

United Cooperative to return \$28 million in patronage to owners

By David Cramer, President and Chief Executive Officer

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On April 18, several hundred members and guests of United Cooperative gathered for the organization's 80th Annual Meeting at Juneau Community Center.

At the meeting, I reported revenues for 2015 were \$582 million. United Cooperative's core cooperative businesses of feed, grain, agronomy and energy generated \$27 million in profits, up \$2.1 million from 2014. The investment United Cooperative made in ethanol contributed \$11 million to our net income in 2015, down from the \$33.5 million this investment returned the year before. Patronage from regional cooperatives was virtually unchanged year over year, at \$7 million dollars. All combined, United Cooperative had a total net income before income taxes in 2015 of \$45.5 million dollars. While total net income was down \$20 million from 2014, this was entirely due to the reduction in earnings of the ethanol investment, which not only had record returns in 2014, but also mirrored the reductions that were experienced across the petroleum industry.

With those profitable numbers, United Cooperative is returning \$28 million in total patronage to members. Forty percent of this patronage, or \$11.3 million, was distributed in cash to our patron member owners, while 60%, or \$16.9 million, was

retained in equity credits. In addition, we plan to continue to revolve equity in October, retire equity at age 77 and pay all estates as requested.

While our businesses performed very well in 2015, we also know that to be a valued partner for our members, we need to provide up-to-date facilities in strategic locations. If you are a regular reader of this newsletter, you'll remember that in 2015 United Cooperative acquired AgVentures, LLC and Grain Ventures, LLC in Coleman, Shawano and Oconto Falls, and acquired four locations from Archer Daniels Midland (ADM) in Auroraville (Berlin), Oshkosh, Ripon and Westfield. In 2015 construction began on two state-of-the-art feed mills at Shawano and Wilton. We built a completely new agronomy location in Hillsboro, and reorganized and remodeled the hardware store into a larger space at Hillsboro also. United Cooperative also finalized plans to build a new grain facility at Westfield, and a new fertilizer plant in Auroraville. These facilities are under construction at this time.

I hope you are as proud as I am to represent United Cooperative. Our 80-year journey does not come without generations of members who value, use and take pride in doing business with their cooperative. Thank you for your continued partnership and for your business.



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Back row, left to right: Brad Krueger, Shawano; Greg Tauchen, Bonduel; David Cramer, Beaver Dam, treasurer; Duane Hinchley, Cambridge; Anthony Schadt, Watertown; and Peter Mlsna, Hillsboro.

Your Board of Directors

This year United Cooperative had three incumbent directors seeking re-election from each of the three district areas (northern, central and southern). Brad Krueger, Shawano, Howard Bohl, Beaver Dam, and Duane Hinchley, Cambridge, were re-elected to three-year terms.

United Cooperative Board of Directors, front row, left to right: Gary Nolden, Prairie du Sac, vice chairman; Howard Bohl, Beaver Dam, chairman; Robin Craker, Reedsburg, secretary; and Rod Leiterman, Denmark.

Micro-Nutrients and Fungicides, What We Learned From 2015

By Jim Kemink, Vice President of Seed and Agronomy Sales



Editor's note: This information was sourced from a Technical Bulletin written by Todd Cardwell, regional agronomist, Winfield, St. Paul, Minn.

Crop year 2015 saw record yields for corn and soybeans on many Wisconsin farms. As you look at planning inputs for this season's crops, here is a quick review of what was done to achieve those 2015 yields.

Let's start with fertility and focus on micro-nutrients- Zinc, Manganese and Boron.

Corn: This past season the NutriSolutions tool (tissue sample) was instrumental in verifying nutrient deficiencies starting as early as V-5. **Manganese** (75.9%), **Zinc** (67.3%) and **Boron** (59.9%) were the most likely micro-nutrients to test in the deficient/responsive range. This is not much different than what I see every year at this growth stage. This led to applications of Max-In® Ultra ZMB®, or ZMB + Max In® Boron, with an herbicide or fungicide. The long-term data has shown a consistent yield increase (+/- 6.3 bushel) when applied at V-5 to V-8 growth stage at 1 to 2 quarts/acre. 2015 results were better at over 8 bushel responses in many areas. Even with lower value for your corn the application of foliar micro-nutrients still has a very good return on investment.

