

**Red Trail Energy**

PO Box 11, 3682 Hwy 8 S, Richardton, ND 58652

# RED TRAIL REPORT

4th Quarter 2014

As I review our 2014 year, I can say this has been one of the most gratifying years I have experienced in my twenty-four years of being in the ethanol industry. Please review Jodi Johnson's CFO report on page three. Please note the estimated tax liability in her report which will arise from the 2014 estimated taxable income. Remember this is only an estimate and actual results may vary.

Although the year did have its challenges, we were blessed with a great corn crop and good demand for our ethanol and co-products. The huge corn crop in addition to transportation issues for out bound grain allowed us to purchase corn at wider basis levels than we have seen in a long time. On the down side, the transportation issues did make us curtail production at times.

This past year was also a time of change. We completed a reorganization of employees and their duties. We also implemented a complete training program for employees to reduce our turnover rate. I would like to personally thank all of the employees for the acceptance of the change and the efficiency and consistency it has brought to the operation of the plant.

We also are in the process of completing construction on the natural gas boilers. This will complete the conversion from a coal fired plant to a natural gas plant. Thus allowing us to operate on either natural gas or coal depending on which option offers us the best economic advantage.

Looking forward to the 2015 year, one of the key decisions we are watching very closely is the Environmental Protection Agency's (EPA) announcement in November that they were not finalizing the 2014 Renewable Volume Obligations (ROV's) for the Renewable Fuels Standard (RFS) this year. The EPA said it will set the final 2014 volume standard in 2015 and try to get back on schedule in proposing the 2015 and 2016 blend volumes. We will have further updates on this matter at the annual meeting.

Our annual meeting is scheduled for March 19, 2015. Lunch will be at 12:00 p.m. CST followed by the business meeting at 1:00 p.m. CST. Please review the official notice on page two of this newsletter. This year we have two governor seats open for election. Anyone that is interested in serving as governor of Red Trail Energy, LLC please send intent to the office. All intents must be received on or before January 19, 2015 in order to be considered.

I want to encourage the entire membership to attend the annual meeting for a more detailed review of the 2014 year and a projected forecast of our 2015 year.

From all the management and staff at RTE we wish you all a safe and happy holiday season. We would also like to thank you for your continued support.



**Gerald Bachmeier**  
CEO

*The Mission of Red Trail Energy is to create economic benefit for our investors, local communities, and the state of North Dakota by converting our natural resources and regional corn production into ethanol and beneficial coproducts.*

Red Trail Energy, LLC • 3682 Hwy 8 South • PO Box 11 • Richardton, ND 58652  
Phone: 701-974-3308 • Grains Line: 701-974-3880 • Fax: 701-974-3309

Copyright © 2010 Red Trail Energy, LLC. All rights reserved

**NOMINATIONS  
FOR BOARD OF GOVERNORS**

One agenda item at this year's annual meeting will be election of two members to our board of governors for a three-year term. The current board members up for re-election are Mike Appert and William Price. Any members interested in being considered for service on the board by Red Trail Energy's nominating committee, please provide written notice to the company by Monday, January 5, 2015. Please send these requests to the Administrative Assistant of the company c/o Katie Buresh, P.O. Box 11, Richardton, ND 58652.

A notice of Annual Meeting and Proxy Statement will be mailed to all members at a later date with Board recommendations for these two board seats.

**Questions or Comments?**

Email us at [info@redtrailenergy.com](mailto:info@redtrailenergy.com)  
or call 701-974-3308

**ANNUAL MEETING  
THURSDAY, MARCH 19, 2015  
RAMADA INN, BISMARCK**

**Registration: 11:00 a.m.  
Lunch: 12:00 p.m.  
Annual Meeting: 1:00 p.m.**

Please RSVP for the meal by contacting Katie Buresh at Red Trail Energy either by phone (701-974-3308 ext. 101) or e-mail ([katie@redtrailenergy.com](mailto:katie@redtrailenergy.com))

**Have You Moved?**

Red Trail Energy is committed to getting the most up-to-date information out to our investors in a timely manner. To ensure this please email or call us with any address/phone number changes. Are you a snowbird? Please give us your temporary address.

