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NEWSLETTER

JUNE-AUGUST 2010



Using Cash Reserves Wisely Mark J. Schmidt, Chairman of the Board

It's been satisfying to see improved financial numbers for Glacial Lakes Corn Processors (GLCP) over the past several months including a growing cash reserve. If you've been tracking our quarterly postings you know that our consolidated numbers during the first six months of our fiscal year were very good. And while margins have been compressed substantially since April, we've been able to continue to make positive cash flows, albeit at a slower rate.

I'm pleased to report that as of June 30, GLCP has just over \$45 million in cash on hand. In addition, since our capital call went out to members in November 2008 we have paid over \$7 million to our banking group on our line of credit, fully funded our debt service reserve to the tune of \$6 million, made regularly scheduled principle payments of more than \$26 million, and sent excess cash flow payments of more than \$6 million.

I'm sure you would agree, being able to pay down bank debt and still have a substantial amount of cash on hand is an enviable position after working through a difficult economic environment. We have realized this achievement because of improved conditions in the ethanol industry and some good old-fashioned hard work and dedication by my fellow Directors and the employees of GLE. We have increased our production, we have become even more efficient in our operations, and we are making what we believe to be financially sound decisions.

Your GLE Board of Directors and management believes it is imperative that we manage our cash reserves wisely, spending dollars only where we will receive the best return on investment. We do not want to ever be in a position where we become short on cash and potentially cause a negative impact on our operations. As an example, with the wet conditions surrounding the Mina area this growing season, it is quite likely that we will be spending more cash this next fiscal year in order to get corn into the Mina facility. These types of situations can occur at any time in an agricultural business.

In other words, we want to maintain a safe cushion of cash. We do not want to spend down those dollars before our financial condition safely allows. Whether it be to pay extra principal bank payments, undertake extensive capital projects, or repay the \$11.2 million capital call levied on our shareholders in 2008. Having said this, it remains the board's intent to repay part, if not all, of the capital call dollars to our shareholders in early 2011. We would prefer, however, to first make certain we have built the cash reserves necessary to run this large operation in which you have invested.



"Shift" Work Jim Seurer, Chief Executive Officer

Every so often I am afforded the opportunity to utilize the "skills" I developed 30 years ago growing up in Hoven. Back then, we spent many hours picking rocks, pulling weeds in tree groves, throwing small bales, and scraping and shoveling hog manure. I was in my teens and thought I had the world by the tail when I got \$3-\$4 per hour for this back-breaking and miserable work. It was what we did if we wanted to earn spending money.

The 3-day maintenance shutdowns we completed at each plant this past spring became one of those opportunities where I would find it necessary to draw upon these "skills". As a CEO who grew up through the finance and accounting side of this business, I was curious about the shutdown process and what it entailed. I wanted to be more involved but, at the same time, not be a hindrance or distraction to work getting done. When I requested to be treated just like one of the crew and assigned the same work, I'm not sure if I realized what I was getting into. That old saying, "be careful what you wish for" comes to mind.

I can validate that the conditions endured during the shutdown by our crews can vary greatly from hot and dusty to wet and smelly. There are more tight spaces than I ever imagined and it seems everything in need of replacement or cleaning is always in a difficult spot. The dangers associated with working around chemicals and mechanical and electrical equipment as well as the possibility of injury from falls or other mishaps is always present. In short, it is damn hard work and things never seem to be easy. Kenny Chesney and George Strait referred to this as "shift" work in a song several years ago.

I learned more in my participation in each of these events than I did over the past several years. I had the opportunity to work in parts of the plant I had only heard about before. I saw the benefits and the importance of our safety training. I quickly determined that there are different needs during a shutdown than during normal operating periods. Most importantly, I experienced, first hand, the professionalism and dedication of our operations employees who demonstrated their top notch work ethic and commitment to their jobs and our shareholders' investment. I commend them for their efforts and what they endure.

As I reflected on my experiences, I wondered if, with a little more planning and organization and given our "two-plant resources", we might be able to shorten the time period of the shutdown. What does this mean? It could mean as much as 1.2 million additional gallons of ethanol production each year if we can pull this off. As a result, all GLE employees have accepted the challenge to find ways to make the 3-day shutdown a 2-day shutdown without sacrificing either safety or quality. Is it doable? We're not sure but our initial indications are that it could be. We are all working together to attempt to meet this challenge with the shutdown at each plant later this fall. You have our word that we will give it our very best efforts!

