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Biodiesel Call to Action

Minnesota Soybean Processors Biodiesel Equity Drive

The Minnesota biodiesel mandate and pending energy bill provisions provide the members of MnSP a unique opportunity to enter into the energy markets.

Members need to act now to capitalize on the growing demand for soybased biodiesel. The Minnesota biodiesel mandate requires that 8 million gallons of capacity must be installed in the state prior to June 2005 or the mandate will not take effect. In addition, biodiesel production credits from the USDA are set to expire in 2007. These production incentives will greatly reduce the cost of the facility. But we must act now to get construction underway to meet these deadlines.

MnSP is offering existing members the opportunity to purchase additional shares of MnSP stock. Funds from the sale of stock will be used to construct the 30 million-gallon biodiesel facility. The biodiesel facility will also be capable of producing refined oil for use in the food industry, thereby giving MnSP the flexibility to sell soybean oil into a number of different markets.

Please contact the MnSP office at 507-842-6682 immediately to receive the offering packet.

The offer will expire on January 15, 2004 or when all of the 3 million shares in the offering are spoken for.

For additional information please plan on attending the following meetings.

MONDAY, DECEMBER 1 TUESDAY, DECEMBER 2

2:00 p.m.
Southwest Research and Outreach Center
23669 130th St.
Lamberton, MN

2:00 p.m.
PJ's Lounge
820 Hwy 60
Bingham Lake, MN

2:00 p.m.
Forster Community Center
401 1st Ave.
Rock Rapids, IA

7:00 p.m.
Winthrop City Hall
305 N. Main St.
Winthrop, MN
Upstairs

2:00 p.m.
Pizza Ranch
1617 S. Monroe Ave.
Mason City, IA

7:00 p.m.
Lakefield Multi-Purpose Citizens Community Center
112 S. Main St.
Lakefield, MN

7:00 p.m.
Parker Community Building
299 N. Main Ave.
Parker, SD

6:30 p.m.
All American Co-op
Stewartville, MN

THURSDAY, DECEMBER 4

2:00 p.m.
Luverne Pizza Ranch
110 East Main St.
Luverne, MN

2:00 p.m.
Community Center
109 Samara Ave.
Volga, SD

7:00 p.m.
Reading Community Center
McCall Ave.
Reading, MN 56165

7:00 p.m.
County Extension Building
1910 West Kemp Ave.
Watertown, SD

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



Speakers appearing on the platform Nov. 15 at the open house included (from left) Gene Hugoson, Minnesota Commissioner of Agriculture; Bob Kirchner, board president; U.S. Rep. Gil Gutknecht, First Dist., Minnesota; State Rep. Elaine Harder, Jackson; State Rep. Doug Magnus, Slayton; an unidentified member and Rodney Christianson, MnSP CEO.

Open House Marked with Tours, Equity Offering

Despite cool temperatures and damp, foggy conditions, members, associates and supporters turned out in droves to attend the open house at Brewster on Nov. 15. Those in attendance were offered a tour of the new facility and treated to a pork sandwich lunch. The tours began at 10:00 a.m. and ran continuously until 3:00 p.m.

The open house also served as a platform to kick off an equity drive for a new biodiesel plant. Members were provided an offering circular explaining the project and details of the investment. Members wishing to receive an offering packet can call the MnSP office at 1-507-842-6682.

Directors, politicians and other dignitaries capped off the day with a ribbon cutting ceremony and presentations. MnSP Director Ron Obermoller presided over the ceremonies. MnSP president Bob Kirchner spoke of the hard work and dedication of those involved with the plant. Keynote speaker was U.S. Rep. Gil Gutknecht. Comments were made by Minnesota Commissioner of Agriculture Gene Hugoson, and State Representatives Elaine Harder and Doug Magnus. Staff members from the offices of U.S. Senators Norm Coleman and Mark Dayton were also in attendance and relayed on their support of the new value-added venture.



MnSP Associate Travis Antonsen, commercial merchandiser, is the guide for the group of members touring the new Brewster facility.



The board of directors gathered on the platform for the ribbon cutting. Ron Obermoller (at the microphone) of Brewster and board vice president, was master of ceremonies.

President's Report

Refinery Will Capitalize on Biodiesel Mandate

As I write this article, I hope that all of our members have concluded a safe harvest. The plant is progressing on schedule and processing is on track to start right after Thanksgiving. John Prohaska, our project engineer, and his team have done a tremendous job of supervising the construction of our plant. We had a huge turnout for our open house, feeding over 1,700 for lunch with more attending before and after. Everyone I talked to was very impressed with the plant.

At the open house, the hot topic was our upcoming refinery project. We reopened the opportunity for existing members to purchase more shares at the \$2.40 price through Jan. 15, 2004. The equity offering to fund our refinery project has a maximum capitalization of 3 million shares which will be offered on a first-come basis.

Receiving System Modified to Accelerate Deliveries

During the startup of the soybean receiving system this fall staff members and customers quickly became disappointed with the performance of the new system. It was discovered that the pit design was a bottleneck for the flow of trucks across the scale. After listening to customer comments and exploring all the options for improving speed and efficiency of the receiving system, it was decided to utilize the time before the plant startup to make some changes, reports Travis Antonsen, commercial merchandiser.

"To better accommodate all producers in the delivery of soybeans to MnSP, and minimize the time producers spend in line, we have made the two smaller pits on each scale into one larger receiving pit. In addition to the merger, the grate has also been widened to increase holding capacity while unloading. These changes will easily dump all different sizes of trucks, trailers, and wagons with no jockeying on the scale," Antonsen predicts. Other changes included modifications to the intercom and probing stations, he said. "We believe these changes can significantly speed up the flow of trucks across each scale so we can get you back on the road or loaded with meal," he added.

