

DECEMBER, 2018

SYNERGY

COOPERATIVE



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GREETINGS FROM YOUR CEO

Karl Varnes - CEO



Merry Christmas and Happy New Year to all. It doesn't seem like over a year has passed since Synergy Cooperative was formed.

What looked like a daunting task at the onset of putting our three companies together has for the most part been accomplished - hopefully seamlessly in your experiences with us. Over the course of the year it has become increasingly obvious that the employee group you have here is, and will be the foundation of our success. Second only to the customer-owners we are blessed to serve and do business with; both of which I've had the pleasure to come to know over the last year.

Our first fiscal year ended in September. To briefly recap: Sales were just shy of \$200 million which is up \$14 million from the previous year for the three parent companies. Margins were down slightly as the need to be competitive in a challenging agricultural economy and merger year was evident. Rising energy markets early in the year also had an effect - which has recently reversed course. Local margin came in at 1% of total sales. We expect to improve on that number going forward as nonrecurring costs such as vehicle and facility re-identification, IT expenses, legal fees and other compliance fees are complete.

Last year also happened to be the year that CHS did not issue any patronage payments which significantly affects the bottom line of energy divisions and our LLC business ESP (Energy Solution Partners). We did however receive patronage from other sources. With patronage and tax credits our total should be in the neighborhood of \$4.5 million. We must wait for tax returns and audit reviews for "official" results which will be done prior to our annual meeting. Your board anticipates paying back \$1.2 million in patronage in March for last years' purchases. We also plan on returning a significant portion of the DPAD (Domestic Production Activities Deduction) to our grain customers that have marketed grain to Synergy. This amount will also be determined when tax preparation is complete but is anticipated to approach \$1 million.

Our auditors tell us that our results in a merger year were good. This bodes well for our future as many expenses won't reoccur and many operational and routing efficiencies are now being realized.

Please join us for your annual meeting on January 16th, 11:00 at Turtle Back in Rice Lake. More detailed information will be available and shared. We plan on having dividend checks available in March with multiple events and locations for patrons to participate in. Our "transition" board terms as adopted by membership expire with this annual meeting and regular terms and district representation will begin.

This year's challenges once again included weather. It seems we missed both spring and fall; transitioning from April snow to summer - then back to winter. What was a "sure thing" early harvest extended well into December; thankfully yields were good even if prices were not. The larger current challenge is surely the state of our overall agricultural economy. Perseverance, optimism and determination in agriculture are attributes associated with all involved in the noblest of professions. These worthy qualities fail to contribute to cash flows however. Trade wars, excess supplies, tariffs and the like have interfered. Most agree that we will cycle through the current environment - coming out the other side with stronger, more solid markets. Let's hope it occurs soon. In the meantime we're busy securing various financing options for our growers to secure spring inputs at competitive rates.

We didn't add many new assets in our first year of operations, those we did will be presented in more detail at the annual meeting. A more conservative approach was taken to improve current assets at multiple locations. The Strum, Ridgeland and Shell Lake agronomy facilities all received some needed repairs and upgrades. All of our C-stores required upgrades to the card processing equipment. Many minor facility repairs were completed. Long term, we have plans in each division for improvements; we will continue to prioritize and monitor as market needs change. "To aggressively pursue a conservative plan" might most closely define our current philosophy. Please look through this newsletter for upcoming new products and services being added in various divisions.

We will continue to strive to give you the best return on your investment possible. To be your chosen source of products, services and information is our goal. Let us know if there is anything you'd like to see us provide.

Most of all, thank you to all our owners for your business this past year; shown by your continued support in your cooperative. We appreciate it.

See you at the annual meeting.

Merry Christmas



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FEED

Bob Hinrichs - Feed Division and Feed Operations Manager
Sarah McHenry - Feed Sales Manager and Lead



We are hoping that everyone has finally made it through this rather challenging harvest. The weather has not cooperated at all. **The first year of the merger is behind us and we are so thankful for all the support that you have given us in the feed division and at the entire Cooperative.** It was a year filled with optimism and hope that certainly did not disappoint. We were able to take methods, procedures, products and cultures from all three different cooperatives and tap into that huge pool of information. It is so unique and exciting to take a product that the Rice Lake mill uses, introduce it into the Ashland area and have it been such a success in that market as well. In the same breath that product at Rice Lake that was being brought in from factories in the Twin Cities can now be manufactured by Synergy's own mill in Elk Mound. The examples of this information exchange go on and on. We have learned so much in the past year and we don't doubt that we have much more to learn.

Featured in this newsletter will be the Chetek mill. You will see some pictures and read some articles from the location manager (Rhon) and in-house nutritionist (Kirsten). All the feed locations will have a turn giving you a more detailed look into that specific feed mill or warehouse. For us, we will just touch on a few projects and share a broader spectrum of what is going on in the feed division.



