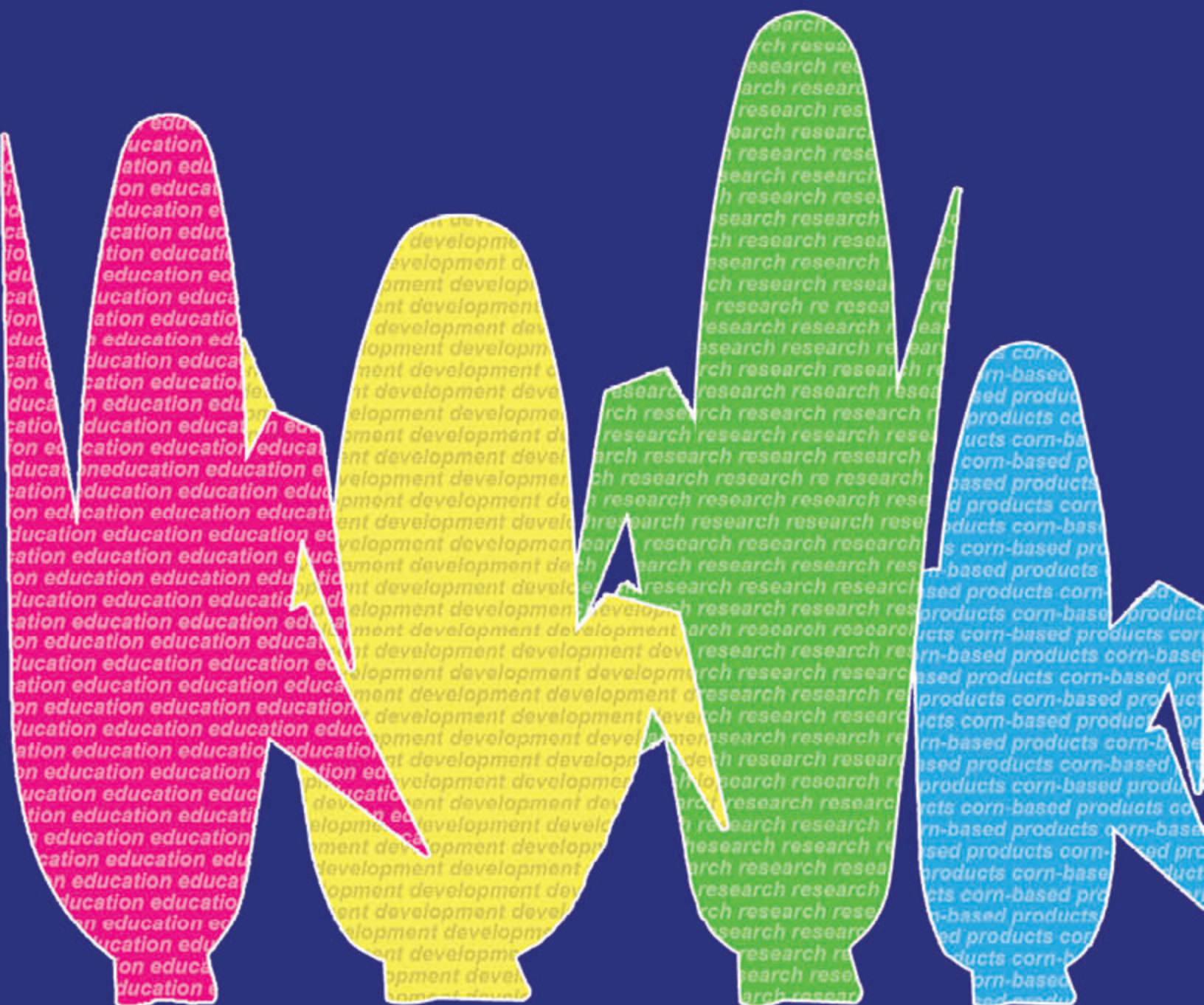


PENNIES FOR PROGRESS

2010 CORN MARKETING PROGRAM OF MICHIGAN ANNUAL REPORT



Welcome.....3

Education.....4-6

Development.....7-8

Research.....9

Finances.....10

Board.....11

Corn Marketing Program of Michigan

2010 Annual Report

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 CMPM has been heavily engaged in research, market development, new use development and education. All of these areas help Michigan corn farmers 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 traditional, current and future markets for corn, which is something we are continuing to do, just as we have in the past.

