

FILED EFFECTIVE

AMENDED
ARTICLES OF INCORPORATION
OF
PACIFIC NORTHWEST FARMERS COOPERATIVE, INC.
(As Effective June 1, 2008)

2008 MAR -7 AM 9:29
SECRETARY OF STATE
STATE OF IDAHO

ARTICLE 1

Name

The name of the association shall be PACIFIC NORTHWEST FARMERS COOPERATIVE, INC. (the "Association").

ARTICLE 2

Term

The term for which this Association is to exist shall be perpetual.

ARTICLE 3

Place of Business

The place where the principal business of the Association is to be transacted shall be Genesee, Latah County, Idaho.

ARTICLE 4

Purposes and Powers

Section 1. Member Business. This Association is organized for the purposes of engaging on a nonprofit, cooperative basis as agent for its members in any business, trade or activity which may be lawfully conducted by a cooperative marketing association organized under Title 22, Chapter 26, IDAHO CODE, or any law amending or superseding said laws. This Association shall have and may exercise all powers necessary or convenient to effect its purposes including, but not limited to, those specified in I.C. 22-2604 and I.C. 22-2606.

Section 2. Nonmember Business. The Association may also transact business of the types specified in Section 1 with or for nonmembers of the Association, on either a profit or nonprofit basis, to an amount in any one fiscal year not to exceed the amount transacted with members in any such year.

ARTICLE 5

Capital and Membership

Section 1. No Capital Stock. The Association shall have no capital stock.

EXHIBIT A

IDAHO SECRETARY OF STATE
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Section 2. Membership.

(a) Eligibility. Eligibility for membership shall be as defined in the Association's Bylaws.

(b) Nontransferability. Membership in the Association shall be nontransferable.

(c) Voting. Voting power of the members of the Association shall be equal and each member shall have one vote only. Voting by proxy shall not be permitted. Voting by mail shall be permitted in such instances and in the manner as provided by the Bylaws of the Association from time to time in effect.

(d) Property Rights. The property rights and interests of each member of the Association shall be unequal, and shall be determined and fixed in the proportion that the patronage of each qualifying patron with the Association in a fiscal period shall bear to the total patronage of all qualifying patrons in that fiscal period. New members of the Association shall be entitled to share with old members of the Association in the property of the Association in accordance with that general rule.

(e) Termination. Membership may be terminated in such events and at such times as provided in the Bylaws from time to time in effect.

(f) Rights on Termination. In the event the membership of any member shall terminate for any reason whatsoever, such member shall not thereupon become entitled to demand or receive any interest in the property or assets of the Association, but shall be entitled to receive payment of its interest in any book credits, or allocated reserves as and when payment thereof would have been received had it remained a member, subject to any lien and offset rights existing in the Association as provided for herein or under law.

Section 3. Book Credits and Reserves.

(a) Authority. The Association, through its Board of Directors, shall have the power to establish book credits and other reserves (allocated or unallocated) to provide funds for corporate purposes in the manner provided by the Bylaws by retains from margins or proceeds otherwise payable to the members or by other methods of collection. The designation, preferences, limitations, and relative rights of each class or series of book credits and reserves shall be determined by the Board of Directors upon issuance or creation of the same.

(b) Records. The amounts supplied as book credits or to the various classes of allocated reserves shall be credited to the respective persons by whom supplied, and the books of the Association shall indicate the amounts credited to each such person.

(c) Voting Rights. The holders of book credits and allocated reserves shall have no vote or voice in the management or control of the Association by virtue of their ownership thereof, nor shall they have any preference in the distribution of assets except as provided in these Articles of Incorporation.

(d) Transfer Restrictions. Book credits and allocated reserves shall not be transferable except in the manner provided by the By-laws.

(e) Right of Offset. No permitted transfer of any interest in book credits or allocated reserves shall be valid until all claims of the Association against the registered holder thereof have been paid in full. The Association shall have a first lien on all book credits and allocated reserves and any other interest distributed on a patronage basis standing on its books for all indebtedness of the respective holders or owners thereof. The Association shall have the right to offset any indebtedness of a patron to the Association against: (a) any sums payable by the Association to such member or patron; (b) such member or patron's book credits and allocated reserves in the Association; and/or (c) the cash portion of any patronage dividend payable by the Association to such member or patron. Each member and patron of the Association does hereby make, constitute and appoint the Association such member and patron's attorney-in-fact for him and in his name, place and stead, for his use and benefit, to sign, endorse, and deliver to the Association such portion of the cash portion of such member and patron's patronage dividend as may be necessary to satisfy any indebtedness of such member and patron to the Association; provided, nothing herein shall give the holders of book credits, allocated reserves, or any other interest distributed on a patronage basis, any right to have an offset made; nor to demand a preresolving of credits otherwise than in the ordinary course of the Association's business and as provided for in the bylaws at the discretion of the board of directors.