For starters if you have not been to the Almena warehouse and visited with Jennifer, Jim, Tracy or Jan you are missing out. They are the friendliest most customer serviced oriented people you would want to meet. If you find yourself close to the Almena warehouse you must stop in. The facility is ultra clean and spacious with a wide range of product choices that will leave you coming back for more. The only project we are hoping to do is to add some awning to protect from the weather a bit.

The Ashland facility has really been cookin'. We have been adding bin space by repairing and cleaning out bins that have not been in use for up to five years. The semi is busy almost every day. John had made some arrangements with a number of convenience stores and has been providing them with quality deer corn. A couple of minor projects are in the works. We would like to set up an actual bagging line and some racking for storage in the warehouse. We are also looking into a grain bin for corn storage.

Our Elk Mound facility has probably manufactured close to two hundred tons of feed that was purchased from other manufacturing facilities and has been shipping that to all of our other locations. As time goes by that facility will manufacture more and more products that will impact every aspect of our feed division business. We were exploring some mixer options for the Elk Mound facility but have recently refocused our attention on upgrading and maintaining our distributor and spouting.



FEED

At Rice Lake we are adding a texturized bagging line. Rice Lake currently purchases calf feed, and with the new line it would enable us to manufacture those products using local grain. The other neat twist to this is that we will be freeing up a bin for steam rolled corn. The steam rolled corn will be used in our locally mixed calf feed and will be available to our customers as well. The steam rolled corn will be our locally grown corn.



The Ridgeland mill has been pinched for labor. Those folks have gone the extra mile and they deserve extra appreciation for what they have accomplished. Our biggest project for Ridgeland has been trying to find help. It would appear that we have finally found that well needed set of hands who actually has some agricultural experience. That is becoming more of a challenge these days. Our human resource department put in extra time and found us a number of people for several locations and we are very thankful for that. So, when you're at the Ridgeland mill please welcome Amanda Erickson. If you see a new bulk hauler come to your farm out of the Rice Lake location please give the newest member of their team Todd Johnson a friendly hello. Sierra Schwarz is also an addition to the Rice Lake facility and is currently an intern. We are glad to have her on board and appreciate

WITC's program and are thankful for the opportunity to be a part of it. In Elk Mound some of you may know Adam Hodges and if you don't, take some time to visit with him, he is friendly and has a great agricultural background.

Thank you for your support and we hope you and your family have a Very Merry Christmas!

FEED: FEATURED FEED MILL - CHETEK

Rhon Omtvedt- Chetek Feed Mill Location Manager



The feed business has been challenging this last year. Farmers that are milking cows as their main source of income have been stressed. Each year, all of us hear about a farmer that had sold the herd, or is going to at some point. This affects Synergy in a big way. That being said, now considering being the smallest production feed mill of the five, we have lost about one to two milking herds each year for the last four years. Other mills have also and are facing the same uncertainties. **Synergy feed team is continuously trying to assist farmers with their feed needs.** One way is by watching commodity markets very closely. Bob Hinrichs checks these daily so we can purchase wisely and forward the savings on to our producers. Almost all of our feed mixes use some type of protein source so that is a big factor in the final price for the mix. If we can mix a quality product at a good price, that will assist in being competitive in the market. By having someone in that position has helped greatly so the feed mill managers can focus a little more time on day to day operations. Such things as inventory, maintenance, employee staffing, and growing that location.

FEED: FEATURED FEED MILL - CHETEK



As long as I mentioned growth, how is that achieved? Did I not already mention that milking herds are decreasing every year? This is where the feed sales team is critical. Sarah McHenry and her team are a cut above the rest. **They cover an extreme amount of territory. From Strum to Ashland just for starters. All of them are very knowledgeable in their areas and most have been in the grower's shoes or still are.** Insight from someone who is milking cows or running beef, for example, is very valuable and beneficial to everyone. They also use each other as resources. So even though you might only see or work with one keep in mind the whole team is backing them up, you as a Synergy member should feel fortunate that whatever animal you are feeding there is someone you can contact for answers of assistance.

What do you say we switch gears just a little bit and start "horsing around"?

You may or may not know that we here at the Chetek Mill actually are able to "horse around" with the best of them. Let me clarify before you get the wrong idea. The Chetek Mill is actually all business when it comes to horses. We carry an extensive line of equine products. We have over 30 different horse related products in stock. We also handle goat, sheep, chicken, pig, dog, cat, and the list goes on but our horse business is growing each year. Back to the focus on growth as mentioned prior, we have been approached and asked to assist with these customers and so far, have met their needs and expectations. Five years ago, we held the first equine night, we were hoping for at least 20 people, attendance was 44! The next year we hit 50! The interest was there so we have been providing information and products as needed. **This year at the fifth equine night we had 53 people attend. We are so thankful to have great turn outs for these meetings.** We provide some good information and have some fun. So, if you have one or many horses, we are who you want to see for your needs.



At the Chetek Mill we also carry a wide variety of bird seeds. Our newest, Fruit N' Nut, is becoming quite popular. We carry suet, finch, thistle, sunflower seeds, and many other types of bird seeds. We didn't forget about the squirrels either, we have bags of cob corn, and wildlife blocks.

