

Strategic Priority # 1: Reaching for More Opportunity

Strategic Priority #2: Reaching for More Opportunity

Strategic Priority #3: Reaching for More Opportunity

CU^{*}ANSWERS
A CREDIT UNION SERVICE ORGANIZATION

Annual Stockholders Meeting
June 18, 2014



WELCOME!

Agenda

- Call to Order
- Chair of the Board: Year in Review
 - Review 2013 Minutes
 - Chairman's Comments
- Election of Board Members
- CFO Report
 - Review Financial Reports
- CEO Report
 - Strategic Priority #1: Reaching for More Opportunity
- Adjourn

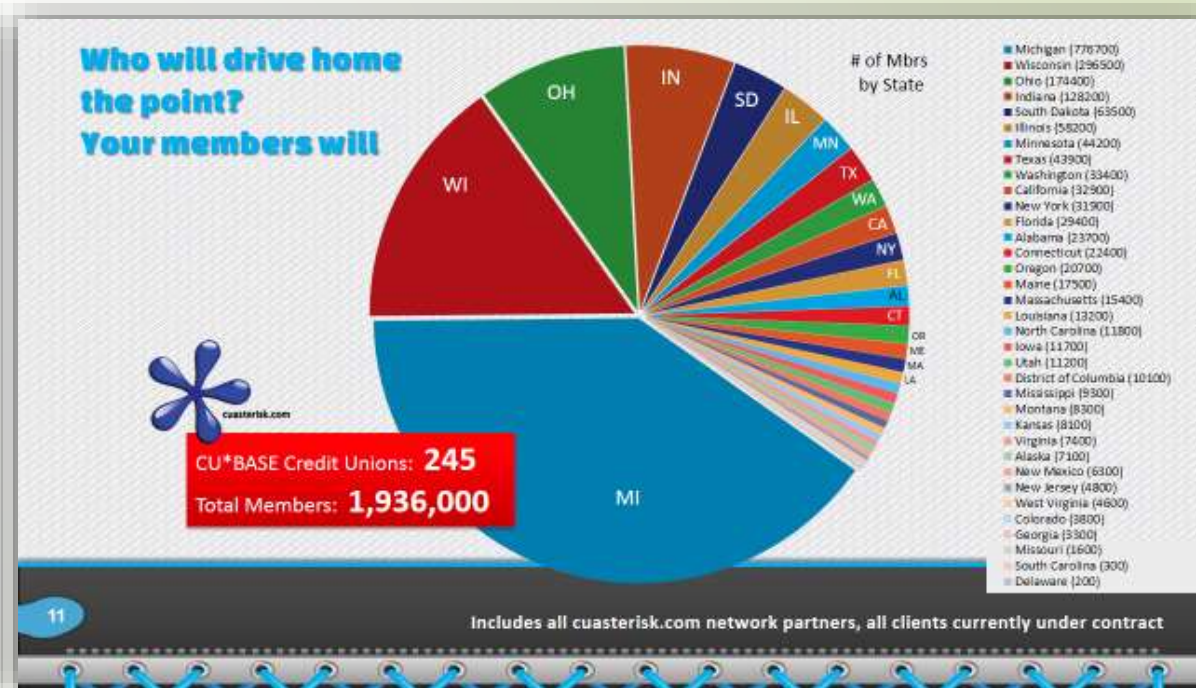
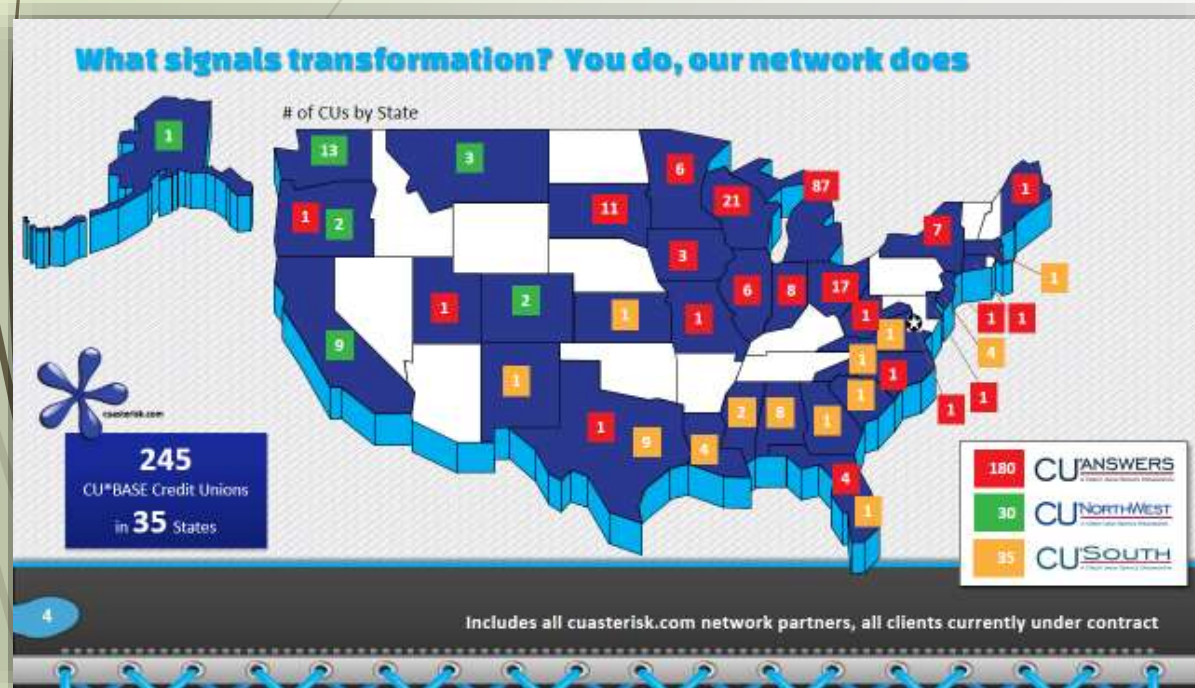


Building a Cooperative 2

Last year we asked the question, “who better than us to build this cooperative?”

So who better than us to envision a transformation for the next decade?

Transformation can occur while no one's watching...or be engineered by those looking forward




The Board feels very strongly that CU*Answers is a platform for those who are looking *forward* – to contribute to the engineering of our network's sustainability

Looking for a new future while maintaining our core principles

- This is the balancing act that is best suited by a strong voice from the customer-owner
- We must make sure our firm understands our owners' experience, how our owners judge tipping points, and how our ownership plans to win through our collaborative investments
- Our firm can only understand based on its interactions with YOUR agendas, with your business initiatives, and through its participation in the agendas of your member-owners

Looking for a New Future
WHILE MAINTAINING YOUR CORE PRINCIPLES



- Everyone can feel it, and everyone's talking about it
- We need to respond to our members' evolving perceptions about what financial services are, how they are delivered, and from whom
- Planning to transform takes vision
- Planning to transform takes the *intent* – to be more, to be different, to be...?, to decide that the time is right

trans·form
[tranz·fawrm; n. tranz·fawrm] verb (used with object)

1. to change in form, appearance, or structure; metamorphose.
2. to change in condition, nature, or character; convert.

