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# State of Idaho

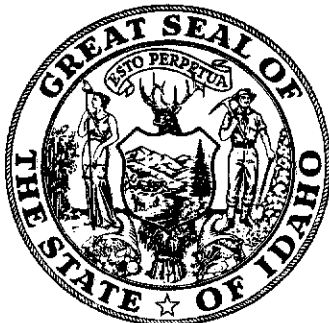
## Department of State

### CERTIFICATE OF MERGER OR CONSOLIDATION

I, PETE T. CENARRUSA, Secretary of State of the State of Idaho, hereby certify that duplicate originals of Articles of Merger of CONSUMER'S COOPERATIVE ASSOCIATION, INC., an Idaho corporation, into FARMERS SUPPLY COOPERATIVE, an Oregon corporation, duly executed pursuant to the provisions of the Idaho Business Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I issue this certificate of merger, and attach hereto a duplicate original of the Articles of Merger.

Dated: July 23, 1996



*Pete T. Cenarrusa*  
SECRETARY OF STATE

By *Step J Clark*

JUL 23 2 11 PM '96  
SECRETARY OF STATE  
STATE OF IDAHO

ARTICLES OF MERGER  
of  
CONSUMER'S COOPERATIVE ASSOCIATION, INC.  
into  
FARMERS SUPPLY COOPERATIVE

The undersigned do hereby certify:

1. Curtis Hickey is the President and Jim Hogg is the Secretary of Consumer's Cooperative Association, Inc., an Idaho cooperative marketing association ("Consumer's").
2. Sam Mori is the President and William Burns is the Secretary of Farmers Supply Cooperative, an Oregon cooperative corporation ("Farmers").
3. Consumer's and Farmers have both adopted a Plan of Merger ("Plan") pursuant to which Consumer's shall merge into Farmers, a copy of which Plan of Merger is attached hereto as Exhibit "A".
4. The number of members of Consumer's entitled to vote is 609, and no class of votes is entitled to vote as a class.
5. The number of members of Farmers entitled to votes is 742, and no class of votes is entitled to vote as a class.
6. The Plan was approved by a vote of Consumer's members of 39 for the Plan and 0 against the Plan, and by a vote of members of Farmers of 27 for the Plan and 0 against the Plan.

IN WITNESS WHEREOF, the undersigned have executed these Articles of Merger this 23<sup>rd</sup> day of July, 1996.

Consumer's Cooperative Association, Inc.  
an Idaho cooperative marketing association

By: Curtis R. Hickey Pres.  
Curtis Hickey, President

By: Jim Hogg  
Jim Hogg, Secretary

Farmers Supply Cooperative  
an Oregon cooperative corporation

By: Sam Mori  
Sam Mori, President

By: William D. Burns  
William Burns, Secretary

Articles of Merger

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VERIFICATION

STATE OF Idaho )  
County of Washington ) ss.

WE, THE UNDERSIGNED, declare under penalty of perjury that we have examined the foregoing Articles of Merger and to the best of our knowledge and belief, it is true, correct and complete.

Curtis R. Hickay Pres.  
Jim W. Long Sec.

SUBSCRIBED AND SWORN to before me this 18<sup>th</sup> day of July, 1996.

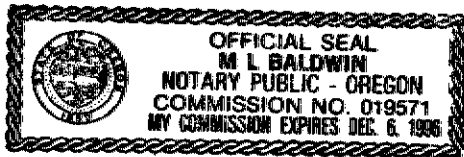
Margaret A. Chiles  
NOTARY PUBLIC FOR Idaho  
My Commission Expires: 1/4/2000

STATE OF OREGON )  
County of Malheur ) ss.

WE, THE UNDERSIGNED, declare under penalty of perjury that we have examined the foregoing Articles of Merger and to the best of our knowledge and belief, it is true, correct and complete.

Sam Allen  
William P Burns

SUBSCRIBED AND SWORN to before me this 18<sup>th</sup> day of July, 1996.



