



## Unification FAQ's

### **1. What was the board's decision on the point of consolidation?**

The boards of directors of Northern Country Cooperative, Stacyville, Iowa and Viafield, Charles City, Iowa have unanimously approved to bring the point of consolidation of the two cooperatives to a member-vote.

### **2. Why is this happening?**

The agriculture industry continues to change at a rapid pace driven by the demands of the global marketplace and the need to keep up with evolving producers. Your board of directors desires to continue the success of your cooperative by partnering with a cooperative that has our shared vision for the future. Together, our cooperatives can:

- Proactively build a future cooperative for the next generation
- Strategically invest in and place long-term assets (examples: equipment, facilities, etc.)
- Position the consolidated organization with the size and scope necessary to compete with larger local and national retailers.
- Purposefully attract and retain talented employees focused on our member-owners
- Deliberately improve efficiencies and provide new innovative customer offerings

Collectively, we will be a stronger cooperative that can continue to provide you fast service, innovative technology, and the best talent. Your board of directors actively seeks and explores opportunities, like this consolidation, to keep your cooperative relevant in the future.

### **3. What is the timeline for this unification?**

Before a vote takes place, the boards of directors desire to educate the patrons on the decision of the boards, the value created by this unification, and the voting protocols required to achieve a successful vote. A number of informational meetings will be held prior to conducting the vote. Both cooperatives will communicate the dates, times and locations for these meetings in the coming weeks.

### **4. How can I get my questions on this unification and pending vote answered?**

Many answers to common questions are listed in this document. Please read the explanations and contact your board member or the general manager of your cooperative if you have additional questions. They are eager to share with you the intent behind this member vote. Additionally, you can submit questions through our unification website at [www.nccviafieldunification.com](http://www.nccviafieldunification.com).

We will host a number of meetings across our geography for your convenience. Dates for these meetings will be posted at all our locations, as well as being communicated through a mailed letter, on social media, and on the unification website above. Please prepare your questions, come to these meetings, and cooperatively discuss the vision the board of directors have for preserving the equity of your cooperative while building a cooperative for the future. Topics to be addressed at the member-information meetings include:

- Reasons behind choosing a partner and pursuing a unification
- Benefits attributed to the consolidation
- Overview of all cooperative assets
- Voting protocols
- Question/answer discussion

**5. What type of consolidation is being proposed?**

This proposed partnership is a merger by consolidation. Through the diligence conducted by the boards of directors and cooperative management, the boards have determined these two cooperatives will bring equal value to the new cooperative in balance sheet strength, asset viability, and market geography. In a merger by consolidation, no cash exchanges hands and the operations of the two cooperatives are combined into a new organization.

**6. What will be the name of the new cooperative?**

A new name will be chosen by the board of directors for the new cooperative. The board of directors will choose a name that best represents and positions the new cooperative for future success.

**7. Where will the main office be located?**

Currently, Stacyville and Charles City house the administrative functions for the two cooperatives. Both locations will continue to be utilized for general administrative purposes.

**8. Who will be the manager of the new cooperative?**

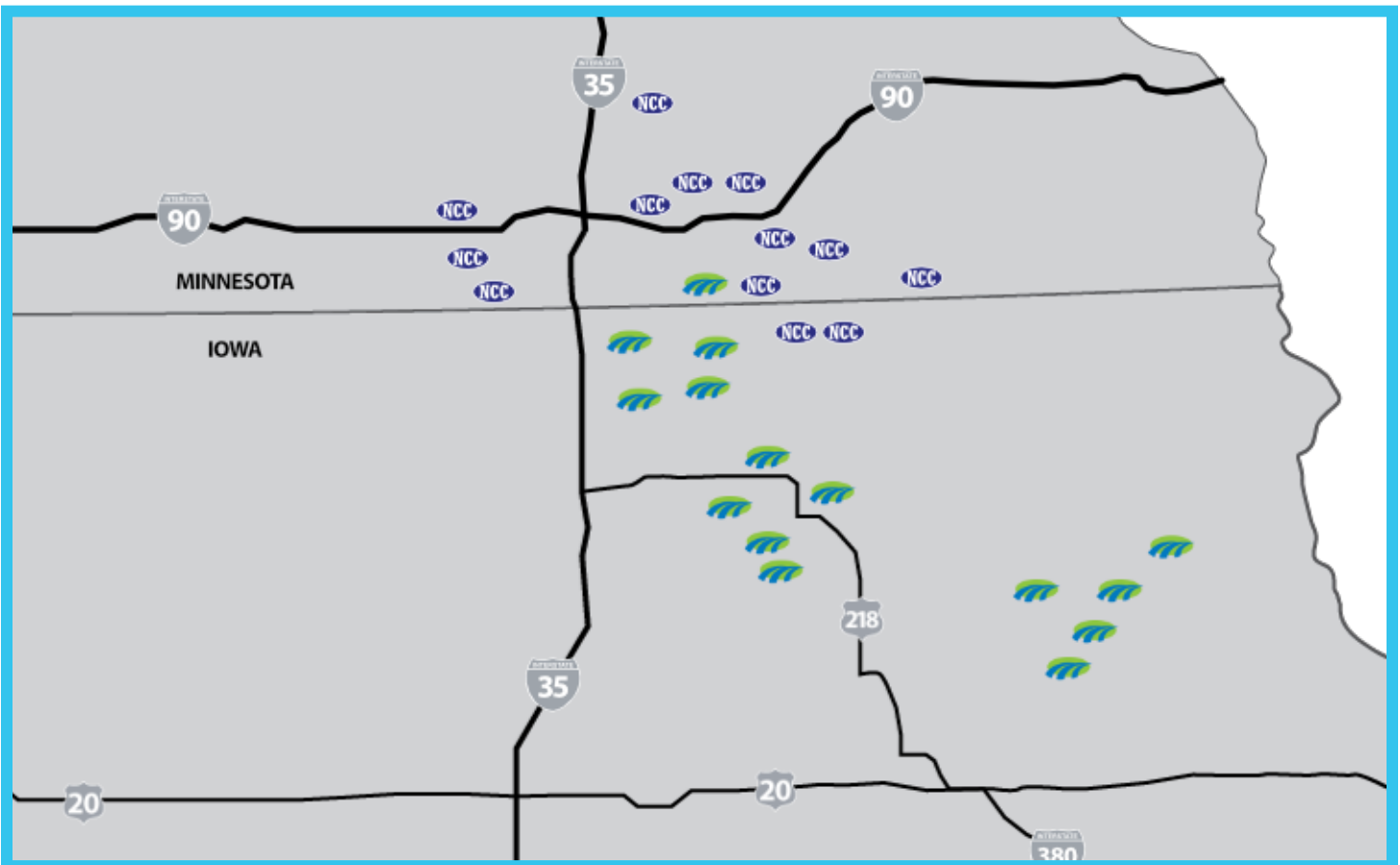
Jason Schwenneker, current CEO of Northern Country Cooperative, will assume the role as Chief Executive Officer. Derrick Davis, current CEO of Viafield, will assume the role as Chief Operations Officer.

