



United Ethanol Growing To Meet Your Needs

Ethanol News

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

November 2011

Greetings from the CEO



David Cramer
President and CEO

Contents

Greetings from the CEO 1

Update from United Ethanol 2

Third quarter financials insert

On Monday, Oct. 17, 2011, I signed a stipulation and order for judgment with the Wisconsin Department of Justice (DOJ) in the amount of \$700,000. The settlement was in reference to a complaint by the Wisconsin Department of Natural Resources (WDNR) against United Ethanol alleging violations of Wisconsin air pollution laws. If you'll recall, most of the alleged violations were a direct result of initial equipment not working properly.

We're not interested in spending the excessive amount of money it would cost to litigate the case; so, we entered negotiations with the DOJ and agreed on the \$700,000 settlement. We'll send two, \$70,000 payments per year for the next five years, starting Dec. 1, 2011.

We also agreed to provide the WDNR with an environmental compliance audit report, annually, for the next three years. As you know, United Ethanol continually undergoes testing to make sure our equipment is working properly and we're in compliance with our permits, so completing these environmental compliance audits annually will fit in well with our current testing and auditing activities.

Ethanol operations at United Ethanol are running very well and our production is above our facility's 42 million-gallon-per-year nameplate. Trucks and railcars are coming into the facility in full force to refill our bins with the fresh, new corn crop.

Ethanol margins remain good and are predicted to stay that way for the balance of this year. The weak U.S. dollar and resulting foreign demand have enabled the blenders and exporters of ethanol and corn oil to continue aggressive buying practices. Our distiller's grain is in good demand from both foreign buyers and local livestock producers. The local corn yields are good, and corn prices have come down from their summer highs; however, they're still quite volatile.

Ethanol prices have reached a level equal to gasoline as of this writing, so our optimism deserves some caution as we head into the new year. If the blenders' credit is eliminated from the U.S. budget, many buyers of ethanol may be forced to adjust their

selling prices to equal tradable world values, which may or may not be considerably different from today. As always, we remain optimistic, but continue to trade cautiously and stay prepared and flexible to handle the next change in the world.

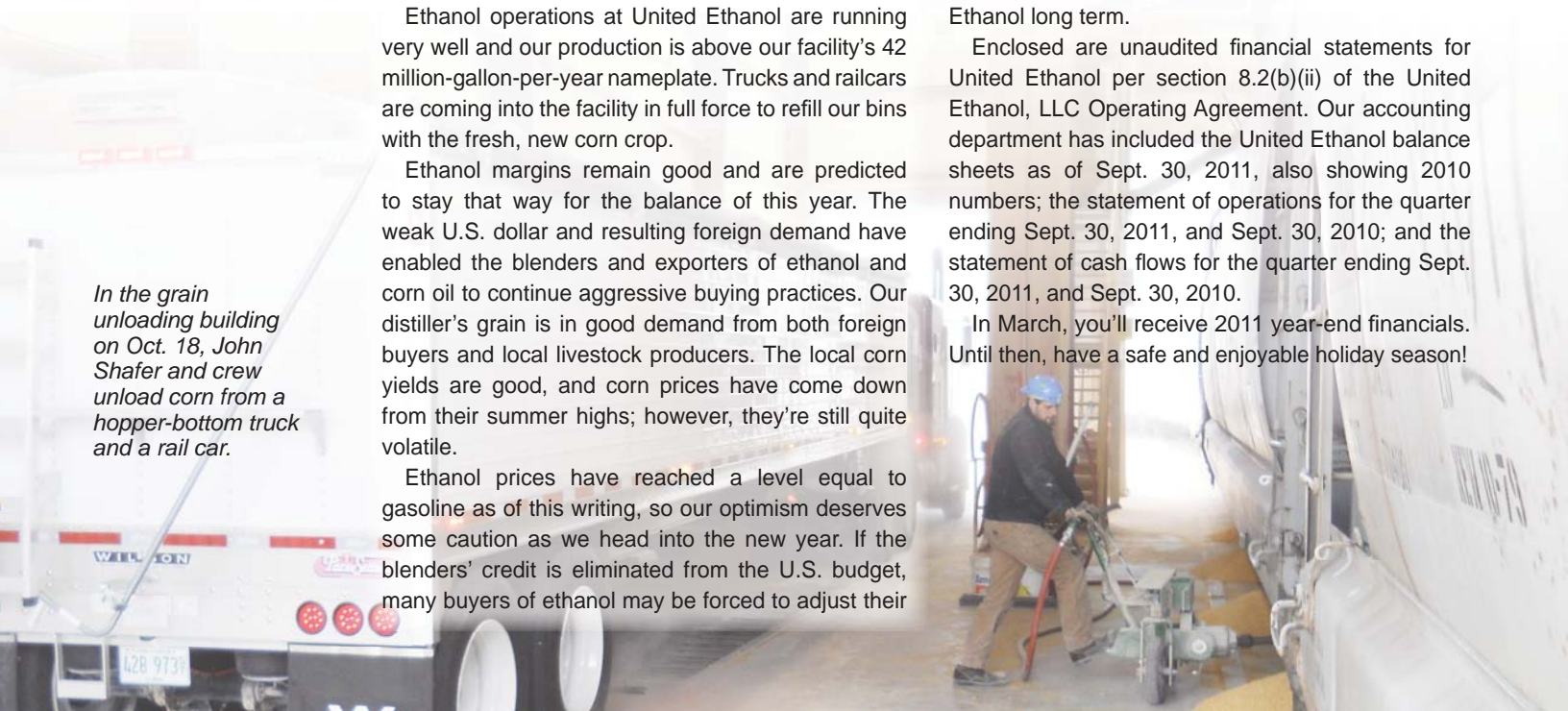
We recently installed a controlled cavitation unit on a trial basis to see if it will provide production benefits. This unit is supposed to optimize particle size of the corn before fermentation, which should equate to additional yield. The trial will wrap up by the end of 2011, and we'll have data to help us decide if this unit should be part of our production process long term.