Please call Stacy at (701) 974-3308 ext. 103 or send her an email at [stacy@redtrailenergy.com](mailto:stacy@redtrailenergy.com) to update your contact information.

**Market Update**

Ryan Wiege, Corn Procurement Manager



As we close in on the end of another corn harvest, I would like to take the opportunity to thank each and every one of our customers for your continued loyalty and support over the course of the last year. We have had, undoubtedly, one of the most successful years in the history of Red Trail and that could not have been achieved without the continued commitment of our customers and their business.

As we work on wrapping up the 2014 corn harvest, I can't help but be pleasantly surprised on the overall outcome of this year's corn crop. The cool, wet growing season along with some early frost issues in many locations caused a great deal of concern for our producers along with us here at Red Trail Energy. Now after the dust has settled and many have finished their 2014 corn harvest, it is safe to say that the overall quality and yield has exceeded expectations in many areas throughout southwest and southcentral North Dakota.

As many of you know, transportation issues have continued to affect many people in North Dakota, mainly farmers and local elevators. Red Trail Energy has been no exception. This has caused us to curtail production at times which makes trying to handle the "harvest rush" a bigger challenge than normal. We have worked hard to work around the issue and elected to increase our corn bagging operation at the plant. As I write this, we have currently bagged over 1.5 million bushels this fall. This has allowed our customers to consistently be able to get their grain hauled into town this harvest without having to wait for space to free up at the elevator. It is our hope that this has made life a little better for our producers in the heat of harvest.

In closing, I would like to invite all our continued customers to give me a call to discuss marketing options for your 2014 grain along with new crop 2015 corn. As always, we welcome new customers to call and give us a try as well!

Again, thank you for your business and please have a safe and Happy Holiday Season!!

# FINANCIALS

## Financial Report



**Jodi Johnson**  
CFO

Red Trail Energy had a net income of ~\$30.59m for the fiscal year ending September 30, 2014. This is substantially higher than the ~\$634k net income for the fiscal year ending September 30, 2013. RTE's total revenue for the 2014 fiscal year was lower than the prior fiscal year's revenue due to lower average prices for our products. While our total revenue was lower, our gross profit was substantially higher due to the decrease in average corn price per bushel that was paid in 2014. RTE saw a \$2.56 per bushel decrease in its corn cost while other production costs remained fairly consistent on a per gallon basis. These variables lead to the increase in net income.

**As Gerald mentioned in his report, RTE anticipates a taxable income for the 2014 year of \$0.83 per share. Therefore, to calculate your estimated taxable income as an investor you would need to multiply the number of units you own times \$0.83. Please keep in mind this figure is only an estimate and actual results could vary.**

Additional information about the Company's performance can be accessed via a link to the SEC's website under the Investor tab on Red Trail Energy's website.

Statements of Operations	For the year ended September 30, 2014 (audited)	%	For the year ended September 30, 2013 (audited)	%
Revenues	\$139,122,644	100.00%	\$154,790,603	100.00%
Gross Profit (Loss)	\$33,075,464	23.77%	\$3,202,316	2.07%
Net Income (Loss)	\$30,590,334	21.99%	\$634,163	0.41%
Net Income/(Loss) Per unit— Basic	\$0.76		\$0.02	
Average Units Outstanding—Basic	40,148,160		40,151,941	

Balance Sheets	September 30, 2014 (audited)	September 30, 2013 (audited)
Total Assets	\$95,658,429	\$71,740,861
Total Liabilities	\$24,404,425	\$29,069,740
Members Equity	\$71,254,004	\$42,671,121
Book Value per Unit	\$1.77	\$1.07
Debt to equity ratio	0.34	0.69

### Going Green

Would you prefer your newsletter by email? Please send an email to:

stacy@redtrailenergy.com  
Newsletters are also available on our web-site:  
www.redtrailenergy.com



**Red Trail Energy LLC**  
**PO Box 11**  
**3682 HWY 8S**  
**Richardton, ND 58652**

PRESORTED  
STANDARD  
US POSTAGE PAID  
BISMARCK, ND  
PERMIT #419

### **Address change?**

Have you moved? Help us keep our information up-to-date with changes in your address. Email Stacy at [stacy@redtrailenergy.com](mailto:stacy@redtrailenergy.com) or call RTE at 701-974-3308 with changes.