President’s Message

Jerry Griffith, President, Kentucky Corn Growers’ Association

Growers united for a successful year

As I am working my way through harvest on my own farm near Sedalia, I realize what a tough time many of us have had to endure the last several months. Mother nature was especially brutal on corn producers across the nation and here at home. Input costs increased at an astounding rate and are still climbing. The higher corn prices helped, but they may not continue to be enough.

Speaking of higher corn prices, grain farmers took a real beating this past year from food manufacturers, grocers, media and the public. They not only blamed high food prices on high corn prices, but that ethanol production was the root of the evil. This came after many years of corn grower efforts to grow the ethanol industry and work to tout the renewable fuel as one way to reduce our dependence on foreign oil.

Even after it was uncovered that hundreds of thousands, if not millions, of dollars were spent to deface biofuels, it did not take long for corn growers associations, ethanol industry members and producers themselves to rally together and get the real truth behind high food prices out in the open. Our efforts more importantly prevented the waiver request of the Renewable Fuels Standard from being granted this summer.

What we have also been able to accomplish is produce the second largest crop on record (an estimate from a recent USDA report). This is a true testament of the American farmer’s ability to beat all odds and still provide for the nation’s food, feed and fuel needs with additional bushels available for export.

And I believe technology, persistence and a collaboration of our efforts will allow us to meet the growing needs of the future.

New and Notable

This past year, KyCGA has revved up its member services programs, such as the Carbon Trading Program, primarily with the addition of a Director of Programs, Adam Andrews. Adam has led a number of meetings across the state to introduce producers to the Carbon Trading Program, assisted with the association’s policy work, and is currently looking at additional services and benefits for our members.

I would also like to call your attention to our electronic communications efforts. This past spring, we began sending weekly e-mail updates—the KyCGA Corn Connection—to our members to keep them informed about current policy, production, and marketing issues. If you have an e-mail address and are not getting this valuable tool, I encourage you send us an e-mail to info@kycorn.org, or you may subscribe on our web site at www.kycorn.org.

And as always, I encourage each member to let us know how we are doing and if there is anything you would like to see us accomplish for you in the future.
Corn checkoff meets needs of producers in changing industry

The Kentucky Corn Promotion Council, with the guidance of the Kentucky Corn Growers’ Association Board of Directors, invests in a wide range of market development, promotional, educational and research projects.

Our mission is clear with this funding: To be an innovative organization that provides dividends, benefits and services that meet the needs of our producers and members in a changing industry. Most importantly, this is accomplished by creating new markets and strengthening existing markets for our corn.

Each year we invest a substantial portion of checkoff dollars in trade promotion organizations such as the U.S. Grains Council, U.S. Meat Export Federation and USA Poultry and Egg Export Council. Not only do these organizations move corn and distiller’s grains out of the country, but ensure the livelihood of our most important customer, the U.S. livestock industry.

Another substantial portion of our checkoff funds National Corn Growers Association programs. Specifically, we chose to support ethanol promotion and research, production and stewardship programs, public policy initiatives and a committee devoted solely to mycotoxin issues.

Due to the rise in corn prices and increased checkoff received by the Council, we will be able to invest more money than ever before in these programs.

On the home front, we were able to purchase a new plot combine for the University of Kentucky to utilize in its corn variety studies. School education and youth programs also continued to be a top priority, as well as the promotion of corn products, such as ethanol, E85 and distiller’s grains.

This coming funding year, we are excited to begin work on a massive consumer education campaign, an ethanol blender pump program and new grower education opportunities. Please look through this annual report to learn more about the projects we funded this past year, and where we are heading in the future.