This is where we are all equal as leaders
This nervous feeling in our stomachs that something is about to break – break for the good, break for the bad – and it's our job to envision a plan to make sure it breaks for the good

Engage the power of ownership and wear two hats when you think about today's presentation...get involved in engineering our future



Chris Butler, Chairman
 President/CEO, Community CU
 La Crosse, Wisconsin
 Board Member since March 2001



Linda Bodie
 CEO, Element Federal CU
 Yankton, West Virginia
 Board Member since October 2001



Scott McFarland, Director
 CEO, Honor Credit Union
 Berrien Springs, Michigan
 Board Member since August 2009



Don Mills, Director
 CEO, Alpena Alcona Area CU
 Alpena, Michigan
 Board Member since June 2010



Jeff Jorgensen, Director
 CEO, Sioux Empire Federal CU
 Sioux Falls, South Dakota
 Board Member since December 2009



Dean Wilson, Director
 CEO, FOCUS Credit Union
 Wauwatosa, Wisconsin
 Board Member since January 2008



**Vickie Schmitzer,
 Secretary/Treasurer**
 CEO, Frankenmuth Credit Union
 Frankenmuth, Michigan
 Board Member since October 2007

thank you

As always, I want to thank the Board for another great year, and for all their hard work

Speaking of thank yous...

Welcome to **14** new owners in **5** states!

thank you

- ▶ First Financial CU
- ▶ Greater Niles Community FCU
- ▶ Brewery CU
- ▶ Bay Area CU
- ▶ Kellogg Community FCU
- ▶ United Educational CU
- ▶ First Ohio Community FCU
- ▶ Chiropractic Federal CU
- ▶ KALSEE Credit Union
- ▶ Lakes Community CU
- ▶ Monroe County Community CU (converts fiscal year 2016)
- ▶ Greensboro Municipal FCU
- ▶ Washtenaw FCU
- ▶ Chief Financial FCU (converts fiscal year 2016)

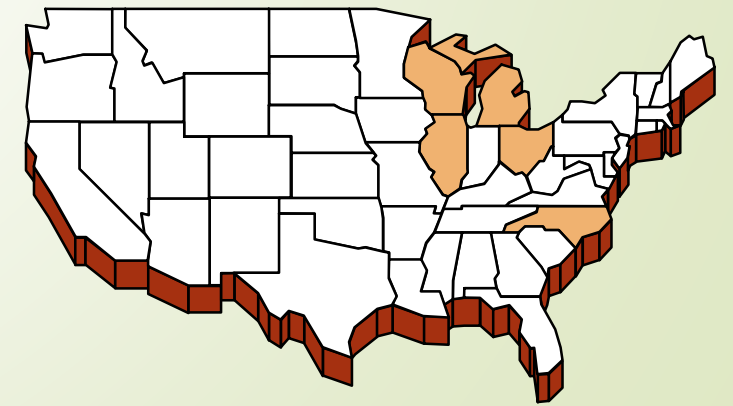
Member size range: **2,700 to 33,600 members**

Average size: **12,500 members**

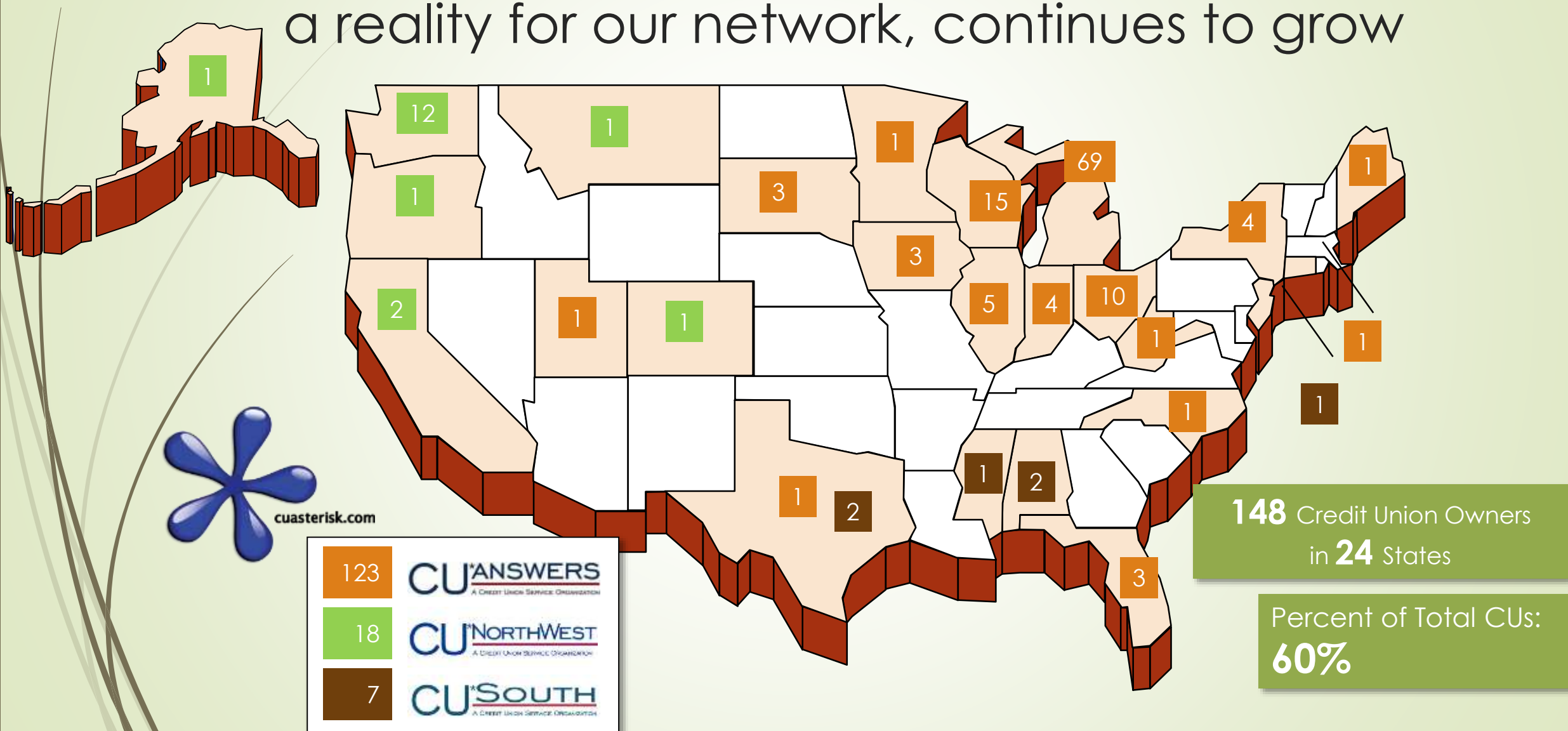
Challenges: **Unlimited**

Ideas: **Priceless**

Potential: **To be the customer owner that changes everything**



The community that will make transformation a reality for our network, continues to grow



148 Credit Union Owners
in **24** States

Percent of Total CUs:
60%



2013 Board Elections

2014 Nominating Committee Chair:

Don Mills

LET'S VOTE!

