Second Quarter 2016
General Manager Comments

The Company ended the 2nd quarter of the fiscal year on March 31, 2016 with a positive result, net profit for the quarter was $2 million. The first quarter results were slightly higher at $4.07 million making our first 6 months total $6.07 million. Margins were under pressure the first half of the year because of ample ethanol supplies, reduced motor fuel prices, and a reduction in distiller values.

With the industry enjoying very good margins in 2014 and early 2015, ethanol producers responded by improving conversion efficiencies through technology and increasing capacity which added incremental gallons to the market. The added production along with the recent oil price decline put pressure on margins across the fuel sector. Since April 1, industry margins have improved by approximately 15-20 cents per gallon, which will give Little Sioux a nice return for the investor. I would estimate a 20-million-dollar year is possible provided LSCP can sustain our current margin structure. However, I would caution the industry needs a strong summer demand to do so. The gasoline price on the surface says motorists will take vacations and drive further because of the economics of cheaper gasoline. Americans love their vehicles and the freedom to move about that they provide, let's hope this long standing maxim holds true during this summer.

In the first quarter of 2016, the Board approved additional mole sieve capacity, 2 new centrifuges, one additional hammer mill, cooling at the C02 scrubber, milling conveyors to process, and a leg/conveyor to elevate dry DDG into flat storage for load out. Total capital expenditure for these projects is approximately $11 million. The hammer mill, milling conveyor, and the DDG conveying equipment are installed and operational. The C02 scrubber cooling system and the 2 additional centrifuges will be operational by the end of July 2016, while the molecular sieve upgrade including increased evaporator capacity will not be completely operational until second quarter 2017. In March 2016, the Board approved construction of an additional fermenter and a second wet cake loadout pad. Capital expenditure for these 2 projects will total $3.8 million. The fermenter will complement the process equipment approved in the first quarter allowing us to increase production to the 150-million-gallon benchmark while improving ethanol yields per bushel we now enjoy. On the surface you would not think 2-3 hours of additional fermentation time would have a positive effect, but I assure it does make a difference. The additional wet feed pad space will complement our current storage and allow for smoother operations during inclement weather, weekends, and holidays. Both the fermenter and the wet pad will be completed in the 4th quarter of this year.

Obviously, the farmers in northwest Iowa have had their challenges this spring with extremely wet weather for a prolonged period hampering planting progress. Although it doesn't take long for a lot to get done with the equipment that is available today, everything is so much faster now. Consider where Little Sioux is today compared to 13 years ago and it makes you realize it's not just conventional agriculture that's faster, everything goes faster, including us.

One final tidbit, this summer the county will be paving 480th Street from the corner of F Avenue and 480th Street to our west driveway. Construction time is estimated at 6-8 weeks, during this time 480th (north of the plant) will be closed. All inbound traffic into Little Sioux will enter onto the property via F Avenue from the North or South. We are widening our entrance off F Avenue to accommodate the traffic and adding additional concrete north of the administration office to keep congestion to a minimum and move traffic smoothly.

Have a good summer!

Steve

Financial Statements Review
By Gary Grotjohn

Fiscal Quarter ended March 31, 2016

We ended the second fiscal quarter with a gain for LSCP, LLLP of $2,005,070 resulting in a gain for the LLC of $1,121,099. Combined with the profit from the first quarter, our year-to-date earnings for LSCP, LLLP are $6,075,890 resulting in a gain for the LLC of $3,397,225.

The Fiscal Quarter Ended March 31, 2016 and 2015 results are as follows:

	Three Months Ended March 31, 2016 (Unaudited)	Three Months Ended March 31, 2015 (Unaudited)
Revenues	$ 56,477,106	$ 52,281,526
Cost of Goods Sold	53,469,291	48,297,313
Gross Margin	3,007,815	3,984,213
Selling, General and Administrative Expenses	1,206,155	1,169,515
Other Income and (Expense)	203,410	63,873
Net Income Before Minority Interest	2,005,070	2,878,571
Minority Interest in Subsidiary Income	883,971	1,269,070
Net Income for Little Sioux Corn Processors LLC	$ 1,121,099	$ 1,609,501
Outstanding Units	164,115	164,115
Net Income (Loss) per Unit	6.83	9.81

Our revenues reflect an increase of approximately $4,195,000 resulting from an increase in gallons sold offset by a decrease in prices we received for ethanol sold. For the 2nd quarter, the ethanol prices were 6% lower on 22% higher sales gallons.

Our Cost of Goods Sold increased by approximately $5,172,000 largely resulting from an 18% increase in corn bushels ground offset by a 7% decrease in corn prices.

Our Selling, General and Administrative expenses were similar to last year.