Kentucky Corn Promotion Council FY 07-08 Financial Statement

### Income

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Checkoff Income</td>
<td>$1,555,978</td>
</tr>
<tr>
<td>Management Fees</td>
<td>$20,000</td>
</tr>
<tr>
<td>Interest Income</td>
<td>$28,632</td>
</tr>
<tr>
<td>Plot Combine Lease</td>
<td>$12,000</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>$1,616,610</strong></td>
</tr>
</tbody>
</table>

### Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Expenses</td>
<td>$305,982</td>
</tr>
<tr>
<td>Project Expenses</td>
<td>$280,841</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$586,823</strong></td>
</tr>
</tbody>
</table>

### Distribution of Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>$116,419</td>
</tr>
<tr>
<td>Research</td>
<td>$137,357</td>
</tr>
<tr>
<td>Market Development</td>
<td>$184,850</td>
</tr>
<tr>
<td>Education &amp; Promotion</td>
<td>$181,603</td>
</tr>
</tbody>
</table>

### Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money Market/Checking Account</td>
<td>$799,896</td>
</tr>
<tr>
<td>Long-Term Reserve</td>
<td>$750,000</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>($515,000)</td>
</tr>
</tbody>
</table>
The Kentucky Corn Growers’ Association partners with several national organizations to extend our corn producers’ reach beyond Kentucky’s borders and create market share and leverage nationally and worldwide.

The U.S. Grains Council develops export markets for U.S. barley, corn, grain sorghum and related products such as distiller’s dried grains with solubles. The Council believes exports are vital to global economic development and to U.S. agriculture’s profitability, as illustrated by their mission statement: developing markets, enabling trade, improving lives. Web site: www.grains.org.

**FY 2007-2008 Support: $15,000.**

The USA Poultry and Egg Export Council’s reach is far ranging. Through its network of 11 international offices and consultants in key markets around the globe, USAPEEC keeps current on issues that have a direct impact on U.S. poultry and egg exports. USAPEEC’s mission is to promote exports of U.S. poultry and eggs around the world, and the Council had evolved into an association that is an advocate for the industry on trade policy issues. Web site: www.usapeec.org.

**FY 2007-2008 Support: $6,000.**

The National Corn Growers Association (NCGA) is a national organization founded in 1957 and represents more than 33,000 dues-paying corn growers from 48 states and the interests of more than 300,000 farms who contribute to corn checkoff programs in 20 states. NCGA is a federation of state organizations, corn boards, councils and commissions developing and implementing programs and policies on a state and national level to help protect and advance the corn producer’s interests. Web site: www.ncga.com.

**FY 2007-2008 Support: $125,000**

- NCGA Ethanol Committee $30,510
- Production & Stewardship Action Team $12,790
- Public Policy Action Team $10,000
- Mycotoxin Committee $10,000
- Core Funding $61,700

The U.S. Meat Export Federation (USMEF) is a nonprofit trade association working to create new opportunities and develop existing international markets for U.S. beef, pork, lamb and veal. Headquartered in Denver, USMEF has offices in Seoul, Tokyo, Osaka, Hong Kong, Shanghai, Singapore, Taipei, Moscow, St. Petersburg, Mexico City and London. USMEF also has special market representatives covering China, Europe, the Middle East, Central and South America, and the Caribbean. Web site: www.usmef.org.

**FY 2007-2008 Support: $9,000.**
Predictably, with a Farm Bill and the ongoing ‘food and fuel’ discussions, the public policy agenda for 2008 was a bit more stressful than usual. Congress was quite successful in providing farmers with a dramatic conclusion to passage of the latest Farm Bill policy that is the backbone of the American Agricultural Industry. Nonetheless, the bill became law. And, although the timing was cut very close, the details came soon enough for most farmers to make planting decisions.

Throughout 2008, there were a lot of eyes on the American farmer. Along with high commodity prices, came increasing levels of scrutiny and cynicism by many consumers for the rising cost of food. Unfortunately, many of these feelings toward our industry were artificially generated by false information embedded into the minds of consumers by key players in the manufactured food industry and, in part, the petroleum industry.

