

FIVE STAR PULSE

MEMBER NEWSLETTER

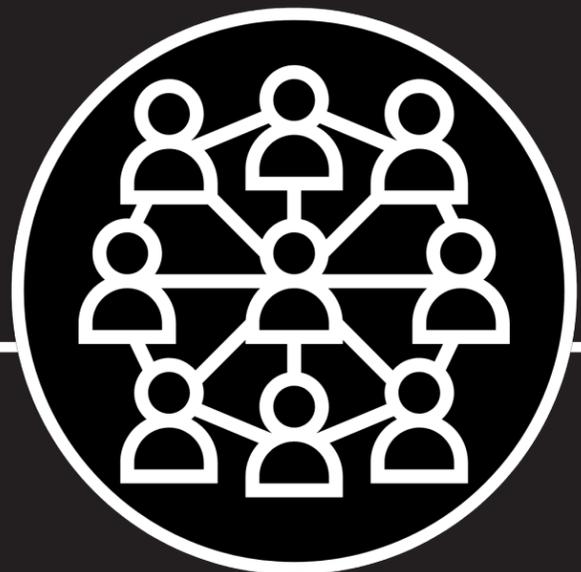
WINTER 2023

Fall Photo Contest Winners



Top Photo was overall winner: Mitch Gleason - New Hampton, Bottom Left was Facebook Runner-up: Sara Jerdee - New Hampton, and Bottom Right was Staff Pick Runner-up: Wade Schmitt - North Washington/Ionia

2023
 Holiday Lights Parade
 New Hampton, IA



Five Star Cooperative thrives on community involvement, cherishing every opportunity to engage in local events. For us, these occasions aren't just gatherings; they're moments to connect, build relationships, and support our vibrant community. Whether it's sponsoring a neighborhood fair, organizing charity drives, or hosting educational workshops, we relish the chance to interact with our neighbors, share our values, and contribute to the collective spirit. Being part of these events isn't just about showcasing our services—it's about embodying our commitment to the community's growth and well-being. Each event allows us to connect face-to-face, forging bonds that extend far beyond the event itself, fostering a sense of togetherness and shared purpose.



Adaptability, a Five Star Value

Scott Black, Chief Executive Officer

Adaptability and a willingness to change is an essential value for us. But why is it? The core reason is we are operating within a rapidly changing business landscape, where the ability to adapt and be resilient in the face of challenges is more important than ever. The most successful businesses are those that can innovate and evolve to stay ahead of the competition, while being flexible and having elasticity to overcome obstacles. Businesses that fail to adapt risk becoming obsolete. Rick Warren said it best... "when the speed of change outside an organization is faster than the speed of change within the organization, that organization becomes irrelevant."

If you think about it, his message is important not only for us as at Five Star but also for all of us as individuals. Whether beneficial or harmful, enjoyable, or depressing, change is inevitable and something everyone must face. It's how you face it that determines its impact on you. The better you can adapt to life's circumstances by embracing change, the more successful and happier you will be personally and professionally.

For our cooperative to continue to thrive well into the future we must adapt to an ever-changing world and local landscape. With this in mind, our focus is to operate as one cooperative, one team with an emphasis on building a culture of caring. This focus is essential to our ability to be more efficient and better serve our membership. Our team is embracing this priority as we utilize our equipment and team members across our entire cooperative. Change can be difficult, and we are pleased with how our team has responded.

Adaptability and the ability to change will never go away....whether we like it or not. To adapt in the future, we must have our antennae tuned to signals of change from the external environment, understand them and quickly act to refine or reinvent our business approach. As is true in many industries, our competitive reality is uncertain and rapidly changing and we must create dynamic and sustainable ways to stay ahead.

Our cooperative has had to adapt many, many times during our 135 year history. Our future survival will depend on building an organization that is "nimble" and able to quickly adjust creating adaptive advantages. This is true for our members as well. Throughout history farmers have demonstrated remarkable resilience and adaptability in the face of uncertainty...something I have always admired. We will all need to adapt as businesses and individuals. Being rigid and inflexible has been the downfall of many once successful organizations. At Five Star we will not let this happen.

