



FUELING THE FUTURE

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February 2017 Newsletter



Derek Peine
General Manager

From the General Manager

The first fiscal quarter of the year is in the books, and I trust that you have recently received your cash distribution of \$125 per share that was mailed out at the end of January.

While the first fiscal quarter was strong, margins have tightened towards the end of January and into February. Ethanol values have weakened by \$0.20 just since late December. This is a somewhat normal occurrence for the industry for this time of year as gasoline demand drops off for the winter months and ethanol supply outpaces demand. What is different this year is that gasoline demand is significantly lower than this same time the last few years, and ethanol production levels are at an all-time high. While margins have slid downward, it is not as bad as I was expecting, and we have actually seen some positive momentum the last few days. The good news is that WPE remains profitable, and I believe that we will likely remain profitable throughout the winter period.

Included with the newsletter, you will find information regarding the upcoming annual shareholder meeting. The meeting will be held on March 28, 2017 at 6:30pm at the Oakley Country Club. Please make sure to complete, sign, date, and return the accompanying ballot in order to cast your vote for the nominees for the board of managers. Ballots are only accepted by mail, and they must be received no later than March 24, 2017.

We are excited to announce that Emily Skor will be the guest speaker for our annual shareholder meeting this year. Emily joined Growth Energy as the CEO about a year ago, and I have truly enjoyed watching her both learn about our industry and having her share a new and exciting vision for Growth Energy. She will give her take on the current state of federal politics and the potential impact on the ethanol industry. She will also share her vision about how we can better connect with consumers to reintroduce them to the great story and value that ethanol provides and to dispel some of those longstanding myths that have been used to confuse and deter consumers. I hope that you all can make it to the annual meeting. Emily is truly a great leader and advocate for our industry.

I look forward to seeing you all at the meeting on March 28th.

The Bored Secretary

The following article was written for the American Coalition for Ethanol magazine last November.

"I woke up Sat., Dec. 1, 2012, to a front page headline in the Sioux Falls, South Dakota, Argus Leader that made this former South Dakota farm boy mad! The headline read "AAA issues warning on E15." I was raised on the farm, and after a short career in teaching, I have been in the motor business for the past 42 years. I founded both the Association for Motor Club Marketing and Travelers Motor Club. Based on my experience, I could not understand what AAA was talking about. I knew off the top of my head that ethanol had reduced road service calls for our corporations because ethanol use had reduced wintertime gas line freeze.

As a principle owner of AMCM and Travelers Motor Club, representing over 19 million members, my next move was to contact our claims departments to see how many road service claims we could attribute to ethanol use. An initial road service analysis of past claims could not attribute one single service call to ethanol use. I immediately ordered the monitoring of all road service claims going forward to determine if AAA knew something about E15 that we didn't. After two years of monitoring claims, we shared our claim history with the American Coalition for Ethanol and Growth Energy. We reported to both groups that after two years of claims monitoring we could not attribute one claim to ethanol use. Today we can report that during a four-year period, we still cannot report one claim attributed to ethanol use, E15 or any blend, for that matter.

Since sharing our real-life claim history with ethanol industry leaders, we have made two trips to Washington, D.C., to convey a very simple message to Congress and the U.S. EPA. Our four-year record of monitoring motor service claims indicates ethanol poses no problem, so when AAA spouts oil industry talking points about E15 damage, we demand that AAA provide its real-life road service claim history. We are confident that AAA's claims mirror ours.

Besides sharing our findings with decision makers in our nation's capital, we also have lobbied in favor of the renewable fuel standard (RFS) and sent a letter of support to the mayor and city council of Chicago during their E15 debate. I have also had the opportunity to be interviewed a number of times on the radio to tell our claims history. Long story short, we are doing all we can do to tell the truth about ethanol and encourage AAA to tell its story about E15 claims, rather than repeating the petroleum industry's self-serving talking points.

We did not engage in this fight for E15 and the RFS to sell motor club memberships. We just wanted to set the record straight and to support rural America. We believe the ethanol industry has done a great job of adding to our nation's security through oil independence and contributing to a cleaner environment. Add that to the economic benefits of ethanol for farmers and small town America, and it makes it easy for us to stand up and set the record straight. With that being said, we do want to thank the many ethanol industry individuals who have purchased motor club memberships and the ethanol plants that have gifted their shareholders and employees with AMCM memberships.

We are going to continue to stand up for ethanol and rural America. We are going to continue to pressure AAA to talk about its claims and not petroleum industry studies. If you or your ethanol plant would like us to address your board of directors meeting, shareholders meeting or a community event to tell our real life motor club claims story, we are available and more than willing to do so.

Author: Gene Hammond
CEO, Association Motor Club Marketing"

I personally have dropped my AAA membership and have joined AMCM. The coverage is similar and the membership is considerably cheaper.

Ben Dickman, Secretary of the Board of Managers

Join Us

WPE Annual Shareholder Meeting

March 28, 2017 @ 6:30pm

Oakley Country Club



Featured Speaker:

Emily Skor

CEO, Growth Energy



Growth Energy is a national associating that represent the producers and supporters of ethanol, who feed the world and fuel American in ways that achieve energy independence, improve economic well-being, and create a healthier environment for all Americans.

Learn more at GrowthEnergy.org

Quarterly Financial Results

WPE's financial performance for the first fiscal quarter was strong. A copy of the unaudited financial statements are included on the following pages.

We produced 7.5% more gallons in the quarter versus the same period last year, while overall grain usage was up only 5%. Conversion yield, in terms of gallons of ethanol per bushel of grain, was 2% higher.

Rising crude oil pricing and strong gasoline demand promoted strong ethanol pricing for the first fiscal quarter. Ethanol values were \$0.10 per gallon, or 7%, higher this year than the same quarter last year. You will also see in the income statement that WPE is extracting distiller oil (i.e. a mixture of corn oil and sorghum oil) from the process and selling this as a value-added product. This process was put online last February and has operated very consistently since that time, providing around \$200,000 of additional revenue each month.

We had a strong harvest this past fall. It was the largest corn crop in US history producing 15.15 billion bushels and a yield of 174.6 bushel per acre. Our region also had a good harvest as evidenced by the large grain piles at nearly every commercial grain elevator around. With the high supply, grain pricing has been softer this year than last year. Expenses for grain was 18% lower on a cost per bushel basis.

Total net sales was up 9% while total cost of goods sold was down 8%. EBITDA was up significantly and comprehensive net income was up nearly \$3.4 million more this year over the same quarter last year.