"We thank customers for their patience and comments on the receiving system during the harvest period. Please feel free to contact us with any question or comment on how we can serve you better," he concluded.

To Sell Soybeans: 1-888-842-6677

To Buy Meal: 1-888-289-6325

Any subscriptions and checks turned in exceeding this level must be returned.

Allow me to give you a brief overview of the refinery project. At this time our only option for the oil we produce is to sell it raw to a refinery. Our refinery project will allow us to also sell degummed, refined and bleached oil, and biodiesel. This will give us three more marketing options for our oil with the ability to vary our production of each product according to market demand. The refinery project will give us greater market security for our oil and additional refinery margins back to our members.

A biodiesel project needs to be a minimum size of 8 million gallons per year to trigger Minnesota's 2% mandate of June 2005. Our project size of 30 million gallons is sized for maximum profitability. A small biodiesel project could have been funded without selling more shares for additional equity. Your board of directors continues the policy of keeping MnSP well capitalized and to bring forward projects that are sized to be competitive in the marketplace.

With this newsletter is a schedule of meetings to inform and offer the refinery investment to our current members. Please take the time to attend a meeting and talk to your directors. The refinery project is already moving forward and the question for each member is how many more shares do we want for this limited time price of \$2.40/share.

I will be looking forward to visiting with you at these meetings.

Bob Kirchner,
President, Minnesota Soybean Processors



MnSP Associates Tim Murphy and Corey Wingate explain the meal storage and loadout operations to a tour group.

From the Desk of the CEO

Refinery Kickoff Shows MnSP Is Looking Forward

Saturday, Nov. 15, was a day of celebration and anticipation as over 2,500 of MnSP's members and friends attended the ribbon cutting ceremony and plant tours. I enjoyed the opportunity to meet and talk with several of MnSP's members in attendance.

Besides celebrating the achievements of MnSP, we were looking forward. On Saturday MnSP initiated an equity drive to raise \$7.2 million to build and operate a 30-million-gallon biodiesel plant. How fitting it was that a breakthrough on the Federal Energy Bill filled headlines and news broadcasts on this day! We could not have planned it better.

Those who had an opportunity to see your facility would agree that MnSP's soybean processing plant is a world class facility.

We continue to press toward the completion of the construction phase and move this facility into operations. Cold weather, snow and ice early in November created delays along with missed deliveries of some miscellaneous steel. This week the team is awaiting water to be delivered to MnSP's site to allow final checkout of the boilers and key systems. The new water supply needs to be treated and certified fit for use by the Health Department.

All items put together will move the startup of MnSP into December. A new staff of associates is in place and will continue training and process checkout up to the point when the plant is ready to start operations.

\$1 Million Grant to Establish Producer Energy Center

A \$1 million grant to the Agricultural Utilization Research Institute (AURI) of western Minnesota will be used to establish a center in Marshall and focused on providing assistance to projects involving producer-owned energy such as biodiesel, ethanol and co-product utilization. The grant is from the U.S. Department of Agriculture. AURI is headquartered in Crookston with offices in Marshall and Waseca.

"We are thrilled to be selected to receive the grant," says AURI executive director Edgar Olson. "Our proposal had the support of many groups involved with Minnesota agriculture because they realize the opportunity producers have to become involved in producing renewable energy."

The 2002 Farm Bill included provisions creating the Ag Innovation Centers, which are designed to provide technical and business assistance to develop markets and processes for value-added agricultural commodities and products. "The innovation centers will help farmers, ranchers and rural businesses develop and expand value-added ventures," says Agriculture Secretary Ann Ven-

Minnesota's biodiesel mandate, scheduled to start June 2005, and the provisions of the 2002 farm bill, provide MnSP's members the opportunity to increase the value of the soybean oil produced and to increase marketing flexibility for the soybean processing business. To meet this opportunity MnSP's Board has authorized the sale of an additional 3,000,000 shares of MnSP stock. The first 60 days of the offering is exclusive to current MnSP members and will be filled on a first-come basis.

We encourage you to request a prospectus and attend one of the informational meetings to decide if this investment is right for you. Without production capacity of 8 million gallons of biodiesel in the state of Minnesota prior to June 2005, the biodiesel mandate will not take effect. Therefore due to the time constraints, the board has directed management to start obtaining permits and to begin preliminary engineering of the biodiesel facility.

If you have any questions on the offering please call your Board member or MnSP's office.

Best Wishes to you and your family for the upcoming Holiday Season and New Year that is fast approaching.

Rodney Christianson,
CEO, Minnesota Soybean Processors

man. "These investments will create jobs and improve economic opportunities for rural families."

The Ag Innovation Center will operate as an independent body, based in Marshall. The center will provide technical and business assistance for producer-owned ventures focused on generating energy from renewable sources and will tap into expertise available from AURI or other organizations best equipped to provide the necessary resources.

"We are very grateful for the support shown to us from numerous sources, including Minnesota Soybean Processors," Olson says. "This support was and will continue to be key as we get down to the business of establishing this center and helping producers."

A total of ten grants were awarded through a competitive application review. Those selected demonstrated a track record of achieving value-added successes, experienced personnel, developed a strong work plan, placed an emphasis on utilizing non-federal funds and showed a commitment to measuring performance of value-added activities.