

Thank you for 10 years of growth and success!

UWGP — Where Farmers are Fueling America!

"To add value to locally grown grains and provide members with a good return on investment and be good stewards to our employees and community."

- UWGP Mission -

January 2016



Investor Annual Meeting to be held on Thursday, April 14, 2016—more information to come

Volume 13, Issue 1

INSIDE THIS ISSUE

Board Update/Kevin Roche - Board President



Kevin Roche

I would like to report for the year 2015 your company is solidly in the black with no

loans on the balance sheet. Looking ahead to the New Year, ethanol demand looks promising. The high

protein project is going ahead full steam and will offer many opportunities to market co-products at higher values.

"We are extremely proud of our team at the plant for going more than 2,600 days without a lost time accident."

On January 12th, the Board announced a \$300 dollar per unit membership distribution.

In regards to employees, we

have had a few move on to new opportunities in their lives and have added new personnel to our team. We are also extremely proud of our team for going more than 2,600 days without a lost time accident.

We believe the future of our company will continue to be greater than our past.

- God Bless -

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Dawn Wheeler UWGP—generous donation of gift boxes filled with treats for local families during the holidays



Dan Wegner - Commodities Manager "Benzene is the Real Culprit"

opening, to say the least.

You stop and fill up your vehicle with gas, seems simple right, but have you ever really wondered just what all was in that "gas"? Gasoline is basically a "cocktail" made up of various different chemical compounds of various differ-

"...it becomes quite apparent that the real culprit for all the blame should be BENZENE, not ethanol."

ent makeups that vary for a multitude of reasons; location, refinery type, retail destination, seasonality and so on. Common components, many of which are sold as solvents in hardware stores, include Pentane, Heptane, mixed Olefins, Xylene, Benzene and Toluene which comprise the majority of the basket referred to as Aromatics. The studies the Vandergriend's have been per-

forming are revealing that gasoline which contains higher levels of the benzene or benzene chains (Toluene and Xylene) are very destructive to automotive parts such as seals, gaskets and hoses. They have done multiple tests where they expose these parts to benzene, toluene, xylene and ethanol independently, all at the same time and prove what damage each does accordingly. From these side by side tests, it becomes quite apparent that the real culprit for all the blame should be BENZENE, not ethanol. The findings have also found that some gasoline sold in parts of the US that contain NO ethanol can contain higher than allowable concentrations of benzene. In fact their research actually shows that adding ethanol to gas slows down or retards the destruction caused by benzene

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Barb Bontrager - CFO/General Manager



MSC Project—Still on target for July 2016

Happy New Year! Our net financial result for the last half of 2015 was nearly the same as the first half. We recorded a net result from operations of \$10.2 million for the year and after the change in the value of unsettled futures contracts, a net income of \$9.7 million generating about \$13.5 million in cash. While this is below our average, it still represents nearly a 20% return on investment. Certainly not bad for a year that did not promise much in the way of margins, and from early reports, better than our peers in the industry. We have committed about \$21 million and paid out about one-half of the costs on the Maximized Stillage Co-products (MSC) project and are still on-target to start this new system in July of this year. In December of 2014, the UWGP board of directors approved this \$25 million project which will allow us to extract 3 to 4 pounds per bushel of high protein (about 50% purity) yeast ingredient

from our existing distillers dried grains with solubles (DDGS) feed stream and also increase our oil yield. Given the additional oil revenue and the premium market value of this new high protein yeast co-product, we expect to recover our cost of this project in about 4 years or less.

Below is a snapshot of our financial results for 2015 compared to 2014. Our auditors, Boulay Group, are most of the way through their annual audit and we expect the audited financial statements and footnotes will be available from our website within the next 30 days. Please keep in mind as you make year to year comparisons that 2014 was our second best year, nearly double our five year average. Our five year average annual net income is about \$15 million (27 cents per gallon of ethanol produced) which averages about 30% return on investment.

