

NEWS RELEASE

For Immediate Release

October 3, 2002

For More Information Call:

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Fagen, Inc.

501 West Hwy. 212

PO Box 159

Granite Falls, MN 56241

Fagen Incorporated has acquired an option to purchase approximately 60 acres of ground one mile south of Mason City for a 40 million gallon per year fuel ethanol facility. Fagen will design and build the facility to be the future home of Golden Grain Energy, LLC, an Iowa limited liability company owned by local area farmers and non-farmers.

Fagen, Inc. is a privately owned, heavy industrial contractor from Granite Falls, Minnesota. Fagen Inc. uses ICM technology whose design is strategically laid out for ease of expandability to 80 million gallons per year.

CEO and President Ron Fagen is particularly excited to work with this project due to the strong economic factors that the Mason City area allows for a fuel ethanol facility. Fagen Inc. currently has seven ethanol plants under construction using ICM process technology. The locations of these plants are: Watertown, SD, Monroe, WI, Lakota, IA, Marcus, IA, Plainview, NE, Kearney, NE and Brookings SD.

Fagen Inc. has been involved with over 28 plants totaling 60% of the U.S. ethanol capacity that has come online in the past 5 years.

Site grading is expected to begin sometime in November of this year.



MASON CITY

ECONOMIC DEVELOPMENT CORPORATION

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For More Information, call:

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Fagen, Inc., Announces Plan to Build Future Home of Farmer Owned Ethanol Plant

The Mason City Economic Development Corporation and the Cerro Gordo County Board of Supervisors are mutually pleased with today's announcement by Fagen, Inc., of Granite Falls, MN, that they plan to build a 40 million gallon ethanol plant on the south side of Mason City in the unincorporated area of Cerro Gordo County. Fagen will design and build the facility to be the future home of Golden Grain Energy, LLC, an Iowa limited liability company owned by local area farmers and non-farmers.

The \$55 million project, when complete will bring 35-40 jobs to the region and employ 75-100 people during construction.

The company plans to begin site grading in November of this year. The 60-acre site, located on the north side of 240th street, one mile north of the Avenue of the Saints/US 18, must be rezoned, and an incentive package must be finalized as well as the procurement of other programs that apply to ethanol production.

“This is certainly exciting news, but really a work in progress,” said Dan Culhane, Executive Director of the Mason City EDC. “This is a tremendous project and the positive impression this will have on North Iowa will be felt by many, but there are several things that need to come together before we will see any dirt being moved on the site.”

Phil Dougherty, Chairman of the Cerro Gordo County Supervisors said, "The announcement by Fagen comes at a good time. It is a real boost to the local farm economy and its presence will be felt for many years to come."

Supervisor Bob Amosson, a farmer himself, shared similar sentiment. "This is just another step forward for Cerro Gordo County, working together with our partners, to develop new local industry and good jobs."

The impact this project will have on the region is widespread. Construction will positively affect local businesses such as motels, restaurants, and other service providers. Once operational, the average wage for the 35-40 employees will be \$35,000 – 37,000 per year plus benefits. The plant will utilize multiple services and estimates annual expenditures at \$56 million on goods such as grain, labor, utilities, and purchases from local suppliers. It will generate an estimated \$1.2 million in new tax revenue for local and state government and the biggest impact of all may be felt by North Iowa's corn producers who may see an increase of as much as 5 cents per bushel on their corn crops.

Supervisor Jay Urdahl said the County is committed to successful economic development. "This year marks a turning point for Cerro Gordo County. With the advent of the Alliant Energy power plant and now the ethanol plant, this illustrates Cerro Gordo County's commitment to having quality companies here and bringing good jobs that pay quality wages."

Stephen Gales, newly elected president of the MCEDC said the momentum the project brings to the region is unparalleled. "This is exciting news. I am pleased at the continuing momentum we are seeing as a result of aggressive economic development. If you look back over the past twelve months, we have been fortunate in a lot of respects here in North Iowa. The Alliant power plant, the Curries expansion into the former DMC facility, the announcement by IC System that they will add 200 employees in a new building, Sunny Fresh Foods \$10 million addition, Charles City winning the Winnebago Industries expansion, and now this project, it adds up to a very rewarding 2002 for the North Iowa region. But, make no mistake, we intend to continue our positive momentum in this very challenging economic environment."

"The real work starts now," said Culhane. "We are mobilizing to start the rezoning process on the site and will be assembling a team to finalize all of the applications for the various incentive programs. The coming weeks will be hectic, but projects like these make it all worthwhile and we are confident we can keep them on schedule for starting the site grading in November."

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