

United Cooperative returns \$25.3 million in patronage



By David Cramer,
President and Chief
Executive Officer

On April 22, 2019, members and guests attended United Cooperative's 83rd annual meeting at the Watermark Community Center, Beaver Dam, Wis.

At the meeting, I reported that revenues for 2018 were \$672 million. United Cooperative's core businesses of agronomy, grain, feed and energy generated \$28 million in profits. The investments United Cooperative has made in ethanol production contributed \$23 million to our net income in 2018. Patronage from regional cooperatives contributed \$5.8 million dollars. All combined, United Cooperative had a total net profit before income taxes in 2018 of \$57.3 million dollars, up \$8.8 million from 2017.

With those profitable numbers, United Cooperative is returning \$25.3 million in total patronage to members. Forty percent of this patronage, or \$10.1 million, will be distributed in cash to our patron member owners in May, while 60 percent, or \$15.2 million, will be retained in equity credits. In addition, we plan to revolve stock in October, retire stock at age 77 and pay all estates as requested.

In 2018 United Cooperative focused resources on investing in assets to improve the cooperative while returning value to members in the form of stock revolvment and patronage refunds. Despite a challenging year at the farm-gate, your cooperative continues to be well-positioned financially to continue those investments into 2019.

Investing in the Cooperative

In 2018 United Cooperative purchased the Darlington agronomy facility from WS Ag Center, LLC., and the Belmont and Boscobel grain facilities in southwestern Wisconsin from ADM. Employees worked diligently to integrate accounting and billing systems, broadened communications to include the WS Ag Center and

ADM member audience, and trained staff on United Cooperative's processes and procedures.

Your cooperative invested in several construction projects during the year that will add value in our agronomy, grain, feed and energy divisions. These upgrades were only made possible in your communities by your support and the cooperative being committed to your success as producers.

These building projects not only provided jobs during construction, but also keep jobs in the area long after the project is completed. In agronomy, a new 7,000-ton dry fertilizer plant and a 90-ton blending tower was built at South Beaver Dam. A new 14,000-ton dry fertilizer plant and a 250-ton blending tower was added at the Coleman location. Several enhancements were made to the cooperative's grain facilities to improve market access, they include an expansion of the Oshkosh location with the addition of a 1.2-million-bushel grain storage bin. Sauk City was expanded with the addition of a 700-thousand-bushel grain storage bin. A combined additional 2 million bushels of new ground storage was added at the South Beaver Dam, Ripon, and Westfield grain locations with the addition of three bunker systems. Additionally, your cooperative installed a new scale and two receiving pits at the Horicon location. In feed, a new warehouse was erected at the Wilton feed location and the warehouse was remodeled in Denmark. At our Shawano feed location, the railroad track was completed, enabling us to bring feed commodities in by rail, generating a savings to all our feed customers. In our energy division, we have added propane storage in Westfield and Deerfield. A convenience store has opened at the Greenville location, with an ACE Hardware store opening soon.

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With these investments, you can see our goal is to uphold United Cooperative's promise to build on all available resources to create positive customer experiences while growing profits for members and the cooperative. We want members to "Rely on Us" for high quality reliable products and exceptional service, all backed by up-to-date, efficient equipment and facilities.

Investing in Wisconsin Communities & People

United Cooperative recognizes the importance of giving back and invests in many non-profit organization's initiatives throughout the year. The cooperative's approach is to target community giving to three areas that support members the most: rural health and safety; agricultural youth; and food pantries. Total giving to initiatives in these three areas reached \$163,023.60 in 2018. (Our gratitude for the \$62,000 in matching funds made available from our cooperative business partners Land O'Lakes Foundation, CHS Foundation and Co-Bank.) In 2018, 50 high school and college students were awarded a \$1,000 United Cooperative scholarship, bringing the total number of students supported through this program to 318 over the last ten years since the program's inception.

Three board members re-elected to posts

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, Northern District; Howard Bohl, Beaver Dam, Central District; and Duane Hinchley, Cambridge, Southern District, were re-elected to three-year terms.

Twenty-nine employees were recognized by Cramer for their years of outstanding service with United Cooperative. They represented 10, 15, 20, 25, 30, 35 and 40 years of service. Service award winners are listed in the column below. In addition, three retirees were honored for their dedication to United Cooperative.

