

**MINNESOTA SOYBEAN PROCESSORS
STOCK TRANSFER AGREEMENT AND APPLICATION FORM
CLASS B PREFERRED STOCK**

(April 2009)

A. General Instructions.

1. This Stock Transfer Agreement and Application Form (the “TAA Form”) has important legal consequences and constitutes a legally binding agreement to sell and purchase capital stock of Minnesota Soybean Processors between the parties hereto. You should consult with an attorney. By signing this TAA Form, the parties hereto are making important representations and warranties to each other and to Minnesota Soybean Processors. Please read and review this TAA Form carefully.
2. The individual or entity transferring the capital stock of Minnesota Soybean Processors (“Seller”) and the individual or entity acquiring the capital stock (“Buyer”) must complete all respective information required in this TAA Form, and date and sign this TAA Form at page 12. If Seller or Buyer is a joint owner, then all joint owners must sign this TAA Form.
3. Seller must execute the reverse side of the certificate(s) representing Seller’s capital stock in Minnesota Soybean Processors that will be transferred.
4. If Buyer is not an existing member of Minnesota Soybean Processors, then Buyer must read and review a copy of Minnesota Soybean Processors’ Articles of Incorporation and Bylaws prior to completing this TAA Form. The Articles and Bylaws are available in pdf printable format on the Minnesota Soybean Processors website at www.mnsoy.com.
5. The parties should deliver each of the original executed documents referenced in Items 1 and 3 of these Instructions to:

Minnesota Soybean Processors
121 Zeh Avenue
P.O. Box 100
Brewster, MN 56119-0100

6. In addition to the foregoing documents, Seller must submit a \$100 application fee along with the documents. If all required documents are properly completed and submitted and the transfer is NOT approved, this application fee will be returned to Seller.
7. **Important Deadline Notice.** The deadline for transfer requests to be considered at a monthly board meeting of the company is the 1st day of that month. MnSP must receive the fully-completed and fully-executed TAA Form and all accompanying documents and instruments and fees by the 1st day of the month, if you wish for your transfer request to be considered at that month’s board meeting. Transfer requests received after the 1st day of a month, or incomplete requests which are not completed until after the 1st day of a month, will not be processed or considered until the board meeting of the following month.

8. Minnesota Soybean Processors is sometimes referred to in this TAA Form as “MnSP,” the “cooperative” or the “company.”

B. **Transfer Agreement; Effective Date of Transfer.** Subject to the terms and conditions set forth herein, Seller hereby agrees to sell, assign, transfer and convey to Buyer, and Buyer hereby agrees to buy, the number of shares of capital stock of Minnesota Soybean Processors set forth in Section G. of this TAA Form standing in the name of Seller on the books and records of Minnesota Soybean Processors, for the purchase price set forth in Section G. of this TAA Form. The parties agree that the effective date of the transfer shall be the **last day of the month** in which the Board of Directors of Minnesota Soybean Processors approves the transfer.

C. **Conditions to Sale and Purchase.**

1. **Approval by Board of Directors; General Conditions.** Seller and Buyer understand that the capital stock may not be transferred without the approval of the Board of Directors of Minnesota Soybean Processors, and then only if the conditions set forth in section 11.04 and 11.05 (as applicable) of the MnSP Bylaws are met. All transfers must be transferred in accordance with the capital stock transfer policy adopted by the Board of Directors from time to time. **No capital stock may be transferred unless any and all indebtedness of the Seller to Minnesota Soybean Processors is first paid.**

2. **First Right to Purchase.** Seller and Buyer acknowledge and understand that:

- a. Under section 11.05 of its Bylaws, Minnesota Soybean Processors has the first right to purchase capital stock offered for sale by a shareholder, such right to be exercised by the Board of Directors on behalf of the cooperative in the Board’s discretion;
- b. Under section 11.05 of the Bylaws and the capital stock transfer policy adopted by the Board of Directors, this first right to purchase does not apply to transfers without consideration to the following related parties (such Buyer hereinafter referred to as a “Related Party” and such transfer hereinafter referred to as a “Related Party” transfer):
 - 1) Transfers to the spouse, parent, child (or spouse of child), brother or sister (or spouse of a brother or sister) of the shareholder (or of a deceased shareholder) who wishes to transfer, and for this purpose child shall include a legally adopted child; and
 - 2) Transfers to a partnership or a family farm corporation or other legal entity consisting of the shareholder’s family in which the shareholder is a shareholder or partner;
- c. Buyer must complete Section H hereof indicating whether Buyer is a Related Party. Both Seller and Buyer must represent and warrant to Minnesota Soybean Processors that the transfer qualifies as a Related Party transfer, if applicable.
- d. Any transfer that is not a Related Party transfer described in subsection b. of this Section C.2 shall be subject to the cooperative’s first right to purchase the capital stock on the same terms and conditions set forth herein. This TAA Form shall constitute written notice by Seller of its desire to sell the capital stock on the terms and conditions set forth herein.