Ethanol is one of those markets and a topic we all hear about. We are continuing to devote resources 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 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 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 diverse group of research partners 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 2011. 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,



Clark Gerstacker
CMPM President



EDUCATION

One of the key priorities for the CMPM is to increase the awareness of corn and corn-based products. The CMPM strives to inform not only corn farmers, but also consumers about new products and uses for their crop in order to advance their marketing strategies. The CMPM is committed to increasing consumer awareness in order to expand the corn market and improve the general image for the corn industry. The last year has been filled with many ups and downs, media attacks and more direct outreach by the CMPM to counter all of the myths surrounding the corn and ethanol industries. The following areas highlight a few of the CMPM's educational activities for the past year.

Media and Consumer Outreach

The CMPM continues to expand their outreach to media sources throughout the state of Michigan in order to provide information about corn to both consumers and farmers. Every week, CMPM 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, state and out-of-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.

With expiring ethanol tax incentives and the controversy over E15, this year saw an increase in media attacks against corn and ethanol. As a result, the CMPM decided to confront these myths head-on. Throughout the year, the CMPM staff has been very active in writing editorials and rebuttals for local Michigan newspapers to combat anti-corn and anti-ethanol opinions. Many of these articles have been published and the CMPM appreciates all of the Michigan growers who have helped bring these

negative articles to the attention of the office.

We also continued with our "Kernel of Truth" spots on WJR and focused on some of the hot topics such as high-fructose corn syrup, corn availability and the prevalence of family farms. The spots are designed as mock phone calls to the CMPM office and the board and staff



CMPM executive director, Jody Pollok-Newsom, educates listeners about corn heat during her on-air interview at the MSU pregame tailgate show.

have gotten tremendous positive feedback regarding the spots.

In addition, we have built upon our original partnership with WJR to include two separate educational opportunities for corn heat and ethanol. Again this year, the CMPM warmed the WJR broadcast tent at Michigan State University (MSU) with corn heat. For the last four home MSU football games, the WJR broadcast tent was heated with America's renewable resource. During the pregame show, the hosts talked about corn heat and aired educational commercials about heating with corn and Michigan's corn industry. This year, the on-air broadcast during one game also featured an interview with CMPM executive director, Jody Pollok-Newsom. By providing this service to WJR, the CMPM can educate thousands of Spartan fans as they listen to the football games, as well as reach game attendees. Also continuing this year was the CMPM partnership with WJR to power The CAR Show with E85. During every Saturday morning broadcast, the hosts of The CAR Show ask questions regarding corn and ethanol. The first caller driving a flex-fuel vehicle to answer the question correctly wins a \$25 E85 gift card. In addition to the on-air education, the office also provides additional information about corn and ethanol to the winners of the gift card in a follow-up mailing.

New this year, the CMPM delved into the ever-increasingly popular world of social media. The CMPM, in conjunction with the Michigan Corn Growers Association, now has pages on Facebook, Twitter and YouTube. These sites have been a great tool for cost-free education and advertising; the pages can be updated with short bits of information and to spread the word about upcoming events. The CMPM continues to utilize these sites to spread the

positive message about corn farming to the younger generations who frequently visit these social media pages, as well as to keep in touch with some of our more tech-savvy growers. If you have not done so already, please be sure to "like" Michigan Corn" on Facebook, follow "MI_Corn" on Twitter and subscribe to the "MichiganCorn" channel on YouTube.

Corn Farmers Coalition

In 2010, the CMPM partnered with thirteen other state corn organizations and the National Corn Growers Association to bring the Corn Farmers Coalition back. This major educational program was aimed at policymakers and opinion leaders who affect the fate of America's corn farmers. The advertising campaign placed a focus on family farmers telling their story and put prominent facts about family corn farmers in Capital Hill publications, radio and frequently used web sites, as well as the Metro and Reagan National Airport.

"The vast majority of farms in America, and 95 percent of corn farms specifically, continue to be family owned and operated. They aren't some myth, but are a critical economic engine that provides most of the food, feed and fiber produced in this country," said Clark Gerstacker, CMPM president and a corn farmer from Midland. "This awareness is important to our survival. With more than 11,000 corn farmers here in

An advertisement for the Corn Farmers Coalition. It features a man, Chris Wagner from Longmont, Colorado, holding a large white sign with the number '8'. The background shows a cornfield with a combine harvester. Text on the sign reads: "An acre of corn removes 8 tons of harmful greenhouse gas, more than that produced by your car annually." Below the sign, it says "There is more you should know about America's biggest crop." and "CORN FARMERS COALITION INNOVATION IS GROWING". The website "www.CornFarmersCoalition.org" is listed at the bottom. A small logo for the coalition is also present.

