

A Look Back at 2016

By David Cramer, President and Chief Executive Officer



Reflecting back on 2016, your cooperative has accomplished much to benefit members and customers. We entered the year with a plan to complete nine major building projects. Your cooperative completed new feed mills at Wilton and Shawano; a dry and liquid fertilizer plant at Auroraville; a 1.2-million-bushel bin project at Rock Springs, a 600,000-bushel bin, dryer and grain receiving project at Westfield; the Feed, Farm and Hardware Store remodel and a new fueling site at Hillsboro, as well as a new maintenance shop at Hillsboro.

During the year it has been evident that we are dealing with increased economic pressures in all sectors of agriculture. Low milk prices and lower crop prices have created pressure at the farm gate. We have also seen fertilizers, feed ingredients and energy prices come down, but probably not as much as our customers would have liked. As I write this, harvest is nearing completion, yields and quality have been very good. This has put stress on some of our elevators. Our employees have done a good job to keep grain flowing through for the most part, but a huge harvest does create bottlenecks at times. We are evaluating those and planning ways to improve for the future. Our ethanol businesses are performing well, but face pressures from global market changes. Despite these challenges, the year will be recorded as a strong year for United Cooperative, with volumes of fertilizer, feed and grain being up. While the numbers will not be final until after the audit is completed in early 2017, it looks like sales will be over \$650 million. Earnings will be very strong as well, though down slightly from a year ago.

Board of Director Nominations now open

Just a reminder that your cooperative's board of director nomination period is now open. Any member who would like to run for the board of directors should have their nominations to the cooperative headquarters by Jan. 31, 2017. Nominations are now open for three board of director seats on the United Cooperative board. Current board seats open for election are Northern District, held by Rod Leiterman, Denmark; Central District, held by Peter Mlsna, Hillsboro; and Southern District, held by Gary Nolden, Prairie du Sac. Interested candidates should send a completed resume to the cooperative office at Beaver Dam by Jan. 31, 2017, prior to the nominating committee meeting held early in 2017.

Supporting those in need

Lastly, with the holidays upon us, we are reminded that many in our communities are not as fortunate as ourselves. United Cooperative and Land O'Lakes Foundation is sharing in donating \$38,000 to 35 local food pantries. According to local sources, for every dollar donated, a food pantry can purchase five pounds of food, which means the money we donate is enough to buy 190,000 pounds of food. See our related story on the back page of this newsletter. See our related story on Page 7.

Thank you again for your patronage in 2016 and I look forward to another exciting and prosperous year in 2017. All of us here at United Cooperative would like to wish you a happy and safe holiday season.

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**Pick up a 2017
Calendar at your
United Cooperative
location!**

Cramer Receives Award

United Cooperative President and CEO David Cramer received the "Cooperative Builder Award" Nov. 14, from Cooperative Network at its Annual Meeting held in Stevens Point, Wis. The award is Cooperative Network's highest honor,

given to individuals who have made significant contributions to the cooperative movement. Cramer was nominated for the award by his peers in the cooperative industry.



In his remarks accepting his award, Cramer said he was humbled by the nomination from his colleagues, and thanked his wife Sonja, and the United Cooperative board of directors (pictured above) and leadership team who were in attendance at the ceremony. Congratulations David Cramer on being a 2016 Cooperative Builder Award recipient!

2017 Scholarship Program expands eligibility for high school seniors and current college/technical students

United Cooperative's Scholarship Program awards \$1,000 scholarships to 40-50 high school seniors and current college/technical school students who are continuing their full-time education in 2017-2018. "This is the first year scholarships will be made available to students going into their second, third or fourth years of their education," said David Cramer, United Cooperative President and CEO. "We've given more than \$217,000 in scholarships the last eight years to high school seniors, but saw an opportunity in 2017 to include awards for students who are already enrolled at a college or technical school and are continuing their education." Scholarship applications are available at www.unitedcooperative.com. The deadline to apply is March 3, 2017.

At least 10 of the scholarships will be awarded to students majoring in an agricultural field, at least 10 will be awarded to students attending a technical school, and at least 10 will be awarded to current college or technical school students who are continuing their full-time education in 2017-2018. The remainder of the scholarships are open to all majors. Previous United Cooperative scholarship award winners are not eligible to apply for the college or technical school continuing education awards.

