



### Grain Receiving Project Completed for Harvest

Just in time for harvest, the upgrades to the grain receiving area at Watertown were completed and operational by October 1. The improvements, which included replacement of the lower reclaim and overhead fill conveyors, are providing for more flexibility in moving grain around the storage areas and extended dumping hours. "As with any major project, there are always some bugs to work out, including learning to run and manage the increased automation," says Director of Grain Commodities Roger Hansen. "But the equipment seems to be running very well. The project is definitely going to provide benefits for our producers, the added flexibility allows us to receive corn steadily for more hours."

Hansen thanks the GLE staff for their hard work and flexibility during the construction period. "We also thank our patrons and customers for their patience with the inconveniences we created this summer as we worked to complete the project," adds Hansen. "We hope you'll experience the improvements for yourself in the near future."

### Watertown Promotes "FREEDOM" Video

Darrell Popham, Board of Director

"WELL, IT'S ABOUT TIME!" This is what I thought when I first heard about "FREEDOM", a full length documentary film that brings to light the danger of America's addiction to foreign oil while exploring the role that ethanol plays as a homegrown renewable alternative fuel. I couldn't find my credit card fast enough and ordered a copy immediately!

After viewing the movie I knew this film had to be shared, not only with GLE members, but with everyone in our area who has an interest in America's future. At a time when we see and hear so many anti-ethanol headlines, this movie was like a breath of fresh air. I contacted the film's production company in California seeking permission to hold a public viewing of the movie and was told about a national promotional tour that was soon going to begin. Glacial Lakes Energy was very fortunate to be selected to host such an event and on September 18th the FREEDOM promotional tour stopped at the Watertown Event Center for its South Dakota premier where a sizeable crowd greeted the movie's filmmakers, Josh and Rebecca Tickell. Ethanol supporters from across the region turned out to support their industry and their approval of the evening was evident by the number of FREEDOM movies that were purchased that night!

Anyone who missed seeing FREEDOM at the premier still has the opportunity to watch the film. Copies can be ordered from the 'freedomfilm.com' web site, or by contacting GLE. You may also talk to me and I'll see that a copy gets into your hands. I firmly believe that all of us need to be more proactive in supporting our industry and a great tool has just been made available to us. My hope is that copies of this movie are being sent to people all over this country and in some way helping to inform America about the great benefits of ethanol.



Josh and Rebecca Tickell hosted a panel discussion following the showing of the Freedom Video. Other panelists included Jim Seurer, CEO of GLE, and ethanol advocates Alan Kasperson & Ormie Swayze.

### GLE Offers Contract Options

In an effort to offer our producers a wider range of marketing and contract options for selling their corn, GLE has added a new deferred payment contract which, at the producer's option, offers a premium for payment deferred all the way to 2013. In addition, hedge-to-arrive contracts, basis contracts, and forward cash contracts are also offered for delivery to any of our two grain collection facilities or our two plants. GLE's off-site grain collection facilities are: the Rogers' Bros facility (north of Miller, SD) or the Anderson Grain facility (near Langford, SD). Contact any one of the commodity staffers at either the Watertown or Mina locations for details on GLE's contracting tools.

### Strong Distillers' Sales Continue

As the price of corn settled down some this fall, the relationship between the price of corn and distillers came back into line after the volatile period this summer. Director of Grain Commodities Roger Hansen says in spite of corn price fluctuations, sales of distillers continued to be strong—even throughout what are generally the weaker demand summer months. "The swine industry has become one of our best friends as they've learned to use this feedstuff more and more," says Hansen.

Forward contracting, he explains, is going very well and the distillers' syrup market has matured, increasing in value compared with other feedstuffs as the product becomes more accepted as a feedstuff. On the export side, Hansen says demand continues to be fairly strong, adding that GLE had been loading distillers in containers throughout the late summer in St. Paul, MN.

Locally, distiller contracts are available for winter delivery until the product is sold out. For more information contact Distillers Sales Manager Rich Zeller at 605-695-6315.

### A Successful Harvest

Both the Watertown and Mina facilities experienced a successful harvest with associates working hard to accommodate customer service and demand. According to Director of Grain Commodities Roger Hansen, corn quality was excellent and yields were better than anticipated, with values still holding throughout the harvest.

