

DECEMBER, 2019

SYNERGY

COOPERATIVE



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GREETINGS FROM YOUR CEO

Karl Varnes - CEO



Merry Christmas and Happy New Year to all.

What makes a year memorable depends on your perspective. For many, it's personal events that change our lives, for better or otherwise. For some, it's how outside forces affect our lives in ways sometimes out of our control. For those in agriculture, I suspect 2020 will be a welcome sight. Those outside forces of weather, trade, tariffs, transportation, and political wrangling have made grain production and much of agriculture in general a challenge. We have seen some welcome improvements in the dairy outlook. Thankfully hope springs eternal, and 2020 brings a reason for optimism.

Another reason for optimism is that the recently completed fiscal year of your cooperative was a success. While the details will be delivered at the annual meeting on January 16th, here are a few highlights:

Sales were up slightly to exceed \$200 million this year. Margins were up slightly with more efficient purchasing – while maintaining competitive pricing. The nonrecurring costs of last year's re-identification were saved, patronage from CHS which was absent from last year's results also returned this year – giving us a local net of 3% and a bottom line after patronage of 4%. That number is approximately double last year. Your board has chosen to return \$2.4 million in patronage which will be distributed in March. Also, 50% of the patronage will be paid in cash this year – up from 40% as done in recent years. This is in addition to the \$1.25 million paid out in equity retirements this past year. The goal, as always is to return more cash and equity to our members as quickly as possible.

We are pleased to report that almost all our departments showed improvements this past year. C-stores, energy, feed and grain profitability improved. Agronomy sales increased 15% - partly due to new business – and some due to the unfortunate need for emergency forages after last winter's alfalfa kill. Most service stations and hardware locations also showed improvement. The move of our machinery department into the former Link Implement facility has been a welcomed addition, especially with the help of the Links and their crew. It was and still is, a lot of work but a great improvement to our former facility.

Not that 2019 was without its challenges for your cooperative either! It has been said that how well we handle adversity defines us. If you recall we started the year with record snowfall in February, making it difficult to fill LP and fuel tanks especially when you can't find them! Spring finally arrived at the end of May. Agronomy departments found alternative supplies of fertilizer when the river system didn't open for barge traffic until after July 4th due to flooding. Weather played a role right through fall as dryer demand hampered LP supplies. All in all, the employees you have in your business came through and helped define us as a reliable and reputable supplier and partner.

There is currently some work being done at some of our C-stores, some work is necessary for compliance upgrades and some work is for customer convenience. Another C-store location is also being added in Barronett, which was owned by your cooperative at one time – and is again. It's much easier to spend money on improvements above ground that are visible and provide a better customer experience. Those traveling through Almena might have noticed that the old feed mill is finally gone. This facility closed in the fall of 2017 and needed to come down. The old Rice Lake office building is also removed to make more room for customers and improved visibility. A more detailed explanation of assets added will be given at the annual meeting.

This will be the first year of the mail ballot Board of Directors elections. This was decided and put into the bylaws at merger to give all our voting members the ability to cast their ballots. A nominating committee recently met and ballots will be mailed out with the annual meeting notice to our eligible producer voters. Ballots can be mailed back or brought with you to the annual meeting. In the meantime, save the date:

Synergy Cooperative Annual Meeting
January 16th at 11:00 AM
Turtleback Golf, Dining and Conference Center
1985 18 1/2 Street, Rice Lake

Thank you to the employees of Synergy Cooperative; we are blessed to have a dedicated group that takes ownership in your business.

Thank you to the board for the hours spent in guiding the future of your business.

Most of all, thank you to all our customers, who have given us the privilege of doing business with you.

Let us know if you have any questions, suggestions or just stop in for coffee!

Merry Christmas and enjoy the holidays.

BOARD OF DIRECTORS

DAVID SCORE - CHAIR

SONNY MOLLS - VICE CHAIR

BRIAN JOHNSON - SECRETARY-TREASURER

STEVEN ACKERLUND - DIRECTOR

KENNETH BJORK - DIRECTOR

JEFF OLSON - DIRECTOR

TOM KRISKOVICH - DIRECTOR

WAYNE SOLUM - DIRECTOR

MARVIN PRESTRUD - DIRECTOR

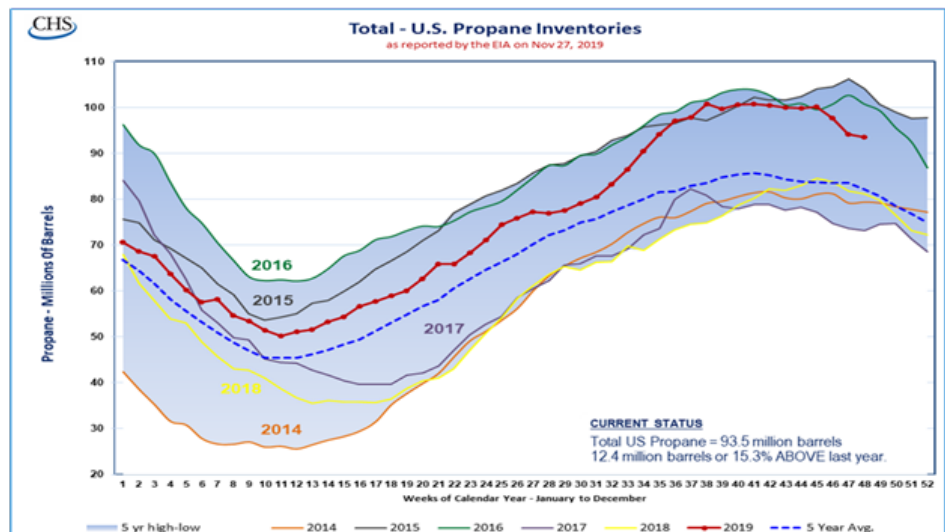
ENERGY - PROPANE

Kyle Knutson - COO - Energy/ Other Retail



As winter is upon us, it is time to keep a close eye on your propane tank levels. It is a good habit to check your tank weekly to know where your tank level is at. This time of the year is when we seem to have the most will call customers run out of propane when they don't watch their tank percentages. As we start the heating season, this year there have been about 10% less heating degree days than last year, however, it sure seems like it's just as cold as last year! It sure has been a cold fall. These milder colder temperatures should correlate to about the same percentage in propane usage from last year for heating purposes.

