



*"Let's Add Value!"*

Unaudited Financial Report

Three Months Ended

November 30, 2008 and 2007

Glacial Lakes Corn Processors  
 Condensed Consolidated Balance Sheet (Unaudited)  
 November 30, 2008

<b>ASSETS:</b>	
<b>Current Assets:</b>	
Cash and Cash Equivalents	\$ 4,860,306
Restricted Cash	8,038,353
Trade and Accounts Receivable	27,962,733
Inventories	13,195,801
Hedge Accounts	-
Prepaid Expenses	1,065,802
<b>Total Current Assets</b>	<u>55,122,995</u>
<b>Property and Equipment:</b>	
Existing Facilities	286,551,163
Less: accumulated depreciation	(47,688,935)
<b>Total Property and Equipment, net</b>	<u>238,862,228</u>

<b>Other Assets:</b>	
Financing Costs - net of accumulated amortization	1,561,818
Investment in Granite Falls Energy, LLC	11,586,095
Investment in Redfield Energy, LLC	2,734,269
Goodwill	-
Other Assets	1,671,333
<b>TOTAL ASSETS</b>	<u>\$ 311,538,738</u>

**LIABILITIES AND MEMBERS' EQUITY:**

<b>Current Liabilities:</b>	
Trade and Accounts Payable	\$ 1,679,079
Corn Payable	11,523,252
Accrued Expenses	1,433,498
Accrued Interest Payable	2,632,536
Taxes Payable	540,000
Revolving Line of Credit	7,120,000
Other Debt	3,285,039
Current Maturities of Long-Term Debt	12,041,539
<b>Total Current Liabilities</b>	<u>40,254,944</u>
<b>Long-Term Liabilities:</b>	
Total Long-Term Debt (less current maturities)	151,815,651
Interest Rate Swaps	9,212,548
<b>Deferred Taxes</b>	2,010,097
<b>Total Members' Equity</b>	108,245,498
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<u>\$ 311,538,738</u>
<b>Period end shares outstanding</b>	188,360,652

Glacial Lakes Corn Processors  
 Condensed Consolidated Statement of Operations (Unaudited)  
 Three Months Ended November 30, 2008 and November 30, 2007

	November 30, 2008	November 30, 2007
<b>SALES:</b>		
Fuel Ethanol	\$ 65,420,305	\$ 18,982,574
Hedging - Ethanol	(186,177)	(903,341)
Distiller's Grain	13,058,284	2,790,711
Corn Oil	289,815	246,225
<b>Net Sales</b>	<u>78,592,228</u>	<u>21,116,169</u>

<b>COST OF SALES:</b>	
Corn	64,101,950
Hedging - Corn	13,070,569
Chemicals	44,684,138
Change in Inventory	(3,767,887)
Utilities	5,274,832
Depreciation	1,394,134
Other	1,902,443
<b>Cost of Sales</b>	<u>78,592,228</u>

<b>GROSS PROFIT/(LOSS)</b>	<u>(57,616,810)</u>	<u>5,325,133</u>
----------------------------	---------------------	------------------

**ADMINISTRATIVE EXPENSES:**

Administrative Wages and Benefits	713,977	744,282
Other	1,315,399	819,996
<b>Total Administrative Expenses</b>	<u>2,029,376</u>	<u>1,564,278</u>

<b>INCOME/(LOSS) FROM OPERATIONS</b>	<u>(59,646,187)</u>	<u>3,760,855</u>
--------------------------------------	---------------------	------------------

**OTHER INCOME (EXPENSE):**

Slate Ethanol Producer Program	250,000	250,000
Net Interest Income/(Expense)	(3,142,025)	131,241
Hedging - Interest Rate Swaps	(4,286,731)	-
Gain on Sale of Madison Elevator	1,764,018	-
Other Income/(Expense)	118,381	28,264
Investment and Management Income/(Loss)	(1,370,413)	149,400
<b>Total Other Income (Expense)</b>	<u>(6,666,771)</u>	<u>558,905</u>

<b>NET INCOME/(LOSS) BEFORE TAXES</b>	<u>(66,312,957)</u>	<u>4,319,760</u>
---------------------------------------	---------------------	------------------

**INCOME TAX PROVISION**

<b>NET INCOME/(LOSS)</b>	<u>\$ (66,312,957)</u>	<u>\$ 4,319,760</u>
--------------------------	------------------------	---------------------