Between the four dump sites, GLE dumped 12.0 million bushels in just 30 days with several days going over 700,000 bushels of corn per day. "Last year on one of our best days we reached 600,000 bushels, this year we shattered that record" says Hansen.

In Watertown, with completion of the grain receiving projects allowed associates to move corn to the bunker at a faster pace. They also utilized a new system to move trucks through the receiving lines more quickly. "We randomly pre-selected certain trucks with corn at the right moisture level to move out of the line and dump on a temporary pile," says Hansen. "That took trucks out of the line each day and seemed to work pretty well. It's all a part of our effort to reduce the wait time for customers and improve their GLE experience," explains Hansen.

In Mina, the dumping of corn had been going well while there was room in the steel bins, but lines did develop after they filled up causing all trucks to have to go out to the bunkers. "One of our challenges in Mina is still storage," says Hansen, explaining that the facility currently has 1.3 million bushels of upright steel bins and another 1.5 million bushels in bunker space. "When we're dumping 300,000-plus bushels of corn each day, you can fill that storage quickly," he says.

Although the incoming corn had been quite dry, both plants utilized their dryers to "touch" dry corn in order to get it to 15% or below moisture for quality bunker storage. "We did not make use of our dryers as much as in past years, however, these pieces of equipment again proved their value at both sites," says Hansen.

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## NEWSLETTER

SEPT 2011 - NOV 2011



### Year-End Profit Leads to Dividend Mark J. Schmidt, Chairman of the Board

As Glacial Lakes Corn Processors (GLCP) ended the 2011 fiscal year on August 31, there is no doubt higher corn prices had an impact on the fiscal year's results, with the company posting lower profitability than last year. Other issues also played a role, including a concern with having adequate supply of corn to keep GLE's two plants running until new crop corn started coming in this fall. We weren't alone. Other producers in the industry were scrambling to find corn at profitable margins later in the summer and into fall, compressing margins and cutting into our profits. In addition, the overall sluggish economy led to

a drop in demand by the American public for gasoline.

Please take time to review our year-end numbers which are included in this newsletter. Our annual audit for fiscal year ending August 31, 2011 is also available from our website or a hard copy can be obtained by contacting our office. While these numbers are not necessarily what we would have liked, the financial condition of your investment remains strong and viable.

As a showing of this strength, I am pleased to report that the GLCP Board of Directors declared a \$0.03 per share or \$5.5 million dividend be paid in early 2012. This will continue a trend that was established last year at this time to return \$0.03 per share approximately every 6 months. While future dividends depend upon our profitability and are not in any way guaranteed, this does provide the Board a framework of sorts on which to build future dividend intentions.



### We've Come A Long Way! Jim Seurer, Chief Executive Officer

"We've come a long way, baby!" I first heard a similar advertising phrase back in my younger days and I can't think of a better way to describe our progress since we suffered a disastrous blow to our financial condition three years ago. Back in 2008, over the course of several short months, we suffered significant hedging and operational losses which could have zeroed out your investment in GLCP. We came to you, our shareholders, and requested that you bail us out and you did. Since then, your Board of Directors and your employee and management teams have had but one main objective: restoring the financial health of your

company and rebuilding your confidence. We are succeeding! Please consider the following:

- ▶ We have built working capital to over \$50 million. This allows us to carry higher levels of hedged inventory and better leverage corn and ethanol markets.
- ▶ We have paid down our debt by over \$75 million. Out total debt was \$183 million in late 2008 compared to \$108 million currently and, as a result, we can now negotiate more favorable borrowing terms with our lenders.
- ▶ We have invested over \$9 million in capital projects to improve the quality of your investment. We carefully chose projects that allow us to improve production efficiency, capitalize on market opportunities, and enhance our competitive position.
- ▶ We fully repaid the \$11.2 million capital call. During fiscal year 2011, we repaid \$0.03 per unit (\$5.6 million) in November 2010 and another \$0.03 per unit in May 2011.
- ▶ We recently declared a \$0.03 per share (\$5.5 million) distribution. We anticipate this will be sent to all GLCP shareholder/investors who are in good standing sometime during January 2012.

