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Cascade Grain Products, LLC

UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF OREGON

In re Cascade Grain Products, LLC, Debtor.	Case No. 09-30508-elp11 DEBTOR'S DISCLOSURE STATEMENT ACCOMPANYING SECOND AMENDED JOINT PLAN OF REORGANIZATION DATED JULY 31, 2009

DISCLAIMER

The Bankruptcy Court's approval of this Disclosure Statement does not constitute either a guaranty of the accuracy of the information contained herein or an endorsement of the Plan by the Bankruptcy Court. This Disclosure Statement is the only document authorized by the Bankruptcy Court to be used in connection with the solicitation of votes accepting the Plan. No representations other than those explicitly set forth in this Disclosure Statement are authorized concerning the Plan or the Proponents. The information contained in this Disclosure Statement is for purposes of soliciting acceptances of the Plan and may not be relied upon for any other purposes.

This Disclosure Statement contains summaries of certain provisions of the Plan, certain statutory provisions, certain documents related to the Plan, certain events in the case and certain financial information. Although Debtor believes that the Disclosure Statement and related document summaries are fair and accurate, they are qualified to the extent that they do not set forth the entire text of the Plan, such documents or any statutory provisions. The terms of the Plan govern in the event of any inconsistency with this Disclosure Statement. All exhibits to the Disclosure Statement are incorporated into and are a part of this Disclosure Statement as if set forth in full herein. The statements contained in this Disclosure Statement are made as of the date hereof, unless otherwise specified, and Debtor disclaims any obligation to update any such statements after the hearing on approval of the Disclosure Statement.

All forward-looking statements contained herein or otherwise made by Proponents in connection with the Plan involve material risks and uncertainties and are subject to change based on numerous factors, including factors that are beyond Proponents' control. Accordingly, future performance and financial results may differ materially from those expressed or implied in any such forward-looking statements. Such factors include, but are not limited to, those described in this Disclosure Statement. Proponents do not undertake to publicly update or revise the forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized.

Except as otherwise specifically noted, the financial information contained herein has not been audited by a certified public accountant and has not necessarily been prepared in accordance with generally accepted accounting principles.

All parties in interest are encouraged to read the entire Disclosure Statement carefully, including the Plan and other exhibits, before deciding to vote either to accept or reject the Plan. Holders of Claims should, however, not construe the contents of this

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Disclosure Statement as providing any legal, business, financial, or tax advice and should consult with their own advisors.

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Exhibit	Description
A	Joint Plan of Reorganization
B	Organization Chart
C	Post Confirmation Governance
D	Liquidation Analysis
E	Historical Financial Information
F	Plan Projections

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Debtor and debtor in possession Cascade Grain Products LLC ("***Debtor***" or "***Cascade***") hereby submits this Second Amended Disclosure Statement Accompanying Joint Plan of Reorganization dated as of July 31, 2009 (along with exhibits, schedules, amendments, modifications, and supplements, the "***Disclosure Statement***" and "***Plan***," respectively). Debtor and Berggruen Holdings Ltd. (with its designees and affiliates, "***Sponsor***") are the joint "***Proponents***" of the Plan.

Unless otherwise defined in this Disclosure Statement, capitalized terms are used as they are defined in the Plan, attached as Exhibit A and incorporated herein by reference. You should refer to those definitions in your review of this Disclosure Statement. Capitalized terms not otherwise defined in the Disclosure Statement or the Plan are used as defined in the Bankruptcy Code.

I. INTRODUCTION

This Disclosure Statement was prepared by Debtor in order to provide the Debtor's creditors with information about the Plan so that creditors can make an informed decision in voting for or against the Plan. A copy of the Plan is attached as Exhibit A. The treatment of the various classes under the Plan is set forth in detail in the Plan and is summarized below.

A. Disclosure Statement and Plan: Brief Summary

First, this Disclosure Statement summarizes Debtor's history and business background. Second, this Disclosure Statement explains the events leading up to and the reasons for filing the Chapter 11 Case, as well as some of the events taking place during the Chapter 11 Case. Third, this Disclosure Statement summarizes Debtor's assets and liabilities and explains how creditors will be paid under the Plan. In brief, Sponsor will make an equity contribution to Debtor; Debtor's secured bank debt (held by the "***Loan Creditors***" as defined in the Plan) will be forgiven or contributed to the Debtor; Sponsor and the Loan Creditors will share the equity in the Reorganized Debtor, with the existing equity holder taking nothing on account of its equity interests; priority and administrative claims will be paid in full; and General Unsecured Creditors

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will receive pro rata portions of a $400,000 fund plus the net proceeds of any Avoidance Actions (the "***Unsecured Account***") (except that General Unsecured Creditors with smaller claims (the "***Convenience Class***") will be entitled to be paid fifty percent (50%) of their claims rather than sharing in the Unsecured Account). Debtor's operating facility (the "***Plant***") is currently in a cold shutdown mode, but will be restarted as soon as it is economically feasible. Debtor disputes virtually all of the claims of JH Kelly LLC Ethanol, a joint venture between JH Kelly Holdings LLC and TIC – The Industrial Company (collectively "***Kelly***"), the company that designed and built the Plant. As is described in more detail in "History and Business Background – Reasons for the Chapter 11 Filing, Debtor believes Kelly's errors and omissions in design and construction of the Plant have led to major delays in completion of the Plant, serious deficiencies in construction of the Plant, reduced capacity, and increased costs of operating the Plant. Under the Plan, the dispute with Kelly will be resolved in some appropriate forum and, if Kelly is successful in establishing an Allowed Claim against Debtor's Estate and that claim is determined to be a Secured Claim, Kelly will have a first priority security interest in the Plant and will be paid out with a market rate of interest over ten years.

Debtor urges creditors to give careful consideration to the Plan and Disclosure Statement, and to vote in favor of the Plan by timely returning the enclosed Ballot. Debtor believes that the Plan is in the best interests of Debtor and its creditors, and that creditors should vote to approve the Plan.

B. Voting Procedure

On July 31, 2009, the Bankruptcy Court entered an order approving this Disclosure Statement and authorizing Proponents to distribute this document to creditors. The Bankruptcy Court found that the Disclosure Statement contains adequate information to permit creditors to make an informed judgment in voting for or against the Plan.

When deciding whether to vote for or against the Plan, creditors should carefully examine the Plan itself in addition to this Disclosure Statement. The Plan will constitute the legally

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binding description of the rights held by the respective parties if the Plan is confirmed by the Bankruptcy Court.

To vote for or against the Plan, creditors must mark the enclosed Ballot as directed and mail it in the enclosed envelope to Debtor's counsel as follows. Fax and electronic transmissions via pdf (or other commonly recognized format), as well as delivery by hand or by overnight courier, are acceptable:

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Attention Ann Sandvig
1120 N.W. Couch Street, Tenth Floor
Portland, OR 97209-4128
Fax: (503) 346-2046
Email: CascadeGrain@perkinscoie.com

In order to be counted, Ballots must be received by Debtor's counsel at the above address by 5:00 p.m. Prevailing Pacific Time on September 1, 2009. Proponents will deem Ballots returned with no vote indicated as affirmative votes for acceptance of the Plan.

C. Confirmation of Plan

The Bankruptcy Court may confirm the Plan if it is approved by creditors holding more than two-thirds in amount of the claims voted and one-half in number of the claims voted in each impaired class of claims under the Plan. There are several classes of impaired claims entitled to vote on the Plan:

Class 1 – Kelly

Class 2 – Loan Creditors

Class 3 – Sponsor

Class 6 – Convenience Class

Class 7 – General Unsecured Creditors

Classes 4 (Other Secured Claims) and 5 (Allowed Priority Claims) are unimpaired and not entitled to vote for that reason.

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Class 8, the class of equity interests (with only one member, the holder of all membership interests in Debtor) is impaired but does not vote because it is receiving nothing under the Plan and therefore is conclusively deemed to have rejected the Plan.

Nevertheless, the Bankruptcy Court may still confirm the Plan if the Bankruptcy Court finds that the Plan does not unfairly discriminate against, and accords fair and equitable treatment to, any rejecting impaired class. **Proponents intend to request such a "cramdown" confirmation with respect to Class 8 and any other Class that does not vote in favor of the Plan.**

A hearing to consider confirmation of the Plan will be held in the United States Bankruptcy Court, Courtroom 1, Hon. Elizabeth L. Perris, 1001 S.W. Fifth Avenue, Portland, Oregon 97204, commencing on September 8, 2009 at 3:30 p.m. Prevailing Pacific Time.

II. HISTORY AND BUSINESS BACKGROUND

A. Background

Debtor is a member of a family of companies ultimately controlled by Berggruen Holdings Ltd. (the Sponsor and one of the Proponents). A chart showing the company structure is attached hereto as Exhibit B.

Debtor was formed in 1999 as an Oregon limited liability company and in 2006 entered into a construction contract and financing agreements for the purpose of constructing and operating the Plant, a 113.4 million gallon per year (mgy) ethanol refinery in Clatskanie, Oregon, along with storage facilities, transportation facilities, and other associated assets, on land owned in part and leased in part under a sixty year sublease from Portland General Electric (PGE), a large electric utility based in Portland, which property in turn is leased by PGE from the Port of St. Helens, a municipal corporation of the State of Oregon. The lease was subsequently assigned by PGE to the Port of St. Helens.

Ethanol is a type of alcohol produced principally from corn that is used, among other things, as a blend component in the U.S. gasoline fuel market to increase octane and reduce

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tailpipe emissions. Ethanol is mandated to be added to the fuel stream by the federal government through the Renewable Fuel Standard (the "***RFS***"). The RFS requires escalating volumes of ethanol to be purchased and blended into gasoline over time. By 2015, the RFS standards will require 15 billion gallons of biofuels per year, primarily corn-based ethanol. Cascade produces and sells ethanol and dried distillers grains ("***DDGs***"), a byproduct of ethanol production used primarily as an animal feed. The Plant is designed to operate on a continuous basis and use current dry-milling technology, a production process that results in increased ethanol yield and reduced capital costs compared to wet-milling facilities.

Cascade is subject to significant market risk with respect to the price of ethanol, Cascade's principal product, as well as the price of corn, the principal commodity used in Cascade's ethanol production process. Ethanol prices are generally influenced by the supply and demand for gasoline, the availability of substitutes and the impact of related laws and regulations. Likewise, the availability and price of corn are subject to wide fluctuations due to unpredictable factors such as: (a) weather conditions during the corn growing season, (b) carryover from the previous crop year and current crop yield, (c) governmental policies with respect to agriculture and (d) international supply and demand. Although corn is the most significant raw material production cost, other major costs to Cascade include natural gas and transportation costs.

Cascade has entered into a long-term Corn Supply Agreement with ConAgra Trade Group, Inc. ("***ConAgra***") pursuant to which ConAgra is responsible for supplying all corn to the Plant as well as providing commodities risk management services. On June 23, 2008, parent ConAgra Foods finalized the sale of ConAgra Trade Group, Inc. and that unit is now known as Gavilon Grain d/b/a Peavey Company ("***Gavilon***").

Cascade purchases natural gas on the spot market pursuant to a Base Contract for Sale and Purchase of Natural Gas with National Fuel Marketing Company, LLC ("***NFM***") pursuant to which NFM supplies Cascade with natural gas on a firm or interruptible basis.

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Prior to filing the Petition, Debtor's primary customers were Eco Energy, Inc. ("***Eco Energy***"), which purchases and markets Cascade's ethanol, and Land O'Lakes, Inc., which purchases and markets Cascade's DDGs. As a result of disputes between Debtor and Eco Energy over a sulfate issue and other issues, described below, Debtor and Eco Energy mutually agreed to terminate their relationship. Debtor obtained the Bankruptcy Court's approval to reject the ethanol marketing agreement with Eco Energy, and Debtor now intends to market its ethanol production through Gavilon pursuant to an agreement currently in the process of negotiation.

Between the commencement of commercial operations and the Petition Date, the Debtor had total revenue of approximately $91,000,000 and negative EBITDA of approximately $10,000,000.

B. Corporate Structure

Cascade is a limited liability company organized under the laws of Oregon, has no subsidiaries and is wholly owned by Cascade Grain Holdings LLC (Grain Holdings). All of the Class A Shares in Grain Holdings, constituting 94% of all Grain Holdings equity, are owned by Berggruen Cascade Holdings, Inc., a Delaware corporation (BCHI). The Class B Shares of Grain Holdings, collectively constituting 6% of all Grain Holdings' equity, are owned by Cascade management. All of the shares of BCHI are owned by Berggruen Biofuels Holdings, LLC (Biofuels), which is a wholly-owned subsidiary of Berggruen Holdings, Ltd., a British Virgin Islands company ("***Sponsor***"). A corporate organization chart is attached to this Disclosure Statement as Exhibit B.

C. Prepetition Financing Arrangements

On June 2, 2006, Cascade entered into that certain Credit Agreement (as amended by the First Amendment to Credit Agreement, dated as of September 22, 2006, the Second Amendment to Credit Agreement, dated as of December 21, 2006, the Omnibus Agreement (Consent, Third Amendment to Credit Agreement, First Amendment to Accounts Agreement, and Waiver), dated as of March 29, 2007, the Fourth Amendment to Credit Agreement and Waiver Agreement,

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dated as of June 12, 2007, the Omnibus Agreement No. 2 (Waiver, Fifth Amendment to Credit Agreement, Second Amendment to Accounts Agreement and First Amendment to Sponsor Contingent Equity Support Agreement) and the Omnibus Agreement No. 3 (Waiver, Consent, Sixth Amendment to Credit Agreement, Third Amendment to Accounts Agreement and Second Amendment to Sponsor Contingent Equity Support Agreement), the "***Credit Agreement***"), among Cascade, each of the Lenders from time to time party thereto (the "***Bank Lenders***"), the Administrative Agent, the Collateral Agent, WestLB AG, New York Branch, as Lead Arranger and Sole Bookrunner, Banco Santander Central Hispano, S.A., as Lead Arranger and Syndication Agent, and Farm Credit Services of America, FLCA, as Lead Arranger and Documentation Agent.

Pursuant to the Credit Agreement, the Lenders have extended to Cascade an $88 million term loan (the "***Term Loan***") and a $12 million revolving working capital loan (the "***Working Capital Loan***"). As collateral for the loans under the Credit Agreement, the Collateral Agent, on behalf of the Lenders, was granted a security interest in essentially all of Cascade's assets as well as all of the equity interests in Cascade (the "***Senior Collateral***").

The Term Loan is to be repaid in quarterly payments of 1.5% of the aggregate principal amount (together with all accrued interest), commencing December 31, 2008, with a final payment of the outstanding balance of the Term Loan on June 2, 2014. Interest on the Working Capital Loan is payable quarterly, with the entire principal balance maturing on June 2, 2011. As of January 1, 2009, the outstanding principal amount under the Term Loan was $86,680,000, and the outstanding principal amount under the Working Capital Loan was $12,000,000. Cascade had insufficient funds in the operating account to make its first quarterly payment, and on December 31, 2008, the Lenders withdrew the December 31, 2008 payment from the Debt Service Reserve Account. At the Petition Date, Cascade was in default under the Credit Agreement.

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On March 29, 2007, Cascade entered into that certain Loan Agreement (as amended by that certain Amendment to Project Budget and Waiver to Loan Agreement dated as of June 30, 2008 and that certain Waiver and Agreement under Loan Agreement dated as of October 23, 2008, the "***Oregon Loan Agreement***") by and between Cascade and the State of Oregon, acting by and through the Department of Energy (the "***Oregon Lender***").

Pursuant to the Oregon Loan Agreement, the Oregon Lender has extended a term loan of $20,000,000 to Cascade (the "***Oregon Loan***"). As security for the Oregon Loan, the Oregon Lender has been granted a security interest in the Senior Collateral that is pari passu with that of the Lenders.

The Oregon Loan matures on October 1, 2020, and is payable in quarterly installments of $416,000 of principal (together with all accrued interest) commencing on December 31, 2008. As of January 1, 2009, the outstanding principal amount due under the Oregon Loan was $19,862,000. Cascade did not have sufficient cash in the operating account to make its first quarterly payment on December 31, 2008, and the Lenders withdrew funds from the Debt Service Reserve Account to make the December 31, 2008 payment. At the Petition Date, the Oregon Loan was in default.

The Plan and this Disclosure statement refer to the Bank Lenders, the Oregon Lender and certain related financing entities collectively as the "***Loan Creditors***."

Other than the Loan Creditors and Kelly, Cascade does not have any significant secured debt. There are a handful of equipment leases with Caterpillar Financial Services Corporation and others which may be financing leases (and thus treatable as secured debt) or they may be operating leases. Cascade has not spent any significant time analyzing that issue because the lessors properly perfected their interests through filing UCC-1 financing statements, and Cascade desires to use the equipment after Confirmation in any event. Therefore, all such leases will be assumed and for purposes of the Plan the nondebtor parties to those leases will not be treated as secured creditors. To the extent they are properly treated as secured creditors, those nondebtor

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parties are members of Class 4 (Other Secured Creditors) and will continue to be paid in accordance with the terms of their respective contractual arrangements.

In addition, Sponsor is a secured creditor with interests in certain business energy tax credits (BETC) as a result of funds provided to Debtor in late 2008 and the financing arrangements put in place relating to that funding. That "***Sponsor BETC***" arrangement will remain in place as described below (Classification and Treatment of Claims and Interests – Classified Claims and Interests – Class 3 – Sponsor).

D. Prepetition Debt

At the time they filed their bankruptcy petitions, Debtor's Schedules showed that it owed the following approximate amounts to creditors:

Creditor	Amount	Comments
Secured Creditors		
Bank Lenders	$102,000,000	Approx. May not include all fees, charges and prepetition accrued interest.
Oregon Lender	$20,000,000	Approx. May not include all fees, charges and prepetition accrued interest.
Sponsor	$2,800,000	Approx. Sponsor BETC.
Other Secured Creditors	[$300,000]	Estimated. See text. Some may be operating leases that will be assumed in any event.
Kelly	[$0]	Disputed in its entirety.
Priority Tax Claims	$0	
Other Priority Creditors	$247,000	Virtually all are employee related claims that have since been paid pursuant to Court order.
General Unsecured Creditors	$5,285,560	Of that amount, approximately $110,000 is anticipated to be in the Convenience Class.
Total	$132,632,560	

In addition to the scheduled claims, various creditors have filed and no doubt others will file proofs of claim in the bankruptcy cases. The liquidation analysis attached hereto as Exhibit D provides an indication of the amounts of claims that Debtor estimates may be allowed against the estates.

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E. Reasons for the Chapter 11 Filing

1. Dispute with Construction Contractor. On April 7, 2006, Cascade entered into an Engineering, Procurement and Construction Contract (the "***EPC Contract***") with Kelly pursuant to which Kelly was to design and build the Plant, all in accordance with the detailed specifications and requirements set forth in the EPC Contract and voluminous attachments. Disputes arose between Cascade and Kelly with respect to certain soil stabilization work, the start-up process and the achievement of substantial completion of the Plant under the EPC Contract, among other matters. Kelly has recorded a construction lien in the amount of approximately $27.8 million against Cascade. Cascade, through its counsel, Greenberg Traurig LLP, filed suit against Kelly in Oregon state court, seeking the discharge or, alternatively, a reduction in the amount of such construction lien.

Pursuant to the EPC Contract, Cascade and Kelly submitted the soil stabilization dispute to an arbitration panel, which made a number of preliminary rulings, but no final rulings. If allowed to proceed, the arbitration will likely take a number of months, and other substantial disputes relating to defective work and design flaws have not been referred to the arbitration panel. Upon the filing of Cascade's bankruptcy petition, the arbitration proceeding was stayed as a result of the automatic stay of Section 362 of the Bankruptcy Code. Cascade intends to commence an adversary proceeding in the Bankruptcy Court in order to obtain resolution of the many disputes with Kelly.

2. Construction Delays. Pursuant to the EPC Contract, Kelly was required to deliver a substantially complete Plant to Cascade on or before March 8, 2008. Kelly did not deliver a substantially complete plant until August 11, 2008, more than five months behind schedule, and Debtor contends Kelly still has not reached full completion under the terms of the EPC contract. During this period, Cascade incurred significant financing and other costs and was unable to operate the Plant at full capacity for any significant length of time. Liquidated damages payable under the EPC Contract as a result of its construction delay were deducted from retainage due

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Kelly. Kelly disputes that deduction and claims entitlement to the entire retainage despite the delay.

3. Construction Deficiencies and Plant Failures. As Kelly attempted production start-up of the Plant, numerous deficiencies in materials and workmanship resulted in repeated shutdowns and Plant failures. These deficiencies continue to be discovered on a weekly basis and have significantly reduced the Plant's profitability since the achievement of substantial completion. To date, the Plant has operated at or above 100% of its design capacity less than 20 total days. Numerous warranty items remain outstanding and unremedied by Kelly despite demand from Cascade. Kelly has either disputed its obligation to remedy those items or has ignored Cascade's demands.

4. Design Defects. As constructed, the Plant suffers from at least two significant design defects. First, Cascade and its expert consultants have determined that the sloped-base tank foundations of at least twenty of the Plant's various tanks are improperly designed, resulting in tank sliding that will eventually cause mechanical damage and the failure of such tanks. Second, while the EPC Contract required that the Plant be designed to dry 100% of the DDGs, the Plant is currently unable to do so and maintain water balance design parameters. The Plant has had to dispose of syrup and wet cake and run outside water balance design parameters while operating at reduced production rates. Kelly has yet to propose or implement a remedy to either of these design defects, other than to suggest that the cracks in the tank foundations can be filled in.

5. Narrowed Crush Spreads. Cascade's gross margin depends principally on the spread between ethanol and corn prices (the "***crush spread,***" measured on a per gallon of ethanol production basis). As noted above, corn is the predominant feedstock used in ethanol production. However, corn prices do not necessarily correlate with the price of ethanol because each market is affected by unique supply and demand conditions. Factors affecting the grain markets, such as weather, crop conditions and international trade, are distinct from those that

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affect ethanol, such as crude oil and gasoline supply and demand factors, the regulatory climate, and the availability of other fuel oxygenates. In early 2006, when the Credit Agreement and the EPC Contract were executed, the crush spread was at historically high levels in excess of $2.50, driven in large part by oil companies removing MTBE (methyl tertiary-butyl ether) from the fuel stream and replacing it with ethanol. However, the crush spread narrowed significantly throughout the fourth quarter of 2007 and 2008. Since September 2007, crush spreads have averaged less than $0.50, a price insufficient to justify large scale production of ethanol. As a result, a number of ethanol plants in the United States have ceased production and are in shutdown mode.

The adverse market conditions, specifically the narrow crush spreads, in combination with the construction delays, continual outages and other costs and deficiencies in Plant operations resulting from Kelly's faulty construction and design of the Plant have had a material adverse effect on Cascade and its operations, ultimately leading to the bankruptcy filing.

6. Negotiations with the Lenders and Kelly. Pursuant to the Credit Agreement, Cascade was required to complete construction of the Plant no later than October 23, 2008 in order to achieve conversion of the construction loans into the Term Loan. While the Loan Creditors agreed to permit such conversion, that agreement was conditioned on securing a settlement agreement with Kelly by November 7, 2008, under which Cascade would obtain a waiver of any and all liens of Kelly and its subcontractors. Such a settlement with Kelly has not occurred. As a result, Cascade was unable to obtain additional working capital financing from Loan Creditors and Cascade remained in default under the Credit Agreement and the Oregon Loan Agreement.

In late December 2008, Cascade, with the cooperation of the Lenders, retained FTI Consulting ("***FTI***") as financial consultant to assist in the assessment of the financial and other issues facing the Plant.

