

ARTICLES OF MERGER/STATEMENT OF MERGER

OF
 GENESEE UNION WAREHOUSE COMPANY
 AND
 WHITMAN COUNTY GROWERS, INC.

2008 MAR -7 AM 9:28
 SE, SECRETARY OF STATE
 STATE OF IDAHO

Genesee Union Warehouse Company is an Idaho cooperative corporation organized under Idaho Code 22-26. Whitman County Growers, Inc. is a Washington cooperative corporation organized under the Revised Code of Washington, Chapter 23.86. Pursuant to the provisions of IC 22-2622A, 22-2626, 30-3-100A, 30-03-104, 30-3-99, 30-3-101, 30-3-102 and 30-18-205, and further pursuant to the provisions of RCW 23.86.220, 23.86.360, 23B.11.070, 23B.11.010, 23B.11.030 and 23B.11.050, said cooperative corporations do hereby execute these Articles of Merger (also known as a "Statement of Merger") and state as follows:

1. Name, Jurisdiction and Type of Merging Entities

(a) Whitman County Growers, Inc. is a Washington cooperative corporation organized under RCW Chapter 23.86 and will not be the surviving entity.

(b) Genesee Union Warehouse Company is an Idaho cooperative corporation organized under I.C. 22-26 and will be the surviving entity.

2. Plan of Merger: The Plan of Merger between the merging entities is hereto attached as Exhibit A (the "Plan of Merger").

3. Effective Date of Statement of Merger: Subject to the provisions of Paragraph 2 of the Plan of Merger, the merger and this Statement of Merger will become effective as of June 1, 2008.

4. Approval by Domestic and Foreign Merging Entities: The Plan of Merger was duly approved by: (a) the members of Genesee Union Warehouse Company in accordance with IC 30-18-203(a) and pursuant to IC 30-30-100A, IC 30-3-104 and IC 30-3-101; and (b) the members of Whitman County Growers, Inc. in accordance with the law of its jurisdiction of organization (to wit, RCW 23.86.220). The number of votes of Genesee Union Warehouse Company and Whitman County Growers, Inc. entitled to vote and the number voting "For" and voting "Against" the Plan of Merger were as follows:

<u>Genesee Union</u>	<u>Total Votes Entitled to Vote</u>	<u>Voted "For"</u>	<u>Voted "Against"</u>
	<u>283</u>	<u>154</u>	<u>27</u>
<u>Whitman County</u>	<u>Total Votes Entitled to Vote</u>	<u>Voted "For"</u>	<u>Voted "Against"</u>
	<u>288</u>	<u>146</u>	<u>16</u>

IDAHO SECRETARY OF STATE
 03/07/2008 05:00
 CK: 21693 CT: 168296 BH: 1103295
 1 0 30.00 = 30.00 MERGER # 2

C6442
 SEADOCS:274599.1

5. Amendments to Domestic Entities' Public Organic Documents: Genesee Union Warehouse Company is the surviving entity, it existed before the merger and it is a domestic filing entity. Any amendments to the public organic document(s) of Genesee Union Warehouse Company are identified in Exhibit B hereto attached.

Dated this 27th day of November, 2007

GENESEE UNION WAREHOUSE
COMPANY

BY: 

ITS: Chairman of the Board

WHITMAN COUNTY GROWERS, INC.

BY: 

ITS: President

PLAN OF MERGER

THIS PLAN OF MERGER is made and entered into by and between Genesee Union Warehouse Company (an Idaho cooperative corporation organized under Idaho Code 22-26, hereinafter sometimes referred to as "Genesee Union") and Whitman County Growers, Inc. (a Washington cooperative corporation organized under the Revised Code of Washington, Chapter 23.86, hereinafter sometimes referred to as "Whitman County"), both cooperative corporations collectively hereinafter sometimes referred to as "Constituent Associations."