In the meantime, my sore muscles and tired old body have healed...and I am getting ready for the fall shutdown when I will join our devoted operation crews and we will do it all over again.



Scholarship

Mackenzie Nealon, the daughter of Director of Finance, Michael Nealon and his wife Susan, is the recent recipient of the American Coalition for Ethanol (ACE) scholarship. Mackenzie will be attending the University of Nebraska (Lincoln) this fall majoring in Athletic Training. She will pursue a "pre-med" track with the intention of becoming an orthopedic surgeon.

The ACE Scholarship Program is made possible by proceeds from the Jeff Fox Memorial Golf Classic, an annual golf tournament held in conjunction with the ACE Conference and Trade Show. Since 2004, more than \$30,000 has been distributed to students of ACE member employees and their families. This year's Jeff Fox Memorial Golf Classic will be held on August 3rd in Kansas City, MO in conjunction with the ACE Conference.

Find it at www.glaciallakesenergy.com

Finding answers to questions is simple. Just go to www.glaciallakesenergy.com

to find information on our financial statements, daily corn bid, audit report, stock information, or events and news impacting your investment.

Cautionary Statements Regarding Forward-Looking Statements

This document contains forward-looking statements involving future events, future business and other conditions, our future performance and our expected future operations and actions. In some cases you can identify forward-looking statements by the use of words such as "believe," "expect," "anticipate," "intend," "plan," "estimate," "predict," "hope," "should," "could," "may," "future," "continue," "potential" or the negatives of these terms or other similar expressions. These statements are based on management's beliefs and expectations and on information currently available to management.

Forward-looking statements are only our predictions and involve numerous assumptions, risks and uncertainties. Important factors that could significantly affect future financial condition and results include, among others, operating margins in the ethanol industry, the rapid pace of expansion in the industry, the cost of corn and the price of ethanol, changes in ethanol supply and demand, changes in current legislation or regulations that affect ethanol supply and demand, disruptions to infrastructure or in the supply of raw materials, the results of our risk management and hedging transactions, and ethanol industry valuations generally.

Our actual results or actions may differ materially from those set forth in the forward-looking statements for many reasons, including events that are beyond our control or assumptions not proving to be accurate or reasonable. We caution you not to put undue reliance on any forward-looking statements, which speak only as of the date of this document. We cannot guarantee our future results, levels of activity, performance or achievements.

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GLE Adds Corn Delivery Site

Growers in the Miller, Redfield, and Faulkton areas now have a more convenient option to deliver their corn. GLE has entered into an agreement with Rogers Brothers' Grain Storage to utilize its grain facility located 14 miles north of Miller near the intersection of Highways 45 and 26. The location has scales and testing equipment and will be staffed from 8:00 AM to 5:30 PM, Monday through Friday.

"We want to provide better customer service to our producers and members in that area," says Roger Hansen, Director of Grain Commodities. "With the wet conditions and what we anticipate to be a short crop in the immediate area around the Mina plant, we wanted to be proactive in addressing what we project will be a tight availability of corn." In addition, Hansen says that the approximately 3,500 trucks per year hauling distillers grain from the ethanol plant to livestock producers in the Miller area and south creates economically priced transportation from the Roger's Grain Storage site back to the plant. "It only makes sense to reload the trucks with corn and fully utilize their trip," he explains. He adds that the two parties have entered into a short-term agreement with the ability to extend to a long-term agreement if the arrangement proves beneficial to both parties.

Additional On-site Corn Storage Planned for Mina

In an effort to address the shortage of grain storage space at the Mina facility, GLE has received bank group approval to construct temporary storage in the form of two aerated bunkers with a belt conveyor unloading system. The \$800,000 project will add about 1.6 million bushels of space, more than doubling the current 1.3 million bushel onsite storage. The bunkers will be in place by this fall's harvest. "With our current limited on-site storage, we have experienced serious challenges over the past two years" states Jason Wambach, Commodities Merchandiser. "Winter weather, spring planting, and bean and wheat harvest affect the flow of corn into the plant. This results in additional expense and negatively affects our bottom line." The additional storage will allow GLE more flexibility and options to economically procure corn.



