

FILED EFFECTIVE

ARTICLES OF MERGER
OF
VALLEY WIDE COOPERATIVE INC.
INTO
UNITED CO-OP, INC.
TO BE KNOWN AS
VALLEY WIDE COOPERATIVE INC.

2005 MAY 26 AM 8:30

SECRETARY OF STATE
STATE OF IDAHO

IDAHO SECRETARY OF STATE
05/26/2005 05:00
OK: 3413 CI: 2223 DI: 612626
1 P 30.00 = 30.00 MERGER # 2

The undersigned corporations hereby execute and file these Articles of Merger pursuant to Idaho Code § 30-3-102.

1. The plan of merger entitled "Agreement and Plan of Unification of Valley Wide Cooperative Inc. and United Co-op, Inc." is attached hereto as Exhibit A (hereinafter referred to as the "Plan of Merger").
2. Pursuant to the Plan of Merger, Valley Wide Cooperative Inc. merged with and into United Co-op, Inc., with United Co-op, Inc. being the surviving corporation.
3. Pursuant to the Plan of Merger, United Co-op, Inc., as the surviving corporation, changed its name to "Valley Wide Cooperative Inc." and hereafter shall be known as Valley Wide Cooperative Inc.
4. The approval of the Members of Valley Wide Cooperative Inc. and the approval of the Members of United Co-op, Inc. were required to approve the Plan of Merger.
 - a. United Co-op, Inc. has one class of Members. United Co-op, Inc. had 392 memberships outstanding. The number of votes entitled to be cast by the Members of United Co-op, Inc. on the Plan of Merger was 392, and the number of votes of Members of United Co-op, Inc. indisputably voting on the Plan of Merger was 142.
 - b. The total number of votes of Members of United Co-op, Inc. cast for the Plan of Merger was 137. The total number of votes of Members of United Co-op, Inc. cast against the Plan of Merger was 5.
 - c. Valley Wide Cooperative Inc. has one class of Members. Valley Wide Cooperative Inc. had 785 memberships outstanding. The number of votes entitled to be cast by the Members of Valley Wide Cooperative Inc. on the Plan of Merger was 785, and the number of votes of Members of Valley Wide Cooperative Inc. indisputably voting on the Plan of Merger was 251.

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d. The total number of votes of Members of Valley Wide Cooperative Inc. cast for the Plan of Merger was 232. The total number of votes of Members of Valley Wide Cooperative Inc. cast against the Plan of Merger was 19.

e. No other person was required to approve the Plan of Merger.

IN WITNESS WHEREOF, the undersigned have executed these Articles of Merger to be effective as of April 1, 2005.

UNITED CO-OP, INC.

VALLEY WIDE COOPERATIVE INC.

By Timm R. Adams
Timm Adams, President

By Byron Jensen
Byron Jensen, President

EXHIBIT A

AGREEMENT AND PLAN OF UNIFICATION

OF

VALLEY WIDE COOPERATIVE INC.

AND

UNITED CO-OP, INC.

I. GENERAL OBJECTIVES

This Agreement and Plan of Unification ("Plan of Unification") provides for unifying by merger United Co-op, Inc (hereinafter called "United") and Valley Wide Cooperative (hereinafter called "Valley Wide"), with United being the surviving association. United and Valley Wide are sometimes collectively referred to herein as "cooperatives" and individually as "cooperative". The merged cooperatives are sometimes referred to herein as the "unified Cooperative." The merger of United and Valley Wide is sometimes referred to herein as the "Unification."

Today's agricultural and economic situation demands that cooperatives find ways to eliminate duplication of expenses and to become more flexible and capable of responding to an ever-changing economy. This important proposal by your respective Board of Directors, if adopted, will help the cooperatives achieve savings and efficiency to better, more efficiently serve their members and patrons now and in the future. The key advantages are that the unified cooperative will be, provide or attain:

- To be the leading Ag Supply Cooperative in Southern Idaho
- To capture the advantages of diversification for our new business including the type of crops grown, climate in which we operate, water availability and product lines.
- To achieve the size and scale that allows us to:
 - Effectively compete with our strongest competitors,
 - Meet the needs of all segments of our customer base,
 - Attract and retain the best people,
 - Provide top quality facilities and equipment to meet the needs of our customers, and
 - Build a solid financial and operational platform from which we can continue to succeed and grow.

II. NAME FOR UNIFIED COOPERATIVE

Assuming this plan is approved, the corporate name of the newly unified Cooperative will be Valley Wide Cooperative Inc. The Boards of Directors determined that adopting the name of one of the existing cooperatives saved the cost of re-identifying one cooperative's facilities and equipment. In addition, the unified cooperative will continue to own the name United, which the unified cooperative will preserve for use as it's a trade name.