I wish we could say the same for the corn drying demand. Corn drying demand has been at a record high for the entire Midwest this year. This increased demand has challenged the aging infrastructure to get the propane to the Midwest where it is needed the most. Total U.S. propane supplies are in good shape and are above the 5-year average. The obstacle we face is the bulk of the propane is in storage in the Gulf of Mexico and we need it here in the Midwest. We also rely on a large portion of the propane used in the Midwest to be shipped by rail from Canada. This has been a fairly reliable source of product for the past few years. This year, the CN Rail conductors and yard workers went on strike in mid-November. At the time of this writing, they have come to an agreement and we are looking forward to this supply coming back to the Midwest in the near future. As you can see from the chart here, U.S. inventories are at the higher end of the 5-year average and about 15% over last year.



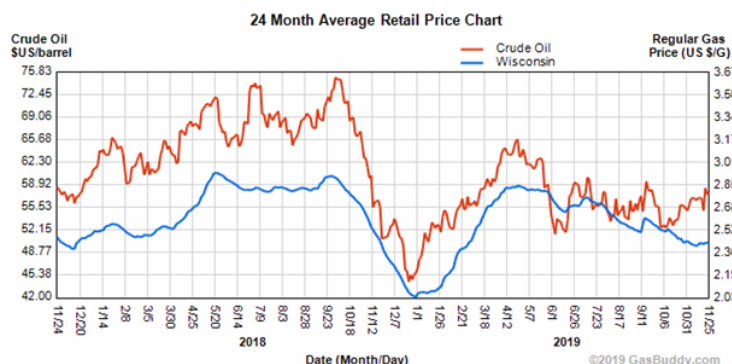
With the early November snowfalls this year, it reminds me to ask that you please take the time to keep a path cleared of snow to allow your delivery driver to access your tank safely. It is recommended that you keep your propane tanks clear of snow to allow daylight/sunlight to warm the tank which will help the propane boil in the tank to produce higher vapor pressure. As the temperature of the propane gets colder it drastically reduces its ability to boil and create vapor. The liquid propane needs to boil in the tank to create vapor to supply the vapor to your appliances to burn. When clearing your tanks of snow, please use a broom to avoid damaging the finish coatings of the tank. Please take a look at your regulators that are mounted to the outside of your buildings and make sure they are clear of snow also.

Thank you for your patronage and I hope you have a safe and enjoyable holiday season.

ENERGY - FUEL

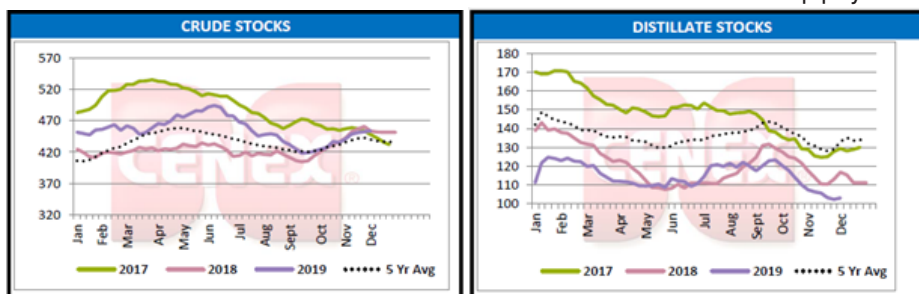
Kyle Knutson - COO - Energy/ Other Retail

The petroleum complex has been fairly quiet over the past six months. Trade has been sideways for the most part with crude oil ranging between \$50 and \$60 per barrel. As we look forward to 2020, I would like to point out that the past two years crude oil has found a bottom in mid to late December. In the chart here, the red line illustrates the crude oil price for the past two years. On or about December 17, 2017, the bottom was found for the contracting season for the calendar year 2018 and on December 31, 2018, the bottom was found for the contracting season for the calendar year 2019. With that in mind, I think this may be a time that may offer an opportunity to lock in diesel fuel prices for 2020 as well as possibly be a great time to fill onsite storage for your spring needs.



If you are interested in contracting diesel fuel to protect yourself from rising prices, or would simply want more information in regards to contracting, please call Dave Kaufenberg in Almena, Todd Mandel in Rice Lake, Brady Arntson in Elk Mound or myself for a daily quote. We can offer contract diesel fuel for any patron at any time. Just call us for a daily futures market quote between 9 a.m. and 1 p.m. daily.

As you can see below, the graphs show increased crude oil and gasoline supply about identical to over both last year and slightly above the five-year average, however, Distillate (Diesel) supply remains below the past two years as well as significantly below the five-year average. I point this out mainly because I feel that if the diesel inventories continue to decrease, the economics of supply and demand could drive diesel prices higher.