The change in Other Income/Expense reflects increased income from investments in affiliates.

The Results of the Six Months Ended March 31, 2016 and 2015 are as follows:

	Six Months Ended March 31, 2016 (Unaudited)	Six Months Ended March 31, 2015 (Unaudited)
Revenues	$ 115,151,756	$ 118,283,213
Cost of Goods Sold	107,350,353	102,425,909
Gross Margin	7,801,403	15,857,304
Selling, General and Administrative Expenses	2,310,287	2,280,263
Other Income and (Expense)	584,774	8,868,941
Net Income Before Minority Interest	6,075,890	22,445,982
Minority Interest in Subsidiary Income	2,678,665	9,895,715
Net Income for Little Sioux Corn Processors LLC	$ 3,397,225	$ 12,550,267
Outstanding Units	164,115	164,115

The reduction of Gross Margins was mainly due to reduced prices for ethanol and co-products partially offset by higher ethanol sales gallons.

The significant decrease in Other Income was a result of the sale of an investment resulting in a long term capital gain in Y-T-D fiscal 2015.

Balance Sheet as of March 31, 2016 and 2015

	March 31, 2016 (Unaudited)	March 31, 2015 (Unaudited)
Total Current Assets	$ 40,120,273	$ 40,015,119
Net Property and Equipment	74,335,279	71,946,645
Other Assets	9,226,280	8,874,074
Total Assets	$ 123,681,832	$ 120,835,838
Total Current Liabilities	$ 10,744,286	$ 10,608,312
Derivative Instruments-Interest Swap Long Term Debt, net of current maturities	-	-
Minority Interest	48,300,718	47,132,084
Members' Equity, 164,115 outstanding units	64,636,828	63,095,442
Total Liabilities and Members Equity	$ 123,681,832	$ 120,835,838

Total Current Assets are similar to last year.

The increase in Net Property and Equipment reflect new capital expenditures, of which the largest was the two new fermenters, offset by normal depreciation.

Total Current Liabilities are similar to last year.

Increases in Minority and Member’s Equity accounts are a result of profits partially offset by cash distribution to owners.

Gary

Dear Shareholder,

The Iowa caucuses are over, the presidential candidates have moved on, but the fight for the future of renewable fuels in Iowa is getting hotter than ever.

We need you to stand up for ethanol and protect your investment by making a contribution to LSCP PAC today!

The anti-ethanol attack machine has doubled down on its efforts to gut the RFS in Congress. In fact, many in the Big Oil spin-room and the elite media have written off the importance of renewable fuels in our state and around the country—and they couldn't be further from the truth. Consider the following:

- 83% of Iowans voted for a pro-RFS candidate during this year's Iowa caucuses
- While 3 of 14 presidential candidates were pro-RFS at the start of the campaign, 12 of 14 candidates were pro-RFS by the time of the Iowa caucuses
- Despite Big Oil's multi-million dollar onslaught of anti-RFS TV ads in the week before the caucuses, a post-caucus poll found that 71% of Iowans still strongly support the RFS
- The Iowa Legislature just showed its overwhelming support for higher ethanol blends by passing a long-term extension of the state's retailer tax credits for E15 and E85

But numerous policy challenges remain for ethanol at both the federal and state level.

In Washington, DC, we must:
FIGHT to convince the EPA to get the RFS back on track with its upcoming rulemaking.
FIGHT to convince the EPA to eliminate the inequitable volatility treatment for E10 and E15.
FIGHT to convince Congress to reject the numerous efforts to weaken and repeal the RFS.

In Des Moines, we must:
FIGHT to convince the Legislature to fund the state grant program for blender pumps.

Are you ready for these fights? **Then join us by writing a personal check to LSCP PAC today!** Your contribution will be used to help elect candidates who are committed to ethanol.

