

MARCH, 2019



SYNERGY

COOPERATIVE



IN THIS EDITION:

- 2 - OVERVIEW FROM KARL VARNES, CEO
- 4 - AGRONOMY TEAM UPDATE
- 9 - GRAIN UPDATE
- 10 - FEED TEAM UPDATE
- 14 - CONVENIENCE STORE UPDATE
- 16 - HARDWARE UPDATE
- 16 - SERVICE STATION UPDATE
- 17 - ENERGY UPDATE
- 20 - MACHINERY UPDATE
- 21 - CREDIT DEPARTMENT UPDATE
- 22 - A NOTE FROM THE CONTROLLERS

GREETINGS FROM YOUR CEO

Karl Varnes - CEO



This is our "spring edition" – regardless of what the weather looks like when you read this. It appears February will set some records so we can speak of winters in the "old days" years from now. But, this newsletter is focused on news, information and in anticipation of another growing season. A special thank you to all who attended Synergy Cooperatives first annual meeting in January. There it was reported that we finished our year with \$200 million in sales, with a local net of 1% and an overall bottom line of \$4.5 million. That is a slim margin but in a merger year with little regional patronage we were pleased with those results. We intend and hope to improve on that performance going forward. In a challenging economy for our ag customers, we and everyone in our business must operate as efficiently as possible. We certainly look forward to improving markets for our customer's production. Fortune tellers report that 2019 and into next year brings improvement and relief.

That said, we'd like to invite you to "dividend days" in March. We're moving the locations around a bit and this year we're at:

March 12th	Almena Feed & Seed store	10:00 am – 2:00 pm
March 13th	Cameron, Synergy shop	10:00 am – 2:00 pm
March 14th	Colfax, Viking Bowl	10:00 am – 2:00 pm

Lunch will be served, door prizes and Synergy personnel from every division will be available to answer any questions you may have. If you're unable to attend these dates, checks will be mailed out. Patronage rates for last year's business are just over 1.3%. Some estimates and examples of patronage amounts are:

Starter fertilizer	\$5.65/ton	Soybean meal	\$4.80/ton
Diesel fuel	\$.035/gal	Propane	\$.02/gal
Gasoline	\$.027/gal	Tractor tire	\$12.00

This patronage applies to most all products and services you purchase. Total patronage amounts are over \$1.2 million – in addition to the \$1.4 million paid out in equity redemptions to our owners this last year. For our grain producers, we are also passing through \$900,000 in domestic production deduction (DPAD) credits. This is estimated at:

Corn	\$0.12/bushel
Soybeans	\$0.38/bushel

More DPAD explanation can be found on the controllers' article at the end of this newsletter.

In addition to the updates from our division leaders included in this newsletter; here are a few things we're working on for your business:

Many of you may have heard that we're working with Link Implement in Ridgeland. We have in fact had a good working relationship as "competitors" for many years. In order to continue to give both companies customers access to the products and services you've come to rely on, we will combine our operations over the coming months. Link Implement began business in 1949. Synergy began selling machinery in 1936 as Farmers Union Oil Company. We will be purchasing the Link Implement facility which is more spacious and modern – and moving Synergy's inventory and operations into that location. This process will begin this spring and will take some time and effort to move and catalogue thousands of parts and equipment. We're pleased to have Roger, Duane and their capable crew working with us going forward. The line of products available should be similar to what is available today. This concept has been discussed over the years and the time was right to insure both companies' customers the assurance of service for the future.

The grain department is looking at a minor upgrade that would significantly speed up load out at the Cameron facility. The addition of overhead loadout bins is being planned – which was planned from the beginning of the facility. The footings are already in place reducing the cost of the addition.

The Almena feed mill is scheduled for demolition and removal this summer. We will wait until after spring season to avoid interruption with agronomy operations during the process.

There are numerous small improvements and repair projects planned. No major building plans are scheduled this year as a more prudent and conservative approach is in order until commodity prices recover and our fiscal year unfolds.

With spring on the horizon; make sure to plan your input needs with your agronomy professionals. It is more important than ever with the speed of today's equipment. Financing arrangements are also important to have in place before "go time".

With spring also comes the anticipation and optimism for a new season, growth and better things to come for agriculture. Again, our producer members formed this business, govern it and shape its' future. We will do whatever we can to help our owners succeed.

Thank you to all our owners for helping us succeed.

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AGRONOMY

Rich Carr - Agronomy manager - Northern Region



As spring planting season approaches, it will not be long before the planters are rolling in the fields. Here are a few last minute reminders

A reminder from our Agronomy team is to make sure that we have completed a farm plan for all of your acres and that each plan has the up to date information. This will help insure that we are applying the right product on the right field as efficiently as possible in a timely manner and also to show your true return on your investment.

The Almena location added another bulk soybean bin for this season giving our customers 4 bulk choices in seed. We can cover the majority of the customers' needs now and move the seed out to the farm at an even faster pace allowing for our growers to plant more in a day. We also offer many soybean treatment options to help maximize the yield and we also offer different ways of packaging including true bulk, seed tenders, bulk boxes and bulk totes.

If you need to look at crop financing options, Synergy Coop offers several plans that we can customize to fit your needs at competitive rates. We offer CFA, Secure by Winfield, Agri-Span, and John Deere finance. Our Agronomists or Credit Managers will be able to assist you in finding the best plan for your operation.

We look forward to working and growing with you in 2019



AGRONOMY

Travis Berg - Agronomy Manager - Southern Region

I wanted to start by giving you an update on the Fertilizer Markets. The Nitrogen market continues to be the most volatile. We have recently seen Urea prices soften slightly. Imports are picking up and demand has been slow as well. I do feel, however, that this will likely be temporary. Corn acres are expected to be high this year which creates demand for all nitrogen sources. A very low amount of NH₃ was applied last fall due to weather. If time doesn't allow growers to get this applied in the spring, we will see even more demand in Urea and UAN causing prices to increase. Any major transportation issues on the river could also cause pricing increases. Many other products seem to be flat to strong. Inventories are down slightly in the country and seem to be in line with demand. Potash is also strong even though demand is flat going forward. I would encourage you to talk with your Synergy Agronomist about your needs for this season.

