



GLACIAL LAKES CORN PROCESSORS

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First Supplement to Nonqualified Unit Retain Information Sheet

October 29, 2008

This First Supplement dated October 29, 2008 supplements the Nonqualified Unit Retain Information Sheet dated October 24, 2008 that was sent to members with the unit retain notice (questions 1 – 9). You should read and retain this First Supplement along with the member materials dated October 24, 2008 as part of your permanent member records.

We also encourage you to bring this First Supplement along with your other member materials to our members-only informational meeting to be held on November 8, 2008.

Frequently Asked Questions Regarding the GLCP Unit Retain

1. What is a prepaid unit retain?

A non-qualified prepaid unit retain is cooperative language for a capital call from the membership. It is tied to each member's corn delivery requirement to the cooperative and based on share ownership. The Glacial Lakes Corn Processors ("GLCP") Board of Directors is authorized to take such action in accordance with the cooperative's Articles and Bylaws. The unit retain is a mechanism to bring additional capital investment into the Cooperative during a time of need.

2. Why should I pay it?

The additional capital investment will provide the Cooperative and its ethanol plants with needed working capital. The additional capital investment, together with the Bank's release of cash from construction escrow, will allow us to execute on our recapitalization plan in a more orderly manner and, at the same time, maintain control while we pursue this plan. We believe that members will benefit by paying the unit retain, because they will protect their existing equity investment in the Cooperative. Also, you should refer to Question 1 in your packet materials.

3. Can I deduct the amount of the unit retain if I am not actively engaged in farming (i.e., you do not file a schedule F to your individual tax return)?

Generally yes. Where and how you report the deduction for the nonqualified unit retain of \$.06 per share will be affected by how you have reported the patronage income you have received from GLCP. Generally, the deduction would be reported in the same manner and consistent with how you have reported your patronage income. You should consult with your own

individual tax preparer or tax advisor on how to report your nonqualified unit retain and your specific tax situation. The statements set forth herein are for general information only and do not constitute and should not be relied upon as tax advice.

Also, you should keep in mind that members who are not actively engaged in farming are still considered a marketer of corn as a result of and pursuant to the Uniform Marketing and Delivery Agreement and the GLCP Articles and Bylaws and as certified by members in their membership agreement.

4. What happens if the unit retain is not paid? Do we lose membership or voting rights?

Yes. If the prepaid unit retain invoice is not paid within 30 days you will lose your status as a member in good standing, your membership may be terminated, and your investment in GLCP shares may be replaced with a "certificate of interest". This will revoke your voting rights and cancel your shares for non-participation in the cooperative.

5. If some people pay and some people don't what happens?

See previous question.

6. Can we sell stock to pay for our unit retain?

You are able to sell stock to pay for the unit retain. However, you as the shareholder of record will be responsible for the \$0.06 per share out of the sale proceeds. In addition, the proceeds from such a sale might not be available by the due date. Also, there may be a limited number of interested buyers and this could affect the market value of the shares being sold.

7. Will GLCP take payments?

Full payment of the unit retain is due. If full payment is not made within 30 days, a finance charge and revocation of GLCP shares could result.

8. Will we take credit cards?

Currently members may take a cash advance on their credit card and bring the proceeds into the office. We are exploring the possibility of accepting credit card payment but may not have this feature prior to the 30 day deadline.

9. Can I use the retained earnings to fulfill my unit retain?

No, the prepaid unit retain is to be satisfied by a direct payment of cash or check.

10. When will the unit retain be returned and is it taxable when returned?

The unit retain will be returned as the company's cash and working capital position improves. Its return ranks prior to current outstanding patronage equities. Since the unit retain is deductible when paid it will be taxed as income when it is returned.

11. Will there be future calls for more unit retains?

The Board of Directors retains the right to call another unit retain. However, we are pursuing alternative plans for additional equity capital.