We appreciate your business and support!

Scott

Ready to Move Ahead, Together

Andy Edson, Newly Elected Board Member



I remember it clearly. It was a harvest morning long into the season, during one of those weeks where you're convinced your equipment is now breaking down just to spite you. My dad, who I have the privilege of farming with, looked at me and said, "These are the mornings you find what you're made of. When you're tired and stuff keeps breaking and the only way out is to just keep going." And he was right. In the past two decades, we've all seen prosperous years where turning a profit was almost easy. While those years were fun, they didn't do much to prepare us for the downturns in the cycle. Drought, volatility, cost appreciation- all these things were facing us directly this year, both as individual

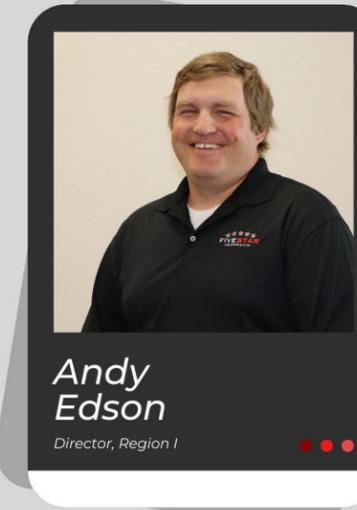
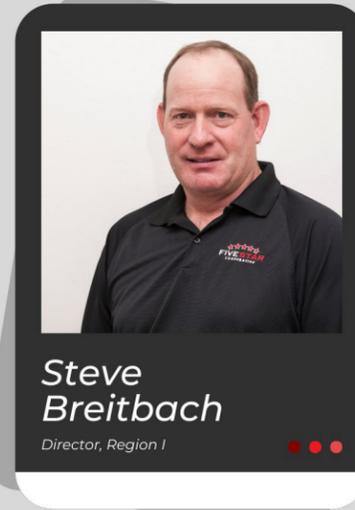
farmers and as a coop. Regardless of whether or not you caught the right rain clouds this summer, for many of us this was a year that revealed what we were made of.

And we're not guaranteed that it's over. The moisture reserves in the soil are low, volatility continues to run rampant, whether it be in markets or geopolitics, and those who have been holding their breath waiting for costs to come back down have long ago ran out of oxygen. But we're not alone in our struggles. Even though we are individuals, we are one farm, one community in our respective towns, and as Five Star, we are one cooperative. These are the times that we need to lean on one another, become better listeners, keep open minds, and embrace technology and alternative strategies that can help us survive while conditions are tough.

Serving as an associate board member for the past two years, I've had a front row seat to watch Five Star team members do exactly that. Our leadership team is putting the right people in the right places to become more efficient with our resources. That's not just a cliché- be it the new Rate Star program, the Five Star Country Store reset, or the NexStar product line, this team is filled with people who are focused on bringing value back to our members. It's no different in the boardroom. I've watched a 9-person board open its doors to five new members and associate members and not only have patience with the inevitable questions that would come with, but even welcome them. As we face an ever-changing industry, we must continue to re-evaluate why we do things the way we do if we want to remain competitive and viable.

As we reflect on the season of gratitude for what we have and hope for what lies ahead, I hope you and your families had a happy holiday season and thank you for being a part of this cooperative. Whether as a farmer member or a team member, you and the hard work you're doing is vital to making Five Star who we are. Together we are building a great place to both work at and do business with. Challenging times lie ahead- we will show the world what we're made of.

Newly Elected Board Directors



During the Five Star Annual Meeting, we celebrated Steve McGrath for his outstanding 8 years of dedicated service as a board director. Join us in expressing gratitude to Steve for his commitment and valuable contributions to Five Star!



John Eichenberger served on the Five Star Board of Directors for 21 years. Join us in thanking him for his long time of service and dedication to our cooperative.