**WEIGHTED AVG SHARES OUTSTANDING**

<b>NET INCOME/(LOSS) PER SHARE</b>	<u>\$ (0.352)</u>	<u>\$ 0.023</u>
------------------------------------	-------------------	-----------------

**Production Statistics:**

Ethanol (Gallons)	38,756,681	11,830,042
Corn Ground (Bushels)	13,876,531	4,191,655
DDG's (Equivalent Dry Tons)	111,283	35,353

**Additional Information to the Condensed Consolidated Financials Statements (Unaudited)  
as of November 30, 2008.**

**Balance Sheet**

***Cash***

- Glacial Lakes Corn Processors (the Cooperative) had approximately \$8 million of restricted cash. Subsequent to the balance sheet date, approximately \$5 million has been released to working capital while the balance has been applied the debt service reserve.

***Accounts Receivable***

- The Cooperative had outstanding receivables totaling approximately \$28 million. Included in this balance are receivables from the following:
  - \$11 million – ethanol
  - \$ 3 million – distillers
  - \$11 million – capital call proceeds
  - \$ 3 million – other

***Inventory***

- The Cooperative had inventory totaling approximately \$13 million. Composition of inventory is as follows:
  - \$5 million – corn
  - \$2 million – ethanol
  - \$1 million – distillers
  - \$5 million – in process and other

***Corn Payable***

- The Cooperative reflected a liability for corn totaling approximately \$12 million. The Cooperative also reflected its future purchase obligations at the lower of cost or market in the amount of \$1.7 million.

***Other Debt***

- The Cooperative is reflecting the current portion of the long term debt as a current liability. As of August 31, 2008, the Cooperative was required to reflect the entire balance as current due to going concern matters as addressed in footnote 17 of the annual audit report issued by McGladrey & Pullen.
- The Cooperative is reflecting Other Debt in the amount of \$3.3 million. In December 2008, the Cooperative entered into a subordinated note agreement with its broker for the amount of the unfilled margin call (see footnote 18 in the annual report).

***Interest Rate Swaps***

- The Cooperative has entered into various interest rate swap agreements to reduce the volatility of interest rates under the variable notes. The fair value of these instruments is reflected as a liability on the balance sheet, with changes in the fair value reported in interest expense. As of November 30, 2008 the Cooperative is reflecting a liability in the amount of \$9.2 million.

## **Income Statement**

### ***Loss from Production***

- For the quarter ended November 30, 2008, the Cooperative reflected a loss from production totaling approximately \$18.2 million. Production losses were attributable to market conditions relating to prices of ethanol and corn as well as operational issues, primarily at the Mina facility. During the quarter, the Mina facility operated at approximately 67% of nameplate while Watertown operated at approximately 91% of nameplate.

	(millions)
Losses from Production	(\$18.2)
Realized Hedge Losses	( 26.6)
Unrealized Hedge Losses	( 18.4)
Interest Rate Swap Losses	( 4.2)
Gain on Sale of Madison elevator	1.8
Madison Energy Earnings	.6
Equity in Earnings (RE & GFE)	( 1.4)
Other	.1
Net Loss	(\$66.3)

### ***Corn***

- As of August 31, 2008, the Cooperative reflected an obligation for future corn commitments totaling approximately \$5 million. As of November 30, 2008 this obligation was \$1.7 million. The difference flows through the income statement in cost of goods sold and had a positive earnings impact to corn cost in the amount of \$3.2 million.
- During October, the Cooperative liquidated all of its commodities futures and options positions. At the end of September and into early October, the commodities markets had unprecedented decreases in the values of futures and options related to corn and ethanol. Risk management positions suffered considerable losses and required operating cash to fund the losses. As a result, management decided to liquidate all positions. The loss associated with this was approximately \$45 million which is reflected through cost of goods sold.

### ***Interest Rate Swaps***

- For the quarter ended November 30, 2008, the Cooperative recognized \$4.2 million in interest expense associated with interest rate swap instruments.

### ***Other***

- During October, the Cooperative entered into an agreement with Cargill to sell the Madison Energy, LLC elevator facility located in Madison, MN. For the quarter ended November 30, 2008, the Cooperative reflected a gain on the sale in the amount of \$1.8 million.
- For the quarter ended November 30, 2008, the Cooperative recognized a loss of approximately \$.8 million and \$.6 million from its ownership interest in Redfield Energy and Granite Falls Energy respectively.