



UNITED WISCONSIN GRAIN PRODUCERS LLC

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Board News/Robert Miller - President



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Jeff Robertson

*Mark
Your
Calendar*

**Annual Investors Meeting
Saturday, April 9th**

As we celebrate the Packer Super bowl XLV victory, I am reminded we have a lot to be proud of here at United Wisconsin Grain Producers LLC (UWGP) also. Our auditing firm, Boulay, Heutmaker, and Zibell (BHZ) of Minneapolis, MN has just finished the annual audit of our records and is wrapping up their final report. We reported a net income for the year despite substantial unrealized losses in our hedge accounts resulting from the sharp increase in the commodity markets over the last several months of 2010. The forward sales and purchase contracts in place for corn and ethanol have us positioned well for the 2011

Greetings and trusting your 2011 is off to a good start. UWGP is off to a very good start this year having positioned some very good product sales prices for 2011. We have reduced our operational costs considerably over the past year and weathered some very inhospitable commodity market storms. At the end of the year we recorded a modest net profit of \$788,000 and an EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) of \$8,118,000. In 2011 we see much better results on the horizon. Market conditions appear to be moderating as domestic demand for ethanol has leveled off at a relatively strong rate, one which keeps the industries production capacity working at a rate of 80

year. The quality of this year's corn crop is improved over last years and appears to be having a positive effect on our corn to ethanol yield. We have nearly completed our permitting and financing obligations allowing us to proceed with our feed refining project to enhance the value of our co-products.

Victory for the team can usually be attributed to competent, experienced and conscience team players. I am pleased to announce that 24 of our 38 employees have been with us since we began production in 2005 and this experience contributes to the success of our organization on a daily basis. This continuity in our work-

Jeff Robertson - CEO

force provides us with a competitive edge in many aspects of our business, from efficiency to safety; allowing us to maintain our team here at a cost below the industry average for plants our size. BHZ was also able to provide record timeliness on our K-1 forms this year, mailing them on February 4th. As promised, we will be mailing the checks for the member distribution later this month. Thank you for your continued support in the team here at UWGP and I sincerely hope 2011 is a victory for each of you.

not to their retailers. We continue to pursue our feed products maximization project. Permitting by the Wisconsin Department of Natural Resources (WDNR) has taken longer and required more work than other permits we have received in the past, but after more than six months of effort we are close to closure on that key component of the development. Financing is also still in the works. We have the majority of the funds sourced but still not the full amount. But we are closing in on completing this task too. Because these two initial tasks are not yet complete, we have not proceeded with work beyond the permitting effort. We will keep you posted as things develop.

to 90%. The export market has been and continues to outpace previous years by a considerable margin. Canada followed by Europe are the largest customers for our ethanol. Brazil has lowered its ethanol production, choosing to produce more sugar instead of fuel. The Environmental Protection Agency (EPA) has recently passed a second waiver for the sale of E15. With this passage vehicles of the vintage 2001 and later are cleared to use E15. The federal Government has extended the ethanol blenders credit, and is supplying assistance to retailers to install new blending pumps to handle differing rates of ethanol content on a fill up by fill up basis. So there is plenty of incentive for the blenders to sell more etha-

Dan Wegner - Commodities Manager "China Brings Dumping Claims Against U.S. DDGS Exports"

On December 28th, the Chinese Ministry of Commerce (MOFCOM) issued a notice that it plans to investigate the alleged dumping of U.S. distillers dried grains with solubles (DDGS) produced and/or shipped from U.S. suppliers during the period of July 2009 through June 2010. There is a chance MOFCOM may expand the antidumping investigation back as far as 2007. UWGP is a member of the U.S. Grains Council, who has been working very hard to build markets for our Ag products in China for the last 25 years. The council has been very active in bringing the DDGS industry together in a united form to work towards diplomatically resolving