**Five Star
Cooperative
2023
Annual Report
NOW AVAILABLE!**

at FiveStarCoop.com

CFO Notes

Laura Schwickerath, Chief Financial Officer



Undeliverable Patronage Checks

We have the following members that we are holding undeliverable patronage checks for that we are looking for an updated address. If you know of a family member that we can contact please let me know as we will call them, or you can ask them to contact us.

Name	Address On File Currently
John McCarville	New Hampton, IA
Daniel Kluender	Walters, MN
Dale Ellegaard	Titonka, IA

In later August we paid deferred equity to those that had year 2009 equity on their accounts. Total equity paid to members this last fiscal year was \$2.1M. I would like to remind everyone to keep your address current with Five Star Cooperative.

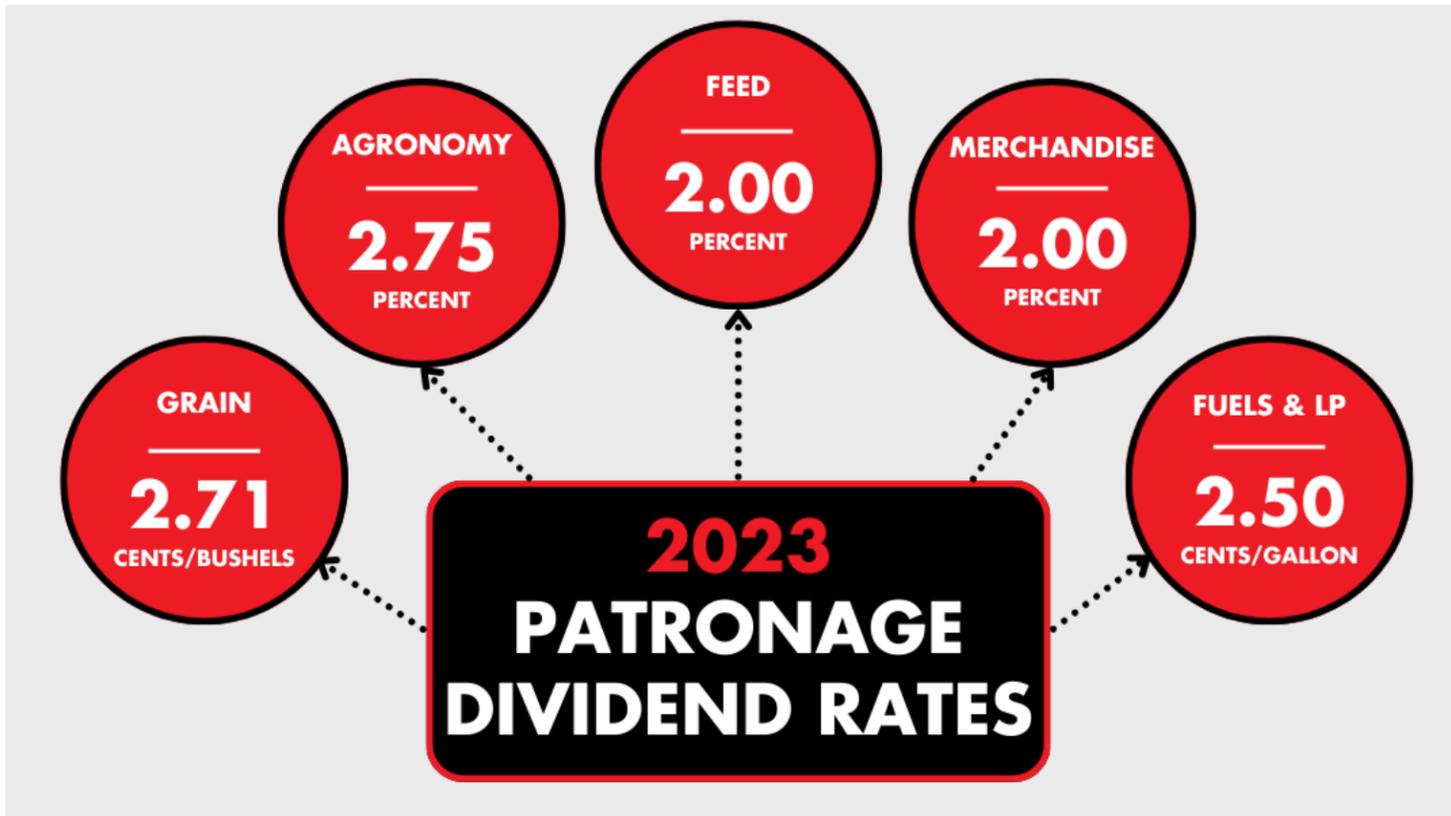
My contact information is lschwickerath@fivestarcop.com or (641) 394-6145. Thanks in advance for your assistance with this.

