

Glacial Lakes Corn Processors Distributes \$7.0 Million Dividend to its Shareholders

The Glacial Lakes Corn Processors Board of Directors has authorized a dividend payment of \$7.0 million to its shareholder members of record as of August 31, 2013.

After a more difficult year in 2012 where profits were scarce, GLCP has delivered unaudited consolidated net income of \$16.9 million for the fiscal year ended August 31, 2013. "Our operations teams have increased production to levels never achieved before and our commodities and risk management team has been diligent and patient in securing margin opportunities for us," reports CEO Jim Seurer. In addition, the company invested in several carefully-scrutinized revenue improvement projects through the year which helped boost the bottom line.

GLCP is committed to strategically managing its operations by promoting a balanced fiscal approach through a consistent payment of performance based dividends, a continued focus on debt repayment, and an aggressive pursuit of revenue enhancement opportunities.

The payment will be distributed at the GLCP Annual Shareholder meeting in January 2014 and consists of \$0.03 per share on all outstanding shares as well as an additional \$0.01 per share retainage payment on original shares. For those not attending the Annual Meeting, checks will be mailed via the US Postal Service immediately following the meeting. Only the shareholder of record will be allowed to pick up his/her check. Checks will NOT be available early or after the meeting at the office.



"You're No Dummy"

In response to a negative advertising campaign by "Big Oil's" American Petroleum Institute (API) that slams ethanol, Growth Energy, an ethanol industry trade organization which GLE supports, has launched a commercial campaign focusing on the truths of ethanol.

Growth Energy developed advertisements featuring a ventriloquist named Mr. Slick ("Big Oil") and his dummy ("the American consumer"). During the commercials, the "consumer" challenges "Big Oil's" false and misleading statements about ethanol and embarrasses him in front of the audience. The commercials carry one simple message: you're no dummy, don't let the oil industry treat you as one. The ad campaign is meant to combat API's recent ads against ethanol including a 30-second TV commercial that features an actor dressed as a mechanic criticizing the increased use of ethanol as a motor fuel.

"The purpose of the campaign is to tell consumers not to believe the lies and half-truths the API is spreading about ethanol. Educate yourself...it's not true," said Marcy Kohl, Manager of Corporate Administration.

For more information about the campaign or to view the "Mr. Slick and Dummy" commercials, visit www.yourenodummy.com.

Consumers Have the Option of a New Fuel Blend, E15

Consumers increasingly have the option of a new fuel blend, E15 (15 percent ethanol, 85 percent gasoline) for cars 2001 and newer. E15 is the most tested fuel in the history of the Environmental Protection Agency (EPA) and has already been driven over 45 million miles with no known instances of engine damage or misfueling. Approximately 75 percent of vehicles currently on the road are approved for E15 use.

E15 is currently available in 10 states including Kansas, Iowa, Nebraska, South Dakota, North Dakota, Minnesota, Wisconsin, Michigan, North Carolina, and Illinois.



Pushing for a "No-Idle" Zone

Five citizens are highlighting the issue of idling vehicles in school zones by writing letters to South Dakota Governor Dennis Daugaard and Minnesota Governor Mark Dayton.

"The big issue with idling cars is the BTX (benzene, hyaline, and xylene) aromatics that are found in gasoline and are cancer-causing agents," said Dale Christensen, GLE Board of Director and ethanol advocate from Watertown, SD, who was involved in writing the letters. "It's been proven that these cancer-causing agents are very harmful for young children, which is why we are trying to push the idea of getting no-idle zones around schools."

Christensen explained that benzene, hyaline, and xylene are most prominent in gasoline fumes when a vehicle is at idle. Catalytic converters remove those harmful agents, but the converter's maximum performance happens when a vehicle accelerates to 40 mph or more. This problem is dramatically decreased when gasoline has an ethanol blend of 30 percent or higher, Christensen said.

"If we could get no-idle zones it would be a big step forward to children's health, and we actually think we have a sponsor who is going to bring this forward during South Dakota's next legislative session."

