

## Your Corn Checkoff Investments: A Report to the Shareholders

### Dear Nebraska Corn Producer:

What an exciting time for the corn industry in Nebraska and all across the U.S.! Here are just a few reasons why I am optimistic about the future:

- There's tremendous expansion taking place in ethanol production.
- Major automakers, GM and Ford, are promoting ethanol.

- The interest in bioplastics made from corn continues to grow.
- We've seen rapid acceptance of distillers grains by the livestock industry.
- A new group called A-FAN is taking a proactive approach to livestock expansion issues.
- Nebraska corn has an excellent reputation, in both domestic and foreign export markets.

While the Nebraska Corn Board can't take credit for all of these developments, I'm proud to say that your corn checkoff dollars have played a significant role in making many of them happen.

In this issue of the CornsTALK, we are pleased to provide an update on how your corn checkoff dollars are being invested. As shareholders in

these investments, it's important that you know where and why your dollars are being spent, and the return you are getting on those investments.

**Mark Jagels**  
Chairman  
Nebraska Corn Board

## Livestock

Recognizing the major impact that livestock has on Nebraska corn consumption, your Nebraska Corn Board funds several organizations, research efforts and other projects that are working to maintain a strong livestock industry in Nebraska and the U.S.



## Promoting Nebraska Pork Products in Japan

The Nebraska Corn Board teamed up with USMEF on a special project introducing Nebraska value-added processed pork to Japanese meat buyers. The event, called the Nebraska Pork Sausage Tasting Session, took place in Tokyo. Pork products used in the promotion came from Wimmer's Meats of West Point, NE.

## Rebuilding Asian Beef Markets

Your Nebraska Corn Board has allocated additional funds to USMEF to help accelerate efforts to rebuild U.S. beef exports to Asia. Checkoff dollars also helped

sponsor a recent "Beef from Nebraska" promotion in Hong Kong, coordinated by the Nebraska Department of Agriculture. Funds have also been earmarked for new

promotional activities with the Nebraska Department of Agriculture as additional countries open their borders to U.S. and Nebraska beef.

## Supporting USMEF



Your Nebraska Corn Board continues to be a major contributor to the U.S. Meat Export Federation (USMEF), for the development of beef, pork, lamb and veal exports. Since 1979, Nebraska corn producers have invested more than four million dollars in supporting USMEF's efforts.



## A-FAN Tackles Livestock Expansion Issues

Livestock promotion is the primary focus of A-FAN, the Alliance for the Future of Agriculture in Nebraska. The organization will help producers wanting to start or expand livestock operations. It will also promote the local and statewide economic benefits of agriculture and livestock. The Nebraska Corn Board has made an initial contribution of \$100,000 to this effort.



## Grants Fund Work on Distillers Grains, Manure

With the help of outside grants, the Nebraska Corn Board is conducting major studies on distillers grain usage and manure nutrient management. The distillers grain study will assess the current and future market for co-products of ethanol production.

The purpose of the manure nutrient management project is to help livestock producers find more outlets for their animal waste, and at the same time, help corn producers better utilize livestock manure as a fertilizer source.

## Co-Products Manuals Are Valuable Resource

Working with University of Nebraska-Lincoln animal scientists, your Nebraska Corn Board has compiled two manuals on the feeding of distillers grains and corn gluten to livestock. The purpose is to help answer livestock producer questions about the feeding of co-products and to help increase the utilization of these products by the livestock industry.



## FIELDnotes

by Mark Jagels, Chairman

**LIVESTOCK.** Just how important is the livestock industry to the corn producers of Nebraska? Let's look at some facts. In Nebraska alone, livestock will consume more than 300 million bushels of corn in 2005-2006. Ethanol production will use approximately 260 million bushels, with distillers grains produced from ethanol plants being fed mostly to Nebraska livestock. Here's the bad news—Nebraska's cattle industry has seen an eight percent drop in production since 1997, while the swine industry declined 22 percent from 1994 to 1998, and is down 16 percent since 1998.

So how important is livestock to Nebraska corn producers? Very important! This is why the directors of your Nebraska Corn Board voted to help fund the new organization called A-FAN—the Alliance for the Future of Agriculture in Nebraska. The primary focus of A-FAN is livestock promotion. The organization will help producers wanting to start or expand livestock operations, and will also promote the local and statewide economic benefits of agriculture and livestock.