M L Baldwin  
NOTARY PUBLIC FOR OREGON

**JUL 23 2 11 PM '96**  
**SECRETARY OF STATE**  
**STATE OF IDAHO**

**PLAN OF MERGER**  
of  
**CONSUMER'S COOPERATIVE ASSOCIATION, INC.**  
into  
**FARMERS SUPPLY COOPERATIVE**

The following is the Plan of Merger adopted pursuant to the Oregon Cooperative Corporation Act, ORS 62.605, *et seq.*, and the Idaho Nonprofit Corporation Act, IC § 30-3-104, by Consumer's Cooperative Association, Inc., an Idaho agricultural cooperative marketing association ("Consumer's") and Farmers Supply Cooperative, an Oregon cooperative corporation ("Farmers" or "Surviving Cooperative") (each a "Constituent Cooperative").

**1 NAMES OF CORPORATIONS**

1.1 Consumer's is an Idaho cooperative marketing association which has 609 members entitled to vote. There are no shares of any class of stock entitled to vote as a class.

1.2 Farmers is an Oregon corporation which has 742 members entitled to vote. There are no shares of any class of stock entitled to vote.

**2 PROPOSED MERGER**

Consumer's shall merge into Farmers.

**3 TERMS AND CONDITIONS OF MERGER**

3.1 On August 1, 1996 ("Effective Date"), the separate existence of Consumer's shall cease, and Farmers shall succeed, without further transfer, to all the rights, privileges, immunities, and franchises of each of the Constituent Cooperatives; all property belonging to Consumer's shall be transferred to and vested in the Surviving Cooperative without further act or deed; the Surviving Cooperative shall be responsible for all liabilities of each of the Constituent Cooperatives; all in the manner and with the effect set forth in ORS 62.625.

3.2 This Plan is subject to being adopted by the Board of Directors and being approved by the members of Consumer's and Farmers.

3.3 Consumer's shall, from time to time, and when requested by Farmers, execute and deliver all such documents and instruments and take all such actions as

Farmers may deem reasonably necessary or desirable in order to vest in or confirm to Farmers title to and possession of the rights, property, assets and business of Consumer's, or otherwise to carry out the full intent and purpose of this Plan.

#### 4 CONVERSION OF MEMBERSHIPS

Each member of Consumer's immediately prior to the Effective Date shall be a member of the Surviving Cooperative. To equalize membership fees among the members of the Surviving Cooperative, members of Consumer's who are not already members of Farmers shall be assessed a fee of \$1.50 as additional consideration for their memberships in the Surviving Cooperative, making the membership fee \$2.50 total. The assessment shall be paid by applying the net patronage margins or refunds allocable to that member during each fiscal year until the membership fee is paid in full. Those who are members of both Farmers and Consumer's may receive a refund of any membership fees paid in excess of \$2.50, by applying to the Surviving Cooperative within the first thirty days following the Effective Date. Each member of Farmers immediately prior to the Effective Date shall continue to be a member of the Surviving Cooperative.

#### 5 MEMBERSHIP EQUITY

5.1 The margins of a Constituent Cooperative from business done for its patrons for the period ended July 31, 1996, shall be allocated to the members of such Constituent Cooperative based on their patronage in accordance with articles of incorporation, bylaws and any marketing agreements of such Constituent Cooperative. Margins which qualify for federal income tax purposes for patronage dividends with respect to the year ending July 31, 1996, shall be distributed to the members in cash to the extent of 20 percent of the total patronage dividend and the balance as qualified written notices of allocation. Any patronage loss of a Constituent Cooperative for the period ended July 31, 1996, shall be charged against the Constituent Cooperative's existing unallocated equities.

5.2 Retained earnings or unallocated equities of each Constituent Cooperative as of July 31, 1996, shall remain unallocated as retained earnings or unallocated equities of the Surviving Cooperative.

5.3 The Capital Reserve Account A of Consumer's (representing the aggregate patronage refunds or dividends allocated to its patrons which have not been paid or redeemed in cash) outstanding on the Effective Date, including allocations made pursuant to Section 5.1 with respect to the year ending July 31, 1996 (the "Total Consumer's Capital Reserve Account A"), shall be divided into two classes, namely (i) Consumer's Permanent Patronage Capital Credits, and (ii) Consumer's Revolving Patronage Capital Credits. The Consumer's Revolving Patronage Capital Credits shall be redeemed, refunded or revolved on the same basis as all other patronage capital credits of the Surviving Cooperative. The Consumer's Permanent Patronage Capital Credits shall be permanent capital of the Surviving

Cooperative subject to redemption upon the liquidation of the Surviving Cooperative as provided in the Surviving Cooperative's articles.