FEED: FEATURED FEED MILL - CHETEK

Deer season is over, but to help maintain and grow the antlers, deer mineral should be fed year-round. We stock a deer mineral that has apple scent in, customers that buy the mineral keep coming back for it. Several people have also had success keeping the deer around with Trophy Rock mineral rocks. We even gave away a Trophy Rock box to a lucky winner!

We are a very diversified location. Once only a feed mill, and now covering a wide variety of products. Wood heating pellets are sold here by the pallet! We have sold over a Semi-Load so far this year. **If we don't have it, just ask us you may be surprised.**

Our bag route services have continued to expand. We currently have around 30 different producers that we deliver to out of our location alone. If you would like us to deliver to you, call us by 5pm on Tuesdays for Wednesday delivery, 500lb minimum and a \$15 charge for delivery. We want to help and have a great team to assist you.



Trophy Rock
Drawing Winner
Aaron Nichols

Here in Chetek we make sure to have product for just about any critter you want to feed! See ya soon!

**Thanks for your business,
Tia, Rob, Kirsten, Randy, Michelle and Rhon**



FEED

Kirsten Huth - Nutritionist (Chetek Mill)

I hope everyone is able to slow down and enjoy life after the long, late 2018 harvest. Reflecting back now, the challenging growing season reminded us to be more proactive on monitoring fields and growing conditions, and doing a great job of harvesting, preserving, and storing our corn silage crop. We are seeing variation in new crop corn silage in dry matter levels because of delayed harvest, fiber, starch digestibility and in lower milk per ton. Molds can be a problem also. Molds and some mycotoxins in weather challenged areas have been high. Corn silage quality is reduced by lower fiber digestibility (NDFd), and lower starch digestibility (IVSD7). The higher these numbers are, the better the diet will perform in the cow. Some corn silage hybrids that have performed well in the past just didn't do as well this growing season and it is showing up in the bulk tank. Like a head football coach, who has performed well in the past, on different fields, and different seasons, maybe we need to change it up. Choosing the right corn silage hybrid is a very important part of producing quality corn silage. **Yield is very important, but your nutritionist cares more about great digestibility and how the corn silage performs in the cow's diet.**

Choosing the right seed can be complicated, especially when you try to sort through yield trial data from different sources. Looking at WI Corn Hybrid performance trials for the north and north central zones is good to do, but it may not contain all the information you are looking for. A good agronomist is key in helping you find the right hybrid for your farm. They will have the most local yield trials on similar soils and similar growing conditions. Our Synergy Coop Agronomy and Feed Team can be a great part of helping you choose the right seed variety for your dairy. We'd be happy to help.

Thank you for your business!

AGRONOMY

Travis Berg - Agronomy Manager - Southern Region



I would like to start by thanking you for your business this past year!

This season brought about several challenges from start to finish. The late spring put a lot of stress on your operation as well as ours. But, with the merger, we were able to spread out equipment much more and gained a large amount of efficiencies in the process. We feel that these efficiencies will only get better moving forward. **This should create a win/win for both your operation and ours!**

Fertilizer prices have increased slightly from last year at this time. With the grain prices we are looking at, it is hard to imagine why prices have increased. Nitrogen production from around the world continues to be down. Along with this, fall NH₃ application has been down sharply compared to previous years because of weather issues. This will put even more stress on other nitrogen products like UAN and Urea for spring. Other fertilizer products are generally in a very tight supply position world wide this fall and this is expected to continue into the spring. Although spring is still 4 months away, I expect the current prices to stay where they are.

Chemical programs and planning are hot topics going into the winter. Herbicide resistant weeds have been showing up much more the past 2 years. Waterhemp along with a few other weeds are able to survive a Glyphosate application and develop resistance to this chemistry. Not controlling these weeds can cause huge yield losses in your fields. There are few options to control Waterhemp in Soybean fields if they emerge, but those options are average at best. Our recommendation is to layer residuals starting with a pre-emerge application and continuing on with a post-emerge application. I highly recommend talking with one of our Agronomists to plan ahead for this spring.

As always, Thank You for your continued support!



Elk Mound Agronomy



Synergy Cooperative's Sprayers and Spreaders at Cameron

AGRONOMY

Rich Carr - Agronomy manager - Northern Region



We would like to take this time and say thank you to all of our loyal customers for this past 2018 growing season. It hardly seems possible that we have already completed our 1st year as Synergy Cooperative and are preparing for the next growing season. Before we do this, we must reflect back on this past growing season and determine what worked and what adjustments we should take to help increase your ROI.