Elections Market the Power of Ownership

- A lively democratic process is essential for a healthy cooperative
- Your participation in choosing Board members and volunteering for leadership means we're walking the talk ... THANK YOU for participating as owners
- Year 2 for the CU*Answers Elections website (*did you visit?*)
- Year 2 for the e-Voting option (*did you participate?*)

cooperative SCORE **CU*Answers** This site is part of Cooperative Score. Learn More

CU*Answers Elections

Home Meet the Candidates Election Rules About Contact Us

Welcome Owners!

We believe a lively democratic process is essential for a healthy Cooperative. And since we're a Cooperative just like your credit union is, CU*Answers is walking the talk with our owners:

On this site you can meet the candidates vying to fill a spot on the CU*Answers Board of Directors. This year's election is at the Stockholders Meeting on June 16, 2014, but you can cast your vote early by participating in e-voting, offered again in 2014 after a successful introduction last year (learn more).

Check out this year's candidates. Read their story about how they plan to contribute on the Board and represent you as an owner. While you are here, read up on the election rules and find out more about how you can put your feet in the ring next year to serve on the board!

Nominations are Officially Open!

February 13, 2014 Issues Blog

On February 6, 2014, clients were notified of the official call for nominations of candidates to be placed on the ballot for the June CU*Answers Board of Directors election. The packet, which was mailed to all credit union CEOs (including both stockholders and non-owners), included these items:

Memo from Randy Kames to CU*Answers Stockholders

A Call to Nominations

2014 Board Handbook

2014 Election Timeline

February 13, 2014 Issues Blog

January Board meeting (28th) through March 31	• Nominations accepted to fill two (2) open Board seats starting October 1
First week of April	• Stockholders notified that nominations are closed, e-voting consent form sent to owners
April Board meeting (10th)	• Board of Directors chooses candidates to be placed on the ballot
May 1	• Deadline for returning e-voting consent forms

COOPERATIVE PRINCIPLES
 Democratic Member Control
 CU*Answers is a democratic organization controlled by our members. Those who buy our products and use our services—who actively participate in setting policies and making decisions. Learn more about the 7 Cooperative Principles

7 COOPERATIVE PRINCIPLES

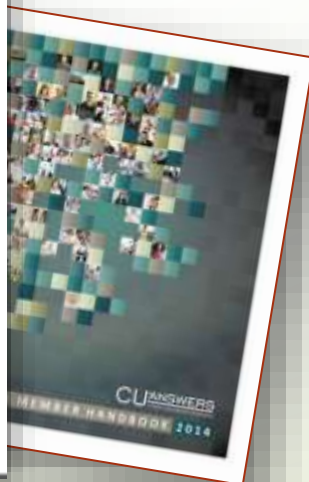
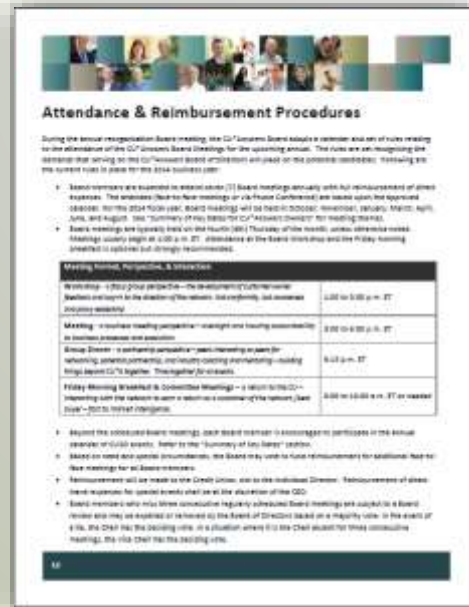
LEARN MORE
 Meet the Board
 Board Member Handbook
 2014 Leadership Conference
 Register for the Annual Meeting
 Because Your Union Matters!

Credit Union Election Management Services
 Learn More

Click here for the 2014 State Assistance
 February 13, 2014

Special thanks to this year's Nominating Committee

- Each year we work from a well-documented process
 - Helps us dot all the i's and cross all the t's
 - Ensures we keep our promise to keep ownership participation alive and well in our Cooperative



Let's hear from the candidates

(2 uncontested positions this year)

- Vickie Schmitzer
 - CEO, Frankenmuth CU (Frankenmuth, Michigan)
- Dean Wilson
 - CEO, FOCUS Credit Union (Wauwatosa, Wisconsin)



Let's hear from our candidates
(2 uncontested positions)

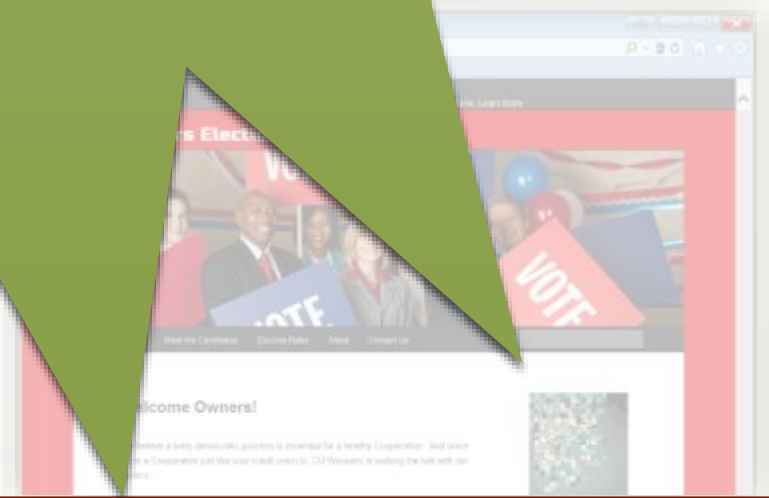
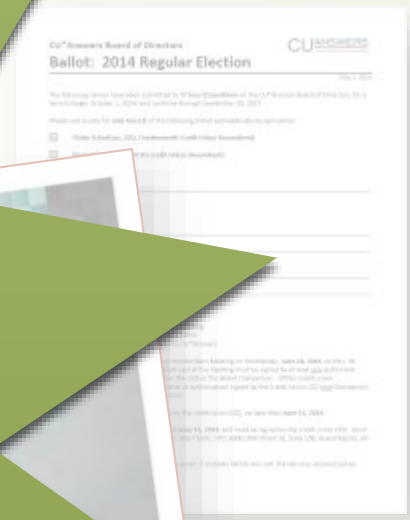
➤ Vickie Sch...

➤ Dean ...

▪ CFC

(Do I have a motion to cast a
vote for unanimous consent?)

Let's vote!





A Look at The Numbers

To fend off challenges to our cooperative, we need a stockholder community that can tell the story and prove their grasp of our model

Working with a community of financial planners: Our goal, Your future

➤ How did we do in 2013?

- Looking for cycles or trends in this year's numbers that hint at the future
- Seeing the effects of a large investment in our future (FEP)
- What is a good year, a great year, and what would be just *too much*?

➤ How will credit unions make money in the next decade?

- Do you agree with Randy's predictions from today's presentation?
- How will we judge when we've passed the tipping point into a new future?

