



United Ethanol Growing To Meet Your Needs

Ethanol News

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

February 2010

Greetings from the CEO



David Cramer
President and CEO

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Happy New Year to you and your family. United Ethanol LLC has reason to celebrate this year; by constantly reviewing ways to be more efficient and making smart business decisions, United Ethanol has managed to successfully make it through a very trying 2009.

During the first three quarters of 2009, United Ethanol conservatively produced ethanol at only nameplate production due to tight margins and to insure we could weather the tough economic conditions. During this time, we studied ways to make United Ethanol more efficient. Now, we are taking full advantage of new efficiencies and better economic times.

Ethanol margins were positive during the fourth quarter of 2009, and this has given us hope for 2010.

Corn prices are falling due to ample supply of corn in the Midwest and the pressure from a soon-to-be-harvested southern hemisphere crop. Fuel prices are still strong because of the relatively weak U.S. dollar and fuel refinery deceleration; so, the combination of less expensive corn and firm fuel prices should lend itself to positive ethanol margins. The increased California mandate for ethanol use and improving ethanol exports are also bright lights for ethanol producers.

We continue to work with the city of Milton on our Odor Response Action Plan. We hired William Roddy, from ICM, Inc., to look for correlations in odor data, review our odor response protocol, examine our industrial dryer operations and maintenance program, and analyze the overall odor issue. For two months, he's been following through on these actions and will present his findings and suggestions to the city of Milton in March.

Prior to joining ICM, Mr. Roddy was the director of environmental compliance for the second largest privately held company in the United States and has direct environmental permitting experience in 37 states and nine other countries. Mr. Roddy has expertise as an independent air pollution control consultant and political appointee, serving nearly four years as the director of California's third largest air regulatory agency. More recently, Mr. Roddy served as a consultant to the Egypt Environmental Affairs Agency and rewrote key pieces of Egypt's environmental standards. We are very pleased to be working with Mr. Roddy and are certain his findings will have a profound effect on United Ethanol.

During 2009, United Ethanol produced 41,284,155 gallons of undenatured ethanol and sold 111,294 tons of dry distiller's grain, 13,924 tons of wet distiller's grain, and 45,314 tons of liquefied carbon dioxide.

The 2009 financial statements for United Ethanol will be reviewed at our third annual meeting on Monday, March 8, 2010, at the Pontiac Convention Center, Janesville, Wis. You should have received the official meeting notification in the mail along with a United Ethanol LLC Board of Managers Candidate Nomination Information form. There is one board position representing class C investors up for election. If you know of a class C investor that's interested in running for the board, please fill out the nomination form, attach the candidate's résumé, and mail it all back by Feb. 15, 2010, to United Ethanol LLC, c/o United Cooperative, N7160 Raceway Road, Beaver Dam, WI, 53916.

I hope to see you at the annual meeting. Until then, enjoy the remainder of your winter.



United Ethanol at sun set from the new Highway 59 in Milton, Wis.



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Update from United Ethanol

November and December were our most profitable months in 2009, not only because of improved ethanol economics, but because of improved efficiencies, as well. In previous newsletters, United Ethanol staff has talked about efficiency improvements to help the bottom line. For example, “we’ve made efforts to maximize our alcohol yield per bushel of corn and to minimize energy, chemical, and water use,” commented Mike Opdahl, United Ethanol manager of ethanol operations, in a previous 2009 newsletter. “Now that some sort of normalcy has returned to the market place and we’re watching our margins improve, we’ve increased production above nameplate capacity and started exploiting our improved efficiencies to take full advantage of current ethanol economics,” he added recently.

“With these changes, the annual production rate for United Ethanol will be close to 45 million gallons per year. In addition, our 2009 ethanol production was higher than 2008, but our corn use was 300,000 bushels less,” stated Opdahl. “Our staff continues to fine tune our procedures, operations, and maintenance to keep this trend going,” he added.

“We’ve been trying different enzymes and yeast suppliers the past few months to see which is most cost effective and offers the best yield numbers,” noted Dan Shickles, United Ethanol assistant manager of ethanol operations. Enzymes break down the starch molecules in corn and convert it to glucose, which is what the yeast consumes during fermentation. The fermentation process is the muscle behind any ethanol production facility.

The grain handling department at United Ethanol is



Distiller's grain is a quality feed ingredient for livestock. United Ethanol sold more than 111,000 tons of dry distiller's grain in 2009. We also sold almost 14,000 tons of wet distiller's grain (pictured above).

boasting a new record, already, in 2010. “In early January, we loaded 57 trucks (1,425 tons) with dry distiller’s grain (DDG) in only nine hours,” noted John Minard, United Ethanol maintenance and grain handling. “In the same week, we loaded approximately 6,000 total tons of DDG,” he added. A new fall protection system has been implemented for loading DDG rail cars, and grain employees also completed general yard and track safety training from Wisconsin & Southern Railroad, Co.

Reliability of equipment continues to improve as United Ethanol staff are now able to focus more on preventative maintenance. The maintenance department is also working on installing three new variable frequency drives (VFD) for some process pumps. As mentioned in the last newsletter, they will assist in reducing power usage. “Focus on Energy has covered 50 percent of the cost of adding the VFDs,” commented Minard. “In addition, United Ethanol will save approximately \$2,500 for each VFD, annually, in electrical costs,” he noted.