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THE BEAN COUNTER



MnSP Is Committed to Customer Service

Questions and concerns regarding MnSP's soybean discount scale and receiving operations have prompted Tom Kersting, Commercial manager, to reaffirm the cooperative's commitment to customer service.

"The board of directors and MnSP Associates are committed to providing our customers with competitive prices and the best possible service," he said, adding "I welcome all of all customers to feel free to provide feedback on how to continue to improve our service."

"The soybean discount sale at MnSP was developed using standard industry measurements and adjusted to be competitive with other buyers in our region. Recently there have been comments that our moisture discounts are harsh. MnSP's moisture discounts are posted with a set amount of discount per bushel regardless of the price of the soybeans (see adjacent box). Other operations shrink the bushels to determine the discounts. A common scale at these operations may be 1.0% shrink for each 0.5% of moisture over 13% to 15%. At 14% moisture on \$8.00 soybeans the discount would be 16 cents per bushel compared to 8 cents at MnSP," Kersting pointed out.

"As I reported earlier, the soybean receiving area at MnSP did not perform to our expectations. During the last weeks of November the pit area was extensively remodeled and other changes were made. The changes have resulted in much improved unloading times and

ease of operation. As our customers become better acquainted with the new facility and how it operates I'm confident our unload times will continue to improve," he said, reminding customers to have load information ready and available when entering the probing station and to pull off the scale as soon as instructed.

"The truck meal load-out area continues to improve loading times as operators and customers become acquainted with the new equipment and procedures. Meal load-out is open 24 hours a day, seven days a week. To date the weekend traffic has been light, providing quick drive-in drive-out service. Shippers need to have loadout information and a pick-up number prior to arriving," Kersting concluded.

Minnesota Soybean Processors Soybean Discount Schedule Effective Sept. 17, 2003							
Moisture %							
13.1	-\$.00	13.6	-\$.04	14.1	-\$.08	14.6	-\$.12
13.2	- .01	13.7	- .05	14.2	- .09	14.7	- .13
13.3	- .02	13.8	- .06	14.3	- .10	14.8	- .14
13.4	- .03	13.9	- .07	14.4	- .11	14.9	- .15
13.5	- .04	14.5	- .12	14.0	- .08	15.0	- .16

Moisture: Soybeans with over 15% moisture are subject to rejection or special discounts.

MnSP Board of Directors

DISTRICT 1	DISTRICT 2	DISTRICT 3	DISTRICT 4	DISTRICT 5	DISTRICT 6	DISTRICT 7
Robert Kirchner Brewster, MN 507-842-5592	Ron Obermoller Brewster, MN 507-842-5467	Bob Crowley Iona, MN 507-425-2021	Galen Van Beek Inwood, IA 712-753-2286	Steven Hansen Clear Lake, SD 605-874-2313	David Bunde Stewartville, MN 507-533-4928	Paul Henning Okabena, MN 507-853-4669
LeRoy Kellenberger Beaver Creek, MN 507-673-2283	Bruce Hill Worthington, MN 507-842-5402	Don Louwagie Marshall, MN 507-532-6081	Keith Waltner Parker, SD 605-648-3224	Todd Stroschein Clear Lake, SD 605-876-3721	Gary Dieterich Rudd, IA 641-395-2383	Darol Schmitz Brewster, MN 507-842-5413
Steffen Van Westen Reading, MN 507-478-4552	Bill Fest Heron Lake, MN 507-793-2585	Jim Sallstrom Winthrop, MN 507-647-2546	Larry VanMeeteren Sheldon, IA 712-324-4088	Edward Verhelst Huron, SD 605-352-5564	Eric Thorn Chatfield, MN 507-867-1427	Adam Schumacher Heron Lake, MN 507-793-2588

Progress Reports Highlight Annual Meeting

More than 200 Minnesota Soybean Processors gathered in Windom March 13 to hear progress reports from management and officers only months after the Brewster plant began crushing.

Routine business was handled, including a change in the by-laws and re-election of seven directors. The by-laws were amended to permit "bundling" of entitlements to Class A stockholders; only two members present voted against the amendment. Bill Fest of Heron Lake withstood a challenge by John Wagner for a seat on the board from Dist. 2.

President Bob Kirchner of Brewster reviewed the biodiesel mandate passed by the Minnesota Legislature, and pointed out production capacity must be present in Minnesota before it takes effect. "We will have a plant built," he promised, and cautioned members to be vigilant against any efforts to weaken the mandate.

