



CORN MARKETING

PROGRAM OF MICHIGAN



2008 ANNUAL REPORT

Table of Contents

2008 Annual Report

About the CMPM	3
Board of Directors	3
Research	4
Education	5
Market Development	6
Financials	7
Partners	Back Cover

Welcome From the President

This past year has been very exciting for those involved in Michigan's corn industry and for the Corn Marketing Program of Michigan (CMPM).

The excitement in the U.S. corn industry has kept the CMPM board heavily engaged in research, market development, new use development and education. All of these areas help Michigan corn farmers to be more efficient, productive, and always on the cutting edge of the latest technological and production advancements. It is extremely important as an organization to focus on both current and future markets for corn, which is something that we are continuing to do, just as we have in the past.

Ethanol is one of those markets and is a topic we all hear about. We are devoting resources to continue to inform consumers with the most up-to-date information. Topics like the efficiency of corn and ethanol production, and "food and fuel" get a lot of press. We have devoted time to write rebuttals, press releases, newsletters and pull together informational packets for consumers, media and legislators. We have also worked with WJR to produce Kernel of Truth radio spots. We have gone outside the traditional agricultural events in order to reach more consumers with our message through energy fairs, green events and environmental conferences.

The CMPM has focused more energy toward corn-based products this year. This emerging market is a great opportunity for corn farmers and consumers to utilize products made from a renewable resource, corn. This is another way that corn farmers are helping the United States decrease its dependence on foreign oil.

Corn-based products are only one of many new market opportunities the CMPM is looking at for the development of additional corn markets. The organization works with a large group of partners in research to establish new uses, products and create market opportunities within the industry. The board and staff understand the importance of generating new ideas to keep the industry fresh and prosperous, while also educating consumers about the many new opportunities for corn.

In addition to new uses and markets, we are very focused on our traditional markets such as livestock, human consumption, and exports. Some of the research we are investing in looks at better utilization of corn and also increasing production, so there will be plenty of corn for new and existing markets.

My fellow CMPM board of directors and I are proud of the organization's accomplishments this past year. We look forward to another prosperous year in 2009. Please enjoy reading through this annual report to learn more about the CMPM's programs and positive contributions to Michigan's corn farmers. If you have any questions, suggestions or ideas for the CMPM or would like us to provide an update at an upcoming meeting, contact us at 1-888-323-6601.

Sincerely,



Wm. Lyndon Uphaus, CMPM President



About the CMPM

Established under 1965 P.A. 232, and voted in by the state's corn farmers in 1992, the Corn Marketing Program of Michigan (CMPM) receives one penny per bushel for all field corn grown in Michigan and sold. The "check-off" funding is invested in education, market development, new uses and research. The continuation of the program is voted on by Michigan corn farmers every five years. For the program to continue, the referendum vote must be approved by both the majority of voting farmers and corn production.

The nine-member, corn-farmer CMPM Board of Directors, appointed by the Governor, sets the yearly direction of the program. Board terms are staggered, and each year three board positions are up for appointment. Michigan is divided into nine districts based on corn production, with each board member representing a district.

Every year, the CMPM releases an annual report and an annual research report containing program highlights from the past year. The CMPM strives to help keep Michigan farmers on the cutting edge of technology and provides innovative research which will improve and increase market opportunities for Michigan's corn industry. This annual report features the projects and events the CMPM has worked on and participated in during 2008 relating to the organization's mission of keeping Michigan's corn industry viable through the education of farmers, consumers and media; production and new use research; market development; and new use development.

Headquartered in DeWitt, the CMPM is a legislatively-established statewide program that utilizes one-cent per bushel of Michigan corn grown and sold. Investments are made in the areas of research, education and market development in an effort to enhance the economic position of Michigan corn producers. The CMPM works cooperatively with the Michigan Corn Growers Association, a grassroots membership association representing the state's corn producers' political interests.

The Michigan corn office would like to remind everyone that we are available to speak or attend meetings, plot tours and tradeshow. If you are interested in having someone from the Michigan corn office at your event, call the office toll-free at 1-888-323-6601.

