DISTRIBUTION AND ALLOCATION POLICY
FOR DISPOSITIONS OF CAPITAL UNITS
OF SOUTH DAKOTA SOYBEAN PROCESSORS, LLC

South Dakota Soybean Processors, LLC ("The Company") is a South Dakota limited liability company which has elected to be taxed as a partnership under the provisions of the Internal Revenue Code of 1986, as amended from time to time. The Operating Agreement provides for the allocation to Members and other beneficial holders of Capital Units of income, gains, losses, deductions and credits during the entirety of the fiscal year. When a Disposition of Capital Units occurs, allocations are made in accordance with Section 6.6 of the Operating Agreement. The precise manner in which such allocations are made is determined by the Board of Managers in its sole discretion and in any manner of allocation permitted to be used for federal income tax purposes. Under Section 4.1 of the Operating Agreement, Dispositions of Capital Units are effective as of the first day of the Quarter immediately following the Quarter in which such Dispositions are approved by the Board of Managers. The Board of Managers hereby adopts the following distribution and allocation method for all Dispositions of Capital Units:

**Distributions**

1. The Company may make multiple distributions of Available Cash for Distribution during each of the Company’s fiscal years, but the Company will endeavor to make one and only one distribution of Available Cash for Distribution during any fiscal year.

2. The Company may make a distribution of Available Cash for Distribution at any time during the Company’s fiscal year, but will endeavor to make a distribution of Available Cash for Distribution during the first Quarter of each fiscal year.

3. Distributions of Available Cash for Distribution shall be made to Members and beneficial holders of Capital Units as set forth under Section 6.2(c) of the Operating Agreement.
Allocations

1. All items of income, gains, losses, deductions and credits shall be allocated to the Members and beneficial holders of Capital Units in proportion to the number of Capital Units held by each Member and beneficial holder of Capital Units, based on the number of Quarters during said fiscal year each Member and beneficial holder of Capital Units owned the Capital Units.

Examples implementing the above provisions are attached to this Allocation Policy and incorporated by reference.