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As a result of the various factors that have adversely affected Cascade's results, Cascade lacked sufficient working capital both to conduct its business operations and to litigate with Kelly. Among other things, by late December Cascade lacked sufficient cash to purchase corn and, when its supply of corn ran out in early January, Cascade began a process of maintenance and hot idling the fermenters until sufficient funds could be obtained to restart production.

7. Sulfate Issue. In December and early January 2009, questions were raised by Cascade's primary ethanol customer, Eco Energy, regarding the sulfate content and/or pHe of certain of Cascade's November, December and January ethanol shipments. Eco Energy asserted that the sulfate content in ethanol purchased from Cascade increased to levels that exceeded specified ASTM standards, and declared a breach of the Ethanol Marketing Contract dated May 19, 2006 between Eco Energy and Cascade. Cascade believes Eco Energy wrongfully rejected the ethanol and is liable for payment for the ethanol delivered. In any event, Cascade has solved the sulfate and pHe problem through filtration of the allegedly tainted product, but Eco Energy refused to pay for over 40,000 barrels of ethanol and disputes Cascade's demand for over $2,700,000 for that product. Debtor has commenced an adversary proceeding against Eco Energy to recover the improperly withheld payments. Debtor believes that the sulfate issue results from design choices made by Kelly and will include this issue in the upcoming litigation with Kelly.

During the bankruptcy Cascade arranged for approximately 40,000 barrels of allegedly out of spec ethanol to be filtered. That product has since been resold or accepted by the original purchaser.

8. Need for Restructuring and for Financing. By the end of January 2009, it was apparent that given the economics of the ethanol industry Cascade's business could not support the level of debt then on the facility, and that a completely new capital structure was required. Further, given the loan defaults then in existence, the disputes with Kelly, and the resulting strained relations between its lenders and its owners, Cascade determined that financing in

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amounts sufficient to meet its short-term working capital needs would be available only through debtor in possession financing pursuant to Section 364 of the Bankruptcy Code. Accordingly, Cascade concluded its best course of action would be a voluntary petition for relief under Chapter 11. A voluntary petition was filed January 28, 2009 (the "***Petition Date***").

III. SIGNIFICANT EVENTS DURING THE BANKRUPTCY

A. Debtor and Debtor in Possession

Since the Petition Date, Debtor has continued in possession of its property and in control of its business operations pursuant to §§ 1107 and 1108 of the Bankruptcy Code. Debtor filed the requisite schedules of assets and liabilities and statements required pursuant to § 521 of the Bankruptcy Code and Bankruptcy Rule 1007, as well as the monthly financial statements required pursuant to § 1106 of the Bankruptcy Code, Local Bankruptcy Rule 2015, and the guidelines of the Office of the United States Trustee.

B. Employment of Professional Persons

Prior to filing its Chapter 11 petition, Debtor retained the law firm of Perkins Coie LLP ("***Perkins Coie***") to represent it in connection with certain of its restructuring needs, including a possible Chapter 11 filing. When it became apparent that Chapter 11 was reasonably likely, Debtor requested that Perkins Coie begin to prepare for the potential bankruptcy filing. Immediately after the filing of the Chapter 11 petitions, Debtor obtained an order from the Bankruptcy Court authorizing it to employ Perkins Coie as general bankruptcy counsel. In addition, Debtor obtained an order authorizing employment of FTI as financial consultants.

Thereafter, Debtor retained the following additional professionals for the purposes specified, with the approval of the Court:

Professional	Role
Moss Adams LLP	Tax and other accounting matters
Greenberg Traurig, LLP	Litigation counsel (primarily Kelly litigation)

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In addition, Debtor has retained or is in the process of retaining certain consultants and other experts in connection with the design and construction problems at the Plant.

Pursuant to the various financing orders described below, Debtor has been reserving funds in a special account (the "***Carve Out Account***") from the Sponsor DIP Financing (as defined below) and from cash collateral to pay fees for counsel, financial advisors, and others retained through the Bankruptcy Court ("***Professional Fees***"). At the time of dissemination of this Disclosure Statement, Debtor holds approximately $600,000 in the Carve Out Account. While no such professional fees have been paid to date, applications for payment have been filed and Debtor anticipates paying most of the funds in the Carve Out Account to such Professionals prior to the Confirmation Hearing. Final fee applications regarding all Professional Fees incurred prior to the Confirmation Date will be filed no later than 28 days after the Confirmation Date.

C. First Day Orders

As is customary in significant bankruptcies, concurrently with filing the petitions Debtor requested various "first day orders" allowing it to continue to operate in the ordinary course and providing other relief. Some of the first day requests are described elsewhere in this Disclosure Statement:

- Payment of employees in the ordinary course
- Retention of professionals
- Various financing arrangements with Loan Creditors and the Sponsor

In addition, Debtor requested several other orders:

- Establishing a procedure for determining appropriate utility deposits so utilities could not unilaterally terminate service as a result of the petitions or unpaid prepetition bills.
- Allowing Debtor to maintain its existing bank accounts and consolidated cash management system.

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- Extending the time to file schedules and statement of affairs. (Those documents were subsequently filed and are available in the public records.)

Debtor has negotiated terms governing certain utility obligations without entry of a specific order. The Court granted all other such motions at least in part, though there were significant modifications to several of the motions either through the Court's orders or through negotiations with other parties prior to entry of final orders.

D. Claims Bar Date and Administrative Claims Bar Date

Pursuant to Notice of Chapter 11 Bankruptcy Case, Meeting of Creditors, and Deadlines entered and served by the Clerk of Court January 29, 2009, the Court established June 3, 2009 as the deadline to file a proof of claim for prepetition amounts owed (the "***Bar Date***"); provided that the Bar Date for "governmental units" (as defined in the Bankruptcy Code) is six months after the Petition Date, or July 28, 2009.

In addition, the Court has established August 28, 2009 as the last day for filing proofs of claim or other appropriate pleadings respecting administrative claims incurred during the Chapter 11 Case (the "Administrative Bar Date") pursuant to Order dated July 17, 2009. The Administrative Bar Date is not applicable to Professionals or to certain other administrative claimants as set forth in such Order.

E. Financing During the Debtor in Possession Period

As noted, Debtor had a revolving line of credit and term loans with the Loan Creditors, secured by essentially all of Debtor's cash, receivables, inventory, real estate, and other assets. In order to pay employees, pay vendors, and otherwise operate in the ordinary course, Debtor had to use those assets. However, under section 363 of the Bankruptcy Code, Debtor could not use cash and receivables without either the consent of the secured creditors to whom that "cash collateral" was pledged or the permission of the Bankruptcy Court.

Accordingly, having attempted immediately before filing the petition to negotiate a debtor in possession loan facility with the Loan Creditors but having failed in that attempt,

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Debtor had to develop another source of funds in order to continue to finance its day to day business operations. In the first instance, that was an emergency motion to use the Loan Creditors' cash collateral subject to a budget and other limitations. On February 3, 2009, the Bankruptcy Court authorized the use of a limited amount of such cash collateral on a one week temporary basis and set a further hearing for February 10, 2009. At the February 10 hearing, the Bankruptcy Court granted the use of cash collateral as prayed, but limited the amount of the "priming lien" that would be ahead of the Kelly lien on the Plant. The Loan Creditors determined that they were unwilling to consent to the use of their cash collateral with that limitation in effect, and such consent was a condition to such continued use.

Accordingly, Debtor determined it had no choice but to commence a "cold shutdown" of the Plant, as failure to close the Plant on such a responsible basis would lead to contamination, loss of product in the system, and other irreparable harm to Debtor and its assets. Therefore, on February 11, Debtor gave notice of, and the next day filed, another emergency motion to use cash collateral for the purpose of funding such a cold shutdown. On February 13, 2009, the Court granted that motion on an interim basis.

As these last developments ensued, Debtor approached Sponsor regarding Sponsor's willingness to fund a debtor in possession financing facility of up to $2,000,000 for the purpose of performing the cold shutdown (the "***DIP Financing***"). Sponsor agreed to provide the requested financing, recognizing that such financing was in the best interests of the estate and all of its creditors. On February 17, Debtor filed a motion for approval of such DIP Financing, which was granted on an interim basis on February 18 and on a permanent basis on March 2, 2009. Among other things, the Court's order approving the DIP Financing was conditioned on repayment of all amounts owed by April 30, 2009, and on Debtor's agreement to file a plan of reorganization no later than May 28, 2009.

Thereafter, primarily as a result of difficulties and delays in treating the ethanol product subject to the sulfate problem (see "History and Business Background – Reasons for the

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Chapter 11 Filing – Sulfate Issue" above and "Post Petition Operations" below) Debtor determined that it was unable to sell the ethanol on hand as quickly as anticipated, and thus it would not be able to repay the DIP Financing by the April 30, 2009 deadline. Debtor and Sponsor agreed that the repayment could be delayed until May 29, and on April 20 jointly requested approval of a stipulation to that effect. On April 30, 2009, the Bankruptcy Court granted the request and approved the stipulation.

The DIP Financing was ultimately repaid a few days later than anticipated, on June 8, 2009, through ethanol sales proceeds. Notwithstanding that payment, Debtor still needed the use of the cash it had on hand to fund payroll and other costs of the Plant in cold shutdown mode, as well as Professionals involved in the Plan confirmation process. Accordingly, on June 8 Debtor filed its First Post-DIP Motion for Use of Cash Collateral. On June 10, the Bankruptcy Court granted the motion on an interim basis (the Order was entered June 11). Further interim orders were entered extending the right to use cash collateral on the terms set forth therein, on June 25, 2009, July 10, 2009, and a final order July 30, 2009. Each of those orders provided for cash collateral use with "priming rights" against the Plant – that is, to the extent there is diminution in value of the cash collateral the Loan Creditors will have a lien against the Plant senior to all others, including Kelly.

It is quite possible that the Budget attached to the July 30 order will not provide for funds sufficient to cover Debtor's operations through the Confirmation Date. Accordingly, Debtor has had discussions with Sponsor about the possibility of Sponsor providing a second debtor in possession financing facility in the event additional cash is needed before the Effective Date of the Plan. Sponsor has agreed that to the extent such financing is provided repayment will be forgiven at the Effective Date as additional new value from Sponsor to Debtor in connection with the Plan.

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F. Employment Related Matters

Ordinarily, the Bankruptcy Code prohibits payment of any unsecured claims which arose prior to the date of filing of a bankruptcy petition. However, there has developed a practice in larger Chapter 11 cases allowing payment with Bankruptcy Court approval of employees who are in between paychecks and who would be seriously disadvantaged if they were not paid amounts owed them as salary and other benefits. Absent such payments, morale and effectiveness of the entire work force would plummet, leaving debtors' businesses in peril. Accordingly, immediately upon filing the petition in this case, Debtor requested authority from the Bankruptcy Court to pay employees in the ordinary course, including prepetition amounts owed. That authority was granted, with certain modifications, and an order to such effect was entered.

Thereafter, as a result of the cold shutdown of the Plant, most of the employees were furloughed pending a restart of operations. While Debtor is hopeful of a restart in the near future, there are at present no assurances when the restart will occur.

After termination of the employees needed to accomplish the filtering for removal of sulfates as described, there are only thirteen employees currently employed by Debtor, consisting of its President and CEO, CFO, maintenance manager, plant manager, bookkeeper, shift supervisor, lab manager, and six technicians and materials handlers. Those employees are required to maintain the limited security and maintenance operations required during the cold shutdown period in order to avoid deterioration in value of the Plant.

G. Post-Petition Operations

As noted above, after an initial "hot idle" period Debtor's postpetition operations have primarily been focused on a "cold shutdown" of the Plant. Under a cold shutdown, all of the product then in the system is processed through, with the resulting ethanol and DDGs sold; a liquid waste product high in nutrients ("thin stillage") is disposed of or sold as fertilizer; and the Plant left in a cold, dry state such that it can be restarted as and when appropriate in a reasonably

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short time frame. Failure to take these steps would likely result in loss of the product in the system as well as bacterial infection and deterioration of the Plant, much to the detriment of the Debtor and its assets. More than anything else, the need to accomplish the cold shutdown was what necessitated the DIP Financing described above.

In addition, as a result of the dispute with Eco Energy over the sulfate issue with certain of the ethanol product of the Plant, Debtor had to devise a system to treat that ethanol and ensure that it was within required specifications in order to sell it at a reasonable market price. Debtor worked diligently with experts in order to come up with such a system and, after a number of trials and errors, found one that worked. That system involved filtering each batch of ethanol several times through special filters designed for the task. Although there were difficulties in fine-tuning the system, and the filtering process ended up taking more runs and more time than originally anticipated, ultimately it was quite successful and the ethanol on hand (both that wrongfully rejected by Eco Energy and that on hand or produced during the cold shutdown) was sold at a market price.

H. Pending and Threatened Litigation

At the time of this Disclosure Statement, there are only two sets of significant litigation matters pending to which Debtor is a party:

1. Contractor Litigation (Kelly). The background to the disputes with Kelly is set forth above in the section entitled "History and Business Background – Reasons for the Chapter 11 Filing." Prior to the Petition Date, there were both arbitration and judicial proceedings between Debtor and Kelly pending in various fora. In light of the bankruptcy filing, and the bankruptcy specific causes of action enuring to the Debtor as a result (such as fraudulent transfer, preference, and equitable subordination claims, as well as determination of allowance of Kelly's secured claim), Debtor intends to commence an adversary proceeding in the Bankruptcy Court in order to obtain a final judicial resolution of all such proceedings in one core proceeding before the Bankruptcy Court.

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On March 19, 2009, Kelly filed a motion for relief from stay, requesting authority to continue to prosecute the arbitration proceeding that had been pending prior to the bankruptcy. On April 16, the Bankruptcy Court denied the motion for relief from stay on an interim basis, but continued the motion for a further hearing June 2, after commencement of the plan confirmation process, and the motion has been continued further to September 8, concurrently with the Confirmation Hearing. Debtor expects Kelly will continue to prosecute the motion for relief from stay and that Kelly will oppose Debtor's attempt to have the disputes heard by the Bankruptcy Court in the core proceeding. At some point the jurisdictional questions will be resolved by the Bankruptcy Court and the litigation will proceed in some forum on the merits. Costs of the litigation will be paid out of working capital on hand, including the Sponsor Equity Contribution, and if necessary out of the Postconfirmation Revolver to be obtained.

Kelly is the sole member of Class 1 in the Plan. As described in the Plan and as set forth below, Kelly's claim will be determined in some appropriate forum, and if it is allowed as a secured claim it will be paid out over time, with interest, pursuant to the provisions of the Plan.

2. Eco Energy. As described above in "History and Business Background – Reasons for the Chapter 11 Filing – Sulfate Issue" one of the prepetition disputes that led to this Chapter 11 Case was the dispute with Eco Energy over alleged sulfate problems in some of the ethanol sold by Debtor to Eco Energy. That dispute is currently the subject of litigation commenced by Debtor via adversary proceeding filed herein on April 23, 2009, in which Debtor has sued Eco Energy, and its affiliate FC Stone, LLC as guarantor, for amounts owed but unpaid for ethanol product. That adversary proceeding is currently pending before the Bankruptcy Court as Case No. 09-03140.

Debtor believes Eco Energy owes Debtor money and that Eco Energy does not have an allowable claim against the Estate other than a $200,000 administrative claim on account of postpetition use of rail cars that would reduce the amounts Eco Energy must pay to the Estate. If Eco Energy does in fact have an Allowed Claim, it will be an Administrative Claim to the extent

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it is based on such postpetition railcar use, and anything else will be a General Unsecured Creditor and member of Class 7.

One significant dispute that has been resolved short of litigation is a claim against Debtor's prepetition insurance carrier for losses from a series of events occurring in 2008, primarily under Debtor's business interruption policy. By Order entered June 23, 2009, the Bankruptcy Court approved a stipulation between Debtor and the insurer whereby Debtor will receive a payment of approximately $1.4 million. A portion of those proceeds, approximately $150,000, was received on account of property damage and is being held separately because Kelly claims an interest in that portion. Entitlement to those proceeds will be determined in some appropriate forum. The remainder, approximately $1,250,000, will be used in the ordinary course of Debtor's business subject to limitations on use of cash collateral and other relevant constraints.

In addition, it is quite possible that Debtor will be involved in the following litigation in the near term:

Preference Litigation. Under Section 547 of the Bankruptcy Code, certain persons who received transfers from a bankruptcy debtor within 90 days prior to the Petition Date (one year if the recipient or beneficiary is an insider) may be liable to return the property to the debtor if the elements of a voidable preference are established. Reorganized Debtor will consider the possibility of turning over some or all preference prosecution and collection work to various attorneys who specialize in such matters. At the time of this Disclosure Statement no decisions have been made in that respect. Reorganized Debtor will have the right post-Confirmation to commence actions to recover preferences and to commence other Avoidance Actions, and will have the authority to retain professionals for this purpose if they are not retained prior to Confirmation. Under the Plan, all proceeds of such litigation will be for the benefit of General Unsecured Creditors.

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A preliminary analysis of the possible preference claims available to the Estate will be submitted with the Plan Supplement. In addition, such preliminary analysis will be made available by August 10, 2009 to any party in interest who so requests.

Claims Determinations. In addition to the litigation respecting Kelly's claims and any claims Eco Energy may assert, as described above, Debtor has already objected to several of the claims filed in the case, and it is quite possible Debtor or Reorganized Debtor will determine it appropriate to object to certain other claims filed or to be filed in this case. Under the Plan, any such claims objections must be filed no later than 120 days after the Effective Date.

I. Sponsor Support Settlement

In connection with the original financing of the Plant, Debtor, Sponsor, and the Administrative Agent for the benefit of the Loan Creditors entered into the Sponsor Contingent Equity Support Agreement, obligating Sponsor to provide additional equity to Debtor under certain specified conditions. There was a dispute among the parties to the Sponsor Contingent Equity Support Agreement over whether those conditions had been satisfied and whether, and to what extent, Sponsor was responsible for funding additional equity.

Shortly before filing the Plan and Disclosure Statement, the parties reached agreement on the terms of a settlement (the "***Sponsor Support Settlement***") that, among other things, provides that Sponsor will pay $10,000,000 in full satisfaction of its remaining obligations under the Sponsor Contingent Equity Support Agreement, and that that money will be paid to the Collateral Agent for distribution to the Loan Creditors. In addition, the Sponsor Support Settlement contains provisions respecting the agreement of the Loan Creditors to support the Plan.

The Sponsor Support Settlement is a complex agreement with many other terms, so reference should be made to it. The Sponsor Support Settlement is not a part of the Plan; instead, it is the subject of separate approval pleadings filed shortly before dissemination of this Disclosure Statement. However, approval of the Sponsor Support Settlement is a condition to

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Sponsor's continued obligation to fund the Sponsor Equity Contribution and otherwise participate in consummation of the Plan.

IV. FINANCIAL STATUS

A. Debtor's Liabilities Today

Debtor's Schedules, as summarized and modified above, indicate a total of approximately $130 million in debt as of the Petition Date. Of that amount, approximately $124.6 million is in senior secured debt to the Loan Creditors and approximately $5.3 million is general unsecured debt. Those numbers do not include disputed claims such as the Kelly Claim.

In addition, Debtor may have certain prepetition priority obligations, for taxes and employment related claims, but those amounts are not believed to be significant. (Virtually all employment related claims have already been paid pursuant to authorization from the Bankruptcy Court. Finally, Debtor has incurred certain post-petition administrative priority obligations in connection with its operations and its bankruptcy. Most of those relating to business operations have been or will be paid in the ordinary course. However, as of the date of this Disclosure Statement, approximately $1,700,000 in administrative priority obligations have not been paid, almost all to professionals. Debtor is holding approximately $600,000 in cash in the Carve Out Account designed to satisfy some of those obligations to professionals and others.

Debtor anticipates a continued need for significant professional assistance in the postconfirmation period, primarily as a result of the Kelly litigation and perhaps in connection with the Eco Energy litigation and claims determinations. In addition, Reorganized Debtor will likely have to fund the cost of fixing the Plant, as Kelly has to date indicated no willingness to do so. The cost of those repairs, along with the fees and expenses of professionals, will be funded from cash on hand, primarily the Sponsor Equity Contribution, and if necessary out of the Postconfirmation Revolver to be obtained.

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B. Debtors' Assets Today

1. Cash on Hand. As of the date of this Disclosure Statement, Debtor has on hand approximately $1,600,000 in cash other than that in the Debt Service Reserve Account and the Carve Out Account. Much of that money will be consumed by operations prior to the Confirmation Date, and it may be necessary to obtain a second debtor in possession financing facility from Sponsor. At the Effective Date, the funds on hand will be supplemented by the Sponsor Equity Contribution. Those funds together will be the source for the Effective Date payments required under the Plan. Postconfirmation cash needs will be met by those sources and perhaps a Postconfirmation Revolver.

2. Tangible Assets. Debtor's principal asset, of course, is the Plant and its associated personal property. While the market for ethanol – and thus for ethanol plants – is quite depressed as of the time of this Disclosure Statement, after some additional work correcting the design and construction defects affecting the Plant it will be a very valuable asset capable of producing significant product and, Debtor anticipates, significant profit, in the future. See Section IV-D below (Feasibility).

3. Causes of Action. Debtor is party to the various litigation matters described above, some of which involve affirmative claims by Debtor against others. Any such actions, and any other lawsuits or other claims that have not been otherwise disposed of will be either prosecuted, settled, or abandoned, with decisions in such regard made by Reorganized Debtor. Reorganized Debtor will determine whether any such claims are meritorious, whether valid defenses exist to such claims, and whether the claims are worth pursuing under the circumstances. Reorganized Debtor will not, of course, have the ability to pursue any claims released pursuant to the Plan or pursuant to the settlements embodied in the Plan.

Among such potential causes of action are "Avoidance Actions" – bankruptcy specific claims under various sections of the Bankruptcy Code allowing recovery for voidable preferences, fraudulent transfers and the like. Debtor has not undertaken a complete analysis of

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potential Avoidance Actions, but preliminary review has indicated significant recoveries on account of Avoidance Actions (other than possibly claims that are being released or otherwise resolved in connection with the Plan) are not likely. The Plan proposes that Reorganized Debtor will have the responsibility for investigating whether particular Avoidance Actions are worth pursuing, measuring the benefit of possible prosecution of such claims against the cost of prosecution and the disruption to customer and supplier relationships that could result from such prosecution, and that net recoveries (after litigation expenses and the like) will be paid into the Unsecured Account for the benefit of General Unsecured Creditors.

C. Funding of the Plan

Payments required at or soon after the Effective Date of the Plan will be made from cash on hand as described above, including the Sponsor Equity Contribution and proceeds from any further Sponsor debtor in possession financing. Specifically:

- The Unsecured Account will be funded initially with $400,000, to be used to pay the Convenience Class and General Unsecured Creditors.
- The Loan Creditors will receive a $3,000,000 payment.
- All Administrative Claim, including Professional Fees, will be satisfied, and if there are any Priority Claims those will be paid.
- All other short term cash needs, including working capital needs, will be met from cash on hand plus the Sponsor Equity Contribution.

In the longer term, Reorganized Debtor will on a continuous basis review crush spreads and other economic data in order to determine when it is feasible to restart full operations at the Plant, whether on Reorganized Debtor's own account or under some tolling or similar arrangement. Such a restart will require additional working capital. The cash on hand at the Effective Date, including the Sponsor Equity Contribution, will likely not be sufficient to fund a reasonable tolling arrangement or a full restart on Reorganized Debtor's own account. Such recommencement of active operations will require a new source of funding. Debtor anticipates

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that source will be a new loan (the "Postconfirmation Revolver"), as described in "Classification and Treatment of Claims – Classified Claims and Interests – Class 2 – Loan Creditors."

