



Board News – Kevin Roche - President



2006 Annual Meeting

At our annual meeting this year, we had about 150 people. We understand the end of April is very busy for many of our investors. Next year we hope to have the meeting a little earlier in the year.

The 2006 International Fuel Ethanol Workshop & Expo will take place at the end of June in Milwaukee. The event will draw over 1000 people. Our/your ethanol plant will be the official tour plant for this event.

With high gas prices, higher corn prices, expansion of existing plants, new plants being considered in Wisconsin and elsewhere, and mergers/buyouts, there is never a dull moment lately in the ethanol industry.

Jeff Robertson - CEO



Pictured L-R: Jeff Robertson, Darryl Senda

Greetings from all of us at UWGP. Spring has arrived, our plant is running well, and ethanol is at record values. A review of our SEC filings for the first quarter of this year reveals a net income of \$4.7 million for the period. Things are certainly going well! My focus over the past quarter has been to keep our operation running smoothly through staff changes, new capital projects, busy logistics schedules, and planning for capacity increases.

These are good times to be sure, but the high price of ethanol along with the building boom in our industry, presents special problems for us. From an operations perspective staff retention and access to design and building capacity are key components to our success over the mid term. We need to keep running well and also to increase our production capacity during the upcoming months.

As new plants are coming on line, and doing so at a rate of two per month, the quest for people with specific production and management skills and experience is resulting in an ever increasing amount of raiding of the staffs at functioning plants. This is especially true of the better performing of the newer plants. These plants are more attractive from a recruiting perspective. UWGP is certainly in this group. Keeping our people is an important aspect to maintaining our above average production performance.

As for increasing production, obviously every plant out there would like to. There are two significant challenges to achieving this goal. First there are only a few firms engineering and building production facilities and their capacity is more focused on building new plants, rather than retrofitting and expanding production of operating facilities. Our plant builder for instance, is fully booked for the next two years. Secondly, the

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Dan Wegner - Commodities Manager



Has the tide turned in the corn market???

My, my... often times we forget just how fast things can change in the corn market. A short five months ago, we had just finished up our second large corn harvest in a row, and all the media was centered on the burdensome supplies of corn, and how cheap prices would remain forever, and ever. Well, since Mid-December corn prices have rallied some \$.40 to \$.50 off their harvest lows, lead by lower corn planting intentions, tightening supply projections, and what I'll call the "Commodity Inflationary Factors".

American farmers are projected to plant just slightly over 78 million acres of corn this year, a decline in acreage of over 3 million acres. The May supply and demand report projected a corn crop using this acreage and a trend line yield, estimating a crop of 10.55 billion bushels, a decline of 562 million bushels from last year. The projection also indicated an increase in usage of 560 million bushels, stemming from ethanol and exports. The bottom line, ending stocks are projected to shrink to nearly 1.14 billion bushels for 2006-07 crop years, which is roughly one half the carryout for this year. Fundamentally, this has supported the corn market.

The other side of this issue has been the technical trade, or the "Commodity & Index Funds." Many commodities such as metals and the energy complex have trended substantially higher, with many contracts trading at multi-year or all time highs. This surge higher has been attributed to inflationary fears as the value of the dollar has declined and fears of inflation have risen, many investors look to purchase asset classes like real estate and commodities to protect the purchasing power of their capital. Corn prices have appreciated from this type of purchasing in recent months.

In order to answer the question "has the tide turned in the corn market?" one must wait and see. Will these higher corn prices encourage additional corn acres here in the US or other parts of the world? What impacts will our summer weather have on yields? Will the higher prices slow down exports or impact our feed or industrial usage? Unfortunately the correct answers to all these questions will not be known for some time yet, and corn prices will continue their volatile trading as more clues to the price puzzle are exposed in the future. Good luck with your puzzle!

Eric Kuntz – Production Manager



Same name, different title. With the departure of Pete Schrandt, I was asked to move from the Maintenance Manager position to Production Manager. I am excited about the new opportunity here at UWGP, and with the support of a knowledgeable production and laboratory staff, I am confident the transition will be a smooth one. I am equally sure that Dan Groh and his group in maintenance will carry on without a hitch as well.

Things are always busy at the plant. We have found a maintenance shutdown schedule that appears to be working well for us. We take a 2-3 day shutdown every 3 months or so. Other than minor issues, we tend to have very little downtime between these outages. During the shutdowns we have been able to address known concerns and repair issues, complete projects, and perform thorough inspections of equipment that is unavailable during operations. An

unbelievable amount of work gets accomplished, and the cooperation between people is apparent. Everyone in the plant is involved in the work and there are usually contractors working with us too. Overall, the plant continues to be reliable and runs very well. But we are working hard to continually improve the operation through process adjustments, equipment modifications, and by closely monitoring all the details on a daily basis.