More and more, we see counties, environmental groups, and even other farmers opposing new livestock operations and the expansion of current operations. An example of this is a new group called the Nebraska Environmental Action Coalition (NEAC). In a news article, a NEAC spokesperson said the group would counter A-FAN, because A-FAN attacks anything to do with local planning and local control. This could not be further from the truth! Whether it is providing assistance in meeting environmental regulations, or reaching out to neighbors and the local community through public relations, A-FAN will work one-on-one with farmers to help them in their efforts to modernize their livestock operations. A-FAN is about helping farmers make good decisions, and helping them enhance relationships with others in their local community.

Do we as producers want to chase livestock from the state of Nebraska? Just recently, Tyson closed two slaughter facilities in Nebraska, with over 1,300 jobs lost. We can't allow this exodus of livestock to continue, and still keep our slaughter facilities viable. Other states and other countries will gladly pick up the slack. This is not only a livestock and corn issue—it affects every citizen of Nebraska, because agriculture is the engine that drives the entire Nebraska economy. That is why your Nebraska Corn Board is dedicated to supporting groups that see the importance of expanding the livestock industry in Nebraska, and not chasing it out. Stand firm and support your number one customer of Nebraska corn!



**Nebraska's ethanol industry is booming. Nebraska currently has twelve ethanol plants in full operation. Several existing ethanol plants are expanding their production capabilities, additional plants are being constructed, and several new plants are under consideration. Ethanol production—and the amount of corn used for ethanol—could double in the next few years.**

## GM and Ford Jump on Ethanol Bandwagon

General Motors and Ford have both launched major campaigns to expand the market for ethanol and E85. In addition to increasing their production of flex fuel vehicles, the giant automakers are helping convert more gas pumps to E85, and are advertising the benefits of ethanol to consumers nationwide.

## Promoting the Benefits of Ethanol

The Nebraska Corn Board has played a key role in boosting the demand for ethanol in the state. Working in partnership with the Nebraska Ethanol Board and the Nebraska Corn Growers Association, the Nebraska Corn Board has helped fund the successful E-10 Unleaded "Let's Get With It, Nebraska!"

campaign. Your checkoff dollars also supported the efforts of the National and Nebraska Corn Growers Associations to create a Renewable Fuels Standard (RFS) that will increase the amount of ethanol in the nation's transportation fuel supply.

## More Cities Convert Bus Fleets to E diesel

The city of Lincoln was the first city in the country to use O<sub>2</sub> Diesel, an ethanol diesel blend, in its public transit bus fleet. Now Des Moines and Springfield, Illinois and Johnson County, Kansas (a suburb of Kansas City) are on board. Several others, including Chicago, are also considering E diesel. The Nebraska



Corn Board helps sponsor the O<sub>2</sub> E diesel program in Lincoln, and several of the StarTran buses in Lincoln are "wrapped" with a special advertising design depicting kernels of corn.



**One of the missions of the Nebraska Corn Board is to help identify and promote new uses for corn. As evidenced by the growth of ethanol, and the growing demand for corn-based plastics, investing in new uses is vital to the future of the corn industry.**

## New Products Just Around the Corner

ADM and Metabolix will build the first commercial plant to produce a new generation of high-performance natural plastics made from corn. The plant will produce "PHA" natural plastics that have a wide variety of applications in products currently made from petrochemical plastics, including coated paper, film and molded goods. In addition, Dupont is working with Tate & Lyle PLC to produce corn-based "Bio-PDO" for use in its Sorona brand of fabrics.

## Higher Petroleum Prices Fuel Interest in Corn-Based Plastics



High petroleum prices have forced manufacturers to take a hard look at alternatives to traditional plastics. Enter PLA—a product that is made from corn, is environmentally friendly, and now, is very competitively priced. A big boost for PLA came last year, when Wal-Mart started using corn-based plastic packaging for some of its grocery produce items. Most of the early research on bioplastics was funded by corn producers themselves, using corn checkoff dollars.

## Corn-Based Clothing, Carpet Gaining Wider Acceptance

Packaging is just one of the many possible uses for PLA. From polo shirts to blankets, from carpeting to caps, the uses are endless. In fact,

the Nebraska Corn Board plans to replace the old carpet in the Nebraska Corn Board office in Lincoln, with carpeting made from PLA.



