

**PRAIRIE PRIDE, INC.
UNIT TRANSFER POLICY**

Dated October 16, 2007

**RULES AND PROCEDURES FOR
THE TRANSFER OF UNITS**

The Board of Directors (“Board”) of Prairie Pride, Inc. (the “Company”) has established this Unit Transfer Policy governing the transfer of the Company’s units (“Units”), pursuant to authority granted under the Company’s Articles of Incorporation and Bylaws.

For purposes of this Unit Transfer Policy, the following terms shall have the following meanings:

- “**transfer**” shall mean, as a noun, any voluntary or involuntary transfer, sale, assignment, or other disposition and, as a verb, to voluntarily or involuntarily transfer, sell, assign otherwise dispose of. A mortgage, pledge, or hypothecation of Units shall not be considered a transfer, provided that any subsequent foreclosure on the Units or transfer to the secured party in lieu of foreclosure shall be deemed to be a transfer and subject to the transfer rules and procedures of this Unit Transfer Policy.
- “**member**” shall include any duly appointed representative(s) of the estate of a deceased member.
- “**Units**” means the Units of Prairie Pride, Inc. that quantify the outstanding membership interests held by our members.
- “**seller**” means any person who wishes to transfer Units, including transfers without consideration (i.e., gifting) or sales to unrelated third parties.
- “**buyer**” means any transferee of Units, including persons who purchase Units.

ARTICLE 1: IMPORTANT BACKGROUND INFORMATION

You should read and review carefully the following background information when considering buying or selling or otherwise transferring Units.

- 1.1 Cooperative Operations. Prairie Pride, Inc. is a Missouri marketing cooperative organized under the Missouri Cooperative Marketing Law (Mo. Rev. Stat. Chapter 274) that operates on a cooperative basis. As a cooperative, our members share in our net income and receive distributions in proportion to the amount of patronage business they transact with us. Under our Uniform Marketing Agreement, members transact patronage business with us in proportion to the number of Units owned. We only transact patronage business with members.
- 1.2 Membership Requirements. In order to become a member of the Company, eligible persons must complete and sign an Application for Non-Transferable Membership (which becomes the membership agreement of the member), pay a non-refundable \$1,000 membership fee, become the holder of at least two (2) Units, enter into and abide by the terms of a Uniform Marketing Agreement with the Company, and meet the other membership criteria established under or pursuant to the Company’s Articles and Bylaws. The Board reserves the right to waive the membership fee requirement at its sole discretion. Under our Bylaws, the Board also has the authority to modify or eliminate the membership fee requirement.
- 1.3 Units. Our Units (and the patronage business attributable to those Units) represent the equity interests of the Company. We have 3,606 Units issued and outstanding as of August, 2007.
- 1.4 Soybean Commitment. Each member has the right and obligation to deliver soybeans to and transact patronage business with the Company under a Uniform Marketing Agreement, in proportion to the Units owned by the member. Each Unit requires the delivery of 2,000 bushels of soybeans annually under the current form of Uniform Marketing Agreement, subject to the Board’s right to decrease the number of bushels

of soybeans committed by members on a pro rata basis. The Uniform Marketing Agreement may be amended by a majority vote of the members present at a duly held meeting called for that purpose.

- 1.5 **Taxable Income: Patronage Dividends.** Under our Bylaws, we distribute our taxable income to our members in proportion to patronage business they transact with us. Because we transact patronage business with our members in proportion to Units owned, this means that we distribute our taxable income on the basis of Units owned. We can distribute that taxable income as either a cash patronage dividend or a non-cash patronage dividend.
- 1.6 **Bundling.** As a cooperative, the economic entitlements to Company's members (share of current taxable earnings, undistributed earnings, and unrealized appreciation that may be realized in a merger or sale of the Company) are tied to the delivery of soybean. As indicated, our Uniform Marketing Agreement provides that members conduct patronage business with us (i.e., delivery of committed soybeans) in proportion to Units owned. In order that all current and future entitlements are vested in the holders of our Units, our Bylaws provide that all such entitlements are "bundled" into and with the Units. This means that all equity entitlements associated with the ownership of Units, whether in the form of previously distributed non-cash patronage dividends or whether undistributed earnings or whether unrealized appreciation, are automatically assigned to the buyer of the Units at the time of sale (or to the assignee in a non-sale transfer).