Soybean: Most frequent micro-nutrient deficiencies detected in the 2015 soybean crop in descending order were; **Manganese** (50.8%), **Zinc** (19.6%) and **Boron** (14.7%) deficient/responsive range. This is again similar to what we have seen in previous years.

Foliar application of either Max-In® Ultra ZMB®, or Max-In® Ultra Manganese with Max-In® Boron have increased yields over the untreated acre when your tissues test below optimum levels.

Now let's talk about fungicides. 2015 may go down as one of the heaviest disease pressure years since the mid-1970s and the southern corn leaf blight epidemic that cost US corn growers over \$1 billion (1970s dollars).

This year we had two main disease issues.

First is Anthracnose leaf blight, which we have seen more of the past 10 years, and second, Northern Corn Leaf Blight (NLB), which had been on a long decline due to better genetics in our hybrids. However, 2015 weather was great for growing corn, but was also ideal for NLB to grow. Wet leaves during July and August fueled the fire.

Fungicide use really paid this year, responses ranged from as low as 12 bushel in areas of low disease pressure to well over 60 bushel in the high pressure areas. Products like Headline, Headline AMP, or Priaxor from BASF all worked well; with the combination of Priaxor early (V-5 to V-10) followed by Headline AMP (VT-R2) the best in the high yield, high disease pressure fields.

Not every year gives the responses we saw last year, situations that seem to give good to very good response to fungicides are: continuous corn, reduced till or no-till, early planting high yield environments. The long term data with BASF fungicides has consistently been in the 12-15 bushel range.

As a final thought about planning inputs to this year's crop; Dr. Bellow's management response work in Illinois continues to show and support the thought process that – "You don't save your way to prosperity, you need to grow it."



The 2016 Propane Outlook

by Tim Keith, Energy Distribution Manager



With summer just around the corner, now is the time to plan your propane supply for next winter's heating needs. The most recent mild winter lowered the demand for propane. However, propane

exports were up, resulting in a lower-than-expected propane inventory in the U.S. going into summer. Barring any major events, we should see propane prices edging up over last year's prices.

"Rely On Us" is not only our motto, it is what drives us. We go to great lengths to ensure we have two major components in place--supply and service.

Ample Storage

United Cooperative has invested millions of dollars to increase local propane storage capacity and purchases propane months before it is needed by our customers. This, along with our partnership with CHS, one of the largest wholesale propane suppliers in the U.S., allows us to have ample propane supply in the event of propane shortages, such as the one in 2014.

Contracting

Price protection is another option we offer you, our valued customer. As a consumer of propane you can contract your propane needs each year to take protection against winter price spikes. Most years, it can save you money. There are several contracting options:

Budget plan: Lock in a fixed price and spread your payments for the propane you use for home heating into manageable, equal, monthly amounts.

Booking plan: Lock in a fixed price and pay for your propane fuel as it is delivered.

Pre-paid plan: Lock in a fixed price for the season and pay for your propane up front.

Summer Fill Discount: Fill in June, July or August for the best pricing.

Call us today to contract your propane and take the guess-work out of annual home and business heating costs.

Quality Service

Service is very important to us and something discount suppliers just can't provide. The cornerstone of our business is safety and service. Every gallon delivered by our certified delivery specialists is backed by our certified technicians. We have someone from each location available 24/7 in case of emergencies. If you do encounter a propane emergency at your home, farm or business, we urge you to call us, day or night, at 1-800-924-2991.

United Cooperative is a branded CENEX propane dealer. Our team provides quality propane that's clean, efficient, reliable and affordable; service that's safe; and delivery that's far more dependable than our competitors.

You can "Rely On Us" for propane supply and service.



Investing in our Locations

By: John Scheuers, Vice President Feed Operations



United Cooperative continues to invest money in quality, safety and more efficient feed manufacturing. In 2015 we made significant changes in our Denmark and Sauk City, Wisconsin

feed locations. Today, United Cooperative is constructing two new feed manufacturing sites at Shawano and Wilton. Why is United Cooperative making these types investments in agriculture?

