



PO Box 100
Wentworth, SD 57075

605-483-2679
605-483-2676 (corn)
888-539-2676 (corn)

www.dakotaethanol.com

Office hours:
8:00 a.m. to 5:00 p.m. (M-F)

Receiving/shipping hours:
7:30 a.m. to 4:30 p.m. (M-F)

Alan May
Membership Coordinator
amay@dakotaethanol.com

"This newsletter contains forward-looking statements. We undertake no responsibility to update any forward-looking statement. When used, the words "believe," "expect," "will," "can," "estimate," "anticipate" and similar expressions are intended to identify forward-looking statements. Readers should not place undue reliance on any forward-looking statements and recognize that the statements are not predictions of actual future results, which could and likely will differ materially from those anticipated in the forward-looking statements due to risks and uncertainties, including those described in our SEC filings."

General Manager/CEO Update

Steady production + rising prices = increased income in 2010

With both ethanol and corn prices increasing throughout 2010 and into 2011, Lake Area Corn Producers' and Dakota Ethanol's 2010 annual report reflects a significant increase in net income over the year before.

Our report, filed late last month, shows more than \$7 million in net income, up from \$4.87 million in 2009. Revenue from 2010 ethanol sales was up 8%, an increase of \$5.8 million, based on a \$0.16/gal average increase over the sales price of ethanol the year before. Ethanol sales accounted for 84% of Dakota Ethanol's total revenue in 2010, with 13% of revenue from the sale of distillers grains and 2% from the sale of corn oil.

The company's balance sheet was also significantly changed by having retired a major term loan in September 2010. As a result, the year-end long-term liabilities for 2010 were only \$1.18 million, down from \$3.92 million on Dec. 31, 2009.

As Dakota Ethanol approaches 10 years of production in September 2011, we are pleased with our operations and management that has helped to minimize downtime and maintain stable levels of production year in and year out.

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Plan to attend May 24 annual meeting

Lake Area Corn Processors, LLC will host its annual membership meeting Tuesday, May 24, at Nicky's, 1407 NW 2nd St., West Highway 34, Madison, S.D. Dinner will begin at 6 p.m., with the annual meeting beginning at approximately 7 p.m.

Included on the evening's agenda are the election of three managers to the board, and three advisory votes:

- On the Company's executive compensation, called "Say-on-Pay;"
- On how frequently to hold "Say-on-Pay" votes;
- And on whether the Board should amend the Company's operating agreement to remove the term

limits applicable to members of the board.

Members are encouraged to return their ballots by May 23, even if they plan to attend the meeting, in order to ensure the presence of a quorum. Ballots are available on the Company's website at <http://www.dakotaethanol.com/lacp.html> and may be printed by members. They can be returned by fax at 605-483-2681 or by mail to PO Box 100, Wentworth, SD 57075.

Anyone with questions about the ballots or the meeting can call the office at 605-483-2679 or email amay@dakotaethanol.com.

CEO Update ... continued from Page 1

While corn prices remain volatile, ethanol sales prices have continued to track with increasing gas prices, maintaining a positive correlation and favorable atmosphere for the plant. However, the entire industry is facing a ceiling or “blend wall” in the amount of ethanol that can be utilized in the nation’s fuel supply at the current blending level of 10%.

With the EPA’s recent approval of E15 for use in all vehicles model year 2001 or newer, there is potential to increase the use of ethanol if the proper infrastructure can be put into place to get E15 to the consumer. We are proud that South Dakota is leading the nation in providing funds to assist in the installation of blender pumps at gas stations, which would allow more consumers to buy fuel at the higher levels of ethanol. Under a law signed by Gov. Dennis Daugaard on March 24, \$3.5 million dollars over the next five years has been made available to provide grants, mostly for blender pumps.

