



Global Ethanol Update



January 2009

Operational Update -

On January 1, 2007 the management of Global Ethanol developed an operating philosophy with a primary objective to make us the "best in class" in the ethanol industry through execution of key principals centered on its people and dedication to its process and plant equipment. Based off that guiding philosophy, a number of commitments were made around the development of safety and environmental programs; optimization of our organizational structure; recruitment and retention programs; training and accountability; quality systems; operational efficiency; site cleanliness; preventative maintenance; operational risk management; and planning. It is pleasing to be able to report that we appear to be reaping the rewards of all the work put into "Program Operational Excellence" as the plants start to deliver significantly improved performance. Year on year, we are 5 million gallons ahead as of December 2008, and working hard to safely and successfully deliver on a budget of 151 million gallons by June 30. One of the keys to our success has been the use of the "checklist" in our operations to ensure consistency and reliability in the way we work each and every day, much like a pilot does before a flight leaves the gate. Another has been the retaining and development of our staff so that their full potential can be recognized and we have been able to promote a number of people internally into critical positions within the organization.

	Riga Production		Lakota Production	
	200 Proof	Denatured	200 Proof	Denatured
December 2008	4,640,273	4,811,645	8,590,770	8,905,847
Previous Record	4,507,409	4,599,645	8,463,412	8,776,997

Congratulations to our site managers, Dan Lockett and Mike Klauke, and I am sure they would want to thank their entire team for the way they have pulled together and focused on turning things around. We all look forward to reporting on further successes in future newsletters.

Industry and Market Update

Most analysts expect economic recovery by the 3rd quarter. OPEC cuts and opportunistic crude oil spreads have finally stabilized energy valuations. Reduced refinery output coupled with current low prices has also stabilized gasoline prices.

RBOB should reverse course and begin to gain on ethanol sometime during 1st quarter 09. Ethanol prices will only see gradual price improvement unless more production is taken out and/or there is modification to the current ethanol mandates. Improved stability in the energy complex should encourage partial recapture of lost margins for the ethanol industry, but overall the industry remains faced with compromised plant net-backs during the first half of the year. Current crop year corn fundamentals remain mostly neutral. The expectations are for nearby corn futures to range trade between \$3.50-\$4.50/bu.

Given the historically low interest rates, speculators will remain vested towards holding length in the commodity markets. Expect more support towards corn prices just prior to spring season to ensure enough acres are planted.



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CEO's Report - Trevor Bourne, CEO

Well, we made it into 2009 and I for one am glad 2008 is over. Hopefully the New Year will provide better prospects for everyone. Having said that Global ended the calendar year reaching some important goals; operationally, the company is reaching records and achievements thanks to the successful implementation of many of the initiatives started 18 months ago. By continuing these initiatives we will improve our business and be successful.

Financially, the company finished the calendar year with a pleasing result given the environment, but looking out the window today the first quarter looks tough. I believe the year will continue to improve but there are a few more months of pain to endure before Global starts to see a return to more normal trading.

As part of continuous improvement and cost control, Global Ethanol is benchmarking itself against industry peers on a number of key metrics. Global participates with our industry peers in reporting key data to Christianson & Associates, a third party reporting service. The data is gathered quarterly and reported back to the industry so we can compare our performance against approximately 45 other peers.

Key measurements include: Production levels, operating revenues, operating costs, production

Financial Update

The financial condition of Global Ethanol, LLC continued the decline during the month of December. The net loss for December was (\$1,526) and the EBITDA was \$283. Market to market realized losses and unrealized market to market gain adjustments were a net positive of \$37. All significant financial positions have been liquidated. Corn costs were lower than the forecast, as we had some cheaper corn contracted at Lakota. Ethanol net backs were lower than forecast, due to some of the index prices. Operating expenses were down from budget and SG&A expenses were down from both the budget.

The denatured conversion of corn to ethanol for December was 2.84. In December, Global started to decrease the percentage of denaturant blend to meet the new blending requirements effective January 1, 2009.

Current Working Capital is \$5,402 and Equity is \$86,625. An additional \$2,000 to \$3,330 of new equity is equity is scheduled to come in over the next quarter. With the additional equity, the lenders will also defer another \$1,130 of principal payments for one year.

efficiency ratios, profitability ratios, financial ratios, and financial efficiency ratios. While we are always looking to improve our performance in all of these areas, the benchmarking gives us an indication of how we stack up and where we may be lagging or leading the most. Benchmarking also provides us an opportunity to conduct trending by plant and within the industry.

Global Ethanol overall is in the top 50% of performance on all accounts within the industry. While our plants differ in technologies, the Lakota facility is on par with the industry leaders and Riga is on par with the industry average. Global Ethanol has many initiatives under way to improve performance. These include: yield improvement, energy reduction, chemical use reduction, increased account receivables turnover, reducing sales and general administration costs, and of course maximizing our return for ethanol sold through sales and trading. These initiatives support the need to keep focused to get us through difficult economic times in the industry.

So to finish my message is simple and consistent with my previous. Times are tough and it is in these times where you must continue to do the simple things that make a difference and this is a core strength and differentiator of Global.

