

**QUAD COUNTY CORN PROCESSORS COOPERATIVE TRADING SERVICE
OPERATIONAL MANUAL EFFECTIVE: _August 5, 2013**

I. Purpose and Overview.

Pursuant to the Trading Service Agreement, dated _April 15,, 2011, incorporated by reference to this Operational Manual, Quad County Corn Processors Cooperative (“QCCP”) and FNC Securities Corporation (“FNC”), hereby agree to the following rules and procedures for the trading of membership interests (“Membership Interests”).

QCCP must limit trading to preserve its favorable pass-through tax status. As a result, QCCP has engaged FNC Ag Stock, LLC (“FNC”) to operate a Trading Service for QCCP’s Membership Interests. Members will generally only be allowed to sell their Membership Interests through the Trading Service, although they are allowed to make certain Permitted Transfers, as defined in the Trading Services Agreement. Transfers that are not made through the Trading Service will be null and void unless they are approved by QCCP’s Board of Directors (the “Board”) and comply with QCCP’s Fourth Amended and Restated Bylaws (the “Bylaws”).

There is no charge to buyers or sellers to register or post offers on the Trading Service; however, sellers will be charged a commission for completed transactions.

II. Miscellaneous Terms and Conditions of Use.

1. QCCP is not listed on a national securities exchange or other regulated securities market.
2. The information on the Trading Service does not consist of firm quotes. Rather, it lists the names, addresses and telephone numbers of interested sellers and buyers, the number of Membership Interests offered or desired to be purchased, and the price at which the proposed transaction would occur. QCCP will not assure that any particular transaction will occur as to any particular number of Membership Interests or at any particular price. All transactions must be executed independently of QCCP or its affiliates.
3. All applicable state and federal securities laws, including registration requirements apply to any offer or sale using the Trading Service. QCCP’s Membership Interests may be subject to restrictions on transfer under Rule 144 under the Securities Act of 1933, including certain reporting requirements.
4. “Two-sided quotes,” in which a person indicates a bid to buy at one price and an offer to sell at another price, are prohibited.
5. QCCP will act as Transfer Agent.
6. Any person that is a broker-dealer or an associated person of a broker-dealer or who has a state securities license must identify that fact. Brokers and dealers may

not use the Trading Service to purchase or sell Membership Interests for the accounts of others.
7. Those accessing the service agree to fully indemnify, defend and hold harmless QCCP and its directors, employees, agents and members from all claims arising out of participation with the Trading Service.

8. The securities appearing on the Trading Service are illiquid and inherently risky. Therefore, prospective investors must be able to withstand the total loss of their investment.

9. The securities listed on the Trading Service are not endorsed by any regulatory authority. Any representation to the contrary is a criminal offense.

10. The appearance of securities on the Trading Service does not constitute an offer to sell or solicitation of an offer to buy securities by QCCP.

III. Trading Service Rules and Procedures.

1. Communication of Offers to Purchase and Sell. Offers to purchase and sell must be communicated to a registered representative of FNC by telephone or in person no later than 5:00 p.m. (Central Time) of any business day or by 3:30 p.m. when oral bidding will be required per Section 10(c) (matching order roles). Communication to FNC of offers by email, voice mail, or otherwise is prohibited.

2. Listing Agreement. To be eligible to sell Membership Interests, the seller and FNC must sign a Listing Agreement authorizing FNC to seek a purchaser for the Membership Interests. The Listing Agreement will specify and include the following:

- a. Name, address, telephone number of the interested seller;
- b. Number of Membership Interests offered for sale;
- c. Price at which Membership Interests are offered for sale;
- d. Expiration date;
- e. Listing date;
- f. Responsibilities and obligations of seller and FNC;
- g. Obligation of FNC to secure 100% of purchase price;
- h. Sales commission rate and minimum commission.