D. Additional Terms of Transfer.

1. Seller agrees and represents and warrants to Buyer that:
 - a. Seller has full power and authority to execute and deliver this TAA Form and to perform its obligations hereunder;
 - b. Seller has good and marketable title to the capital stock being transferred hereunder;
 - c. Neither the execution and delivery of this TAA Form nor the consummation of the transactions contemplated hereby conflicts with, will result in a breach of, or constitutes a default under (upon the giving of notice or lapse of time or both) any agreement, contract, lease, license, instrument or other arrangement to which Seller is a party or by which Seller is bound or to which the capital stock is subject; and
 - d. The capital stock being transferred hereunder shall be transferred and delivered to Buyer free and clear of all liens, charges, security interests, and encumbrances.
2. Buyer agrees and represents and warrants to Seller that:
 - a. Buyer has full power and authority to execute and deliver this TAA Form and to perform its obligations hereunder; and
 - b. Neither the execution and delivery of this TAA Form nor the consummation of the transactions contemplated hereby conflicts with, will result in a breach of, or constitutes a default under (upon the giving of notice or lapse of time or both) any agreement, contract, lease, license, instrument or other arrangement to which Buyer is a party or by which Seller is bound or to which the capital stock is subject; and
 - c. The capital stock being transferred hereunder was issued pursuant to authority granted the Board of Directors of Minnesota Soybean Processors under MnSP's Articles of Incorporation, and is subject in all instances to the Articles of Incorporation and Bylaws of MnSP; and
 - d. The capital stock being transferred hereunder is designated the "8% Non-Cumulative Convertible Class B Preferred Stock, Series 2004" capital stock of MnSP, and the terms, conditions, rights, preferences, privileges, and limitations of such capital stock was established by and fixed by the Certificate of Designation adopted by the Board for said series of capital stock, a copy of which is available on the MnSP website;
 - e. Buyer has received and reviewed a copy of the Certificate of Designation and MnSP's Articles and Bylaws; and
 - f. Buyer understands the terms, conditions, rights, preferences, privileges and limitations of the "8% Non-Cumulative Convertible Class B Preferred Stock, Series 2004" capital stock being transferred hereunder, including without limitation the fact that dividends are non-cumulative, the capital stock is subject to redemption by MnSP on or after September 1, 2009, and that only holders who

are eligible to hold Class A preferred stock under the Articles and Bylaws of MnSP and who otherwise enter into membership and delivery agreements with MnSP may exercise the conversion right of said capital stock into Class A preferred stock , as more particularly provided for in the Certificate of Designation.

3. Buyer shall pay and deliver the purchase price to Seller by wire transfer or in other immediately available funds or as otherwise agreed to by the parties at the closing of the purchase and sale transaction at the date and location and in the manner agreed to by the parties. Following the closing, Seller and Buyer each must notify MnSP in writing that the transaction has closed. MnSP will then promptly send out new stock certificates to the appropriate parties and adjust its books and records.
4. Seller and Buyer agree that dividends on the capital stock when, as and if declared by the Board of Directors shall be paid to holders of record of the capital stock on such record date for the payment of dividends as fixed by the Board of Directors, and that Minnesota Soybean Processors will pay any such dividend when, as and if declared to the holder of record of the capital stock being transferred hereunder on such record date, even if the actual payment is subsequent to the effective date of transfer hereunder. Who owns the capital stock on the record date fixed by the Board for the payment of dividends shall be entitled to and receive any such dividend payment.

E. **Seller Information.** Please print your individual or entity name and address. Joint owners should provide their respective names.

1. Seller's Printed Name: _____
2. Title, if applicable: _____
3. Seller's Address: _____
Street _____
City, State, Zip Code _____

F. **Buyer Information.** Please print your individual or entity name and address. Joint owners should provide their respective names.