Notwithstanding the transfer of entitlements described above,, if, after the effective date of the transfer, the Company distributes a patronage dividend with respect to patronage transactions occurring during the fiscal year of the Company immediately preceding the effective date of the transfer, the transferor shall be entitled to receive the portion of that patronage dividend attributable to the transferor's patronage transactions that is paid in cash on or before the 15th day of the ninth month of the fiscal year in which the effective date of the transfer occurs. If, after the effective date of the transfer, the Company distributes a patronage dividend with respect to patronage transactions occurring during the fiscal year in which the effective date of the transfer occurs, the transferor shall be entitled to receive the portion of the patronage dividend attributable to the transferor's patronage transactions that is paid in cash on or before the 15th day of the ninth month following the fiscal year in which the effective date of the transfers occurs.

We urge you to consult a tax advisor or tax attorney to discuss the bundling provisions of our Bylaws and how they relate to the transfer of Units, the reporting of current year taxable income as between the buyer and seller, and the reporting of the sale of Units by you on your tax return.

- 1.7 **Risk of Production Agriculture.** Because we operate on a cooperative basis, you must deliver soybeans to us or authorize the soybean pool program we have in place for our members to deliver soybean your behalf, in order to be a member. This means that you will be involved in the risk of production agriculture when you own Units as a result of your obligation to delivery soybeans.

ARTICLE 2: CAUTIONARY STATEMENTS AND WARNINGS REGARDING FORWARD-LOOKING STATEMENTS

Warning Regarding Forward-Looking Statements

This Unit Transfer Policy and the documents to which it refers to contain forward-looking statements involving future events, future business and other conditions, our future performance and our expected future operations and actions. In some cases you can identify forward-looking statements by the use of words such as "believe," "expect," "anticipate," "intend," "plan," "estimate," "predict," "hope," "should," "could," "may," "future," "continue," "potential" or the negatives of these terms or other similar expressions. These statements are based on management's beliefs and expectations and on information currently available to management.

Forward-looking statements are only our predictions and involve numerous assumptions, risks and uncertainties. Important factors that could significantly affect our current plans, anticipated actions and future financial condition and results include, among others, those matters discussed under the heading "Risk Factors" and elsewhere in our

Original Confidential Disclosure Statement dated January 17, 2006. Our actual results or actions may differ materially from those set forth in the forward-looking statements for many reasons, including events that are beyond our control or assumptions not proving to be accurate or reasonable. We caution you not to put undue reliance on any forward-looking statements. We cannot guarantee our future results, levels of activity, performance or achievements. We are not obligated to update the forward-looking statements contained in this Unit Transfer Policy.

Selling Your Units is Your Responsibility

Selling your Units on terms that are acceptable to you is your responsibility, not the Company's responsibility. You as member are responsible for negotiating the terms and price of the sale. Because our Units are not listed on a stock exchange, where efficient price discovery between buyers and sellers acting on current, real-time information in volume transactions is generally achieved, it is INCUMBENT upon you as the current owner of the Units to determine their fair market value before you agree to sell them to a buyer. Determination of fair value is the sole responsibility of the seller. The Company is not responsible for determining the fairness or adequacy of the purchase price of your Units. We cannot advise you on the fairness or adequacy of any proposed purchase price per Unit. We cannot advise you on whether you should buy or sell or at what price. That is your responsibility.

We urge each member who is considering buying or selling Units to seek financial, tax and other professional advice to assist you in evaluating your investment in the Units and to assist you in determining the value of the Units you own. Ultimately, the value of a Unit will be determined by what a willing buyer and a willing seller agree upon. However, since our Units are not traded on an active exchange, there will be a much smaller number of sale transactions upon which to base a buy or sell decision. We caution you to consider carefully the information on the Company that is available to you, and we urge you to seek professional assistance from your accountant, attorney, financial advisor or other advisor when considering selling or buying Units.

The fact that we approve transfers of Units and report the purchase prices to our members does not reflect any endorsement or recommendation of the Board or the Company as to the purchase price of the transactions or the adequacy or fairness of those purchase prices.

You Make Important Representations and Warranties to the Company in the Transfer Documents

Both seller and buyer make important representations and warranties to each other and to the Company in the transfer documents required to be completed, signed and delivered to the Company in order to transfer Units. You should review the Unit Transfer Agreement and Application Form carefully before deciding to sell or purchase Units. This form has important legal consequences. We urge you to consult with an attorney prior to completing and signing the form.

ARTICLE 3: GENERAL REQUIREMENTS TO TRANSFER UNITS

3.1 General Steps to Transfer Units.

In order to transfer Units, interested parties must complete the following steps:

- (a) **Request Information.** Persons interested in buying or selling Units should request a buyer/seller information package from the Company. The information package will include:
 - (1) A copy of the Company's Articles of Incorporation and Bylaws;
 - (2) An Application for Non-Transferable Membership;
 - (3) The Uniform Marketing Agreement;
 - (4) A copy of this Unit Transfer Policy;
 - (5) A copy of the Company's most recent annual report;
 - (6) A copy of the Company's most recent unaudited quarterly financial statements; and
 - (7) A copy of the Unit Transfer Agreement and Application Form (the "TAA Form").