There are four main reasons why we are making these investments for you:

1. Manufacturing efficiencies and quality control. Labor and electrical cost between an older mill and new mill is very important to profitability of a feed mill. Labor cost alone is over 50% of the cost of doing business in a feed mill. Quality control in our plants is critical for your and our operations.

2. Government regulations. Between DATCAP, OSHA and the new Safe Food Safe Feed regulations your cooperative could not be compliant with some of our older facilities. Beginning in 2017, the government now considers a feed mill a food plant. New regulations create many more challenges to do business "right" each day.

3. More capacity and more bulk ingredients. As our customers change we need to change alongside them. We need to be able to have the capacity to handle more volume and handle more variety of bulk ingredients for our customers.

4. Replacing worn out facilities. The Wilton, Pulaski and Shawano mills are just worn out.

Features at the new feed mills
Both the Shawano and Wilton feed mills will have capabilities that include high-speed loading and unloading of ingredients, high-speed roller-grinders, micro-systems, both

bagged and bulk texturized calf feed, mineral manufacturing and the mills will be operated by a total computerized controlled system for quality control. Both of these mills will have the ability to process corn at a rate of 26 tons per hour at a 450- to 500-micron particle size. Both of these mills have 6-ton open-bottom drop mixers, with 2½ minute mix times. Our goal is to be able to manufacture 24 tons of feed every 15 to 20 minutes, depending on the number of items in the mix. The new micro systems will allow us to handle a lot less hand-adds and be able to use higher concentrations of micro minerals than what we have been able to do previously.

We are looking forward to a May 2016 for the start-up date for our Wilton site and hoping for a July start-up date for our Shawano site. We are planning to have open house events at each of the two sites once we near completion.



The United Cooperative Wilton feed mill is on track to be completed June 2016. Once operational, the mill should be able to manufacture 24 tons of feed every 15 to 20 minutes.

Grain Bin Safety

By: Brad Pecora, EHS Specialist



Did you know 82% of all grain bin accidents happen at non-commercial facilities? According to Purdue University, in 2015, Wisconsin had the second highest number of grain bin entrapments in the

U.S. At United Cooperative, safety continues to be the highest priority. We believe an ounce of prevention is worth a pound of cure. Below are 10 key principles that we follow every day to keep our employees safe and we hope that you will do the same.

1. All entries into a bin are done with a permit to ensure there are no engulfment or atmospheric hazards present. This is the most critical part of the entry. We want to ensure there is no heavy dust or extreme odors and that grain is not standing, bridged or sitting at an angle greater than 30 degrees. We wear a gas monitor at all times, which measures oxygen, hydrogen sulfide, carbon monoxide, and lower explosive limit (LEL), which may be present in a bin.
2. Before entering the bin, the sweep auger, subfloor reclaim and grain entry points are locked and tagged out. This is done to prevent accidental start-up to possible entanglement. Remember energy sources are not just electrical but also pneumatics, mechanical (slide gates) chemicals (fumigants) hydraulics, and thermal, therefore, all need to be locked and tagged out.
3. Before operating the sweep auger, grates or guards must be placed over sump holes.
4. Walking down grain is prohibited. This is to keep grain from shifting and entrapping operator.
5. The sweep auger shall be guarded per the manufacturers design. Homemade guarding is prohibited.
6. A trained rescue observer must be positioned at the bin door observing all activities inside the bin. If this person leaves, so must the person inside. If something were to go wrong, this is the only person that may know what happened and where the victim may be buried.

7. If you must enter a bin while the sweep auger is running, engineering controls must be in place to keep you no less than seven feet from the auger.

8. The sweep auger must be provided with a positive speed control mechanism (deadman switch).

9. Operators are prohibited from using hands, legs, feet, shovels, sticks, etc., to manipulate the sweep while it is running.

10. If any maintenance/ adjustments are necessary while in operation, everything must be shut down and locked/tagged out before entering the bin.

