

GROW



TOGETHER



CEO NOTE

Trent Sprecker, Farmers Win CEO • Ken Smith, Five Star CEO

Your cooperative continuously looks for ways to improve and grow. Our growth and efficient execution benefit you in meaningful ways. It puts us in position to allocate/pay current year patronage, pay prior years' deferred dividends, maintain modern equipment and facilities, and continue to attract new talent and retain the great employees that we have. This cooperative model also gives you a voice because it is locally owned by our member-owners.

In this newsletter, you will hear many voices that convey why we believe this merger is beneficial for our membership and our employee team. This team is deeply passionate to help you grow and help our cooperative grow, we believe that this merger is a significant advancement to that goal. Teams made up of both Five Star and Farmers Win employees came together to evaluate the benefits and challenges of merging for nearly two years (no thanks to the pandemic for creating hurdles for this process). These employees are experts in their specific areas for each cooperative, have a great understanding of their respective departments, and are faces you are familiar with. A team from Agronomy, Energy, Finance, Feed, Grain, Human Resources, and Operations worked to validate the benefits versus costs of this process. They found ways to make 1+1=2+ by being more than just bigger but better together.

We are sharing the conclusions of that in-depth study which total \$4.5 million annual synergies by year 3 and believe it is ongoing from there. We will also be sharing those synergies at our in-person meetings in early July (dates are also included in this newsletter). The benefits from these synergies help us stay relevant for our members today and put us in a strong footing in the future.

Our team encourages you to be informed and exercise your right to vote. Ask questions of us, the senior leadership teams, board members, and your local teams. Each department has provided its breakdowns and reasons. Employee teams have also become familiar with this information and the in-depth look at the financial breakdowns. We want you to see the picture we see and provide concrete reasons for our support of this merger.

THIS OPPORTUNITY IS HERE TODAY, WE WANT TO GROW & FIND SUCCESS.

We believe we can be stronger together and now is the time. Thank you for your consideration and we look forward to meeting you at the in-person meetings soon!



BOARD PRESIDENT

Dwane Koch, Farmers Win Board President

WHERE DOES CHANGE STOP? WHEN WILL BIGGER BE TOO BIG? These are questions I continue to hear across the country in many different contexts. First, I truly believe that change never stops. I challenge you to think back to when we all started farming and the changes we have endured through the years. So much with electronics, technology, and virtual/remote options. From cows being milked by robots to equipment operating autonomously, change has been experienced in all aspects of agriculture. Most recently we've seen this in our backyard with Poet Ethanol purchasing all the Flint Hills Ethanol locations. Although there are doubts, most believe this will be a positive move in the area. Will that be the last change for them? Does this finally make them too big?

Recently, I had a long conversation with a young man that manages some swine finishing units with his brother. They both do the chores and hold full-time jobs in other businesses. We discussed life in general, work, fun, family, and his balance in life with his girlfriend. He turned to me and said "You know it is almost not worth my time to go into 6 different 1,200 head units. I could be so much more efficient if I could manage 3 buildings of 2,400 head units and spend at least 1/3 less time doing the same chores." This struck me with a sense of amazement that he felt this way, so I asked him if he thought bigger is better? His comment was "No, I really don't see it that way but there is always going to be so many pigs in the world and why should I work harder than my neighbor to do the same thing?" This young man had no idea that Farmers Win and Five Star were looking to merge for the same reasons and a lot more.

**COMBINING
COOPERATIVES**

=

**Being more efficient
and using what we
have to its max
potential**

What he shared really hit me. Being more efficient and using what you have to its maximum potential is key. That's what the new cooperative would do by bringing these two strong companies together. Bigger isn't better, but better is better. It would be a true merger of equals so the knowledge and best practices each have will be brought together to do what is best for the co-op and the member-owners. Some people take the stance on change that 'it's good as long as it doesn't affect me' but imagine the strides that could be made if the best of each were put into one. It'd be strategic changes that would find the most success for members, employees and the cooperative as a whole.