The Company intends to make copies of such information and documents available on its website at www.prairieprideinc.us to the extent commercially reasonable. The Company reserves the right to limit distribution of the information for confidentiality and/or competitive business reasons, determined in the Company's sole discretion. The information may be used exclusively for the purpose of evaluating the sale of purchase of Units. The Company may require non-members to enter into a confidentiality agreement with the Company in order to obtain such information.

- (b) **Agree on Terms.** The buyer and seller must agree on the terms of the transaction, including the number of Units involved and the price per Unit. This is done independent of the Company. The TAA Form includes base terms and conditions on the sale of Units, including purchase price and number of Units. You may enter into additional agreements on the sale terms and conditions as you and the buyer determine necessary or advisable.

Important Notice. The buyer and seller are solely responsible for evaluating the value of the Units and negotiating the terms and price of the purchase and sale transaction. The Company cannot and will not provide any opinion (financial, legal, or otherwise) on or evaluation of the terms of the transaction or the proposed purchase price per Unit. Determination of fair value is the sole responsibility of the buyer and seller. The Company urges each member who is considering buying or selling Units to seek financial, tax and other professional advice to the extent you deem necessary or appropriate to evaluate your investment in the Units and to assist you in determining the value of the Units you own.

- (c) **Complete the TAA Form.** The buyer and seller must complete the Unit Transfer Agreement and Application Form and submit to the Company along with the required documents. Both seller and buyer must complete, sign and date the TAA Form. In gifting or other transfers without consideration, both transferor and transferee must sign the TAA Form. For estates, executors with appropriate court authorization and documentation will be required to sign the TAA Form, along with distributees or heirs receiving the Units.

Important Notice. In the Unit Transfer Agreement and Application Form, sellers and buyers of Units make certain representations and warranties to the Company in connection with the sale and purchase of the Units, including that buyer has received and read a copy of the Company's Articles and Bylaws. Please review these representations and warranties carefully.

- (d) **Complete all Required Documents.** Sellers must execute the reverse side of the certificate(s) representing seller's Units that will be transferred. If the buyer (including transferees on transfers without considerations) is not an existing member, then buyer must read, review, complete fully, and date and sign the Application for Non-Transferable Membership and the Uniform Marketing Agreement.
- (e) **Deliver all Required Documents to the Company by the 10th of the Month.** The TAA Form and all other required original documents and agreements must be fully completed and signed and received at the Company's office by no later than the 10th of the month in order to be considered by the Board of Directors and effective at the end of the month. Transfers with incomplete documentation will not be considered. Transfer requests that are received after the 10th will be considered in the following month, unless seller and buyer send a signed, written agreement to the Company canceling the TAA Form and requesting the Company to cancel its consideration thereof.
- (f) **Pay Application Fee.** A \$50 application fee made payable to the Company must accompany the TAA Form. If the TAA Form and all required documents and agreements are properly completed and timely delivered and the transfer is not approved, the Company will return the application fee. Otherwise, the application fee is non-refundable.
- (g) **Board Consideration.** The Board or a duly authorized committee will consider approval of properly completed and timely submitted TAA Forms and required documents before the end of the month. Parties to the transfer request will be notified of the approval decision.
- (h) **Effective Date.** Approved transfers will be effective as of the last day of the month in which approved.

3.2 General Conditions to Transfer. Units may not be transferred without the approval of the Company's Board of Directors, and then only if the conditions set forth in section 11.04 and 11.05 (as applicable) of the Company's Bylaws are met. All transfers must be made in accordance with the rules and procedures of this Unit Transfer Policy, as may be amended from time to time. No Units may be transferred unless any and all indebtedness of the selling or transferring member to the Company is first paid.

