

# AI Cooperatives Approve Merger Proposal

LANCASTER (Lancaster Co.)—Directors of Atlantic Breeders Cooperative (ABC) of Lancaster and Eastern A.I. Cooperative of Ithaca, N.Y. announced recently that members and delegates overwhelmingly approved a proposal to merge Atlantic, Eastern, and Louisiana Animal Breeders Cooperative (LABC) of Baton Rouge, La., into a new organization called Genex Cooperative, effective April 1.

The proposal also makes Genex a subsidiary of Cooperative Resources International (CRI), a holding cooperative based on Shawano, Wis.

The announcement follows special votes by members and delegates this month.

Atlantic members voted over 85 percent approval at 37 local annual meetings held February 5-15. Eastern delegates met February 26 in Syracuse, N.Y. and voted over 97 percent approval of the proposal. CRI delegates voted 96 percent favorable to admit Genex as a new subsidiary at recent meetings.

Results of LABC member voting will be announced in March following their series of special meetings.

Atlantic, Eastern, and LABC have worked together since 1986 through a partnership known as Federated Genetics. Federated markets AI products and services outside the partners' membership areas to several states and foreign countries.

CRI is comprised of subsidiary member organizations, 21st Century Genetics at Shawano, Noba at Tiffin, Ohio, and AgSource Cooperative Services (formerly Wisconsin DHI Cooperative) at Verona, Wis. Federated partners and CRI subsidiaries have been business associates for more than a decade. They offer a combined sire lineup and jointly sample color breeds young sires. In 1995, Federated partners and AI subsidiaries of CRI served some 50,000 dairy and beef farmer-members and an additional 10,000 domestic customers. Sales totaled \$62.5 million. The combined sire programs of the AI subsidiaries include nearly 2,000 bulls housed at nine locations.

"While bigger isn't always better, in mature businesses like those currently in CRI and the Genex partners, CRI has proven that centralizing certain functions can bring about operating efficiencies," said Kenneth Leick, chairman of the CRI board. "These efficiencies will be realized in several important areas without sacrificing product quality or service flexibility to members and customers of these cooperatives."

In announcing approval of the merger plan, the directors said this decision caps more than three years of work by a long-range planning committee of Federated partners. This committee looked at ways to meet the cooperative's missions for the future in providing members with quality genetics and service. Their resulting proposal keyed on four goals:

- Develop adequate business size to finance member needs and research
- Gain better efficiencies in operations and decision-making
- Tighten control on nonmember marketing to build revenue
- Position the organization to readily adapt to future changes.

The directors agreed that actions to form Genex Cooperative and join CRI meet these goals.

"This restructuring is necessary in today's changing dairy service industry to focus on future benefits for producers," said Donald "Skip" Jensen, Eastern's board president and chairman of the

long-range planning committee. "It's a bold step that builds on longstanding relationships to provide a base for further development and improvement of a broad range of products and services for dairymen. We have a healthy mix of unity and diversity that speaks of innovation and leadership."

These actions also offer the advantages of maintaining current service personnel and programs, providing a strong system of local member representation, and preserving members' equities. Members of Atlantic, Eastern, and LABC automatically become members of Genex and CRI, and will elect delegates to serve as local representatives. The delegates will elect directors for the 13-member Genex board who, in turn, will elect four representatives to the 11-member CRI board.

Farm services for members will remain unchanged, the directors said. Atlantic and Eastern professional AI technicians provide

reproductive service and management programs for more than 20,000 dairy and beef farmers in the Mid-Atlantic and Northeast states.

The merger plan calls for Genex administrative offices and primary production facilities to be located at Eastern headquarters in Ithaca. Atlantic's Lancaster facilities will continue to provide sire housing.

The directors said a transition period will follow the April 1 effective date to allow for organizational changes to be carried out

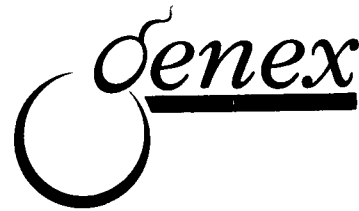
in an orderly manner.

In addition to announcing the formation of Genex Cooperative, directors of Atlantic Breeders Cooperative and Eastern A.I. Cooperative introduced the Genex logo design. It will identify the new cooperative and its personnel, equipment, printed materials, and advertising effective April 1.

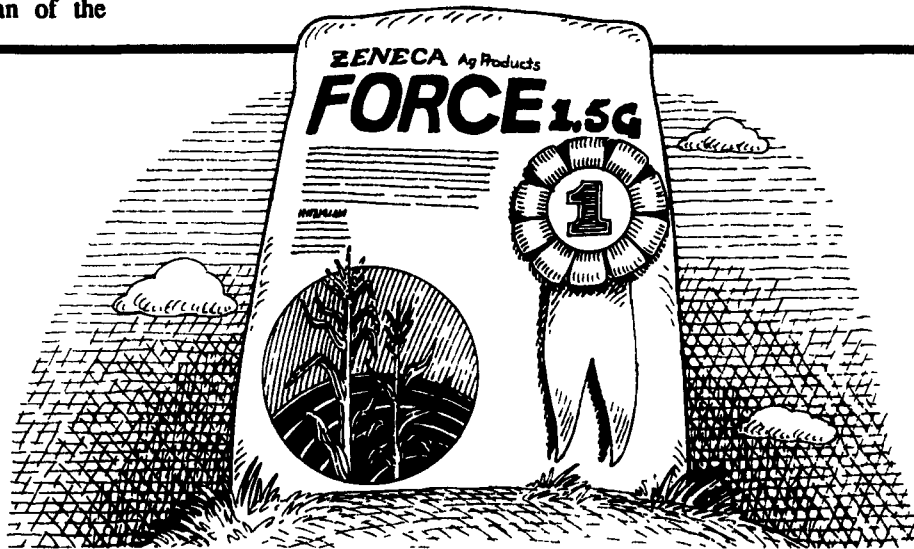
The name Genex is derived from genetic excellence, based on the cooperative's commitment to provide members and customers with the highest quality of sires available. The stylized "g" symbolizes the moment of conception, when sperm and egg unite, and refers to Genex's strong commitment to reproductive programs that increase herd profitability.

The tagline "a tradition of genetic excellence" reflects the longstanding efforts by partners of Federated Genetics to improve dairy herds through superior genetics, quality service, and research. An important part of Genex's mission is to continue that tradition, the directors said.





Burgundy has also been selected as the new AI cooperative's primary color.




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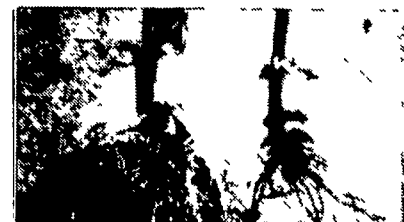
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