

**QUAD COUNTY CORN PROCESSORS COOPERATIVE TRADING SERVICE
SUMMARY AUGUST 5, 2013**

This is a summary of the basic provisions for buying and selling membership interests (“Membership Interests”) of Quad County Corn Processors Cooperative (“QCCP”). This does not describe all material aspects of the Trading Service. You should read the entire Operational Manual carefully before buying or selling Membership Interests in QCCP on the Trading Service.

1. General Trading Restrictions. QCCP must regulate trading of its Membership Interests to remain exempt from IRS regulations that would result in double taxation of earnings. Accordingly, all transfers must be approved by QCCP’s Board of Directors (the “Board”). Unauthorized transfers will be void and could subject the seller to costs and damages.

2. Transfers Using the Trading Service.

a. Trading Service. QCCP has engaged FNC Securities Corporation (“FNC”) to operate a trading service (the “Trading Service”) for the Membership Interests. Except for Permitted Transfers, as defined in the Trading Services Agreement by and between QCCP and FNC (the “Trading Services Agreement”) and certain other limited transfers approved by the Board, you may not transfer Membership Interests other than through the Trading Service. QCCP has set no minimum transfer requirement for use of the Trading Service. Sellers must pay FNC a commission of the greater of: (a) three percent (3%) of the purchase price for each trade, or (b) two hundred fifty dollars (\$250.00) per closed transaction. Offers to buy or sell Membership Interests through the Trading Service are non-binding until a written contract for sale has been executed. All matched offers to buy and sell are subject to Board approval.

b. Trading Service Procedures.

i. If you are interested in buying or selling Membership Interests using the Trading Service, contact FNC at (800) 279-3200 (Ext. 3402) to complete a Listing Agreement or place a bid. You must indicate the price and number of Membership Interests you desire to buy or sell in whole unit increments. Offers to buy or sell Membership Interests will be made available by FNC upon request. Available listings, recent sales and offers to purchase will be posted on FNC’ website at www.fncagstock.com.

ii. Information about QCCP, including recent financial statements and a copy of QCCP’s Fourth Amended and Restated Bylaws, are available from QCCP upon request. You should consider these documents in deciding whether to purchase or sell Membership Interests of QCCP. 581207.2 2

- iii. FNC will match bids with listed offers for sale on a daily basis (except weekends and holidays). However, bids may not be matched with offers to sell until the Membership Interests have been listed for at least 15 days. In matching offers, preference is generally given to the lowest priced offers to sell or the highest bid price, then in the order received. The purchase price will be at or above the seller's posted price.
- iv. When an offer to sell is matched with a bid, FNC will contact the buyer and seller by telephone to confirm the sale and then send buyer a Contract for Sale. The buyer must return the signed contract to FNC within ten (10) business days with a 100% deposit of the purchase price, the counterpart signature page to the Corn Delivery Agreement and other documentation required by QCCP. The purchase price deposit will be held by an independent escrow agent, Bremer Bank, until the sale is completed.
- v. After FNC receives the buyer's contract and deposit, FNC will send the contract to the seller who must sign and return it to FNC within 10 business days with the unit and forward his or her certificate(s) or a lost certificate affidavit to QCCP with 10 business days.
- vi. If you have pledged your Membership Interests to secure a loan, you must get a signed consent from your lender to sell your Membership Interests. The escrow agent will make the check for the sale proceeds payable to both you and the lender upon written request by the lender.
- vii. Approximately 30 days before the end of each quarter, FNC will provide QCCP the contracts, unit certificate or lost certificate affidavit and related documentation for transfers. The Board will confirm compliance with its Bylaws and the Corn Delivery Agreement determine whether to approve or reject each transfer.
- viii. If the Board approves a transfer, QCCP will reissue the Membership Interests to the buyer and FNC will direct the escrow agent to disburse the net sale proceeds to the seller, after payment of FNC' commission. If the Board rejects a transfer, the purchase price will be returned to the buyer and no commission will be charged.
- ix. Offers to sell and offers to buy may not be listed longer than 120 days. After an offer has been listed for 120 days, it will be removed. A buyer may immediately repost his or her offer to buy; however, a seller may not list Membership Interests for sale for at least 60 days after his or her offer is removed.

x. No more than 10% of QCCP's outstanding Membership Interests may be traded through the Trading Service in any calendar year. If the 10% limit is reached, no further trading on the Trading Service will be authorized until after the end of the year.

c. Trading Periods. The Board will consider transfers once per quarter. Approved transfers will be effected on the first day of the following quarter, except when an offer to sell is posted on the Trading Service during the last 45 days of a quarter and matched with an offer to buy, in which case the transfer is approved the next following quarter. Quarters begin on January 1, April 1, July 1 and October 1.

3. Transfers Outside of the Trading Service.

a. Permitted Transfers and Other Transfers Outside of the Trading Service. Permitted Transfer are transfers to (a) a trust established by a member of QCCP for the benefit of such member's spouse and lineal descendants and the spouses of the lineal descendants of such member; (b) a member's spouse, former spouse and lineal descendants and the spouses of the lineal descendants of such member; Membership Interests or (c) only as to a member of QCCP that is not an individual, an affiliate of such member which is a partnership, corporation or limited liability company.

b. Procedures for Permitted Transfers.

i. To make a transfer outside of the Trading Service, you must submit a Transfer Request (available by request from QCCP) and other required documentation to the Board for approval. Contact QCCP directly with any questions you have.

ii. Information about QCCP, including recent financial statements and a copy of QCCP's Fourth Amended and Restated Bylaws, are available from QCCP upon request. You should consider these documents in deciding whether to purchase or sell Membership Interests of QCCP.

4. Requirements for ALL Transfers.

a. Transfer Requirements. The Board may reject any transfer that does not comply with the QCCP's Fourth Amended and Restated Bylaws. The Board may elect in its sole discretion not to recognize any transfer unless and until (i) QCCP has received an opinion of counsel satisfactory in form and substance to the Board that the transfer may be lawfully made under applicable state and federal securities laws and that such transfer will not cause QCCP to be treated as a publicly-traded partnership and (ii) all documents of conveyance are executed and delivered to QCCP, including the transferor's membership certificate. 581207.2 4

b. **New Members.** New members must execute the Corn Delivery Agreement. Existing members acknowledge that the Corn Delivery Agreement applies to all of Membership Interests of QCCP. **CAUTION:** This summary is current only as of the date printed on the first page. It may be updated or revised at the discretion of QCCP's Board and in coordination with FNC. The most current version is available on QCCP's website, upon request to QCCP or by link on Merits' website. Buyers and sellers should confirm that they are referring to the most current version of the Trading Service Operations Manual when using the Trading Service or transferring writs.