Michigan, this campaign is especially important to the growers in our state."

Rather than directly influencing legislation and regulation, the Corn Farmers Coalition program introduced a foundation of facts seen as essential to decision making. "Washington D.C. needs to know corn farmers are using some of the most advanced technologies on the planet to do more with less — to grow more corn using fewer resources every year," said Mark K. Lambert, director of the Corn Farmers Coalition. "American corn farmers, the majority of them small family businesses, are among the most productive in the world." The coalition met with media, members of Congress, environmental groups and others to talk about what is ahead: how U.S. farmers, using the latest technologies, will continue to expand yields and how this productivity can be a bright spot in an otherwise struggling economy. For more information or to view the CFC ads go to: www.cornfarmerscoalition.org.

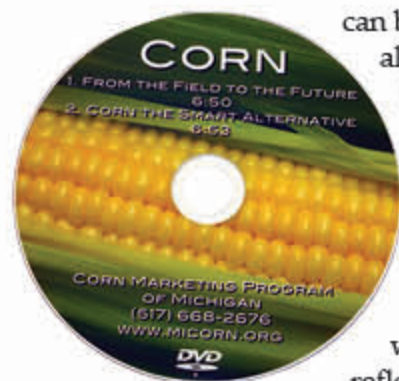


The CMPM created a new DVD this past year that has two videos on it; one for children and one for adults.

Publications & DVDs

In an effort to aid in our education efforts, the CMPM has created several topic specific newsletters for distribution. In addition to our ethanol and corn heat newsletters, designed to share information about two up and coming industries, the CMPM also has two consumer publications; Corn 101 and the Corn-Based Products Guide. These documents are two of our most requested publications. Corn 101 covers the basics of the corn industry including the different types of corn; how corn is planted, grown and harvested; the equipment used within the industry; where Michigan's corn goes; and the sustainability of the corn industry. The Corn-Based Products Guide explains how corn-based products are made, the variety of products that





can be made from corn, and also where these corn-based products can be purchased. Due to ever-changing technologies and fresh products on the market, both of these publications were updated in 2010 to reflect the latest information possible. Copies of these updated publications and others are available on the Michigan Corn website at www.micorn.org or we can send you copies for meetings and other events.

In addition to our publications, the CMPM also now has an educational DVD available. The DVD features two seven minutes videos, one for elementary age children and one for adults. The videos give a brief overview of the corn industry; from how much is produced to all the ways the diverse crop can be used. These DVDs have quickly become a favorite among teachers and volunteers alike, as they provide a fun and entertaining illustration of the importance of corn. The videos can be seen on the Michigan Corn YouTube channel and copies of the DVD can be obtained by contacting the Michigan Corn office.

Tradeshows, Expos and Other Events

Staff members and the CMPM board travel across the state to attend tradeshows, expos and other events to reach out and interact with farmers, media and consumers. Throughout the last year the CMPM has participated in events including: Ag Day at the Capitol; Ag Expo; Bean & Beet Symposium; Breakfast on the Farm events; Clinton County Progressive Farmers meeting; Coldwater Farmer's Day; Fall Farm Fair; Michigan Agribusiness Association Annual Conference; Michigan Farm Bureau Annual Meeting; Michigan State University Autumnfest; Project REDs (Rural Education Day); Thumb Ag Day; and several others.



Captain Cornelius greeted attendees at the annual Autumnfest tailgate.



School children stop to view the products made from corn, the CMPM's new DVD and to win prizes at the MDA/DNRE Earth Day.

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: Michigan Department of Agriculture/ Department of Natural Resources and Environment Earth Day; Plymouth Green Street Fair; Tri-Cities Earth Day Celebration 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 about the organization and what they would like the CMPM to focus on in the upcoming year.

MARKET DEVELOPMENT

Keeping up with current markets and finding new markets for corn are integral outcomes for the CMPM. As corn 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, corn-based plastics and fibers. The CMPM board of directors and staff work to generate awareness of traditional markets, as well as new, innovative 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, carpeting and floor tile. In the past year, the CMPM has worked extremely hard to educate consumers about the benefits and availability of corn-based products. More information on corn-based products is available in the Corn-Based Products Guide, which is available online at www.micorn.org.

Corn Heat

Due to the high price of energy in 2010, the corn heat industry has also shown to be a steady market for Michigan corn. Heating with corn is an economical 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 expand the corn heat industry.