Bob Person and Mel McCuen of Heron Lake reviewed plans to build an ethanol plant in that area and called it and the Brewster plant "brother/sister" projects.

CEO Rodney Christianson reviewed construction progress and plant and infrastructure costs. He pointed

out MnSP's first crush was "four years and four months" after the first meeting was held to explore the feasibility of a plant. Christianson predicted a "volatile year" ahead in domestic and world markets because of plant and animal diseases as well as competition from product substitutes.

He found a bright spot: "This time, we have obtained permits before construction on the biodiesel refinery is ready to begin," he reported.

Commercial manager Tom Kersting said demand from China was slowing, but the domestic poultry market was up. He urged growers to remember the Quality Premium Program when selecting varieties this spring.

Operations manager Steve Still introduced MnSP Associates who were present, adding he's "very impressed with the staff," noting good people are required along with good equipment for an efficient and profitable plant operation.

State Rep. Elaine Harder, State Sen. John Vickerman and an aide of U.S. Sen. Mark Dayton congratulated members on the new plant and updated them on legislation. Vickerman said the key to biodiesel legislation would be a blending credit; the Dayton aide elaborated on the Senate's stalled energy bill.



Gov. Tim Pawlenty (above) congratulated MnSP members on their newest venture when he participated in groundbreaking ceremonies for a biodiesel refinery March 19. In the photo at right, Bruce Hill, secretary, of Worthington; Ron Jacobsen of North Mankato, president of Minnesota Soybean Growers Assn.; Ag Commissioner Gene Hugoson; Governor Pawlenty; Bob Kirchner, MnSP president of Brewster, and Ron Obermoller, Dist. 2 Director also of Brewster, wielded shovels for the rite.



President's Report

Biodiesel Refinery Has Groundbreaking

As I write this article, spring is at hand and there are many things to get ready for the field.

On March 19, we were pleased to host Minnesota Gov. Tim Pawlenty, Agriculture Commissioner Gene Hugoson, and many other special guests. We used this opportunity to do a groundbreaking ceremony for the biodiesel refinery. Rodney and I had extended an invitation to the governor on numerous occasions and it finally fit into his schedule. As this event was put together on very short notice, it did limit our ability to inform the membership and held attendance to approximately 100 people. I can only speculate on all the factors that made his visit possible, but it was a special privilege because few new projects are blessed with a visit from the governor.

At the groundbreaking I congratulated the governor for serving as vice-chair of the Governor's Ethanol Coalition and expressed a desire to have him chair a

Biodiesel Coalition. Minnesota is a charter member of this ethanol coalition with 29 other states and five other countries as members. With a lot of hard work, biodiesel may one day achieve this level of acceptance. I reminded our guests that with this refinery our farmers will be able to plant a crop of soybeans in May and harvest a crop of biodiesel fuel six months later. We will have the ability to produce almost 1.5 gallons of biodiesel from every bushel of soybeans or approximately 75 gallons per acre.

Once again, if you know of any producer who would like to become a member of MnSP, please tell them to call Kathy at our Brewster plant office, phone 1-888-842-6677 and get on the list of farmers wanting to buy shares.

Please be careful as you go about your spring field work. We need you!

Bob Kirchner,

President, Minnesota Soybean Processors

MnSP Recently Opens Stock Trading

As of February 1, 2004, existing Class A Preferred shares in Minnesota Soybean Processors are now open for trade. All stock trading must be done in accordance with the Stock Transfer System Rules, which are summarized in this article. A copy of the Stock Transfer System Rules can be obtained by downloading it from the MnSP web site, or by calling the office for a copy.

Preferred stock will be traded on a bi-monthly basis, and will be sold in increments of 250 shares, unless a seller is liquidating their position. Members liquidating their position will automatically receive \$250 for the liquidation of their common stock in the proceeds from the sale, and new individuals will submit \$250 for a share of common stock to become an eligible member to bid on stock.

The seller will locate a buyer to purchase the shares at an agreed upon price between the seller and the buyer. The parties will then request the necessary paperwork from the office by contacting the Stock Sales representative at (507) 842-6682. The office will forward contracts titled "Offer to Buy" and "Offer to Sell" to each of the respective parties. The seller will complete the Offer to Sell contract, and return it to the Volga office with the original stock certificate. The buyer will complete the Offer to Buy contract, and return it to the Volga office with a check for 10% of the purchase price of the shares. The check will be held in escrow until the stock sale is final.

