



Tami Schaefer
Grains Commodities Manager

Greeting from the Grains Department! What a wonderful fall we have had so far, I don't think we can complain about this weather. We are looking at a great harvest with another good yield coming out of the field. This fall is looking to give us low moisture corn coming right out of the field which is beneficial to the producer for two reasons: one the cost of drying corn this year and GLE taking corn at 16.5% and below. We found out last year that anything over 16.5% moist corn, the hammer mills have a difficult time breaking it up for the fermentation process. We do not have the ability to dry the corn here, so I hope you understand the reason we don't take corn with moisture above 16.5%.

The October USDA report is showing the U.S. with another large carry-out of 2.2 billion bushels for the 2005-2006 year. They are putting the average yield at 146.1 bushels per acre and this year's crop size at 10.857 billion bushels which at this point in time is bearish to the market until we see corn fighting for acres or weather markets later on in the year? This year looks like it will be a lot like last year there will be a lot of corn around to move. Glacial Lakes Energy will grind about 17.5 million bushels of corn this year.

Just as a reminder to all members that this year's commitment has changed for delivery of bushels. For example, if you originally started with 5000 bushels for your commitment it will be 10,000 bushels this year. The reason for the increase is because we split your stock shares at a two for one ratio so the corn commitment of one bushel per share still is in effect. Our fiscal year runs from September 1, 2005 thru August 31, 2006, so please try to contract your corn before the end of our year.

I would also like to encourage all you cattle feeders out there to give Allen a call and see how Rising Star Feeds can fit into your feeding program.

Have a safe and bountiful harvest.

Reed Storley

Plant Manager (continued from page 2)

We also had several outside contractors on site for shutdown, the most important of whom were the mechanical and electrical contractors working on the tie-ins for the fourth fermenter. They had to set in an additional 1200 amp electrical service which required a four hour power outage in the process building. At the same time they had to install tie-ins to the cooling tower headers, steam header, compressed air header, and transfer line to the beer well. Several other contractors which include Hydro Klean, ICM, Westco International, MHM, Burdick Bros., and others which performed various tasks like high pressure cleaning and pump alignments.

With shutdown behind us, it is time to prepare as much as we can for the corn harvest and coming of winter. The coming of winter will bring some changes to the staff at GLE. As most of you probably know, I have been promoted to Plant Manager, and David Culver has been promoted to Director of Operations for the three plants we will manage. I would like to thank everyone in the maintenance department for their hard work and long hours. I look forward to the new challenges ahead and to working more directly with the production staff.

In conclusion, I would like to give a special thanks to the entire staff at GFE for their help during our shutdown and hope everyone came away with a little more insight on the inner workings of an ethanol plant.



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Michael Nealon
Controller

Greetings:

For the fourth quarter of the fiscal year (June 2005 through August 2005), Glacial Lakes Energy again showed a good net profit from operations due. Production for the quarter was respectable given the higher temperatures of summer (which affects the fermentation process) and some down time for mechanical items. Prices for ethanol for the whole quarter were near budgeted amounts as prices rose in August due to the impact of Hurricane Katrina. Prices for distillers' grains have been consistent during this period. Our costs for corn have remained close to budgeted amounts, based on the large harvest from the fall and the hedging program put into place for this crop year.

As we approach the start-up of Granite Falls Energy in mid-November, we are finalizing the necessary accounting and financial matters. At this point, we are still looking to come in around the budgeted amount for the plant.

The Board approved the operating budget for Glacial Lakes Energy for the fiscal year that started September 1, 2005, and included the activities of Granite Falls and Redfield. Given the nature of the current markets for ethanol, corn and natural gas, the budget was a challenge for all of us. The Granite Falls Board has also approved the operating budget for GFE for their fiscal year that will start on November 1, 2005.

We are also continuing to finalize the year-end amounts for GLE. The outside auditors will be in soon for their work on FY 2005 audit and the preparation of the income tax return. This is all needed before the GLE Annual Meeting, which we expect to have in January 2006.