WITNESSETH:

In consideration of the mutual promises and covenants, and subject to the conditions herein set forth, the parties hereto, intending to be legally bound hereby, have mutually agreed and hereby mutually agree that the Constituent Associations shall merge together and shall continue their corporate life as one cooperative association and agree to make such merger upon the following terms and conditions:

1. Merger. Whitman County and Genesee Union shall merge together, the name of which, upon and after the Effective Date of the merger, shall be Pacific Northwest Farmers Cooperative, Inc., hereinafter sometimes referred to as the "Resulting Association."

2. Effective Date Of Merger.

(a) If all of the following conditions are satisfied, then this Plan of Merger and the merger to be performed hereto shall be effective as of June 1, 2008 at 12:01 a.m. Pacific Daylight Time (hereinafter the "Effective Date"). If the following conditions are not satisfied, this Plan of Merger shall be without any force or effect. The conditions to be satisfied are as follows:

(i) The respective Boards of Directors of each Constituent Association shall approve this Plan of Merger and the execution hereof by the authorized officers of each such Constituent Association.

(ii) The memberships of each Constituent Association shall take such action as is required by the provisions of Idaho Code Sections 22-2622A, 22-2626, 30-3-100A, 30-3-104, 30-18-201(a), 30-3-100, 30-18-202, 30-3-99, 30-3-101, 30-18-203, 30-3-102 and 30-18-205 (as to Genesee Union) and the Revised Code of Washington, Sections 23.86.220, 23.86.360, 23B.11.070, 23B.11.010, 23B.11.030 and 23B.11.050 (as to Whitman County) for the approval of this Plan of Merger and the execution and filing of all documents necessary to effectuate the same by their respective authorized officers.

(iii) Articles of Merger or a Statement of Merger (as the case may be) are filed with the Secretary of State of the State of Idaho pursuant to Idaho Code Sections 22-2626, 30-3-102 and 30-18-205 and with the Secretary of State of the State of Washington pursuant to RCW 23.86.360 and 23B.11.050.

(iv) Any lender to a Constituent Association with a right to consent shall so consent to this Plan of Merger.

(v) The real and/or personal property of each Constituent Association shall not have been destroyed or substantially damaged by fire or other casualty.

(b) The directors of either Constituent Association at any time before the Effective Date upon determining that the other Constituent Association has materially violated the terms of the Plan of Merger, including, without limitation, any material breach in the representations or warranties set forth in paragraph 9 below, may declare this Plan of Merger to be null and void and of no further force or effect, without further action or approval by the members of the withdrawing corporation.

(c) If, prior to the Effective Date, any demand, other action or proceeding shall have been commenced for any relief or judgment of any nature whatsoever arising out of or related to this Plan of Merger, the directors of either Constituent Association, at their respective options, may declare this Plan of Merger to be null and void and of no further force or effect, without further action or approval by the members of the withdrawing corporation.

3. Business Pending Merger. Until the Effective Date, each Constituent Association agrees that without the consent in writing of the other Constituent Association it will not:

(a) Amend its Articles of Incorporation or Bylaws.

(b) Merge or consolidate with any other corporation or association.

(c) Permit any of its insurance to lapse or be terminated.

(d) Amend or alter any existing agreements.

(e) Take any action or perform any act designed to prejudice the consummation of the merger herein contemplated.

(f) Contract for the purchase or acquisition of property and assets other than in the ordinary and normal course of its business.

(g) Sell, liquidate or otherwise dispose of any of its property or assets except in the ordinary and normal course of its business.

(h) Incur any debt, obligation or liability except in the ordinary and normal course of its business.

(i) Retire any debt nor revolve any equity credits except on the same basis as customarily retired or revolved by such Constituent Association.

4. Effect of Merger. As of the Effective Date:

(a) Whitman County and Genesee Union shall merge together and, as such, the Constituent Associations shall become a single corporation embodied in the Resulting Association provided for herein.