Bulk Diesel Exhaust Fluid Delivery is Here! Synergy Cooperative is now delivering DEF in Bulk, Totes, and Drums. If you are interested in DEF delivery, please contact Dave Kaufenberg in Almena, Todd Mandel in Rice Lake, Brady Arntson in Elk Mound or myself.



We are a month into the Cenex® Gift Cards for Gallons promotion. The promotion runs from November 1, 2019 through February 28, 2020. Customers can earn one \$50 VISA® gift card for every 125 gallons of Cenex Lubricants and grease products purchased. There is no better time than now to top off your bulk lube tanks and avoid road weight restrictions in the spring!

Thank you for your patronage and I hope you have a wonderful holiday season!

'Twas the Night Before Christmas- 2019 Farming Style

Sarah McHenry - Sales Team Manager and Lead



'Twas the night before Christmas and all through the Feed Mill
Not a creature was stirring, except for the local feed mill cat with another batch of kitties
The feed sacks were hung by the bagging leg with care
In patient anticipation Monday would soon be there.

The dairy calves were nestled all snug in their deep straw bedded beds
While visions of 101-degree warm milk or milk replacer danced in their heads.
And cows by the feed bunk eating their high corn silage batch
Had just settled in for a midnight snack

When out of the commodity market arose such a clatter
Who knew a trade war with China would actually matter
But away to the field to harvest the combines went with a flash
With moistures and test weights that make most go, I hope insurance pays in cash

The beef market, however, did not grow
From an untimely Tyson meat plant that started to glow
What then could be next in this challenging year
But virtually no alfalfa anywhere and a rising hay market to appear

Then with a little lower milk yield, milking time sure is quick
But with high milk components now fat corrected milk sure is a trick
So encourage chocolate milk and cheese for the big game
Because soda and tofu are pretty lame

Now Snow, Now Cold, Now Ice and Rain
On Shed, on Roads, on virtually everything
Rebuilding the fallen down structures
Now stronger and tougher than ever
So dash away, dash away, dash away 2019 winter

Now with joking aside
And thank you for tolerating my rhyme
Merry Christmas to all and to all
Thank You for your business throughout this challenging year.

Wishing you a safe and Happy Holiday season and a prosperous 2020 from the Synergy Feed Department



FEED

Bob Hinrichs - Feed Division and Feed Operations Manager



Synergy's year has ended and once again you can be proud of your Cooperative. Thankfully through the diversity of the merger, the Cooperative has shown signs of strength and growth throughout. This year's patronage promises to be better than the last which is something we are all looking forward to.

The feed division this last year has been through a number of changes as we worked diligently to purchase high-quality products more competitively and consolidate both management and sales. We are definitely doing more with less by utilizing our people and equipment better. Communication between locations to share trucks and labor has been key and encouraging as we continue to gain efficiencies. We are always exploring ways to better serve our owners and the next year will be looking at a way to add new technologies to products, as well as adding a wide variety of product options. Please look for these exciting new changes that will allow your operation no matter how big or small to become more profitable.

The commodity market has certainly been opportunistic this year with huge swings in market prices on gluten feed product and soy hulls. Most of these big swings are due to the lack of hay in the country so most dairies are looking for a fiber source so the demand for products like corn gluten feed has skyrocketed. We have not only tight pricing on those two commodities but trucking is also putting the pinch on availability and in turn affecting pricing. As of today, December fourth, the gluten plant in Clinton, Iowa is down until the following Monday. I have brokers that have over twenty trucks waiting in line to get loaded and some are getting rerouted to the gluten plant in Cedar Rapids, Iowa. This, of course, has then caused the Cedar Rapids plant to adjust their pricing with the increased demand. Soy hulls have also been like trying to catch a bearcat. Trucks have had to wait in line to get loaded for ten hours and much like with gluten we can go to other plants, but trucking is always a little more expensive. On a more encouraging note from the commodity markets, soy and canola have been holding and as long as the trade war is on we may not see much of a change. Matter a fact with the number of hogs that China has slaughtered due to the Swine Flu, they may not go through as much soy as they have in the past.

Elk Mound

I have been spending the majority of my time at our Elk mound facility. What a fantastic mill, which has endless opportunities with vast amounts of bulk ingredients available. Computerized batching allows for the use of concentrated vitamins and medications, which many times using the higher level concentrations can keep precious dollars on the farm. As with any location, the most important part of the feed mill is not the equipment but it is the people and we have some great folks. It is a unique blend of seasoned veterans such as Steve running the mill and delivering bags, and Keith operating the computerized batching system. To our newer hire, Adam delivering liquid feed, as well as Jerry on the bulk truck, and the very energetic Jenn at the counter taking your order. They are all willing, ready, and very capable of taking care of your needs. It always amazes me that both Alice and Sarah are taking time to visit producers all over but they have been really dialing in on Elk Mound. The really cool part about Synergy farm call people is that they are nutritionists, not salespeople.



FEED

They want to help you become more profitable through better feeding whether it is calves, milk cows, beef, or dry cows. I have heard quite a bit of conversation about milk components and if you need milk component help Alice and Sarah are component specialists. As you will notice if you are getting feed through Elk Mound all of us have added a new flexibility twist to our product lines. Many new products are available. Be sure to check us out and you will be pleased with a number of new changes.

One product line addition we would like to highlight is that over the past few months we have been increasing our pet food selection. We now carry Ranchers Choice cat food, Exclusive dog and puppy food, Premium Wildlife birdseed, and a larger variety of horse feeds including both the Triple Crown and Purina brands. We have also added pet safe ice melt for the upcoming winter season along with the traditional ice melt in 50# bags. Jenn would love to discuss your pet or equine feed needs, so call or stop in and see her.

