

TRADING SERVICE AGREEMENT

THIS AGREEMENT, is made and entered into between Granite Falls Energy, LLC, a Minnesota limited liability company, with its principal offices located at 15045 Highway 23, Granite Falls, MN 56241 (hereinafter “the Company”), and FNC Ag Stock, LLC, a subsidiary of Farmers National Company, with its principal offices located at 4050 Garden View Drive, Suite 103, Grand Forks, North Dakota 58201 (hereinafter “FNC”) (hereinafter collectively referred to as the “parties).

WITNESSETH:

WHEREAS, the Company desires to establish a service to facilitate the trading of securities among members and non-members of the Company; and

WHEREAS, to provide an orderly trading market for its securities, the Company desires that its members and non-members purchase, sell and transfer the Company’s outstanding securities through an “alternative trading system” (ATS) as defined by Rule 300(a) of Regulation ATS, established pursuant to the Securities Exchange Act of 1934;

WHEREAS, FNC is a broker-dealer registered with the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), and the State of Minnesota among others, and has established an ATS to trade securities;

WHEREAS, the Company asserts that its outstanding securities are validly issued, fully paid, and qualify for trading on an ATS;

WHEREAS, FNC has offered to trade the Company’s outstanding securities on an ATS operated by FNC (the “Trading Service”); and

WHEREAS, the Company agrees to engage the services of FNC to provide the Trading Service and FNC desires to provide such services under the terms and conditions described below.

NOW, THEREFORE, in consideration of the mutual covenants, agreements and undertakings contained herein, the parties agree as follows:

1. Appointment and Acceptance. The Company appoints FNC as its sole and exclusive agent for the operation and administration of the Trading Service and FNC accepts such appointment.
2. Operation of the Trading Service. FNC shall operate the Trading Service in accordance with the terms and conditions set forth in the Operational Manual, attached hereto as Exhibit “A” and incorporated by reference to this Agreement.
3. Amendments to the Operational Manual. Any and all future amendments to the Operational Manual must be approved by FNC in writing prior to the

amendment's effectuation. FNC may accept or reject any amendment in its sole discretion.

4. Bank Account. FNC shall establish an escrow agreement (the "Escrow Agreement") with a reputable bank (the "Banking Institution") where all funds contributed toward the purchase of the Company's securities will be deposited by the purchaser of said securities. FNC shall provide the Company with all relevant information describing the Escrow Agreement so that the Company may coordinate and, if necessary, contract with the Banking Institution for the completion of all transactions in a timely and efficient manner.
5. Transfer Agent. The Company shall designate a transfer agent (the "Transfer Agent") for the transfer of the Company's securities and other necessary documents of the Company. The Company shall provide FNC and the Banking Institution with all relevant information and documents required to complete the transfer of said securities on the Company's books and records, including, but not limited to, the name of the authorized contact person and the mailing and e-mail address of the Transfer Agent.
6. Fees Payable to FNC. For its operation of the Trading Service, FNC shall be compensated as follows:
 - a. Initial Set-up Fee. Upon execution of this Agreement, the Company shall pay to FNC an initial, non-reimbursable set-up fee of and No/Dollars (\$0.00).
 - b. Annual Maintenance Fees. During the term of this Agreement, the Company shall pay to FNC, a non-reimbursable maintenance fee of Five Thousand no/100 Dollars (\$5,000.00), payable annually and on or before the anniversary date of March.
 - c. Transaction Fee. The seller of securities shall be assessed a fee of three percent (3.0%) of the sale price for each sale of securities per listing, the minimum fee per sale being Two Hundred Fifty and No/100 Dollars (\$250).
7. Effectiveness; Term of the Agreement. This Agreement shall become effective on the date of FNC's approval of the Operational Manual, to be set forth in Exhibit A (see the effective date stated therein), and this Agreement shall terminate exactly one year from such date. Thereafter, it shall renew automatically for one-year terms unless and until terminated in accordance with Section 8 below.
8. Termination. The Company and FNC expressly agree that this Agreement may be terminated by either party, a) with or without cause, upon written notice given to the other party of not less than 30 days; or, b) following any formal

investigation, proceeding, or claim initiated against the Company or Trading Service by the SEC, state securities commission or other government agency, and the party not subject to said investigation, proceeding, or claim has given the party subject to said investigation, proceeding, or claim not less than ten (10) days written notice describing the investigation, proceeding, or claim and its intent to terminate after the ten (10) day period.