In three short years we have generated approximately \$125.0 million in cash earnings (without depreciation). Although our consolidated net income for fiscal 2011 (\$16.6 million) was not what we hoped it would be when the year ended, it was much better than we thought it would be when the year began. Fiscal year 2012 is starting out strong and we are optimistic that we can better our profitability of the past twelve months.

Now that we have moved away from a survival mode, we have been shifting our focus to our shareholder's return on investment. As a result, you can expect to see more attention toward developing a consistent dividend distribution cycle. Although the industry continues to experience significant challenges, we take this charge very seriously and will do our very best to continue our progress of the past three years.



In October 2011, GLE produced its billionth gallon of ethanol. Pictured are the original employees and board members of GLE. L to R: Leland Roe, Secretary of the Board; Hazel, SD, Mike Nealon, Director of Finance, Marcy Kohl, Manager of Corporate Administration, Richard Wiarda, Board Member; Castletown, SD, Al Zaug, Maintenance Electrician, Larry Kahnke, Board Member; Florence, SD, Chad Brenden, Watertown Plant Manager, Terry Little, Board Member; Watertown, SD, Brent Bass, Watertown Production Manager (not pictured: Adam Butterfield and Steve Chilson)

*"GLE Core Values:  
Integrity,  
Professionalism,  
Accountability,  
Respect,  
Teamwork"*

[www.glaciallakesenergy.com](http://www.glaciallakesenergy.com)

Finding answers to questions is simple. Just go to [www.glaciallakesenergy.com](http://www.glaciallakesenergy.com) to find information on our financial statements, daily corn bid, audit report, stock information, or events and news impacting your investment.

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#### 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.

[www.glaciallakesenergy.com](http://www.glaciallakesenergy.com)

## GLCP Annual Meeting Set for January 21, 2012

The GLCP annual shareholder meeting is scheduled for January 21, 2012 in Watertown at the Codrington County Extension Complex. This year, we are pleased to provide members attending the meeting with a complimentary lunch provided by the Coteau Hills Cattleman's Association. We are working on securing a guest speaker and finalizing details. More information will be mailed to members as the date approaches.

We will have two vacant director seats up this year as Larry Kahnke (District 1) has reached his term limit and Roger Fritz (District 2) has determined that he will not seek re-election. In addition, seats currently held by Todd Jongeling (District 3) and Dale Christensen (District 1) are up for re-election and these two directors have decided to re-run for their seats.

We are always looking for new board members who are willing to serve and who have a desire to contribute to the success and growth of the company. We encourage any shareholder who has an interest in running for a board seat or has questions concerning the duties, responsibilities, and time commitment in serving as a GLCP director, to talk with an existing board member or contact Marcy Kohl, Manager of Corporate Administration, in the office. Information about the nomination process was recently sent out in a special mailing to all shareholders.

## AgStockTrade Modifies Trading Website

AgStockTrade.com, a Sioux Falls based internet site, which provides GLCP's stock trading service recently announced improvements to its online trading platform. The site is a live auction format where sellers have the opportunity to post their shares for sale and buyers can then bid via the internet.

In the past, the trading period for a sale transaction ended abruptly at the 5:00 PM deadline on the day shares were eligible to match and that sale went to the highest bidder exactly at the deadline. However, a participant in a recent GLE User Group Meeting, suggested that bidding be allowed to continue after the deadline if active bidding is occurring. AgStockTrade and GLE officials discussed this possibility and agreed that such changes could enhance the sale price received by the seller. As a result, the AgStockTrade website has now been modified to extend the bidding process an additional two minutes after 5:00 PM each time a bid is received within the two minute limit. This bidding can continue as long as midnight at which time a new cutoff occurs.

Another improvement allows interested buyers to enter a "maximum bid" when bidding on shares. The system will automatically keep increasing the bid of the potential buyer until their maximum bid is met. This allows the buyer to enter the price they are willing to pay and go about other business verses sitting at a computer screen monitoring the transaction.