We encourage our members to let

Income Statement

	Year Ended 12/31/2010	Year Ended 12/31/2009
Revenues	\$96,395,789	\$90,340,642
Gross Profit	\$10,106,057	\$8,681,156
Net Income (loss)	\$7,044,562	\$4,874,769
Net Income (loss) per Unit	\$0.24	\$0.16
Average Units Outstanding	29,620,000	29,620,000

Balance Sheet

	12/31/2010	12/31/2009
Current Assets	\$18,931,232	\$13,340,500
Total Assets	\$62,178,421	\$58,625,220
Current Liabilities	\$12,899,863	\$10,967,717
Long Term Liabilities	\$1,181,410	\$3,923,596
Members Equity	\$48,097,148	\$43,733,907
Working Capital	\$6,031,369	\$2,372,783

their local filling stations know about the grants and about their desire to utilize E15 as a way of supporting local farmers and reducing the nation’s dependence on foreign oil. That is

good for everyone’s bottom line.

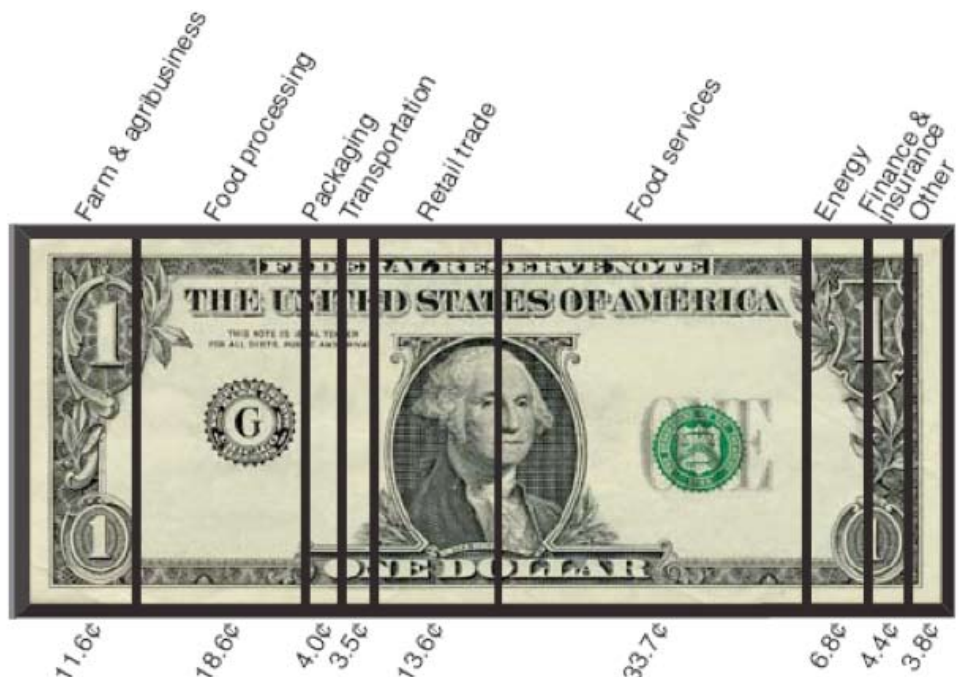
— *Scott Mundt,*
General Manager & CEO,
Dakota Ethanol

Commodity Comments

New data shows farmers receive only 12 cents of your food dollar

The farmer’s share of your food dollar is declining, now comprising less than 12 cents of every dollar spent at the grocery store or while out to eat. A new “food dollar series” by the U.S. Department of Agriculture’s Economic Research Service (ERS) compiled data up to 2008 and found that only 11.6 cents per dollar goes to farmers, down

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Commodity Comments

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from an estimated 19.1 cents in previous reports.

“This data is proof that corn-ethanol critics far overestimate the impact grain prices have on the cost of food,” said Brian Jennings, Executive Vice President of the American Coalition for Ethanol. “A look at the USDA food-dollar graphic will show that food processing, food service, retail costs, and other factors are large drivers of food prices. The grain or farm component only accounts for cents on the dollar.”

Energy costs are also a factor in the food dollar, accounting for 6.8 cents. But energy has a larger impact than that, according to Jennings. “The high price of oil drives up the costs to plant, grow, and harvest the crops, and transport, process, and package the food, pinching the entire supply chain. It’s our over-dependence on petroleum that’s the real problem,” he added.

— *Story and graphic courtesy of American Coalition for Ethanol (ACE)*

Applications to opt-out of corn deliveries due June 1

June 1, 2011, is the deadline to apply for opting out of meeting committed corn deliveries for the upcoming year that begins September 1, 2011. The application form is available online at <http://www.dakotaethanol.com/lacp.html> or can be requested by contacting the office. The opt-out is in effect for a year and will be automatically renewed unless we are notified by June 1 of any year that the delivery should be reinstated. For details, please contact our office.