The Renewable Fuels Standard (RFS) that was passed in November 2007 became the symbol of victory between grain producers and their unsuspected opponents, Grocery Manufacturers Association (GMA). GMA officially came on to the scene in May 2008, when it sent a request to a hired-gun, D.C. lobbying firm to design a strategy to take down the RFS. A media war ensued when insider documents between GMA and the lobbying firm were obtained and reported on by Roll Call, a Washington, D.C.-based newspaper.

The war culminated in mid-summer, when Texas Governor Rick Perry submitted an official request to U.S. EPA to grant a waiver of the RFS. Shortly after the request was made public, several records of six-figure political contributions from GMA board members to Gov. Perry’s interests were reported on by various media outlets in Texas. Although that RFS waiver request was unsuccessful, the media war continues. We have no doubt that GMA’s campaign against ethanol will continue. Farmers can expect to see continued effort by GMA to convince consumers that grocery store price increases are solely the result of U.S. ethanol policy.

Perhaps the most unfortunate by-product of this affair is the damage that the negative attention is causing to farmer’s perception by the American public. Additionally, KyCGA leadership was successful in getting some positive attention through opinion editorials and press releases. Members have been instrumental in defending grain farmers’ reputations and correcting the falsehoods that were imbedded into the media organizations throughout the United States. Those generous efforts must continue if we are to be successful.

Looking Forward

KyCGA will monitor the KY Legislature during the 2009 Session. The following policy issues will be a priority:

- Provide a 10% weight tolerance for trucks and trailers leaving a farm.
- Increase the geographic limits for hauling farm materials and farm inputs under farm tags.

Please feel free to contact KyCGA staff if you would like to discuss this agenda.
While most ethanol blends being used today are either E10 or E85, a new study shows ethanol blends between 20 percent and 30 percent, and possibly as high as 45 percent, will yield higher fuel economy than revealed in the past. Funded by the American Coalition for Ethanol (ACE) and the U.S. Department of Energy (DOE), the study was conducted by the Minnesota Center for Automotive Research in Mankato, Minn., and the University of North Dakota Energy and Environmental Research Center in Grand Forks, N.D.

While this study was small and much more research is warranted before concrete conclusions can be drawn, the study appears to debunk popular assumptions that ethanol’s lower energy content corresponds with lower gas mileage.

Four 2007 model vehicles—three nonflex-fuel cards and one flex-fuel car—were road and laboratory tested: a Toyota Camry, a Ford Fusion and two Chevrolet Impalas. One Impala was the flex-fuel vehicle.

Researchers started with regular gasoline and performed nine separate tests, increasing the ethanol blend at 10 percent increments up to E85. Vehicle speeds ranged from 0 to 60 mph, with an average speed around 20 mph. Scientists noted the point at which each vehicle engine experienced a “fault code”—when the vehicle detected either an ethanol or oxygen level that wasn’t operable. Each test was conducted in triplicate for verification purposes.

The vehicles had varying responses to the test blends of ethanol compared with gasoline, and it’s conceivable the results are vehiclespecific, so the optimal blend could vary from vehicle to vehicle. The Toyota and Ford operated best with an E30 blend, while the flex-fuel Impala gained 15 percent over its standard fuel economy with an E20 blend. Unexpectedly, the nonflex-fuel Impala’s optimal blend appeared to be E40.

With positive results, it is hoped the DOE and U.S. EPA will continue the testing methodology on a larger scale in an effort to validate the benefits of using mid-range ethanol blends as a way to decrease our dependence on foreign oil.