5.4 Each patron of Consumer's who has an allocated share of the Total Consumer's Capital Reserve Account A shall have the dollar face value of such patron's share converted without reduction in dollar face value into (i) the dollar face value of Consumer's Permanent Patronage Capital Credits bearing the same proportion to such patron's total share that \$830,000 bears to the Total Consumer's Capital Reserve Account A, and (ii) the dollar face value of Consumer's Revolving Patronage Capital Credits equal to the balance of such patron's share of the Total Consumer's Capital Reserve Account A.

5.5 The Allocated Capital Accounts of Farmers (representing the aggregate patronage net margins or dividends allocated to its members and patrons which have not been paid or redeemed in cash) outstanding on the Effective Date, including allocations made pursuant to Section 5.1 with respect to the period ending July 31, 1996, shall remain the patronage capital credits of the Surviving Cooperative without change in dollar face value or class. Such patronage capital credits (including Consumer's Revolving Patronage Capital Credits as provided in Section 5.3) shall be subject to refunding or redemption prior to the dissolution of the Surviving Cooperative in accordance with the articles and bylaws of the Surviving Cooperative. Allocated equity shall be refunded in an amount to be determined by and at the discretion of the board and consistent with the Surviving Cooperative's articles and bylaws.

5.6 If substantially all of the assets of the Surviving Cooperative are sold or if the Surviving Cooperative is dissolved, then in order to reflect a valuation difference as of the Effective Date between Farmers and Consumer's, there shall be allocated to those persons who were members of Farmers between January 1, 1991, and July 31, 1996 (the "Valuation Adjustment Period"), an amount up to \$830,000 from the proceeds resulting from such sale or the dissolution and liquidation of the Surviving Cooperative that remain (if any) after satisfying the priority debts and expenses as provided for in the Restated Articles of Incorporation (the "Valuation Equities"). The Valuation Equities shall be allocated among such members of Farmers so far as practicable on the basis of their respective patronage during the Valuation Adjustment Period as conclusively determined by the board of directors of the Surviving Cooperative. The Valuation Equities shall be redeemed upon the liquidation and dissolution of the Surviving Cooperative as set forth in the Surviving Cooperative's articles.

## 6 ARTICLES OF INCORPORATION AND BYLAWS OF FARMERS

The articles of incorporation and bylaws of Farmers in effect on the Effective Date (as restated and amended contingent on completion of the merger) shall continue in full force and effect until altered or amended as provided therein or provided by law.

On the Effective Date, the board of directors of the Surviving Cooperative ("Combined Board") shall consist of eight persons. The terms of the directors shall be staggered, and except for the directors of the initial Combined Board, directors will serve three-year terms. The five directors who compose the board of directors of Farmers immediately prior to the Effective Date ("Farmers Board") shall be members of the Combined Board and shall continue to serve the terms for which they were elected to the Farmers Board. The other three directors on the Combined Board shall be selected by and drawn from the board of directors of Consumer's immediately prior to the Effective Date ("Consumer's Board"); of which directors, one will serve until his or her successor is elected (or he or she is reelected) at the first annual meeting of the Surviving Cooperative, one will serve until his or her successor is elected (or he or she is reelected) at the second annual meeting of the Surviving Cooperative, and one will serve until his or her successor is elected (or he or she is reelected) at the third annual meeting of the Surviving Cooperative.

For purposes of making the transition to electing directors from a nominating district rather than electing them at large, at a meeting held within ten days of the Effective Date ("Initial Board Meeting"), the Combined Board shall designate (by whatever means it deems equitable) each board member as representing a particular district, regardless of whether the board member farms in that district. Prior to or at the Initial Board Meeting, the Combined Board shall draw the districts in accordance with the Amended Bylaws. The Farmers Board shall determine by whatever means it deems equitable in which of the five seats taken by its directors each shall sit. The Consumer's Board shall determine by whatever means it deems equitable in which of the three seats in the Consumer's Districts (as defined in the Amended Bylaws) the directors it selects shall serve (provided, however, directors selected by the Consumer's Board must be assigned to districts in such a way that one of the directors' terms will expire at each of the first three annual meetings of the Surviving Cooperative).

The officers of the Surviving Cooperative shall be the officers of Farmers immediately prior to the Effective Date, and they shall hold office in each case at the pleasure of the board of directors of the Surviving Cooperative.