2008 CMPM Board of Directors

District 1

Jay Drozd, Allegan, *Secretary*

District 2

Carl Barth, Three Rivers

District 3

Mark Kies, Allen, *Treasurer*

District 4

Lyn Uphaus, Manchester, *President*

District 5

Richard Dobbins, Concord

District 6

Larry Nobis, St. Johns

District 7

Tom VanSickle, Deckerville

District 8

Clark Gerstacker, Midland, *Vice President*

District 9

Ed Breitmeyer, Buckley

Ex-Officios

Dr. Doug Buhler, MSU Ag Experiment Station
Robert Craig, Michigan Department of Agriculture
Ken Lake, Michigan Agribusiness Association
Eric Voisinet, Michigan Corn Growers Association



Front row, left to right: Jay Drozd, Secretary; Lyn Uphaus, President; Clark Gerstacker, Vice President; and Mark Kies, Treasurer. Back row, left to right: Ken Wadsworth; Ed Breitmeyer; Richard Dobbins; and Larry Nobis. Not pictured: Carl Barth and Brian Kreps.

Staff

Jody E. Pollok-Newsom, Executive Director
Betsy Atherton, Director of Communications and Programs
Kay Barclay, Accountant & Office Administrator
Blake Johnson, Ethanol Program Coordinator
Theresa Sisung, New Use Coordinator
Penni Sweeney, Administrative Assistant

Research



Fields of corn that are used for research funded by the CMPM are designated by a special sign that is put out in front of the field.

Farming techniques have changed dramatically since Michigan's early settlers plowed the land. However, even with all the changes, the goals and ideals of Michigan farmers still remain the same, to raise a healthy, high-yielding crop while being good stewards of the land.

While farmers are striving for maximum yields and revenues from their crop, the CMPM board of directors is striving to do the same by funding research that benefits Michigan farmers. The CMPM looks for projects that can add value to Michigan corn through new markets or advancements in traditional markets, as well as new production techniques and practices that enhance productivity and conservation. Last year, the CMPM board invested in a large variety of research projects that they anticipate will help improve Michigan's corn industry. Projects funded in 2008 include:

- The Effects of Animal Waste and Tillage on Corn Based Crop Rotations
- Demonstrating the Practical Use of E85 in Snowmobiles
- Thumb Agricultural Research & Education Project
- Electrorheological Fluids based on Modified Corn Starch in Vegetable Oil
- Fiber Separation from Distillers Dried Grains with Solubles and Corn Meal to Increase their Nutritional Value
- 50,000 to 1,000,000 BTU Commercial Corn Furnace
- The Use of Fungal Endophytes to Reduce or Eliminate Irrigation Costs for Michigan Corn Growers
- Second Generation, Antibiotic Resistance Free Succinic Acid Producing Organisms
- 2,000 HP Ethanol-Electronic Hybrid Locomotive Prototype Development

- Corn Yield Response to Nitrogen Rate and Timing in Michigan
- Long-Term Management of Dandelion in a Corn and Soybean Rotation
- Corn-Based Containers as an Effective Packaging System for Fast Food Green Salads
- Sampling Corn-Soybean Field Pairs for Variant Corn Rootworm and Cutworm
- Functional Ecology Indicators to Help Defend Michigan Genetically Modified Corn
- Boron Treatment of Stored Swine Manure to Reduce Hydrogen Sulfide and Conserve Nitrogen and Sulfur for Increased Corn Production
- Bioadhesives and Biocomposites from DDGS

The CMPM also partners with other states through the National Corn Growers Association (NCGA) to fund large-scale projects that the CMPM could not afford on its own. NCGA partnered projects for 2008 include:

- Biodiesel Formation Utilizing Reactive Distillation
- Mapping the Corn Genome

Today's research projects may be of use to farmers and consumers next year or several years down the road, depending on the success of the research, acceptance by consumers and the difficulty of commercialization. The research phase of these projects is only the first step in improving corn production, increasing markets or developing new uses.

Research funding is distributed to universities, private industry and other research programs for costs incurred to conduct the projects. Farmers and the public are able to learn more about CMPM-funded research at the Corn and Soybean Winter Research Meetings held annually at locations throughout the state in January. Visit our website at www.micorn.org for dates and locations. Research is also shared through press releases, radio interviews and through our annual research report.



Education

One of the key priorities for the CMPM is creating opportunities to increase awareness of corn and corn-based products. The CMPM strives to inform corn farmers about new products and uses for their crop in order to advance their marketing strategies. The CMPM board and staff are committed to increasing consumer awareness in order to expand the corn market. The following areas highlight a few of the CMPM's educational activities throughout the past year.