Read in this newsletter what each department has found as their reasons for merging and why they think you should vote in favor of this opportunity. Your directors have continued to meet and discuss this merger opportunity, what it means to all our patrons and employees, and for the future of our cooperatives. Both co-op boards have voted unanimously to move forward with this process after hearing the department findings which I look forward to sharing with you at in-person member meetings in early July and before our voting window in Mid-July. There are going to be bumps in the road, as we all experience with change and growth, but the long-term benefits of an opportunity like this can keep the local cooperative culture alive in NE Iowa and Southern MN. Moves like this are to maintain the co-op as a relevant piece of farming in the future.

I AM GOING TO VOTE YES to this merger for a lot of reasons but one of the most important to me is needing to keep our coop close to a hometown feel that can help me with my needs for farming. The combined culture can do that. I urge you as member-owners of Farmers Win Coop and Five Star to take the time to get informed, come to an informational meeting in July, discuss the benefits and reasons why we, as your Board of Directors, believe this is good for the long-term direction of our co-op.



BOARD PRESIDENT

Tom Shatek, Five Star Board President

WHEN CONSIDERING THE MERGER, think about how your farms have changed and evolved over the years. More acres are farmed to pay the bills. Bigger equipment is needed to get the work done efficiently. Larger sheds and bins are built to house the machinery and store the crop. Our co-ops have also evolved and changed to serve the members needs by also getting bigger equipment, building speed and space, providing the services and employees that farmers need to be successful. Being efficient with these assets is just as important as owning them. Costs of all these items continue to rise and are becoming more difficult to cash flow with reduced margins. Finally, it's just as important that both current and deferred dividends are being paid in a manner that balances with the other needs of the business.

What will our local co-ops need to do to keep up with the farmers of the future? Forward-thinking is necessary to stay ahead of the curve. Thankfully, Boards from the past have made strategic decisions that got these two co-ops to where they are today. Playing catch up is no fun, so it is important to consider opportunities that put the co-op in a position to better serve members' needs. Our competition is constantly growing and changing. It is no longer our local co-op neighbors. It is the large, multinational companies and tech start-ups on the internet. We need to work together to keep the cooperative system strong. This business model has served our farmers and communities very well over the past 100 years. This merger will allow our co-op to be large enough to remain relevant in the eyes of potential employees, suppliers, buyers, and farmers.

Potentially merging is a big decision for a Board, management team, employees, and members. It takes a lot of time and effort to do the necessary due diligence to determine if it is the right thing to do. Finding the right partner that checks all the boxes is difficult, especially if trying to find a merger of equals. Change can be intimidating, but it can also be exciting when all those involved believe it is the right thing to do. The members have the final say with their vote, but at this time, all those involved in the process firmly believe this is an opportunity that will position our local co-op on a path for a more successful future.

Before long merger activity will pick up significantly. Up until now, the primary communication about the merger has been online, or through mailings. We know that's not for everyone so please consider coming to a member information meeting in early July to get more information and ask questions. I hope you come to these meetings with an open mind and be part of the decision-making process. Your voice and ultimately your vote are important.

From my point of view, I believe the biggest reason
I WILL VOTE YES
is that it will bring more opportunity for future success.

Opportunity to compete in the marketplace, to build and better utilize assets, to hire and retain good employees, and to pay dividends. This truly is a merger of equals with similar cultures. It will still have local control with the continuation of co-op values, which are important to all of us. It's like putting two good golfers together in a best shot tournament. Alone they would shoot a good score. But together they will shoot a great score.

WE WILL BE STRONGER TOGETHER.