As we are now past our 1st fiscal year as a new company, we are continuing to find ways to be more efficient as well. Locations were able to work together and move equipment around to stay ahead of your needs. Weather even dictates where work can be done in our territory since we cover a larger area now. We are also able to reduce pricing of chemicals to you on many products as we use our different bulk chemical facilities throughout the company. Identifying more efficiencies with products and people will continue to be a focus for the entire company as we move forward.

As always, I appreciate your business as we head into the 2019 growing season!

AGRONOMY

Matt Schofield - Agronomy manager - Central Region



As spring approaches, we look forward to warmer days, green grass and the excitement of spring field work. We all know the hard work that goes into preparing and planting in the spring, but this cannot be done without plenty of preparation during the winter months. Things are no different for us at Synergy Cooperative. We have been making preparations for this spring since last fall and in some cases since last summer. Besides our normal routine of doing farm plans, taking orders for fertilizer, seed and chemicals, and attending training meetings we have been busy in our shops doing repairs and preventative maintenance on all of our equipment along with making decisions on equipment to be replaced or even additional needs that we may have in order to better service all of our patrons.

Synergy Coop has three full time shops at our Elk Mound, Cameron and Almena locations. With these shops we are able to work on and maintain our equipment year-round, doing most repairs on our fleet of trucks and equipment in house with our own employees. This has helped us minimize downtime during the course of the year as compared to in years past when a lot of this work was hired out or was only done as the weather allowed us to be outside in the spring. The shops work on all of the coop's rolling stock along with building maintenance and repair and whatever else is needed on a daily basis to keep eight fertilizer plants, five feed mills operating and our fleet of fuel and propane trucks on the road.

A few of the things we are doing in agronomy for 2019 is buying two new spinner spreaders to replace a couple of the older ones and we are buying three new sprayers. We are updating one of the water trucks, while adding two new ones to the fleet to insure better efficiencies for our sprayers. We will also be adding a 24 ton semi tender, along with replacing four of our older 16-ton tenders with new ones. We will also be replacing some of our older pull-type spreaders along with other miscellaneous items throughout the locations. Synergy Coop Agronomy currently operates a fleet of 20 sprayers, 24 spreaders/airflows, 55 dry and liquid tender trucks along with numerous pickups, trailers and other equipment.



Of the three new sprayers being purchased in 2019, one is to replace an older machine, and the other two are an addition to our fleet. We are continually striving to improve on our service and going forward we believe we needed to take this step as we all prepare to deal with Waterhemp. Our belief is that with Waterhemp now prevalent in our trade territory we needed this addition in order to maintain and improve on timely applications. With Waterhemp we will no longer be able to get by spraying soybean fields one time. Most fields will need to have two applications at a minimum and be done on a pre-emerge basis as we used to do more in the past before Glyphosate Tolerant crops became prevalent. I believe Waterhemp is a very serious weed issue we all need to be prepared for. We are learning that it is a weed that can be controlled and managed so please talk with your Synergy Coop agronomist and have a plan in place to beat Waterhemp before it is too late.

I hope everyone can get a chance to get out and attend one of our dividend day locations and wish each and everyone of you a safe and successful 2019.

AGRONOMY

Bruce Ostenson - Certified Crop Advisor



In recent years, the topic of discussion in crop production has hinged on cover crops, herbicide resistance, and input costs. Rather than address these 3 issues separately, they should be integrated into one decision based on science, logistics, and bottom-line profitability.

Cover crops have proven to reduce late season erosion as well as early season erosion the following spring. These cover crops also recover any excess Nitrogen post-harvest and retain it for the next crop. Early spring forage can also be another benefit of cover crops.

As cover crops become popular, least cost options for seed has been sought after to reduce overall crop input costs. It seems that a "Bin Run" option for cereal grains, used as cover crops, has gained popularity as these grains usually retain their germination properties. This option, though thought to be financially viable, may perpetuate or even exaggerate an already "All Out War" on Giant Ragweed and now, Waterhemp.

Discussions on herbicide resistance almost always revert right to Giant Ragweed and Waterhemp. Giant Ragweed has been a bane of crop production in Northwest Wisconsin in recent years and now, Waterhemp has reared its ugly head! These two prolific broadleaf weeds have control measures that are diverse, based on their different growth requirements. Giant Ragweed will germinate at 50 degree soil temperatures, but Waterhemp doesn't germinate until the soil warms to 60 degrees. The key to Waterhemp control is pre-emergent herbicides, or a "Treat the Seed, not the Weed" mindset. Ragweed, on the other hand, is not controlled effectively with pre-emerge applications. The key to eradicating Ragweed is a post-emerge plan that contains herbicides that have proven control of Giant Ragweed. These two approaches can be incorporated into the same herbicide plan if needed.

If unclean, bin run grain is contaminated with Giant Ragweed or Waterhemp seed, that cover crop decision could adversely affect your yields and profitability for years to come. Winter Rye has been considered "Weed Free" for years, but recently, herbicide applications have been made to rye fields to control weeds. Cleaning bin run seed is a wise decision when considering your herbicide plan. A small savings in unclean, bin run cover crop seed today could increase herbicide costs for your operation in the future, erasing any savings that decision delivered. Cover Crop seed should meet the same criteria that you use for choosing the other seed hybrids and varieties that are planted on your farm. Seed quality includes excellent germination, good seedling vigor, no weed seed, and absence of foreign material.

A comprehensive plan for your operation should include, the purpose and end use for the cover crop, weed challenges and the measures to mitigate them, and an understanding of how the cover crop and herbicide requirement will co-exist. Every crop plan is going to differ, based on crops planted, weed pressure, cover crop needed, and crop protection required. Contact your Synergy Crop Advisor for information and input into your 2019 Crop Plan.

Thank you for your continued support of Synergy Cooperative.