Topics to review:

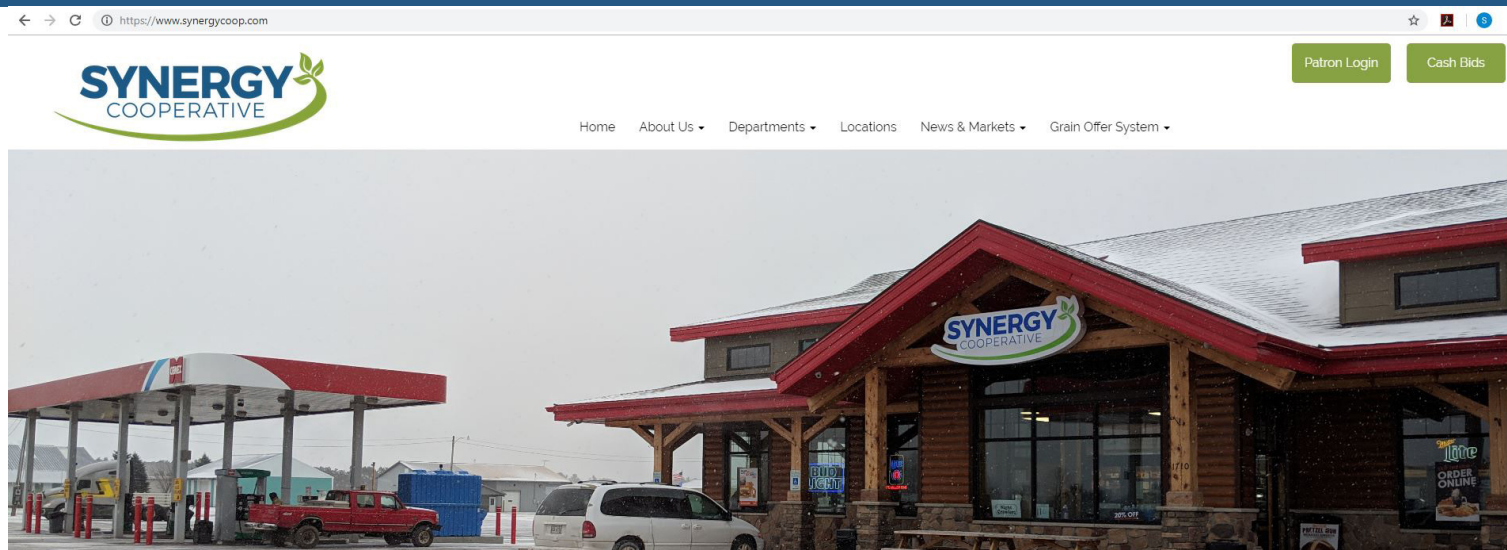
- Nutrient Crop Removal
- Round Up Resistant Water Hemp- ITS HERE!
- Soybean Platform – Round up, Liberty, or Dicamba?
- Weed Control using Residuals – Using straight Round Up may not work for controlling certain weeds anymore
- Hybrid Selection- Are you selecting the right hybrid to get the most profit on your acre?
- PH Levels- Maintaining adequate levels
- Input Costs – When is the best time to buy?

With that in mind, don't forget to utilize the resources Synergy Cooperative has available to you. Each of our agronomy locations has agronomists available to help you manage your business operation. We welcome the opportunity to sit down with you and write a farm business plan that shows your true cost of production on a per acre basis. We can adjust for past or current cropping issues and organize this in an easy-to-read spreadsheet. By doing this, you can better manage your risk and see what is going to bring the most profit to your business. It is our goal to work together to become your number 1 trusted advisor and supplier of all of your agronomy needs. One last thing to keep in mind is our selection of low-interest rate loans. We offer John Deere Financing, CFA, Agrispan, and Secure by Winfield. Please don't hesitate to inquire on any of these financing options.

We look forward to working with you in the years to come.

VISIT OUR WEBSITE

WWW.SYNERGYCOOP.COM



AGRONOMY

Jon Wantoch - Ridgeland Agronomy Manager



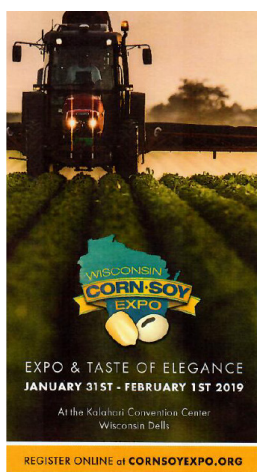
Warm and Happy Thoughts from Central Agronomy! With another growing season behind us, it's time to start looking forward to a new one.

As you have probably heard, a lot of thanks and appreciation has been given to all employees of Synergy Cooperative for having a true, successful first year. Although, the biggest Thank You and the most direction of appreciation needs to go to the patrons of the coop who made this possible. The support of your local coop is important in many ways to the communities it surrounds, and from all of the Synergy Cooperative employees, a deep, sincere word of appreciation is deserved. Thank You everyone for your 2018 business! Even though 2018 was a success, we are still striving to become better, more efficient, and stronger in 2019.