(f) Premature Redemption or Payment. In the event that the Association shall be obligated to redeem or otherwise liquidate a patron's interest in any book credits or other allocated reserves other than in the ordinary course of its business, including without limitation, cases where such amounts are applied in whole or partial satisfaction of the claims of a patron's creditors (including the Association itself) or of a trustee in bankruptcy, or cases where such amounts are required to be directly paid to a patron or his creditors or successors or assigns, then such interests shall be discounted to their present value. For purposes hereof, present value shall be calculated with reference to the Association's history of redeeming those interests of its patrons which are of similar character to those being prematurely redeemed (e.g., with reference to classification, type or year of issuance, etc.) over the ten (10) year period immediately preceding such premature redemption and with the use of a discount rate equal to the prime rate as published in the Wall Street Journal on the date of redemption or such greater amount, at the Board of Directors' option, as may then be appropriate.

Section 4. Liquidation. In the event of liquidation of the Association, voluntary or involuntary, the assets of the Association shall be applied upon the liabilities of the Association in the following order of priority: (a) to payment of all indebtedness and liabilities of the Association other than represented by the Association's book credits or allocated reserves; (b) to payment of book credits; (c) to payment of any patronage returns due for the then current fiscal year, pro rata; (d) to payment of allocated reserves to the patrons from whom retained according to the records of the Association, pro rata; and (e) if any balance remains, it shall be distributed among the members of the Association in proportion to the amount each member's unrefunded contributions to the book credits and allocated reserves of the Association bears to the total unrefunded contributions to the book credits and allocated reserves of all members at the time of

commencement of liquidation. If at such time there are no unrefunded contributions to the book credits or allocated reserves credited on the books of the Association to members, then any remaining balance shall be distributed among the members of the Association in their respective proportion equal to the ratio that each member's dollar value of marketing through the Association during the three (3) year period immediately preceding the date of such distribution shall bear to the total dollar value of all members marketing through the Association during such period by all members at such time.

ARTICLE 6

Directors

The general business of the Association shall be conducted by a Board of Directors, which board shall be elected and shall have powers and duties as may be provided by the Bylaws of this Association. Except as otherwise provided in the Bylaws, each director shall be a member of the Association or an authorized representative of a member entity which is other than a natural person. The Bylaws may provide for the nomination or election of directors who are members of the Association by geographical districts and the manner by which such districts and the number of directors allocated to each district will be determined. The Bylaws may permit the Board of Directors to appoint to the Board one non-member of the Association to serve as a non-voting member of the Board and for such term of office as the Bylaws shall specify.

ARTICLE 7

Limitation of Liability; Indemnification

Section 1. Limitation of Liability. A member of the Board of Directors shall not be individually liable to the Association or its members for any money damages for any action taken, or any failure to take any action, as a director, except liability for:

- (a) The amount of a financial benefit received by a director to which he is not entitled;
- (b) An intentional infliction of harm on the Association or the members;
- (c) A violation of Section 30-1-833, Idaho Code; or
- (d) An intentional violation of criminal law.

Section 2. Indemnification of Officers, Directors and Employees.

(a) The Association shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that he is or was a director, officer or employee of the Association or is or was serving at the request of the Association as a director,

officer or employee of another association, corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(b) The Association shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he is or was a director, officer or employee of the Association, or is or was serving at the request of the Association as a director, officer or employee of another association, corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duties to the Association unless and only to the extent that the court in such action or suit was brought shall determine upon application that despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

(c) To the extent that a director, officer or employee of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (a) or (b) hereof, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

(d) Any indemnification under subsections (a) or (b) of this section (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the director, officer or employee is proper in the circumstances because he has met the applicable standard of conduct set forth in subsections (a) or (b). Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of directors who are not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the members.

(e) Expenses (including attorneys' fees) incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized in the manner provided in subsection (d) upon receipt of an undertaking by or on behalf of the director, officer or employee

to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized in this section.

(f) The indemnification provided by this section shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any By-Law, agreement, vote of members or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer or employee and shall inure to the benefit of the heirs, executors and administrators of such person.

(g) The Association shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer or employee of the Association, or is or was serving at the request of the Association as a director, officer or employee of another association, corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the provisions of this section.

ARTICLE 8

Amendments

These Articles of Incorporation may be amended at any regular or any special meeting of the membership called for the purpose. An amendment must first be approved by two-thirds (2/3) of the directors and then adopted by the affirmative vote of two-thirds (2/3) of the members of the Association present at such meeting, except as otherwise provided in I.C. Section 22-2608, and provided that a quorum as specified in the Bylaws of the Association is present.