

ADVANCING YOUR COOPERATIVE

Progressing through the hurdles for a stronger tomorrow



FROM THE BOARD PRESIDENT

By Tom Shatek, New Hampton Area Farmer

Advancement: What does that mean from a Board of Director perspective?

Advancement, by definition, means the action of moving forward in position or progress. One of the Board's duties is to evaluate investments and opportunities that will advance our cooperative's cause. As farms grow and change, our local cooperative needs to adapt to meet their needs. The proposed merger between Five Star and Farmers Win presents a unique opportunity to accomplish all these things. In this article, I will try to answer some questions that I anticipate you may have regarding the merger.



Why is the Board in favor of merging with another coop?

First, having internal and external growth is necessary to remain successful. It is difficult to have enough internal growth to keep up with increasing costs. Then consider how agriculture landscape is continually changing. Small, medium, and large farm operations dot the countryside, and they all have different needs. The co-op's job is to earn their business and keep it by providing good products and dependable service. Competition is fierce and margins are tight. Expenses keep going up, so the co-op needs to have consistent growth to keep up.

This merger will allow us to serve more members at a higher level by being more efficient with labor and assets. Finally, by merging and creating a larger company allows us to remain relevant among members, employees, and suppliers. Opportunities come to those who prepare and are ready for the next chapter. We both want to get bigger to get better at serving member needs for the future.

What did the board look for in a merger partner?

Most importantly, a similar culture needs to be identified. With Farmers Win and Five Star, we both have hard working employees dedicated to serving and exceeding member needs. We want a partner that has financial strength equal to ours while providing the opportunity for operational efficiency, significant growth, and the ability to attract and retain quality employees.

Another important consideration was the ability to maintain local control with a Board of Directors that understands the members needs and can make decisions that impact their success. We want to keep that in the county it is today. Both co-ops bring strengths to the table. It will be exciting to see how employees come together to enhance member services and products. Farmers Win Coop checked the box in all areas and will make a perfect merger partner.

Why is this merger good for the membership?

This truly is a merger of equals. We are similar in size, number of locations, number of employees, etc. It has been important from the beginning that the decisions being made reflect a give and take attitude and an overall neutral tone. An example of this is the name, home office, and logo. Our hope is that members will see the willingness of both boards to come together on these potentially difficult decisions.

Everything costs a lot of money these days. Not just facilities and equipment, but also having the right employees, the right software, the right computer systems, products, services, and the list goes on. When you invest in those things, it is important that the money spent benefits the members to get the best return. The opportunity to have a merger of equals is hard to find and rare to secure. We are stronger together and will be able to withstand the challenges that seem to come around often.

The boards, management teams, and employees have already shown the capacity to work together well and understand that this merger needs to bring additional benefits to the members. Paying dividends both current and deferred in a timely manner will also be the goal of the new company. Both boards recognize the importance of dividends to the members. We both have great employees who are ready and well equipped to take on this challenge

FROM THE BOARD PRESIDENT *...Continued from Page 1*

to get even better at serving member needs. There will also be a deeper bench of talent to fill in where needed.

There have been significant savings identified that will be gained because of the merger. The savings added to the bottom line will bring about even more opportunities for the co-op to achieve success. The combined financial strength of these two co-ops will provide opportunities to build assets, buy equipment, and hire qualified employees to serve member needs.

Over the coming months, watch your mailbox for information regarding the merger. Your questions

and input are important to the process. Member meetings will be held in early July to present more details and answer your questions. More information regarding the merger can also be found online at www.FarmersWinFiveStar.com.

Please take the time to consider this opportunity. The advancement to the merged co-op will create larger locomotive capable of pulling a much larger train. Thank you for your consideration, and as always thank you for your past, present, and future business.

MOVING FORWARD

By Ken Smith, CEO Five Star Cooperative

I wanted to share my thoughts with you regarding our potential merger with Farmers Win. It is known that like-minded people coming together can become a powerful force and that is truly what is happening now. There are two boards of directors that deeply care about representing the membership base and maintaining our local control within the same counties we operate today. That group wants to move this opportunity forward. There are two employee teams that want to continue serving the members to the best of their abilities and doing what is right for their operations. This group wants to move this opportunity forward. I speak for the Five Star Senior Leadership team when I say we believe that this merger puts our member-owners and our employee team in a stronger position for the future. We want to move this opportunity forward.