(b) The Resulting Association shall have all the rights, privileges, immunities and powers, and shall be subject to all the duties and liabilities of a corporation organized under Idaho Code 22-26.

(c) The Resulting Association shall thereupon and thereafter possess all the rights, privileges, immunities and franchises, both public and private of each of the Constituent Associations to the extent that such rights, privileges, immunities, and franchises are not inconsistent with the corporate nature of the Resulting Association; and all property, real, personal and mixed, and all debts due on whatever account, and all other choses in action, and all and every other interest of or belonging to or due to each of the Constituent Associations shall be taken and deemed to be transferred to and vested in the Resulting Association without further act or deed; and the title to any real estate, or any interest therein, vested in either Constituent Association shall not revert or be in any way impaired by reason of such merger.

(d) The Resulting Association shall thereafter be responsible and liable for all the liabilities and obligations of each of the Constituent Associations; and any claim existing or action or proceeding pending by or against either of such organizations may be prosecuted as if the merger had not taken place and the Resulting Association may be substituted in its place. Neither the rights of creditors nor any liens upon the property of any or either Constituent Association shall be impaired by the merger.

(e) The Articles of Incorporation and Bylaws of the Resulting Association shall be as respectively set forth in Exhibits A and B hereto attached.

5. Board of Directors and Officers of the Resulting Association; Districts.

(a) The initial Board of Directors of the Resulting Association shall consist of nine (9) members, five (5) of whom shall be from the current Board of Genesee Union and four (4) of whom shall be from the current Board of Whitman County. In addition to these nine directorship positions, and as authorized by the Bylaws of the Resulting Association, the Board of Directors may from time to time appoint to the Board one individual who is a non-member of the Resulting Association to serve as a non-voting member of the Board for a term of one year.

(b) The position number of each initial Board directorship, name of the individuals who will be appointed to each such position, a description of their applicable Board geographic district, and the year their respective initial terms of office will expire are as follows:

<u>Position</u>	<u>Name</u>	<u>District</u>	<u>Initial Term Expires</u>
1	Jeff Anderson	Johnson	2011
2	Asa W. Clark	Washington	2011

3	Tom Kinzer	Idaho	2011
4	Mark Hall	Washington	2011
5	Ken Iverson	Idaho	2011
6	Carl Crider	Washington	2011
7	Russ Zenner	Idaho	2011
8	Alan Slonaker	Washington	2011
9	Wayne Jensen	Idaho	2011

(c) Each initial member of the Board identified above shall serve for three years until 2011. Then, to implement staggered three year terms for each of these directorship positions, candidates will be nominated and elected at the 2011 annual membership meeting of the Resulting Association as follows:

<u>Position</u>	<u>District</u>	<u>Elected at 2011 Meeting For Term Expiring</u>	<u>Next Term Expires and Every Third Year Thereafter</u>
1	Johnson	2012	2015
2	Washington	2012	2015
3	Idaho	2012	2015
4	Washington	2013	2016
5	Idaho	2013	2016
6	Washington	2013	2016
7	Idaho	2014	2017
8	Washington	2014	2017
9	Idaho	2014	2017

Pursuant to the Bylaws of the Resulting Association, directors are eligible to serve two consecutive terms of up to three years each and are eligible for reelection to the Board after being off the Board for one year. To that end, if an initial director is reelected at the 2011 annual membership meeting, this will be deemed to complete his or her second term on the Board. For example, if the individual initially appointed to Position 1 is reelected at the 2011 annual membership meeting for a one year term ending in 2012, this counts as their second term and they will not be eligible for reelection in 2012. If one or more of the initial board members decline to serve or do not get reelected to serve at the 2011 annual membership meeting, then the person elected to fill the initial director's position in 2011 will be eligible to serve one additional three year term. For example, if the individual initially

appointed to Position 1 declines to serve or is not elected to a second term in 2011, then the person elected to fill this position in 2011 shall serve a one year term and be eligible for election to serve a second term of three years in 2012.