Below is a list of equipment that United Cooperative requires in order for an employee to enter a bin:

- Body harness - Anybody inside of a bin must wear a harness at all times.
- Lifeline - A rope attached to body harness to aid in non-entry rescue or locate the victim
- Cofferdam - A panel system used to rescue a victim
- Sweep Pusher - A device (with a deadman switch) attached to the bin sweep to keep you seven feet away. If you let go of the deadman switch, the sweep auger will shut down automatically.
- Air monitor - To ensure you have safe air to breathe.
- Sump guards - Prevent tripping and falling into subfloor augers/ conveyors.
- Lockout/tagout equipment - Devices used to lockout hand wheel devices, chains, slide gates, distributors and electrical plugs. These prevent other people from starting the equipment.

These are simply the bare minimum guidelines that United Cooperative mandates to ensure our employees are safe and can

return home to their families every night. Depending on the situation, we may take different precautions or use other specialized equipment.

We highly recommend having your local fire department out to review your bins so they can ensure they have the right equipment if you were to need them for a rescue. United Cooperative has partnered with several organizations to ensure our equipment and training procedures are accurate and up-to-date. If you have any questions regarding grain bin safety or equipment, feel free to contact the organizations listed below directly:

Outstate Data—Coffer dam and Sweep Pusher construction as well as training. Outstatedata.com; contact Dale Ekdahl at 320-760-4353.

Olsen Safety—air monitoring, lockout/tagout, body harnesses, and lifelines. Olsensafety.com; Contact Craig Brummer at 262-370-2459.

Stay Safe



2016 Planting Intentions and Market Outlook

By Doug Marshall,
Lead Commodities Merchandiser



The March 31st planting intentions and stocks report had a few surprises that were viewed as negative to corn prices. The USDA predicted that corn acres would be 93.601 million acres up 5.602 million acres from 2015. The market reaction put prices 18 cents lower for the day. A big move considering the corn market had roughly a 20-cent trading range since the beginning of January. If we get this many acres planted, and we produce trend line yields, corn prices could go below \$3.00 for the first time in years. The market should not go there immediately since we are at the time of the year that weather becomes an issue. However, you have to remember, the potential is there, and the probability is a lot higher than in past years. The state-by-state breakdown had almost every state increasing their corn acres except for Wisconsin and Ohio. Those states the USDA had unchanged. The corn acres came at the expense of wheat, both winter and spring wheat acres are down 2.292 million acres. Soybeans acres are also down, but not as much, only 414,000 acres. Wisconsin planting intentions are contradicting the national trend; the USDA is predicting an increase in soybean and wheat acres for Wisconsin.

The stocks of wheat, corn, and soybeans were a non-event with all the stock numbers being very close to what private analysis had predicted.

Since the immediate negative reaction to the corn and soybean report, the market has rallied. This is due to two reasons, first, wheat and corn commodity funds had a huge short position at the time of the year when prices usually go up. Simply put, they had all negative news "priced in" before the crop was planted. The second is that Argentina has seen massive rains which have prevented them from harvesting a record soybean crop. This has caused export sales to be shifted back to the United States. This caused a rally of over a dollar a bushel in soybeans and fifty cents a bushel in corn and wheat. It also shows the unexpected can happen to prices both from upside and the downside. It also proves the grain markets are still volatile and the trendless pattern of this winter should not last forever. This volatility can also give grain producers an opportunity to price some old and new crop bushels.

United Cooperative Years of Service awards

Twenty-five employees were recognized by David Cramer, President and CEO, at the cooperative's annual meeting April 18 for their years of outstanding service with United Cooperative. They represented 10, 15, 20, 25, 30 and 40 years of service. In addition, six retirees were honored for their dedication to United Cooperative.

