



United Ethanol • Growing To Meet Your Needs

Ethanol News

1250 Chicago St. • Milton, WI 53563 • (608) 868-5900 • www.unitedethanol.com

May 2019



David Cramer
President and CEO

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Greetings from the CEO

The start of 2019 proved challenging, as margins in the first quarter were less than desirable. As winter has slowly turned into spring, margins have improved. We look forward to continued strength to build in the margin as we move forward to the summer driving season.

A bright spot for the ethanol industry is the approval for E15 to be sold year-round. The Environmental Protection Agency (EPA) proposed the sale of E15 starting June 1. We anticipate this to increase overall demand for ethanol and strengthening prices throughout the market.

The plant continues to perform very well with production running at about a 58 million gallon a year rate. When margins improve, and I believe they will, we are positioned to generate some great profits. The team at the plant continues to look at opportunities to reduce costs and improve the plant operations with minor investments.

As of March 31, 2019, United Ethanol produced 13,934,583 gallons of ethanol. The plant also produced 37,282 tons of dried distillers grains (DDGs), and extracted 3,085,550 pounds of corn oil. Unit numbers are up 1,009,782 gallons of ethanol, 122,477 pounds of corn oil and 5,998 tons of DDGs from a year ago.

Enclosed are the unaudited financial statements for United Ethanol per section 8.2(b)(ii) of the United Ethanol, LLC Operating Agreement. Our accounting department has included the United Ethanol balance sheets as of March 31, 2019, also showing 2018 numbers; the statement of operations for the quarters ending March 31, 2019, and March 31, 2018, and the statement of cash flows for the quarters ending March 31, 2019, and March 31, 2018.

Have a safe and enjoyable spring and summer.

Cooperatively yours,

David A Cramer
President and CEO

United Ethanol is aware that investors have received income tax notices from the state of Wisconsin resulting from an audit of the United Ethanol partnership tax returns for the 2014 and 2015 tax years. We are working diligently with our accounting firm to obtain resolution with the state on the matter in question. Specifically, the issue relates the Manufacturing Tax Credit computed in each of the years. This is a credit calculated and reported by United Ethanol and passed-through to our investors to be claimed on their respective income tax returns. To the extent you received tax benefit from the credit, the tax notice is disallowing a portion of that credit, resulting in tax and interest owed to the state. United Ethanol is acutely aware of the burden and stress this may cause.

If you have received a notice from the state of Wisconsin, and you were assessed interest or penalties, please send a copy of the first page of the notice to "United Ethanol LLC, Attn: Damian Girten, N7160 Raceway Road, Beaver Dam, WI 53916" or to damiang@unitedcooperative.com and United Ethanol LLC will reimburse you for the interest and penalties assessed.





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Update from United Ethanol

By: Chad Campbell, Chief Operating Officer



In the plant, we are modifying our production rate to maintain satisfactory industry return. Ultimately, we are working to do the right thing for the pocketbooks of our investors. Our chemical expenditures are down, and we have cut our natural gas usage to a new record low; under 30,000 BTU which falls in line with a 10% linear digression.

We have hired a new Health & Safety Manager, Daniel Majorowicz, and look forward to bringing his talents and knowledge to the United Ethanol team here.

Introducing Daniel Majorowicz

United Ethanol, Milton, welcomes Daniel Majorowicz as the new safety manager. Dan was recently the Project Manager with Conagra Brands, Inc. in Darien, WI and began as their operations supervisor in 2010. Dan has extensive experience including knowledge in regulatory and legal issues, environmental safety, data analysis, risk management and compliance and company policy to name just a few. Action oriented and proactive in response to business needs, Dan has a wealth of information and experience to contribute to United Ethanol.



~ *Now that spring is finally upon us, enjoy the warmer season!* ~