Applicants will be judged on their leadership skills, scholastic achievement, extracurricular activities, motivation, and academic and personal goals. To be eligible, the student or parent must be

a patron member of United Cooperative; the student must plan to attend (or be currently enrolled in) an accredited college, university, or technical school; and the student must maintain a GPA of 2.0 or above on a 4.0 scale. Scholarships are paid to the winning student when a transcript is received after the semester is completed, and proof of registration for the next semester is documented.

Questions? Please contact:
Samantha Schade,
United Cooperative Promotions Specialist
at samanthas@unitedcooperative.com.

2016 Harvest Progress and Market Outlook

By Doug Marshall, Commodities Merchandiser

Recently, the USDA released their November crop report. This is the last report for this crop year until the final production number in January.

Nationally, the USDA is expecting record production in both corn and soybeans. The corn production number is 15.266 billion bushels with a national average yield of 175.3. The soybean production number is 4.361 billion bushels with an average yield of 52.5.

This supply will certainly be a weight on prices, but the USDA has also projected record demand for both corn and soybeans. The biggest change in demand is record exports for soybeans and the largest projected corn exports since 2007. The large demand base is probably the best reason that soybeans have stayed above \$9.00 a bushel this harvest and corn has been above \$2.90 most of this harvest.

The other side is, despite the record demand, USDA is predicting the highest corn carryout, 2.403 billion bushels, since

the years of government storage in the 1980s. Soybean carryout will also be a record 480 million bushels. The large projected carryout should prevent buyers from panicking if there are any perceived weather problems.

Wisconsin crop production numbers reflect the nation as a whole, the USDA is predicting a record crop for both soybeans and corn in this state. The soybeans yield for the state is 55.0 bushels an acre and the corn yield is 180. Yield numbers that would seem unbelievable for Wisconsin 10 years ago.

These yields would seem to indicate a poor to flat price outlook, but one thing to remember is the last few years have also had a lot of volatile price action.

Grain market prices can move up and down for reasons that have little to do with the fundamentals of market supply and demand; like the value of the dollar, inflations indexes, and other technical factors that hedge funds use that have little to do with supply of corn in Wisconsin. So

despite the large supply, the spot demand can seem to be stronger than spot supply at certain points in time. The point I would make is, if these price rallies happen and they are giving a price you can "live with" sell into them. There probably will not be any big price moves unless there is a large scale drought, so it is not the year to get greedy.

You can check with your local originator about our various grain contracts. We have basis contracts and minimum price contracts that are alternatives to storage. However, keep in mind these contracts work best when there is an explosive upward price move. No contract is going to have you make more money than the market is giving you at the present time. They simply give you time before you realize the final price.

Wisconsin's record harvest is illustrated with corn piled high at United Cooperative's South Beaver Dam location.



VFD Regulation Reminders

One part of the VFD regulation requires that a licensed veterinarian approve and direct the use and purchase of regulated products. Prior to your purchasing medicated feed products covered by the VFD you must have your veterinarian complete and send us a form detailing required information. Note that the veterinarian cannot direct off/ extra label use of any feed medication, and understand that a VFD is NOT a prescription.

Veterinarians are allowed to use any format they wish to provide a VFD. Forms are available from your veterinarian via Global Vet Link, or can be attained from your vet via drug manufacturers. United Cooperative can direct you to secure VFD forms should you need them but they must be processed by a licensed veterinarian to be valid.

Beginning January 1st of 2017 you will need to provide us with a VFD form approved and signed by a licensed veterinarian allowing us permission to sell you AS-700 crumbles or Aureomycin products such as Aureomycin 10 crumbles or other Chlortetracycline and Oxytetracycline products as well as any feed product containing Tylan, Lincomycin, Penicillin's, Neomycin, Pulmotil, and Virginiamycin.

United Cooperative will continue to handle and provide medicated livestock products to keep your herd healthy and productive, however, we will need to work within the new laws and make sure to have proper paperwork and records on file to meet government mandates. We look forward to providing continued service to you and the animal husbandry industry.