For those who prefer a personal connection, AgStockTrade staff are always willing to assist and welcome interested buyers and sellers to contact them directly. They charge a commission of 2% (minimum of \$150) on the transaction value of the GLCP stock sale.

As a reminder, stock must be sold and purchased in 2,500 increments. Also, the seller of the shares will be responsible for fulfilling the corn commitment or paying the pool fee for the current fiscal year regardless at what time of the year the sale is made.

For more information, contact Membership Coordinator Lisa Moeller in our office or Variable Investment Advisors at [www.agstocktrade.com](http://www.agstocktrade.com) or 800-859-3018. Stocks are currently trading at a range of \$0.35 to \$0.50 per share.

## Production Numbers Continue to Trend Upward

Undenatured production rates increased at both facilities following the semi-annual shutdown in late September at Mina and early October at Watertown. "The shutdowns provided an opportunity to not only perform the normal repairs and maintenance functions but to execute tie-ins to recent capital projects", say Director of Operations Frank Moore.

Projects in Mina included an upgrade of the beer/mash heat exchanger as well as installation of more efficient pumps designed to reduce energy and provide additional heat to the beer going into the distillation process. "We're now seeing higher temperatures on the beer feed, which is a tremendous success," says Moore. In addition, improvements were made to components in the molecular sieves.

Operations also installed new natural gas valves on dryers and thermal oxidizers in both plants, providing significantly better control and higher energy savings. An agitator was also added to the thin stillage tank in Watertown. "Both plants came out of their shutdowns with measurable improvements," says Moore. Mina's undenatured production numbers moved from a 103 to 104 million gallons-per-year range to a consistent 112 to 113 million gallon rate. Watertown, as it transitioned over to exportable ethanol, had been operating prior to shutdown at 95 million gallons-per-year and increased those numbers to the 102 million gallon rate. Moore expects both plants to continue to push those numbers forward. "There was a huge amount of work required by our staff throughout these shutdowns and those efforts have paid off in performance of the plants," says Moore.

In the past, GLE has routinely shut down the plants twice a year for plant repair and maintenance. Moore explains that shutdowns will continue to play a significant role in maintaining plant efficiencies and improvements, but they will not be automatic. "Our shutdowns will be driven by whether or not they will lead to measured improvement," says Moore. "We have routinely had shutdowns in the spring and fall each year. While that may still be the case, we want to be accountable for those days we go down and make certain that we end up with measurable benefits."

## FY 2011: 4th Quarter Financial Results Disappointing

Glacial Lakes Corn Processors recognized a net loss of \$5.6 million for the quarter ended Aug. 31, 2011, due to a sharp downturn in the ethanol market and corresponding unrealized market to market losses on hedging instruments. At the same time, the company generated cash earnings of approximately \$7.2 million for the quarter. Our net income for the fiscal year ended August 31, 2011 was \$16.6 million with cash earnings of approximately \$47.0 million.

Financial Report for Twelve Months Ending August 31, 2011 <i>In Millions</i>			
Total Assets	\$272.8	Current Assets	\$85.5
Total Liabilities	\$139.0	Current Liabilities	\$41.3
<b>Net Worth</b>	<b>\$133.8</b>	<b>Working Capital</b>	<b>\$44.2</b>
*excluding restricted cash			

We experienced challenges in the fourth quarter given the uncertainty with physical corn supply coupled with market volatility and a lack of consistent correlation in the market between corn and ethanol. Given that we are selling into export markets we have the unique ability to forward sell our output and we use hedging instruments to remove futures risk. However, we still had basis risk and the lack of physical corn supply narrowed the basis. These challenges, along with timing differences between the recording of unrealized gains and losses on hedging instruments and the underlying physical sales and purchases were the main reasons for the net loss in the fourth quarter. However, most of these losses reversed themselves in the first quarter of FY 2012.

The audit of our fiscal year 2011 financial statements has been completed and are available on our website.