One area in agronomy that is focused on every year in the off-season is professional development. Synergy Agronomy strives on making sure its employees, from managers, to salesmen, to applicators, and even seasonal help, are up to date and current with all agronomy areas. Many employees will attend update meetings put on by UW Extension, such as the annual Pest Management Update Meeting, Agronomy Update Meeting, and the Soil, Water, and Nutrient Management Meeting. We also offer opportunities for our employees to attend the Wisconsin Agribusiness Classic, in Madison. Not only is this a great opportunity for education, it also allows networking for our employees with others throughout the state. We strive on having employees who are knowledgeable in all areas of agronomy, not just seed, or just nutrient management. Though, we cannot expect employees to have every answer to your questions, but we do have the resources and networking tools to get you an answer to any question we don't have the answer to. Hopefully, this effort will continue to give you the most confidence in decision making for your operation through Synergy Cooperative.

Not only do employees have educational opportunities, but so do you as farmers. Here are two examples of opportunities for farmers to attend. The first is Corn-Soy Expo. This is a great opportunity for education and networking with members of our industry, along with other farmers. The other opportunity is the WI Cover Crops Conference. Cover crops continue to be a strong topic in our area. Lastly, Synergy Coop will again be doing a number of meetings and workshops throughout the winter and spring, including topics of waterhemp, grain marketing, and costs of production. Please be ready to attend these opportunities as they arise.

Again, Thank you to everyone for 2018, and we look forward to 2019.



GRAIN

Jerry Bates - Grain Manager



Greetings from the grain department. I hope everyone had a great Thanksgiving with family and friends and Christmas is right around the corner. This year has been up and down. We had some good prices early in the year then they headed south. We had good weather for the most part during the summer then it started raining when harvest started, making it difficult to get the soybeans out of the field. Now that harvest is done the focus needs to change from getting the crop out of the field to how and when are we going to make sales of this and next years crop.

It's amazing what is there to be noticed for those who pay attention, and what is missed by those who don't. It shows up time and again in grain marketing. The market is always providing a price to sell grain, but it's easy to take it for granted. In addition, focusing on how the market can cause pain allows it to be a source of anxiety, but it can be a source of security and opportunity to those who listen and respond. Harvest is winding down and many of you will have grain in storage at the elevator or in an on-farm bin. What is your plan to get it sold? Are you actively listening to the market for your opportunity to sell? Do you know what you are listening for? Too often the plan is simply to wait for higher prices. But if you don't know what price you're looking for it's easy to always want more. This approach often leads to missed opportunity.

A better strategy is to have a specific goal. Crunch the numbers on your production and have a firm price you are willing to sell. Then you will know what you are listening for. With this information in hand, enter target orders to carry out your plan. Let the target orders do the listening for you!

This concept works great for all unsold grain. Avoid spending all your energy on selling last year's crop, causing you to miss opportunity on the next crop. You need to be listening for those opportunities as well.

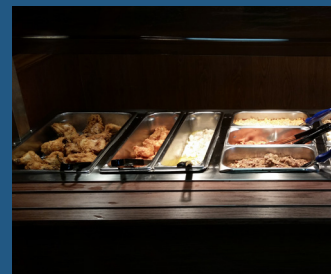
In conclusion listen to those opportunities and make some sales that you know will work for you.

Merry Christmas to you and yours from Synergy Cooperative and the employees of the grain department.

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.

CONVENIENCE STORES

Troy Strand - C-Store Operations Manager



Free Coffee Wednesday is Back for our Loyalty Members.

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 you 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 based on the profitability of the cooperative on an annual basis.

Barron

We have some new exciting projects happening at our Barron Travel Plaza location. In November we decided our old diesel dispensers needed an upgrade. So, we replaced all with brand new "higher flow" dispensers. This will greatly reduce the time needed to fill your tanks. We also added a new truck card processing system to reduce the approval time. This new system saves you substantial time waiting to process these fleet cards and get you back on the road.



CONVENIENCE STORES

Retail Support Manager

We would like to announce a new position within our convenience store division. Sean Rooney has accepted the position of Retail Support Manager. This position is responsible for the day to day maintenance of our new inventory and price book system. Sean will also take the lead in our computerized systems maintenance which includes our cash registers, back office PC's and other processing equipment. Sean was the store manager of our Rice Lake West location. He has over 30 years in a retail environment. Please help us congratulate him on his successes.



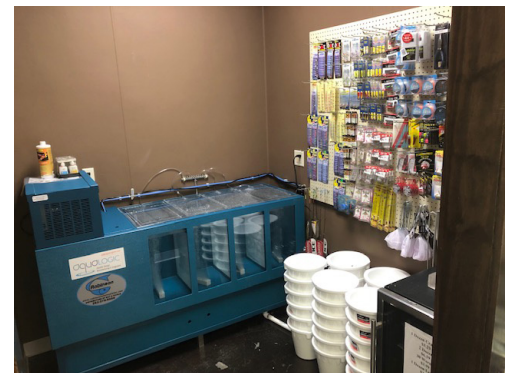
Rice Lake West



We would like to welcome Monica Holdt to our Synergy Team. Monica has taken on the role of Convenience Store Manager at our Rice Lake West Cenex Location. Monica comes to us with 15+ years of retail management experience. Please help us welcome Monica to our community.