If you have any questions regarding the new VFD process, please give Dan Jensema a call at 920-887-1756 or visit our website:
www.unitedcooperative.com

Investing for Your Future Feed Needs

By John Scheuers, Vice President of Feed



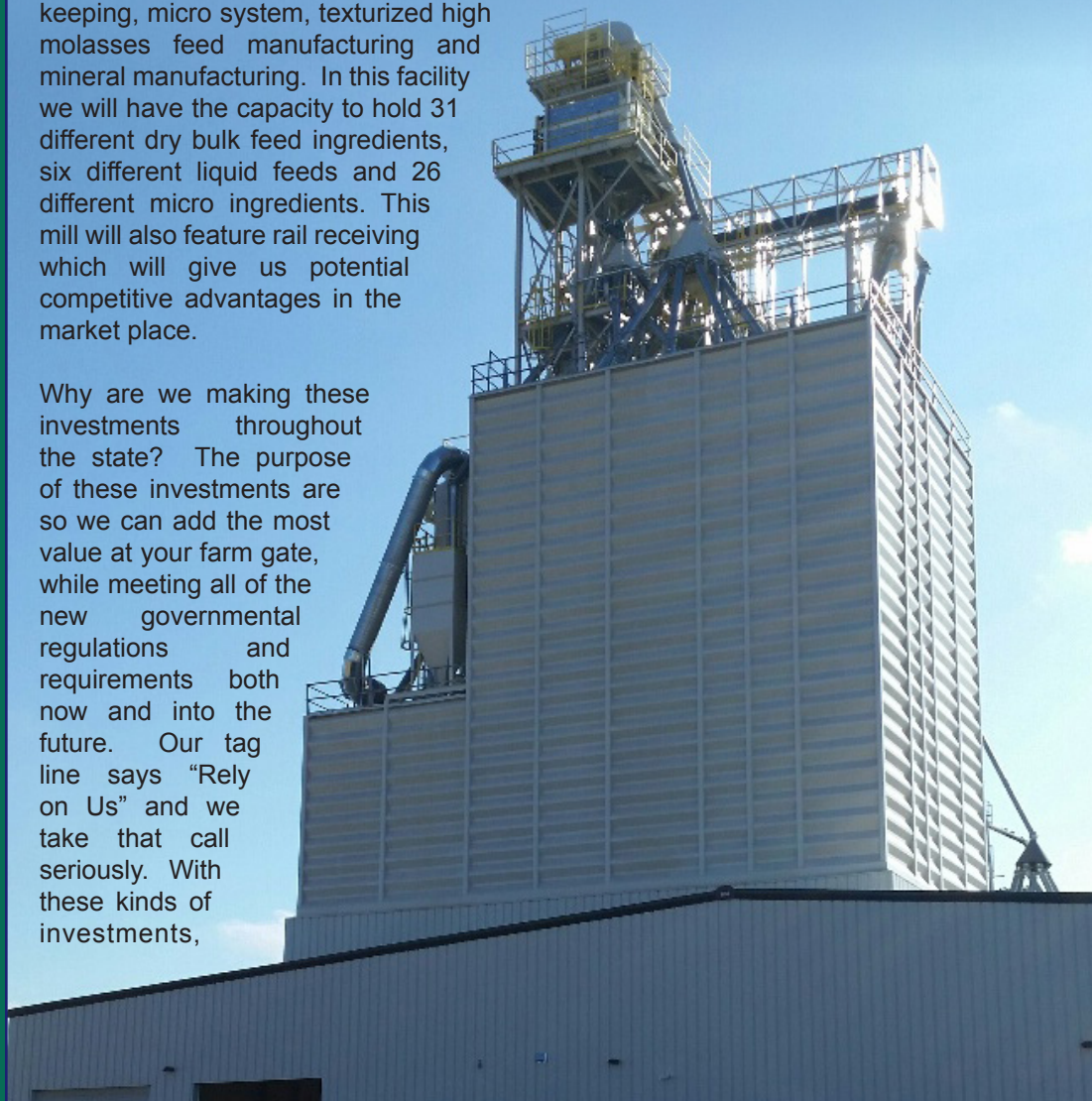
Over the past several years, United Cooperative has made key investments in the feed division to bring value at the farm gate. We have added capacity for rail receiving, increased capacity for additional bulk feed ingredients- 3x micro systems, 5x high speed roller grinders, and increased receiving and load out capabilities. We have added key staff members and rolling stock to our company and we continue to look for additional ways to create more value at the farm gate.

In Shawano we are completing our most recent investment with our new state of the art feed mill, scheduled to make the first load of feed around Dec. 1, 2016. This facility will feature high-speed receiving and load-out capabilities, high-speed grain processing, fully computerized batching system and record keeping, micro system, texturized high molasses feed manufacturing and mineral manufacturing. In this facility we will have the capacity to hold 31 different dry bulk feed ingredients, six different liquid feeds and 26 different micro ingredients. This mill will also feature rail receiving which will give us potential competitive advantages in the market place.