## Member-Committed Bushels Increase in Fiscal 2012

As a cooperative, GLCP must prove to the IRS that its members are providing the necessary corn to operate its plants in Watertown and Mina. Members are committed to deliver a percentage of their shares in corn. If delivery is not made, they are assessed pool fees on the undelivered bushel commitments at the end of the fiscal year. Due to the increased production rates of our plants, GLE has been grinding more bushels than in the past. As a result and to remain compliant with IRS regulations for a pass-through entity, it was necessary to increase the member-committed bushel requirement in fiscal year 2012 from 0.40 to 0.45 bushels per share.

"For example, if you own 10,000 shares," says Manager of Corporate Administration Marcy Kohl, your corn commitment will be 4,500 bushels (10,000 x 0.45) in 2012." Members unable or those who choose not to deliver any of those bushels will be assessed a pool fee of \$0.01 per bushel. That means, for example, a member delivering 4,000 bushels less than their commitment will be assessed a \$40.00 pool fee (4,000 x \$0.01).

Pool fee invoices for fiscal year 2011 were recently sent to members at the 0.4 bushels per share rate. Members must pay pool fees to remain in good standing.



## GLE Welcomes New Director of Human Resources

Katie Mullin has been named GLE's new Director of Human Resources.

The Nebraska native brings a diverse background to the position, including many years of experience with State Farm Insurance and Sanford Health.

"My background includes elements that fit well into the needs of the human resource department at Glacial Lakes Energy, including occupational health, safety, human resources, coaching, consulting, and risk management insurance," says Mullin, who stepped into her new role in early October. "My biggest responsibility deals with our most important asset—our human capital," she says, adding that the position's responsibilities range from hiring to employee development and training. As a former employee relations manager at Sanford Health, she says she is thrilled to be back in human resources.

A graduate of the University of Nebraska at Lincoln, the Genoa, NE native admits she's a die-hard Cornhusker fan. She and her husband, Mark, who is a commercial underwriter for State Farm get back to the UNL campus for an occasional game. Those visits, she admits, are easier now that their oldest daughter is a UNL student. Their second daughter is a senior at Washington High School in Sioux Falls. When Mullin is not working or spending time with her husband or daughters, she might be reading motivational or leadership books.

It seems an appropriate interest for someone who says she intends to focus on helping GLE associates understand the important role they play in this company's vision and mission. Welcome, Katie!

## Ethanol 101: Technology of Ethanol Production Fermentation

*Editor's note: This is the third in a series of articles developed to provide a better understanding of the ethanol production process. The articles describing the step-by-step process began in the March-May 2011 newsletter. To read the previous two articles in the newsletters go to the "About GLE" page at [www.glaciallakesenergy.com](http://www.glaciallakesenergy.com)*

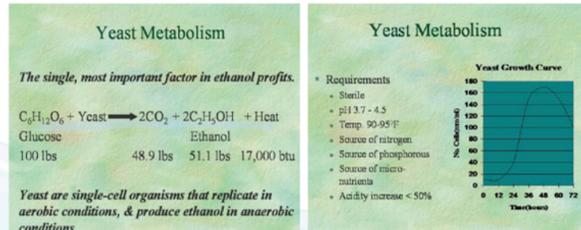
Fermentation is the heart of an ethanol plant, since it is in the fermentation process that ethanol is produced and the quality of distiller grains is determined. While fermentation is an ancient process dating back to the production of beer by the early Egyptians, current fermentation processes have become highly advanced and efficient. As recent as 30 years ago, in the early days of the fuel ethanol industry, it was industry standard to produce about 2.5 gallons of ethanol from a bushel of corn and for ethanol concentration in fermenters to average 10%. Today's advances in yeast microbiology and enzyme efficiency allow ethanol plants to achieve 2.75 gallons per bushel of corn at concentrations as high as 20% ethanol.

Yeast are single-cell organisms that, under anaerobic conditions (in the absence of oxygen), digest simple sugars produced from corn or other products and produce ethanol, carbon dioxide and heat as by-products. When provided an atmosphere rich in oxygen (aerobic), yeast will also digest simple sugar to replicate to millions of times their initial weight. Since the objective of fuel ethanol plants is the efficient conversion of sugar to ethanol, anaerobic conditions are maintained throughout the process.

