



**INFORMATION STATEMENT
OF
GLACIAL LAKES CORN PROCESSORS**

CONCERNING THE FORMATION OF AN IC-DISC
("INTEREST CHARGE-DOMESTIC INTERNATIONAL SALES CORPORATION")

DATED OCTOBER 1, 2015

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This Information Statement provides detailed information about the IC-DISC Transaction and new ownership structure and its effect on the shareholders of Glacial Lakes Corn Processors. We encourage you to carefully review the entire Information Statement, its appendices and the documents to which it refers. We have not authorized anyone to provide you with information that is different than that contained in this Information Statement. Information on our web site is not part of the Information Statement.

QUESTIONS AND ANSWERS ABOUT THE IC-DISC TRANSACTION AND STRUCTURE

Below are answers to questions that we anticipate will frequently be asked by members of GLCP related to the IC-DISC transaction and structure. We encourage you to read this entire Information Statement to obtain a more complete answer to these questions. In this discussion, references to "GLCP" includes its two operating subsidiaries Glacial Lakes Energy and Aberdeen Energy.

Q1: What is the IC-DISC Transaction?

A: Glacial Lakes Corn Processors ("GLCP") created a parallel ownership structure involving an Interest Charge-Domestic International Sales Corporation ("IC-DISC") and a Holding Company LLC ("Holding Company") through a spin-off transaction effective October 1, 2015. The purpose of the transaction is to permit a portion of GLCP's patronage-sourced net income arising from foreign exports to be subject to favorable qualified dividend tax rates.

Q2: What will I receive in the IC-DISC Transaction?

A: GLCP shareholders received 100% of the ownership interests of the Holding Company represented by capital units, effective October 1, 2015. Each GLCP shareholder received one (1) capital unit of ownership in the Holding Company for every one (1) share of GLCP common stock owned. The capital units were paid as a fiscal year 2015 patronage dividend.

Q3: Will I receive a certificate representing my ownership in Holding Company?

A: No. The Holding Company capital units are not certificated, but instead are registered on the books and records of the Holding Company and will be permanently stapled to your shares of common stock in GLCP, so you will not receive a certificate in connection with your ownership in the Holding Company.

Q4: What does it mean for the capital units to be stapled to my GLCP shares?

A: The Holding Company capital units and the shares of GLCP common stock are "stapled" together, meaning that one cannot be transferred or sold without the other, and the transfer or sale of shares of GLCP common stock will automatically include the same number of stapled capital units of the Holding Company.

Q5: Can I transfer the capital units of the Holding Company that I received?

A: Yes, in conjunction with the sale or transfer of the GLCP common stock you own. Since the Holding Company capital units are "stapled" to your GLCP common stock, transfers of Holding Company capital units will be subject to the same transfer restrictions as apply to your GLCP common stock, with the addition of the publicly-traded partnership rules. See Question 12. Following the IC-DISC Transaction, your GLCP Common Stock will continue to be subject to restrictions on transfer, including restrictions imposed under federal and state securities laws and the need to obtain the consent of the Board of Directors. As before, our GLCP shares will

continue to be available to buy or sell on the AgStock Trade.com website.

Q6: Does the IC-DISC Transaction mean I will receive less dividends on my GLCP shares?

A: No and yes. GLCP shareholders will continue to receive 100% of the income earned by both companies that are paid out as dividends, in proportion to patronage with GLCP/GLCP shares owned, but the dividends will be paid by two separate companies (GLCP and Holding Company), you will receive separate checks from GLCP and the Holding Company, and the dividends will be reported to you and taxed differently (GLCP will continue to pay and report patronage dividends to you on Form 1099-PATR and Holding Company will pay and report distributions to you on Schedule K-1).

Q7: What effect will the IC-DISC Transaction have on patronage dividends for the fiscal year ending August 31, 2015?

A: The patronage dividends for FY 2015 will be unaffected by the IC-DISC Transaction.

Q8: Why did GLCP implement the IC-DISC Transaction?

A: We believe that the IC-DISC structure will provide material tax savings to GLCP and its shareholders by bifurcating GLCP's patronage-sourced export income. This will permit most of GLCP's shareholders to pay qualified dividend tax rates as opposed to ordinary income tax rates on a portion of GLCP's patronage-sourced export income related to export sales of ethanol and feed products. Moreover, the income you receive from the IC-DISC will not constitute self-employment income or be subject to applicable self-employment taxes (unless you are employed by GLCP). However, for certain shareholders, the income you receive from the IC-DISC would be subject to the 3.8% Medicare Tax on net investment income. Please see "Material Federal Income Tax Considerations" for a discussion of the application of the 3.8% Medicare Tax to net investment income, including qualified dividends.

Q9: Will GLCP and its members be taxed differently following the formation of the IC-DISC?

A: Yes. GLCP and its members are currently taxed as a cooperative under Subchapter T of the Internal Revenue Code. This means that GLCP's earnings for a fiscal year are paid to members in the form of patronage dividends (both cash and noncash written notices of allocation), and GLCP receives a patronage dividend deduction for the patronage dividends paid. This patronage dividend payment and deduction allows GLCP and its members to achieve single-level taxation on GLCP's earnings.

Following the formation of the IC-DISC, a portion of GLCP's export income will be taxed as a qualified dividend, and reported to members on Schedule K-1 of the Holding Company. The Holding Company will file a partnership return on Form 1065.

Q10: How will GLCP and I be taxed on the IC-DISC Transaction?

A: The value of the capital units of the Holding Company that you receive will be treated as a patronage dividend. This amount will be reported on Form 1099-PATR that will be sent to GLCP shareholders for calendar year 2015. We anticipate that the aggregate value of the total number of capital units of the Holding Company will be \$2,500, based on the initial capitalization of the Holding Company and the IC-DISC, so the amount of the patronage dividend reported to individual shareholders will be nominal, and approximately \$0.0000135 per share or approximately 13.5 cents for every 10,000 shares held. GLCP will receive a patronage dividend deduction for the aggregate value of the capital units that are distributed to GLCP shareholders in 2015.

Q11: What will happen to GLCP's Uniform Marketing and Delivery Agreements or the Corn Pool following the IC-DISC Transaction?

A: Nothing. The IC-DISC Transaction will have no effect on the Uniform Marketing and Delivery Agreements that GLCP has with its members. GLCP members must still deliver their corn commitment to GLCP annually, either through actual delivery or through the pool. The IC-DISC will have no effect on the corn pool operated by GLCP to assist members meet their delivery obligations, or the mechanics of how the pool is operated.

Q12: Will the liquidity of my equity in GLCP be affected by the IC-DISC Transaction?

A: No, unless more than 10% of GLCP Common Stock (excluding family transfers, etc.) is traded during any fiscal year. This is because the capital units in Holding Company will be stapled to your GLCP Common Stock, and not more than 10% of an LLC's interests may be traded in any one year to stay within the IRS safe-harbor rules from being considered a publicly-traded partnership and taxed as a C-corporation (and losing the tax advantages of our IC-DISC structure).

Since this would mean approximately 18.5 million shares would need to be traded in any one year (our current average excluding family transfers is under 1 million), we do not expect the stapling of the Holding Company units to your GLCP stock and the publicly-traded partnership rules to affect the liquidity of your equity in GLCP. However the GLCP could restrict the number of shares of GLCP common stock and Holding Company capital units transferred or sold during a fiscal year to stay within the safe-harbors.

Q13: Will my dividends from GLCP change as a consequence of the IC-DISC Transaction?

A: No and Yes. Following the IC-DISC Transaction, all patronage dividends to be made by GLCP will continue to be at the discretion of the Board of Directors of GLCP pursuant to its dividend policy. However, the total amount of patronage dividends to be paid by GLCP will be split into two types: dividends paid by GLCP and reported to you on Form 1099-PATR, and dividends paid by Holding Company and reported to you on Schedule K-1.

Q14: When will the Holding Company pay distributions?

A: In order to best match up the taxable income allocation and cash dividends between GLCP and Holding Company, we anticipate that regular distributions of accrued commission income will be made by IC-DISC and Holding Company following August 31st and December 31st. See Question 20 below for differences between the two companies for sellers and buyers of GLCP stock/capital units on income earned for the period September 1 through December 31.

Q15: Will the factors that affect the amount of cash dividends GLCP may make change as a consequence of the IC-DISC Transaction?

A: No. GLCP Board of Directors will continue its policy of considering debt repayment, equipment acquisitions, cost-saving measures and efficiencies and other plant improvement capital expenditures, working capital requirements, amount of taxable income to be allocated, cyclical commodity trends, growth opportunities, and competitive investment returns to our shareholders when determining the amount of cash dividends to pay out to our shareholders.

Because the IC-DISC structure will result in lower taxes being paid on our income for most shareholders, we anticipate the IC-DISC Transaction to actually improve our ratio of cash to taxable income allocation, especially as we have nearly used up our tax depreciation on our property, plant and equipment constructed in 2006-2008.

Q16: Will the IC-DISC Transaction affect how I report my share of GLCP's taxable earnings?

A: Yes. Effective October 1, 2015, GLCP shareholders now own two companies: GLCP and the Holding Company. GLCP shareholders will continue to receive all of the income allocations and dividends paid from both companies in proportion to GLCP shares owned, but the dividends will be paid by separate checks from GLCP and the Holding Company. However, the income and dividends from the Holding Company will be reported to you differently than the income and dividends from GLCP. On the export side, the Holding Company will pass through 100% of its dividend income from its IC-DISC subsidiary to GLCP shareholders on a Schedule K-1 (which will also show the distributions paid by Holding Company). The income and dividends you receive on the GLCP side will continue to be reported to you as in the past on Form 1099-PATR.

Because we have flexibility in determining the amount of commission income that will be paid to the IC-DISC (subject to statutory rules), we expect that Holding Company will pay cash distributions in amounts equal to 100% of Holding Company's taxable earnings reported to you on Schedule K-1.

Q17: Will the IC-DISC Transaction affect my self-employment tax obligations?

A: Yes. Under current federal tax law, we believe that taxable income allocated by Holding Company to GLCP shareholders will not be subject to self-employment taxes, unless person is employed by GLCP, but will potentially be subject to the 3.8% Medicare Tax discussed below. Amounts paid for corn to GLCP members who are individuals and who continue to sell corn to GLCP will continue to be includable in their calculation of net earnings from self-employment.

For shareholders with modified adjusted gross income above certain thresholds (\$200,000 for individuals and \$250,000 for married taxpayers filing jointly), the income received from the IC-DISC would be subject to the 3.8% Medicare Tax on net investment income. For shareholders of GLCP with self-employment income above the OASDI wage base (\$118,500 for 2015), the 3.8% Medicare Tax would likely eliminate any self-employment tax savings from the IC-DISC structure.