# Corn Exports

Developing and maintaining export markets—both foreign and domestic—is an important part of the Nebraska Corn Board's mission. Whether it's hosting trade teams, conducting trade missions, exhibiting at trade shows, or publishing corn quality reports, the Nebraska Corn Board is always looking for new ways to promote the quality and abundance of Nebraska corn.

## Domestic Markets Continue to Grow

In the "domestic" export category, California is the largest market for Nebraska corn. Your Nebraska Corn Board exhibits at the World Ag Expo at Tulare, CA each year, and communicates regularly with key corn customers in California, including those in the dairy, poultry and ethanol industries. Significant quantities of Nebraska corn are also shipped to feedlots in Texas, Oklahoma and other southwestern states—a market your Nebraska Corn Board continues to cultivate.

## Showcasing Nebraska Corn

Promoting the quality and abundance of Nebraska corn and livestock production to foreign trade teams is one of the most important roles of the Nebraska Corn Board. In recent months, the Nebraska Corn Board has hosted several delegations, including a Japanese beef purchasing team, a Taiwanese livestock team, a Netherlands policy team, and a Southeast Asian feed millers team. Each fall, the Nebraska Corn Board showcases the quality of Nebraska



corn to key customers during its annual Corn Harvest and Industry Tour.

## Expanding Corn Export Opportunities with Mexico

Mexico is the largest international customer for Nebraska corn and investments made to expand corn exports to Mexico are producing excellent results. Your Nebraska Corn Board regularly brings Mexico

grain buyers to Nebraska, and also conducts trade missions south of the border. The Nebraska Corn Board is currently using a grant from the USDA to expand Mexico export opportunities for regional corn suppliers.

## U.S. Grains Council Promotes Foreign Exports



Ten percent of our Nebraska corn is exported to other countries and your Nebraska Corn Board is active in

promoting more foreign exports. The Nebraska Corn Board is a long-time supporter of the U.S. Grains Council, which develops export markets for U.S. corn, grain sorghum, barley and related products.

# Research

Each year, the Nebraska Corn Board receives dozens of research funding proposals. Some projects are aimed at finding new uses for corn; others involve adding value to our product. The Nebraska Corn Board carefully analyzes these proposals, with only the most promising projects receiving our support.

## NCGA Research Projects Add Value

Over the years, your Nebraska Corn Board has worked closely with the National Corn Growers Association (NCGA) on many important research projects, including distillers grains, bioplastics and more. The future is promising, with corn checkoff dollars also being used to fund exciting research on esters, the maize genome, and fibers made from corn.

## Grant Funds UN-L Research on Phosphorus

Investigating methods to reduce phosphorus from corn milling co-products fed to livestock is one part of a two-pronged collaborative research project involving the Nebraska Corn Board and the University of Nebraska-Lincoln (UN-L). The second major initiative will explore manure management options that best utilize phosphorus and reduce possible phosphorus runoff



from fields. The research is being funded with a grant from the National Research Initiative of the USDA Cooperative State Research, Education and Extension Service.

## Distiller Grains Feeding Trials at UN-L Yield Positive Results



In recent years, considerable research has been conducted on using distillers grains as a feed ingredient. Feeding trials conducted at UN-L, and supported with corn checkoff dollars, have given cattle feeders important information about using distillers grains.



## The CORNER Office

by Don Hutchens,  
Executive Director

When I left full-time farming in 1985 to go into the Nebraska Department of Agriculture, we were just on the brink of getting our first real ethanol plant in the state. Bob Kerrey was governor, Jim Exon was in the Senate and "No Alcohol In Our Gas" signs were common in front of most gas stations. Think about how things have changed in the last twenty years. Today, Nebraska has twelve ethanol plants. Six more are under construction and a couple dozen others are on the drawing board.