Over the past months where this process has felt a delay from CoVid-19, we explored some joint activities that could be done together, and it was demonstrated that we are stronger together already. Our joint Feed and Agronomy teams have experienced this firsthand already and have seen the benefits. Soon we will be sharing the summaries of the potential synergy benefits that have been identified. These benefits and opportunities put us in position to pay equity, revolve equity, build assets, keep good people, and ultimately advance our cooperative.

I look forward to all that is to come with this process and most importantly, our in-person member information meetings this July. I hope you get involved, view our joint

website (www.FarmersWinFiveStar.com), watch a video, attend a meeting and ultimately, make an informed decision on what is best for your membership and operation. So I thank you for your involvement with our cooperative and this part of the cooperative system.

I would like to highlight an employee that has made a significant contribution to our local cooperative, John Winter, our retiring Feed Department Manager. He has been a driving force that kept the Feed department moving forward and making our cooperative a leading feed manufacturer. He has been able to navigate through significant change, found paths to improve, and developed deep relationships with customers and employees. As we wish John well on his retirement, his presence will continue to be seen in the assets he has helped build and team he has put in place. Our cooperative has benefited from his efforts and I have benefited from his association. Thank you, John, for your nearly 5 decades of service to this team and the New Hampton feed business!

I am excited for each spring season, but I am especially excited for this year, as the prospects 2021 look promising on many fronts. I am thankful for our teams, for the hard work they do, and the care they take in serving you, our members. Thank you again for your support and business.

Good days are ahead.



STATEMENT PROGRESS

By Laura Schwickerath, CFO



Five Star is excited to announce that we can offer you two different statement options to best fit your needs. Most customers are accustomed to seeing the combo statement, but if you are looking for a running balance, then you may be interested in the balance forward option. The combo statement is sorted by sales class (agronomy, feed, fuels, etc.), the prepay is listed on the same statement; a booking/prepay recap is included along with any grain contracts you have.

The balance forward statement has a running statement balance, and the prepay is on a separate statement, but will be mailed along with your monthly statement. Below is a sample of the balance forward statement. If you are interested in seeing this new statement version or would like more information, please contact the New Hampton accounting office at 641-394-3052.

Balance Forward Statement Example:

03/09/2021 90012383		beginning balance		0.00
3,000	Each 1" Clamp Connector	1.8900 / Each	5.67	
4,000	Each #1 Stl Conduit Hanger	0.7900 / Each	3.16	
1,000	Bags Chicken Layena 50# crumble	18.2706 / Bags	18.27	
5,000	Bags Corn-Cracked Bagged	8.7500 / Bags	43.75	
	Sales Tax		4.97	
	Total this invoice		75.82	75.82
	Amount Due		75.82	
03/08/2021 90012384				
60,000	Gal Abundt Edge Bulk	23.7500 / Gal	1,425.00	
40,000	Gal Approach 110gal	267.6000 / Gal	10,704.00	
	Total this invoice		12,129.00	
	Amount Due		12,129.00	12,204.82
03/09/2021 90012387				
800,000	Gal LP Gas Delivered	1.0500 / Gal	840.00	P
	Total this invoice		840.00	
	You have Prepaid		350.00	
	Amount Due		490.00	12,694.82
03/08/2021 90020133				
	CH12345 Payment		500.00	
				12,194.82
03/11/2021 90012386				
125,500	Gal Clear #2 Diesel Fuel	2.2500 / Gal	282.60	
	Total this invoice		282.60	
	Amount Due		282.60	12,477.42

Statement Features	Balance Forward Statement	Combo Statement
Running Balance Column	Yes	
Prepay Column		Yes
Prepay Activity on Separate Statement	Yes	
Transaction Comments	Yes	Yes
Printed in Transaction Date Order	Yes	
Printed in Sales Class Order		Yes
Field Name Shown on Agronomy Orders		Yes
Sales Class Recap	Yes	Yes
Prepay/Booking Recap		Yes
Coop Fuel Card Number Info on Transactions		Yes
Grain Contract Info and Balances		Yes
Deferred Billing Terms		Yes

NEW FEED MILL UPDATE

By Jeff Hageman, Assistant Feed Manager



The contractors are gone and the mill is fully operational. We will have a few bugs to work out which is expected, but all feed is currently being made in the new feed mill. We have been giving individual tours to current customers that have asked and have asked others if they would like a tour. We plan to give more tours as we get everything running in the coming months. If you are interested in a tour, please let myself or Bill Hayes, the Feed Department Manager, know.