1. Buyer's Printed Name: _____
2. Title, if applicable: _____
3. Buyer's Address: _____
Street _____
City, State, Zip Code _____

G. **Transfer Information.**

1. Identify the number(s) of the capital stock certificate(s) affected: _____
2. Original dates of the capital stock certificates affected: _____
3. Number of Shares of Capital Stock Transferred: _____
4. Purchase Price Per Share: _____

5. Total Purchase Price: _____

(NOTE: If the transfer is made without consideration, type or print "N/A" in the space above for numbers 4 and 5)

H. **Type of Transfer.** Seller and Buyer should check the appropriate box (or boxes) to indicate the type of transfer.

- Involuntary transfer to an administrator or trustee by operation of law (death of a joint tenant, intestacy, divorce, bankruptcy, conservatorship).
- Lifetime gift
 - To Related Party within the definition of subsection b. of Section C.2. hereof
Indicate relationship _____
 - To others
- Lifetime transfer to a trust
 - For the benefit of Related Party within the definition of subsection b. of Section C.2. hereof
Indicate relationship _____
 - For the benefit of others
- Transfer pursuant to a Will or trust of a deceased member.
 - Transfer is to Related Party within the definition of subsection b. of Section C.2. hereof.
Indicate relationship _____
 - Transfer is not to a Related Party of the deceased member.
- Transfer for value to a Related Party within the definition of subsection b. of Section C.2. hereof.
- Transfer for value to a third party who is NOT a Related Party within the definition of subsection b. of Section C.2. hereof

Attention! If the transfer is to a trust, please provide copies of the following pages of the trust instrument: title page, signature page, and the page that identifies the Trustee(s).

Attention! If the transfer is requested due to a member's death, please provide a certified copy of the death certificate, letters of appointment of executor or administrator, and designation of attorney form.

I. **Additional Buyer Information.** The Buyer, named above, certifies the following under penalties of perjury:

1. **Form of Ownership:** Check the appropriate box (one only) to indicate form of ownership. If the Buyer is a Custodian, Corporation, Partnership or Trust, please provide the additional information requested.

- Individual
- Joint Tenants with Right of Survivorship (both signatures must appear on page 12)
- Corporation or Partnership (Corporate Resolutions or Partnership Agreement must be enclosed)
- Trust (Signature and title pages of Trust Agreement and all amendments must be enclosed)

Trustee's Name: _____
Trust Date: _____

- Other: Provide detailed information below:

2. **Buyer's Taxpayer Information.** Check the appropriate box if you are a non-resident alien, a U.S. Citizen residing outside the United States or subject to back-up withholding. Trusts should provide their taxpayer identification number. Custodians should provide the minor's Social Security Number. All individual Buyers should provide their Social Security Number. Other entities should provide their taxpayer identification number. Buyers who are concerned about listing their Social Security Number(s) on this form may provide it to Minnesota Soybean Processors in the membership application form only.

- Check box if you are a non-resident alien
- Check box if you are a U.S. Citizen residing outside of the United States
- Check this box if you are subject to backup withholding

Buyer's Social Security Number: _____
Joint Buyer's Social Security Number: _____
Taxpayer Identification Number: _____

J. **Representations and Warranties.** Seller and Buyer, named above, in order that Minnesota Soybean Processors may rely thereupon, each hereby represent and warrant to Minnesota Soybean Processors that the information set forth herein is true and correct and complete in all material respects, including but not limited to the information regarding the purchase price of the capital stock set forth in Section G hereof, and whether the transfer and the Buyer constitute a Related Party transfer and a Related Party, respectively, set forth in Section H hereof. In addition, Seller and Buyer each hereby represent and warrant to Minnesota Soybean Processors as follows:

1. **Seller's Representations and Warranties.** By signing this Capital Stock Transfer Agreement and Application Form, Seller represents and warrants to Minnesota Soybean Processors that he, she or it:
 - a. Has received all financial and other information about Minnesota Soybean Processors that he, she or it deems necessary or appropriate to form a decision regarding the sale and transfer of capital stock hereunder;

- b. Has had an opportunity to obtain, and has received, any additional information about Minnesota Soybean Processors, and has had an opportunity to ask such questions of, and receive answers from, Minnesota Soybean Processors or an authorized agent or representative of Minnesota Soybean Processors, to the extent Seller deems necessary or appropriate to form a decision regarding the sale and transfer of capital stock hereunder;
- c. As a result, has sufficient knowledge and information about the business, management, financial affairs and future prospects of Minnesota Soybean Processors he, she or it deems necessary or appropriate to make a decision regarding the sale and transfer of capital stock hereunder;
- d. Has such knowledge and experience in financial and business matters that he, she or it is capable of evaluating the merits and risks of the purchase and transfer of capital stock hereunder or has obtained, to the extent he, she or it deems necessary, his, her, or its own professional advice with respect to the decision to purchase and transfer capital stock hereunder;
- e. Understands the effect of the bundling provisions and timing of cash patronage dividend provisions of the Articles and Bylaws of Minnesota Soybean Processors on class A preferred stock;
- f. Understands and agrees that Minnesota Soybean Processors has made and makes no representation or warranty to Buyer regarding the fairness or adequacy of the purchase price of the capital stock to be transferred hereunder, and that the negotiation and agreement to transfer the capital stock has been made solely by Seller without the assistance or involvement of Minnesota Soybean Processors; and
- g. Agrees to indemnify and hold Minnesota Soybean Processors harmless for any damages, loss, cost, or liability (including legal fees and the cost of enforcing this indemnity) arising out of or resulting from the transfer of capital stock from Seller to Buyer.