**Thank You for all your continued support.
Merry Christmas and a Blessed New Year!
Bob Hinrichs**



FEED

Alice Stafne - Livestock Nutrition Consultant

It's been an eventful and character-building year in the dairy industry and with that being said, it seems winter has arrived and with full force. Our winter clothes are out; warm boots have been put on and the holiday season is in full swing. That means I have been given the privilege to be a part of the Synergy Coop feed team for close to a year and a half, which has been a true learning experience every day, beginning with low milk prices, feeding alternative forages due to winterkill, and working through a feed harvest that been anything but easy.

I would hope that beans and corn have been harvested and that there is some confidence in feed inventories. Beans did well for the most part, even if some were a little wet. Along with beans comes the question of feeding your own roasted beans or purchasing a protein source. With the commodity market softening there are some good protein alternatives to roasted beans, which leaves the option to sell your beans to help create some extra cash flow. Each farm is different so reach out to your local Synergy feed team and we can help work through some options.

Corn silage proved to be a tough one again this year! Between making sure moistures were close for different ensiling methods while making sure we weren't rutting up our fields, let alone being pretty tight on corn silage inventory as a whole. As a nutritionist we do our best checking stalk moistures, looking at kernel dents and giving advice for inventory needs. Most of the fresh corn silages have been testing ok and we are seeing some high milk per ton numbers. We have been feeding right into fresh silage a lot this year and moving to a higher corn silage diet than before. In doing so we have some challenges with fresh corn silage and a little bit of milk yield drag but it seems like most are making up for it with a nice pop in butterfat and protein. Along with the trying harvest came some drier silage harvested, which will have slower starch digestibility, but the true blessing is we have the feed to feed not only the cows but young stock as well.

FEED

Along with the challenges of corn silage, we also have seen some lower test weights on most corn. However, yields seemed to be up pretty decent. We have producers trying snaplage and high-moisture corn for the first time but have been nice alternatives to trying dry, wetter shell corn. Both ways helped get the corn harvested and reduce the need for drying it.

One other note to go with this challenging harvest season is a caution with the late and cold fall will be most of the feed put up, but when the temperature is around 30 degrees forages will not be able to ferment until we have warmer weather. Feeding them now won't be much of an issue, but something to keep in mind when we get to March and temps start to warm up. It would be best to feed through any unfermented feeds this winter so that there is less opportunity for mold and yeast to have an opportunity to grow.

We have a great team, full of knowledge who are willing to help you work through these challenges. We also wish you a very happy and safe holiday season!

**Thank you and hoping for a prosperous 2020,
Alice Stafne**



AGRONOMY

Don Johnson - Certified Crop Advisor

As the 2019 harvest season is winding down, it is a great time to reflect on the 2019 growing year. Winter was brutal, with lots of snow and cold temps. Spring tried to make an appearance but was met with cool temps and more moisture. Delayed planting into cool wet soils made for a challenging seedbed.

Summer tried to happen but was met by more cool temps. July 19th came and we saw the highest temperature of the year happen that day at 91 degrees. That same day we also experienced terrific winds and tornadoes for some growers in our area. We received winds of 70 to 100 mph, snapping off trees and corn stalks with little effort. It certainly has been a struggle for our customers.

A couple of talking points associated with this growing year. First off, I would say that almost all corn and soybeans were planted into too wet of soil conditions. Could we change that??? No, not really. Can we learn from that? Yes, we can. On normal years avoid those wet plantings if weather is favorable. Spraying and keeping chemicals in the soil surface and not leaching away was a factor this year. Nothing can change that when we received rain as often as we did this year.

Storm damage to cornfields opened up the canopy and allowed for sunlight to hit the ground causing spikes in weed issues. Can we change that? No, we cannot. Water Hemp was still a challenge. I think it was controlled a lot better this year than last. Be proactive rather than reactive.

Lastly, remember the extra weeds this year will need to be addressed for the 2020 growing season. Have that conversation with your agronomist. I have fielded more than normal questions on weeds and poor yields this fall vs any other. Mother Nature threw us a hard lesson, we need to react.

AGRONOMY

Travis Berg - Agronomy manager - Southern Region



Every year can bring about new challenges, and this year was no different. We saw difficulties getting fertilizer in place in time due to flooding on the river transportation system. With planting windows shrinking every year as equipment gets bigger and more efficient, this creates more stress on the fertilizer storage infrastructure as we try to get the product in place in a timely manner. At Synergy, our proximity to the river and our ability to take the product by rail at our Cameron location gives us the ability to respond quickly to changing environments.

We found out again this year that growers need to be able to respond to changing environments also. Chemical programs to control Glyphosate-resistant Waterhemp in soybeans have been a big topic of discussion over the past years. We have found out that the most success comes from "layering" residuals. We recommend starting clean with a burndown (if needed) and a residual herbicide like Outlook, Zidua, Fierce or Charger Basic. Then, come back post-emerge with another layer of Outlook, Zidua or Charger Basic. Waterhemp can be controlled pretty well when they are sprouting and residual herbicide is there to be taken up by the weed seeds. It is important that there is always chemical available for these weeds to take up this chemistry.