Why are we making these investments throughout the state? The purpose of these investments are so we can add the most value at your farm gate, while meeting all of the new governmental regulations and requirements both now and into the future. Our tag line says "Rely on Us" and we take that call seriously. With these kinds of investments,

we can do a much better job at quality control, accuracy of blending and processing, while maintaining a quality work environment for our staff. When we do these processes correctly, livestock performance on your farm also benefits.

Along with our ability to manufacture feeds we have a very good staff to serve your farming operation. People are what makes the products show their value in your operation. We have services ranging from nutrition consulting to risk management and second-to-none hard working manufacturing and delivery teams across Wisconsin. If you are currently doing business with us we want to say thank you. If you are not currently doing business with us, give our team a chance to show you the United Cooperative advantage.



Reminders from the Credit Department

By Mary Beth Schade, Credit and Administrative Services Director



Winter heating season is here – are you prepared?

Landlords: It is the tenant's and your responsibility to contact us to set up their account. Delays in setting up an account can cause a dangerous out-of-gas situation.

Cash on delivery (COD) accounts: You are responsible for watching your tank level and calling for deliveries, ideally, when your tank is at or above 25%.

Energy assistance program: You may qualify for heat assistance; the number to call to schedule your appointment is 800-506-5596. Appointment vacancies are filling up, call today.

Crop Input Financing

We offer convenient one-stop shopping for your agronomy, marketing, and financing needs. Save money and time by financing with United Cooperative:

- **(CFA) Early Financed Seed Program:** 3.75% fixed until Dec. 15, 2017, on seed purchased from United Cooperative and financed by Jan. 15, 2017
- **(CFA) General Crop Inputs Financing:** *5.75% until Dec. 15, 2017, on general crop input purchases from United Cooperative, purchased after Jan. 15, 2017
- **(CHS) Convenience Credit Feed/Input Financing:** Offers loans up to \$500,000 and financing for input and feed purchases from United Cooperative, all on a convenient, one-page application
- **(CHS) Crop Operating Loans:** Large crop input loans available for qualifying customers where input needs exceed \$500,000, operating loans available at competitive rates

Contact your United Cooperative agronomy or feed specialist today.

*As of June 1, 2015, Variable Interest Rates are based on the CFA Advantage Rate. CFA Interest Rate Indices are published at www.cfafs.com/financials

A benefit of our relationship with Cenex® is taking part in the annual promotions such as the Gift Cards for Gallons. This program rewards you for your lubricant purchases from United Cooperative Cenex® locations. You can earn a \$50 VISA® gift card for every 125 gallons of high-quality Cenex® oils, hydraulic fluids, gear lubes and greases purchased between Nov. 1, 2016 and Feb. 28, 2017.

See your local United Cooperative representative for qualifying products and promotion details.



United Cooperative Names Vice President of Energy



Bill Herbst

United Cooperative has announced that Bill Herbst, Waupun, has been named Vice President of Energy. Herbst, who is currently a business development manager with CHS Refined Fuels, will join United Cooperative in January.

"We are pleased to bring Bill's experience in agriculture, energy, distribution, risk management and cooperatives to the United Cooperative energy division," said David Cramer, United Cooperative President and CEO. "As Bill previously worked as a partner to our energy division, he's already adept to the intricacies of our day-to-day operations. We look forward to growing the fuel, propane and lubricant business with Bill's leadership," he added. (CHS is a grain, energy and food cooperative of which United Cooperative is an owner.)

Herbst is from the greater Milwaukee area where he was involved in 4-H and worked on an 80-cow dairy and crop operation in rural Cedarburg, Wis. After graduation from University of Wisconsin River Falls, where he studied ag engineering and soil science, Bill began his career in 2003 with CHS as a certified energy specialist in Markesan, Wis. Other roles he held at CHS included refined fuels account manager and transportation distribution.

Seed/Fertilizer Planning for 2017

By Jim Kemink, Vice President of Agronomy



Wisconsin is once again setting record yield numbers in 2016. Recent estimates have projected yields to average 180 bushels/acre in the state, which is almost 18 bushels/acre ahead of last year. In the past few years' corn yields have dramatically trended higher, so it is no surprise that soil test numbers for potash and phosphorous are trending lower.

University established critical levels have been our guideline for fertilizer applications to maximize yields. However, with the change in hybrids, varieties and production practices these guidelines that were established several years ago may be outdated. Several universities have updated or are in the process of raising the levels of P and K used by the plant to keep up with increase in yield levels.