2. **Buyer's Representations and Warranties.** By signing this Capital Stock Transfer Agreement and Application Form, Buyer represents and warrants to Minnesota Soybean Processors that he, she or it:

- a. Has received all financial and other information about Minnesota Soybean Processors that he, she or it deems necessary or appropriate to form a decision regarding the purchase and transfer of capital stock hereunder;
- b. Has had an opportunity to obtain, and has received, any additional information about Minnesota Soybean Processors, and has had an opportunity to ask such questions of, and receive answers from, Minnesota Soybean Processors or an authorized agent or representative of Minnesota Soybean Processors, to the extent Buyer deems necessary or appropriate to form a decision regarding the purchase and transfer of capital stock hereunder;
- c. As a result, has sufficient knowledge and information about the business, management, financial affairs and future prospects of Minnesota Soybean

Processors he, she or it deems necessary or appropriate to make a decision regarding the sale and transfer of capital stock hereunder;

- d. Has such knowledge and experience in financial and business matters that he, she or it is capable of evaluating the merits and risks of the sale and transfer of capital stock hereunder or has obtained, to the extent he, she or it deems necessary, his, her, or its own professional advice with respect to the decision to sell and transfer capital stock hereunder;
- e. Understands the effect of the bundling provisions and timing of cash patronage dividend provisions of this TAA Form;
- f. Understands and agrees that Minnesota Soybean Processors makes no representation or warranty to Buyer regarding the fairness or adequacy of the purchase price of the capital stock to be transferred hereunder, and that the negotiation and agreement to transfer the capital stock has been made solely by Buyer without the assistance or involvement of Minnesota Soybean Processors;
- g. Understands that an investment in the capital stock of Minnesota Soybean Processors involves risks, and that the profitability of Minnesota Soybean Processors can go up or down or that Minnesota Soybean Processors may lose money for a variety of reasons, most of which are outside of the control of Minnesota Soybean Processors, including but not limited to the following reasons:
 - 1) Increases in soybean or natural gas prices could significantly harm Minnesota Soybean Processors' business because there is little correlation between these production costs and the price of bio-diesel; fluctuations in soybean prices;
 - 2) The supply of bio-diesel has been increasing rapidly, which may cause bio-diesel prices to decline significantly if demand does not keep pace; and
 - 3) Federal and state regulations and incentives that support the price of bio-diesel may change, making it more difficult or preventing us from earning a profit or paying our debts;

And that, as a result of these factors and others, Minnesota Soybean Processors may not be able to operate profitably which would have a substantial and material negative impact on the price of the capital stock and may prevent he, she or it from being able to sell the capital stock at the price paid for them or at all. Accordingly, Buyer understands and agrees that he, she or it can withstand the total loss of investment in the capital stock.

- h. Understands and agrees that, as a result of owning class A preferred stock (if applicable), he, she or it will or would be involved in the risk of production agriculture due to its soybean delivery obligations under the Uniform Marketing and Delivery Agreement;
- i. Understands and agrees that, with respect to class A preferred stock, he, she or it may not receive market price for soybeans delivered by or on behalf of Buyer under the Uniform Marketing and Delivery Agreement, but instead will or would

be paid for soybeans delivered in accordance with the Uniform Marketing and Delivery Agreement;