40 years

Daniel Benish, Wilton

30 years

Randy Hager, Prairie du Sac

25 years

Gary Richmond, Sauk City

Peter Loosen, Hartford

20 years

Gregory Adkins, Beaver Dam

Douglas Marshall, Beaver Dam

Robert Cleland, Hartford

Corey Dean, Deerfield

15 years

Dan Soboleski, South Beaver Dam

Charles Dziki, Hillsboro

Daniel Jensema, Beaver Dam

Terry Woolever, Hillsboro

Richard Marschie, Horicon

Brian Marthaler, Beaver Dam and Hartford

Michael Cleaver, Hillsboro

10 years

Janette Moyer, United Ethanol

Victoria Smith, Beaver Dam

Cori Cornell, Pulaski

Russell Van Rensselaer, South Beaver Dam

Darlene Petersen, Ontario and Kendall

Kris Gudgeon, Shawano

Todd Skaletski, Denmark

Bradley McBee, Hillsboro

Jean Klentz, Johnson Creek

Robert Brown, Pulaski



The following individuals were recognized for their long-time-commitment to United Cooperative at the Annual Meeting in Juneau, Wisc. Front Row: Robert Brown, 10 years; Doug Marshall, 20 years; Brad McBee, 10 years and Brian Marthaler, 15 years. Back Row: Greg Adkins, 20 years; Corey Dean, 20 years; Robert Cleland, 20 years; Dan Jensema, 15 years; Todd Skaletski, 10 years and David Cramer, who presented the awards.

Scholarship Recipients-Where are they now? Carrie Warmka

Carrie Warmka is a livestock feed and nutrition specialist at United Cooperative. She received a \$1,000 scholarship from the cooperative in 2011.

Where did you attend college?

UW – Madison

How did you fund your education?

I saved money for college by having a job off farm 3-4 nights a week since the time I was 16. I also had some money from exhibiting steers at the county fair. However a large portion of my college education was funded by scholarships and grants. I did also work 10 hours a week my sophomore and junior year in college and 20 hours a week my senior year of college.

Did you intern during school? If yes, what did you do?

I had three internships during college. The summer between my sophomore and junior year I worked for UW-Extension as a Dairy Youth Intern. I worked with the state Dairy Youth Specialist to plan and run programs for 4-H dairy youth with the most notable being dairy judging and dairy bowl contest, as well as Badger Dairy Camp. Between my junior and senior year, I was a Dairy Intern with Zoetis. I spent 8 of my 10 weeks with Zoetis making farm calls in Southern and Northwestern Wisconsin promoting and selling a new product line they had launched in the spring of that year. My senior year of college I worked at Jeffrey-Way Holsteins, a nationally recognized 80-cow registered Holstein farm in Bellville, Wisc. I assisted with feeding calves, heifers and cows as well as milking and switching cows. This was a great

way for me to get an appreciation for a tie stall set up as the parlor on my family's farm was installed while I was still in elementary school and the free stall barn before I was born.

What is your current position?

Currently I am a Livestock Feed and Nutrition Specialist with United Cooperative.

What are your duties?

In my position I work with farmers to help provide solutions for their feed and nutrition needs. This includes analyzing forages on farm and creating a balanced ration for the farmer to feed, working with farmers to help find solutions to on farm problems, and to provide any services that might help improve the management and profitability of the farm. I also work to build customer relations and keep them educated on new things going on that relates to feeding and management.

How did you decide to work at United Cooperative?

My family had been long time customers of United, so I was familiar with the cooperative. One of my college friend's dad works for Land O'Lakes and is the representative to United Cooperative. I ran into him at a career fair on campus and we started talking about opportunities for me in the feed business and at United Cooperative. I knew that I wanted to stay close to home so that I could continue to help out on my family's farm and stay active in community organizations (e.g.: coaching dairy judging, Dodge County 4-H Dairy Youth Advisory, FFA Alumni, Dodge County Holstein Association, etc.) so United was a good fit for me.

What do you like most about working with cooperatives?

Cooperatives, especially United, are always trying to do things with the customer/patrons best interests in mind.

Are you also a customer of United Cooperative? If so, in what capacity?

My parents, and grandparents before them, have been customers of United Cooperative all of my life. I currently own a few Registered Holsteins that are housed on my parents' dairy farm, so that does make me a customer as well.



Carrie Warmka, a previous United Cooperative scholarship recipient, and current livestock feed and nutrition specialist at United Cooperative, chats with cooperative member Charlie Crave, Crave Brothers Farm, at the United Cooperative's 80th Annual Meeting in April.

2016 \$1,000 Scholarship Winners

These 45 students will receive a \$1,000 scholarship from United Cooperative during the 2016-2017 college year. The scholarship applications were reviewed and winners were chosen by Federated Youth Foundation. United Cooperative congratulates these students on their awards.