The contract will be posted in the bi-monthly newsletter which will be mailed by the 25th of January, March,

May, July, September, and November. All paperwork from both the buyer and seller must be received at the Volga office by the 20th of the afore mentioned months to be posted in that newsletter. All paperwork received after this date will be held until the next publishing of a newsletter.

Members may bid on the stock by outbidding the posted price in the newsletter in increments of at least 1¢. The member will complete the form enclosed in the newsletter and send it to the Volga office along with a check for 10% of the purchase price of the stock that is being bid. All bids must be received at the Volga office on the Friday prior to the third Monday in the months of February, April, June, August, October, and December.

The staff of MNSP will match the bids, and then present it to the Board of Directors for approval at the monthly Board Meeting. Once the Board of Directors approves the stock sales and transfers, then the staff will notify the buyers, and they will have 10 days to submit the remaining 90% of the purchase price. When the funds have cleared, the seller will be forwarded a check for the proceeds of the sale, and the buyer will be forwarded a new stock certificate. If for some reason the funds do not clear, or the buyer backs out, the seller will receive the 10% down payment from the defaulted buyer, and their stock certificate back.

If you have any questions regarding the stock sales and transfer procedures, please call us at (507) 842-6682, and request the individual handling MnSP stock transactions.

MEMBERS ONLY

MINNESOTA SOYBEAN PROCESSORS
CLASS A PREFERRED SHARE SALES AND TRANSFER SYSTEM

NOTICE OF CLASS A PREFERRED SHARES FOR SALE

Class A Preferred Shares of Minnesota Soybean Processors (MnSP) may only be bought and sold under the rules established under the Common Stock and Class A Preferred Shares Transfer System (System Rules) approved by MnSP's Board of Directors. A copy of the System Rules may be obtained from MnSP.

Bids received by members on their equity units are listed below. According to MnSP's Class A Preferred Share Sales and Transfer System, all member-shareholders ("Members") have a right to better the bids. You need not offer to purchase all preferred shares identified with a single contract, but you must offer to purchase in increments of 250 preferred shares. Any member who wishes to bid on the preferred shares advertised for sale this month should complete the "Offer to Purchase" form below. All bids must be received at the Volga office no later than **Friday, April 16, 2004.**

Offer to Purchase should be mailed to the attention of:

**Offer to Purchase
Minnesota Soybean Processors
100 Caspian Avenue
P.O. Box 500
Volga, SD 57071-0500
507-842-6682**

CLASS A PREFERRED SHARES OFFERED FOR SALE THIS MONTH

<u>Contract#</u>	<u>Member Bid</u>	<u>Non-Member Bid</u>	<u>Contract#</u>	<u>Member Bid</u>	<u>Non-Member Bid</u>
001		3,000 @ \$ 2.60	005		30,300 @ \$ 2.55
002		2,500 @ \$ 2.75	006	6,000 @ \$ 3.00	
003	500 @ \$ 2.50		007		2,500 @ \$ 3.00
004		3,000 @ \$ 2.50			
					Average Price: \$ 2.70
					Weighted Price: 2.64

OFFER TO PURCHASE

- I, _____, offer to purchase _____ Class A Preferred Shares of Minnesota Soybean Processors (MnSP) at \$ _____ per Preferred Share for a total price of \$ _____.
- This bid is for contract number(s) _____. (If you wish to bid on any of the above contracts please indicate by writing "any".)
- I am enclosing ten percent (10%) of the purchase price to be deposited in an escrow account, pending acceptance of my bid. If my bid is the high bid and MnSP's Board of Directors accepts any bid, I agree within ten (10) days following the mailing of such notice by MnSP to pay the remaining balance of the purchase price owed and sign a uniform marketing agreement for my soybean bushel commitment.
- I understand that this Offer to Purchase is subject to approval by MnSP's Board of Directors, and I agree to be bound and governed by the System Rules, Articles of Incorporation, By-Laws, contract and policies of MnSP all as adopted and amended from time to time by MnSP's Board of Directors.
- With the completion of this transaction, the seller is relieved of his delivery obligation under MnSP's Marketing Agreement for the Class A Preferred Shares sold. The buyer immediately assumes the delivery obligation for the Class A Preferred Shares, including the current marketing year ending Aug. 31, 2004.

Signed

Printed Name

Address

Phone

Social Security No. or Employee I.D. No.