As noted elsewhere, the equity drive for Redfield was very successful and we raised the maximum \$37,500,000 from that offering. We began discussions with several potential lenders for the project and have chosen Great Western Bank to be the lead lender on the project. We will work with them on finalizing the terms of a loan agreement for the construction of the project.

Allen Wells *Commodities Marketer (continued from page 3)*

commercial feed protein you have to buy. It also provides crude fiber, which helps reduce the amount of fiber needed, though it doesn't add much of a roughage factor because it is so fine. The fat in distillers' grains gives it a very high net energy factor for any livestock ration. You can figure an energy level of 110 to 115% that of corn.

Modified wet distillers' grains has a longer shelf life and is more marketable than the wet distillers' grains. The moisture content in the modified wet grains makes it an excellent conditioning agent, holding other elements in the feed ration together so there isn't a problem with settling or with cattle sorting it out.

With freight rates being what they are, you'd be surprised how far you can haul distillers' grains and still have it be economical. For smaller feeders shelf-life may be more of an issue than freight costs.

If you have an issue with shelf life, let us know at Rising Star Feeds. We can add a preservative to protect distillers' grains from the losses in palatability and nutritive value caused by mold growth as well as the dangers of toxicity from the mycotoxins formed by molds.

All in all, using distillers' grains in any form just makes good economic sense for a lot of producers. On top of all the nutritive and economic benefits, we get to support our local economy and keep our money in South Dakota.



FUEL • ETHANOL

NEWSLETTER



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From the Desk of the General Manager



Tom Branhan
CEO/General Manager

As usual, the staff at Glacial Lakes Energy is working on many new opportunities to further enhance our production capabilities or to increase our revenue stream. Removing corn oil from our syrup is a new process that we have had under research and development for the past six months. Corn oil has many uses including supplemental feed, food grade uses and converting the oil to biodiesel fuel.

Another project that we are working on is the construction of a fourth 730,000 gallon fermenter tank at GLE. The concrete foundation is being poured in mid October and the tank will start fabrication in December. At our fall scheduled shutdown, we made piping changes that will allow us to tie the new tank in without shutting down the entire plant again. We expect to put the new tank on line in March 2006 which should improve our production capacity and increase our yield of ethanol from each future bushel of corn we process.

Granite Falls Energy (GFE) is scheduled to start production on November 14, 2005 which is about a week earlier than previously expected. All of the major equipment is in place and all utilities have been run to the plant and energized. Electrical wiring, piping and rail tracks are about all that is left to finish up the plant by the start date. The majority of the GFE personnel were hired this past summer and all of them were trained for their respective jobs at GLE. We feel that training employees at GLE was far better than the traditional approach which is to train employees at the ICM plant in Kansas. The GFE crew is better trained and completely ready to take on the task of running the plant.

Redfield Energy (RE) is moving along as well. At this time we have purchased 129 acres of land for RE, completed soil borings, received Phase One engineering for dirt work and have put out the request for bids on the dirt work. I would expect to start moving black dirt at the site around the first of November. Our intent is to get the black dirt moved so Fagen Inc. can work through the winter to build the plant.

GLE now has a blender's license that allows us to sell E-85 directly from the plant which we have been doing for about a month now. There are tax benefits to GLE for being a blender, but more importantly we are able to help the local gas stations keep their price of E-85 at least \$0.50 per gallon under the price of regular unleaded gasoline.

Our safety record continues to grow and on November 5, 2005, we will have reached three consecutive years without a lost time accident. This is quite a feat of accomplishment and it's because we have a great safety manager, good safety training and competent people employed at GLE.

With that, I'll leave you with wishes of a safe harvest and mild winter.