Please see “Material Federal Income Tax Considerations” for a discussion of the application of the 3.8% Medicare Tax to net investment income, including dividends.

Q18: What are some of the other tax consequences to me of holding capital units in the Holding Company after the IC-DISC Transaction?

A: As discussed below, a GLCP shareholder’s share of dividend income received from Holding Company will generally be eligible to be taxed at capital gains rates (current maximum rate of 20% plus, for certain shareholders, a 3.8% Medicare Tax on net investment income) for U.S. federal income tax purposes.

Q19: Will the fiscal or tax year of GLCP change as a result of the IC-DISC Transaction?

A: No. GLCP will continue to use its August 31 year end for both its fiscal year and tax year. Holding Company has adopted an August 31 year end for its fiscal year for financial reporting purposes. This will enable the financial results from operations of both companies to be consolidated and presented in a single financial report. However, both Holding Company and IC-DISC will be required to adopt the calendar year as their taxable years.

Q20: If I sell my GLCP shares between January 1 and August 31, does the IC-DISC Transaction affect who as between seller and buyer will receive income and dividends for earnings during the preceding September 1 through December 31 period?

A: Yes. As stated, GLCP uses its fiscal year of August 31 as its tax year. Both the Holding Company and IC-DISC are required to adopt the calendar year as their taxable years. As discussed further in “Material Federal Income Tax Considerations” below, sales of GLCP common stock and capital units in Holding Company occurring between January 1 and August 31 will likely affect who receives the income earned for the preceding September 1 through December 31 period, because this period is in different tax years for the two companies.

With respect to the Holding Company income for such period, the seller would be allocated income and receive distribution dividends from the IC-DISC/Holding Company relating to income earned on exports for the preceding period September 1 through December 31. With respect to GLCP income for such period, the buyer would receive the patronage income and receive patronage dividends from GLCP relating to income earned for the preceding period September 1 through December 31. However, since we anticipate paying distributions out of the Holding Company related to such earnings shortly after December 31, buyers and sellers of stock will know the amount of the Holding Company earnings and distribution for this period likely within 60 days of December 31, meaning that sellers and buyers during January and February must be

aware of these differences.

Q21: How will voting rights change as a result of the IC-DISC Transaction?

A: There will be no change in the voting rights for holders of equity interests in GLCP as a result of the IC-DISC Transaction. Following the IC-DISC Transaction, each shareholder of GLCP will continue to have one vote on all shareholder matters, regardless of the number of shares owned.

Under the Operating Agreement for Holding Company, each GLCP shareholder will have limited voting rights in Holding Company (merger, sale of assets, dissolution), and all voting rights are exercised on a one-member, one-vote basis to mirror the voting power in GLCP. We established Holding Company as a “manager-managed” limited liability company under South Dakota law, with Glacial Lakes Energy as the sole manager of Holding Company (GLE is also the sole manager of Aberdeen Energy). In this regard, GLCP shareholders control all entities in the GLCP corporate structure through their right to elect directors of GLCP.

Q22: Will the IC-DISC Transaction affect the composition of GLCP’s or GLE’s Board of Directors?

A: No. The directors serving on the Boards of Directors for GLCP and Glacial Lakes Energy immediately prior to the effective date of the IC-DISC Transaction will continue to be on the Boards of Directors following the IC-DISC Transaction, with no change in their terms, qualification requirements, etc.

Q23: Does the Board or management have a financial interest in the IC-DISC Transaction?

A: No. Members of the Board of Directors and management and their related parties own shares of GLCP Common Stock like all other GLCP shareholders, and received capital units of Holding Company on a patronage basis in proportion to shares owned on the same basis as all other shareholders of GLCP. No member of the Board of Directors or management will receive any capital units other than in respect of GLCP shares owned or received any compensation for the IC-DISC.

Q24: Is a vote required to approve the IC-DISC Transaction?

A: No. A vote of GLCP shareholders was not required to approve or implement the IC-DISC Transaction.

Q25: What else needs to happen in order for the IC-DISC Transaction to become effective?

A: Nothing. The IC-DISC Transaction, the new ownership structure and the stapled stock and capital units became effective October 1, 2015.

Q26: Whom should I contact with any further questions?

A: You should contact our membership coordinator at:

Glacial Lakes Corn Processors
301 20th Avenue S.E.
Watertown, South Dakota 57201
Phone: (605) 882-8480
Toll free: (866) 788-5907
Fax: (605) 882-8982

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SUMMARY

The following summary highlights selected information from this Information Statement and, in conjunction with the preceding "Questions and Answers About the Transaction," is intended to provide an overview of the IC-DISC Transaction. To understand the transaction fully, we encourage you to read this entire Information Statement.

Glacial Lakes Corn Processors ("GLCP") is a South Dakota agricultural marketing cooperative incorporated on September 15, 2000 under South Dakota Statutes, Chapters 47-15 to 47-20, inclusive, for the purpose of allowing its members to receive additional value by processing their corn and marketing their corn products. In accordance with its Articles of Incorporation and Bylaws, GLCP operates on a cooperative basis and is currently taxed as a cooperative under Subchapter T of the Internal Revenue Code ("Code"). As a cooperative, GLCP is not taxed on patronage sourced income allocated to its members. These amounts are instead taxed directly to its members. Through this allocation of patronage sourced income to its members and the cooperative level deduction that is allowed for this allocation, GLCP and its members are able to achieve single-level taxation of GLCP's patronage sourced income.

GLCP processes its members corn and markets the ethanol and feed products it produces both domestically and internationally through its wholly-owned operating subsidiaries Glacial Lakes Energy, LLC ("GLE") and Aberdeen Energy, LLC ("AE"). The principal offices of GLCP and GLE are located at 301 20th Avenue S.E., Watertown, South Dakota, and its telephone number is (605) 882-8480.

The IC-DISC Transaction GLCP created a parallel ownership structure involving an Interest Charge-Domestic International Sales Corporation ("IC-DISC") and a Holding Company LLC ("Holding Company"), through a spin-off transaction effective October 1, 2015. In short, GLCP separated its patronage-sourced income into two buckets: (1) income earned on export sales of the ethanol and feed products it produces (the "Holding Company/IC-DISC" side) and (2) income earned from domestic sales of the ethanol and feed products it produces (the "GLCP side").

The IC-DISC Transaction did not involve a sale or merger of GLCP. GLCP will remain the same entity with the same shareholders and the same number of shares of common stock outstanding after the IC-DISC Transaction.

A shareholder's investment in GLCP has not changed. Shareholders still own GLCP shares of common stock, still have a corn delivery requirement in proportion to shares owned, still elect GLCP directors on a one-member, one-vote basis, and may still transfer, sell or buy shares in the same manner.

Purpose of the IC-DISC Transaction The primary purpose for the IC-DISC Transaction is to reduce the effective federal tax rate paid by shareholders. Under the IC-DISC structure, a portion of GLCP's patronage-sourced net income arising from foreign exports will be subject to favorable qualified dividend tax rates.

Purpose of the IC-DISC Transaction (cont.)	The IC-DISC structure arises under a provision of the Internal Revenue Code that encourages exports and can result in a portion of a firm’s net export income being taxed at qualified dividend rates as compared to ordinary income rates.
Completion of the IC-DISC Transaction	<p>In order to effect the IC-DISC structure, GLCP recently formed an IC-DISC named Glacial Lakes Energy Exports, Inc. (the “IC-DISC”) and a Holding Company named Glacial Lakes Energy Exports Holdings, LLC (“Holding Company”) in a parent-subsiary structure underneath GLCP. The Holding Company is the sole shareholder of the IC-DISC and owns 100% of the shares of common stock of the IC-DISC.</p> <p>GLCP then distributed the ownership interests in Holding Company to each shareholder of GLCP as a Fiscal Year 2015 patronage dividend, effective October 1, 2015. Through their ownership of GLCP and the Holding Company, GLCP shareholders will receive 100% of the dividends that GLCP and the Holding Company pay out of their respective domestic and export patronage earnings.</p>
Holding Company Capital Units	The Holding Company capital units are not certificated, but instead are registered on the books and records of the Holding Company and will be permanently stapled to the shares of common stock in GLCP. GLCP shareholders will not receive a unit or stock certificate in connection with their ownership in the Holding Company.
Stapled Stock	The Holding Company capital units and the shares of GLCP common stock are “stapled” together, meaning that one cannot be transferred or sold without the other. The transfer or sale of shares of GLCP common stock will automatically include the same number of stapled capital units of the Holding Company.
Transfer Restrictions	Since the Holding Company capital units are “stapled” to your GLCP common stock, transfers of Holding Company capital units will be subject to the same transfer restrictions as apply to your GLCP common stock, with the addition of the publicly-traded partnership rules. <u>See Question 12</u> in the Q&A above, or a discussion of these rules in the “Material Federal Income Tax Considerations” below. Following the IC-DISC Transaction, your GLCP Common Stock will continue to be subject to restrictions on transfer, including restrictions imposed under federal and state securities laws and the need to obtain the consent of the Board of Directors. As before, our GLCP shares will continue to be available to buy or sell on the AgStock Trade.com website.
IC-DISC Operations	The IC-DISC structure involves internal computations and support but does not affect how the exporter (GLCP) deals with customers and suppliers. The IC-DISC does not have to generate customer invoices, lease office space,

employ personnel or invest in fixed assets.

In order to move export income from GLCP to the IC-DISC, GLCP through its operating subsidiaries Glacial Lakes Energy and Aberdeen Energy will pay the IC-DISC a commission based on export sales in accordance with statutory rules. These commissions are deductible by GLCP and constitute commission income to the IC-DISC. The IC-DISC is exempt from federal income tax, and will pay dividends based on its commission income to its sole shareholder the Holding Company.

Because the Holding Company is a pass-through entity, its dividend income received from its stock ownership of the IC-DISC is passed through to GLCP shareholders on a patronage-basis (which will be in proportion to capital units held, exactly like your patronage with GLCP is in proportion to shares of stock held), and a portion of such dividends are taxed as qualified dividends to GLCP shareholders and not ordinary income, and are not subject to self-employment taxes (unless the shareholder is employed by GLCP).

However, for certain shareholders, the income you receive from the Holding Company attributable to its ownership of the IC-DISC would be subject to the 3.8% Medicare Tax on net investment income. Please see “Material Federal Income Tax Considerations” for a discussion of the application of the 3.8% Medicare Tax to net investment income, including dividends.

