

**SECOND AMENDED AND RESTATED**

**OPERATING AGREEMENT**

**OF**

**EAST FORK BIODIESEL, LLC**

**Dated: Effective March 19, 2010**

## TABLE OF CONTENTS

	Page
ARTICLE I. THE COMPANY .....	1
Section 1.1 Formation .....	1
Section 1.2 Name .....	1
Section 1.3 Purposes, Powers .....	1
Section 1.4 Principal Place of Business .....	2
Section 1.5 Term .....	2
Section 1.6 Registered Agent .....	2
Section 1.7 Title to Property .....	2
Section 1.8 Payment of Individual Obligations .....	2
Section 1.9 Independent Activities, Transactions With Affiliates .....	2
Section 1.10 Definitions .....	3
ARTICLE II. CAPITAL CONTRIBUTIONS; CAPITAL ACCOUNTS .....	8
Section 2.1 Initial Capital Contributions .....	8
Section 2.2 Additional Capital Contributions, Additional Units .....	8
Section 2.3 Capital Accounts .....	8
ARTICLE III. ALLOCATIONS .....	9
Section 3.1 Profits .....	9
Section 3.2 Losses .....	9
Section 3.3 Special Allocations .....	10
Section 3.4 Regulatory Allocations .....	11
Section 3.5 Loss Limitation .....	11
Section 3.6 Other Allocation Rules .....	12
Section 3.7 Tax Allocations: Code Section 704(c) .....	12
Section 3.8 Tax Credit Allocations .....	13
ARTICLE IV. DISTRIBUTIONS .....	13
Section 4.1 Net Cash Flow .....	13
Section 4.4 Amounts Withheld .....	13
Section 4.3 Limitations on Distributions .....	13
ARTICLE V. MANAGEMENT .....	13
Section 5.1 Directors .....	13
Section 5.2 Number of Directors .....	13
Section 5.3 Election of Directors .....	14
Section 5.4 Authority of Directors .....	15
Section 5.5 Director as Agent .....	16
Section 5.6 Restrictions on Authority of Directors .....	17

Section 5.7	Meetings .....	17
Section 5.8	Notice.....	18
Section 5.9	Conduct of Meeting .....	18
Section 5.10	Quorum .....	18
Section 5.11	Manner of Acting; Informal Action.....	18
Section 5.12	Presumption of Assent.....	18
Section 5.13	Removal of Directors.....	19
Section 5.14	Vacancies .....	19
Section 5.15	Compensation .....	19
Section 5.16	Committees, Authority .....	19
Section 5.17	Voting, Potential Financial Interest .....	19
Section 5.18	Duties and Obligations of Directors .....	19
Section 5.19	Officers .....	20
Section 5.20	Execution of Instruments .....	21
Section 5.21	Limitation of Liability; Indemnification.....	21
ARTICLE VI.	MEMBERSHIP UNITS; MEMBERS .....	22
Section 6.1	Membership Units .....	22
Section 6.2	Certificates; Surrender for Transfer .....	22
Section 6.3	Members .....	22
Section 6.4	Additional Members .....	22
Section 6.5	Members' Voting Rights .....	22
Section 6.6	Member Meetings .....	23
Section 6.7	Place of Meeting .....	23
Section 6.8	Conduct of Meetings.....	23
Section 6.9	Notice.....	23
Section 6.10	Contents of Notice .....	23
Section 6.11	Adjourned Meetings .....	23
Section 6.12	Waiver of Notice.....	24
Section 6.13	Fixing of Record Date .....	24
Section 6.14	Quorum and Proxies .....	24
Section 6.15	Voting; Action by Members .....	24
Section 6.16	Termination of Membership .....	24
Section 6.17	Continuation of the Company.....	25
Section 6.18	No Member Right of Redemption or Return of Capital .....	25
Section 6.19	Waiver of Dissenters Rights .....	25
Section 6.20	Loans.....	25
ARTICLE VII.	ACCOUNTING, BOOKS AND RECORDS.....	25
Section 7.1	Accounting, Books and Records.....	25

Section 7.2	Delivery to Members and Inspection.....	25
Section 7.3	Reports.....	26
Section 7.4	Tax Matters.....	26
ARTICLE VIII.	AMENDMENTS.....	27
Section 8.1	Amendments.....	27
ARTICLE IX.	TRANSFERS.....	27
Section 9.1	Restrictions on Transfers.....	27
Section 9.2	Permitted Transfers.....	27
Section 9.3	Conditions Precedent to Transfers.....	27
Section 9.4	Prohibited Transfers.....	29
Section 9.5	No Dissolution or Termination.....	29
Section 9.6	Prohibition of Assignment.....	29
Section 9.7	Rights of Unadmitted Assignees.....	29
Section 9.8	Admission of Substitute Members.....	29
Section 9.9	Representations Regarding Transfers.....	30
Section 9.10	Distributions And Allocations In Respect of Transferred Units.....	31
Section 9.11	Additional Members.....	31
ARTICLE X.	DISSOLUTION AND WINDING UP.....	31
Section 10.1	Dissolution.....	31
Section 10.2	Winding Up.....	32
Section 10.3	Compliance with Certain Requirements of Regulations; Deficit Capital Accounts.....	32
Section 10.4	Deemed Distribution and Recontribution.....	33
Section 10.5	Rights of Unit Holders.....	33
Section 10.6	Allocations During Period of Liquidation.....	33
Section 10.7	Character of Liquidating Distributions.....	33
Section 10.8	The Liquidator.....	33
Section 10.9	Forms of Liquidating Distributions.....	33
ARTICLE XI.	MISCELLANEOUS.....	34
Section 11.1	Notices.....	34
Section 11.2	Binding Effect.....	34
Section 11.3	Construction.....	34
Section 11.4	Headings.....	34
Section 11.5	Severability.....	34
Section 11.6	Incorporation By Reference.....	34
Section 11.7	Variation of Terms.....	34
Section 11.8	Governing Law.....	34
Section 11.9	Waiver of Jury Trial.....	34