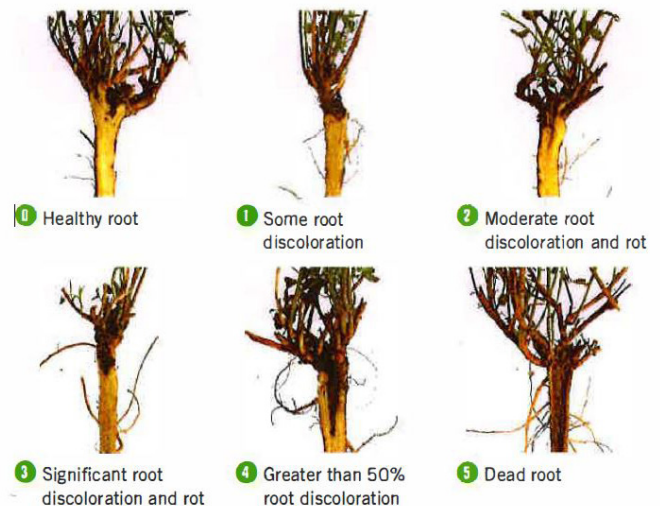


Living in Northwest Wisconsin can certainly be exciting as we get to experience all four seasons but with that it can bring some harsh climate changes which can often times be detrimental to our crops. This winter was no exception with the early rain that we received and the mostly open winter until late January along with the cold temps during that period. Ice build-up on alfalfa and winter wheat could very likely jeopardize stands.

It will be crucial to get out in your fields and do some stand and root assessments. While both crops have different methods to determine if there is winter kill injury, both are relatively easy.

In winter wheat, having brown, dead leaves doesn't necessarily mean that the plant is dead and, like-wise, having plants that immediately turn green in the spring does not necessarily mean that they survived. The best way to determine if the plant survived is to dig up several plants on a warm day in early spring and lay them on a damp towel in a warm room. If you have healthy plants they will regrow new white roots from the crown. DO NOT do this on a cold day as it could give you a false positive. Remember, winter wheat has the ability to produce tillers which gives it the ability to recover and regrow through some damaged areas in a field.

With Alfalfa, the best way to evaluate a stand count is to dig up roots early in the spring. Cut the root open and examine what the root looks like. I have enclosed some photos from the Alfalfa Management Guide American Society of Agronomy. Per the pictures, a 0-2 would be a stand that you would want to leave, 2-3 you would consider replacing that stand, and 3-5 would want to take that stand out of production. I understand that there are a fair number of farmers that are short on hay and will want to consider keeping stands that are not really productive.



Source: *Alfalfa Management Guide*, p. 43. © 2000 by the American Society of Agronomy, Inc.; Crop Science Society of America, Inc.; and Soil Science Society of America, Inc.

I encourage every farmer to start thinking of what they will do if they have winter kill, as I think we will see a fair amount of it this spring. What are you going to do to overcome the loss of a forage or a winter wheat field that has died off? Are you going to plant corn, soybeans, sudan, or are you going to re-seed what you have lost?

One option is Greentreat Rocket Sudan which has an excellent disease package. Dry down is faster than a sorghum x sudan. Also, it has a seeding rate of 10-15 lbs/acre and a cutting height of 40 inches. With this option you should be able to get 2 cuttings and help subsidize your forage.

As always, we appreciate your business and please feel free to contact an agronomist near you for more details.

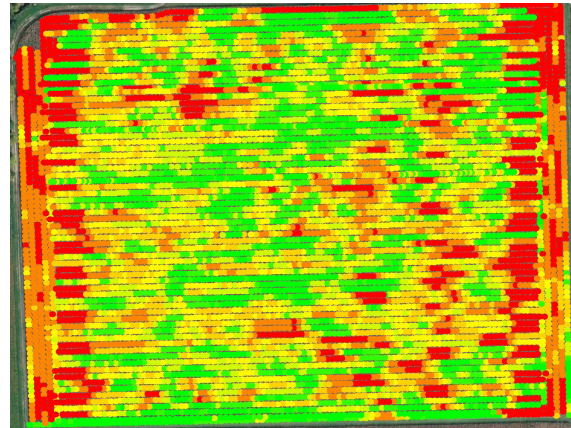
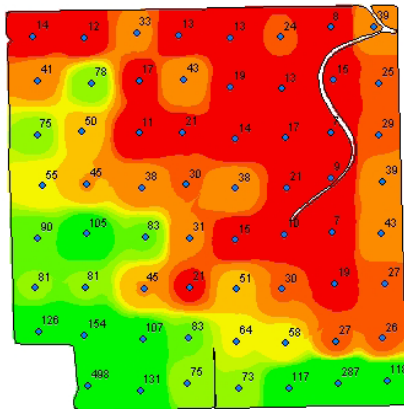
Stay safe and have a great spring.

AGRONOMY

Jake Zwiefelhofer - Elk Mound Agronomist



It is no secret to any of us that margins are tight across the board. It is also no secret that our most expensive yet critical inputs are fertilizer and lime. That is why I wanted to remind everyone of the potential we have with precision technology, specifically with fertilizer. Of course, we can also utilize precision technology with seed (variable rate population) but it is often a limitation of on farm technology. However, fertilizer and lime precision applications can be implemented in nearly every situation. A few great options to start using precision agriculture on your farm is by taking grid samples and/or using yield data.



With yield data the difference between 50 bushel soybeans and 60 bushel soybeans can be drastic in regards to the amount of fertilizer removed. Just this 10 bushel swing in yield would result in 18 pounds of DAP (\$4.59/A) and 13 pounds of potash (\$2.50/A) in removal. The same theory can be used with corn. A swing of 20 bushel from 160 to 180 would result in 16 pounds of DAP (\$4.08/A) and 7 pounds of potash (\$1.35/A). Using your yield data, we can replace these nutrients where they were pulled from and not over-apply in areas where fertilizer isn't needed.

These dollar amounts can easily seem insignificant at face value but often add up to be an extreme that is only eating away at our bottom line, and I think we can all agree that these variances are commonplace within virtually every field. Again, in these trying times we must take advantage of every opportunity that allows us to maintain production while reducing costs.

I urge you to ask your agronomist about these opportunities and how we can implement them into your operation.

I would also like to sincerely thank you for your business in 2018 and here is to hoping we can further assist you and your family to be as successful as possible in 2019.

GRAIN

Jerry Bates - Grain Manager



Greetings from the grain department. This winter has definitely been challenging with a lot of snow and colder temps. When cabin fever sets in it's hard to think of marketing your commodities and preparing for getting the new crop in the ground. As marketers we need to be aware of opportunities when they appear because as we have seen this year they don't last long.

The challenge that many producers face right now is spending way too much time thinking about what they have sold and focusing on missed opportunities. I should have sold my soybeans here, or wow, I missed it on corn there, or the tariffs on soybeans really took away an opportunity.