Accounting Treatment

The value of the assets and liabilities of GLCP on the books and records of GLCP will not change for accounting purposes and GLCP will recognize no goodwill or intangible asset in connection with the IC-DISC Transaction.

No GLCP Member Vote Required

Since the IC-DISC Transaction was completed by creating a parent-subsiary structure underneath GLCP, and then distributing the ownership interests of the Holding Company parent to the GLCP shareholders as a patronage dividend, no GLCP member vote was required.

Directors and Officers following the IC-DISC Transaction

The members of the Board of Directors of GLCP and Glacial Lakes Energy, LLC (“GLE”) immediately prior to the effective time of the IC-DISC Transaction will continue to serve as the Boards of Directors of GLCP and GLE after the IC-DISC Transaction.

The directors on the Board of Directors of the IC-DISC (Glacial Lakes Energy Exports, Inc.) are Mark Schmidt, Jim Seurer, and Bill Brennan. The officers of the IC-DISC are Jim Seurer, President and Chief Executive Officer and Bill Brennan, Secretary, Treasurer and Chief Financial Officer .

There is no Board of Directors of the Holding Company (“Glacial Lakes

Energy Exports Holdings, LLC"). The Holding Company is manager-managed, and Glacial Lakes Energy, LLC serves as its sole manager. The officers of the Holding Company are Jim Seurer, President and Chief Executive Officer and Bill Brennan, Secretary, Treasurer and Chief Financial Officer.

**Differences in the Rights
of GLCP Members**

Following the IC-DISC Transaction, your rights as an equity holder of GLCP are unchanged, other than you will also have financial and economic rights via an ownership interest in the Holding Company quantified by capital units, and the capital units are stapled to your GLCP Common Stock.

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RISK FACTORS

You should carefully consider the risks described below. The IC-DISC Transaction presents a variety of risks, including tax risks. In addition, you should be aware that holding your equity interests in GLCP, whether before or after the IC-DISC Transaction, involves risks. Any of the conditions or events associated with such risks could materially harm our business, financial condition or results of operations, which could cause the value of your interest in GLCP to decline or prevent us from realizing the expected benefits of the IC-DISC Transaction.

Tax Risks Relating to the IC-DISC Transaction

The Internal Revenue Service could challenge the IC-DISC structure and tax reporting positions to be taken by GLCP, Holding Company and IC-DISC that could materially adversely affect GLCP.

The tax rules relating to IC-DISCs are complex, and in some cases there is uncertainty regarding the application of these rules to an exporter such as GLCP that is taxed as a cooperative under Subchapter T of the Code. For example, there is not clear guidance from the IRS regarding the computation and timing of IC-DISC commissions where the exporter and the IC-DISC have different tax years. GLCP intends to use its reasonable best efforts to adopt interpretations of existing guidance that are consistent with current law and that minimize risk of disputes with the IRS. However, no assurances can be given that the IRS will agree with these interpretations. If the IRS were to challenge successfully the IC-DISC structure, or tax reporting positions taken by GLCP, Holding Company or IC-DISC, it is possible that IC-DISC could be subject to tax as a C corporation, which could cause distributions from the Holding Company to be subject to double tax. This would reduce the amount of cash available for distributions.

If the IRS were to challenge Holding Company's tax status as a partnership successfully, Holding Company would pay taxes on all of its net income and you would be taxed on any earnings distributed by Holding Company, and this would reduce the amount of cash available for distribution.

We expect and intend that Holding Company will be treated as a partnership for federal income tax purposes. This means that it will pay no federal or state income tax and members will pay tax on their share of the Holding Company's net income. However, because the Units in Holding Company are "stapled" to the shares GLCP Common Stock, transfers of GLCP Common Stock will need to be monitored for compliance with the publicly traded partnership rules. For a summary of the publicly traded partnership rules, please see "Material Federal Income Tax Considerations – Publicly Traded Partnership Rules" below.

If Holding Company fails to qualify for partnership taxation for whatever reason, then it may be taxed as a C corporation. As a C corporation, Holding Company would be taxed on its taxable income at rates of up to 35% for federal income tax purposes under current law. Further, you would generally be required to treat distributions from Holding Company as corporate dividends. These distributions would not be deductible by Holding Company, thus resulting in double taxation of Holding Company's earnings and profits. This would also reduce the amount of cash available for distributions. Please see "Material Federal Income Tax Considerations – Publicly Traded Partnership Rules" below.

Your tax liability from your share of Holding Company's taxable income may exceed any cash distributions you receive, which means that you may have to satisfy this tax liability using your personal funds.

As described above, the Holding Company does not expect to pay any federal tax, and all of its profits and losses will "pass through" to its members. You must pay tax on your allocated share of Holding Company's taxable income every year. While we expect the Holding Company to pay cash distributions in amounts equal to its dividend income received from the IC-DISC, you may not receive cash distributions from the Holding Company sufficient to satisfy these tax liabilities. This may occur because of various factors, including accounting and tax reporting methodology.

In particular, if an IC-DISC's qualified export receipts exceeds \$10 million, the shareholders of the IC-DISC are treated as receiving a deemed distribution taxable as a dividend generally based on the qualified export receipts in excess of \$10 million. Additionally, a shareholder of an IC-DISC must pay an interest charge for each tax year in respect of the shareholder's DISC-related deferred tax liability to the extent that distributions are not made currently. While it is intended that IC-DISC and Holding Company will be making cash distributions currently, no assurances can be given that the amount of cash distributions you receive from Holding Company will be equal to the amount of taxes and interest you are required to pay as a result of your ownership of Units in Holding Company.

Accordingly, you may be required to satisfy these tax liabilities out of your personal funds.

Any audit of GLCP's or the Holding Company's tax returns resulting in adjustments could cause the Internal Revenue Service to audit your tax returns, which could result in additional tax liability to you.

The Internal Revenue Service may audit GLCP's or the Holding Company's tax returns and may disagree with the positions taken on those returns. The rules regarding partnership taxation are complex. If challenged by the Internal Revenue Service, the courts may not sustain the position taken on GLCP's tax returns. An audit of GLCP's tax returns could lead to separate audits of your tax returns, especially if adjustments are required. This could result in adjustments on your tax returns and in additional tax liabilities, penalties and interest to you.

Future tax legislation could eliminate the tax benefits of the IC-DISC.

The rules dealing with U.S. Federal income taxation of international activities are constantly under review by persons involved in the legislative process. The U.S. Congress is presently considering changes to the rules relating to the taxation of international activities. It is possible that future tax legislation could eliminate some of all of the tax benefits of the IC-DISC structure. Such changes could require GLCP to reconsider the future viability of the IC-DISC structure.

Other Risks Relating to the IC-DISC Transaction

GLCP's distribution of capital units of the Holding Company were not registered with the SEC.

Based on advice of its counsel, GLCP believes that the capital units of the Holding Company are not a security under the Securities Act of 1933, and therefore GLCP distributed these interests without

registration under the Securities Act. GLCP believes that the capital units are not securities because they have limited voting rights, they are allocated income and receive distributions based on patronage of the holder of the units with GLCP, they are subject to the same transfer restrictions and membership and delivery requirements as GLCP common stock because they are stapled to the common stock, and GLCP shareholders are not providing anything of value or making an investment decision in order to receive these interests. GLCP has not obtained a no action letter from the Securities Exchange Commission concerning GLCP's conclusion that these interests are not securities. Consequently, there is a risk that the SEC could disagree with GLCP's conclusion and subject GLCP to penalties and additional compliance costs related to the IC-DISC Transaction.

The capital units of the Holding Company have no public market and no public market is expected to develop.

There is no established public trading market for the capital units that you received in the IC-DISC Transaction, and we do not expect such a market to develop in the foreseeable future. To maintain its partnership tax status, the Holding Company does not intend to list any of its capital units on any stock exchange or automatic quotation system such as the Nasdaq Stock Market, and may limit transfers of the stapled GLCP stock/capital units. As a result, you may have to hold your capital units for an indefinite period of time because you may not be able to readily resell your capital units.

The IC-DISC Transaction will not affect your ownership of GLCP common stock, other than the capital units in the Holding Company will be attached to your GLCP common stock.

Your ability to transfer GLCP common stock will continue to be restricted under GLCP's Articles and Bylaws. You are required to obtain the consent of the Board of Directors of GLCP to any transfers of your GLCP common stock. Similarly, transferability of capital units is restricted in part to avoid any violation of the securities laws of the United States or any state and to ensure that the Holding Company is not deemed a "publicly traded partnership" for tax purposes and thus taxed as a corporation. Your capital units in the Holding Company will be attached to your GLCP common stock. See "Material Federal Income Tax Considerations—Publicly Traded Partnership Rules."

You were not entitled to vote on the IC-DISC Transaction.

Under South Dakota law, as well as under the provisions of GLCP's Articles of Incorporation and Bylaws, members of GLCP were not entitled to vote on the IC-DISC Transaction. Rather, the IC-DISC Transaction was effected paying out the ownership interests of the Holding Company quantified by capital units to the GLCP shareholders as a Fiscal Year 2015 patronage dividend.

Risks Related to Our Operations and Market

Our financial performance is highly dependent on commodity prices, which are subject to significant volatility, uncertainty, and supply disruptions, so our results may be materially adversely affected.

Our results of operations and financial condition are significantly affected by the cost and supply of corn and natural gas, and by the selling price for ethanol, distillers grains, corn oil and gasoline, which are commodities. Changes in the price and supply of these commodities are subject to and determined by market forces over which we have no control. Our revenues exclusively depend on

the market prices for ethanol, distillers grains and corn oil. These prices can be volatile due to a number of factors, including overall supply and demand, the price of corn, the price of and demand for gasoline, the level of government support and the availability and price of competing products. If we are unprofitable, we will be unable to pay the IC-DISC much if any commission on export sales and we may not realize the anticipated benefits of the IC-DISC structure.

We depend on others for sales of our products, which may place us at a competitive disadvantage and reduce profitability.

We currently have agreements with a third-party marketing firm to market all of the ethanol we produce from our facilities. We also contract with a third party marketing firm to market the sale of the distillers grains produced at our plants. If the ethanol or co-product marketer breach their contracts or do not have the ability, for financial or other reasons, to market all of the ethanol we produce or to market the co-products produced at our plants, we may not have any readily available alternative means to sell our products. Our lack of a sales force and reliance on third parties to sell and market most of our products may place us at a competitive disadvantage. Our failure to sell all of our ethanol and co-products may result in lower revenues and reduced profitability, and we may not realize the anticipated benefits of the IC-DISC structure.