OPERATION EASY

How can we make our operation better?

Scan the QR code to send us a text message with your suggestions, OR you can simply send a message to 641.206.5557

Visit us on social media to learn more about Operation Easy



2024 SCHOLARSHIP APPLICATIONS

DUE BY MARCH 1, 2024

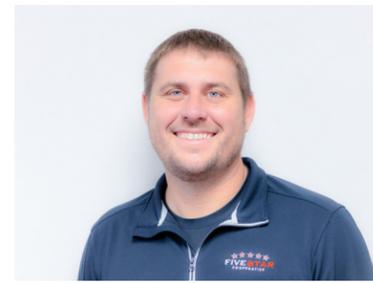
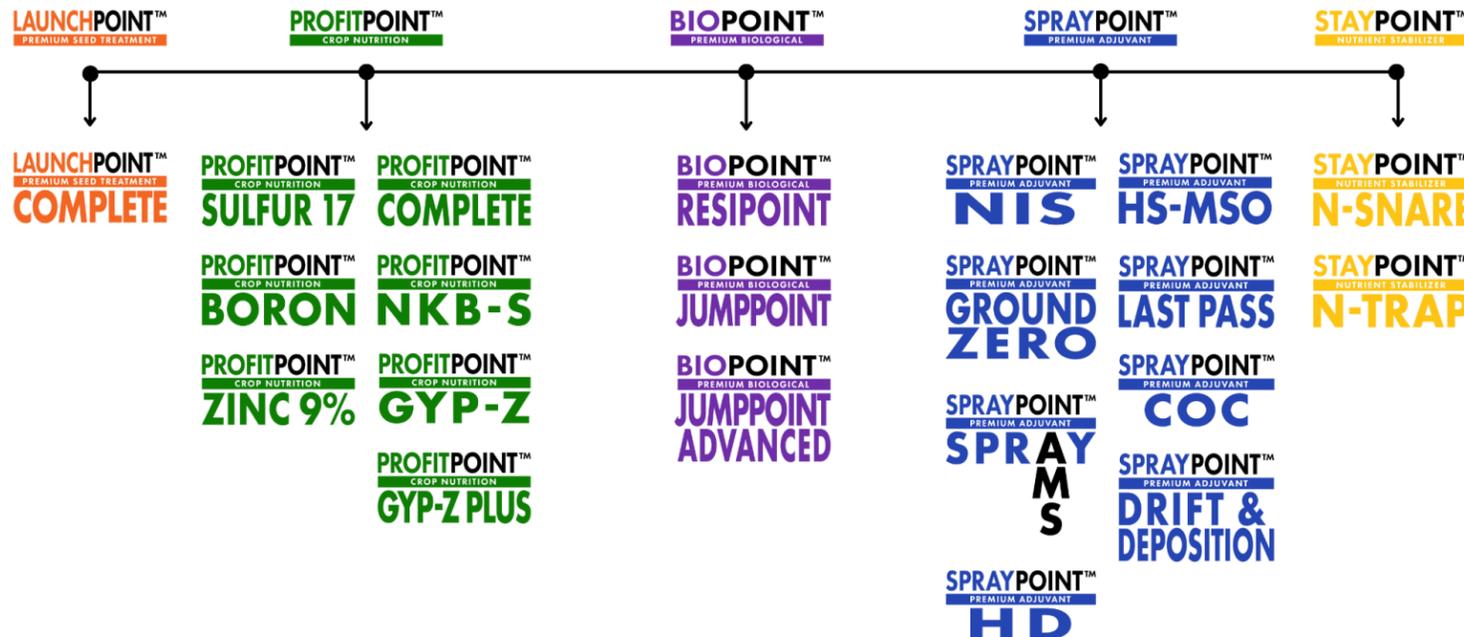
VISIT FIVESTARCOOP.COM/CAREERS FOR MORE INFO



