

Unification INFORMATION



Initial unification discussions between the Board of Directors began in July of 2016, with the respective boards meeting in April to unanimously approve an Agreement and Plan of Unification. In this newsletter you will find more detailed information on what a this would mean for both CVA & Farmway member-owners.



KS

Concordia Terminal | Farmway



Frequently Asked Questions

Learn more about why CVA & Farmway is considering this unification and the benefits for patrons of both parties.

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Location Map

See where Central Valley Ag and Farmway Locations reside in the state of Kansas.

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BRINGING UNIFICATION TO A VOTE

Learn more about the next steps for CVA & Farmway



After a review of the recently completed unification study, the Board of Directors of Farmway Co-op, Inc. (Farmway) and Central Valley Ag (CVA) both unanimously approved the next step in a unification of the two cooperatives. The proposal will now be presented to Farmway members for a vote.

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FREQUENTLY ASKED QUESTIONS

WHY WOULD FARMWAY & CVA CONSIDER UNIFICATION?

Both Farmway and CVA place a heavy emphasis on bringing value to their customers/members. Both cooperatives feel that combining resources will offer an opportunity to increase the value for their respective members and allow them to better serve their markets. The agriculture market is shrinking via consolidations of not only providers (Monsanto & Bayer; ChemChina & Syngenta; Agrium/CPS & Potash Corp.) but producers as well. These consolidations are a result of the overall tightening of the agricultural market. The goal is to be proactive in regards to the changing market and create a stronger cooperative that can continue to provide the service, technology, access to markets and talent needed to remain competitive and valued in the eyes of our member-customers.

WHY CVA? WHY FARMWAY?

The similarities between Farmway and Central Valley Ag are numerous. Both are proud cooperatives that are focused on the success of their customers and the value brought to the market. Geographically, the unification will work well with CVA having locations in North Central Kansas. Farmway is focused on helping their producer-owners succeed. Headquartered in Beloit, KS, Farmway has locations across nine counties in North Central Kansas, offering energy, agronomy, and grain solutions. They also boast some very quality and well positioned facilities and have demonstrated an ability to provide value to the members while ensuring profitability for the future. Find out more about Farmway, including their financial statements by visiting www.farmwaycoop.com.

WHEN WILL WE KNOW IF THE UNIFICATION IS APPROVED & MOVING FORWARD?

The results of the vote by Farmway members on the proposed unification will be known by mid-June.

WHERE WILL THE NEW COOPERATIVE'S HEADQUARTERS BE?

If the unification is approved, the proposed headquarters would be York, NE.

WHO WILL BE THE MANAGEMENT OF THE NEW COOPERATIVE?

The management of the combined coop is yet to be determined, but the President-CEO of the combined coop would be Carl Dickinson, current President-CEO for CVA.



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Courtland Agronomy | Farmway



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NorKan | Farmway



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Belleville - West | Farmway

FARMWAY, CVA BOARD OF DIRECTORS UNANIMOUSLY APPROVE NEXT STEP IN BRINGING UNIFICATION TO A VOTE



Glen Elder, KS

Farmway has facilities across 9 counties in North Central Kansas.

After a review of the recently completed unification study, the Board of Directors of Farmway Co-op, Inc. (Farmway) and Central Valley Ag (CVA) both unanimously approved the next step in a unification of the two cooperatives. The unification proposal will now be presented to Farmway members for a vote.

"By combining two strong financially-stable cooperatives to become a unified cooperative would provide the opportunity for expanded services and facilities, increased savings, and accelerated equity redemptions for the benefit of our member-owners," said Tim Porter, Farmway Board Chairman. "The Board of Directors asks for member-owner support by voting YES to the unification."

"The results of the unification study were conclusive and both Boards felt strongly in proceeding with a unification of CVA and Farmway," said Dave Beckman, Chairman of the Board for Central Valley Ag. "The study outlined benefits in terms of improved efficiencies and cost savings, which we will feel bring additional value to members of both cooperatives."

Initial unification discussions between the cooperatives began in January

2017, with the respective boards meeting in April to unanimously approve an Agreement and Plan of Unification. Farmway will host area informational meetings throughout May starting with the Farmway Annual Meeting May 4th so members can better understand the results of the recently completed unification study and ask questions regarding the proposed unification. Shortly thereafter, Farmway will hold a series of voting meetings for the Farmway membership to vote regarding the unification. Farmway voting members are highly encouraged to attend these meetings and vote.