➤ How will we adjust our financial models to a new future?

- Do you think a vendor can be successful based on Randy's goals?
- What would you recommend to me in crafting a CUSO financial engine?

Working with a community of financial planners: Our goal, Your future

► How did we do in 2013?

- Looking for cycles or trends in this year's numbers that hint at the future
- Seeing the effects of a large investment in our future (FEP)
- What is a good year, a great year, and what would be just *too much*?

► How will credit unions make money in the next decade?

- Do you agree with Randy's predictions from today's presentation?
- How will we judge when we've passed the tipping point into a new future?

► How will we adjust our financial models to a new future?

- Do you think a vendor can be successful based on Randy's goals?
- What would you recommend to me in crafting a CUSO financial engine?

Inventorizing our Assets

Can you see our strategy in the trends?

	2012 (\$K)	2013 (\$K)	2013-2012 % Change	2012-2011 % Change	2011-2010 % Change
Cash	\$ 10,430	\$ 10,727	2.8%	35.9%	14.5%
Accounts Receivable	2,165	1,274	- 41.2%	74.0%	5.8%
Prepaid Expenses	969	1,089	12.4%	19.0%	- 6.5%
Fixed Assets	5,917	8,784	48.5%	7.9%	2.1%
Miscellaneous	3,477	4,186	20.4%	- 6.5%	16.4%
	\$ 22,958	\$ 26,060	13.5%	21.2%	9.3%

FEP, FEP, FEP...as we look at the asset side of our balance sheet, you can see that in 2013, we positioned our software investments for a new future

With the release of FEP, next year we'll be talking about its effect on the income statement and how we earn our return now that it is live in the field

2013 Numbers Worth Celebrating

It's still a party, but you can see the differences from year to year

Detail	YE 2012	YE 2013	2013-2012 % Change	2012-2011 % Change	2011-2010 % Change
Total Assets	\$22,958K	\$26,060K	13.5%	21.2%	9.3%
Total Liabilities	\$14,746K	\$15,620K	5.9%	15.2%	3.6%
Total Equity	\$8,212K	\$10,440K	27.1%	33.9%	23.6%
Retained Earnings	\$1,953K	\$1,979K	1.33%	22.9%	43.5%
Book Value of Class A Stock (\$ per share)	\$387.33	\$442.36	14.2%	20.0%	17.1%
Book Value of Ownership	\$77,465.80	\$88,471.65	14.2%	20.0%	17.1%

In 2013, the Board returned the maximum amount it could to our owners, to help with their agendas

Each year it's a balancing act that your Board takes very seriously

How do the proposed RBC and CUSO rules affect how we celebrate success?

- The potential negative impact of the RBC proposal is that it will materially change how CUSOs build and retain capital
- If CUSOs are deemed a material risk to credit union agendas, every CUSO will need new targets and tactics for inspiring CU investment and sources of cash for CUSOs in the future

Detail	YE 2012	YE 2013	2013-2012 % Change
Total Assets	\$22,958K	\$26,060K	13.5%
Total Liabilities	\$14,746K	\$15,620K	5.9%
Total Equity	\$8,212K	\$10,440K	27.1%
Retained Earnings	\$1,953K	\$1,979K	1.33%
Book Value of Class A Stock (\$ per share)	\$387.33	\$442.36	14.2%
Book Value of Ownership	\$77,465.80	\$88,471.65	14.2%

Announcing a debenture payoff program beginning in July 2014

Not a departure from our current tactic, simply an event to set a precedent

Year-end 2013 Dividend Payments

These numbers can flex, and I predict they will again in the future

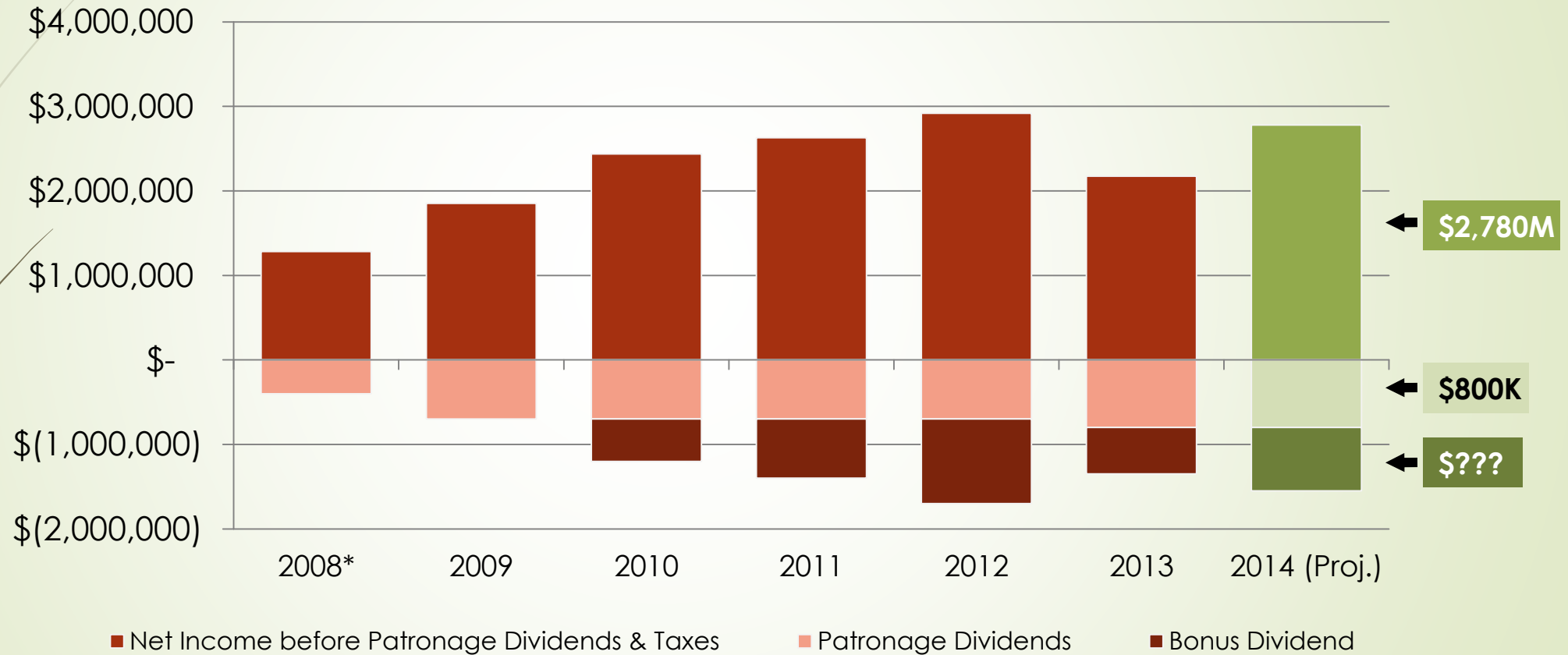
Detail	YE 2012	YE 2013	2013-2012 % Change	2012-2011 % Change	2011-2010 % Change
Patronage Dividend (\$)	700,000	800,000	14.3%	0.0%	0.0%
Bonus Patronage (\$)	1,000,000	550,000	- 45.0%	42.9%	40.0%
Ownership Dividend Rate	4.45%	4.0%	- 10.1%	1.1%	1.1%
Ownership Dividend (\$)	364,333	406,404	11.5%	33.0%	31.3%
Book Value of Class A Stock (\$ per share)	387.33	442.36	14.2%	20.0%	17.1%
Price to Purchase CUSO Ownership	150,000	180,000	20.0%	20.0%	20.0%

At yesterday's Board meeting, I reported 2014 Net Earnings (as of 5/2014), after an adjustment for an \$800 Patronage Dividend and taxes, of \$886K

(Projected to be \$1.283M by 9/30/14)

Net Income & Patronage Dividends

What do shareholders get, and what are we putting away for our future?