Like any other growing organism, yeast requires a balance of nutrients including nitrogen, vitamins, and minerals. While a corn medium or broth can provide most of those nutrients, it is necessary to add a source of nitrogen and occasionally phosphorous and micro-nutrients. GLE uses both anhydrous ammonia and urea as its source of nitrogen.

Sterility within fermentation is key to maintaining strong yields. If fermenters become infected by organisms such as lactobacillus or acetobacter, the corn sugars will metabolize to lactic acid or vinegar rather than ethanol. GLE's labs are equipped to monitor and measure fermentation health 24 hours per day. An unhealthy fermentation in which yeast die before consuming all the sugar or that is high in organic acids will result in a lower corn-to-ethanol yield and distiller grains that may be darker and somewhat sticky.

While corn fermentations have historically taken about three days to complete, GLE's fermentation time ranges are much shorter. When fermenters are complete they are transferred to the beer well, a large holding tank that feeds distillation, a process that will be covered in the next Ethanol 101 article.



## Watertown Transitions to Export Production

The Watertown plant successfully transitioned into production of un-denatured ethanol in August, with its first shipment of the exportable product in September. "Making that transition from denatured to undenatured has been a major accomplishment for both of our teams," says Director of Operations Frank Moore. Watertown joined the Mina facility which has been producing export grade product since March 2011.

With that transition, says Moore, "the primary focus in operations continues to be yield improvement and accurate measurement of inventory." He explains that both plants have implemented new procedures and improved calibrations for monitoring daily ethanol production and corn consumption, resulting in improved reliability of yield numbers. Those procedures included adding metering capabilities and official calibration charts for holding tanks.

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the role ethanol production plays in South Dakota's economy. Watch for one of our GLE cars on a road near you.

## Passing the Inspections

Thirty-one may not seem to be a particularly notable number—unless, of course, it signifies an important record. In September, Glacial Lakes Energy celebrated the fact that in the past six years, the facilities in Watertown and Mina have experienced a total of 31 inspections from various federal and state agencies or departments—passing each one with flying colors and zero fines.

Those agencies include everything from federal agencies such as the Federal Railroad Administration, Occupational Safety and Health Administration, Department of Transportation, and Environmental Protection Agency to state-level departments that monitor air, water, wastewater, and spill prevention, says Environmental Health and Safety Manager Pete Bullene.

Bullene attributes some of the company's success to its proactive approach in inviting regulatory officials to go through the plant to see if there are any deficiencies that need to be corrected prior to official unannounced inspections. "It makes everything go smoothly," he explains, adding that officials know what to expect when they come on site for inspections.

Even more important, he credits the inspection success to the support from GLE's board and management and to the dedication of its employees. "Our employees are committed to all types of safety and compliance training," says Bullene. "Every regular full-time employee completes about 110 hours of training each year. We go well beyond the average training hours out in the industry to make sure we avoid safety and compliance issues and expensive fines."

## Economics Working for Un-denatured Product

With compressed margins in the ethanol market for most of 2011, GLE's ability to produce un-denatured, or export quality ethanol from both the Mina and Watertown facilities is providing a window of opportunity.

"The un-denatured project is going very well," says Bert Magstadt, Director of Energy Commodities. He explains that the premium paid for the un-denatured product over the past few months has increased revenues, if not profits, for GLE. "Depending on our costs, those premiums will either minimize a loss or increase gains," he says, adding that with the higher cost of corn, the ability to sell un-denatured ethanol into the export market has proved a valuable tool. "The economics are working," says Magstadt.

The transition to un-denatured ethanol has not gone without its challenges—namely transportation. Moving the product from Mina, with its unit train capability, has been relatively easy, says Magstadt, while the logistics from Watertown are more challenging. "It's created a lot of juggling for our grains receiving department as well as our logistics coordinator but we're making it work," he says.

All of the export-grade ethanol produced at both facilities is heading to a terminal in Houston, eventually finding its way into overseas markets. Since the Mina plant switched to un-denatured product in March and Watertown made the transition in September, GLE has committed to selling over 110 million gallons of export-quality product through the end of 2011.

