



# The CORN Connection

## Central Iowa Renewable Energy's Mission Statement

To successfully add value to locally grown grains which will profit our investor owners and area grain and livestock producers while benefitting our local communities through economic growth.

The Corn Connection Is  
Published Bi-Monthly By  
**CORN, LP**  
To Provide Information For  
Our Owners And Investors

For Timely News & Updates  
Check Our Web Site  
[www.cornlp.com](http://www.cornlp.com)

Volume 1 -- Issue 5  
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## Inside CORNland

By  
**Brad Davis**  
CORN, LP  
General Manager



I am putting my thoughts down for this issue of *The CORN Connection* the morning after the March 8th Annual Meeting of **CORN, LP** and CORN, LLC.

We want to thank everyone who was able to attend, and elsewhere in his article this month **CORN, LP**'s Controller Jim Glawe has included a brief review of some of the financial information that was presented to the investors at the Annual Meeting.

There were several other important business items that were discussed during the course of the evening at the Annual Meeting, and at the risk of repetition I would like to touch on some of those here for the benefit of anyone who was unable to attend to learn about them in person.

In doing so, I ask for the indulgence of those who were at the Annual Meeting, and for whom this review will thus be repetitive.

I hope that perhaps this written review will serve as a more permanent source to reference for additional information, clarification and/or answers to possible questions about these issues should

you wish to use this article for any of those purposes at any point in the future.

**BUYING/SELLING STOCK:** The primary issue of interest deals with buying, selling and/or trading of stock that an investor holds in CORN, LLC, and to begin with I will refer back to the statement made in the operating agreement of CORN, LLC in which it was specified that we must observe our objective of remaining under 500 total investors.

There are a number of solid business reasons for this, but among the most obvious is the significant increase in costs for exceeding a total of 500 investors, which would immediately trigger additional Securities & Exchange Commission (SEC) legal and accounting fees that would be in excess of \$250,000.00 per year.

Clearly, absorbing an additional expense of such magnitude as **CORN, LP** is just getting operations and production up and running would create undue costs, which remaining under the 500 investor limit allows us to avoid at this point in time.

So, if you are an investor who is, for some reason, interested in buying additional stock in CORN, LLC to increase your portfolio, or if you are an investor who is interested in selling and/or transferring some portion or all of your stock ownership, how can you proceed without concerning yourself with the possibility of the Board denying your purchase and/or sale because the transaction might cause CORN, LLC to exceed the 500 investors?

*Inside CORNland - Continued On Page 4*



*The employees of **CORN, LP** have continued to work steadily on fine-tuning the processes involved in loading out ethanol (left photo) and DDGS (right photo), and as they have become more familiar with and adept at handling the equipment and systems, they have also become more efficient and timely, as reported in the Coach's **CORNER** article on page 3.*



## CORN'S Checkbook

By  
**Jim Glawe**  
CORN, LP Controller



It was nice to see so many people turn out for the March 8th Annual Meeting, and we hope you found interest in the presentations that were made to review the October 1 through December 31, 2005 three-month fiscal year.

As I alluded to in my discussion of the financials for this three month period of operations, due to the timing of the plant starting up, these figures were not very exciting to discuss.

Ethanol production had only begun just a few days before this December 31st fiscal year end, thus we were operating with virtually the full compliment of staff and employees bringing the plant on-line to produce its first gallons.

Additionally, all of the input costs to produce CORN, LP's initial batch of ethanol were included on the expense side of the ledger, as were the bulk of the numerous costs for much of the supplies, equipment and all the other incidentals necessary to operate on a day-to-day basis.

And since there had as yet been no sales to generate funds which could be placed into the revenue side of the ledger, the scales were overwhelmingly tipped to the expense side.

As a result, for the three month fiscal year, CORN, LP showed a net loss of \$839,276, with the investors making up CORN, LLC accounting for 71.26% of the ownership and therefore \$598,689 of the total loss.

This, plus the LLC's operating expenses of \$9,662 for the three month period, gave the LLC a total loss of \$607,689.

All investors should have received their K-1 in either the last week of January or at the beginning of February. A number of people I visited with told me they felt this was quite timely, and we appreciated those comments.

As a matter of fact, however, the K-1's would have been out to you even earlier had it not been for a snag we encountered with the IRS not granting its authorization for one of the tax forms we

are required to use.

The resulting delay as we awaited approval from the IRS postponed mailing you the K-1's by approximately a week.