We are still in the process of getting the warehouse attached to the new mill organized with only products that will be used in the manufacturing of feed. All other products will remain in the old feed mill warehouse that we sell to customers out-the-door. The new mill requires key card access to meet biosecurity expectations from our customers and maintain the safest environment for employees. There is also a security camera system installed to monitor all activity inside and out around the building.

COMBATING BULLISH MARKETS

By Bruce Halverson, Petroleum Manager



Hello, I hope everyone is doing well and staying healthy through these uncertain Covid 19 times. The weather is improving, and we are all getting busy with outdoor activities.

One of the larger news items within the petroleum department has been the bullish tone the markets have taken and in turn, products have seen more than usual increases. OPEC production cuts, poor refinery outputs due to storms, and global economic news are some of the key factors for these increases. I encourage that if you can, lock in your 2021 and even some of your 2022 needs before the prices get out of hand. Although the market has had a bullish tone lately, there will be opportunities down the road for possible cheaper prices. Please call anytime to get price updates for 2021 or 2022 on any of your energy needs.

A small review of what the department has done over the past year to offset some of the challenges and changes within the industry. We made upgrades at some of the stations with new dispensers as well as upgrades on our credit card security at the stations and cardtrols.

Added 120,000-gallon propane storage at Lawler and added 60,000 gallons of storage at Sheffield to adapt to heavier demands from customers. We hired more energy drivers which has enabled us to handle customer needs timely and efficiently. We continue to upgrade our truck fleet with the addition of another tandem propane truck coming this fall which puts us in a very good position to continue to handle customer demands. We added a couple service trucks to help handle repairs in the country with anything our customers may need. These are just a few things to show we want to make sure our customers are getting the proper service.

As most of you know we have exciting times ahead as we continue to work on our merger processes with Farmers Win Coop. This merger opportunity would put us in a better future position to better handle any changes or challenges within our industry, while at the same time, continue to give the membership the quality service in all areas of their operations. I look forward on visiting with you in the next few months on any merger processes.

I hope all of you have a very safe spring season and as always thank you for your business. Until next time.

CHANGES & GROWTH

By Marc Thronson & Rylan Zwanziger



What a weather change the last 30 days! From -20 to 60 in a month's time, we've certainly found yet another roller coaster to ride (along with everything else going on in the world, especially our markets). Grain prices have continued to remain strong, despite relatively stagnant market action of late. Fortunately, many of our customers have been able to take advantage of these price gains, whether it be old crop or new as our grain buying group has certainly been

kept busy this fall and winter. We'd like to thank each of you for your consideration as you look to price grain, whether it be to a Five Star location or one of our direct ship partners. While merchandising returns have been put under pressure by the lack of carry in the markets, the amount of volume we've been able to handle is giving us a chance to remain successful, and for that we say thank you! Our customers are truly what allows us to stand out in these highly competitive environments.

As the agriculture industry changes faster than ever before, we think it's important that each of us think about what moves our businesses forward. Technology is certainly something that comes to mind, as we're sure each of you have seen on your farms. As we think about grain marketing and services, it seems that this will be no different. A big thanks to Heather Grove in the New Hampton office as she's continued to help build our online grower portal to be a useful tool for our customers. We'd like to thank everyone's patience as we continue to work through changes with AgVance software and what that means for the portal. We know several of you have taken advantage of the electronic signature feature on contracts. We look forward to seeing

CHANGES & GROWTH ...Continued from Page 4

what features we are all able to offer in the future as the potential appears significant.

For those of you that market and deliver much of your grain directly to end users, if you haven't done much business with Five Star in the past we would encourage you to look our way. The flexibility we offer on delivery points as well as shipment periods is something that many of our customers have an advantage over others that simply sell direct. We like to think that we are progressive in our offerings, as when market conditions allow, we've occasionally had opportunities to offer premiums for altered shipment windows and/or delivery points. There are not many in the grain industry willing to go that next step, and we believe our willingness to do so creates a great win-win opportunity between Five Star and our customers.

Lastly, we'd like to touch on what we're sure many of you have questions on, the potential merger with Farmers Win. Our grain department is very excited in what that would mean for both cooperatives and especially our members. We have found several small benefits in just the last year or so by working together, and strongly believe we've only cracked the surface of what is possible. As we think about our customer, we believe the joint cooperatives would be in a much better position to serve our members, as shared staffing will allow for more personal interaction. It's not a secret that both cooperatives run lean on employees, and unfortunately the high level of service we hold ourselves to becomes a challenge when resources are stretched thin. The joint cooperatives will also be in much better position logistically, as we move grain where and when it needs to be. Whether that is during the crunch time of harvest or off farm movement throughout the year, the combined cooperative's will be much better positioned to meet the demands of today's marketing environment.