## Drawing the Lines

Responding to our customers' needs is a top priority at GLE. That's why we're excited each and every time we put a specific customer request into action—especially when it makes doing business with GLE easier or safer. Through the feedback received from the quarterly Watertown and Mina user group meetings and the customer survey, GLE discovered a need to make it easier for drivers coming in to the receiving area to position their vehicles over the pit area without relying solely on their rear view mirrors. To assist drivers, we have placed easily visible lines that will work for all types of trucks at the correct stopping area at the Watertown facility with plans to do the same in the future at the Mina plant.

We thank our customers and shareholders who take the time to communicate their needs and concerns. Remember, you can call in anytime to our Customer Service Hotline at 866-934-2419.

## New Freight Incentives

The GLCP Board of Directors increased the freight incentives to members delivering their committed bushels of corn to any of our designated facilities. The rate increase is in response to higher fuel costs and helps make delivery of corn to GLE more competitive for those coming further distances. Below is a table showing the new rates.

0-10 miles	\$0.045	61-70 miles	\$0.155
11-20 miles	\$0.065	71-80 miles	\$0.175
21-30 miles	\$0.085	81-90 miles	\$0.195
31-40 miles	\$0.105	91-100 miles	\$0.215
41-50 miles	\$0.125	101+ miles	\$0.235

Freight incentives will only be paid to GLCP members on actual deliveries of their corn commitment and excess bushels delivered will not be eligible for the freight incentive. These rates are applicable for the fiscal year 2012 which is from Sept. 1, 2011 thru Aug. 31, 2012.

Members have the opportunity to deliver committed bushels to any of our four facilities: Watertown, Mina, Rogers Brothers (north of Miller), or Anderson Grain (Langford), whichever is most convenient.

If you have any questions, contact Marcy Kohl or Lisa Moeller at 605-882-8480 or check our website.

## Racing with Ethanol

Congratulations to Watertown Maintenance Manager Adam Butterfield on a very successful racing season.

Butterfield completed his fourth year racing the "E-30" car in the street stock/modified division at Watertown's Casino Speedway. During the year, Butterfield won a feature main event and several feature heats during the year. He finished the season third in overall series points—an impressive accomplishment. Butterfield also received the "Hard Charger of the Year" and the "Sportsman of the Year" awards. GLE and the ethanol industry receive recognition each time the E-30 car is announced—not only at Watertown's Casino Speedway but at races around the area. It's part of an exciting racing trend, considering NASCAR's introduction of E-15 in 2011.



## Supporting Ag Business

Glacial Lakes Energy was a major supporter of two events that celebrated agricultural businesses and their customers in both the Watertown and Aberdeen areas. On November 17, GLE sponsored the Farmer/Businessman Appreciation Banquet in conjunction with the Watertown Chamber of Commerce's Ag Committee. This is the 60th year of the event, which is normally held at the Codrington County Extension Complex. GLE provided the entertainment, comedian and ventriloquist Lynn Trefzgar, who was very talented and a resounding crowd favorite.

GLE was also one of the Gold level sponsors for Aberdeen Chamber's Ag Appreciation Banquet entertainment which was held on November 18th. We're proud to be part of both events that recognize the special contribution agricultural businesses and their patrons make to the territories served by GLE.

## Department Spotlight: Grain Department

*Editor's note: GLE associates work together as a team serving shareholder/customers. Each department plays a crucial role in GLE's goal of producing value-added quality products at a profit. In this issue we focus on the Grain Department.*

Required to climb heights, walk across catwalks, and work outdoors in all types of weather conditions, members of GLE's two grain departments—sometimes appropriately called Shipping and Receiving—are a hardy crew. This group of associates is responsible for receiving corn deliveries, preparing ethanol for shipment in both railcars and trucks, and loading of distillers' grains into trucks and railcars. They are also responsible for the management of the corn, distiller grain and ethanol inventories. "We check the physical inventory level of all of our products," says Cody Schulz, Watertown Grain Commodities Supervisor. "That involves going up on top of bins daily and measuring the amount of grain inside."