New GLCP Membership Coordinator

Shareholders who have membership-related questions can now contact Lisa Moeller, GLCP Membership Coordinator. Moeller, a native of Kranzburg, SD, began her work with GLE at the end of May in a part-time capacity position and will be available to assist members Monday through Friday from 1:00 -5:00 p.m. Members are encouraged to call (605) 882-8480, ext 1018 or email Lisa at Imoeller@glaciallakesenergy.com to make an appointment or when they need assistance.

User Groups Under Development

An idea that originated from the town hall meetings held by GLE management this past winter is coming to life. GLE will be forming "user groups" to hear feedback from corn growers and livestock producers utilizing the facilities. GLE employees are currently developing a list of those identified during the Mina area town hall meetings and will be contacting these individuals in the upcoming weeks to set up the first meeting in that area.

"We are seeking the opinions and observations of those who utilize the facility—either to deliver corn or pick up distillers. These patrons can provide valuable feedback to our management and Board as to what's working and what isn't working at the facility," says Jason



GLE Joins Two Trade Associations

Trade associations play an important role in the promotion and lobbying efforts on behalf of the ethanol and corn production industries. That is why the GLE Board of Directors decided to take advantage of an introductory dues structure offered by both the Renewable Fuels Association ("RFA") and Growth Energy for 2010. Both organizations are headquartered in the Washington, DC area and both have been instrumental in their own way in furthering the ethanol industry's cause.

"We receive inquiries from our investors and producer-members who express their frustration over the political pressures and regulatory issues that are currently challenging our industry," says CEO Jim Seurer. "We want everyone to know, as a result of our association with these organizations, we are aware of what's going on throughout the country, in Washington DC, and around the world. We recognize the importance of these two organizations and the fact that they are our voice of reason in the nation's capitol." In addition, GLE management and Board members stay in contact with elected officials and object to efforts by either political party to impose additional restrictions or regulations on our business.

Critical issues currently facing the industry are: the E15 decision, the blender's tax credit, the CARB (California Air Resources Board) ruling, Country of Origin Labeling (COOL), tariff extension for imported ethanol, cap and trade, indirect land usage, and RFS2's definition of an "advanced" bio-fuel (does not include corn based ethanol).

Wambach, Commodities Merchandiser in Mina.

Wambach says GLE is looking to establish two user groups for the Mina operation: one for those in the immediate surrounding counties of the Mina facility (McPherson, Brown, Spink, Edmunds, and Faulk) and a second group made up of critically important outlying counties (Campbell, Walworth, Potter, Sully, Hughes, Hyde, and Hand). "Counties further out might be more concerned with issues like expanded hours and freight rates, versus those closest to the facility who may have different concerns," Wambach adds.

Once established and functioning in Mina, the concept would be duplicated for the Watertown operation as well.

Grain Receiving Improvement Study Initiated

The Technology & Operations Committee of GLE's Board of Directors has directed management to move forward with an internal analysis of how to improve the flow of truck traffic through the Watertown facility and reduce time spent waiting in line. "We currently have a grain-receiving facility designed and built for a 40-million gallon per year plant that is now serving a 100 million-gallon per year plant," says Director of Grain Commodities Roger Hanson. "Some enhancements are in order."

The need for additional dumping areas, the replacement of worn out or obsolete machinery, the implementation of the latest automation, and the improvement of traffic flow are all part of the study. "We need to look at any



Following the Ethanol Market

Memorial Day weekend is the traditional start of the summer driving season and this year numbers just haven't been there, says Director of Energy Commodities Bert Magstadt. "The summer driving season started off a little disappointing," he explains. "There has not been as much demand for gasoline as we had hoped, meaning there is an inventory surplus and prices are below what was expected."

The lower-than-expected driving demand seems to reflect consumers who are still concerned about spending money. "We had hoped that the concern over spending would have turned around by this time," he says, "however, it just might remain for the rest of the summer."

The recent announcement by the EPA that they will further delay a decision on higher ethanol blends up to 15% will also affect the market and is disappointing. Magstadt insists that the federal mandate to blend 12.95 billion gallons of bio-fuel into the fuel stream in 2010 remains an important catalyst to the market. Since marketers often wait to blend those gallons, he says, the full impact of the mandate may not be felt until the end of the year.