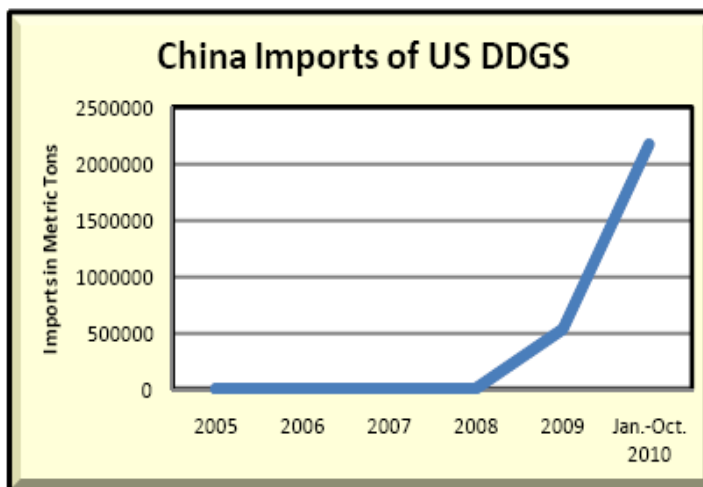
the issue with China. UWGP along with nearly 70 other companies have registered through the grains council with the Chinese Government agreeing to participate in the anti-dumping proceed-

"A prohibitive tariff on DDGS would deliver a significant blow to the US DDGS market..."

ing. Should the investigation result in a finding that dumping of DDGS did occur in the timeframe specified, China could impose punitive tariffs on U.S. exports of DDGS. Under the World Trade Organization (WTO) rules, those punitive tariffs, if applied could be a tiered tariff, with the non-registered parties being as

much as 50% higher than the tariff levied on parties who decided to register with China. A prohibitive tariff on DDGS would deliver a significant blow to the U.S. DDGS market, as China has grown to nearly 12% of the total market for U.S. production of DDGS. Although we have not exported anything directly to China,

and do not expect anything directly adverse, the industry in general could be affected. The investigation is expected to take a year to complete, so for now we will have to wait and see how the investigation unfolds over the course of the year, and just how much of an impact it has on DDGS prices here at home.



Safety Committee News - Marc Berger



L-R: Marc Berger, Darryl Senda, Karen Plath, Brad Lewke, Gabe Mendez

I hope everybody had a great holiday. I would like to introduce you to the UWGP Safety Committee. The Safety Committee is composed of employees from all departments in the plant. Darryl Senda is from the Maintenance Department, Karen Plath is from the Lab Department, Gabe Mendez is from the Process Department, and Brad Lewke is from the Grains Department. The role the Safety Committee plays at our plant is it allows employee participation in the health and safety process. The Safety Committee meets once a month to go over our performance. Every

month the safety committee members conduct inspections and we go over the results in the next meeting. We go over our deficiencies that showed up in the audits and come up with resolutions to improve and eliminate these deficiencies. The members of the Committee also come to meetings with concerns from other employees and we develop resolutions to address these concerns. We have safety audits performed at our plant twice a year by a third party and the safety committee goes over these results so we know what hazards to watch for. Our Safety Committee does a wonderful job at keeping our plant safe for its employees and surrounding community.



Terry Olson - Corn Procurement & Feed Sales



Terry Olson

The USDA Final 2010-2011 Crop Production Report was released on January 12, 2011. The report showed lower than anticipated stocks of corn, beans and wheat. The market reacted as expected with higher prices on corn, beans and wheat. The short and long term trends for corn are up. Noncommercial traders held a net long futures

position of about 461,000 contracts as of January 11th. This is an increase of about 4,500 contracts from the previous week. The carry is strengthening in the March to May spread indicating a slightly bearish commercial outlook while the May to July spread indicates a more bullish commercial outlook. The seasonal index shows that corn markets tend to trend sideways through April.

The structure of the market remains mixed, with the trend up while the strengthening carry in the nearby futures spread indicates a more bearish commercial outlook. This could cap the long term uptrend with the market

moving into the upper three percent of the price distribution range. Don't let me talk you into doing anything, however cash corn prices are good and you may want to lock in some of these prices on a portion of your anticipated production.

The DDGS market has also been on the upward move. While DDGS prices have not kept pace with corn prices the last couple of weeks, I expect the price to steadily creep upward. Currently our DDGS value is \$165/ton FOB UWGP.

The livestock sector has not been the most profitable in the last months but based on Feed-Val projections using corn at \$6.01

and Soybean Meal at \$387 the feed value of DDGS is \$303 per ton. This is certainly a viable option to help control costs in your feeding operation. We have had more and more interest in booking DDGS now that the crop production report has been released. If there is anything that we can do to assist you in incorporating or booking DDGS for your operation, please let me know.