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Agronomy Update

Nick Sawyer, Agronomy Director

A good fall usually means a good year in the Coop world, and the open fall has been a real gift to us in the fertilizer application business. While the lack of rain and snow is not helping soil moisture conditions, it has facilitated the completion of an enormous amount of prep for the 2024 cropping year.

The Five Star team was able to apply fertilizer on almost 200,000 acres of crop ground this fall. An area equivalent to planting 24 rows of corn around the equator. That is a lot of bouncing across the field, and I want to thank everyone involved in the process. As we look forward to spring we should see a slight fall back in N_h3 prices, but I believe we will most likely stay above the lows we saw in September. 32% is being supported by the N_h3 but should remain fairly stable through the winter. MAP continues to see supply constraints and will likely remain close to late fall levels. Potash should continue to see the stability it has experienced through the fall.

As we transition from fall dry into crop protection planning some trends are starting to emerge. Most herbicide plans are moving toward 3-4 modes of action pre, followed by 2 contact herbicides paired with a residual. The fungicide plans are centering on products with multiple modes of action, as well as a move toward multiple fungicide applications.



Transportation Update

Gary Heselton, Transportation Director



Harvest is wrapped up for grain trucking and was overall successful without break downs and incidents. Maintenance did a great job keeping all units up and running along with our drivers, office staff as well putting in extended hours throughout harvest without jeopardizing their wellbeing. Now that we're back to normal operating hours we are working on scheduling our first driver annual safety meeting which will be going over policies, procedures along with several other driving related topics. We held our first driver annual safety meeting going over policies and procedures along with several other driving related topics. We had guest speakers from our Insurance providers going over maintenance and driver safety. This event took place in Rockwell, IA at the community center on January 18th with morning and afternoon classes for all CDL holders that drive company equipment.

Feed

Feed has been picking up a couple larger sized accounts that are requiring the additional assets. Part of our long-term plan was to universalize our fleet so that our assets can move throughout the company where the demands are. Grain is starting to taper off for the winter months so their units that are currently moving to feed to assist with the extra capacity. With our seasonal demands and our assets universalized this allows us to maximize our fleet utilization along with reducing our fleet size.

Agronomy

Over the last several years Agronomy products were purchased with freight included causing pricing to be very volatile with supply chain issues. This has given Five stars transportation an opportunity to move our products with our in-house fleet that is normally slower this time of year. This is a great opportunity for the entire transportation department allowing us to load several of these products off back hauls from grain front hauls. This also gives us additional selling opportunities for merchandising that we normally would not look at due to transportation cost in particular markets. Knowing there are products that are needed for our other departments makes Five Star more competitive on making sales. In turn, this reduces trucking rates for all departments and drives up our utilization on our units which and the end of day lowers our operating expense.



Now Available at All of Our Pumps!



Energy Update

Bruce Halvorson, Energy Director



Hello everyone, I hope all is well for you and your families. Another winter season is upon us, but with the mild temperatures we have had, it hasn't been too bad yet. Hopefully mother nature doesn't punish us later on down the road. We have completed our monthly propane routes. For those not on our routes be sure you give us plenty of notice to avoid extra delivery charges. A reminder if you are interested in a tank monitor, we also have those available with an app that can be downloaded right to your smart phone or mobile device. Please call us for more information if you're interested. A brief reminder if/when we do get snowstorms down the road, that paths to your propane tank are appreciated for safe and efficient delivery.