In terms of profitability, Magstadt says margins in the ethanol industry have improved over the last few months but remain a long way from where they were in late 2009.

Finding the Right Marketer

After a lengthy analysis of various ethanol marketers and consideration of the company's needs, GLE has selected new and separate marketers to serve the Watertown and Mina facilities.

With the Watertown facility's strength to the west, GLE looked for a marketer with a strong presence in the Pacific Northwest region and the West Coast in addition to expertise in commodities. The choice: Noble Americas Corp. Based in Stamford, CT, Noble has offices across the globe and serves refineries with a multitude of products and services. That equates to a natural relationship with refineries that would facilitate good ethanol sales, explains Magstadt, adding that Murex also has a strong presence with refiners.

Murex N.A. Ltd., headquartered in Dallas, TX, has extensive experience with unit trains and is a good fit for the Mina facility, says Magstadt. Its proprietary terminal near Houston, TX, the fourth largest

improvements that would make the trip through this facility more efficient and run trucks through here faster," says Hanson, adding that an average of 150 trucks travel through the facility each day.

Management is working with vendors and consultants as well as others in the grain handling industry to create a state of the art experience. "Based upon feedback we receive, we believe this will help improve our customers satisfaction and allow us to originate more producer corn which will, in the long run, lower our corn cost. We know this will be a significant capital project and the Board has chosen to proceed cautiously," says CEO Jim Seurer. "This project will likely be completed in various phases and will probably not be fully completed until the fall of 2012. Until then, we are requesting that our customers and patrons be patient with us."

Positive Numbers Continue Thru Q3

Glacial Lakes Energy recognized positive third quarter results, including consolidated net income of \$5.5 million and cash earnings of \$11.8 million. According to Chief Financial Officer Kelley Dennison, consolidated third quarter (March thru May) net worth and working capital each increased by \$5 million over the previous quarter (December thru February) while year-to-date net income through the third quarter rose to \$32.9 million.

| Financial Report for 3rd Quarter Ending May 2010 <i>In Millions</i> | | | |
|---|--------------|------------------------|-------------|
| Total Assets | \$292 | Current Assets | \$78 |
| Total Liabilities | \$166 | Current Liabilities | \$33 |
| Net Worth | \$126 | Working Capital | \$45 |
| <small>*excluding restricted cash</small> | | | |

Benchmarking is one of the tools used by the management team to determine how to direct efforts in maximizing profits and minimizing production costs. "We compare our performance metrics against our peers as well as looking internally to see how we can do things better," says Dennison, explaining that operational performance metrics include production efficiency, production expenses, distiller sales, corn costs, profitability, and financial efficiency ratios. "Our comparison of profitability and operational information which we obtain from our local and non-local peers through public company filings or their websites has us performing very well comparatively. We believe it is further validation that we are on the right track and our team is doing a great job."

population center in the U.S., is a market GLE has not had access to in the past. Murex also provides potential opportunities for exporting ethanol by barge into Florida and the Gulf Coast region.

"We looked at the strengths of each individual plant and decided there were distinct advantages to having a separate marketer for each plant," says Bert Magstadt, Director of Energy Commodities. "We have attempted to match marketers with similar strengths to each plant in order to maximize our opportunities."

Magstadt emphasized that the change in marketers is no reflection on the past performance of Eco-Energy, the marketer that began serving GLE in 2009. "We were very pleased with Eco-Energy but we simply feel that, at this particular time, Murex and Noble Americas will be a better match for our two facilities," says Magstadt. Contracts with the two new marketers went into effect July 1, 2010.

GLE Distiller Going Global

Glacial Lakes Energy's distiller's product is finding its way to livestock growers around the world. During February and March, 20,000 tons of the product was shipped to Korea. Since April, approximately 70,000 tons have been shipped to China. "That's all new business," says Rich Zeller, Distiller Sales Manager.

In July, GLE will have the first distiller grain ever to leave by ship from a port in Duluth, MN heading to Turkey. "One of the exciting things at GLE right now is the opportunity to export commodities from South Dakota to all over the world," explains Director of Grains Commodities Roger Hansen.

With the help of Cenex Harvest States, who markets distillers globally, GLE is exporting distillers through a number of facilities including Long Beach in California and Grays Harbor in Washington.