D. Feasibility

In order to confirm a plan of reorganization, the Bankruptcy Court must among other things find that "[c]onfirmation of the plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor . . . ." Bankruptcy Code Section 1129(a)(11). Debtor believes this requirement of "feasibility" can and will easily be satisfied.

Attached hereto as Exhibit F (Plan Projections) are a series of financial models that Debtor has prepared and used (as modified from time to time to reflect changes in the marketplace and other developments). In addition, Exhibit F contains certain historical market data, demonstrating the reasonableness of the assumptions behind the financial models.

V. BRIEF OVERVIEW OF THE PLAN; VOTING AND APPROVAL; ALLOWANCE OF CLAIMS

A. Introduction

The Plan is designed to allow Debtor to restructure its financial affairs quickly and efficiently, such that Debtor is positioned to enjoy the inevitable upswing in crush spreads making production of ethanol once again a profitable endeavor. The Plan is a "new value" plan whereby Sponsor will make the Sponsor Equity Contribution in order to provide cash for the payments required under the Plan. In exchange, Sponsor will receive the majority of voting power of the Reorganized Debtor's equity interests, with Loan Creditors receiving cash and also receiving a portion of the equity in Reorganized Debtor.

B. Voting and Approval of Plan; Cramdown

Under the Bankruptcy Code, creditors have an opportunity to vote on the Plan prior to its confirmation. The Plan is deemed to be approved by creditors if each impaired class of claims

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under the Plan votes to approve the Plan by a majority in number and two-thirds in amount of the claims in that class which vote on the Plan. The Bankruptcy Court must also make certain findings to permit confirmation of the Plan.

The next succeeding section describes the classification and treatment of all Allowed Claims and Interests. Classes 4 and 5 (Other Secured Claims and Priority Claims) are unimpaired, as they are being paid in full under the Plan. Accordingly, holders of Allowed Claims in Classes 4 and 5 are conclusively deemed to have accepted the Plan. Classes 1 (Kelly), 2 (Loan Creditors), 3 (Sponsor), 6 (Convenience Class), and 7 (General Unsecured Creditors) are all "impaired" under the Plan, as those claims are not being paid in full or their respective payment terms are altered by the Plan. Therefore, each of those Classes may vote to accept or reject the Plan. Class 8 (Interests) is impaired under the Plan, but shall receive no distribution, and is thus conclusively deemed to have rejected the Plan and is not entitled to vote.

The Bankruptcy Court can confirm a plan even if certain classes do not accept it, so long as the Bankruptcy Court finds that the plan does not discriminate unfairly and provides fair and equitable treatment to the class or classes rejecting it. **Proponents intend to request that the Bankruptcy Court approve such a "cramdown" confirmation if necessary.** Such a cramdown confirmation will be required as to any of the impaired classes that does not vote in favor of the Plan.

Proponents also reserve the right to modify the Plan in accordance with Section 1127 of the Bankruptcy Code, both prior to and after the Effective Date.

C. Allowance of Claims

The Plan provides for the payment of "Allowed Claims." An Allowed Claim is a claim that is properly before the Bankruptcy Court and as to which no objection was filed or, in the event of such an objection, the objection has been withdrawn or the claim otherwise allowed in whole or in part. A claim is properly before the Bankruptcy Court if a proof of claim was properly filed on or before the Bar Date (as it may have been extended for certain types of

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creditors, for example those who were the subject of amendments to the schedules or who have claims based on rejection of executory contracts), or if the claim was listed on the schedules filed by Debtors as liquidated in amount and not disputed or contingent. Reorganized Debtor (and before the Effective Date Proponents) have the right to object to claims by filing and serving an objection on the claim holder. Any such objections must be filed no later than 120 days after the Effective Date of the Plan. In each case, Reorganized Debtor will either litigate to judgment or withdraw its objection to a particular claim. Any claim settlement agreed to by the claimant and Reorganized Debtor may but need not be presented to the Court for approval via stipulated order. No payments will be made on any disputed claim until the dispute is resolved. If and when a disputed claim is allowed, Reorganized Debtor will pay it in accordance with the class treatment for that particular claim.

If there is an objection pending to a particular claim, or the claim is otherwise not deemed allowed at the time of confirmation, the holder of the claim must ask the Bankruptcy Court to estimate the claim for voting purposes under Rule 3018(a) of the Bankruptcy Rules in order to cast a ballot for or against the Plan.

VI. CLASSIFICATION AND TREATMENT OF CLAIMS

The following text is taken directly from the Plan, describing how claims against the Debtor will be classified and treated. {Bracketed information is added to the descriptions set forth in the Plan.}

A. What Creditors and Interest Holders Will Receive Under the Proposed Plan

As required by the Code, the Plan places claims and interests into various classes according to their right to priority. The Plan states whether each class of claims or interests is impaired or unimpaired. The Plan provides the treatment each class will receive.

B. Unclassified Claims

Certain types of claims are not placed into voting classes; instead they are unclassified. They are not considered impaired and they do not vote on the Plan, because they are

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automatically entitled to specific treatment provided for them in the Code. As such, Proponents have not placed the following claims in a class:

1. Administrative Claims

Administrative Claims are claims for the expenses of administering the Debtor's Chapter 11 Case that are allowed under Bankruptcy Code Section 507(a)(l). The Code requires that all Administrative Claims be paid on the Effective Date of the Plan, unless a particular Creditor agrees in writing to a different treatment. With the exception of most of the Professional Fees incurred to date, certain Disputed Administrative Claims, some current ordinary course payables, and the agreed $200,000 Administrative Claim payable to Eco Energy (which Debtor believes is subject to offset against amounts Eco owes to Debtor), Debtor has paid all known Administrative Claims. Accordingly, Proponents believe that no significant arrearage other than Professional Fees will be owed on account of Administrative Claims at the Effective Date. A list of unpaid Administrative Claims will be presented to the Bankruptcy Court at the Confirmation Hearing. To the extent any Allowed Administrative Claim other than for Professional Fees is incurred and remains unpaid on the Effective Date or arises after the Effective Date, such claim will be paid in accordance with the terms and conditions of the particular transaction and agreements relating thereto. If Debtor or Reorganized Debtor disputes an asserted Administrative Claim, such Claim will be paid within thirty (30) days after the Claim becomes an Allowed Claim.

Professional Fees are subject to certain requirements imposed by the Code. Such fees and costs can only be paid pursuant to an order of the Court, after notice and hearing. The Court has, pursuant to Orders authorizing debtor in possession financing and use of cash collateral, authorized Debtor to retain certain funds in a special account for Professional Fees (the "***Carve Out Account***"). The Estate's Professionals have filed applications requesting payment of Professional Fees, and Debtor has given notice pursuant to the Local Rules that it intends to pay

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such Professionals the amounts in the Carve Out Account. The remainder of the Professional Fees not funded through payments from the Carve Out Account will be funded through cash on hand including the Sponsor Equity Contribution. Debtor will request a hearing before the Court as soon as practicable after the Effective Date on final fee applications to be filed by all Professionals, covering all Professional Fees incurred prior to the Confirmation Date.

Any Professional retained by Debtor prior to the Effective Date may continue to provide services to Reorganized Debtor from and after the Confirmation Date, without the necessity of any further approval of the Court respecting payment of fees, and any additional Professionals may be retained by the Reorganized Debtor after the Confirmation Date without approval of the Court. All Professional Fees for services rendered in connection with the Chapter 11 Case and this Plan after the Confirmation Date, at the request or authorization of Reorganized Debtor, are to be paid by Reorganized Debtor upon receipt of an invoice for such services, or on such other terms to which Reorganized Debtor may agree, without the need for further Bankruptcy Court authorization. If Reorganized Debtor and any Professional cannot agree on the amount of post-Confirmation Date fees and expenses to be paid to such Professional, such amount shall be determined in accordance with applicable nonbankruptcy law.

Reorganized Debtor will be responsible for payment of all United States Trustee quarterly fees. The post-confirmation United States Trustee quarterly fees will be paid from Reorganized Debtor's post-Confirmation assets and will be calculated based on disbursements made on Allowed Claims pursuant to the Plan, other than payments on account of the Postconfirmation Revolver or the Kelly Claim.

2. Priority Tax Claims

Section 1129(a)(9)(C) of the Bankruptcy Code requires that each holder of a Priority Tax Claim receive the present value of such claim in deferred cash payments, over a period not exceeding five (5) years from the Petition Date.

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Unless the holder of an Allowed Priority Tax Claim agrees to a different treatment, regular payments will be made sufficient to fully amortize each Allowed Priority Tax Claim over a period of five (5) years from the Petition Date. The outstanding and unpaid amount of each Allowed Priority Tax Claim will bear interest, commencing on the Effective Date and continuing until such Allowed Priority Tax Claim is paid in full, at the lesser of the following rates: (i) the interest rate available on ninety-day United States Treasuries on the Effective Date; or (ii) the rate specified by Section 6621(a) of the Internal Revenue Code on the Effective Date.

Payment of any Priority Tax Claim will commence on the later of (a) the first day of the first calendar quarter following the Effective Date, or (b) the tenth (10th) Business Day after the entry of a Final Order allowing the Priority Tax Claim. Such payments will continue on the first day of each calendar quarter thereafter, in accordance with the provisions of this Section. Reorganized Debtor shall be entitled to pay the Allowed Priority Tax Claims, or any lesser amount agreed upon by the Creditor, earlier than as set forth above without penalty.

C. Classified Claims and Interests

The claims of Creditors and Interest Holders are divided by this Plan into eight separate classes based upon their particular legal characteristics. The treatment provided to each class is summarized in the following subparagraphs.

Secured Claims

Secured Claims are claims secured by liens on property of the estate. Debtor is aware of four classes of Secured Claims, as set forth below.

Class 1 – Kelly. Kelly is the sole member of Class 1. Class 1 is impaired.

Kelly's Claim is currently a Disputed Claim. The Claim will be allowed in the amount and priority ultimately determined by agreement (subject to approval by the Bankruptcy Court after notice and a hearing) or by the court, arbitrator, or other tribunal ultimately responsible for determining the disputes between Debtor and Kelly. Upon

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Kelly's obtaining an Allowed Claim pursuant to Final Order (whether as a result of approval of a settlement by Final Order of the Bankruptcy Court or a Final Order of the tribunal responsible for determining such disputes) (the "***Kelly Allowance Date***"), Kelly's Allowed Claim will be treated as follows:

- As a result of its provision of services relating to construction of the Plant, Kelly's Claim, if allowed as a secured claim subject to applicable nonbankruptcy law, will be entitled to a security interest in the real property and fixtures comprising the Plant, all in accordance with applicable nonbankruptcy law. No person shall have any surcharge or priming rights senior to Kelly in connection with this Chapter 11 Case. The Kelly Claim will be evidenced by a note and deed of trust in a form to be filed with the Plan Supplement (although the principal amount of such note will not be determined at that time, and could be zero). Nothing herein precludes a challenge to the validity of Kelly's security interest on any grounds, including that Kelly's lien is invalid in whole or in part under Oregon state law.
- Kelly's Allowed Secured Claim will be paid out over the period commencing on the Kelly Allowance Date and ending on the first Business Day of the first full calendar quarter which commences after the tenth anniversary of the Effective Date (the "***Postconfirmation Maturity Date***").
- Kelly's Allowed Secured Claim will accrue interest at seven percent (7.0%) per annum, compounded quarterly (the "***Postconfirmation Interest Rate***").
- Until the first Business Day of the first full calendar quarter which commences after the later of (a) the third anniversary of the Effective Date and (b) the Kelly Allowance Date, Kelly will be entitled to interest only payments on its Allowed Secured Claim, made on the first Business Day of every calendar quarter.

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- Beginning with the first full calendar quarter which commences after the later of (a) the third anniversary of the Effective Date and (b) the Kelly Allowance Date, Kelly's Allowed Secured Claim will be amortized on a straight line twenty year basis, with interest at the Postconfirmation Interest Rate, but all due and payable on the Postconfirmation Maturity Date.
- Kelly's Allowed Secured Claim will be prepayable in whole or in part, at any time, without premium or penalty.
- Kelly will retain whatever rights it may have to the insurance recoveries relating to property damage. Debtor disputes Kelly's entitlement to any such recoveries.
- In the event Kelly is ultimately determined to have an Allowed Claim but the Allowed Claim is not a Secured Claim, Kelly will be paid the same percentage recovery as members of Class 7 (General Unsecured Creditors) on account of the $400,000 in funds received from the Sponsor Equity Contribution. Payments to Kelly on such account will be made out of additional funds from Reorganized Debtor and will not be made from the Unsecured Account. In the event other payments are made to Class 7 from any other source, including any Avoidance Actions, Kelly as General Unsecured Creditor will share pari passu with all members of Class 7.

Class 2 – Loan Creditors. Class 2 consists of the Loan Creditors. Class 2 is impaired.

Prior to the Petition Date, the Loan Creditors advanced approximately $120 million to Debtor in connection with the financing and construction of the Plant. Further, the Hedge Provider executed Swap Documents with Debtor to hedge Debtor's exposure to adverse movements in interest rates. The Loan Creditors, through the

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Administrative Agent and the Collateral Agent, are secured creditors with interests in essentially all assets of Debtor as a result of deeds of trust, security agreements, UCC-1 financing statements, and other instruments.

The Loan Creditors will have an Allowed Secured Claim in the amount of $124,593,000, less any amounts received by Loan Creditors pursuant to the Sponsor Support Settlement and any amounts received postpetition from the Debt Service Reserve Account.

The Loan Creditors will receive the following treatment under the Plan:

Debt Service Reserve Account

- At the Effective Date, Debtor's rights, if any, in the Debt Service Reserve Account will cease and Administrative Agent will have the right to withdraw all remaining funds in the Debt Service Reserve Account for the benefit of the Loan Creditors, including the amounts repaid to the Debt Service Reserve Account on account of the $75,000 withdrawn pursuant to the Court's February 17, 2009 Second Interim Order Authorizing Debtor to Use Cash Collateral and to Grant Adequate Protection, and to disburse or cause the disbursement of such funds in accordance with the applicable credit and security documents.

Cash Collateral Priming Lien

- At the Effective Date, Debtor will pay to the Collateral Agent for the benefit of the Loan Creditors cash in the amount necessary to satisfy the Cash Collateral Priming Lien, which shall promptly be disbursed as directed by the Administrative Agent and in accordance with the applicable credit and security documents.

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Cash Payment

- At the Effective Date, Debtor will pay to the Collateral Agent for the benefit of the Loan Creditors cash in the amount of $3,000,000, less any amounts repaid to the Debt Service Reserve Account pursuant to the Court's February 17, 2009 Second Interim Order Authorizing Debtor to Use Cash Collateral and to Grant Adequate Protection, and less any amounts paid to Administrative Agent for the benefit of the Loan Creditors on account of the Cash Collateral Priming Lien, which shall promptly be disbursed as directed by the Administrative Agent and in accordance with the applicable credit and security documents.
- At the Effective Date, any remaining rights Loan Creditors may have against the Estate, including any claims under the Sponsor Contingent Equity Support Agreement or the original $120 million in loans from Loan Creditors, other than those specifically set forth in this section of the Plan shall be released.

Postconfirmation Revolver

- Reorganized Debtor anticipates obtaining a post-Effective Date line of credit to be secured by essentially all assets of Reorganized Debtor (the "***Postconfirmation Revolver***"), evidenced by a promissory note, deed of trust, loan agreement, UCC financing statements and other customary loan documentation.
- Each of the Loan Creditors will be given a right of first offer to supply its pro rata share of the Postconfirmation Revolver, subject to reasonable limitations on size of participations and syndication shares.

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- The Postconfirmation Revolver will accrue interest at the rate negotiated by Reorganized Debtor with the lenders thereof, and will be repayable and prepayable in accordance with the Postconfirmation Revolver loan documentation, as negotiated.
- The Postconfirmation Revolver's security interest in the Plant will be junior to that of Kelly, to the extent Kelly is found to have an Allowed Secured Claim. The Postconfirmation Revolver's security interest in all other assets of Reorganized Debtor will be first priority or otherwise as negotiated between Reorganized Debtor and the lender(s).
- It is not a condition to Confirmation that Reorganized Debtor obtain any such Postconfirmation Revolver or that any Loan Creditor participate in any such Postconfirmation Revolver.

<u>Equity</u>

- The Loan Creditors will receive, collectively, the following equity in Reorganized Debtor and will have governance rights in Reorganized Debtor as set forth in Plan Section IV-A (Means of Effectuating the Plan – Postconfirmation Ownership and Management):
  - Nineteen and nine-tenths percent (19.9%) of the Units, subject to potential dilution by the Management Incentive Performance Pool, if any

<u>Releases</u>

- Loan Creditors will exchange broad mutual general releases with Debtor, which releases will among other things release officers, directors, professionals and other agents for all matters arising prior to the Effective

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Date; provided that such releases will not release any person from obligations arising out of this Plan.

Class 3 – Sponsor. Sponsor is the sole member of Class 3. Class 3 is impaired.

Sponsor is a secured creditor on account of its interests in the Sponsor BETC funds that Debtor believes will become payable shortly after restart of the Plant.

Sponsor will receive the following treatment under the Plan as a result of its new value contribution to Debtor:

At or before the Effective Date, Sponsor will contribute at least $5,500,000 in cash to Debtor for funding the Unsecured Account, payment of Professional Fees to the extent not covered by the Carve Out Account, payment of any other amounts required for Confirmation of the Plan, payment of amounts owed at the Effective Date to the Administrative Agent for the benefit of Loan Creditors, and for working capital and other purposes. In addition, Sponsor will contribute sufficient cash to Debtor (subject to the provisions of Reorganized Debtor's Amended and Restated Limited Liability Company Agreement) for (1) litigation expenses to be incurred in connection with the Kelly litigation, and (2) the costs of (or will arrange financing for) maintaining the Plant in a cold shutdown mode for at least six months (unless Reorganized Debtor determines to restart operations at the Plant, whether on a full operational basis or on a tolling basis, in which case Sponsor will seek to arrange for the interim financing or additional contributions needed to get to the stage at which the Postconfirmation Revolver is obtainable). Finally, at the Effective Date Sponsor will waive any rights it may have against the Estate on account of any debtor in possession financing provided to the Estate {provided that its professionals are paid as required by the Bankruptcy Court's March 4, 2009 Order respecting such financing}, and will forgive any claims it may have against

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the Estate which it has obtained from and through the Loan Creditors as a result of the Plan. Such amounts in the aggregate are referred to as the "***Sponsor Equity Contribution***."

As a result of its contribution of new value to Debtor, Sponsor will receive a portion of the equity of Reorganized Debtor:

- Eighty and one-tenth percent (80.1%) of the Units, subject to potential dilution by the Management Incentive Performance Pool, if any

Sponsor will exchange broad mutual general releases with Debtor, covering all matters other than those specifically referenced in the Plan, which releases will among other things acknowledge that Sponsor has been repaid in full on account of all obligations relating to Sponsor's providing debtor in possession financing to Debtor during the pendency of the Chapter 11 Case (or that any amounts not repaid will be forgiven and viewed as additional new value contributions under the Plan), and will release officers, directors, professionals and other agents for all matters arising prior to the Effective Date; provided that such releases will not release any person from obligations arising out of this Plan.

Because Debtor's release of Sponsor will include any claims that might arguably be brought on account of the Sponsor BETC, if and when the Sponsor BETC is received Sponsor will be paid the full amount of the Sponsor BETC free and clear of any claims of Debtor or any other person claiming through Debtor.

Pursuant to the Sponsor Support Settlement, Sponsor will also be receiving a release from Debtor and Loan Creditors covering any remaining obligations under the Sponsor Contingent Equity Support Agreement.

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Class 4 – Other Secured Claims. To the extent there are any other Creditors who hold Allowed Secured Claims against Debtor, such other Secured Creditors are members of Class 4. Class 4 is unimpaired.

Each such Allowed Secured Claim will be paid in accordance with its respective terms or as otherwise agreed to between Reorganized Debtor and such Creditor. To the extent there are any defaults in payment of such Allowed Secured Claims, such defaults will be cured by payment in full at the Effective Date of any such delinquent amounts, without penalty or interest. {Debtor does not believe such cure payments, if any, are significant.}

Priority Claims.

Class 5 – Allowed Priority Claims. Class 5 consists of holders of Allowed Priority Claims. Class 5 is unimpaired.

The Code requires that each holder of an Allowed Priority Claim receive cash on the Effective Date equal to the Allowed Amount of such claim. Proponents believe there are no or nominal claims of this type. In the event any such claims exist, they will be paid in full in cash on the Effective Date or ten Business Days after allowance, whichever is later.

General Unsecured Creditors.

Class 6 – Convenience Class. Class 6 consists of members of the Convenience Class. Class 6 is impaired.

Each member of the Convenience Class will receive a payment at or as soon as practicable after the Effective Date in an amount equal to fifty percent (50%) of its Allowed General Unsecured Claim (as reduced, if appropriate). Payments to the

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Convenience Class will be made from the General Unsecured Fund. {Debtor anticipates such payments will be made no later than thirty (30) days after the Effective Date or ten (10) days after final resolution of any such claims not resolved at the Effective Date.}

Class 7 – Allowed General Unsecured Claims. Class 7 consists of General Unsecured Creditors other than members of the Convenience Class. Class 7 is impaired.

Each member of Class 7 will receive its pro rata share of the $400,000 General Unsecured Fund remaining after payments to the Convenience Class, plus net proceeds from Avoidance Actions. The Plan is a "pot plan" in which Proponents do not guarantee any particular percentage distribution to holders of allowed Class 7 claims. Instead, each such holder will receive one or more distributions from the General Unsecured Fund based on the size of its claim in comparison to the total of Allowed General Unsecured Claims. The distribution process is described in Plan Section IV-D (Means of Effectuating the Plan – Distributions). {See Section VIII – Estimated Distributions.}

As noted, net proceeds from Avoidance Actions, if any, will be deposited into the Unsecured Account and will be distributed to General Unsecured Creditors. Reorganized Debtor will control prosecution and settlement of any such Avoidance Actions. See Plan Section IV-G (Means of Effectuating the Plan – Avoidance Actions). {A preliminary preference analysis will be filed with the Plan Supplement.}

Interests

Class 8 – Equity Holders. Debtor has one equity holder, Cascade Grain Holdings LLC, the sole member of Class 8. Class 8 is impaired.

Class 8 will not receive or retain any rights, property or distributions under this Plan and will take nothing under the Plan.

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VII. OTHER SIGNIFICANT PLAN PROVISIONS

The Plan is a complex document that cannot easily be summarized; its terms will control, and reference should be made to the Plan. However, Debtor has attempted to summarize a few of the significant other provisions of the Plan in this section.

A. Post-Confirmation Governance

Pursuant to the Plan, Debtor will continue to exist as a reorganized entity (Reorganized Debtor) following the Effective Date.

From and after the Effective Date, governance of Debtor will be by a reconstituted Board of Managers acting pursuant to an Amended and Restated Limited Liability Company Agreement for Debtors (the "***LLC Agreement***"). The LLC Agreement in its final form will be presented to the Court and to parties in interest in the Plan Supplement. (The Plan Supplement will contain other information relevant to the Plan and to the Reorganized Debtor and will be filed with the Court no later than ten (10) Business Days prior to the date Ballots are due.) The LLC Agreement will, among other things, provide that Debtor has a five member Board of Managers, including four Managers designated by Sponsor and one Manager designated by Loan Creditors. A majority of the Board of Managers will have the ability to control ordinary day to day operations but unanimity will be required for certain "Major Decisions" to be specified.