The markets are seeing a pull-back over the past 30 days which has finally allowed opportunities to fill storage or contract fuel needs for the 2024 year. Although we have bullish news out there such as OPEC production cuts and war turmoil in areas, the biggest driver in the markets is poor global economic news which has pressured prices

down. Although, with all the volatilities within the world, it has become extremely difficult to know for sure what is going to happen. Statistically, December and January are some of the better times to lock in your needs. Be sure to give us a call at 641.394.3052 to discuss your upcoming fuel needs.

We are now offering a deferred billing program on diesel for spring needs with payment due 3/15/2024 for those who may be interested. A reminder, we have all your winter fuels available as well, in bulk. Our Hanlontown and Scarville cardrol locations have winter master available. Our New Hampton station will have winter diesel available by December 15th. For those in our New Hampton area, we hope to welcome a new propane delivery driver over the next few weeks to replace Rick Pleggenkuhle, who has been promoted to our Retail Manager position with the Country Store. Rick will continue to assist with deliveries until his successor has completed the training process. Our other drivers are currently filling in and picking up some of Rick's deliveries. If anyone has questions or concerns about this please give me a call anytime.

I want to thank all of you for business, and look forward to assisting with all of your petroleum needs for 2024. I hope everyone had a safe and happy holiday season.



Now Offering Deferred Payments on Fuel!

- On deliveries after December 1st, 2023**
- Payments due March 15th, 2024
- Minimum 500 gallon fill
- Call your nearest Five Star Energy location to sign up:

Burchinal 641.822.4660

Nashua 641.435.4163

New Hampton 641.394.3052

**Excludes all winter diesel.



Feed Update

Bill Hayes, Feed Director



We're excited to share some positive updates with you regarding our recent endeavors in the swine and beef industries. Over the past couple of months, our swine deliveries have seen significant growth, thanks in part to our partnerships with new customers. Additionally, our existing customers have seen an increase in their needs as well. Our team is busy working to best serve our customers for their daily needs.

While the swine industry is still facing challenges in profitability, there's optimism on the horizon. We anticipate a positive turn by the 2nd quarter of 2024. Notably, compared to a year ago, feed costs have decreased, providing a favorable environment for our swine operations.

On the beef front, we have seen an uptick in demand for both liquid and dry feed. We recently held informative beef producer meetings featuring industry experts. Dr. Drew Shain from Purina shared valuable tips for improving profitability, and Brad Zumbach from Elanco

discussed cutting-edge feeding technologies for cow/calf and feedlots. We were thrilled to see a strong turnout, with 15 producers attending our Mason City meeting and an impressive 40 at the New Hampton meeting.

Your ongoing support and partnership are crucial to our success, and we look forward to continuing this positive trajectory together in 2024.

2023

Beef Producers Meetings



Did You Know??

You can now text us your feed orders!!

Scan the QR Code OR text us at 641.219.2757





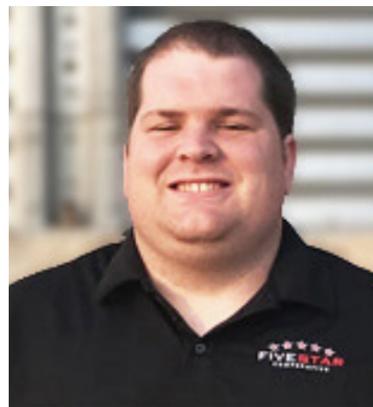
FIVESTAR
COOPERATIVE
YIELDING SUCCESS

Exciting news at Five Star! Free price later for corn and soybeans is now **OPEN**. Lock in your prices by September 20th, 2024, subject to available space. - That's right, you heard us - no storage fees!

Know how many bushels you'll be hauling or have questions? Reach out to our friendly grain reps. Don't miss out!