Employee Feature

AL ZAUG

Maintenance Electrician



Allen Zaug was born and raised in Kranzburg, South Dakota in a family of eleven kids. Eventually Al moved to Watertown and apprenticed at D & D Electric. Upon receiving his journeyman's license, he opened Lake City Electric, where his employer became his employee. Al first became involved in ethanol as a subcontractor for Fagen after ground-breaking took place. As Fagen moved out, he was offered a job at Glacial Lakes Energy as a master electrician. Allen accepted the job and now is the maintenance electrician. He says that his favorite part about being the electrician for Glacial Lakes is his job and the people he works with. After working with Al for many years, I can verify that he enjoys this part of every job. He might also have said something about enjoying the people that he works with as well; working temporarily in Watertown I know he is telling the truth after seeing him joke around with everyone on his breaks that he takes with his fellow maintenance men.

Al married Rhonda Huber and they have four kids: Josh, Sara, Nick and Michaela. Michaela is the only child that still lives at home.

Al's hobbies include hunting and fishing and he doesn't do as much as he would like because it seems he enjoys working more. He works harder and longer than any person I know, and he owes many of his successful ventures to this trait which has proven him to be an ambitious and likeable guy.

Written by his 19-year old son, Nick Zaug. Nick is a new operator at Granite Falls Energy. Nick says of GFE, "I'm ready for it to get up and get going."



Bert Magstadt
Energy Commodities Manager

Hello, I'm pleased to have joined the GLE team as the Energy Commodities Manager. I have been here a few weeks now and really enjoy the position and people here. My area of responsibility will be the energy portion of the business such as natural gas, electricity, water, denaturant and also selling the ethanol.

I'm sure everyone has heard through the media that natural gas prices will be very high this year due primarily to hurricanes Katrina and Rita. There are many other factors that also determine natural gas prices, such as hotter than normal summer, lower production from gas wells, the economy and speculative hedge funds to name just a few. With these higher natural gas prices, GLE has mitigated the effects by locking in a good portion of this winter's usage at reasonable rates in today's environment. We also have half of next summer fixed at very good rates as well.

Ethanol prices have been at an all-time high, primarily due to high gasoline prices. But with the driving season over, I expect these prices to start dropping back some, but should remain at favorable rates as long as gasoline prices stay high. MTBE is starting to be faded out of production and mandated to be completely phased out by May 5, 2006. This is a 2.3 billion gallon per year market and should help sustain higher than normal ethanol prices. However, you never know what Congress might do in the meantime. This mandate might get moved back, adding more uncertainty in this market. Only time will tell if this comes true.

Branhan Joins RFA Executive Committee and Other Area Boards

The Renewable Fuels Association (RFA) is pleased to announce that Tom Branhan, CEO of Glacial Lakes Energy, LLC, has been elected to the Executive Committee of the RFA.

"Tom is one of the up and coming leaders in the ethanol industry," said Bob Dinneen, RFA President. "We are pleased to have Tom taking a leadership role as we look to a new and exciting phase of the industry's development: the implementation of the Renewable Fuels Standard, legislation which will double the production and use of renewable fuels."

Branhan was also elected to the Focus Watertown and Development Board of Directors, Watertown Area Chamber of Commerce Board of Directors and the Lake Area Technical Institute Foundation Board of Directors.

Congratulations, Tom!

Rising Star Feeds Schedule

November 15 - Distillers' Grains Seminar, Redfield
Nov. 30-Dec. 1 - SD Cattlemen's Convention, Sioux Falls
February 2006 - Watertown Winter Farm Show

PRODUCTION TIDBITS



David Culver
Director of Operations

In my new role as Director of Operations, I am now going to have an opportunity to be involved with the operation of three different facilities. I am glad to say that two excellent teams have formed at Granite Falls Energy and Glacial Lakes Energy, which will make my job easier. Of course, I cannot really speak of the wonderful Redfield Energy management team as yet because it is still in formation, and this is one of the challenges on which I am working. Currently, I am in search of a Redfield Energy Project Coordinator, but until I find one, Tom and I will be filling that role.