What do we think this curve will look like over the next decade as we adjust our models to the economic opportunities of credit unions?

2013 Return on Investment

2013 Gross Income Submitted by Owners to CU*Answers <i>(Excludes all vendor pass-throughs)</i>		\$ 16,539,398
2013 Patronage Dividends Paid	\$ 1,350,000	
2013 Class A Stock Dividends Paid	406,404 (4.0%)	
2013 Interest Paid Credit Unions on Loans	<u>360,949 (~5.1%)</u>	
Total Revenue Returned to Credit Unions		\$ 2,117,353

Return Per Total Dollars Received: \$0.1280

$\$2,117,353 \div \$16,539,398$ (excludes vendor pass-throughs) = 12.80% return per CU*A \$ received

Understanding this formula is important to how we set the boundaries for our future

2011 Return Per Total Dollars Received: \$0.1530

$\$2,109,553 \div \$13,791,870$ (excludes vendor pass-throughs) = 15.29% return per CU*A \$ received

2012 Return Per Total Dollars Received: \$0.1623

$\$2,449,307 \div \$15,094,488$ (excludes vendor pass-throughs) = 16.23% return per CU*A \$ received

2013 Return Per Total Dollars Received: \$0.1280

$\$2,117,353 \div \$16,539,398$ (excludes vendor pass-throughs) = 12.80% return per CU*A \$ received

The combination of how much you own, how much you lend, and how much you do is the balance that the NCUA seems determined to control

Do you have your own perspective?

Thinking About 2014 Year-End

cuasterisk.com network revenue numbers continue to impress

- ▶ CU*Answers direct revenues continue to evolve

- Projected for 2014: **\$41.27M**



Grand Total: \$47.8 million

Visit www.cuasterisk.com to keep up with network partners, products and services

- ▶ CU*Answers' influence continues to grow through partnering with other networks and investing in new initiatives

- eDOC projected for 2014: **\$3.95M**
 - CU*NW projected for 2014: **\$3.02M**
 - Xtend projected for 2014: **\$2.59M**
 - CU*S projected for 2014: **\$2.26M**
 - BuffaloPacific projected for 2014: **\$1.80M**
 - Site-4 projected for 2014: **\$452K**
 - ChatterYak projected for 2014: **\$234K**
 - CPS projected for 2014: **\$78K**

Investing in a Community and Building a Network



CU***SOUTH**
A CREDIT UNION SERVICE ORGANIZATION

0%
ownership stake



Co-operative | **PAYROLL**
SOLUTIONS, LLC

12.5%
ownership stake



eDOC
INNOVATIONS

48%
ownership stake



site-**four**

20%
ownership stake



CU***NORTHWEST**
A CREDIT UNION SERVICE ORGANIZATION

5.3%
ownership stake



BuffaloPacific

1.18%
ownership stake



Xtend

1.28%
ownership stake



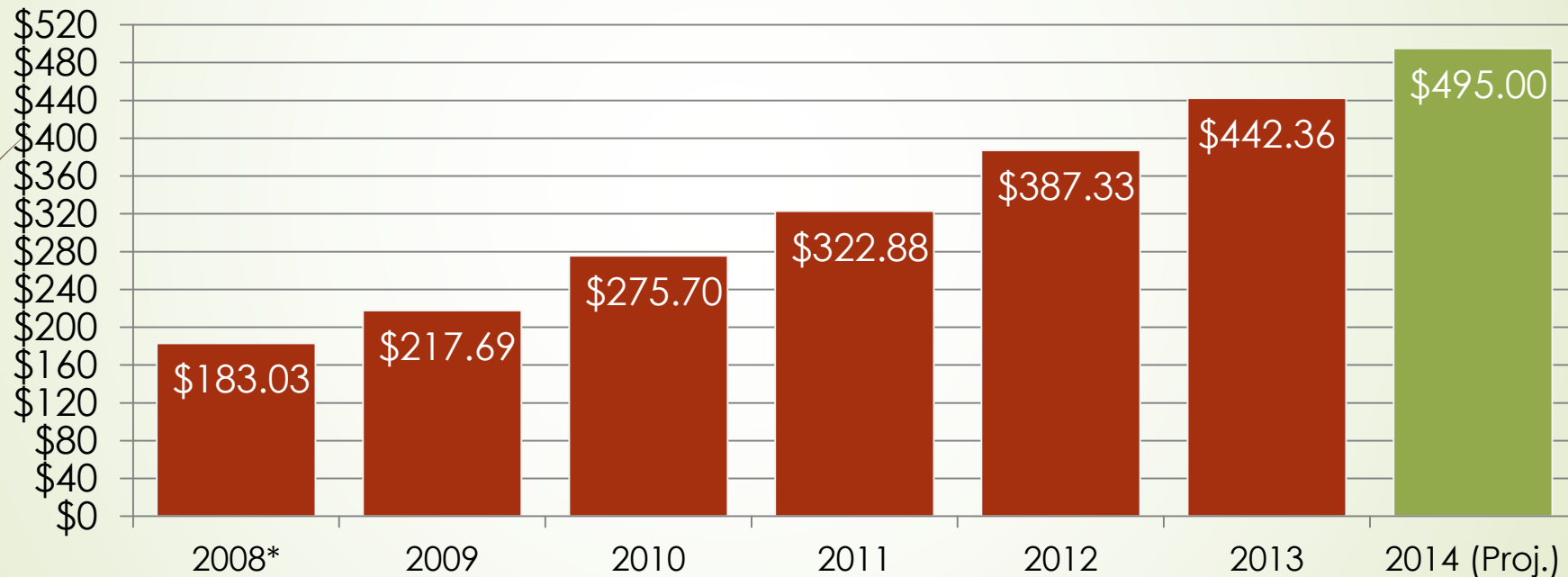
CHATTER YAK!