Even with the excitement surrounding the growing export market, Zeller and Hansen both emphasize that GLE's primary market continues to be the livestock producers within South Dakota. "The local market is our main priority," says Zeller. "We understand the importance of distiller grain to this state's livestock industry."

Distiller's Sulfur Content Changes

Livestock producers utilizing GLE's distiller products recently received a letter notifying them that the percentage of sulfur in the product could be increasing slightly. Although GLE significantly lowered the sulfur content in the distiller grain over the past several months, the change is being made to improve efficiencies in the production of ethanol. Rich Zeller, Distillers Sales Manager, explains that the increase will be minute, estimated to be 0.05% on a dry matter basis and the dry matter sulfur content is expected not to exceed 0.6%.

While the reduction was extremely popular with livestock producers, Zeller said, after analyzing the impact of the reduction of sulfur on ethanol production the decision was recently made to readjust the sulfur level in order to improve operational efficiencies. "This will have a minimal impact on our product," says Zeller, "but it's important to keep our customers informed about any changes." Those with questions about GLE's distiller product can contact Zeller directly at (605-695-6315).



GLE Hosts Watertown Chamber "After 5" Event

More than 100 guests visited GLE's ethanol plant in Watertown on June 8 during a Chamber "After 5" event sponsored by the Ag Committee of the Watertown Chamber of Commerce. GLE hosted the event in its parking lot which included tours and a roast beef sandwich dinner prepared by the Coteau Hills Cattlemen's Association.

"This gave folks from the Watertown area an opportunity to see what we do here, to ask questions, and to meet our top notch team," says CEO Jim Seurer. Some of the most inquisitive visitors were four Benedictine Sisters from the Mother of God Monastery just south of the plant. "They stated that they have been watching over us from the hill for several years and wanted to know more about us," explains Seurer. "We have been neighbors for nine years and they had never been on a tour, this event allowed them the opportunity to do so." Seurer says the event was popular with GLE employees, who enjoy opportunities such as these to discuss what they do, as well as the general public from whom positive and complementary feedback was received.



Acting Ag Secretary Visits GLE

Transportation was on the agenda during a recent meeting between GLE management and South Dakota's Acting Secretary of Agriculture Jon Farris. Secretary Farris visited the Watertown facility on June 22. "We discussed a wide variety of transportation issues," says Director of Grain Commodities Roger Hansen, "everything from movement of distiller grains and ethanol to corn, whether it was transport issues within the state or the export market."

The meeting, says Hansen, was productive for both parties. "We gave the Secretary a presentation about GLE and he was able to provide us with additional information we will use to research opportunities in the transportation area."

Customer Service: Priority One

A concerted effort to take customer service to new levels in 2010 is one of management's core strategic initiatives. Members and customers will begin seeing new initiatives that will provide valuable feedback to management.

The user groups, satisfaction surveys, a customer hotline, and suggestion boxes will be part of the mix that will be feeding information back to the project team charged with making GLE a place where producers want to do more business. "We want to know how we're doing when it comes to serving customers," says Marcy Kohl, Manager of Corporate Administration, and one of those on the project team along with Roger Hansen and Tami Schaefer.

One initiative is already underway. Suggestion boxes have been installed where truckers who unload corn at both the Mina and Watertown facilities can comment. Kohl says the team will also be implementing a customer service hotline. "If you come to GLE and have a less than expected experience; we want to know about it. The hotline will allow patrons to do just that," she explains. "Your comments will be directed to Roger, Tami, or I and we will address the situation." Customers calling the hotline will have the choice whether to include their name or remain anonymous.

By the end of summer, Kohl hopes to have a satisfaction survey out to a select group of customers to better pinpoint areas where management's attention needs to be directed. "This first survey will serve as a benchmark," explains Kohl. "Periodically we plan to do additional surveys so we can see where we've made progress. Our long term goal is to provide the highest level of customer service possible. We'll continue to work hard to earn that reputation."



Take a Tour

The GLE team is proud of our ethanol facilities and we'd like to show them to you! Management is in the process of developing a formal tour program for investors, producers, and the general public. The tours will be about 45-60 minutes in length and must be scheduled in advance. If you would like to tour the Watertown plant, call Marcy Kohl at (605) 882-8480, to tour the Mina facility call Lacey Weig at (605) 225-9900.



