

Central Region Cooperative
27875 County Road 27 ▪ Sleepy Eye, MN 56085
Phone: (507) 794-3031

Dear Central Region Cooperative Patrons,

August 1, 2017: The first day of business for Central Region Cooperative (CRC). While today is historic for our employees, our communities and the greater cooperative industry, we are focused on what this merger means for our patrons going forward.

Merging two strong cooperatives allows further diversification throughout the supply chain and opens local and global opportunities for value and growth on behalf of the patrons of CRC. In short, the purpose of this merger is to make two cooperative organizations better than either could be separately for employees and patrons.

The objectives of this letter are to update you on how the integration/transition process of the two 'legacy' cooperative businesses is progressing and to explain what integration/transition challenges lie ahead.

The CRC leadership team has been defined. They will build their respective teams out over the coming weeks.

Chief Executive Officer – David Peters
Chief Operations Officer – Nathan Gieseke
Treasury, Tax, Financial Reporting Manager – Chuck Braun
Human Resources Manager – Becky Jeppesen
Risk Manager – Dan Filzen
Marketing and Communications Manager – Robyn Schnobrich
Agronomy Department Manager – Butch Altmann
BCA and Procurement Manager – George Schwint
Energy Department Manager – Bill Pelzel
Feed Department Manager – Ron Trebesch
Grain Operations Manager – Carly Johnson
Merchandising Manager – Brad Kohls
Safety Manager – Bruce Beussman

The CRC teams have been preparing for this integration date since the membership vote was announced on June 16, 2017. Complete integration of accounting and operational systems is likely to take many months. The goal of the CRC team is to make this transition as easy and streamlined as possible for our patrons and their operations.

We still have more to do. The team is committed to a continuous evolution of a new and effective Central Region Cooperative culture. The accounting personnel are evaluating software systems, financial reporting needs and have begun closing out the legacy cooperative's fiscal year ends. In addition, we have also started to re-identify our fleet. The CRC team is working diligently to design a set of operating guidelines. The first issue of the Central Region Cooperative newsletter will have the

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details on how to proceed with operations through harvest and the end of the year. Please look for this communication in your mailboxes mid-September.

In the meantime, we ask you for your patience through this transition period. Our goal is that you do not notice the transition process; that at the end of the day, you are receiving the same products and customer service you have grown to expect.

What I commit to you is that the CRC team will shape this organization to make it as fast, flexible, and dynamic as you need, the marketplace demands and Central Region Cooperative needs to be. Together, we will deliver the solutions you expect from us, when you need them, at competitive prices backed by outstanding support.

In closing, I again want to acknowledge all the hard work, patience, and cooperative effort the employees have shown during the last 45 days (6/17-7/31) in combining River Region Cooperative and South Central Grain and Energy into a new company, Central Region Cooperative. The employees of Central Region Cooperative are the #1 asset of the organization.

It is an exciting journey. Thank you for your continuing support.

With great respect and appreciation,

David Peters

CEO

Central Region Cooperative