There are several Metolachlor products on the market since this chemistry has been around for quite a while. It is important to know what you are getting when buying these products though. Charger Basic has the S-metolachlor chemical in it, where many of the generic products only have the metolochlor molecule in it. First of all, it is important to know that the "S" doesn't stand for "safener". S-metolachlor products like Charger Basic are about 35% more effective on weeds than the straight metolochlor generic products. This is because the "S-metolachlor" isomer is 6 times more effective on weeds than the other formulations that don't have this S isomer. Labels will show the same rates per acre for both, but the performance has been much lower out of the generic metolachlors. If you are using 1.33 pt/A of Charger Basic, you would need to apply about 2 pt/A of generic Metolachlor to get similar weed control. This is typically why generic products tend to be cheaper per gallon. Please contact your Agronomist or me with any questions you may have.

As always, we appreciate your business this season and going forward. Feel free to contact me with any questions you may have.



STAY CONNECTED!

FOLLOW US ON FACEBOOK
@SYNERGYCOOPUSA

AGRONOMY

Matt Schofield - Agronomy manager - Central Region

Jon Wantoch - Ridgeland Agronomy Manager



What a year! From the rains, the winterkill, the cold, and now the snow, it's time to take a deep breath and put it all behind us. Yes, there are some things we can learn from this past year, but most of the results in 2019 were unavoidable due to weather. As some of you may still be working on your harvest, don't let that delay or prevent you from planning for 2020. It is ALWAYS essential to have a plan in place going into the growing season, and remember, it's ok to change your plans in season!

To elaborate a little more on planning, Nutrient Management Planning is probably the best planning tool to use on your operation. If this tool is used correctly, it can greatly help protect your soil and water resources and have a great positive impact on your farm profitability. Nutrient Management Plans can help you identify areas where you may need more phosphorus and potassium, and on the flip side, identify the areas of your farm where not as much phosphorus and potassium are needed. These plans can also help identify your highly erodible soils, where soil loss is most likely to happen, and help you identify where different tillage practices are appropriate, or not needed at all. These plans can also help with those farmers who work with manure, identifying the best locations for manure storage, manure spreading rates, and where and when the best place and time for winter applications to take place. Manure management is a very important piece of the Nutrient Management plan puzzle. One requirement that is very important to these plans is your soil samples. It is required that you have at least one soil sample for every 5 acres. For example, if you have a 32-acre field, you would need at least 7 soil sample results from that field to be in compliance. Currently, 26% of all crop acres in Dunn county and 31% of all crop acres in Barron county have Nutrient Management Plans that are being implemented. These are just a few points on Nutrient Management Planning. Synergy Cooperative can assist you with developing and establishing a plan for you. Also, in many cases, there are educational opportunities, cost-sharing, and support for farmers with this.

As 2019 is wrapped up, we do want to sincerely say Thank You for your business. Again, your Cooperative had a successful year. We look forward to doing business with you again in 2020. Please watch for, and be in touch with your local agronomists through the winter, and let's make sure we all have a plan in place for this spring. Not only is there nutrient management to plan for, but there is also seed, chemical, and others to plan for, such as prevent plant acres that need to be managed this spring and in some cases a cover crop to be managed.

Thank you again, from Central Agronomy

SAVE THE DATE

Synergy Cooperative Annual Meeting

January 16th at 11:00 AM

Turtleback Golf, Dining and Conference Center

1985 18 1/2 Street, Rice Lake

AGRONOMY

Rich Carr - Agronomy manager - Northern Region

I would like to take this time and say "Thank You" to all of our customers for your support and business in making it through a very challenging year.

For some growers, this year continues to be challenging getting through the snow and getting the rest of the crops harvested. With the early snow and frozen ground, most fall tillage and fall manure applications did not take place like everyone had hoped, bringing added work and stress for this next year.

It is time to start looking at the challenges we faced and the new ones that are coming and be prepared to be as efficient and organized as we can. The 2020 growing season is right around the corner and once again, it is critical to know what your true cost of production for your business is. Let our Agronomist Team assist you in doing a farm plan that fits your operation and breaks down all of your inputs. The farm plan will show your total input cost of all products. Knowing the true cost per bushel inputs will make marketing decisions easier for locking in the profits.

Seed prepaids are going strong with great incentives on early orders and great low-interest rate loans that Synergy Coop offers. Our Sales Agronomist can best match up the right hybrid for your soils to get the most yield for your acre. We received our local yield trials back, and they showed great success considering the year with several hybrids topping the charts with very good dry down and test weights than a lot of our competitors. This brings less dry down cost and adds more dollars to your bottom line.

Stop in today or give us a call and let us be your trusted advisor.



AGRONOMY

Kevin Austin - Shell Lake Agronomist

Don't panic over poor grain quality due to this year

Many growers are seeing poor test weights and high moistures this harvest season in corn. Many factors play a part in this, starting before you even put a seed in the ground. The first thing to consider going into next year is hybrid selection. Certain hybrids have better test weights and drydown than others, so if it was a concern for you this year, perhaps picking a different hybrid may help.

The next thing to consider is the planting date. This spring held many out of their fields during optimum planting dates, causing most corn to be planted later than desired. Planting on time will help with corn maturing properly, increasing test weight and lowering moisture by utilizing more Growing Degree Units early in spring.

This past year was also wet, favoring leaf, stalk and ear diseases. Diseases such as anthracnose and northern corn leaf blight were a common sight in fields this year. They can dampen proper grain fill, playing their part in grain quality issues. Hybrid selection can help with these issues, along with the use of fungicides and proper fertility. These are all factors to consider going into the next growing season but don't base too many important management decisions based on one year.

GRAIN

Jerry Bates - Grain Manager



Most of you will be close to the end of fall harvest when you read this. What a very different year for most. We started with anticipation of increasing carryout's and lower prices, then quickly escalated into huge planting delays which brought much higher new crop prices, only to have USDA production numbers come in much higher than anticipated, tanking new crop values.