For the unification to be finalized, Farmway members must approve by a super majority, which is defined as 66%.

ABOUT FARMWAY

Farmway is focused on helping their producer-owners succeed. Headquartered in Beloit, Kans., Farmway has facilities across nine counties in North Central Kansas, offering energy, agronomy, and grain solutions. Find out more about Farmway by visiting www.farmwaycoop.com.

ADDING VALUE TO MEMBERS OF BOTH COOPERATIVES

CVA & Farmway Board of Directors believe that this unification will benefit their patrons.



Dave Beckman
Central Valley Ag
Board Chairman

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Tim Porter
Farmway
Board Chairman

"By combining two strong financially-stable cooperatives to become a unified cooperative would provide the opportunity for expanded services and facilities, increased savings, and accelerated equity redemptions for the benefit of our member-owners."

AS CVA GETS BIGGER, WHY DON'T THEY OFFER THE LOWEST PRICES?

Central Valley Ag is challenged on pricing in most situations when...

- Competitor is much larger than CVA (CPS, Helena, CHS, Cargill, Gavilon)
- Competitor is much smaller than CVA and has made little to no investment in facilities, people, technology thus mining their business.
- Competitor has a low service, low tech business model and offerings.

Because CVA is built as a value added retailer, pricing from them will rarely be the lowest in the market.



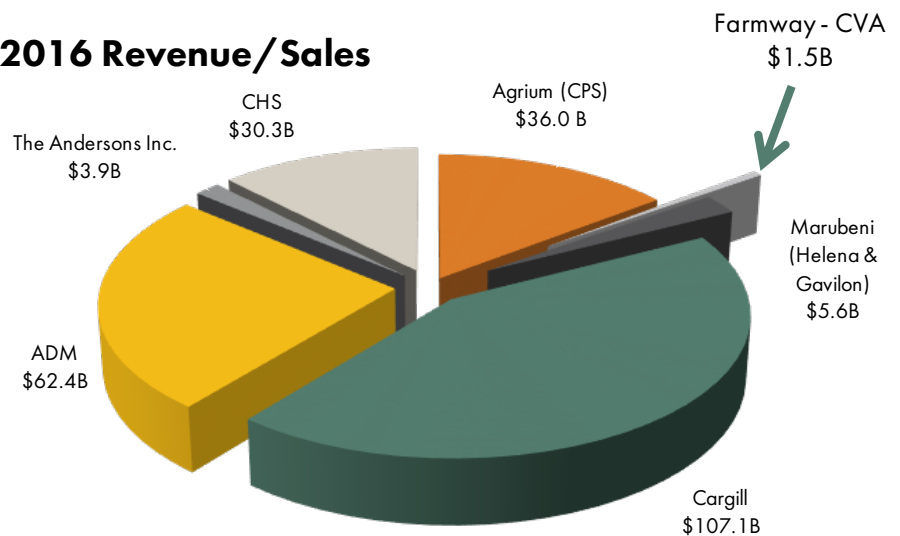
Want to know more about CVA or Farmway?

To learn more visit www.cvacoop.com or www.farmwaycoop.com.

IS CENTRAL VALLEY AG GETTING TOO BIG?

CVA is choosing to be proactive, ensuring they are positioned to succeed in the rapidly changing agricultural market regardless of size.

2016 Revenue/Sales



Size Comparison

See how Central Valley Ag & Farmway combined compare to others in the agricultural industry.

Size of an organization is always relative compared to the market it serves. As the agricultural market changes (consolidation) and the needs of our member-customers change, CVA needs to ensure they are prepared to meet those needs and deliver value.

One way of doing this is by finding partners that can enhance offerings and help prepare for the change of tomorrow. Essentially the ag market today is dictating that you either be

reactive or proactive, and CVA is choosing to be proactive, ensuring they are positioned to succeed in the rapidly changing agricultural market is CVA's focus, regardless of size. The chart above shows a comparison of CVA sales to other providers in the market, demonstrating that although CVA may be growing in size, they still are relatively small compared to many that they compete with.

WHAT DOES THIS UNIFICATION MEAN FOR ME?

How will it affect my business with Central Valley Ag or Farmway? Below is a greater explanation.



