

Global Ethanol Update



September 2007

Special points of interest::

- Strong 2007 Financial year
- 4 significant projects developed this year including:
 - CO2
 - Riga Expansion
 - Belmond
 - Corn Oil/Bio Diesel
- Continuing positive development of the organizational culture

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CEO's Report

The past twelve months have certainly provided many challenges for the company. As previously stated, the industry has gone through a boom and bust cycle resulting in considerable change for construction planning and achievable margins. It is a constant challenge to keep all the competing aspects of the renewable fuels landscape and the company in context and provide the best opportunities for shareholders. Global has reaffirmed its goals to continue to develop and be a major leader in the renewable industry, setting goals and tasks accordingly. These are regularly reviewed in the context of the environment we operate to ensure risk and growth is appropriately managed.

A significant part of Global's growth has been the continued development of the organizational culture. As part of that growth a values statement has been finalized. I encourage you to read the statement below and hopefully get a better feel for the key values of the organization.

Green, Sustainable Company - Deliver on an overriding commitment to health, safety, environmental responsibility and sustainable development.

Integrity - Do what we say we will do and do what is right for the company and its stakeholders.

High Performance - Have high expectations and high energy in the way we work and conduct our business.

The Courage To Be Entrepreneurial and Growth Focused - Accept responsibility to inspire and deliver positive change that spurs growth even in the face of adversity.

Respect For Each Other - Embrace openness, sharing, trust, teamwork and involvement by all members of the company.

In reviewing the past year there have been some significant achievements for Global. These include:

- a. The company has two stable operating plants. This achievement has come from a difficult past involving significant weather events and technical issues at both plants.

- b. Operations have and continue to develop programs to improve the performance of the plant. These programs now include a significant safety and environmental compliance focus, a change in approach to maintenance, incidents and general operating procedures to name a few. This has resulted in a much improved overall operating platform. With the targets set for the coming years, the improvements are expected to continue, resulting in more reliable operations.
- c. Margins for the operating company have been very stable despite the very erratic oil, corn and ethanol markets. This is no more evident than today where the company continues to experience good margins and a very strong balance sheet. The same cannot be said for all of our peers. This strong balance sheet will be important in the development of several of the key projects discussed later. Global's risk management capability and margin management is second to none in the industry and is central to maintaining and enhancing the profitability of Global.
- d. There are four significant development projects. These are highlighted later in the newsletter but all of these will provide continued growth for the company in the future.

Overall the company has developed over the past year to provide a very stable operating base with good margins backed by an excellent risk management and margin management process. The 2007 results are very strong and in particular the last quarters have been very pleasing. The internal processes within the organization are maturing and challenges are now more easily and professionally managed. This steady operational base and good financial position allows us to look forward to the further development of opportunities and the delivery of future projects that will continue to increase shareholder value.



Project Updates

Belmond:

The project has moved slowly throughout the summer months but the results of our efforts are starting to pay off. Currently a site plan, adequate optioned land to accommodate the project, utilities and an agreed rail design with the UP are in place and significant progress has been made toward an economical solution for the plant construction. While a construction plan has not yet been finalized, an announcement is close regarding our final approach.

In the next few months all project details are expected to be finalized and an announcement made.

Corn Oil Extraction/BioDiesel:

Over the past several months, Global Ethanol has been carefully considering the opportunity to enhance current operations and margins through an incorporation of oil extraction into the process. After a long study, Global has decided to pursue projects at Riga and Lakota which will produce approximately 10 million gallons of oil ready for feed or bio-diesel production. This project will add cash flow to the business in a tightly risk controlled basis and will require no capital investment.

Carbon Dioxide:

Global Ethanol has decided to move forward in Riga with the capture and sale of CO₂ from its process to be sold in raw form to a processor. In the next several months our partner will commence construction of a processing plant that will purify, liquefy and freeze the CO₂ for sale to end customers. This project will add a significant amount of cash flow to the business while doing so in a tightly risk controlled basis with no capital investment.

Riga Expansion:

The project team at Global Ethanol is currently moving forward with the project planning to kick off an expansion of the Riga plant by 50%. The selection of the project design build team and kick off of this project are expected in the fall of this year with expected construction to start in the spring of 2008.

Financial Update

During the 2007 fiscal year, revenue and profitability increased significantly due to a full year of production for the Lakota expansion and the start of production for Riga beginning in February 2007. The balance sheet has improved to be one of the strongest in the industry in terms of liquidity and equity percentage. With the benefit of a strong balance sheet, Global Ethanol is poised to wisely exploit potential growth opportunities discussed in the Projects section in this newsletter. The following table represents the financial highlights of Global Ethanol for the 2007 fiscal year.



Marketing and Risk Management

The 2007 fiscal year was one of the most volatile years in Global Ethanol's history from a commodity fluctuation point of view. For example, in July 2006, corn was still a relative cheap feedstock for the ethanol industry with pricing in the low \$2 a bushel range. Since then, corn has seen daily trading above \$4.25 a bushel and is currently trading around \$3.50 on the Chicago Board of Trade.

While this created variable results for most companies operating in our industry, Global Ethanol was able to successfully insulate itself from the volatile operating margin environment. The margins created for the 2007 fiscal year were largely hedged during the 2006 fiscal year resulting in cash flow and profits competitive with our largest ethanol industry participants.

At Global Ethanol our sales, risk management and transportation and logistics activities have been internalized. This has given us a competitive advantage as we control the margin proposition from the acquisition of corn to the sale of ethanol and DDGS. As a result, the organization is continually focused on how to best create maximum shareholder returns in this challenging environment.

During the 2008 fiscal year, Global expects to continue with the philosophies that have served us well in the past in an environment that has changed dramatically.

Dividend Payment

As a result of the financial results discussed in this newsletter, we are pleased to report that Global Ethanol, LLC will pay a significant dividend this year. In addition to the \$9.2 million paid in March 2007, an additional, \$13 million in dividends to shareholders in the LLC will be paid. The amount for each shareholder will be according to ownership percentages and will be discussed separately in communications from each of these shareholders to their constituents.

LOCATIONS



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