The Heating with Corn website, www.micorn.org/heat, still remains the largest educational outlet for Michigan's corn heat industry. The website provides all of the information a consumer might look for when deciding whether to switch to corn heat and questions they should ask before purchasing a heating unit. A list of corn farmers and businesses that are selling corn for corn heat are available on the website. Please contact the office if you wish to be added to the list.

The CMPM is also partnering with manufacturers and dealers of corn heating systems to increase the market for corn heating units. Through various media outlets, including the Michigan Farm News, Michigan Farmer, the Farmers Advance, Farm World 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. Our information has reached broad markets and audiences and has received media pickup as far away as Maine.



DOE grant project partners Matt Sandstrom, Project Manager at the Clean Energy Coalition; Jerald and Charlotte Ignash, co-owners of Ignash Petroleum; and Robert Cleary, Vice President of the Michigan Petroleum Association pose next to a recently installed ethanol blender pump in Elkton, Mich.

Ethanol

With the Gulf of Mexico oil disaster this spring, the demand for alternative forms of energy, especially ethanol, has increased in 2010. The CMPM has been hard at work throughout the year educating consumers about ethanol as a fuel choice. Part of this outreach involved allocating funds to support a national educational campaign, Blend Your Own (BYO) Ethanol. This campaign, geared towards fuel retailers, provides the business case for providing mid- and high-level blends of ethanol through blender pumps. Nationally, the BYO campaign hopes to install 5,000 blender pumps; the contributions of the CMPM are helping to achieve this goal by supplying funds for advertisements, trade show presence, website and magazine development and other educational tools.

The CMPM has also facilitated increased market demand for ethanol in Michigan by helping the Clean Energy Coalition (CEC) in Ann Arbor to secure a \$200,000 Department of Energy (DOE) grant. This grant was made available through Recovery Act Program funds and was intended to increase the amount of ethanol fueling infrastructure across the state. Through this funding, the CEC was able to provide funding for the installation of 9 blender pumps at five different stations in Michigan, one of which became the 100th E85 (85 percent ethanol/15 percent gasoline) station to open in the Great Lakes state. As each blender pump opens, the CMPM works alongside the CEC to host grand-opening ceremonies at each station. These events feature honored dignitaries from the county, state and national legislature and attract attention from many of the local media outlets. These events not only help to spread the word about the new station through their earned

media attention, but also garner the support and approval of the invited dignitaries, which helps create a positive attitude toward ethanol among elected leaders. In addition to the DOE grant, the CMPM and CEC have been working in recent months to develop a new grant program that will be available in 2011. This program will utilize CMPM funds to provide up to ten \$5,000 grants to fuel stations wishing to install blender pumps in Michigan.

Aside from advancing the availability of ethanol in Michigan and across the country, the CMPM has also been working to increase consumer's awareness of the important biofuel. The CMPM participated at both the Lansing Community College Alternative Fuel Vehicle Day and the CEC Biofuels Workshop, where we shared information with event attendees about American-made corn-ethanol through our display and as a speaker. Additionally, the CMPM continued to work with the State of Michigan fleet manager in 2010, in an effort to make it easier for state employees to locate ethanol fuel stations. The CMPM and the State of Michigan teamed up this year to develop a state-wide map of Michigan biofuels stations that will be available in all state vehicles. Since biofuels help our growers, we chose to showcase both ethanol and biodiesel stations. The State of Michigan and the CMPM also designed a bright yellow, corn-based keychain that will be placed on the keys of every flexible-fuel vehicle, making it effortless for employees to identify when their vehicle is flex-fuel capable.



Michigan Corn Farmers Support American Ethanol Partnership with NASCAR

On top of our already illustrated ethanol-related efforts, the CMPM is proud to announce its most recent effort to promote American-made corn ethanol; NASCAR. The CMPM joined many other state corn organizations and the National Corn Growers Association (NCGA), to back a new partnership between American Ethanol and America's most popular sport. This new partnership, announced by NASCAR in early December, comes after the racing organization said in October it would begin in 2011 to fuel all races with E15, a 15 percent corn ethanol blend.

"NASCAR has an unparalleled fan base, both in size and the deep loyalty of their fans, and we know this partnership gives us the opportunity to tell the

story of American Ethanol to hundreds of thousands of people all across the country," said Clark Gerstacker, CMPM president and a corn farmer from Midland

who also serves as a member of the NCGA Corn Board and NCGA Ethanol Committee. "This is an exciting day for American Ethanol and American farmers. Michigan's corn growers can be proud of the fact that America's number one sport will now be fueled with American fuel made from American grown corn."

