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[www.cbhcoop.com](http://www.cbhcoop.com)

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January 8, 2018  
CBH Board of Directors  
Cliff Jensen, President

RE: CBH and FCA Merger

Dear Members,

For the past several months, the CBH Board of Directors has focused much of our attention on the proposed merger with the FCA of Gillette, WY. We have held joint Board meetings with the FCA Board, we have reviewed combined financial statements of the two Co-ops and we have talked – a lot – with each other and with the members we are elected to represent. At our November meeting, the CBH board voted unanimously to approve the merger at the Board level and to send the merger vote on to CBH membership for your approval.

We have set February 20<sup>th</sup>, 2018 as the date for the Membership Meeting at which time we will vote. The membership meeting will be at the Sturgis Community Center to begin at 1 pm and the vote to commence at the end.

You will soon be receiving the official “Notice of Meeting” along with additional information on the voting process and how to request an absentee ballot. In order to help you better understand the merger proposal and to provide you with the best information possible, we have included a list of “Questions and Answers” that will help explain why we believe a merger with FCA is in the best interest for the ongoing success of CBH Cooperative. Also included in this letter is a list of the CBH Board members and our contact information. We look forward to hearing from you, answering your questions and talking about the benefits of a CBH/FCA merger.

A few points to consider:

- Both cooperatives will transfer dollar for dollar value on your allocated equity. The board will determine how the equity is distributed on an annual basis. The combined balance sheets will provide additional assets and capital reserves.
- Full Board representation. Each Board will be represented by seven directors from their respective area, the same number of directors we currently have. The combined Board will determine how to adjust the Board size moving forward but to begin with will operate with 14 directors.
- The name of the newly formed Co-op will be “CBH CO-OP, synonymous with great service and competitively priced products.

- Jeff Dragseth has been the CBH general manager for 12+ years and will be the new CEO of CBH CO-OP.
- Economies of scale. A combined larger Co-op will be better aligned to provide our members with goods and services at competitive prices and improved asset use efficiencies. The expectations of this merger should translate into improved local net savings and the Coops ability to pay dividends.
- We realize this is a big decision. The CBH Board of Directors recommends the approval of this merger because we feel it is in the best interest of CBH Cooperative. We are so proud of our past and so excited for our future and we are confident that a new and improved merged co-op will meet all your farm and ranch needs at a price you can afford with the level of service that you deserve.

Sincerely,

Cliff Jensen  
 President  
 CBH Cooperative Board of Directors

CBH Board of Directors

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