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## Minnesota Soybean Processors

Dear Investor,

September 28, 2016

As you know, one of the reasons that MnSP converted three years ago from a traditional stock cooperative taxed as a cooperative (income reported to members on Form 1099-PATR) to a new-generation processing cooperative under chapter 308B taxed as a partnership (income reported to members on Schedule K-1) was for MnSP to be able to issue nonpatronage membership interests represented by class C units and class D units. The nonpatronage interests do not require the member to conduct patronage business in order to participate in the earnings of the company. Our class C conversion program is a result of our ability to issue nonpatronage membership interests.

However, in order to maintain our exemptions from SEC registration requirements as we issue nonpatronage interests, we must understand the status of our members as “accredited investors” under federal securities laws. **Enclosed is a form for you to complete and sign and return to the company to confirm your status as an accredited investor.** Please note: we will not share this information with any third party, and the information will be used solely to determine compliance with one or more exemptions from the SEC registration requirements.

- We expect many of our members to meet the \$1,000,000 net worth accredited investor definition (under definition “(a)” on enclosed form), which includes the value of all land, machinery, equipment, and inventory from your farm operations less debt, but excludes your primary residence).
- We also expect many of you will meet the income tests (total income on your Form 1040 return, and not just farm operations revenue) set forth on paragraphs (b) and (c) on the enclosed form.
- For entities, we expect many will meet the test found in paragraph (e), where all of the equity owners of the entity are accredited. Otherwise, entities generally must have \$5 million or more in assets (not net worth) to be considered an accredited investor.
- For trusts, there are three principal categories of trusts that will meet the definition of an accredited investor
  1. Any trust that has total assets in excess of \$5,000,000 and is directed by a sophisticated person and is not formed for the specific purpose of owning the class A units (see paragraph (f)(viii) on enclosed form).
  2. Any trust with a bank trustee, where the bank is acting in a fiduciary capacity and making the investment decisions on behalf of the trust (see paragraph (f)(i) on enclosed form).
  3. Any non-conventional trust (e.g., “revocable trusts”), where the grantors retain authority to revoke or amend the trust at any time and all the grantors of the trust are accredited investors (see paragraph (e) on the attached form---all “equity owners” of the entity are accredited).

In order to complete our conversion to class C units program, **we need to receive a completed form as to Status of Accredited Investor from each MnSP member.** Please complete, sign, and date the form as soon as possible, and return the form to us in the self-addressed stamped envelope we have enclosed for your convenience.

In addition to implementing our class C program, MnSP is also evaluating financing alternatives to expand our crush and marketing capacities. As part of that evaluation of financing alternatives, we are in process of obtaining a third party valuation of our company. This valuation will be used to determine how much capital MnSP can raise to expand our production and marketing capacities. As a result, MnSP is suspending all unit sales temporarily as of September 20<sup>th</sup>, 2016. Any sale in progress prior to September 20<sup>th</sup>, 2016 will be completed, and all non-sale transactions and permitted transfers without value will continue during this suspended sales period. All notices to sell shares posted on our website have been removed until the valuation of the company is complete and the Board has completed its review of equity capital alternatives for the company to expand its crush and marketing capacities. We believe this process and review may take 90 days or more. We will certainly keep our membership informed as to the status of our valuation and review, and will notify all members when unit sales may resume.

Please contact Kristine Roades at (507)842-6715 with any questions you have regarding the suspension of units sales or completion of the enclosed form. **Again, we need a completed form as to your status as Accredited Investor from every MnSP member, so please complete, sign, date, and return the enclosed form as soon as possible.**

Scott Austin  
General Manager