current year cash payments and past years' equity revolvment. An explanation of the equity plan will be presented at the membership informational meetings.

11. What is the timeline?

Informational meetings will be held from March 24 through April 1st.

Class A Members will receive voting credentials by mail before the end of March.

Votes will be counted on April 17th, and announcements will be made on April 20th.

12. What are the next steps?

The informational meetings are your opportunity to hear more about the benefits of unification. We encourage you to attend any of the meetings. In the near future, each Class A member will receive an informational packet which will include their ballot. Voting instructions will be included in this informational packet.

13. What does it take to pass the unification?

The requirement for the unification to pass is:

- 50% of Class A members must vote and
- 2/3 of the Class A members voting must approve.

14. What is the effective date of the new company if it passes?

The new cooperative, **Cooperative Farmers Elevator**, will become effective on September 1, 2015.