



# Golden Grain Energy Member Update

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Page 4: PAC Golf Outing Aug. 17

**OUR MISSION** is to *“add value to the corn production of the area and enhance the incomes of our investor partners while providing economic growth to the area we serve.”*

## New ethanol blends finding acceptance

Northeast Iowa fuel outlets with ethanol blender pumps say customers are continuing to increase their use of a variety of blends in flex-fuel vehicles and others.

Steve Breitbach, retail fuel manager for Five Star Coop says that E85 remains popular with his customers, totalling 14 % of the company’s total fuel sales at 5 locations, only three of which feature the blender pumps. That popularity isn’t surprising, considering the fuel’s current \$1 advantage over E10. Less common blends such as E15 and E30 are still a small part of sales at 5% and 2.5% respectively, but are ahead of the previous year’s sales. Breitbach noted that overall ethanol use is up as well,

with no-alcohol fuel sales dropping to only 6% of the co-op’s total.

Five Star’s original blender pump, at New Hampton, has been in place for five years, with stand-alone pumps in Hanlontown and Scarville.

The story is a bit different at Cresco Fast Stop, where, Dave Sovereign says, “E30 seems to be the sweet spot.” At his blender pump, E30 accounts for 26% of sales, just behind E10s 27% and E85 at 33%. “With the higher octane, a lot of people are using the E30 and not seeing any mileage reduction from E10 and they get a 19-cent discount.”

“I’m amazed at how many people are doing a lot of experimenting to find the right blend ratio for their



vehicles,” he said. They are starting to think in terms of cents per mile, balancing any potential mileage reduction with the lower cost of higher ethanol blends.

While E30 and E85 are approved only for flex-fuel vehicles, E15 blends have been approved for vehicles model year 2001 and newer.

## GGE to co-host field day Aug. 19

Golden Grain Energy, Absolute Energy, and New Holland will host a field day Aug 19, 2015, at the Cedar River Events Center in Osage. The event starts at 8:45 a.m. and will conclude with lunch and door prizes, including the grand prize of a New Holland Rustler. David Kruse of Comstock Investments will be the featured speaker of the day. Representatives from both plants will be available to discuss business op-

portunities with each company.

There will be New Holland equipment on display with representatives there to answer any questions that you may have on their equipment and special purchase programs available to Producer Club members. If you are not already a member of the New Holland Producers Club please give Brooke or Curt a call at the Golden Grain office at 641-423-8500 for details.

## Distribution of \$0.50 per unit

Golden Grain Energy’s board of directors voted May 18 to declare a \$0.50/unit (\$9,936,500 total) distribution to members. There will be taxes withheld from the distribution, to represent the amount that GGE paid on members’ behalf to various states for the 2014 tax year plus the 2015 tax estimates, mostly to Minnesota. Members should have claimed the majority of these taxes on their 2014 tax return. Payment of the distribution was around June 12.

## 2015 starting off with tighter margins

Golden Grain Energy is pleased to report income for the second fiscal quarter which ended on April 30, 2015 of nearly \$4 million or \$0.20/membership unit. This brings income for the first half of the 2015 year to almost \$18.9 million or \$0.95/unit.

Compared to 2014:

- the price of ethanol is down 32% for the first two quarters,
- corn price is 18% lower, and
- natural gas costs are 44% lower in 2015.

Though ethanol prices were much lower than a year ago, GGE has produced and shipped 7% more ethanol in the first six months of 2015 than in 2014. Rail logistic issues experienced during 2014 required us to slow operations and build inventory.

Margins have improved since the end of the second fiscal quarter but they likely still won't reach margins seen during the 2014 record breaking year.

The \$2.60/unit distribution paid in December 2014 changed current assets and members' equity on the balance sheet. This distribution totaled nearly \$51.7 million and was paid with cash and marketable securities.

The upcoming \$10 million distribution, being paid this month, will also

be paid with cash reserves. Book value per unit was approximately \$6.36 as of April 30, 2015. A limited number of unit transfers took place during the second quarter, ranging from \$5.56 to \$5.98 per unit.

The complete 10-Q can be found on the SEC website or by following the investor link at [www.ggecorn.com](http://www.ggecorn.com).