Stephen Reed, Hillsboro
James Hyzer, Sauk City
John Reuter, Reedsburg

My thanks to all who attended the Annual Meeting on a beautiful spring night. If you were unable to attend the annual meeting, feel free to pick up an Annual Report at the office of your closest location. You can also access the Annual Report online at the homepage of www.unitedcooperative.com.

Thank you for your support of the cooperative this past year and may you have a safe and productive 2019.

Cooperatively yours,

David Cramer

David Cramer, President and Chief Executive Officer



2019 United Cooperative Board of Directors

Front row, left to right: Greg Tauchen, Bonduel; Rod Leiterman, Denmark; Howard Bohl, Beaver Dam, chairman; Gary Nolden, Prairie du Sac, vice chairman; Larry Plamann, Greenville. Back Row, left to right: David Cramer, Beaver Dam; treasurer; Peter Mlsna, Hillsboro; Duane Hinchley, Cambridge; Anthony Schadt, Watertown; Brad Krueger, Shawano; Robin Craker, Reedsburg, secretary.

Employee Years of Service Awards

40 years

Anthony Urban, Hillsboro energy

35 years

David Cramer, Corporate office
Gary Mislivecek, Hillsboro energy

30 years

Daniel White, Beaver Dam shop
Reginald Polsfuss, Beaver Dam shop
Eric Leis, Sauk City feed
Donald Jefferies, Hillsboro feed
Susan Bell, Rock Springs grain
Douglas Behn, Reedsburg energy

25 years

Julie Van Buren, Corporate office
Robert Moede, Denmark feed
Mark Eckelberg, Wilton feed
Jeffrey Fortmann, Hartford feed
Duane Swenson, Beaver Dam agronomy

20 years

Mark Wiegel, Horicon grain
Joyce Reider, Beaver Dam feed
David Gorn, Hillsboro shop
Julie Retzlaff, Pickett agronomy

15 years

James Kemink, Beaver Dam agronomy
Adam Lisko, Beaver Dam ponderosa
Julie Jarock, Pulaski office
Michael Sullivan, Beaver Dam agronomy

10 years

Douglas Roeder, Beaver Dam shop
Jesse Thorson, Wilton convenience store
Greg Klumpers, Hartford feed
Louis Szczepanski, Pulaski hardware
Donald Lininger, Beaver Dam agronomy
Dennis Ball, Beaver Dam agronomy
Paul Dugenske, Beaver Dam agronomy

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Credit Reminders



By Mary Beth Schade,
Vice President-Credit and
Administrative Services

Patronage distribution – Are you getting paid your full distribution or is the IRS getting their share? Patronage distribution checks will be mailed by the end of April for purchases made in 2018. If your check stub shows an amount in "Federal Withholding Tax" your check is being reduced per IRS regulations because we do not have your Social Security number or Federal Tax ID number on file for your account. Please contact the credit department so future distributions are paid fully to you.

Online bill pay – You can now pay an invoice or statement balance online with your checking or savings account, by visiting www.unitedcooperative.com. If you need assistance please contact the credit department at creditdepartment@unitedcooperative.com, and we would be happy to assist you.

24 Hour account access – We all know life can be hectic, so as a reminder, we offer web account access 24/7. You can review, pay or print your statement, invoices, grain sales, and more by visiting our website at www.unitedcooperative.com.

Are you showing a large animal at the fair?

In order to support more members' children and their fair projects, United Cooperative introduced our Large Animal Project Program last year. United Cooperative will give \$50 to every members' child that submitted a photo of them with their animal and ribbon from the fair.

In 2018, United Cooperative gave over \$15,000 and was able to support over 300 participants.

To be eligible:

- Child of member must be engaged in a large animal project (DAIRY, BEEF, SWINE, SHEEP) and plan to show it at a county/state fair or expo.
- Student submits their name, parents' names, member account number, address with a photo of themselves with their large animal project and the ribbon they earned at the fair.
- Members must do \$1,000 in business or more with United Cooperative.



2019 Scholarship Winners

These 50 students will receive a \$1,000 scholarship from United Cooperative during the 2019-2020 college year. The scholarship applications were reviewed and chosen by Federated Youth Foundation. United Cooperative congratulates these students on their awards.