So where are you now with your marketing? It appears that plenty of grain that has been harvested or will be soon, has yet to be priced. What's the plan? Do you have one? Rather than "wait and see", we would encourage you to look at your alternatives.

One of those alternatives is a minimum price contract. Here are the basics to a minimum price contract.

Minimum Price is a way to stay in the market for a rally that provides a price floor and immediate cash flow.

STEP 1 Sell the grain

The cash price minus the contract fee is your minimum price. You will never receive less than this price. You can take payment upon delivery or defer it – your preference.

STEP 2 Stay in the market for a futures rally

You will be eligible to receive any increase above a certain futures price between the day you sell and the contract expiration date. The contract fee depends on how long you want to stay in the market. When you price the contract, you receive an increase in futures immediately.

EXAMPLE

Elevator corn bid: \$3.30
Contract fee: \$0.19
Your Minimum Price: \$3.11

You are in the market to receive any increase in May 2019 futures above \$3.80 between now and April 26.

Scenario 1: The Market Rallies

On March 15 May 2019 corn futures are trading \$4.30. You price the contract and receive an additional 50¢ (rally from \$3.80 to \$4.30).

Scenario 2: The Market Drops

By April 26 May 2019 futures are \$3.20. The contract expires and there is no money added to your Minimum Price.

If you have any questions please don't hesitate to call. We are here to help with all your marketing needs.

I would also like to thank you for your business this past year and for years to come.

CONVENIENCE STORES

Troy Strand - C-Store Operations Manager



Customer loyalty programs certainly are not a new concept. They've been around for decades, beginning with the straightforward promotion of buy-10-get-one-free punch cards. While those cards have been replaced with smartphone apps, most consumers still respond to reward offers. According to the "C-Store Shopper Profile 2018" by Excentus, a PDI Company, 43% of shoppers visit convenience stores because they belong to the retailer's loyalty program. Plus, 51% of c-store shoppers admit to frequenting retailers more often if they belong to a loyalty program.

However, motivations have changed. Whereas point accumulation once may have been enough to drive action, that alone is insufficient in today's environment. According to an Oracle study reported by Retail Dive, nearly three-quarters of shoppers prefer to receive immediate benefits from loyalty programs along with accumulating points for future redeeming.

Synergy Cooperative is excited to continue our local card program offering many of the same benefits offered by nationally known companies as well as meeting shoppers' loyalty expectations. Our loyalty program is strong and has been very successful in growing sales and increasing customer counts. When we compare ourselves to other companies using the same loyalty service, we average \$2 more per nonfuel purchase than our competitors. And we show an increase in gallons of nearly 3 gallons per transaction when using our loyalty.

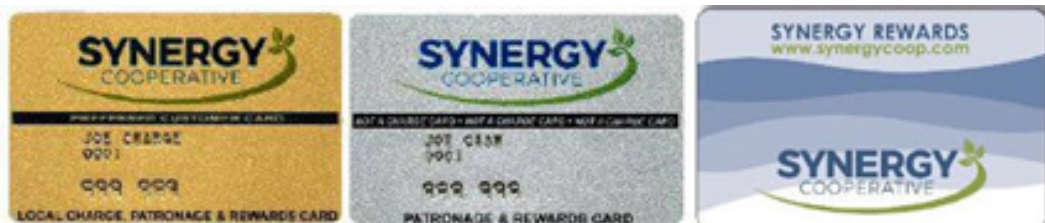
When you sign up for our loyalty you can use it immediately and we even start you out with a few points. You can also save on every gallon of gas or diesel you pump using your loyalty. Saving receipts to track sales for patronage is no longer be required! We have three different options for loyalty.

Synergy Gold Card – This is your all in one card. It allows you to charge, track patronage and earn loyalty in the convenience stores (except Barron A & W, Colfax Subway, Menomonie Exit 45 Restaurant, Almena and Cumberland Holidays).

Synergy Silver Card – If you do not want a charge account, no problem! Our Silver card allows patronage tracking and loyalty in the convenience stores with the same exceptions above. Note: This card must be used inside the store. Pay at the pump is not available with the silver card at this time.

Loyalty Blue Card – Used for Loyalty only. This card does not allow patronage tracking or charging privileges. It allows you to earn points with purchases at the pump or inside.

Loyalty Rewards - All three cards will have the ability to earn loyalty rewards. The point program gives money off purchases in the convenience stores. We are also continuing our "Bonus Buy" promotion along with cents off per gallon. Sign up today and receive 200 bonus points!



CONVENIENCE STORES

Patronage - Customers often ask what is patronage and why is it important to them? Simply defined, patronage is profit distributed to our members and is similar to a dividend payment. Patronage is based on net profit earned by Synergy and is only available from a cooperative. Corporations or privately-owned businesses do not pay patronage which is a key reason to do business with Synergy Cooperative. Patronage payments are not guaranteed and determined annually by the Board of Directors.

Ridgeland Cenex

Coming soon to Ridgeland Cenex! We have taken a huge stride forward and contracted with Hot Stuff Pizza. Our offerings include breakfast sandwiches, burritos, and personal pan pizza; lunch sandwiches, burritos, and personal pan pizzas. Come on down to see the team and grab one of our delicious products to go. Also, remember we make large pizza pies to take with you. Just give us a call or stop by to order. We have also secured a malted beverage license (beer). With this addition, we have decided to go forward with a remodel. This includes a full self-service beer cave with over 70 linear feet of offerings, a new drink/food bar offering a wide selection of "good eats" and a new island, meat, cheese, and sandwich case. We look forward to serving our customers for many more years to come!