Both Plants Ramp-up Production

In terms of ethanol production, both plants are out-performing previous statistics. On a quarter to quarter comparison from 2009 to 2010 (March thru May), combined production increased from 47.8 million gallons to 52.9 million gallons, an increase of 10.6%. The year-to-date numbers are more impressive. The total gallons produced from September thru May of fiscal years 2009 and 2010 increased from 136.4 million gallons



Keeping Producers and Members Informed

In order to keep producers and member better informed, GLE will be utilizing upgraded phone technology. If you'll provide us your cell phone number, we will text you the daily corn bid for Watertown and Mina along with any other special announcements such as harvest hours. Sign up for texting by going to www.glaciallakesenergy.com and click the "We Can Text" link on the home page or call Katie in Watertown at (605) 882-8480.

GLE has purchased an auto-call system. The system, says Manager of Corporate Administration Marcy Kohl, was fairly inexpensive and requires minimal staff oversight. It will be used to communicate news to members including annual meeting notices, corn selling opportunities, etc. The system automatically calls members with a recorded message.

to 158.2 million gallons for an increase of nearly 16.0%. Even though both plants were operating at a slower rate in late 2008 which was the beginning of the fiscal year 2009, due to extremely wet harvest conditions and the lack of local corn to grind, most of the increase is attributed to a dedicated focus by both operations teams to keep the gallons flowing.

Chad Brenden, Watertown Plant Manager, indicates that the Watertown plant has been consistently running at or above the 109-million gallon rate currently. However, that figure could drop with the hot and humid temperatures until the facility's cooling capacity expansion project is completed. In the meantime, portable equipment is helping deliver additional cooling capacity and higher production until the new cooling tower is in place.

According to Paul Calkins, Director of Project Management, ground was broken in June and concrete and erection work commenced in July. The project is on track to be completed in early August. The second phase of the cooling expansion includes replacement of the 1,400 ton chiller unit with a new 2,500-ton chiller unit which is more comparable to plants running at the 100 million gallon per year rate. This will be done in November and commissioned next April just in time for the beginning of the 2011 summer heat.

A more cosmetic improvement this summer in Watertown was the cleaning of the six tanks holding final product and denaturants in the tank farm just west of the office. The tanks get a fungal growth that looks like dirt and need to be cleaned every three years.

Other concrete and maintenance projects are also being completed at both plants.

In Mina, Plant Manager Terry Fleming reports the plant has been running very well at the 110-million-gallon per year average. The addition of aeration and fans to the two large one-half million bushel bins is nearly complete and the staff is looking forward to the next project which is temporary storage.



The Watertown cooling tower under construction.

Corn Crop Status

Corn planting across the state of South Dakota varied widely this year. Reports from the GLE commodities department who are out and about traveling indicate that crop conditions vary widely within the state. There is an exceptional crop in various areas around Watertown to a very limited crop in the immediate Aberdeen/Mina area. It is estimated that as much as one-third of the corn in the Mina trade area never got planted due to the wet conditions.



"Our next opportunity for a bumper crop in the Mina area will be November 2011," says Roger Hansen, Director of Grain Commodities. "This presents us a challenge since, we will need to procure 50 million bushels to keep the Mina plant operating this year." To do that, Hansen states, GLE will be working hard to procure the corn that is in the draw area, including the possible use of offsite buying stations and bringing corn in by rail. With the exception of hailed out areas, the crop in the Watertown area looks good, says Hansen, who adds that a carryover crop in both plants will provide corn to stretch into the new crop year. "There is a large corn inventory out there," says Hansen. "We've been dumping up to 200,000 bushels a day and anticipate that to continue through July and into August."

Grain Commodities Manager Tami Schaefer says even though parts of South Dakota, Nebraska, and Iowa have experienced some wet conditions, the corn crop nationwide is looking good. "Heat units have been great," says Schaefer. "We'll lose some acres that never got planted due to wet conditions or were under water too long, but if we get drying conditions we should end up with a good corn crop."