As of the writing of this article, there appears to be as much old crop grain in storage as we've seen for many years. Marketing old crop can be very much like trying to drive a car while looking in the rear-view mirror; you can get so focused on the old crop that you never see opportunities on new crop. Many producers admit that until they have at least half of their old crop grain sold, they don't even pay attention to new crop prices.

That can be a big problem, in most cases the new crop values are equal to old crop if not better! When facing large carryovers, as we appear to be doing today, being able to sell new crop at an equal or higher price to old might be a gift.

Tax time is the perfect opportunity to do a double check on where you currently stand for old crop profit per acre and use those numbers as a starting point for a marketing plan on new crop.

You're already getting the numbers together, take time to get some profit goals in mind that you want to achieve. Then, even more importantly, take the few extra minutes that are needed to **PUT IN BIDS FOR BOTH OLD AND NEW CROP!**

Only by having firm bids working will you expose yourself to the opportunity of selling and reaching your goals. Markets trade 17½ hours a day, that's more than you or anyone else can spend watching for the price spikes that will help you get the job done. If you are lucky, your orders will get filled in the middle of the night and you won't have to trust yourself to make a logical call when emotions are running high.

This simple strategy allows your focus to remain on where you want to go and not where you've been, and helps you reach your destination with lower risk of fender benders.

Thank you for your past and future business.



FEED

Bob Hinrichs - Feed Division and Feed Operations Manager



Hello from the Synergy Feed Division!

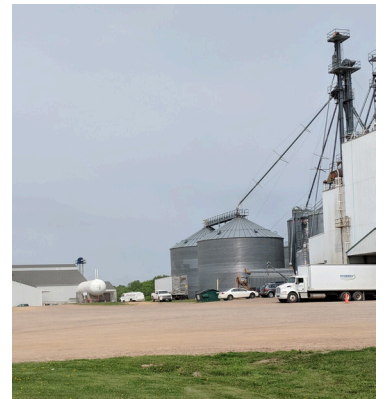
I almost feel like saying Seasons Greetings as we are getting another February snowstorm. Even though this winter has us in its cold and snowy grasp your Synergy Feed Division is busy.

At your Ashland facility we have made what was old, new. There was a mounted sewing head and conveyor that John, the location manager of Ashland, has had refitted for the mill. The bagging setup was recycled from the Almena feed mill and will now see quite a bit of use at your Ashland facility. It will definitely allow for greater ease in bagging and a higher bagging efficiency.



At the Rice Lake location we have added another bagging line under our smaller texturized mixer. Luke, the location manager at Rice Lake, is also making some adjustments with bulk product selection to accommodate some different products including steam rolled corn. Sarah, Synergy's Feed Sales Manager, has worked with a number of PHD's and calf specialists to develop some flexible performance based calf pellets. With these calf pellets coupled with Rice Lake's manufacturing capabilities we have been given the opportunity to make not only Synergy's own branded calf feed but also have been approved by Form-A-Feed to make their Prime Life branded calf feed. Sarah will be concentrating some of her efforts into some different options for the calf pellet at our Elk Mound facility next.

Speaking of Elk Mound we will be replacing our big distributor. This distributor has not been replaced since the facility was built and has been creating some difficulties with production. I know Mark, the location manager of the Elk Mound Mill, and his team will not miss the climb to unfreeze or patch the distributor once the replacement is finished.



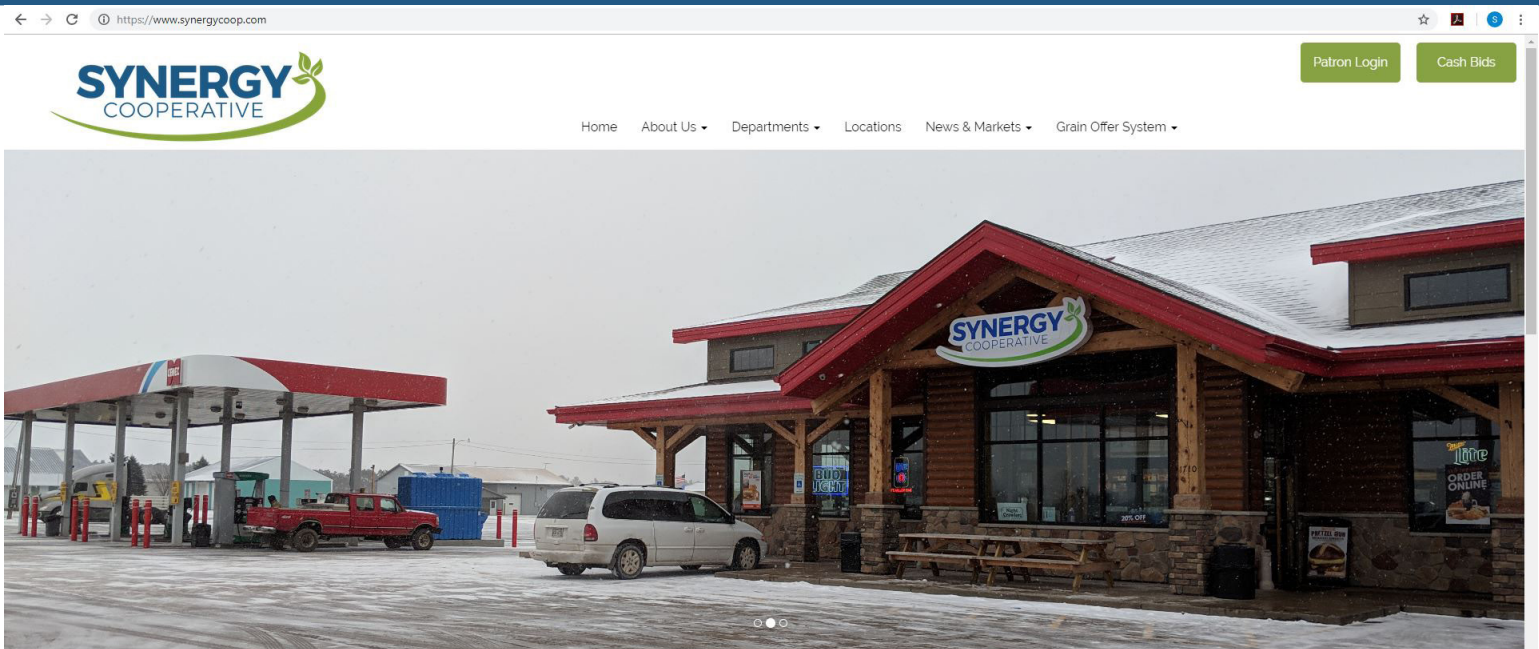
With hopes that spring will eventually arrive spring not only puts the Agronomy Department into full swing but also brings about show season, chick days, summer hog projects and even lawn and garden supplies. Just a quick reminder that when you think of all those products that you need, please pay special attention to our Almena, Chetek and Ridgeland locations. Each of them have very special selections and are more than willing to help you with your summer growing projects. Remember if you are in Ridgeland you get the added bonus of having a general store that carries a number of specialty products as well. So be sure to check in with Matt at the general store for some of those specialty needs.