Rachel Lichte, Baraboo
Tianda Deaver, Baraboo
Kennedy Ferron, Beaver Dam
Samantha Schade, Beaver Dam
Daniel Schmidt, Bonduel
Andrew Knowles, Boscobel
Angela Klinkner, Cashton
Karissa Juckem, Chilton
Mikayla Flyte, Coloma
Hailey Schoenherr, Columbus
Taylor Baerwolf, Columbus
Chase Maier, Dane
Jermey Schlies, Denmark
Kaianne Hodorff, Eden
Samantha Angotti, Freedom
Justin Engebretsen, Gillett
Jessica Mitchell, Hillsboro
Noah Heimmermann, Hortonville
Martina Graewin, Kendall
Courtney Butzlaff, Kewauskum
Teagan Herman, Kewauskum
Barret Gohr, Krakow
Carly Strauss, Lake Mills
Brady Rufenacht, LaValle
Maranda McCarthy, Livingston
Clayton Walsh, Lyndon Station
Grace Vos, Maribel
Claire Hugget, Marshall
Kevin Schmidt, Monroe
Brooke Cooper, Mt. Calvary
Jack Gauthier, Neosho
Emily Powell, Norwalk
Caleb Boutin, Omro
Samantha Corso, Pardeeville
Brandon Weigel, Platteville
Kathleen Yanke, Prairie du Sac
Brianna Schyvinck, Reedsburg
Brooklyn Schyvinck, Reedsburg
Benjamin Retzlaff, Ripon
Samuel Leinweber, Ripon
Leah Weninger, Rubicon
Shawna Sigl, Seymour
Brianna Breunig, Sheboygan Falls
Zachary Sievert, Sobieski
Caleb Lally, Suring
Karlee Leatherberry, Viola
Alexa Manthey, Watertown
Michelle Stangler, Watertown
Isaac Ripp, Waunakee
Abigail Field, Wonewoc

Don't Get Caught by the Element of Surprise!



By Scott Firlus,
Operations Manager -
Hillsboro & Westfield

As I write this article April 11th it's snowing out the window, but do not fear, spring will be coming soon to your farm! We should have your farm maps updated, and will be able to accurately provide custom application to your fields. When calling in orders, have your maps with you so we are talking the same fields and crops as you had in your farm plan. Also, the sooner we are aware your fields are ready to be sprayed or spread, the sooner we can schedule an application.

Your United Cooperative agronomist will be scheduling tissue test for measuring crop health this spring. We like to start testing Corn and Soybeans around V2-V5. Please know that we can also test alfalfa and other vegetable crops. After the first test, the next round will be 30 and 60 days later. This gives us a measurement of what the plant is using for crop nutrients and how the ratios are working in the plant. We will be able to see the levels of N, K, P, MG, S, CA, ZN, B, Mn, Cu nutrients in the plant. This is like us going to see the doctor. We look fine but things are not quite right in your lab blood work, so the doctor can change our medicine to balance out our needs. This also works in plants. We test them to see what is going on inside allowing us to add different nutrients to the side dress or spray application to balance out the needs of the plant.



The N:K ratio is important because together they impact protein synthesis, enzyme activation, water use efficiency and final yield. In the example here, the N:K ratio of **1.9:1** is too high. The ideal range is 1.4:1 to 1.6:1, so this indicates not enough potassium (K) for ideal nutrient cycling and nitrogen (N) movement within the plant. A potassium application is recommended.

The N:S ratio impacts nitrogen use efficiency, plant vigor, water use efficiency, phosphate use, along with other factors important to yield optimization. The example ratio of **16.2:1** is also a little high when compared to the ideal ratio of 15:1, meaning a side-dress or foliar application of sulfur (S) could be helpful.

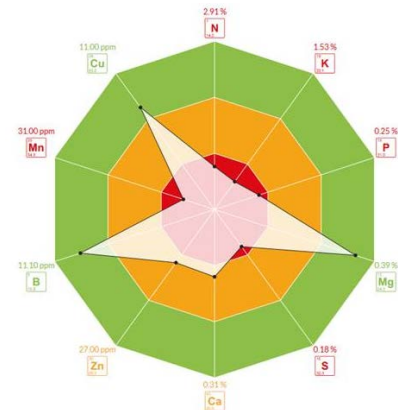
The scan chart below shows green levels are good, yellow levels may be responsive to the nutrient and red shows deficient levels of nutrients that limit yield potential. The ratio of N: K and N:S shows nutrient balance in the plant.

