

**AMERICAN CRYSTAL SUGAR COMPANY
STOCK OWNERSHIP POLICY**

1. A Common Shareholder is eligible for membership in the Company if he/she/it is (i) engaged in the production of agricultural products as a farmer; and (ii) a bona fide sugarbeet farm operator who is and will be (a) the legal owner of the sugarbeet crop, (b) the one who has the majority financial interest in the crop, and (c) the one who has general control of the sugarbeet operations on the farm where the sugarbeet crop is grown.
2. For a person to be a Common Shareholder as an individual, he/she must be 18 years of age or older. Individuals younger than 18 years of age may be registered jointly with another individual(s) who is at least 18 years of age.
3. A Common Shareholder, other than an individual, or husband and wife joint as tenants, is required to provide the Company with a Federal Employer Identification Number that identifies the Common Shareholder. A Common Shareholder, who is an individual, or husband and wife as joint tenants, is required to provide his/her social security number.
4. A Common Shareholder who is registered as an individual, will vote his/her common share. A Common Shareholder, other than an individual, must designate an individual voting representative by completing a "Written Designation of Voting Representative" document. Only that designated voting representative will be able to vote on behalf of that specific Common Shareholder. All voting representatives must be 18 years of age or older. An individual can vote on behalf of only one Common Shareholder.
5. All individuals/entities who are Common Shareholders, or who are directly or indirectly involved in an entity constituting a Common Shareholder, must be at risk as to the planting, growing, harvesting and delivery of the sugarbeets.
6. All agreements among owners, partners or participants in the Common Shareholder related to the formation, operation and distribution of income from the Common Shareholder must be in writing and may only be amended in writing. Copies of any such agreements must be provided to the Company if requested, and shall be subject to review and approval prior to the transfer of shares to a prospective shareholder
7. The Common Shareholder has no, and will not enter into, any written or oral agreements or understandings, between any parties and/or individuals directly or indirectly involved in the entity constituting the Common Shareholder, or with any other parties and/or individuals, in regard to the planting, growing, harvesting and delivery of sugarbeets that (a) require guaranteed cash rent or guaranteed cash lease payments for stock issued or to be issued in the name of the Common Shareholder; or (b) amend or alter any partnership or joint venture agreement after the stock has been issued to the partnership or joint venture.
8. Neither the Common Shareholder, nor any participant that is directly or indirectly involved in the entity constituting the Common Shareholder, shall have an agreement of any kind (ex. payment guaranty, indemnification, etc.) with any other direct or indirect participant in the Common Shareholder that has the effect of guarantying a minimum payment to such participant in exchange for the contribution of stock to the Common Shareholder.
9. Each party and/or individual involved in the entity constituting the Common Shareholder will receive their respective distributions exclusively from the beet payment or crop insurance proceeds at such time as they are paid. There is no agreement to provide any such party and/or individual with a payment, a loan, or any other advance of funds prior to the actual distribution of cash from the beet payment or crop insurance.
10. The sugarbeet field(s) of a Common Shareholder must be in a section of land that is within a 35-mile radius of the closest Company receiving station, as the stations existed on January 1, 1998. Any receiving stations added after January 1, 1998, will not be used in determining the 35-mile limit.

11. A Common Shareholder is required to grow and deliver sugarbeets to the Company under the Five Year Agreement and Annual Agreement between the Company and the Common Shareholder. Failure to grow and deliver sugarbeets to the Company pursuant to said Five Year Agreement and Annual Agreement may be cause for expulsion of the Common Shareholder as a member of the Company.
12. A Common Shareholder must use hauler identification cards issued specifically to the Common Shareholder for the delivery of sugarbeets. The Common Shareholder may not use hauler identification cards issued to any other common shareholder of the Company.
13. Should it be determined that the Common Shareholder or any other party signing the Declaration and Representations of Common Shareholder Transferee has breached the representations set forth therein, the undersigned and the Common Shareholder hereby agree to hold harmless and indemnify the Company and all shareholders of the Company for any loss of damages the Company or its shareholders may sustain as a result of such breach and/or a determination that the Common Shareholder is ineligible to be a Common Shareholder of the Company.
14. All Common Shareholders who wish to transfer stock of the Company must complete a Stock Transfer Application Form in a form established from time to time by the Company. The stock transfer request must be signed by all persons having a direct ownership interest in the transferor and transferee.
15. All Common Shareholders are required to complete a "Declaration and Representations of Common Shareholder" in the form established from time to time by the Company. All persons or entities having a direct ownership interest in, or a right to a distribution from, the Common Shareholder must provide a certification as to the representations made in the "Declaration and Representations of Common Shareholder."
16. Each Common Shareholder must sign a Five Year Agreement with the Company. Beginning with respect to the 2016 crop year, if common or preferred shares are transferred to a new Common Shareholder that is not a natural person, then each natural person who has a direct or indirect ownership interest in the Common Shareholder must provide the Company with a personal guaranty in a form established from time to time by the Company by which such person will personally guaranty the obligations of the Shareholder. In cases where the person having an ownership interest in the Common Shareholder is not a natural person, personal guaranties shall be required from each natural person owning an indirect interest in the Shareholder (i.e. the 2nd tier partners).
17. All stock transfer requests are subject to approval by the Board of Directors in accordance with the Company's Bylaws. The Company may charge a fee to defray the costs associated with the review and approval of stock transfer requests, provided that such fee shall be applied in a uniform and equitable manner.