FEED

Even though the weather has been a roller coaster, the commodity markets have been a different story, as in they are remaining very flat. Everything seems to hinge on the trade talks with China. Today when writing this, it is February 20th, and there is no trade talks scheduled with China before the March 1st deadline. That has put some pressure on the soy market as we are testing the lows. The other interesting fact is that the South American harvest is just beginning and with no United States trade deal with China, China may get most of their soy from South America, which could keep that market low. Wheat middling pricing has returned to normal levels. Corn gluten pellets and soy hulls are still expensive and I believe that those product manufacturers are artificially holding prices up because of forage shortages. The distillers price has returned to normal levels from the spike that we saw through December and January. Canola will be a product to keep an eye on as I have heard that some processors will be returning to the canola crush. Normally more product would mean a more competitive price but as we have seen in the past, this is not always the case. Vitamins are projected to stay flat with the exception of Vitamins A and D. There are supply chain issues and some manufacturing consolidations occurring, we will certainly be watching those vitamins and will continue to secure not only needed amounts of vitamins but they will also be good quality. One of Synergy's strengths is in our relationship with multiple vendors. Some of our vendors have strong purchasing relationships or are part owners of plants in Europe and China and a number of those vendors quarantine hi-potency vitamins for 90 days to insure product stability and safety. We have also seen some uptick in the sodium bicarb market. One of the larger suppliers of bicarb has had an issue with the occurrence of gas in their mine, which has slowed production while they have been trying to remedy the problem. Once again we have relationships with multiple vendors and have been able to keep plenty of product on hand and at a competitive price.

Thank You for the support that you provide for your local cooperative as we grow with you.

VISIT OUR WEBSITE WWW.SYNERGYCOOP.COM



FEED

Luke Kunesh - Rice Lake Feed Mill Manager



Hello, and welcome to The Rice Lake Mill. Let me start off by thanking everyone for what you do. All too often people get caught up with the hustle and bustle of life and forget about the farmers of the world. You are the backbone to this wonderful country. It makes no difference if you have 10 cows or 10,000. 5 acres or 5,000. You the American Farmer truly do feed the world, and for that I am forever grateful. Once again **THANK YOU!**

For those of you who do not know me, my name is Luke Kunesh. I have worked at the Rice Lake Feed Mill for 14 years now. I grew up on a 70-cow dairy south of Haugen, in which my hard-working Mother and Father farmed for over 30 years. I graduated from Rice Lake High School in 2004 and started working at the mill the following summer. I started my family in 2011 by marrying my beautiful wife Stephanie and in 2013 we added to it with a beautiful baby girl, Riley. I am extremely fortunate to have such wonderful people in my life.

Enough about me, lets talk about The Rice Lake Feed Mill. I am most excited to talk about our new automatic bagging system. This will be the second automatic bagging system installed at the Rice Lake location in the last 4 years. This new system will be exclusively used for texturized feeds. While our other bagger works best with minerals and grain mixes not including molasses. This new bagger gives us an opportunity to manufacture our very own Synergy branded texturized calf feed. I am still working out a few things with our nutrition personnel and hopefully when this article is being read, we will have a new quality, economically priced product available to you. If any of you would like to see the new system, I would be glad to take the time and show it to you. I am also excited to mention we will be offering a steam rolled corn product to our patrons. Please give myself or someone from our nutrition staff a call to see how it can fit on your farm. I can be reached any time on my cell phone at 715-651-6881 or call The Mill at 715-234-2461.

Thank you for your continued patronage.



FEED

Sarah McHenry - Feed Sales Manager and Lead



"I'm dreaming of a white Christmas, just like the ones I used to know." Well I think Bing Crosby had it right we did have some snow for Christmas, but we most certainly have had a white February. But, what better remedy for the winter day blues than to start thinking about a warmer time to come and summer county fairs. So, below I would like to outline the different show feed options offered at Synergy Cooperative along with some good management tips for all show animals.

Synergy Cooperative carries a few different lines of show feed that allows us to choose the best products for your animals. We carry Show Day Show Feeds from Form-A-Feed, Honor Show Chow products from Purina and Pinnacle Show Feeds from Vita Plus. All three show lines have options for pigs, sheep, goats and cattle to aid in creating a custom mix or complete feeds.

Along with these show feed options there are a few basic management tips that every livestock project member should remember. The first is to ensure water availability and quality. Animals should have access to clean water at all times. Make sure to clean the water tanks frequently and make sure tanks are not iced over during winter months and are cool during the spring and summer. The second thing to remember is that the weather plays an important part in the animal's health and growth. Extreme cold for long periods of time along with wind and/or moisture can cause problems. Keep a close eye on animals during long stretches of cold and wet weather. If symptoms such as snotty noses or rough hair coat appear, a vet might need to be consulted. Also, when it gets hot during the summer the heat can reduce feed intake and weight gain, so if possible make sure your animal has a cool dry place during those hot days.

Another key for a successful livestock project is making sure your animal is eating enough to obtain the desired average daily gain and growth. A good way to think about this is by basing the animal's intake on a percent of body weight. The percent to shoot for is 2-2.5% of body weight to get a 2.5-3 pound average daily gain for most cattle. For example, a beef animal weighing 900 pounds should be eating around 22 pounds of a quality grain mix along with a minimum 4 pounds of hay. Of course this is just a base line and there are numerous other factors that will influence growth like those that were outlined previously.

So here is to warm summer thoughts and if you have any questions on what you should be feeding your show animals the Synergy Feed Team is here to help.