There will also be provisions in the LLC Agreement or a separate equityholder agreement respecting relative rights of the owners of equity interests in Reorganized Debtor (Sponsor and Administrative Agent on behalf of Loan Creditors), including appropriate put options.

Reorganized Debtor's Board of Managers will be responsible for all decisions respecting post-confirmation management of Reorganized Debtor, including retention or nonretention of officers and others, and including compensation arrangements for such persons. Current officers of Debtor who may be retained by Reorganized Debtor and their current compensation, along

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with additional information about all managers and officers designated to date may be found in Exhibit C (Post Confirmation Governance).

B. Post-Confirmation Operations

At the time of dissemination of this Disclosure Statement, the Plant was in a "cold shutdown" mode. Debtor anticipates that Debtor or Reorganized Debtor will restart the Plant as soon as the economics of operation and availability of financing will justify such restart. Such restart may be a full recommencement of operations, performed by and for the benefit of Debtor and Reorganized Debtor, or it may include a "tolling" arrangement with a third party whereby the third party provides some or all of the input materials and shares in the risks (and rewards) from the operations. Such a tolling arrangement may be beneficial in that it would require the third party in effect to provide much of the working capital needed to get the Plant up and running, thus reducing the burden on Reorganized Debtor to provide that working capital through additional debt or equity financing.

If a tolling agreement is reached so as to be in effect prior to the Effective Date, it will be presented to the Bankruptcy Court for approval as appropriate. If a tolling agreement is reached so as to be in effect at or soon after the Effective Date, it will be included with the Plan Supplement. Thereafter, whether or not to enter into such a tolling agreement will be solely up to Reorganized Debtor and its postconfirmation management.

If Debtor determines to recommence full operations for its own account prior to the Effective Date, that determination will be presented to the Bankruptcy Court for approval as appropriate. Thereafter, whether or not to recommence operations will be solely up to Reorganized Debtor and its postconfirmation management.

See also "Financial Status – Funding of the Plan" above.

C. Executory Contracts

Debtor is a party to many unexpired leases and executory contracts such as a ground lease for a significant portion of the Plant property, leases for personal property, purchase

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contracts, and the like. Many of those leases and contracts will be assumed in order to preserve Debtor's ability to operate its business as soon as the economics justify a restart of operations. Lists of leases and contracts to be assumed, and those to be rejected, will be filed with the Plan Supplement. The Plan Supplement and related pleadings will include proposed cure amounts for the leases and contracts to be assumed. Any person who disputes Debtor's proposed cure amount must file a pleading objecting to such proposed cure amount no later than the time objections to confirmation are due. If the parties are unable to resolve the dispute over cure amounts, the dispute will be resolved at the Confirmation Hearing, unless Debtor elects subject to the Bankruptcy Court's approval to have the dispute resolved after the Confirmation Hearing. Any executory contract or unexpired lease not appearing on the lists with the Plan Supplement will be deemed rejected.

THE BAR DATE FOR FILING A PROOF OF CLAIM BASED ON A CLAIM ARISING FROM THE REJECTION OF A LEASE OR CONTRACT IS THIRTY DAYS AFTER THE ENTRY OF THE CONFIRMATION ORDER OR THE ORDER APPROVING SUCH REJECTION, AS APPLICABLE. Any claim based on the rejection of a contract or lease will be barred if the proof of claim was or is not timely filed, unless the Court later orders otherwise.

D. Injunctions and Releases

The Plan contains certain provisions barring creditors and interest holders from asserting claims against any property of the Debtor or otherwise attempting to collect on account of their pre-Confirmation claims and interests, except as provided in the Plan. Debtor believes those provisions in substantial part accurately reflect current law.

In addition, the Confirmation Order will effect a release of any claims or causes of action Debtor may have, known or unknown, liquidated or unliquidated, fixed or contingent, against any of its present or former officers or directors, or professionals retained pursuant to Orders of the Bankruptcy Court (collectively, the "***Covered Persons***"), provided such Covered Person

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executes a corresponding general release in favor of Debtor and others, subject to certain limited exceptions.

Further, the Confirmation Order will accomplish assumption of any of the Debtor's indemnification obligations in favor of any of Debtor's officers and directors, and no such person will have any liability as a result of his or her actions in connection with the Chapter 11 Case or in connection with the Plan, except for willful misconduct or gross negligence. Representatives of the Debtor shall be entitled to rely on advice of counsel in fulfilling their duties and responsibilities under the Plan.

Finally, the Confirmation Order will constitute mutual general releases between Debtor and Sponsor, and between Debtor and Loan Creditors, respecting all matters relating to events and circumstances prior to the Effective Date, other than obligations and liabilities set forth in the Plan.

E. Distributions to Unsecured Creditors

The distribution process in the Plan is at bottom relatively simple. If a general unsecured creditor's Allowed Claim is under $1,000, it will automatically be a member of Class 6 (Convenience Class); and any general unsecured creditor may elect to reduce its claim to $1,000 in order to become a member of the Convenience Class. That election will be made on the Ballot as part of the voting process. Failure to make the election will leave the claim where it was at the time of deadline for returning ballots.

Debtor will pay members of the Convenience Class first. Debtor estimates that it will take less than $30,000 to satisfy the Convenience Class in full. The funds remaining from the $400,000 deposit into the Unsecured Fund (part of the Sponsor Equity Contribution) will then be payable to members of Class 7 (General Unsecured Creditors). Debtor will make an Initial Distribution to Class 7 as soon as possible, and in any event no later than thirty (30) days after the Effective Date, paying a pro rata share of the funds on hand to those with Allowed Claims, and reserving in full (subject to Debtor's right to request estimation) for all Disputed Claims. As

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Disputed Claims are resolved, further distributions will be made to those creditors, including a Final Distribution when all claims have been determined. In addition, further distributions could be made if there are significant Avoiding Powers recoveries benefiting Class 7. Any such Avoiding Powers recoveries will be shared pari passu with Kelly if Kelly is found to be an unsecured creditor, but Kelly as unsecured creditor will not dilute the recoveries to other unsecured creditors to the extent of the initial $400,000 deposit into the Unsecured Fund. Debtor anticipates making the Initial Distribution no later than thirty (30) days after the Effective Date, although that date could be delayed if there are significant disputes over major Claims in Class 7.

There are also a number of other provisions relating to creditors who cannot be located, creditors who do not cash checks, and other matters.

With respect to the amount of the anticipated distributions, see Plan Section VIII (Estimated Distributions).

F. Other Provisions

Notwithstanding confirmation of the Plan, the Bankruptcy Court will retain jurisdiction to resolve claims objections and to hear and determine any other disputes relating to the Plan or otherwise relating to Debtor and its business and assets and liabilities prior to the Effective Date.

After confirmation, Debtor will take all of its assets free and clear of all claims which are not provided for in the Plan. As a practical matter, that means that a creditor must have an Allowed Claim in order to share in any distribution from Debtor's estate. There are Plan provisions enjoining creditors and shareholders from asserting claims or interests contrary to those provided for in the Plan.

The Plan contains a number of other provisions that are not summarized here. Creditors should refer to the Plan attached hereto for a full description of such other provisions.

VIII. ESTIMATED DISTRIBUTIONS

How much a creditor will receive under the Plan will, of course, depend on its classification.

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Kelly will be paid in full, over time, if it demonstrates in the pending and/or upcoming litigation that it has a valid secured claim against Debtor. If Kelly is found to have a valid but unsecured claim, it will be paid the same percentage as Class 7 (General Unsecured Creditors) to the extent of their recoveries from the $400,000 deposit into the Unsecured Fund, separate and apart from that fund, but will share pari passu with other unsecured creditors in any Avoidance Action or other additional recoveries.

Loan Creditors will be paid the amounts set forth in the description of their treatment above.

Each Member of the Convenience Class will be paid fifty percent (50%) of its Allowed Claim (as reduced to $1,000, if appropriate).

The amount to be distributed to each General Unsecured Creditor cannot be determined at this time. Debtor's schedules show there are approximately $5.3 million in general unsecured claims. Since the pot of money to be distributed to Class 7 initially will be slightly under $400,000 (a portion of the Sponsor Equity Contribution) because of payments to the Convenience Class, that would mean each General Unsecured Creditor would receive between seven and eight percent (7-8%) of the face amount of its claim. However, the size of the general unsecured pool of claims could increase as a result of additional claims being filed and allowed. The two most significant potential additional claims known at the time of this Disclosure Statement are from the Loan Creditors (approximately $120 million) and from Eco Energy (approximately $9.9 million). Because the Plan provides that the Loan Creditors' deficiency claim will not be asserted against the Estate, that claim will not be a factor. Because Debtor does not believe the Eco Energy claim has any merit, Debtor does not believe it will cause any significant dilution of General Unsecured Creditor recoveries, but that cannot be determined at this point. If the Eco Energy claim is in fact allowed in its full amount, distributions to General Unsecured Creditors could be reduced by as much as two-thirds, to less than three cents on the dollar. Unless the Eco Energy claim is resolved very quickly it will have to be reserved for in

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connection with the Initial Distribution and the Initial Distribution will be less than three cents on the dollar.

All of the foregoing amounts could increase in the event of significant Avoidance Action recoveries. As noted, Debtor makes no representations as to the likelihood of such recoveries. A preliminary preference analysis will be included with the Plan Supplement.

IX. COMPARISON OF PLAN TO CHAPTER 7 LIQUIDATION

Under the Plan, Debtor will retain all of its assets other than the handful of claims and causes of action that are being resolved through settlements embodied in the Plan, and will in addition obtain the Sponsor Equity Contribution. The Plan provides an opportunity for Debtor to maintain the possibility of future operations, for the benefit of its employees, creditors, and others, including the community in which it does business.

The principal alternative to the Plan is a sale of the Plant and other assets at auction, pursuant to a Code Section 363 sale during Chapter 11, a Chapter 11 plan, or a Chapter 7 proceeding. Because essentially all of Debtor's assets are subject to blanket security interests in favor of Loan Creditors, in the event of an auction sale essentially nothing would be left for the benefit of any other creditors with the possible exception of Kelly (whose lien would presumably either survive the sale or would be reserved or paid out of the sale proceeds). By providing a payment to general unsecured creditors and to priority claimants from the Sponsor Equity Contribution, the Plan is thus far superior to such an auction sale in terms of immediate distributions as well as in terms of future business relationships that may be maintained for the benefit of all.

Attached hereto as Exhibit D is a Liquidation Analysis comparing the results of the Plan to a hypothetical liquidation under Chapter 7 of the Bankruptcy Code. Exhibit D shows that, as noted above, each class of creditors will receive at least as much and in most instances more under the Plan than it would get in a Chapter 7 liquidation and thus that the "best interests of creditors" test of Code Section 1129(a)(7) is satisfied.

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X. TAX CONSEQUENCES

A. Tax Consequences to the Debtor and Interest Holder

Debtor is a single member limited liability company and therefore is a passthrough entity for tax purposes, not a separate federal tax paying entity. Accordingly, most federal tax consequences that would affect taxable entities as a result of the Plan or other events will not affect Debtor, but only its equity holders (and, to the extent they are not taxable entities, their respective owners up the entity chain).

There is only one direct holder of equity in Debtor, Cascade Grain Holdings LLC, the sole member of Class 8 (Interest Holder). Cascade Grain Holdings LLC is in a chain of entities, including foreign entities, and presumably has a complex tax position well beyond Debtor's knowledge. Debtor has made no effort to investigate the Interest Holder's current tax position or the effect of Confirmation of the Plan on that tax position.

B. Tax Consequences to Creditors

Convenience Class members (Class 6) and General Unsecured Creditors (Class 7) who are on an accrual basis may at the time of the Final Distribution have to recognize a bad debt loss in the amount equal to the difference between the income recognized on account of their claims and the amount recovered on their claims. Whether they are entitled to claim a bad debt loss prior to the time of the Final Distribution is a more complex question that should be discussed with tax advisors. Class 6 and 7 creditors who are on a cash basis, and thus have not taken into income the amounts of their claims against the Debtor, will likely have to declare any amounts received through the Plan as ordinary income.

Members of Classes 4 (Other Secured Creditors) and 5 (Allowed Priority Claims) are being paid in full, more or less in the ordinary course of business, and will likely be entitled to treat any payments they receive under the Plan just as they would any payments received had there not been any bankruptcy proceeding.

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Members of Classes 1 (Kelly), 2 (Loan Creditors), and 3 (Sponsor) have complex relationships with Debtor and presumably complex tax positions. Debtor has made no attempt to determine the tax effect of the Plan on those Classes.

C. Limitation on Scope of This Section

This section is designed to provide only general guidance as to likely consequences of the Plan to taxpayers typical of members of their classes. It is not legal advice, it is not tax advice, and it should not be relied upon by any person in preparing tax returns. Further, it is prepared only with general principles of federal income tax in mind, and does not purport to take into account income taxes of any state or municipality. YOU SHOULD CONSULT WITH YOUR TAX ADVISOR IF YOU DESIRE GUIDANCE WITH RESPECT TO YOUR PARTICULAR TAX SITUATION.

TO ENSURE COMPLIANCE WITH INTERNAL REVENUE SERVICE CIRCULAR 230, RECIPIENTS OF THIS DISCLOSURE STATEMENT ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN BY THE DEBTOR TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY SUCH RECIPIENTS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON RECIPIENTS UNDER THE U.S. INTERNAL REVENUE CODE; AND (B) RECIPIENTS SHOULD SEEK ADVICE BASED UPON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR

XI. RISK FACTORS

Confirmation of the Plan is dependent on the Bankruptcy Court making all of the findings necessary to support Confirmation. Those findings include all those typical of any plan of reorganization, including determination that all the elements required for confirmation of a plan set forth in Bankruptcy Code Sections 1123 and 1129 have been met.

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Risk factors that should be highlighted in connection with the Plan include the following:

- If the Plan is not confirmed, the likely alternative would be a sale of the Plant through an auction sale, either through an alternative plan which contemplates such a sale, or through a Chapter 7 liquidation. As can be seen from the Liquidation Analysis, in the event of such an auction sale, it is highly unlikely that any creditor other than Kelly (to the extent of its allowed secured claim) and the Loan Creditors (to the extent of any value in excess of the Kelly allowed claim, if Kelly is secured) would receive any distribution whatsoever.
- The postconfirmation value of the Plant is dependent on market factors wholly outside the control of any parties in interest, primarily crush spreads and similar factors. See "History and Business Background – Background" above. If crush spreads do not improve, it could be that the value of the Plant will not be sufficient to support ongoing operations and ultimately the Plant will have to be sold notwithstanding confirmation of the Plan.
- In order to recommence full operation of the Plant, Reorganized Debtor will require additional working capital, anticipated to be obtained through the Postconfirmation Revolver described in the Plan. At the time of this Disclosure Statement, there are no commitments from lenders, whether Loan Creditors, Sponsor, or third parties, to supply the Postconfirmation Revolver. Given the uncertain credit markets, it is possible that such a loan cannot be obtained on terms acceptable to Reorganized Debtor.
- Under one view of applicable governing law, proponents of a "new value" plan of reorganization like this Joint Plan must arguably demonstrate that the plan has been exposed to the marketplace to determine if another party, other than Sponsor, might be willing to provide more new value. Proponents will ensure that prior to Confirmation such a market test is available here, through solicitation of competing

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expressions of interest. If such competing interests come to light, the Plan may require modification to reflect such other interests, and no assurances can be given that the Bankruptcy Court will approve the market testing to be undertaken by Proponents.

- It is possible (and quite likely, in the case of Kelly) that one or more of the impaired classes of creditors will not vote in favor of the Plan and therefore that a "cramdown" is required under Code Section 1129(b). While Debtor is confident that it can and will satisfy the requirements of Section 1129(b) with respect to each impaired class, there can be no assurances that the Bankruptcy Court will agree.
- It is a condition to Confirmation that the Court approve the Sponsor Support Settlement among Sponsor, Loan Creditors, and Debtor, relating to Sponsor's remaining obligations under the Sponsor Contingent Equity Support Agreement. While Debtor believes the Sponsor Support Settlement is in the best interests of the Estate and its Creditors, there can be no assurances that the Bankruptcy Court will agree.
- There are provisions in the Plan respecting termination of Sponsor's obligations under certain circumstances, primarily those respecting material adverse changes in the ethanol market or other aspects of the economics of the Plant, as well as satisfaction of other conditions to effectiveness of the Plan.
- Loan Creditors are among the classes of creditors subject to cramdown under the Plan, and as of the time of this Disclosure Statement have not committed to vote in favor of the Plan. Among other rights, Loan Creditors may have the right to a deficiency to the extent they have Allowed Claims exceeding the value of the consideration they are receiving under the Plan, which deficiency could be an additional general unsecured claim and thereby significantly dilute the interests of the General Unsecured Creditors. Further, if a sufficient number and amount of Loan

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Creditors so elect, the Loan Creditors may have the right under Code Section 1111(b) to waive such a deficiency and to treat their claims as entirely secured. Debtor has agreed that the Loan Creditors may have until two days after entry of an order approving or disapproving the Sponsor Support Settlement to elect whether or not to exercise those Section 1111(b) rights.

Notwithstanding the foregoing, Debtor believes that these obstacles can and will be overcome and that the Plan provides the best reasonably available way of restructuring its business for the benefit of its creditors and other parties in interest.

XII. CONCLUSION

Based on the information in this Disclosure Statement, Debtor believes that the Plan is in the best interests of Debtor and its creditors and interest holders. Accordingly, Debtor asks that creditors vote in favor of the Plan on the enclosed Ballot and return it as described above and on the Ballot.

DATED: July 31, 2009

CASCADE GRAIN PRODUCTS, LLC

By: /s/ Charles Carlson
Charles Carlson, President

DATED: July 31, 2009

PERKINS COIE LLP

By: /s/ Douglas R. Pahl
Douglas R. Pahl, OSB No. 950476
Alan D. Smith, *pro hac vice*
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Counsel to Debtor Cascade Grain Products, LLC

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EXHIBIT A

DEBTOR'S AND SPONSOR'S SECOND AMENDED JOINT PLAN OF REORGANIZATION (July 31, 2009)

(See attached.)

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CASCADE GRAIN PRODUCTS LLC
OWNERSHIP

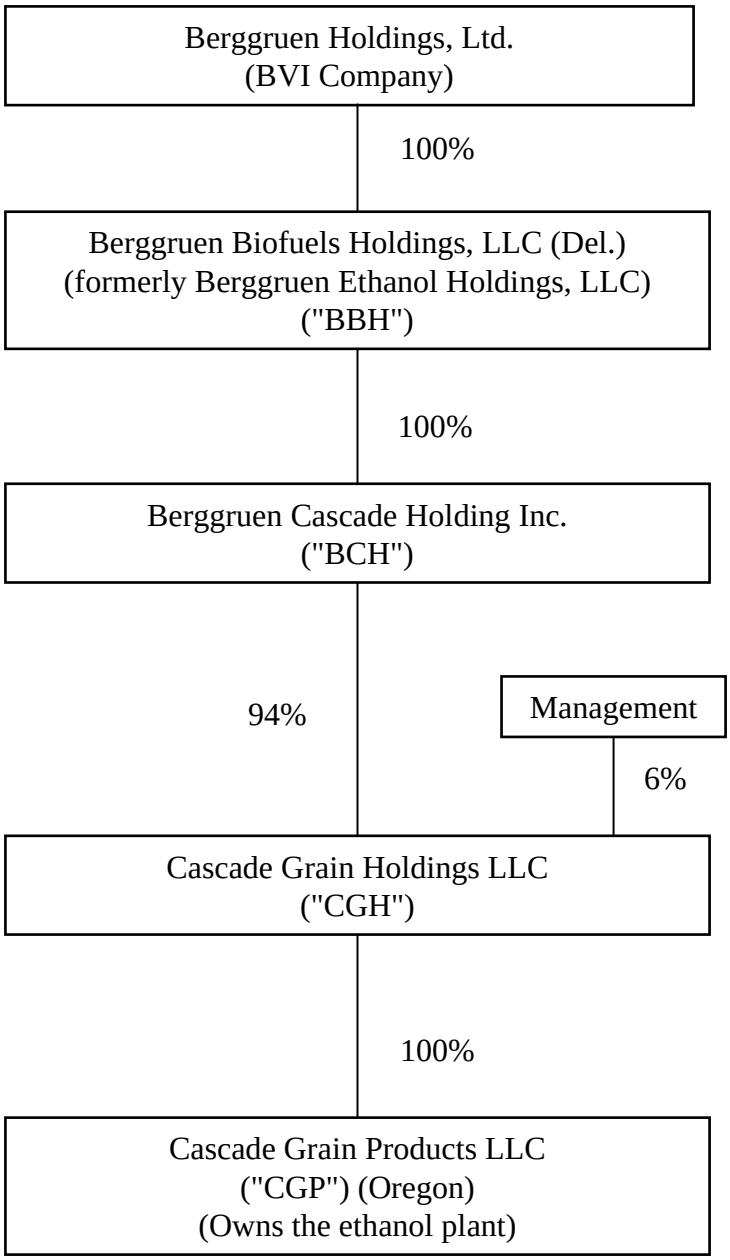

EXHIBIT C

POST CONFIRMATION GOVERNANCE

MANAGEMENT OF REORGANIZED DEBTOR

After the Effective Date, Reorganized Debtor will be governed by a Board of Managers acting in accordance with the Amended and Restated Limited Liability Company Agreement to be filed with the Plan Supplement (the "***LLC Agreement***"). The initial Board of Managers will consist of the following three persons, although Sponsor will have the right to nominate two additional Managers:

1. Jared Bluestein.
2. Ronen Stauber
3. [Loan Creditor nominee to be designated]

The resumes of all such identified individuals are attached hereto. The resumes of any such individuals not yet identified will be supplied with the Plan Supplement.

As set forth in the LLC Agreement, the equity holders of Reorganized Debtor (the Sponsor and the Administrative Agent on behalf of Loan Creditors) have the right to nominate certain individuals to serve on the Board of Managers, and successors to such individuals upon resignation, termination, or other events under which any such individuals cease to serve as Managers. For such purposes, Messrs. Bluestein and Stauber were designated by the Sponsor. Loan Creditors have the right to designate one individual but to Debtor's knowledge, to date Loan Creditors have not yet exercised that right.

No such individuals will receive compensation from Debtor or Reorganized Debtor on account of service as a Manager. Nothing herein prevents any such individual from receiving compensation from Reorganized Debtor on account of other services provided to Reorganized Debtor.

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The Board of Managers will be responsible for all decisions respecting post-confirmation management of Reorganized Debtor, including retention or nonretention of officers and others, and including compensation arrangements for such persons. Current officers of Debtor who may be retained by Reorganized Debtor and their current compensation are as follows:

Name and Title	Annual Compensation
Charles Carlson, President and Chief Executive Officer	$144,615
Albert McLean, Chief Financial Officer	$115,000
Ken McFarland, Plant Manager	$130,000
Dan McElligott, Chief Risk Officer	$124,200

Other than as described in this Exhibit C, there are no insiders who are being retained by Reorganized Debtor.

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EXHIBIT C – Resume of Ronen Stauber

Ronen Stauber - Managing Director, Berggruen Holdings Ltd.

Head of Private Equity

Mr. Stauber joined Berggruen, as Managing Director & Head of **Private Equity**, in March 2009 and plays an active role in Berggruen's buyout activities, investment sourcing, and portfolio oversight.