Organic Crop Nutrients Update

United Cooperative will service organic fertilizer needs out of our Westfield location. We have bulk products that can be picked up or blended into tote bags for your crop needs. We also have a full-service supply of organic products to meet your fertility needs of the organic crops you grow.

Let us know your needs for Terra Fed from QLF, as we will have this sugar available at a couple of locations for your convenience. With your organic questions call Marty or Jeff at Westfield 1-608-296-3237; Scott and Jon at Hillsboro 1-608-489-3444 or Mike at Shawano 1-715-524-8812.

The "radar" chart on each NutriSolutions® report visually displays the nutrient status of a sample in a target-like graphic. Dots in the **green** band indicate adequate nutrient levels (e.g. Cu, B, Mg), while **yellow** shows responsive nutrients (e.g. Zn, Ca) and **red** means deficient (e.g. Mn, N, K, P, S).



Increasingly Flexible Grain Assets



By Alan Jentz,
Vice President-Grain

United Cooperative has continued to add strategic assets to better serve our members, as well to better access markets that bring additional value to your grain. Our receiving, storage and drying capacity is a strategic strength to keep you moving in the field. Our loadout capacity is utilized to get grain out quickly to the best market that is calling for it. Many 100-car grain unit trains are loaded in limited timeframes and moved to markets that bring premium values to the grain that you deliver to United Cooperative. Your cooperative's grain assets keep the company flexible. This flexibility is utilized to arbitrage markets at times to bring additional value to your grain. Recent rail destinations include the gulf of Mexico, rail processors, as well as river barge loading facilities. Truck facilities are utilized to feed rail houses at times, serve domestic processors, as well as mills and barge or container loaders.

Your cooperative continues to look at opportunities to bring additional value to your grain. Every project is evaluated and reviewed as to the value it brings to the platform. We look forward to continuing the momentum we have and providing you efficient access to position your grain to the best local and global markets.



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
Belmont Grain	608-762-5976
Boscobel Grain	608-375-2800
Coleman Agronomy	920-897-4010
Darlington Agronomy	608-776-3860
Deerfield Agronomy and Energy	608-764-5454
Denmark Feed/Grain/Agron/Energy/C-Store	920-863-2171
Greenville Feed/Grain/Agron/Energy/Hardware	920-757-6556
Greenville C-Store	920-757-5792
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.

Feeding Livestock in tough economic times:



By John Scheuers,
Vice President - Feed

In tough economic times it is very important to focus on the following items:

1. **Focus on return on investment versus out-of-pocket expense.** Not all purchases will give you a positive ROI when farm output values are low. All products need to be evaluated consistently. Some products give very positive ROI responses even in tough economic times and should be part of your feeding program.
2. **Be careful if it is too good to be true.** Some companies or individuals make claims that are just not true. Make sure to work with organizations that have proven results, good research and staff members that have your best interest in mind.
3. **Work with us to help reduce our cost of operations so that we can sell feed more economically.** Increasing load size, more notice before feed needs to get delivered, more on farm storage, more products delivered at one time (SDS) to your farm, less custom feeds versus standard line (calf feeds) all help us reduce cost of operations.
4. **Take advantage of ALL potential discounts.** 48-hour ACH gives you the best potential discount available. Don't leave discount dollars on the table.
5. **Contracting key ingredients versus just buying spot loads.** We can do a better job purchasing ingredients when we know your needs ahead of time.
6. **Use "best" cost ingredients to feed your livestock.** As markets change up or down, different products should come in and out of your rations.
7. **Use quality products.** Not all products or suppliers are equal. Know what you are buying and who you are buying from. Huge performance differences can be seen with variable product quality.

Let us help you with your evaluation process. United Cooperative's team of staff members and our ability to meet your needs from an operational stand point is second to none. Please let us know how we can help.



Propane Outlook 2019



By Bill Herbst,
Vice President-Energy

This year as we go from winter straight to summer, don't kid yourself, we could do the reverse in just a few months and go from summer straight to winter. Don't hesitate to plan your propane supply now for next winter's heating needs.

The most recent winter put a strong demand on propane supply infrastructure and stocks throughout the country. Remember that propane exports are still up. In terms of total propane supply, the Midwest is down 23% from the five-year average. We also experienced a 5% increase in degree days over last year.