CONVENIENCE STORES

Troy Strand - C-Store Operations Manager

Synergy Cooperative is excited to continue our local card program offering many of the same benefits offered by nationally known companies. Saving receipts to track sales for patronage will no longer be required! We have three different options.



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).

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.

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!

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.

Colfax Cenex

Big things coming soon to Colfax Cenex! We have taken a huge stride forward and contracted with Hot Stuff Pizza. Our offerings include breakfast sandwiches, burritos, lunch sandwiches, 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.



CONVENIENCE STORES

Shell Lake Cenex

We changed up our gasoline offerings at our Shell Lake Cenex Location. Prior to our conversion we only carried 87 E10 and 91 non-oxygenated. After several requests we decided to add 87 non-oxygenated. This is available on our bulk rack as well as dispenser number 5 and 6. This will give our customers a cheaper option for non-oxygenated gasoline. Stop by and see Ryan and his team for all your convenience, alcohol, feed and food needs!



Acquisitions and Consolidations

Acquisitions helped the largest convenience retailers get bigger in 2018, with 7-Eleven Inc. and Canada's Alimentation Couche-Tard Inc, who we are now affiliated with. The wave of consolidation isn't limited to national and multinational chains, either; mid-tier operators are also merging, as United Ag, Lakeland and Cedar Country did beginning fiscal year 2018.

The average convenience retailer now has more stores in their operation, and there are 5 percent fewer independent companies in the market than there were in 2017. This trend is likely to continue and larger, more consolidated convenience retail networks will become the norm.

The wave of consolidations, however, points to an upcoming wave of integrations and a need for convenience retailers to attain a holistic view of their entire business. As more convenience retailers look to unify their back-office systems with their operational data and customer loyalty programs from multiple banners under one corporate structure.

Synergy Convenience Store Division is a prime example. We took the best structures, programs and operating systems from each of the previous cooperatives and merged them into one over the last year and a half. We are expecting more great programs and processes to come out of this division to help our members and future members save money when they shop with Synergy Convenience Stores.

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. Lunch time hunger pains? With options like freshly made pizza, chicken and sandwiches at many of the 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 diesels to help keep you on your way.



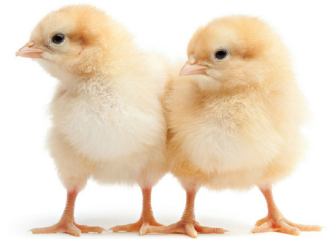
HARDWARE

Mark Kucko - Hardware North and Central Manager



At our hardware stores we have all your spring needs like oil, filters, DEF, nuts, bolts, screws, batteries for tractors, boats, mowers, garden seed, potting soil, gates, fencing supplies, animal health, L.P. bottle filling or anything you need and if we don't have it, we will get it for you. So come and see our great selection we have on hand. Different stores have different selections.

Mark your calendars for Ridgeland General Store's 4th annual Chick Day coming up on April 19, 2019!



SERVICE STATIONS

Kyle Knutson - COO & Service Station South Manager

Mark Kucko - Service Station North and Central Manager

With Spring approaching it is time to make sure your vehicle is in tip top shape after dodging pothole and wear and tear from salt and snow. Give a call to one of our five service stations to have alignments, brake work, battery and alternators tests, tire work, oil changes, exhaust work or anything else that you need to have done.

Colfax
618 Main St.
715-962-2275

Menomonie
807 Main St.
715-232-6210

Chetek
302 Knapp St.
715-924-4833

Rice Lake
924 Hammond Ave.
715-234-7136

Ridgeland
318 Railroad St.
715-949-1145

We have a great selection of truck and car tires available for you. Don't forget we also do the farm tire service and sell tractor tires to get you ready for the field.

With pothole season just around the corner that does mean suspension repair and alignment season. Synergy Cooperative service stations are offering a \$10.00 off alignment coupon for members with this coupon below at any of our service stations:

\$10.00 OFF COUPON
POTHOLE SPECIAL
4 WHEEL ALIGNMENT



EXPIRES: 5/31/2019

VALID ONLY AT SYNERGY COOPERATIVE SERVICE STATIONS
RICE LAKE, CHETEK, RIDGELAND, COLFAX, MENOMONIE
GOES TOWARDS A WHEEL ALIGNMENT ONLY. NOT VALID WITH ANY OTHER OFFERS OR DISCOUNTS.
COUPON MUST BE PRESENT AT TIME OF SERVICE. SOME RESTRICTIONS DO APPLY.

ENERGY - PROPANE

Kyle Knutson - COO - Energy & C-Stores



As I write this article in late February, we have recently experienced a few "polar vortex's" as well as several significant measurable snow falls. The icy roads and driveways and daytime snowstorms have created several challenges with delivery. The snowbanks are higher than we are used to seeing them with record snowfall for the month of February. With that being said, if you are able, please try to maintain a path for the delivery driver to get to your propane tank. As you know, with the depth of snow in yards it is difficult enough to walk out to the propane tank if there isn't a plowed path, let alone for a driver to pull the delivery hose to get out to the tanks.



As we experienced the -35 degree weather recently, there were several calls from customers experiencing troubles with gas pressure. Propane boils at -44 degrees or warmer. 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. 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. When clearing your tanks of snow, please use a broom to avoid damaging the finish coatings of the tank. Another situation that has been very prevalent in the past few weeks with the blowing and drifting snow has been the gas regulator on homes/buildings have been buried in snow. Please take a look at your regulators and make sure they are clear of snow.



Average usage for customers has increased this year from what was used last year. This usage has been higher to start the heating season due to a cooler fall and early winter from October through December. January treated us with some above average temperatures for part of the month then late January and the majority of February has been below normal. With this being said, customers that have been accustomed to filling their tanks in January or February and making it through until summer fill may not have enough gas to make it through due to this colder than normal weather. Please take a minute to check your tanks periodically to assure that you don't run out of gas.

Thank you for your patronage this past year and have a great SPRING!