Mr. Stauber most recently served as an operating advisor at Pegasus Capital Advisors, and previously, served as President and CEO of Orbitz International, which was the international consumer subsidiary of Cendant Corporation's travel distribution division, a group of leading online travel businesses across Europe, Asia and Australia. Mr. Stauber also held other senior positions at Cendant, a $20 billion holding company, where he was responsible for establishing, acquiring, managing and integrating various businesses. Mr. Stauber started his career at Salomon Brothers, Inc in the mergers and acquisitions group. Mr. Stauber was an Officer in the Israel Defense Forces.

Mr. Stauber currently sits on the board of ImageSat International NV.

Mr. Stauber graduated from The Wharton School, at the University of Pennsylvania concentrating in Finance & Entrepreneurship.

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EXHIBIT C – Resume of Jared Bluestein

Jared Bluestein, Chief Operating Officer, Berggruen Holdings, Ltd.

Mr. Bluestein joined Berggruen Holdings in June 1996 and is responsible for execution and management oversight of more than 40 direct investments in the U.S. and Europe. Mr. Bluestein plays a key role in Berggruen's buyout activities, investment sourcing, portfolio oversight and firm administration.

Mr. Bluestein currently sits on the boards of directors of Bonded Services Inc, FGX International and Hoover Treated Wood Products.

His degrees in finance and international business are from Pennsylvania State University.

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Cascade Grain Products, LLC
Liquidation Analysis [*]
Figures Current as of July 20, 2009

EXHIBIT D

[*] Assumes forced Ch. 7 liquidation sale by trustee motivated to sell the asset in a short period of time due to the lack of funds available to support the plant and personnel. The liquidation values assume buyers would not have the benefit of operations personnel in place or adequate due diligence re operation and design deficiencies. A fully marketed 363 sale should result in values considerably higher. Liquidation date of July 31, 2009 assumed for purposes of analysis.

Assets

	6/30/09 Balance	7/31/09 Projected	Est. Recovery % Low	Est. Recovery % High	Proceeds Low	Proceeds High	Note
Cash - Unrestricted	$ 206,770	$ 1,065,249	100.0%	100.0%	$ 1,065,249	$ 1,065,249	
Cash - Restricted	2,096,690	2,361,092	100.0%	100.0%	$ 2,361,092	$ 2,361,092	[1]
Accounts Receivable	946,964	946,964	-	-	-	-	[2]
BETC Receivable	5,583,334	5,583,334	-	-	-	-	[3]
Prepaid Insurance	358,997	358,997	85.0%	90.0%	305,148	323,098	
Other Prepaid Assets	683,092	683,092	75.0%	90.0%	512,319	614,783	
Inventory - Ethanol	202,123	-	-	-	-	-	
Inventory - DDGS	-	-	-	-	-	-	
Inventory - Chemicals and Other	1,191,241	1,191,241	-	20.0%	-	238,248	[4]
PP&E (NBV)	181,039,575	180,039,575	$0.07 cpg	$0.11 cpg	7,560,000	11,880,000	[5]
Other Long-term Assets	2,763,519	2,763,519	-	-	-	-	[6]
Total Assets	**$195,072,306**	**$194,993,063**			**$11,803,807**	**$16,482,469**	
Less Debt Service Reserve					$ (1,573,592)	$ (1,573,592)	[7]
	Total Proceeds Available				**$10,230,216**	**$ 14,908,877**	

Notes:
[1] Includes Prof Fee carve out, disputed insurance proceeds and DSR funds, including $1.1M of DSR funds approved for disbursement to WestLB.
[2] Eco receivable subject to litigation.
[3] Sale of tax credit requires plant to be operating.
[4] Chemicals sold at salvage value.
[5] Assumes forced sale by Chapter 7 trustee without opportunity for full marketing, due diligence, and exposure to marketplace. Under appropriate sale conditions, proceeds should be much higher. PPE NBV reflects estimated $1M in depreciation per month period.
[6] Amortized bank and other fees.
[7] Restricted Cash for WestLB Lenders. Includes $1.1M of DSR funds previously approved for disbursement.

Allocation of proceeds

	Est. Claim 6/30/09	Est. Claim 7/31/09	Est. Recovery % Low	Est. Recovery % High	Est. Recovery $ Low	Est. Recovery $ High	Note
Administrative and Priority Claims							
Wages and benefits	$ 3,758	$ 3,758	100.0%	100.0%	$ 3,758	$ 3,758	[1]
Taxes	67,367	67,367	100.0%	100.0%	67,367	67,367	[2]
Chapter 7 Trustee Fee	-	447,266	100.0%	100.0%	306,906	447,266	[3]
Professional Fees - Ch. 11	1,160,327	1,287,827	100.0%	100.0%	1,287,827	1,287,827	
Professional Fees - Litigation	216,924	266,924	100.0%	100.0%	266,924	266,924	[4]
Accounts Payable - Post Petition	119,977	119,977	100.0%	100.0%	119,977	119,977	
Eco Energy Stipulated Administrative Cl	200,700	200,700	100.0%	100.0%	200,700	200,700	
Bank Administration Fees	45,010	45,010	100.0%	100.0%	45,010	45,010	[5]
Transaction Fees		298,178	100.0%	100.0%	204,604	298,178	[6]
Wind-down Costs		350,000	100.0%	100.0%	350,000	350,000	[7]
Total Administrative & Priority Claims	**$1,814,063**	**$3,087,007**			**$2,853,074**	**$3,087,007**	
	Shortfall - Administrative Priority Claims				**-**	**-**	
	Amount Available for Secured Claims				**$7,377,142**	**$ 11,821,870**	
Secured Claims							
Loan Creditors - Priming Lien	$ 75,000	$ 75,000	100.0%	100.0%	$ 75,000	$ 75,000	
JH Kelly - Contractor Lien	22,300,000	22,300,000	32.7%	52.7%	7,302,142	11,746,870	[8] [12]
Loan Creditors	124,583,000	124,583,000	0.0%	0.0%	1,573,592	1,573,592	[9] [12] [13]
Equipment Lessors	-	-	0.0%	0.0%	-	-	[10]
Total Secured Claims	**$146,883,000**	**$146,883,000**			**8,875,733**	**13,320,462**	
	Shortfall - Secured Claims				**($138,007,267)**	**(133,562,538)**	
	Amount Available for General Unsecured Claims				**-**	**-**	
General Unsecured Claims	$ 5,285,560	$ 5,285,560	0.0%	0.0%	-	-	[11]
	Shortfall - General Unsecured Claims				**($5,285,560)**	**$ (5,285,560)**	
	Amount Available for Equity Claims				**-**	**-**	
Equity Holder Claims	$ 59,030,401	$ 59,030,401	0.0%	0.0%	-	-	

Notes:
[1] Estimate of allowed wage claim filed by former Cascade employee.
[2] Includes 2007-2008 adjustment and pro-rata estimate of 2008-2009 property taxes payable in November 2009.
[3] Estimated based on 3% of total distribution amount.
[4] Fees and expenses to litigate contractor dispute.
[5] Reflects Wilmington Trust bank fees incurred post-petition.
[6] Reflects transaction fees on liquidation of assets in Ch 7 (2% of distributions).
[7] Estimate cash burn for 30 days during wind-down period.
[8] Disputed. Distributions provided to JH Kelly claim before other secured claims except Loan Creditor priming lien ordered in lieu of use of cash collateral. Amount of Secured Claim calculated on lien amount filed less payment of $5.5 million by Cascade.
[9] Debt Service Reserve Account Cash proceeds.
[10] Assume leases are rejected and equipment is returned.
[11] Does not include lease rejection damage amounts.
[12] Professionals of Debtor may assert 506(c) surcharge claim against lien creditor recovery.
[13] Loan Creditors may have recovery from Sponsor under Sponsor Contingent Equity Support Agreement

EXHIBIT E

HISTORICAL FINANCIAL INFORMATION

Attached are the following:

E-1. Audited financial statements for Debtor's fiscal year ended December 31, 2007, including results for year ended December 31, 2006.

E-2. Draft unaudited balance sheet and income statement for Debtor's fiscal year ended December 31, 2008.

E-3. Unaudited Statement of Operations, June 2008 – May 2009.

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CASCADE GRAIN PRODUCTS, LLC
(a development stage company)

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS

December 31, 2007 and 2006

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Statements of loss and member's equity	3
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Notes to financial statements	6 – 15

MOSS-ADAMS LLP

CERTIFIED PUBLIC ACCOUNTANTS | BUSINESS CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Member
Cascade Grain Products, LLC

We have audited the accompanying balance sheets of Cascade Grain Products, LLC (a development stage company) (the Company) as of December 31, 2007 and 2006, and the related statements of loss and member's equity, and cash flows for the year then ended, for the period from April 4, 2006 (inception) to December 31, 2006, and from inception through December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We think that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cascade Grain Products, LLC as of December 31, 2007 and 2006, and the results of its operations and its cash flows for the year then ended, for the period from inception to December 31, 2006 and from inception through December 31, 2007, in conformity with accounting principles generally accepted in the United States of America.

Moss Adams LLP

Portland, Oregon
March 24, 2008

CASCADE GRAIN PRODUCTS, LLC
(a development stage company)
BALANCE SHEETS

	DECEMBER 31, 2007	DECEMBER 31, 2006
ASSETS		
CURRENT ASSETS		
Cash	$ 186,304	$ 273,630
Restricted cash	833,020	-
Prepaid expenses and other assets	298,474	318,078
Inventory	94,703	-
Hedging asset	337,500	-
Total current assets	1,750,001	591,708
CONSTRUCTION IN PROGRESS	159,739,066	56,883,864
DEBT ISSUANCE COSTS, net	3,173,118	2,730,168
TOTAL ASSETS	$ 164,662,185	$ 60,205,740
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 6,328,402	$ 7,747,737
Interest payable	1,696,233	126,027
Accrued expenses	105,901	-
Construction retainage	7,111,566	-
Current portion of long-term debt	1,458,730	-
Total current liabilities	16,700,832	7,873,764
INTEREST RATE SWAP LIABILITY	2,357,485	1,053,186
CONSTRUCTION RETAINAGE	-	2,459,302
LONG-TERM DEBT, net of current portion	65,382,066	-
Total liabilities	84,440,383	11,386,252
COMMITMENTS AND CONTINGENCIES (Notes 6 and 7)		
MEMBER'S EQUITY	80,221,802	48,819,488
TOTAL LIABILITIES AND MEMBER'S EQUITY	$ 164,662,185	$ 60,205,740

See accompanying notes.

CASCADE GRAIN PRODUCTS, LLC
(a development stage company)
STATEMENTS OF LOSS AND MEMBER'S EQUITY

	Year ended December 31, 2007	From inception on April 4, 2006 through December 31, 2006	From inception on April 4, 2006 through December 31, 2007
START-UP COSTS			
Insurance expense	$ 342,995	$ 422,463	$ 765,458
Lease expense	244,069	115,619	359,688
Legal and other professional fees	291,473	30,702	322,175
Security expense	96,713	47,432	144,145
Payroll expense	327,848	-	327,848
General and administrative expense	77,716	-	77,716
Other	104,659	72,800	177,459
Total start-up costs	1,485,473	689,016	2,174,489
REALIZED GAIN ON CORN HEDGE	202,000	-	202,000
UNREALIZED GAIN ON CORN HEDGE	337,500	-	337,500
UNREALIZED LOSS ON INTEREST RATE SWAP	(1,304,299)	(1,053,186)	(2,357,485)
NET LOSS	(2,250,272)	(1,742,202)	(3,992,474)
MEMBER'S EQUITY, beginning of period	48,819,488	-	-
MEMBER CONTRIBUTIONS	33,652,586	50,561,690	84,214,276
MEMBER'S EQUITY, end of period	$ 80,221,802	$ 48,819,488	$ 80,221,802

See accompanying notes.

CASCADE GRAIN PRODUCTS, LLC
(a development stage company)
STATEMENTS OF CASH FLOWS

	Year ended December 31, 2007	From inception on April 4, 2006 through December 31, 2006	From inception on April 4, 2006 through December 31, 2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	$ (2,250,272)	$ (1,742,202)	$ (3,992,474)
Adjustment to reconcile net loss to net cash from operating activities:			
Unrealized loss on interest rate swap	1,304,299	1,053,186	2,357,485
Unrealized gain on hedging activities	(337,500)	-	(337,500)
Realized gain on hedging activities	(202,000)	-	(202,000)
Changes in:			
Prepaid expenses and other assets	221,604	(318,078)	(96,474)
Inventory	(94,703)	-	(94,703)
Accounts payable	8,616	10,141	18,757
Accrued expenses	105,901	-	105,901
Net cash used in operating activities	(1,244,055)	(996,953)	(2,241,008)
CASH FLOWS FROM INVESTING ACTIVITIES			
Construction in progress	(97,759,296)	(45,568,167)	(143,327,463)
Net cash used in investing activities	(97,759,296)	(45,568,167)	(143,327,463)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of debt issuance costs	(744,337)	(2,730,168)	(3,474,505)
Proceeds from issuance of debt	66,840,796	-	66,840,796
Contributions	33,652,586	49,568,918	83,221,504
Net cash from financing activities	99,749,045	46,838,750	146,587,795
NET INCREASE IN CASH	745,694	273,630	1,019,324
CASH AND CASH EQUIVALENTS, beginning of year	273,630	-	-
CASH AND RESTRICTED CASH, end of year	$ 1,019,324	$ 273,630	$ 1,019,324
REPRESENTED BY:			
Cash	$ 186,304	$ 273,630	$ 186,304
Restricted cash	833,020	-	833,020
CASH AND RESTRICTED CASH, end of year	$ 1,019,324	$ 273,630	$ 1,019,324

CASCADE GRAIN PRODUCTS, LLC
(a development stage company)
STATEMENTS OF CASH FLOWS

	Year ended December 31, 2007	From inception on April 4, 2006 through December 31, 2006	From inception on April 4, 2006 through December 31, 2007
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES			
Noncash additions to construction in progress resulting from change in accounts and retainage payable related to capitalized construction costs	$ 3,174,313	$ 10,196,898	$ 13,371,211
Noncash equity contribution relieving obligation of note payable obligation for construction costs paid by an affiliate	$ -	$ 992,772	$ 992,772
Accrued interest expense to be included in construction costs as capitalized interest	$ 1,570,206	$ 126,027	$ 1,696,233
Proceeds from sale of hedging contract not received and included in prepaid expenses and other assets	$ 202,000	$ -	$ 202,000
Amortization of loan fee included in construction costs as capitalized interest	$ 351,387	$ -	$ 351,387

See accompanying notes.

CASCADE GRAIN PRODUCTS, LLC
(a development stage company)
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND NATURE OF BUSINESS

Organization – Cascade Grain Products, LLC (the Company), an Oregon limited liability company, was organized on July 12, 1999 to build and operate an ethanol production facility (the Project) in Clatskanie, Oregon. On April 4, 2006 ("Inception"), Cascade Grain Holdings, LLC (CGH) purchased 100% of Cascade Grain Products Acquisition, LLC's (an unrelated entity) interest in the Company. The purchase price consisted of $300,000 of cash and the assumption of a note payable to an affiliate of the Company (see Note 5). CGH, a Delaware limited liability company, was organized on February 27, 2006, with the sole purpose of holding the investment of the Company. In connection with the change in ownership, the Company has applied Financial Accounting Standards (SFAS) No. 141 *Business Combinations,* and has allocated the purchase price to the assets acquired at their fair values at the date of acquisition. These financial statements reflect activity from April 4, 2006, the date of the change in ownership.

The following table summarizes the beginning balance sheet at the time of the purchase on April 4, 2006:

Construction in progress	$ 1,292,772
Total assets	$ 1,292,772
Note payable to affiliate	$ 992,772
Member equity	300,000
Total liabilities and member equity	$ 1,292,772

Since its inception, the Company's operations have primarily consisted of arranging financing for and initiating construction of the Plant in Clatskanie, Oregon. The Company is considered a development stage company as it has not commenced commercial operations, hired the full complement of personnel, or generated revenues from the sale of ethanol. As a development stage company, the Company is dependent upon external financing to execute its business plan.

The Company is managed by a board of managers, made up of one or more managers designated by the Company's member.

Use of estimates – The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures about contingent assets and liabilities at the date of the financial statements, as well as revenues and expenses during the reporting period. Actual results, when ultimately realized, could differ from those estimates.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents – For purposes of the statement of cash flows, the Company considers cash and short-term investments with maturities of three months or less to be cash equivalents. The Company maintains portions of its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk associated with its cash and cash equivalents.

Restricted cash – In connection with the Company's financing agreements, certain cash of the Company is required to be held with a collateral agent which requires a draw request in order for the Company to get access to the funds. As such, the amount held by the collateral agent has been classified as restricted cash on the balance sheet.

Construction in progress – Construction in progress is stated at cost, and consists of all costs to date to construct the Project. Construction on the Project is approximately 90% complete at December 31, 2007 compared to 32% complete at December 31, 2006. The total estimated cost is approximately $205 million, including allowances and change orders of approximately $23.9 million. The Company estimates the Project will begin operations in the second quarter of 2008. All costs related to developing the land, engineering and design and construction of the Project are capitalized. Costs not directly related to construction of the Project are expensed. Accounts payable and construction contract retainage payable related to the construction of the Project totaled approximately $13.5 million and $10.2 million at December 31, 2007 and 2006, respectively. No depreciable assets have been placed in service as of December 31, 2007 and 2006. Once in service, depreciation will be computed using the straight line method and the estimated useful lives of individual assets.

Long-lived assets are reviewed by management for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management compares the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized equaling the amount the carrying amount of the asset exceeds its estimated future cash flows. No impairment has occurred from inception through December 31, 2007.

Debt issuance costs – Debt issuance costs represent costs incurred related to the Company's Senior Debt and the Oregon Loan described in Note 4. These costs will be amortized over the life of the related debt using the effective interest method and any such amortization is being capitalized as part of the value of construction in progress during the construction period.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – (continued)

Derivative instruments – The Company accounts for derivatives in accordance with Statement of Financial Accounting Standards (SFAS) No. 133, *Accounting for Derivative Instruments and Certain Hedging Activities,* SFAS No. 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activity, an Amendment of SFAS 133*, and SFAS No. 149, *Amendment to Statement 133 on Derivative Instruments and Hedging Activities*. All derivative instruments are recorded on the balance sheet at their fair values in the accompanying balance sheets as hedging liabilities or hedging assets. On the date the derivative contract is entered into, the Company may designate the derivative as a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to an asset or liability. Changes in fair value of a derivative that is highly effective and that is designated by the Company and qualifies as a cash flow hedge is recorded in other comprehensive income, net of tax effect, until earnings are affected by the variability of cash flows. Changes in fair value of undesignated derivative instruments or derivatives that do not qualify for hedge accounting are recognized in current earnings.

Capitalization of interest costs – The Company applies Financial Accounting Standard No. 34, *Capitalization of Interest Costs*, which requires that interest costs of borrowings be capitalized from the date of borrowing until the specified assets acquired with those borrowings are ready for their intended use. Capitalized interest costs totaled $3,667,566 for the year ended December 31, 2007, including amortization of debt issuance costs of $351,387. The Company did not incur interest costs or amortization of debt issuance costs during the period from inception to December 31, 2006.

Start-up costs – The Company applies Statement of Position No. 98-5, *Reporting on the Costs of Start-Up Activities*, which requires that the costs associated with the start-up activities of the Company be expensed as incurred. Start-up costs of $1,485,473 were incurred and expensed during the year ended December 31, 2007, $689,016 from the period of inception to December 31, 2006, and $2,174,489 from the period of inception to December 31, 2007.

Income taxes – The Company is organized as a limited liability company, which is wholly owned by CGH and, therefore, is a disregarded entity for income tax purposes. Accordingly, any income and losses from the Company are passed through to CGH.

Reclassifications – Certain accounts in the 2006 financial statements have been reclassified for comparative purposes to conform to the presentation in the 2007 financial statements. These reclassifications have no income effect on the 2006 financial statements.

NOTE 3 – DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

In July of 2006, the Company entered into an interest rate swap contract (the Swap) to reduce the risk of interest rate fluctuations associated with its debt obligations. The Swap became effective in March 2007, and expires on June 1, 2011. The nominal amount of the Swap is adjusted every three months based on the estimated financing needs during construction. The Swap is not accounted for using hedge accounting, but is marked to market with gains and losses in fair value fluctuations being recognized currently in earnings. The Company recognized a loss on the Swap of $1,304,299 for the year ended December 31, 2007, $1,053,186 for the period of inception to December 31, 2006, and $2,357,485 for the period of inception to December 31, 2007.

During the year ended December 31, 2007, the Company entered into various futures contracts related to corn purchases. These contracts are not being accounted for using hedge accounting, but are marked to market with gains and losses in fair value fluctuation being recognized currently in earnings as realized or unrealized gains or losses on corn hedges. During the year ended December 31, 2007, the Company had realized gains of $202,000 and unrealized gains of $337,500 related to corn hedges. The Company has not yet received the proceeds related to the $202,000 in realized gain and thus has been treated as a noncash investing activity in the statement of cash flows for the year ended December 31, 2007.

NOTE 4 – LONG-TERM DEBT

On June 2, 2006, the Company entered into a $100 million Senior Secured Credit Facility (Senior Debt) allowing for borrowing up to $100 million with a syndicate of lenders to finance the construction of the Project. Subsequent to June 2, 2006, two amendments were made to the original agreement to address the loan termination date and the Accounts Agreement. The Senior Debt consists of construction loans (convertible to term loans) in the amount of $88 million in available borrowings and converting into term loans under the same interest rate structure as the construction loans upon completion of the Project. The conversion date is the earlier of 27 months from the date of the first borrowing or 870 days from the notice to proceed (September 2008) and if not met, the outstanding balances on the construction loans will be due in full. While in the construction loan phase, no principal payments are required. Upon conversion to term loans, principal payments will be payable in 25 quarterly payments at a rate of 1.5% of the total disbursed principal amount and the final payment of 62.5% due in full thereafter. The Senior Debt also includes working capital loans of up to $12 million, a portion of which can be used as letters of credit. The working capital loans mature in June of 2012. Interest rates and payment dates on the Senior Debt will be determined based on the loan and interest period requested at the time of the borrowings. As of December 31, 2007, the Company had $54,462,871 outstanding in connection with the Senior Debt. There was no outstanding balance on the Senior Debt as of December 31, 2006.

NOTE 4 – LONG-TERM DEBT – (continued)

Borrowings on the Senior Debt are subject to certain conditions including the prior receipts of all committed equity as well as pro rata receipts of the $20 million term loan provided to the Company by the State of Oregon through the Department of Energy described below. The Senior Debt is secured by a first lien on all assets and equity interests in the Company. The Senior Debt includes various limitations, including but not limited to, incurring additional debt, creating or acquiring any partnership or joint venture, granting liens or encumbrances, paying distributions, selling or disposing of assets, or amending or modifying the scope of the Project, the Project agreements or the budgets of the Project. The Senior Debt contains customary events of default including but not limited to failure to meet payment obligations, breach of warranty, failure to complete the Project on or before the conversion date defined above, failure to stay solvent, and failure to maintain required governmental approvals. No events of default have occurred. Upon conversion from a construction loan to a term loan, the Company is required to establish a collateral deposit accounts maintained by an agent of the banks. All revenues will be deposited into these accounts and will then be allocated to various sweep accounts held by the collateral agent, with the remaining cash, if any, distributed to the Company each month. The sweep accounts have various provisions, including interest coverage ratio and debt service reserve requirements, which will restrict the amount of cash that is made available to the Company each month.