The point of all this is if you haven't changed the way you are prioritizing your fertilizer inputs and continue to do what you have always done, it is not a matter of if your yield levels will level off and possibly decline, but a matter of when. If your levels drop below critical, things like plant health, standability and stress tolerance will also suffer, which will also limit yield potential. Also keep in mind that if you are removing corn or soybean stover for bedding you are removing significant levels of nutrients. The corn stalks on a 180-bushel/acre corn crop contain 330 lbs. of potash. Soybean stover on 50 bushel beans removes 110 lbs. of potash.

With a good soil sampling program and fertility plan we can take a look at where you are investing your fertilizer dollars and put together a long term plan that will grow your yields and maximize your profits.

The other yield limiting input can be the seed you purchase. If you save \$30/bag it saves you about \$12 per acre figuring 3200ppa or 2.5 acres per bag. That is less than 4 bushels of yield if the moisture is the same. If you chose a hybrid that yields 10 bushel less than the higher priced seed, you would have lost \$18.90 per acre or \$47.25 per bag. Saving money would cost you about \$17/bag.

Correct seed placement as far as soil type, response to population and response to nitrogen is also critical to your profits next year. Placing a hybrid in the environment it thrives in will give you more profit per acre. Also avoiding over or under applying fertilizer will maximize return on your inputs. Your United Cooperative Agronomists go through extensive training each year and have different tools such as the R7 and Climate tools to help with recommendations. Work with them to make 2017 as profitable as possible.

Looking Ahead

By Karl Beth, Vice President and Chief Operating Officer



As we close the books on 2016, it will probably go down in history as one of the wildest years most of us can remember. From poor commodity prices, to bumper crops, to wet weather, to wild elections, 2016 is a good one to have behind us. What will 2017 bring? Will it be an even wilder ride than 2016, or will things in the farm economy and nation as a whole improve dramatically? We won't know the answer to that until next year at this time. In the meantime, I would suggest doing what Abraham Lincoln once said, "When you reach the end of your rope, tie a knot and hang on!" Pretty good advice I think, even if it is more than 150 years old.

While we all have things we wish would happen in 2017, wishing alone does very little. A wise man once said "You don't get what you wish for, you get what you work for." At United Cooperative we will be working every day in 2017 to:

- Provide high quality, dependable supplies of Feed, Grain, Agronomy, and Energy products and services to our customers despite volatile market conditions.
- Invest in our people, facilities, and equipment to make sure we can efficiently deliver the expertise, products, and services our customers need to be successful.
- Support agriculture in our trade territory and beyond. Agriculture is not only the foundation of United Cooperative, but also of our state and regional economies. Too many people today do not understand where their food comes from, how varied and wide spread agriculture is, and how important it is to our economy.
- Keep your cooperative financially sound, and provide our member owners with a good return on their investment.

By working hard every day to accomplish these goals, United Cooperative will continue to make sure you can "Rely On Us." Have a Merry Christmas and a safe and prosperous 2017.

Area food pantries receive \$38,000 from United Cooperative and Land O'Lakes Foundation

As producers who grow crops to make food, it might be hard to imagine a life scarce of food for nourishment. This month more than 35 food pantries in Wisconsin received a share in more than \$38,000 dollars provided by United Cooperative with matching dollars from Land O'Lakes Foundation to help fill their shelves with food this winter season. Looking for a way to give this holiday season? Check out the opportunities at your food pantry. From spending time in a soup kitchen preparing and serving meals, to collecting food from your neighbors for distribution to your local food pantry, we can all do a small part to end hunger in our communities.