Several projects are also underway. We are installing the equipment that will allow us to mix our ethanol to make E85 for gas stations around the area. We are also putting in a second ethanol truck loadout system that will ease congestion in this area and support shipping increased production in the future.

In June, we are excited to be the featured plant tour for the biggest of our annual industry events, the Fuel Ethanol Workshop, being held in Milwaukee this year. We are proud of our plant and look forward to any opportunity to show it to others.

Dan Groh – Maintenance Manager



With summer days rapidly approaching, we are all brushing off the winter doldrums and getting a fresh look at the year ahead. Along with the new spring growth comes a new face for the Maintenance Department section of the newsletter. Actually I was one of the first employees at UWGP. I began in February of 2005 as the Plant Electrician before the plant was up and running. I assumed the role of Maintenance Supervisor, several months after startup and now with Eric Kuntz moving into production, I have been given the opportunity to fill the role as Maintenance Manager. I live in my hometown of Elba just north of Columbus. I have been happily married to my wife Marge for the past 17 years, and we have 2 ¾ teenagers, Margot 15, Emily 13, and Mitchell 11. I have been an Industrial Electrician for over 20 years, and have thoroughly enjoyed the technical challenges here at UWGP during our first year, and am looking forward to the new challenges ahead.

Overall the plant has been operating smoothly, but we are constantly pursuing ways to reduce the bottlenecks in the system so that production can increase. We are also finding that with a year of "Around-the-Clock" production behind us, there is some equipment showing wear. Whenever possible we are exploring ways to replace original equipment with heavier or better parts so that we can reduce production delays. Our grain handling equipment moves a tremendous amount of corn annually, like the rest of the operation, much of it runs 24/7, so we have to be constantly monitoring our drags and legs to detect early signs of trouble.

We have an excellent team here at UWGP and have had a very successful first year of production. I have thoroughly enjoyed working with Eric Kuntz, and have a high degree of respect for the job he has done in maintenance over the past year.

Jeff Robertson – CEO (continued)

cost of building plants has increased dramatically in light of the huge demand for construction. Today a plant like ours would cost 50% more than we paid in 2003. Still we are confident that with our production experience and the relationships we have made since beginning this project, and those from previous projects, will allow us to achieve a timely and reasonably priced solution to the current expansion dilemma.

At this point I believe that we can complete an expansion to 80 million gallons prior to the end of next year, with a portion of the new capacity coming online as early as the end of this year. Currently we have an engineering firm studying our plant and completing the preliminary engineering. If this work goes well, as I expect that it will, our board will be asked to consider the project this summer.

There have been some staff changes at the plant recently. Mr Pete Schrandt resigned as Production Manager. Mr. Eric Kuntz has accepted the challenge of moving into the role for us and Mr. Dan Groh has done likewise in filling Eric's previous role as Maintenance Manager.

This newsletter contains forward-looking statements that involve future events, our future performance and our expected future operations and actions. In some cases you can identify forward-looking statements by the use of words such as "may," "should," "anticipate," "believe," "expect," "will," "plan," "future," "intend," "could," "estimate," "predict," "hope," "potential," "continue," or the negative of these terms or other similar expressions. These forward-looking statements are only our predictions and involve numerous assumptions, risks and uncertainties. Our actual results or actions may differ materially from these forward-looking statements for many reasons, including changes in the supply and demand for ethanol, changes in the availability and price of corn, changes in our plant production capacity, changes in economic conditions impacting the agriculture, oil or automobile industries and other important factors identified in our periodic reports filed with the SEC under the Exchange Act and available through the SEC's website at www.sec.gov. We are not under any duty to update the forward-looking statements contained in this newsletter. 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 newsletter. We qualify all of our forward-looking statements by these cautionary statements.

Ethanol News

We have seen record high prices for ethanol in many markets in the past few weeks. Transportation and logistics appear to be the main issue with getting ethanol into terminal position around the country. But there is also concern that there are supply problems that are contributing to the situation. Historically, ethanol has been priced at or close to wholesale gasoline, commonly the NYMEX unleaded price is used for this purpose, plus the value of the federal tax credit of \$0.51. We have been trading significantly higher than that benchmark for the past several weeks and the gap is growing larger. As gasoline supply problems have become steadily less of an issue, no doubt with the help of higher prices, and unleaded fuel prices have been declining, ethanol has continued to rise. During the month of May, ethanol spot prices in New York, Chicago and Los Angeles all surpassed \$3.00, and at last check were trading up to \$3.35 in Chicago and Los Angeles and \$3.50 in New York.