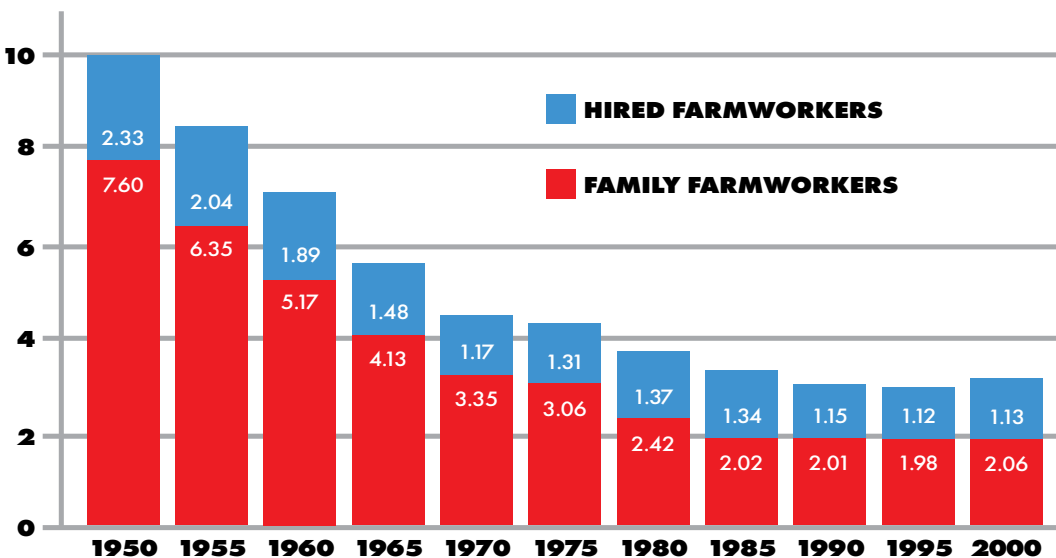
AGRONOMY

Ron Cruise & Travis Blockhus, Farmers Win • Olin Amundson & Jim Eggerichs, Five Star

AS A COMBINED TEAM BETWEEN FARMERS WIN AND FIVE STAR, your agronomy team has experienced and weathered over 4 decades of hurdles, changes, and advancement. Our industry has gone from actual horse powered to autonomous tractors, from 6-row planters to 48-row. Our cooperatives have each grown from just a single location to each having about 160 full-time employees. With what we have already seen, it is safe to say we cannot predict the future. What we can say is by bringing Farmers Win and Five Star together, our department would benefit in ways which would be passed directly onto our members we would not be able to do so if we remained separate.

Agriculture has become a very labor-intensive and seasonal industry that has seen a gradual decline in those who have an interest in working in it. In 2020, the USDA reported there were 2.02 million U.S. farms remaining, which is down 2.20 million from a survey in 2007, and still maintaining the same number of acres. For the fourth year in a row, the American farming industry is facing a labor shortage due to a variety of reasons. With fewer going into agriculture, it has made hiring talented individuals even harder for your local cooperatives. Compared to large, multi-national privately owned or publicly traded companies, we are overlooked for a lack of competitive pay or less appealing benefits packages. This unification would allow us to create a stronger benefits package that can retain the great team we already have and secure new employees. It will also allow us the opportunity to put together a training program to bring in individuals without agricultural backgrounds to have the opportunities to get into the field. Throughout this merger process, we want to keep the relationship with YOUR key contact, whether salesperson, driver, applicator, or customer service, as is and running smoothly. A move like this can help combat the number of eligible retirements, the average age in agriculture is nearly 60 years old and your cooperatives are no different.

FAMILY & HIRED FARM WORKERS ON U.S. FARMS



52%
DECLINE OF HIRED FARMWORKERS

73%
DECLINE OF FAMILY FARMWORKERS

By unifying these two cooperatives, the opportunities in procurement by leveraging both the river and rail markets can increase significantly. The combined cooperative would have rail access on the Union Pacific, Canadian Pacific, and Canadian Northern rail lines, plus the Mississippi River barge markets. The joining of the territory would allow us to take advantage of the best possible route to secure product at the best price and in turn return that to you in pricing, patronage, asset, and employee investments. In a simple comparison from this past fiscal year, if Five Star and Farmers Win had worked together as one seed department instead of two, there would have been an approximate savings of \$300,000. The two co-ops have proven collaboration

when we purchased 40% of our chemical together this past winter and realized a combined \$360,000 savings.

When you look at the volumes each cooperative runs separately and the space needed to meet those needs, the capital required can be significant. Not to mention any current facilities in need of upgrades or repairs. Today, the two agronomy departments have identified \$3 million in projects that are scheduled in the next five years that would not be necessary when the two companies are combined. That avoidable expense is huge in the agronomy budget. Then look at the customer demand within each cooperative. Farmers Win spreads 60% of its dry fertilizer in the Spring whereas Five Star does 70% of its dry in the fall. Current facilities could be better utilized by combining that demand. If the two co-ops would have started sharing dry storage in the summer of 2020, we would have realized a \$460,000 savings.