The other ethanol advocates involved in writing the letter with Christensen are: Orrie Swayze, a farmer from Wilmot, SD; Al Kasperson, a retired Lake Area Technical Institute mechanics instructor from Watertown, SD; Merle Anderson, a founder of the American Coalition for Ethanol (ACE), who is from northern Minnesota; and Doug Sombke, a farmer from Conde, SD.

Where to Find E85

A popular cost saving fuel choice is E85 (85 percent ethanol, 15 percent gasoline) for flex fuel vehicles. There are approximately 3,200 stations offering E85 today and over 15.5 million flex fuel vehicles on the road.

To locate local E85 stations, please visit www.ChooseEthanol.com. *ChooseEthanol.com* will direct you to E85 locator apps for iPhone or Android systems. The website also includes downloads for Garmin or TomTom navigation devices.



Glacial Lakes Energy, LLC

P.O. Box 933 • Watertown, SD 57201

PRSR STD
US POSTAGE
PAID
PERMIT #550
WATERTOWN, SD



Glacial Lakes Energy, LLC

CREATING ECONOMIC VALUE FROM CORN

301 20th Avenue SE • Watertown, SD 57201
Phone: (605) 882-8480 Fax: (605) 882-8982

13435 370th Avenue • Mina, SD 57241
Phone: (605) 225-9900 Fax: (605) 225-9906

www.glaciallakesenergy.com

NEWSLETTER

September 2013 - November 2013



\$7.0 Million Dividend Declared James A. Seurer, Chief Executive Officer

We are pleased to report that your investment in renewable fuel is paying dividends! That's right, next month, GLE will be distributing more than \$7.0 million in cash to our shareholder/investors of record on August 31, 2013. If you've been following our financial statements through the past 4 quarters, it's no surprise to you that we've had a good year with net income of \$16.9 million and we've increased our working capital by \$27.1 million over the past fiscal year. Our employee teams have worked tirelessly to make this possible and our efforts are proving to be effective. It helps to have a little help from the markets as well.

The \$7.0 million cash dividend will resume our Board's semiannual distribution and dividend strategy established back in May 2010 when we returned the first \$0.03 of the \$0.06 investor capital call. This continued in November 2010 when the second \$0.03 was returned. In May 2011, we sent out our first dividend since March 2008, when we distributed another \$0.03 per unit. However, since then distributions have been non-existent as we faced negative crush margins in early 2012 following a demand frenzy that occurred just before the loss of the VEETC or "blender's credit". Just about the time margins were beginning to re-appear, the summer drought of 2012 struck and sent commodity markets on a wild ride that killed any hope of dividends during the 2012/2013 crop year. That brings us to this year when we've had better success at finding and securing margins.

As you receive this payment, please think about the factors that lead to our success and your return of investment. Demand for ethanol and access to the market are two HUGE factors and they both are being threatened by "Big Oil". Acceptance of ethanol by the public as a viable alternative to petroleum is another HUGE factor that is continually being undermined by "Big Food" and radical environmentalists. As we speak, the US Environmental Protection Agency (EPA) is accepting comments about its proposal to "roll back" the minimum ethanol blending requirements contain within the Renewable Fuel Standard (RFS). If these efforts are successful, we are likely to face tighter margins (and lower profitability) due to lower demand.

You can help beat back our unfriendly foes that are eroding and threatening the value of your investment. We need your action now and there is so much you could do. If we don't act quickly, it will be too late. Take an hour right now to sit down and learn about the issues and contact your congressional representatives and/or write to the (EPA) indicating your support for ethanol. Please refer to our website at www.glaciallakesenergy.com for more information and take time to help us fight on your behalf.

EPA's Backward Step on Biofuels Means Higher Gas Prices, More Pollution

By: Bob Dinneen, President and CEO of the Renewable Fuels Association (RFA), a trade association of the American ethanol industry.