**9. Will all employees have a job in the new cooperative?**

Northern Country and Viafield currently employ approximately 130 and 140 full and part-time employees, respectively. All employees will have employment in the new cooperative. As it currently stands within the agricultural industry, talent is very hard to obtain. Our goal is to retain every current employee through this process. As it stands we have numerous positions available and will continue to require additional talent going forward.

**10. What will be the size of the new cooperative?**

The new cooperative will double in size in almost all volumes put through the cooperative. This aggregated demand will provide us an opportunity to attract new vendors and better utilize existing facilities to create more efficiencies across the consolidated geography.



**11. What types of savings or additional profits will be created through this consolidation?**

The consolidation study identified potential savings and benefits that can be realized in the areas of efficiencies, transportation, volume purchases, administrative costs, and improved utilization of equipment and people. A deeper explanation of savings and benefits attributed to this consolidation will be covered at the scheduled information meetings during the month of August.

**12. Doesn't a consolidation of this magnitude eliminate competition?**

Today, more than ever, producers have various means of price discovery and access to many markets. Producers are much more mobile and willing to travel further distances to do business than in the past. Also, with the influx of multi-national competition purchasing companies across our trade territory, the competition is not necessarily our next-door neighbor. In the study portion of this unification process, no-less than 25 companies were identified as competitors for each business unit in the consolidated geography. Our goal is to strengthen and advance the cooperative system in our marketplace.

**13. What changes might we expect operationally?**

We will continue to operate as our farmer members have come to expect. This unification will broaden our operating territories with little to no overlap. In recent years, both companies have invested in new facilities and thoroughly managed their respective operations to improve service and minimize outdated facilities. This will enable the unified cooperative to better support the increasing requirements of today's production agriculture and business climate. You will see the new cooperative maintain the same focus of investing in people, infrastructure and services that ensures a strong future.

**14. What have the companies been doing together already?**

Over the past two years, the companies have been working closely together and building relationships in several areas of the business. This began with significant benefit in merchandising our grain positions together and led to cooperatively sharing safety and human resources interests. As these combined activities have proven the efficiencies in working together, we have continued to seek more opportunities for shared resources within our agronomy divisions. This has allowed us increased access to product and assets which a unified cooperative will only strengthen further.

**15. What will be the structure of the new board?**

There will be equal board representation in the new company.

**16. What will happen to my equity in my current cooperative?**

Each dollar of equity you hold in your cooperative today will be honored dollar for dollar in the new cooperative. The board of directors of the new cooperative will determine the future equity structure and distributions for the new cooperative.

**17. Will this unification help to retire my equity?**

The unification will not guarantee your equity is retired any faster than previous years. However, as the consolidated organization will operate more efficiently, the merged cooperative would be in a stronger position to retire patronage.

**18. What are the voting requirements to pass a member-vote?**

In Iowa, cooperative law states that for a member-vote to pass on a merger, 50% of all Class-A members must vote, and of those votes, a super majority, or two-thirds must vote in favor of the merger for it to pass. In other words, 50% of all Class-A members from Northern Country Cooperative and 50% of all Class-A members from Viafield must vote. Of those votes, both sides must achieve 66.67% votes in favor of the merger for it to become effective. Each Class-A member is allowed one vote in determining the future affairs of the cooperative.