I am glad to say we are seeing a high level of cooperation between Granite Falls Energy and Glacial Lakes Energy. Granite Falls Energy personnel were of huge help to us during our last shutdown in the beginning of October. On their side they were able to learn much about the ins and outs of an ethanol plant in their time here during the shutdown and in the time they spent here in training. We plan to get a lot of GLE personnel over to Granite Falls during their initial startup and during their shutdowns to help them out. We gain by having employees that have had opportunities to learn from each other and gain some more contacts.

Glacial Lakes Energy is in the process of finding the right person for a Maintenance Manager position as Reed has been promoted to the Plant Manager position. It is critical that we find the right person to fill this position as there are many projects we are constantly involved in. We also need to consider that as this plant gets older, the time and organization needed to detect problems, fix equipment, and maintain plant systems increases.

Granite Falls Energy's current challenge is obvious. It needs to get started. If history stands true for Fagen plants, it should be a fairly rapid startup; but even if it starts quickly, do not get the idea that it is easy. The amount of coordination, training, and work required to get one of these plants going is tremendous. Obviously the experienced help of Fagen, the general contractor and ICM, the design engineering firm, is of tremendous help. However, I would think they will admit, though they have been involved with many startups, it is not a task to take lightly.

At Redfield we are looking for a Project Coordinator, as I already mentioned. We are also in the process of getting quotes for the initial dirt work. We hope to start working the ground by early November and to have initial foundational work started yet this fall. We are also working with various groups to make sure we have everything set up to allow us to keep this project moving smoothly forward from start to finish.

As I look over what I wrote, I am sure I am going to have a busy fall. I know we have the right people in place, or we will make sure we get the right people in place, in order to make sure all the facilities or projects move forward smoothly and successfully. I am looking forward to working toward cooperation among all three facilities in the future. I think both GFE and GLE personnel will already agree that we have seen great benefits in the close cooperation we have been able to put together already.



Reed Storley
Plant Manager

Fall has finally arrived and always brings several events that everyone likes to see. That would include children going back to school, hunting season starting and fall harvest. From early reports we are seeing at the plant the corn harvest looks like it will be better than last year. Also with fall comes our annual fall shutdown. I would like to tell you about some of the new challenges we experienced this year with fall shutdown.

The first challenge this year was organizing the large crew of personnel on site during the shutdown. As a training tool for GFE employees, we brought the entire crew from GFE over during shutdown to have them experience a large scale plant shutdown. The GFE crews participated in everything from bringing the plant down to hands-on repair and inspections. It proved itself to be a valuable test for both GLE management and GFE operations and management.

(continued to page 4)



Kari Hogstad
Human Resource Coordinator & Accounting Assistant

I have two new employees that I would like to welcome to our team.

GLE is proud to announce the addition of Bert Magstadt, PE to our senior management team. Bert will fill a newly created position as Energy Commodities Manager for Glacial Lakes Energy, Granite Falls Energy and Redfield Energy. His duties will include all aspects of the energy side of the business including natural gas, electricity, and water. Bert is a native of Huron, SD. He attended South Dakota State University in Brookings and graduated with a BS in Mechanical Engineering. For the past 10 years Bert had been employed at Watertown Municipal Utilities most recently as the Assistant General Manager.

Bert serves on many boards including the Operation Committee for American Public Gas Association, Gas Supply Committee for American Public Gas Association and the Legislative Committee for American Public Gas Association to name a few.

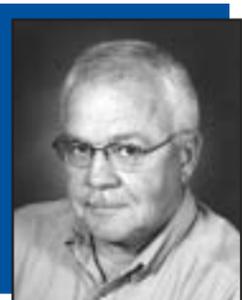
Bert resides in Watertown with his wife Melissa and three children: Courtney, age 15; Beth, age 11; and Grace, age 5. Melissa is a Nurse Practitioner at Sioux Valley Clinic.