Almena Holiday

Live Bait is back! Please stop in and see Gari for all your bait and tackle needs.



Shell Lake



By the time this newsletter is printed, the Shell Lake Convenience Store will have a new addition to its gasoline product lineup. Unleaded Clear 87 will be available at the pump on the furthest north gas dispenser. This is your traditional Unleaded Gas, 87 Octane WITHOUT ETHANOL! We are doing this at just one dispenser to start with and will add it to others if the demand tells us that we should expand it to other dispensers.

Happy Holidays from all of us in the Convenience Store Division!

ENERGY - PROPANE

Kyle Knutson - COO - Energy & C-Stores



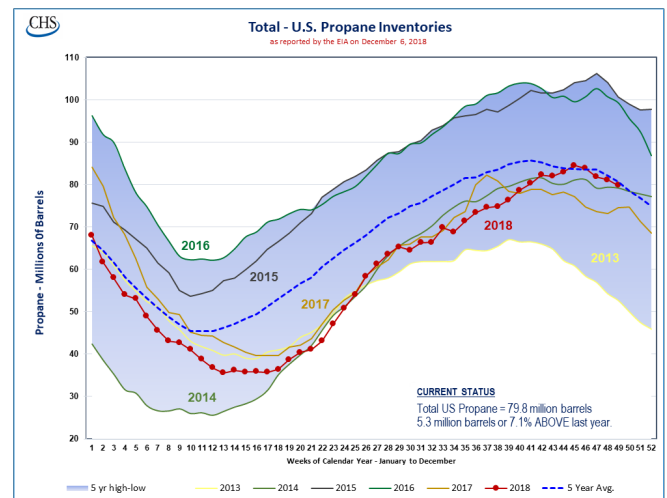
Hello from the Propane Division,

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. It has been a cold fall. At the time of this writing, there have been 16% more heating degree days than there were last year at this time. These colder temperatures should correlate to about the same percentage in increased usage over last year.



Please call to order a delivery when your tank gauge reads 30% to allow ample time for your cooperative to efficiently schedule your delivery. The more we can "pool" deliveries in your area, the less miles we have to drive to deliver gas. This allows us to be more efficient and reduce delivery costs, which in turn, enables your co-op to be more profitable and return a higher dividend to you, our member owners.

Propane supplies in the United States have grown from the seasonal lows back in May, which was the lowest we have seen in the last six years, to meeting the five-year average as we hit the first week of December. The U.S. inventories are about 7% ahead of where they were at this time last year. The decreased crop drying demand was certainly a factor in pushing these inventories higher. I have provided the graph to illustrate where U.S. propane inventories have been over the past six years.



Steps to take if you smell gas or suspect a leak:

- Extinguish all smoking materials and any other open flames or sources of ignition.
- Get everyone outside and away from the home or building.
- Do not use a land line phone or operate any light switches.
- Call your propane supplier or call 911 (use a cell phone outside or a neighbor's phone if the propane smell is coming from inside the house).
- Stay outside and leave the gas off until assistance arrives.
- Do not re-enter the building until it has been deemed safe to do so.

Please follow these guidelines for the safety of you and your family.