FARMWAY LOCATION

Glen Elder, Kansas

LARGER - STRONGER BALANCE SHEET

- Protects equity.
- Ability to control our own destiny – we choose how to manage debt, equity, capital expenditures, revolving equity and cash to patrons.
- Allows us to invest in large, expensive assets, that may not have an immediate payoff.
- Allows us to invest in technology that may not have an immediate payoff.
- Better opportunity to revolve equity in a timely basis.
- Risk Management – protection against one time events.
(Accounts Receivable, Abengoa, Market Fluctuations)
- Ability to withstand difficult economic times.
- As the market consolidates we should have the opportunity to purchase quality assets for cents on the dollar.
- Lowers borrowing costs.
- Lowers insurance costs.

ACCESS TO TALENT TO SPREAD COSTS

- As we grow our employees have the ability to become specialized in their respective divisions, allowing them to focus on their passion.
- Improved ability to develop people from within the organization, within our established culture.
- Improved CVA talent = improved adaptation and utilization of technology for CVA customers.
- More advancement opportunities makes it easier to attract and retain talent.

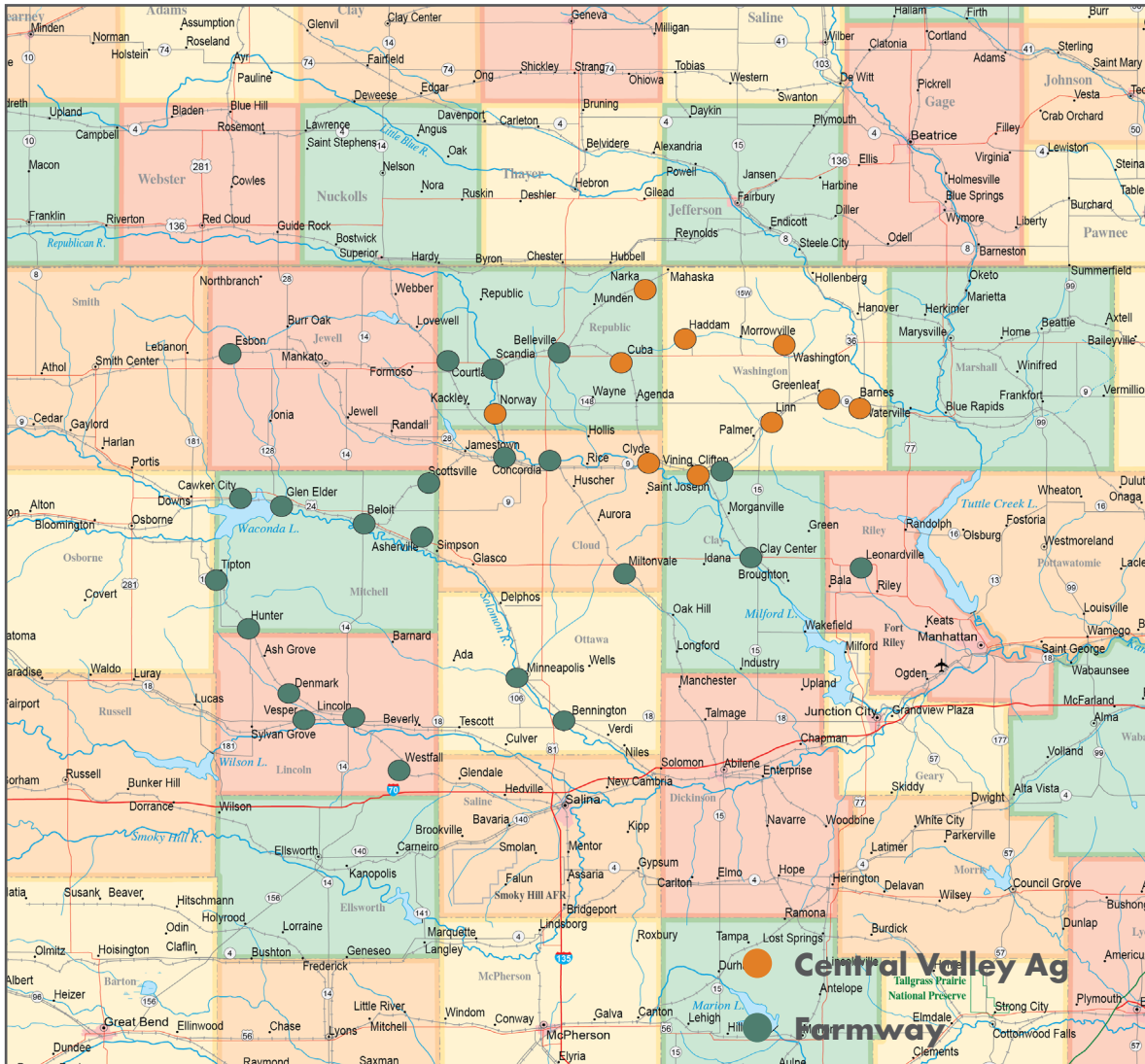
BUYING POWER

- Keeps a CVA seat at the table with suppliers in a rapidly consolidating industry.
- Not always about buying better, but instead it can be about not losing ground to competition.
- Partnering opportunities to create programs not available to others.
- Allows us to participate in research on the farm with suppliers.

CVA & Farmway Kansas Locations



Abilene
Asherville
Belleville
Beloit
Bennington
Cawker City
Clay Center
Concordia
Courtland
Delphos
Denmark
Esbon
Glasco
Glen Elder
Hunter
Leonardville
Lincoln
Miltonvale
Minneapolis
NorKan
Scandia
Scottsville
Sylvan
Tipton
Vesper
Westfall



Barnes
Clifton
Clyde
Cuba
Greenleaf
Haddam
Linn
Narka
Norway
Washington

BETTER TOGETHER

This is a map of Central Valley Ag and Farmway locations in Kansas. Geographically, the unification will work well with these locations being close in proximity.



Beloit | Farmway

GAIN & SAVE TOGETHER



There are many gains to having a unified cooperative. The gains below were discovered as a result of the unification study done prior to the decision by both CVA and Farmway Boards to proceed with the unification vote.

ADMINISTRATIVE SERVICES

- Larger ownership share of AgMark LLC
- Beloit Administrative Office becomes Region 7 Hub
- Access to governmental tax incentives