(d) For the purpose of nominating directors, the territory in which the Resulting Association has members shall be divided into the "Johnson", "Washington" and "Idaho" Districts as defined in the Bylaws of the Resulting Association. To be eligible to represent a District, an individual must be domiciled (i.e., have his or her primary residence) in that District at the time of his or her election.

(e) The remaining directors of Whitman County and Genesee Union shall resign as of the Effective Date. Except as otherwise stated in paragraphs 5(b)-(c) above, or as otherwise limited by the Bylaws of the Resulting Association, each member of the Board of Directors of the Resulting Association shall be eligible to serve two (2) consecutive three (3) year terms.

6. Conversion of Membership Stock and Memberships. The method of converting the membership stock and memberships of the Constituent Associations into memberships of the Resulting Association shall be as follows:

(a) Each member of Whitman County on the Effective Date who intends to be either a voting member (or non-voting associate member) of the Resulting Association shall be deemed to have surrendered his share of \$30 par value voting common stock in Whitman County and shall receive in exchange one (1) \$25 membership (either voting or a non-voting associate membership as the case may be) in the Resulting Association. Each such member's share of \$30 par value voting common stock in Whitman County shall be deemed cancelled. The five dollar (\$5.00) difference between the par value of the common stock surrendered (\$30) and the stated value of the membership received (\$25) shall be credited to the account of each such member.

(b) Each member of Whitman County who does not intend to be either a voting member or non-voting associate member of the Resulting Association shall so notify the Resulting Association in writing, within thirty (30) days after the Effective Date. Thereupon, each such shareholder shall be deemed to have surrendered to the Resulting Association his share of \$30 par value voting common stock in Whitman County and the total par value thereof shall be paid to such person by the Resulting Association within ninety (90) days after the Effective Date, whereupon such share shall be canceled and the membership deemed terminated. No such termination shall affect or impair any contracts or obligations then in effect between such terminating member and Whitman County and such contracts or obligations shall remain in full force and effect in accordance with their terms.

(c) The existing \$25 memberships (or non-voting associate memberships) of Genesee Union will automatically be deemed to be \$25 memberships (or non-voting associate memberships) in the Resulting Association.

7. Equity Credits.

(a) The below described equity credits shall remain in full force and effect between the Resulting Association and the holders thereof:

Constituent Association	Description of Equity Credits	Dollar Amount	As of Fiscal Year Ending
Genesee Union	Patrons' Allocated Equities	\$3,217,156	5/31/07
Whitman County	Patrons' Equity Capital	\$2,981,200	5/31/07

The indicated dollar amounts are as of May 31, 2007 for both Genesee Union and Whitman County and are shown here only for the purpose of identifying each class of "equity credits" as reflected on Exhibits C and D. The actual balances of these various classes of equity credits as of the Effective Date shall be the applicable dollar amounts.

The Resulting Association shall fully and faithfully pay and perform all of the Constituent Associations' obligations and exert all of their rights under the above-described equity credits.

(b) Genesee Union's unallocated margins (which totaled \$282,342 as of May 31, 2007) shall remain unallocated margins of the Resulting Association.

(c) The retained earnings of Genesee Union (which totaled \$2,539,564 as of May 31, 2007) shall remain retained earnings of the Resulting Association.

(d) The retained earnings of Whitman County (which totaled \$877,230 as of May 31, 2007) shall remain retained earnings of the Resulting Association.

(e) All net margins of each Constituent Association accrued as of the close of business on the Effective Date, with respect to its then current year shall be allocated and distributed by the Resulting Association within eight and one-half (8 ½) months thereafter, to such Constituent Association's patrons in accordance with the terms of the respective Constituent Association's Articles of Incorporation and Bylaws in the form of equity credits in terms identical to each such Constituent Association's standard equity credits heretofore issued all as the former members of the Board of Directors of each such Constituent Association shall determine. Notwithstanding the foregoing, and consistent with the provisions of subparagraph 8(a) below, any such net margins of Whitman County shall be allocated and distributed in a revolving form of capital plan instead of pursuant to the base capital plan previously used by Whitman County prior to the Effective Date.