In a decision that lacks legal justification or factual support, the Environmental Protection Agency (EPA) has proposed cutting the amount of biofuels that must be blended into the nation's motor fuel supply. That's a victory for Big Oil, which desperately wants to maintain its monopoly over the nation's gasoline pumps and fuel tanks. But it's a defeat for American motorists who will pay higher prices at the pump, for the natural environment which will be polluted with more greenhouse gases, for our national effort to end our addiction to imported oil, and for economic recovery and job creation, especially in the struggling Farm Belt.

For the first time since the enactment of the Renewable Fuel Standard (RFS), which commits our country to using increasing quantities of clean-burning renewable fuels, the EPA has signaled a retreat, reducing its target from the law's requirements and the previous year's achievements. Does EPA have the legal authority to "waive" the requirements of the RFS? Not if the law means what it says. The specific conditions needed for a "general waiver" – severe economic harm or inadequate supply of renewable fuels – just aren't there. Meanwhile, the economy, the environment, and American energy security all stand to suffer.

Since its enactment in 2007, the RFS has been one of the most successful energy policies ever implemented in the United States. Not only has the RFS encouraged the development of today's robust conventional biofuels industry, but it has also created the market certainty and support for the next generation of biofuels.

Because policymakers from both parties have maintained our country's commitment to producing and using renewable fuels, American ethanol supports over 365,000 jobs, saved the average household more than \$1200 in 2011, reduced our dependence on imported oil from 60 percent in 2005 to 41 percent in 2012, and cuts greenhouse gas emissions by 25 to 40 percent, compared to gasoline.

Inexplicably and indefensibly, by curtailing the total requirement for renewable fuel use from 18.15 billion gallons to 15.21 billion gallons, the EPA's proposal would reverse this progress, on every front. Motorists would pay more at the pump. If finalized, the cut of 1.39 billion gallons in conventional ethanol alone will increase the demand for gasoline by 948 million gallons. According to Louisiana State University, the bump in demand for gasoline will boost gasoline prices by 5.7 cents a gallon across the board, costing American motorists an additional \$7.6 billion next year. Air pollution will increase, accelerating climate change. By conservative estimates, using more gasoline and less ethanol will increase greenhouse gas emissions from motor fuels by 5.1 million metric tons next year alone. That's the equivalent of adding 1 million cars on the road overnight.

Farmers and rural communities, already reeling from the recession and the sluggish recovery, will take another hit. According to studies by Iowa State University and the University of Illinois, corn prices will fall by \$0.19-a-bushel to \$4.35-a-bushel – below the 2013/14 cost of production – costing the corn industry \$2.7 billion.

The only winner would be – surprise! – Big Oil. American drivers would spend \$7.6 billion more on gasoline, and oil refiners will keep \$2.5 billion in their pockets by avoiding purchases of ethanol, while also saving roughly \$300 million on infrastructure investments. It all adds up to a \$10.3 billion windfall for Big Oil, which explains why the American Petroleum Institute and its allies have been waging an all-out campaign on the RFS. The EPA's action is especially bewildering because the timing makes no sense.

Coming at the worst possible moment, the EPA's proposal sends the wrong signal to inventors, investors and entrepreneurs. It discourages the development of the next generation of ethanol and deters investment in the infrastructure for higher ethanol blends, including fuel pumps and flex-fuel vehicles.

To continue creating jobs, cutting imports, curbing pollution and reviving rural communities, we need a strong and lasting commitment to renewable fuels. Don't mess with the RFS.

Stay Up to Date on Your Investment!

Would you like to be kept up-to-date on the latest news about Glacial Lakes Energy and the ethanol industry?

Please send us your email address to receive regular communications, "Like Us" on Facebook, or "Follow Us" on Twitter.

To be added to our email list, please contact Jessi Eidson, Membership Coordinator at

jeidson@glaciallakesenergy.com

or 605-882-8480.