Today, in the direct overlap of our two cooperatives, some growers that could be better serviced out of a different location we might not have access to today. Additional hours and costs of travel time could be saved by pivoting the need out of the nearest location for that specific acre. Land and equipment prices have trended upward for your operations and ours. Future costs of upgrading agronomy plants, tenders, and applicators with technology to compete will increase so that we can continue to serve customers to the same level they are experiencing today. Replacement costs rarely decrease, so better utilization of our current equipment and facilities saves members equity. The joining of Farmers Win and Five Star could save approximately \$200,000 per year in agronomy on equipment with the reduction of a sprayer and a fertilizer spreader. Savings that would be felt cooperative wide.

Besides the obvious expense of assets and equipment, technology has also grown more and more expensive. There are tools available that can identify plant tissue analysis and identify nutrient needs to help maximize yields and products like Exact-apply and weed sensing technology sprayers are available with steep price tags. If members want their local cooperatives to offer this technology and have professionally trained applicators operating them, there are significant investments associated with this type of well-rounded department. Some cannot justify the spend entirely on their own and by joining Farmers Win and Five Star, we could unite these acres to provide the most efficient utilization of this technology.

To get right down to it, who do you want to be your strongest supplier? The local co-op that you own or the manufacturers and retailers that are publicly traded? Our agronomy departments struggle to get maximum value when purchasing if there are larger buyers at the same table. Combined, our agronomy department would total \$150 million in sales while at the same time six ag retailers have over \$1 billion in sales that we would compete with. Separately, we buy from five of those large players because we just do not have enough volume separately to buy on a more direct channel. In essence, we must buy from our own competitors. That is not a sustainable model to maximize savings for our customers. How long before agronomy input business goes the path of the meatpacking business with single-digit options? This merger would help to keep business local, give the member a share of the business and achieve a potential synergy totaling \$1.7 million by year 3 with a combined cooperative. That is why...

WE RECOMMEND BRINGING THESE 2 STRONG DEPARTMENTS TOGETHER TO BE AN EVEN BETTER 1 FOR THE FUTURE.





CFO

Becky Forey, *Farmers Win CFO*
Laura Schwickerath, *Five Star CFO*

LOCATION! LOCATION! LOCATION! They say when starting a business, the 3 main things are location, location, location... Here we are with the opportunity to bring more locations, locations, locations... But we all know it is more than that. So, you wonder 'What makes it a good fit for these two companies to merge?' This reply will be different based on who is asked but from where we sit, these are the answers we have found...

1 ✓ **OUR BANKER'S REPLY:** CoBank views us as two financially strong companies separate that can combine their own best practices to become more financially successful.

THE COOPERATIVE'S ACCOUNTANT'S REPLY:

3 ✓ From an accounting perspective, only having one audit instead of two separate ones, savings with duplicate loan fees, savings with insurance costs with only one insurance plan, reduced administrative costs, etc. Minimizing these costs and increasing profitability need to be a priority in today's business landscape. We can be better together from this aspect.

4 ✓ **THE BOARD DIRECTOR'S REPLY:** These two co-ops are similar enough to realize synergies within each department by improving operations through the implementation of best practices from each separate cooperative. They are similar in size to create the rare merger of equals and have already proven business collaboration throughout this process.

6 ✓ **THE MEMBER'S REPLY:** These cooperatives can become one to make it better for the member in several ways such as product procurement, quicker deferred dividend payment, ability to work with the same team they are used to working with, ability to keep local control with our board of directors, etc. As our customers grow their operations, our local cooperative will strive to keep the same great service they have grown accustomed to. A growth combination can be significant for more than just next year, but the customer growth in the next 5-10 years.

7 ✓ **THE COMMUNITY'S REPLY:** The cooperative has been the backbone for rural America for over a century, Farmers Win, Five Star, and the cooperatives who have been merged in to create who they have deep roots in their towns. We want to continue being community members, continue being an employer and our employees being people you see around town.