12. What is this member meeting for and what will be said?

The meeting on November 8, 2008 is an informational meeting to provide shareholders with financial and economic information about their investment in our business and the ethanol industry. We will provide copies of unaudited financial statements for the fiscal year ended August 31, 2008 as well as the first two months of fiscal year ending August 31, 2009 (September and October 2008). We will also explain how our financial position has changed over the past three months.

13. Why does the unit retain invoice refer to a corn commitment?

The unit retain is tied to the corn commitment each investor made when investing in GLCP. The unit retain is based upon ownership and your corn delivery requirement. The prepaid unit retain of \$0.06 per share equates to approximately \$0.15 per bushel of corn that each shareholder is required to deliver in FY 2009 as a member of the cooperative.

14. What is the plan for this money?

It will be used as working capital to operate our two plants: Watertown and Mina.

15. How much will the unit retain raise in working capital?

With approximately 188.2 million in GLCP shares outstanding, the \$0.06 per share will result in approximately \$11.3 million in working capital raised.

16. Why does it take so much cash to operate this company?

In December 2007, we doubled production at our Watertown facility and in July 2008, we began production at our Mina facility. As a result, our working capital needs have increase by four fold since late 2007. The combined corn storage is 5.2 million bushels and the combined ethanol storage is 4.5 million gallons. Depending on corn and ethanol prices, it could require significant amounts of working capital to carry the level of inventory to fill these facilities required to take advantage of profitable market opportunities.

17. What is the real financial condition of the company and what really happened?

GLCP realized significant losses during the months of August, September, and October due to production problems at our Mina facility and due to the impact a declining corn market had on the market value of our hedge positions. In addition, as the corn market was going down, cash was being depleted to fund margin calls which negatively affected our working capital position. The unrealized losses of August and September turned into realized losses in October as it became necessary to sell hedge positions. The financial condition of the company is stable but weakened. We do not have adequate working capital to take advantage of opportunities that might improve profitability.

18. How much debt do we have in and will the unit retain get us out of financial trouble?

Our financial trouble is due to the lack of adequate working capital, the unit retain and the bank action are a critical first step in restoring our working capital. Our long term debt is actually quite competitive and, in some cases, better than other ethanol production companies. Our term debt is approximately \$90 million at the Mina plant and \$77 million at the Watertown plant. We also have an operating loan balance of approximately \$7.5 million at the Mina plant and \$0 at the Watertown plant. In addition, we have several other lower amounts of debt for equipment that has been purchased. Depending upon the amount collected, we believe the unit retain will allow normal operations to continue and it allow the Board to maintain control of the company until other additional sources of working capital can be secured.

19. Will financial statements be available at the November 8 meeting?

We will have unaudited financial statements available for the fiscal year ended August 31, 2008. We will also present unaudited financial statements for the first two months of fiscal year 2009 (September and October 2008).

20. Why only one member meeting in Watertown?

We considered having additional meetings in other locations; however, we opted for one meeting on Saturday, November 8, 2008 so that one consistent message could be delivered and all questions could be heard and answered by the same audience. Since the majority of shareholders are located within 50 miles of the Watertown area, that location was selected.

21. Is the plant running at full rate? If not why?

Since our financial models projected that it would conserve working capital to scale back production, we slowed production in order to ensure that we would remain in good standing with all stakeholders (producers, vendors, and others). More recently, it has been a corn supply issue due to the late and delayed harvest. We have since resumed full production in Watertown and we intend to resume full production sometime during the week of November 2nd in Mina.

22. Dividend—how much and when will we get one?

As a cooperative, we are required to distribute up to 20% of taxable income in the form of cash or we will lose our pass-through status. We have not closed our books for the fiscal year ended August 31, 2008 or calculated what our taxable income will be. Any taxable loss incurred over the past several months can be used to offset future taxable income.

23. Why did we sell the Madison Elevator?

Our Madison, MN elevator was sold to free up working capital in order to operate the plants in Watertown and Mina more efficiently. Due to current market conditions in the ethanol industry, it is uncertain when the Madison site would be developed.

24. Are the Madison and Meckling sites for sale?

We are considering all sources of operating capital (cash) including selling what were to be future sites in Madison, MN and Meckling, SD.