We are exposed to credit risk resulting from non-payment by significant customers.

We have a concentration of credit risk since we sell all of our ethanol to a single customer and all of our co-products to a single customer. Although payments are typically received within no more than twenty days from the date of sale for ethanol and distillers grains, we must continually monitor this credit risk exposure. In addition, we may prepay for or make deposits on undelivered inventories. Concentrations of credit risk with respect to inventory advances are primarily with a few major suppliers of agricultural inputs. The inability of a third party to make payments to us for our accounts receivable or to provide inventory to us on advance may cause us to experience losses and may adversely impact our liquidity, our ability to make debt payments, and our ability to pay dividends out of the IC-DISC.

Our profitability depends on the spread between ethanol and corn prices, which can vary significantly.

Gross profit on gallons produced at our facilities, which accounts for the substantial majority of our operating income, is principally dependent on the spread between ethanol and corn prices. The price of corn is influenced by weather conditions (including droughts or excess rainfall) and other factors affecting crop yields, farmer planting decisions and general economic, market and regulatory factors, including government policies and subsidies with respect to agriculture and international trade, and global and local supply and demand. If we are unprofitable, we may not be able to realize the expected benefits of the IC-DISC Transaction.

We may engage in hedging transactions and other risk mitigation strategies that could harm our results.

We are exposed to a variety of market risks, including the effects of changes in commodity prices. Hedging activities can result in losses when a position is purchased in a declining market or a

position is sold in a rising market. We cannot ensure that we will not experience hedging losses in the future. Hedging arrangements also expose us to the risk of financial loss in situations where the other party to the hedging contract defaults on its contract or, in the case of exchange-traded contracts, where there is a change in the expected differential between the underlying price in the hedging agreement and the actual prices paid or received by us. In addition, failure to have adequate capital to use various hedging strategies, as is currently the case, may expose us to substantial risk of loss, or result in a loss for our company. If we experience losses from our hedging strategies, we may not realize the expected benefits of the IC-DISC Transaction.

The price of distillers grains is affected by the price of other commodity products; decreases in the price of these commodities could decrease the price of distillers grains.

Distillers grains compete with other protein-based animal feed products. The price of distillers grains may decrease when the price of competing feed products decrease. The prices of competing animal feed products are based in part on the prices of the commodities from which they are derived. Downward pressure on commodity prices, such as corn and soybean meal, will generally cause the price of competing animal feed products to decline, resulting in downward pressure on the price of distillers grains. Because the price of distillers grains is not tied to production costs, decreases in the price of distillers grains will result in us generating less revenue and lower profit margins. Any increase in the supply of distillers grains, without corresponding increases in demand, could lead to lower prices or an inability to sell our distillers grains. A decline in the price of distillers grains, or the distillers grains market generally, could have a material adverse effect on our business, results of operations and financial condition, and we may not realize the expected benefits of the IC-DISC Transaction.

Proposed regulations governing the production and sale of animal feeds, including distillers grains, may change our operating procedures and increase our operating costs, and could affect the export markets for distillers grains.

Food Safety Modernization Act ("FSMA")

In 2011, President Obama signed the FSMA, which is intended to strengthen the food safety system in the United States. The U.S. Food and Drug Administration ("FDA") will administer the law, which will require food producers, including distillers grains producers, to document, implement and monitor preventative contamination controls in the food production process. On March 26, 2014, FDA published a Federal Register notice inviting comments on issues related to the FSMA amendments. On June 17, 2014, FDA re-opened the comment period by an additional 60 days. The ethanol industry is monitoring the FDA comment process to determine the potential impact on the industry. The implementation of the final regulations may change our operating procedures for the production, handling and sale of distillers grains, and may increase our operating and compliance costs, and may prevent us from realizing the expected benefits of the IC-DISC Transaction.

Distillers Grains Exports to China

China is currently the largest export market for U.S. dry distillers grains, reaching 4.49 million metric tons in 2013, or 46% of all distillers grains exported. The Chinese government recently signaled its intent to regulate the quality of food imports into China. To achieve this goal, the China AQSIQ (General Administration of Quality Supervision, Inspection and Quarantine) agency indicated that it will

require U.S. food producers to register and comply with Chinese food preparation guidelines, and the U.S. government to monitor the production of food products in the U.S. that are exported to China, in a manner similar to the system proposed under the FSMA.

In June 2014, quarantine authorities in China stopped issuing permits for the import of distillers dried grains from the United States due to the presence in some shipments of a genetically-modified organism that has been approved in the United States and a number of other countries but not in China.

The ethanol industry and U.S. government are examining these actions to determine appropriate responses. We cannot estimate the effect these regulations and actions will have on the overall distillers grains market. They could have the effect of reducing exports to China if U.S. producers are unable to comply with the regulations. This could reduce distillers grains prices in the domestic market by decreasing worldwide demand for distillers grains.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Information Statement contains forward-looking statements based on assumptions by the management of GLCP as of the date of this Information Statement, including assumptions about risks and uncertainties faced by GLCP. When used in this Information Statement, the words “believe,” “expect,” “anticipate,” “intend,” “will” and similar verbs or expressions are intended to identify such forward-looking statements.

If management’s assumptions prove incorrect or should unanticipated circumstances arise, GLCP’s actual results could differ materially from those anticipated. These differences could be caused by a number of factors or combination of factors including, but not limited to, those factors described under the heading “Risk Factors.” Readers are urged to consider such factors when evaluating any forward-looking statement, and GLCP cautions you not to put undue reliance on any forward-looking statements. GLCP undertakes no obligation to update any forward-looking statements to reflect future events or developments.

THE IC-DISC TRANSACTION

General

In recent months, the Board of Directors and management of GLCP have analyzed our business, revenues and income from the export of ethanol and feed products. As a result of that analysis, we have determined that it is in the best interest of our shareholders to form an IC-DISC and separate GLCP’s patronage-sourced income from export sales from our patronage-sourced income from domestic sales. The purpose of the transaction is to subject a portion of our patronage income to the federal income tax rate applicable to qualified dividends rather than the ordinary income which could reduce GLCP’s shareholders’ taxes paid on our income by a material amount.

In order to effect the IC-DISC structure, GLCP recently formed an IC-DISC and a Holding Company in a parent-subsiary structure underneath GLCP. The Holding Company (the “parent”) holds 100% of the shares of common stock of the IC-DISC (the “subsidiary”). Effective October 1, 2015, the economic and financial interests of the Holding Company (represented by capital units) were

distributed to GLCP shareholders in proportion to their share ownership/patronage as a Fiscal Year 2015 (“FY15”) patronage dividend. In essence, we put the direct ownership of the Holding Company (and its wholly-owned IC-DISC subsidiary) in your hands in a “spin-off” transaction. This communication and information statement is your notification of the spin-off transaction. There is no action required on the part of GLCP shareholders.

Under the requirements of the Internal Revenue Code, GLCP through its operating subsidiaries GLE and AE will pay a commission to the IC-DISC based on profitability of the IC-DISC’s export sales or based on export sales revenue under established statutory rules. The commission paid is deducted from GLCP’s patronage income. The IC-DISC pays no federal income tax on the commission received from GLCP and GLE/AE. The IC-DISC then pays a stock dividend on its common stock to its parent company, the Holding Company, which will in turn pass and distribute the character and amount of the qualified stock dividend to GLCP shareholders on a patronage basis in proportion to capital units/shares of common stock owned. Such distributions are taxed as qualified dividends at the federal level, thereby lowering each shareholder’s tax rate for that portion of distributions received from GLCP related to export net income subject to IC-DISC rules and limits.

The IC-DISC Transaction did not involve a sale or merger of GLCP. GLCP remains the same legal entity after the IC-DISC Transaction as it was before the IC-DISC Transaction, subject only to the change in tax consequences on our patronage-sourced export income. The IC-DISC Transaction, the new ownership structure and the capital units stapled to your GLCP common stock became effective October 1, 2015.

Continuation of Corn Delivery Obligation

The IC-DISC Transaction will have no impact on GLCP’s corn delivery program or the Uniform Marketing and Delivery Agreements that GLCP has entered into with its members. One requirement of membership in GLCP will continue to be entering into the UMDA.

Background of and Reasons for the IC-DISC Transaction

In recent months, the Board of Directors and management of GLCP have analyzed our business, revenues and income from the export of ethanol and feed products. As a result of that analysis, we have determined that it is in the best interest of our shareholders to form an Interest Charge-Domestic International Sales Corporation (“IC-DISC”). In short, we are separating our patronage-sourced income into two buckets: (1) income earned on export sales of the ethanol and feed products we produce and (2) income earned from domestic sales of the ethanol and feed products we produce.

Why did we do this? In two words: tax savings. Income and dividends received by most of our shareholders from the IC-DISC will be taxed at significantly lower “qualified dividend” rates than the patronage income and dividends you now receive from GLCP, which is taxed as ordinary income. The IC-DISC structure could result in permanent tax savings (this is not simply a timing benefit) of up to 16% on the export income we earn. As you would expect, the IRS limits the amount of export income that can be shifted to an IC-DISC by an exporter. And earning income on the production of ethanol and feed products is a cyclical, commodity business, and we will have margin downturns in our industry that will reduce earnings across the board. However, we anticipate that our shareholders will collectively realize tax savings from the IC-DISC structure in excess of \$1.0 million annually, and

potentially much more than that if we were to duplicate a year like Fiscal Year 2014 or 2015 just completed. Based on the significant tax savings we expect our shareholders to realize annually, the Board authorized management to implement the IC-DISC structure.

This discussion of factors considered by GLCP's Board of Directors and management is not intended to be exhaustive, but is believed to include the material factors considered by them. In reaching its determination to approve the IC-DISC Transaction, the Board of Directors considered the above issues and factors collectively without quantifying or assigning a greater weight to any one factor.

Regulatory Approval

No regulatory approvals must be obtained in connection with the proposed IC-DISC Transaction.

Federal Securities Law Considerations

GLCP distributed the capital units in the Holding Company as a FY2015 patronage dividend. This patronage dividend was not registered with the Securities and Exchange Commission under the Securities Act of 1933 (the "Securities Act") or with any state securities commission. GLCP believes that the capital units of the Holding Company are not a security under the Securities Act, because they have limited voting rights, they are allocated income and receive distributions based on patronage of the holder of the units with GLCP, they are subject to the same transfer restrictions and membership and delivery requirements as GLCP common stock because they are stapled to the common stock, and GLCP shareholders are not providing anything of value or making an investment decision in order to receive these interests. GLCP has not obtained a no action letter from the Securities Exchange Commission concerning GLCP's conclusion that these interests are not securities. Consequently, there is a risk that the SEC could disagree with GLCP's conclusion and subject GLCP to penalties and additional compliance costs related to the IC-DISC Transaction.