The notion that there is a supply issue for ethanol is leading to calls for the export tariff on ethanol imports to be removed, at least temporarily. It seems that this is not likely at this point, but continued high spreads relative to gasoline may keep this issue on the back burner in Washington. Most buyers are expecting the current prices will attract some imports in June. With import volumes on the east coast, a decline in ethanol values is expected. We may see a decline in spot ethanol prices of \$0.20 to \$0.30 in June.

Iowa passed a bio-fuels bill last month ensuring a minimum use of ethanol in that state and Missouri is expected to pass theirs any day now. Louisiana is expected to be the next state to follow suit.

Nationwide there are now 100 ethanol plants operating, 36 under construction and 5 more undergoing expansion. There will be an average of two new plants coming on stream every month for the next two years. The industry is producing about 4.2 billion gallons annually today and the plants under construction and expansion will add more than 2.0 billion annually. There are two plants in Wisconsin that are expected to come into production this year, Western Wisconsin Renewable Energy Coop, near Boyceville, and United Ethanol at Milton. With these two new plants and the four presently operating in the state, Wisconsin's production will be about 275 million gallons annually.

Barb Bontrager – CFO



Pictured L-R: Cindy DeVries, Barb Bontrager, Nola Burckhardt, Suzanne Wendt, Kathy Becker

We filed our first quarter SEC report (10QSB) on May 15, 2006 and it is available from our website www.uwgp.com → Click on Financial Information → Click on the large green button "click here" → on the next page, click on the [html] link in red to the left of the report you want to view. The most recent filing is on top with the "10QSB" being our quarterly reports and the "10KSB" our annual reports. Once again, these reports are a great way to learn more about UWGP and the ethanol industry. Our second quarter report must be filed by August 15, 2006 and will be available from our website anytime after that.

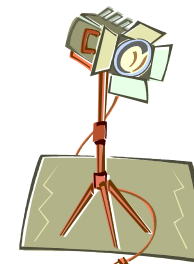
Our first quarter reflected a net income of \$4.7 million. The only quarter that exceeded this was the third quarter of 2005 which reflected net income of \$5.7 million with 24% of that coming from the CCC Bioenergy program as opposed to only 6% of net income coming from that program in our most recent quarter. We are fortunate that our dependency on that program has diminished with the program scheduled to expire in June of 2006. In this first quarter, \$5.76 million of cash flow was returned to our members in a membership distribution and \$8.55 million was used in debt retirement.

We have recently refinanced our term debt with Farmers & Merchants Union Bank of Friesland at a favorable 5 year fixed rate, eliminating our exposure to any increase in interest rates. Farmers & Merchants has been our bank for the deposit accounts and we are excited to continue that relationship along with the opportunity to increase business in the local community.

We are excited about the steadily increasing ethanol prices which pave the way for continued profitability. We realized a 30% increase in ethanol netbacks in April over our average netback for first quarter and an additional 15% increase in May. While our goal is to capitalize on these profit margins by increasing capacity, we recognize that the increase in supply of ethanol is currently only curtailed by the ability of the design builders and contractors to construct new plants and expand existing plants. Therefore, our challenge is to increase capacity at an investment less than the present cost to construct a new facility. We are optimistic we will be able to accomplish this task thus adding value to your investment in United Wisconsin Grain Producers LLC.

**"Employee Spotlight"
Kathy Becker**

Kathy and her husband Charlie live in Pardeeville with their five children; Kayla, Ellie, Chelsea, Roger & Kyle. Kathy is our Commodity Assistant and fulfills many important roles here at the plant. Contracting corn and DDGS, invoicing and purchase settlements, load schedules for outbound trucks and containers, and general record keeping are a few things which fall under Kathy's attention. The staff at UWGP is excited to have Kathy on our team.



LOOK WHAT WE ARE DOING!!!



Construction of a Second Ethanol Truck Loadout Station Currently Underway



One of Four Completed Mash Cooler Expansions



Chemical Storage Building



“UWGP MAINTENANCE TEAM”
These guys keep the place running!
Pictured L-R: Darryl Senda, Todd Selk, Mark Alsum, Dan Yelk



“UWGP CUSTOMERS”
Pictured L-R: Mark Zimmerman, Glen Zimmerman, Angela Nummerdor, Kevin Burk



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