Though CORN, LP was unable to pass back any income to the investors for the year concluding December 31, 2005, I have spoken to a number of them who have told me that after filing their income taxes for 2005, they were nevertheless quite pleased with the way the tax implications for this past year worked for them.

While not all of CORN, LP's investors could utilize the passive loss for this particular year, every investor who paid in state income tax was eligible for a refund from the \$2,436 per share investment tax credit, and I have had a number of individuals tell me they were going to be receiving a very nice tax refund from this year's filing.

As Brad has mentioned in his article elsewhere, we will be putting out an April edition of *The CORN Connection* in which we will provide you with a quarterly review of some of the basic financial and production figures for the January 1 through March 31st first quarter of this 2006 fiscal year.

With production underway at a solid level for this first quarter, and therefore revenues being generated by CORN, LP's sales, we are hopeful this quarterly update will be a more realistic, positive and revealing barometer for you to use.

In their Annual Meeting related news, the Board of Directors held their re-organizational meeting at the conclusion of the March 8th business meeting, with several changes in the officers resulting. **Joe Horan**, who has been serving as Vice-President of the Board, has succeeded **Paul Rasmussen** as President of the Board.

**John Gazaway** has assumed the Vice-President position to replace Joe, and **Max Nedved** has assumed the Treasurer's position which has been held up until this time by **Mark Wigans**.

**Clay Hansen** will continue on serving as Secretary of the Board.

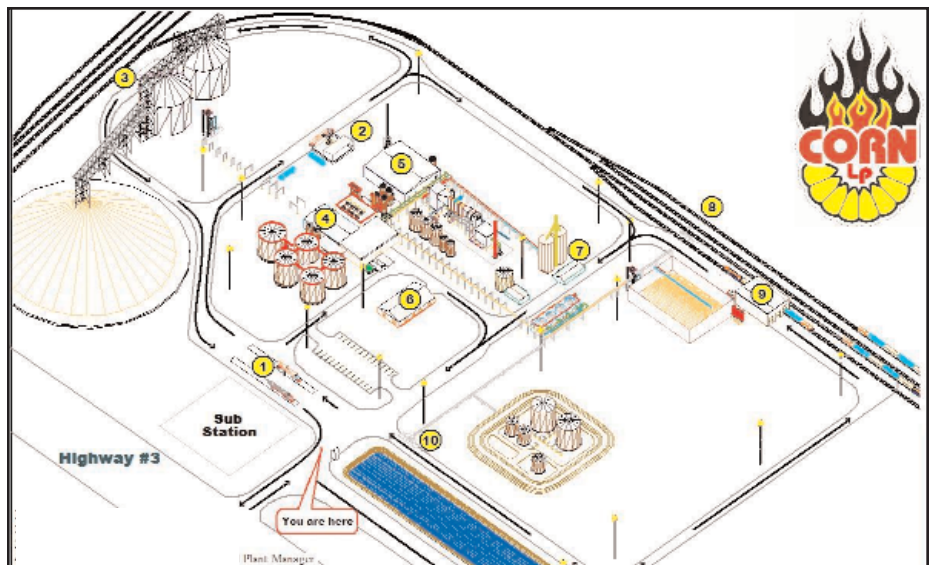
The new officers will serve in the aforementioned capacities for the remainder of this year.

At this time I ask that you join with me in recognizing and extending thanks to Paul and Mark for the outstanding job both men did in fulfilling their numerous responsibilities as officers.

They, along with all of the Directors on the Board, have been actively involved from the very beginning of the process which has resulted in CORN, LP, and all have done a fine job for the company and for their fellow investors.

*This artist's rendition provides identification of the CORN, LP site's main buildings and equipment systems.*

1. Truck Scales
2. Wet Cake Load Out
3. Corn Receiving
4. Process Building, Control Room, Lab and Plant Manager
5. Energy Center
6. Maintenance Manager & Shop
7. Coal Receiving
8. Ethanol Rail Load Out
9. DDGS Load Out (Truck & Rail)
10. Truck Ethanol Load Out, Denaturant Receiving





## Coach's CORNER

By

Andy Miller

CORN, LP Plant Manager

As CORN, LP concludes its first two full months of production and moves steadily into this its third, things are happening very rapidly.