3. Placing Offers to Purchase. Persons or entities desiring to place an offer to purchase may contact FNC in person or by telephone. An offer to purchase may be made at the lowest listed asking price or any other price. Two-sided quotes in which a person indicates a bid to buy at one price and sell at another are prohibited. 581219.1 3

a. *Increments.* Offers to sell and offers to purchase Membership Interests must be made for whole Membership Interests and a purchase price per Membership Interest in whole dollars and cents. To use the Transfer Service.

4. *Waiting Period.* A seller may not accept an offer to purchase before the 15th calendar day after the offer to sell is posted to the Trading Service.

5. *Modification of Offers.* The seller may modify an offer to sell at any time. However, an offer to purchase cannot be accepted by a seller before the 15th calendar day after the modified offer is posted to the Trading Service, and modifications do not alter or extend the 120-day maximum period the Membership Interests can be posted for sale by the Trading Service. If FNC communicates to a seller an offer to purchase at a bid price equal to or exceeding the seller's ask price, and if the seller declines to accept the offer to purchase for the bid price, seller shall either set a new ask price (non-firm) or request to cancel the offer to sell. If the seller sets a new ask price (non-firm), the seller's ask price shall not be eligible for acceptance until the 15th day after which the modified offer is communicated to FNC and posted to the Trading Service.

6. *Cancellation of Offers.* Sellers may cancel an offer to sell at any time before written acceptance of an offer to purchase by contacting FNC by telephone or in writing.

7. *Removal.* Offers to sell and offers to purchase may be posted to and listed on the Trading Service for a maximum of 120 days. Any offer to sell or purchase that has not been matched at the end of the 120 days shall be removed from the Trading Service.

8. *Eligibility For Future Posting.* A seller whose offer to sell has not been matched within 120 days and is consequently removed from the Trading Service will not be eligible to post an offer to sell until 60 calendar days after the date the previous offer was removed. Purchasers may repost any offer to purchase immediately after it is removed.

9. *Access to Offers to Sell or Purchase.* FNC shall provide, orally or in writing, to persons that inquire all offers to sell or purchase posted to the Trading Service as of the day of the inquiry. FNC shall provide such information within a reasonable period following such request.

10. *Matching Order Rules.* Matching of offers to sell and offers to purchase shall be governed by the following rules:

a. An offer to sell is not eligible for matching with an offer to purchase before the 15th calendar day after the offer to sell was posted to the Trading Service. 581219.1 4

b. For multiple offers to purchase, the offer to purchase with the highest bid price shall have the first opportunity for matching.

c. For multiple offers to purchase which are at or exceed a posting ask price and which are posted between the 1st and 15th calendar day after an offer to sell has been posted to the Trading Service, FNC shall make reasonable efforts to contact all such bidders at the end of the day of the 15th calendar day, and inform them of the multiple bids, at which time each bidder may submit one final bid.

d. For multiple offers to sell, the offer to sell with the lowest asking price posted to the Trading Service shall have the first opportunity for matching.

e. For multiple offers to sell at same asking price, the seller who posted the offer to sell Membership Interests first in time has priority. For multiple offers to buy at the same bid price, the purchaser who posted an offer to purchase first in time has priority.

f. After price and time, precedence is given to the seller or purchaser with the largest order.

g. If priority cannot be established by price, timing or order quantity, a prevailing seller or purchaser is selected at the discretion of FNC.

11. Communication of Offer to Purchase to Seller. Once an offer to purchase is made that equals or exceeds the asking price of one or more listed offers for sale, the eligible offer to purchase is communicated to the seller having the lowest asking price for readily available Membership Interests according to the matching order rules as described above. FNC will use reasonable efforts to contact eligible sellers; however, if FNC cannot make contact with a seller within a reasonable time according to its best judgment, FNC will communicate said offer to the next eligible seller. After communication of an offer to purchase to seller, seller may accept or reject the offer to purchase.