"Like Us" on Facebook  "Follow Us" on Twitter 

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

“Flex Fuel Friday” Ends in Success

During the fall months, Glacial Lakes Energy (GLE) promoted the positive attributes of ethanol through its “Flex Fuel Friday” promotion. The GLE team pumped more than 16,000 gallons of higher-blended fuels.

“The whole purpose of the promotion was to raise awareness toward higher blends of ethanol and where they can be purchased and to establish loyalty,” said Marcy Kohl, Manager of Corporate Administration.

Each Friday during the promotion, GLE would select a gas station that sports flex fuel pumps in its Watertown and Mina trade territories. For a one hour period, anyone refueling with a blend of E-15 or higher would receive a \$0.50 per gallon discount, and those refueling with a blend of E-85 would receive a \$1.00 per gallon discount. In several cases, this created a per gallon cost to the consumer of less than \$1.50 per gallon.

GLE created this incentive program as part of the national “Step Up to the Plate!” campaign launched earlier this summer by Growth Energy in response to the negative advertising against ethanol by the American Petroleum Institute (API) or “Big Oil”.

Participating fuel stations have since stated they have realized an increase in ethanol blended fuel sales which was the exact outcome GLE had hoped for. Flex Fuel Friday attracted consumers who had heard about higher blends such as E-30 but were not sure if they could use it. Some of those who tried the product loved it and came back for more week after week.

We thank everybody who participated in the event and we encourage them to keep using higher ethanol blends not only because we offset the price but also for its benefit for local agriculture throughout our community, state, and nation.



DID YOU KNOW?

Did you know that regular gasoline contains the chemical benzene? Benzene is a toxic, cancer-causing chemical. It's the same chemical found in cigarette smoke. In fact, the benzene you breathe in from gasoline fumes is the equivalent of breathing in the smoke from three cigarettes.

According to the American Cancer Society, “Benzene exposure can be substantial to people in enclosed spaces with unventilated fumes from gasoline, glues, solvents, paints, and art supplies. Areas of heavy traffic, gas stations, and areas near industrial sources may also have higher air levels.” Benzene is not found in ethanol and there are no harmful, cancer-causing chemicals found in its fumes either. That makes ethanol a smart choice for both your health and your vehicle.



GLCP Annual Meeting Set for January 11, 2014

GLCP investor-members can mark Saturday, January 11, 2014, on their calendars for the annual GLCP shareholder meeting in Watertown at the Codington County Extension Complex. The meeting will include a review of the cooperative's financial results for the past fiscal year, results of board of director elections, as well as other important business. South Dakota Secretary of Agriculture, Lucas Lentsch, will be the guest speaker. Dividend checks will also be distributed at the meeting.

According to Board Chairman Mark Schmidt, “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. Any GLCP member who meets the prescribed criteria and can devote the time is eligible and strongly encouraged to run for a seat in their respective district.” Although the seats for the coming year have been filled, there are always seats that become available on a regular basis. To find out which district in which you belong, go to the GLE website at www.glaciallakesenergy.com and click on “Investing in GLE” and “Member Information.” A link to the membership district map is on the left-hand side.

Mina Celebrates 5 Years

It's been 5 years since production started in Mina, and on October 3 an open house was held to celebrate the milestone. Over 100 people attended the event for tours of the facility, lunch, and a short program.

Speaking at the event was Lars Herseth, former South Dakota Senator and staunch ethanol advocate. Herseth spoke on the importance of ethanol, locally and nationally, as well as the benefits provided by ethanol. Jim Seurer, Glacial Lakes Energy CEO also spoke at the event.



GLCP Ends 2013 Fiscal Year Financially Strong

Financial Report for Three Months and Twelve Months Ending August 31, 2013 (Audited)			
In Millions			
Total Assets	\$209.7	Current Assets	\$71.6
Total Liabilities	\$75.5	Current Liabilities	\$29.8
Net Worth	\$134.2	Working Capital	\$62.8*
Net Income for Quarter	\$8.8	Net Income for Year	\$16.9

* Includes an additional \$21.0 million of “prepaid” revolving debt available as working capital

Glacial Lakes Corn Processors (GLCP) reported strong earnings for the fourth quarter (June – August) ending August 31, 2013, with net income of \$8.8 million. The 2013 fiscal year ended with an overall net income of \$16.9 million. High demand for U.S. ethanol as well as record-breaking production from both plants was the driving factor for the solid financial report.