It has been very gratifying to witness how the entire Staff and Employee Team is continuing to meld together, to become more comfortable with their respective responsibilities and obligations, and likewise to become more comfortable with and adept at handling the processes, functions and operations of CORN, LP's extensive ethanol production systems.

With the operations of the plant now having been turned over completely to our full time Staff & Employee Teams by the builders and instructional personnel who were on hand through the training and initial production start up processes, CORN, LP's men and women have assumed complete responsibility for managing all of the data and inputting the information into the production systems, and are doing an outstanding job of both.

Each member of the Team has come together well, working together with unmatched enthusiasm to address and overcome whatever challenges or obstacles that may have been presented to them along the way, and they have displayed tremendous energy at all levels and in all stages of the production process to *Make Things Happen!*

I am also extremely pleased to report the entire Team has recorded an Excellent Safety Record throughout the long and arduous processes of bringing all of the systems on line and gearing up production, so that as I write this article CORN, LP is currently operating at just slightly more than its name plate production capacity of 50 million gallons annually.

A total dedication to the safety of all operations and the safe performance of all employees in all capacities is an on-going commitment at CORN, LP, with safety committees throughout the plant focusing on specific operations, and providing information for safe and proper procedures to those handling them.

The environmental results from CORN, LP's operations have

been very favorable, and during early April we will be welcoming staff members from the Iowa Department of Natural Resources (IDNR) as well as from the Environmental Protection Agency (EPA) to the plant to conduct their inspection of our site and its processes.

As we begin this third month of ethanol production, I am also pleased to report that the quality of the products CORN, LP is producing have been at consistently high levels throughout.

The Staff and Employee Team members handling the various procedures and processes are all fully aware of and understand the need to maintain the highest quality output, while at the same time the need to effectively manage the efficiencies of operations, and they have been extremely successful at meeting both of these crucial objectives.

At this point we are awaiting the arrival of new parts for the boiler feed water pumps which, when they have arrived, will require a planned plant shut down to complete their installation.

The reason for this upgrade of the water feed pumps that were originally installed is due to a slightly higher demand for water than the output supplied by the original pumps.

Another key area of focus now that CORN, LP is up and running strong has been the load out systems.

Following a very quick initial learning curve and some fine-tuning of various processes and systems along the way, the Employee Team handling the task of loading railroad tanker cars with ethanol can now completely fill a tanker to its 29,000 gallon capacity in just a little over 20 minutes.

A similar rate of speed and efficiency is being achieved by those loading the DDGS in hopper cars, with a car being fully loaded to its 105 ton capacity of DDGS in just over 20 minutes as well.

In bringing this review to a conclusion, let me say I am also pleased to report to you that with CORN, LP now operating at, and in some cases beyond, normal capacities on a day-to-day basis, we have implemented between 15 and 20 "Optimization Projects", the results from which we will be monitoring, evaluating and reviewing in conjunction with the IMC/Fagen Team to implement so that we will be able to achieve even greater efficiencies of operations for the future.

I guess if there was one statement that could best sum up our overall emotions as CORN, LP moves forward is that "It's A Very Exciting Time To Be In This Very Exciting Business!" The entire Staff and Employee Team of CORN LP feels that way, and we hope you share those feelings and this enthusiasm with us.

### As Consumption Of Oil Increases Around The World Excess Production Capacity Continues To Shrink

*Less than 4 years ago, back in 2002, to be precise, the oil producing nations had the capacity and capability to pump a sufficient supply of crude out of the ground each day to satisfy worldwide demand, PLUS have an extra 5.6 million barrels of crude left over.*

*For lack of a better term, it was 5.6 million barrels of "Spare Crude" the world didn't need to use.*

*In 2005, as the demand for crude has continued to increase steadily, reaching 72.5 million barrels per day, of which 10.2 million barrels per day are used in the United States alone, only 1.1 million barrels of Spare Crude would remain left over, even with all of the oil producing nations still pumping at full capacity.*

*As vulnerable as that narrow margin of left over crude oil already makes things, what really turns heads is how quickly that excess could turn into a shortage if any of the major oil producing nations has a significant interruption to their level of production, much as what recently occurred in Nigeria. Other major oil producing countries and their daily crude oil capacities include:*

China	3.5 Million Barrels Daily	Nigeria	2.5 Million Barrels Daily
Iran	4.0 Million Barrels Daily	Russia	8.8 Million Barrels Daily
Iraq	2.0 Million Barrels Daily	Saudi Arabia	9.1 Million Barrels Daily
Kuwait	2.4 Million Barrels Daily	Venezuela	2.6 Million Barrels Daily