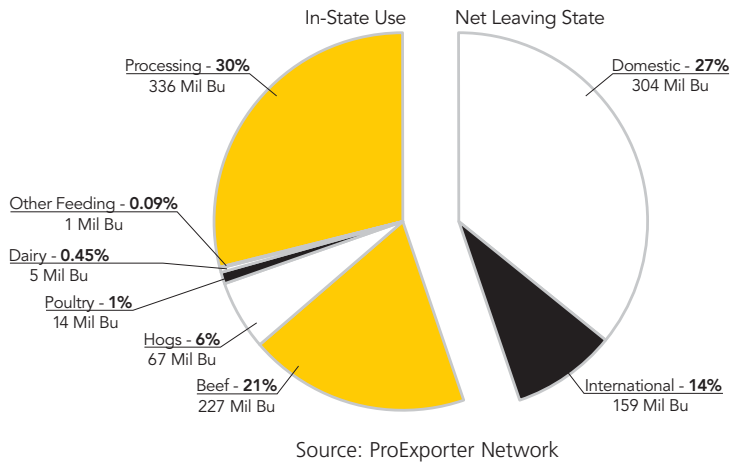
In 1985, the auto industry did not warrant the use of ethanol fuels. There was no such thing as a flex-fuel vehicle. We had little support from Congress, and we had the American petroleum industry claiming that corn-to-ethanol was bad, because it would destroy our American topsoil. Today, we have a Renewable Fuels Standard, our President is touting the benefits of ethanol, and our major automakers are conducting their own campaigns in support of ethanol.

For the past twenty years, farmers have stayed the course. The Nebraska and National Corn Growers Associations, with the support of your corn checkoff program, kept spreading the word that ethanol was indeed a viable alternative fuel, good for the environment, a great partner for the livestock industry, a valuable tax revenue base, good for building job opportunities, and a great way to build demand for our corn.

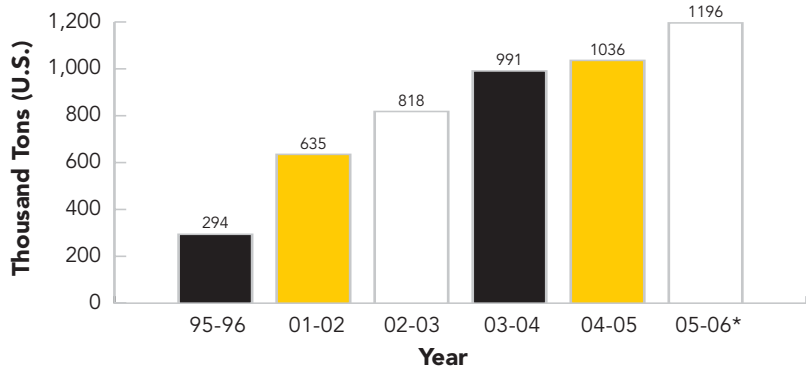
What a difference perseverance, vision and twenty years can make! The word ethanol would not be in our vocabulary today, had it not been for corn producers like you. Now I know many of you feel it has still not solved the problem of making corn growing all together profitable. We have heard from many of you about your frustration with low corn prices, while ethanol and gas prices continue to climb. But where do you think we would be today—with our ability to grow eleven billion bushels nationally, and 1.3 billion bushels in our own state—had we not pursued this concept of turning corn into a fuel?

The door is now open for more corn producers to be invested in a vertically integrated industry with their own product. One of the ways we can help add value to our commodities is to consider being part of the value chain, by investing in ethanol and livestock feeding operations, or contracting to grow identity-preserved crops. I know this has risk associated with it, but it also allows for opportunities. Opportunities made possible, in part, by your checkoff dollars.

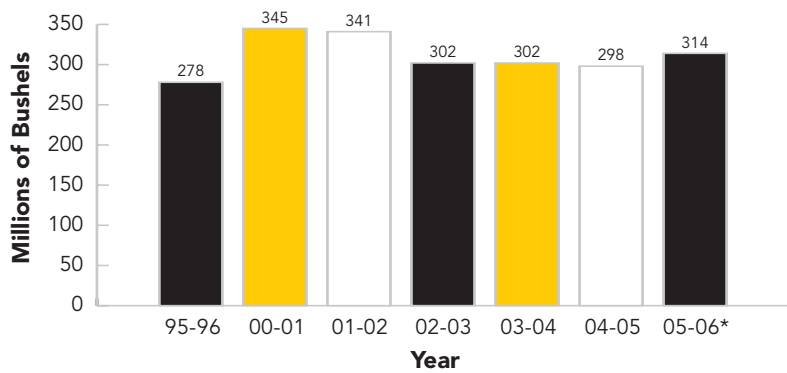
### Projection of Nebraska Corn Usage, 2005-2006



