



Presentation to

**South Dakota Public Utilities
Commission**

June 23, 2009



Glacial Lakes Corn Processors Attendees:

- James A. Seurer, Chief Executive Officer
- Kelley A. Dennison, Chief Financial Officer
- Roger L. Hansen, Director of Commodities
- Michael T. Nealon, Director of Finance

Guest Attendees:

- Marietta Lakness, Hayti Area Producer/GLCP Shareholder
- Tim Huber, Hoven/Selby Area Producer
- Keith Hainy, General Manager, North Central Farmers Elevator, Ipswich, SD



Background

Financial Statement Audit - Our fiscal year 2008 financial statement audit resulted in a reclassification of our long-term debt (\$161 million) to a current liability (less than one year) due to loan covenant violations that technically permit our bank group to request immediate payment

Current Status of Debt - Our bank group has NOT indicated that the long term debt is currently due and payable or requested immediate payment, and we are current on our payments

Balance Sheet - In conformance with GAAP (Generally Accepted Accounting Practices), our audited financial statement presentation did not reflect current assets greater than or equal to current liabilities as required by ARSD 20:10:12:15



Current Financial Position

At May 31, 2009, our balance sheet reflects positive net worth and current assets greater than current liabilities (working capital), considering long term debt as a long term liability

Net Worth Calculation:

Total Assets:	\$ 287,972,977
Total Liabilities:	\$ 201,344,063
Net Worth:	\$ 86,628,914

Working Capital Calculation:

*Current Assets:	\$ 45,538,415
Current Liabilities	\$ 43,551,503
Working Capital	\$ 1,986,912

***current assets excluding restricted cash**



Current Financial Position

Principal and interest payments on our long term debt have been paid in full each quarter

Long-Term Debt	Total Principal	Total Interest	Total P&I Payments
Balance, August 31, 2008	\$ 158,521,619		
Construction Draws	\$ 9,786,275		
Total Debt:	\$ 168,307,894		
Principal Payments:			
September 2008	\$ (1,626,715)	\$ (2,820,578)	\$ (4,447,293)
December 2008	\$ (1,535,843)	\$ (3,179,376)	\$ (4,715,219)
March 2009	\$ (3,981,931)	\$ (2,865,326)	\$ (6,847,257)
June 2009	\$ (3,874,546)	\$ (2,797,744)	\$ (6,672,290)
Total	\$ (11,019,035)	\$ (11,663,024)	\$(22,682,059)
Balance, June 30, 2009	\$ 157,288,859		



Current Financial Position

We are experiencing recent improvement in cash flow generated from operations

Cash Generated:			
	<u>Watertown</u>	<u>Mina</u>	<u>Total</u>
Q2 2009:			
December 2008	\$ (1,445,457)	\$ 294,037	\$ (1,151,420)
January 2009	\$ (1,335,778)	\$ 1,330,099	\$ (5,679)
February 2009	\$ (811,496)	\$ 1,007,376	\$ 195,880
Q3 2009:			
March 2009	\$ (768,845)	\$ 58,609	\$ (710,236)
April 2009	\$ 391,036	\$ (730,175)	\$ (339,139)
May 2009	\$ 1,826,200	\$ 2,183,440	\$ 4,009,640



Actions We Have Taken

Capital Contribution - Our shareholders recognize the value of our operations and contributed additional capital of \$11.2 million dollars (99% response) in November 2008

Financial Strategies - Our management team is developing a plan to restore our financial position through:

- Risk management strategies
- Corn procurement initiatives
- Operational enhancements
- Preferred stock offering



Actions We Have Taken

Debt Management - Our management team is taking action to restore our financial position by working with our bank group to resolve covenant violations. In addition, our management team is exploring options with the USDA to refinance our long-term debt to lower payments and seek government guarantees

Honoring Contracts - We have honored all corn contracts at the original contracted price and intend to do so in the future



Our Request

We Are Requesting a 12 Month Waiver Be Granted to

Allow:

- Adequate time to revise our loan covenants and restructure debt
- The ability to continue to honor future delivery commitments
- A continued presence to provide competitive pricing and delivery options

Our Plans to Minimize Risk Include the Following:

- We will settle our corn purchases more frequently
- We will seek additional bond coverage
- We will provide frequent and more detailed reporting



Public Input

Guest Attendees:

- Marietta Lakness, Hayti Area Producer/GLCP Shareholder
- Tim Huber, Hoven/Selby Area Producer
- Keith Hainy, General Manager, North Central Farmers Elevator, Ipswich, SD



Questions?



Thank you



Supporting Information: Economic Impact to the Public

Corn Draw - Our facilities draw 72 million bushels of corn per year from 22 South Dakota counties, and approximately 65% of the corn produced within a 30 mile radius of each site

Corn Purchasing - We have purchased and promptly paid for over \$600 million dollars worth of corn contracts since these facilities began operations

Profitable Operations - Our ability to purchase corn directly from producers is critical to achieving profitable operations and providing a positive impact to the local economies



Supporting Information: Economic Impact to the Public

Producer Prices - Our presence and volume of purchasing serves the public by strengthening producer prices and improving delivery options for producers in the trade area

Investment – We have made a significant investment in grain storage and drying facilities for producers so that the dollars from corn bought in the local market stays in the local market. Without a grain buyers license, these facilities would become under utilized.

Return to the State of South Dakota – Our operations turn South Dakota corn into ethanol and feed, which in turn provides jobs and keeps dollars in the state for transportation, livestock operations, utilities and taxes



Supporting Information: Economic impact to the Public

Spending - Our spending with South Dakota vendors and service providers has been in excess of \$250 million dollars since operations began

State Revenue - We contribute over \$5 million dollars in tax revenues to the State annually

Shareholders – We have approximately 4,200 shareholders, of which 98% are South Dakota residents

Producers – We have hundreds possibly thousands of non shareholder-producers who count on us as an alternative delivery point for their corn

Employment - We employ 120 people in these communities with annual gross wages of \$5.5 million dollars