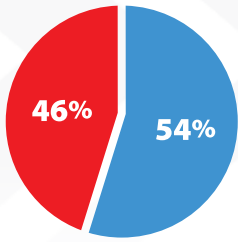
THE COOPERATIVE'S REPLY:

8 ✓ The Board of Directors, management, and more have studied this potential merger significantly from many perspectives. The vision of a combined cooperative is backed up with a positive financial impact and positive member benefits. How often can you increase the size of your business without capital investments, this merger will allow that by utilizing all current assets in the new company.

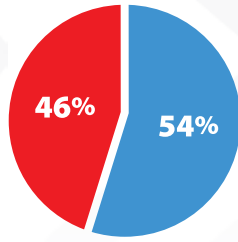
2 ✓ **THE AUDITOR'S REPLY:** With a combined company this allows for overhead costs, such as technology expenses, to be allocated over more business volume; every cooperative needs technology and these costs keep increasing. The fixed asset depreciation costs are a major expense in ag businesses; utilizing each other's fertilizer storage, feed mills, application equipment, etc. is a big opportunity for efficiencies of merging.

5 ✓ **THE EMPLOYEE'S REPLY:** With the creation of the new cooperative, employees can see a strong benefits package like today's offerings but improved in select areas that can be financially responsible for the cooperative. New opportunities for relocation within the co-op and advancement in current roles will also be of great potential. Although there will be changes internally for the team, they look forward to working together and sharing the workload while maintaining a high level of customer service.

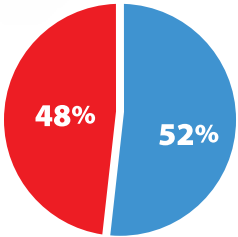
GROSS MARGIN



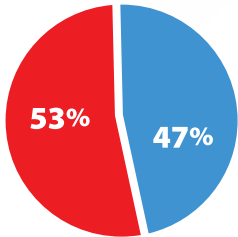
PP&E



EBITDA



MEMBER EQUITY



■ FIVE STAR ■ FARMERS WIN

Charts shown with 3 year averages

WE WILL STILL BE
your local cooperative where
you can talk to a board director.

WE WILL STILL BE
in our communities.

WE WILL STILL HAVE
the team you are familiar with
and know your operation.

PLEASE VOTE YES

so we can continue those personalized conversations with you, continue working hard for your operation, and of course, having some fun along the way!



ENERGY

Danny Steege, Farmers Win • Bruce Halvorson, Five Star

RETAIL FUEL AND BULK ENERGY DELIVERY IS A COMPLEX BUSINESS WITH A LOT OF MOVING PARTS. With continuous challenges within the industry to find qualified, skilled, and certified personnel, merging as one cooperative can allow us to have the proper structure to assist with all your needs. It will create opportunities to fill positions from within when we both deal with hard to hire positions, turnover, and nearby retirements. There are many levers to pull that increase revenue and decrease expenses, but companies only benefit from them if they have the vision into where the opportunities for improvement exist and by taking a proactive approach.

Farmers Win and Five Star's energy department took that proactive approach by taking an extensive look into multiple categories that effect each department's bottom line such as logistics, storage locations/capacities, rolling stock, contracting/hedging programs, procurement, hedging strategies, and safety programs if the two cooperatives were combined.

Some of these items bring immediate financial gain, while others may not see a return until the second year of the new cooperative. We feel this approach is necessary to continue to provide good customer service and adjust to more efficient ideas from personnel. Listed below are the 3-year savings found by the energy department.

| | YEAR 1 | YEAR 2 | YEAR 3 |
|----------------------|-----------------|------------------|------------------|
| Hedging Fees | \$12,000 | \$12,000 | \$12,000 |
| Procurement | \$83,000 | \$83,000 | \$83,000 |
| Logistics & Assets | \$0 | \$100,000 | \$100,000 |
| TOTAL SAVINGS | \$95,000 | \$195,000 | \$195,000 |

The combination of refined fuels and propane gallons saves \$12,000 per year in hedging expenses. This flat fee will be reduced from day one by just coming together. We also took into account the probability of incurring an increase in fees each year.

ENERGY (CONT'D)

Procurement, the purchasing of equipment and product, savings are \$83,000 per year. This was generated by looking at the terms of our suppliers and being able to centralize our purchasing power, which allows for savings in staff, processes and technology.