ENERGY - FUEL

Kyle Knutson - COO - Energy & C-Stores



What is happening with the petroleum prices since the New Year? As, I look back to what I wrote in the December issue of the newsletter, there were several customers inquiring about contracting diesel for the upcoming season. Well, the price of crude oil was fairly stable and was hanging around the \$50 per barrel mark for the majority of November and December. As New Year's Eve approached, a large portion of speculators sold off their long positions and exited the market causing crude oil to fall to around \$42 per barrel. The traders hit the pits again after the holiday and quickly ran the prices back above \$50 per barrel in the matter of a week or so. Hindsight is 20/20 and that appears to be the best opportunity for pricing as we look head into 2019.

There are several recent factors that continue to drive the prices of crude oil, diesel and gasoline higher.

Here are some of the factors that are presently driving the energy markets:

- Trade Deal: U.S. and Chinese trade negotiators continue talks late into this week after discussions last week in Beijing did not yield a deal. Additional meetings began yesterday and are expected to continue through today. The current deadline for negotiations is March 1st, without a deal by that date tariffs on Chinese products would go from 10% to 25%. Trump has recently indicated that there's a possibility he would extend a March 1st deadline in trade talks if the two countries are close to closing in on a deal.

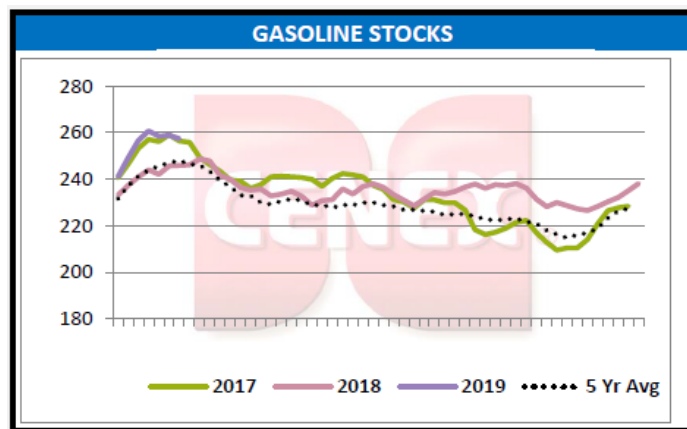
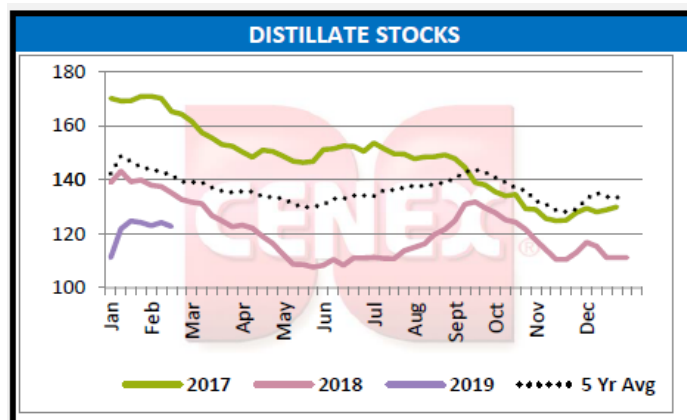
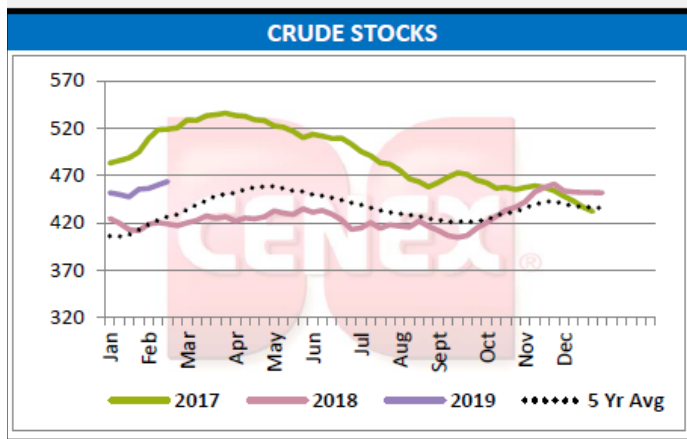
- U.S. Refinery Production: U.S. Refineries remained at 86.2% of their operable capacity, lower than the high 90%'s seen in December. Gasoline production decreased slightly to an averaged 9.5 million bpd and distillate production was also decreased, averaging 4.8 million bpd.

- Higher Prices: Oil prices have risen to new 2019 highs. Oil markets continue to be supported by OPEC cuts, along with reluctant production decreases (sanctions) from Venezuela and Iran.

We will continue to offer contracting for the remainder of 2019. It is unknown where the prices will go from here. If we look back to last year, we were fortunate to find another opportunity to find lower contracting prices in April. We will remain hopeful to see another opportunity. If you are considering contracting diesel fuel to protect yourself from rising prices, 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.

ENERGY - FUEL

Below are the energy stocks as of February 20, 2019. As the charts show, crude oil stocks are currently above last year and above the 5-year average. Diesel stocks are currently below both the past two years as well as the 5-year average. Gasoline stocks are currently slightly above last year as well as the 5-year average and fairly close to where they were in 2017.



Don't forget about calling to have your bulk lubricant tanks filled before the spring road weight restrictions. Spring time is very busy for bulk lubricant delivery and we want to make sure you have enough oil on hand to get your equipment ready to head to the fields.

Thank you for your patronage this past year and have a great SPRING!

MACHINERY

Bruce Anderson - Machinery Manager



Believe it or not spring is NOT far away! Snowblowers are "hot" right now with this record-breaking snow in February, we have one push behind and one 3 pt. 74" on hand! Tractor sales are strong with 45-68 horsepower tractors being the most popular. We also have several loader buckets and grapples on hand, should you need an extra one or just update the one you have. Also remember we have a good selection of used tractors that are in very good condition on hand. Don't forget about tillers and rotary cutters as we get closer to spring, plus we have a nice selection of 3 point blades at great prices.

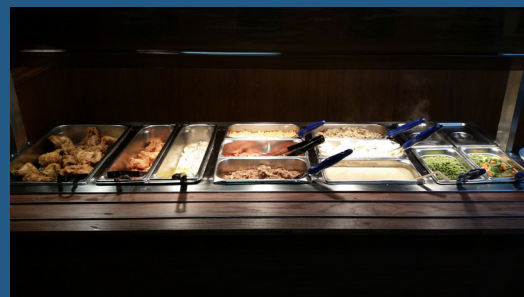
Make sure to take a walk thru of your sheds and contact Jeff for any parts you may need for spring, being proactive and having extra parts on hand before spring rush will save you time when a breakdown does happen. We have been gearing up for the Eau Claire Farm show also and when this newsletter gets out to you, we hope that we were able to visit with you there. The service department is busy, but ready to take care of your needs Gene, Brain, Al, and Kylie are extremely qualified to handle almost any issue.

