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Office hours 8:00 am to 5:00 pm

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7:30 am to 4:30 pm [M-F]



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Member Meeting

As most of you are aware, capital unit trading for Lake Area Corn Processors, LLC remains suspended. Values for the last offering, which became effective May 1, 2006, averaged \$2.83 per unit with a range of \$2.61—\$2.96. Due to ongoing negotiations and discussions by your Board of Managers concerning the future of Dakota Ethanol, LLC, confidentiality of these discussions at this time is a high priority and trading remains suspended.

As of this writing, we would anticipate a couple informational meetings with members in the next 30-60 days. At these meetings, we expect a proposal will be discussed and presented to members.

Following the informational meetings and allowing some time to evaluate the information, we expect that the next step in the process would be a formal member meeting which will involve a vote of membership. Written notice outlining the purpose of the meeting and a ballot will be sent to all members at least 10 days in advance of the meeting.

Whatever the proposal may be, approval will require a majority of ballots constituting a quorum cast either in person, by proxy, or written ballot to approve such a change. A quorum of membership is 10% of members as outlined in Lake Area's Operating Agreement in section 3.15. Lake Area Corn Processors, LLC currently has 1,001 members.

Thank you for your patience and understanding in this matter. Our intent remains that we will inform members of developments as soon as possible to plan for meeting dates.

Disbursement Enclosed

Enclosed please find a disbursement of \$0.15 per capital unit declared by the Lake Area Corn Processors, LLC Board of Managers. The total for this disbursement is \$4,443,000.00, which is the largest disbursement in LACP history! This brings the total cash disbursements for the year to \$0.45 per unit, or 95% of the original investment. Since February 2002, \$40,727,500.00 in total cash distributions have been made to LACP members or 275% of the *original investment*. Again, we thank you for your investment and confidence.

Taxes Follow Record Profits

Lake Area Corn Processors, LLC is proud to report that profits through the first 3 quarters for LACP was approximately \$29,000,000 or \$0.97 per capital unit. Strong ethanol prices, stable corn and natural gas costs contributed to make these first 3 quarters profitability outstanding. For detailed information, please go on line to www.sec.gov and search for "Lake Area." Management does anticipate some weakening of profits in the 4th quarter, however still above historical earnings. For 2006, taxable earnings could approach \$1.10 per capital unit. LACP members will again be eligible for a Federal Small Ethanol Producer Tax Credit and Domestic Manufacturer Deduction of approximately \$0.05 per unit. Cash distributions to date have totaled \$0.45 per unit. Depending upon your tax bracket, tax liability could be approximately from \$0.20 to \$0.30 cents [or more] per capital unit owned.

Based upon management's estimates, tax liabilities of our members should be covered with the distributions and tax credits. We would certainly encourage you to consult your tax professional or do your research ahead of year end as the K-1's will be substantially different than previous years as far as reportable earnings. At this point, these are preliminary estimates but wanted all members to be aware of tax consequences for 2006 and plan accordingly.



Happy Thanksgiving

Thanksgiving signals the beginning of another holiday season. Happy Holidays from all of us at Dakota Ethanol. We all have a lot to be thankful for and take the time to enjoy family and friends as the festive season approaches. We wish everyone a safe and enjoyable holiday season.

Commodity News

Hopefully you've had a safe and better than expected harvest. A lot of areas well west of the plant had poor yields with the hot/dry summer we experienced. As you well know we monitor for toxins and we haven't seen levels of concern on the corn coming directly out of the fields. Test weights coming in have been respectable; down only slightly from last year.

High fermentable total starch has been around for several years now and ethanol plants are trying to identify the value of this corn. In time through NIR technology we'll be able to identify inbound corn for desirable and detrimental characteristics. As an industry we are looking forward to the day when we can all use the same NIR calibrations so we have a fair and equitable system we can all measuring with. Today, we have several entities out with their own calibrations and one independent standard calibration needs to be followed to be fair and equitable.

If you haven't noticed we hope that you had a pleasant harvest delivering into Dakota Ethanol as we try hard not to have any lines or restrictions on loads. This fall we only had one week when we had to restrict inbound loads.....maybe after 5 years we're getting it figured out.

Also I wanted to mention to check and core corn in storage to ensure it is not heating. With the prices we have available to sell corn it would be a shame to let it get damaged.

We haven't had corn prices this high since '95, the markets are continuing to ration demand and encourage more acres into production. Soil testing, fertility, residue, tillage management are all going to be key to maximize every acres' productivity and with a little help from mother nature producers have a great opportunity to have a great year. If you are considering more corn on corn, we have attractive bids posted for several years [out](#).

When you have corn to market, please give us a call at 1-888-539-2676 or 605-483-2676 and ask for Paul or Andrea. Our current prices are updated after the market close at www.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."