Media - The CMPM continues to expand their outreach to media sources throughout the state of Michigan in order to spread information about corn to both consumers and farmers. Every week staff writes and distributes news releases to more than 230 media outlets across the state. Within the past year, the CMPM's articles have appeared in community, city and state newspapers as well as state and national websites and business and farm-related publications. The CMPM continues to educate consumers about the benefits of corn through news releases, radio and television interviews, media events and the Michigan Corn website. This year included appearances on Fox Business News via satellite and CNN with Comcast, as well as on WJR to spread the word about corn and corn-based products. Our newest endeavor is to bust the myths related to corn and ethanol. A radio campaign consisting of twelve radio spots and a new "Busting the Myths" section on the website have been created to help inform the public about corn and ethanol. The radio spots have given people a chance to call or e-mail the office to have their questions answered.

Publications - In order to provide farmers and consumers with up-to-date information on the CMPM's activities and happenings within the corn industry, the organization releases several publications every year. In the past few years, three markets have emerged in Michigan that have generated much interest from both farmers and the public; these markets are ethanol, corn heat and corn-based plastics and clothing. The increased interest and demand for information has led the CMPM to create newsletters for each topic and to update them as needed. Copies of Heating with Corn, New Uses and Ethanol newsletters are available on the Michigan Corn website at www.micorn.org.



At the annual Earth Day Expo kids participated in an activity using Magic Nuudles. Magic Nuudles are a cornstarch based building block that were developed and commercialized from CMPM funding in Michigan.

Tradeshows, Expos and Other Events - Staff members and the CMPM board travel all over the state to attend tradeshows, expos and other events to reach out and interact with farmers, media and consumers. Over the last year the CMPM has participated in events including: Ag Day at the Capitol, Ag Expo, Fall Family Days at the Octagon Barn, Jackson County Farmfest, Michigan Agribusiness Association Annual Conference, Michigan Farm Bureau Annual Meeting, Michigan State University Autumnfest, Thumb Ag Day and several others.

Energy Conferences and Earth Day Events - Due to the increasing interest in renewable fuels, the CMPM has stepped up to educate consumers about the many uses for corn, including ethanol, corn heat and corn-based plastics and fibers. The CMPM board members and staff have gone outside traditional outlets to visit with consumers and to show them the many uses for corn. With all of the misconceptions among consumers about ethanol and corn production, these events are perfect for teaching about corn and the environmental benefits of the crop. Staff members and the CMPM board members have presented at energy fairs, environmental-related conferences and earth day events throughout the state. These events included: Agri-Energy Conference, Earth Day Expo, Michigan Agribusiness Association BioEconomy Summit, Michigan Energy Fair, Michigan Department of Agriculture Earth Day, University of Michigan Energy Day and many more. The CMPM has also been involved in Clean Cities organizations in Ann Arbor, Detroit, Lansing and West Michigan. These organizations are focused on the environment and alternative fuel use.

Plot Tours/Seed Meetings - A primary focus of the CMPM is to stay in close communication with the state's corn farmers. Throughout the year board members and staff travel to several plot tours and seed meetings to represent the corn industry. At these events, board members and staff talk to farmers about new and expanding corn markets, agronomic research, industry happenings and the CMPM funded research projects. These events also give board members and staff a chance to discuss farmers thoughts and ideas of the organization and what they would like the CMPM to focus on in the upcoming year.

Michigan Welcome Centers - The CMPM and Travel Michigan are partnering to furnish all Michigan Welcome Centers with corn-based plastic bags for visitors to fill up with helpful Michigan travel information. The bags work to educate travelers on the wonders of Michigan, as well as interesting facts about corn.

Market Development

Keeping up with current markets and finding new markets for corn are integral parts of the CMPM. As production continues to increase, so does the opportunity for new markets and additional uses. Corn is no longer looked at as just a valuable livestock feed, but is now used for fuel, heat and corn-based plastics and fibers. The CMPM board of directors and staff work to generate awareness of traditional and up and coming markets by sharing information with farmers, media and consumers.