A quarterly commitment fee is due to the administrative agent in the amount of 0.50% per annum on the average daily unused and available portion of the Senior Debt payable from the date of the agreement through the final maturity date. Debt issuance costs and expenses associated with the Senior Debt were $3,328,604 and $2,730,168 as of December 31, 2007 and 2006, respectively. These costs are being amortized over the term of the Senior Debt using the effective interest method with the amortization during the period of construction being capitalized as part of the cost of the project. During the year ended December 31, 2007, amortization in the amount of $339,863 was capitalized into the cost of the project. From inception through December 31, 2006, there was no amortization of debt issuance costs.

NOTE 4 – LONG-TERM DEBT – (continued)

In 2006, the Company submitted an application with the State of Oregon through the Department of Energy (the Lender) to provide a loan in the amount of $20 million from the issuance of bonds (the Oregon Loan). In 2007, the loan was approved and the bonds were sold. The loan bears interest at a rate of 5.56% per annum. Prior to conversion, starting at the end of the first month after the initial borrowing was received, interest only payments are due on each quarterly payment date defined as March 31, June 30, September 30, and December 31. After conversation, defined as the earlier of 27 months from the first advance or November 2008, 40 fixed principal payments of $415,968 will be due quarterly on the payment dates defined above, plus interest at 5.56% and then eight fixed principal payments of $1,687,808 plus interest at 5.56%, thereafter. The stated fixed principal amounts are based on an estimated conversion date of March 2008 and will be adjusted upon the actual conversion date. The Company had $12,377,925 outstanding in connection with the Oregon Loan as of December 31, 2007. There was no outstanding balance on the Oregon Loan as of December 31, 2006.

Debt issuance costs and expenses associated with the Oregon Loan were $195,900 as of December 31, 2007. There were no loan fees paid as of December 31, 2006 related to the Oregon Loan. These costs are being amortized over the term of the Oregon Loan using the effective interest method with the amortization during the period of construction being capitalized as part of the cost of the project. During the year ended December 31, 2007, amortization in the amount of $11,524 was capitalized into the cost of the project. From inception through December 31, 2006, there was no amortization of debt issuance costs.

Schedules maturities for long-term debt are as follows and are based on 1.5% of the total expected Senior Debt borrowings of $88,000,000 and an estimated conversion date of March 2008 for the Oregon Loan as described above.

Years ending December 31, 2008	$ 1,458,730
2009	5,851,205
2010	5,883,640
2011	5,917,916
2012	5,951,401
Thereafter	41,777,904
	$ 66,840,796

NOTE 5 – NOTE PAYABLE TO AFFILIATE

Prior to the purchase of the Company by Cascade Grain Holdings, LLC, construction and start-up related costs of the Project were being paid by affiliates of the Company. At the time of purchase on April 4, 2006, a note payable to the affiliate was recorded related to the payments made by the affiliate. Subsequently, the affiliate contributed the note to the Company through their interest in Cascade Grain Holdings, LLC as a noncash equity contribution, relieving the $992,772 obligation owed by the Company.

NOTE 6 – COMMITMENTS

The Company leases nearly 44 acres of land on which the Project is being constructed under a long-term sub-lease agreement (the Lease) with the Port of Saint Helens. The Lease expires on July 31, 2066, and has a twenty year optional renewal with a notice of renewal given not less than six months before the end of the term of the expiring lease. The Lease calls for monthly basic rent payments of $15,267, and is adjusted after the initial lease term of eight years (Initial Period) on the lease anniversary date. The basic rent for the period following the Initial Period through the remaining lease term shall be the greater of the prior year's basic rent or the fair market lease value determined by appraisal. The fair value lease amount shall be the new basic rent amount until either party requests an appraisal. New appraisals cannot be requested more than every fourth year. The escalation clause is considered to be contingent rent and, accordingly, is not included in the minimum lease payments. Rent expense is recognized on a straight-line basis over the term of the Lease.

The Company is also required to make additional rent payments of $15,000 annually at the commencement of the Lease and for each of the seven lease anniversaries, thereafter, to cover increased insurance costs. After the Initial Period, the Company shall pay an amount equal to $15,000 annually plus the same percentage increase as the increase in the basic rent for the year, as described above, for increased insurance costs.

Total rental expense related to the Lease for the year ended December 31, 2007 was $198,204, $115,619 from inception through December 31, 2006, and $313,823 from inception through December 31, 2007.

NOTE 6 – COMMITMENTS – (continued)

The future expected rental commitments as of December 31, 2007, for the Lease is as follows:

Years ending December 31, 2008	$ 198,204
2009	198,204
2010	198,204
2011	198,204
2012	198,204
Thereafter	10,428,477
	$ 11,419,497

The Company has a construction contract (EPC) with JH Kelly LLC, Ethanol (the Contractor), a joint venture between The Industrial Company and JH Kelly Holdings, LLC to construct the Project. Pursuant to the original EPC, the Contractor would be paid a base price of $139,192,000, with estimated allowances of approximately $14,277,000, subject to certain adjustments to construct the Project.

Subsequent to the payment of certain advance payments, the Company is permitted to withhold 5% of the progress billed by the Contractor as retainage payable at completion. The $7,111,566 withheld at December 31, 2007 and the $2,459,302 withheld at December 31, 2006 is recorded as construction contract retainage in the balance sheet. The Company has recorded costs related to the EPC contract in the amount of $142,231,310 as of December 31, 2007 and $49,186,040 as of December 31, 2006. This has exceeded the original base cost due to the soil stabilization project discussed in Note 7.

The Company has entered into a corn supply agreement (the CSA) with ConAgra Trade Group, Inc (ConAgra) of Omaha, Nebraska. The initial term of the CSA will begin with the first purchase of corn and extend for two years. The initial term of the CSA will be automatically extended for one year, unless written notice is given by either party at least one hundred and eighty days before the expiration of the initial term. As part of the CSA, the Company agrees to purchase 100% of their corn requirements from ConAgra and, in turn, ConAgra agrees to make all reasonable commercial efforts to provide the Company with its required corn supply at market prices and deliver the corn by train in cars containing approximately 440,000 bushels per train. The delivered corn price will be based on competitive applicable market pricing points plus or minus the appropriate freight spread. In addition, the Company will pay ConAgra a commission of 2 cents per bushel if the delivered corn price exceeds $3.00 per bushel, 2.5 cents per bushel if the delivered corn price exceeds $2.50 to $3.00, and 3 cents per bushel if the delivered corn price is less than $2.50.

NOTE 6 – COMMITMENTS – (continued)

The Company has entered into an agreement (the Ethanol Agreement) with Eco-Energy, Inc (ECO) located in Franklin, Tennessee. The initial term of the Ethanol Agreement will begin with the first day of ethanol production and extend for three years. The initial term of the Ethanol Agreement will be automatically extended for an additional two years, unless the Company gives written notice to ECO at least four months prior to the end of the initial term. As part of the Ethanol Agreement, the Company agrees to sell to ECO, and ECO agrees to purchase 100% of the ethanol produced by the Company during the term of the Ethanol Agreement.

The process of producing ethanol (dried distillers grain) from corn results in a byproduct that serves as cattle feed. As such, the Company has entered into a marketing and sales agreement (the Marketing Agreement) for its dried distiller's grain with Land O' Lakes Purina Feed, LLC (Land O' Lakes) of Saint Paul, Minnesota. The initial term of the Marketing Agreement will begin with the Company's first production of product and extend for two years. The initial term of the Marketing Agreement will be automatically extended for one year, unless written notice is given by either party at least one hundred and twenty days before the expiration of the initial term. Land O' Lakes will be responsible for marketing all products for the Company, including negotiations of sale price and scheduling of truck and rail transportation. The selling price from the Company to Land O' Lakes will be the fair market price of the product at the delivery point based on review of similar sales by Land O' Lakes and similar purchases made by Land O' Lakes from other sources. Land O' Lakes will be required to make sure customers take deliveries of product to insure that production and storage is not disrupted. If customers have agreed to purchase product and do not take delivery within five days after the scheduled delivery date, Land O' Lakes will accept delivery at their expense and arrange transportation from the Company to another storage location. In addition, Land O' Lakes may elect to purchase up to 40% of the product produced in any given quarter.

Land O' Lakes will receive a commission for selling dried distiller's grain for the Company based on a target price (the Target Price), negotiated twice a year between the Company and Land O' Lakes. If the selling price of dried distiller's grain is equal to or less than the Target Price, the commission shall be 1.5 % of the selling price per ton. If the selling price for dried distiller's grain is greater than the Target Price, the commission shall be 2.0 % of the selling price per ton. The commission for all other products sold by Land O' Lakes for the Company shall be $1.50 per ton.

NOTE 7 – CONTINGENCIES

In 2007, the Contractor submitted a change order in the amount of $21,980,568 to cover soil improvement issues and mitigation of schedule impacts to maintain the original schedule of construction of the Project. In the EPC contract (see Note 6), an allowance amount of $5,875,650 for soil improvement was identified.

The Company is disputing the change order and has sited the EPC contract, which requires the Contractor to continue working while the dispute is resolved by mediation and or arbitration. Until the issue is resolved, the EPC contract entitles the Contractor to submit application for payment of up to 50% of reasonable direct costs and 50% of the reasonable time estimated to perform the services. Arbitrators have been chosen and the arbitration hearing has been set for December 2008. The Company has not recorded a liability in the financial statements as of December 31, 2007 related to this dispute.

Cascade Grain Products, LLC
STATEMENT OF OPERATIONS
For the Twelve Months Ending December 31, 2008

	YTD	December
REVENUES		
Ethanol	74,121,541	6,589,933
Distillers Dried Grain (DDG)	16,939,888	1,753,284
Destination Efficiency Payments	274,900	55,100
	91,336,329	8,398,316
Expenses of Operations		
Corn	78,215,331	6,954,598
Denaturant	2,681,454	277,066
Natural Gas	11,079,029	1,367,996
Electricity	2,905,477	342,350
Water & Sewer	148,882	(89,880)
Enzymes	1,829,188	150,326
Yeast & Chemicals	2,978,337	411,115
Repairs & Maintenance	2,399,801	393,938
Production Payroll	2,077,724	332,077
	104,315,223	10,139,585
General & Administrative Expenses		
Administrative Payroll	737,559	51,440
Misc. G&A	1,961,414	710,285
DDGS Commission	390,936	52,390
Ethanol Commission	326,904	33,535
Lease Expense	189,455	15,267
License, Fees, Insurance	462,049	65,808
Loan Fees		
Equipment Leases	1,475,440	194,816
Rail Car Lease	1,379,799	50,175
Dock Fees and Rail Demmurage	705,721	229,648
Corn Supply Commission	264,513	51,734
Hedging Expenses		
Property Tax	15,256	(3,289)
Depreciation Expense	4,086,872	1,021,718
Amortization Expense	75,584	37,792
Interest Swap	1,316,552	0
Senior Debt Interest	1,838,654	814,100
	15,226,708	3,325,419
Total Expenses	**119,541,930**	**13,465,004**
Other Income	10,853,700	14,228
Net Income	**(17,351,902)**	**(5,052,460)**
Ethanol Production - Gal	35,235,296	4,734,507
Ethanol Sales - Gal	34,337,987	4,072,656
Corn Consumption - Bu	13,034,565	1,665,405
DDGS Production - Ton	105,020	11,575
WDGS Production - Ton	9,354	556
DDGS Sales - Ton	103,890	18,635
WDGS Sales - Ton	10,670	835
Ethanol Conversion	2.70	2.84

Cascade Grain Products, LLC
BALANCE SHEET
For the Twelve Months Ending December 31, 2008

ASSETS

CURRENT ASSETS	
Cash	$1,029,107
Restricted Cash	1,987,904
Accounts Receivable	4,870,143
Prepaid Expenses	1,249,915
Inventory	7,599,484
TOTAL CURRENT ASSETS	**16,736,553**
Fixed Assets	
Construction in Process	$187,168,755
Other Assets	
Capitalized Fees	2,991,019
TOTAL OTHER ASSETS	**190,159,774**
TOTAL ASSETS	**$206,896,327**

LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES	
Accounts Payable	$17,812,667
Retainage	6,653,600
TOTAL CURRENT LIABILITIES	**24,466,267**
LONG TERM LIABILITIES	
Notes Payable - Senior Debt	98,680,000
Notes Payable - State of Oregon	19,862,000
TOTAL LONG TERM LIABILITIES	**118,542,000**
MEMBERS' EQUITY	
Contributed Capital	$85,232,436
Net Profit/(Loss)	(17,351,902)
Retained Earnings	(3,992,475)
TOTAL MEMBERS' EQUITY	**63,888,059**
TOTAL LIABILITIES AND MEMBERS' EQUITY	**$206,896,326**

EXHIBIT E

Cascade Grain Products, LLC
STATEMENT OF OPERATIONS
For the Period June 1, 2008 to May 31, 2009

UNAUDITED	June 2008	July 2008	August 2008	September 2008	October 2008	November 2008	December 2008	January 2009	February 2009 Debtor in Possession	March 2009 Debtor in Possession	April 2009 Debtor in Possession	May 2009 Debtor in Possession
REVENUES												
Ethanol	5,556,038	13,324,889	17,903,409	11,428,901	9,858,732	9,459,639	6,589,933	3,170,142	(1,372,628)	408,938	-	1,189,466
Distillers Dried Grain (DDG)	900,282	2,707,357	3,036,724	2,784,560	2,939,654	2,818,028	1,753,284	(363,355)	-	241,297	-	-
CO2	-	-	-	-	-	-	-	-	-	-	-	-
Destination Efficiency Payments	21,600	10,700	44,200	66,000	22,100	44,200	55,100	-	-	-	-	-
	6,477,920	16,042,946	20,984,333	14,279,461	12,820,486	12,321,867	8,398,317	2,806,787	(1,372,628)	650,235	-	1,189,466
Expenses of Operations												
Corn & Inventory Changes	4,186,122	12,822,911	17,518,532	16,850,452	12,633,261	10,730,548	6,954,598	3,346,292	(1,739,194)	1,759,543	(1)	1,685,388
Denaturant	317,748	335,720	804,470	305,475	274,008	366,968	277,066	15,020	60,529	53,674	-	-
Natural Gas	1,475,371	2,032,243	1,844,945	1,219,686	1,341,050	1,494,475	1,367,996	613,888	135,978	32,265	41,250	51,166
Electricity	313,334	309,478	421,149	356,810	382,931	369,355	342,350	179,704	153,001	78,788	127,394	110,926
Water & Sewer	12,698	29,643	11,308	15,018	106,902	45,028	(89,880)	18,065	21,935	20,000	20,000	95,632
Enzymes	339,751	120,867	329,963	233,763	436,484	218,035	150,326	79,468	5,741	-	-	-
Yeast & Chemicals	260,261	272,048	483,066	522,872	535,545	491,269	411,115	92,502	56,614	-	-	-
Repairs & Maintenance	140,040	368,696	449,532	314,398	305,852	250,213	393,938	395,042	46,884	32,315	115,048	(927)
Production Payroll	301,705	268,748	302,200	292,231	297,944	282,872	332,077	264,499	205,728	60,719	56,520	60,045
	7,347,030	16,560,354	22,165,165	20,110,705	16,313,977	14,248,763	10,139,586	5,004,480	(1,052,784)	2,037,304	360,211	2,002,230
General & Administrative Expenses												
Administrative Payroll	94,830	73,580	70,983	72,205	80,587	66,927	51,440	67,417	78,611	47,918	46,988	58,622
Misc. G&A	55,358	45,337	55,841	35,435	78,753	35,489	76,734	60,501	80,829	20,137	(1,230)	33,077
Professional Fees	22,108	4,425	335,295	152,288	54,176	157,930	633,551	503,903	383,917	514,432	198,829	426,744
DDGS Commission	18,022	71,323	55,640	53,483	84,770	55,308	52,390	8,434	-	5,364	-	-
Ethanol Commission	13,935	46,917	75,852	41,995	60,802	53,868	33,535	18,378	-	-	-	-
Lease Expense	15,267	15,267	17,314	15,267	13,221	15,267	15,267	13,790	16,744	15,267	15,267	15,267
License, Fees, Insurance	49,974	37,267	37,302	37,131	39,146	41,474	65,808	39,383	48,034	44,644	45,119	46,057
Loan Fees												
Equipment Leases	132,830	187,547	184,551	190,252	195,492	184,263	194,816	15,125	25,973	22,829	22,702	45,110
Rail Car Lease	72,443	49,153	383,897	700,354	50,175	50,175	50,175	45,319	50,175	50,175	50,175	50,175
Dock Fees and Rail Demmurage	-	189,290	23,511	40,295	50,920	172,057	229,648	162,156	18,153	16,865	19,168	118,818
Corn Supply Commission	13,311	12,973	80,627	13,204	13,169	53,046	51,734	-	-	-	-	-
Hedging Expenses												
Property Tax	898	-	-	-	6,577	6,577	(3,289)	1,485	1,883	1,644	1,644	50,612
Depreciation Expense	-	-	-	1,021,718	1,021,718	1,021,718	1,021,718	922,842	1,120,594	1,021,718	1,021,718	1,021,718
Amortization Expense	-	-	-	-	-	37,792	37,792	34,882	41,450	37,792	37,792	37,792
Interest Swap	(226,587)	434	(39,029)	(244,282)	568,228	970,295	-	-	-	-	-	-
Senior Debt & DIP Interest	11	344	363	252	175,781	847,803	814,100	768,781	852,653	850,811	823,365	888,281
	262,400	733,857	1,282,147	2,129,597	2,493,515	3,769,989	3,325,419	2,662,396	2,719,016	2,649,596	2,281,537	2,792,273
Total Expenses	**7,609,430**	**17,294,211**	**23,447,312**	**22,240,302**	**18,807,492**	**18,018,752**	**13,465,005**	**7,666,876**	**1,666,232**	**4,686,900**	**2,641,748**	**4,794,503**
Other Income	1,243	5,148	10,793,966	8,373	17,913	3,646	14,228	2,427	952	255	43	13
Other Expense	-	-	-	-	-	-	-	-	-	-	-	-
Net Income	**(1,130,267)**	**(1,246,117)**	**8,330,987**	**(7,952,468)**	**(5,969,093)**	**(5,693,239)**	**(5,052,460)**	**(4,857,662)**	**(3,037,908)**	**(4,036,410)**	**(2,641,705)**	**(3,605,024)**
Ethanol Production - Gal	3,770,959	3,819,660	7,516,355	4,807,444	4,733,107	5,853,264	4,734,507	1,192,585	720,115	-	-	-
Ethanol Sales - Gal	1,969,565	5,050,051	7,586,684	5,028,969	5,248,050	5,382,012	4,072,656	1,945,137	-	515,844	-	1,008,022
Corn Consumption - Bu	1,544,793	1,307,501	2,798,986	1,841,738	1,645,814	2,230,328	1,665,405	417,369	245,351	-	-	-
DDGS Production - Ton	12,947	7,510	24,889	12,076	17,928	18,095	11,575	2,579	1,900	-	-	-
WDGS Production - Ton	2,388	3,866	447	318	707	1,072	556	187	-	-	-	-
DDGS Sales - Ton	4,037	13,084	21,653	17,348	15,288	13,845	18,635	3,709	-	1,978	-	-
WDGS Sales - Ton	2,238	3,775	657	700	722	1,743	835	462	-	-	-	-

Note: These statements are unaudited and do not comply with financial reporting and presentation under Statement of Position 90-7.

EXHIBIT E

Cascade Grain Products, LLC
BALANCE SHEET
For the Period June 1, 2008 to January 28, 2009

UNAUDITED	June 2008	July 2008	August 2008	September 2008	October 2008	November 2008	December 2008	January 2009
CURRENT ASSETS								
Cash	2,004,916	12,685,371	7,204,110	8,667,240	4,279,172	4,524,613	1,029,107	330,614
Restricted Cash	-	-	-	-	3,750,000	3,750,000	1,987,904	1,838,099
Hedge accounts	1,716,425	1,953,125	2,471,050	(802,700)	(2,430,375)	(1,159,824)	-	-
Accounts Receivable	5,602,932	5,211,047	17,808,041	13,116,714	10,599,182	6,759,621	4,870,143	8,774,335
Prepaid Expenses	465,400	453,012	415,903	502,888	485,707	665,329	1,249,915	1,118,743
Inventory	12,650,272	8,865,693	11,276,124	8,756,512	6,108,331	6,454,631	7,599,484	4,271,215
TOTAL CURRENT ASSETS	22,439,945	29,168,248	39,175,228	30,240,654	22,792,017	20,994,370	16,736,553	16,333,006
Fixed Assets								
Plant - net	186,660,964	188,235,639	190,241,517	190,959,419	190,723,116	188,677,785	187,168,755	186,245,913
CIP - Current Year	-	-	-	-	-	-	-	93,665
Other Assets								
Capitalized Fees	3,076,437	3,134,507	3,102,577	3,071,003	3,039,073	3,028,811	2,991,019	2,956,137
TOTAL OTHER ASSETS	189,737,401	191,370,146	193,344,094	194,030,422	193,762,189	191,706,596	190,159,774	189,295,715
TOTAL ASSETS	**212,177,346**	**220,538,394**	**232,519,322**	**224,271,076**	**216,554,206**	**212,700,966**	**206,896,327**	**205,628,721**
CURRENT LIABILITIES								
Accounts Payable	18,484,058	12,123,157	15,830,409	17,014,626	15,266,847	17,106,846	17,812,667	21,402,721
Accured Expenses	-	-	-	-	-	-	-	-
Retainage	8,196,980	8,196,980	8,133,600	6,653,600	6,653,600	6,653,600	6,653,600	6,653,600
Note Payable - DIP	-	-	-	-	-	-	-	-
TOTAL CURRENT LIABILITIES	26,681,038	20,320,137	23,964,009	23,668,226	21,920,447	23,760,446	24,466,267	28,056,321
LONG TERM LIABILITIES								
Notes Payable - Senior Debt	86,988,984	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	98,680,000	98,680,000
Notes Payable - State of Oregon	17,042,950	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	19,862,000	19,862,000
TOTAL LONG TERM LIABILITIES	104,031,934	120,000,000	120,000,000	120,000,000	120,000,000	120,000,000	118,542,000	118,542,000
MEMBERS' EQUITY								
Contributed Capital	85,226,366	85,226,366	85,232,436	85,232,436	85,232,436	85,232,436	85,232,436	85,232,436
Net Profit/(Loss)	230,483	(1,015,635)	7,315,352	(637,113)	(6,606,203)	(12,299,442)	(17,351,902)	(4,857,659)
Retained Earnings	(3,992,475)	(3,992,475)	(3,992,475)	(3,992,475)	(3,992,475)	(3,992,475)	(3,992,475)	(21,344,376)
TOTAL MEMBERS' EQUITY	81,464,374	80,218,256	88,555,313	80,602,848	74,633,758	68,940,519	63,888,059	59,030,401
TOTAL LIABILITIES AND MEMBERS' EQUITY	**212,177,346**	**220,538,393**	**232,519,322**	**224,271,074**	**216,554,205**	**212,700,965**	**206,896,326**	**205,628,722**

Note: These statements are unaudited and do not comply with financial reporting and presentation under Statement of Position 90-7.

EXHIBIT F

PLAN PROJECTIONS

Attached are the following:

F-1. Cascade Grain Products – Standalone Business Model (10 years)

F-2. Cascade Grain Products – Tolling Business Model (2 years)

F-3. Cascade Grain Products – Mothball Model (2 years)

F-4. Selected Market Data

Perkins Coie LLP
1120 N.W. Couch Street, Tenth Floor
Portland, OR 97209-4128
Phone: 503.727.2000
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EXHIBIT F-1

Cascade Grain Products, LLC
Pro Forma Financial Statements
Summary of Assumptions

The following set of financial projections present the terms of the Amended Plan of Reorganization with the assumption of plant startup effective January 1, 2010. The following are key assumptions utilized in developing the financial model. The operating assumptions reflect the current market projections of management and advisors and actual results will vary from these projected results.