Tax Treatment

The value of the capital units of the Holding Company that you receive will be treated as a patronage dividend. This amount will be reported on Form 1099-PATR that will be sent to GLCP shareholders for calendar year 2015. We anticipate that the aggregate value of the total number of capital units of the Holding Company will be \$2,500, based on the initial capitalization of the Holding Company and the IC-DISC, so the amount of the patronage dividend reported to our shareholders will be nominal, and approximately \$0.0000135 per share or approximately 13.5 cents for every 10,000 shares held.

GLCP will receive a patronage dividend deduction for the value of the interests that are distributed to GLCP shareholders in 2015. Please see "Material Federal Income Tax Considerations" for a discussion of important tax matters.

Accounting Treatment

GLCP will continue to record the value of the assets and the liabilities of GLCP prior to the IC-DISC Transaction at their carrying amounts on the records of GLCP after the IC-DISC Transaction, and will recognize no goodwill or intangible asset in connection with the transaction.

Effect Upon GLCP Common Stock

Upon the IC-DISC Transaction, shares held by the members of GLCP will continue to be held by the GLCP shareholders. It is GLCP's position that the IC-DISC Transaction will effect no change in the equity interests held by the members, other than the financial and economic interests in the Holding Company will attach to the Common Stock. Members who have secured loans using shares of Common Stock, may wish to consult with their lending institutions to determine if their lenders will require new assignments of security interest in the Common Stock, other new collateral to support those loans or repayment of the loans.

Boards of Directors and Officers

The individuals serving on the Boards of Directors and Officers of GLCP and GLE immediately prior to the effective date of the IC-DISC Transaction will continue to serve as directors of the Board of Directors and Officers of GLCP following the IC-DISC Transaction.

ORGANIZATIONAL DOCUMENTS OF THE IC-DISC TRANSACTION

The following discussion is a summary of the effect of the IC-DISC Transaction on the GLCP organizational documents and of the organizational documents of the IC-DISC, Glacial Lakes Energy Exports, Inc., a South Dakota business corporation, and the Holding Company and sole shareholder of the IC-DISC, Glacial Lakes Energy Exports Holdings, LLC, a South Dakota limited liability company. We have included a copy of the Articles of Organization and Operating Agreement of the Holding Company as **Appendix A** and **Appendix B** to this Information Statement, respectively. This summary only highlights selected information from the Articles and Operating Agreement of the Holding Company and may not contain all of the information that is important to you. We urge you to read the entire Articles and Operating Agreement carefully in order to understand your rights as a holder of capital units of the Holding Company.

GLCP Purpose

The purpose of our cooperative will not change under the IC-DISC Transaction. Our stated purpose generally is to receive, handle and process the agricultural products of our members and others, and to engage in any business or activity for which cooperative associations may be formed. We may engage in any activity that is necessary, convenient or incidental to further our purpose.

Effect on GLCP Organizational Documents

Membership

The IC-DISC Transaction will have no effect on membership requirements or eligibility or membership rules for membership in GLCP.

Articles and Bylaws

The IC-DISC Transaction will have no effect on the Articles of Incorporation or Bylaws of GLCP or any provisions of South Dakota cooperative law applicable to GLCP.

Uniform Marketing and Delivery Agreement

The IC-DISC Transaction will have no effect on GLCP shareholders' corn delivery obligations or requirements under the Articles, Bylaws or Uniform Marketing and Delivery Agreement of GLCP.

Voting Rights

The IC-DISC Transaction will have no effect on voting rights of GLCP shareholders. Each GLCP shareholder will continue to have one vote on any matter subject to a GLCP shareholder vote.

Summary of Articles and Operating Agreement of Holding Company

Unit Holders

As of October 1, 2015, the holders of the capital units (the "Unit Holders") of the Holding Company are the Persons who were shareholders of GLCP on September 30, 2015 (the "Effective Date") as shown on the books and records of GLCP. Only holders of common stock of GLCP are eligible to be Unit Holders. Each Unit Holder must hold a minimum of Two Thousand Five Hundred (2,500) capital units (the "Units") of the Holding Company. If a Unit Holder becomes ineligible to hold GLCP common stock under the GLCP Articles and Bylaws, the Unit Holder will become ineligible to hold Units of the Holding Company. The Units are stapled to the common stock of GLCP, on a one unit to one share basis, which means that (1) Units may not be transferred without a transfer of the stapled GLCP common stock, (2) any transfer of GLCP common stock automatically transfers the same number of Units of the Holding Company stapled thereto, and (3) Transfers of Units are subject to the same transfer restrictions and can be transferred in the same manner as GLCP common stock, provided that the Manager of the Holding Company may restrict transfers of Units in any one fiscal year if necessary to preserve the partnership tax classification of the Holding Company.

Management

The Holding Company Articles and Operating Agreement provide that the Holding Company is manager-managed, and the power and authority to control and manage the business and affairs of the Holding Company are vested exclusively in the Manager (and not in the Unit Holders). See Section 5 of the Operating Agreement.

The Manager of the Company shall at all times be GLCP or an Affiliate of GLCP. The Manager of the Company as of the Effective Date of the Operating Agreement is GLE. The Unit Holders may not

remove the Manager except for the Manager's gross negligence or willful misconduct in carrying out its duties under the Operating Agreement. In the event GLE ceases to be the Manager, the Unit Holders may elect a new qualified Manager in the manner prescribed by Section 6.1(g) of the Operating Agreement.

Notwithstanding the exclusive authority of the Manager, the Manager shall not have authority to approve, authorize or take any of the following actions with respect to the Company without the approval or consent of the Unit Holders in the manner as prescribed by Section 6.1(g) of the Operating Agreement: (a) sell, lease, exchange or otherwise dispose of all or substantially all of the assets of the Holding Company; (b) merge or consolidate the Holding Company with another person; (c) materially change the business purpose of the Holding Company; or (d) voluntarily dissolve the Holding Company.

Officers of the Holding Company are appointed and may be removed from time to time by the Manager.

Voting Rights of Unit Holders

No Unit Holder, other than a Unit Holder acting in his, her or its capacity as the Manager or as an officer of the Holding Company, has any right or power to take part in the management or control of the Holding Company or its business and affairs.

No Unit Holder shall have any voting right except with respect to those matters requiring a Unit Holder vote or approval as specifically provided for in the Operating Agreement or as otherwise required by nonwaivable provisions of the South Dakota LLC Act. Those matters on which a Unit Holder has the right to vote are the sale of all or substantially all of the assets of the Holding Company, the merger or dissolution of the Holding Company, or a material change in the business purposes of the Holding Company, as identified above. With respect to such matters, each Unit Holder shall be entitled to one vote regardless of the number of Units held.

Whenever the vote or consent of Unit Holders is permitted or required under the Operating Agreement, such vote or consent may be given at a meeting of Unit Holders or may be given in accordance with the consent procedure prescribed in Section 6.1(h) of the Operating Agreement. Meetings of Unit Holders may be conducted simultaneously with members meetings of GLCP, and are subject to the same quorum requirements. Unless a higher percentage is expressly specified herein, the Unit Holders shall take action by a majority of votes cast at a meeting of Unit Holders or a majority of votes cast in accordance with the consent procedure prescribed in Section 6.1(h) of the Operating Agreement.

Capital Accounts, Allocations, and Distributions

Under the Operating Agreement, distributions are generally required to be made to Unit holders in proportion to Unit ownership, which is consistent with the allocation of the patronage income of GLCP. However, (a) dividends received by Holding Company from IC-DISC attributable to patronage transactions occurring for the period January 1 through August 31 will be distributed to Unit Holders of record as of August 31; and (b) dividends received from IC-DISC attributable to patronage transactions occurring for the period September 1 through December 31 will be distributed to Unit Holders of record as of December 31.

Except for certain special allocations, profits and losses are generally allocated to Unit holders in the same manner as distributions. For this purpose, profits and losses generally mean taxable income and loss, subject to various adjustments. Allocations of profits result in an increase to a unit holder's capital account and allocations of losses result in a decrease to a unit holder's capital account. The general rule for profit and loss allocations is subject to a number of exceptions referred to as special allocations. Most of the special allocations are required by the tax regulations. These regulatory allocations are expected to have limited or no applicability to Holding Company. In addition, in the taxable year in which the company sells substantially all of its assets or liquidates, the company will make special allocations to the extent necessary to cause capital accounts to equal the amounts that would be distributed to the unit holders upon liquidation of the Company.

A member's capital account is initially established based upon the value of the Units received from GLCP as reflected on the Schedule 1099-PATR received from GLCP. Capital accounts also will be adjusted upward or downward if events occur that cause an adjustment to gross asset value in accordance with our Operating Agreement. These events include the issuance of additional units, unit redemptions, liquidation and other events where revaluation is required by or is consistent with Treasury regulations.

Summary of the Articles and Bylaws of IC-DISC

The Articles of Incorporation of the IC-DISC (Glacial Lakes Energy Exports, Inc.) were filed effective August 28, 2015 and authorize the issuance of 2,500 shares of common stock of the IC-DISC. The Holding Company is the sole shareholder of the IC-DISC, being the holder of 100% of the authorized, issued and outstanding shares of common stock of the IC-DISC. The sole shareholder's rights and related matters are governed by the South Dakota Business Corporation Act, and the Articles and Bylaws of the IC-DISC.

The Bylaws of the IC-DISC provide for regular annual meetings of the sole shareholder to be held within six (6) months following the end of the fiscal year of the IC-DISC. Special meetings may be demanded by the sole shareholder.

The Bylaws provide that except as authorized by the sole shareholder by unanimous affirmative vote, the business and affairs of the IC-DISC are vested in the Board of Directors. The Bylaws establish the number of directors of the IC-DISC at three (3), the number of which may be increased or decreased by action of the Board of Directors and require that any member of the Board of Directors of the IC-DISC be a member of the Board of Managers of Glacial Lakes Energy or current officer of Glacial Lakes Energy, LLC.

Under the Bylaws, the Board of Directors of the IC-DISC appoints the officers of the IC-DISC. The transfer of shares of the IC-DISC may be authorized by the Board of Directors and the sole shareholder named in the stock certificate, the Holding Company.