	Year Ended 12/31/15	Year Ended 12/31/14	Variance	% Variance
Gallons of Ethanol Produced	57,253,823	57,110,630	143,193	0.3%
Bushel of Corn Ground	19,712,716	19,761,302	(48,586)	-0.2%
Yield - Gallons denatured ethanol/bu of corn processed	2.904	2.897	0.008	0.3%
Average Ethanol Price per gallon (net back to plant)	\$1.45	\$2.12	(\$0.67)	-31.6%
Average Corn Price per bushel	\$3.93	\$4.45	(\$0.52)	-11.7%
Total Revenues with realized hedging activities	\$ 107,069,655	\$ 137,486,759	\$ (30,417,104)	-22.1%
Gross Margin before unrealized hedging activities	\$ 12,990,696	\$ 28,440,979	\$ (15,450,283)	
Net Income before unrealized hedging activities	\$ 10,220,836	\$ 25,495,917	\$ (15,275,081)	
Net Income before unrealized hedging per gallon ethanol	\$ 0.18	\$ 0.45	(\$0.27)	-60.0%
Unrealized gain (loss) from hedging activities	\$ (497,824)	\$ 721,180	\$ (1,219,004)	
Net gain after all hedging activities	\$ 9,723,012	\$ 26,217,097	\$ (16,494,085)	-62.9%
	as of 12/31/2015	as of 12/31/2014		
Working Capital	\$ 25,625,237	\$ 47,278,414		
Total Assets	\$ 62,528,014	\$ 75,094,024		
Member Equity, 28,346 units authorized, issued, & outstanding	\$ 58,129,957	\$ 70,375,095		

On January 12th, the UWGP board of directors approved a \$300 per unit membership distribution (\$8,503,800) to all unit holders of record on the same day to be paid on or around January 29th. This brings our total member distributions to date (since inception) to \$4,725 per membership unit, \$134.5 million total. For those of you who purchased units for \$1000 during the initial equity drive (2003-2004) you *have received 4.7 times your initial investment in distributions and your units are currently trading 3 to 3 1/2 times your investment*. Thank you for your continued commitment! We are excited about this year ... looking forward to a safe and prosperous 2016 and certainly hope the same for each of you and your families!

Dan Wegner - Commodities Manager (continued)

chains. I have included a link that shows some of the work done by the Vandergrind's:

https://www.youtube.com/channel/UCdoELqNa_2hVq_389BRSLKw/videos



Take a look for yourself, and feel free to pass along this link. **We need more people seeing what is really going on with respect to the truth behind ethanol.**



- Milestone -
5,000 Farm Celebration

Lee Olson - Operations Manager



Lee Olson—Corn Oil System

Four months have already gone by since I joined UWGP. I greatly appreciate everyone welcoming me to the company. It has been a great transition.

A little about me; I'm an experienced manufacturing professional who has been in several roles from grains operations to production management; over-

seeing and coordinating varying areas of safety, production, maintenance, quality and engineering with several large manufacturers. Significant experience in GMP, FDA, PSM, Hazmat, EPA and OSHA regulated processes. I am a very focused and strong leader

"...recent focus has been on the corn wet milling and starch refining process as well as corn/sugar ethanol fermentation process...."

that has the willingness and desire to take ownership for areas of responsibility. My most recent focus has been on the corn wet milling and starch refining process as well as corn/sugar ethanol fermentation process, yield, and efficiencies. I am looking forward to the

MSC protein system coming online and helping everyone where I can in that transition. Things we have been working on as a team are cutting chemical cost, plant efficiencies, staffing, maintaining equipment, standard operating procedures (SOP's) and training. We are hiring more staff so that we will have four people on a shift in preparation for protein. Thus far we have hired and trained three new plant operators, and looking for our last one. I appreciate everyone working with me as change is never an easy thing. I look forward to building a great future together and having the safest, most efficient plant in the industry.

Together we can make this happen!