**Looking Forward**

In the ’08–’09 Fiscal Year, Kentucky corn checkoff dollars will be utilized for a state-wide Blender Pump Installation and Marketing Program, a project based on the fuel-blend research results. An ethanol blender pump allows flex-fuel vehicle owners to choose the ethanol-blend of fuel that gets them the best fuel mileage for their vehicles. The blender pump draws fuel from two underground tanks and blends the fuels as dictated by the consumer’s choice. One tank can contain either E10 (10% ethanol) or regular unleaded gasoline. The other thank can contain either E85 (85% ethanol) or denatured ethanol. As the consumer chooses the blend on the pump face, the blender pump automatically draws fuel from each tank as appropriate in order to deliver the preferred blend.
Research Update

Corn Checkoff provides new plot combine for variety trials

In February 2008, the Kentucky Corn Promotion Council approved the purchase of a much needed plot combine that will be used by the University of Kentucky Variety Testing Program. This $200,000 investment will replace the combine that was purchased by the Promotion Council several years ago. While the combine is not a gift to the University, they may lease the combine for variety testing for an annual fee of $12,000.

KyCGA believes the Kentucky Corn Variety Trails are a vital component of the University’s agronomic research program, and the association will continue to support important production research programs in the future.

Promotion & Education Update

KyCGA continues to fund Ag education program

For three years, the Kentucky Corn Promotion Council has dedicated $25,000 per year in corn checkoff dollars to fund the extremely successful Agriculture Adventures: Kentucky program. The program was developed by the Center of Science and Industry in Columbus, Ohio. This group recently decided that they no longer wanted to provide programs out of their home state. In order to keep this program within Kentucky, the KyCGA stepped up and offered to fund an additional $25,000 per year to help purchase the content rights and support the program’s maintenance costs. The Kentucky Department of Agriculture has agreed to manage the program if all funding needs can be met.

Looking Forward

The KyCGA is planning to devote checkoff dollars for distiller’s dried grains with solubles (DDGS) utilization research projects in 2009. Several projects in conjunction with the Illinois Corn Growers Association are currently under review, and it is the wish of the KyCGA to fund projects that involve Kentucky livestock integrators, such as the Kentucky Cattlemen’s and Kentucky Pork Producers Associations.

Promotion & Education Update

KyCGA continues to fund Ag education program

KycGA continues to fund Ag education program

For three years, the Kentucky Corn Promotion Council has dedicated $25,000 per year in corn checkoff dollars to fund the extremely successful Agriculture Adventures: Kentucky program. The program was developed by the Center of Science and Industry in Columbus, Ohio. This group recently decided that they no longer wanted to provide programs out of their home state. In order to keep this program within Kentucky, the KyCGA stepped up and offered to fund an additional $25,000 per year to help purchase the content rights and support the program’s maintenance costs. The Kentucky Department of Agriculture has agreed to manage the program if all funding needs can be met.

Looking Forward

The “Food 4 Thought” campaign, which will be released in the fall of 2008, includes a publication, web site, school presentation, display and promotional items. Growers interested in obtaining these materials for distribution should call 800-326-0906.
Fall 2007
Corn growers work on Farm Bill and celebrate national policy milestones

Corn growers across the nation banded together to encourage the Senate Agriculture Committee to include an optional, state-based, revenue counter-cyclical program (RCCP) to enhance the long-term viability and competitiveness of American agriculture. KyCGA and NCGA developed its support for a RCCP after discussions with many growers and groups, including producers of other commodity crops.

Growers also celebrated the passage of two significant pieces of legislation. After two decades of work, the Senate overturned the president’s veto of the Water Resources Development Act (WRDA) which gives authorization to modernize locks on the Mississippi River System. In December, President Bush signed the Energy Independence and Security Act, which included a renewable fuels standard (RFS). Fifteen billion gallons of those fuels will come from corn. This inclusion created a solid foundation for grain-derived ethanol to continue to flourish.

January 2008
KyCGA honors top growers at Kentucky Commodity Conference

The Thompson Brothers (Phil, Pat and Joe) were the 2007 Kentucky Corn Production Contest champions with an yield of 297.09 bushels per acre. Several other growers were recognized for their superior yields and placing in the National Corn Yield Contest. Kentucky had four growers placing nationally, proving that the Commonwealth can compete with the larger corn-producing states.