9. Trading Service Operating Expenses. All operating costs and expenses arising out of the operation of the Trading Service shall be borne by FNC and not charged to the Company.
10. Representations of FNC. FNC represents, warrants, covenants and agrees that:
 - a. FNC is a member of FINRA.
 - b. FNC, and its officers, directors, control persons, employees, and agents who will be operating the Trading Service, have the necessary registrations, licenses and permissions to allow FNC and such persons to operate the Trading Service in accordance with all applicable state and federal securities laws and regulations and the rules of FINRA.
 - c. FNC shall comply with all necessary requirements of an ATS, as set forth under Regulation ATS.
 - d. FNC shall comply with all federal and state securities laws for purposes of maintaining its registration as a broker-dealer with the SEC, FINRA and State of Minnesota.
 - e. FNC shall notify the Company in writing of any formal investigation, proceeding, or claim initiated against FNC by the SEC, FINRA or a state securities commission regarding any material aspect of the Trading Service, the notification of which shall be made within thirty (30) days of said initiated investigation, complaint, proceeding or claim.
11. Representations of the Company. The Company represents, warrants, covenants, and agrees that:
 - a. The Company is duly organized, validly existing and in good standing under the laws of the State of Minnesota and, for the term of this Agreement, shall remain the same.
 - b. The authorized and outstanding securities of the Company are validly issued and fully paid, and, for the term of this Agreement, any securities designated for trading on the Trading Service shall be validly issued and fully paid.

- c. The authorized and outstanding securities of the Company qualify for trading on the Trading Service based upon the conditions and requirements of federal and state securities laws, federal tax law, and any regulations thereunder, and, for the term of this Agreement, any securities designated for trading on the Trading Service shall qualify for the same.
 - d. The Company shall create, maintain and operate its own website, which shall include but be not limited to the following information and/or documents: current news, events and information about the Company; interim and annual financial statements of the Company; instructions on trading and/or transferring the Company's securities on or outside the Trading Service; and any necessary forms and documents relating to trading and/or transferring the Company's securities on or outside the Trading Service, including the Operational Manual.
 - e. The Company shall comply fully with all federal and state securities laws, tax laws, and any regulation thereunder.
 - f. The Company shall notify FNC in writing of any formal investigation, proceeding, or claim initiated against the Company by any regulatory agency or state securities commission, the notification of which shall be made within thirty (30) days of said initiated investigation, proceeding, or claim.
12. FNC's Interaction with Service Users. FNC's interaction with the Company's members and non-members using the Trading Service ("Service Users") shall be to provide a medium by which the Company's Service Users sell, purchase and transfer the Company's securities. However, FNC, and its officers, directors, control persons, employees, and agents who will operate the Trading Service, shall not engage in any of the following activities associated with the operation of the Trading Service:
- a. FNC and said persons shall not directly or indirectly provide to Service Users investment, tax, accounting or other advice regarding transactions conducted through the Trading Service.;
 - b. FNC and said persons shall not arrange financing for any Service Users for the purchase of securities through the Trading Service; and
 - c. FNC and said persons may receive, transfer, hold or handle any funds paid by or due to Service Users as a result of a sale or exchange of securities through the Trading Service.
13. Indemnification of FNC. The Company shall indemnify, hold harmless and defend FNC, and its officers, directors, employees and agents, from and against all liabilities arising out of or related to this Agreement including:

- a. Any material misrepresentation or breach of warranty by the Company of any representation or warranty set forth in this Agreement; or
- b. Any material breach of covenant by the Company of any covenant set forth in this Agreement.
- c. Notwithstanding anything in this Agreement to the contrary, the indemnification of FNC, and its officers, directors, employees and agents, shall only apply to those liabilities for which a claim is made by FNC, or its officers, directors, employees and agents, against the Company and within one (1) year of termination of this Agreement. The aggregate amount for which the Company shall be obligated to indemnify FNC, and its officers, directors, employees and agents, shall not exceed the sum of Twenty Five Thousand and No/Dollars (\$25,000.00).

