

# Minnesota Soybean Processors

121 Zeh Avenue, P.O. Box 100  
Brewster, Minnesota 56119-0100  
Phone: (507) 842-6677 Fax: (507) 842-0086

## NOTICE OF CONVERSION

### **8% Non-Cumulative Convertible Class B Preferred Stock, Series 2004**

Reference is made to the confidential disclosure statement of Minnesota Soybean Processors dated August 27, 2004 ("Disclosure Statement") and the certificate of designations attached thereto as Exhibit D ("Certificate of Designations"). Minnesota Soybean Processors is sometimes referred to herein as the "Cooperative" or "MnSP." Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Disclosure Statement.

The undersigned is the holder of one or more shares of 8% Non-Cumulative Convertible Class B Preferred Stock, Series 2004 (the "Series 2004 Class B Preferred Stock") that were issued pursuant to the terms and conditions of the Disclosure Statement and the Certificate of Designations.

The undersigned hereby elects to convert \_\_\_\_\_ shares of 2004 Class B Preferred Stock held by the undersigned into an equal number of shares of Class A preferred stock of the Cooperative (NOTE: minimum conversion for existing members is 250 shares and in increments of 250 shares thereafter; minimum conversion for non-members is 2,500 shares and in increments of 250 shares thereafter). Included with this Notice is the original stock certificate for the Class B shares, duly executed by the undersigned.

By signing this Notice of Conversion, the undersigned acknowledges and agrees: (1) if not already a member, to purchase one share of common stock of the Cooperative for \$250.00, which is the membership stock of the Cooperative and is issued subject to the Articles of Incorporation and Bylaws of the Cooperative; (2) if not already a member, to enter into the uniform marketing and delivery agreement of the Cooperative to deliver one or more bushels of soybeans annually to the Cooperative for each share of Class A preferred stock owned by the undersigned; and (3) to be bound by the terms and conditions set forth on the reverse side of this Notice of Conversion.

The undersigned hereby represents and warrants to the Cooperative that the undersigned meets the membership eligibility requirements set forth in or established under the Articles and Bylaws of the Cooperative. The undersigned also agrees and understands that its membership in Minnesota Soybean Processors will be subject to the Articles of Incorporation, Bylaws and policies of the Cooperative, and that owning a minimum of 2,500 shares of Class A preferred stock is one requirement of membership established thereunder. Failure to meet the membership requirements of the Cooperative may result in membership termination. A copy of the Cooperative's Articles and Bylaws are available for inspection at the Cooperative's office and upon request.

### **PLEASE PRINT – NAME OF HOLDER OF SERIES 2004 CLASS B PREFERRED**

Name: \_\_\_\_\_  
(Name of Individual(s), Partnership, or Corporation)

Authorized Representative: \_\_\_\_\_

Address: \_\_\_\_\_  
(Mailing address including City, State, Zip Code)

County: \_\_\_\_\_ Telephone: \_\_\_\_\_

Note: Class A shares will be issued to the holder of the shares of Series 2004 Class B Preferred Stock as printed above, and names of holders must match our records.

### **FORM OF OWNERSHIP OF CLASS A SHARES – *Check One***

Individual     Joint Tenants WROS     Corporation/Partnership/LLC     Trust     Other

Social Security Number of Individual(s): \_\_\_\_\_ **OR** Federal Tax Identification No. of  
Partnership, LLC, Corporation, Other

**SIGNATURE**

**IMPORTANT: You should read and understand the terms of conversion set forth herein and in the Disclosure Statement and Certificate of Designations before signing this Notice of Conversion. We urge you to read these documents and the Cooperative's Articles, Bylaws, and Uniform Marketing and Delivery Agreement in their entirety in order to understand your conversion rights and what it means to own shares of Class A preferred stock in the Cooperative upon conversion.**

**NOTICE: Neither MnSP nor its officers, directors or agents assume any responsibility for economic or tax advice concerning, or the economic or tax consequences of, the conversion of the Series 2004 Class B preferred stock into the Cooperative's Class A preferred stock. There are significant tax and economic differences between the Class A and Class B preferred stock of the Cooperative and the rights and obligations of the holders thereof and the risks associated with your ownership of such stock. We urge you to obtain your own professional advice with respect to these differences and risks and your decision to convert, in light of your financial condition and investment needs.**

By your signature below, you are agreeing to the terms and conditions set forth in this Notice of Conversion and the documents referred to herein, and are representing to and further agreeing with Minnesota Soybean Processors as follows:

1. Conversion of your shares of Series 2004 Class B Preferred Stock will be effective upon acknowledgment of this Notice of Conversion by the Cooperative. You will not be entitled to any dividends declared on the Series 2004 Class B Preferred Stock after you elect to convert your Class B shares.
2. The Cooperative's Class A preferred stock has a lower priority rank than its Series 2004 Class B Preferred Stock in the event of any liquidation, dissolution or winding-up of the Cooperative. You should review Section 9.02 of the Cooperative's Bylaws.
3. Holders of the Cooperative's Class A preferred stock must deliver soybeans to the Cooperative's facility in Brewster, Minnesota in proportion to the number of Class A shares they hold and in accordance with the Cooperative's Uniform Marketing and Delivery Agreement. Holders of Class A preferred stock are entitled to share in the Cooperative's then current year income in proportion to the amount of committed bushels delivered (either directly or through the pool) to the Cooperative, as further provided in the Cooperative's Bylaws. If you do not deliver your committed bushels before the end of the Cooperative's fiscal year, you are not entitled to share in that fiscal year's income. The Cooperative's fiscal year runs from September 1 to the following August 31. If you use the pool to meet your delivery obligation, you will be responsible for any applicable pool fees.
4. The economic entitlements of members holding shares of our Class A preferred stock to our retained earnings, nonpatronage income, capital reserves, and the residual proceeds of a liquidation or sale of the Cooperative are based on patronage. This means the Class A preferred stock you receive upon conversion of your Class B shares will have less patronage attached to them and therefore less patronage entitlements than the other shares of Class A preferred stock we currently have outstanding. Accordingly, you may not receive the same proceeds per share as other holders of Class A stock in a sale or liquidation of the Cooperative for a gain. This disparity could continue for up to ten years following conversion.
5. You will not be entitled to patronage dividends paid by the Cooperative for fiscal years ending before the fiscal year in which you convert, even if the patronage dividends are paid after the date on which you convert.

Certification – Under penalties of perjury, the undersigned certifies that:

- (1) The number shown on this form is the correct taxpayer identification number of the undersigned.
- (2) The undersigned is a producer of agricultural products or association of such producers as defined in MnSP Articles of Incorporation.
- (3) The undersigned has read, understands, and accepts the stated terms and conditions set forth on this Notice of Conversion.
- (4) The undersigned has been provided with all of the information it believes necessary to a complete understanding of the Cooperative and membership in the Cooperative, and the conversion of its Class B shares into Class A shares.

Note: If more than one person holds the Class B shares, then both signatures must appear below

Signature of Undersigned(s) \_\_\_\_\_ Date \_\_\_\_\_  
\_\_\_\_\_ Date \_\_\_\_\_

Acknowledged by MnSP _____, its _____ Date _____
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