- Lower finance rates across all business units
- Reduction of insurance costs

MARKETING/MEMBER SERVICES

- Expanded advertising
- New projects
- Improved co-pay funding from partner vendors
- Improved analytics to better understand and service customers
- Consolidated newsletters, website, social media, media relations and company events

HUMAN RESOURCES

- The strength of any business is the quality of employees. All jobs evolve and change over time, but there are no planned location or personnel reductions.
- Attraction and retention of talent = Destination of Choice for Employees
- Career path and growth development
- Employee training, development and advancement
- Combined benefits and insurance offerings
- Sharing expertise, labor and resources during high demand seasons

INFORMATION TECHNOLOGY

- Reduction of software maintenance and licensing fees
- Spread costs of new software and other updates
- Leveraging of IT vendors
- Lower overhead

GRAIN

- Offering grain to destination markets - expanded partnerships
- Better positioning of origin demand
- Coordination of truck freight merchandisers
- Specialty crop expansion
- Planning and positioning of capacity increases
- Asset acquisitions
- Growth in AgMark owners

Savings with Unified Cooperative

ADMINISTRATIVE	\$2,503,980
AGRONOMY	\$2,130,000
GRAIN	\$1,116,583
ENERGY	\$330,000
TOTAL	\$6,080,563*

*Estimated Annual Savings



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York, NE 68467

NAME
ADDRESS
CITY, STATE ZIP



Central Valley Ag & Farmway Both Financially Strong

Central Valley Ag and Farmway were both featured in the USDA Top 100 List, a list published by the U.S. Department of Agriculture's annual ranking of the nation's Top 100 Largest Agricultural Cooperatives.

USDA Top 100 List

Visit www.rd.usda.gov to view the full list.



Clay Center | Farmway

Financial Strength - Balance Sheet

	Farmway 1.31.17	CVA 8.31.16	Unified Coop
Working Capital	\$16,249,612	\$97,057,167	\$113,306,779
Property, Plant & Equipment	\$49,403,605	\$229,849,108	\$279,252,713
Other Assets	\$1,432,592	\$3,496,928	\$4,929,520
Investments: Coops & Companies	\$31,960,152	\$88,880,844	\$120,840,996
Total Assets	\$99,045,981	\$419,284,047	\$518,330,028
Term Debt	\$32,029,755	\$84,666,830	\$116,696,585
Deferred Tax/Other		\$12,279,961	\$12,279,961
Members' Equity	\$67,016,226	\$322,337,256	\$389,353,482
Total Liabilities & Equity	\$99,045,981	\$419,284,047	\$518,330,028

Stay up to date with Unification News by visiting cvacoop.com, or farmwaycoop.com.