Verenium sells us our alpha amylase enzyme which is used to break down the starch in the corn. They now have a technical representative that visits United Ethanol and does complete evaluations at no cost because we're a customer. This representative suggested a pH adjustment to our syrup which has added production to our corn oil extraction system. It was a relatively easy process change, we did a little research to prove the theory and then implemented the process change during our fall shut down. This is one of many changes that will add revenue to United Ethanol long term.

Enclosed are 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 Sept. 30, 2011, also showing 2010 numbers; the statement of operations for the quarter ending Sept. 30, 2011, and Sept. 30, 2010; and the statement of cash flows for the quarter ending Sept. 30, 2011, and Sept. 30, 2010.

In March, you'll receive 2011 year-end financials. Until then, have a safe and enjoyable holiday season!

In the grain unloading building on Oct. 18, John Shafer and crew unload corn from a hopper-bottom truck and a rail car.





PRESORTED
FIRST-CLASS MAIL
U.S. POSTAGE
PAID
EP•Direct
FOND DU LAC, WI

1250 Chicago St.
Milton, WI 53563

This newsletter is
compliments of
United Ethanol, LLC
and is distributed to
United Ethanol, LLC
investors.

Update from United Ethanol

“The onset of fall has brought cooler temperatures which allow United Ethanol to operate more efficiently,” commented Mike Opdahl, manager of ethanol operations. “We are now operating at a 45 million-gallon-per-year rate and plan to sustain that rate through the end of the year,” added Dan Shickles, assistant manager.

United Ethanol had a fall shutdown in mid September where we did general cleaning and maintenance and completed several preventive inspections which resulted in repairs that saved us from potential ethanol production down time. “The state inspector told us we have one of the best-maintained boiler rooms in the state,” noted John Minard, maintenance and grain handling manager.

United Ethanol is waiting on permits from the Wisconsin Department of Natural Resources on several projects including a new cooling tower, a 190-proof storage tank, and fourth fermentor.

With ethanol production technology advancing as quickly as it does, we continue to look for ways to be more efficient. “We’ve installed and commissioned a new clean-up pump for one of our fermentation tanks, and it has already proven it’s worth,” commented Minard. “We’ve also installed an automated valve on our corn-oil extraction system unit with the intention of helping us capture more efficiencies.

A new product is being tested as an emulsion breaker to replace what we’re currently using in corn oil recovery. Estimated savings from this alteration is \$4,000 per month. We’re also investigating the implementation of a bulk storage and metering system for



On Wednesday, Sept. 14, 2011, the Milton Fire Department and the Stateline Technical Rescue Team made up of 11 stateline fire departments from three counties participated in extraordinary technical rescue training at United Ethanol. At the top of the beer column above, the rescue team in training prepares the rigging for entry of personnel into the side-entry man way.

hydrogen peroxide with potential savings between \$500 and \$1,000 per month.

The grain handling department has been receiving more than 70 trucks per day, plus railroad-transported corn, with very little delay. Our employees also continue to participate in various training and safety activities.