3.3 The Company's First Right to Purchase and Related Party Transfers. Under its Bylaws, the Company has the first right to purchase Units offered for sale by a member, such right to be exercised by the Board of Directors on behalf of the Company in the Board's discretion. Under the Bylaws, this first right to purchase does not apply to transfers without consideration to certain related parties. For purposes of this Unit Transfer Policy and the TAA Form, in exercise of its discretion, the Board of Directors has expanded the definition of transfers that will NOT be subject to the Company's first right to purchase. Accordingly, the following transfers made with or without consideration (such Transferee hereinafter referred to as a "Related Party" and such transfer hereinafter referred to as a "Related Party" transfer) will NOT be subject to the Company's first right to purchase:

- (a) Transfers to the spouse, parent, child or spouse of child, brother or sister, or spouse of a brother or sister of the member (or of a deceased member) who wishes to transfer, and for this purpose child shall include a legally adopted child;
- (b) Transfers to a general partnership or family farm corporation or other family farm entity in which the member (or deceased member) who wishes to transfer is a partner, shareholder or owner (and no consideration has been recently paid into the entity by a person not otherwise described in section 3.3 (a), (c) or (d) of this Section 3.3 in anticipation of such transfer);
- (c) Transfers to a trust in which the member (or deceased member) who wishes to transfer is a grantor, trustee, or beneficiary; and
- (d) Transfers to ancestors or descendants of lineal descent of the member (or deceased member) who are not otherwise described in section 3.3 (a).

Parties will be required to indicate in the TAA Form whether the transferee is a Related Party, and must represent and warrant to the Company that the transfer qualifies as a Related Party transfer, if applicable.

Any transfer that is not a Related Party transfer described in this section 3.3 (a) through (d) shall be subject to the Company's first right to purchase the Units on the same terms and conditions set forth in the TAA Form. The TAA Form shall constitute written notice by the selling member of its desire to sell the Units on the terms and conditions set forth therein.

3.4 Soybean Delivery on Transferred Units. The buyer or other transferee of Units is responsible for completing the delivery obligations associated with the transferred Units for the remaining delivery periods in the Company's current fiscal year and for each fiscal year thereafter. All delivery obligations are subject to the Uniform Marketing Agreement between the Company and the buyer or other transferee of the Units, including the delivery schedule established by the Company for the transferred Units. With respect to delivery obligations on the Units for the delivery period in which the transfer is effective, the following policy shall apply:

- All delivery obligations prior to the effective date of the transfer are the responsibility of the seller.
- All delivery obligations on the transferred Units on and after the effective date are the responsibility of the buyer.
- Any agreements on prepaid pool fees are between the seller and the buyer.
- Buyer and seller will be required to represent to the Company as part of any transfer that they understand and agree that the Board of Directors of the Company has the right to review and change the Company's soybean procurement policy, including the

Company's policy on payment of freight allowances to members on actual delivery of their committed soybeans.

ARTICLE 4: THE PRAIRIE PRIDE, INC. BULLETIN BOARD

4.1 Prairie Pride, Inc. Bulletin Board.

- (a) If you do not have a buyer or seller of Units that you wish to sell or purchase, you may post your interest in buying or selling Units on the Prairie Pride, Inc. bulletin board that will be available for that purpose. You are not obligated to use the bulletin board to buy or sell Units. You may agree to buy or sell Units without using the bulletin board.
- (b) The bulletin board allows you to post your interest in buying or selling Units of Prairie Pride, Inc. Information posted on the bulletin board will help identify persons who have an interest in selling Units of the Company that you may wish to purchase, or in buying Units you may wish to sell. **Persons who list their interest on the bulletin board are not bound to buy or sell the Units listed or the number of Units listed or at the listed price. The bulletin board is for listing an interest only, and is not a list of binding offers to buy or sell Units. Listings that do no result in a consummation of a transaction are subject to re-listing restrictions however, as set forth in 4.2 (f) below.**
- (c) Prairie Pride, Inc. will be acting as transfer agent and can be contacted at:

Prairie Pride, Inc.
P.O. Box 125
17700 South T Highway
Deerfield, MO 64741
Phone: (417) 927-3400
Facsimile: (417) 927-3444
- (d) If you are interested in posting an interest to buy or sell Units, please contact Prairie Pride, Inc. at (417) 927-3400 or by email at carolinephillips@prairieprideinc.us. You will be required to submit a posting request and consent form to the Company.
- (e) If you are interested in responding to a posting on the bulletin board, please utilize the contact information provided therein to contact the person who posted the interest.
- (f) All postings will have a date reflecting when they were posted.
- (g) All postings are subject to the rules adopted by Prairie Pride, Inc. governing the use of the bulletin board, which rules are subject to change or revocation by Prairie Pride, Inc. without notice.

4.2 Bulletin Board Rules. The following rules shall apply to and govern the use of the bulletin board and any transaction consummated using the Prairie Pride, Inc. bulletin board ("Bulletin Board").