15%
ownership stake

Projecting Shareholder Value

Depending on when you bought in, your perspective is different

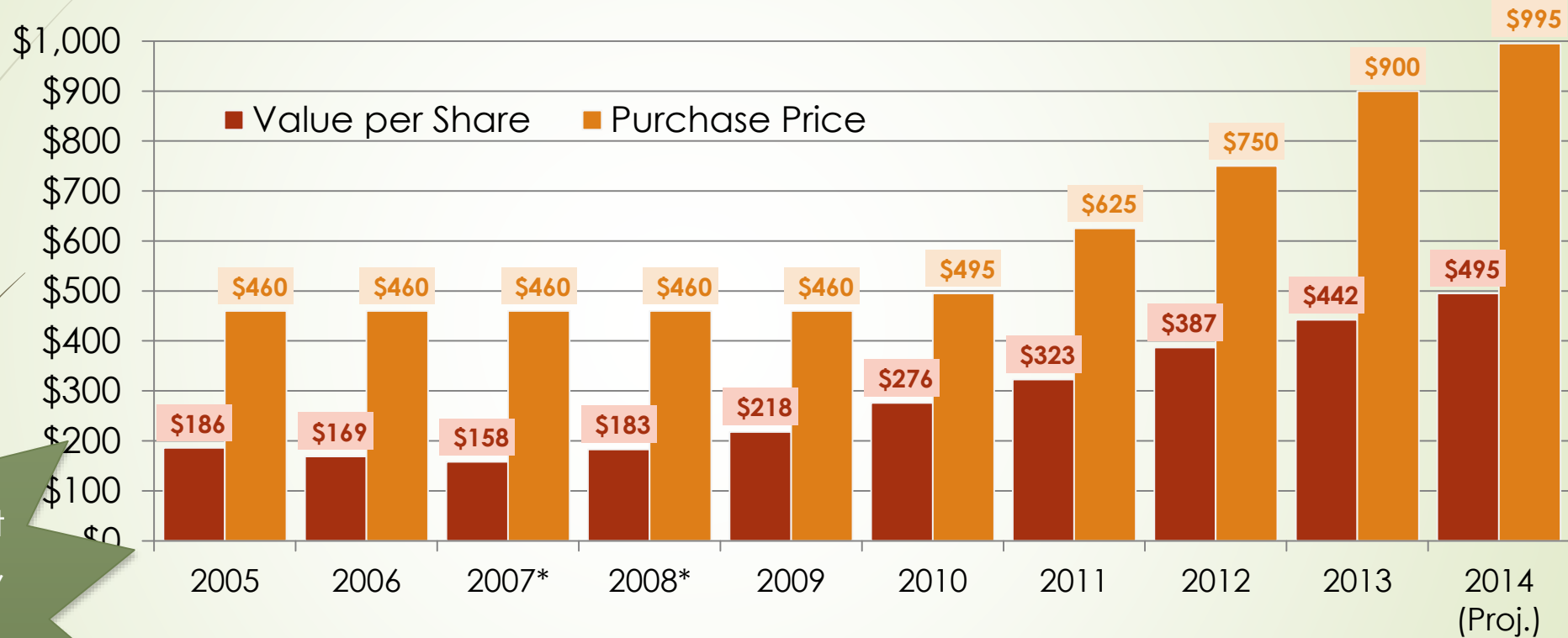
Ownership price 1991: **\$59.31**, 2000: **\$176**, 2005: **\$460**, 2010: **\$495**, 2014: **\$995**



Does this success warrant a higher reserve against your capital? When does success make you more at risk?

The importance of our per-share price

Balancing today's payback against the value of your equity



The delta is set by your Board, and is part of our capital plan

We project that as of September 30, 2014,
61% of owners will be in the black

*Restated 9/30/08

Balancing the perspective of a growing company



Distributing Returns to Owners

Marketing the Value of Our Board Design

Nothing could be more important as a Board contribution than making sure that our cooperative model creates a competitive advantage for our firm and its owners. Beyond that, they must make sure the owners' best interests are embedded in our design and guarded by the Board's actions in everything we do.

When the Board is challenged, it is important that we do not defend people, but rather defend the design and the collective action of our Board. Defending people is defending a candidate, not the institution of our Board of Directors. Like building a succession plan vision for our employees, where we say our design is sustainable no matter who is executing it, we need to say that the importance of our Board is also sustainable based on its design.

Our Design for Managing Ownership Returns

- The Board needs to maximize the current-year distributions to owners whenever possible. This happens through two distributions:
 - Patronage Dividends: Pre-tax dividends. (The major concern here is the marketing effect of Patronage Dividends and the appearance of Patronage Dividends trending up, down, or staying the same. What does that mean to the market and the confidence of our clients and owners?)
 - Stock Dividends: Post-tax dividends which reduce the equity effect of net income from the current year.
- The Board needs to maximize the current stockholder value so that Credit Unions who bought in and paid an ownership premium to participate as owners can eventually cover that difference with equity growth. Equity growth comes from two sources:
 - The sales of ownership positions to Credit Unions who pay the book value plus an opportunity cost through the Board setting the purchase price.
 - The net income after Patronage Dividends and taxes, less stock owner dividend distributions, that is added to retained earnings.

Other Considerations in Representing Our Ownership: Maximizing Their Returns

The Board must also be diligent in helping us maximize the value of our cooperative model. They do this based on a deep understanding of the basic tenets of our CUSO. When working properly, these tenets benefit our customer/owners through expected ownership returns that give us a competitive advantage over for-profit firms. These tenets include:

- Our pricing and our value exchange with our customers are designed to be ownership dividends themselves. There is no advantage in our cooperative model to overcharging our customer/owners in order to transfer income to third-party stockholders. We lower prices whenever possible to distribute ownership value. Therefore, we charge when we have to, not just when we can.

Detail	YE 2012	YE 2013	2013-2012 % Change
Patronage Dividend (\$)	700,000	800,000	14.3%
Bonus Patronage (\$)	1,000,000	550,000	- 45.0%
Ownership Dividend Rate	4.45%	4.0%	- 10.1%
Ownership Dividend (\$)	364,333	406,404	11.5%
Book Value of Class A Stock (\$ per share)	387.33	442.36	14.2%
Price to Purchase CUSO Ownership	150,000	180,000	20.0%



There may come a day when the NCUA will test your understanding of these models

They need to see your grasp to see the value

Working with a community of financial planners: Our goal, Your future

► How did we do in 2013?

- Looking for cycles or trends in this year's numbers that hint at the future
- Seeing the effects of a large investment in our future (FEP)
- What is a good year, a great year, and what would be just *too much*?

► **How will credit unions make money in the next decade?**

- Do you agree with Randy's predictions from today's presentation?
- How will we judge when we've passed the tipping point into a new future?