Corn-based Plastics and Fibers

For many years, the CMPM has helped fund research for the development of new corn-based polymers. These polymers can be made into plastics and fibers. Some of the corn-based products made from polymers include plates, cutlery, coffee and travel mugs, bedding and clothing. In the past year, the CMPM has worked extremely hard to educate consumers about the benefits and availability of corn-based products.

Currently, there are three manufacturers of corn-based polymers in the United States. The first, Cargill, owns and manufactures NatureWorks, LLC. Ingeo™ is their brand of fiber for apparel and furnishings. The second company is DuPont with their line of DuPont™ Sorona® polymers and products. The third company, Metabolix, has teamed up with ADM to market their polymer called Mirel™, used to make their brand Natural Plastics. Information about these companies can be found on their respective websites, www.natureworkslc.com, www.dupont.com and www.metabolix.com.

Corn Heat

The corn heat industry is growing at a rapid rate due to the high prices of energy. Heating with corn has become a fast-growing alternative to the traditional heating methods of using propane and electricity. The CMPM has continued to work with the Corn Heat Task Force, an assembly of industry and government representatives, corn farmers and researchers, in an effort to help guide and enhance the corn heat industry.



To promote ethanol use to motorists throughout the state the CMPM uses an E85 capable Chevy Suburban. The CMPM would like to thank Young Chevrolet of Owasco for their generous assistance in obtaining a flex fuel vehicle.



To emphasize the many uses for corn, the CMPM has exhibits that show the food, plastic and fiber products that are made from corn.

In an effort to advance the corn heat industry, the Corn Heat Task Force has worked on market development and education about the benefits of corn heat. Through the task force, a website that focuses solely on corn heat has been created, www.micorng.org/heat. The CMPM also has a list of those selling corn for corn heat available on this website.

The CMPM is also partnering with manufacturers and dealers of corn heating systems to increase the market for heating with corn. Through various media outlets, including the Michigan Farm News, Michigan Farmer, the Farmers Advance and the Michigan Farm Radio Network, the CMPM has put out educational materials including news releases, advertisements, radio announcements, newsletters, and advertorials to increase consumer awareness.

Ethanol

The ethanol market in Michigan is constantly expanding and the CMPM continues to educate farmers and consumers about the opportunities ethanol provides. Ethanol has continued to be one of the hottest topics among the general public and media. The CMPM works hard to educate the public on the benefits of ethanol, while working hard to set the record straight about many of the misconceptions. With the dramatic price spikes of gasoline in the past years, many consumers and industries are looking for a more stable and reliable source of transportation fuel. Ethanol is not only produced in the United States, but is also utilizing corn grown right here as its main feedstock. The ethanol industry is spurring economic growth throughout the country and is bringing money back to rural communities, generating higher quality jobs and a higher-value corn crop.

As ethanol production and availability increase in the state, so do CMPM activities to help educate consumers and create

Market Development (continued)

public awareness, which will further develop the industry. As ethanol becomes more readily available in Michigan, the market for E85, 85 percent ethanol and 15 percent gasoline, also increases. At the beginning of 2006, Michigan had two E85 pumps, but with increased availability of the renewable fuel, Michigan now has 91 E85 pumps across the state. For a listing of E85 pump locations, visit www.E85fuel.com.

Along with the production of ethanol, two other co-products are produced – carbon dioxide and dried distiller grains (DDGs), which is one thing many consumers do not realize. With the increase of in-state ethanol production, more co-products are available on the market. The CMPM is working to develop new opportunities for DDGs markets which could extend the products beyond their current use as livestock feed.

Exports

With approximately 17 percent of corn being exported annually, the CMPM has focused efforts on learning about the market for corn in other countries as well as working to increase the export potential of U.S. corn. Board members, staff and growers have spent time traveling overseas to gain firsthand knowledge of corn production around the world.

Ken Wadsworth, a CMPM board member from Sandusky, traveled to India to discuss world corn production, supply and demand. While in India, Ken was able to meet with starch manufacturers and poultry and feed representatives to discuss issues concerning the U.S. and world corn industries. The majority of his time was spent discussing the U.S., world and India's outlook on corn.