Abigail Henken, Burnett
Anna Hinchley, Cambridge
Annah Dobson, Johnson Creek
Ashley Bird, Beaver Dam
Benjamin Buchda, DeForest
Bridget Clevén, Kendall
Brittany Fink, Mayville
Brittany Rennhack, Watertown
Brock Pelton, Lyndon Station
Carley Krull, Lake Mills
Cassidy Pethke, Larson
Claire Carviou, Porterfield

Cole Endres, Lodi
Colton Ehrke, Fort Atkinson
Derek Schultz, Denmark
Elizabeth Knoebel, Helenville
Emily Schulz, Iron Ridge
Emily Wolf, Allenton
Eric Bergsbaken, Bonduel
Gabrielle Luxton, Norwalk
Hannah Olsen, Berlin
Jacie Lindm, Hillsboro
Jacob Timm, Gillett
Jennifer Swan, Beaver Dam

Jordan Ripp, Waunakee
Joseph Adelmeyer, Theresa
Kaitlyn Skala, Hillsboro
Kathryn Kugel, Shawano
Kyle Pulvermacher, Benton
Luke Wavrunek, Denmark
Lyndsey Bielinski, Denmark
Lynnae Smits, Markesan
Madison Mitchell, Hillsboro
Mckenzie Kostreva, Pound
Michael Moede, Algoma
Nicholas Retzlaff, Ripon

Peter Cauley, Lyndon Station
Rachel Schnell, Shawano
Ramsey Arneson, Hillpoint
Rebekah Herring, Horicon
Roseanne Crave, Waterloo
Sarah Schuster, Deerfield
Tasha Mitchell, Hillsboro
Taylor Chwala, Jefferson
Zackary Propst, Beaver Dam



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View the 2015 annual report on our Website

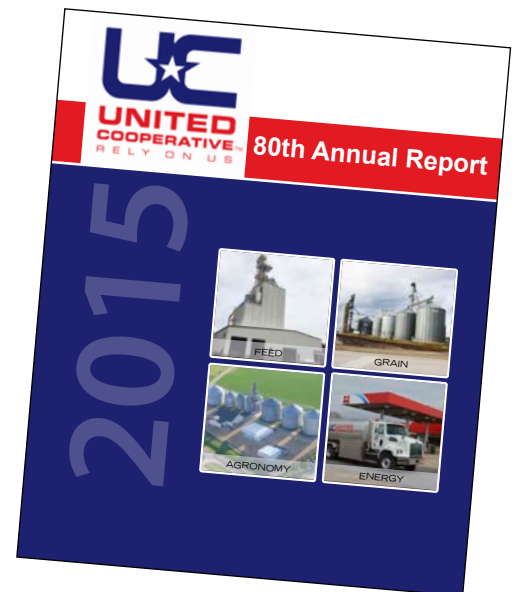
By Karl Beth, Vice President and Chief Operating Officer



We recently wrapped up another successful annual meeting in Juneau, Wis. Thanks to all who took time to attend. This year rather than holding additional regional informational meetings, we decided to expand our use

of technology and produce a short highlight video that can be viewed from our web site at www.unitedcooperative.com. We hope this change allows thousands more cooperative members to learn about how their cooperative did in 2015, without the time and travel required to attend a meeting. We hope you take the time to log onto our website, and see what we were up to in 2015. In addition to the Annual Meeting video, you are also able to access our 2015 Annual Report from our web page, so you can see the numbers for yourself.

United Cooperative's commitment to investing in its people, facilities and equipment helps us provide our members with expertise, efficient services, and solid financial returns. In the past five years, we have grown our balance sheet by over \$200 million dollars, and returned almost \$100 million in CASH to our members. This is real money that goes back into the communities we serve and helps those economies grow as well. We also awarded a record 45, \$1,000 scholarships this year to high school seniors, in hopes of growing our future employee and customer base in an increasingly competitive marketplace. Whether we are investing in people, equipment or facilities, the goal remains the same, making sure our members can "Rely On Us."



Read the 2015 United Cooperative Annual Report at www.unitedcooperative.com.