



GLACIAL LAKES CORN PROCESSORS

301 20TH AVENUE SE • P.O. BOX 1323 • WATERTOWN, SD • 57201
PHONE: 605-882-8480 • FAX: 605-882-8982

August 18, 2011

Dear Member or Former Member:

We have informed all members that Glacial Lakes Corn Processors ("GLCP") has resolved the matter of the Internal Revenue Service's examination of our federal income tax returns for fiscal years 2005 and 2006. GLCP agreed to the disallowance of approximately 39% of our fiscal year 2005 patronage dividend deduction and approximately 14% of our fiscal year 2006 patronage dividend deduction. Because of changes in the law relating to net operating loss carrybacks and a closing agreement with the IRS on the rationale for the disallowance, we, along with our tax consultants, concluded that this resolution was preferable to what might have been years of litigation and defense costs with the IRS.

For those who filed a protective claim for refund, please provide the amended Form 1099-PATR's and Form 1099-DIV's that accompany this letter to your tax advisor to determine whether you should proceed with a refund claim(s). You will also be receiving a letter directly from the IRS that will have additional information on where to file the amended returns and refund claims.

For those who did not file protective claims, you will not be able to restate your taxes. Disregard this letter and the forms.

Based on the timing of allocations of patronage earnings from FY 2005 and FY 2006, here is a summary of the changes to amounts reported on the amended Form 1099-PATR's and Form 1099-DIV's for calendar years 2006 and 2007:

Calendar Year 2006 [Allocations in January 2006, April 2006 and July 2006]:

Original:	Patronage Income	\$0.1441 per share
Amended:	Patronage Income	\$0.1158 per share (80.35%)
	Dividend Income	<u>\$0.0283 per share (19.65%)</u>
	Total	<u>\$0.1441 per share (100.00%)</u>

Calendar Year 2007 [Allocation in January 2007]:

Original:	Patronage Income	\$0.1159 per share
Amended:	Patronage Income	\$0.0997 per share (85.99%)
	Dividend Income	\$0.0092 per share (7.97%)
	Non-Taxable	<u>\$0.0070 per share (6.04%)</u>
	Total	<u>\$0.1159 per share (100.00%)</u>

(over)

The amended Form 1099-PATR's and Form 1099-DIV's that accompany this letter reflect these changes. No additional calculations are necessary by you or your tax advisors.

There is no specified deadline to file a refund claim. However, we believe it would be prudent to file the claim within a reasonable time after the contingency was satisfied. You should discuss timing of a refund claim with your tax advisor. We have included the amended Form 1099-PATR's and Form 1099-DIV's for you and your tax advisor to review. The decision of whether or not to proceed with refund claims depends on the amount of potential refund and the cost in submitting the refund claim; please discuss the situation with your tax advisor.

If you have any questions, please feel free to contact Mike Nealon, Todd Richter or me at 605-882-8480.

Sincerely,

GLACIAL LAKES CORN PROCESSORS

A handwritten signature in blue ink that reads "Kelley A. Dennison". The signature is written in a cursive style with a long, sweeping underline.

Kelley A. Dennison
Chief Financial Officer