"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 proudly invests millions of dollars of working capital to increase local propane storage capacity and purchases propane months before it is needed by our customers. Locally, United Cooperative has almost 1 million gallons of local storage. This, along with our partnership with CHS Inc., 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 in years past.

Quality Service

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. 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.

Scheduled Delivery

Through an equation that considers your appliances that run on propane and the outside temperature, we can estimate how often your propane tank will need a refill. This is merely an estimate that is +/- 5% of the actual level of your tank. It is still important for you to monitor the tank if the propane level is low and call to be put on the delivery route.

Contracting your propane

Price protection is another part of what we do for you, our valued customer. As a consumer of propane, you can contract your propane needs each year to take protection against winter price spikes. Nine out of 10 years locking in your propane price during summer can save you money during winter. We have 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:** Receive a fill between June and August for the best pricing and get our **10 for 10 deal**. (Pay within 10 days of delivery, and receive a \$0.10 discount on every gallon)
- **EZ-Gas Program:** Be in charge of delivery, lock in a price, put money towards your account, no strings attached or hidden fees

Options to consider when contracting propane

Adding **Value Assurance** gives you price protection should the price of propane fall. Value Assurance is a program available for a small fee that kicks in when the current delivery price is lower than your contracted price. Value Assurance assures that you will only be billed for the lower of the two propane prices.

Signing up for **ACH** and making automatic payments is another way to manage your propane bills. Call us today to contract your propane during the "Summer Fill" promotional period, and take the guess-work out of your annual home and business heating costs. Don't forget, you can now use our **Online Bill Pay** to check your account and make payments. As long as there is an email attached to the account, you can access your statements and pay your bill online!

Tank Reminder

When was the last time you checked your tank? Make it a habit to check the tank level, ensuring you won't run low on propane. Also, if you switched from scheduled delivery to will call, you will only be filled when you call in. Don't forget about your tank and run out of fuel, costing you time and money in an emergency delivery situation. Need a reminder to check your tank? We can send you an email! Sign up for our tank reminder email list and never miss a fill again!

Referral Program

Have a friend or neighbor that needs propane? Refer your friend to us, and we'll give you a gift! If you call us, and the person you refer leases a tank, you will receive a \$50 United Cooperative gift card that can be used on your account.

You can "Rely On Us" for all propane and service needs.



A Look Back at 2018



By Karl Beth,
Vice President and Chief
Operating Officer

As we reflect back on our 83rd Annual Meeting that was held on April 22, 2019, it is humbling to look at how your cooperative has grown over the years. For those of you who did not make it to the annual meeting, feel free to go to www.unitedcooperative.com and print a copy of our Annual Report to review for yourself.

In 2018, United Cooperative had sales of over \$672 million. While that sounds like a big number (which it is for a local cooperative), it pales in comparison to the many companies like Amazon, Facebook, and Netflix that we hear about in the news every day that count their sales in BILLIONS rather than millions. Sales growth alone however, does not insure success. Look at some familiar companies like Sears, Shopko, Toys R US, and Boston Stores who were riding high for a long time and recently went out of business in 2018.

Don't misunderstand, we do strive for sales growth year after year, but our primary focus is to be financially sound and profitable so that our customers can "Rely On Us" for the long haul. As David mentioned earlier in this newsletter, 2018 was a solid year for United Cooperative. This allowed us to continue to invest in our core businesses, making sure we have the facilities and equipment needed to serve our customers for years to come. In addition, the 50 - \$1,000 scholarships awarded in 2018, continue to help develop our future workforce

in hopes they will come back into agriculture when they graduate. As you know, all the facilities and equipment in the world are of little value without the right people to operate them.

The other goal we have as a cooperative business is to provide a strong return on investment to our members. I am proud to say that again in 2018 United Cooperative did provide its member owners with a solid 12% return on equity, while also topping the \$125 million mark in cash returned to our members in the past 5 years. This type of performance is only possible when we all work together. From the support of our customers, to the daily dedication of our employees, to the reliability of our suppliers, everyone must work in concert in order to have this level of success. Thank you for your role in our success. We will continue to work hard for you in 2019 in hopes of delivering another good report about this same time next year. Take care and have a safe spring season.