In Mina, the grain department is also in charge of arranging and loading the unit rail cars, managing up to 100 cars at a time and entering the shipping information into the computer system that generates reports for the company. "We move a lot of product both incoming and outbound," says Tom Ochs, Mina Grain Commodities Supervisor. "I like to say everything begins and ends in the Grain Department." He says staff must be capable of handling the physical demands of the job, including working in inclement weather conditions.

Each department consists of approximately ten employees two of which are lead employees. Harvest is an especially busy time for this department sometimes working extended hours to accommodate inbound corn deliveries. Providing excellent customer service is also a top priority for both departments. Both managers acknowledge that they have re-shifted their focus to delivering a high level of customer service.

"We are proud of the excellent job performed by our grain departments especially the Watertown grains where we alleviated many of the longer waiting times of the past. Our capital upgrades have proven to be good decisions and our grains and maintenance employees are to be commended for getting these projects done in time for harvest", adds CEO Jim Seurer.

## Mina Sign Gives Notice

If you're traveling on US Highway 12 past GLE's Mina plant, please look for a new electronic sign that proudly announces our presence. The 10 x 20 foot sign, which became operational in October, flashes the daily corn bid as well as other pertinent information to local producers and other passersby.

"We've been in the Mina area for three years and we believe this should help solidify our presence in the area," says Manager of Corporate Administration Marcy Kohl. "The eye-catching sign not only promotes GLE, but fits with our customer service initiative to communicate better with our members and also ties in with our goal to procure as much corn as possible from area producers."

Depending on the season and needs, the sign will also scroll information such as contract options and modified hours of operation, says Kohl, who adds, "We want to use it as a means to communicate with and raise the level of awareness of all who are in the area."

## Watch for 1099s Coming Your Way

As a South Dakota cooperative, Glacial Lakes Corn Processors (GLCP) does not send members a K1 form for tax purposes. However, 1099-PATR forms are issued on patronage payments. During 2011, GLCP will issue 1099s on the cash repayments of the Unit Retain ("Capital Call") made to stockholders this past June. Members can expect to receive the 1099 after the first of the year. Members only receive a Form 1099 on cash allocations, not corn deliveries. Any dividends declared during a fiscal year will be reflected on the 1099 in the year in which it was paid.

## Volatility Defines Corn and Ethanol Markets

The very volatile grain markets and GLE's stay-even strategy—whereby corn purchases and ethanol sales must stay balanced—is requiring all team members, including those in accounting, finance, production, and commodities, to interact daily to ensure that quantity of corn, needed cash, and forward sales of products are balancing. "The volatility in the grain market has had a huge impact on the capital requirements needed to forward buy corn," says Roger Hansen, Director of Grain Commodities for GLE. "And, we expect the volatility to continue."

At the same time, the transition to producing un-denatured ethanol for the export market at both Mina and Watertown has provided the commodity team the ability to forward contract sales of ethanol.

While export markets for ethanol provided some wiggle room during the late summer months when corn prices were high and gasoline demand as low, Director of Energy Commodities Bert Magstadt says the domestic ethanol market is gaining some strength.

"The shutdowns that ethanol plants take in the fall for normal maintenance and repair have eaten into the supply a little bit," says Magstadt. Even more important, he explains, is the fact that gasoline blenders are buying as much ethanol as they can before the VEETC (Volumetric Ethanol Excise Tax Credit) for blenders will expire December 31. The purchase of ethanol has become more economically feasible for blenders as the recent drop in corn prices has led to a decline in the price of ethanol.

In terms of export demand, Magstadt says Brazil's dry spell is expected to keep that country short of ethanol, and Europe will continue to have a heavy appetite for the un-denatured product, as well.



**Watertown Grain Department:**  
Cody Schulz, Gary Lenzen, Chris Thompson, Jamie Maag, Justin Dahl, Marty Hemmingson, Mike Thronson, Pierre "Sparky" VanderMerwe, Traci Schroeder, Tracey Engelbrecht, Julie Holderby and Nick Murphy

**Mina Grain Department:**  
L to R: Nathan Kolb and Kent Miles (not pictured: Dan Stevens)



**Mina Grain Department:** L to R: Tom Ochs, Darrin Olson, Greg Taylor, Justin Sitter, Brandon Sitter, John Huettl and Keith Kilbur