Logistics and Assets savings total \$100,000 starting Year 2. As we looked at the footprint of both companies we found that each company has storage assets that would make the delivery drivers in refined fuels and propane more efficient resulting in less wear and tear on delivery trucks and the ability to grow without the cost of building additional storage. We decided to show no savings Year 1; a conservative approach as the two companies come together and we begin to learn from energy personnel how best to serve the customer.

Fixed costs such as truck payments, repairs, and insurance continue to be items that steadily rise in cost from year to year as with any industry. We feel that this merger is a way to take on the many challenges that face us today creating a stronger energy department. **Please take the time to vote and VOTE IN FAVOR of this opportunity so we can see these numbers come to fruition.**

REFINED FUEL
& PROPANE
SAVINGS
\$12K
PER YEAR

PROCUREMENT
SAVINGS
\$83K
PER YEAR

LOGISTICS
& ASSETS
SAVINGS
\$100K
STARTING
YEAR 2

HUMAN RESOURCES

Becky Forey & Jennifer Wilson, Farmers Win • Laura Schwickerath & Amanda Kramer, Five Star

When companies begin discussing a merger, one common question asked is “Why should we merge?” Throughout these articles, you have heard the point of view from your traditional business units but for Human Resources, it looks a little different. The labor shortage is real in agriculture and especially in Iowa and Minnesota. According to IowaWorks, there were 68,920 jobs advertised in the state of Iowa as of June 2, 2021. The number of unemployed individuals in the state of Iowa was 63,523 for April. That is a deficit of roughly 5,300 jobs that will not be filled. With the number of jobs available being that much higher than the number of job seekers, hiring is extremely difficult and highly competitive. Help wanted ads are everywhere. Employers are using new (and sometimes costly) methods to seek out potential candidates, from flyers in grocery bags to stands at store entrances. Job seekers can be selective leaving employers to ‘fight’ over the same qualified candidates. The average time to hire an individual and fill a position is 42 days according to the Society for Human Resource Management. We have only seen this increase and with each co-op seeing a significant number of upcoming eligible retirements, we must be prepared to replace and train for these positions. In the next 3-5 years, the combined cooperative could see 102 eligible retirements in a co-op that would employ about ~300+ full-time team members.

The hiring environment today places a strong need to attract individuals, but also to retain the talented employees we already have. Within Iowa again, average employee turnover rates have experienced a steady increase in recent years. By coming together, we could be able to offer a competitive wage and benefits package, offer more room for advancement and specialization, and create advanced training opportunities for your local teams. Merging affords us the opportunity to be an employer that candidates are seeking vs an employer seeking candidates, this can be a very powerful tool! It also allows us to expand our footprint giving the chance for employees to stay within the cooperative longer. With that expanded area, it would provide a larger talent pool to explore and create new relocation opportunities for employees if desired. This also allows the new co-op to create efficiencies by sharing/shifting employees amongst locations to balance the workload and prevent burnout and fatigue in a very seasonally intense industry.

WHEN ASKED “WHY SHOULD WE MERGE?” it has become apparent that it would be beneficial as a cooperative, and as an employer. WE JUST CANNOT AFFORD NOT TO IF WE WANT TO CONTINUE SERVING OUR MEMBERS THE WAY WE NEED TO.



FEED

Rod Torgerson, *Farmers Win*
Bill Hayes, *Five Star*



OUR ENTIRE FEED TEAM FEELS PASSIONATE

about this opportunity to bring two strong departments together, which was evident in our video on FarmersWinFiveStar.com and social media if you missed it. We would like to take another opportunity to share more information on what this opportunity means to you, our member-owners, and why we feel you should vote yes when your ballot comes. Farmers Win and Five Star feed teams sat down together to do a deep risk/opportunities evaluation on the merger of our department. We came up with close to \$500,000 in savings in just three short years. A lot of this comes from producing, moving, and delivering feed tons closer to where the barns/animals are at. Currently, we are crossing paths and driving longer distances than we would if we were merged. We calculated that we could save 325,000 miles a year through better use of our existing truck fleets and reshuffling where some tons are manufactured and delivered from. Add to those miles the cost of a driver's time, cost of equipment, cost of repairs, etc., and the savings add up quickly in just a year.

