



Ethanol - The Alternative Solution

Homeland Energy Solutions · 2779 Highway 24 · Lawler, IA 52154
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Plant News & Ethanol Update

September 2009

IRFA shares facts, future with federal policymakers

Members of the Iowa Renewable Fuels Association hosted a contingency of federal legislative offices, committees and agencies last month. The Biofuels: Science & Sustainability Tour presented sound, science-based information and a look at the technology and processing practices being adopted by the biofuels industry. Since there is a great deal of misinformation being perpetuated that could lead to unnecessary and inequitable policies, the IRFA brought together state and federal regulators and policymakers to “fuel the truth” about food versus fuel, indirect land use change, greenhouse gas emissions and the future of biorefining.

Participants represented the following:

- U.S. Environmental Protection Agency
- U.S. Department of Energy
- Farm Credit Administration
- Senate Agriculture Committee
- House Committee on Energy and

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Visit your ethanol plant Sept. 19 Open House offers peek inside Homeland's operations

Homeland Energy Solutions will host an open house and lunch from 10 a.m. to 2 p.m. Saturday, Sept. 19, at the plant. Visitors can take part in a tour of the plant, ask questions and enjoy lunch.

Homeland Energy Solutions is a working plant, so participants are reminded to choose their attire accordingly. Closed toed shoes and long pants will be required to tour

the plant. In case of rain, you may want to bring an umbrella or rain gear. Young children should also be cared for at all times.

Parking will be directed by attendants and there will be shuttles to the main office from the driveway.

The plant is located at 2779 Hwy 24, Lawler, IA. If you plan to attend, please RSVP by calling 563-238-5555 or emailing info@etoh.us.

Be aware of road construction

Road Construction on Highway 24 between Lawler and New Hampton has led to delays as trucks, visitors and employees come to HES. Thank you for your patience. We are hopeful the project will be done in a few weeks. Please keep this in mind for open house visitors, also.

Ethanol production, demand up

(Sept. 1, 2009) WASHINGTON – U.S. ethanol producers continue setting new records for production, as demand for renewable alternatives to gasoline grow. According to the Energy Information Administration (EIA), American ethanol facilities produced 694,000 barrels per day (b/d) in June 2009. That is up 109,000 b/d from a year ago.

Ethanol demand, as calculated by the Renewable Fuels Association, continues to outpace production. Demand was 721,000 b/d in June, up from 633,000 b/d a year ago.

The RFA released the following June 2009 Statistics: (*mg = million gallons; b/d = barrels per day*)

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Company picnic brings HES and GGE employees, families together

A company family picnic was held in Charles City on Aug 29th in conjunction with Golden Grain Energy. It was great time where employees were able to meet family members and co-

workers that are on other shifts whom they may not interact with often.

The highlights of the day were watching the kids (and adults) race through the inflatable obstacle course

and the HES vs. GGE softball game.

We are proud to say that HES took home the victory, traveling trophy and lots of sore muscles!

First quarter of operations yields profits

We are pleased to announce the first quarter of operations for Homeland Energy was profitable! The plant produced just short of 22 million gallons from the first date of grind on April 4th to the end of the fiscal quarter on June 30th. Summary financial data is below and the full quarterly report can be found online at <http://www.sec.gov/Archives/edgar/data/1366744/000095012309035530/0000950123-09-035530-index.htm> or by searching for Homeland Energy Solutions on the SEC web site at www.sec.gov.

Please keep your eyes open for the next newsletter, likely to be published in late November as it will contain a taxable income estimate for the 2009 tax year.

Balance Sheet

	6/30/09	12/31/08
Current Assets	\$20,839,788	\$160,466
Property & Equipment	153,696,670	139,822,177
Other Assets	<u>13,897,954</u>	<u>13,073,975</u>
Total Assets	\$188,434,412	\$153,056,618
Current Liabilities	\$7,563,462	\$9,456,921
Long-term Debt	89,000,705	51,636,807
Total Members' Equity	<u>91,870,245</u>	<u>91,962,890</u>
Total Liabilities & Equity	\$188,434,412	\$153,056,618

Income Statement

	Three Months Ended 6/30/09	Six Months Ended 6/30/09
Revenue	\$39,562,718	\$39,562,718
Cost of Goods Sold	38,133,578	38,133,578
Operating expenses	<u>150,199</u>	<u>1,366,736</u>
Operating Income	1,278,941	62,404
Other (Expenses)	<u>(232,607)</u>	<u>(155,050)</u>
Net income (loss)	<u>\$1,046,334</u>	<u>\$ (92,646)</u>
Net income (loss) per unit	<u>\$11.44</u>	<u>\$ (1.01)</u>

Tour provides biofuels education ... continued from Page 1

- Commerce
- House Committee on Agriculture
 - Senator Charles Grassley
 - Congressman Steve King
 - Congressman Bruce Braley
 - Senator John Thune
 - Iowa State University

Tour participants were exposed to extensive tours and briefings at IRFA member ethanol and biodiesel facilities. These tours were designed to be interactive, giving participants the opportunity to draw product samples and perform quality assurance testing. Emerging technology, such as corn oil removal, was demonstrated to show the diversification taking place over the past eight years. The role of co-products in feeding the world while reducing the total amount of corn and soybeans used in biofuels production

was highlighted with discussions on distillers grains and glycerin. A visit to a cattle feedlot further emphasized how the livestock industry is utilizing these co-products and the environmental measures being implemented to preserve the environment while producing high-quality beef.