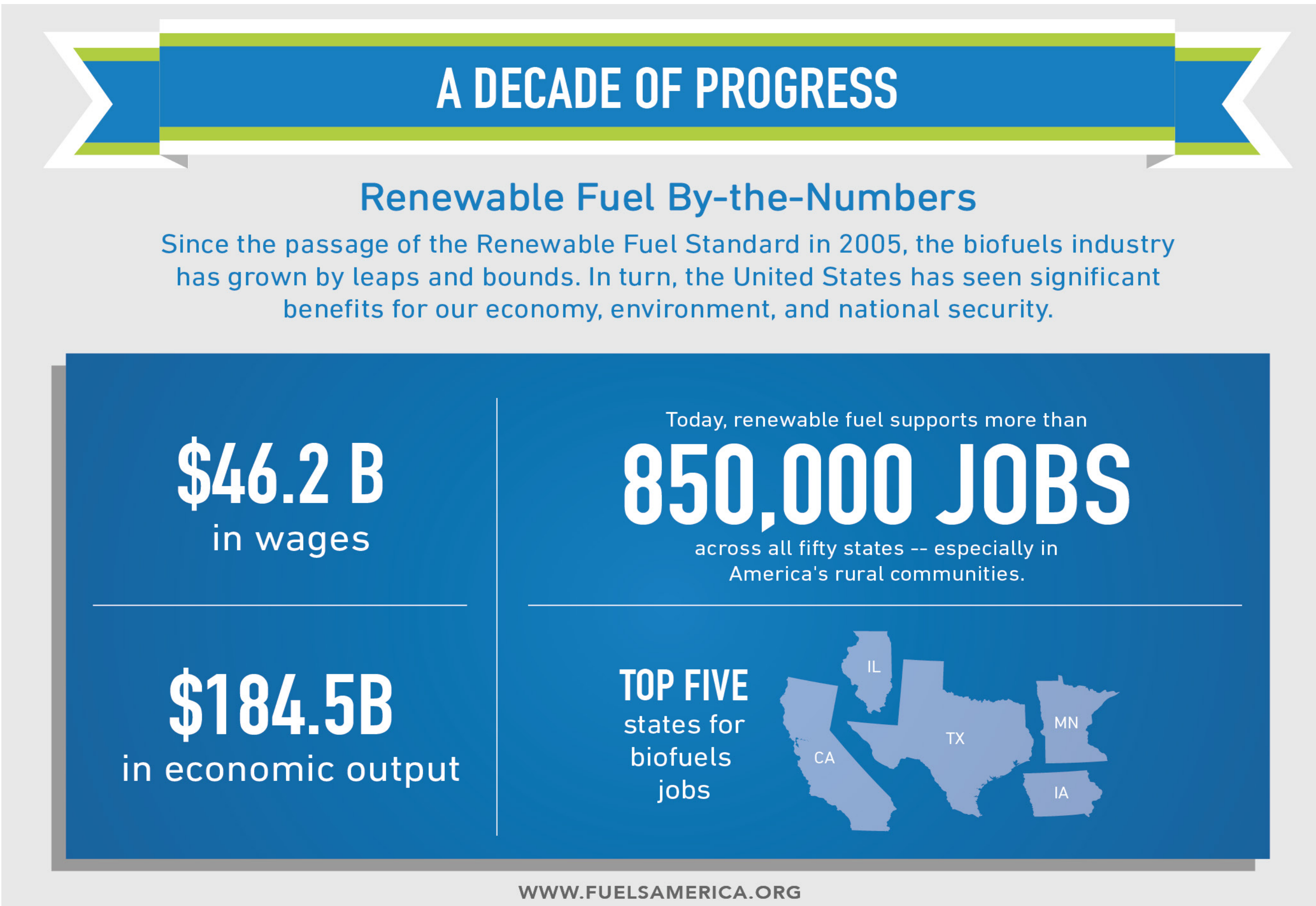
Momentum for expanding the availability and use of E15 and higher ethanol blends is at an all-time high, and **your generous donation of $500, $100 or $50 will make sure that we don't take our foot off the gas to increase consumer choice and market share for ethanol.**

Sincerely,

LSCP PAC

P.S. The 2016 election will have a huge impact on the future of federal and state policy for ethanol. Don't sit on the sidelines! **Help us win the fight by supporting LSCP PAC!**

Your contribution will help Little Sioux Corn Processors PAC support candidates who will defend the truth!



You have my support. Enclosed is my contribution to help protect Iowa's renewable energy future.

☐ **$1,000** ☐ **$750** ☐ **$500**

☐ **$250** ☐ **$100** ☐ **$50**

☐ **$ __________ Other**

Make checks payable to "LSCP PAC"

4808 F Avenue Marcus, IA 51035

Name: ____

Address: ______________________________________

City: ____________________ **State:** ___________ **Zip:**_______

Home Phone: _______________ **Work Phone:** _____________

E-Mail: ____

For Contributions $200 and above, please provide the following information:

Occupation: ________________ **Employer:** _______________

Contributions for LSCP PAC are not deductible as charitable contributions for federal income tax purposes. By law, the maximum amount an individual may contribute is $5,000 per year. LSCP PAC is required by federal law to report the name, address, occupation and employer of each individual who contributes over $200 per year. Contributions by corporations, foreign nationals (non-green card holders), and federal government contractors are prohibited. Contributions are voluntary and a member's rights are not affected nor will a member be favored or disadvantaged by reason of the amount of the contribution.

LSCP PAC 4808 F Ave Marcus, IA 51035