Kelli Rose
Displaying her "Attitude is Contagious Award"

Kelli Rose—Environmental Compliance Manager

Two thousand fifteen proved to be an exciting and challenging year for me. Quarter one (Q1) came to an end with the submission of most of our compliance reporting which provided me with many learning experiences along the way. As I rolled into quarter two (Q2), the MSC air construction permit process took center stage. I began to work closely with our new Wisconsin Department of Natural Resources (WDNR) permit writer to explain the project and worked together to complete air modeling and the permit process to enable construction to begin in September. The entire summer was an eye opening experience. I learned a lot throughout the summer regarding what the WDNR's wants and needs are, as well as how to open lines of communication with them. In addition to the air construction permit, a storm water construction permit was also issued for the MSC project during Q2. Now I have the enjoyable task of checking the outfalls at least once a week and every time it rains. It's a good thing I like to be outside.

Quarter three (Q3) and quarter four (Q4) were spent tackling, reading and understanding the new food safety regulations released by the Food & Drug Administration (FDA) under Food Safety Modernization Act (FSMA) in September. To date, five of the seven new rules have been released. Now the real fun begins. UWGP will have two years to become compliant with the "Good Manufacturing" processes and three years to develop and implement a food safety and risk based hazard analysis plan. The good news is, we already have good practices in place. We are still waiting to hear back from the WDNR with respect to what our thermal and phosphorus regulations will be regarding wastewater discharging. To date, we are operating under our existing permit conditions. On the air permit side of things, we completed compliance stack testing on the scrubber system in January 2016. Preliminary data looks great. With that being said, I am looking forward to another fantastic year filled with exciting new challenges and opportunities.

Look who Visited UWGP

On some of the coldest days this month, UWGP conducted tours of the facility for Senator Russ Feingold and Congressman Glenn Grothman. To view the newspaper articles, please visit the websites below:

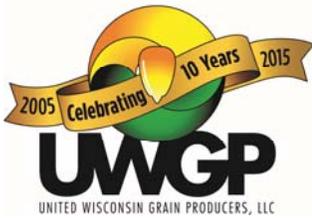
- http://www.wiscnews.com/portagedailyregister/news/local/article_c63a2aae-8a53-581d-9129-422d0eae8b81.html
- http://www.wiscnews.com/news/local/article_48373645-be1f-5b81-82ac-f72dd280e028.html



L-R: Tim Politano (UWGP) and Senator Russ Feingold



L-R: Congressman Glenn Grothman and Tim Politano (UWGP)



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Tim Politano—Quality Assurance Manager

A very happy New Year to everyone, and I hope 2016 is a good year for you! I'm very happy with our plant's performance last year, in which we achieved our highest ethanol yield yet. We conducted a successful yeast trial early in the year and began using that yeast full-time soon after, which has significantly improved our ethanol production. We've also continued to explore new technologies and to implement them if beneficial so that we continue to be one of the leaders in our industry. I was able to attend several conferences and meetings throughout the year, which provided plenty of additional information and insight regarding how we can continue to operate consistently and to push for greater efficiency/productivity. As the price of a barrel of oil continues to fall, it is especially important that we make sure we get as

much from each kernel of corn as possible; to enable us to weather low margin times. Between Eric, Lee, and I, we have many projects in mind that will hopefully further improve our operations.

In addition to all of our routine operations, we are getting ready for production of our new high-protein yeast co-product,

“As the price of a barrel of oil continues to fall, it is especially important that we make sure we get as much from each kernel of corn as possible; to enable us to weather low margin times.”

which will begin hopefully this summer (and will sneak up far too quickly, I'm sure). Both Fluid-Quip and UWGP have been working hard to study and understand the benefits of this product, so that we can market it appropriately in order to

receive the best value possible. Because it is highly digestible and the protein is largely derived from yeast, which gives it a very favorable amino acid profile, this product is comparable to many advanced feed products and well-suited for specialized markets like aquaculture. As we look to participate in these high-end markets however, it is critical that we be able to closely monitor and control the quality of this product, in terms of protein content and especially toxin levels. I am confident that we can do so and will be working hard in the coming months to bring in the lab technology required and develop the necessary protocols to achieve this.

Welcome Aboard!



L-R: Tyler Stocker, Andrew Kempenaar, Justin Parks



L-R: Trevor Levey, Clint Kalinowski



Jay Maakestad



**Phil Sommers Retirement
(10 year employee)**