



Conestoga

• CONNECTION •

SUMMER 2015
www.conestogaenergy.com



BY TOM WILLIS
CHIEF EXECUTIVE OFFICER

Success of 2014 Results in Strength for 2015

2014 was a record year for Conestoga Energy. Not only did we have record earnings, we had record performance from employees in all areas. These successes have put us in a strong position for 2015.

You may think financial reports only matter to investors, but earnings impact everyone. Profits allow us to invest in the company's operations and do things for our team. Conestoga's team productivity was outstanding in 2014. Everyone took a turn pulling on the oars, with all sectors contributing to Conestoga's success. I am grateful for each employee's hard work. Our core value showed through, and this is reflected in the healthy bottom line.

2015 brought with it a collapse in the oil market. This will present a challenge, because when the price of oil drops, our ethanol price also drops. These conditions could be with us for two more months or six more months—it's impossible to predict. The dynamics include global politics as well as supply and demand. We have weathered similar challenges before in 2008 and

2012, and we're in a stronger position now because of the successes of 2014.

We have good cash reserves and good people, which is a powerful combination we didn't enjoy in previous years. The strength of our team is a huge asset during challenging times. Every job is important to the overall performance and health of the company. Do your job the best that you can, watch the expenses, and I'm confident we'll come through the other side in good shape.

We continue to look for growth opportunities, which is a sign of a healthy company. There are a couple of possibilities that we're pursuing. We'll share the news if there's anything to announce.

Ethanol-ready corn launched at Bonanza BioEnergy

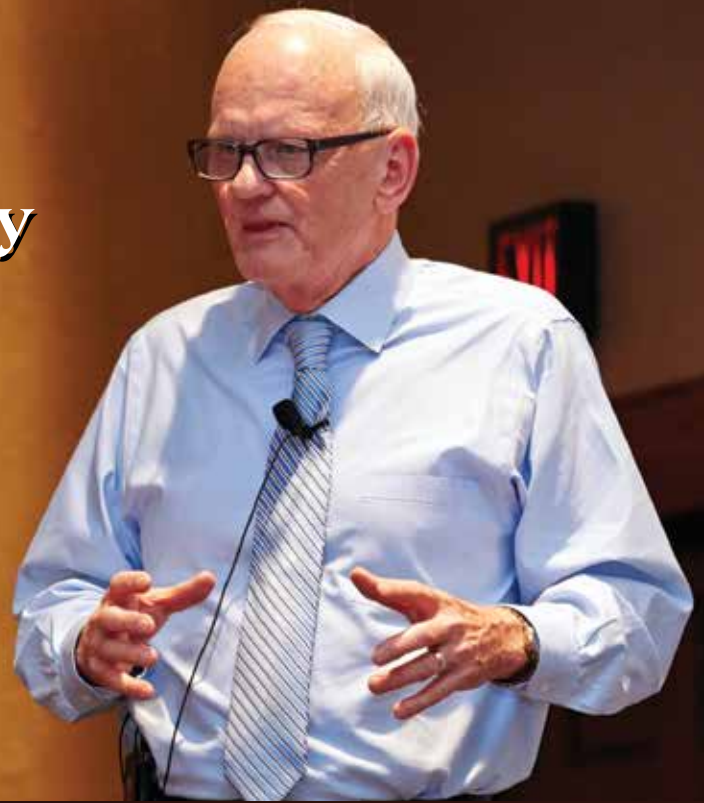
Ethanol-ready corn, Enogen[®] by Syngenta, is being introduced to Conestoga locations. The effort was launched at our Bonanza BioEnergy plant, and the Arkalon transition is going well. 💧

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Conestoga Energy Partners Annual Meeting



About 225 member-owners attended our annual meeting on Tuesday, May 5 at the Clarion Inn in Garden City. The guest speaker was James Olson, a former chief of counterintelligence for the CIA. Olson described how he was recruited and trained and the risks he and his wife, also a CIA operative, faced. Olson also discussed the CIA's role in the war on

terror, and he shared on an actual espionage operation he and his wife undertook in Moscow at the height of the Cold War.

If you were not in attendance and would like more information, you can contact Stephanie Hall at 620-626-2048 or stephanie.hall@conestogaenergy.com. 





Corn Oil Project Results in Consistent Feed Product

Corn oil is one of the co-products of the ethanol process. We recently installed equipment that allows us to reduce the amount of corn oil added to the livestock feed we produce so the final product has a consistent fat content.

Matt Durler, vice president of marketing at Conestoga Energy, explains

that as the plants feedstock switches between corn and milo, the fat content in the feed changes. That can pose complications for the operations that buy our feed, because they will need to make other adjustments to their livestock diets. The \$6-million project at the Garden City and Liberal locations will pay for itself within a year, Durler said.

“Going forward, the corn oil, which is worth about 3 cents a gallon to us, will be an asset for the organization,” Durler said. “Our philosophy is to use it as a guarantee to make the feed more consistent, instead of just taking as much oil as we can in the ethanol process.

The goal is to provide a consistent product.” 🌱

Bonanza Equipment Boosts Conestoga's Drying Capacity

As environment regulations have been transformed in California, so have attitudes about carbon value. As a result, our business model for distillers grains has also seen a change.

When the carbon value was high, we had financial incentive to sell all distillers grains as wet distillers grains (WDG). Over the past two years, California has relaxed its standards, allowing more plants to meet benchmarks and dramatically declining carbon values.

At the same time, export demand for distillers dried grains (DDG) has been very robust, causing it to trade

at a premium compared to WDG values. We are fortunate to have the flexibility to change our product mix to match what the market is telling us. The dryer at our Bonanza BioEnergy plant allows us to maximize our responsiveness to local WDG supply and demand. If there is equipment trouble at our Arkalon Ethanol plant, our new dryer at Bonanza will support our business.

Having the ability to use the additional drying capacity when needed reduces our risk and improves our competitive position in the ethanol industry. 🌱



Employee Spotlight

Elizabeth Dominguez, Treasury Manager

Treasury Manager Elizabeth Dominguez will have her two-year anniversary with Conestoga Energy this summer. She started as an accounts receivable specialist, then moved to a position in accounts payable before accepting her current position in November 2014.

Elizabeth came to us from the corporate office of High Plains Pizza, a Pizza Hut franchisee, where she worked in human resources. She has certificates in leadership studies and human resources.

At Conestoga, Elizabeth manages 22 accounts with local banks, ensuring they are balanced.

She also reviews accounts payable and accounts receivable, making sure everything balances out. She is also a backup for answering HR questions. 💧



Josh Lopez, Distillers Marketing

Josh Lopez will celebrate four years with Conestoga Energy in July. The distillers marketing representative came to us from Lextron Animal Health in Garden City, where he handled sales for animal health supplies.

Josh grew up in Satanta and studied music at Seward County Community College. He then enlisted in the Army, serving as a medic for seven years. His duties included serving at a combat hospital and being stationed in Germany and Japan. Discharged in 2001, he worked as a surgical assistant for an ear, nose, and throat specialist he met while serving in the Army. His family moved to east Texas for that practice.

He and his wife, Kori, who hails from the Liberal area, moved back to “friendly Kansas” when their sons were born. Mrs. Lopez teaches in Cimarron, and their sons are now 10 and 13. Lopez is a pilot, and the family enjoys hunting and shooting targets.

At Conestoga, Lopez manages day-to-day scheduling and contracting for distilling marketing. He works with feed yards to provide the feed needed for livestock and provides customer service, in part, by maintaining solid working relationships. 💧