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**ARTICLES OF MERGER
OF
MAGIC VALLEY POTATO SHIPPERS, INC.
INTO
SUN VALLEY POTATO GROWERS, INC.**

FILED
98 AUG 31 AM 9:01
SECRETARY OF STATE
STATE OF IDAHO

The undersigned, being the President of Sun Valley Potato Growers, Inc., submits these Articles of Merger pursuant to Section 30-1-1105 of the Idaho Business Corporation Act ("Act").

1. Plan of Merger. The Agreement and Plan of Merger adopted by the Board of Directors of Sun Valley Potato Growers, Inc. by unanimous consent dated July 31, 1998, is attached hereto as Exhibit A.
2. Shareholder Approval Not Required. The merger contemplated in the Agreement and Plan Merger is a merger of a subsidiary by the parent corporation as allowed under Section 30-1-1104 of the Act. Pursuant to such section, approval of the shareholders of parent or subsidiary is not required.

IN WITNESS WHEREOF, these Articles of Merger are executed by the duly authorized representative of Sun Valley Potato Growers, Inc., to be effective as of 5:00 p.m., August 28, 1998.


Jeff Clark, President

IDAHO SECRETARY OF STATE

08/31/1998 09:00
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**AGREEMENT AND PLAN OF MERGER BETWEEN
SUN VALLEY POTATO GROWERS, INC. AND
MAGIC VALLEY POTATO SHIPPERS, INC.**

THIS AGREEMENT AND PLAN OF MERGER ("Agreement") is made and entered into as of the 31st day of July, 1998, by and between SUN VALLEY POTATO GROWERS, INC., an Idaho Agricultural Cooperative ("Parent") (sometimes referred to as the "Surviving Corporation"), and MAGIC VALLEY POTATO SHIPPERS, INC., an Idaho corporation ("Subsidiary") collectively, the "Parties."

WHEREAS, Subsidiary has an authorized capital stock consisting of 250,000 shares of common stock of which four (4) shares are issued and outstanding; and

WHEREAS, Parent owns all of the issued and outstanding shares of common stock of Subsidiary; and

WHEREAS, the Parties desire to merge in a transaction that qualifies as a liquidation of a subsidiary under Section 332 of the Internal Revenue Code of 1986, as amended; and

WHEREAS, the Boards of Directors of Parent and Subsidiary deem it advisable that Subsidiary be merged into Parent pursuant to this Agreement and in accordance with the applicable statutes of the State of Idaho;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements herein contained and of the mutual benefits hereby provided, it is agreed by and between the Parties as follows:

1. Names of Constituent Corporations. The name of the parent corporation, which shall continue in existence as the Surviving Corporation, is Sun Valley Potato Growers, Inc. The name of the subsidiary corporation being merged into the parent corporation is Magic Valley Potato Shippers, Inc.

2. Merger; Effective Date. Subsidiary shall be merged into Parent effective as of the effective date of the Articles of Merger.

3. Conversion of Stock. Upon the Effective Date, each share of the common stock of Subsidiary presently issued and outstanding shall be canceled and retired, and no shares of common stock, or other securities of Subsidiary shall be issued in respect thereof, and all rights in respect thereof shall be canceled without any conversion thereof. Each of the issued and outstanding shares of common stock of Parent, and the certificate(s) nominally representing such shares of common stock of Parent shall for all purposes be deemed to evidence the ownership of shares of common stock of the Surviving Corporation.

4. Waiver of Mailing Requirement. By execution hereof, the authorized representative of the sole shareholder of Subsidiary hereby waives in writing, the mailing requirement of Section 30-1-1104(3) of the Act.

5. Articles of Incorporation; Bylaws. The Articles of Incorporation and Bylaws of Parent in effect immediately prior to the Effective Date shall continue in full force and effect as the Articles of Incorporation and Bylaws of the Surviving Corporation until further amended as provided therein or by law.

6. Surviving Corporation. Parent shall survive the merger contemplated herein and shall continue to be governed by the laws of the State of Idaho. The separate corporate existence of Subsidiary shall cease forthwith upon the Effective Date. On the Effective Date all liabilities of Subsidiary shall be assumed by the Surviving Corporation, and all of the rights, privileges, powers, franchises, properties, real and personal, and every other asset of Subsidiary shall be vested in the Surviving Corporation without further act or deed. Subsidiary hereby agrees, from time to time, as and when requested by the Surviving Corporation or by its successors or assigns, to execute and deliver or cause to be executed and delivered all such deeds and instruments and to take or cause to be taken such further or other action as the Surviving Corporation may deem necessary or desirable in order to vest in and confirm to the Surviving Corporation title to and possession of any property of Subsidiary acquired or to be acquired by reason of or as a result of the merger herein provided for and otherwise to carry out the intent and purposes hereof and the proper officers and directors of Subsidiary and the proper officers and directors of the Surviving Corporation are fully authorized in the name of Subsidiary or otherwise to take any and all such action.


All rights of creditors and all liens upon the property of either of the Parties shall be preserved unimpaired, and all debts, liabilities and duties of Subsidiary shall thenceforth attach to the Surviving Corporation and may be enforced against it to the same extent as if said debts, liabilities and duties had been incurred or contracted by the Surviving Corporation.

7. Directors. The directors and officers of Parent immediately prior to the Effective Date shall continue as the directors and officers of the Surviving Corporation for the remainder of their respective terms.

8. Amendment. At any time and from time to time this Agreement may be amended or repealed in the manner provided by the applicable statutes of the State of Idaho. At any time prior to the date of filing the Articles of Merger, this Agreement may be terminated by the Board of Directors of either of the Parties.

IN WITNESS WHEREOF, each of the Parties, pursuant to authority duly granted by its Board of Directors, has caused this Agreement and Plan of Merger to be executed as of the date first above-written.

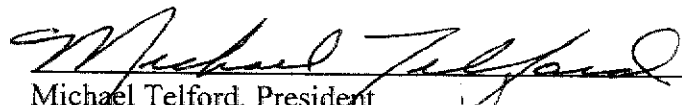
SUN VALLEY POTATO GROWERS, INC.,
an Idaho Agricultural Cooperative


Jeff Clark, President

ATTEST:


L.R. Gillette, Secretary

MAGIC VALLEY POTATO SHIPPERS, INC.,
an Idaho Corporation


Michael Telford, President

ATTEST


Jeff Clark, Secretary