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February 11, 2019

Dear Patron:

After careful consideration, the Boards of Directors at Midwest Farmers Cooperative and Frontier Coop in Brainard, NE have unanimously approved and signed a non-binding Letter of Intent (LOI) to study the member benefits of unifying our cooperatives.

The challenges of global competition, changing technologies, increased compliance and regulatory mandates, as well as an overall increase in the cost of doing business have created a need to continue to evolve our companies.

Both cooperatives believe the time is right to explore a unified company. This unification of equals would potentially provide a strong foundation for the future and generate benefits for our members, customers and employees in multiple areas. This includes strengthening member services, avoiding investment duplication and enhancing our ability to grow and compete.

To ensure we make the right decision for our patrons, a study phase or due diligence will begin shortly. During this timeframe, we will be seeking your feedback and concerns. This is expected to wrap up later this spring. Once it is complete, the boards will assess the findings and determine if a unification would be beneficial to members of both cooperatives.

A set of Q&A is enclosed to provide you with more information. Following the due diligence phase, we will have more details to share with you. Meanwhile, please reach out to your Midwest Farmers Cooperative contact with any questions or refer to either company's website for more information. We will carefully consider your feedback as we proceed with the due diligence phase and explore the benefits and opportunities of a potential unification.

We look forward to hearing from you. Thank you for your business and support.

Sincerely,

Neil Stedman
Board President, Midwest Farmers Cooperative

Midwest Farmers Board Member Contact Info:

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Adams Auburn Avoca Bennet Brock Burr Cook Dunbar Eagle Elk Creek Elmwood Greenwood
Manley Martell Murdock Mynard Nebraska City Nehawka Otoe Palmyra Prairie Home
St. Mary Syracuse Tecumseh Walton Waverly

Questions and Answers for Members about the Unification Opportunity (LOI)

Q: What have the boards decided?

A: The Boards of Directors of member-owned Frontier Coop and Midwest Farmers Cooperative met in late January, to discuss signing a Letter of Intent (LOI), a non-binding agreement, and begin a formal study of the benefits, opportunities and risks of a potential unification of the two cooperatives. After their discussion, both Boards unanimously approved the LOI.

Q: What is unification?

A: Unification of agriculture cooperatives refers to the forming of one new entity, focused on serving all of its members. Each cooperative has been individually examining ways to grow and strengthen their businesses for future success. Together, the Board members of Frontier Coop and Midwest Farmers Cooperative have determined that the merits of a potential unification between the two cooperatives is worthy of review.

Q: When will we learn more about the due diligence findings?

A: After the due diligence committees wrap up their work, which is expected to be completed later this spring, the Boards will review the findings. At that time, the Boards will report their decision to move forward with the unification opportunity or stop the effort. If the unification opportunity proceeds, member information meetings would be scheduled for you to learn more. If the opportunity is not pursued, each Board would continue to analyze growth options for their respective cooperative.

Q: How would a potential unification benefit members?

A: As a cooperative owned by members, our priority is to deliver value to members. We are studying the unification opportunity because we believe that by coming together we would create an even stronger cooperative that would remain competitive and relevant for members for the long term. The due diligence findings will provide more detail around opportunities such as services, savings and equity.

Q: How would a potential unification benefit the employees?

A: Employees are our most important asset. We believe that the unification opportunity would benefit employees through enhanced career opportunities. The due diligence findings will provide more detail around these types of opportunities and others.

Q: How can I learn more about the unification opportunity?

A: Members are encouraged to contact their Board members for more information. Employees are encouraged to visit with their supervisors. Following the due diligence process, more information will be provided. If the unification opportunity proceeds, member information meetings would be scheduled for you to learn more.