February 2008
KyCGA Promotes Ethanol and Carbon Trading at Farm Machinery Show

Growers from across the country and the world were able to view an Indy-series race car and hear about KyCGA’s Carbon Trading Program at the 2008 National Farm Machinery Show, which was held in Louisville. The Indy-series began using ethanol fuel exclusively during their races in 2007.

March 2008
Commodity Classic breaks records in Nashville

More than 4,500 growers and others descended on Nashville, Tenn., for the 2008 Commodity Classic, the combined convention and trade show of the National Corn Growers Association, the American Soybean Association and the National Association of Wheat Growers.

Highlights of the event included addresses by Secretary of Agriculture Ed Schafer and political analyst Charlie Cook, a sold-out trade show, entertainment and educational opportunities.
April 2008
Corn Growers begin to fight back in Food and Fuel debate

As the price of corn began to rise, consumers were inundated with messages relating higher food prices to higher grain prices and the growing demand for corn-based ethanol. Corn grower and farm groups began to rally together to disprove much of the information that was promulgated by the media and anti-ethanol campaigns. The KyCGA responded with opinion-editorials, letters to the editors, and personal phone calls, as well as published a “Share the Facts” paper so that growers had the answers to defend their industry.

May 2008
Farm Bill is approved

Corn Growers praised the Farm Bill conference agreement completed by congressional agriculture leaders in May, calling it carefully balanced legislation with some very positive reforms – especially when it comes to providing an innovative and market-based revenue counter cyclical support program for U.S. farmers. KyCGA leaders were happy to see that the conference committee preserved the new Average Crop Revenue Election (ACRE) program.

KyCGA participates in school agriculture education events

KyCGA provides a number of educational resources each year for agricultural programs with school children.

June 2008
KyCGA supports UK Quarter-Scale Tractor Team

The KyCGA has been a long-time supporter of the University of Kentucky Quarter-Scale Tractor Team and competition. Two years ago and with the help of the KyCGA, the team was instrumental in getting ethanol fuel provided for the competition. Overall, the team placed 4th in this year’s competition out of 28 teams. In addition, UK placed 3rd in overall pulling performance and won the second heat of the 1050 lb. weight class. Congratulations to the students on a job well done!

KyCGA defends corn and ethanol on Kentucky airwaves

KyCGA Executive Director Todd Barlow was a guest on KET1’s Kentucky Tonight television program to discuss ethanol and corn prices and the role they play in the food price increases. Barlow made sure to discuss how distiller’s grains, a major co-product of the ethanol industry, is a high-protein, lower cost livestock feed alternative, and is replacing corn used for fuel. He was joined by representatives of the Community Farm Alliance, Kentucky Farm Bureau, and the Kentucky Cattlemen’s Association.
July 2008
Grower leaders travel to DC to talk RFS, ethanol and farm policy

Kentucky corn growers were well-represented in Washington, D.C. during NCGA’s annual Corn Congress. Delegates from corn states met to discuss official business such as NCGA Officer and NCGA Board elections, as well as, visit key legislators to discuss the RFS waiver, ethanol and farm policy.

August 2008
KyCGA supports livestock Industry and youth through Sale of Champions

A record-setting $127,250 was raised during the 104th Kentucky State Fair’s 4-H and FFA Sale of Champions. The KyCGA was a co-purchaser of the Reserve Champion Hog exhibited by Brandon Ellis, a Boyle County 4-H member. Brandon received 60 percent of the $13,500 purchase price, 30 percent was divided among the respective class winners, and the remaining 10 percent was divided equally among Kentucky 4-H and FFA. Since the Sale of Champion’s inception in 1980, nearly $1.73 million has been raised through the auction to further promote and encourage the continuation of youth involvement in agribusiness.

KyCGA promotes corn at Kentucky State Fair

Continuing a 10-year tradition, the KyCGA cooked and sold sweet corn and corn dogs at the Kentucky State Fair Commodity Tent. All proceeds from the food sales go toward KyCGA’s membership fund that can be used for lobbying activities.

