



Ethanol - The Alternative Solution

Homeland Energy Solutions · 2779 Highway 24 · Lawler, IA 52154
563-238-5555 · www.homelandenergysolutions.com

June 2012

Annual meeting wrap-up

Homeland Energy Solutions' members gathered April 5, 2012, for the annual meeting, and elected three directors to serve three-year terms.

Christine Marchand and Maurice Hyde were each re-elected to the board, along with returning board member Bernard Retterath, who has served previously and was involved in the formation of Homeland Energy.

Members also heard from keynote speaker Rep. Steve King, who represents Iowa's 5th Congressional District. King discussed his support for ethanol and the renewable fuels industry in Iowa, along with thanking members for the support ethanol has shown for him.

Other presentations were made by Walter Wendland, president and CEO, about the ethanol industry as a whole; David Finke, CFO, about the company's financial status; and Kevin Howes, plant manager regarding operations.

Members receive distribution

On April 1, Homeland Energy Solutions issued distributions of \$133 per share, totalling just over \$12 million, for profits from 2011.

Taking ethanol's story on the road



Homeland Energy employees (from left) Sharon Kipp, Kerri Miller, Kay Boedeker, and (not pictured) Bernie Huegel and Becky Williams marched with the Biofuels Mobile Education Center before the night parade during Fredericksburg Dairy Days. Homeland is one of the investors in the BMEC, which is traveling throughout the Midwest this summer to provide information and education about biofuels through interactive and hands-on activities.

Industry Outlook

HES maintains profitability despite tight margins

The wisdom of aggressively paying down Homeland Energy's long-term debt is still showing through as the company continues to do well, despite continued tight margins industrywide.

Any time the price of ethanol per gallon, multiplied by 3, is less than the cost of a bushel of corn, ethanol producers are relying on revenue from corn oil and DDGs to cover all other expenses. For most plants, debt

service would be another 4 cents per gallon of ethanol, an expense HES does not have to worry about now.

Looking ahead, corn is likely to remain in tight supply until harvest, so the company would appreciate anything shareholders can do to help provide the needed corn. If you are interested in selling corn to HES, call 563-238-5552 or 563-880-0824 for bids and dumping hours.

Continued on Page 3

Efficiency, strong risk management help HES weather tough markets

The first quarter of 2012 has been a challenging time for our industry. A corn market that maintained its strength combined with high ethanol inventories to suppress operating margins for ethanol producers across the country. Homeland Energy Solutions (HES) was not immune to the difficulties faced by our peers, but I am happy and proud to say that we were able to maintain our profitability during this time of adversity. Many of our competitors were not so fortunate.

At a time when much of our industry chose to pull back on the reins, Homeland forged ahead into the face of adversity. During the 2012 first quarter, HES had combined ethanol, distillers grains, and corn oil revenue in excess of \$92 million. This revenue, when combined with sound risk management, continued high yields, maximum efficiencies, and minimal costs per gallon, allowed HES to generate a first quarter net profit of \$1.6 million dollars. This was approximately \$18.20 per outstanding member unit.

Many of the current signs point to a period of continued challenges for our industry. Tightened corn supplies and elevated ethanol stocks are indicative of tight operating margins in the summer months to come. As a world leader in the low cost production of ethanol, Homeland Energy Solutions is prepared to meet these challenges head on.

— *David Finke,*
Chief Financial Officer
Homeland Energy Solutions

INCOME STATEMENT			
		Quarter Ended 3/31/12	Quarter Ended 3/31/11
Revenue	\$	92,011,614	94,498,066
Cost of Goods Sold		89,644,605	89,504,893
Operating Expenses		772,408	705,190
Operating Income		1,594,601	4,287,983
Other Expenses		51,058	(10,471)
Net Income	\$	1,645,659	4,277,512
Net Income Per Unit	\$	18.20	47.29

BALANCE SHEET						
		3/31/12	12/31/11	9/30/11	6/30/11	3/31/11
Current Assets	\$	22,606,784	23,319,876	40,096,550	29,200,281	24,124,467
Property & Equipment		128,500,431	131,218,450	133,304,823	134,559,221	136,511,019
Other Assets		3,186,627	2,971,781	3,168,212	3,265,755	3,088,090
Total Assets	\$	154,293,842	157,510,107	176,569,585	167,025,257	163,723,576
Current Liabilities	\$	23,738,453	16,571,192	24,641,577	15,232,014	19,964,090
Long-term Liabilities		246,488	246,488	23,961,908	25,815,058	27,998,160
Total Members' Equity		130,308,901	140,692,427	127,966,100	125,978,185	115,761,326
Total Liabilities & Equity	\$	154,293,842	157,510,107	176,569,585	167,025,257	163,723,576
Book Value per membership unit	\$	1,441	1,556	1,415	1,393	1,280

Corn supply could be tight through summer

... cont'd from Page 1

Currently the ethanol export market is a bit better than it was a year ago at this time, but it is unlikely to see the kind of jump that was experienced in the fourth quarter of 2011. The United States definitely has the ability to be one of the low-cost ethanol producers in the world, which presents opportunities, but our best market is still here at home. With successful commercialization of E-15, we can increase our inclusion right here, rather than shipping it all over the world.

