



CPoW Livestock Processors Cooperative Association

Local Livestock, Healthy Meat

January 9, 2012

The newly formed CPoW Livestock Processors Cooperative Association is **actively seeking applications** from livestock producers to join the Association for the construction and use of a producer owned and operated processing facility in Odessa, Washington. The plant will offer processing for cattle, sheep, goats and hogs. USDA carcass inspection will be provided to give producers direct access to retail markets. Interested in joining? Check it out.

FREQUENTLY ASKED QUESTIONS

When will the plant be operational? The new Odessa Plant of the CPoW Livestock Processors Cooperative Association (the "Association") is scheduled to begin operation in late summer, 2012.

Will the plant supply the exact cut and wrap we request? Yes, the plant will provide processing to your specifications and return your meat to you. The cut and wrap fee will be set competitively. Storage will be available, although rates for long term storage have not been established yet.

How much money does the Association need to raise to start building? The Association must raise at least \$400,000 to match a \$1.2 million zero interest CERB loan by mid-March, 2012.

How will you raise private investment? Capital is being raised by a private offering of Series A 8% Subordinated Unsecured Promissory Notes for financing from private investors. We may also pursue loans from commercial lenders. We are hoping to raise up to \$1 million through this offering.

How many shares of Common Stock may I purchase? One. Your share of Common Stock represents a cooperative interest in the Association, like all other shares of Common Stock, and only one share can be purchased by individuals or their producer companies.

Is there a return on Common Stock? The Common Stock should not be viewed as a financial investment; it does not carry a regular dividend, and can be sold for no more than its original purchase price. But, as part of a cooperative, you will be entitled to patronage distributions in proportion to the value of business done through our facilities, and, if we are very successful, you may receive other distributions from time to time. In addition, you will benefit from scheduling priorities and lower processing rates than third parties.

Can I join the Association, but not purchase Common Stock? No. The only way to join the Association is to own one share of Common Stock (one time purchase).

Can a county group (e.g. County Cattlemen's group) purchase stock as a group? A county group cannot purchase a share of Common Stock and gain Association membership privileges for its producer members. Common Stock is tied to an individual operation/operator. A producers' group may purchase Notes as an investment if they meet the investment criteria.

Frequently Asked Questions about the CPoW LP Cooperative Association (continued):

Is the \$650 due all at once (i.e. Common Stock plus Transaction Fee) or can I make payments? The \$650 must be paid up front.

How do I guarantee I will have availability for processing when I want it? You can pre-purchase processing (hook space) and guarantee your spot on the schedule. No more than half of the available processing dates will be available for pre-purchase. If you are unable to use your processing dates and give timely notification, the plant will work with you to re-assign the space. There is no refund for unused hook space.

Who gets the drop credit? Drop credit will go to the Association, unless other arrangements are made for an appropriate fee.

What if I don't slaughter annually? There is no penalty for not using the facility for processing. You may be declared inactive after five (5) years of non-patronage and then your share of Common Stock would be redeemed by the Association.

What if a freezer fails and product is lost? The Association will obtain all appropriate business insurance, including completed product insurance.

Is the Association going to have its own feedlot? It is not in the plans for the Association to own and operate a feedlot, but an enterprising rancher might consider starting such an operation in the area.

Will there be special rates for "off season" processing? Discounted processing rates may be established by plant management to balance supply and demand for processing and product throughout the year.

What if demand for processing exceeds capacity? If the demand is a short term issue, adding another shift or extending the processing day will be the first step. Long term, the Association will analyze where the demand is coming from and identify a location for a second plant also serving a 150 - 200 mile radius.

How do I buy my share of Common Stock? Fill out the Producer Survey and the Producer Application, write out your check for \$650 to the CPoW Livestock Processors Cooperative Association (CPoW LPCA) and mail it all to:

CPoW Livestock Processors Cooperative Association
PO Box 341
Odessa, WA 99159

What if I have more questions? Contact any of the CPoW Livestock Processors Co-op Board as follows:

President: Sue Lani W. Madsen, (509) 236-2311 or suelani@centurylink.net

Vice President: Willard Wolf, (509) 994-8051 or wwolf@air-pipe.com

Second Vice-President: Ed Gross, (509) 979-9233 or edkathryn@yahoo.com

Secretary: Joel Huesby, (509) 200-9325 or joel.huesby@gmail.com

Treasurer: Wade W. King, (509) 632-5358 or wadek@centurytel.net



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