(f) Any net operating loss of each Constituent Association accrued as of the close of business on the Effective Date, with respect to its then current year shall be allocated by the Resulting Association within eight and one-half (8 ½) months thereafter, to such Constituent Association's patrons in accordance with the terms of the respective Constituent Association's Articles of Incorporation and Bylaws (or, if they be silent as to how such allocation shall be made, then as the Resulting Association's Board of Directors shall determine.)

8. Retirement of Equity Credits.

(a) Whitman County's Patrons Equity Capital will be converted from a base capital plan to a revolving form of capital plan as of the Effective Date to conform with the revolving form of capital plan used by Genesee Union and the Resulting Association.

(b) The Resulting Association will retire the equity credits of each Constituent Association designated in subparagraphs 7(a) and 7(e) above which were issued in a "qualified" form (as defined in Section 1388 (c) of the Internal Revenue Code) (and as offset by any net operating losses pursuant to paragraph 7(f) above) in the chronological order in which each such Constituent Association and the Resulting Association issued the same as recorded on the books of each Constituent Association and the Resulting Association. All monies which the Resulting Association's Board of Directors determines to use for such retirement purposes after the Effective Date will be applied for retirement of such equity credits of each Constituent Association in the proportion of: (i) 87% to such equity credits of Genesee Union (of which 80% will be applied towards the equity credits of Genesee Union and 20% towards the equity credits of Johnson Union as per their 2003 Plan of Merger); and (ii) 13% to such equity credits of Whitman County.

(c) In addition, if the Resulting Association realizes at least \$1,250,000 of pre-tax net earnings at the close of a fiscal year subsequent to the Effective Date, then a dollar amount equal to a certain percentage (as shown in the chart below) of such pre-tax net earnings will be applied by the Resulting Association's Board of Directors towards the retirement of additional equity credits of Whitman County, oldest first, within eight and one-half (8 1/2) months after the close of such fiscal year, all as follows:

Resulting Association Pre-Tax Earnings	Additional Amount Applied Towards Retirement of Whitman County Equity Credits
\$1,250,000-\$1,500,000	4% of pre-tax earnings
Greater than \$1,500,000	7% of pre-tax earnings

(d) The Resulting Association's Board of Directors may deviate from the plan of retirement and/or the methods of retirement herein mentioned to such extent as in said Board's judgment is necessary or proper to carry out any retirement to avoid inequities or to round out retirements to even annual series, or even fractions of annual series, or to otherwise effectuate an orderly and equitable retirement program.

(e) The Resulting Association's Board of Directors may determine from time to time whether the equity credits issued by the Resulting Association subsequent to the Effective Date will continue to be redeemed in relationship to year of origin (revolving fund plan) or, in the alternative, in relation to a share of the total capital needs of the Resulting Association determined as equitable for each member or patron (base capital plan), or other plan of redemption, as determined by such Board of Directors.

9. Representations and Warranties. Each Constituent Association represents and warrants, one to the other, as follows:

(a) Their respective assets and liabilities are completely and correctly identified and set forth in their respective financial statements attached hereto as Exhibit C (as to Genesee Union and Exhibit D (as to Whitman County) subject only to adjustments thereto caused by operations in the normal course of business prior to the Effective Date.

(b) Neither party is aware of any pending or threatened litigation or claims against it or any encumbrances or defects in title to their respective assets except as set forth in Exhibit E (as to Genesee Union) and Exhibit F (as to Whitman County).

(c) Neither party is aware of the presence of toxic or hazardous wastes, materials or substances on property for which either of the Constituent Associations would be obligated by law, regulation or order to remediate or to contribute thereto.