ADVANCING BY DEPARTMENTS

By Ben Thomas, West/Central Regional Operations Manager



Advancement. What does that word mean to you? According to the dictionary, it means the process of promoting a plan, or a development/improvement. When thinking of advancement on the operations side of Five Star, this is what we set out to achieve every day. We collaborate on a plan and make the best decision we can; work the plan unless something pops up and changes our plan (this happens every day).

Agronomy Advancement: Spring is upon us and we know it will be a fast, hard season. As a team, we work together to get all crop protection chemistries, seed for customers, update any maps with the changes that occur and prepare equipment to be in tip top shape for the hard push ahead. Then when the weather is right, and all the prep work falls together, we set out to apply over 100,000 acres this spring in approximately 2 weeks. Yet the work

is not finished there. Then it is the administrative team's time to account for all the product and get it properly invoiced. This effort is only possible with the team approach. The workload is not completed by just the agronomy team members, it also encompasses the whole grain team as well. In my eyes, this is how we advance and also help the member/customer of Five Star advance! This is our goal to help our member succeed!

Grain Advancement: This is usually our non-busy time of the year, but we still have a lot of corn to get moved in this busy agronomy season. It is vital that we focus as a team to deliver corn in the windows provided but also work with the agronomy team to assist when necessary.

Merger Advancements: Looking at merging two successful cooperatives, being able to utilize the best practices of both companies while creating a hybrid of operating procedures to create efficiencies is what this is all about. Truly advancing together for the member. The employee team also advances as we strive to be a premier employer for today as well as the next generation. A place where employees are compensated equitably and they all want to work where they can see the member customer advancing. I can say from firsthand experience, this is a very rewarding and satisfying situation. So how do I strive for advancements in Central/West region operations? To see all team members growing and advancing in their careers. To take part in bringing Five Star and Farmers Win together and leveraging efficiencies to find more success for the member-owners. Finally, to continue providing stellar services and solutions to them!

AGRONOMY

By Olin Amundson, Agronomy Manager



Crop input supply and pricing has become just as unpredictable as our weather. Last fall we enjoyed an ample supply of fertilizers, micronutrients, and crop protection products through normal procurement. With the cost of MAP and Potash near 12-year lows and better farm incomes, this allowed farmers to catch

up on field applications. This emptied the large stockpiles of fertilizer in North America. Add to this rising grain and energy prices, transportation slowdown of raw materials due to the Pandemic, supply fertilizers and certain chemicals being unable to keep up with demand. Then as you would

expect, prices continue to increase for these high demand -low inventory products. I would suggest if you have not purchased your crop inputs for 2021, do it as soon as possible. We have already experienced manufacturers allocating branded and generic Glyphosates, Glufosinates, and other widely used products. The good news though, because your cooperative has invested in storage facilities for fertilizer, chemicals, and seed, we have been able to enter the 2021 planting season stocked with most of the products our customers have ordered. These advancements in storage/distribution facilities and equipment are critical to ensuring our customers can perform cropping operations in a timely manner. To ensure your cooperative can continue these investments, we need to advance our financial stability and merging with Farmers Win Cooperative is a very strategic step in this direction.

Please do your part as a voting member of your cooperative, get involved, go to an information meeting, ask questions and be sure to vote.

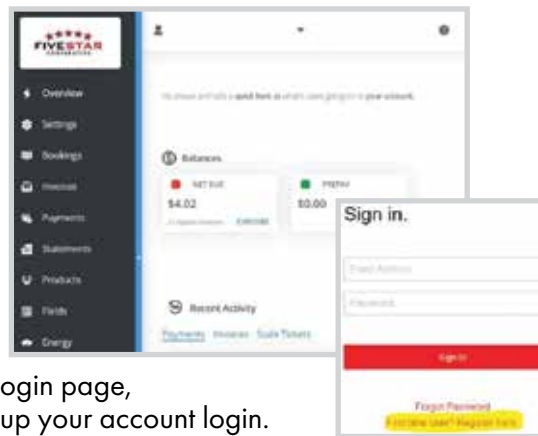
GROWER PORTAL SINGLE SIGN-ON FEATURE COMPLETE

By Heather Grove, ERP System Specialist

Since the switch to our new accounting software system Agvance, our customers have had to enter two logins and passwords to access their account information; like statements and grain scale tickets. Just released is the Single Sign-On feature (SSO.) With the SSO you now only need the 1st log in and password to access your online account with Five Star Coop. From the Five Star Coop Portal Dashboard you can link into your Grower360 account which is the portal to access all of your Five Star account activity. Grower360 is rapidly developing new features. Most recent releases are the ability to electronically sign your grain contracts and visibility of patronage information. A few other highlights from Grower360 are:

- Process online payments by ACH or credit/debit cards to pay off your account balance and even prepay your bookings for agronomy inputs, energy products, etc.
- View grain scale tickets and download into Excel.
- Setup email or text notifications for completed Agronomy work orders.
- Download and print invoices, statements, grain settlements, etc.
- View product purchase history reports.
- View field history of work orders and energy tank history of deliveries.
- View booking/prepay balances and history.

If you do not have access to your online account, please visit www.fivestar.coop and in the upper right-hand corner click "Login". From the Login page, click on First time user? Register here, and fill out the required information to setup your account login.



DO YOU KNOW...

We are missing contact information for the following members and if you have updated information, please share that with: **Brianna Bryan • 641-394-3052**

Dustin Myers
William J. Mathis

FEED RETIREMENT ANNOUNCEMENT

By John Winter, Retired Feed Manager



Good things do not last forever and my time at Five Star Coop is about to end. My last day is March 31st. 47 years in the feed industry and WOW, has it changed. On February 18th, 1974 I was looking for a job and I was hired by Herb Neils at Midland Feed. I will forever be thankful for him getting me started. Midland Feeds is what the old New Hampton feed business started as, and I started at the bottom unloading rail cars with a mule and a cable. That is a long story for a different day. I stayed at the mill outlasting Midland, Felco, and Farmland. In 1987, Mel Patrie came along, and Farmers Coop purchased the mill. Again, I was able to stay through another merger or buy-out. Soon after, Darwin Sittig was hired by Farmers Coop and I became the Feed Department Manager a job I proudly held to my retirement.

A few years later, Ron Pumphrey became the General Manager, and we were able to purchase the Feed Mill in Klemme around 2002, turning this into a monster of a business.

During Ron's tenure Farmers Coop changed its name to Five Star Cooperative. Upon Ron's retirement, we welcomed Ken Smith as General Manager. This is where the idea for a new Feed Mill in New Hampton really grew to fruition and is now producing all the feed out of that location.

I have worked with and learned something from every General Manager as well as a lot of my co-workers. Had a lot of fun along the way to boot! We used to run 3-ton trucks, then 6-ton, then 9-ton, then 12-ton, then 15-ton, then 18-ton, then 25-ton, and now we are using ~30-ton trucks. We have done a lot of manual work mixing feed, adding computers to help with the manual labor, and today we have just started an automated mill in New Hampton. I have managed to survive all the acquisitions/mergers and would say all have been very positive and needed to continue with growth. The Feed Industry will continue to change, and we need to embrace change by moving forward wherever that change takes our local cooperatives.

Thank you to everyone who I have connected with the last 47 years. I have made many friends through both good and bad experiences, but all have molded me into who I am today. God Bless Everyone.

FEED UPDATE

By Bill Hayes, Feed Department Manager

With 33 years in the Feed business, I look forward to leading Team Five Star's Feed Department. I started in December 2020 and already I have seen the new mill come into production. 100% of the feed being made in New Hampton is now going through the new mill. We continue to find areas of improvement and fine tune the production but overall, the new mill is running great.

I have met our feed team and what a great group they are in production, sales, and administration. I cannot say enough good about them. The administration team who kicks off the process by taking the feed orders and closes it by invoicing the feed once delivered. Our mill operators and truck drivers continuing to focus on being as efficient and safe as possible while maintaining the highest quality of feed for your farm. Then of course, the salespeople working directly with our customers to bring exceptional products and services that are required.

I am always open to feedback or suggestions on improving products and services to better serve the customers' needs. Thank you for your past business and I look forward to working with you in the future.



Five Star Cooperative
PO Box 151
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FarmersWinFiveStar.com

For more information on the Farmers Win-Five Star Merger, visit:

- What are the opportunities in merging?**
- Maintaining local control
 - Attract & retain the best employees
 - Strengthen member services
 - We can be stronger together
 - 1+1=2+

- Why Farmers Win-Five Star Now?**
- A Merger of Equals
 - More Strategic Investment Potential
 - Influence Our Own Future
 - Standing Up to The Competition
 - Opportunity is here TODAY

Farmers Win-Five Star Merger