- (a) All applicable state and federal securities laws (including the anti-fraud and anti-manipulation provisions) apply to any interest posted or transaction consummated using the bulletin board.
- (b) Any person that is a broker-dealer, an associated person of a broker-dealer, or who has a state securities license is responsible for identifying that fact.
- (c) "Two-sided postings" in which a person indicates an interest to buy at one price and an interest to sell at another price are prohibited.
- (d) Multiple postings by the same person at the same time are prohibited. Persons may only have a

single posting at any one time.

- (e) The registration requirements of the federal, state and foreign securities laws apply to all offers to sell or purchases and sales consummated through the Bulletin Board, in the absence of an available exemption from registration. Persons utilizing the Bulletin Board must make their own determination of whether an exemption from such registration requirements are available.
- (f) All postings over ninety (90) days old will be removed without notice. Persons may request an earlier removal of their posting, provided no postings may be removed earlier than thirty (30) days following the date posted. No person may re-enter a posting onto the Bulletin Board for at least sixty (60) days after the removal of the person's earlier posting (unless such removal is due to the consummation of a transaction relating to such earlier posting).
- (g) All transactions consummated using the Bulletin Board must be executed by the parties thereto independently of Prairie Pride, Inc. or any of its affiliates.
- (h) All transactions consummated using the Bulletin Board must otherwise comply with this Unit Transfer Policy including the General Requirements to Transfer Units set forth in Article 3 hereof. Upon consummation of the transaction using the Bulletin Board, the applicable posting will be removed from the Bulletin Board.
- (i) The Company will report the purchase price per Unit and number of Units purchased on all purchase and sale transactions approved by the Board of Directors. Names of the parties to the purchase and sale transactions will NOT be reported.
- (j) By use of the Bulletin Board, users of the Bulletin Board agree to indemnify, defend and hold harmless the Company and its officers, directors, employees, and agents from any and all claims of any kind arising out of participation with or Units appearing on the Bulletin Board.
- (k) Posting of an interest to sell or an interest to buy does not represent a firm offer to sell or offer to purchase.
- (l) The Company may deny posting by any person for any reason in its discretion, provided that the Company is under no obligation to conduct any due diligence or investigation into the persons posting an interest on the Bulletin Board.

4.3 **Important Notices and Disclaimers.** CAUTION! THE FOLLOWING DISCLAIMERS AND IMPORTANT NOTICES APPLY TO USE OF THE BULLETIN BOARD AND ANY TRANSACTION CONSUMMATED USING THE BULLETIN BOARD. YOU SHOULD READ AND UNDERSTAND THE FOLLOWING IMPORTANT NOTICES AND DISCLAIMERS BEFORE USING THE BULLETIN BOARD.

- (a) The fact that Prairie Pride, Inc. and its Board of Directors approve transfers of Units and report the purchase price to its members does not reflect any endorsement or recommendation of the Board or the Company as the adequacy or fairness of the consideration paid for the Units.
- (b) Prairie Pride, Inc. does not assure that any particular transaction posted on the Bulletin Board will occur as to any particular number of Units or at any particular price.
- (c) Prairie Pride, Inc. has not conducted any due diligence on or investigation into the persons posting an interest to buy or sell on the Bulletin Board, and persons utilizing the Bulletin Board agree to do so completely at their own risk without endorsement or guaranty by the Company of any particular result or transaction consummated thereunder.
- (d) Neither the Units nor Prairie Pride, Inc. is listed on a national securities exchange or other regulated securities market.

- (e) Prairie Pride, Inc. is not a registered national securities exchange, securities information processor, broker, dealer or investment adviser.
- (f) The information set forth on the Bulletin Board does not consist of firm quotes, but rather is merely a list of the names, addresses and telephone numbers of interested sellers and buyers, the number of units they may be interested in selling or buying, and the price at which the proposed transaction may occur. All transactions between users must be executed by the users independent of Prairie Pride, Inc. or any of its affiliates.
- (g) Neither Prairie Pride, Inc. nor the Bulletin Board is an “exchange,” a “broker,” a “dealer,” or an “investment adviser.”
- (h) The appearance of Units on the Bulletin Board does not constitute an offer to sell nor solicitation of an offer to buy Units by Prairie Pride, Inc.
- (i) Persons utilizing the Bulletin Board must make important representations and warranties to the Company in the TAA Form (as do all transferors and transferees of Units), including the fact that an investment in the Units involves risk, that the Units are not traded on a public exchange and may not be able to be transferred when desired by the buyer or at all, that a buyer of Units must be able to withstand a loss of their entire investment.
- (j) The Units listed on the Bulletin Board are not endorsed or approved by any regulatory authority. Any representation to the contrary is a criminal offense.

Approved by the Board of Directors in October of 2007.