Section 11.10 Counterpart Execution .....35  
Section 11.11 Specific Performance.....35  
Section 11.12 No Third Party Rights.....35

**SECOND AMENDED AND RESTATED OPERATING AGREEMENT  
OF  
EAST FORK BIODIESEL, LLC**

**THIS SECOND AMENDED AND RESTATED OPERATING AGREEMENT** (the “Agreement”) is entered into effective as of the 19th day of March 2010, by and among East Fork Biodiesel, LLC, an Iowa limited liability company (the “Company”), each of the Persons identified as Members on attached Exhibit “A,” and any other Persons that may from time-to-time be subsequently admitted as Members of the Company in accordance with the terms of this Agreement. Capitalized terms used but not otherwise defined herein shall have the meaning set forth in Section 1.10.

**WHEREAS**, the Company was initially formed to own, construct, operate, lease, finance and invest in biodiesel production and co-product production facilities; process soybean oil and other feedstocks into biodiesel and related co-products; and market such biodiesel and co-products;

**WHEREAS**, the original Operating Agreement was entered into as of January 26, 2006, was subsequently amended by the Board of Directors and the Members as of May 4, 2006, and amended and restated as of August 26, 2008;

**WHEREAS**, in order to facilitate the investment of additional capital, the restructuring of the Company’s debt facility, and the modification of the Company’s production facility to allow the Company to produce biodiesel from a greater variety of feedstocks, the Board of the Directors and the Members have deemed it to be in the best interest of the Company to incorporate certain amendments to the Company’s Operating Agreement by the adoption of this “Second Amended and Restated Operating Agreement of East Fork Biodiesel, LLC.”

**NOW, THEREFORE**, in consideration of the covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**ARTICLE I. THE COMPANY**

1.1 **Formation.** The initial Members formed the Company as an Iowa limited liability company by filing Articles of Organization with the Iowa Secretary of State on January 5, 2006.

1.2 **Name.** The name of the Company shall be “East Fork Biodiesel, LLC,” and all business of the Company shall be conducted in such name.

1.3 **Purposes, Powers.** The nature of the business and purposes of the Company are to: (i) own, construct, operate, lease, finance, contract with, and/or invest in biodiesel production and co-product production facilities; (ii) process soybean oil and other feedstocks into biodiesel and related co-products, and market such biodiesel and co-products; and (iii) engage in any other business and investment activity in which an Iowa limited liability company may lawfully be engaged, as determined by the Directors. The Company has the power to do any and all acts necessary, appropriate, proper, advisable, incidental or convenient to, and in furtherance of, the purposes of the Company as set forth in this Section 1.3 and has, without limitation, any and all

powers that may be exercised on behalf of the Company by the Directors pursuant to Article V of this Agreement.

1.4 Principal Place of Business. The Company shall continuously maintain a principal place of business in Iowa. The principal place of business of the Company shall be at 220 East State Street, Algona, Iowa 50511, or elsewhere as the Directors may determine. Any documents required by the Act to be kept by the Company shall be maintained at the Company's principal place of business.

1.5 Term. The term of the Company commenced on the date the Articles were filed with the Iowa Secretary of State, and shall continue until the winding up and liquidation of the Company and its business is completed following a Dissolution Event as provided in Article X of this Agreement.

1.6 Registered Agent. The Company shall continuously maintain a registered office and a registered agent for service of process in the State of Iowa. The name and address of the Company's Registered Agent is Edmund H. Carroll, Lane & Waterman LLP, 220 N. Main Street, Suite 600, Davenport, IA 52801.

1.7 Title to Property. All Property owned by the Company shall be owned by the Company as an entity and not in the name of any Member, and no Member shall have any ownership interest in such Property, except as a Member of the Company. Each Member's interest in the Company shall be personal property for all purposes.

1.8 Payment of Individual Obligations. The Company's credit and assets shall be used solely for the benefit of the Company, and no asset of the Company shall be Transferred or encumbered for, or in payment of, any individual obligation of any Member.

1.9 Independent Activities; Transactions With Affiliates. The Directors shall be required to devote such time to the business and affairs of the Company as may be necessary to manage and operate the Company, and shall be free to serve any other Person or enterprise in any capacity that they deem appropriate in their discretion. Provided that no Director of the Company shall serve on the Board of Directors of, or serve in any role other than as a passive investor in, any company or venture engaged in the biodiesel industry, without giving prior written notice to, and obtaining the consent in writing of, the Board of Directors of the Company, neither this Agreement nor any activity undertaken pursuant hereto shall: (i) prevent any Member or Director or their Affiliates from engaging in whatever activities they choose, whether the same are competitive with the Company or otherwise, and any such activities may be undertaken without having or incurring any obligation to offer any interest in such activities to the Company or any other Member; or (ii) require any Member or Director to permit the Company or any other Director or Member or their Affiliates to participate in any such activities. As a material part of the consideration for the execution of this Agreement by each Member, each Member hereby waives, relinquishes and renounces any such right or claim of participation. To the extent permitted by applicable law and subject to the provisions of this Agreement, the Directors are hereby authorized to cause the Company to purchase Property from, sell Property to, or otherwise deal with, any Member (including any Member who is also a Director), or any Affiliate of any Member; provided that any such purchase, sale or other transaction shall be