Grain Update

Marc Thronson, Grain Director



And just like that, fall is behind us! While many are indicating their yields to have been better than expected given the drought we endured this past summer, the word that comes to mind for me is variability. It appeared that yields were all over the place in our territory ranging from strong and close to record in areas with higher amounts of precipitation compared to the unfortunate pockets where yields were the lowest since our last severe drought in 2012. Overall it did appear that soybeans took the brunt of it worse than corn throughout the area as the hot, dry August certainly took its toll at a critical point in the growing season. We estimate soybean production down 25-30% compared to last year's record crop. While corn yields didn't seem to suffer quite as much we would still indicate a 15-20% reduction in yields year over year. Far from a complete crop failure but certainly a noteworthy change from the strong yields our area had been seeing for several years.

Nationally our crop size has a bit of a different tone compared to years past, especially so in the corn market where most states outside of Iowa experienced very strong yields. As

a result, the state of Iowa has some of the strongest grain bids in the country as the market tries to shift grain from where it's in surplus to where it is deficit. Nationwide carryouts on corn have grown to numbers we haven't seen in many years with a current projection over 2.1 billion bushels. As you might expect our prices have reacted accordingly and corn seems to have carved out a trading range of roughly \$4.35 to \$4.60 futures on the nearby months. With strong carries present on CME prices the market is indicating to us that there is plenty of supply, despite that not necessarily being the case in our backyard. I would encourage each of you to take a closer look at what \$4-\$5 corn might mean for your operation going forward as well as the impacts of 8-9% interest rates. As always, things can change in a hurry and we'll certainly be keeping a close eye on the March intended acres report where we get our first look at what new crop carryouts might look like.

Here at the coop we had one of the lower stress falls in quite some time as great weather allowed for harvest work to move along without many interruptions. On the flip side, this year will certainly present us with many challenges that I'm sure several of you are also encountering on your own farms. The lower yields create challenges for Five Star in that our fixed costs are spread over less bushels and as a result our cost per bushel increases. We have also seen our insurance costs continue to rise year over year in dramatic fashion which certainly puts pressure on our financial performance. Our grain and energy departments also face the challenges of a dry corn crop year, where the need for corn dryers was extremely limited. In the end I am confident in our team to face the challenges ahead and continue to improve our cooperative every day. As always, thank you to all of you for your continued support and business and if there is anything we can do to help your operation don't hesitate to reach out.

Retail Store Update

Rick Pleggenkuhle, Retail Manager



As you may have noticed, the Five Star hardware store has been through many changes recently, including a name change to "Five Star Country Store". With the C-store remodel now complete, we have greatly expanded our array of convenience items to include products from Coke, Anheuser-Busch, and Miller. A coffee bar, two isles of snack foods, and a cooler with grab-and-go sandwiches have also been added. Since our "grand opening" in October, sales have been strong. We have also expanded our selection of meat products from Polashek's Locker. As the weeks and months go by, we will continue to evaluate slow-moving products and replace them with new items to meet customers' demands. If you haven't already, please stop by and check out our changes.

This winter, we will be evaluating current and past sales by department. The County Store is also conducting a member/customer survey to learn what products and product lines are most important to them as well as those that are least important to them. Five Star County Store is well known in the area for such things as our large selection of sprayer parts and our spring/fall Fish Days. The goal is to serve our members with similar products that they

need most for their farm, business, acreage, or home; especially items that may not be readily available in the area. Please feel free to scan the QR code below to take our short survey. It will only take a minute of your time, but it will go a long way to helping us serve and supply our members and customers in the future.

Directly relating to the two items mentioned above, we will begin evaluating the remaining sections of the Country Store. We will be having meetings with two of our larger vendor-partners this winter, True Value and Purina, to discuss a possible store reset. Both True Value and Purina have extensive expertise in store layout and signage as well as willingness to share pertinent sales data from similar markets. Taking into consideration our local market conditions and existing customer base, we will be evaluating whether we should expand our presence in the farm, ranch, agriculture, and pet (FRAP) departments, while scaling back our hardware offerings. True Value recently purchased the Agway brand, therefore greatly expanding into the FRAP market themselves. This in turn gives us easy access to a massive number of new products that weren't previously available through True Value.

Please feel free call or stop by the store anytime to talk with me. Have a great winter and thank you for your continued business.