Numerous briefings were included in the event. The challenges and outlook of the renewable fuels industry were shared, including the impending blend wall that justifies approval of higher ethanol blends. Meeting the demand for food and fuel was addressed by corn growers and the seed industry. Low carbon fuel standard and indirect land use change were addressed by Iowa State University and U.S. Department of Energy.

Roundtable discussions afforded

the Washington participants an opportunity to present their positions on indirect land use change and pending energy legislation in the 111th Congress.

The Tour concluded with keynote addresses by Lt. Governor Patty Judge and Secretary of Agriculture Tom Vilsack. Secretary Vilsack asked the ethanol industry to submit a comprehensive plan to him for moving the biofuels industry forward that addresses production, the supply chain and the necessary infrastructure.

Homeland Energy CEO Walt Wendland said that plan has already been drafted by Iowa corn industry and biofuels representatives and is ready for submission to Vilsack to help guide future policy decisions.

Corn crop, supply set for near record numbers

The U.S. Department of Agriculture (USDA) predicts that American farmers would produce the second largest corn crop in U.S. history, falling just short of 13 billion bushels. On average, as of Sept. 1, USDA is predicting corn yields to be 161.9 bushels per acre, the second highest yield ever realized by American farmers. Adding in supplies carried over from last year, the corn supply for the 2009 marketing year is anticipated to be 14.5 billion bushels, the highest level on record.

“American farmers are the subject of numerous erroneous and ill-informed attacks, yet they shrug those

off to continue providing food, feed, and fuel for the nation,” said Renewable Fuels Association President Bob Dinneen. “Technological advancements in both the seed and in the field are allowing farmers to produce more per acre, while using fewer inputs such as fertilizer and diesel fuel. There can be no doubt that we are fully capable of meeting the food and feed obligations we have to the world while simultaneously helping break our addiction to foreign oil.”

According to USDA, the near record corn crop will be accompanied by a record-setting soybean crop in the U.S.

“With both U.S. corn and soybean crops at or near record highs, it is abundantly clear that American agriculture and biofuel production is not responsible for the loss of environmentally-sensitive land half the world away,” Dinneen said.

USDA also estimated that 4.2 billion bushels of the projected 12.8 billion bushel corn crop would be used in ethanol production. Using ethanol industry averages, such a usage would represent 11.76 billion gallons of ethanol and more than 32 million metric tons of distillers grains, the livestock feed coproduct of ethanol production.

This newsletter contains forward-looking statements. We undertake no responsibility to update any forward looking statement. When used, the words “believe”, “hope”, “expect”, “anticipate” and similar expressions are intended to identify forward-looking statements. Readers should not place undue reliance on any forward-looking statements and recognize that the statements are not predictions of actual future results, which could and likely will differ materially from those anticipated in the forward-looking statements due to risks and uncertainties, including those described in our Securities and Exchange Commission filings, copies of which are available through our web site or upon request.

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Thank local farmers, elevators for bringing corn to Homeland during pre-harvest season

As we approach that time of year when corn is not as readily available before the harvest, corn buyers become more appreciative of those doing business with them. We at Homeland are very thankful for those doing business with us — both our farmer customers and our elevator customers. There are decisions being made everyday by grain elevator and farmer customers about where to take grain and I want to make certain that we thank those who bring their grain to Homeland.

I would like to ask all Homeland investors to make certain when they see a farmer, neighbor, friend, or just an acquaintance loading or hauling their grain to Homeland that they

thank them. I would like to ask any farmer or investor who does business with those elevators to please give that manager, owner, or decision-maker a call or go see them. Tell them ‘thank you’ for supporting the local investment in Homeland.

Normal grain dump hours are 7 a.m. to 3 p.m.; distillers loading hours are 7 a.m. to 4:30 p.m. To sell corn to HES, call 1-563-238-5552 for a bid. Talk to Kay or Stan. To buy distillers, call 1-800-769-1066, talk to Matt or Adam. Our bids are posted on our web site: www.homelandenergysolutions.com.

— *Stan Wubbena,*
Grain Merchandiser
Homeland Energy Solutions

Demand vs production ... cont'd from Page 1

Fuel Ethanol Production

874.5 mg 694,000 b/d

Fuel Ethanol Use

904.0 mg 721,000 b/d

Fuel Ethanol Stocks

583.9 mg 19.3 days of reserve

Fuel Ethanol Exports

0.0 mg n/a

Fuel Ethanol Imports

29.5 mg

Source: Energy Information Administration, Renewable Fuels Association