- Ashippun - Ashippun Bread Basket
- Beaver Dam - PAVE (People Against a Violent Environment, Inc.) Food Pantry
- Beaver Dam - Dodge County Food Pantry
- Berlin - Berlin Emergency Food Pantry
- Baraboo - Baraboo Food Pantry
- Cecil - St. Martin Parish Food Pantry
- Columbus - Columbus/Fall River Food Pantry
- Deerfield - Deerfield Community Center Food Pantry
- Denmark (Maribel) - Community Cupboard, Inc.
- Fox Lake - Living Hope Food Pantry, Inc.
- Green Bay - Paul's Pantry, Inc.
- Hartford - First United Methodist Church Food Pantry
- Hillsboro - Good Samaritan Thrift Store Food Pantry
- Horicon - Sacred Heart Congregation Food Pantry
- Horicon - St. Stephen's Food Pantry
- Johnson Creek - Johnson Creek Helping Hands Food Pantry
- Kewaunee - Lakeshore Community Pantry
- Lena - Coleman/Lena/Pound Feed My Sheep Pantry
- Mayville - Mayville Food Pantry
- Milton - Milton Community Action Food Pantry
- Montello - Care and Share Food Bank
- Oconto Falls - Kingdom Come Food Pantry
- Oshkosh - Oshkosh Area Community Pantry
- Portage - Portage Food Pantry
- Prairie du Sac - Sauk Prairie Area Food Pantry, Inc.
- Pulaski - Community Pantry of Pulaski, Inc
- Reedsburg - Reedsburg Food Pantry
- Reeseville - Gathering Source
- Ripon - Traded Treasures Thrift Store and Community Food Pantry
- Shawano - SAFPARC (Shawano Area Food Pantry & Resource Center)
- Shioction - Loaves & Fishes Community Food Pantry
- Tilleda - TULP Food Pantry
- Viroqua - Good Shepherd Food Pantry
- Watertown - Watertown Food Pantry
- Waupun - Waupun Area Food Pantry



Volunteers at Living Hope Food Pantry, Fox Lake, Wis., were happy to receive \$1,000 from United Cooperative to help fund food to serve residents of the Waupun, Randolph, Markesan, Fall River and Cambria-Friesland school districts. Pictured left to right are volunteers Joe Zamojcin, Donnie Wolc, Cindy Heller, Marvin Paul and Patti Searles.

United Cooperative Phone Directory

Corporate Office.....	920-887-1756
Auroraville Grain South.....	920-361-3361
Auroraville Grain/Agronomy North.....	920-361-4854
Baraboo Ash St. Cenex C-Store*.....	608-356-2703
Baraboo Hwy. 12 & 33 Pump 24*.....	608-356-2703
Beaver Dam Cenex C-Store*.....	920-887-1756
Beaver Dam Feed.....	920-885-5522
Coleman Agronomy.....	920-897-4010
Deerfield Agronomy and Energy.....	608-764-5454
Denmark Feed/Grain/Agron/Energy/C-Store.....	920-863-2171
Gresham Grain.....	715-526-6115
Hartford Feed/Grain/Agron/Energy/C-store.....	262-673-8960
Hillsboro Agronomy.....	608-489-3444
Hillsboro Office/Energy/Feed/Farm Sply.....	608-489-2231
Hillsboro Grain.....	608-489-4120
Horicon Grain.....	920-485-9707
Hustisford Cenex C-Store*.....	920-349-3989
Johnson Creek Agronomy.....	920-699-4990
Johnson Creek Grain.....	920-699-2771
Kendall Cenex C-Store.....	608-463-7872
Mayville Agronomy and Energy.....	920-387-2410
Oconto Falls Grain.....	920-846-4775
Ontario Cenex C-Store.....	608-337-4525
Oshkosh Agronomy and Grain.....	920-233-2261
Pickett Agro/Energy/Cenex C-Store*.....	920-589-2311
Ponderosa, Beaver Dam.....	920-885-2755
Ponderosa, Hartford.....	262-673-2248
Poynette Cenex C-Store*.....	608-635-7002
Prairie du Sac Agronomy.....	608-643-2348
Pulaski Ace Hardware.....	920-822-6396
Pulaski Agronomy.....	920-822-3341
Pulaski Energy and Office.....	920-822-3235
Pulaski Feed and Grain.....	920-822-3252
Reedsburg Agronomy and Energy.....	608-524-2822
Reedsburg Cenex C-Store*.....	608-524-6115
Ripon Grain North.....	920-748-7488
Ripon Grain South.....	920-748-7999
Rock Springs Grain.....	608-524-5246
Sauk City Feed and Grain.....	608-643-3345
Shawano Energy and Office.....	715-526-3197
Shawano Feed.....	715-526-6115
Shawano Agronomy and Grain.....	715-524-8812
South Beaver Dam Grain/Agron.....	920-887-7671
Watertown Energy.....	920-262-6770
Westfield Agronomy and Grain.....	608-296-3237
Wilton Feed/Agron/Energy/Farm Sply.....	608-435-6421
Wilton Cenex C-Store.....	608-435-6977
Wonewoc Cenex C-Store.....	608-464-7191
Wyocena Cenex C-Store*.....	608-429-9262

* sells E85, E30, and E15

Note: "C-store" is short for convenience store.



N7160 Raceway Road
Beaver Dam, WI 53916

Merry Christmas
Happy New Year

From all of us at

United
Cooperative

