

MEMORANDUM OF AGREEMENT

between

IOWA AGRICULTURAL FINANCE CORPORATION

and

U. S. BANCORP PIPER JAFFRAY INC.

This Agreement entered into between the aforementioned parties as more fully described below shall set forth the terms and conditions by which the parties will jointly pursue the activities described below:

WITNESSETH:

WHEREAS, the parties above mutually agree that they wish to pursue the successful completion of equity and debt financing for Iowa Agricultural Finance Corporation ("IAFC");

WHEREAS, the effective dates of the provisions of this Agreement shall commence on November 1, 1998 and continue as described in Section Two, unless extended by mutual written agreement among the parties;

WHEREAS, IAFC has been organized as a qualified Iowa agricultural industry finance corporation under the laws of the State of Iowa;

WHEREAS, IAFC, in order to accomplish its mission, desires to create an investment fund(s) to make appropriate investments in agriculture value-added industries and biotechnology ventures;

WHEREAS, IAFC desires to engage U. S. Bancorp Piper Jaffray Inc. ("Investment Banker") through certain Key Personnel (as defined in Section 4) to advise IAFC on matters related to the development of a capital structure to finance the programs to be undertaken by IAFC;

WHEREAS, the signatory below is authorized to bind IAFC including its respective successors and assigns pursuant to this Agreement;

WHEREAS, the Investment Banker is the broker/dealer company of a Delaware corporation known as U. S. Bancorp, Inc.;

WHEREAS, the Investment Banker is a full service investment banking firm providing advisory and underwriting services to state and local government, corporations and other business entities throughout North America;

WHEREAS, the Investment Banker desires to perform services to develop and arrange the capital structure for IAFC for a fee to be paid from the proceeds of the debt and equity financing as a condition precedent to the closing of each phase of such financing;

NOW, THEREFORE, the parties hereto agree to the following terms and conditions further contained below:

Section One: Description of the Financing - The Investment Banker shall be responsible for providing advice, counsel and analysis regarding, among other matters, the corporate structure of IAFC and investment funds that may be established by IAFC, the size and structure of equity offerings, the size and structure of debt offerings, the identification (with the assistance and support of IAFC) of potential sources of equity, the ways (following evaluation and recommendation) to reduce financial risk and lower interest rates and the pricing of capital. The capital structure may include a combination of senior secured debt, subordinate debt and the placement of equity warrants or similar obligations or securities. In connection with these services, the Investment Banker will assist IAFC in preparing any offering documents required to obtain investors and then will seek investors to raise money for IAFC's capital needs. Following development and evaluation of detailed information, the Investment Banker will place or underwrite debt and equity offerings. Upon request by IAFC, the Investment Banker will identify and recommend possible value-added and other qualified projects for IAFC assistance, provide ongoing information and advice regarding debt/equity markets, and review IAFC investment actions and make recommendations regarding possible exit strategies.

Section Two: Effective Dates of the Agreement - The effective dates of this Agreement shall commence on November 1, 1998 and continue for four (4) years thereafter, unless extended by mutual written agreement by the parties; provided, however, that IAFC may terminate this Agreement at any time if IAFC and the Investment Banker are unable to negotiate an acceptable market-rate fee and other terms for the Investment Banker to place or underwrite additional equity or debt financing for subsequent programs to be undertaken by IAFC or as otherwise provided by this Agreement.

Section Three: Fee - The Fee (the "Fee") to be paid to the Investment Banker shall represent an all inclusive fee for services rendered, plus all out of pocket expenses incurred in connection with the undertaking and each phase of the undertaking. With respect to placing or underwriting equity financing, the Investment Banker shall be paid a fee equal to two and eighty-five one-hundredths percent (2.85%) of the par amount of equity raised, plus out of pocket expenses. With respect to placing or underwriting debt financing, the Investment Banker shall be paid a fee equal to three percent (3%) of the par amount of debt raised, plus out of pocket expenses. The Fee for any particular phase of the financing shall be paid solely from the proceeds of the financing upon completion of the financing and before any other disbursements are made for IAFC programs. The out of pocket expenses shall include, but are not limited to, the fees of the Investment Banker's counsel, all travel, lodging, printing costs and any other miscellaneous expenses related to the

structuring and sale of debt or equity financing but do not include any commitment fees or other charges of lenders or lenders' counsel fees and expenses which are separate costs. All fees and expenses described above are fully contingent on a successful closing (as reasonably determined by IAFC) of a particular phase of the financing. With respect to ongoing advice, analysis, and counsel after completion of the equity and debt financing, the Investment Banker shall only be reimbursed for travel expenses. The parties, or entities established by IAFC, will enter into separate definitive agreements with respect to each phase of financing to more fully set forth the specific terms and conditions of the engagement, but not inconsistent with the terms of this Agreement.