Jeff Sandborn, a corn grower from Portland who serves as secretary of the Michigan Corn Growers Association, traveled to Brazil to learn about food systems, agriculture,



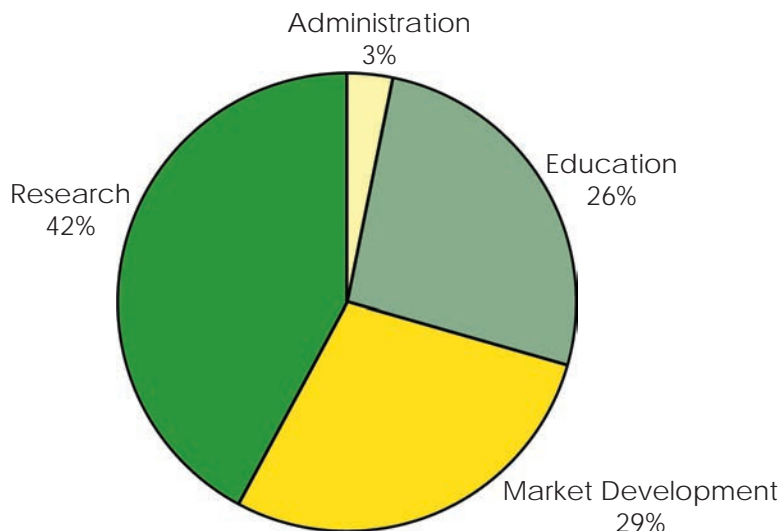
One of the visits of the week-long program attended by Jody Pollok-Newsom was a stop at a feedlot in Argentina. Attendees were interested in the large amount of corn fed to livestock in Argentina.

natural resources, manufacturing and environmental issues from a global perspective. He was also able to examine leadership within the context of different political, cultural and social systems while witnessing resource management, entrepreneurialism and leadership in a developing economy.

Jody Pollok-Newsom, executive director of the CMPM, traveled to Brazil and Argentina to gain a better understanding of the corn and ethanol industries in those countries. While in Brazil she was able to witness firsthand their commitment to producing and consuming ethanol. The trip gave a great perspective as to what a country can do when they are committed to being energy independent.

Financials

Corn Marketing Program of Michigan FY2008



How the Pennies are Put to Work

In September of each year, the nine-member Corn Marketing Program of Michigan board of directors sets the budget for the following fiscal year which begins on October 1. Programs and events are discussed and approved, as well as the funding for next year's projects. The CMPM board carefully reviews the organization's direction and previous work to determine the best use of funding.



Corn Marketing Program of Michigan
12800 Escanaba Drive, Suite B
DeWitt, MI 48820

PRST STD
U S POSTAGE
PAID
PERMIT #108
LANSING MI

2008 Annual Report

CMPM Partners

Partnering with other organizations and groups on projects is a key component to expanding Michigan's corn industry. We would sincerely like to thank the following organizations for their dedication and support in 2008 and we look forward to working with them in the future.

AFID Therapeutics	Michigan Farmer
Agri-Energy Work Group	Michigan Farm News
American Coalition for Ethanol	Michigan Farm Radio Network
The Andersons Albion Ethanol, LLC	Michigan Soybean Promotion Committee
Ann Arbor, Detroit, Lansing and West Michigan Clean Cities Coalition	Michigan State University
Clean Energy Coalition	Michigan State University Ag Experiment Station
Ethanol Coalition of Michigan	Michigan State University Alumni Association
Ethanol Promotion and Information Council	Michigan State University Extension
Farmers' Advance	Michigan Technological University
FFA	Mississippi State University
General Motors	National Corn Growers Association
Global Ethanol, LLC	National Ethanol Vehicle Coalition
Great Lakes Ethanol, LLC	Natural Resources Conservation Service
Growth Energy	NextEnergy
Kettering University	Poet Biorefining
Lansing Community College	Renewable Fuels Association
Lenawee County Center for Excellence	Saginaw Valley State University
Liberty Renewable Fuels	State Corn Grower Associations
Marysville Ethanol, LLC	USA Poultry and Egg Export Council
Michigan Agri-Business Association	U.S. Department of Agriculture
Michigan Association of Conservation Districts	U.S. Meat Export Federation
Michigan Corn Growers Association	U.S. Grains Council
Michigan Commodity Groups	VeraSun Woodbury
Michigan Conservation and Climate Initiative	Wayne State University
Michigan Department of Agriculture	WJR
Michigan Department of Labor and Economic Growth	Working Bugs, LLC
Michigan Farm Bureau	Young Chevrolet