III. MEMBERSHIP AND EQUITIES INFORMATION

Valley Wide and United each is organized as a membership cooperative of producers of agricultural products (including cooperatives whose members are producers) who transact business annually with the cooperative who are approved by the cooperative's Board of Directors, and who exercise control over the affairs of the cooperative.

The unified Cooperative will continue to be controlled by members who are producers of agricultural products who transact business with the unified Cooperative and are approved by the Board of Directors.

Each cooperative had both allocated equity and unallocated equity at their last fiscal year end, as noted in each cooperative's most recent audit. On August 31, 2004, United's total patron equities, including general reserve of \$1,659,794, totaled \$4,808,427. On October 31, 2004, Valley Wide's total patron equities, including general reserve of \$3,864,457, totaled \$8,291,218.

IV. YEAR-END AUDITS FOR UNITED AND VALLEY WIDE

If the Plan of Unification is approved, Valley Wide will prepare a five (5) month audit for the period ending March 31, 2005, and it will allocate and distribute its earnings or losses according to its articles of incorporation and bylaws. Earnings and losses of United for the period ending March 31, 2005 will be allocated and distributed to members of United in accordance with United's articles of incorporation and bylaws in effect on March 31, 2005 when the annual audit for the unified Cooperative for the period ending August 31, 2005 is completed.

V. EXCHANGE OF EQUITIES

On the basis of the United's August 31, 2004 audit together with its March 31, 2005 financial statement, and Valley Wide's March 31, 2005 audit, there shall be constructed a consolidated balance sheet of the assets and liabilities of these cooperatives which shall be the basis for exchange of the equities of United and Valley Wide for equities in the unified Cooperative.

Each person who holds a property interest in either cooperative in the form of equity credits shall, without any action on the part of the holder of such credits, be given an interest in equity credits in the unified Cooperative proportionate and equivalent to the property interest held in the individual cooperatives.

For example, a person holding \$1,000 of equity credits in Valley Wide (including from any predecessor cooperative) shall receive \$1,000 of equity credits in the unified Cooperative.

The failure of any member of either cooperative to vote or a negative vote on the merger of the cooperatives as provided herein shall not entitle those failing to vote or voting in the negative to payment for his interests or to have the value of his interests appraised, but said members [member's] interests shall be transferred to and invested in the surviving corporation (in this merger, United) without further act or deed.

VI. PROCEDURE FOR EFFECTING UNIFICATION

Each of the cooperatives' Boards of Directors has approved and recommended this Plan of Unification, including the Restated Articles of Incorporation and Restated Bylaws described herein. Each Board of Directors shall call a Special Meeting of Members and approve the form of notice for the Special Meeting. The notice of the Special Meeting shall include a copy of the full text of this Plan of Unification, including the Restated Articles of Incorporation and Restated Bylaws, and, if the Board of Directors approves the use of one, a mail ballot.

Each notice of the Special Meeting of Members shall be mailed to all voting members of United and Valley Wide, respectively, not less than ten (10) days prior to that cooperative's Special Meeting.

The adoption of the Plan of Unification, including Restated Articles of Incorporation and Restated Bylaws, will require the affirmative vote of the greater of (i) a majority of the members or (ii) two-thirds of the members present at the Special Meeting (provided a quorum as specified in the bylaws is present) of each of United and Valley Wide. For each cooperative, voting members include those in attendance at the special meeting plus those represented by a mail ballot (if permitted by the bylaws and the Board of Directors approves the use of one), but not those represented by proxy. No vote by proxy will be counted.

If neither of the cooperatives approves this Plan of Unification, both may call another special meeting for allowing the members to vote on the Plan of Unification again. If either cooperative fails to approve the Plan of Unification at the first meeting, that cooperative may call another special meeting for allowing the members to vote on the Plan of Unification again. Those meetings must be held within ninety (90) days of the meeting at which the initial vote failed to pass. The notice of meeting for any such meeting need not include the Plan of Unification, unless any changes are made in it, the Restated Articles of Incorporation or the Restated Bylaws.

VII. EFFECTIVE DATE OF UNIFICATION

The Unification shall become effective at 12:01 am on April 1, 2005, provided the following actions shall have been completed:

- A. A quorum of the members is registered as being present at the Special Meeting of Members of each of United and Valley Wide.

- B. The Plan of Unification is approved by the required vote of members of each of Valley Wide and United.
- C. After the Plan of Unification has been adopted, the president, vice-president or secretary of each of United and Valley Wide shall sign certifications that state the Plan of Unification was adopted according to applicable Idaho law.
- D. The Plan of Unification, certifications and Articles of Merger are filed in the office of the Secretary of State for the State of Idaho in accordance with applicable Idaho law.