- j. Understands and agrees that the grain procurement policies of Minnesota Soybean Processors are subject to review and change by the Board of Directors without the consent of Buyer;
- k. Intends to acquire the capital stock for his/her/its own account without a view to public distribution or resale and that he/she/it has no contract, undertaking, agreement or agreement to sell or otherwise transfer or dispose of any capital stock or any portion thereof to any other person;
- l. Understands that there is no public market for the capital stock, that the capital stock will not trade on an exchange or automatic quotation system, that no such market is expected to develop in the future and that there are significant restrictions on the transferability of the capital stock;
- m. Has received a copy of the Articles and Bylaws of Minnesota Soybean Processors, and the Certificate of Designations for the class B preferred stock, and understands that the Buyer and the capital stock will be bound by the provisions of the Articles and Bylaws and Certificate which contain, among other things, provisions that provide for cooperative operations and provisions that restrict the transfer of capital stock;
- n. Understands that he, she or it will or would, if the capital stock is converted to class A preferred stock, have substantial soybean delivery obligations under the Uniform Marketing and Delivery Agreement and that entering into and abiding by the Uniform Marketing and Delivery Agreement is a requirement of membership in Minnesota Soybean Processors;
- o. Understands that the capital stock is subject to substantial restrictions on transfer under state and federal securities laws along with restrictions in the Articles and Bylaws of Minnesota Soybean Processors and agrees that if the capital stock or any part thereof are sold or distributed in the future, Buyer shall sell or distribute them pursuant to the terms of the Articles and Bylaws, and the requirements of the Securities Act of 1933, as amended, and applicable state securities laws;
- p. Agrees to indemnify and hold Minnesota Soybean Processors harmless for any damages, loss, cost, or liability (including legal fees and the cost of enforcing this indemnity) arising out of or resulting from the transfer of capital stock from Seller to Buyer;
- q. Understands that Minnesota Soybean Processors will place a restrictive legend on any certificate representing the capital stock purchased hereunder containing substantially the following language as the same may be amended by the Board of Directors in their sole discretion:

THE TRANSFERABILITY OF THE CAPITAL STOCK REPRESENTED BY THIS CERTIFICATE IS RESTRICTED. SUCH CAPITAL STOCK MAY NOT BE SOLD, ASSIGNED, OR TRANSFERRED, NOR WILL ANY ASSIGNEE, VENDEE, BUYER, OR ENDORSEE THEREOF BE RECOGNIZED AS

HAVING ACQUIRED ANY SUCH CAPITAL STOCK FOR ANY PURPOSES, UNLESS AND TO THE EXTENT SUCH SALE, TRANSFER, HYPOTHECATION, OR ASSIGNMENT IS PERMITTED BY, AND IS COMPLETED IN STRICT ACCORDANCE WITH, APPLICABLE STATE AND FEDERAL LAW AND THE TERMS AND CONDITIONS SET FORTH IN THE ARTICLES AND BYLAWS OF MINNESOTA SOYBEAN PROCESSORS.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, OFFERED FOR SALE, OR TRANSFERRED IN THE ABSENCE OF EITHER AN EFFECTIVE REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND UNDER APPLICABLE STATE SECURITIES LAWS, OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH TRANSACTION IS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND UNDER APPLICABLE STATE SECURITIES LAWS.

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IN WITNESS WHEREOF, the undersigned Seller and Buyer have caused this Stock Transfer Agreement and Application to be executed effective as of the _____ day of _____, 20___. The parties agree that this Agreement may be executed in one or more counterparts, each of which when so executed and delivered shall be deemed an original, but all of which taken together shall constitute but one and the same instrument.

Signature of Seller/Joint Sellers:

The undersigned Seller(s) hereby certifies (certify) that the representations and warranties in this Capital Stock Transfer Agreement and Application Form are true and correct. The undersigned Seller(s) does (do) hereby irrevocably constitute and appoint the officers of Minnesota Soybean Processors as attorney-in-fact to transfer the said capital stock as the case may be on the books of said company, with full power of substitution in the premises.

Date: _____

Individuals:

Entities:

Name of Individual Seller (Please Print)

Name of Entity (Please Print)

Signature of Individual Seller

Print Name and Title of Officer

Name of Joint Individual Seller (Please Print)

Signature of Officer

Signature of Joint Individual Seller

Signature of Buyer/Joint Buyers

The undersigned Buyer (s) hereby certifies (certify) that the representations and warranties in this Capital Stock Transfer Agreement and Application Form are true and correct.

Date: _____

Individuals:

Entities:

Name of Individual Buyer (Please Print)

Name of Entity (Please Print)

Signature of Individual Buyer

Print Name and Title of Officer

Name of Joint Individual Buyer (Please Print)

Signature of Officer

Signature of Joint Individual Buyer

APPROVAL OF TRANSFER BY MINNESOTA SOYBEAN PROCESSORS

Pursuant to the Bylaws of Minnesota Soybean Processors, the transfer of the capital stock to Buyer as described in this Stock Transfer Agreement and Application Form is hereby approved, with said transfer to be effective on _____.

Dated this _____ day of _____, 200_____.

MINNESOTA SOYBEAN PROCESSORS

By: _____

Its: _____