We are looking forward to what appears so far to be a good corn crop for this fall. With the warm spring and early planting, harvest may begin a bit early, which would be a positive infusion of new crop corn for Homeland Energy's production following the scheduled September maintenance shutdown.

— *Walter Wendland,*
President & CEO

IRFA celebrates 10 years

The Iowa Renewable Fuels Association (IRFA) is celebrating "A Decade of Progress and Prosperity," as the organization commemorates its 10th Anniversary this year. As part of the 10th Anniversary celebration, Iowa Governor Terry Branstad proclaimed June 15 as "Iowa Ethanol Day," at the State Capitol in Des Moines.

When the IRFA was founded in 2002, the state of Iowa was producing only 440 million gallons of ethanol. Today, the industry is on track to produce 3.7 billion gallons of ethanol in 2012. This progress has had a profound impact on the corn industry, the renewable fuels industry, and the Iowa economy.

Despite these great successes, challenges remain. Against strenuous opposition from "Big Oil," the IRFA is currently fighting to protect the Renewable Fuel Standard (RFS) and to accelerate the commercial

availability of E15. Both of these efforts, if successful, would increase the domestic demand for American ethanol while at the same time providing consumers more options at the pump, creating jobs in rural America that cannot be outsourced, and reducing our reliance on foreign oil.

Despite a decade of wonderful progress, there is no question that our biggest challenges – and biggest opportunities – lie ahead. So as we look ahead to the next decade, the IRFA has brought together Iowa ethanol and biodiesel producers under a unified voice to foster the development and growth of the state's renewable fuels industry through education, promotion and infrastructure development. IRFA is committed to keeping Iowa a leader in the production and use renewable fuels and value-added co-products.

— *Monte Shaw,*
Executive director, IRFA

HES at the Heartland Parade in New Hampton Friday, June 8. Pictured are Tony Hulbert, Steve Ameling, Devin Panos, Bernie Huegel, Kerri Miller, Nathan Scheidel and his wife, Melissa.



Homeland Energy Solutions

Board of Directors

Jim Boeding, Chairman
 Pat Boyle, Vice Chairman
 Christine Marchand, Secretary
 Mathew Driscoll
 Leslie Hansen
 Ed Hatten
 Maurice Hyde
 Chad Kuhlert
 Bernard Retterath
 Steve Retterath
 Robert Sieracki

Management Team

Walter Wendland,
 President & CEO
 David Finke,
 Chief Financial Officer
 Stan Wubbena, Grain
 Merchandiser
 Kevin Howes, Plant Manager

2779 Highway 24
 Lawler, IA 52154
 563-238-5555
 Fax: 563-238-5557

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.

Meet your team members

Don Mork, Maintenance Manager

Q. What do you like most about working at Homeland?

A. Working at a small company. This has given me the ability to do projects and really see an impact on what I do.



Q. Tell us about your background. (HS, college, previous jobs)

A. Born and raised in Pierpont, SD (about 40 miles east of Aberdeen, SD). I went to college at South Dakota School of Mines and Technology and received my bachelors degree in mechanical engineering in 1986. In 1987, I went to work for Peter Kiewit & Sons Construction Company. I worked as a maintenance engineer/designer and maintenance foreman, as well as project manager, in the time I spent working for Kiewit

Companies. In 1990, I decided to stabilize my life some and went to graduate school. I graduated with my masters in mechanical engineering from South Dakota School of Mines in 1992. In 1993, I began my career as a manufacturing engineer at Donaldson Company in Cresco, IA. In 1997, I accepted the role of engineering manager. I worked at Donaldson Company in that capacity until shortly before starting at Homeland Energy as maintenance manager in February 2009.

Q. Tell us about your family.

A. Married to my wife, Ann; we have a son, Alan, who just turned 16 and a daughter, McKenzie, who will turn 12 in August. We live on a small farm near Lime Springs just north of the Lidtke Mill dam.

Q. Any hobbies or interests?

A. Hunting, fishing, and other outdoor activities. I also enjoy working on old tractors and going to NTPA tractor pulling events.

Remembering Mark Pearson 1957-2012

A strong voice for Iowa agriculture and ethanol was lost June 3 with the death of Mark Pearson, co-host of WHO Radio's the Big Show (since 1994) and host of Market to Market on Iowa Public Television (since 1991). Pearson was 54. With a farm background, he had been a part of agriculture in Iowa for more than 30 years. Pearson had also served as senior editor of Successful Farming magazine and as an assistant secretary of the Iowa Department of Agriculture. He and his family raised grain and livestock on their farm near East Peru in Madison County.

Join GGEPAC for golf and more

Golden Grain Energy PAC is inviting Homeland Energy members to join GGE's members for its 8th annual Friends of Ethanol Golf Outing Monday, Aug. 20, at Cedar Ridge Golf Course in Charles City. Check-in is at 11:15 a.m. An evening meal will include a fundraising auction and a keynote presentation by Brian Jennings of the American Coalition of Ethanol. Cost to golf is \$50/person, plus \$20 for a cart. Cost for the meal only is \$25/person. For more information or to register, contact GGE at 641-423-8525.