MATERIAL FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain material federal income tax considerations relating to ownership of Units in Holding Company under the Internal Revenue Code of 1986, as amended ("Code"). Except as otherwise noted, the summary described below is based on the current provisions of the Code, existing and proposed Treasury Regulations and current administrative rulings and court decisions, all of which are subject to change. Subsequent changes in these authorities may cause the tax consequences to vary substantially from the consequences described below. This summary does not discuss all the tax considerations that may be relevant to particular members in light of their personal circumstances (including their state of residence), and to certain types of members that may be subject to special tax rules. Therefore, members are encouraged to consult their own tax advisors regarding the tax consequences of ownership of Units in Holding Company to them as well as the tax consequences of subsequent operations.

Summary

GLCP is currently taxed as a cooperative under Subchapter T of the Code. Subchapter T provides single tax treatment for part or all of the taxable income of any corporation operating on a cooperative basis by permitting such an entity to deduct patronage dividends, i.e., the annual allocation of patronage-sourced income among the patrons on the basis of business done with or for each patron.

Holding Company will elect to be treated as a partnership for federal income tax purposes. As a result, the members of Holding Company, and not Holding Company, will pay income tax on their distributive share of the income of Holding Company.

It is anticipated that Holding Company's sole asset will consist of stock of IC-DISC, and its sole source of income will consist of dividends and other distributions from IC-DISC. Dividends received from IC-DISC will generally qualify to be treated as qualified dividend income taxable at capital gains rates (current maximum rate of 20% plus, for certain shareholders, a 3.8% Medicare Tax on net investment income) for individuals, estates and trusts.

IC-DISC is a corporation that has made an election to be treated as an "Interest Charge Domestic International Sales Corporation" for federal income tax purposes. A corporation that qualifies to be treated as an IC-DISC is exempt from federal income tax.

IC-DISC has entered into a Commission Agreement with GLCP pursuant to which IC-DISC will receive commissions on sales of ethanol and feed products outside the U.S. The commissions earned by IC-DISC will be deductible by GLCP for federal income tax purposes. This will effectively reduce income that would otherwise be taxed to the shareholders of GLCP at ordinary income rates (currently 39.6%), plus applicable self-employment (SECA) taxes. This commission income will ultimately be distributed to the members of Holding Company and, for individuals, estates and trusts, subject to tax at capital gains rates (current maximum rate of 20% plus for certain shareholders a 3.8% Medicare Tax on net investment income). Please see "Material Federal Income Tax Considerations" for a discussion of the application of the 3.8% Medicare Tax to net investment income, including dividends.

Taxable Years and Allocations

GLCP has a fiscal year and taxable year that ends on August 31st. Holding Company is generally required to have a taxable year that corresponds with the taxable year of the majority of its owners. Since a majority of the owners of Holding Company will be calendar year individuals, Holding Company will be required to adopt the calendar year as its taxable year. Similarly, IC-DISC is required to have the same taxable year as a majority of its shareholders, and since Holding Company (its sole shareholder) will be required to use the calendar year as its taxable year, IC-DISC's taxable year will also be required to be the calendar year.

GLCP's Bylaws provide that the owner of record as of the end of its fiscal year (August 31st) receives any patronage dividend distributed by GLCP for such fiscal year. Moreover, if any common stock of GLCP is transferred after the end of the fiscal year, the transferor will be entitled to receive any undistributed patronage dividends paid in cash that relate to patronage transactions occurring in the fiscal year prior to the year in which the sale takes place.

Because Holding Company and IC-DISC will be required to have taxable years that are different from the taxable year of GLCP, it is not possible for the allocations of income by Holding Company and IC-DISC to be identical with patronage dividends paid by GLCP. However, to promote consistency in the sharing of the commission income earned by IC-DISC with patronage income earned by GLCP, IC-DISC intends to declare and pay property dividends as of August 31st and December 31st of each year. The property dividend declared as of August 31 will relate to commission income of IC-DISC from January 1 to August 31, and the property dividend declared as of December 31 will relate to commission income of IC-DISC from September 1st to December 31st.

Under this approach, the dividend income relating to commissions earned for the period from January 1st to August 31st will be allocated and paid to owner of record as of August 31st. This will be the same as the allocation of patronage income from GLCP for such period.

However, dividend income relating to commissions earned by IC-DISC relating to the period September 1st through December 31st will be allocated and paid to the owner of record as of December 31st. If the Units in Holding Company are transferred after December 31st, the transferor (and not the transferee) will be allocated and paid the dividend income from IC-DISC relating to commissions earned for the period September 1st to December 31st. This is different from the allocation of patronage income earned through GLCP. In the case of GLCP, if stock is transferred after January 1st and before August 1st, the transferee (and not the transferor) will receive any patronage dividends distributed by GLCP for such period.

In light of the foregoing, members contemplating a purchase or sale of common stock in GLCP and Units in Holding Company between January 1st and August 31st should be aware that the transferor (and not the transferee) will be allocated and receive dividends from IC-DISC relating to commissions earned from September 1st to December 31st, whereas the transferee will receive any patronage dividends from GLCP for such period.

For example, on January 31, 2017, a patron member ("Seller") sells common stock in GLCP and Units in Holding Company to Buyer. Seller will receive a Schedule K-1 from Holding Company for 2016

which will include Seller's share of dividends from IC-DISC relating to commissions earned for the period September 1, 2016 through December 31, 2016. Seller will also receive cash distributions from Holding Company in respect of the dividend paid to Holding Company as of December 31, 2016 relating to commissions earned from September 1, 2016 through December 31, 2016. However, Buyer (and not Seller) will receive the patronage dividends from GLCP relating to fiscal year 2017, including patronage income relating to the September 1, 2016 to December 31, 2016 period.

Taxation of Holding Company

Flow-through of Taxable Income; Use of Calendar Year

Because Holding Company will elect to be taxed as a partnership, each Patron Member of Holding Company is required to report on the Member's income tax return for the tax taxable year which, or within which, ends Holding Company's taxable year the member's distributive share of Holding Company's income, gain, losses and deductions without regard to whether corresponding cash distributions are received. Holding Company will provide each member with an annual Schedule K-1 indicating the member's share of Holding Company's income, loss and their separately stated components. As discussed above, it is presently anticipated that such items would be limited to dividends and deemed dividends from IC-DISC relating to commissions earned from GLCP.

Because Holding Company will be taxed as a partnership under Subchapter K of the Code, Section 706(b) requires Holding Company to have its own taxable year separate from the taxable years of its members. A partnership generally must use the "majority interest taxable year" which is the taxable year that conforms to the taxable year of the holders of more than 50% of its interests. In Holding Company's case, the majority interest taxable year will be the calendar year ending December 31.

Taxable Income or Loss from Operations

As an entity taxable as a partnership under Subchapter K of the Code, Holding Company will compute its taxable income or loss in a manner that differs materially from the way GLCP determines its taxable income or loss as a cooperative taxed under Subchapter T of the Code. One significant difference is the fact that an entity taxed as a partnership, Holding Company will not issue patronage dividends and therefore will not receive a patronage dividend deduction.

Allocations of Income and Losses

Allocations of our net income, net loss and other tax items are discussed in the section entitled "Summary of Articles and LLC Operating Agreement of Holding Company— Capital Accounts, Allocations, and Distributions." The terms "net income" and "net loss" are defined in the Operating Agreement to mean the net income or loss realized or recognized by Holding Company for a fiscal year, as determined for federal income tax purposes, including any income exempt from tax.

Neither GLCP nor Holding Company intends to request a ruling from the Internal Revenue Service with respect to whether the allocations of profits and losses in Holding Company's Operating Agreement will be recognized for federal income tax purposes. The Internal Revenue Service may attempt to challenge Holding Company's allocations of profits and losses, which challenge, if successful, could adversely affect Unit holders by changing their respective shares of taxable income or

loss. No assurance can be given that the Internal Revenue Service will not also challenge one or more of the special allocation provisions contained in Holding Company's Operating Agreement.

General Rules

Section 704(a) of the Internal Revenue Code provides generally that items of income, gain, loss, deduction and credit are to be allocated among the Unit holders as set forth in the relevant Operating Agreement. Section 704(b) provides, however, that if an allocation to a Unit holder under the Operating Agreement of income, gain, loss, deduction or credit or items thereof does not have substantial economic effect, such allocation will instead be made in accordance with the "partner's interest in partnership" determined by taking into account all facts and circumstances.

Treasury Regulations issued under Section 704(b) of the Internal Revenue Code, referred to herein as "Section 704(b) Regulations," provide complex rules for determining (1) whether allocations will be deemed to have economic effect, (2) whether the economic effect of allocations will be deemed to be substantial, and (3) whether allocations not having substantial economic effect will nonetheless be deemed to be made in accordance with a "partner's interest in the partnership."

Economic Effect — General Allocations

The Section 704(b) Regulations provide generally that an allocation will be considered to have economic effect if the following three requirements are met:

- unit holders' capital accounts are determined and maintained in accordance with the Section 704(b) Regulations;
- upon liquidation, liquidating distributions are made in accordance with the positive capital account balances of the Unit holders after taking into account all capital account adjustments for the year during which such liquidation occurs; and
- the Operating Agreement contains a "qualified income offset" provision and the allocation in question does not cause or increase a deficit balance in a partner's capital account at the end of Holding Company's taxable year.

Holding Company's Operating Agreement provides for the determination and maintenance of capital accounts pursuant to the Section 704(b) Regulations. See the section in this statement entitled "Summary of Articles and LLC Operating Agreement of Holding Company— Capital Accounts, Allocations, and Distributions." Although Holding Company's Operating Agreement provides that liquidation proceeds are to be distributed in accordance with the Unit holder's distribution entitlements (and not capital accounts), it is expected that capital accounts would generally be in proportion to distribution entitlements. With regard to the third requirement, Section 1.704-1(b)(2)(ii)(d) of the Treasury Regulations provides that a Operating Agreement contains a "qualified income offset" if it provides that a partner who unexpectedly receives an adjustment, allocation or distribution of certain items that causes a deficit or negative capital account balance, which means generally that the sum of losses allocated and cash distributed to a Unit holder exceeds the sum of his capital contributions to us and any income allocated to such partner, will be allocated items of income and gain in an amount and manner sufficient to eliminate the deficit balance as quickly as possible. Holding Company's Operating Agreement contains a qualified income offset provision. The qualified

income offset provision was added to Holding Company's Operating Agreement to satisfy the test for "economic effect" under the Section 704(b) Regulations.