— *Christy Marchand, CFO*  
*Golden Grain Energy*

BALANCE SHEET	April 30, 2015	Oct. 31, 2014
<b>Current Assets</b>	\$ 47,558,473	\$70,279,557
<b>Total Assets</b>	\$ 133,856,095	\$167,557,815
<b>Current Liabilities</b>	\$ 692,787	\$7,791,972
<b>Long-term liabilities</b>	\$ 510,787	\$542,282
<b>Members Equity</b>	\$ 126,424,080	\$159,223,561
<b>Book Value per Unit</b>	\$ 6.36	\$8.01

INCOME STATEMENT	Three Months Ended 4/30/15	Three Months Ended 4/30/14	Six Months Ended 4/30/15	Six Months Ended 4/30/14
<b>Revenues</b>	\$ 52,854,192	\$ 79,555,311	\$ 113,902,315	\$ 152,542,836
<b>Gross Profit</b>	\$ 3,826,385	\$ 18, 588,889	\$ 16,180,655	\$ 32,982,582
<b>Equity in Net Income from Investments</b>	\$ 455,468	\$ 4,859,654	\$ 4,012,244	\$ 9,700,132
<b>Net Income</b>	\$ 3,967,686	\$ 22,777,709	\$ 18,870,319	\$ 41,252,742
<b>Net Income per Unit</b>	\$ 0.20	\$ 1.15	\$ 0.95	\$ 2.07
<b>Distribution Paid</b>	\$ --	\$ 0.40	\$ 2.60	\$ 0.90

## Check out the Biofuels Mobile center

Golden Grain Energy is one of several partners in the Biofuels Mobile Education Center, a trailer that travels to events around the Midwest telling the story of ethanol and biodiesel. Find an upcoming event near you to see what it has to share (partial list).

July 9: STEM Conference, Marshalltown, IA  
1-4PM

July 10: Winneshiek Co. Fair, Decorah, IA.

July 11: Deer Creek Speedway, Spring Valley, MN.

July 12: Marion Co. Fair, Knoxville, IA.

July 15: Adair Co. Fair

July 17-18: ARCA Racing Series and INDYCAR Series, Newton, IA.

July 20: Warren County Conservation Days

July 21: RAGBRAI, Eldora, IA.

July 22: RAGBRAI, Cedar Falls, IA

July 23: Grundy Co. Fair, Grundy Center, IA.

July 24-26: Brickyard 400, Indianapolis Motor Speedway

July 29: Bremer Co. Fair Waverly, IA.

July 30 Ag in the City Pella, IA.

July 31-Aug 1 NASCAR K&N Pro Series and NASCAR XINITY Series Newton, IA

Aug 5th Kossuth Co Fair Algona, Iowa

Aug 7 Clayton Co. Fair Garnavillo, IA.

Aug 12-15 Knoxville Nationals Knoxville, IA.

Aug 21 Iowa State Fair

## 138 projects for shutdown

Golden Grain Energy's annual maintenance shutdown is expected to begin June 21, with contractors beginning work June 22.

There are 138 projects of various sizes to be completed during the shutdown, in addition to any work that may be found in the process of those projects. Our first goal for these projects is plant safety, followed by improvements to efficiency.

There will be approximately 40 out-of-town contractors on site during the entire shutdown. In addition, GGE will have its regular local contracting crew of approximately 20 contractors working. Another 10 contractors will be at the plant for one day to remove equipment that will be repaired or calibrated in their own facilities.

We also expect plant employees to

work more than 3,300 hours during this week. Essentially all employees in the plant work 12 hours/day for approximately 9 days straight. This will be in addition to their regularly scheduled shifts.

Projects during this shutdown include both replacing worn equipment and upgrading various parts of the plant.

We anticipate half of the plant restarting on June 28 and the other half on June 30. We hope to have the plant fully restarted and running at full rate by July 1.

By late summer we should have a good understanding of how the new and improved equipment is working.

— *Chad Kuhlers, Chief Operating Officer*

## EPA decision disappoints

WASHINGTON — On May 29, the Environmental Protection Agency (EPA) released its proposed Renewable Fuel Standard (RFS) renewable volume obligations (RVOs) for 2014, 2015 and 2016. Unfortunately, the EPA continues to cling to the “blend wall” methodology that falsely claims ethanol has reached its saturation point at a 10 percent ethanol blend and that higher-level ethanol blends, such as E15 and E85, are not yet large enough to justify a higher RVO. The Renewable Fuels Association has called on the EPA to do away with the “blend wall” methodology and allow the statutory volumes in the RFS to drive marketplace change. Bob Dinneen, president and CEO of the Renewable Fuels Association, released a statement, including:

“EPA has to be given some credit for attempting to get the RFS back on track by increasing the renewable volume obligations (RVOs) over time. But the frustrating fact is the Agency

continues to misunderstand the clear intent of the statute — to drive innovation in both ethanol production and ethanol marketing. The Agency has eviscerated the program's ability to incentivize investments in infrastructure that would break through the blend wall and encourage the commercialization of new technologies. By adopting the oil company narrative regarding the ability of the market to effectively distribute increasing volumes of renewable fuels, rather than putting the RFS back on track, the Agency has created its own slower, more costly, and ultimately diminished track for renewable fuels in this country.