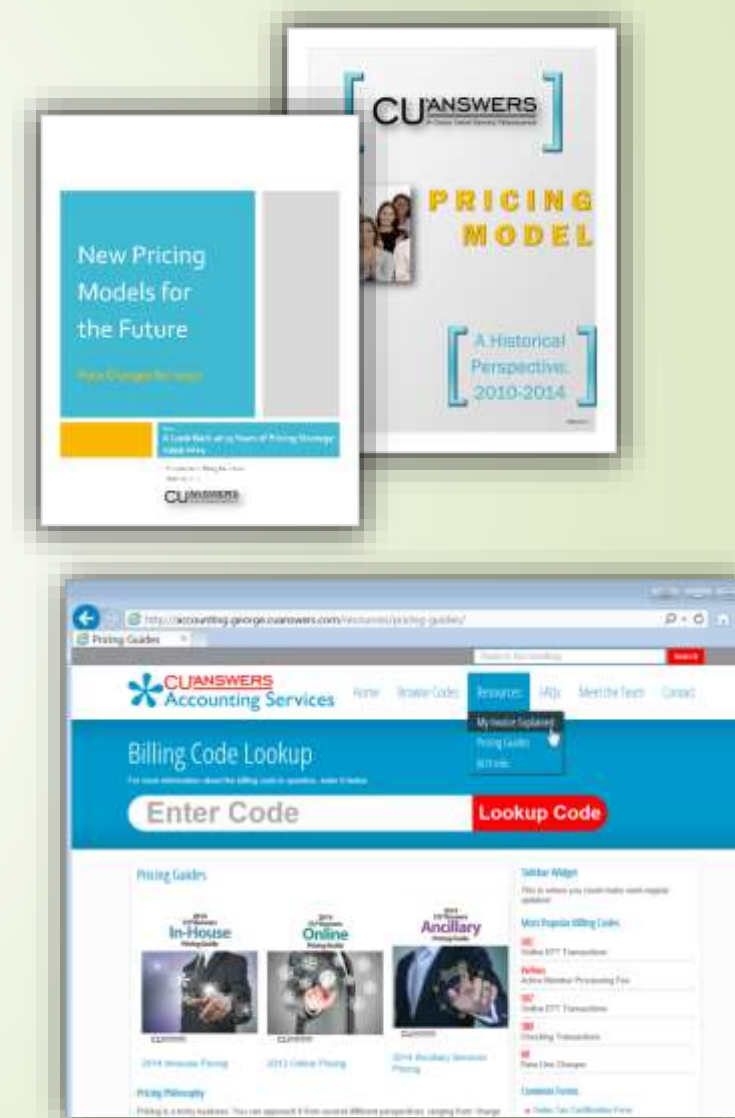
► How will we adjust our financial models to a new future?

- Do you think a vendor can be successful based on Randy's goals?
- What would you recommend to me in crafting a CUSO financial engine?

Can we predict the future of how CUs will make money?

- ▶ Randy predicted that CUs will need to
 - Reject the concept that everything is for defense and saving member relationships
 - Refine how they invest for competitive advantage, and make it real
 - Ensure every program has some revenue contribution
 - Aggressively invest in or buy opportunity, and blatantly call it out as a talent

2014 was the first year for a network CFO Roundtable...we need to build a community of designers focused on the financial engines for CUs so that we can match the ability to pay with the strategies to do



Working with a community of financial planners: Our goal, Your future

► How did we do in 2013?

- Looking for cycles or trends in this year's numbers that hint at the future
- Seeing the effects of a large investment in our future (FEP)
- What is a good year, a great year, and what would be just *too much*?

► How will credit unions make money in the next decade?

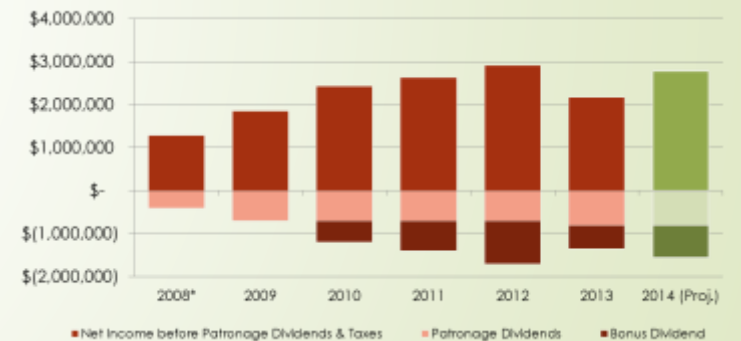
- Do you agree with Randy's predictions from today's presentation?
- How will we judge when we've passed the tipping point into a new future?

► How will we adjust our financial models to a new future?

- Do you think a vendor can be successful based on Randy's goals?
- What would you recommend to me in crafting a CUSO financial engine?

Can we predict the future of how we will make money?

- Randy predicted vendors will need to
 - Redefine who takes the risk in making offers to credit union members
 - Create concrete returns, or don't charge
 - Earn when the credit union earns
 - Fee for execution, not legacy investment
 - Pay credit unions to reach consumers, and share the harvested results
 - Specialize in models for cooperative designs, and match the expense to the credit union's opportunities



The power of ownership is the right to set expected returns

We need the help of customer-owners to build a model where we use that power to fund the agenda of every network participant



Strategic Priority # 1: Reaching for More Opportunity

Strategic Priority #2: Reaching for More Opportunity

Strategic Priority #3: Reaching for More Opportunity

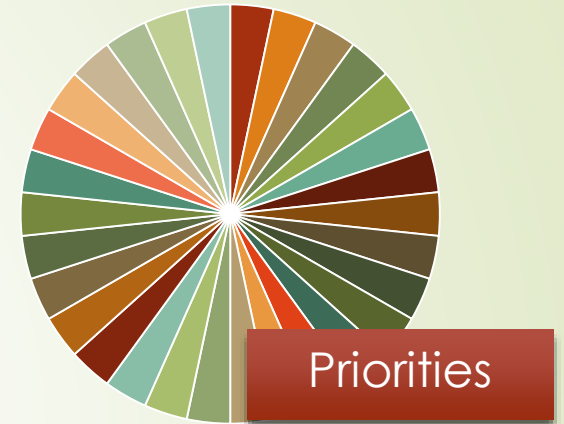
How in the heck am I going to afford to jump into this tank?



It can seem like everything is a priority

It gets really fuzzy between defense and offense

- For all of us, the path forward can seem overwhelming, with the diversity of topics, the pressures for our attention, and the constant need to spend the same dollar over and over
- It can be tough to tell the difference between what others *think* you should do, what they all *want* to do, and what they really *will* do
- Knowing your culture and sensing how to commit your organization – based on what people *will* do – is the only hope a leader has of putting the pieces together in the right order

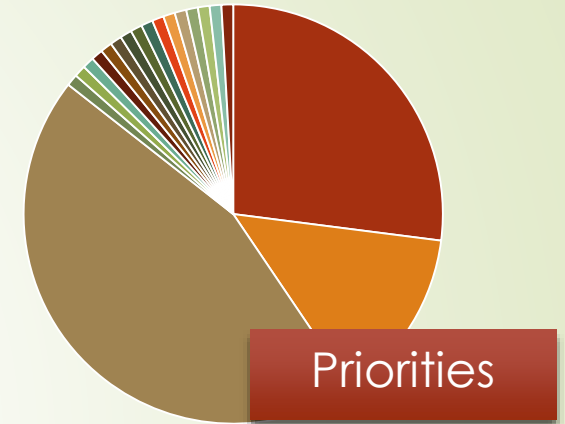


In this next decade, we need to continue to refine a system that filters out the noise and hones in on what members *will* do, what leaders will drive to the end

Commitment to a priority can seem like stubbornness

Empathy, while socially valuable, will not save you here

- The balance between what we will all *do*, versus what we are all *interested in*, can challenge a collaborative's sense of cohesiveness
 - Will we ever see things the same way?
- As we think about how best to leverage \$200 million of cash flow in the next 5 years, we have an opportunity to transform, not simply to survive
- To do that, we must capitalize on opportunities that we *will* harvest, as priority #1...and minimize our investments in tangents that capture our fancy, but not our commitment