		Year Ended Dec-09	Year Ended Dec-10	Year Ended Dec-11	Year Ended Dec-12	Year Ended Dec-13	Year Ended Dec-14	Year Ended Dec-15	Year Ended Dec-16	Year Ended Dec-17	Year Ended Dec-18	Year Ended Dec-19
Operating Assumptions												
Plant Capacity		0.0%	82.5%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Ethanol	$/gallon	1.78	1.83	2.02	2.17	2.20	2.20	2.20	2.20	2.20	2.20	2.20
Corn	$/bushel	4.69	4.85	5.15	5.21	5.27	5.27	5.27	5.27	5.27	5.27	5.27
DDGS	$/ton	152.43	157.63	167.47	176.84	178.67	178.67	178.67	178.67	178.67	178.67	178.67
Natural gas	$/mmbtu	3.16	5.66	6.47	6.68	6.82	6.96	7.08	7.19	7.30	7.30	7.30
Crush Margin	$/gallon	0.04	0.03	0.11	0.24	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Denaturant usage		2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Denaturant Price	$/gallon	1.60	1.60	1.80	1.90	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Corn Supply Commission	$/bushel	-	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Ethanol fees	$/mmbtu	-	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
DDGS	% of DDGS sales	0.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Balance Sheet Assumptions at 9/30/09	
BETC Receivable	$ 2,775,833
Eco Energy Receivable	800,000
Inventory at Shut-down	200,000
Minimum Cash Balance	1,000,000
Capital Expenditure Assumptions	
Plant Repairs for Restart	$ 8,000,000
Annual Ordinary Cap Ex	1,500,000
Debt Assumptions	
JH Kelly Term Loan [1]	$ 25,000,000
JH Kelly term interest rate	7.0%
Working Capital Line Requirement	$ 26,000,000
Working capital line interest rate	8.0%
Unused line fee rate	2.0%
Tax Rate Assumptions	
Federal rate	35.0%
State rate	6.6%
Total	41.6%
Effective Rate after Credits	36.0%
Inflation Rates	
Assumption on Increasing payroll costs	3.5%
Assumption on Increasing Costs for Power, Water, Insurance, Repairs & Maintenance	2.5%

Emergence Capital Structure at 9/30/09	
Debt	
Contractor Term Loan [1]	$ 25,000,000
Senior Secured Term Loan	-
Working Capital Line	-
Total Debt	$ 25,000,000
Debt to Equity Ratio	50%
Equity	
Common - Lenders (19.9%)	5,000,000
Common - Sponsor (80.1%)	20,000,000
Total Equity	$ 25,000,000

[1] Contractor Term Loan of $25M presented for illustrative purposes.

Process Material Assumptions
Enzymes, Yeast and Chemical costs will vary with price changes of Ethanol.

EXHIBIT F-1

Cascade Grain Products, LLC
Pro Forma Financial Statements
Annual Income Statements

	Year Ended Dec-09 (partial)	Year Ended Dec-10	Year Ended Dec-11	Year Ended Dec-12	Year Ended Dec-13
Assumption regarding plant capacity:	0.0%	82.5%	90.0%	90.0%	90.0%
Ethanol produced annually	-	90,934,816	99,144,000	99,144,000	99,144,000
Bushels of Corn Annually	-	33,019,178	36,000,000	36,000,000	36,000,000
Gross tons of DDGS	-	292,385	318,780	318,780	318,780
Days in Production/Year	-	350	350	350	350
Revenue					
Ethanol	$ -	$ 165,956,040	$ 200,270,880	$ 215,142,480	$ 218,116,800
Distillers Dried Grain (DDG)	-	46,087,158	53,386,884	56,371,689	56,955,740
Destination Efficiency Payments	-	742,932	810,000	810,000	810,000
Interest Earnings	-	-	-	-	-
Other	-	-	-	-	-
Total Revenue	-	212,786,129	254,467,764	272,324,169	275,882,540
Expenses of operations					
Corn	-	160,143,014	185,508,000	187,632,000	189,576,000
Denaturant	-	2,909,914	3,569,184	3,767,472	3,965,760
Natural Gas	100,000	17,484,037	21,819,810	22,510,843	22,982,769
Electricity	140,000	3,250,169	3,632,170	3,722,974	3,816,048
Water & Sewer	-	810,911	906,220	928,875	952,097
Enzymes	-	5,158,723	6,225,396	6,687,678	6,780,134
Yeast & Chemicals	-	6,511,372	7,857,733	8,441,228	8,557,927
Repair, Maintenance & Rail	-	2,330,205	2,604,079	2,669,181	2,735,911
Inspection/Testing	-	500,000	100,000	100,000	100,000
Dock and Wharfage Fees	-	87,404	95,294	95,294	95,294
Production Payroll	285,121	3,333,963	3,478,418	3,610,026	3,726,168
Total Production Expense	525,121	202,519,713	235,796,303	240,165,572	243,288,108
General & Administrative Expense					
Administrative Payroll	160,164	611,160	632,550	656,483	677,603
Misc. G & A	80,082	305,580	316,275	328,242	338,802
DDGS Commission	-	921,743	1,067,738	1,127,434	1,139,115
Ethanol Commission	-	909,348	991,440	991,440	991,440
Natural Gas - transportation	80,000	240,000	240,000	240,000	240,000
Electricity - transportation	220,000	660,000	660,000	660,000	660,000
Insurance	-	537,100	550,528	564,291	578,398
Water Royalty, Lease and O&M	239,892	719,676	719,676	719,676	719,676
Water License Fee	60,000	180,000	180,000	180,000	180,000
Equipment leases	81,437	364,311	364,311	364,311	364,311
Rail Car and Locomotive Leases	20,848	62,544	62,544	362,544	362,544
IT and Other Admin	54,880	164,640	164,640	164,640	164,640
Consultants/Training	200,000	-	-	-	-
Corn Supply Commission	-	990,575	1,080,000	1,080,000	1,080,000
Hedging Expense	-	-	-	-	-
Property Taxation	60,000	60,000	60,000	60,000	60,000
Depreciation Expense	1,619,590	5,445,495	5,595,495	5,761,236	5,895,495
Amortization Expense	11,937	35,714	35,714	35,812	35,714
Working Capital line Interest	256,260	1,853,333	1,713,942	845,756	-
Contractor Debt Interest Expense	436,301	1,750,000	1,750,000	1,749,341	1,673,348
Total General & Administrative Expense	3,581,392	15,811,219	16,184,852	15,891,205	15,161,086
Total Expenses	4,106,513	218,330,932	251,981,155	256,056,777	258,449,194
Operating Income	(4,106,513)	(5,544,803)	2,486,608	16,267,392	17,433,345
Net Income Before Tax	$ (4,106,513)	$ (5,544,803)	$ 2,486,608	$ 16,267,392	$ 17,433,345
	-	-			
Distribution of Net Income Before Tax					
Allocated for Common Stock Dividend	-	-	-	-	-
Allocated to Retained Earnings	(4,106,513)	(5,544,803)	2,486,608	16,267,392	17,433,345
EBITDA	$ (1,782,424)	$ 3,539,739	$ 11,581,759	$ 24,659,537	$ 25,037,902
Per Gallon Produced		0.04	0.12	0.25	0.25

EXHIBIT F-1

Cascade Grain Products, LLC
Pro Forma Financial Statements
Annual Income Statements

	Year Ended Dec-14	Year Ended Dec-15	Year Ended Dec-16	Year Ended Dec-17	Year Ended Dec-18	Year Ended Dec-19
Assumption regarding plant capacity:	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Ethanol produced annually	99,144,000	99,144,000	99,144,000	99,144,000	99,144,000	99,144,000
Bushels of Corn Annually	36,000,000	36,000,000	36,000,000	36,000,000	36,000,000	36,000,000
Gross tons of DDGS	318,780	318,780	318,780	318,780	318,780	318,780
Days in Production/Year	350	350	350	350	350	350
Revenue						
Ethanol	$ 218,116,800	$ 218,116,800	$ 218,116,800	$ 218,116,800	$ 218,116,800	$ 218,116,800
Distillers Dried Grain (DDG)	56,955,740	56,955,740	56,955,740	56,955,740	56,955,740	56,955,740
Destination Efficiency Payments	810,000	810,000	810,000	810,000	810,000	810,000
Interest Earnings	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Revenue	275,882,540	275,882,540	275,882,540	275,882,540	275,882,540	275,882,540
Expenses of operations						
Corn	189,576,000	189,576,000	189,576,000	189,576,000	189,576,000	189,576,000
Denaturant	3,965,760	3,965,760	3,965,760	3,965,760	3,965,760	3,965,760
Natural Gas	23,454,694	23,859,202	24,246,855	24,617,653	24,617,653	24,617,653
Electricity	3,911,449	4,009,236	4,109,466	4,212,203	4,317,508	4,425,446
Water & Sewer	975,899	1,000,297	1,025,304	1,050,937	1,077,210	1,104,141
Enzymes	6,780,134	6,780,134	6,780,134	6,780,134	6,780,134	6,780,134
Yeast & Chemicals	8,557,927	8,557,927	8,557,927	8,557,927	8,557,927	8,557,927
Repair, Maintenance & Rail	2,804,308	2,874,416	2,946,277	3,019,933	3,095,432	3,172,818
Inspection/Testing	100,000	100,000	100,000	100,000	100,000	100,000
Dock and Wharfage Fees	95,294	95,294	95,294	95,294	95,294	95,294
Production Payroll	3,856,584	3,991,564	4,142,588	4,275,864	4,425,519	4,580,412
Total Production Expense	244,078,051	244,809,831	245,545,606	246,251,706	246,608,438	246,975,585
General & Administrative Expense						
Administrative Payroll	701,320	725,866	753,329	777,566	804,780	832,948
Misc. G & A	350,660	362,933	376,665	388,783	402,390	416,474
DDGS Commission	1,139,115	1,139,115	1,139,115	1,139,115	1,139,115	1,139,115
Ethanol Commission	991,440	991,440	991,440	991,440	991,440	991,440
Natural Gas - transportation	240,000	240,000	240,000	240,000	240,000	240,000
Electricity - transportation	660,000	660,000	660,000	660,000	660,000	660,000
Insurance	592,858	607,679	622,871	638,443	654,404	670,764
Water Royalty, Lease and O&M	719,676	719,676	719,676	719,676	719,676	719,676
Water License Fee	180,000	180,000	180,000	180,000	180,000	180,000
Equipment leases	364,311	364,311	364,311	364,311	364,311	364,311
Rail Car and Locomotive Leases	362,544	362,544	362,544	362,544	362,544	362,544
IT and Other Admin	164,640	164,640	164,640	164,640	164,640	164,640
Consultants/Training	-	-	-	-	-	-
Corn Supply Commission	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000
Hedging Expense	-	-	-	-	-	-
Property Taxation	532,634	516,655	501,155	486,121	471,537	457,391
Depreciation Expense	6,045,495	6,195,495	6,362,880	6,495,495	6,645,495	6,519,391
Amortization Expense	35,714	35,714	-	-	-	-
Working Capital line Interest	-	-	-	-	-	-
Contractor Debt Interest Expense	1,585,848	1,498,348	1,414,803	1,323,348	1,235,848	870,205
Total General & Administrative Expense	15,746,254	15,844,416	15,933,430	16,011,481	16,116,180	15,668,899
Total Expenses	259,824,305	260,654,246	261,479,035	262,263,187	262,724,619	262,644,484
Operating Income	16,058,234	15,228,293	14,403,504	13,619,353	13,157,921	13,238,055
Net Income Before Tax	16,058,234	15,228,293	14,403,504	13,619,353	13,157,921	13,238,055
Distribution of Net Income Before Tax						
Allocated for Common Stock Dividend	-	-	-	-	-	-
Allocated to Retained Earnings	16,058,234	15,228,293	14,403,504	13,619,353	13,157,921	13,238,055
EBITDA	23,725,291	22,957,850	22,181,187	21,438,195	21,039,264	20,627,652
Per Gallon Produced	0.24	0.23	0.22	0.22	0.21	0.21

EXHIBIT F-1

Cascade Grain Products, LLC
Pro Forma Financial Statements
Annual Balance Sheets

	Year Ended Dec-09	Year Ended Dec-10	Year Ended Dec-11	Year Ended Dec-12	Year Ended Dec-13
Assets					
Current Assets					
Cash on hand	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ 20,447,179
Inventories	200,000	9,875,901	10,636,481	11,101,911	11,228,823
BETC and Eco Energy Receivables	3,575,833	800,000	800,000	800,000	800,000
Accounts Receivable	-	6,605,300	7,247,365	7,757,548	7,859,215
Total Current Assets	4,775,833	18,281,200	19,683,846	20,659,459	40,335,217
Fixed Assets					
Property, Plant and Equipment	51,135,702	54,635,702	56,135,702	57,635,702	59,135,702
Less Accumulated Depreciation	(2,031,125)	(7,476,620)	(13,072,115)	(18,833,352)	(24,728,847)
Total Fixed Assets	49,104,577	47,159,082	43,063,587	38,802,351	34,406,856
Other Assets					
Financing Costs	238,063	202,348	166,634	130,822	95,108
Total Other Assets	238,063	202,348	166,634	130,822	95,108
Total Assets	$ 54,118,472	$ 65,642,631	$ 62,914,067	$ 59,592,632	$ 74,837,181
Liabilities & Equity					
Current Liabilities					
Current Portion, Long Term Debt	$ -	$ -	$ 625,000	$ 1,250,000	$ 1,250,000
Working Capital Line	8,224,986	25,135,069	19,914,336	944,287	-
Other AP	-	-	-	-	-
Accounts Payable	-	158,878	164,439	170,660	176,151
Total Current Liabilities	8,224,986	25,293,947	20,703,775	2,364,947	1,426,151
Long Term Liabilities					
Contractor Debt	25,000,000	25,000,000	25,000,000	24,375,000	23,125,000
Less Current Portion	-	-	(625,000)	(1,250,000)	(1,250,000)
Total Long Term Liabilities	25,000,000	25,000,000	24,375,000	23,125,000	21,875,000
Total Liabilities	33,224,986	50,293,947	45,078,775	25,489,947	23,301,151
Equity					
Common Units	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Retained Earnings	(4,106,513)	(9,651,316)	(7,164,708)	9,102,685	26,536,030
Common Equity	20,893,487	15,348,684	17,835,292	34,102,685	51,536,030
Total Equity	20,893,487	15,348,684	17,835,292	34,102,685	51,536,030
Total Liabilities & Equity	$ 54,118,472	$ 65,642,631	$ 62,914,067	$ 59,592,632	$ 74,837,181

EXHIBIT F-1

Cascade Grain Products, LLC
Pro Forma Financial Statements
Annual Statement of Cash Flows

	Year Ended Dec-09 (partial)	Year Ended Dec-10	Year Ended Dec-11	Year Ended Dec-12	Year Ended Dec-13
Operating Activities					
Net Income Before Tax	$ (4,106,513)	$ (5,544,803)	$ 2,486,608	$ 16,267,392	$ 17,433,345
Adjustments to reconcile net income to net cash:					
Depreciation and Amortization	1,619,590	5,445,495	5,595,495	5,761,236	5,895,495
Amortization of deferred financing fees	11,937	35,714	35,714	35,812	35,714
Changes in operating assets and liabilities:					
Inventories	-	(9,675,901)	(760,581)	(465,430)	(126,911)
BETC and Eco Energy Receivables	-	2,775,833	-	-	-
Accounts receivable	-	(6,605,300)	(642,065)	(510,183)	(101,668)
Other Accounts payable	-	-	-	-	-
Accounts payable	-	158,878	5,561	6,222	5,491
Net cash provided by (used in) operating activities	$ (2,474,986)	$ (13,410,083)	$ 6,720,733	$ 21,095,049	$ 23,141,466
Investing Activities:					
Capital Expenditures	$ (6,000,000)	$ (3,500,000)	$ (1,500,000)	$ (1,500,000)	$ (1,500,000)
Proceeds from sale of property and equipment	-	-	-	-	-
Net cash provided by (used in) investing activities	$ (6,000,000)	$ (3,500,000)	$ (1,500,000)	$ (1,500,000)	$ (1,500,000)
Financing Activities:					
Principal payments paid on long-term borrowings	$ -	$ -	$ -	$ (625,000)	$ (1,250,000)
Proceeds from / (repayment of) working capital line borrowing	8,224,986	16,910,083	(5,220,733)	(18,970,049)	(944,287)
Dividends paid to controlling interests	-	-	-	-	-
Net cash (used in) provided by financing activities	$ 8,224,986	$ 16,910,083	$ (5,220,733)	$ (19,595,049)	$ (2,194,287)
Net (decrease) increase in cash and cash equivalents	(250,000)	-	0	0	19,447,179
Cash and cash equivalents at beginning of period	1,250,000	1,000,000	1,000,000	1,000,000	1,000,000
Cash and cash equivalents at end of period	1,000,000	1,000,000	1,000,000	1,000,000	20,447,179

EXHIBIT F-1

Cascade Grain Products, LLC
Pro Forma Financial Statements
Monthly Income Statements

	Month Sep-09	Month Oct-09	Month Nov-09	Month Dec-09	Annual Totals 2009	Month Jan-10	Month Feb-10	Month Mar-10	Month Apr-10
Assumption regarding plant capacity:	0%	0%	0%	0%		40%	70%	80%	80%
Gallons Ethanol Produced per month (den)	-	-	-	-	-	3,742,422	5,915,441	7,484,844	7,243,397
Bushels of Corn Processed per month	-	-	-	-	-	1,358,904	2,147,945	2,717,808	2,630,137
Gross tons of DDGS per month	-	-	-	-	-	12,033	19,020	24,066	23,290
Days in Month Operating	-	-	-	-	-	29.73	26.85	29.73	28.77
Revenue									
Ethanol	$ -	$ -	$ -	$ -	$ -	$ 6,829,920	$ 10,795,680	$ 13,659,840	$ 13,219,200
Distillers Dried Grain (DDGS)	-	-	-	-	-	1,896,717	2,998,036	3,793,433	3,671,065
Destination Efficiency Payments	-	-	-	-	-	30,575	48,329	61,151	59,178
Interest Income					-				
BETC / Eco Energy Settlement Proceeds					-				
Total Revenue	$ -	$ -	$ -	$ -	$ -	$ 8,757,212	$ 13,842,045	$ 17,514,424	$ 16,949,443
Expenses of operations									
Corn	$ -	$ -	$ -	$ -	$ -	$ 6,590,685	$ 10,417,534	$ 13,181,370	$ 12,756,164
Denaturant	-	-	-	-	-	119,758	189,294	239,515	231,789
Natural Gas	25,000	25,000	25,000	25,000	**100,000**	719,555	1,137,362	1,439,111	1,392,688
Electricity	35,000	35,000	35,000	35,000	**140,000**	133,761	211,428	267,521	258,892
Water & Sewer	-	-	-	-	-	33,373	52,751	66,746	64,593
Enzymes	-	-	-	-	-	212,307	335,582	424,614	410,917
Yeast & Chemicals	-	-	-	-	-	267,976	423,574	535,951	518,662
Repair & Maintenance	-	-	-	-	-	95,900	151,583	191,799	185,612
Inspection/Testing	-	-	-	-	-	20,577	32,526	41,155	39,827
Dock and Wharfage Fees	-	-	-	-	-	3,597	5,686	7,194	6,962
Production Payroll	54,961	54,961	75,920	99,280	**285,121**	270,149	252,291	282,379	273,270
Total Production Expense	$ 114,961	$ 114,961	$ 135,920	$ 159,280	$ **525,121**	$ 8,467,638	$ 13,209,611	$ 16,677,357	$ 16,139,377
General & Administrative Expense									
Administrative Payroll	40,041	40,041	40,041	40,041	$ **160,164**	$ 51,907	$ 46,883	$ 51,907	$ 50,232
Misc. G & A	20,020	20,020	20,020	20,020	**80,082**	25,953	23,442	25,953	25,116
DDGS Commission	0	-	-	-	-	37,934	59,961	75,869	73,421
Ethanol Commission	0	-	-	-	-	37,424	59,154	74,848	72,434
Natural Gas - transportation	20,000	20,000	20,000	20,000	**80,000**	20,000	20,000	20,000	20,000
Electricity - transportation	55,000	55,000	55,000	55,000	**220,000**	55,000	55,000	55,000	55,000
Insurance	0	-	-	-	-	-	-	410,000	-
Water Royalty, Lease and O&M	59,973	59,973	59,973	59,973	**239,892**	59,973	59,973	59,973	59,973
Water License Fee	15,000	15,000	15,000	15,000	**60,000**	15,000	15,000	15,000	15,000
Equipment leases	20,359	20,359	20,359	20,359	**81,437**	30,359	30,359	30,359	30,359
Rail Car and Locomotive Leases	5,212	5,212	5,212	5,212	**20,848**	5,212	5,212	5,212	5,212
IT and Other Admin	13,720	13,720	13,720	13,720	**54,880**	13,720	13,720	13,720	13,720
Consultants/Training	-	-	100,000	100,000	**200,000**	-	-	-	-
Corn Supply Commission	-	-	-	-	-	40,767	64,438	81,534	78,904
Hedging Expenses	-	-	-	-	-	-	-	-	-
Property Taxation			60,000		**60,000**				
Depreciation Expense	398,260	411,535	398,260	411,535	**1,619,590**	462,494	417,737	462,494	447,575
Amortization Expense	2,935	3,033	2,935	3,033	**11,937**	3,033	2,740	3,033	2,935
Working Capital line Interest	48,905	55,726	68,452	83,177	**256,260**	121,965	147,474	159,261	158,333
Contractor Debt Interest	-			436,301	**436,301**			431,507	
Total General & Administrative Expense	$ 699,426	$ 719,620	$ 878,973	$ 1,283,372	$ **3,581,392**	$ 980,742	$ 1,021,093	$ 1,975,671	$ 1,108,215
Total Expenses	814,387	834,581	1,014,893	1,442,652	**4,106,513**	9,448,380	14,230,704	18,653,028	17,247,592
Net Income Before Tax	**(814,387)**	**(834,581)**	**(1,014,893)**	**(1,442,652)**	**(4,106,513)**	**(691,168)**	**(388,659)**	**(1,138,603)**	**(298,150)**
Allocated for Dividend Distribution				-	-				
EBITDA	$ (364,287)	$ (364,287)	$ (545,245)	$ (508,605)	$ **(1,782,424)**	$ (103,676)	$ 179,291	$ (82,308)	$ 310,693

EXHIBIT F-1

Cascade Grain Products, LLC
Pro Forma Financial Statements
Monthly Income Statements