(d) In the event of a breach or failure of any representation or warranty of a Constituent Association hereunder or in the event of any claim or demand against the Resulting Association arising out of or related to the performance by a Constituent Association of its duties or obligations hereunder, the Resulting Association shall have the right to recover its loss therefrom by offset against the equity credits of such Constituent Association designated in paragraph 8(a) above.

10. Name of Surviving Association. State law (IC 30-3-100, 30-18-202, 30-3-102 and 30-18-205 as to Idaho and RCW 23.86.220(2)(b) as to Washington) requires this Plan of Merger and the Statement of Merger or Articles of Merger to set forth the name of the Constituent Association which is to be the surviving association in the merger. For this purpose, Genesee Union will be the surviving association and its name will be changed to Pacific Northwest Farmers Cooperative, Inc. as of the Effective Date.

11. Entire Agreement. This Plan of Merger constitutes the entire agreement between the parties. There are no oral or other agreements except as herein expressed. This agreement shall not be amended or modified without the prior written agreement of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Plan of Merger on the 12th day of October, 2007.

WHITMAN COUNTY GROWERS, INC.

By Alan Horrocks
Its President

By Ratp...
Its Secretary

GENESEE UNION WAREHOUSE CO.

By Jeff M. Anderson
Its President

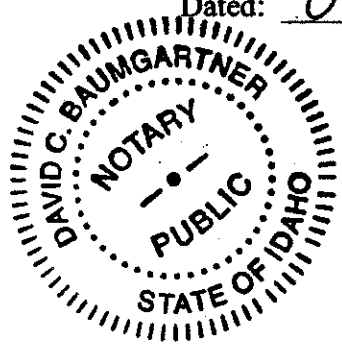
By David A. Nelson
Its Secretary

STATE OF IDAHO)
COUNTY OF LATAH)

ss.

I certify that I know or have satisfactory evidence that Jeff Anderson and Dan Nelson are the persons who appeared before me, and said persons acknowledged that they signed this instrument, on oath stated that they are the President and Secretary, respectively, of GENESEE UNION WAREHOUSE CO., and were authorized to execute the instrument, and acknowledged it to be the free and voluntary act of said entity for the uses and purposes mentioned in the instrument.

Dated: Oct. 17, 2007.



David C. Baumgartner
Notary Public for Idaho
David C. Baumgartner

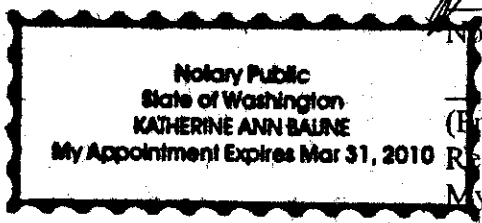
(Printed or Stamped Name of Notary)
Residing at Genesee
My appointment expires: 3-31-2011

STATE OF WASHINGTON)
COUNTY OF Whitman)

ss.

I certify that I know or have satisfactory evidence that Alan Stokes and Robert Holmes are the persons who appeared before me, and said persons acknowledged that they signed this instrument, on oath stated that they are the President and Secretary, respectively, of WHITMAN COUNTY GROWERS, INC., and were authorized to execute the instrument, and acknowledged it to be the free and voluntary act of said entity for the uses and purposes mentioned in the instrument.

Dated: 10-18-07, 2007.



Katherine Ann Balne
Notary Public for Washington

(Printed or Stamped Name of Notary)
Residing at Wap
My appointment expires: Mar. 31, 2010

EXHIBIT A Articles of Incorporation of Resulting Association

EXHIBIT B Bylaws of Resulting Association

EXHIBIT C Genesee Union Balance Sheet

EXHIBIT D Whitman County Balance Sheet

EXHIBIT E Genesee Union pending litigation or claims

EXHIBIT F Whitman County pending litigation or claims