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Release Date: 1/27/2021
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Farmers Win & Five Star Cooperative Proceed to Member Vote

*Both Boards of Directors have signed the Definitive Agreement
To Advance Process to a Member Vote*

New Hampton, Ia., Jan. 27, 2021 –As we look forward to a new year and a new growing season, Farmers Win and Five Star are continuing to pursue merging into a combined cooperative. In February 2020, both Board of Directors signed a letter of intent to begin the study of a potential merger known as Due Diligence. At that time, employee teams from both cooperatives formed seven research teams tasked with investigating the potential synergies as well as risks. Employee teams reported out those findings to the joint board after which each Board of Directors approved to sign the Definitive Agreement.

Something neither cooperative board was anticipating in this process was a global pandemic and the challenges it created. This made it difficult to stay on pace that was originally projected.

“Our goal in facing this situation was twofold: protect our employees’ and communities’ health as best we can, and secondly to continue to operate your cooperatives in a manner that best serves your needs in this ever-changing business climate. Reporting the results of the employee teams was very difficult as we believed that being in person was beneficial for this decision,” shares Ken Smith, CEO/General Manager for Five Star Cooperative.

“Due Diligence is a critical component of the process. It helps identify the true benefits for our members as well as our employee teams,” shares Trent Sprecker, General Manager of Farmers Win Coop. “For this reason, we continued the collaboration throughout 2020 with the boards and employees. I believe we benefited from this additional time.”

With the Due Diligence study completed, the next step was for the employee teams to share their findings. Each team assessed all aspects of their current departments and compared processes with the other cooperative while maintaining the highest level of confidentiality. Teams also discussed what a potentially combined cooperative could look like.

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“When a Board of Directors look at a potential merger, many topics are considered,” discusses Dwane Koch, Farmers Win Board President and member-owner from Hawkeye, IA area. “After an ideal cooperative merger, the newly formed entity should have the improved ability to strengthen member services and find efficiencies in the cost of operation. It should also attract and retain top employee talent with the ability to grow all while remaining the most relevant.”

Each cooperative has a long history of growth through mergers and acquisitions, but this is expected to be different. Farmers Win and Five Star believe this is a merger of equals, both are financially successful and similar in size. Through merging, the combined cooperative will be able to make more strategic investments by avoiding duplication and best utilizing the current physical assets and rolling stock.

The combined Boards of Directors found the findings from the Due Diligence to be optimistic in creating a new cooperative as the ability to influence their own cooperative future. This will create the chance for the locally owned and controlled cooperative to hopefully grow faster than the cost to compete. Agricultural markets have grown tough with slimming margins and decisions being made more based-on price than past loyalty.

“Both cooperatives are financially strong and similar in size which creates a rare merger of equals opportunity. By putting our resources together, we believe we will have a better ability to control our local cooperative and better position ourselves for the future.” Says Tom Shatek, Five Star Cooperative’s Board President and member-owner from the New Hampton, IA area.

The outlook is optimistic for a membership vote for both cooperatives. Timing is still fluid due to the pandemic status but is anticipated for Summer 2021. To achieve a successful result and form a new cooperative, both membership bases must have 50%+1 voter turnout and then a two-thirds majority in the affirmative.

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Farmers Win Coop (www.FarmersWin.com) has 17 locations with over 200 full and part-time dedicated employees servicing members and customers in north east Iowa and south east Minnesota with quality products and services. Services include grain, agronomy energy and feed. Our mission is to partner with our member-owners and customers by providing competitive products and professional services.

Five Star Cooperative (www.FiveStarCoop.com) is a full-service cooperative here to serve farmers with crop inputs, precision ag services, grain marketing and handling, energy, feed and hardware. Five Star has been serving members for more than 100 years and has grown to serve growers across 14 counties in north central and north east Iowa from 18 locations.