Another point in savings would be through ingredient and product procurement. It is hard to put a number on what the savings could be, but if we combined our purchasing power, we could pass those savings onto the producers. If we merged, we could be purchasing 50 semi loads a week of soybean meal. That is 1,250 tons per week. With that many tons, we can achieve better pricing for our producers. Other examples of combined purchasing would be seen on some micro-ingredients or cattle minerals and tubs. When we can purchase a semi load of one product it helps in lowering the price of that product. Farmers Win currently does that with milk replacer where the discounts are passed onto our producers and would be carried into the new cooperative.

Service is another place that we can gain for our producers. When you take the expertise of each

cooperative's current teams, bring that together to learn from each other, and ultimately better service our producers. Farmers Win can learn from Five Star on different ways to service our hog producers and vice versa on the cattle side and bag feed route delivery systems. Both companies can become better by coming together.

\$500K
SAVINGS IN
3 YEARS

325K
SAVED MILES
PER YEAR

When we look at the combined feed mill asset offerings, we have quite a bit of potential. Five Star-New Hampton has its recently constructed mill in operation to service the central. Farmers Win-Houston's feed mill has received updates in recent years to service the north. Five Star-Klemme has a strong producing mill there to service the west. Then Farmers Win-Cresco's mill is in decent shape with growing business as a key beef mill in Iowa. Those four mills will all be in operation after the merger. We can shift tons around to different locations to save miles on our fleet, better utilize our production facilities, and improve room for growth at each facility.

With the delays in the merger process because of the pandemic, we have already experienced success by working together on some swine and beef feed production for over a year now. As department leaders, both of us have known each other for over 15 years and have worked together very well over those years. The teams who have worked together already have also gotten along very well and look forward to continuing these relationships.

We think that this merger could be a big opportunity for the feed departments & would **ENCOURAGE YOU, OUR PRODUCERS, TO VOTE YES.**

If anyone has questions or concerns, please don't hesitate to ask a team member or contact us.



GRAIN

Dale Heimerdinger, Farmers Win • *Rylan Zwanziger & Marc Thronson, Five Star*

This summer will be busier than normal with significant grain shipments as well as a member vote on our proposed merger between Farmers Win and Five Star. Both teams are extremely excited about this opportunity and what that would mean for our member owners. Beyond realizing a synergy advantage of \$1.065 million by year 3 in the combined cooperative, we also discovered an invaluable customer service advantage to our members.

TODAY, EACH COOPERATIVE'S GRAIN TEAM RUNS LEAN IN ORIGINATIONS, MERCHANDISING, & OPERATIONS WHILE SERVICING ITS MEMBERS.

A larger combined team will allow us to play on different backgrounds, experiences, and talents that each bring to the table. Team members would have the opportunity to specialize, which in turn would lead to more opportunities for you. We are also confident that with a larger team there will be someone available to help you in a timelier manner and that can answer questions on the market, accounting, logistics, contracts, etc. We have built great working relationships between team members of the two cooperatives and look forward to expanding on these as we move forward.

As we looked at our merchandising decks in the financial analysis, we both have some of the same areas we trade into, but also each cooperative has access to markets the other does not. Ultimately, additional markets are helpful when determining the best grain value at any given moment. By having more sales outlets, our market intelligence would increase, and we would have a better idea of what grain is worth in certain areas as compared to others. This helps tremendously when trying to decide which direction grain needs to flow and how we position ourselves to capitalize on various opportunities. Additional markets also create arbitrage opportunities, or in other words, the ability to take advantage of the differences in pricing between markets. Arbitrage is a critical part of any grain company's success today due to the difficult margin structure. With a combined cooperative, we would be in a much better position to leverage like this.



With those concepts in mind, our grain teams determined that conservatively there could be a penny per bushel gain in the combined cooperative. Figuring that the co-op would handle just over 80 million bushels annually, this would create \$800,000 in local savings for your cooperative. Another crucial point of our departments is logistics. We believe the joint cooperative would be in a better position to execute grain shipments, getting better turns for our trucks as well as our third-party haulers. Flexibility with outlets is crucial to maximizing turns for each truck and the combined cooperative would be able to offer much more of that. We discovered this to be worth about 1/3 of a penny on our handling, coming out to an additional \$250,000 on local annual earnings. This would put our total synergies from the merger at \$1.065 million annually by year 3 in just the grain department. Which would be a significant step forward from where we are today. We realize these synergies will take time and hard work to capitalize on as we put the two cooperatives together, but we believe it is achievable.