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

ENERGY - FUEL

Kyle Knutson - COO - Energy & C-Stores



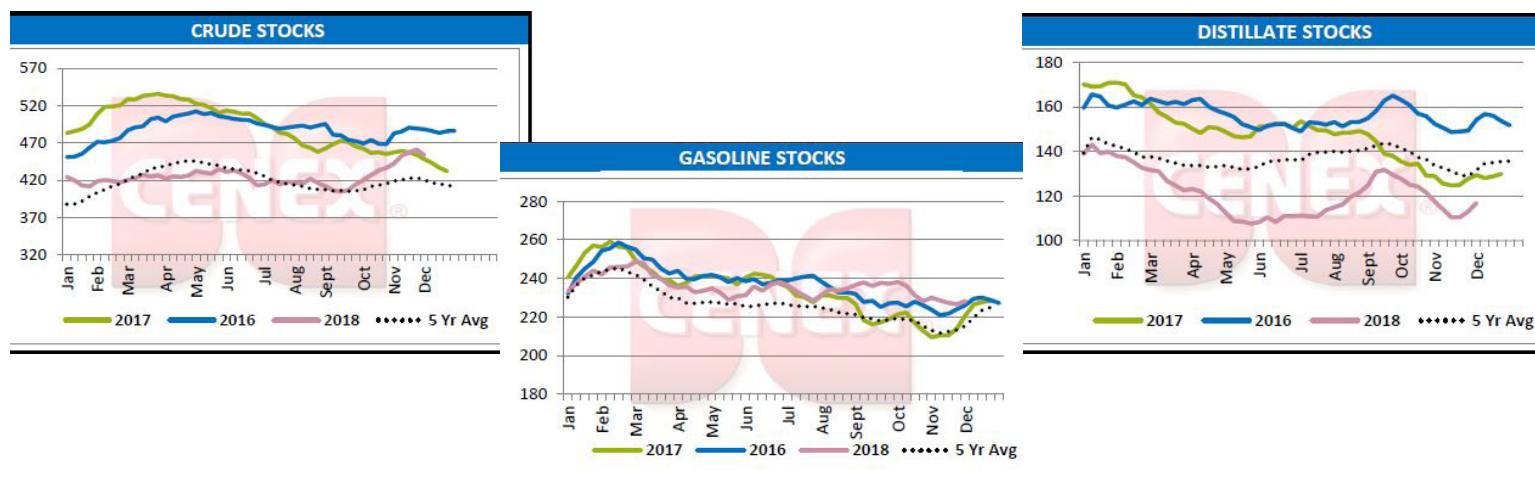
Hello from the Fuel Division,

As you all have seen, the prices of crude oil, gasoline and diesel fuel have been falling these past few months. This has been welcoming, as it is bringing petroleum prices down to where we have seen them over the recent years. There has been a lot of focus on the "Over Supply" of crude oil as of late. When looking at the crude oil inventories, it has grown substantially over the past few months mainly due to the refineries dropping production as they were in their maintenance periods. Unfortunately, the crude oil inventories did not grow at the same pace that the refineries were decreasing crude oil production.

The following paragraph I found on the U.S. Energy Information Administration website.

"U.S. commercial crude oil inventories (excluding those in the Strategic Petroleum Reserve) decreased by 7.3 million barrels from the previous week. At 443.2 million barrels, U.S. crude oil inventories are about 6% above the five-year average for this time of year. Total motor gasoline inventories increased by 1.7 million barrels last week and are about 4% above the five-year average for this time of year. Finished gasoline inventories decreased while blending components inventories increased last week. Distillate fuel inventories increased by 3.8 million barrels last week and are about 5% below the five-year average for this time of year."

As you can see below, the graphs show increased crude oil and gasoline supply over both last year and the five-year average, however, Distillate (Diesel) supply remains below the past two years as well as 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.



There has been a fair amount of inquiries in regards to contracting diesel fuel for next year. We are currently quoting contract prices for any time periods between April and December of 2019. With the recent drop in crude oil prices there have been some pretty attractive numbers to look at for next year. 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

Kyle Knutson - COO - Energy & C-Stores

Bulk Diesel Exhaust Fluid Delivery is COMING SOON!

Synergy Cooperative will be delivering DEF in Bulk, Totes, and Drums in soon. We are putting the delivery truck and equipment together in December and hope to be delivering in January. We will be offering DEF equipment (totes, drums, pumps etc.) for sale. Due to the vulnerability of contamination with DEF, we will only be delivering to closed DEF systems. This is the best way to reduce the chances of contamination. 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.

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



Earn a \$50 Visa® gift card for every 125 gallons of high-quality Cenex® oils, hydraulic fluids, gear lubes and greases you buy between November 1, 2018, and February 28, 2019. See us for details, and ask about the Cenex Total Protection Plan® for up to 10 years/10,000 hours of coverage. **Stop in today to earn gift cards.**



**SYNERGY
COOPERATIVE**

Avoid Spring delivery delays because of road restrictions, order your bulk oil now and take advantage of this Special Offer!



SERVICE STATIONS

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

Stop by or call one of our five conveniently located service stations for your tire and auto care needs. There is no better time than now to purchase tires for winter! We are conveniently located at:

Colfax 618 Main St. 715-962-2275	Menomonie 807 Main St. 715-232-6210	Chetek 3020 Knapp St. 715-924-4833	Rice Lake 924 Hammond Ave. 715-234-7136	Ridgeland 318 Railroad St. 715-949-1145
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We have the availability of most major brand of tires as well as off brand tires, which can save you money. We have a webpage which enables you to shop for tires online from the comfort of your home. Check out the webpage at synergycooptire.com or you can get to the car care center page from the synergycoop.com website as well.

With winter upon us the guys are busy with tires, checking antifreeze, wiper blades, batteries, oil changes and all your auto needs. So give Al, John, Dave, Mark or Jake a call for all your auto repairs. Don't forget that we have on farm tire service out of Rice Lake and Ridgeland too.

Thank you for your business.

HARDWARE

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



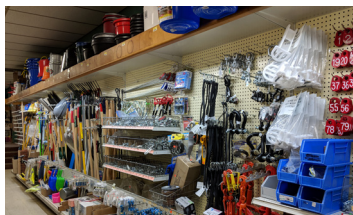
We hope everyone had a successful hunting season and a great Thanksgiving with family and friends. Now we are looking forward to the Christmas season.