The Informa economics report from June forecasts 89.3 million acres of corn planted. The June 30th USDA report lists corn acres at 87.872 million acres compared to its March 31st projection of 88.8 million acres. In terms of the corn market, Schaefer says the U.S. dollar, purchases of corn by the Chinese in the last few months, and forecasts of a possible hot dry summer due to effects of La Nina have all impacted the market.

In terms of the quality of the 2009-2010 corn crop, GLE continues to experience issues associated with kernel damage and foreign material due to the crop's immaturity and lighter test weight. "As the temperatures warm, it's important that producers continue to check and keep air moving through their bins," advises Schaefer. "We are seeing some quality issues related to over-heating in the bins at both locations."

GLE is now offering free wireless access to our patrons at Mina and Watertown.

Building a Successful Workforce

An effort to create a more satisfied and efficient workforce at GLE's two facilities is being led by Selina Hoflund, Director of Human Resources. The distance between the two plants and the fact that there are nearly 110 employees presents its challenges. Hoflund reports that she has been working diligently to better define and communicate employee roles and institute a pay-for-performance compensation system. This will create a work environment where the entire team is working toward a mutual goal of success for both the shareholder and the customer.

Since Hoflund assumed her duties at the beginning of the year, a number of necessary and positive changes have been made including: updating position descriptions, grading all positions, establishing pay and salary ranges, and developing a more comprehensive evaluation system. She has also revised the Employee Handbook by updating legal requirements as well as the company's expectations for every employee. "Every employee knows exactly what is expected of them and where their pay is in relation to the market place. In order to receive above market pay – their performance must rise above what would be considered normal expectations," says Hoflund. An employee performance evaluation process that aligns with the strategic goals of company has also been implemented. Over the next year, an aggressive training program will be initiated. "We want a workforce that is savvy and understands how this business runs," says Hoflund. "We also want a place where each employee has a 'business owners' attitude."

"Everything we do in Human Resources should be working toward cohesiveness and teamwork," says Hoflund. "We all want to be 'rowing' in the same direction. That's important to our employees as well as our shareholders and it's vital to our success."



EPA Delays E15 Approval Request

On June 17th, the EPA announced that it is delaying its decision on whether to approve higher ethanol blends up to 15% until later this fall was met by frustration from those in the ethanol industry.

In its announcement, the EPA stated it needs to complete and review the data being conducted by the U.S. Department of Energy (DOE) to determine the impact of higher ethanol blends on vehicles built after 2007. The DOE is also testing some vehicles built before 2007 and testing tanks and other fuel-handling equipment to see how they might be affected by E15. The EPA's statement noted that while results from the tests conducted to-date look promising, they will not make a final decision until the DOE completes its current comprehensive testing of the newer vehicles.

The Renewable Fuels Association's CEO Bob Dinneen issued this statement. "EPA is dropping the ball, and for no scientifically justified reason. While initial plans to approve the use of E15 for only 2001 and newer vehicles were bad, this plan borders on shameful. Confusing the market as EPA seems intent upon doing likely will lead to little if any additional ethanol being sold."

Shareholders and producers are encouraged to make their voice heard by going to www.ethanol.org and clicking on the E15 Action Center link. Tips on how to contact Members of Congress including writing letters to the editor and signing the Fuel Choice petition can also be found on this website.



GLE Receives Training Grant

Glacial Lakes Energy received notification that the application for a training grant from the Governor's Office of Economic Development in the amount of \$21,569 was approved. The grant was used to help cover the costs of training for operation of the new Mina corn dryer. Mark Vaux, a representative with the Governor's Office of Economic Development, presented the check to Selina Hoflund, Director of Human Resources.

SD Blender Pump Grants a Success

Travelers throughout South Dakota will soon have many more opportunities to choose ethanol blends for their vehicles. The \$1-million grant program through the Governor's Office of Economic Development will be used to help business owners install up to 100 blender pumps at 49 more fuel stations in 40 South Dakota communities. That will bring the total number of stations in South Dakota with blender pumps to 90—leading all other states. The grant dollars were made possible through the federal American Recovery and Reinvestment Act.

"This was an excellent program," says Manager of Corporate Administration Marcy Kohl. "Not only was it well promoted and communicated to station owners, but because it was a grant given per pump and not per station, it opened up many more opportunities. It was a tremendous effort with great results."