“Today's announcement represents a step backward for the RFS. ...”

Read the full statement at: <http://www.ethanolrfa.org/news/entry/epas-rvo-decision-is-not-what-the-statute-intended-not-in-the-best-interest/#sthash.p9mDE7f7.dpuf>

## Comment on RFS rules online or in person

The EPA published proposed rules for the 2014, 2015 and 2016 renewable volume requirements June 10, opening comments through July 27.

The proposed rules again fall short of statutory requirements by more than 2 billion gallons of total renewable fuel for 2014, 4 billion gallons for 2015, and nearly 5 billion gallons in 2016.

Golden Grain Energy encourages its members and supporters to submit comments to the EPA under Docket ID No. EPA-HQ-OAR-2015-0111 at [www.regulations.gov](http://www.regulations.gov).

### Join bus to hearing

Golden Grain Energy will also be a pick up point for a bus going to Kansas City, KS Thursday, June 25, for the EPA Public Hearing on Renewable Fuel Standard cuts. The bus will leave Golden Grain at 6 a.m. on Thursday morning with the rally starting at 9 a.m. If you are interested in attending, please RSVP at this link: <http://www.ncga.com/rfshearing>

If you have further questions, please don't hesitate to contact the Golden Grain Energy office at 641-423-8525 and ask for Curt.

As always, we appreciate your support!

## Golden Grain Energy LLC Board of Directors

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## Connect with us:



: Golden Grain Energy LLC



: @ggecorn

# Tee off Aug. 17 for GGE PAC

## GGE thanks livestock feeders, DDGS users

The theme for 2015's 11th annual Friends of Ethanol golf outing is showing appreciation for our DDGS end users and livestock feeders.

The evening will feature a door prize drawing for livestock feeders for a grand prize of 5 ton of DDGS and a second prize for 2.5 ton of DDGS.

The annual golf outing and dinner is scheduled for Monday, Aug. 17, at the Cedar Ridge 18-hole golf course, 2147 Underwood Ave., Charles City, Iowa. Registration will begin at 12:15 p.m. with a shotgun start at 1pm.

The social hour will begin at 5 p.m., followed by the 6 p.m. fundraiser auction and a prime rib dinner catered by Frederika Locker.

Prices for the day's activities are the same as last year: \$75 for golf and meal, or \$25 for the meal only. DDGS feeders will be given free door prize tickets for the drawing. We want our loyal supporters to invite and welcome the livestock feeders who utilize DDGS to the day's activities or at least to the evening events.

Our keynote speaker will be Dennis Smith with ADM Investor Services. Hopefully we can fill the room with Friends of Ethanol to listen to Dennis's perspective on the markets.

We have been very thankful for the donated auction items in the past and we certainly hope this year's fundraiser will be the best one yet.

Please RSVP for the golf outing and/or dinner by contacting the Golden Grain office at 888-443-2676.

We would also like to thank Golden Grain's members for their continued support of the PAC through contributions from member distributions.

—*Jerry Calease, GGE PAC Chairman*

## Keynote address from ADM specialist

Dennis Smith was born and raised in central Illinois. After earning a B.S. degree in Agribusiness from Illinois State University, Dennis took his first job out of college managing a grain elevator/feed mill in Marshall, Illinois. After learning the grain business for three years Dennis returned to school, enrolling at the University of Illinois and earning a M.S. in Agricultural Economics.

Dennis launched his brokerage career in 1986 in Chicago. He soon began specializing his services toward the grain and livestock area, and in 1990 began publishing livestock research today widely known as the "evening livestock wire." Over the years, Dennis has built up a substantial book of clients including cow/calf operations, feedlot managers and individuals feeding cattle, pork producers, grain producers, feed manufactures and a few speculators.

Dennis and his partner, Pat Garrity, operate a full service brokerage operation clearing through ADM Investor Services. Their offices are located at the Board of Trade in Chicago. The evening livestock wire is widely followed by the industry and is published for clients. Subscriptions to the livestock wire have grown dramatically in recent years. Dennis can be heard on WGN radio, DTN, several other radio stations across the Midwest and is a frequent guest on This Week in Agribusiness with Orion Samuelson and Max Armstrong. Dennis also publishes a weekly livestock column in a Wisconsin newspaper, AgriView.