Scan Here to Take the Country Store Survey!



YIELDING RECONGNITION

July/August 2023

Derrek Johnson

Recognized by: Jim Gorman

Derrek is a true welding aficionado. He honed his skills through dedicated education and hands-on experience as a welder before becoming a valuable part of the Five Star team. His journey here began when Cody B, a former colleague, recognized Derrek's exceptional talents and recommended him to join our team.

What sets Derrek apart is his remarkable ability to seamlessly transition from unloading a truck to responding to repair calls in the same day. His contributions have a profound impact on our team and the safety of our projects. From handrails to cost-effective and timely repairs, Derrek's work ensures we maintain our Five Star standards. Derrek was nominated by Jim Gorman for repairing the truck he was driving quickly.

Beyond his professional prowess, Derrek is a down-to-earth and friendly team member. He brings a spirit of camaraderie to the workplace, easily forming bonds with his colleagues and creating a warm and welcoming atmosphere. He's someone who knows how to balance hard work with humor, making Five Star feel like a second home to all of us.

Outside of work, Derrek's passion for the outdoors shines through. When he's not at the job site, you'll find him in a deer stand or out on the lake, indulging in bow hunting and ice fishing.

Derrek's consistent nomination for our recognition program reflects the lasting impact he makes on our team. We're proud to have him as part of Five Star and are excited to see him continue to shine.



YIELDING RECONGNITION

September/October 2023

Gracie Jones

Recognized by: Mary Gruenberg

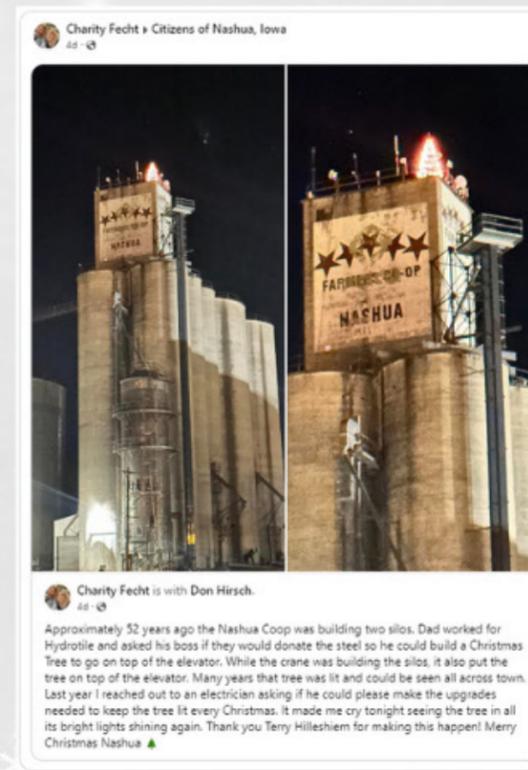
Gracie's journey with us began with a deep-rooted desire to work at a cooperative, and she found her perfect fit in our close-knit community. Coming from a small-town background, she values the connection to her roots that Five Star provides. Beyond her role at Five Star, Gracie's life revolves around her family's farm, where they raise 120 cow/calf pairs and grow crops for feed.

"I love getting to build connections with customers and learn about their day-to-day," Gracie shares, reflecting her passion for forging meaningful relationships. From discussing feed programs to sharing harvest stories, Gracie excels in finding common ground that strengthens the bonds with our valued customers.

Recently, Gracie's exceptional qualities were recognized when she was selected as the Yielding Recognition recipient. In a moment of crisis for a customer, Gracie's calm demeanor and quick thinking, drawing from her past experiences in a clinic, prevented a situation from escalating during a busy day. Mary, her team member, nominated her for outstanding adaptability, safety, and her dedication to strengthening relationships with both team members and customers.

Gracie's love for the cooperative structure is evident in her belief that every individual plays a crucial role in making everything work together seamlessly. It's a sentiment we wholeheartedly share and cherish at Five Star.

🎵 "It's the most wonderful time of the year..." 🎵





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FiveStarCoop.com

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