The challenge is how we collectively agree on the difference

You are not customers of the future, you are the owners that need to come together and declare a future

Building an engine for selecting what to do

Our ultimate challenge for the next decade



TELL ME WHY I'M WRONG CONTACT ABOUT THIS SITE

1 COMMENT

Lorem Ipsum

APRIL 2, 2014 BY RANDY KARNES

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Vestibulum velit enim, semper vitae ante in, tuncis tristique metus. Nulla ultrices porta porttitor. Morbi tuncidunt non nunc sit amet rhoncus. Vivamus sed enim id diam laoreet blandit. Vivamus sed nulla magna. Fusce scelerisque tortor diam, nec bibendum augue dapibus pulvinar. Vestibulum ut urna porta, auctor odio sed, mollis velit. Sed tristique purus sit amet arcu sagittis, semper ultricies neque commodo. Aliquam quis dapibus lacus, ut aliquet lacus. Vestibulum semper pellentesque eros ornare egestas. Nunc id lectus eget sem posuere pretium non id nulla. Fusce ullamcorper lacus vel justo tuncidunt, eu laoreet felis mattis. Maecenas cursus molestie neque. Curabitur varius nibh tortor, a vestibulum est commodo et. Praesent posuere quis dui nec feugiat.

Sed ornare egestas blandit. Nullam non nulla sed justo tempor pharetra. Vivamus ante nunc, egestas vitae rutrum ut, viverra vel quam. Mauns pulvinar eusmodi odio, eget eleifend lorem feugiat auctor. Phasellus porttitor leo sem, quis laoreet sapien consequat condimentum. Cras ultricies lorem nisi, eu pretium libero feugiat vitae. Cras odio leo, molestie eget quam et, rutrum scelerisque felis. Sed hendrent odio ac nu aliquam placerat. Curabitur sed cursus nibh.

CONTINUE READING

LEAVE A COMMENT



About Randy

<http://tellymewhyimwrong.com/>

Pushing things past the tipping point – without making civil people uncomfortable

Strategic Priority #1:

Reaching for More Opportunity



How do you reach for more opportunity?

- ▶ You increase your conversations with the marketplace
- ▶ You find people with the challenges that will yield the greatest opportunity once the answers are found
- ▶ You focus on offense to generate an opportunity to afford the investment in defense
- ▶ You leverage connections (relationships, proximity, the moment) to find one more thing to do with a customer where the *connection* is the advantage, not what you do
- ▶ You have the self-confidence to learn something new, to reach for more capacity, to assume that you can reset the game to your advantage

Reaching for More Opportunity

The next decade: **Finding opportunities to put ourselves to work**

How will we reach for more opportunity?

- We'll continue to expand the tactics and toolkits we have to talk to credit union stakeholders (professionals, volunteers, members, vendors, regulators) – **we'll find opportunities to put ourselves to work**
- We'll leverage CU*BASE and our copyrights in marketplaces that will challenge us for new solutions and generate the revenue to find them – **we'll find opportunities to put ourselves to work**
- We'll expand our business development and round out our solutions to be as focused on the health of our clients as we are on the tasks that challenge our clients – **we'll find opportunities to put ourselves to work**

Reaching for More Opportunity

The next decade: **Finding opportunities to put ourselves to work**

How will we reach for more opportunity?

- ▶ We'll redesign the assets that allow us to connect with our members' world and the Internet economy. We'll capitalize on connections and inventory every opportunity where the connection is the ultimate competitive difference – **we'll find opportunities to put ourselves to work**
- ▶ We'll do everything we can to instill confidence in our network that we can learn, that we can do more. We will refuse to be mystified by challenges we just don't understand yet – **we'll find opportunities to put ourselves to work**



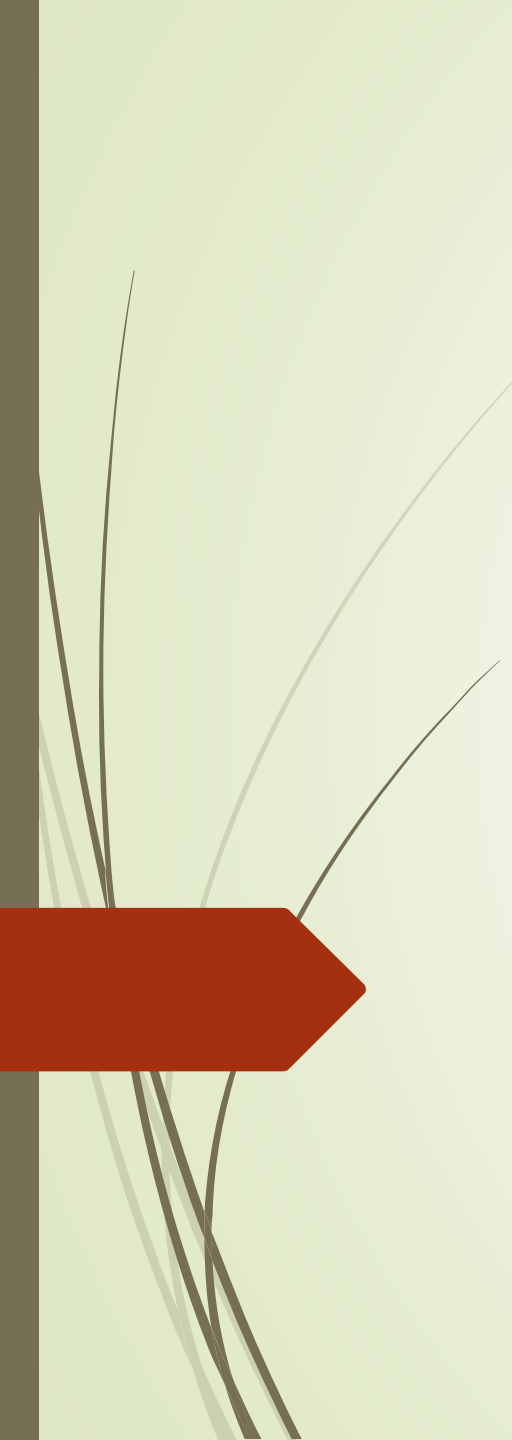
The advantage of a cooperative

The drivers for reaching for opportunity

How did our founding pioneers create our current opportunity?

- They found people where the solution was based on working together
- They found people where their challenges were important enough to build a company and do it themselves
- They prioritized the mutual needs (went on offense) without allowing the fear of what they couldn't do to dissuade them (being on the defensive)
- They knew if they created a community and bonded closely with it, that would be the advantage that would sustain them
- They did something they'd never done before, in order to get something they didn't have

These are the core traditions we need to hold on to, and make them work for this economy in the next decade



We are the builders of this
cooperative business

We are the people who design
the engines that identify
opportunity – with the intent to
harvest that opportunity for our
customer-owners

Can we prioritize opportunity?
Can we transform our designs
to fit, so we can continue to
succeed in the next decade?

THANKS FOR THE DAY



Back to the party!