	Month May-10	Month Jun-10	Month Jul-10	Month Aug-10	Month Sep-10	Month Oct-10	Month Nov-10	Month Dec-10	Annual Totals 2010
Assumption regarding plant capacity:	90%	90%	90%	90%	90%	90%	90%	90%	
Gallons Ethanol Produced per month (den)	8,420,449	8,148,822	8,420,449	8,420,449	8,148,822	8,420,449	8,148,822	8,420,449	**90,934,816**
Bushels of Corn Processed per month	3,057,534	2,958,904	3,057,534	3,057,534	2,958,904	3,057,534	2,958,904	3,057,534	**33,019,178**
Gross tons of DDGS per month	27,074	26,201	27,074	27,074	26,201	27,074	26,201	27,074	**292,385**
Days in Month Operating	29.73	28.77	29.73	29.73	28.77	29.73	28.77	29.73	**350**
Revenue									
Ethanol	$ 15,367,320	$ 14,871,600	$ 15,367,320	$ 15,367,320	$ 14,871,600	$ 15,367,320	$ 14,871,600	$ 15,367,320	$ **165,956,040**
Distillers Dried Grain (DDGS)	4,267,613	4,129,948	4,267,613	4,267,613	4,129,948	4,267,613	4,129,948	4,267,613	**46,087,158**
Destination Efficiency Payments	68,795	66,575	68,795	68,795	66,575	68,795	66,575	68,795	**742,932**
Interest Income									-
BETC / Eco Energy Settlement Proceeds									-
Total Revenue	$ 19,703,727	$ 19,068,123	$ 19,703,727	$ 19,703,727	$ 19,068,123	$ 19,703,727	$ 19,068,123	$ 19,703,727	$ **212,786,129**
Expenses of operations									
Corn	$ 14,829,041	$ 14,350,685	$ 14,829,041	$ 14,829,041	$ 14,350,685	$ 14,829,041	$ 14,350,685	$ 14,829,041	$ **160,143,014**
Denaturant	269,454	260,762	269,454	269,454	260,762	269,454	260,762	269,454	**2,909,914**
Natural Gas	1,619,000	1,566,774	1,619,000	1,619,000	1,566,774	1,619,000	1,566,774	1,619,000	**17,484,037**
Electricity	300,962	291,253	300,962	300,962	291,253	300,962	291,253	300,962	**3,250,169**
Water & Sewer	75,089	72,667	75,089	75,089	72,667	75,089	72,667	75,089	**810,911**
Enzymes	477,691	462,282	477,691	477,691	462,282	477,691	462,282	477,691	**5,158,723**
Yeast & Chemicals	602,945	583,495	602,945	602,945	583,495	602,945	583,495	602,945	**6,511,372**
Repair & Maintenance	215,774	208,814	215,774	215,774	208,814	215,774	208,814	215,774	**2,330,205**
Inspection/Testing	46,299	44,806	46,299	46,299	44,806	46,299	44,806	46,299	**500,000**
Dock and Wharfage Fees	8,093	7,832	8,093	8,093	7,832	8,093	7,832	8,093	**87,404**
Production Payroll	285,437	276,229	285,437	285,437	276,229	285,437	276,229	285,437	**3,333,963**
Total Production Expense	$ 18,729,786	$ 18,125,600	$ 18,729,786	$ 18,729,786	$ 18,125,600	$ 18,729,786	$ 18,125,600	$ 18,729,786	$ **202,519,713**
General & Administrative Expense									
Administrative Payroll	$ 51,907	$ 50,232	$ 51,907	$ 51,907	$ 50,232	$ 51,907	$ 50,232	$ 51,907	$ **611,160**
Misc. G & A	25,953	25,116	25,953	25,953	25,116	25,953	25,116	25,953	**305,580**
DDGS Commission	85,352	82,599	85,352	85,352	82,599	85,352	82,599	85,352	**921,743**
Ethanol Commission	84,204	81,488	84,204	84,204	81,488	84,204	81,488	84,204	**909,348**
Natural Gas - transportation	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	**240,000**
Electricity - transportation	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	**660,000**
Insurance	-	127,100	-	-	-	-	-	-	**537,100**
Water Royalty, Lease and O&M	59,973	59,973	59,973	59,973	59,973	59,973	59,973	59,973	**719,676**
Water License Fee	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	**180,000**
Equipment leases	30,359	30,359	30,359	30,359	30,359	30,359	30,359	30,359	**364,311**
Rail Car and Locomotive Leases	5,212	5,212	5,212	5,212	5,212	5,212	5,212	5,212	**62,544**
IT and Other Admin	13,720	13,720	13,720	13,720	13,720	13,720	13,720	13,720	**164,640**
Consultants/Training	-	-	-	-	-	-	-	-	-
Corn Supply Commission	91,726	88,767	91,726	91,726	88,767	91,726	88,767	91,726	**990,575**
Hedging Expenses	-	-	-	-	-	-	-	-	-
Property Taxation							60,000		**60,000**
Depreciation Expense	462,494	447,575	462,494	462,494	447,575	462,494	447,575	462,494	**5,445,495**
Amortization Expense	3,033	2,935	3,033	3,033	2,935	3,033	2,935	3,033	**35,714**
Working Capital line Interest	151,494	157,885	161,332	159,780	160,535	158,982	157,832	158,461	**1,853,333**
Contractor Debt Interest		441,096			441,096			436,301	**1,750,000**
Total General & Administrative Expense	$ 1,155,429	$ 1,704,058	$ 1,165,267	$ 1,163,714	$ 1,579,608	$ 1,162,917	$ 1,195,809	$ 1,598,697	$ **15,811,219**
Total Expenses	19,885,215	19,829,658	19,895,053	19,893,500	19,705,208	19,892,703	19,321,409	20,328,483	**218,330,932**
Net Income Before Tax	**(181,488)**	**(761,535)**	**(191,326)**	**(189,773)**	**(637,085)**	**(188,976)**	**(253,286)**	**(624,756)**	**(5,544,803)**
Allocated for Dividend Distribution	-							-	-
EBITDA	$ 435,534	$ 287,957	$ 435,534	$ 435,534	$ 415,057	$ 435,534	$ 355,057	$ 435,534	$ **3,539,739**

EXHIBIT F-2

Cascade Grain Products, LLC
Pro Forma Financial Statements
Comparison of Income Statements
Stand-alone versus Tolling Agreement

The following schedule presents an illustration of the comparable projected results for startup operations of the Cascade Grain Plant on a stand alone basis compared to utilization of a tolling agreement. Such tolling agreement would involve an annual tolling fee payable to the tolling party, and revenue to Cascade Grain Products in the form of a tolling fee, calculated on the basis of ethanol, corn, distiller grains and natural gas market pricing. This illustration reflects comparable market terms and results in a lower level of EBITDA under the tolling agreement, offset by a reduced requirement for borrowing for working capital purposes. The terms for the tolling agreement presented are illustrative and do not represent firm contractual rights of Cascade Grain Products. All other operating and expense assumptions are unchanged from the Stand-alone model.

	Stand-alone FY 2010	Tolling Agreement FY 2010
Assumption regarding plant capacity:	82.5%	82.5%
Ethanol produced annually	90,934,816	90,934,816
Bushels of Corn Annually	33,019,178	33,019,178
Gross tons of DDGS	292,385	292,385
Gross tons of CO2	-	-
Days in Production/Year	350	350
Revenue		
Tolling Revenue	$ -	$ 48,443,763
Ethanol	165,956,040	-
Distillers Dried Grain (DDG)	46,087,158	-
CO2	-	-
Destination Efficiency Payments	742,932	742,932
Interest Earnings	-	-
BETC / Eco Energy Settlement Proceeds	-	-
Total Revenue	212,786,129	49,186,695
Expenses of operations		
Corn	160,143,014	-
Denaturant	2,909,914	-
Natural Gas	17,484,037	17,484,037
Electricity	3,250,169	3,250,169
Water & Sewer	810,911	810,911
Enzymes	5,158,723	5,158,723
Yeast & Chemicals	6,511,372	6,511,372
Repair, Maintenance & Rail	2,330,205	2,330,205
Inspection/Testing	500,000	500,000
Dock and Wharfage Fees	87,404	87,404
Production Payroll	3,333,963	3,333,963
Total Production Expense	202,519,713	39,466,785

EXHIBIT F-2

Cascade Grain Products, LLC
Pro Forma Financial Statements
Comparison of Income Statements
Stand-alone versus Tolling Agreement

	Stand-alone FY 2010	Tolling Agreement FY 2010
General & Administrative Expense		
Administrative Payroll	611,160	611,160
Misc. G & A	305,580	305,580
DDGS Commission	921,743	-
Tolling Fee	-	1,000,000
Ethanol Commission	909,348	2,273,370
Natural Gas - transportation	240,000	240,000
Electricity - transportation	660,000	660,000
Insurance	537,100	537,100
Water Royalty, Lease and O&M	719,676	719,676
Water License Fee	180,000	180,000
Loan Fees	-	-
Equipment leases	364,311	364,311
Rail Car and Locomotive Leases	62,544	62,544
IT and Other Admin	164,640	164,640
Consultants/Training	-	-
Corn Supply Commission	990,575	-
Hedging Expense	-	-
Property Taxation	60,000	60,000
Depreciation Expense	5,445,495	5,445,495
Amortization Expense	35,714	35,714
Working Capital line Interest	1,853,333	1,016,304
Contractor Debt Interest Expense	1,750,000	1,750,000
Total General & Administrative Expense	15,811,219	15,425,894
Total Expenses	218,330,932	54,892,679
Operating Income	$ (5,544,803)	$ (5,705,984)
Net Income Before Tax	$ (5,544,803)	$ (5,705,984)
Distribution of Net Income Before Tax		
Allocated for Common Stock Dividend	-	-
Allocated to Retained Earnings	(5,544,803)	(5,705,984)
EBITDA	$ 3,539,739	$ 2,541,529
Per Gallon Produced	0.04	0.03
Line of Credit Required	$ 26,000,000	$ 20,000,000
Borrowing Outstanding at 12/31/10	$ 25,135,069	$ 11,720,346
Contractor Debt Outstanding at 12/31/10 (1)	$ 25,000,000	$ 25,000,000

(1) Amount of Contractor Term Loan assumed for purposes of illustration.

EXHIBIT F-2

Cascade Grain Products, LLC
Pro Forma Financial Statements
Comparison of Income Statements
Stand-alone versus Tolling Agreement

The following schedule presents an illustration of the comparable projected results for startup operations of the Cascade Grain Plant on a stand alone basis compared to utilization of a tolling agreement. Such tolling agreement would involve an annual tolling fee payable to the tolling party, and revenue to Cascade Grain Products in the form of a tolling fee, calculated on the basis of ethanol, corn, distiller grains and natural gas market pricing. This illustration reflects comparable market terms and results in a lower level of EBITDA under the tolling agreement, offset by a reduced requirement for borrowing for working capital purposes. The terms for the tolling agreement presented are illustrative and do not represent firm contractual rights of Cascade Grain Products. All other operating and expense assumptions are unchanged from the Stand-alone model.

	Stand-alone FY 2011	Tolling Agreement FY 2011
Assumption regarding plant capacity:	90.0%	90.0%
Ethanol produced annually	99,144,000	99,144,000
Bushels of Corn Annually	36,000,000	36,000,000
Gross tons of DDGS	318,780	318,780
Gross tons of CO2	-	-
Days in Production/Year	350	350
Revenue		
Tolling Revenue	$ -	$ 63,947,512
Ethanol	200,270,880	-
Distillers Dried Grain (DDG)	53,386,884	-
CO2	-	-
Destination Efficiency Payments	810,000	810,000
Interest Earnings	-	-
BETC / Eco Energy Settlement Proceeds	-	-
Total Revenue	254,467,764	64,757,512
Expenses of operations		
Corn	185,508,000	-
Denaturant	3,569,184	-
Natural Gas	21,819,810	21,819,810
Electricity	3,632,170	3,632,170
Water & Sewer	906,220	906,220
Enzymes	6,225,396	6,225,396
Yeast & Chemicals	7,857,733	7,857,733
Repair, Maintenance & Rail	2,604,079	2,604,079
Inspection/Testing	100,000	100,000
Dock and Wharfage Fees	95,294	95,294
Production Payroll	3,478,418	3,478,418
Total Production Expense	235,796,303	46,719,119

EXHIBIT F-2

Cascade Grain Products, LLC
Pro Forma Financial Statements
Comparison of Income Statements
Stand-alone versus Tolling Agreement

	Stand-alone FY 2011	Tolling Agreement FY 2011
General & Administrative Expense		
Administrative Payroll	632,550	632,550
Misc. G & A	316,275	316,275
DDGS Commission	1,067,738	-
Tolling Fee	-	1,000,000
Ethanol Commission	991,440	2,478,600
Natural Gas - transportation	240,000	240,000
Electricity - transportation	660,000	660,000
Insurance	550,528	550,528
Water Royalty, Lease and O&M	719,676	719,676
Water License Fee	180,000	180,000
Loan Fees	-	-
Equipment leases	364,311	364,311
Rail Car and Locomotive Leases	62,544	62,544
IT and Other Admin	164,640	164,640
Consultants/Training	-	-
Corn Supply Commission	1,080,000	-
Hedging Expense	-	-
Property Taxation	60,000	60,000
Depreciation Expense	5,595,495	5,595,495
Amortization Expense	35,714	35,714
Working Capital line Interest	1,713,942	806,008
Contractor Debt Interest Expense	1,750,000	1,750,000
Total General & Administrative Expense	16,184,852	15,616,341
Total Expenses	251,981,155	62,335,460
Operating Income	$ 2,486,608	$ 2,422,052
Net Income Before Tax	$ 2,486,608	$ 2,422,052
Distribution of Net Income Before Tax		
Allocated for Common Stock Dividend	-	-
Allocated to Retained Earnings	$ 2,486,608	$ 2,422,052
EBITDA	$ 11,581,759	$ 10,609,269
Per Gallon Produced	0.12	0.11
Line of Credit Required	$ 26,000,000	$ 20,000,000
Borrowing Outstanding at 12/31/11	$ 19,914,336	$ 5,526,149
Contractor Debt Outstanding at 12/31/11 (1)	$ 25,000,000	$ 25,000,000

(1) Amount of Contractor Term Loan assumed for purposes of illustration.

EXHIBIT F-3

Cascade Grain Products, LLC
Monthly Cash Flow Forecast - Plant Shutdown
FTI Draft - Current as of July 27, 2009

This Cash Flow Forecast presents an illustration of the costs entailed in maintaining the Cascade Grains Plant in mothball condition for up to 24 months.
The Forecast also includes provision for professional fees associated with litigating contractor claims.

Month Number:	1	2	3	4	5	6	7	8	9	10	11	12
Month:	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10
Beginning Cash Balance	$ 1,250,000	$ 763,704	$ 223,409	$ (262,887)	$ (749,183)	$ (1,635,478)	$ (2,121,774)	$ (2,608,070)	$ (3,208,365)	$ (3,693,661)	$ (4,178,957)	$ (4,664,252)
Receipts												
Ethanol	-	-	-	-	-	-	-	-	-	-	-	-
DDGS	-	-	-	-	-	-	-	-	-	-	-	-
Insurance Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Disbursements												
Plant Operating (Gas, Electric, Leases)	186,767	186,767	186,767	186,767	186,767	186,767	186,767	186,767	186,767	186,767	186,767	186,767
Payroll and Benefits	79,529	79,529	79,529	79,529	79,529	79,529	79,529	78,529	78,529	78,529	78,529	78,529
G&A (HQ Rent, Insurance)	-	54,000	-	-	400,000	-	-	115,000	-	-	-	-
Maintenance and General Operating	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Contingency	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Professional Fees - Litigation	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Total Disbursements	486,296	540,296	486,296	486,296	886,296	486,296	486,296	600,296	485,296	485,296	485,296	485,296
Net Cash Usage	(486,296)	(540,296)	(486,296)	(486,296)	(886,296)	(486,296)	(486,296)	(600,296)	(485,296)	(485,296)	(485,296)	(485,296)
Ending Cash Balance	$ 763,704	$ 223,409	$ (262,887)	$ (749,183)	$ (1,635,478)	$ (2,121,774)	$ (2,608,070)	$ (3,208,365)	$ (3,693,661)	$ (4,178,957)	$ (4,664,252)	$ (5,149,548)

Notes:
- Assumes plant remains in cold shut-down through the length of the forecast.
- Payroll reflects headcount of 9 full-time employees (7 plant and 2 headquarters).
- COBRA federal subsidy expense included in payroll through April 2010.
- Proceeds from BETC tax credits are not included above.
- Property tax expense (in G&A) assumes OR state exemption is retained. If exemption is lost, property tax due Nov. 2010 could approximate $600,000.
- JH Kelly claim is litigated through September 2011.
- Assumes litigation costs of $200,000 per month are incurred for 12 months, then fees reduced to $25,000 per month.

EXHIBIT F-3

Cascade Grain Products, LLC
Monthly Cash Flow Forecast - Plant Shutdowr
FTI Draft - Current as of July 27, 2009

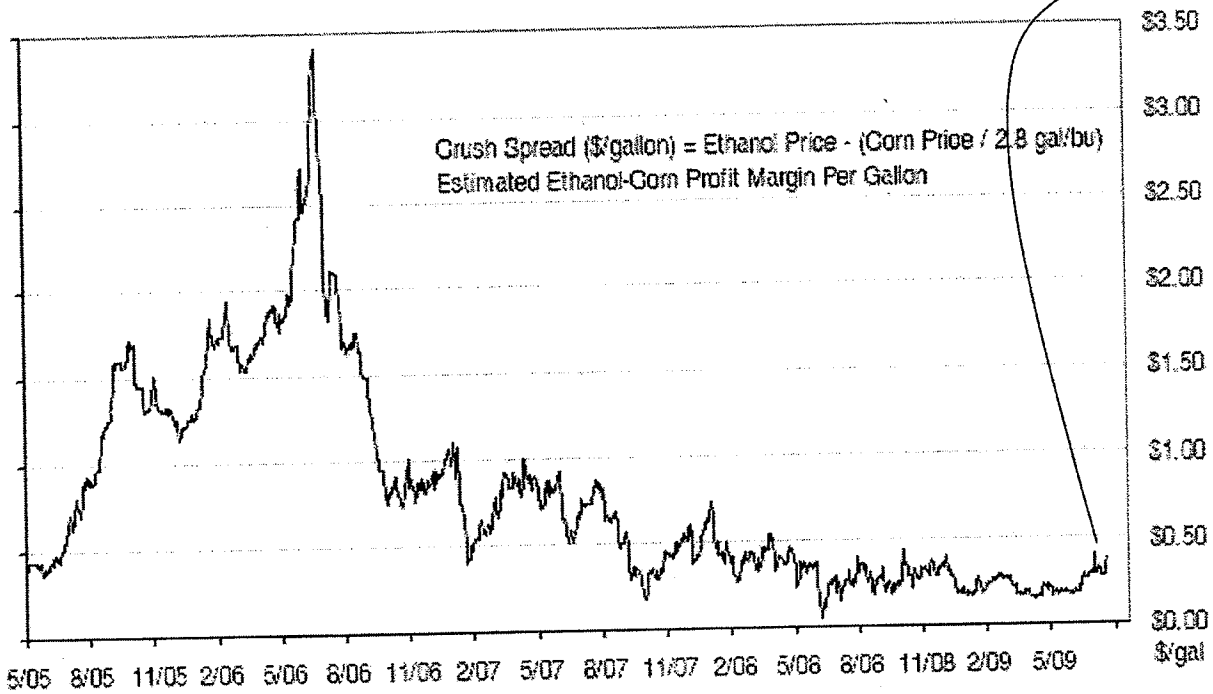
This Cash Flow Forecast presents an illustration of the costs entailed in maintaining the Cascade Grains Plant in mothball condition for up to 24 months.
The Forecast also includes provision for professional fees associated with litigating contractor claims.

Month Number:	13	14	15	16	17	18	19	20	21	22	23	24	
Month:	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Total
Beginning Cash Balance	$ (5,149,548)	$ (5,459,844)	$ (5,824,139)	$ (6,134,435)	$ (6,444,731)	$ (7,155,026)	$ (7,465,322)	$ (7,775,618)	$ (8,200,913)	$ (8,511,209)	$ (8,821,505)	$ (9,131,800)	1,250,000
Receipts													
Ethanol	-	-	-	-	-	-	-	-	-	-	-	-	-
DDGS	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-
Disbursements													
Plant Operating (Gas, Electric, Leases)	186,767	186,767	186,767	186,767	186,767	186,767	186,767	186,767	186,767	186,767	186,767	186,767	4,482,408
Payroll and Benefits	78,529	78,529	78,529	78,529	78,529	78,529	78,529	78,529	78,529	78,529	78,529	78,529	1,891,688
G&A (HQ Rent, Insurance)	-	54,000	-	-	400,000	-	-	115,000	-	-	-	-	1,138,000
Maintenance and General Operating	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	360,000
Contingency	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	120,000
Professional Fees - Litigation	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	2,700,000
Total Disbursements	310,296	364,296	310,296	310,296	710,296	310,296	310,296	425,296	310,296	310,296	310,296	310,296	10,692,096
Net Cash Usage	(310,296)	(364,296)	(310,296)	(310,296)	(710,296)	(310,296)	(310,296)	(425,296)	(310,296)	(310,296)	(310,296)	(310,296)	(10,692,096)
Ending Cash Balance	$ (5,459,844)	$ (5,824,139)	$ (6,134,435)	$ (6,444,731)	$ (7,155,026)	$ (7,465,322)	$ (7,775,618)	$ (8,200,913)	$ (8,511,209)	$ (8,821,505)	$ (9,131,800)	$ (9,442,096)	$ (9,442,096)

Notes:
- Assumes plant remains in cold shut-down through the length of the forecast.
- Payroll reflects headcount of 9 full-time employees (7 plant and 2 headquarters).
- COBRA federal subsidy expense included in payroll through April 2010.
- Proceeds from BETC tax credits are not included above.
- Property tax expense (in G&A) assumes OR state exemption is retained. If exemption is lost, property tax due Nov. 2010 could approximate $600,000.
- JH Keliy claim is litigated through September 2011.
- Assumes litigation costs of $200,000 per month are incurred for 12 months, then fees reduced to $25,000 per month.

EXHIBIT

Historical CBOT Crush Margin



Most Recent Data

Close	Margin
7/15/09	$0.32
7/16/09	$0.38
7/17/09	$0.38

Sources: *Weekly Ethanol Outlook Report*, June 29, 2009, p. 15, CME Group; daily settlement data, CME Group website.

EXHIBIT

Total U.S. Ethanol Production Capacity

Year	Jan 1999	Jan 2000	Jan 2001	Jan 2002	Jan 2003	Jan 2004	Jan 2005	Jan 2006	Janu 2007	Jan 2008	Jan 2009
Total Ethanol Plants	50	54	56	61	68	72	81	95	110	139	170*
Ethanol Production Capacity	1701.7 mgy	1748.7 mgy	1921.9 mgy	2347.3 mgy	2706.8 mgy	3100.8 mgy	3643.7 mgy	4336.4 mgy	5493.4 mgy	7888.4 mgy	10,569 mgy**
Plants Under Construction/ Expanding	5	6	5	13	11	15	16	31	76	61	24
Capacity Under Construction/ Expanding	77 mgy	91.5 mgy	64.7 mgy	390.7 mgy	483 mgy	598 mgy	754 mgy	1778 mgy	5635.5 mgy	5536 mgy	2066 mgy
States with Ethanol Plants	17	17	18	19	20	19	18	20	21	21	26

* operating plants
** 12,475.4 mgy capacity including idled capacity

Source: Renewable Fuels Association website

CERTIFICATE OF SERVICE

I hereby certify that I will serve a true and correct copy of the foregoing **Debtor's Disclosure Statement Accompanying Second Amended Joint Plan of Reorganization Dated July 31, 2009,** with the Order Approving the Disclosure Statement on or before August 3, 2009, upon the parties listed in the attached Service List by mailing full, true and correct copies thereof in sealed, first-class, postage prepaid envelopes, addressed to the parties as indicated at the last known address and deposited with the United States Postal Service at Portland, Oregon.

DATED: July 31, 2009

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By: /s/ Douglas R. Pahl
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