

**OPERATIONAL/TRANSACTION MANUAL
WESTERN SUGAR COOPERATIVE**

Pursuant to the Trading Services Agreement between such parties, Western Sugar Cooperative (“WSC”) and FNC Ag Stock, LLC FNC (“FNC”), hereby agree to the following rules and procedures for the trading of Patron Preferred shares issued by WSC, payment for such shares, and delivery of all necessary agreements for the effective trading of shares issued by WSC.

I. Trading Periods

Seller may post offers to sell shares issued by WSC during any business day of the year and purchasers may post offers to purchase shares issued by WSC on the Trading Service (the “TS”) during any business day of the year. Offers to sell will be matched with offers to purchase on a rolling, daily basis. Trading will be conditioned upon final notification from WSC’s transfer agent (the “Transfer Agent”) or authorized representative of WSC that WSC Board of Directors has approved the trade. (Although the WSC Board of Directors retains discretion to approve or disapprove any transfer, the Board would typically reject a transfer only if the purchaser is not a producer eligible for membership in WSC or any other business reason deemed appropriate by the Board).

II. Trading Rules

1. Firm quotes. All offers to sell and purchase posted to the TS shall be considered firm.
2. Access to Offer to Sell. FNC shall provide, orally or in writing, to persons that inquire all offers to sell posted to the TS of the date of inquiry. FNC shall provide such information, either orally or in writing, within a reasonable amount of time following such request.
3. Increments. Offers to sell and offers to purchase shares must be made in whole shares, increments of at least one whole share (e.g. 1, 2, etc. shares) and a price per share in whole dollars increments. No offer to sell or purchase of partial or fractional shares may be posted to the TS.
4. Offer to purchase selection. Offers to purchase may be submitted to the TS for any offers to sell posted to the TS.
5. Modification of offers. An offer to sell may be modified by the seller at any time during the posting period.
6. Cancellation of offers. Sellers may cancel an offer to sell by contacting FNC by telephone or in writing at any time prior to the acceptance of any offer to

- purchase. All offers to purchase (bids) may be cancelled at any time prior to an agreement for sale being reached by seller and purchaser (communication of an offer and acceptance).
7. Matching order rules. Matching of offers to sell and offers to purchase shall be governed according to the following principles and order of priority—Price, Priority, Precedence, and Parity—using the following methodology:
 - a. For multiple sellers, the seller with the lowest asking price in the offer to sell for readily available shares is offered the first opportunity to sell. For multiple purchasers, a purchaser with the highest bid price in the offer to purchase has first opportunity to purchase.
 - b. For multiple sellers at the same asking price, the seller who posted the offer to sell shares first in time has the priority. For multiple purchasers at the same bid price, a purchaser who posted an offer to purchase first in time has priority.
 - c. After price and priority, precedence is given to the seller or purchaser with the largest order.
 - d. If neither priority nor precedence can be established (parity), the prevailing seller or purchaser is selected randomly.
 8. Closing date. Closing of the sale, at which time the net proceeds will be forwarded to the seller shall not take place prior to the approval of the date by the WSC Board of Directors. The purchase price for each sale shall be the bid price stated in the offer to purchase that matched with the offer to sell.
 9. Removal. Offers to sell and offers to purchase may be posted and listed on the TS for a maximum of 120 days. Any offers to sell or purchase that has not been matched at the end of the 120 day period shall be removed from the TS.
 10. Eligibility for future posting. A seller whose offer to sell has not been matched within 120 days and consequently whose offer to sell has been removed from the TS, will not be eligible to post a new or subsequent offer to sell unless and until 10 days have expired from the date of the previous offer to sell's removal from the TS. Purchaser will be eligible to repost any offer to purchase immediately after it is removed.

III. Trading, Payment, and Transfer Procedures

1. Listing Agreement. To be eligible to sell equity interest, the seller and FNC must sign a Listing Agreement authorizing FNC to seek a purchaser for the seller. The Listing Agreement will specify and include:

Name of Seller
Seller's address
Sellers's Social Security Number
Sellers's date of birth
Seller's occupation/employer
Number of shares offered for sale
Price per share
Expiration date
Responsibilities and obligations of the seller and FNC Obligation of FNC to secure 100% of the purchase price and Sales commission rate and minimum commission rate.

2. Placing offers to purchase. Prospective purchasers who desire to place an offer to purchase may contact FNC in person, by telephone, by e-mail, or through the internet, for share availability and prices. An offer to purchase may be made at the lowest listed asking price or any other price. Purchaser must be in a member in good standing and own one (1) common share of WSC stock. All offers must be made verbal to FNC.

3. 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 shares in accordance with the matching order rules as described above. FNC will use its best efforts to contact eligible sellers, however, if FNC is unable to 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 the offer to purchase, if the offer is at or above the posted asking price, the seller has the option to accept or reject to purchase.

4. Contract for sale. Upon verbal agreement for sale between a purchaser and seller, FNC will generate and send to purchaser a Contract for Sale.

a. The purchaser shall be obligated to fully execute and return to FNC said Contract for Sale, a deposit equal to one-hundred percent (100%) of the accepted purchase price (check made payable to "Alerus Financial"), within ten (10) calendar days of the date of the Contract for Sale.

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

c. Seller shall be obligated to fully execute and return to FNC said Contract for Sale within ten (10) calendar days of the date of the Contract for Sale. If the seller fails to sign and return such documents as required, the seller shall be responsible for the amount of the commission that would have been due if the transaction had been completed.

5. Notification of Contract for Sale. Upon receipt of the documents and funds of purchaser, FNC shall forward to WSC or WSC Transfer Agent the Contract for Sale. Contemporaneously with FNC' efforts to obtain the executed Contract for Sale, WSC will use its best efforts to distribute and obtain completion of any necessary cooperative documents immediately following receipt of notice from FNC that a purchaser and seller have agreed to a price for transfer of shares. WSC shall use its best efforts to obtain Board of Director approval of the transfer within thirty (30) days of receipt of the contract for sale from FNC.

6. Completion of Sale. No later than five (5) days following approval of the transfer by WSC Board of Directors, WSC or WSC's Transfer Agent shall notify FNC of the WSC Board of Directors' approval and authorization of the transfer. Upon FNC' receipt of notice from WSC or its Transfer Agent that the transfer has been approved as of the applicable effective date, FNC shall direct the Escrow Agent to transfer the sale proceeds (purchase price minus commission) to the seller on the effective date (see below).

If any liens or restrictions on the equity interest appear of record or are specified by the seller in the Contract for Sale, FNC shall inform the Escrow Agent that the proceeds must be paid per the lender's instructions. If the lender does not confirm its instructions which prevents the Transfer Agent from processing the sale, FNC shall direct the Escrow Agent to refund the entire amount deposited to the purchaser within ten (10) business days of receipt of the notification of such determination.

7. FNC commission. Prior to the Escrow Agent's transfer of 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 shall be three percent (3.00%) of the purchase price, with a Two Hundred Fifty and No/100 Dollar (\$250.00) minimum commission.

8. Trade effective date. All sales and transfers shall be effective upon approval by the Board of Directors of WSC.

For any additional information concerning this manual please contact the WSC Transfer Agent at 303-813-3540.

To contact FNC: www.FNCagstock.com or 701.780.2828