Many of the stations installing blender pumps are in communities that border the well-traveled I-29 and I-90 corridors. Eligible retail fuel dealers qualified for grants of up to \$10,000 per pump to defray the cost of installing blender pumps. The new pumps can cost up to \$25,000 each.

Grants were given to retailers in the following communities: Aberdeen, Arlington, Baltic, Black Hawk, Brookings, Chamberlain, Chancellor, Corsica, Faulkton, Flandreau, Fort Pierre, Frederick, Freeman, Garretson, Gregory, Hoven, Howard, Huron, Ipswich, Kennebec, Lake Preston, Lennox, Leola, Menno, Mitchell, Mobridge, Onida, Parker, Philip, Redfield, Rosholt, Sioux Falls, Sisseton, Tripp, Tyndall, Warner, Wessington, Wessington Springs, Woonsocket, and Yankton.

To find a current list of stations in the U.S. with blender pumps, go to www.glaciallakesenergy.com and click on the BlenderPump Location link.

Watertown Receives Upgraded Air Permit

GLE's Watertown plant received its 250-ton Air Pollution Control Permit this spring. Pete Bullene, EHS Manager, says the new permit moves the plant into a chemical process plant classification which is more appropriate for an ethanol plant than the previous 100-ton-per year classification generally intended for refineries. The change came with a 2007 EPA ruling that allowed ethanol plants to move from the previous 100 tons per year of criteria pollutant to 250 tons per year.

"The switch to the 250-ton permit allows us to run our corn dryer longer," said Bullene. "Previously, we were restricted to 900 hours per year which nearly created problems during the past couple of wet years."

GLE expects a similar 250-ton permit for the Mina plant to be approved within the next few months. GLE also passed air quality inspections conducted at the Mina plant in June by the state's Department of Environment and Natural Resources. The inspections included review of documents required in the permit, a walk-through of the facility, and onsite testing.

Safety Training on a Roll

More than 100 Glacial Lakes Energy employees qualified in the past quarter for the Quarterly Safety Award. The award is presented to employees who have no accidents or injuries and who complete all of their required safety training. According to EHS Manager Pete Bullene, as of June, employees had collectively completed 1,162 hours of safety-



Know Your Exit Strategy

There is a variety of ways to market corn today. Most producers have heard the terms 'call options', 'call options with put floors', and 'two-to-ones'. Another term for these types of instruments is 'derivatives.' While derivatives can be an effective marketing tool, Roger Hansen, Director of Grain Commodities, advises producers to be cautious. Unless there is a complete understanding of how these instruments work and the producer is dealing with a knowledgeable advisor that can be trusted, what begins as a tool to manage risk might turn out to be an expensive learning lesson.

"When you enter into any contract, make certain you know the end result of that contract," says Hansen. "What is your cost at the front end? What are delivery costs? What do you need to get out of the contract?" Hansen compares producers who go into an unfamiliar marketing contract to a producer who sets out to weld an important piece on their planter during planting season without reading the welder's instructions. If the welder temperature setting is set too high, it may not only ruin an expensive piece of equipment but also delay planting. "The cost of poor decision-making can be steep," says Hansen.

In today's volatile and global economic environment, where everything from oil spills to weather conditions in Brazil can impact the markets, Hansen emphasizes the need to be educated when it comes to selling corn. "Take time to learn the risk and have a plan for exiting, if it becomes necessary. Entering into a trade is very easy," he reminds farmers. "Exiting the trade can be very difficult. That's why you should consider using a hedging tool through quality local brokers who understand your business and the reason for the hedge."

GLE Provides Contract Options

A variety of contracting options are now offered to GLE patrons. "We're entering into forward cash contracts up to eight months out and we still like to talk about and write basis contracts," says Roger Hansen, Director of Grain Commodities. For a limited time, GLE is also offering producers a price-later program: free storage until August 15th at which time contracts must be priced. Deferred payment contracts are also available, providing a contract where payments can be deferred until 2011.

Anyone with questions on contracts may contact grain merchandisers in Mina at (605) 377-1668 or (866) 934-2676 or in Watertown at (605) 882-8916 or (866) 788-5907.

related training in 2010. "We have a goal to complete 1,700 hours of training this year and I anticipate we will go over that mark by at least 200 hours," says Pete. That training does pay off, to date GLE has not experienced any lost-time accidents.