Sand Creek



Sand Creek has been upgraded! We added a new 6 door cooler with a remote cooling system. This system is state of the art and will help immensely with our electric costs. The sales floor also has changed. Shopping will be much easier with the new low-profile shelving in the C-Store and Hardware section. With both additions, we have added over 100 new products to offer. Stop in to see Connie and her new store facelift!

Acquisitions

In the 2018/2019 Winter News Letter, we covered a section called Acquisitions and consolidations. This article explained the importance of acquiring new locations to survive in today's C-Store market. Well, Synergy is focused on the success of the future. On December 4th, 2019 we purchased our first acquisition in Barronett, WI. This location is a full-scale c-store including fuel, snacks, grocery, alcohol, live bait and much more. We are also excited to add 6 new team members to our Synergy community. This location has been established for several years serving the Barronett community and we look forward to continuing this for many years to come. Stop in and check out our new location.

We have 13 locations stretching from Menomonie to Shell Lake and from Turtle Lake to Rice Lake. No matter where you find yourself in northwest Wisconsin we are just around the corner and ready to serve you. Lunchtime hunger pains? With options like freshly made pizza, chicken and sandwiches at many stores we have you covered. Out doing some ice fishing? We have live bait and cold beer at several locations. And as always, we have top tier Cenex gasoline and premium diesel to help keep you on your way.

MACHINERY

We hope everyone had a nice Thanksgiving and had some good luck deer hunting.

November and December have been busy here and sales are going great! Gehl has a new lease and purchase program out on units that are better than before. LS tractors and snowblowers are HOT! PMC feeders have also been a popular item as winter has appeared. We also have a great selection of AGCO equipment along with Kuhn Knight equipment.

Just a reminder we also have a huge variety of Jonsered/Redmax and Echo products on hand – snowblowers, chainsaws, generators, and more – so be sure to stop by and check us out first. If you're looking for a used tractor, we also have several that would be great for both hobby and utility work.

The shop is more than steady, so please be sure to call ahead and schedule any of your service work. Be sure to check with Jeff and Duane on any pre-season parts and maintenance items as well. Lastly, parts are still being moved from the old location so your patience is greatly appreciated. This is a long process, but when it's done it will be much more convenient!



**Merry Christmas & Happy New Year
from all of us here at Synergy Machinery,
Roger, Bruce, Duane, Jeff, Kylie, Missy,
Gene, Faron, Brian, Al, Albert, & Jeremy**



CHECK OUT OUR RESTAURANT & BAKERY!



**EXIT 45 RESTAURANT & BAKERY
2100 COUNTY ROAD B
MENOMONIE, WI 54751**



Exit 45 Restaurant and Bakery is a from scratch full service restaurant. Homemade food, breakfast, lunch and dinner. Plus house made pies and desserts.

Open daily: 5:00 AM to 10:00 PM

www.synergycoopexit45.com
On Facebook @Exit45RestaurantAndBakery



SERVICE STATIONS

Kyle Knutson - COO & Service Station South Manager
Mark Kucko - Service Station North and Central Manager



With a blast of Winter showing up over Thanksgiving, it's not too late to get your vehicle ready for the cold months ahead. With Five Service Stations located for your convenience, we can help you with your needs. Such as oil changes, brakes, tune-ups, batteries, tire repair, coolant and anything else you need to be done, so you are prepared.

We also have a great selection of truck and car tires on hand for snowy and icy roads to keep you and your family safe.

On the farm tire service is also available at our Rice Lake and Ridgeland locations. Please call one of our Five Service Stations for any of your needs, and we'll be ready to help you.



**Thank You For Your Business
and Have A Great Holiday Season.**



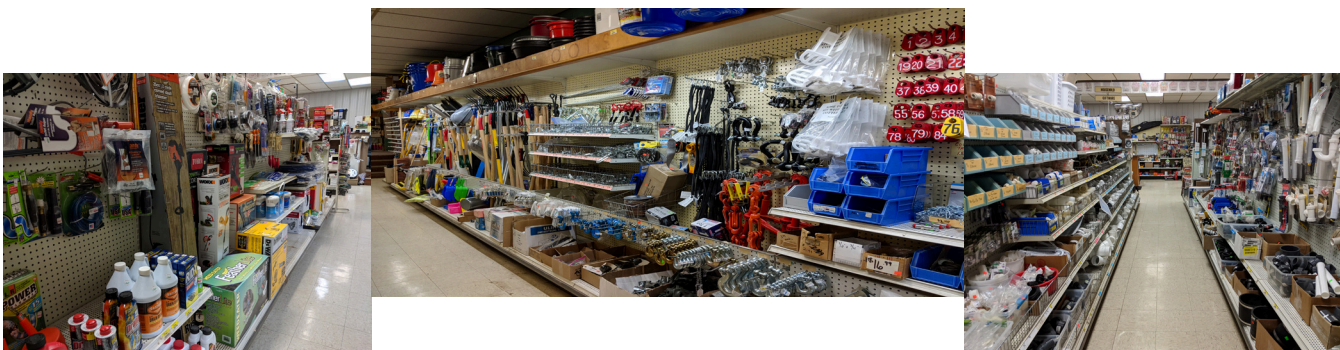
HARDWARE

The beauty of fall has quickly passed, and the chill of winter is upon us. Fresh fallen snow and ice have arrived and already making its share of problems. All of us employees at your local hardware stores are here to help make things easier. We have ice melt, snow shovels, heat tapes, and other necessities to battle the temperatures and falling snow.