“The last quarter results were achieved with reduced output due to a planned maintenance shutdown at our Mina facility and navigating a particularly challenging inverted corn market,” says Rob Sauer, Interim Chief Financial Officer.

The inverted corn market resulted from falling prices due to shortened corn supply, Brad Schultz, Director of Commodities and Risk Management, stated. “Despite this, demand for U.S. ethanol was very good during the fourth quarter notwithstanding imports into the United States from Brazil,” Schultz said. “This high demand along with a continuation of the high demand for distiller grain and corn oil is the driving force behind GLE's favorable results.”

Director of Operations Frank Moore also credits the positive financials to improved margins resulting from record-breaking production at both the Watertown and Mina facilities. “For fiscal 2013, both of our plants delivered record ethanol production,” reported Moore. “Production increases are a result of not only improved plant utilization, but also continued investment in the facilities to remove limiting factors.”

The production numbers support Moore's statement. From 2012 to 2013, Moore reported a performance increase of approximately 5.6 million gallons for Watertown. The Watertown facility also delivered the best utilization numbers in GLE history, operating 357.3 days out of 365. Mina saw a performance increase of 3.3 million gallons over the prior fiscal year and for the first time ever produced 2.0 million gallons of corn oil.

Moving into the 2014 fiscal year, Schultz commented that there will be some differences in the first quarter from the fourth quarter of 2013. The inverted corn market will move to a wide carry market and domestic production will increase as corn becomes more abundant. “By the end of the quarter, US ethanol will be the cheapest in the world while U.S. corn will be the highest,” he explained.

Interim CFO Sauer says GLE is confident going into fiscal 2014. “GLE feels well positioned to take advantage of our export capabilities to protect and optimize margins for both ethanol and dry distillers grain throughout the next year,” he stated.

Capital Improvements at GLE

Fiscal 2013 proved to be a year of record production for GLE's Mina and Watertown facilities. In an effort to keep these numbers moving upward, capital projects continue at both plants including the installation of new cavitation equipment, de-bottle necking projects, and the completion of a pavement project at the Watertown facility. Plant shutdowns have also advanced from previous years in order to increase efficiency. Director of Operations Frank Moore says the installation of a more precise nitrogen delivery system is planned for both plants. “We think the new system will give us significant improvement in yield and efficiency,” Moore said.

Those delivering corn to the Watertown facility have probably noticed the new, significant paving. Moore stated that this project was done earlier in the year to reduce dust and mud in the production process and to enhance our customers' ability to deliver. In the early winter months, the Watertown facility will also see the addition of a third dump pit. “This pit is being put in under a cooperative agreement with Enogen, a Syngenta company,” Moore said. “We'll be conducting a trial on Enogen corn in Watertown, and the new pit will accommodate the delivery of that corn. We'll also be able to utilize that pit for overflow during extremely busy times regardless of whether the Enogen corn is a long term ingredient or not.”

Plant shutdowns have also changed from previous years. This year, an annual 5-day shutdown was performed instead of the previous 2 to 3-day shutdown every six months. Mina had a shutdown in August and Watertown's shutdown was in late September. A longer shutdown allowed for routine cleaning and maintenance as well as the replacement of key equipment and new project installation.

“The shutdowns were very successful,” Moore commented. “We conducted the largest volume of work we've ever done, and we're now seeing the results. We expect the shutdowns to pay off through the year.”

The annual shutdown scenario will continue in fiscal 2014, and both plants are scheduled for approximately the same time frame as 2013. “We currently feel this was a step forward in improving shutdown proficiency,” he said. “We have modified some of the processes and procedures, which we think will help improve upon our shutdown performance in the years to come.”