“Liabilities” are defined as any liability, claim, settlement payment, cost and expenses, interest, award, judgment, damages, fines, fees (including reasonable attorneys’ fees), penalties or other charge.

14. Indemnification of the Company. FNC shall indemnify, hold harmless and defend the Company, and its officers, directors, employees and agents, from and against all liabilities arising out of or related to this Agreement including:

- a. Any material misrepresentation or breach of warranty by FNC of any representation or warranty set forth in this Agreement; or
- b. Any material breach of covenant by FNC of any covenant set forth in this Agreement.
- c. Notwithstanding anything in this Agreement to the contrary, the indemnification of Company, and its officers, directors, employees and agents, shall only apply to those liabilities for which a claim is made by the Company, or its officers, directors, employees and agents, against FNC and within one (1) year of termination of this Agreement. The aggregate amount for which the FNC shall be obligated to indemnify the Company, and its officers, directors, employees and agents, shall not exceed the sum of Twenty Five Thousand and No/Dollars (\$25,000.00).

“Liabilities” are defined as any liability, claim, settlement payment, cost and expenses, interest, award, judgment, damages, fines, fees (including reasonable attorneys’ fees), penalties or other charge.

15. Limitation of Responsibilities; Liability. The parties specifically acknowledge and agree that the responsibilities of FNC are set forth solely in this Agreement, Operational Manual, Written Supervisory Procedures and Regulation ATS, and

that FNC is not responsible in any way for enforcing, or supervising the enforcement of, the provisions of any agreement, corporate governance document, or securities transfer system of the Company's, or any federal or state securities or tax law or regulation relating thereto. In addition, nothing in this Agreement or the Operational Manual shall be construed to prevent a subscriber (as such term is defined in Regulation ATS) from trading outside the ATS.

In no event shall FNC be liable to the Company for any liabilities arising out of or related to this Agreement that exceed the sum of Twenty Five Thousand and No/Dollars (\$25,000.00).

16. Miscellaneous Provisions.

- a. Benefit. This Agreement shall bind the parties hereto and shall inure to and be binding upon the respective legal representatives, successors, heirs and assigns.
- b. Entire Agreement; Waiver. This instrument contains the entire agreement of the parties. It may not be changed orally but only by an agreement in writing signed by both parties. A waiver of any term or provision shall not be construed as a waiver of any other term or provision or as a waiver of subsequent performance of the same provision in this Agreement.
- c. Severability. The parties agree that if any part, term, paragraph or provision of this Agreement is in any manner held to be invalid, illegal, void or in any manner unenforceable, or to be in conflict with any law of the State of North Dakota, then the validity of the remaining portions or provisions of this Agreement shall not be affected, and such part, term, paragraph or provision shall be construed and enforced in a manner designed to effectuate the intent expressed in this Agreement to the maximum extent permitted by law.
- d. Assignment. Except as otherwise provided in this Agreement, this Agreement is made for the personal benefit of the parties hereto, and neither party may assign this Agreement, or any part thereof, or delegate any duty or obligation imposed by this Agreement without the express written consent of the other party hereto.
- e. Captions. The captions and titles utilized in this Agreement are for convenience of reference only, and shall not be deemed to define or limit any of the terms, conditions, or provisions of this Agreement.
- f. Governing Law; Forum. This Agreement and all obligations created hereunder or required to be created hereby shall be governed by and construed and enforced in accordance with the laws of the State of North Dakota and all parties consent that the district court situated in Grand

Forks County, North Dakota, shall be the exclusive jurisdiction and venue of any disputes relating to the Agreement.

- g. Notices. Any notice, statement or demand required or permitted to be given under this Agreement shall be in writing, sent by first class mail or hand delivered, addressed, as the case may be to the Company or FNC at their respective addressees set forth above, or to such other address as the Company or FNC shall designate and, unless earlier received, shall be deemed to have been received on the date five (5) days after it shall have been mailed, as aforesaid, in any post office or branch post office regularly maintained by the United States Government.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first below written.

Granite Falls Energy, LLC

By *Sten A. Christensen*

Its CEO

Date 8/19/2013

FNC AG STOCK, LLC

By *[Signature]*

Its President

Date 8/19/13