12. Contract for Sale.

a. Upon verbal agreement for sale between a purchaser and seller, FNC will send to purchaser a Contract for Sale and a counterpart signature page to the Corn Delivery Agreement.

b. Purchaser must fully execute and return to FNC said Contract for Sale, an earnest money deposit of 100% of the accepted purchase price (check made payable to “Alerus Financial, Escrow Agent”) and an executed Corn Delivery Agreement signature page if a new member of QCCP or acknowledgment of a current member, within ten (10) days of receipt of the Contract for Sale.

c. Upon receipt of the purchaser’s executed Contract for Sale and earnest money, FNC will immediately deposit the earnest money into a non-interest bearing escrow account at Alerus Financial, N.A. (“Escrow Agent”) and forward the Contract for Sale to the seller for signature. 581219.1

d. Seller must execute and return to FNC said Contract for Sale and to QCCP the Membership Interest certificate(s) (or a satisfactory lost certificate affidavit) both within ten (10) days of the date of receipt of the Contract for Sale.

e. If the Seller has granted a lender a security interest in the Membership Interests, seller must provide proof of the lender's consent and any transfer instructions with the Contract for Sale. At the time of closing, the securities must be free and clear of any lien, encumbrance, pledge or security interest, excluding securities laws.

13. Notification. Upon receiving the fully executed documents from the seller and funds from the purchaser, FNC shall forward to the Transfer Agent the Contract for Sale, and Corn Delivery Agreement signature page.

14. 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.

15. Approval. The Transfer Agent shall subsequently confirm with FNC the Board's approval of the completed transaction. The Board may reject any transfer that does not comply with the Operating Agreement. The Board may elect in its sole discretion not to recognize any transfer unless and until (a) 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 (b) all documents of conveyance are executed and delivered to QCCP, including the transferor's membership interest certificate.

16. Completion of Sale. Upon receipt, FNC will forward to QCCP's Transfer Agent copies of all Contracts for Sale, and other documents relating to each match of Membership Interests together with proof of purchaser's 100% remittance. Upon FNC's receipt of notice from the Transfer Agent that a membership interest certificate is being issued to the purchaser, FNC shall direct the Escrow Agent to transfer the sale proceeds (purchase price minus commission) to the seller on the effective date (see below). On or shortly following the effective date, the Transfer Agent will send the new certificate to the purchaser. If any liens or restrictions on the Membership Interests prevent the transfer agent from processing the sale, FNC shall direct the Escrow Agent to refund the entire amount deposited to the purchaser within 10 business days of receiving notification of such determination.

17. Closing Date; Purchase Price. Closing of the sale, at which time the net proceeds will be forwarded to the seller, shall not take place before 45 days after the offer 581219.1 6

to sell is posted to the Trading Service. The purchase price for each sale shall be the bid price stated in the offer to purchase that is matched with the offer to sell.

18. FNC' Commission. Before the Escrow Agent transfers the sale proceeds to the seller, the Escrow Agent shall deduct an amount representing the sales' commission and transfer such commission to FNC. The commission will be the greater of (a) three percent (3%) of the purchase price, or (b) two hundred fifty dollars (\$250.00).

19. Trade Effective Date. All sales and transfers shall be effective upon the first day of the quarter following a match if 45 days has expired since the offer to sell was posted. If the offer to sell is posted during the last 45 days of the quarter, the sale will be effective on the first day of the next following quarter. For example, if an offer to sell is submitted between January 1 and February 13, the trade will be effective on April 1 if buyer and seller meet the above delivery deadlines. On the other hand, if the offer to sell is posted after February 13, the trade will not be effective until July 1 even if all delivery deadlines are met.

IV. Contact Information.

1. Questions About The Trading Service.
Questions regarding registration, buying and selling on the Trading Service should be directed to FNC as follows:

Telephone: (701) 780-2828 or (855) 827-7391)

Fax: (701) 757-0889

Website: www.fncagstock.com