We also have been busy working with Link Implement, making sure that when we do move that everything is as seamless as possible for you the customer. We are excited for this new opportunity to grow.

Make sure to be proactive and think SPRING!

CHECK OUT OUR RESTAURANT & BAKERY!

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



Exit 45 is a "from scratch" full service restaurant. Come on in for breakfast, lunch and dinner or choose from a wide variety of homemade pies and other delicious desserts.

CREDIT DEPARTMENT

Diane Kuhl - Credit and Collections Manager



For our agronomy customers, although it may not seem like it right now, the first day of Spring is only a few weeks away. Just a reminder that Synergy Cooperative still has several 2019 crop input financing options available. We have partnered with CFA, Winfield and Pro Partners to provide lower rate, longer term financing options.

We feel these financing options are a great way to obtain longer term lower rate financing at much better rates than the cooperative's 18%. Contact your agronomist or Diane in the Ridgeland office about applying or with any questions.

For our fuel and propane customers, if you are selling your property (particularly if you have a leased tank) please let us know as soon as possible. Also, your buyer will need to set up an account with us before they can order LP or fuel oil at that location.

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. If you have an existing propane/fuel oil bill, you'll need to get that paid off before placing an order for additional propane/fuel oil (unless you're on the budget plan).

We have a number of ways to make your payments:

- In-person at our offices in Ridgeland, Almena, Elk Mound or Rice Lake and also at the Chetek and Sand Creek stations
- Mail a check to any of our offices
- Online at www.synergycoop.com
- Call any of our offices to make a payment by phone
- ACH Payments (forms available)

Just a reminder that cash discounts are only given when paid by check, cash or repetitive ACH payments (does not apply to call in ACH payments).

Also, your account must be in good standing to remain on the "Keep Fill" Program.

Dividend Days are coming up in March. The credit team is looking forward to meeting our customers at all three locations. Please note that dividend checks for customers with accounts over 90 days may be withheld. Feel free to contact your credit department prior to Dividend Days.

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



Oh, wow this has been a long winter, we can't wait for spring!!!

Cabin fever is starting to set in, we're sure you will agree!

DPAD & 1099PATR Forms

We have finished identifying our sales so that we can pay out our patronage for last fiscal year ending September of 2018. Patronage Dividends are how Synergy Coop returns back part of the profits to its members. Synergy Coop is a business based on member ownership. To be part of Synergy Coop you need to setup an account, it can be a cash or credit account; this helps us identify our sales. The more sales that Synergy Coop can identify the less income tax Synergy Coop has to pay and the more Synergy can return to its members. That is why it is so important to use account number when making a purchase from Synergy Coop.

If you receive patronage dividends for Synergy, they are only taxable to you if what you purchase from the coop is used on your income tax return as an expense, like a business expense (schedule C or Schedule F are two examples). If you are unsure about this ask your tax preparer, they will be able to guide you.

Patronage refund is the name for the profit that Synergy returns to its members/owners. Essentially, each member/owner gets back part of the profit based on their purchases made during that fiscal year. To be eligible for a patronage refund, you must have an account with Synergy and have made qualifying purchases from Synergy.

The patronage refund consists of equity and cash. The retained portion of the patronage refund is allocated to the member's equity account and paid out at a later date. Synergy Cooperative will be paying back about 1.2 million dollars in patronage of which 40% percent is paid back in cash and the balance in equities. Our patronage rate will be about 1.3%.

Our checks will be available at Dividend Days March 12, 13, and 14.

If you have any questions with this please feel free to give us a call, **thanks again for your loyalty and continued relationship with Synergy Cooperative.**

Well as some of you already know, Synergy Coop is passing through part of our DPAD deduction for this last fiscal year, on your 2019 1099PATR. This is for your 2019 income taxes.

For those of you not familiar with the different boxes on the 1099PATR here is a brief explanation.

Box 3 is your per-unit retains allocations, which is the gross amount of any grain that you sold to Synergy during the calendar year. Box 6 is your DPAD, domestic production activities deduction that we passed through to our grain customers. We passed through \$900,000.00 of the DPAD, Domestic Production Activities Deduction for our fiscal year that ended September 30, 2018. This amount should help reduce your taxable income on your 2019 income tax return. This is a credit that can be used on your 2019 tax return. That needs to go on a form 8903 and then on your 1040 to reduce your adjusted gross income.

A NOTE FROM THE OFFICE

Your tax preparer can help with this. If you need to reprint a 1099 you can logon to www.synergycoop.com and log into patron login to access your account on the upper right-hand side of our home page. Once you are in there, go to the "Patronage" button, then select "Local & Regional Equity" button. Down at the bottom are the 1099PATR forms that you can reprint if you need too.

Year End Reports

Also, some of you may want your year-end reports for your bookkeeping and taxes. You can access this online by going to www.synergycoop.com and log into your own account on the upper right-hand side of our home page. Once you are in there go to the "Year End" button, set your date range and hit refresh. Then down on the bottom left of the screen there are three different ways to print the reports using Adobe Acrobat.

"Year End Report with Summary of Grain Payments" is all of your purchases and grain settlements.

"End of Year Grain Settlements Reports" is the report that ties your settlements to the 1099PATR box 3.

"Proof of Yield" is the report that your crop adjustors are looking for after your harvest.

Just remember these reports only use the date range that you have selected.

If you have any questions with this please feel free to give us a call, thanks again for your loyalty and continued relationship with Synergy Cooperative.

SAVE THE DATE!

SYNERGY COOPERATIVE DIVIDEND DAYS

TUESDAY MARCH 12, 2019 ALMENA FEED & SEED STORE

WEDNESDAY MARCH 13, 2019 CAMERON AGRONOMY SHOP

THURSDAY MARCH 14, 2019 COLFAX VIKING BOWLING ALLEY
FROM 10 AM TO 2 PM

DOOR PRIZES, DIVIDEND CHECKS, AND A LIGHT LUNCH



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