With respect to providing services to IAFC for take-out strategies such as loan/equity pool securitizations or direct sale of loan contracts, IAFC and the Investment Banker shall amend this Agreement or enter into a separate definitive agreement to specify the fee arrangement.

If IAFC terminates this Agreement for reasons other than lack of performance on the Investment Banker's part and the financing is consummated with another firm or person, IAFC will be obligated only for all out of pocket costs and expenses incurred by the Investment Banker, including, but not limited to, those costs and expenses delineated above as out of pocket expenses, to the date of such termination, such obligation to be paid at the date of closing the financing or within 180 days after termination, whichever date occurs first.

Section Four: Key Personnel - The parties to this Agreement mutually agree that there are certain key personnel currently employed by the Investment Banker who will perform services for IAFC. Mark Fislser, James Bellus and Timothy Oswald of the Investment Banker are hereby defined as the Key Personnel acting on behalf of the Investment Banker in connection with providing the services related to developing and arranging the financing of IAFC. Except as otherwise provided in this Agreement, the parties mutually agree that this Agreement will remain in full force and effect unless one of the Key Personnel ceases to be employed by the Investment Banker, including its successors and assigns, or in the event of the death or disability of one of the Key Personnel. Should Mark Fislser, James Bellus or Timothy Oswald cease to be employed by the Investment Banker for any reason, IAFC shall have the right to terminate this Agreement without notice, subject to paying the out of pocket expenses described above in Section Three incurred by the Investment Banker prior to the date of such termination.

Section Five: Parties and Interests; Survival of Representations - This Agreement is made solely for the benefit of IAFC and the Investment Banker. All representations and agreements in this Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any party and shall survive the funding of IAFC.

Section Six: Arbitration; Choice of Law - Any and all controversies, disputes or claims arising out of or relating to this Agreement, or any breach thereof, or any services to be rendered thereunder, shall be resolved by arbitration in Des Moines, Iowa in accordance with the securities industry arbitration rules of the American Arbitration Association then in effect and judgment upon any award rendered may be entered by any court of competent jurisdiction. This Agreement shall

be governed by, construed, and enforced in accordance with the laws of the State of Iowa without regard to choice of law principles.

Section Seven: Interpretation; Amendment - This Agreement constitutes the entire agreement of the parties on the subject matter hereof, superseding any prior oral or written agreements; provided, however, that the parties contemplate that they will enter into additional agreements in the future which more fully define the terms of the parties' relationship with respect to a specific financing, but which shall be consistent with the terms of this Agreement. This Agreement can be amended or modified only in writing by the party to be bound.

Section Eight: Severability - If any provisions of this Agreement shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all cases because it conflicts with any other provision or provisions hereof or any constitutions or statutes or rules of public policy, or for any other reason, such circumstance shall not have the effect of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent. The invalidity of any one or more phrases, sentences, clauses or Sections contained in this Agreement shall not affect the remaining portions of this Agreement, or any part thereof.

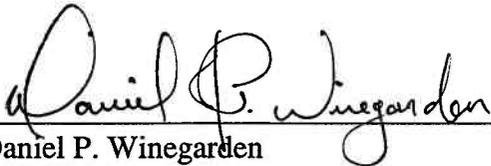
Section Nine: Counterparts - This Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section Ten: Independent Contractor Status - The parties acknowledge and agree that IAFC and the Investment Banker are independent contracting parties, and that no partnership, joint venture or other non-contractual relationship will exist or be asserted by either party.

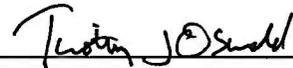
Section Eleven: Assignment - This Agreement may not be assigned by either party without the advance written consent of the other party.

Dated: June 25, 1999

IOWA AGRICULTURAL FINANCE
CORPORATION

By: 
Daniel P. Winegarden
Its President

U. S. BANCORP PIPER JAFFRAY INC.

By: 
Timothy Oswald
Its Managing Director