At our Hardware stores in Colfax, Rice Lake and Ridgeland we have a great selection of products for the winter months coming. We have shovels, scrapers, ice melt, gloves, hats, isopropyl and starting fluids just to name few.

In Ridgeland we also have electrical, plumbing, gates, cattle panels and bunk feeders.

In Rice Lake we fill L.P. bottles and have L.P. hoses, fittings and regulators for all of your heating needs and also a great selection of bolts, nuts and screws for all of your projects.

If we don't have it Chuck, Steve and Matt will get it for you. Please stop in to see the great selection of products that we have on hand at your Hardware store.



Best Wishes for a Happy and Blessed Holiday Season!



MACHINERY

Bruce Anderson - Machinery Manager

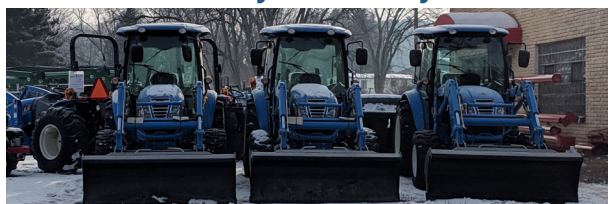


Sales this fall have been good on small tractors, new and used, larger equipment has been slower but increases in pricing is very noticeable. We expect several companies to have price increases after the first of the year, so buy early and save is a very real thing this year.

We have added the ECHO line of chainsaws and trimmers in addition to our Red Max (Jonsered) saws. We also have Bear Cat pressure washers and generators on hand, Jonsered snowblowers and Renegade three point snowblowers as well. We have many Country Clipper zero turn mowers at low prices verses 2019 pricing on hand as well. As many of you know we have dropped the Versatile line of tractors and tillage.

Our service and parts department are full and busy but are ready to take care of your needs.

On behalf of the staff in the Machinery Department we wish everyone a Merry Christmas and Happy New Year, thank you all for a great 2018 and we look forward to providing you better things in 2019. Bruce, Jeff, Gene, Al, Brian, Kylie, Tammy, (and sometimes Larry).



CREDIT DEPARTMENT

Diane Kuhl - Credit and Collections Manager



It is both a time of excitement and apprehension for the co-op credit department.

We continue to see regular growth of our customer base with many new applications coming in every day. Our agricultural customers continue to be challenged with low prices across the board—dairy, market animals and commodities. Both Bobbi (Almena office) and myself greatly appreciate our farmers' willingness to stay in contact with us and efforts to work through these difficult times. Even though most farmers are just finishing up their 2018 harvest, we are already planning for 2019 spring inputs. We have partnered with these other companies to provide lower rate, longer term financing options.

1. John Deere Financial (Farm Plan)
2. In-house financing through CFA (Cooperative Finance Association)
3. In-house financing through ProPartners/Winfield/Agrispan
4. Pledging stored grain at Co-op to sell against AR

In this economy, farmers are seeking every opportunity to operate frugally. 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%.

For all of our credit customers, just a reminder that our credit policy 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).

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.



JOHN DEERE
FINANCIAL

A NOTE FROM THE OFFICE



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

Along with a busy harvest, Synergy Cooperative's first fiscal year ended on September 30th. What a year it was! According to the bylaws of the co-op, to protect the members of Synergy, we are required to have an independent audit every year. This takes some extra preparation by the office staff and department heads and a little more prep after a merger. Our first year as Synergy is now behind us and the audit is complete. **We had a great first year with sales of almost 200 million thanks to all of you loyal patrons and the hard work by Synergy employees.** We hope to see all of you at the annual meeting in January 2019, where the auditors and board of directors will share the results with you.

Synergy had a profitable year and will be returning to its members about 1.2 million in patronage dividends at our Patronage Days event in March (watch for more information in the coming months). Essentially, each member gets back part of the profit based on their own purchases that they have made at our various locations. This is why you need an account so that we can track your purchases. An added benefit for the co-op when we identify these sales is that Synergy pays less in income taxes and, in return, more back to you the patrons in patronage. Please use your silver and gold cards to help identify your purchases at our Cenex convenience stores.

With the end of the year also comes tax season, don't you just love this time of the year :) ? You may want your **year-end report or proof of yield report** for crop insurance or for your bookkeeping and taxes. If so, you can access this online by going to www.synergycoop.com and logging in to your own account from the home page using the green button in the upper right hand corner. Once you are in there go to the "Year End" button, set your date range and hit refresh. Then down on the bottom of the screen there are two different ways to print the reports using the "PDF" button. Also there is a proof of yield that a lot of crop adjusters are asking for this time of the year. If you need assistance please call or stop in one of our office locations.

Happy Holidays from the Controller Group!

SAVE THE DATE!

SYNERGY COOPERATIVE'S ANNUAL MEETING

WEDNESDAY, JANUARY 16TH, 2019

TURTLEBACK GOLF COURSE AND EVENT CENTER

1985 18 1/2 STREET

RICE LAKE, WI 54868

11:00 AM MEETING

LUNCH INCLUDED



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

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