If the Plan of Unification is adopted by either or both of United or Valley Wide at a second meeting that would make an April 1, 2005 effective date inconvenient or impossible, then the board of directors of each of United or Valley Wide shall, by resolution, determine a mutually agreeable effective date that most conveniently enables the unification to be consummated.

If the Plan of Unification is adopted, the Boards of Directors are permitted to take advantage of such efficiencies that the two Boards shall approve of prior to the effective date. If necessary and desired, moreover, each Board shall be permitted to appoint an executive committee that will be empowered to meet with the other Board of Directors or an executive committee of that other Board. The executive committees, if appointed, may act on behalf of each cooperative, respectively, and the approval of both committees shall operate to bind both cooperatives to such action as if the entire Boards of Directors of United and Valley Wide approved the action, except for any such actions that by Idaho law require the action of the entire Boards of Directors.

If this Plan of Unification is adopted, it will be necessary for Articles of Merger to be filed in the Office of the Idaho Secretary of State. A merger is preferable over a consolidation because a merger allows for the continued use of the federal and state identification numbers and licenses of one cooperative rather than starting from scratch and applying for new licenses or identification numbers. Neither Board desires for this unification process to breakdown over an issue of, for example, one cooperative surviving over the other because at the end of the day it does not matter which corporate structure survives, which is why this document is cast broadly as a Plan of Unification. The same unified Cooperative would be created out of this unification regardless of which cooperative is the survivor. The Boards of Directors shall be permitted, therefore, to recast this document from a Plan of Unification to a Plan of Merger and to prepare Articles of Merger for filing in the Office of the Idaho Secretary of State.

VIII. EFFECT OF UNIFICATION

On the effective date of the Unification, the separate existence of one cooperative shall cease and the other cooperative shall possess all rights and all the property of both cooperatives, and shall be responsible for the obligations of both cooperatives. Title to all property, real, personal and mixed of every nature, kind and description of one cooperative shall automatically be vested in the unified cooperative with no reversion or impairment caused by the Unification. All claims, actions or proceedings pending by one cooperative may be prosecuted to judgment as if the Unification had not

taken place or the unified Cooperative may be substituted in its place. All rights of creditors and all liens on property of both cooperatives shall be preserved unimpaired, and all debts, liabilities, restrictions, disabilities and duties of each cooperative shall attach to unified Cooperative and may be enforced against it to the same extent as if they had been incurred or contracted by it.

By implementing this Plan of Unification, Valley Wide and United hereby direct all other cooperatives which have issued equities to either cooperative to transfer those equities to the unified Cooperative and to reflect this transfer on their books and records. Receipt of a photocopy of the file stamped Plan of Unification or Articles of Merger will be sufficient notice to those cooperatives to make such a transfer.

IX. BOARD OF DIRECTORS

Initially the unified Cooperative shall be governed by a fourteen (14) member Board of Directors, which shall consist of the entire Boards of Directors of United and Valley Wide. It is the expectation of the Boards of Directors of United and Valley Wide that the initial Board of Directors of the unified Cooperative will be reduced over time.

X. EQUITY REDEMPTION AND REVOLVEMENT

It is the intent of the unified Cooperative to redeem and revolve its equities on a fair and equitable basis. Each Board of Directors is now free to retire the interests and equities of members in any order the Board determines to be in the cooperative's best interest, and that will continue to be the case after the Unification. It is the Board's intention to equalize the programs as soon as it is financially feasible, recognizing that these policies are always within the Boards' discretion to modify. If capital has to be allocated between the two equity pools of the former separate cooperatives, that allocation shall be proportioned based on the amount of equity each cooperative brought to the unified cooperative.

XI. ACCOUNTS RECEIVABLE

It is the intent of these cooperatives that all accounts receivable of each be fairly represented on the financial statements of the unified Cooperative. Accordingly, in preparation for the audits that will be prepared in 2005 for the period ending March 31, 2005 the management group of each former cooperative shall make recommendations about necessary reserves for anticipated bad debts of each former cooperative, which the Board of Directors of the unified Cooperative shall review to make any necessary and final adjustments for preparation of the 2005 audits. Collection of such accounts (and accounts previously written off) shall continue and accounts collected shall be, in the sole discretion of the Board of Directors, credited to the current operations of the unified Cooperative.

XII. RESTRAINT ON CORPORATE ACTION PRIOR TO UNIFICATION

Prior to the effective date of the Unification, the cooperatives shall not, without the prior written consent of the other, engage in any activity or transaction except in the ordinary course of business.

XIII. REPRESENTATIONS AND WARRANTIES

Each of the cooperatives represents and warrants to the other as follows:

(a) It is a duly organized and validly existing cooperative marketing association in good standing under the laws of the State of Idaho.

(b) Its revolving capital consists of the kind set forth in Articles III and X of this Plan of Unification.