Opportunities to have meaningful growth in agriculture are hard to come by, especially for locally controlled cooperatives with headquarters in the same county. "The neighboring 80 acres might only come for sale once in your lifetime" makes some hard-to-argue points. There are quite a few similarities between this expression and our merger together. Both co-ops have strong values centered around customer service with local leadership and a drive to be better. The reality is we might only get one chance at this. We strongly feel this merger puts us in a better position to serve our customers for the long haul and offer our support for a positive vote this summer. We ask that you would exercise your right to vote and, when the time comes,

VOTE YES.

Anyone with questions or would like further discussion, please reach out to your local Farmers Win or Five Star team member.



FAQ'S

WHAT HAVE THE BOARDS DECIDED? The Boards of Directors of member-owned Farmers Win Coop and Five Star Cooperative met and voted unanimously to sign a Merger Agreement and move forward with a member vote to merge the cooperatives based on the unanimous recommendation of all Due Diligence teams.

ARE BOTH COOPERATIVES FINANCIALLY SOUND? Yes, both cooperatives are financially sound.

IF THE MERGER IS APPROVED, HOW WILL EQUITY BE HANDLED? If the merger is approved, the new cooperative will have a fair and equitable approach to patronage and equity distribution. All current allocations will be redeemed consistent with each other's cooperative's past practice. Existing and future equity allocations and redemptions will remain at the discretion of the Board of Directors. More details and specific information will be provided at the July, in-person meetings.

HOW WILL THE EMPLOYEES BE IMPACTED? Employees are our most important asset and there is a role for all current employees in the new cooperative. Roles may be different, but the opportunities for employees will be greater. Discussions on specific benefits will be made after a positive member vote. Benefits are anticipated to be competitive and consistent.

WILL MEMBER SERVICES CHANGE? If the merger is approved by the membership, the cooperative will work to enhance services for the members and offer products to support our member-owners in this competitive environment. With the combined footprint, we will be able to leverage locations, assets and employees to better service the membership.

MORE CAN BE FOUND ON: FarmersWinFiveStar.com/FAQs



Five Star Cooperative
 Farmers Win Cooperative
 PO Box 151
 New Hampton, IA 50659

WHAT'S TO COME



SAVE BELOW DATES
 and watch for more info!

JULY 7, 8, 9, 12 In-Person Member Meetings

JULY 20 Estimated Ballot Arrival

AUGUST 13 Last day to safely mail ballots back to ensure arrive before the count

AUGUST 20 Special Meeting with Announcement of Voting Results

DECEMBER 1 Effective Date if a Positive Vote

FOR MORE INFO ON OUR MERGER, VISIT:



FARMERSWIN FIVESTAR.COM



DON'T MISS

ANYTHING!

LISTEN TO over 40 co-op representatives share their take on our upcoming merger.

Ken Smith
 Dwane Koch
 Trent Sprecker
 Tom Shatek
 Laura Schwickerath
 Becky Forey
 Amanda Kramer
 Jon Keune

Casey Schlichting
 John Eichenberger
 Ron Cruise
 Olin Amundson
 Danny Steege
 Travis Blockhus
 Jim Eggerichs

Brad Darling
 Steve Breitbach
 Steve Oian Jr
 Doug Heintz
 Scott Bulman
 Bob Sobolik
 Dave Drilling

Marc Thronson
 Blake Pommrehn
 Bruce Smit
 Amber Decker
 Leon Zeien
 Jim Corporon
 Dave Bergan

Ben Thomas
 Jerry Samuelson
 Laura Underwood
 Bill Hayes
 Rod Torgerson
 James Rediske
 Randy Greiman

Dale Heimerdinger
 Rylan Zwanziger
 Jimmy Mitchell
 Chris Hagedorn
 Brad Halverson
 Jennifer Wilson
 Austin Niewoehner