Led by Growth Energy, a national ethanol organization, nearly 100 different entities – from individual ethanol plants to corn organizations to biotech companies – are rallying around NASCAR to communicate their ethanol message. As part of the multi-year agreement, American Ethanol will be highlighted on every vehicle running in a NASCAR race and be prominent on NASCAR's Green Flag. In addition, American Ethanol will sponsor a new award for every race, be featured on-site race day events and more. American Ethanol will support drivers, teams and tracks with marketing, promotional activities and advertising.

"NASCAR and American Ethanol are ideal partners," said NASCAR Chairman and CEO Brian France. "NASCAR is a great American sport in its third generation of family ownership, and ethanol is produced from the harvest of family-owned farms across our country's heartland."

Through this partnership, the NASCAR American Ethanol initiative will illustrate the ability of American agriculture to feed and fuel the world while educating Americans about the value of corn ethanol for the nation's economy and energy security. "The productivity of America's farmers is unrivaled in the world and our ability to supply corn for food, livestock feed and fuel should be a source of national pride. This exciting new association with the NASCAR Nation will help to build that awareness," continued Gerstacker. "Corn farmers have an incredibly positive story to tell and working with NASCAR will help us to share this story with the world."

For more information on the American Ethanol partnership, visit www.americanethanolracing.com.



This American Ethanol decal will surround the fuel port on every NASCAR vehicle using E15.

RESEARCH



While farmers strive for maximum yields and revenues from their crop, the CMPM board of directors strives to do the same by funding research that benefits Michigan's corn farmers. Through the work of the check-off, Michigan's corn farmers are able to join together to fund research projects that focus on improving on-farm corn production and conservation practices, strengthening traditional markets and developing new uses for corn. The CMPM looks for

projects that can add value to Michigan corn through new markets and corn-based products or advancements in traditional markets, as well as new production techniques and practices that enhance productivity and conservation. Research is an integral component to the check-off, comprising nearly one-third of the CMPM budget. Since its inception in 1992, the CMPM has funded more than 225 research projects. In 2010, the CMPM board invested in a large variety of research projects they anticipate will help improve Michigan's corn industry. Projects funded in the past year include:

- The Effects of Animal Waste and Tillage on Corn-Based Crop Rotations
- Demonstrating the Benefits of Using E85 in Snowmobiles and Racecars
- A Natural, Non-Statins Cholesterol Reducing Compound from Edible Fungi
- Corn Nematode Survey
- Increasing Plant Biomass, Decreasing Water Consumption and Nitrogen Supplementation Through Symbiosis
- Thumb Agricultural Research & Education (TARE) Project
- Validation of Corn Ecological Measures: Comparison Between GMO Varieties, Western Bean Cutworm Sprayed and Unplanted Headlands
- Combination of Borax and Condensed, Quebracho Tannin (B/T) Treatment to Reduce Hydrogen Sulfide, Ammonia and Greenhouse Gas Emissions from Stored Swine Manure



- Western Bean Cutworm Biology and Life History Under Great Lakes Conditions
- Corn Row Spacing, Soil Compaction, Root Growth and Cultivation
- Fungicides and Insecticides in Corn
- Development of Novel Corn-Based Bioproducts
- Consolidating Bioprocessing; A New Use for Corn as a Whole-Plant Cellulosic BioEnergy Feedstock

The CMPM also partners with other states through the National Corn Growers Association (NCGA) to fund large-scale projects that individual state organizations would not be able to afford on their own. NCGA partner projects for 2010 include:

- Ethanol Platform Development
- Bioproducts Industry Development
- Ethanol Emissions Testing on Optimized Engines
- Diesel Additives from Ethanol and Bio-Diesel Co-Products
- Biotech Business Development
- Maize Genome Project

Research projects that are funded this year 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 organizations 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

