

Minnesota Soybean Processors

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

**Application for Membership and Subscription Agreement for
 (1) Share of Non-Transferable Membership Common Stock**

By signing this application to become a member of Minnesota Soybean Processors (hereafter the "Cooperative"), the undersigned agrees: (1) 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) that the \$250 will be immediately available to the Cooperative and used for working capital; (3) that the membership stock is non-transferable and cannot appreciate in value; and (4) to be bound by the terms and conditions set forth on the reverse side of this application.

The undersigned also agrees and understands that its membership in the Cooperative is subject to the Articles of Incorporation, Bylaws and policies of the Cooperative, and that one requirement of membership established there under is owning at least 2,500 shares of Class A preferred stock and entering into a uniform marketing and delivery agreement with 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 pursuant to the terms thereof. Failure to meet the membership requirements of the Cooperative may result in membership termination. Upon acceptance by an authorized agent for the Cooperative, this application shall become the binding Membership Agreement between the undersigned and the Cooperative.

PLEASE PRINT – APPLICANT(S) INFORMATION

Applicants Name: _____
 (Name of Individual(s), Partnership, or Corporation)

Authorized Representative: _____

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

County: _____ Telephone: _____

TYPE OF APPLICANT(S) – Check One

___ Individual ___ Partnership ___ Corporation ___ LLC ___ Other

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

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

- (1) The number shown on this form is the correct taxpayer identification number of the applicant (or a number is to be issued to me).
- (2) The applicant is a producer of agricultural products or association of such producers as defined in the Cooperative's Articles of Incorporation.
- (3) The applicant has read, understands, and accepts the stated terms and conditions set forth on the reverse side of this Membership Agreement.
- (4) The applicant has been provided with all of the information it believes necessary to a complete understanding of the Cooperative and membership in the Cooperative.

Signature of Applicant(s) _____ Date _____

_____ Date _____

IMPORTANT: Terms and conditions are set forth on the reverse side of this agreement

Membership Accepted by _____ Date _____
 MnSP Representative

THE COOPERATIVE

Minnesota Soybean Processors (the "Cooperative") was incorporated as a cooperative under and pursuant to the provisions of Chapter 308A of Minnesota Statutes. The Cooperative is governed by a Board of Directors ("the Board"), the number and qualifications of which are as prescribed in the Bylaws of the Cooperative. The Cooperative is organized with capital stock consisting of 5,000 share of common stock, which is the membership stock of the Cooperative, 50,000,000 shares of Class A preferred stock, which is the delivery stock of the Cooperative, and 10,000,000 shares of Class B preferred stock, which is the non-delivery stock of the Cooperative and upon which the Cooperative may pay up to an 8% dividend on the value of the consideration paid for the stock and which dividend may be cumulative. The common stock is non-transferable and cannot appreciate in value. The preferred stock may only be transferred upon the consent of the Board of Directors. The annual net income of the Cooperative in excess of dividends on preferred stock and additions to reserves shall be distributed on the basis of patronage to those members who deliver agricultural products to the Cooperative, as more particularly provided in the Bylaws of the Cooperative. The capital stock and any patronage equities may only be redeemed at the option of the Board of Directors in accordance with the Articles and Bylaws. A copy of the Cooperative's Articles and Bylaws are available for inspection at the Cooperative's office and upon request.

COMMON STOCK AND MEMBERSHIP

Membership in the Cooperative is restricted to those persons who meet each of the membership requirements set forth in or established pursuant to the Articles and Bylaws of the Cooperative, which includes owning one share of common stock and a minimum number of shares of Class A preferred stock. Failure to meet those membership requirements on an ongoing basis may result in termination of membership. Each member has one vote in the affairs of the Cooperative, regardless of the number of shares of Class A preferred stock the member may hold. **The membership common stock in the Cooperative is non-transferable.**

As further provided in the Articles and Bylaws, membership requirements include: (1) ownership of one share of common stock; (2) owning a minimum number of shares of Class A preferred stock, as established by the Board of Directors (3) entering into a uniform marketing and delivery agreement with the Cooperative with respect to the shares of Class A preferred stock; and (4) such other conditions of membership as the Board of Directors may establish. Membership is subject to the Cooperative's Articles of Incorporation, Bylaws and policies adopted pursuant thereto.

NOTICE OF ADOPTION OF CONSENT BYLAW

The person who signs this application is hereby notified that the Cooperative has adopted the following "Consent Bylaw" provisions as part of Bylaw VIII and Bylaw X of its Bylaws:

Section 8.01. Consent to Take Patronage Distributions Into Income. Each person who hereafter applies for and is accepted to membership in this cooperative and each member of this cooperative as of the effective date of this bylaw who continues as a member after such date shall, by such act alone, consent that the amount of any distributions with respect to its patronage which are made in written notices of allocation (as defined in 26 U.S.C. 1388), and which are received by the member from this cooperative, will be taken into account by the member at their stated dollar amounts in the manner provided in 26 U.S.C. 1285(a) in the taxable year in which notices of allocation are received by the member.

Section 10.02 Consent to Take Qualified Per Unit Retains Into Income. Each person who hereafter applies for is accepted to membership in this cooperative and each member of this cooperative as of the effective date of the bylaw who continues as a member after such date shall, by such act alone, consent that the amount of any per-unit retain certificate authorized by this bylaw and designated by the Board of Directors to constitute a "qualified per-unit retain certificate," and which are received by the member from this cooperative, will be taken into account by the member at its stated dollar amount in the manner provided in 26 U.S.C. 1385(a) in the taxable year in which the qualified per-unit retain certificates are received by the member.

STATEMENT OF SIGNIFICANCE OF CONSENT BYLAW

The significance of these bylaw provisions is that by the sole act of becoming a member or continuing as a member in the Cooperative, you agree to take into account in your federal income tax return the stated dollar amount of any "qualified written notices of allocation" distributed to you from the cooperative and any per-unit retains issued to you by the Cooperative which are designated as "qualified per-unit retains", in the manner provided in Section 1385(a) of the United States Internal Revenue Code (the "Code"). Essentially, this means that the stated dollar amount of such written notices of allocation and per-unit retains must be included in your taxable income in the year in which received. These terms are defined in Section 1388 of the Code. In addition to any amounts included in your taxable income pursuant to the foregoing, you will also be required to report as taxable income the cash portion of any patronage dividend paid to you by the Cooperative.