(c) Its most recent audited financial statements and balance sheet have been provided to the other cooperative's Board of Directors and such financial statements and balance sheets present fairly its financial condition as of the date of the financial statements and balance sheets. Since the dates of the financial statements and balance sheets, there has been no material adverse change in its assets, operations, liabilities, or business or financial condition, or otherwise.

(d) All of its policies of insurance are shown on the schedules to its financial statements and are in effect and all premiums due on such policies are or will be paid through the effective date of the Unification.

(e) To the best actual or constructive knowledge of its managers, officers and directors, there is no action, proceeding, investigation or litigation by any administrative or regulatory body or other person which has been commenced or is pending or threatened against it or any of the assets which are owned by it or any properties leased by it or the owner of any such properties, except as have arisen in the ordinary course of business and are adequately covered by insurance or are adequately reserved against and will be shown in the audits prepared as of March 31, 2005 (in the case of Valley Wide) and August 31, 2005 (in the case of United), except as listed in writing on an Exceptions Schedule of any of the above that has been delivered to the manager of the other cooperative.

(f) Except as has been provided in writing to the other cooperative, it is not a party to written or oral contracts, agreements or commitments of the following types:

(i) Written contract for the employment or compensation of any officer or employee.

(ii) Contract with a labor union.

(iii) Continuing contract for the future purchase of materials, supplies or equipment at a cost of \$30,000 or more to be delivered more than 30-days after the date hereof, other than normal agricultural supply or marketing contracts which have been furnished to the other cooperatives.

(iv) Continuing contract for the future sale of products in the amount of \$30,000 or more.

(v) Distribution contract or advertising commitments in the amount of \$30,000 or more.

(vi) Pension, profit sharing, or retirement plan in effect with respect to officers, employees or others, except as to pension plans which have been furnished to the other cooperatives.

(vii) Any lease calling for annual lease payments in excess of \$30,000 per year under which the cooperative is lessee or lessor.

(viii) Contract for the acquisition of a business or substantial property, stock, or assets of a business.

(ix) Any other contract, agreement or commitment involving \$30,000 or more which is not terminable upon 30-days notice more or less.

(g) All of its liabilities, actual and contingent, (including liability for taxes) have been disclosed to the other cooperative.

XIV. CONTINGENT LIABILITIES

All known liabilities of each cooperative have been disclosed to the other cooperative. However, if within six (6) years after the effective date of the Unification an unknown liability existing, or arising out of facts or circumstances existing, prior to the effective date of the Unification (a contingent liability) becomes payable by either cooperative, then such liability may be paid and charged to the general reserve of the former cooperative causing the loss, and then, in the unified Board's discretion, against the allocated equities of the former members of that former cooperative that would have experienced the loss.

The amount to be charged back against a cooperative and the timing thereof shall be at the sole discretion of the unified Board of Directors. The Board shall also decide whether to charge such liability to the allocated equities of the former members of the subject former cooperative or to its general reserve, or to both.

Contingent liabilities may include such items as income tax liability arising from tax audits of previous years, claims for injuries to person or damage to property not covered by insurance, write-down of equities due from other cooperatives, or environmental claims.

XV. COSTS AND EXPENSES

Each cooperative shall share equally in the costs and expenses incurred in attempting to complete this proposed Unification, except that each cooperative shall pay its own meeting, mailing, publication and printing costs.

XVI. RESTATED ARTICLES OF INCORPORATION

Approval of the Plan of Unification also will constitute approval of the Restated Articles of Incorporation as set forth in Exhibit A, which is attached hereto and incorporated herein by this reference. If the Plan of Unification is approved, the Restated Articles of Incorporation will be filed with the Secretary of State of Idaho at the same time as the Articles of Merger. United's and Valley Wide's existing Articles of Incorporation each will also be amended to whatever extent is necessary, if any, to implement this Plan of Unification.

XVII. BYLAW AMENDMENTS

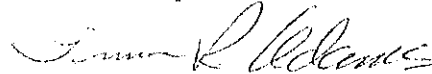
Approval of the Plan of Unification also will constitute approval of the Restated Bylaws as set forth in Exhibit B, which is attached hereto and incorporated herein by this reference. If the Plan of Unification is approved, the Restated Bylaws will become effective upon the filing of the Articles of Merger and Restated Articles of Incorporation with the Secretary of State of Idaho. United's and Valley Wide's Bylaws each will also be amended to whatever extent is necessary, if any, to implement this Plan of Unification.

XVIII. TERMINATION

This Plan of Unification may be terminated and abandoned by action of the Board of Directors of either of the cooperatives prior to approval by the members of both cooperatives.

This Plan of Unification is Dated: January 15, 2005.

United Co-op, Inc.



By: /s/ Timm Adams

Its: President

Valley Wide Cooperative Inc.



By: /s/ Byron Jensen

Its: President