*The narrowing of the Spare Crude gap, plus the extreme vulnerability of oil production due to so much of it occurring in nations with long histories of instability, are among the primary factors driving the objective of reducing the United States dependence on crude oil imports and, at the same time, among the key forces supporting the expansion of alternative fuels such as ethanol to stretch and/or to serve as a substitute for the existing crude oil supply in meeting our demands.*



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There are several alternatives which you can choose from to satisfy your goals, be they to purchase additional shares and/or to sell/transfer shares. These include:

\* If you are a parent or grandparent and you wish to give some percentage of your share or shares in CORN, LLC to your children or grandchildren, I would suggest setting up a trust to accomplish this objective.

\* If you currently own stock and wish to purchase additional shares in CORN, LLC, there really is no issue, since you are already an investor and the purchase of additional shares which not alter our investor totals.

\* If you want to sell stock, you can sell to a current investor who is interested in adding to his stock holdings, since like the above example, the transaction would not alter the number of investors because you are both already included in the total.

\* If you are not currently an investor and you want to purchase stock in CORN, LLC, you would need to find a current investor who is willing to sell all of their stock to you, since this transaction would also not alter the investor total.

As we go to press with this issue of The CORN Connection, we are awaiting approval from one more entity which, when that approval has been granted, will enable us to post a Bulletin Board on the CORN, LP web site at www.cornlp.com that can be used by prospective buyers and/or sellers for the purchase/sale of stock.

It needs to be noted here that no more than 10% of all CORN, LLC stock can change ownership within any 12-month period using this means of communication.

Obviously, there are other means, methods and mediums to find a prospective buyer and/or seller, including by word-of-mouth, placing an advertisement in the newspaper(s) or trade journals and so forth, and these can be used by any interested individual without any assistance from or involvement by CORN, LP or CORN, LLC.

As regards sales/purchases of stock utilizing these other means, it needs to be noted that no more than 40% of all CORN, LLC stock can change ownership in a 12-month period using these particular forms of communications to establish contact.

Finally, please be aware that regardless of the means of communications used to bring together a prospective buyer and a prospective seller of stock in CORN, LLC, the Board of Directors will not authorize a change of ownership of more than 49.9% in a 12 month period.

CORN, LP Board Of Directors

Joseph Horan, President	CORN LLC
Dr. John Gazaway, Vice-President	CORN, LLC
Clayton Hansen, Secretary	CORN, LLC
Max Nedved, Treasurer	CORN, LLC
Paul Rasmussen, Director	CORN, LLC
Dean Reichter, Director	CORN, LLC
Mark Wigans, Director	CORN, LLC
Mervin Krauss, Director	Gold-Eagle
Duane Vorrie, Director	Gold-Eagle
Brian Thome, Director	Fagen, Inc.
Ken Ulrich, Director	IMC, Inc.

Doing so would cause CORN, LP to lose its pass through tax status. Additionally, CORN, LP would then be required to pay income tax on earnings, and therefore its investors would also be required to pay tax on the distribution of earnings to them, creating a double tax situation.

We hope to be able to announce the creation of our web site Bulletin Board in the next issue of The CORN Connection which, conveniently, brings me to a second issue of interest to discuss as I wrap up my comments this month.

QUARTERLY NEWSLETTERS: You may recall that in my January newsletter article I discussed a request that had been submitted to the Board for quarterly updates about the financial performance, along with some updates on production information.

The Board has agreed to the merits of this request, and they have approved providing a quarterly "Snapshot" of how things are progressing at CORN, LP and a report on how CORN, LP is doing in an abbreviated snapshot of the financials.

With the first quarter of the current fiscal year coming to a close on March 31st, therefore, we will be assembling this information to be included in an April edition of The CORN Connection, which will also include information on our plans for an Open House at the CORN, LP production plant to be held sometime in June.

With the subsequent 2nd, 3rd and 4th quarters of the current fiscal year ending in June, September and December respectively, our publication schedule for future editions of The CORN Connection will therefore be July, October and January, rather than the every other month publication schedule we had initially proposed.

Typically all of the information for each issue will be assembled sometime during the middle of each month following the end of the quarter, then published and mailed to you so that, hopefully, you will be receiving the quarterly updates by the 20th of the publication month.



CORN, LP

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