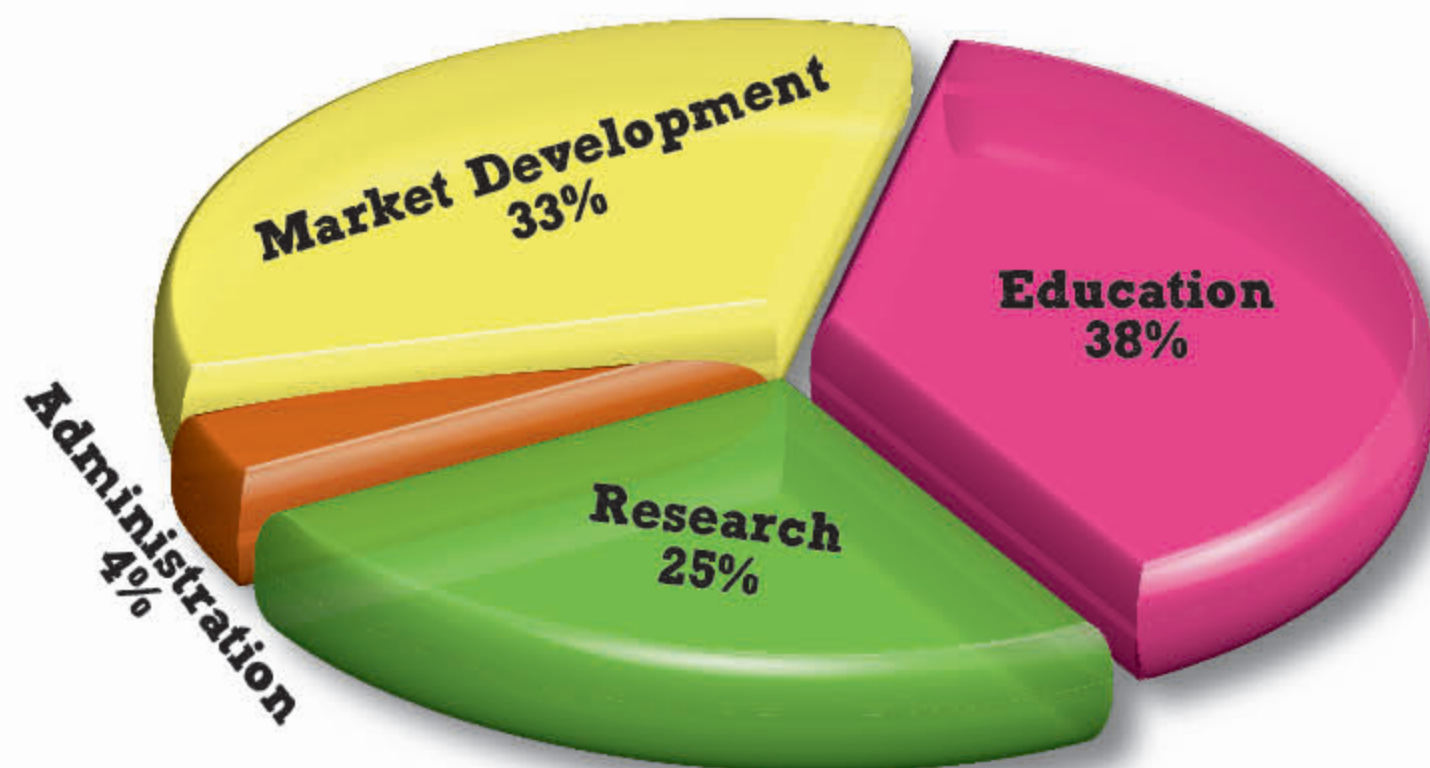
Corn and Soybean Winter Research Meetings held annually at locations throughout the state in January and February. Visit the CMPM website, www.micorn.org, for specific dates and locations. Research is also shared through press releases, radio interviews and through our Annual Research Report.



Watch your mail for the 2010 CMPM Research Report.

FINANCIALS

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. The below shows how the check-off funds were utilized in 2010.



Michigan Corn at a Glance

Acres Planted: 2.45 million

Acres Harvested: 2.2 million

Production: 335 million bushels

Average Yield: 156 bushels per acre

Average Price: \$3.86 per bushel

*Data provided by the USDA-NASS Michigan Ag Statistics



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 to enhance the economic position of Michigan corn farmers. 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 CMPM works cooperatively with the Michigan Corn Growers Association, a grassroots membership association representing the state's corn farmers' political interests.

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 containing program highlights. This annual report features the projects and events the CMPM has worked on and participated in during 2010 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.

If you're interested in more information, the CMPM staff and board members are available to speak or attend meetings, plot tours and tradeshow. If you are interested in having someone at your event, call the office at 1-888-323-6601.

BOARD OF DIRECTORS AND STAFF

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Kay Barclay, Accountant & Office Administrator

Theresa Sisung, Communication & Programs Coordinator

Penni Sweeney, Administrative & Membership Assistant

Jamie Wilson, Communication Coordinator & Ethanol Specialist





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