I hope everyone has a prosperous year in 2011. We will be here to assist you in your corn marketing and DDGS needs and we look forward to hearing from you.

Jenny Ebert - Quality Assurance/Environmental Manager

On October 22nd we said farewell to Justin Kahler. He joined the UWGP team in August of 2006. Justin left UWGP to work in research and development at Georgia Pacific, a paper company in the Fox Valley area. We were sad to see Justin go but excited for his new opportunity. Fortunately we were able to hire a replacement lab tech, Matthew Schmidt, who started his employment on October 25th. Matt is from the Beaver Dam area and graduated from UW La Crosse with a Bachelor of Science degree in biology. I was attending an environmental conference the first few days Matt started at UWGP; so I have to give special thanks to Karen Plath, our lab tech who has been with UWGP since start-up in

2005. Karen was a huge help in getting Matt trained. While ethanol production has been simply described as making moonshine, you can imagine with all the complexities of today's technology UWGP's current process of making fuel ethanol can be a bit overwhelming when a new employee first walks through the door. In reviewing my past newsletter articles I have touched briefly on some of the lab equipment used at UWGP...NIR, HPLC, IC, GC, microscope for yeast cell counting, and other ASTM required equipment to meet specifications. UWGP has plenty of specialized equipment and a laundry list of abbreviations to go with the equipment which often compounds the overwhelming feeling a new em-



L-R: Matthew Schmidt, Karen Plath

ployee might experience as they start their employment. But I'm very pleased to say that we have a great team of experienced employees who are more than willing to take the time needed to properly train a new employee and make them feel more comfortable with the process as they learn the intricacies of ethanol production.



Post Office Box 247
 Friesland, WI 53935
 Phone: 920-348-5016
 Fax: 920-348-5009
 E-mail: mail@uwgp.com

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*January
 Chili Cook-Off Winners*



Marc Berger – 1st Place



Brad Lewke – Runner Up

*February
 "Love Our Corn"
 Cook-Off & Corn Bag Toss Winner*



Karen Plath & Eric Kuntz

Barb Bontrager - CFO

	Year Ended 12/31/10	Year Ended 12/30/09	Variance	% Variance
Gallons of Ethanol Produced	57,605,555	53,560,242	4,045,313	7.6%
Bushel of Corn Ground	20,154,263	18,463,339	1,690,924	9.2%
Yield - Gallons denatured ethanol/bu of corn processed	2.858	2.901	(0.043)	-1.5%
Average Ethanol Price per gallon (net back to plant)	\$1.81	\$1.68	\$0.13	7.7%
Average Corn Price per bushel	\$4.00	\$3.89	\$0.11	2.8%
Total Revenues with realized hedging	\$ 114,373,636	\$ 103,857,287	\$ 10,516,349	10.1%
Gross Margin before unrealized hedging activities	\$ 2,652,517	\$ 6,214,051	\$ (3,561,534)	
Net Income (Loss) before unrealized hedging activities	\$ (149,773)	\$ 3,648,351	\$ (3,798,124)	
Unrealized gain (loss) from hedging activities	\$ 938,155	\$ (5,449,045)	\$ 6,387,200	
Net gain (loss) after all hedging activities	\$ 788,382	\$ (1,800,694)	\$ 2,589,076	

The above chart summarizes our results for the past fiscal year and provides a comparison to the previous fiscal year. Given the sharp rise in the commodities markets which had a negative impact on our bottom line, we are reasonably pleased with the overall financial results for 2010. The forward sales and purchase contracts in place at year end make up approximately 30% of our 2011 production capacity and will contribute to our 2011 results.

Remember you can get the details surrounding our financial statements at www.uwgp.com ⇒ Click on Company Information ⇒ Click on Financial Information ⇒ Click on the large green button "click here". This information is only available to members so if you do not already have a username and password you can follow the link provided on the login page to obtain one.

I expect by the time you are reading this newsletter you will have already received your 2010 K-1 forms. Please pass these tax forms along to your tax preparer so they can incorporate the UWGP pass-through income and non-refundable tax credits into your 2010 individual tax return. If you have not received your K-1 forms, please contact us immediately so we can get them to you.