We have a great selection of plumbing and electrical supplies when mother nature throws you a challenge whether its broken pipes, failed heat tapes, or light bulbs that no longer light, we have what you need.

Take a few minutes and stop by, check out the great products that we have to offer, and services that we can help you with. From farm supplies, household items, gift ideas, furnace filters and heaters your hardware stores are here to provide what you need.

Happy Holidays from the Rice Lake, Ridgeland, and Colfax Hardware Stores



CREDIT DEPARTMENT

The Credit Team - Diane Kuhl and Bobbi Demers



Welcome to Wisconsin's Winter Wonderland! Winter is now upon us and we've clearly moved into the heating season.

A few quick reminders-

- 1) If you are a "Will Call" customer, be sure to allow up to five business days for delivery so we can schedule our drivers accordingly.
- 2) Your account must be in good standing to remain on the "Keep Fill" Program
- 3) Cash discounts are given when paid by check, cash or repetitive ACH payments only.

For all of our credit customers, just a reminder that our credit program is not the typical revolving line of credit. Rather, purchases made during one month are due in full by the 28th of the following month. Any charges not paid by the 28th of the month following the month of purchase will be subject to a finance charge of 1.5% per month (18% Annual Percentage Rate) on unpaid balance and the account will be subject to C.O.D. terms.

We have several ways to make your payments:

- 1) In-person at our offices in Ridgeland, Almena, Elk Mound or Rice Lake and also at the Shell Lake, Chetek and Sand Creek stations
- 2) Mail a check to any of our offices
- 3) Online at www.synergycoop.com
- 4) Call any of our offices to make a payment by phone
- 5) ACH payments (forms available). Our ACH's are done weekly (except budget)

For more information regarding WHEAP (Wisconsin Home Energy Assistance Program), please contact your local agency by calling toll-free 1-866-HEATWIS (432-8947) or visit homeenergyplus.wi.gov. When applying for Energy Assistance, sooner is better than later.

For our agricultural customers, you'll soon be meeting with our agronomists to plan your 2020 crop strategy. We too are planning and working with our input financing partners to offer lower rate, longer term financing options to help our farmers operate as economically as possible. Financing options include:

- 1) Partnered financing through Secure by Winfield (on seed and chemical)
- 2) Partnered financing through CFA (Cooperative Finance Association) on most crop inputs
- 3) John Deere Financial (Farm Plan). Limited to invoices incurred in the last 60 days. Invoices are no longer automatically applied to your JDF account. You will need to call into Agronomy and request the invoices go on the plan.

Please contact your agronomist or Diane in our credit department for more information on the 2020 programs for Secure by Winfield or CFA or pick up an application at our offices for John Deere Financial.

Communication is key. If you ever have any questions or concerns about your account, please call or stop at our offices. Our credit team is happy to work with you.

A NOTE FROM THE OFFICE

The Controller Group - Enid Jackson - Becky Norris - Alicia Streich

Wow, Mother Nature is not very cooperative with this fall's harvest causing it to drag out, hopefully, everyone finishes before old man winter sets in. Remember you can find your **Proof of Yield online at synergycoop.com** using the patron login. Feel free to call if you need help.

Synergy Cooperative had a successful year; sales were up slightly, just a little over \$200,000,000. The co-op will be paying back about 2.4 million dollars in patronage of which 50% percent is paid back in cash and the balance in equities. The percentage of patronage depends on how many of the sales we identify, this happens by having an account with Synergy and/or using your Gold or Silver cards at our qualifying c-store locations.

As the year-end approaches, some things to remember are that you can access your monthly statements, invoices, year-end statements, and 1099PATR statements online for your taxes. As always, don't hesitate to call us if you have any questions.

If you have a WI Fuel Tax Exemption (generally for off-road gasoline) form on file it is still good for another year since the State of Wisconsin changed that from an annual form to a three-year renewal. This form needs to be on file in order to be exempt from the State (fuel) tax and this exemption applies only to deliveries of 100 gallons or more. There are no exceptions (except AFD). We receive a visit from the State auditors every four years and they are very thorough in their reviews.

If you are a State or Nonprofit Educational organization that purchases gasoline or diesel fuel you may claim an exemption for the Federal fuel tax on these purchases. Please note that this exemption does not apply for nonprofit organizations, only nonprofit EDUCATIONAL organizations. The exemption forms for these purchases expire every year on September 30th and must be renewed to continue receiving the exemption. If you have an exemption form currently on file then you have probably received the new forms for 2020 in the mail. If you have not received your forms, please call the Elk Mound office at (715) 879-5454. A separate form is required for gasoline and diesel. Please fill in all highlighted areas and return these forms to the Elk Mound office at P.O. Box 70, Elk Mound, WI 54739 by January 1, 2020.

Thank You to all of our patrons for their continued business with Synergy Cooperative and to all of Synergy's employees for their hard work!

Thank you for your patronage and have a Merry Christmas and Happy New Year!



**Merry
Christmas**

SYNERGY

COOPERATIVE



ALMENA

106 Prospect Ave W
PO Box 118
Almena, WI 54805
715-357-3650

ELK MOUND

N6055 State Road 40
PO Box 70
Elk Mound, WI 54739
715-879-5454

RIDGELAND

229 Railroad St
PO Box 155
Ridgeland, WI 54763
715-949-1165

MAILING ADDRESS

PO Box 155
Ridgeland, WI 54763

PHONE

1-800-559-1717

E-MAIL & WEB

sales@synergycoop.com
www.synergycoop.com