



# UNITED WISCONSIN GRAIN PRODUCERS LLC

W1231 Tessmann Drive · Post Office Box 247 · Friesland, WI 53935-0247 · Phone: 920-348-5016 · Fax: 920-348-5009

November 17, 2017

Dear Member,

United Wisconsin Grain Producers LLC (UWGP) is a Limited Liability Company (LLC) taxed as a partnership which means it is a “flow-through” entity for federal and state income tax purposes. The company itself does not pay income tax at the company level, but the income or loss flows through to the individual owners of membership interests in proportion to their ownership interest. This will be reported to you on a K-1 form which we will mail to you as soon after the end of the year as practical, but not later than February 28, 2018. The portion of company income or loss reflected on your K-1 form must be reported on your personal individual income tax returns.

We are aware the income or loss reported to you could impact your tax planning and other financial decisions prior to year-end and therefore we like to provide an ESTIMATE of company taxable income for the fiscal year ending December 31, 2017. This ESTIMATE is not a guarantee of future results; it is only our prediction and involves numerous assumptions, risks and uncertainties. Our actual results may differ materially. We continue to use hedge accounts to manage our commodity risk and we cannot predict the value of these instruments at year-end. This creates a significant level of uncertainty in our forecast for the 2017 year. With that said, we estimate you may have approximately \$150 per membership unit (full year owners) of taxable income reported to you on your 2017 K-1 form. To determine the amount of the taxable income from UWGP, you will multiply the number of membership units you own times the \$150 estimate.

**We strongly recommend you consult your tax advisor regarding this tax memo and any implications it may have on your individual tax and financial situation.** Depending on your individual tax situation, which is unique to each member, your federal and state tax liability (net) as a result of your investment in UWGP may be approximately \$22 to \$65 per unit if you owned the units for the entire year. This is only an estimated range and your individual liability or credit may differ significantly (see reverse side for simplified tax calculations).

The ESTIMATE **of taxable income allocation does NOT represent the amount of the cash distribution you can expect.** A determination regarding the amount and the timing of the distribution to our members will be made **after** our fiscal year end, December 31, 2017.

We have the above tax planning information on our website under the member link. After the close of November, we will update the calculation and also make it available from our website. Going forward, in an effort to reduce administrative costs we would like to communicate this tax planning information to you via email and our website verses sending a letter such as this. If you have not already registered with us for this information, please go to our website at [www.uwgp.com](http://www.uwgp.com), navigate to members and member registration.

If you would like to view our quarterly financials, log onto our website at [www.uwgp.com/investfinancial](http://www.uwgp.com/investfinancial). If you have any questions or concerns, please feel free to contact Suzanne Wendt at 920-348-5016.

Sincerely,

Kevin Roche, President

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*This letter to our members contains forward-looking statements that involve future events, our future financial performance, or our expected future operations and actions. These forward-looking statements are only our predictions based upon current information and involve numerous assumptions, risks and uncertainties. We are not under any duty to update the forward-looking statements contained in this letter. We cannot guarantee future results, levels of activity, performance or achievements. We caution you not to put undue reliance on any forward-looking statements, which speak only as of the date of this letter. We qualify all of our forward-looking statements by these cautionary statements.*

**Tax calculations based on taxable income of \$150 per unit (does not reflect the impact of reduced standard deduction, lost deductions/credits including the deductibility of state taxes on the federal return and etc. as a result of higher income levels)**

		<u>Per unit</u>
<b>Potential tax liability related to UWGP income for member in 15% Federal tax bracket</b>		
Federal Tax	15.00%	22.34
State Tax	6.00%	8.94
State Manufacturing Credit	7.50%	(8.94) *
Total tax liability		<u>\$ 22.34</u>

<b>Potential tax liability related to UWGP income for member in 25% Federal tax bracket</b>		
Federal Tax	25.00%	37.24
State Tax	6.00%	8.94
State Manufacturing Credit	7.50%	(8.94) *
Total tax liability		<u>\$ 37.24</u>

<b>Potential tax liability related to UWGP income for member in 28% Federal tax bracket</b>		
Federal Tax	28.00%	41.71
State Tax	6.00%	8.94
State Manufacturing Credit	7.50%	(8.94) *
Total tax liability		<u>\$ 41.71</u>

<b>Potential tax liability related to UWGP income for member in 33% Federal tax bracket</b>		
Federal Tax	33.00%	49.16
New Medicare tax on net investment incom	3.80%	5.66
State Tax	6.00%	8.94
State Manufacturing Credit	7.50%	(8.94) *
Total tax liability		<u>\$ 54.82</u>

<b>Potential tax liability related to UWGP income for member in 35% Federal tax bracket</b>		
Federal Tax	35.00%	52.14
New Medicare tax on net investment incom	3.80%	5.66
State Tax	7.65%	11.40
State Manufacturing Credit	7.50%	(11.17) *
Total tax liability		<u>\$ 58.02</u>

<b>Potential tax liability related to UWGP income for member in 39.6% Federal tax bracket</b>		
Federal Tax	39.60%	58.99
New Medicare tax on net investment incom	3.80%	5.66
State Tax	7.65%	11.40
State Manufacturing Credit	7.50%	(11.17) *
Total tax liability		<u>\$ 64.87</u>

\* The WI State Manufacturing credit is limited to the WI Tax created as a result of UWGP taxable income