Substantiality

Even if the allocations of profits and losses of a partnership are deemed to have economic effect under the Section 704(b) Regulations, an allocation will not be upheld unless the economic effect of such allocation is "substantial." In this regard, the Section 704(b) Regulations generally provide that the economic effect of an allocation is "substantial" if there is a reasonable possibility that the allocation will affect the dollar amounts to be received by Unit holders from a partnership, independent of tax consequences. Conversely, the economic effect of an allocation is presumed not to be substantial if there is a strong likelihood that the net adjustments to the partner's capital account for any taxable year will not differ substantially from the net adjustments that would have been made for such year in the absence of such allocation and the total tax liability of the Unit holders for such year is less than it would have been in the absence of such allocations.

The economic effect of partnership allocations will also be presumed not to be substantial where:

- the Operating Agreement provides for the possibility that the allocation will be largely offset by one or more other allocations;
- the net adjustments to the Unit holders' capital accounts for the taxable years to which the allocations relate will not differ substantially from the net adjustments that would have been recorded in such Unit holders' respective capital accounts for such years if the original allocations and the offsetting allocations were not contained in the Operating Agreement; and
- the total tax liability of the Unit holders for such year is less than it would have been in the absence of such allocations.

With respect to the foregoing rule, the Section 704(b) Regulations state that original allocations and offsetting allocations will not be deemed to not be substantial if, at the time the allocations become part of the Operating Agreement, there is a strong likelihood that the offsetting allocations will not, in large part, be made within five years after the original allocations are made. The Section 704(b) Regulations further state that for purposes of testing substantiality, the adjusted tax basis of Company property will be presumed to be the fair market value of such property, and adjustments to the adjusted tax basis of Company property such as depreciation or cost recovery deductions will be presumed to be matched by corresponding changes in the property's fair market value.

Partners' Interest

If the allocations of profits and losses set forth in Holding Company's Operating Agreement are deemed not to have substantial economic effect, the allocations will then be made in accordance with the Unit holders' interests in the Holding Company. The Section 704(b) Regulations provide in this regard that a partner's interest in the Holding Company will be determined by taking into account all facts and circumstances relating to the economic arrangement of Unit holders, including:

- the Unit holders' relative contributions to Holding Company;

- the interests of the Unit holders in economic profits and losses (if different from those in taxable income or loss);
- the interests of the Unit holders in cash flow and other nonliquidating distributions; and
- the rights of the Unit holders to distributions of capital upon liquidation.

Holding Company's Operating Agreement contains several provisions designed to cause allocations to conform as closely as possible with the substantial economic effect rules so that allocations will be respected for federal income tax purposes, including:

(1) It requires that all allocations of income, gains, losses, deductions and distributions are reflected by an increase or decrease in the relevant Unit Holder's capital accounts.

(2) All Unit holders who are allocated losses and deductions generated by assets acquired with borrowed money will be charged back income and gains generated by those assets.

(3) Although no Unit holder having a deficit balance in his or her capital account after the final liquidating distribution will be required to make a cash contribution to Holding Company to eliminate the deficit, Holding Company's Operating Agreement contains a provision for a qualified income offset and requires that, upon liquidation, Holding Company's assets generally will be distributed to Unit holders in accordance with their distribution entitlements (which should correspond with such Unit holders' positive capital accounts).

(4) It requires that in the taxable year in which the Company sells substantially all of its assets or liquidates, the Company will make special allocations to the extent necessary to cause capital accounts to equal the amounts that would be distributed to the unit holders upon liquidation of the Company.

The tax rules applicable to whether allocations of items of taxable income and loss will be recognized are complex. The ultimate determination of whether allocations adopted by Holding Company will be respected by the Internal Revenue Service will turn upon facts that will occur in the future and that cannot be predicted with certainty. If the allocations Holding Company uses are not accepted, Unit holders could be required to report greater taxable income or less taxable loss and, as a result, pay more tax and associated interest and penalties. Unit Holders might also be required to incur the costs of amending their individual returns.

Tax Treatment of Distributions

Under Section 731 of the Code, cash distributions by Holding Company to its Unit Holders generally will not be taxable to the members for federal income tax purposes as long as distributions do not exceed the Unit Holders' basis in their Units immediately before the distribution. Cash distributions in excess of a Unit Holder's basis in the Unit Holder's Units in Holding Company — which are considered unlikely — are treated as gain from the sale or exchange of the Units under the rules described below for Unit dispositions.

Initial Tax Basis of Units and Periodic Basis Adjustments

A Unit Holder's initial basis in the Unit Holder's Units will equal the value of the Units as reported on the Form 1099-PATR received from GLCP. A Unit Holder's initial basis in the Unit Holder's Units will be increased to reflect the Unit Holder's distributive share of Holding Company's taxable income and tax-exempt income and any increase in a Unit Holder's share of Holding Company's debt.

A Unit Holder's Unit basis will be decreased, but not below zero, by (1) the amount of any cash distributed to the Unit Holder; (2) the basis of any other property distributed; (3) the Unit Holder's distributive share of losses and nondeductible expenditures of Holding Company that are "not properly chargeable to capital account" and (5) any reduction in that Unit Holder's share of Holding Company's debt.

The Unit basis calculations are complex. A Unit Holder is only required to compute Unit basis if the computation is necessary to determine his or her tax liability, but accurate records should be maintained. Typically, basis computations are necessary at the following times:

- The end of a taxable year during which Holding Company suffered a loss, for the purpose of determining the deductibility of the Unit Holder's share of the loss;
- Upon the liquidation or disposition of a Unit Holder's interest, and
- Upon the nonliquidating distribution of cash or property to a Unit Holder, in order to ascertain the basis of distributed property or the taxability of the cash distributed.

Except in the case of a taxable sale of a Unit or liquidation of Holding Company, exact computations usually are not necessary. For example, a Unit Holder who regularly receives cash distributions that are less than or equal to his or her share of Holding Company's taxable income will have a positive Unit basis at all times. Consequently, no computations are necessary to demonstrate that cash distributions are not taxable to the Unit Holder under Section 731(a)(1) of the Internal Revenue Code. The purpose of the basis adjustments is to keep track of a Unit Holder's "tax investment" in Holding Company, with a view toward preventing double taxation or exclusion from taxation of income items upon ultimate disposition of the Units.

Publicly Traded Partnership Rules

As discussed above, Holding Company will elect to be taxed as a partnership which provides for flow-through taxation. Because Holding Company has many Unit Holders, it could potentially be classified as a "publicly traded partnership" which could have adverse consequences to Holding Company and its Unit Holders. A partnership that constitutes a "publicly traded partnership," as defined in Section 7704(b) of the Internal Revenue Code, is generally treated as a C corporation for federal tax purposes.

Holding Company will seek to avoid being classified as a publicly traded partnership under Section 7704 by restricting transfers of Units in the manner described below.

By way of explanation, a partnership is classified as a publicly traded partnership if its interests are either:

- traded on an established securities market; or
- readily tradable on a secondary market or its substantial equivalent.

Under Treasury regulations, an “established securities market” includes national, regional and local exchanges, foreign exchanges that satisfy regulatory requirements, and interdealer quotation systems that regularly disseminate firm buy and sell quotations. Holding Company does not intend to list Units on the New York Stock Exchange, the Nasdaq Stock Market, or on any other exchange or system which would be classified as an established securities market.

Section 1.7704-1(j) of the Treasury Regulations provides for a safe harbor which shelters interests from being deemed readily tradable on a secondary market or its substantial equivalent under the general “facts and circumstances” test when there is a “lack of actual trading” of the interests. Holding Company intends to allow only those transfers of interests during any taxable year that permits Holding Company to qualify under this “lack of actual trading” safe harbor. This safe harbor applies where the sum of the interests in capital or profits transferred during the tax year of the partnership does not exceed 2% of the total interests in capital or profits. For purposes of testing compliance with this safe harbor, the following types of transfers, which are explained below, are disregarded:

- “private” transfers;
- transfers pursuant to a “qualified redemption or repurchase agreement”; and
- transfers through a “qualified matching service”.

Private transfers include:

- transfers in which the basis of the interest is determined by reference to the transferor’s basis, such as a gift, or is determined under Section 732 of the Internal Revenue Code;
- transfers at death, including transfers from an estate or testamentary trust;
- transfers between members of a family, which is defined as brothers and sisters (whether by the whole or half blood), spouses, ancestors and lineal descendants under Section 267(c)(4) of the Internal Revenue Code;
- transfers involving the issuance of interests by the partnership in exchange for cash, property or services;
- transfers involving distributions from retirement plans qualified under Section 401(a) of the Internal Revenue Code or an individual retirement plan;
- “block” transfers, which are defined as transfers by a Unit Holder and any related person as defined in Sections 267(b) and 707(b)(1) of the Internal Revenue Code in one or more transactions during any 30 calendar-day period, of interests which in the aggregate represent more than 2% of the total interests in partnership capital or profits;

- transfers pursuant to a plan of redemption or repurchase maintained by the partnership by which the partners may tender their interests for purchase by the partnership, another partner, or a person related to a partner, but only where either the right to purchase is exercisable only upon the partner's death, disability, retirement, or termination from active service, or the plan is "closed end" so that the partnership does not issue any interests after the initial offering and no partner or person related to a partner provides contemporaneous opportunities to acquire interests in similar or related partnerships which represent substantially identical investments;
- transfers by one or more partners of interests representing more than 50% of the total interests in the capital and profits in one transaction or series of related transactions; and
- transfers not recognized by the entity.

Transfers pursuant to a qualified redemption or repurchase agreement include transfers where

- the agreement provides that a transfer cannot occur until at least 60 days after the partnership receives written notice of the partner's intent to exercise the redemption or repurchase right;
- the agreement provides that the purchase price not be established until at least 60 days after receipt of notification or that the purchase price not be established more than four times during the entity's tax year; and
- the sum of the interests in capital or profits transferred during the entity's taxable year, not including private transfers, does not exceed 10% of the total interests in capital or profits.

Transfers will be deemed to occur through a qualified matching service if

- the matching service consists of a computerized or printed system that lists customers' bid and/or ask prices in order to match prospective buyers and sellers of interests;
- matching occurs either by matching the list of interested buyers with the list of interested sellers or through a bid and ask process that allows interested buyers to bid on the listed interest;
- the seller cannot enter into a binding agreement to sell the interest until the 15th calendar day after his or her interest is listed, which date must be confirmable by maintenance of contemporaneous records;
- the closing of a sale effected through the matching service does not occur prior to the 45th calendar day after the interest is listed;
- the matching service displays only quotes that do not commit any person to buy or sell an interest at the quoted price, or quotes that express an interest in acquiring an interest without an accompanying price, and does not display quotes at which any person is committed to buy or sell an interest at the quoted price;

- the seller’s information is removed within 120 days of its listing and is not re-entered into the system for at least 60 days after its deletion; and
- the sum of the interests in capital or profits transferred during the entity’s tax year, not including private transfers, cannot exceed 10% of the total interests in capital or profits of the entity.