KyCGA members participate in Ohio River Barge Tours

More than 300 people participated in educational barge tours along the Ohio River hosted by the Kentucky Corn Growers Association, Indiana Corn and Illinois Corn Growers Association. The two events, which launched from Newburgh, Ind. (across from Henderson, Ky.) and Olmstead, Ill. (near Wickliffe, Ky.), showcased the importance of river transportation to the agriculture industry. According to the Waterways Council, a sponsor of the event, grain shipments on the Ohio River basin’s waterways amounted to more than 16 million tons in 2004, 5.4 percent of all barge cargo.

On the barge tour, participants experienced the mechanics of river transportation; heard local businesses explain how they utilize the river; and discovered some history of the area. The tours also served as a reminder that locks and dams need to be maintained to ensure the flow of commodities up and down the river continues. Corn Growers have been longtime supporters of legislation like the Water Resources Development Act (WRDA), which was passed by Congress late last year and authorizes improvements to our inland waterway system.
This program has been on KyCGA’s member benefit list for 3 years. Throughout 2008, the program made great strides. Much of the focus was placed on continuing to get information out about program requirements and income potential. Countless meetings were held throughout the state purposed with the task of helping farmers decide if this program fits their operation. These seminars will continue in 2009.

The KyCGA Board of Directors has established three primary goals for the Carbon Trading Program:

1. Maintain zero commission for KY soil program participants
2. Offer more flexibility in management options than any other aggregator
3. Maintain objectivity when helping farmers decide if this program is right for their farm

More than $250,000 has been paid out to farmers in Kentucky from this program so far. As relates to compliance, the program has been problem free. We attribute the problem free accomplishment to the fact that all aspects of the program are thoroughly explained to potential project owners before enrollment. We plan to submit another group of participants in November. It is still not too late to enroll new acres into this pool. If you want to learn more, please call KyCGA at 1-800-326-0906 or visit www.kycarbon.org.

Kentucky Corn Growers Association
Board of Directors

President
Jerry Griffith
Mayfield – District 1

Vice-President
Phillip McCoun
Shelbyville – District 5

Secretary
Ray Allan Mackey
Elizabethtown – District 4

Treasurer
Bruce Sanders
Cadiz – District 2

Henry Sanger
Hickman – District 1
Eddie Melton
Sebree – District 2
Terry Rhodes
Whitesville – District 3
Bob White
Morganfield – District 3
Richard Harper
Russellville – District 4
Russell Schwenke
Union – District 5
Barbara Fulcher Reynolds
Somerset – District 6
David Byler
Eubank – District 6
Cory Thomas
Union Co. Assn.
Charlie Craig
Green River Assn.
Richard Preston
Lincoln Trail Assn.
Jeff Hawk
Southeast Assn.
Bill Meacham
Pioneer
Jeff Rice
Miles Enterprises
Julie Wix
Pilgrim’s Pride

Kentucky Corn Promotion Council members are listed on page 3.
Join us, and together, by making one small difference after another, we can change your business, we can change your community, we can change your future — we can change the world.

The Kentucky Corn Growers Association (KyCGA) is dedicated to promoting and creating opportunities for the profitability of Kentucky corn farmers. But we need your help to successfully carry out our mission. Discover how you can make a difference in your own future, as well as the future of your farming operation, your family and your community by becoming an active member of the KyCGA. Join us online at www.kycorn.org, or simply fill out this application and submit it to:

Kentucky Corn Growers Association  
PO Box 90, Eastwood, KY 40018

Name ______________________________________________________________
Farm/Business Name __________________________________________________
Address ______________________________________________________________
City ____________________________ State __________ Zip _________________
Phone _________________________ E-mail ________________________________

Please Choose one:
☐ 1-year membership ($30)  ☐ 3-year membership ($75)  ☐ Life membership ($350)
Credit Cards are accepted.
Join online or call us at 800-326-0906.