Ethanol in the news

Ethanol producers have another record year

According to data from the U.S. Energy Information Administration, 2010 was another record year for American ethanol producers. Daily ethanol production averaged nearly 863,000 barrels per day. That represents nearly 13.23 billion gallons of production for calendar year 2010 while 2009 ethanol production was 10.75 billion gallons.

Imports for 2010 stood at slightly more than 9.7 million gallons, down from 193 million gallons in 2009. Total ethanol exports ended the year at 397 million gallons, marking a nearly four-fold increase over 2009. A record volume of 9 million metric tons of distillers grains was also exported in 2010.

December 2010 was a bigger than expected month for ethanol production. The industry produced nearly 918,000 barrels per day, down slightly from 924,000 in November 2010.

Demand for ethanol, according to Renewable Fuels Association calculations, rose to 918,000 barrels per day, up from 900,000 in November 2010. RFA calculations for 2010 ethanol demand stand at just shy of 860,000 barrels per day. December stocks for ethanol fell slightly to 17.94 million barrels, or 19.5 days of supply based on demand calculations.

Rethinking statistics: Ethanol production yields more than fuel

The Governors’ Biofuels Coalition wrote in March to Agriculture Secretary Tom Vilsack asking the USDA to correct its reporting procedures that overstate the amount of corn used for ethanol in the United States.

The letter points out that recent world events — rising oil prices, commodity speculation and increased demand for grains and meat — have put upward price pressure on corn and other commodities and have fueled renewed “food vs. fuel” attacks on ethanol. “USDA’s monthly corn supply and demand reports provide support for this sensationalized reporting because they identify ‘corn demand for ethanol’ without noting this is gross demand, and not the net use of the starch portion of the corn kernel,” the letter continues. “This overstates the use of corn for ethanol by as much as a factor of two or more, and fails to inform the public about what is truly happening in the food and fuel supply chain.”

The current USDA reporting system does not count the 33% of the corn that comes back to the nation’s supply, giving the impression to the public that ethanol uses much more corn than it actually does.

Many more details on the food and fuel contributions of the ethanol industry can be found on the American Coalition for Ethanol website at <http://www.ethanol.org/index.php?id=83&parentid=25>.

Higher ethanol blends are on the way

Today, most gasoline sold in this country is a mix of 10 percent ethanol. Currently, there are 8 - 8.5 million flexible fuel vehicles on U.S. roads, constituting about 3.2 - 3.5 percent of the approximately 250 million vehicles on the road. These flexible fuel vehicles can be fueled with E85 (a blend of 85% ethanol and 15% gasoline). There are approximately 2,350 fueling stations that offer E85, out of the more than 167,800 stations nationwide.

Earlier this year, the Environmental Protection Agency (EPA) released the results of E15 testing on vehicles years 2001 and younger. EPA's finding confirms there are additional vehicles on the road able to take advantage of

higher ethanol blends than currently available at your local, non-E85, pump.

In South Dakota, for example, blender pumps were put into service during the spring of 2006 in the north-eastern communities of Britton and Watertown and led to growing awareness in nearby communities for the value of providing consumers a choice of fueling options. Bruce Vollan of Midway Service in Baltic, SD, who installed blenders in 2008 said, "We nearly doubled our business in the first year after installing blender pumps and offering more ethanol choices to our customers." Vollan said his only regret "is that we didn't install them sooner."

BY THE NUMBERS

A 14 ounce box of corn flakes costs about \$2.97 to \$3.50. When corn is \$2 per bushel, a box of cornflakes includes about 2.2¢ worth of corn. At \$4 per bushel, the amount of corn in that cereal costs 4.4¢.

Illinois Corn Marketing Board

Between March 2006 and March 2007, fresh chicken prices were up 1.6 percent per pound. The average price of one dozen eggs was one penny more in March 2007 than in March 2004.

U.S. Bureau of Labor Statistics

"A doubling of feed grain and oilseed prices would increase average food prices by less than four percent."

Bruce Babcock, Iowa State University