Tax Consequences of Disposition of Units

A Unit Holder will recognize gain or loss on a sale of the Unit Holder’s Units in Holding Company equal to the difference between the amount realized and the Unit Holder’s basis in the Units sold. Gain or loss recognized by a Unit Holder on the sale or exchange of a Unit held for more than one year generally will be taxed as long-term capital gain or loss.

3.8% Medicare Tax on Net Investment Income

Under current law, a U.S. person that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, is subject to a 3.8% tax on the lesser of (1) the U.S. person’s “net investment income” for the relevant taxable year and (2) the excess of the U.S. person’s modified gross income for the taxable year over a certain threshold (which in the case of individuals will be between \$125,000 and \$250,000, depending on the individual’s circumstances). Net investment income generally includes interest, dividends, capital gains and other income derived from passive activities. Net investment income is reduced by deductions properly allocable to this income. Unit Holders that are individuals, estates or trusts are urged to consult their tax advisors regarding the application of the 3.8% Medicare tax to income allocated to them from Holding Company.

Taxation of IC-DISC

Background

DISCs were created in 1971 to promote the export of U.S. made goods. In 1984, the statutory rules were modified and DISCs became known as IC-DISCs. IC-DISCs are domestic corporations that must meet certain strict statutory requirements and operate pursuant to the terms of a Commission Agreement. IC-DISCs are not required to perform substantial economic functions or have office space, employees, or tangible assets. Corporations that qualified as IC-DISCs are exempt from tax. Instead, U.S. income tax is imposed at the shareholder level on deemed and actual distributions which are treated as dividends.

Qualification as an IC-DISC

To qualify as an IC-DISC, a corporation must be incorporated under the laws of any state or the District of Columbia, and satisfy two primary statutory requirements:

1. 95% or more of its gross receipts must be qualified export receipts.
2. 95% of the assets of the corporation must be qualified export assets.

In addition to these primary statutory requirements, an IC-DISC must meet certain organizational requirements discussed below.

95% Gross Receipts Test

The “95% gross receipts test” must be satisfied on an annual basis or the tax accounting period of the IC-DISC if less. It requires that at least 95% or more of the IC-DISC's gross receipts be qualified export receipts. Qualified export receipts include sales or leases of qualified export property (or commissions related thereto), export-related services (or commissions related thereto), qualified interest from producer's loans, or export accounts receivable.

There are three overall requirements for property to be considered qualified export property:

1. The property must be manufactured, produced, grown, or extracted in the United States by a person other than an IC-DISC.
2. The property must be held primarily for sale, lease, or rental in the ordinary course of a trade or business by, or to, an IC-DISC for direct use, consumption, or disposition outside the United States.
3. Not more than 50% of the fair market value of the property is attributable to articles imported into the United States.

Ethanol and feed products sold to purchasers located outside of the U.S. should qualify qualified export property. Additionally, IC-DISC is not authorized to earn income that would cause IC-DISC not to satisfy the 95% gross receipt test.

95% Qualified Export Assets Test

In addition to the 95% gross receipts test, an IC-DISC must also satisfy the “95% export assets test” on the last day of the IC-DISC's taxable year. Under this test, at least 95% of the IC-DISC's assets must be qualified export assets. The test utilizes the adjusted tax bases of assets.

Qualified export assets include: (1) customer accounts receivables; (2) commission receivables, if paid within 60 days of the IC-DISC's taxable year-end; (3) stocks and securities in related foreign export corporations; (4) producer's loans; (5) certain financial assets; and (6) cash not in excess of the working capital needs of the IC-DISC.

IC-DISC will be operated in manner that is intended to satisfy the 95% qualified export assets test.

Organizational Requirements

In addition to the 95% gross receipts test and the 95% qualified export assets test, an IC-DISC must also satisfy the following organization requirements:

1. The corporation must have capital of at least \$2,500 and only one class of stock.
2. The corporation must have made an election to be treated as a DISC.
3. The corporation must not be a member of a controlled group of which a foreign sales corporation is a member.
4. The corporation must not be an otherwise ineligible corporation.

\$2,500 Capital and One Class of Stock Requirements

To qualify as an IC-DISC for a taxable year, a corporation must have, on each day of that taxable year, at least \$2,500 of capital and only one class of stock.

IC-DISC has been organized in a manner that is intended to satisfy these requirements.

DISC Election.

A corporation seeking to become an IC-DISC does so by making an election under Section 922(a)(1)(D) of the Code. The election requires the formal, unanimous, and timely consent of the shareholders. The corporation makes this election via Form 4876-A (which must be signed by the shareholders). The election remains in effect until terminated by the corporation, the shareholders, or the IRS.

The sole shareholder of IC-DISC, Holding Company, has approved the IC-DISC election, and Form 4876-A was filed with respect to IC-DISC in September 2015.

Additional Qualification Requirements

To qualify as an IC-DISC, a corporation must not be a member of a controlled group of which a foreign sales corporation is a member. Additionally, the following corporations are not eligible to be treated as an IC-DISC: (1) a corporation exempt from tax by reason of Section 501 of the Code; (2) a personal holding company (as defined in Section 542 of the Code); (3) a financial institution to which Sections 581 or 593 applies; (4) an insurance company subject to the tax imposed by Subchapter L of the Code; (5) a regulated investment company (as defined in Section 851(a) of the Code); (6) a China Trade Act corporation receiving the special deduction provided in Section 941(a) of the Code; or (7) an electing small business corporation (as defined in Section 1371(b) of the Code).

None of the foregoing apply to IC-DISC.

Taxable Year

The taxable year of the IC-DISC must be the same as the taxable year of the principal shareholder which, at the beginning of the IC-DISC taxable year, has the highest percentage of voting power. If two or more shareholders have the highest percentage of voting power, the IC-DISC must have a taxable year that conforms to any one taxable year of the principal shareholders.

As discussed above, since Holding Company, the sole shareholder of IC-DISC, is required to use the calendar year as its taxable year, IC-DISC is also required to use the calendar year as its taxable year.

Intercompany Pricing Rules

The commission paid to the IC-DISC may be calculated under one three methods:

1. A commission based on 4% of qualified export gross receipts plus 10% of the DISC export promotional expenses allocable to those receipts.
2. A commission based on 50% of the combined taxable income (CTI) of the exporter and DISC attributable to QER, plus 10% of the DISC export promotional expenses allocable to those receipts.
3. A commission based on the taxable income resulting from the sale price actually charged (but subject to the Section 482 income and allocation rules).

GLCP and IC-DISC intend to use one of the first two methods described above.

Taxation of IC-DISCs and IC-DISC Shareholders

As discussed above, an IC-DISC is exempt from federal income tax. Because an IC-DISC is exempt from tax, any tax on income is deferred to the extent that it exceeds the amount currently distributed to the shareholders. For each tax year, a DISC may defer tax only on the first \$10 million of qualified export receipts. For amounts exceeding \$10 million, shareholders of an IC-DISC are treated as having received a distribution taxable as a dividend (i.e., a deemed dividend) in an amount that is equal to the lesser of the shareholder's pro rata share of certain specific income items, or the IC-DISC's current E&P. These items are: (1) gross interest derived from loans made by a producer; (2) gains on sales and exchanges of property (other than qualified export property) previously received by the IC-DISC in a tax-free transaction; (3) the lower of the gain recognized by the DISC on sales and exchanges of qualified export property previously received by the IC-DISC in a tax-free transaction or the transferor's gain on the transfer in such a transaction; (4) fifty percent of the IC-DISC's taxable income "attributable to military property." Military property is any property that is arms, ammunition, or an implement of war designated as such in the published munitions list; (5) taxable income attributable to qualified export receipts in excess of \$10 million for the year. (6) if the shareholder is a C corporation, one-seventeenth of the remainder of IC-DISC taxable income from the above items; (7) Income attributable to participation in international boycotts. (8) Illegal payments to government officials. (9) The amount of foreign investment attributable to producer loans. The amount of foreign investment is the smallest of the increase in foreign assets, the actual domestic foreign investment, or the amount of outstanding producer's loans.

Deemed distributions described above are deemed to be received by the IC-DISC on the last day of the tax year in which the income was derived. Actual dividends or distributions to an IC-DISC

shareholder are not taxed to the extent the shareholder was already taxed on undistributed IC-DISC income.

Interest Charge Rules

An shareholder of an IC-DISC must pay interest on Form 8404 for each tax year, equal to the shareholder's DISC-related deferred tax liability for the year times the base period T-bill rate.

The shareholder's IC-DISC-related deferred tax liability is: the amount that would be his tax liability if his deferred IC-DISC income for that tax year were included in gross income as ordinary income over his actual tax liability for the tax year. The shareholder must pay the interest at the time his regular tax is required to be paid.

As long as IC-DISC pays dividends currently as commission income is earned, the shareholder should not be required to pay an interest charge.

Termination of IC-DISC Status

The foregoing discussion assumes that IC-DISC retain its status as an IC-DISC indefinitely. However, IC-DISC's status as an IC-DISC could be terminated voluntarily or could be terminated by the IRS if the IRS determines the IC-DISC fails to meet of all of the IC-DISC qualification requirements. If IC-DISC were to cease to be taxable as an IC-DISC, IC-DISC would become a taxable C corporation, and IC-DISC would no longer tax-exempt. IC-DISC's commission income would be fully taxable at the entity level. Operating distributions generally would be taxable to the recipients as dividends taxable at capital gain rates (maximum rate of 20%) and liquidating distributions would result in capital gain or loss.

Possible New Legislation or Administrative or Judicial Action.

The rules dealing with U.S. Federal income taxation of international activities are constantly under review by persons involved in the legislative process, the IRS and the U.S. Treasury Department, frequently resulting in revised interpretations of established concepts, statutory changes, revisions to regulations and other modifications and interpretations. We cannot give any assurance as to whether, or in what form, any proposals affecting the IC-DISC be enacted. The U.S. Congress, the IRS and the U.S. Treasury Department are currently examining the U.S. Federal income tax treatment of international activities, and it is possible that the rules relating to taxation of IC-DISCs could be repealed. Such changes could require GLCP to reconsider the future viability of the IC-DISC structure.

ADDITIONAL INFORMATION

If you have additional questions about the IC-DISC Transaction, please contact our membership services coordinator at Glacial Lakes Corn Processors, 301 20th Avenue S.E., Watertown, South Dakota 57201. Telephone number is (605) 882-8480 or toll-free (866) 788-5907, or fax (605) 882-8982.