Member-Committed Bushels Increase in Fiscal 2014

As a cooperative, Glacial Lakes Corn Processors (GLCP) must prove to the IRS that its members are providing the necessary corn to operate its plants in Watertown and Mina. Through the membership agreements, shareholders are required to deliver a percentage of their shares in corn. If delivery is not made, a nominal pool fee is assessed on the undelivered bushel commitment outstanding at the end of the fiscal year, August 31st.

Due to management's continual success in increasing production rates, GLE has been grinding more bushels than in the past. As a result, and to remain in compliance with IRS regulations, it was again necessary to increase the member-committed bushel requirement from .45 bushels to .46 bushels per outstanding share. As the efficiencies of the GLE plants continue to increase, this delivery requirement will probably continue to increase as well.

Corn can be contracted and delivered at any time from now until August 31, 2014. GLE recognizes that not all shareholders have access to corn production. For those non-producing shareholders, the pool systems may be accessed and utilized. Under this method, GLE will procure your corn commitment for you and assess the “pool fee”. In 2014, the pool fees were lowered from \$0.01 per committed bushel to \$0.004 per committed bushel.

To calculate a pool fee, simply take the amount of shares you own, multiply it by 0.46 bushels of corn, and multiply that number by \$.004 (pool fee cost).

As an incentive for shareholder-members who have access to corn and will be delivering, a freight rate is offered. These rates remain unchanged from last year. Excess bushels delivered over and above committed bushels will not be eligible for freight. These freight rates in effect for the fiscal year of September 1, 2013 through August 31, 2014 are as follows:

0-10 miles	\$0.045
11-20 miles	\$0.065
21-30 miles	\$0.085
31-40 miles	\$0.105
41-50 miles	\$0.125
51-60 miles	\$0.135
61-70 miles	\$0.155
71-80 miles	\$0.175
81-90 miles	\$0.195
91-100 miles	\$0.215
101+ miles	\$0.235

There is no need to notify GLE if you don't intend to deliver corn. Instead, an invoice will be sent by the end of each fiscal year. However, members must pay pool fees to remain in good standing.

There are various contracts for both corn and distillers. If you're interested in learning more, contact the GLE Commodities Department in Watertown at 605-882-8480 or in Mina at 605-225-9900.

Here's Our Chance to Weigh In!

The Obama Administration is proposing to drastically reduce the amount of renewable fuel blended into the nation's gas supply next year. This draft plan would raise gas prices and undermine the growing American industry that is helping to move us off of oil.

Reducing the amount of renewable fuel in our gas means replacing it with oil. Since renewable fuel is cheaper than petroleum, this proposal would cost American drivers more than \$7.6 billion in higher gas prices -- it would also give a huge handout to the oil companies, more than \$10 billion in new profits.

President Obama must know that you oppose plans to use less clean fuel -- please send a letter and make your voice heard. America can't afford to spend more at the pump.

Here are some facts you can use in your email:

- Renewable fuel is cleaner than gasoline, and so cutting usage of this oil alternative will increase harmful emissions every time we drive. If the proposal is finalized, greenhouse gas emissions from gasoline use would increase more than 5 million metric tons; that's like adding 1 million more cars to the road.
- If the proposal is enacted, it would cost American drivers more than \$7.6 billion in higher gas prices, and the oil companies would be the ones to benefit, receiving \$10.3 billion in new revenue.
- Investors and innovative companies here in America have spent billions developing the next generation of clean, advanced renewable fuel. If the proposal is finalized, that development will move to other countries, putting U.S. jobs -- and the future of advanced and cellulosic renewable fuels -- at risk.

After reading these facts, it should be clear that it's more important than ever to speak up in defense of renewable fuel.

We've written an email you can send to the Administration, letting them know why you won't stand for this giveaway to the oil industry.

Take a few minutes and let the Administration know that you support renewable fuel. There's still time to make a difference:

<http://www.fuelsamerica.org/make-a-difference-now>