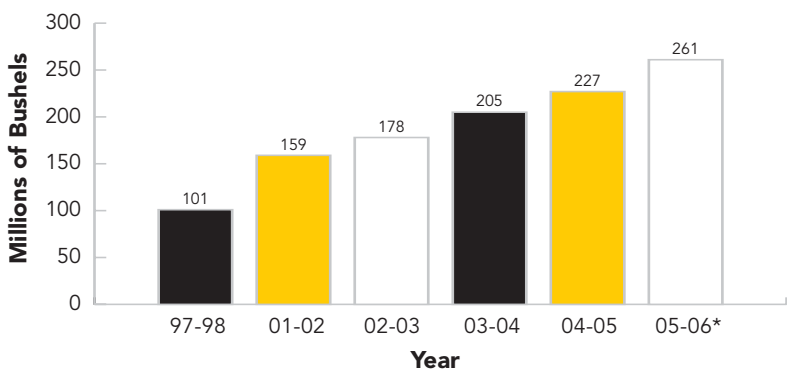
### Distillers Grains Production in Nebraska



### Corn Used for Livestock Feed in Nebraska



### Corn for Ethanol Use in Nebraska



## Promotion & Education



Another goal of the Nebraska Corn Board is to create a positive perception for the corn industry on Capitol Hill and in the minds of consumers.

## A Voice on the Hill

Your Nebraska Corn Board represents the interests of Nebraska corn in Washington, D.C. on issues of interest to all corn producers. Every time Congress constructs a Farm Bill, your checkoff funds make sure your voice is heard. Currently, the Nebraska Corn Board is soliciting input on the 2007 Farm Bill,

through the Corn Board web site, e-mail, phone calls, regular mail and faxes. The Nebraska Corn Board will compile producer comments and pass them on to U.S. senators, representatives and federal agencies in Washington. They will also be supplied to the state's commodity organizations.

## Working With the Media



Your Nebraska Corn Board provides corn-related information to the media and general public on a regular basis. From biotechnology to PLA, your Nebraska Corn Board takes every opportunity to tell the story of Nebraska corn and

agriculture to consumers, customers and producers themselves. When myths or misinformation start to circulate, your Nebraska Corn Board is a credible source of reliable information.

## Supporting Leadership Development

Checkoff dollars also help develop leadership and support for the future of agriculture. That's why your Nebraska Corn Board actively

supports the efforts of FFA, 4-H, the Nebraska LEAD program and the Nebraska Ag Youth Institute.

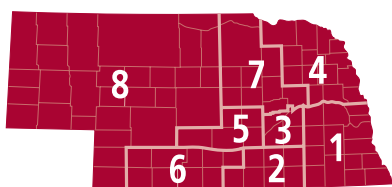
## CORNSTALK

A PUBLICATION OF THE NEBRASKA CORN BOARD



NON-PROFIT ORG.  
U.S. POSTAGE  
PAID  
Lincoln, Nebraska  
Permit #212

[www.nebraskacorn.org](http://www.nebraskacorn.org)



Nebraska Corn Board members represent the eight districts indicated on the map and are appointed by the Governor. One at-large member is elected by the other Board members.

**District 1**  
Bernie Heier  
2600 S. 120th Street  
Walton, NE 68461  
402/483-6070

**District 2**  
Mark Jagels  
4834 Rd. T  
Davenport, NE 68335  
402/364-2428

**District 3**  
Stan Boehr  
216 Road 5  
Henderson, NE 68371  
402/723-5267

**District 4**  
Bob Dickey  
87081 Hwy. 20  
Laurel, NE 68745  
402/256-3841

**District 5**  
Bart Beattie  
301 W. Road 767  
Sumner, NE 68878  
308/752-2020

**District 6**  
Doug Boisen  
1188 F Road  
Minden, NE 68959  
308/832-0509

**District 7**  
Jerry Childers  
HC87, Box 2B  
Chambers, NE 68725  
402/482-5688

**District 8**  
Jon Holzfaster  
Route 1, Box 42  
Paxton, NE 69155  
308/239-4582

**At-large**  
Alan Tiemann  
1350 N. 2nd Street  
Seward, NE 68434  
402/643-6148



**NEBRASKA CORN DEVELOPMENT,  
UTILIZATION & MARKETING BOARD**  
301 Centennial Mall South, Fourth Floor  
Box 95107 • Lincoln, Nebraska 68509  
Phone 800/632-6761