Tim Frankenhoff joined us in July as our new Lab Assistant. Tim grew up in McLaughlin, SD, where he graduated from high school. He then attended LATI in Watertown and received his Medical Lab Technician degree. For the next nine years, he worked as a Medical Lab Tech in hospitals and clinics in North and South Dakota as well as Iowa. Before coming to GLE, Tim was a microbiologist at Davisco. His wife, Laura, is an RN at Prairie Lakes Hospital in Watertown. Tim and Laura live in Hayti with their three children: Adrian, age 11; Allison, age 8; and Thomas, age 4. In his spare time, Tim likes to hunt, fish, and camp.

I would also like to take this time to congratulate two employees on their recent promotions. David Culver has been promoted to Director of Operations for Glacial Lakes Energy, Granite Falls Energy and Redfield Energy. David was previously the Plant Manager for Glacial Lakes Energy.

Reed Storley has been promoted to Plant Manager at GLE. Reed was previously our Maintenance Manager.

As the winter season approaches, I am busy working on health insurance quotes, lining up flu shots for the staff and getting ready for the fiscal year end audit. I hope everyone has a safe and happy holiday season.



Allen Wells
Commodities Marketer

Fall is here with beautiful harvest weather so far, and for the most part the crops look real good.

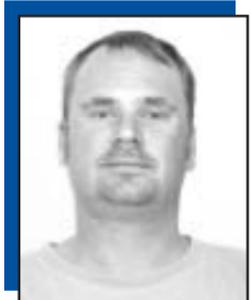
With the varied moisture conditions throughout the state, whether you're wet, fairly dry or real dry, nothing compares with the devastation in the New Orleans area and the Mississippi Gulf Coast area. The wrath of these hurricanes is being felt in our area in rising fuel prices and total destruction or disarray of our export ports.

Our thoughts and prayers go out to the many people down there who are suffering big time. If any of you have family or friends down there, we hope the best for them.

This fall with the vast amount of feed stuffs in the area, don't forget to include distillers' grains in your rations. Distillers' grains will allow you to reduce the amount of



Bert Magstadt



Tim Frankenhoff

Environmental & SAFETY



Pete Bullene
Environmental Health & Safety Manager

Let's talk about the safety side of things at GLE. We are continuing to provide ongoing safety training sessions for all employees as safety is always a top priority at GLE. We want to provide our employees with the

best possible working conditions. An example of some of the training we've provided would be the OSHA requirement for an annual hearing test on employees who are exposed to loud volumes on a daily basis. Due to our continued efforts to practice and emphasize safety, GLE has just surpassed 1090 days with "No Lost Time Accidents" and are rapidly closing in on a three year safety record! This is a HUGE goal that has yet to be accomplished by any ethanol facility in the nation. I would like to personally thank and recognize the effort and commitment put forth by everyone at GLE: the employees, management, and board of directors. Congratulations!

Our air quality, storm water and wastewater permits are current and up-to-date and are in full compliance. GLE has met all of our requirements with EPA, South Dakota Department of Environmental and Natural Resources (DENR) and the City of Watertown. The State of South Dakota DENR completed our annual Air Quality evaluation inspection on September 20, 2005. The state was very pleased with our operation, maintenance and recordkeeping as required in our permit.

GLE has received approval from EPA and DENR for adding a fourth fermenter. The building permit has also been acquired from the City of Watertown, and we should see construction begin in the near future. A permit amendment has also been filed with the State of South Dakota allowing GLE to increase our production level to 60 million gallons per year.

In closing, as the harvest season is rapidly coming upon us PLEASE remember to use common sense and practice safety on the farm. Whether it be operating the combine, entering bins or just driving the truck to the facility, you must remember you are responsible for your safety and the safety of others around you.



GLE SHIFT Lead Operator Frank Van Zyl (center) trains two GFE operators (left) Nick Zaug and (right) Darrel Bradley. See Nick's article on the front page.